



MSR/SOI Report

Central Orange County

November 20, 2006





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EXECUTIVE SUMMARY

Introduction

The purpose of this report is to provide a comprehensive review of municipal services in the Central Orange County MSR focus area (see map on page 11) and to update city and district spheres of influence. Municipal Service Reviews (MSRs), which are required by the Cortese-Knox-Hertzberg Act of 2000, must be completed before (or concurrently with) an agency's sphere of influence update. Spheres of influence for all agencies must be updated every five years.

The MSR Nine Determinations & Sphere Reviews

Municipal Service Reviews, or "MSRs," are studies that examine future growth and municipal services, governance, and infrastructure needs arising from that growth over the next 15 to 20 years. They resulted from new state law enacted by the California legislature in 2000, requiring all LAFCOs throughout the state to conduct regional studies as part of their periodic review of city and special district spheres of influence.

Government Code Section 56430 requires LAFCOs to conduct MSRs regionally or subregionally, formulating nine determinations about agencies' present and future opportunities, constraints, and needs, as they relate to the provision of municipal services. 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). However, LAFCO may take subsequent discretionary action on changes of organization or reorganization.

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 by LAFCO 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, in conjunction with MSRs, 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 Summary

During the MSR process for the Central Orange County focus area, the Technical Working Group (TWG) identified several key issues to be addressed for the focus area. TWG meetings included discussions on issues related to infrastructure, agency fiscal health, large and small unincorporated islands, and boundary clarifications.

The Central OC MSR focus area is a highly urbanized and built-out region of Orange County. Although the southern portion of the County continues to develop, the Central region is expecting approximately 50,000 new residents by the year 2010. Like other municipalities, Central OC MSR agencies face fiscal challenges, but each is committed to maintaining current levels of service to its population. With the exception of one determination (Government Structure Options), no significant issues were noted in the MSR.

Governance options for the Central OC focus area represent a major component of this MSR report as many of the issues raised by the TWG relate to the issue of governance. While identifying and evaluating potential government structure options is one of the nine determinations LAFCO must consider, it is important to note that neither the LAFCO nor the affected agencies are required to adopt or implement any of the potential governance structure options identified. Rather the governance options discussed should be seen as a roadmap to future discussions. The potential government structure options discussed within the report are outlined below in Table ES.1. Each option has service, political and economic considerations that must be evaluated by the LAFCO Commission and the affected agencies prior to taking subsequent action.



Table ES.1 Governance Structure Options	
Reorganization of Agencies	
Agency	Option/Summary
Cities of Anaheim, Fountain Valley, Garden Grove, Santa Ana, Stanton, Westminster	<p>Efficiency and feasibility of small cities</p> <p>The issue of whether cities are better served by small cities with their own departments for police, fire, and other services or by a regional agency was raised. However, because LAFCO lacks the authority to change boundaries of cities without the consent of city and political climate, this option is not considered in this report.</p>
City of Garden Grove & Garden Grove Sanitary District	Reorganization of city and district to dissolve the SD and make it a department of the City.
City of Westminster & Midway Sanitary District	<ul style="list-style-type: none"> • Annexation of the unincorporated Midway City islands and reorganization of the Midway City SD with the City of Westminster. • Reorganization of Midway City SD and City of Westminster through out-of-area-service agreements, which may include the eventual dissolution of the SD and authority for City of Westminster to provide sewer and other services to the Midway City islands.
Small Islands (75 acres or less)	
Agency	Option/Summary
City of Fountain Valley and Garden Grove Sanitary District	<p>*Annexation of remaining unincorporated area (approximately 32 acres) located in city sphere of influence.</p> <p><i>* Option includes discussion of issues that must be addressed prior to annexation.</i></p>
City of Santa Ana	Annexation of a small island (approximately 25 acres) located within city sphere of influence



City of Stanton	<p>*Annexation of remaining unincorporated area (approximately 50 acres) located in city sphere of influence.</p> <p><i>* Option includes discussion of issues that must be addressed prior to annexation.</i></p>
Cities of Huntington Beach & Westminster and Midway City Sanitary District	<p>Annexation of an unincorporated small island (approximately 41 acres) sandwiched between the cities of Huntington Beach and Westminster. Presently, area is located in Huntington Beach sphere of influence. Area currently receives services from the County of Orange, City of Westminster, and Midway City Sanitary District.</p> <p><i>* Option includes discussion of issues that must be addressed prior to annexation.</i></p>
City of Westminster & Midway City Sanitary District (Midway City islands)	<p>Annexation of two non-contiguous unincorporated islands (approximately 21 acres and 33 acres) located in Midway City and city sphere of influence.</p> <p><i>* Option includes discussion of issues that must be addressed prior to annexation.</i></p>
Large Islands (more than 75 acres)	
Agency	Option/Summary
City of Anaheim & Garden Grove Sanitary District (Southwest Anaheim Island)	<p>*Annexation of approximately 496 acres of unincorporated territory located in city sphere of influence. Area currently receives services from the County of Orange and Garden Grove SD.</p> <p><i>* Option includes discussion of issues that must be addressed prior to annexation.</i></p>
City of Westminster & Midway City Sanitary District (Midway City)	<p>*Annexation of approximately 296 acres of unincorporated territory located in city sphere of influence. Area currently receives services from County of Orange and Midway City SD.</p> <p><i>* Option includes discussion of issues that must be addressed prior to annexation.</i></p>
Sphere Reviews/Updates/ Boundary Clarifications	
Agency	Option/Summary
Cities of Huntington Beach & Westminster	Sphere of influence amendment to remove



<p>(Beach/McFadden small island)</p>	<p>the Beach/McFadden small island from Huntington Beach sphere of influence and place within Westminster sphere of influence. Area currently receives services from the County of Orange, City of Westminster, and Midway City Sanitary District.</p> <p><i>* Option includes discussion of issues that must be addressed prior to annexation.</i></p>
<p>Garden Grove Sanitary District</p>	<p>*Dissolution of SD and make it a department of the City of Garden Grove. This reorganization would include sphere adjustments, detachments, and annexations of multiple areas.</p> <p><i>* Option includes discussion of issues that must be addressed prior to annexation.</i></p>

Sphere Summary

The sphere of influence review and update for the Central Orange County focus area includes a review of six city spheres (Anaheim, Fountain Valley, Garden Grove, Santa Ana, Stanton, Westminster) and two special district spheres (Garden Grove Sanitary District and Midway City Sanitary District).

City of Anaheim

At present, there are no issues for the City of Anaheim's current SOI. Staff recommends reaffirming of the city's SOI.

City of Fountain Valley

At present, there are no issues for the City of Fountain Valley's current SOI. Staff recommends reaffirming the city's SOI.

City of Garden Grove

At present, there are no issues for the City of Garden Grove's current SOI. Staff recommends reaffirming the city's SOI.

City of Santa Ana

At present, there are no issues for the City of Santa Ana's current SOI. Staff recommends reaffirming the city's SOI.



City of Stanton

At present, there are no issues for the City of Stanton's current SOI. Staff recommends reaffirming the city's SOI.

City of Westminster

Staff believes that the COC MSR process provides an opportunity to explore with the City of Westminster a potential sphere change and annexation of the Beach/McFadden small island currently located in the City of Huntington Beach SOI. Municipal services to the area are currently provided by the County of Orange, City of Westminster and Midway City Sanitary District. Water service is provided by the City of Westminster and wastewater and solid waste services are provided by the Midway City Sanitary District. The Midway City Sanitary District also provides the same services to the entire City of Westminster and the unincorporated Midway City island. Recent comments received from both cities expressed interest in the potential sphere adjustment. Therefore, staff recommends placing the Beach/McFadden island in a study area to continue discussions with the County of Orange and the cities of Huntington Beach and Westminster.

Garden Grove Sanitary District

At present, there are no issues for the Garden Grove Sanitary District's current SOI. Staff recommends reaffirming the district's SOI.

Midway City Sanitary District

At present, there are no issues for the Midway City Sanitary District's current SOI. Staff recommends reaffirming the district's SOI.



BACKGROUND

Introduction

In 1997, the State Legislature convened a special commission to study and make recommendations to address California's rapidly accelerating growth. The Commission on Local Governance for the 21st Century focused their energies on Local Agency Formation Commissions (LAFCOs) which were originally established in 1963. One of the major new responsibilities of LAFCO they added was to conduct regional studies of municipal service reviews (MSRs) every five years. MSRs are a way to: (1) evaluate existing municipal services and boundaries, and (2) identify any future constraints or challenges. MSRs are a prerequisite for completion of sphere of influence studies.

This MSR report is a "high level" overview of issues identified during the MSR process and is not intended to comprehensively analyze all options and issues discussed. Any alternatives or options identified in this report will require further consideration and analyses by participating stakeholders.

The agencies addressed by the Central Orange County (COC) MSR include:

1. City of Anaheim
2. City of Fountain Valley
3. City of Garden Grove
4. City of Santa Ana
5. City of Stanton
6. City of Westminster
7. Garden Grove Sanitary District
8. Midway City Sanitary District
9. County of Orange

Additionally this study addresses issues for the unincorporated communities located within this focus area. These areas include:

1. Large Unincorporated Islands (more than 150 acres in size)
 - Midway City (located in Westminster sphere of influence)



- Southwest Anaheim Island (located in Anaheim sphere of influence)
- 2. Small Unincorporated Islands (less than 150 acres in size) located within the following Cities sphere of influence:
 - Fountain Valley (North Island: located at Edinger/Harbor Blvd.; South Island: located at Harbor Blvd. west of the Santa Ana River)
 - Santa Ana (17th Street/Tustin Avenue Island)
 - Stanton (5 small islands: Kermore Lane Island; Mac Street Island; Rustin Lane Island; and an island located at Lampson Avenue and San Marcos Drive.
 - Westminster (2 small islands: Bolsa/Colgate island and McFadden/Van Buren island)

Commission MSR and SOI Responsibilities

The Commission's sole responsibilities include: 1) receive and file MSR report, (2) adopt nine determinations as set forth in Government Code Section 56430 and 3) adopt spheres of influence for each of the eight agencies. The nine determinations address population, infrastructure needs, financing constraints, rate restructuring, government reorganization options and local accountability. A sphere of influence is a long-range planning tool used by LAFCOs in determining the probable physical boundaries and service area of a local agency.

MSR Process for the Central Orange County (COC) Focus Area

In 2003 Orange County LAFCO developed and adopted an MSR "stakeholder-driven" process that would engage affected agencies in the MSR process and produce a report that would be valuable and worthwhile. In utilizing this model, the COC MSR involved a collaborative effort of the stakeholder agencies to look at how municipal services are currently provided within the focus area and evaluate how future growth and other changes may impact the provision of those services and existing boundaries over the next 15 to 20 years. The COC MSR process is occurring in four phases:

1. *One-on-One Agency Interviews*

The first phase involved one-on-one interviews conducted separately with each stakeholder agency by an independent consultant and LAFCO staff. During these interviews, agency representatives were encouraged to address the services



that their agency provided as well as their perspective on present and potential issues facing the focus area as a region.

2. *Technical Working Group Identification of Key Issues*

Representatives from each agency met to jointly identify key issues within the focus area that should be addressed during the MSR study. The MSR report was prepared by LAFCO staff using these issues as a base for the MSR report.

3. *Community Scoping Meetings*

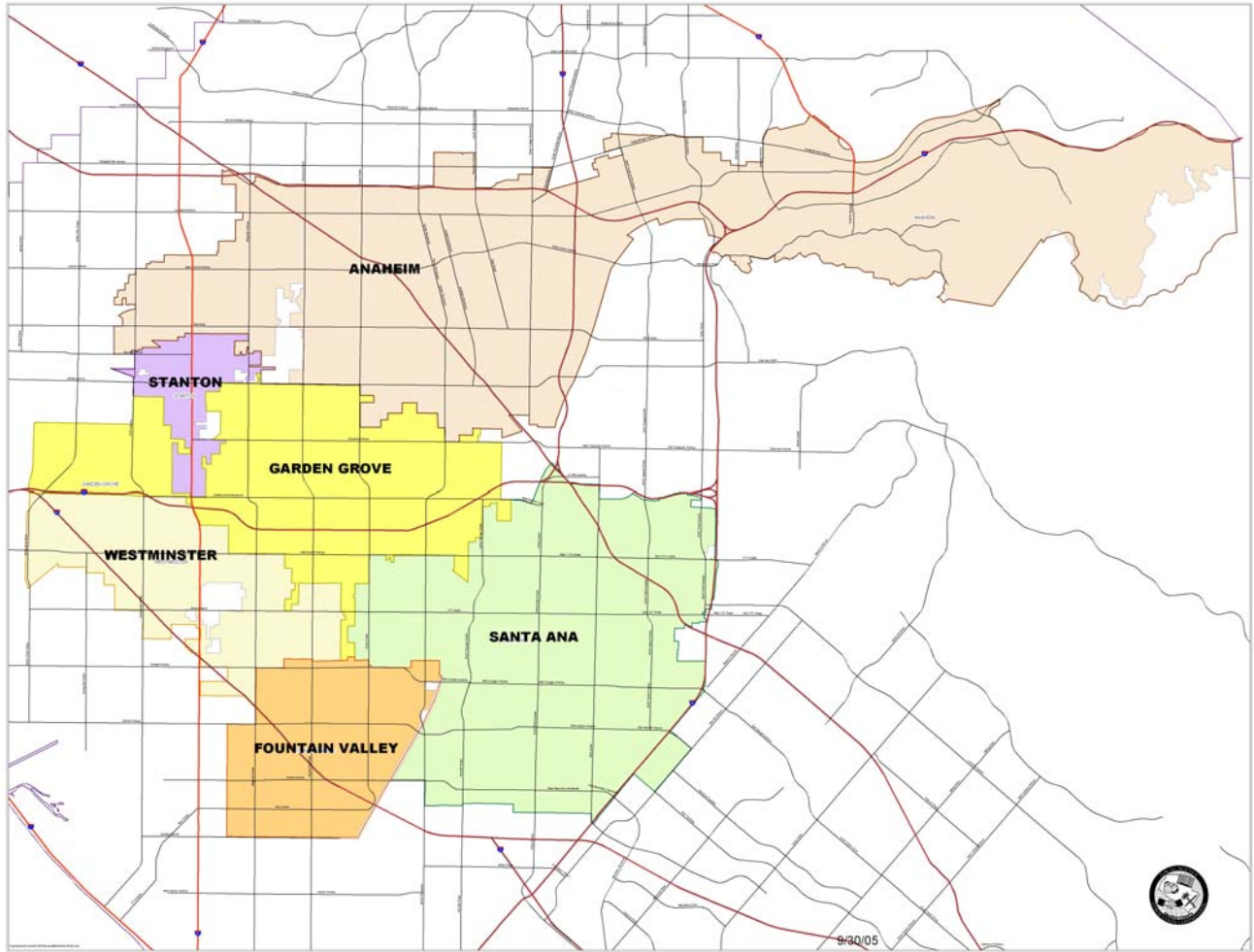
Community scoping meetings were a new concept developed by the affected agencies during the MSR process. When affected agencies want LAFCO assistance to address issues, they would invite LAFCO to hold a community scoping meeting with affected agencies, community groups and residents as a way for agencies to engage their communities in a discussion of relevant issues.

4. *LAFCO Hearing*

The last phase of the MSR process is the Commission's consideration of the MSR and spheres of influence. Sphere reviews for the agencies located within the COC focus area will be will be concurrently considered by the Commission with the MSR report. At the hearing the Commission will be asked to receive and file the MSR report, direct staff to participate and coordinate future scoping meetings as identified by the affected agencies and adopt spheres of influence for the agencies.

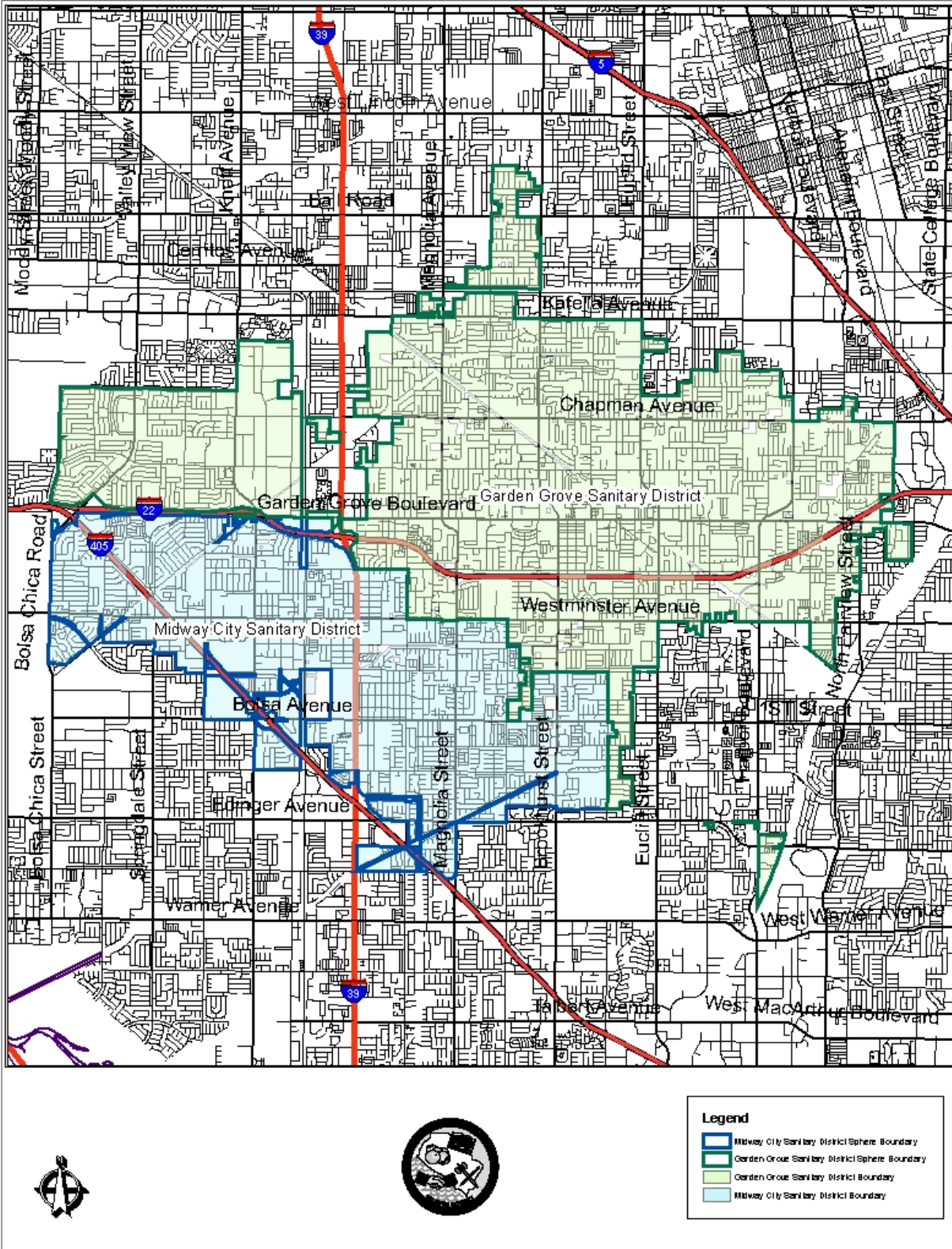


Central Orange County MSR Focus Area - Cities





Central Orange County MSR Focus Area – Special Districts





AGENCY OVERVIEWS

Introduction

This municipal service review (MSR) and sphere of influence (SOI) study addresses the following service providers in the Central Orange County region (agency profiles and maps follow):

1. City of Anaheim
2. City of Fountain Valley
3. City of Garden Grove
4. City of Santa Ana
5. City of Stanton
6. City of Westminster
7. Garden Grove Sanitary District
8. Midway City Sanitary District
9. County of Orange

Since all of the unincorporated islands are located within a city's sphere of influence, they are profiled in this section but are noted on the map at the end of this section. Additionally, the County of Orange currently provides municipal services to the unincorporated areas; therefore, profiles of the County of Orange and the Orange County Fire Protection Agency are also included.

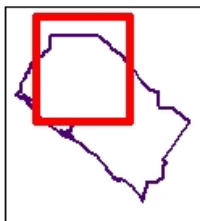


City of Anaheim

City of Anaheim						
Agency Information				Service Area Information		
Address:	200 South Anaheim Boulevard Anaheim, CA 92805			Incorporated Area:	49.9 sq miles	
Contact:	David M. Morgan, City Manager			2005 Population:	343,932	
Phone:	(714) 765-5100 (714) 765-5164 fax			Projected Population:		
Website:	www.anaheim.net			2010	365,495	
				2015	376,310	
				2020	380,945	
				2025	383,278	
				2030	383,739	
Financial Information (FY 2005-2006 budget) (in thousands)						
Revenues:	\$1,081,385,946	Operating Budget:	\$1,291,224,384	Capital Improvement Budget:	\$276,371,689	Reserves at Year End:
Service Summary						
Law Enforcement			City of Anaheim Police Department			
Number of Substations:			4			
Personnel: Sworn/Non-Sworn:			385 sworn/205 Full-time Civilian; 78 Part-time Civilian			
Number of Calls for Service 2005:			173,669			
Fire Protection/ Emergency			City of Anaheim Fire Department			
Number of Stations:			11			
Personnel: Sworn/Support Staff:			290 full-time; 16 part-time			
Number of Calls 2005:			25,410			
Water/Sewer Service			City of Anaheim			
Number of Connections:			69,277			
Other Providers:			Metropolitan Water District of Southern California (wholesale provider)			
Parks and Recreation			In-House			
Number of Public Parks:			46			
Acreage: Parks, Open Space, Medians, Slopes:			696.4 (parks)			
Number of Recreation and Community Centers:			21 neighborhood/recreation centers; 2 special use centers ; 6 community parks			
Animal Control			County of Orange			
Number of Shelters:						
Libraries			City of Anaheim			
Number of Libraries:			5 & 2 bookmobiles			



Sphere of Influence



**City of Anaheim
 Sphere of Influence Map**

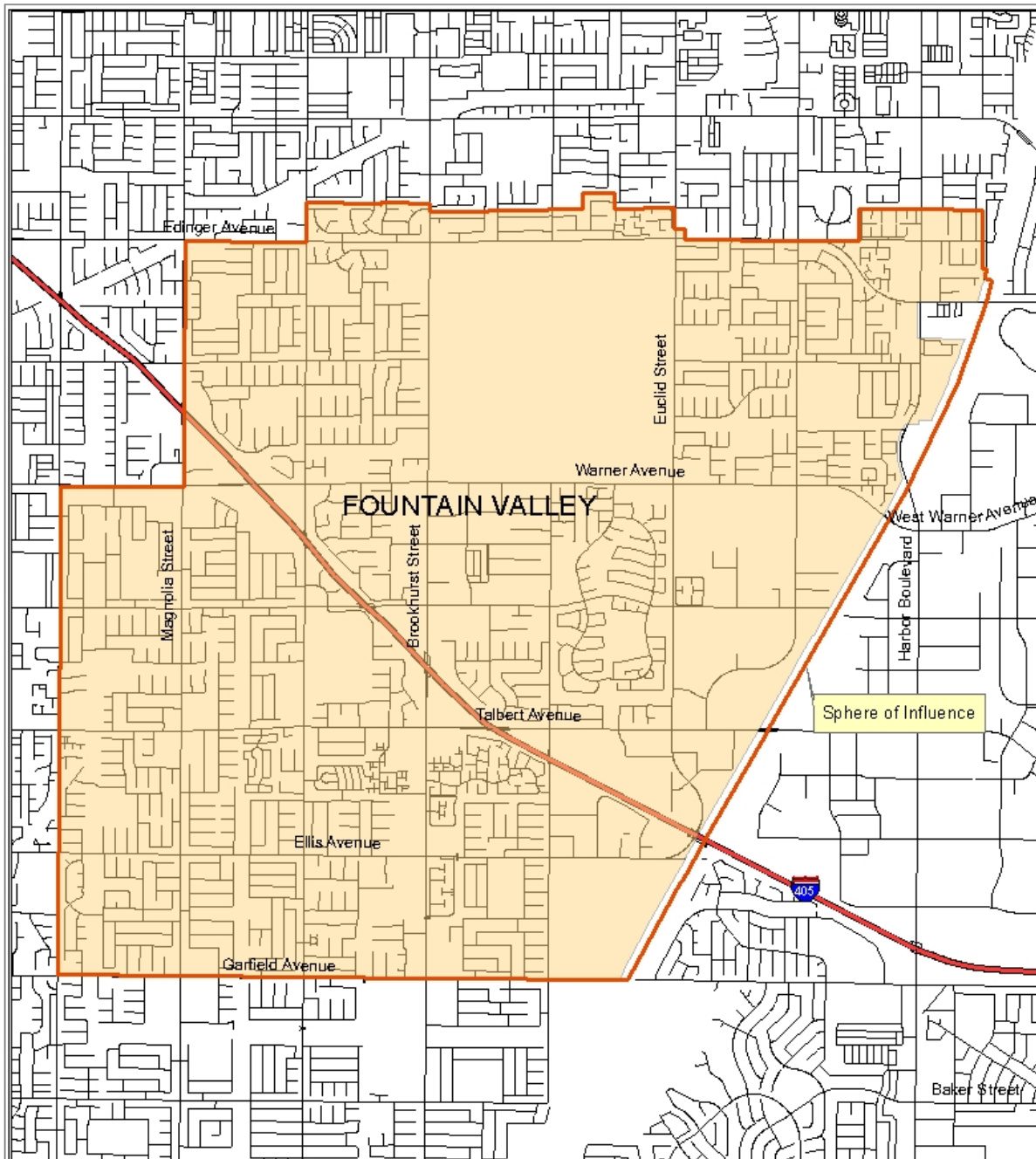
Legend	
	Sphere Boundary
	City Boundary

SOI Originally Adopted: 08/12/73
 Last Reviewed: 05/12/04



City of Fountain Valley

City of Fountain Valley							
Agency Information				Service Area Information			
Address:	10200 Slater Avenue Fountain Valley, CA 92708			Incorporated Area:	9.87 sq miles		
Contact:	Ray Kromer, City Manager			2005 Population:	58,692		
Phone:	(714) 593-4400 Fax			Projected Population:			
Website:	www.fountainvalley.org			2010	61,758		
				2015	63,318		
				2020	64,567		
				2025	65,490		
				2030	66,107		
Financial Information (FY 2005-2006 budget) (in thousands)							
Revenues:	\$69,803	Operating Budget:	\$71,025	Capital Improvement Budget:		Reserves at Year End:	
Service Summary							
Law Enforcement				City of Fountain Valley Police Department			
Number of Patrol Units:				20			
Personnel: Sworn/Non-Sworn:				65 sworn/25 non-sworn			
Number of Priority 1 Service Calls 2005:				4,130			
Fire Protection/ Emergency				City of Fountain Valley Fire Department			
Number of Stations:				2			
Personnel: Sworn/Support Staff:				41 sworn/3 support			
Number of Incidents 2005:				4,690			
Water/Sewer Service							
Number of Connections:				17,200			
Other Providers:							
Parks and Recreation				In-House			
Number of Public Parks:				17			
Acreage: Parks, Open Space, Medians, Slopes:				780			
Number of Recreation and Community Centers:				3			
Animal Control				County of Orange			
Number of Shelters:							
Libraries				County of Orange			
Number of Libraries:							



City of Fountain Valley Sphere of Influence Map

Legend

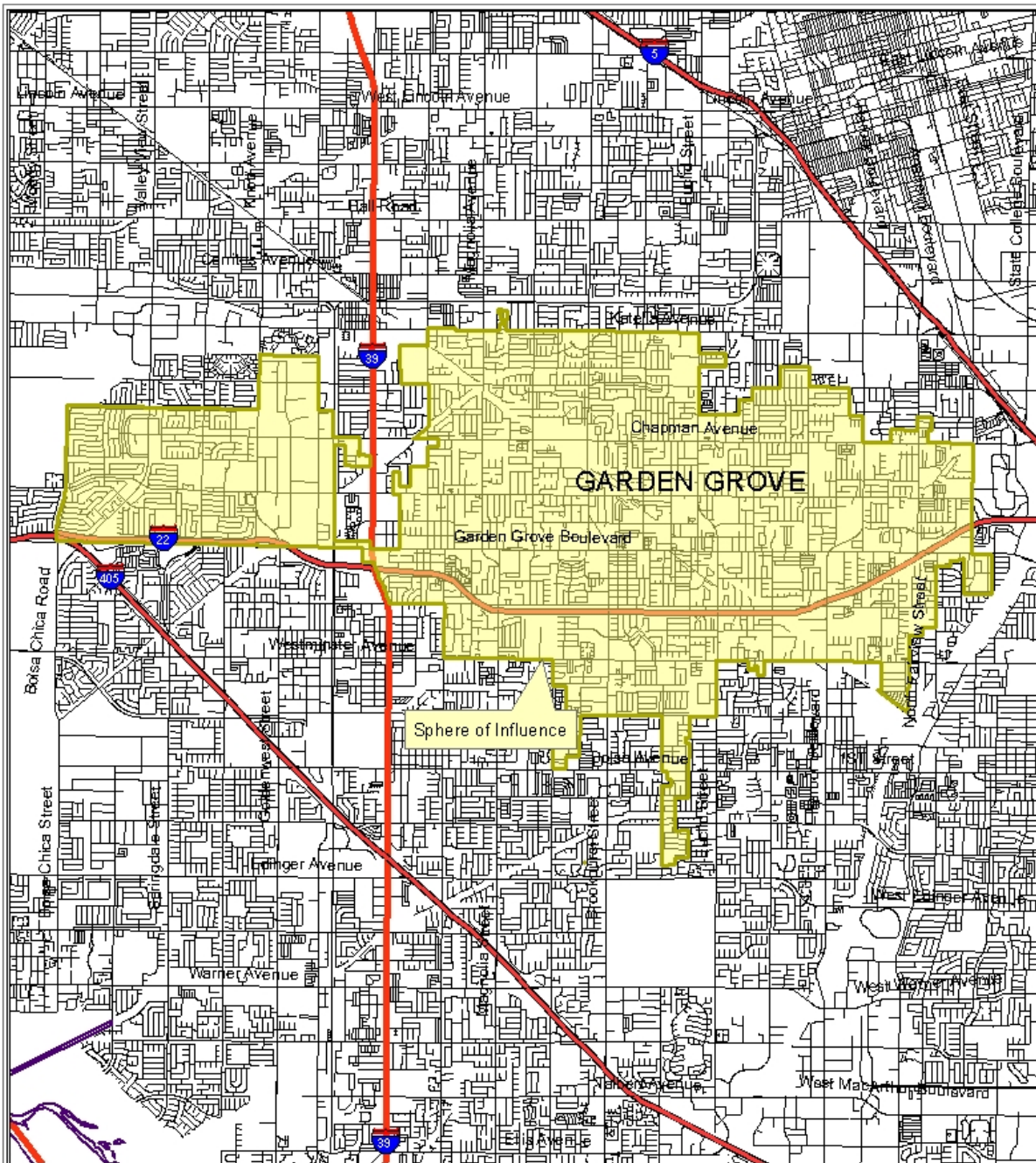
- Sphere Boundary
- City Boundary

SOI Originally Adopted: 06/13/73
Last Reviewed: 09/13/89

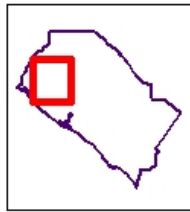


City of Garden Grove

City of Garden Grove							
Agency Information				Service Area Information			
Address:	11222 Acacia Parkway Garden Grove, CA 92842			Incorporated Area:	17.9 sq miles		
Contact:	Matt Fertal, City Manager			2005 Population:	169,557		
Phone:	(714) 741-5100 (714) Fax			Projected Population:			
Website:	www.ci.garden-grove.ca.us			2010	178,457		
				2015	183,249		
				2020	186,593		
				2025	188,446		
				2030	189,445		
Financial Information (FY 2005-2006 budget) (in thousands)							
Revenues:	\$139,835	Operating Budget:	\$151,268	Capital Improvement Budget:	\$21,477	Reserves at Year End:	
Service Summary							
Law Enforcement				City of Garden Grove Police Department			
Number of Patrol Units:				46 (36 regular, 4 gang, 6 school)			
Personnel: Sworn/Non-Sworn:				175/71			
Number of Priority 1 Service Calls 2005:				22,249 (priority 1); 26,476 (lower priority)			
Fire Protection/ Emergency				City of Garden Grove Fire Department			
Number of Stations:				7			
Personnel: Sworn/Support Staff:				97/4			
Number of Incidents 2005:				10,978			
Water/Sewer Service							
Number of Connections:				33,428 water; 33,100 sewer			
Other Providers:							
Parks and Recreation				In-House			
Number of Public Parks:				24			
Acreage: Parks, Open Space, Medians, Slopes:				185			
Number of Recreation and Community Centers:				3			
Animal Control				County of Orange			
Number of Shelters:							
Libraries							
Number of Libraries:				3			



City of Garden Grove
 Sphere of Influence Map



Legend

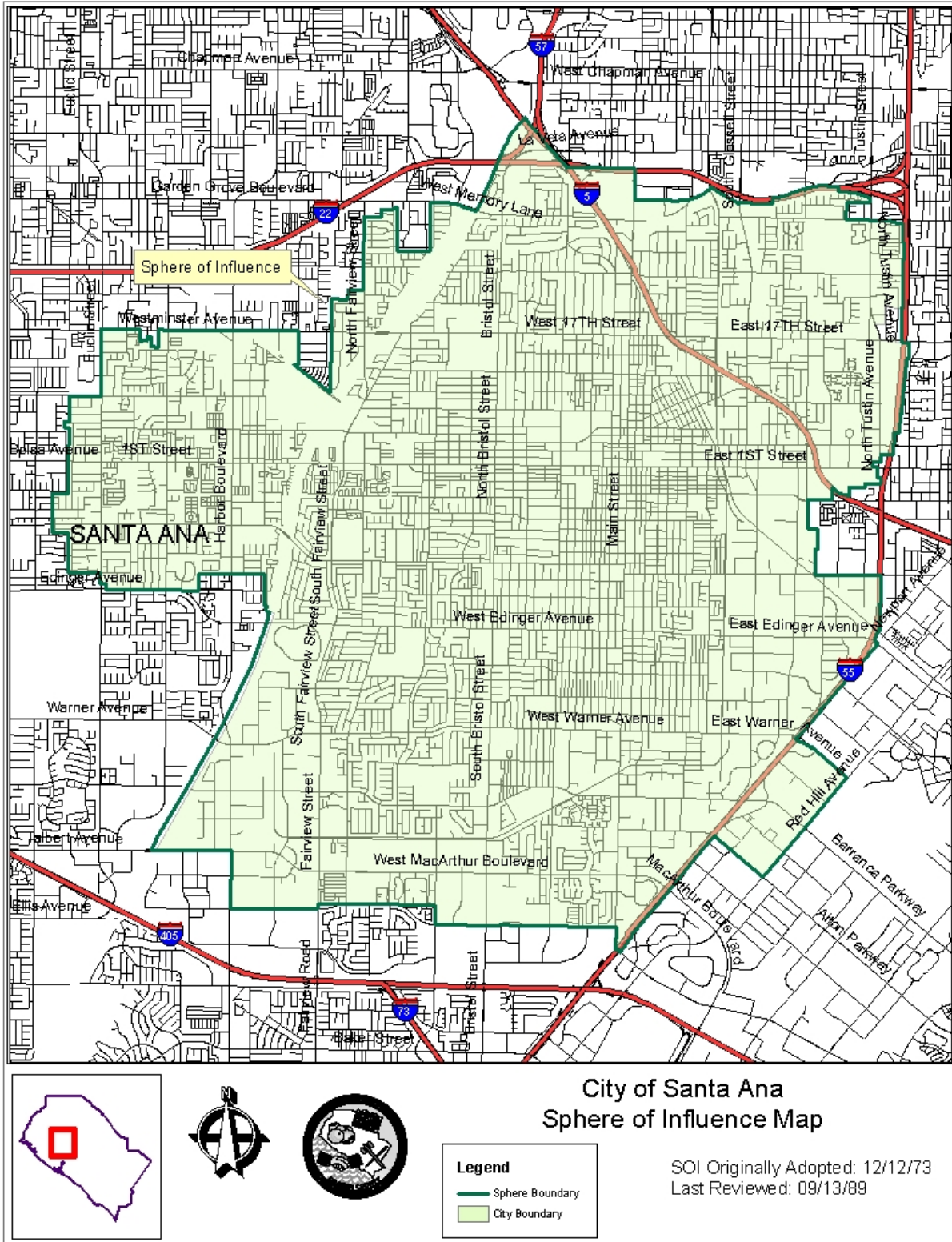
- Sphere Boundary
- City Boundary

SOI Originally Adopted: 11/13/74
 Last Reviewed: 09/13/89



City of Santa Ana

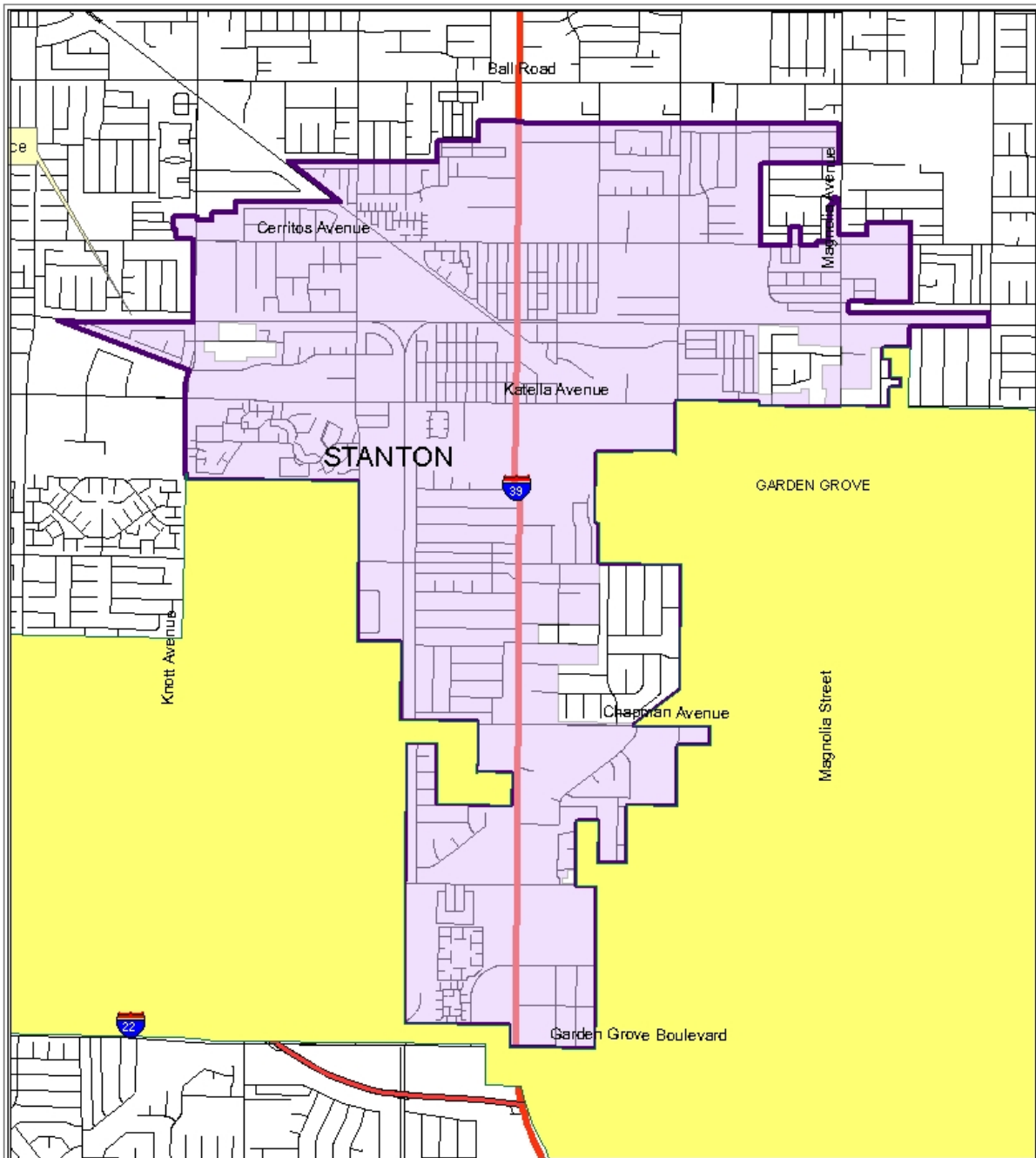
City of Santa Ana							
Agency Information				Service Area Information			
Address:	20 Civic Center Plaza Santa Ana, CA 92701			Incorporated Area:	27.3 sq miles		
Contact:	David Ream, City Manager			2005 Population:	350,625		
Phone:	(714) 647-6900 (714) 647-6954 Fax			Projected Population:			
Website:	www.ci.santa-ana.ca.us			2010	359,823		
				2015	364,049		
				2020	368,026		
				2025	370,196		
				2030	370,130		
Financial Information (FY 2005-2006 budget) (in thousands)							
Revenues:		Operating Budget:		Capital Improvement Budget:		Reserves at Year End:	
Service Summary							
Law Enforcement				City of Santa Ana Police Department			
Number of Patrol Units:							
Personnel: Sworn/Non-Sworn:							
Number of Priority 1 Service Calls 2005:							
Fire Protection/ Emergency				City of Santa Ana Fire Department			
Number of Stations:							
Personnel: Sworn/Support Staff:							
Number of Incidents 2005:							
Water/Sewer Service							
Number of Connections:							
Other Providers:							
Parks and Recreation				In-House			
Number of Public Parks:							
Acreage: Parks, Open Space, Medians, Slopes:							
Number of Recreation and Community Centers:							
Animal Control				In-House			
Number of Shelters:							
Libraries				In-House			
Number of Libraries:							





City of Stanton

City of Stanton							
Agency Information				Service Area Information			
Address:	7800 Katella Avenue Stanton, CA 90860			Incorporated Area:	3 sq miles		
Contact:	Jake Wager, City Manager			2005 Population:	39,460		
Phone:	(714) 379-9222 (714) 890-1443 Fax			Projected Population:			
Website:				2010	41,805		
				2015	44,689		
				2020	48,115		
				2025	50,581		
				2030	51,077		
Financial Information (FY 2005-2006 budget) (in thousands)							
Revenues:	\$29,070	Operating Budget:	\$28,215	Capital Improvement Budget:	\$2,409	Reserves at Year End:	
Service Summary							
Law Enforcement				Orange County Sheriff Department			
Number of Patrol Units:				10			
Personnel: Sworn/Non-Sworn:				34/8.5			
Number of Priority 1 Service Calls 2005:				6693			
Fire Protection/ Emergency				Orange County Fire Authority			
Number of Stations:				1			
Personnel: Sworn/Support Staff:				21 sworn			
Number of Incidents 2005:				1,666 medical; 66 fire; 636 other; 629 inspections			
Water/Sewer Service				Golden State Water Company			
Number of Connections:				5923 sewer			
Other Providers:							
Parks and Recreation				In-House			
Number of Public Parks:				7			
Acreage: Parks, Open Space, Medians, Slopes:				9.2			
Number of Recreation and Community Centers:				2			
Animal Control				County of Orange			
Number of Shelters:							
Libraries				County of Orange			
Number of Libraries:				1			



Legend	
	Sphere Boundary
	City Boundary
	Sphere Boundary
	City Boundary

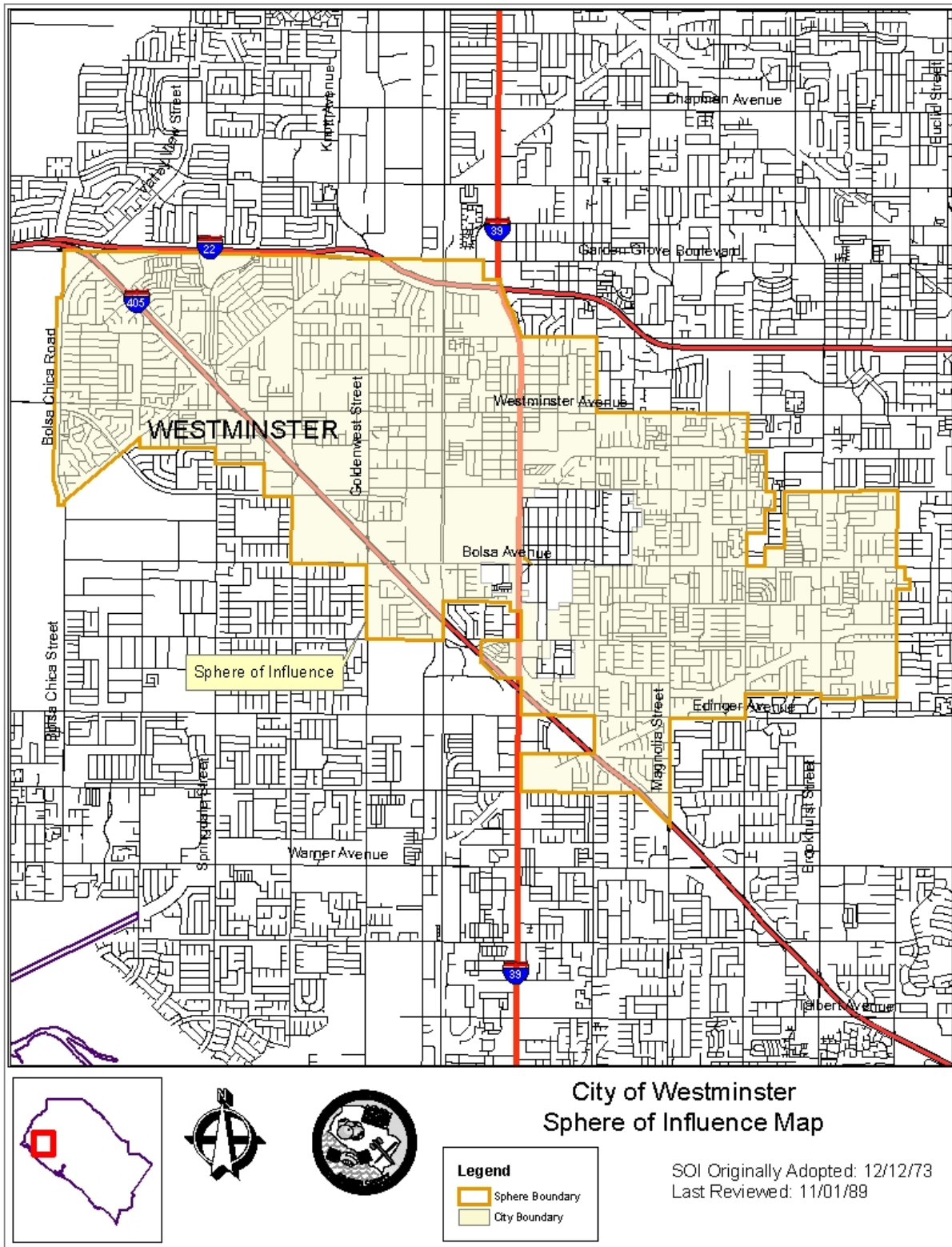
**City of Stanton
 Sphere of Influence Map**

SOI Originally Adopted: 02/13/74
 Last Reviewed: 04/13/83



City of Westminster

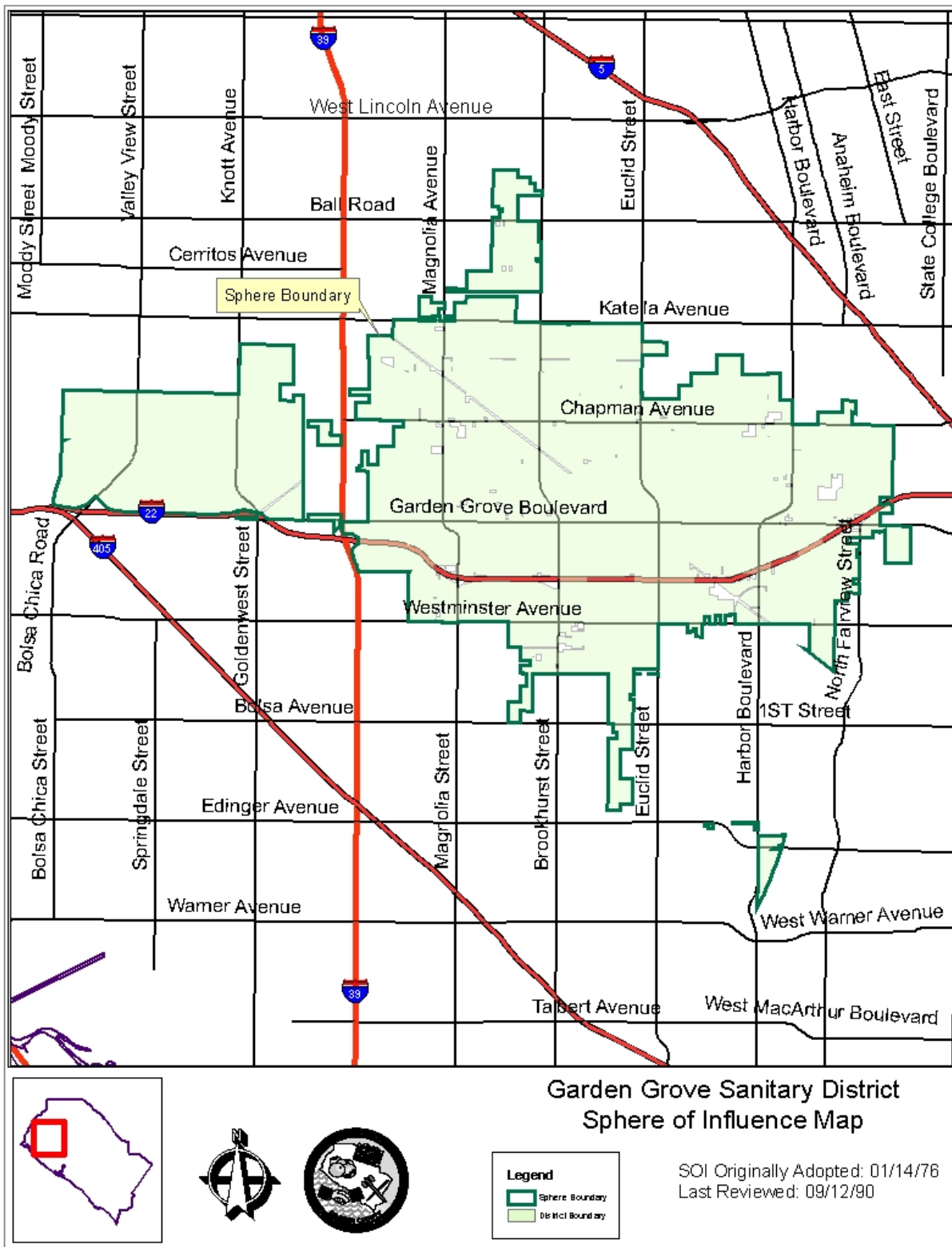
City of Westminster							
Agency Information				Service Area Information			
Address:	8200 Westminster Blvd. Westminster, CA 92683			Incorporated Area:	10.2 sq miles		
Contact:	Andrew Hall, Interim City Manager			2005 Population:	89,526		
Phone:	(714) 898-3311 (714) 373-4684 Fax			Projected Population:	2010	94,226	
Website:	www.ci.westminster.ca.us				2015	96,409	
					2020	97,717	
					2025	98,458	
				2030	99,291		
Financial Information (FY 2005-2006 budget) (in thousands)							
Revenues:	\$92,460	Operating Budget:	\$91,605	Capital Improvement Budget:	\$6,467	Reserves at Year End:	
Service Summary							
Law Enforcement				City of Westminster Police Department			
Number of Patrol Units:							
Personnel: Sworn/Non-Sworn:							
Number of Priority 1 Service Calls 2005:							
Fire Protection/ Emergency				Orange County Fire Authority			
Number of Stations:							
Personnel: Sworn/Support Staff:							
Number of Incidents 2005:							
Water/Sewer Service							
Number of Connections:				20,230 water			
Other Providers:				Metropolitan Water District			
Parks and Recreation				In-House			
Number of Public Parks:				25			
Acreage: Parks, Open Space, Medians, Slopes:				81.45 ac. (parkland)			
Number of Recreation and Community Centers:				3 recreation centers; 1 senior center			
Animal Control				City of Westminster			
Number of Shelters:							
Libraries				County of Orange			
Number of Libraries:							





Garden Grove Sanitary District

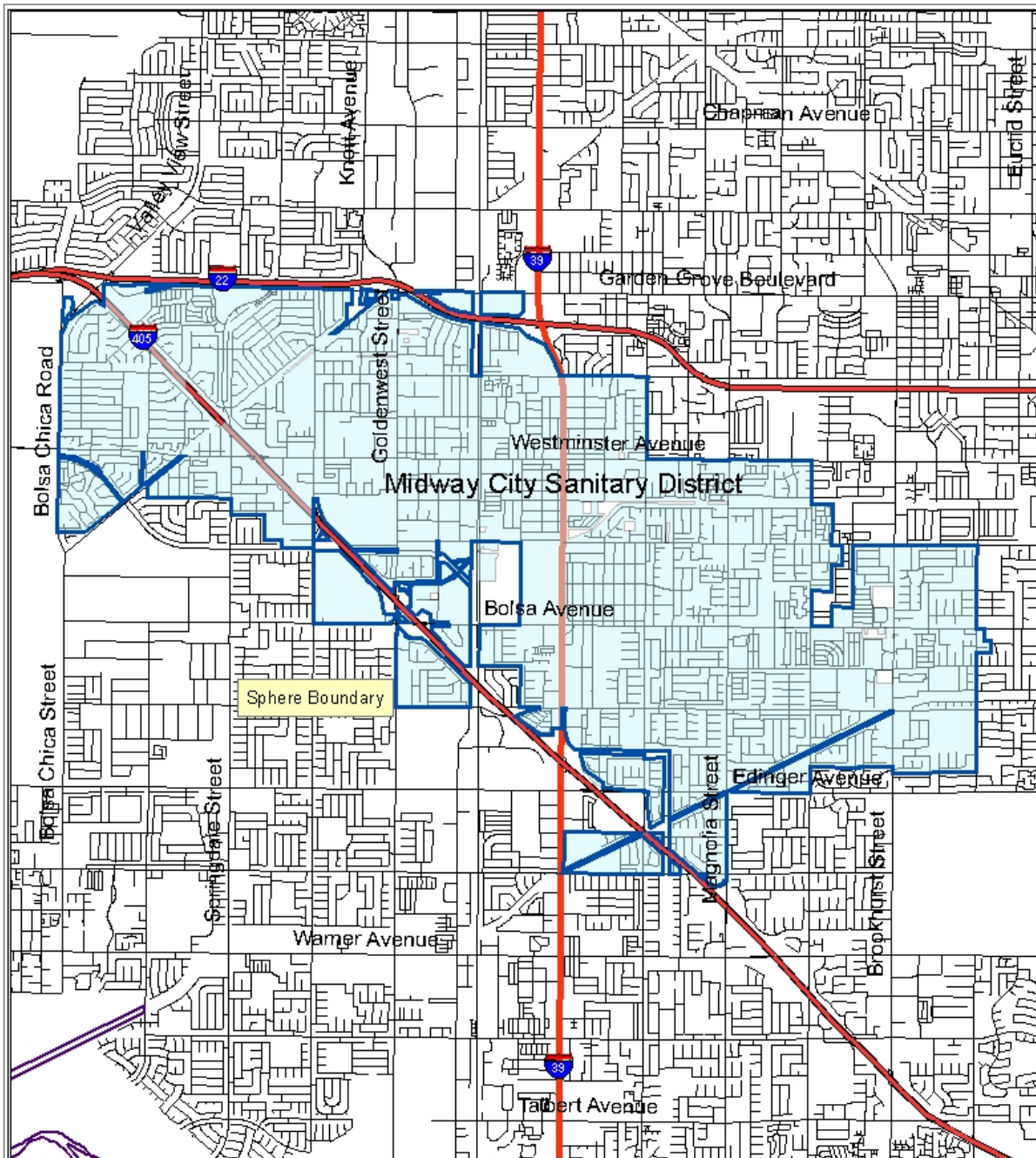
Garden Grove Sanitary District (Sewer & Refuse)							
Agency Information				Service Area Information			
Address:	11222 Acacia Parkway Garden Grove, CA 92842			Service Area:	327 miles		
Contact:	Matt Fertal, City Manager			2005 Population:	34,932		
Phone:	(714) 741-5100 (714) Fax			Projected Population:	2020		
Website:	www.ci.garden-grove.ca.us						
Financial Information (FY 2005-2006 budget) (in thousands)							
Revenues:	\$12,825	Operating Budget:	\$12,028	Capital Improvement Budget:	\$5,060	Reserves at Year End:	
Service Summary							
<i>Serving Communities of: City of Garden Grove, small portion of Fountain Valley, adjacent unincorporated areas</i>							
Sewer Service							
Number of Sewer Connections:				33,100			
Average Dry Weather Flow:				17.5 million gpd			
Facilities / Capacity:				3 pump stations, 327 miles sewer pipe			



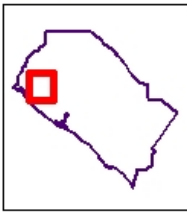


Midway City Sanitary District

Midway City Sanitary District							
Agency Information				Service Area Information			
Address:	14451 Cedarwood Avenue Westminster, CA 92683			Service Area:	10.3 sq miles		
Contact:	Bill Nakasone, General Manager			2005 Population:	95,000		
Phone:	(714) 893-3553			Projected Population:	2020 115,000		
Website:	www.mcsandst.com						
Financial Information (FY 2005-2006 budget) (in thousands)							
Revenues:	\$	Operating Budget:	\$	Capital Improvement Budget:		Reserves at Year End:	
Service Summary							
<i>Serving Communities of: City of Westminster and unincorporated Midway City area</i>							
Sewer Service							
Number of Sewer Connections:				18,750			
Average Dry Weather Flow:				2004 Sewer Study: 2.5 gpd			
Facilities / Capacity:				Four pump stations/3839 manholes			



Midway City Sanitary District
 Sphere of Influence Map



Legend	
	Sphere Boundary
	District Boundary

SOI Originally Adopted: 01/14/76
 Last Reviewed: 02/06/85



Orange County Fire Authority							
Agency Information				Service Area Information			
Address:	1 Fire Authority Road Irvine, CA 92602			Service Area:	551 sq miles		
Contact:	Gene Begnell, Battalion Chief			2005 Population:	1.33 million		
Phone:	(714) 573-6000			Projected Population:	2010		
Website:	www.ocfa.org				2015		
					2020		
					2025		
					2030		
					1.6 million		
Financial Information (FY 2005-2006 budget)							
Revenues:		Operating Budget:		Capital Improvement Budget:		Reserves at Year End:	
Service Summary							
<i>Serving all South Orange County</i>							
Fire Protection/ Emergency				Data for Division 3 only			
Number of Stations:				18 in Division 3; 61 OCFA stations total			
Personnel: Sworn / Civilian / Reserve:				Division 3: 229 sworn, 67 reserves OCFA Total: 807 sworn, 302 civilian, 274 reserves (unable to breakdown civilian staff for Division 3)			
Number of Incidents 2004:				19,936 in Division 3; 79,913 total for OCFA			
Average Response Time – Priority 1 Calls:				6:07 receipt to on scene; 4:03 dispatch to on scene (Countywide for all core emergency calls only. OCFA does not use Priority 1.)			



County of Orange

Demographics

Demographics:

- ◆ 2003 Population: 2.98 million (150,000 population in unincorporated areas)
- ◆ Projected 2020 Population: 3.5 million
- ◆ Size: 798 sq. miles

Governance

Governance:

- ◆ Formed in 1889
- ◆ 5-member Board of Supervisors elected by Supervisorial Districts to 4-year terms

Budget

Budget:

(FY 2006-2007)

Revenues:	Expenses:	Net:
\$5.53 Billion	\$5.53 Billion	\$0

Infrastructure/Public Facilities

Infrastructure/Public Facilities:

- ◆ Employees: 17,741 (FTE)
- ◆ Regional Service Provision: Public health, environmental protection, regional planning, social services, aviation, public safety/jails/district attorney, regional parks
- ◆ General Government Services: Tax collection, County Assessor, County Treasurer, County Auditor/Controller, County Clerk-Recorder, Registrar of Voters
- ◆ Roadways: 304 miles
- ◆ Flood Control: 270 miles of flood control channels
- ◆ Parks & Recreation: 33,000 acres park, open space & recreation areas
- ◆ Aviation: 8.5 MAP (million annual passengers) 500-acre airport



KEY ISSUES IDENTIFIED

Key Issues Identified by the Central Orange County (COC) MSR Technical Working Group (TWG)

An intricate part of the LAFCO MSR process involves the participation of the stakeholder working group for the designated study area. At the onset of the Central Orange County (COC) MSR study, a technical working group (TWG) consisting of representatives from the agencies within the focus area was formed to identify key regional issues for the focus area. Members of the TWG are represented in Table 4.1 below.

Table 4.1, COC Technical Working Group

AGENCY	REPRESENTATIVES
City of Anaheim	Linda Johnson, Principal Planner
City of Fountain Valley	Ray Kromer, City Manager
City of Garden Grove	Les Jones, Assistant City Manager
City of Santa Ana	
City of Stanton	Steven Harris, Community Development Director
City of Westminster	Art Bashmakian, Planning Manager
*Garden Grove Sanitary District (*subsidiary district)	Les Jones, Assistant City Manager
Midway City Sanitary District	Bill Nakasone, General Manager Ken Robbins, Assistant General Manager
LAFCO	Joyce Crosthwaite, Executive Officer Carolyn Emery, Project Manager
Sharon Browning & Associates	Sharon Browning, Consultant

The COC MSR study began with individual interviews with each agency participating in the process. During the interviews, each agency representative was asked to identify: (1) issues specifically related to their agency that should be addressed during the MSR



study and (2) regional issues/challenges for the study area that should be addressed during the MSR study. After the completion of agency interviews, the consultant prepared a comprehensive list of issues identified by agency representatives for review. Issues are listed in the following table.

Table 4.2, Summary of TWG Issues

SUMMARY OF ISSUES	
Subject/Service	Issues
Sanitary Services	<ul style="list-style-type: none"> ♦ Maintenance level and condition of facilities unknown ♦ Services to unincorporated islands if islands annexed ♦ Impact of un-funded State mandates on financial feasibility of providing sewer and trash services ♦ Property tax allocation process for previously un-served parcels requires multiple special tax agreements and staff resources ♦ Regional sewer capacity
Small Islands (150 acres and less)	<ul style="list-style-type: none"> ♦ Fiscal impacts of annexation to annexing agency ♦ Limited funds available to assess cost of annexing islands and who pays for the assessment? ♦ Limited funds available to facilitate annexation of islands ♦ How to bring islands up to annexing city's standards? ♦ Proposed land uses by County ♦ Contrasting city and County zoning and land uses ♦ Differences between County and City codes and enforcement ♦ Public safety ♦ Street improvements ♦ Septic tanks ♦ Lack of infrastructure plans for islands



SUMMARY OF ISSUES	
Subject/Service	Issues
Large Islands (more than 150 acres)	<ul style="list-style-type: none"> ♦ Fiscal impacts to annexing agency ♦ Limited funds available to assess cost of annexing islands and who pays for the assessment? ♦ Limited funds available to facilitate annexation of islands ♦ Opposition to annexation from residents ♦ Differences between City and County codes and enforcement ♦ Lack of infrastructure plans for islands ♦ Multiple water districts serving one area ♦ Lack of clear and communicated process for transitioning services to another agency
Sphere Reviews/ Updates/Boundary Clarifications	<ul style="list-style-type: none"> ♦ Potential reorganizations (i.e. annexations/detachments, merger of agencies (cities and districts), joint power agreements, etc.) ♦ Sphere of influence reviews and updates
Infrastructure Needs & Deficiencies	<ul style="list-style-type: none"> ♦ Are there ways services can be provided more efficiently? ♦ Current/future infrastructure costs (how to assess/fund studies/estimate) ♦ How do we measure current condition and adequacy of infrastructure, as well as needed upgrades? ♦ Adequacy of agency general/master plans to reflect and address the impact of on-the-ground growth ♦ What is process of assessing/maintaining/increasing current levels of services, and or improvements for the following infrastructure: <ul style="list-style-type: none"> ♦ sewer/septic systems ♦ public safety ♦ code enforcement ♦ parks and recreational services
Financing Constraints & Opportunities	<ul style="list-style-type: none"> ♦ Cost of services (rising costs, limited funding, and expectations of agencies) ♦ How do we measure the fiscal viability of small agencies?



SUMMARY OF ISSUES	
Subject/Service	Issues
<i>Non-LAFCO Issues</i>	<ul style="list-style-type: none">♦ Regional traffic and transportation♦ Mass transit – need it to support economic growth;♦ Leadership needs♦ Mandates of Regional Boards (Regional Water Quality Control Board especially)♦ Growing diverse populations and associated housing, education, health care, safety impacts♦ State mandate for affordable housing difficult to impossible to achieve



GROWTH & POPULATION PROJECTIONS

Regional Overview

As of January 1, 2005, Orange County's official population, according to the California Department of Finance, reached 3,056,865, an increase of approximately 9 percent since the 2000 U.S. Census. Although the southern portion of Orange County is still developing, the majority of the County's population remains concentrated in the central region of the County. Cities within the Central Orange County (COC) region incorporated during the late 1800s and early 1900s. The area represents a highly urbanized portion of the County and land use is essentially built-out. Even with the new development taking place in the southern portion of the County, a substantial part of the County's population growth is expected to occur in the Central region. Central Orange County is expecting approximately 50,000 persons more while the northern and southern regions are anticipating approximately 23,000 to 25,000 new residents.

Table 5.1, Population in North, Central, & South Orange County

NORTH			CENTRAL			SOUTH		
City	Existing Pop. (2005)	Project Pop. (2010)	City	Existing Pop. (2005)	Projected Pop. (2010)	City	Existing Pop. (2005)	Projected Pop. (2010)
<i>Brea</i>	39,204	42,281	Anaheim	343,932	365,495¹	<i>Irvine</i>	182,990	192,185
<i>Buena Park</i>	81,608	85,855	Fountain Valley	58,692	61,758	<i>Laguna Woods</i>	18,022	18,932
<i>Fullerton</i>	133,505	140,513	Garden Grove	169,557	178,457	<i>Lake Forest</i>	79,318	80,615
<i>La Habra</i>	62,496	65,773	Santa Ana	350,625	359,823	<i>Newport Beach</i>	84,273	89,528

¹ The information shown in this table for the City of Anaheim is reflective of the last Orange County Projection approved in early 2004 prior to the 2004 comprehensive update of Anaheim's General Plan (which provided for new dwelling units, including dwelling units in the Platinum Triangle).



NORTH			CENTRAL			SOUTH		
City	Existing Pop. (2005)	Project Pop. (2010)	City	Existing Pop. (2005)	Projected Pop. (2010)	City	Existing Pop. (2005)	Projected Pop. (2010)
Placentia	49,864	52,352	Stanton	39,460	41,805	Rancho Santa Margarita	49,211	51,808
Yorba Linda	66,901	71,463	Westminster	89,526	94,226	San Juan Capistrano	36,413	40,876
TOTAL POP.	433,578	458,237	TOTAL POP.	1,051,792	1,101,564	TOTAL POP.	450,227	473,944

Existing & Projected Population

The population for the cities located within the COC MSR focus area range from 39,000 to 351,000. Although these areas are fully developed and range in size from between three and fifty square miles, population increases within these cities are projected between 8% and 9% and, as a region, at approximately 5%. Because cities within the COC region are densely populated with limited opportunities for additional land use, it is expected that continued growth within the area will be primarily from infill development and will bring different types of challenges. The table below, 5.2 Growth in the Central Orange County MSR Area, shows the current and projected population, housing and employment data for the cities and unincorporated communities referenced in this report.

Table 5.2, Growth in the Central Orange County MSR Area

	2005 Population	2020 Population	2005 Housing	2020 Housing	2005 Employment	2020 Employment
City of Anaheim	343,932 ²	380,945	101,065	105,732	181,594	196,621
City of Fountain Valley	58,692	64,567	19,227	19,715	31,635	36,225
City of Garden Grove	169,557	186,593	46,700	47,709	53,319	54,903

² The information shown in this table for the City of Anaheim is reflective of the last Orange County Projection approved in early 2004 prior to the 2004 comprehensive update of Anaheim's General Plan (which provided for new dwelling units, including dwelling units in the Platinum Triangle).



	2005 Population	2020 Population	2005 Housing	2020 Housing	2005 Employ- ment	2020 Employ- ment
City of Santa Ana	350,625	368,026	75,671	76,342	169,952	180,373
City of Stanton	39,460	48,115	11,320	13,421	9,951	11,501
City of Westminster	89,526	97,717	27,037	27,275	26,660	30,951
UNINCORPORATED COMMUNITIES*						
Southwest Anaheim Island (496 acres)	Approx. 8,000					
Fountain Valley Islands <ul style="list-style-type: none"> o North island- 21 acres o South island- 11 acres 	813 (North island); Data not available for South Island		813 (North island); 0 (South Island)			
Midway City (351 acres) <ul style="list-style-type: none"> o Bolsa/Colgate- 21 acres o McFadden/Van Buren-33 acres o Magnolia/Bch- 297 acres 	5,919		2,124			
Santa Ana Island (77 acres)	260		77			
Stanton Islands <ul style="list-style-type: none"> o Kermore-11 acres o Mac/Rustic-27 acres o Katella-11 acres o Lampson-1 acre 	31 343 112		15 95 28			

**County of Orange, Inventory of Unincorporated Areas **Shaded areas-Data Not Available*



INFRASTRUCTURE NEEDS & DEFICIENCIES

This section of the MSR report provides an overview of the existing infrastructure in the MSR study area. Staff gathered the majority of the information used to complete this section from general and master plans, agency websites, budget documents, and capital improvement plans supplied by the agencies. Infrastructure needs and deficiencies will be addressed by service in the following order:

- ◆ Police
- ◆ Fire
- ◆ Water
- ◆ Wastewater
- ◆ Parks, recreation & open space
- ◆ Animal control

Regional Overview

LAFCO staff reviewed the service provision structure and processes for six cities, two special districts, and the County of Orange to complete this section of the report. The specific agencies and services provided in the MSR study area included:

Table 6.1, Regional Overview of Service Provision in COC MSR Focus Area

MUNICIPAL SERVICES & PROVIDERS	Police Protection	Fire/ Emergency Medical	Water	Wastewater	Electricity	Solid Waste	Parks & Recreation	Animal Control	Libraries
CITIES									
City of Anaheim	•	•	•	•	•	•	•		•
City of Fountain Valley	•	•	•	•		•	•		
City of Garden Grove	•	•	•				•		
City of Santa Ana	•	•	•	•		•	•	•	•
City of Stanton			•	•		•	•		
City of Westminster	•		•				•	•	
SPECIAL DISTRICTS									
Garden Grove Sanitary District				•		•			
Midway City Sanitary District				•		•			



MUNICIPAL SERVICES & PROVIDERS	Police Protection	Fire/ Emergency Medical	Water	Wastewater	Electricity	Solid Waste	Parks & Recreation	Animal Control	Libraries
Orange County Fire Authority		●							
PRIVATELY-OWNED WATER AGENCIES									
Golden State Water Company			●						
South Midway Mutual Water Co.			●						
East Side Water Association			●						
Midway City Mutual Water Co.			●						
COUNTY OF ORANGE *									
OC Sheriff's Department	●								

* Provides all municipal services to unincorporated areas within COC MSR focus area.

A review of the agencies' service area revealed multiple providers that include cities, special districts, the County, and private companies. The County of Orange is responsible for providing municipal-level services to the unincorporated areas and routinely crosses city boundaries to provide those services. Presently, there are relatively few existing agreements for shared service provision among the cities, special districts, County and other neighboring agencies adjacent to the MSR area.

The presence of multiple providers and lack of clear boundaries may result in overlapping and/or duplicative service provision and confusion to the end user. Consumers expect the most cost effective and efficient service delivery available and the current system for providing services to unincorporated areas may have room for improvement. Ten agencies currently provide retail water service to the area. Four of those agencies currently serve the unincorporated Midway City areas which include approximately only 351 acres. Each water agency charges a different rate to customers.

The delivery of efficient services to consumers is the common objective of all the agencies but consensus on how to evaluate efficient service is lacking. Some agencies use benchmarks as a means of comparing infrastructure condition and a brief discussion of benchmarking has been included in the water and wastewater sections of this report primarily because, as an industry, water and wastewater agencies have used benchmarking longer than other agencies.

In past studies, LAFCO has used the following to try to address the issue of efficient delivery of services within a region:

- ❖ Simplification of boundaries – Multiple agencies providing similar services in a limited area can result in overlapping service areas and confusion among the customers. While there is no overlap in service provision within the COC MSR



area, some cities and special districts serve territory outside of their boundaries. Additionally, the COC area includes unincorporated areas that are virtually surrounded by or adjacent to incorporated city limits but are served by the County of Orange and in some case multiple private agencies.

- ❖ Improved service delivery – There may be potential for consumers to receive an improvement in the level of services through changes in boundaries that may include annexation and/or reorganization of boundaries.
- ❖ Reduction in costs or fees – The cost of providing services varies among agencies, and reorganization may be a means of lowering rates and/or reducing costs. While the potential for reorganization and sharing of services were raised during the MSR report, it was recognized that any alternatives would need to be studied in further detail.
- ❖ Increase in local accountability and “home rule” – If citizens believe that an agency is unresponsive to their needs, a reorganization might be proposed to allow closer interaction between a governing board and residents. One such example of this may be the comparison of representation for city residents by a city council to representation for unincorporated residents by County Supervisor.
- ❖ Realignment – An agency may find itself better able to serve its constituency after an annexation, reorganization, or sphere amendment adds or subtracts territory. Opportunities within the COC MSR area are discussed in the Government Structure Options section.

However there may exist disadvantages and obstacles, as noted below, to the types of changes outlined in this report.

- ❖ No actual or limited costs savings – Once all factors are considered (i.e. cost of reorganization, merging staffs, upgrades to systems, change in service providers) savings to consumer are modest or none; hence, it may not be cost-effective to pursue reorganization.
- ❖ Impacts to service provision -- Reorganizations that include annexation to or detachment from an agency may negatively impact the remaining service area and its customers.
- ❖ Local autonomy – A small agency providing services may offer benefits of community cohesion and local “ownership” which may be lost in a reorganization with a larger agency.



- ❖ Political opposition – Pursuing reorganization without the support of residents or the governing board typically increases the time and effort involved.

ISSUE: INFRASTRUCTURE NEEDS AND DEFICIENCIES

A key area identified by the TWG for the COC MSR study area is infrastructure. More specifically, following are questions related to the infrastructure that the TWG highlighted for further discussion during the MSR process:

- Are there ways services can be provided more efficiently?
- Current/future infrastructure costs (how to assess/fund studies/estimate)?
- How do we measure current condition and adequacy of infrastructure, as well as needed upgrades?
- Adequacy of agency general/master plans to reflect and address the impact of on-the-ground growth?
- What is process of assessing, maintaining and or increasing current levels of services, and or improvements for area infrastructure?

Police Protection

Currently, seven agencies provide police services to the MSR study area

1. City of Anaheim Police Department
2. City of Fountain Valley Police Department
3. City of Garden Grove Police Department
4. City of Santa Ana Police Department
5. City of Westminster Police Department
6. Orange County Sheriff Department (serves the City of Stanton)
7. California Highway Patrol (provides traffic enforcement within the unincorporated areas only)

The following table includes staffing levels and other information regarding police protection services provided by each agency.



Table 6.2, Police Services Comparison

AGENCY	Staffing	Number of Calls (2005)	Response Times for Priority Calls	Response Times for Non-Priority Calls	Cost for Police Services (% of Total Budget)
<i>City of Anaheim</i>	385 sworn; 205 full-time civilian; 78 part-time civilian	173,669	9.89 mins. (01/06-06/06)	33.25 mins. (01/06-06/06)	41.2%
<i>City of Fountain Valley</i>	65	46,929	5 mins., 31 secs.	15 mins., 2 secs.	39.8%
<i>City of Garden Grove</i>	234	48,725	5 mins., 22 secs	9 mins., 18 secs	46% (\$36,817,400)
<i>City of Santa Ana</i>					
<i>City of Stanton</i>	42.5 (provided by OC Sheriff)	26,227	5.92 minutes	22.5 minutes	50%
<i>City of Westminster</i>					

In most cases, 60% to 75% of cities' general fund is allocated for public safety (fire and police) services. With the increase in demand for public safety service and the rising costs to provide, many cities within the focus area are facing the following challenges:

- What percentage of a city's budget should be allocated for public safety? Is spending more than 50% of a municipal budget in line with other agencies?
- Is police protection within the area being provided efficiently/effectively?

More specific public safety issues identified by the COC TWG are highlighted in the following "issues" text box.



Issues: Police Protection

Each city, with the exception of the City of Stanton, provides police protection within their respective boundaries. The City of Stanton and the unincorporated areas within the MSR area receive police services from the Orange County Sheriff Department. Public safety remains one of the most expensive services to provide for public agencies. As these costs continue to rise, it has become more challenging for agencies to maintain a quality level for such an important service yet the provision of services remains a priority for the agencies and residents.

There may be an opportunity for the COC MSR agencies to consider sharing in the some police protection services. For example, there may be potential cost-savings for neighboring cities and County to merge some or all of the services as is done by other agencies in Orange County. Because of the potential for political, economical, and social conflict, this option would require in depth analysis.

The issue that could be discussed by the affected agencies is "Are there ways services can be provided more cost-effectively?" Because LAFCO does not have direct purview over public safety in Orange County, this discussion would have to be initiated by the cities and other affected agencies.



Fire Protection

Fire protection services to the COC MSR area are provided by the following five agencies which all maintain fire departments within their jurisdiction:

- ◆ City of Anaheim
- ◆ City of Fountain Valley
- ◆ City of Garden Grove
- ◆ City of Santa Ana

The Orange County Fire Authority (OCFA) provides fire and emergency medical services to the unincorporated areas and two cities (Stanton and Westminster) within the COC MSR area. The Anaheim Fire Department currently provides fire and paramedic services to the unincorporated area adjacent to the city under contract with the Orange County Fire Authority (OCFA). Funding for the OCFA services to the unincorporated areas are provided for through an apportionment of the property taxes paid by the residents of these areas. OCFA services to the cities of Stanton and Westminster are paid through contractual agreements between the agencies and are based specifically on the services requested by the cities and provided by OCFA.

Table 6.3, Fire Services Comparison

AGENCY	Staffing	Number of Calls (2005)	Response Times for Priority Calls
<i>City of Anaheim</i>	290 + 6.61 pt FTE- 16 positions	25,410	5 mins (first engine response) to 90% of all incidents; 8 mins. to the remaining 10%
<i>City of Fountain Valley</i>	41 sworn; 3 support	4,690	4 mins. 42 secs.
<i>City of Garden Grove</i>	101	10,978 ³	4 mins., 34 secs.
<i>City of Santa Ana</i>			
<i>City of Stanton</i>	21 (OCFA)	2,352	3 to 5 minutes
<i>City of Westminster</i>		5,898	3 to 5 minutes

³ 5% fire, 83% medical response, 5% other emergency, 1% hazmat, 6% service calls/public assistance.



AGENCY	Staffing	Number of Calls (2005)	Response Times for Priority Calls
<i>Unincorporated Areas</i>	By OCFA	*6,214 (* Total calls for unincorporated areas within County)	3 to 5 minutes

In 2005, the average response time of COC city fire departments to priority calls was 3 to 5 minutes. In 2005, OCFA responded to 2,352 incidents in Stanton and 5,898 calls within the City of Westminster with an average response time between 3 to 5 minutes.

OCFA's countywide service area is divided into four divisions with each division subdivided into two battalions. The MSR area is primarily located within Division 1 with a total of six stations serving the cities of Stanton and Westminster and the unincorporated areas. Figure 6.4 on the following page depicts the OCFA service area.

OCFA's resources are based upon a regional service delivery system, meaning the agency assigns personnel and equipment to emergency incidents without regard to jurisdictional boundaries. The principle benefits of a regional system are reduced costs, improved service and coverage, reduced duplication, cost avoidance, and increased effectiveness.⁴

Orange County is a California Department of Forestry and Fire Protection (CDF) Contract County and protects 146,724 acres of State Responsibility Area wildland within Orange County. Large open space and undeveloped areas pose a significant challenge to the suppression of wildfires, provision of rescue services and resources.

State Responsibility Areas (SRAs) are those areas in which primary financial responsibility for preventing and suppressing fires belongs to the state as determined by the State Board of Forestry and Fire Protection. However when areas are annexed, incorporated, or if housing densities average more than 3 units per acre over an area of 250 acres, they are then classified as a Local Responsibility Areas (LRAs). Wildland fires in SRA lands trigger dispatch of CDF resources and equipment through the contract OCFA has with the state. However, if a fire starts in a LRA, even a wildland fire, then the local jurisdiction is responsible for fire suppression.

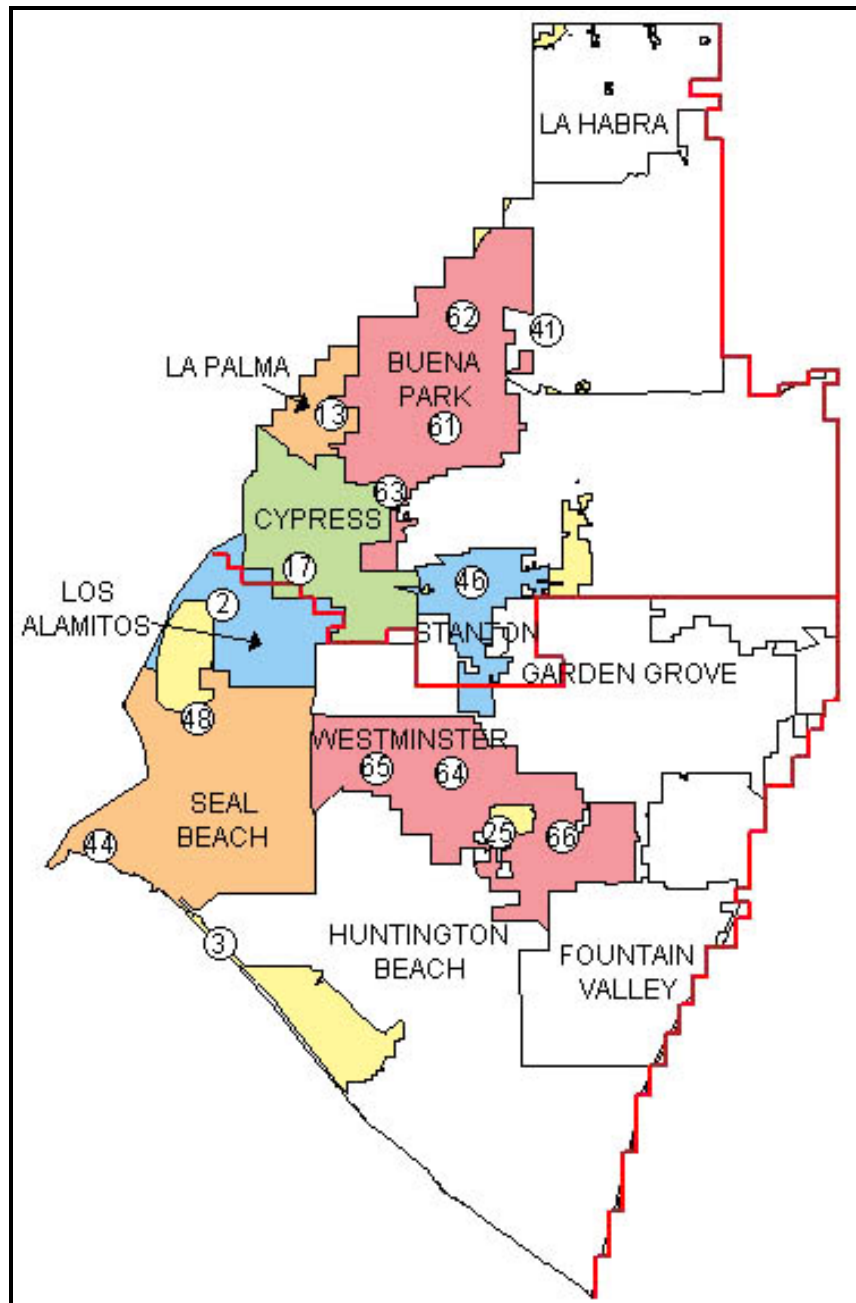
⁴ Orange County Fire Authority. Overview of Deployment in Orange County



Figure 6.4, OCFA Service Division for COC MSR Area

OCFA Division I - Battalions 1 & 8

Serving the cities of Buena Park, Cypress, La Palma, Los Alamitos, Seal Beach, Stanton, and Westminster; along with the unincorporated communities of Midway City, Rossmoor, and Sunset Beach





Issue: Fire Protection

The cities of Anaheim, Fountain Valley, Garden Grove, and Santa Ana provide fire protection services within the respective incorporated boundaries. The cities of Westminster and Stanton and unincorporated areas receive fire services from the Orange County Fire Authority (OCFA). Presently OCFA and city fire departments exchange support in providing fire services to the MSR area through mutual aid agreements.

With the continued rising costs of emergency services, smaller cities that currently operate their own fire departments may benefit from exploring potential costs-saving options for shared facilities and opportunities.

The issue that could be discussed by the affected agencies and residents is “Are there ways services can be provided more efficiently?” However, LAFCO does not have direct purview over fire and emergency medical services in Orange County and this discussion would have to be initiated by the cities and other affected agencies.

Water Services

Nine agencies (five public and four private) provide retail water service to the MSR study area: the City of Anaheim, City of Fountain Valley, City of Garden Grove, City of Santa Ana, City of Westminster, and privately owned Golden State Water Company, South Midway City Mutual Water Company, East Side Water Association, and Midway City Mutual Water Company. Water supply includes groundwater, imported, and recycled water. Water-related services provided by each of these agencies are shown in Table 6.5 below.

Table 6.5, Regional Overview of Water Provision in COC MSR Focus Area

WATER SERVICES & PROVIDERS	Water Service	Retail Domestic Potable Water	Wholesale Water	Water Treatment	Recycled/ Reclaimed Water	Agricultural Water	Groundwater Management	Water Replenishment	Water Conservation
CITIES									
City of Anaheim	•	•		•					•
City of Fountain Valley	•	•							•
City of Garden Grove	•	•							•
City of Santa Ana	•	•							



WATER SERVICES & PROVIDERS	Water Service	Retail Domestic Potable Water	Wholesale Water	Water Treatment	Recycled/Reclaimed Water	Agricultural Water	Groundwater Management	Water Replenishment	Water Conservation
City of Stanton	•	•							
City of Westminster	•	•		•					
PRIVATELY OWNED WATER AGENCIES									
Golden State Water Company	•						•		
So. Midway City Mutual Water Co.	•								
East Side Water Association	•								
Midway City Mutual Water Co.	•								
WHOLESALE WATER AGENCIES									
Orange County Water District			•	•	•	•	•	•	
Metropolitan Water District of Orange County			•	•		•		•	•
Municipal Water District of OC				•		•			

Water utility rates within the COC MSR area include flat rates, a meter charge (readiness to serve), commodity or usage charge and capital charge. There are a wide range of factors that affect the water rates set by water agencies; therefore a comparison of the water rates among agencies is not discussed in this section. However, common benchmarks used in the discussion of efficient provision of water service are included later in this section.

City of Anaheim

The City of Anaheim's water system serves the entire City and some unincorporated areas within Orange County. As of 2005, the system serves 347,000 residents and includes 747 miles of water mains with 69,277 water services. The system facilities also include 8 water connections to the Metropolitan Water District of Southern California (MWD), 24 active wells with a total pumping capacity of over 56,000 gallons per minute, a 920 million gallon reservoir for untreated water, a 15 million gallon per day conventional water treatment plant, 12 treated water reservoirs, and 9 booster pump stations.

The City utilizes two primary sources of water supply: groundwater produced from City-owned wells and imported water from the MWD. The proportion received from



either source varies each year, depending on the annual basin production percentage set by the Orange County Water District.

City of Fountain Valley

The City of Fountain Valley's water system serves approximately 58,692 city residents. The City derives 70% of its water supply from local groundwater sources. The City currently has 7 wells serving the area and regular ongoing replacement and maintenance of piping to prevent age deterioration of the water infrastructure.

City of Garden Grove

The City of Garden Grove's water system serves approximately 169,557 city residents. The City has 12 groundwater wells strategically located throughout the City, with a pumping capacity of over 35,000 gallons per minute. Over the years, the City has experienced many capital improvements to include the building of a new water supply well, two new reservoirs, and upgrades to the City's import water connections and water distribution system. The City's main sources of water supply are groundwater and imported water.

City of Santa Ana

No information was received from the City of Santa Ana.

City of Westminster

The City of Westminster's water system serves the City, portions (approximately one-third) of the unincorporated Midway City area, and the unincorporated Beach/McFadden island. The City's water system consists of 14 ground water wells, 3 Metropolitan Water District (MWD) connections and two 8-million gallon water tank and booster stations newly completed in 2003. The City annually pumps 61% from underground well water and imports 39% from the MWD connections to serve 90,270 residents through 20,230 meters. In addition, the City annually maintains 2,643 fire hydrants and 3,750 water valves. The City's water system produces a daily average of 39 ac.-ft, with a maximum capacity of 114 ac.-ft per day.

Residents and businesses located in Midway City and Beach/McFadden areas and receiving water service from the City pay a surcharge of 13% for water service.

Golden State Water Company

The Golden State Water Company is a privately owned water purveyor that provides water to various communities throughout Southern California. So Cal's "Region II" is primarily based in Los Angeles County, serving more than 100,000 customer connections in 29 Los Angeles County cities and several unincorporated communities.



A small portion of Region II extends into Orange County, providing private water service to the Cities of Los Alamitos, Stanton and surrounding unincorporated areas.

Region II operates seven separate water systems consisting of more than 895 miles of distribution pipelines, meters and hydrants. Water delivered to customers' homes is surface water, groundwater pumped from local underground basins or a blend of the two sources. On average, 41 percent of the Region II water supply is pumped from 64 active, company-owned wells. The remaining water supply is surface water purchased from the Metropolitan Water District of Southern California through the West Basin and Central Basin Municipal Water Districts.

Private Companies Serving Midway City

In addition to the City of Westminster, which provides water service to a portion of the Midway City unincorporated island, the following privately-owned companies also provide water service to the Midway City area:

- South Midway City Mutual Water Co.
- East Side Water Association
- Midway City Mutual Water Co.

South Midway City Mutual Water Co.⁵

The South Midway City Mutual Water Co. is a private water agency serving approximately 750 residents (based on 3 persons/household) within the unincorporated Midway City area. The agency's water infrastructure includes 250 connections and its sole source of water supply is captured from two ground wells (1 active and 1 inactive).

The agency's current infrastructure is aged but the agency has recently received grant funding from the County of Orange to complete necessary upgrades and improvements to the system. Customers are charged a flat rate of \$25 per month for water service and the agency is committed to maintaining affordable water rates to customers.

East Side Water Association

No information was received.

⁵ Data provided by President of So. Midway City Mutual Water Co.



Midway City Mutual Water Company

No information was received.

The issue of the long-term efficient of private water companies was raised during the MSR process. While LAFCO has no purview over mutual water companies, the agencies thought the issue should be discussed. Staff made numerous attempts to contact the mutual water companies.

Another issue raised by agencies during the MSR process was how to measure efficiency to guide changes in organizations. One method is benchmarking which has been used by private industry to improve their competitive advantage. Benchmarking is a means of assessing the efficiency of an agency through measurement tools and has been used by water providers for many years. Typical benchmarks for a water system include:

- **Drinking Water Compliance Rate** which tallies the percentage of days in the reporting year during which a utility was in full compliance with the maximum contaminant levels and treatment techniques mandated by the US National Primary Drinking Water Regulations.
- **Distribution System Water Loss** measures the percentage of drinking water placed into distribution that does not find its way to customers or other authorized users.
- **Water Distribution System Integrity** quantifies the condition of the water distribution system with the number of breaks and leaks requiring repair per 100 miles of distribution piping.
- **Operations and Maintenance Cost Ratios** tally the cost of operations and maintenance and relate them on per account and per millions of gallons produced bases.
- **Planned Maintenance Ratio** measures how effectively utilities are investing in planned maintenance. Two proposed ratios make comparisons to cost and to hours invested in maintenance activities.

While the stakeholder working group did not discuss benchmarking in depth, it may provide a framework to develop regional methods of comparing provision among different agencies and companies.



Wastewater

Wastewater infrastructure includes collection and sewer main lines, lift stations, and treatment plants. Currently, four cities and two special districts provide sewer service to the COC MSR area:

- ◆ City of Anaheim
- ◆ City of Fountain Valley
- ◆ City of Santa Ana
- ◆ City of Stanton
- ◆ Garden Grove Sanitary District
- ◆ Midway City Sanitary District
- ◆ Orange County Sanitation District

The cities of Anaheim, Fountain Valley, Santa Ana, and Stanton maintain public sewer infrastructures within their incorporated boundaries and in some cases small portions of adjacent cities. Sewer service to the City of Westminster and the unincorporated community of Midway City are provided by the Midway City Sanitary District. The Garden Grove Sanitary District, a subsidiary district of the City, is responsible for the sanitary sewer system within the Garden Grove incorporated boundaries as well as adjacent unincorporated areas and a small area located within the city limits of Fountain Valley.

Cities continue to address sewer service issues through their General Plan, Sewer Master Plan and Capital Improvement Plan. The Garden Grove Sanitary District and Midway City Sanitary District evaluate their sewer infrastructure and identify short and long-term solutions through the agency Sewer Master Plan.

The following summaries provide more specifics on the sewer infrastructure for each agency. Following these summaries is an overview of wastewater issues identified by the COC TWG.

City of Anaheim

The original portions of the City of Anaheim's sewer system were constructed during the 1910s. Since then, additional facilities have been built and upgraded to accommodate ongoing growth in the City. Today, the City maintains approximately 510 miles of sewer lines that serve the City and small portions of adjacent cities and unincorporated areas. Sewage is collected by City facilities then a majority of the flow is conveyed to Orange County Sanitation District trunk lines and small portions are tributary to adjacent cities.



Through the City Master Plans of Sewers, various areas within the City have been identified for sewer needs. These needs have been addressed through the Citywide Sanitary Sewer Improvement Program.

City of Fountain Valley

No information was received.

City of Santa Ana

No information was received.

City of Stanton

The City of Stanton currently operates and maintains a sewage collection system which serves the City and portions of the adjacent cities of Anaheim and Garden Grove. The City operates and maintains a gravity flow sewage collection system which receives flows from approximately 3,080 acres of tributary area with the majority (1,981 acres) located within the city limits.

In 1990, the City prepared a report (1990 Sewer Infrastructure Analysis) which stated that the City is almost completely developed to its “buildout” condition. The report determined the available capacity and recommended capital improvements for the City’s sewer system. Since the preparation of that report, proposed new development and redevelopment and changes in land use have occurred in some areas.

Garden Grove Sanitary District

The Garden Grove Sanitary District currently provides sewer service to the entire City, a small portion of the City of Fountain Valley, and adjacent unincorporated areas. The District’s service operates 327 miles of gravity sewer pipes that includes a service territory of 12,035 acres. The sewer infrastructure includes 3 sewer pump stations. Wastewater treatment services are provided by the Orange County Sanitation District.

The Garden Grove Sanitary District completed its most recent sewer master plan update in August 2001. The purpose of the update was to refine the District’s capital improvement program through additional studies of the sewer system and further condition assessment efforts, and to provide a sound basis for updating the District’s Financial Plan.

Through the district’s 2001 Sewer Master Plan Update, it was acknowledged that most of the district’s facilities are aged and approaching the end of their useful lives. The city’s Capital Improvement Program has been designed to address this issue. In 2005, the District initiated a bold 10-year Capital Improvement Program, in which \$5.5



million is being spent annually to upgrade the sewer system and make necessary capacity and condition improvements.

Midway City Sanitary District

The Midway City Sanitary District currently provides sewer service to approximately 95,000 people and an area that includes residential, commercial, industrial, and institutional land uses. The existing system is comprised of 173 miles of gravity flow sewer lines, approximately 2 miles of force main sewer lines, and four pump stations. The present infrastructure also includes 3,839 manholes of varying conditions due largely to their age and environment.

During the district's most recent sewer master plan (June 2004), it was determined that the District's collection system was aging and in need of repair in many areas. The District has implemented a strategic effort to address funding and the phasing of completing necessary improvements of the sewer infrastructure.

Orange County Sanitation District

The Orange County Sanitation District (OCSD) is responsible for safely collecting, treating and disposing the wastewater generated by 2.3 million people living in a 470-square-mile area of central and northwest Orange County. OCSD provides regional sewer service to the entire COC MSR study area.



Issue: Wastewater Services

Unfunded mandates by the state and regional water quality and control boards have prompted a concern from local agencies regarding compliance with the new regulations and the associated costs. Because of the new mandates and the concern for maintaining safe and healthy water and sewer infrastructures for the residents, this topic has become a regional discussion within Orange County.

The following wastewater issues were identified for the COC MSR area:

- Maintenance level and condition of some facilities are unknown
- Sewer service to unincorporated areas if annexed
- Impact of unfunded state and regional mandates on financial feasibility of provided sewer services
- Regional sewer capacity
- Imposition of user fees to fund regional mandates by agencies whose governing body was not elected by those paying the user fees.

While the above issues were raised by the TWG, members did acknowledge the complexity of measuring service levels, condition of sewer infrastructure systems and sewer capacity within the region. The absence of uniformity of practices among agencies as well as state and regional requirements was raised as reasons why the difficulty in assessing the above issues exists.

Some attempts have been made by industry organizations to establish benchmarks to provide some uniformity in assessing wastewater systems. Benchmarking allows an agency to compare its performance with other utilities and could be a useful tool when trying to assess the need for a reorganization of agencies. As just one example, the American Water Works Association (AWWA) has published the following as possible benchmarks for wastewater systems:

- **Sewer Overflow Rate** which measures the condition of the sewerage collection system and the effectiveness of maintenance activities. It is most often expressed as the ratio of the number of overflows per 100 miles of collection piping.
- **Collection System Integrity** which measures the frequency of collection system failures per 100 miles of piping.
- **Wastewater Treatment Effectiveness Rate** which quantifies a utility's compliance with the effluent quality standards in effect at each of its wastewater treatment facilities.
- **Operations and Maintenance Cost Ratios** which tally the cost of operations and maintenance and relate them per account and per millions of gallons of wastewater processed bases.
- **Planned Maintenance Ratio** which measures how effectively utilities are investing in planned maintenance. Two ratios make comparisons to cost and to hours invested in maintenance activities.



Issue #1: Unknown maintenance level and condition of wastewater facilities

During agency interviews, the uncertainty of the condition of the sewer infrastructure and facilities, particularly within some of the unincorporated areas was a common issue. This issue has been a challenge in many cases for processing annexation of these areas. Cities have expressed the difficulty of annexing territory without fully understanding its financial liability.

Affected cities, special districts, and the County have engaged in numerous discussions regarding the transitioning of services for unincorporated areas from the County to the city. In some cases, these discussions have included the issue of assessing the condition of sewer infrastructure.

Water quality concerns have become another issue in Orange County in light of the new and more stringent regulations being imposed by the State and Regional Water Quality Control Boards. Several agencies within the COC MSR study area have raised concerns regarding the costs of improvements to current infrastructure to bring their infrastructure in compliance with the new regulations. Agencies also cited the costs associated with sanctions imposed by these boards as a major financial concern.

In light of the issues raised, affected agencies within the COC MSR area may benefit from exploring these issues further through technical subcommittees that could address the following issues:

- Assessing condition and maintenance of sewer infrastructure and facilities
- Compliance and its impact with state and regional mandates for sewer and trash services
- Transitioning sewer service of unincorporated areas from County/special district to annexing city
- Regional sewer capacity
- Establishing a reasonable level of condition of a sewer system for transfer to an annexing agency



Issue #2: Sewer service to previously unserved parcels

The Midway City Sanitary District (MCSD) service boundary includes the City of Westminster and the unincorporated Midway City area, which includes three non-contiguous small islands. Within the district's service boundary and located within the City of Westminster, there are a relatively small number of undeveloped or vacant parcels. As these parcels develop, the district has received requests from landowners requesting sewer service. In the past, the district has reviewed each request individually and approved special agreements by parcel. These annexations have not yet been formally approved by LAFCO. The representatives from Midway City suggested that a group annexation of all the parcels might be appropriate at this time.

Parks, Recreation, & Open Space

The MSR study areas include numerous parks and open space including local public parks, regional parks, trails, bikeways and golf courses. The provision of park and recreation facilities is addressed in the General Plans prepared by the cities. Table 6.6 summarizes existing and proposed public parks within the study area.

Table 6.6, Public Park Facilities in the COC MSR Focus Area

FACILITIES	Anaheim	Fountain Valley	Garden Grove	Santa Ana	Stanton	Westminster
Regional Parks						
♦ Yorba Regional Park	X					
♦ Regional Trails	X					
♦ Mile Square		X				
Neighborhood Parks (5 to 15 acres)	24 parks		12 parks		2 parks	25 parks
Community Parks (15 to 50 acres)	11 parks		2 parks			
Special Use Parks	8 mini parks; 9 special use parks; 6				4 mini parks; 2 community centers	



FACILITIES	Anaheim	Fountain Valley	Garden Grove	Santa Ana	Stanton	Westminster
	recreation centers (including 6 nature park areas)					

There were no significant issues raised in this area; however, the participants in the MSR study did note an issue regarding Mile Square Park, a regional park located in the City of Fountain Valley. While the Orange County Sheriff Department is responsible for providing police protection to the area, the City of Fountain Valley’s police department responds often to incidents occurring in the park area without allocated resources to do so. It may be beneficial to the City of Fountain Valley and County of Orange to explore alternatives to providing police protection services within this area.

Animal Control

The County of Orange, Health Care Agency (HCA) provides animal control services to 20 cities and the unincorporated areas throughout the County. All the COC MSR cities, except Santa Ana and Westminster, are served by HCA. The call center for animal control services is located in Santa Ana.

The cities of Santa Ana and Westminster may benefit from exploring options for sharing of services and facilities with the County of Orange HCA.

Code Enforcement

Code enforcement, which may have an impact on existing infrastructure was another key issue identified by the TWG. Currently, code enforcement services to the COC MSR study area is provided by each city and by the County of Orange. The cities provide the service within their city limits and the County of Orange provides code enforcement within the unincorporated areas.



ISSUE: Code Enforcement

Cities are generally more proactive in code enforcement within their jurisdiction than the County. Code enforcement activities for the County of Orange have historically been reactive in nature, responding to complaints received from the public. In the past, staffing levels and geographic challenges have made it difficult for the County to manage numerous county-wide complaints. While the County has recently reorganized its code enforcement department, there still remains differences of code regulations and requirements for cities and the County.

This issue presents challenges for annexing of unincorporated areas to adjacent cities. It would be both beneficial for affected cities and the County to work collaboratively to address the issue of code regulations with a focus on bringing areas up to city standards as necessary.



FINANCING OPPORTUNITIES & CONSTRAINTS

Regional Overview

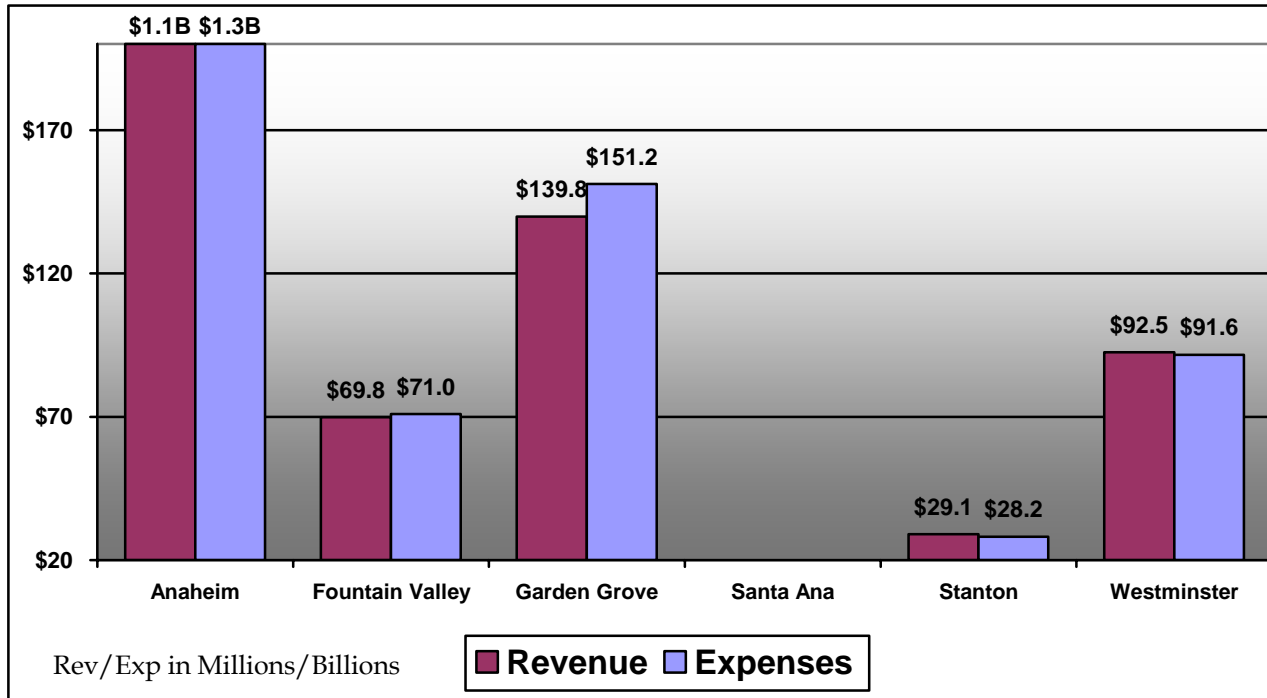
Financial challenges for many California cities began in the early eighties and continued with the passage of Proposition 13. As voters decided to put a cap on property taxes levied by local government, government officials began scrambling to maintain a high level of services with restricted resources. The State Legislature further crippled local government financial resources by instituting a number of changes in how local revenues are allocated and passed a bill reducing the amount of Motor Vehicle License Fees given to cities, a major source of funding for local governments.

Some cities recovered lost funding by imposing user fees and utility taxes. In 2004, some relief appeared on the horizon as voters approved Proposition 1A, which shifted a portion of Educational Revenue Augmentation Funds (ERAF) from schools to local governments to compensate for the loss of Motor Vehicle License Fees. Although the State has committed to backfilling lost revenue to the cities over the next couple of years, the uncertainty of local funds for public agencies continues to be a significant financing constraint.

The total budgeted revenue and expenses for each of the four cities for FY 2005-2006 is demonstrated in Figure 7.1.

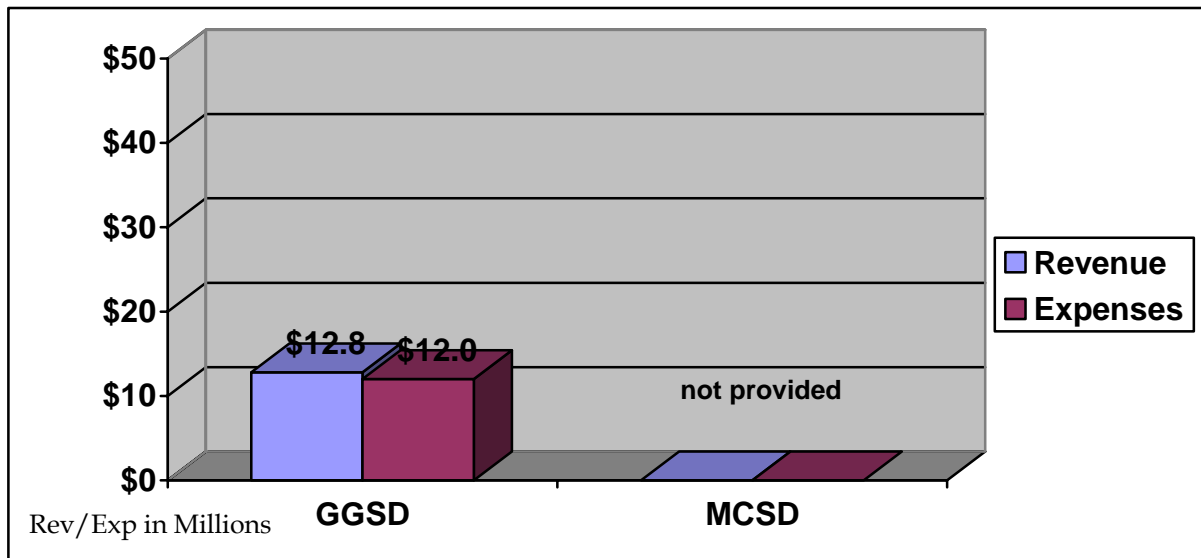


Figure 7.1, FY 2005-2006 Budgeted Revenue and Expenses - Cities



The total budgeted revenue and expenses for each of the two special districts for FY 2005-2006 is demonstrated in Figure 7.2.

Figure 7.2, FY 2005-2006 Budgeted Revenue and Expenses - Special Districts





Financial Summaries

As with many public agencies, the cities and special districts located within the COC MSR study area strive to provide the current level of services through stretching of the financial resources. Many of the agencies balance their budgets through the practice of prudent fiscal management. In the wake of trying fiscal times for public service, agencies move forward in their commitment to providing quality level services to the residents and service population.

The following are the three-year financial summaries for the COC MSR agencies.

City of Anaheim

Table 7.3, City of Anaheim Three-Year Financial Summary⁶

CITY OF ANAHEIM			
Finances	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Adopted
Revenue:			
General Fund	\$198,115,000	\$223,138,000	\$216,245,876
Special Revenue Funds	\$111,089,000	\$108,495,000	\$173,908,674
Debt Service Fund	\$21,618,000	\$30,078,000	\$49,584,275
Capital Projects Funds	\$9,715,000	\$5,964,000	\$23,416,184
Enterprise Funds	\$417,895,000	\$407,453,000	\$475,591,928
Internal Service Funds	\$92,499,000	\$112,990,000	\$142,639,009
Total Revenue	\$850,931,000	\$888,118,000	\$1,081,385,946
Appropriations:			
General Fund	\$176,788,000	\$197,599,000	\$222,651,686
Special Revenue Funds	\$105,694,000	\$100,891,000	\$183,654,538
Debt Service Fund	\$45,817,000	\$52,139,000	\$51,635,231
Capital Projects Funds	\$30,948,000	\$32,840,000	\$44,297,951
Enterprise Funds	\$382,738,000	\$375,345,000	\$639,269,466
Internal Service Funds	\$92,605,000	\$118,733,000	\$149,715,512
Total Appropriations	\$866,043,000	\$877,547,000	\$1,291,224,384
Total Fund Balance, End of Year	\$201,835,000	\$205,469,000	\$166,384,604

⁶ City of Anaheim Comprehensive Annual Financial Reports (FY 03/04, FY/04/05); City of Anaheim Operating Annual Budget FY 2005-06



City of Fountain Valley

Table 7.4, City of Fountain Valley Three-Year Financial Summary⁷

CITY OF FOUNTAIN VALLEY			
Finances	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Adopted
Revenue:			
General Fund	\$26,347,849	\$31,308,454	\$31,568,500
Special Revenue Funds	\$8,863,507	\$7,533,745	\$11,925,628 ⁸
Debt Service Fund	\$6,689,068	\$6,020,880	
Capital Projects Fund	\$3,702,407	\$4,359,165	
Enterprise Fund (Water)	\$8,019,160	\$8,186,483	\$10,257,725
Internal Service Funds			\$16,051,566
Total Revenue	\$53,621,991	\$57,408,727	\$69,803,429
Appropriations:			
General Fund	\$27,112,004	\$33,804,522	\$31,397,655
Special Revenue Funds	\$6,928,009	\$4,925,086	\$10,744,474 *
Debt Service Fund	\$3,082,093	\$3,205,778	0
Capital Projects Fund	\$5,270,593	\$5,274,167	
Enterprise Fund (Water)	\$7,835,652	\$8,170,303	\$11,518,273
Internal Service Funds			\$17,365,064
Total Appropriations	\$50,532,738	\$56,193,730	\$71,025,466
Total Fund Balance, End of Year	\$124,737,539	\$125,952,536	

⁷ City of Fountain Valley Audited Financial Statements (FY 03/04, FY 04/05); City of Fountain Valley 2005-2006 Annual Operating Budget

⁸ For the FY 05-06 Projected column, the amount shown for Special Revenue Funds includes all Public Improvement Funds (special revenue, debt service, and capital projects).



City of Garden Grove

Table 7.5, City of Garden Grove Three-Year Financial Summary⁹

CITY OF GARDEN GROVE			
Finances	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Adopted
Revenue:			
General Fund	\$63,767,355	\$75,552,570	\$64,486,000
Special Revenue Funds	\$41,532,330	\$43,740,653	\$52,436,000
Debt Service Fund	\$13,742,514	\$15,002,722	\$14,237,000
Capital Projects Funds	\$5,815,079	\$6,267,137	\$8,476,000
Total Revenue	\$124,857,278	\$140,563,082	\$139,835,000
Appropriations:			
General Fund	\$60,472,329	\$68,833,839	\$76,152,000
Special Revenue Funds	\$40,737,327	\$44,277,103	\$50,879,000
Debt Service Fund	\$1,754,319	\$2,893,324	\$2,760,000
Capital Projects Funds	\$23,410,302	\$20,569,164	\$21,477,000
Total Appropriations	\$126,374,277	\$136,573,430	\$151,268,000
Total Fund Balance, End of Year	\$94,166,912	\$102,327,998	

⁹ City of Garden Grove Comprehensive Annual Financial Reports (FY 03/04; FY 04/05); City of Garden Grove Budget FY 2005-2006.



City of Stanton

Table 7.6, City of Stanton Three-Year Financial Summary¹⁰

CITY OF STANTON			
Finances	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Adopted
Revenue:			
General Fund	\$12,202,418	\$14,156,984	\$13,792,625
Special Revenue Funds	\$2,976,558	\$2,899,182	\$4,065,140
Debt Service Fund	\$5,673,704	\$7,863,347	\$7,449,377
Capital Projects Funds	\$770,474	\$315,007	\$2,719,450
Enterprise Fund (Sewer)	\$490,968	\$517,943	\$484,331
Internal Service Funds	\$469,608	\$520,387	\$558,920
Total Revenue	\$22,403,493	\$26,040,762	\$29,069,843
Appropriations:			
General Fund	\$11,824,024	\$12,644,673	\$13,556,373
Special Revenue Funds	\$3,394,514	\$3,287,413	\$4,055,310
Debt Service Fund	\$2,015,737	\$2,654,211	\$7,210,500
Capital Projects Funds	\$4,694,557	\$7,032,634	\$2,408,620
Enterprise Fund (Sewer)	\$377,926	\$949,345	\$484,170
Internal Service Funds	\$614,955	\$425,298	\$500,125
Total Appropriations	\$22,921,713	\$26,993,574	\$28,215,098
Total Fund Balance, End of Year	\$39,692,237	\$38,971,513	

¹⁰ City of Stanton Annual Financial Report (Years Ended 2003 & 2004); City of Stanton Two-Year Budget 2005-2007



City of Westminster

Table 7.7, City of Westminster Three-Year Financial Summary¹¹

CITY OF WESTMINSTER			
Finances	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Adopted
Revenue:			
General Fund	\$37,884,721	\$42,540,911	\$37,570,536
Special Revenue Funds	\$11,786,985	\$13,048,032	\$11,525,363
Debt Service Fund	\$13,816,078	\$17,113,381	\$15,116,999
Capital Projects Funds	\$764,365	\$1,293,864	\$594,771
Enterprise Fund (Water)	\$10,304,871	\$10,525,468	\$9,814,608
Internal Service Funds	\$15,964,383	\$17,635,125	\$17,837,859
Total Revenue	\$90,521,403	\$102,156,781	\$92,460,136
Appropriations:			
General Fund	\$34,561,461	\$37,548,919	\$39,652,152
Special Revenue Funds	\$6,687,140	\$5,490,616	\$6,228,558
Debt Service Fund	\$6,528,482	\$10,799,133	\$9,408,889
Capital Projects Funds	\$11,285,219	\$13,430,878	\$6,466,894
Enterprise Fund (Water)	\$10,171,277	\$10,806,577	\$10,760,747
Internal Service Funds	\$15,118,166	\$16,186,281	\$19,088,108
Total Appropriations	\$84,351,745	\$94,262,404	\$91,605,348
Total Fund Balance, End of Year	\$83,085,874	\$93,271,801	

¹¹ City of Westminster Comprehensive Annual Financial Report (Years Ended 2004 & 2005); City of Westminster 2004-2006 Budget



Garden Grove Sanitary District

Table 7.8, Garden Grove Sanitary District¹²

GARDEN GROVE SANITARY DISTRICT			
Finances	FY 03-04 Actual	FY 04-05 Projected Actual	FY 05-06 Budget
Operating Revenue			
Sewer property assessment	\$1,700,312	\$1,875,775	\$1,514,000
Sewer user fees	\$2,536,162	\$2,072,583	\$3,879,000
Solid waste disposal fees	\$6,351,567	\$6,861,403	\$6,753,500
Other revenue	\$33,793	\$41,356	\$678,900
Total Revenue	\$10,621,834	\$10,851,117	\$12,825,400
Operating Expense			
Salaries and Related (Labor & Admin)	\$962,147	\$1,129,261	\$1,423,300
Contractual Services	\$7,695,930	\$6,994,141	\$7,068,700
Other operating expenses	\$918,090	\$947,431	\$2,596,300
State ERAF	-	\$939,085	\$940,000
Total Expense	\$9,576,167	\$10,009,918	\$12,028,300
Net Surplus/(Deficit)	\$1,199,728	\$1,184,861	\$5,797,100
Capital Purchases	\$2,373,091	\$1,888,425	\$5,060,100
Fund Balance, end of year	\$31,663,155	\$32,848,016	

¹² City of Garden Grove Comprehensive Annual Financial Reports (FY 03/04; FY 04/05); City of Garden Grove Budget FY 2005-2006.



Midway City Sanitary District

Table 7.9, Midway City Sanitary District¹³

MIDWAY CITY SANITARY DISTRICT			
Finances	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual
Operating Revenue			
Service Fees	\$2,128,781	\$2,137,615	
Franchise Fees	\$348,519	\$453,834	
Permit, inspection, connection fees	\$40,952	\$18,867	
Non-Operating Revenue	\$2,075,265	\$1,539,481	
Property Taxes	\$1,450,403	\$1,064,562	
Investment Income	\$498,324	\$155,383	
From other agencies	\$117,815	\$262,348	
Gain on sale of utility plant	\$6,530	\$54,285	
Other revenue	\$2,193	\$2,903	
Total Operating Revenue	\$2,518,252	\$2,610,316	
Total Non-Operating Revenue	\$2,075,265	\$1,539,481	
Operating Expense			
Salaries and Related	\$737,683	\$799,525	
Solid Waste Disposal	\$2,568,204	\$2,668,340	
Sewage Collection	\$1,096,249	\$755,409	
Depreciation	\$595,961	\$557,634	
Total Operating Expense	\$4,998,097	\$4,780,908	
Net Surplus/(Deficit)	(\$404,580)	(\$631,111)	
Capital Contributions	\$+397,738	0	
Reserve Balance, end of year			

¹³ Midway City Sanitary District Financial Statements (Years ending 2003, 2004, and 2005)



ISSUE: Cost of services (rising costs, limited funding, and expectations of agencies)

With the costs of providing services continuing to rise, maintaining a high level of services is becoming a challenge for public agencies and some of the COC MSR agencies have expressed concern with their ability to maintain the services expected by residents with an eroding revenue base. This is an issue for many public agencies in California.



ECONOMIES OF SCALE

Cost Avoidance, Shared Facility Opportunities, & Management Efficiencies

This section combines three of the required determinations and addresses administrative, operational or management practices that result in cost savings, efficiencies or improved services. LAFCO assessed general processes and procedures for maintaining the agency and delivering services to the public. LAFCO also looked for quality improvement programs, a short/long range strategic plan and other processes agencies use in making improvements to services, operations and programs.

As indicated in Table 8.1, the cities within the COC MSR area provide the following municipal services to its residents: police, fire, animal control, library, parks and recreation, water, wastewater, solid waste, and electricity. Additionally and not indicated in the table below cities and the County provide general government, which includes building and planning services and redevelopment and storm drainage. Some cities within the focus area receive services from special districts (also included in COC MSR focus area) as well as other public and private agencies (i.e., County of Orange, Orange County Sheriff). The County of Orange provides services to the unincorporated areas.

Table 8.1, Regional Overview of Service Provision in COC MSR Focus Area

MUNICIPAL SERVICES & PROVIDERS	Police Protection	Fire/ Emergency Medical	Water	Wastewater	Electricity	Solid Waste	Parks & Recreation	Animal Control	Libraries
CITIES									
City of Anaheim	•	•	•	•	•	•	•		•
City of Fountain Valley	•	•	•	•		•	•		
City of Garden Grove	•	•	•				•		
City of Santa Ana	•	•	•	•		•	•	•	•
City of Stanton			•	•		•	•		
City of Westminster	•		•				•	•	
SPECIAL DISTRICTS									
Garden Grove Sanitary District				•		•			
Midway City Sanitary District				•		•			



MUNICIPAL SERVICES & PROVIDERS	Police Protection	Fire/ Emergency Medical	Water	Wastewater	Electricity	Solid Waste	Parks & Recreation	Animal Control	Libraries
Orange County Fire Authority		•							
COUNTY OF ORANGE*									
Health Care Agency								•	
OC Sheriff's Department	•								

When feasible, COC MSR agencies participate in the sharing of facilities and services to provide services within the focus area more efficiently.



GOVERNMENT STRUCTURE OPTIONS

In its report to the State Legislature, the Commission on Local Governance for the 21st Century identified the importance of a clear governance structure to better manage the future growth needs in California:

“Excessive fragmentation of government services among numerous providers must be discouraged; and effective, efficient and easily understandable local government must be encouraged.”

As one of the nine determinations, the MSR report must list all possible government structure options, including the advantages and disadvantages of consolidation or reorganization of service providers. The types of government structure options for the Central Orange County MSR area are limited to reorganization of agencies, annexation of islands and possible changes in spheres of influence. Each of the options is discussed in the following sections.

A. Reorganization of Agencies

Cities

Existing laws do not allow LAFCOs to change boundaries of cities without the consent of the city. Therefore LAFCO cannot reorganize cities. In addition, residents identify strongly with their own city and enjoy more direct access to elected representatives and increased local control. However the question of whether citizens are better served by a variety of small cities each with their own separate departments for police or fire or other services or by a regional agency is important to discuss. As the details and operations of government structures and organizations can often be complex, the following discussion is intended only as a starting point for more in-depth future dialogue.

The COC MSR area includes six cities – Anaheim, Fountain Valley, Garden Grove, Santa Ana, Stanton, and Westminster. Each city provides most municipal services (see table below) to its residents with limited purpose services (such as sewer and solid waste) in some cities being provided by special districts and private agencies. While cities may be cooperating in different ways, no examples were requested by LAFCO from the MSR stakeholders. It may be helpful if the cities listed current cooperative



agreements as a means of beginning discussions of providing services more on a sub-regional basis.

Table 9.1, Comparison of City Demographics

COC MSR STUDY AREA -- CITY DEMOGRAPHICS			
AGENCY	Size square miles)	Population (2005)	Services Provided
<i>City of Anaheim</i>	49.9	343,932	Police, fire, sewer, water, electricity, building & planning, public works, solid waste, redevelopment, parks & recreation, library
<i>City of Fountain Valley</i>	9.6	58,692	Police, fire, sewer, water, building & planning, public works, solid waste, redevelopment, parks & recreation
<i>City of Garden Grove</i>	17.9	169,557	Police, fire, water, building & planning, public works, redevelopment, parks & recreation
<i>City of Santa Ana</i>	27.3	350,625	Police, fire, animal control, sewer, solid waste, water, building & planning, public works, redevelopment, parks & recreation, library
<i>City of Stanton</i>	3.1	39,460	Sewer, solid waste, building & planning, public works, redevelopment, parks & recreation
<i>City of Westminster</i>	10.2	89,526	Police, water, building & planning, public works, animal control, redevelopment, parks & recreation

When MSR studies were begun in Orange County, the issue of smaller agencies cooperating on service provision with other agencies surfaced. The Commission began exploring the potential for gaining of efficiencies and economies of scale through innovative service delivery alternatives. However, due to opposition from some agencies along with the lack of LAFCO authority to initiate studies and/or reorganize cities, efforts to encourage some service reorganization for smaller agencies, in particular cities, has not always been successful.



ISSUE: Measuring the viability of smaller agencies

There are no conclusive studies on the optimal size of a city or of a special district. The following criteria could be discussed by the affected agencies and residents when measuring the viability of an agency and considering alternative service delivery:

- ❖ *Financial health of agency* – Economical stability/instability of agency
- ❖ *Improved service delivery* – Improvement of service delivery as a result of reorganization or through a joint provision of services. For example, a small agency might reorganize with a larger one to increase staff expertise or the agency's capacity to provide services. The way the efficiency of the services is measured is critical.
- ❖ *Reduction in costs or fees* – The cost of providing service varies among agencies, and reorganization may be a means of lowering rates and/or reducing costs. If an agency is very small, reorganization with another agency might achieve economies of scale.

Special Districts

There were two options identified for special districts. The first was to reorganize the Garden Grove Sanitary District with the City of Garden Grove and the second was to reorganize the Midway City Sanitary District with the City of Westminster.

LAFCO does have the authority to reorganize special districts. However Orange County LAFCO has pursued an informal policy of encouraging special districts to suggest reorganizations when better service may be provided to customers. Special districts often cite the "inequity" in LAFCO's powers and authority and question whether cities can always provide the best service given the complexity and multiplicity of priorities cities must fund. Special districts also note the example of cities charging enterprise funds overhead expenses and using reserves set aside for infrastructure repair and replacement to balance the general fund activities. Special districts assert that since they can focus on the provision of just one or two services, their infrastructure may be better maintained and service delivery may be more efficient and cost effective.

City of Garden Grove and the Garden Grove Sanitary District

The Garden Grove SD is a subsidiary district of the City which means that the City Council sits as its Board of Directors. The SD was an independent special district until 1997 when it was reorganized as a subsidiary district. It was not dissolved and made a part of the City of Garden Grove at that time because it serves residents outside the boundaries of the City of Garden Grove with the largest area being the 800 acre unincorporated island, Southwest Anaheim island, within the sphere of influence of the City of Anaheim.



In 2006 the City of Anaheim made a concerted and ultimately unsuccessful effort to annex the Southwest Anaheim island. The City of Garden Grove filed a concurrent application to detach the island from the SD but withdrew the application when annexation of the area to the City of Anaheim failed. In the event that there are future discussions regarding annexation of this island or any portion of this territory, concurrent discussions should be initiated between the City of Anaheim, the Garden Grove Sanitary District and LAFCO regarding potential detachment of this area from the Garden Grove SD and assumption of sewer and solid waste service responsibility by the City of Anaheim. Additionally, these discussions should address the condition of the infrastructure and related improvement costs.

There are two relatively small areas also served by the Garden Grove Sanitary District. One area is located in the City of Fountain Valley and the other includes an unincorporated area adjacent to the City of Fountain Valley consisting of approximately 21 acres. Neither of these areas is contiguous with the remainder of the District. The 21-acre unincorporated area includes a pump station located in the right-of-way of Harbor and Edinger Avenues. In 1997 the City of Fountain Valley requested that the pump station remain with the Garden Grove SD until the District could replace it or the two agencies could work out an agreement.

Should these concerns be resolved, representatives from the City of Garden Grove have stated the City's desire to dissolve the subsidiary district and make it a department of the City.

City of Westminster and the Midway City Sanitary District

The Midway City SD serves the City of Westminster, the unincorporated islands of Midway City, and the Beach/McFadden unincorporated island (currently located in the Huntington Beach sphere of influence). During the 1997 reorganization of the Garden Grove SD, some territory was detached from the Midway City SD in order to make its boundaries more contiguous with the City of Westminster's boundaries. Since that time the District went through a detailed analysis of its future financial condition and infrastructure needs over the past three years and has, as a result, raised rates and has an ambitious infrastructure replacement program.

For many years there have been discussions about annexation of the unincorporated islands in the Midway City area to the City of Westminster and, in conjunction with the annexation, a reorganization of the Midway City SD. The current sentiment of residents from these areas regarding annexation to the City of Westminster is unknown but has been strongly opposed to any similar efforts in the past. Reorganization of the District and City could proceed with an out-of-area service agreement prior to annexation of the Midway City island. However LAFCO would have to address the benefits to residents.



During the 1990s there were concerns about the coordination between the two agencies in the provision of sewer service. However it appears that the two agencies have developed a process that is working and neither the City nor the District has proposed governmental structure changes. Given the District's recent efforts to improve its system/ensure adequate funds for future projects, the City's apparent lack of interest in taking over the services of the District and the past opposition of the residents of being annexed to Westminster, this government structure option does not appear feasible at this time. The issue that might drive a future reorganization of the City and the Midway City SD would be the preamble to the Cortese-Knox-Hertzberg Act that states:

The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

(Amended by Stats. 2000, Ch. 761.) CHAPTER 2. DE

However in LAFCO staff's experience, special districts are sometimes better equipped to address long-term infrastructure needs simply because they do not face the complicated and competing demands that a city must face daily. However LAFCO will continue to re-visit the issue in future MSR studies.

B. *Small Islands* (150 acres and less)

In 2000, the State Legislature enacted legislation that increased the acreage limit on the streamlined process for annexation of small unincorporated areas (also referred to as "small islands"). The inventory of the small islands located within the COC MSR study area is represented in Table 9.2, COC MSR Study Area Island Inventory.



Table 9.2, COC MSR Study Area Island Inventory

COC MSR STUDY AREA ISLAND INVENTORY		
<i>Agency Sphere</i>	<i># of Islands</i>	<i>Issues</i>
<i>Fountain Valley</i>	2	Sewer infrastructure; public safety; code enforcement; needed street improvements
<i>Santa Ana</i>	1	Sewer infrastructure; code enforcement; resident opposition
<i>Stanton</i>	4	Code enforcement, incompatible, infrastructure and zoning
<i>* Huntington Beach (*</i> City not included in COC MSR study area)	1	Public safety; may be other unknown issues
Westminster	2	Unknown at this time

Fountain Valley Islands

There remains two small unincorporated areas located within the City of Fountain Valley sphere of influence. The North island includes approximately 21 acres with residential and commercial land uses. The area is located at Harbor Boulevard and Edinger Avenue and currently receives all services, excepting sewer service, from the County of Orange. Sewer service to this area is provided by the Garden Grove Sanitary District. The City of Fountain Valley and the Garden Grove SD have had past discussions regarding transitioning of sewer service to the City should this area annex. A major concern for the City regarding this issue is the current condition and relocation of the pump station located within this area

The South island consists of approximately 11 acres and is located at Harbor Boulevard adjacent to the Santa Ana River. Land use within the area includes light industrial. In past discussions with the County of Orange regarding annexation of this area, the City has expressed concerns regarding code enforcement and infrastructure improvements required to bring this area up to City standards.

No discussions regarding these areas are taking place at this time.



Santa Ana Island

There is a small unincorporated area consisting of approximately 25 acres located within the City of Santa Ana sphere of influence at 17th Street and Tustin Avenue. The area includes a population of 260 with residential and commercial land use. Most land uses in the area are currently served by septic system with public health concerns about the future efficiency of those systems.

Over a four year period from 2000-2004, the County of Orange and the City held a series of negotiation sessions regarding necessary infrastructure improvements to bring the area in conformance with the City of Santa Ana standards. In October 2003, the first of several community workshops were held with residents to address questions and concerns regarding annexation. In November 2004, the Santa Ana City Council took steps toward initiating annexation of the island. Because of considerable resident opposition and concern about the applicability of the small island provisions, the City Council decided to not pursue annexation efforts. The unfortunate fallout of the failed annexation effort is that the area's significant septic system problems remain unresolved. LAFCO staff has met with representatives from the County, OCSO and the City to discuss options to mitigate the septic-sewer service issues.

Stanton Islands

There remain four small unincorporated islands ranging from 1 to 27 acres in size within the City of Stanton sphere of influence. These areas are located in the northeast portion of the City and the City has expressed concerns about current building code issues. In previous discussions, the City of Stanton and County of Orange have begun addressing resolutions for bringing the areas up to City standards. A major code enforcement concern is the dog kennels operating within the island located in the northwest corner of the city. The island is completely surrounded by residential units located within the city limits of Stanton. Because of the differences in code regulations for the County and City, the agencies have been unable to successfully resolve this issue. The City of Stanton has stated that should the issue of the dog kennels be resolved, the City would move forward with initiating annexation of all unincorporated areas located within its sphere. The remaining three islands face similar code issues. The City Of Stanton is also concerned that annexation of the islands might create a financial burden on the City.

At this time, no discussions regarding annexation of these areas are occurring.



Huntington Beach Island

Although the City of Huntington Beach is not included within the COC MSR study area, this island is being introduced into this report because of its location. This island includes approximately 41 unincorporated acres located in the City of Huntington Beach sphere of influence and sandwiched between the cities of Huntington Beach and Westminster. During the City of Huntington Beach MSR study, completed earlier this year, LAFCO staff approached the City of Huntington Beach regarding annexation of the area. The City has expressed concerns regarding public safety and other potential infrastructure issues within the area and stated that they are not interested in annexing the area at this time. Additionally, the area currently receives water, wastewater and solid waste services from the City of Westminster and Midway City Sanitary District. The Midway City Sanitary District already provides wastewater and solid waste services to the entire City of Westminster. The remaining municipal services are provided by the County of Orange.

Staff believes that the COC MSR process provides an opportunity to explore with the County of Orange and both cities potential sphere changes and annexation of this area to the City of Westminster. The fiscal study for annexation of the island showed a positive financial gain for the annexing city, but would need to be updated to reflect a more current financial assessment.

Westminster Islands

There are two small unincorporated islands located within the City of Westminster sphere of influence. The first island area is approximately 21 acres located at Bolsa Avenue and Colgate Street. The second island, approximately 33 acres, is located at McFadden Avenue and Van Buren Street. These two islands, together with the larger 297-acre unincorporated island to the northeast, have historically been referred to as "Midway City." However, geographically, the areas are not contiguous and the two smaller islands may be processed under the streamlined provisions of the annexation of small unincorporated islands. The majority of the services to the area are provided by the County of Orange. Sewer and solid waste services are provided by the Midway City Sanitary District. Water service throughout the entire Midway City area is provided by the City of Westminster and three privately-owned water companies.

For several years, there have been many discussions regarding the annexation of the Midway City area. The City continues to raise concerns about the areas that include the four water systems currently serving the islands, lack of past street repairs and maintenance, streetscapes and code enforcement. The City also expressed concerns



about the cost to upgrade the islands to City standards and the limited sales tax it provides.

Another issue regarding annexation of Midway City includes the past sentiment of residents. Historically, residents within the Midway City areas have opposed annexation to Westminster; however current sentiment regarding annexation is not known.

ISSUE: Small Islands (150 acres or less)

- Fiscal impacts of annexation to annexing agency
 - Limited funds available to assess cost of annexing islands and who pays for the assessment?
 - Limited funds available to facilitate annexation of islands
- How to bring islands up to annexing city's standards?
 - Proposed land uses by County
 - Differences between County and City codes and enforcement
 - Public safety
 - Street improvements
 - Septic tanks
 - Lack of infrastructure plans for islands

During the COC MSR discussions, members of the TWG stated that the real issue with annexation of the unincorporated areas is that more often than not, these areas have infrastructure and other issues that will take significant funding to bring up to city standards. Although the County, which does not have much of a slush fund to transition these areas, has been proactive in working with cities to improve these areas. Collaborative discussions and negotiations must continue in order for progress towards annexation of these areas to happen.



C. Large Islands (more than 150 acres)

For the past several years, the Commission has been proactive in addressing issues for the annexation of large inhabited and uninhabited unincorporated areas. The COC MSR study area includes two large unincorporated areas, the Southwest Anaheim Island and Midway City.

Southwest Anaheim Island

The island consists of approximately 496 acres and is generally located in the southwestern section of the City of Anaheim. Major arterials forming the approximate border of the unincorporated area include Broadway to the north, Katella to the south, Gilbert to the west and Brookhurst to the east. Over 8,000 residents live in the area that includes single and multi-family residences. At the present time, the County of Orange provides a range of services to the subject territory including police, public works (i.e., street maintenance and repair, landscaping and street sweeping), parks and recreation, animal control, code enforcement, planning/building, and general government services. The Anaheim Fire Department currently provides fire and paramedic services to the island under contract with the Orange County Fire Authority (OCFA). Sewer and solid waste services to a portion of the island are provided by the Garden Grove Sanitary District. Water service is also currently provided by the City of Anaheim. Electric service to the area is provided by Southern California Edison.

In 2005, after ongoing negotiations with the County of Orange and several community meetings with area residents, the Anaheim City Council initiated annexation of the Southwest Anaheim island. LAFCO approved the annexation but the annexation was subsequently defeated through majority resident protest. The Commission may want to direct staff to begin discussions with residents and the City of Anaheim regarding annexation of portions of the islands to allow residents wanting to annex to the City of Anaheim a chance to be heard by the Commission.

ISSUES: Annexation of Anaheim Island

Through the collaborative efforts of the City of Anaheim, County of Orange and LAFCO, some of the issues related to the annexation of the Southwest Anaheim island were addressed. Should another annexation application be submitted to LAFCO in the future, issues to be discussed include:

- Potential detachment of the area from the Garden Grove Sanitary District. Any discussions shall include the City of Anaheim, Garden Grove Sanitary.
- Residents' concerns regarding annexation
- Possibility of annexation of portions of the island to the City of Anaheim



Midway City

The larger unincorporated Midway City island consists of approximately 297 acres located within the City of Westminster sphere of influence. Virtually surrounded by the City of Westminster, this island borders Beach Boulevard and Magnolia and McFadden Avenues. The majority of the services to the area are provided by the County of Orange. Sewer and solid waste services are provided by the Midway City Sanitary District. Water service is provided by the City of Westminster and privately-owned water companies.

As mentioned in the discussion of small unincorporated islands, there have been many discussions regarding the annexation of the Midway City area. The Commission identified the City of Westminster as the most logical service provider for the area during adoption of the City's initial sphere in 1974. During the MSR review, the City was concerned about the four water systems currently serving the island, lack of past street repairs and maintenance, streetscapes and code enforcement. The City also expressed concerns about the cost to upgrade the island to City standards and the limited sales tax it provides.

Another issue regarding annexation of Midway City includes the past sentiment of residents. Historically, residents within the area have opposed annexation to Westminster; however current sentiment regarding annexation is not known.

ISSUES: Annexation of Midway City Islands

- Fiscal liability to City to annex
- How to bring islands up to annexing city's standards?
 - Differences between County and City codes and enforcement
 - Street improvements
 - Current water infrastructure and providers

During the COC MSR discussions, costs associated with annexation of unincorporated areas was highlighted. Collaborative discussions and negotiations involving the City, County of Orange must take place in order for annexation to happen.



D. Sphere Reviews/Updates/Boundary Clarifications

LAFCO is also charged with reviewing the spheres of influence for each city and special district within the county in conjunction with MSRs. A sphere of influence is a planning boundary that designates the agency’s probable future boundary and service area and is used as a planning tool by LAFCO to provide guidance for individual proposals involving jurisdictional changes.

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.

This section includes a brief discussion of each agency’s current SOI and options and boundary clarifications. Discussions of the factors listed above for each agency is attached as an addendum to this report.

Table 9.3, COC MSR Agency Sphere Overview

COC MSR AGENCY SPHERE OVERVIEW			
<i>Agency</i>	<i>Original SOI Adopted</i>	<i>SOI Last Reviewed</i>	<i>Territory outside city limits/district service area</i>
City of Anaheim	1973	2004	Southwest Anaheim Island; unincorporated area located adjacent to the northeastern edge of the city
City of Fountain Valley	1973	1989	2 small unincorporated islands
City of Garden Grove	1974	1989	None
City of Santa Ana	1973	1989	1 small unincorporated island



COC MSR AGENCY SPHERE OVERVIEW			
<i>Agency</i>	<i>Original SOI Adopted</i>	<i>SOI Last Reviewed</i>	<i>Territory outside city limits/district service area</i>
City of Stanton	1974	1989	4 small unincorporated islands; provides sewer service to portions of Anaheim and Garden Grove
City of Westminster	1973	1989	Midway City (2 small and 1 large unincorporated islands)
Garden Grove Sanitary District	1976	1990	Serves portions of Anaheim and Fountain Valley
Midway City Sanitary District	1973	1989	None

Current City Spheres and Options

City of Anaheim

One of the oldest cities in Orange County, the City of Anaheim incorporated in 1876. The city is bound to the north by cities of Fullerton, Placentia, and Yorba Linda, south by the cities of Stanton, Cypress, and Garden Grove, southeasterly by City of Orange and west by City of Buena Park. The City's current SOI boundary includes the city limits, the unincorporated Southwest Anaheim island, and an unincorporated area located adjacent to the eastern boundaries of the City. Aside from recent minor boundary adjustments, the Anaheim SOI has remained unchanged. In 1973, LAFCO identified the City of Anaheim as the logical service provider for the Southwest Anaheim island and included it within the City SOI. More recently, the Commission approved annexation of the island to the City in 2005. However, the approval of the annexation was successfully terminated through resident protests.

At present, there are no issues for the City of Anaheim's current SOI.

City of Fountain Valley

The City of Fountain Valley incorporated in 1957. Including approximately 9 square miles, the City is located northeast of the City of Huntington Beach, south of City of Westminster, and west of the City of Santa Ana. The City's current SOI boundary includes the city limits and two small unincorporated areas located in the northeast section of the city. The City has not experienced any recent annexations and sphere boundary has remained unchanged during the past 20 years.



At present, there are no issues for the City of Fountain Valley's current SOI.

City of Garden Grove

The City of Garden Grove incorporated in 1956. Home to nearly 170,000 residents, Garden Grove is bordered to the north by cities of Anaheim and Stanton, to the west by City of Santa Ana, and south by the Cities of Fountain Valley and Westminster. In 1997, the City and LAFCO reorganized the Garden Grove Sanitary District which became a subsidiary district of the City. However the City's SOI boundary has generally remained unchanged. A small reorganization (annexation of area previously detached from City of Santa Ana) to the City was approved by the Commission in 2005. The City's current SOI boundary is coterminous with the city boundaries.

At present, there are no issues for the City of Garden Grove's current SOI.

City of Santa Ana

One of the oldest and most populated cities in Orange County, the City of Santa Ana incorporated in 1886. Santa Ana is located south of the cities of Orange and Garden Grove, east of City of Westminster, east of City of Tustin, and north of cities of Fountain Valley and Costa Mesa. The City's current SOI boundary includes the city limits and a small unincorporated area located in the northeast portion of the City and has remained essentially unchanged for the past 20 years.

At present, there are no issues for the City of Santa Ana's current SOI.

City of Stanton

The City of Stanton, one of the smaller cities in Orange County, incorporated in 1956. With a population of approximately 39,460 residents, the city is located south of City of Anaheim, northwest of City of Garden Grove, and east of cities of Cypress and Buena Park. The City's current SOI boundary includes the city boundaries and four small unincorporated islands. Additionally, the City provides sewer service outside of its boundaries to portions of the Cities of Anaheim and Garden Grove.

At present, there are no issues for the City of Stanton's current SOI.

City of Westminster

The City of Westminster incorporated in 1957 and is home to approximately 89,526 residents. The City is located south of the City of Garden Grove, north of cities of Fountain Valley and Huntington Beach, east of City of Seal Beach, and west of City of Santa Ana. The City's SOI boundary includes the city boundaries and the small and



large unincorporated islands located in Midway City. In 1973, LAFCO identified the City of Westminster as the most logical provider of services to the Midway City area. Over the past several years, there have been no annexations or reorganizations to the City boundaries.

Staff believes that the COC MSR process provides an opportunity to explore with the City of Westminster a potential sphere change and annexation of the Beach/McFadden small island currently located in the City of Huntington Beach SOI. Presently, the City of Westminster provides water to the area. Additionally, wastewater and solid waste services are provided by the Midway City Sanitary District, which currently provides the same services to city residents. Otherwise, there are no other significant issues for the City of Westminster current SOI.

Garden Grove Sanitary District

The Garden Grove Sanitary District was formed in 1924 to originally provide sewer service to City of Garden Grove (at that time unincorporated) as well as to portions of the Cities of Stanton, Anaheim, Orange, Santa Ana, Fountain Valley, and Westminster. The Districts boundaries were revised by LAFCO in 1997 and reorganized as a subsidiary district of the City of Garden Grove primarily because it continues to provide services to residents outside of the City of Garden Grove boundaries. Currently the district's SOI boundary includes the City of Garden Grove boundaries, a small portion of City of Fountain Valley, and several unincorporated areas contiguous with Garden Grove SD boundaries.

In 2006 the City of Anaheim made a concerted and ultimately unsuccessful effort to annex the Southwest Anaheim island, a large area served by the Garden Grove SD. The City of Garden Grove filed a concurrent application to detach the island from the SD but withdrew the application when annexation of the area to the City of Anaheim failed. In the event that there are future discussions regarding annexation of this island or any portion of this territory, concurrent discussions should be initiated between the City of Anaheim, the Garden Grove Sanitary District and LAFCO regarding potential detachment of this area from the Garden Grove SD and assumption of sewer and solid waste service responsibility by the City of Anaheim. Additionally, these discussions should address the condition of the infrastructure and related improvement costs.

The other areas served by the Garden Grove Sanitary District include a small area located within the Fountain Valley city limits and a small unincorporated area consisting of approximately 19 acres. Neither of these areas is contiguous with the remainder of the District. The 19-acre unincorporated area includes a pump station located in the right-of-way of Harbor and Edinger Avenues. In 1997 the City of



Fountain Valley requested that the pump station remain with the Garden Grove SD until the District could replace it or the two agencies could work out an agreement.

Should these concerns be resolved, representatives from the City of Garden Grove have stated the City's desire to dissolve the subsidiary district and make it a department of the City.



Midway City Sanitary District

The Midway City Sanitary District was formed in 1939 and currently provides sewer and trash services to the residents of the City of Westminster and the unincorporated islands of Midway City. The District's current SOI boundary is coterminous with its service boundary. The District has not experienced any changes to its boundaries since a 1997 reorganization resulting in the detaching of territory from district to make its boundaries more contiguous with the City of Westminster's boundaries. There have been many discussions regarding the annexation of the Midway City area; however, infrastructure challenges and opposition from the residents have stalled these discussions. During the stakeholder process, the District did note that current boundaries may need clarifying due to recent processing of sewer connections to district of parcels located within the incorporated Westminster boundaries. Over the years, the District has approved special agreements extending sewer service to previously undeveloped or vacant parcels located in the City of Westminster. Clarification is needed to understand if these parcels have formally been annexed into the District. If parcels have not been formally annexed, the District has introduced the potential for a group annexation of these parcels.

At this time, there are no significant issues identified for the Midway City Sanitary District current SOI.

Boundary Clarifications

Prior to the formation of LAFCOs, some boundaries were formed that may have at that time been logical for service provision but since then may include an overlap or confusion regarding agency service provision. Additionally, there may be areas that are located between two cities where there may be more than one logical service provider.

During the COC MSR study, the following areas were recommended for a boundary clarification review. It is important to point out that these clarifications are not included in recommended actions of this report and may be the discussed by LAFCO and respective agencies at a future date.

- o Beach/McFadden Small Island

Currently there is a 41-acre unincorporated small island located at Beach and McFadden Avenues. The area is currently within the City of Huntington Beach sphere of influence and sandwiched between the cities of Huntington Beach and Westminster. Presently, the area receives water services from the City of Westminster and wastewater and solid waste services from the Midway City Sanitary District, which also provides the same services to City of Westminster



residents. During the City of Huntington Beach MSR, the City expressed no interest in annexing the area. An alternative would be to explore potential annexation with the City of Westminster.



LOCAL ACCOUNTABILITY & GOVERNANCE

Generally, all COC MSR agencies follow standard processes for accountability to the public. Each agency has a formal governing body that is elected and all the agencies conduct regularly scheduled public hearings.

To increase local accountability, all of the COC MSR agencies maintain a website that contains general information on City and District departments, activities, and events. Additionally, some cities participate in live web casts and video archives of City Council meetings.

Cities

The local accountability and governance of the cities is meeting the required standards for public agencies, with appropriate elections and public notice of council meetings and actions.

Table 10.1 CITY GOVERNANCE AND LOCAL ACCOUNTABILITY			
<i>City</i>	<i># of Council Members</i>	<i>Council Meetings</i>	<i>Website</i>
Anaheim	5	Two Tuesdays per month (generally the 2 nd & 4 th Tuesdays @ 5 pm)	www.anaheim.net
Fountain Valley	5	1 st & 3 rd Tuesdays @ 7pm	www.fountainvalley.org
Garden Grove	5	2 nd & 4 th Tuesdays @ 6:30pm	www.ci.garden-grove.ca.us
Santa Ana	7	1 st & 3 rd Mondays @ 6pm	www.ci.santa-ana.ca.us
Stanton	5	2 nd & 4 th Tuesdays @ 6:30pm	www.ci.stanton.ca.us
Westminster	5	2 nd & 4 th Wednesdays @ 7pm	www.ci.westminster.ca.us



The cities of Fountain Valley, Garden Grove, Stanton and Westminster are general law cities operating under a council-manager form of government. Members of the city council are elected at-large by the registered voters of the city to staggered four-year terms. The City Manager, appointed by the City Council, makes policy recommendations to the council and in-turn implements policies adopted by the council. The following tables detail the current city council members by city, their terms of office, and compensation level.

The cities of Anaheim and Santa Ana are charter cities operating under a council-manager form of government. The Mayor and members of the City Council of Anaheim are elected at-large by the registered voters of the city to staggered four-year terms. The Mayor of Santa Ana is elected at-large by the registered voters of the city and members of the city council are elected by the electors of the respective ward. Both City Managers are appointed by the respective City Council and make policy recommendations and decisions in compliance with the adopted charter.

Table 10.2 CITY OF ANAHEIM		
<i>Council Members</i>	<i>Term Expirations</i>	<i>Compensation</i>
Curt Pringle (Mayor) ¹⁴	November 2006	\$1500/mo
Richard Chavez (Mayor Pro Tem)	November 2006	
Lorri Galloway	November 2008	
Bob Hernandez	November 2006	
Harry Sidhu	November 2008	

¹⁴ Elected at-large for four-year term.



Table 10.3 CITY OF FOUNTAIN VALLEY		
<i>Council Members</i>	<i>Term Expirations</i>	<i>Compensation</i>
Cheryl Brothers (Mayor)	November 2006	\$500/mo
Gus Ayer (Mayor Pro Tem)	November 2008	
John Carrozzo	November 2006	
John Collins	November 2006	
Larry Crandall	November 2008	

Table 10.4 CITY OF GARDEN GROVE		
<i>Council Members</i>	<i>Term Expirations</i>	<i>Compensation</i>
William Dalton (Mayor)	December 2006	\$600/mo (Mayor); \$486.05/mo (Mayor Pro Tem/Councilmembers)
Mark Rosen (Mayor Pro Tem)	December 2008	
Harry Krebs	December 2006	
Mark Leyes (currently vacant)	December 2006	
Janet Nguyen	December 2008	

Table 10.5 CITY OF SANTA ANA		
<i>Council Members</i>	<i>Term Expirations</i>	<i>Compensation</i>
Miguel Pulido (Mayor) ¹⁵	November 2006	\$125/meeting; Mayor receives an additional \$75/meeting
Lisa Bist (Mayor Pro Tem)	November 2008	
Claudia Alvarez	November 2006	
Carlos Bustamante	November 2006	
Alberta Christy	November 2008	
Mike Garcia	November 2008	
Jose Solorio	November 2006	

¹⁵ Elected at-large for two-year term.



Table 10.6 CITY OF STANTON		
<i>Council Members</i>	<i>Term Expirations</i>	<i>Compensation</i>
Brian Donahue (Mayor)	November 2010	\$810.90/mo ¹⁶
David Shawver (Mayor Pro Tem)	November 2010	
David Cadena	November 2008	
Alexander Ethans	November 2008	
Edward Royce	November 2010	

Table 10.7 CITY OF WESTMINSTER		
<i>Council Members</i>	<i>Term Expirations</i>	<i>Compensation</i>
Margie Rice (Mayor) ¹⁷	November 2006	\$600/mo; \$330/travel expenses (Mayor); \$200/travel expenses; \$50/ea agency meetings – up to 4
Frank Fry (Mayor Pro Tem)	November 2008	
Kermit Marsh	November 2008	
Andy Quach	November 2006	

¹⁶ Effective January 1, 2007.

¹⁷ Elected at-large for two-year term..



**Table 10.8
 COUNTY OF ORANGE**

General Agency Information:

Agency Address: 10 Civic Center Plaza, Santa Ana,
 CA 92701

Website: www.oc.ca.gov

Formation: 1889

Governance Processes:

Governance Structure: Five-member Board of Supervisors
 Directly (Supervisory Districts)

Term: 4 years

Election cycle: In even numbered years, member elections are staggered

Meeting schedule: Weekly on Tuesday

Postings: Facility and website

<i>Board Members</i>	<i>Term Expiration</i>	<i>Compensation *</i>
Lou Correa	November 2008	Pd. at hourly rate of \$55.32. County medical/dental & retirement benefit plan
James Silva	November 2006	
Bill Campbell	November 2008	
Chris Norby	November 2006	
Thomas Wilson	November 2006	
County Executive Officer: Thomas Mauk		

The chief governing body for the County is a five-member Board of Supervisors. The Board members are elected by district, and the Board selects the officer positions of chair and vice chair each January.



With the passage of Measure V in March 2002, the County of Orange became a charter County. As a charter County, mid-term vacancies are filled by electoral process rather than through gubernatorial appointment under a general law process. The County operates as a general law County in all other respects.

The Board conducts weekly meetings that are open to the public. Additionally, Board meetings are broadcast live on the Internet. Past and current meeting agendas and minutes are posted on the Board of Supervisors portion of the County website.

The County maintains a comprehensive website with links to all County departments and other public agencies. Extensive contact information, budget and financial documentation, demographic and economic data, and other general information are available through the website. Additionally, each Board office maintains a separate website with district-specific information as well as links to other information and sites.

Special Districts

The following summarizes the governance and local accountability of the special districts within the Central Orange County MSR focus area.

Table 10.9 GARDEN GROVE SANITARY DISTRICT*			
Date formed:		February 1924	
Statutory Authorization:			
Board Meetings:		Last Tuesday of each month, 7:00 p.m.	
<i>Board of Directors</i>	<i>Title</i>	<i>Term Expiration</i>	<i>Compensation *</i>
William Dalton	President	December 2006	\$100/meeting
Mark Rosen (Mayor Pro Tem)	Vice President	December 2008	
Harry Krebs	Board Member	December 2006	
Mark Reyes	Board Member	December 2006	
Janet Nguyen	Board Member	December 2008	
*Subsidiary District – governed by Garden Grove City Council			

The Garden Grove SD is a subsidiary district of the City which means that the City Council sits as its Board of Directors. Reorganized as a subsidiary district to the City in 1997, the SD currently provides sewer service to City of Garden Grove, a small area located within the Fountain Valley city limits, and several unincorporated areas contiguous with Garden Grove SD boundaries. Information to include meeting agenda, district activities and events are posted on the City's website.



Table 10.10 MIDWAY CITY SANITARY DISTRICT			
Date formed:		January 1939	
Statutory Authorization:		Sanitary Act of 1923 Health and Safety Code	
Board Meetings:		First and last Tuesday of each month, 5:30 p.m.	
<i>Board of Directors</i>	<i>Title</i>	<i>Term Expiration</i>	<i>Compensation *</i>
Vivian Kirkpatrick-Pilger	President	November 2006	\$198/meeting
Grace Epperson	Board Member	November 2006	
Allan Krippner	Board Member	November 2006	
Joy Neugebauer	Board Member	November 2008	
Margie Rice	Board Member	November 2006	

Midway City Sanitary District encompasses approximately 10.3 square miles that include 173 miles of gravity flow sewer lines, four pump stations and 3,830 manholes. MCSDD currently provides sewer and refuse collection services to residents of the City of Westminster and the unincorporated community of Midway City which includes approximately 95,000 persons. Directors are elected at large by registered voters to staggered four-year terms. The district's website offers a wide range of information including meeting notices and agendas, district services, rates, information on compliance with state requirements, and district newsletter.



NON-LAFCO ISSUES

During the COC MSR process, issues were identified by the TWG that do not fall within LAFCO's purview. However there was agreement by the TWG that these issues should be noted in the MSR report. The non-LAFCO issues identified include the following:

Mass Transit

The issue of mass transit transcends county and city boundaries and continues to be an issue for the COC region. During the MSR review for the COC area, the following mass transit issues were raised:

- The Center Line project and the aftermath of its defeat
- The need of a mass transit system to support economic growth
- The need for leadership within Orange County to proactively address mass transit
- The Orange County Transportation Authority (OCTA) and its relationship to member agencies

Traffic

- The need to coordinate the general plans of all the Cities to ensure that roadways are connected efficiently
- Land use conflicts arising from expanding freeways
- The impact on agencies of development within agencies
- Congestion management plans should be reflected in city transportation plans

State and Regional Water Quality Control Boards

Recently, the State and Regional Water Quality Control Boards have imposed stricter regulations and requirements that affect the provision of water and sewer services. As a result, some of the COC MSR agencies find themselves financially strained to meet these requirements. The TWG identified the following issues:

- The financial feasibility of meeting new water quality requirements
- The staff resources necessary to meet new water quality requirements
- The lack of a regional approach



Regional Housing Requirements

Another non-LAFCO issue raised as part of the COC MSR study was the State requirements for affordable housing which are difficult to achieve. Formation of technical subcommittees outside of the MSR process may be one of the ways to address these issues. For example, the California Association of Local Agencies Formation Commissions (CALAFCO) is currently working with the California League of Cities and other agencies to address the Regional Housing Needs Allocation (RHNA) process.

Growing Diverse Populations and Associated Impacts

The State of California has often been referred to as a “melting pot” when describing the diversity that exists within its boundaries. Because of the existing and growing diversity, many agencies are trying to find innovation means of meeting the needs of different cultures and values. The following issues were identified during the COC MSR process:

- How to effectively engage and serve residents from diverse cultures
- The associated housing, education, health care, and safety impacts of serving diverse cultures