

## **CHAPTER 10. SERVICE REVIEW POLICIES**

### **10.1 INTRODUCTION**

Pursuant to Government Code (GC) §56430, LAFCO is required to conduct service reviews and prepare the requisite written statement of its determinations prior to establishing or updating city and special district spheres of influence.

The mandate for LAFCOs to conduct services reviews was enacted as part of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and is based on the recommendation contained in [Growth Within Bounds](#) – a Report of the Commission on Local Governance for the 21<sup>st</sup> Century. The Report noted that for LAFCOs to achieve their fundamental purposes they must have a comprehensive knowledge of the services available within the county, the current efficiency of providing service within various areas of the county, future needs for each service, and expansion capacity of each service provider. The Report identified service reviews as an opportunity for LAFCOs to gain that knowledge and promote efficient service delivery to meet future growth and development needs in the county.

In Santa Clara County, service reviews are intended to serve as a tool to help LAFCO, the public and other agencies better understand public service governance and delivery and evaluate options for the provision of efficient and effective public services.

These policies will provide guidance to LAFCO in the preparation and implementation of service reviews.

### **10.2 SERVICE REVIEW DEFINED**

A service review is a comprehensive review of services within a designated geographic area and includes steps to:

- Obtain information about services in the geographic area,
- Evaluate the provision of services from a comprehensive perspective, and
- Recommend actions when necessary, to promote the efficient provision of those services.

LAFCO is not required to initiate boundary changes based on service reviews. However, LAFCO, local agencies or the public may subsequently use the service reviews to pursue changes in jurisdictional boundaries or spheres of influence.

### **10.3 SERVICES TO BE REVIEWED**

GC §56074 defines a “service” as a specific governmental activity established within, and as part of, a function of a local agency.

Service reviews will cover the range of services that a public agency provides or is authorized to provide (examples include fire, water, sewer, lighting, library, police, storm water and solid waste collection/ disposal, gas and electricity). General government services such as social and health services, courts and criminal justice will be excluded from the reviews. Service reviews are triggered by requirements to create or update the Sphere of Influence (SOI) for public agencies. Therefore, Santa Clara LAFCO will review

services that are provided by public agencies that have, or are required to have, SOIs. In doing so, Santa Clara LAFCO will also take into consideration other services (e.g., emergency response along with fire protection services) and the operation of other providers that service the same region (e.g., private water providers or volunteer fire crews).

#### **10.4 GEOGRAPHIC SCOPE OF A SERVICE REVIEW**

LAFCO will determine how service reviews will be organized and conducted in Santa Clara County. Consistent with GC §56430 (a), LAFCO may conduct a service review for sub-regional areas within the county or on a countywide basis, it may review a single agency or multiple agencies, and it may review a single service or multiple services.

Generally, Santa Clara LAFCO will include in a service review the geographic area and agency(ies) that best facilitate a logical, comprehensive and adequate review of services in the area. LAFCO may need to include a service provider in more than one service review area, only review services of some providers to the extent that they affect the service review area and services under study, or only review a portion of services provided. Service reviews may extend beyond the county boundary in some cases, to provide a more useful and accurate analysis of service provision, especially where multi-county service providers are involved.

#### **10.5 SERVICE PROVIDERS TO BE INCLUDED**

Consistent with GC §56430(b), LAFCO shall comprehensively review all the agencies that provide the identified service or services within the designated geographic area. Agencies that are required to have SOIs will be the focus of service reviews. These agencies include the 15 cities, and the special districts under LAFCO jurisdiction, such as, but not limited to, county service areas, community service districts, fire protection districts, sanitary/sanitation districts, water districts, vector control districts, health care districts, open space districts and resource conservation districts.

Agencies that do not have SOIs include school districts, private providers, state or federal agencies and other agencies such as Joint Powers Authorities, that provide support or overlapping services in the region. These agencies will also be reviewed to the extent necessary to establish relationships, quantify services, designate or map service locations / facilities and provide a complete overview of services in the area. These agencies may be requested to participate and provide information necessary to conduct the review. Pursuant to GC §56430(d), LAFCO may request information from entities that provide wholesale or retail supply of drinking water, including mutual water companies.

#### **10.6 TIMING OF SERVICE REVIEWS**

1. Consistent with GC §56430(e), LAFCO will prepare a service review as necessary, prior to or in conjunction with the establishment or update of the SOI. Minor amendments of a SOI, as determined by Santa Clara LAFCO, may not require a new service review.
2. Service reviews may need to be conducted independent of SOI reviews and updates, to facilitate review of a pending application or other LAFCO action, unless

Santa Clara LAFCO determines that prior service reviews are adequate for the purpose.

#### **10.7 SERVICE REVIEW FUNDING**

1. Santa Clara LAFCO will include the funding for LAFCO-initiated service reviews in its annual work plan and budget development process. Sufficient funds necessary to satisfactorily complete the required reviews including consultant costs will be allocated in the Santa Clara LAFCO budget for each fiscal year service reviews are to be conducted.
2. An application-processing fee for conducting the service reviews will be charged when LAFCO applications (such as, but not limited to sphere of influence amendments, urban service area amendments or annexation applications) trigger the service review requirement and an applicable service review does not exist.

#### **10.8 SERVICE REVIEW PROCESS**

1. The Commission will develop a multi-year workplan, including schedule, priority, and general scope for each round of service reviews.
2. Prior to the start of each service review, the Commission will determine a work plan including the timeline, the services and service providers that will be covered, the geographic scope of the review, and an initial list of emerging/focus issues to be addressed.
3. Service reviews may be conducted by consultants with specialized expertise or by Santa Clara LAFCO staff, depending on the complexity of the study, the presence of any controversial issues, and the availability of staff resources.
4. The key steps in conducting a service review are outlined as follows:
  - a. **Technical Advisory Committee (TAC):** As appropriate, form a TAC for a specific service review composed of representatives of stakeholder agencies and interested commissioners to provide guidance and serve as a liaison between Santa Clara LAFCO and the affected agencies.
  - b. **Initial Stakeholder/Public Outreach and Engagement:** To promote early stakeholder and public engagement in service reviews, Santa Clara LAFCO shall:
    - i. Identity stakeholders, including affected local agencies, service providers, community organizations, other interested parties, at the outset of the service review process
    - ii. Create a dedicated webpage for each service review to provide key information, timelines, and regular progress updates, helping to keep stakeholders and the public informed and engaged throughout the review process
    - iii. Raise awareness of the start of each service review through a combination of emails, newsletters, and social media

- iv. Provide opportunities for early stakeholder and public input through at least one of the following mechanisms: kickoff meetings, community meetings, stakeholder listening sessions, or online surveys
- c. **Evaluation Criteria:** Where appropriate, establish specific evaluation criteria to be used in making the required service review determinations
- d. **Data Collection:** Collect and compile necessary data from available data resources (i.e., agency websites, and other relevant sources). Create a custom questionnaire for each agency to collect any other necessary data and distribute the questionnaire to each agency for their completion.
- e. **Agency Interviews:** Conduct interviews with affected agencies as necessary to follow up on information gaps and seek clarification on matters
- f. **Agency Profiles:** Compile profiles of each of the agencies using a standard format, based on the interviews and data collected and obtain a level of consistency in the data
- g. **Agency Review for Accuracy:** Provide each agency with their agency profile for their internal review and comment, to ensure accuracy prior to analysis
- h. **Data Analysis and Preliminary Findings:** Analyze the data to make the required determinations for each agency and to develop any recommendations
- i. **Administrative Draft Report:** Prepare an administrative draft report for internal LAFCO staff review and comment before public release
- j. **Public Review Draft:** Prepare and release a draft report for 21-day public review and comment period
- k. **Stakeholder/Public Outreach and Engagement on Public Review Draft:** To promote stakeholder/public review of the draft service review report, Santa Clara LAFCO shall:
  - i. Conduct public outreach to the various stakeholders and the public to notify them of the availability of the draft report and to obtain their feedback on the draft report using a combination of mechanisms: updates to the project webpage, project newsletters, emails, social media, and press releases
  - ii. Provide opportunities for various stakeholders and the public to comment on the draft service review through the following mechanisms: community workshops, written comment periods, and public hearings
- l. **LAFCO Public Hearing:** Hold a LAFCO public hearing for the Commission to accept comments on the draft report
  - i. A draft report may be considered final if no substantive comments are received prior to the end of the hearing and the Commission determines it satisfactory
- m. **Revised Draft:** Prepare and release for public review a revised redlined draft document, as necessary, in response to the comments received

n. **Second LAFCO Public Hearing:**

- i. Hold a LAFCO public hearing for the Commission to consider and adopt the final report

o. **Final Report**

- i. Publish the adopted report on the Santa Clara LAFCO website and notify all stakeholders and interested parties of the availability of the Final Service Review Report

**10.9. IMPLEMENTATION OF SERVICE REVIEW RECOMMENDATIONS**

1. Santa Clara LAFCO will encourage and monitor the implementation of service review recommendations.
2. Santa Clara LAFCO staff will compile recommendations from the service review report and send a letter to affected agencies requesting a written response on:
  - i. How the affected agency plans to implement the recommendation(s)
  - ii. What is the affected agency's timeline for implementation of the recommendation(s)
  - iii. Explanation if the affected agency does not plan to implement the recommendation(s)

Staff will report to the Commission on the agencies' plans and progress in implementing service review recommendations.

3. The Commission will consider affected agencies responses, consider next steps, and determine if further action is needed.

**10.10 APPLICABILITY OF CEQA TO SERVICE REVIEWS**

1. LAFCO will consider and adopt service reviews in a manner consistent with the requirements of CEQA.

**10.11 EVALUATION CATEGORIES FOR SERVICE REVIEW DETERMINATIONS**

GC §56430(a) requires LAFCO to conduct service reviews and prepare a written statement of determinations on a set of evaluation categories. The following is a general description of the required evaluation categories:

1. **Growth and population projections for the affected area.**

A plan for service provision to an area should take into consideration the existing as well as future need for public services in the area. Service reviews will examine the existing and future need for public services and will evaluate whether projections for future growth and population patterns are integrated into an agency's planning function. This analysis may be used to determine whether the SOI / USA boundaries reflect the expected growth boundaries, if future SOI changes are necessary or feasible, and if agencies are aware of, and planning for anticipated changes in service demand.

In order to examine the existing and future levels of demand for a service, the service review will contain and consider existing and projected population and their relationship to agency plans, planning boundaries and existing and proposed land uses.

2. **The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

GC §56033.50 defines a "disadvantaged unincorporated community" (DUC) as an inhabited territory that constitutes all or a portion of a "disadvantaged community," as defined by Section §79505.5 of the Water Code, i.e., a community with an annual median household income that is less than 80 percent of the statewide annual median household income. GC §56046 defines inhabited territory as territory within which there reside 12 or more registered voters. Through service reviews, Santa Clara LAFCO shall identify the location and service characteristics of a DUC within, or contiguous to an agency's sphere of influence, if any.

3. **Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

One of LAFCO's goals is to encourage the efficient provision of public services. Any area needing or planned for services must have the infrastructure necessary to support the provision of those services. Infrastructure needs and deficiencies refers to the adequacy of existing and planned infrastructure and its relationship to the level of service that is being provided or needs to be provided in an area. Infrastructure can be evaluated in terms of capacity, condition, availability, quality and levels of service and quality of plans and programs.

Through service reviews, Santa Clara LAFCO shall regularly monitor the existence of DUCs in Santa Clara County and the infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUC within or contiguous to the sphere of influence.

4. **Financial ability of agencies to provide services.**

A community's public service needs should be viewed in light of the resources available to fund the services. The service review will assess fiscal viability of the agency to provide services and analyze if agencies are capitalizing on financing opportunities and collaborative strategies to deal with financial constraints. The service review will contain information on current and planned financing mechanisms, funding practices and revenue sources and examine their relationship with service boundaries.

5. **Status of, and opportunities for, shared facilities.**

The service review will identify opportunities for service providers to share facilities with the intent of lowering current and potential infrastructure / capital improvement costs. When applicable, the service review will inventory facilities within the study area to determine if facilities are currently being utilized to

capacity and whether efficiencies can be achieved by accommodating the facility needs of adjacent agencies. Options for planning for future shared facilities and services, for eliminating duplicative services, replacing outdated or underutilized equipment / facilities and/or implementing economies of scale may also be considered.

6. **Accountability for community service needs, including governmental structure and operational efficiencies.**

Accountable local government is marked by processes and actions that consist of accessible and accountable elected or appointed decision-making body and agency staff; that encourage public participation and solicit public input in the consideration of work plans, budgets, and programs; and that evaluate the agency's plans and programs and publish results to the public.

The service review will study existing and future public service conditions and evaluate governmental structure alternatives for organizational and operational efficiencies in order to accommodate orderly growth, prevent urban sprawl, ensure efficient delivery of services and improve accountability or governing practices.

Santa Clara LAFCO may evaluate the advantages and disadvantages of potential government structure options or boundary changes including: amending the SOI, annexations to or detachments from cities or special districts, formation of new special districts, incorporation of cities, dissolutions, mergers, consolidations and other reorganization options found in the CKH Act. While there is no requirement that LAFCO initiate any changes of organization as part of the service review, Santa Clara LAFCO, the public or local agencies may pursue subsequent changes to government structure.

7. **Any other matter related to effective or efficient service delivery, as required by LAFCO policy.**

The Commission may adopt other determinations on a case-by-case basis based on unique local conditions, or changes to regulatory requirements or legislation.

## **10.12 ADOPTION OF SERVICE REVIEW DETERMINATIONS**

Any service review determinations will be adopted by resolution.