

*Orange County LAFCO*  
*South Orange County Governance*  
*Visioning Process*

***Introduction***

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Local governance for unincorporated communities in South Orange County has been discussed for decades. More recently, as the development of The Ranch Plan proceeds, OC LAFCO has revived discussions with local government and community leaders inviting them to participate in a visioning process regarding short and long term governance options. Instable revenue streams and the economic recession highlight the importance of a very deliberative and inclusive participatory visioning effort to collaboratively discuss the governance options and the backbone of municipal service for South Orange County. The visioning process is expected to be a multi-year phased effort that includes development of sound financial data and modeling and stakeholder discussions that will serve as framework for the development of viable governance options.

***South Orange County Visioning Process (1<sup>st</sup> Phase)***

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Establishing and reviewing spheres of influence for cities and special districts continue to be a key service for OC LAFCO. For South County, determination and potential adjustments of sphere boundaries will be a critical tool used in a visioning process to identify the logical long-term boundaries and service areas as the demand for urban services over the next 10 to 15 years increases for both the developed and undeveloped areas. The South Orange County Visioning Process will use spheres of influence and other resources, such as financial accountability and modeling and stakeholder discussions, to establish a framework that clarifies the fiscal and political realities for viable short and long term governance options. To facilitate the management of the South Orange County Governance effort, the Commission has identified two study areas: (1) Rancho Santa Margarita Governance Study Area (includes the City of Rancho Santa Margarita and the communities of Coto de Caza,

***Vision Process Purpose Statement***

“To engage key affected agencies, community groups, and other stakeholders in an effort to develop short and long term viable governance options for the South Orange County governance study areas.”

Las Flores, Stonecliffe and Wagon Wheel) and (2) Rancho Mission Viejo “New Communities” Study Area (includes the Rancho Mission Viejo development and Ladera Ranch).

The following sections provide general discussion on the activities of the visioning process along with an anticipated timeline for moving these discussions forward over the next fiscal year (2013-2014).

### *Outreach and Issue Identification (March 2013 – September 2013)*

Over the past six months, LAFCO staff has met with city and County staff, representatives from Rancho Mission Viejo and leadership of the unincorporated communities regarding the visioning process for South County. The meetings included discussions on current service related issues and sentiments regarding future governance. The following have expressed either commitment or interest in participating in the visioning process:

#### **Rancho Santa Margarita Governance Area**

- ❖ The City of Rancho Santa Margarita  
*Participants are expected to be City staff.*
- ❖ Coto de Caza  
*Participants are expected to be residents and/or HOA board members.*
- ❖ Las Flores  
*Participant is expected to be appointed by the HOA board.*

#### **Rancho Mission Viejo “New Communities” Governance Area**

- ❖ Rancho Mission Viejo Planning Areas  
*Dan Kelly, RMV Sr. Vice President of Government Relations will participate in the visioning process.*
- ❖ Ladera Ranch  
*Participants expected to be members of the Ladera Ranch Civic Council.*
- ❖ Bordering Cities of San Clemente (*adjacent to RMV Planning Areas 5 & 8*) and San Juan Capistrano (*Adjacent to Ladera Ranch and RMV Planning Area 1*).  
*Participants are expected to be City staff.*

### *Fiscal Accountability and Modeling (September 2013 – December 2013)*

An important component of the South Orange County visioning process involves the fiscal assessment of current revenue and expenditures and the use of long-term forecasting to assess

anticipated municipal service demands and associated cost impacts due to development and growth within the area. Specifically, fiscal accountability is intended to provide a comprehensive review of revenues and expenditures associated with the developed South Orange County area and for use in fiscal modeling (for comparison purposes only) when appropriate. The fiscal modeling is intended for use in the development of assumptions and preparation of fiscal models that may be used in the discussion and development of short and/or long term governance options for the developing Rancho Mission Viejo project. Both the fiscal accountability and modeling (briefly discussed below) are key components of the visioning process and will be thoroughly reviewed and discussed by stakeholders.

### **Fiscal Accountability – to be developed by the County of Orange**

In 2012, the County of Orange, due to its municipal service responsibility for the unincorporated areas, launched a financial accounting program that establishes assumptions and methodologies for each of the County’s departments that provide municipal services to unincorporated areas. As the program includes isolated revenues and expenditures related to public services by function for each of the inhabited South Orange County areas, it serves as a critical data resource in providing full understanding of revenue generated and costs of service provision for the RSM study area (consisting of Coto de Caza, Las Flores, Stonecliffe and Wagon Wheel) and the community of Ladera Ranch. This accounting program includes an assessment of the following key service areas:

- Police Services
- Planning and Code Enforcement
- Road Maintenance
- Street Sweeping
- Animal Control
- Waste Services

### **Fiscal Modeling for Undeveloped South Orange County (the Ranch Plan)**

The intent of the County’s financial accounting program is to provide current and ongoing data and monitoring of municipal services revenue and expenditures for the developed South Orange County communities and does not allow for assumption projections and fiscal modeling of the future RMV planning areas. While the fiscal modeling program will retain similar methodologies and types of services analyzed, the complexity of the Ranch Plan involving the size and long-term planning stages and process require more in depth and sophisticated analyses that extend beyond basic service accountability. Fiscal modeling for the future developments of the Ranch Plan will provide the basis for the subsequent facilitated stakeholder visioning process for the RMV “New Communities” study area.

### *Vision Planning and Facilitated Discussions (January – June 2014)*

For a large and developing area such as South Orange County, engaging of stakeholders to provide input and generate discussion on the most economically feasible and efficient means to formulate government structure is important and timely as we anticipate the arrival of 40,000 new OC residents to the area over the next 10 to 15 years. The willingness and openness of stakeholders are important for the development of “creative” and viable governance options that take into account the current economic and political environments while addressing both the individual interests and concerns of the County of Orange, affected cities and special districts, Rancho Mission Viejo and other landowners, community groups, and LAFCO. Equally relevant is the participation of advisory groups, such as, homeowner associations, Civic Councils, Planning Area Committees, and Municipal Advisory Councils, which are very prevalent and often are the municipal service providers and leadership for communities throughout South Orange County.

Stakeholder discussions will include, but may not be limited to the following key areas:

- Individual community and common interests and concerns regarding impacts on current and future municipal service delivery.
- Financial accounting of revenue and expenditures related to key service provision (i.e., public safety, planning, flood control, road maintenance) developed by the County of Orange that may be used by stakeholder group to obtain better understanding of how funds are expended and collected within the governance study areas.
- Fiscal modeling that provides framework for development of sustainable short and long term governance options that attempt to align the diverse interests and visions of multiple stakeholders.
- LAFCO process information on viable short and long term governance structure alternatives, including, but not limited to, sphere of influence amendments, incorporations, formation of special districts (County Service Areas, Community Service Districts) and the establishment of advisory committees.

## ***South Orange County Visioning Process Timeline***

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The Visioning Process provides a roadmap of key activities for this Commission over the current fiscal year. Each of the Visioning Process activities is briefly summarized below along with anticipated timelines for completion.

<b>Visioning Process Timeline</b>		
<b>Key Activity</b>	<b>Description</b>	<b>Projected Timeline</b>
<b>Outreach and Issue Identification</b>	Renew contact with each of the stakeholder groups and receive commitment to participate in LAFCO process.	March – September 2013
<b>Fiscal Accountability</b>	Work with the County of Orange to prepare financial matrices for each of the unincorporated developed communities.	September – December 2013
<b>Fiscal Modeling for Undeveloped South Orange County</b>	Work with the County and a financial consultant to prepare assumption projections and fiscal modeling of the future RMV planning areas.	September – December 2013
<b>Vision Planning and Facilitated Discussions</b>	Host meetings and facilitate discussions on the potential development of several short and long term governance options for each of the Governance Study Areas.	January – June 2014

## ***Future Implementation of Governance Options (2<sup>nd</sup> Phase)***

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Coupled with LAFCO’s requirement to review municipal service delivery throughout the County, the County of Orange has expressed its desire to decrease its responsibility in the delivery of municipal level services to unincorporated areas so that it may focus more completely on regional services, such as courts, social services, health care, flood control, and housing and community development. While the plan for the RMV developing community is a long-range one, the importance of developing short and long-term governance options for the Ranch development and the matured unincorporated communities located in South Orange County should not be delayed. A deliberative year-long visioning process as outlined in this document allows LAFCO in partnership with identified stakeholders to lead discussions that support future implementation of well-vetted governance options that incorporate sound financial analysis and participation from affected agencies and community representatives.