2013-2018 Municipal Service Review and Sphere of Influence Updates for Orange County's Cities and Special Districts



February 13, 2013

# **INTRODUCTION**

In 2000, the revised Cortese-Knox-Hertzberg Reorganization Act was amended to require LAFCOs to conduct comprehensive, regional municipal service reviews (MSRs) every five years in conjunction with sphere of influence (SOI) updates for each city and special district within Orange County. OC LAFCO has completed two prior cycles of MSR and SOI updates. This report comprises the third round (2013 - 2018) of MSR and SOI reviews for Orange County's cities and special districts. The report includes the following key sections:

- Background of past MSR/SOI updates
- Proposed MSR determinations for each Orange County city and special district
- Discussion of proposed city and district SOI reconfirmation
- Discussion of agencies with outstanding sphere issues, including islands
- Staff recommendations

# **BACKGROUND**

The original 2000 law required that the initial round of Municipal Service Reviews be completed by LAFCOs throughout California no later than January 1, 2008. Between 2005 and 2008, OC LAFCO successfully completed MSR and SOI updates for most cities and special districts under LAFCO's authority.

# 1<sup>st</sup> Cycle of MSRs: "Stakeholder Driven" (2008)

The original law was vague and could have resulted in reports with little or no value to LAFCO or the affected agencies. Instead, OC LAFCO designed a collaborative, stakeholder-driven process that was unique in California. The process provided an opportunity for stakeholders to demonstrate vision and leadership in tackling important issues and often planted "seeds" for future changes in local governance leading to a long-term improvement in the delivery of municipal services.

Those stakeholder discussions, and the subsequent MSR reports that followed, resulted in successes – a consolidation of two water districts, a reorganization of territory between agencies to correct funding inequities, boundary changes between counties, the identification of water and sewer challenges, continued discussion of future governance in South County, and an increased awareness of a variety and complexity of issues facing cities and special districts. This effort also highlighted the innovative and effective ways that many Orange County public agencies tackle tough issues.

### 2<sup>nd</sup> Cycle of MSRs: "Reconfirmation" (2008 - 2013)

One of the important lessons learned from the initial round of detailed MSRs was that, generally, Orange County agencies are well run and provide their constituents with reliable, high level services. In November 2008, the Commission concurred with staff that it would not be a valuable use of staff time (or that of city and/or district staff) to replicate the intensive, stakeholder effort undertaken in the first round of MSRs.

As a result, the Commission "reconfirmed" each of the agencies' respective MSRs/SOIs for the 2008 – 2013 cycle, with the exception of six agencies (City of Rancho Santa Margarita, City of Huntington Beach, Sunset Beach Sanitary District, City of Tustin, City of Orange and the City of Los Alamitos) that were identified in the first round of MSRs as having important sphere of influence and/or boundary issues that required additional staff and Commission analysis. Focused sphere of influence studies were subsequently completed for these agencies with recommendations and determinations adopted by the Commission.

# <u>3rd Cycle of MSRs: "Best Practices" (2013 – 2018)</u>

Continuing OC LAFCO's efforts to make the MSR process relevant and meaningful for LAFCO and Orange County's cities and special districts, the Commission developed a new approach for the 3<sup>rd</sup> cycle of MSRs. Since the initial round of MSRs showcased the excellent work of public agencies in Orange County, OC LAFCO believed that those agencies exhibiting innovative and efficient efforts, called "Best Practices," could help other public agencies learn how to *do more with less*.

A Best Practices Summit sponsored by OC LAFCO was held on March 27, 2009, with 84 elected officials and key staff from 47 Orange County agencies in attendance. The purpose of the Summit was to allow elected officials and key staff from a variety of public agencies to not only discuss what issues Orange County would face in the next few years, but also allow for a broad exchange of original and inventive ideas or "practices" to meet those challenges.

In order to streamline the 3<sup>rd</sup> cycle of MSR updates and continue to provide value to our stakeholders, the Commission agreed to showcase Best Practices as a unique, County-wide approach to meet the State-mandated MSR requirements for Orange County's cities and special districts. Many of the programs staff has developed over the last three years, in collaboration with local agencies, were designed to highlight best practices, provide opportunities for cities and districts to share services, identify demographic and fiscal trends, align services, and increase agency and public involvement in government decision making.

#### A New Approach to MSR Determinations

The Commission's approach to MSRs has evolved significantly over time - from drafting laborintensive, one-time reports every five years for each Orange County local agency, to a primarily web-based system that allows LAFCO, the County, cities, special districts and the public the opportunity to review local agencies on an ongoing basis. This approach has several unique advantages over traditional MSR reports:

- Provides an interactive data base to more easily identify service-related opportunities
- Showcases the high level of services provided by most Orange County agencies
- Provides continuous data and information updates
- Promotes local agency "best practices"
- Conserves staff time and resources

#### Outside the Box: Using Web-based Programs to meet MSR Determinations

The Commission has recently leveraged new technology to improve communication and collaboration among Orange County's local agencies through the development of various webbased programs. Many of these programs are unique to OC LAFCO and are being studied and, in some cases, replicated by other LAFCOs throughout California. OC LAFCO has set the bar in terms of innovatively addressing MSR determinations through both the use of technology and special studies.

State law (Government Code Section 56430) provides LAFCOs with great latitude in how each LAFCO addresses the MSR requirements for its cities and special districts. The law does require, however, that written determinations be prepared for seven specific areas: (1) growth and population projections; (2) location and characteristics of any unincorporated disadvantaged communities; (3) present and planned capacity of public facilities; (4) financial ability of agencies to provide services; (5) opportunities for shared services; (6) accountability for community service needs, including government structure and operational efficiencies; and (7) any other matter related to effective or efficient service delivery, as required by Commission policy.

Tables 1 and 2, below, identify	the cities and special dist	tricts evaluated in the 2013-2018
MSR cycle:		

Cities	1 <sup>st</sup> MSR Cycle (Adopted MSR Determinations)	2 <sup>nd</sup> MSR Cycle (Adopted MSR Determinations)	3 <sup>rd</sup> Round of MSRs (Proposed MSR Determinations)
City of Aliso Viejo	July 18, 2007	November 12, 2008	See Pages 6-9
City of Anaheim	November 20, 2006	November 12, 2008	See Pages 6-9
City of Brea	November 9, 2005	November 12, 2008	See Pages 6-9
City of Buena Park	July 18, 2007	November 12, 2008	See Pages 6-9
City of Costa Mesa	July 12, 2006	November 12, 2008	See Pages 6-9
City of Cypress	July 18, 2007	November 12, 2008	See Pages 6-9
City of Dana Point	July 18, 2007	November 12, 2008	See Pages 6-9
City of Fountain Valley	November 20, 2006	November 12, 2008	See Pages 6-9
City of Fullerton	July 18, 2007	November 12, 2008	See Pages 6-9
City of Garden Grove	November 20, 2006	November 12, 2008	See Pages 6-9
City of Huntington Beach	March 8, 2006	July 8, 2009	See Pages 6-9
City of Irvine	October 12, 2005	November 12, 2008	See Pages 6-9
City of La Habra	July 18, 2007	November 12, 2008	See Pages 6-9
City of La Palma	July 18, 2007	November 12, 2008	See Pages 6-9
City of Laguna Beach	July 18, 2007	November 12, 2008	See Pages 6-9
City of Laguna Hills	July 18, 2007	November 12, 2008	See Pages 6-9
City of Laguna Niguel	April 13, 2005	November 12, 2008	See Pages 6-9
City of Laguna Woods	July 18, 2007	November 12, 2008	See Pages 6-9
City of Lake Forest	July 18, 2007	November 12, 2008	See Pages 6-9
City of Los Alamitos	March 9, 2005	May 13,2009	See Pages 6-9
City of Mission Viejo	March 8, 2006	November 12, 2008	See Pages 6-9
City of Newport Beach	July 12, 2006	November 12, 2008	See Pages 6-9

#### Table 1: Orange County Cities – MSR Review Cycles

Cities	1 <sup>st</sup> MSR Cycle (Adopted MSR Determinations)	2 <sup>nd</sup> MSR Cycle (Adopted MSR Determinations)	3 <sup>rd</sup> Round of MSRs (Proposed MSR Determinations)
City of Orange	March 9, 2005	June 17, 2009	See Pages 6-9
City of Placentia	July 18, 2007	November 12, 2008	See Pages 6-9
City of Rancho Santa Margarita	March 8, 2006	June 9, 2010	See Pages 6-9
City of San Clemente	March 8, 2006	November 12, 2008	See Pages 6-9
City of San Juan Capistrano	March 8, 2006	November 12, 2008	See Pages 6-9
City of Santa Ana	November 20, 2006	November 12, 2008	See Pages 6-9
City of Seal Beach	March 9, 2005	November 12, 2008	See Pages 6-9
City of Stanton	November 20, 2006	November 12, 2008	See Pages 6-9
City of Tustin	July 18, 2007	June 17, 2009	See Pages 6-9
City of Villa Park	March 9, 2005	November 12, 2008	See Pages 6-9
City of Westminster	November 20, 2006	November 12, 2008	See Pages 6-9
City of Yorba Linda	May 10, 2006	November 12, 2008	See Page 6-9

# Table 2: Orange County Special Districts – MSR Review Cycles

Special Districts	1 <sup>st</sup> MSR Cycle (Adopted MSR Determinations)	2 <sup>nd</sup> MSR Cycle (Adopted MSR Determinations)	3 <sup>rd</sup> MSR Cycle (Proposed MSR Determinations)
Buena Park Library District	November 9, 2005	November 12, 2008	See Pages 6-9
Capistrano Bay Community Services District	July 18, 2007	November 12, 2008	See Pages 6-9
*County Service Area 13 (La Mirada)	See note below	See note below	See Pages 6-9
*County Service Area 20 (La Habra)	See note below	See note below	See Pages 6-9
*County Service Area 22 (East Yorba Linda)	See note below	See note below	See Pages 6-9
<b>County Service Area 26 (OC Parks)</b>	February 8, 2006	November 12, 2008	See Pages 6-9
Costa Mesa Sanitary District	June 20, 2007	November 12, 2008	See Pages 6-9
<b>Cypress Recreation &amp; Park District</b>	September 10, 2008	November 12, 2008	See Pages 6-9
East Orange County Water District	April 13, 2005	November 12, 2008	See Pages 6-9
Emerald Bay Community Services District	July 18, 2007	November 12, 2008	See Pages 6-9
El Toro Water District	July 18, 2007	November 12, 2008	See Pages 6-9
Garden Grove Sanitary District	November 20, 2006	November 12, 2008	See Pages 6-9
Irvine Ranch Water District	April 13, 2005	November 12, 2008	See Pages 6-9
Laguna Beach County Water District	July 18, 2007	November 12, 2008	See Pages 6-9
Midway City Sanitary District	November 20, 2006	November 12, 2008	See Pages 6-9
Mesa Consolidated Water District	June 20, 2007	November 12, 2008	See Pages 6-9
Moulton Niguel Water District	July 18, 2007	November 12, 2008	See Pages 6-9
Municipal Water District of Orange County	November 14, 2007	November 12, 2008	See Pages 6-9
Orange County Cemetery District	November 9, 2005	November 12, 2008	See Pages 6-9
<b>Orange County Sanitation District</b>	May 9, 2007	November 12, 2008	See Pages 6-9
Orange County Vector Control District	November 9, 2005	November 12, 2008	See Pages 6-9

Special Districts	1 <sup>st</sup> MSR Cycle (Adopted MSR Determinations)	2 <sup>nd</sup> MSR Cycle (Adopted MSR Determinations)	3 <sup>rd</sup> MSR Cycle (Proposed MSR Determinations)
Orange County Water District	October 11, 2006	November 12, 2008	See Pages 6-9
Placentia Library District	November 9, 2005	November 12, 2008	See Pages 6-9
Rossmoor Community Services District	April 13, 2005	November 12, 2008	See Pages 6-9
Rossmoor/Los Alamitos Sewer District	April 13, 2005	November 12, 2008	See Pages 6-9
Santa Margarita Water District	March 8, 2006	November 12, 2008	See Pages 6-9
Serrano Water District	April 13, 2005	November 12, 2008	See Pages 6-9
Silverado-Modjeska Recreation & Park District	April 13, 2005	November 12, 2008	See Pages 6-9
South Coast Water District	July 18, 2007	November 12, 2008	See Pages 6-9
Sunset Beach Sanitary District	April 13, 2005	July 8, 2009	See Pages 6-9
Surfside Colony Community Services Tax District	September 14, 2005	November 12, 2008	See Pages 6-9
Surfside Colony Stormwater Protection District	September 14, 2005	November 12, 2008	See Pages 6-9
Three Arch Bay Community Services District	July 18, 2007	November 12, 2008	See Pages 6-9
Trabuco Canyon Water District	March 8, 2006	November 12, 2008	See Pages 6-9
Yorba Linda Water District	May 10, 2006	November 12, 2008	See Pages 6-9

\*Note – The Commission analyzed all the County Service Areas (CSAs) in Orange County on December 17, 2008 and directed staff to include all CSAs in the third round of MSRs.

# MSR DETERMINATIONS FOR ORANGE COUNTY CITIES AND SPECIAL DISTRICTS (2013-2018 CYCLE)

MSRs are generally considered "receive and file" reports to LAFCO; however they do require (per Government Code Section 56430) Commission adoption of seven determinations. **Below is a single set of determinations proposed for each of Orange County's 34 cities and 35 special districts.** The determinations describe the approach and methodology developed to address each of the determinations on an ongoing basis.

Based on the Commission's special studies on infrastructure and governance and the ongoing web-based monitoring programs, staff has not identified any significant issues with Orange County's cities and special districts. Applying the same set of determinations to each agency is a departure from previous MSR cycles where determinations were developed individually for each agency. With the implementation of a primarily web-based monitoring system now in place, LAFCO, member agencies and the public now have the ability to use these tools to monitor the financial health, demographic trends, shared service opportunities and other factors on an ongoing basis. Should any service-related issues be identified, LAFCO can direct staff to provide additional analysis at any time.

The following are the proposed MSR determinations for each of Orange County's cities and special districts for the 2013-2018 MSR cycle:

#### (1) Growth and population projections for the affected area.

Orange County LAFCO is a Contributing Partner of the California State University, Fullerton Center for Demographic Research (CDR) and participates on the Center's Technical Advisory and Management Oversight Committees.

Recently, CDR provided LAFCO with updated demographic data for each of the County's unincorporated islands based on "block level" 2010 Census data. OC LAFCO's Demographic Web Program has incorporated this data and now provides all local agencies and the public with an interactive user interface for determining existing and projected population estimates and the preparation for additional service provisions for Orange County cities and special districts. The new web-based program will also identify the location of any disadvantaged unincorporated communities (DUCs) within or contiguous to a city's sphere of influence.

#### (2) <u>Location and characteristics of any disadvantaged unincorporated communities within</u> <u>or contiguous to the sphere of influence.</u>

In December 2011, LAFCO staff, in concert with the Center for Demographic Research, analyzed the location of disadvantaged unincorporated communities (as defined by Government Code Section 56033.5) within Orange County. Relative to other counties in California, Orange County has little unincorporated developed land, and disadvantaged unincorporated communities (DUCs) were found in only two of the County's unincorporated islands: Southwest Anaheim and Katella/Rustic. Both are identified on OC LAFCO's Demographic Web Program.

Within the Southwest Anaheim Island, there are four non-contiguous neighborhoods that qualify as DUCs: La Colonia, Harcourt, Sherwood Forest, and Thistle. The majority of these neighborhoods consist of single family residential homes. Located in the Anaheim and Garden Grove Sanitary District spheres of influence, Southwest Anaheim has undergone two attempts at annexation by the City of Anaheim within the past six years. Both annexation attempts were terminated due to resident protest.

The Katella/Rustic Island consists of 29 single family homes and a small commercial shopping center. Approximately 10.5 acres in size, Katella/Rustic is home to approximately 144 residents. The Katella/Rustic Island is located with the City of Stanton's sphere of influence. The City has expressed no interest in pursuing annexation of Katella/Rustic.

(3) <u>Present and planned capacity of public facility, 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.</u>

In August 2010, OC LAFCO directed staff to partner with California State University, Fullerton's Center for Sustainability to prepare a countywide analysis of sewer and water

infrastructure and the projected impacts that expected population growth may have on existing systems. Key findings of the report, completed in October 2011, included:

- Legislative and regulatory actions are proactively reducing water and sewer demands on the existing infrastructure.
- OC agencies are using innovative approaches to water supply management and are actively pursuing a reduction of reliance on imported water supplies.
- OC water and sewer infrastructure are ready for the projected population growth and resulting increases in net demand projected for the next 20-year period between 2010 and 2030.

Orange County has two disadvantaged unincorporated communities, the Katella/Rustic Island and the Southwest Anaheim Island. Both are fully developed, and no new development is anticipated in the near future.

Katella/Rustic is provided water through the Golden State Water Company, a private water purveyor. The Garden Grove Sanitary District provides sewer service to the island. No septic tanks are located within the Katella/Rustic Island according to the *OC LAFCO Sewer and Water Infrastructure Report (October 2011)*. Fire protection services are provided through the County's regional fire provider, the Orange County Fire Authority. Police service is provided by the Orange County Sheriff Department. No significant infrastructure needs have been identified.

The Southwest Anaheim Island is provided water service through the City of Anaheim. Sewer service is provided by both the City of Anaheim and the Garden Grove Sanitary District. According to the *OC LAFCO Sewer and Water Infrastructure Report (October 2011)*, there are two septic tanks within the Southwest Anaheim Island. Fire protection services are provided through the Orange County Fire Authority. Police service is provided by the Orange County Sheriff's Department. Past discussions with residents and the County have identified code enforcement as an ongoing issue within the unincorporated Southwest Anaheim area.

### (4) **Financial ability of agencies to provide services.**

In the summer of 2011, Orange County LAFCO launched its "Fiscal Trends Analysis" program which provides a user-friendly, web-based financial "dashboard" of an agency's financial condition. Developed through a stakeholder process with city and special district financial officers and staff, the program provides a general indication of an agency's overall fiscal health and offers insight into the financial ability of these agencies to continue providing quality services to their residents. The program is accessible through Orange County LAFCO's website. Financial "snapshots" using key economic indicators have been completed (and are routinely updated) for each city and each special district within Orange County.

#### (5) <u>Status of, and opportunities for, shared facilities.</u>

The LAFCO Shared Services Program website was launched in July 2011. The program focuses on highlighting opportunities for sharing services to Orange County's public agencies and to local non-profit homeowners' associations. The website provides an interactive forum for participants to view available services (e.g., public works, GIS, information technology, street sweeping, staffing, animal control, parks and recreation, code enforcement, etc.) and information to "match" interested parties.

In early 2012, a Capital Improvements Program (CIP) Map was added to the Shared Services website identifying current and future public works-related projects. This additional feature allows increased opportunities for cities and special districts to jointly bid and/or participate in public works projects which can offer operational and cost saving benefits to participating agencies. Staff continues to work with a working group of city, county and special district staff to refine and improve OC LAFCO's shared services efforts.

In late 2012, ten local agencies utilized the Shared Services Program to foster regional collaborations and formed the Fleet Maintenance Working Group. This partnership led to the development of a White Paper and an interactive fleet map, depicting the location of all fleet facilities throughout the County. The original Working Group (consisting of ten cities and special districts) has now grown to 30 participating cities and special districts, dramatically increasing the opportunities for sharing services among Orange County agencies.

# (6) <u>Accountability for community service needs, including governmental structure and operational efficiencies.</u>

In addition to the Fiscal Trends and Shared Services Programs, Orange County LAFCO has initiated additional studies and stakeholder-driven programs to work toward ensuring that all Orange County communities are "whole and healthy" and receive equivalent levels of municipal services. In June 2011, staff completed a comprehensive county-wide assessment of water and sewer infrastructure using population projections through 2030. A "Community Islands Task Force" was initiated in December 2011 to facilitate LAFCO staff working proactively with the County and cities to encourage logical boundaries, effective governmental structure, and efficient delivery of services throughout the County.

Recently, the Commission directed staff to develop an interactive "public feedback" link on the agency's website that would allow interested agencies and the public to post comments and suggestions for LAFCO-related issues and projects and increase the agency's overall accountability and transparency. This link is anticipated to go "live" in the fall of 2013.

At the January 9, 2013 LAFCO meeting, the Commission formed the Governance Restructuring Committee composed of three commissioners who will work with staff to develop a strategy to assist agencies facing financial, regulatory and/or organizational challenges. The approach will leverage LAFCO's resources and may include, but not be limited to, the following:

- Reactivating the Orange County Leadership Symposium to build strategic relationships among elected officials and regional agency leaders.
- Sponsoring workshops for our member agencies on alternative strategies to address fiscal stress.
- Directing staff to work with the CALAFCO Legislative Committee to update Government Code Sections pertaining to disincorporation.
- Supporting the ongoing refinement of the Shared Services and Fiscal Trends Programs.

(7) <u>Any other matter related to effective or efficient service delivery, as required by</u> <u>commission policy.</u>

No additional issues have been specifically identified by the Commission at this time.

*Table 3*, below, identifies the web-based programs and special studies staff used to address the MSR determinations for Orange County's cities and special districts for the 2013 - 2018 MSR cycle.

MSR Determinations	Report/Web-based Program used to meet MSR Determinations
Growth and Population Projections	Demographic Web Program, Sewer and Water Infrastructure Report
Location and Characteristics of Unincorporated Disadvantaged Communities	Demographic Web Program
Present and Planned Capacity of Public Facilities	Sewer and Water Infrastructure Report
Financial Ability of Agencies to Provide Services	Fiscal Trends Web Program
Opportunities for Shared Services	Shared Services Web Program
Accountability for Community Service Needs	Community Islands Task Force, Public Engagement Web Program
Other Matters as Determined by the Commission	No Issues Identified

#### Table 3: Web Programs and Special Reports Used to Meet MSR Determinations (2013-2018)

#### SPHERES OF INFLUENCE

City and special district spheres of influence define the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code Section 56076). The law requires that spheres be updated at least once every five years either concurrently or subsequently to the preparation of Municipal Service Reviews. Spheres are determined and amended solely at the discretion of the Commission. In determining the sphere of influence for

each local agency, the Commission is required by Government Code Section 56425(e) to consider certain factors, including:

- The present and planned uses in the area, including agricultural and open-space lands;
- The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency; and
- For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

With the exception of five agencies - Capistrano Bay Community Services District, Municipal Water District of Orange County, City of Laguna Beach, City of Garden Grove and City of Stanton (discussed below) - the remaining agency SOIs do not warrant further study at this time. Exhibit A, below, lists the spheres of influence for the 64 agencies that staff is recommending for Commission reconfirmation. No significant issues were identified during staff's review, and the data analysis included within each of the agencies' respective SOI reviews remains current. Recent sphere of influence maps were provided by staff to each agency for their review and comment. Given the lack of sphere-related issues for these agencies, staff is recommending that the Commission "reconfirm" the previous SOI determinations for each of these agencies for the 2013-2018 MSR cycle.

Cities	Special Districts
City of Aliso Viejo	Buena Park Library District
City of Anaheim	*County Service Area 13 (La Mirada)
City of Brea	*County Service Area 20 (La Habra)
City of Buena Park	*County Service Area 22 (East Yorba Linda)
City of Costa Mesa	County Service Area 26 (OC Parks)
City of Cypress	Costa Mesa Sanitary District
City of Dana Point	Cypress Recreation & Park District
City of Fountain Valley	East Orange County Water District
City of Fullerton	Emerald Bay Community Services District
City of Huntington Beach	El Toro Water District
City of Irvine	Garden Grove Sanitary District
City of La Habra	Irvine Ranch Water District
City of La Palma	Laguna Beach County Water District
City of Laguna Hills	Midway City Sanitary District
City of Laguna Niguel	Mesa Consolidated Water District
City of Laguna Woods	Moulton Niguel Water District
City of Lake Forest	Orange County Cemetery District

#### **Exhibit A - Spheres of Influence Proposed for Reconfirmation**

Cities	Special Districts
City of Los Alamitos	Orange County Sanitation District
City of Mission Viejo	Orange County Vector Control District
City of Newport Beach	Orange County Water District
City of Orange	Placentia Library District
City of Placentia	Rossmoor Community Services District
City of Rancho Santa Margarita	Rossmoor/Los Alamitos Sewer District
City of San Clemente	Santa Margarita Water District
City of San Juan Capistrano	Serrano Water District
City of Santa Ana	Silverado-Modjeska Recreation & Park District
City of Seal Beach	South Coast Water District
City of Tustin	Sunset Beach Sanitary District
City of Villa Park	Surfside Colony Community Services Tax District
City of Westminster	Surfside Colony Stormwater Protection District
City of Yorba Linda	Three Arch Bay Community Services District
	Trabuco Canyon Water District
	Yorba Linda Water District
Total = 31 Cities	Total = 33 Special Districts

#### Agencies with Outstanding Sphere of Influence Issues

#### Capistrano Bay Community Services District

The Capistrano Bay Community Services District (CBCSD) has requested that a parcel located outside of the District sphere of influence be removed from the District's boundary. The beachfront parcel is currently undeveloped open space; staff is researching the services provided to the parcel and the agencies responsible for service provision and maintenance. Staff is recommending that the CBCSD sphere boundary be continued to give staff an opportunity to analyze this issue and bring back a sphere recommendation for Commission consideration at a future date.

#### Municipal Water District of Orange County

The Municipal Water District of Orange County (MWDOC) has requested that the District sphere be expanded to include the Fremont Canyon area. The area is currently undeveloped; however should the area develop it would need to be in the MWDOC service area to receive imported water. Staff is recommending that the MWDOC sphere boundary be continued to allow staff an opportunity to analyze this issue further and bring back a sphere recommendation for Commission consideration at a future date.

#### City of Laguna Beach

The City of Laguna Beach has requested that their sphere of influence be increased to include both the El Morro Elementary School and the El Morro Campground at Crystal Cove State Park. Water and sewer service to the area is presently provided by special districts (Irvine Ranch Water District and Laguna Beach County Water District respectively). However, the City has indicated established communities of interest with the El Morro Elementary School serving as one of two schools available for Laguna Beach residents. The City has asked LAFCO consider a sphere of influence amendment to allow for increased service provision to the area. Additional time is needed for staff to adequately analyze this request. Staff recommends that the Commission continue the Laguna Beach sphere and have staff return with a sphere recommendation at a future date.

#### Cities of Garden Grove and Stanton

Property owners of the Carmel/Lampson small island, currently located with the City of Stanton sphere of influence, are working with the City of Garden Grove on potential annexation. (See "Bordering Five Islands" Section, below.) Until all issues are resolved, staff is recommending that no action be taken on either the City of Stanton or City of Garden Grove sphere of influence.

#### "Bordering Five" Islands

In 2012, the Commission directed staff to review the SOIs of five unincorporated islands located between two cities to determine if sphere of influence changes were warranted or if the "status quo" best supported OC LAFCO's long-term service provision plan for these islands. The following islands were identified for review:

- Beach/McFadden (currently within the Westminster SOI)
- Carmel/Lampson (currently within the Stanton SOI)
- Lincoln/Glassell (currently within the Orange SOI)
- Santiago Creek (currently within the Orange SOI)
- Santa Ana Country Club/South Mesa (currently within the Costa Mesa SOI)

Over the past several months, LAFCO staff participated in discussions with city managers and staff on the "Bordering 5" Islands. None requested any change to their City's sphere of influence at this time. All four affected cities provided updates to staff regarding ongoing governance efforts:

- The City of Westminster continues to work cooperatively with the County to provide specific services through contract to unincorporated residents within their sphere. The County recently renewed several cooperative agreements with the City of Westminster to provide graffiti removal, street sweeping, landscape maintenance and emergency repair services for the unincorporated islands within the City's sphere.
- The City of Orange current provides several municipal services, including water and sewer, to four unincorporated islands within its sphere, including the Santiago Creek and Lincoln/Glassell Islands. LAFCO staff met with City staff and they continue to support the City's current sphere boundary. Staff recommends reconfirming the Orange sphere.
- The City of Costa Mesa also supports maintaining its current sphere of influence. The City has previously expressed interest in annexing its remaining islands, including the Santa Ana Country Club/South Mesa Island. However, the Santa Ana County Club, a privately owned golf course located within the Costa Mesa sphere, has long favored eventual annexation to the City of

Newport Beach. The Commission has historically identified Costa Mesa as the most logical service provider for this area. Staff recommends reconfirming the City's current sphere of influence.

• The Carmel/Lampson Island has been in Stanton's SOI since 1974. The sphere was reviewed and reaffirmed by the Commission in 1984, 2006, and 2008. In April 2012, the Carmel/Lampson Island was considered for annexation to the City of Stanton by LAFCO but was continued to allow the property owners an opportunity to discuss their governance options with the bordering City of Garden Grove.

Since the April 2012 hearing, the property owners of the Carmel/Lampson Island have continued discussions with the City of Garden Grove to annex the island. The Garden Grove City Council has recently expressed support in the property owner's annexation efforts. In May 2012, the property owners filed an annexation application with LAFCO. The City of Garden Grove continues to work with the property owners to move the annexation process forward.

Consideration of the annexation application (and respective SOI changes) by LAFCO is tentatively scheduled for summer 2013. Based on the current progress, staff recommends the Commission take no action on the sphere of influence for either the City of Garden Grove or the City of Stanton until the joint efforts between the landowners, Garden Grove, and LAFCO are complete.

As previously stated, staff has met with those cities located adjacent to the "Bordering Five" islands that have been identified by the Commission (through the adoption of spheres of influence) as logical, long-term service providers for those unincorporated areas. Two of the cities (Westminster & Orange) currently provide some level of city services to their islands through cooperative agreements or directly by the cities. None of the cities requested a change in their sphere of influences at this time. Staff will continue communication with the affected cities and monitor any service-related issues to these islands.

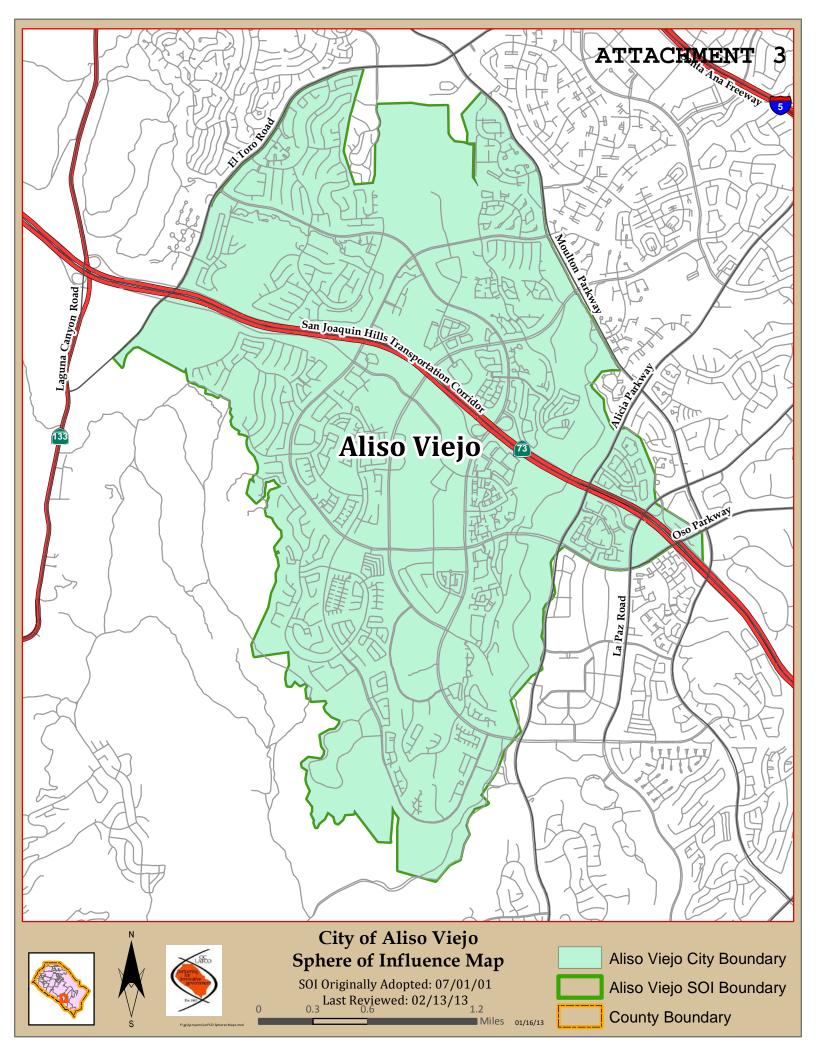
#### South County Governance

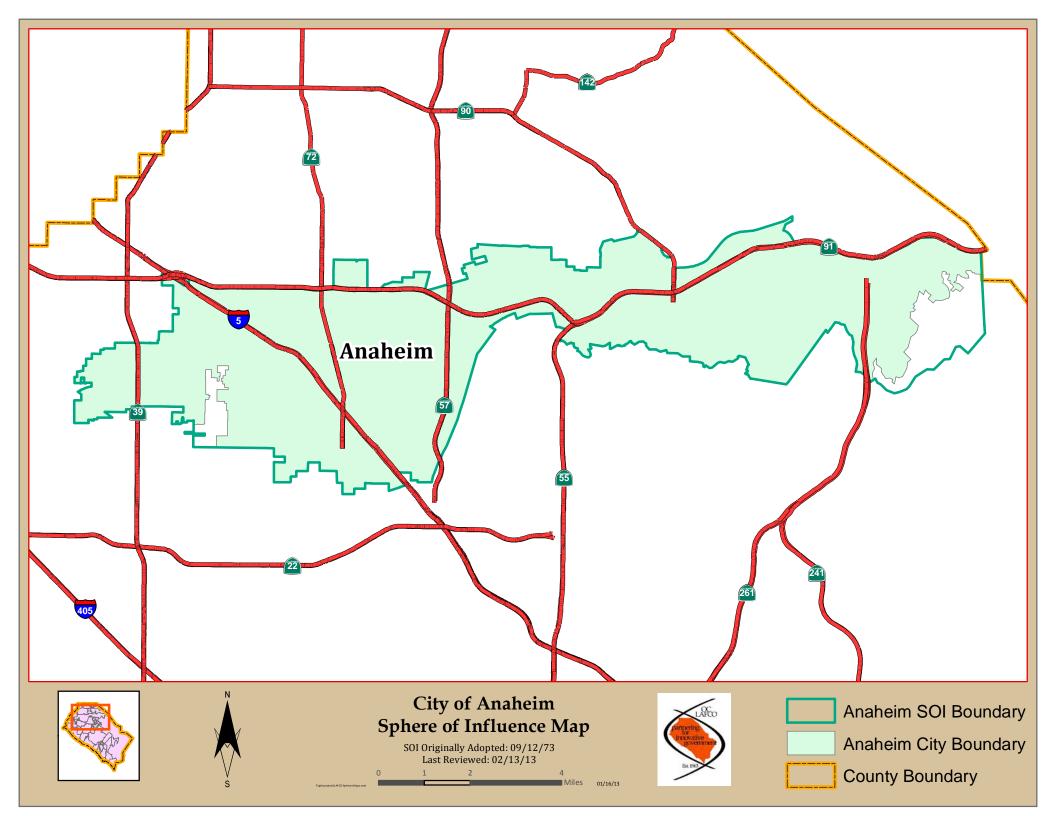
As the Rancho Mission Viejo Company prepares to open the initial neighborhoods of the Ranch Plan (approved in 2004 by the Board of Supervisors) in the summer of 2013, the development of viable, long-term governance options for this unincorporated community will remain an ongoing priority for the landowner, the County, and LAFCO. Approved for up to 14,000 homes and a mix of commercial, retail and open space uses, the Ranch Plan represents one of the last, large-scale master-planned communities to be developed in Orange County. This master-planned community is expected to develop through six phases over the next 10 to 20 years. The initial phase, Sendero, has already broken ground, and model homes are expected to be open for public view in spring 2013.

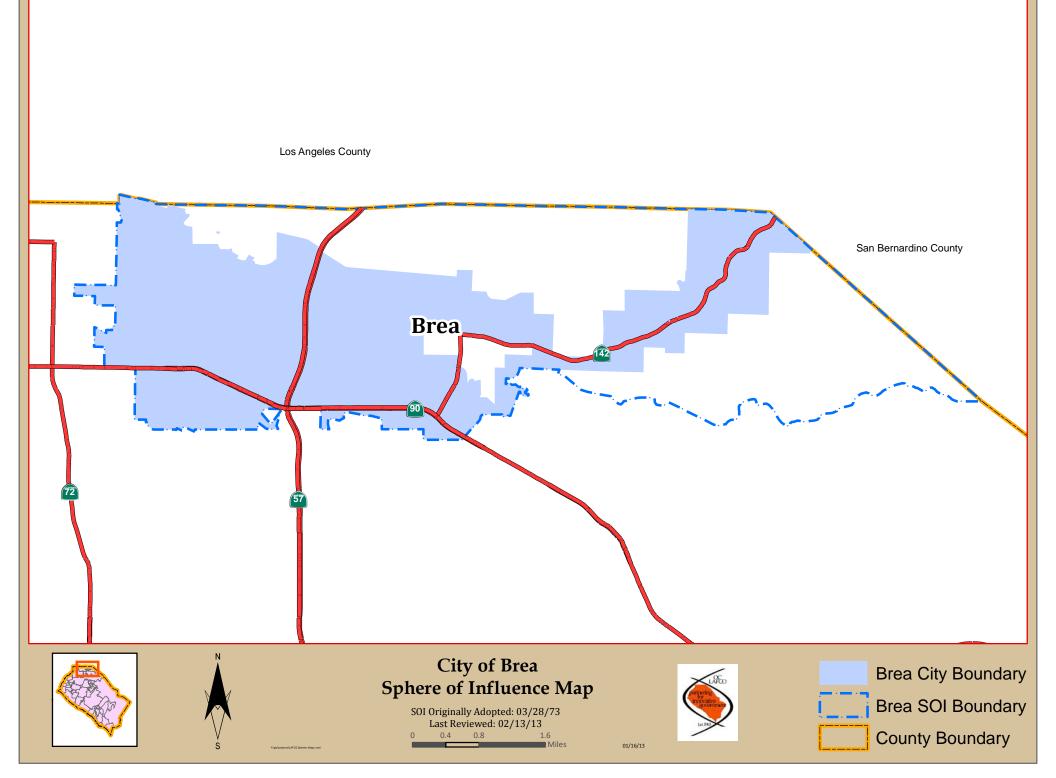
Over the next year, LAFCO will engage in discussions with the landowner, the County, the surrounding cities of, San Juan Capistrano and San Clemente, and other service providers – including, but not limited to, the Santa Margarita Water District, Orange County Fire Authority, and the South Orange County Wastewater Authority - to facilitate a comprehensive, long-term

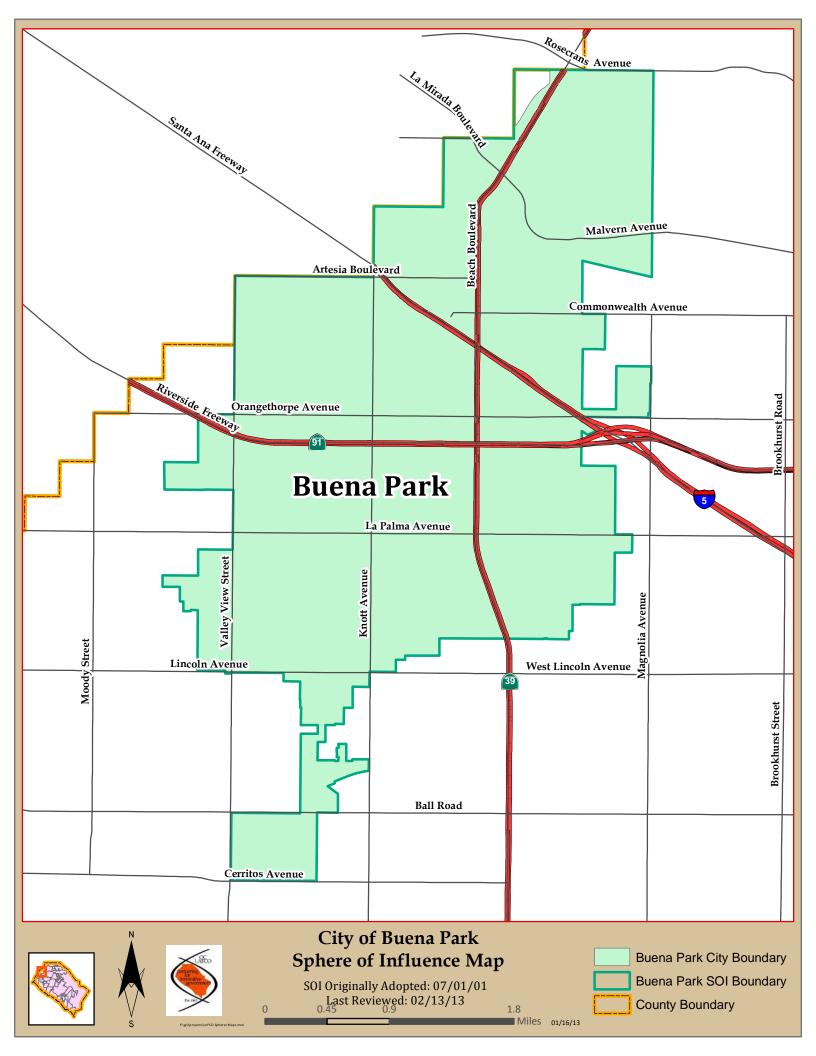
approach to municipal service delivery for this area. Pending completion of these discussions and a comprehensive analysis of governance and service alternatives, staff is recommending that the existing spheres of influence for the Cities of San Juan Capistrano and San Clemente be reconfirmed at this time.

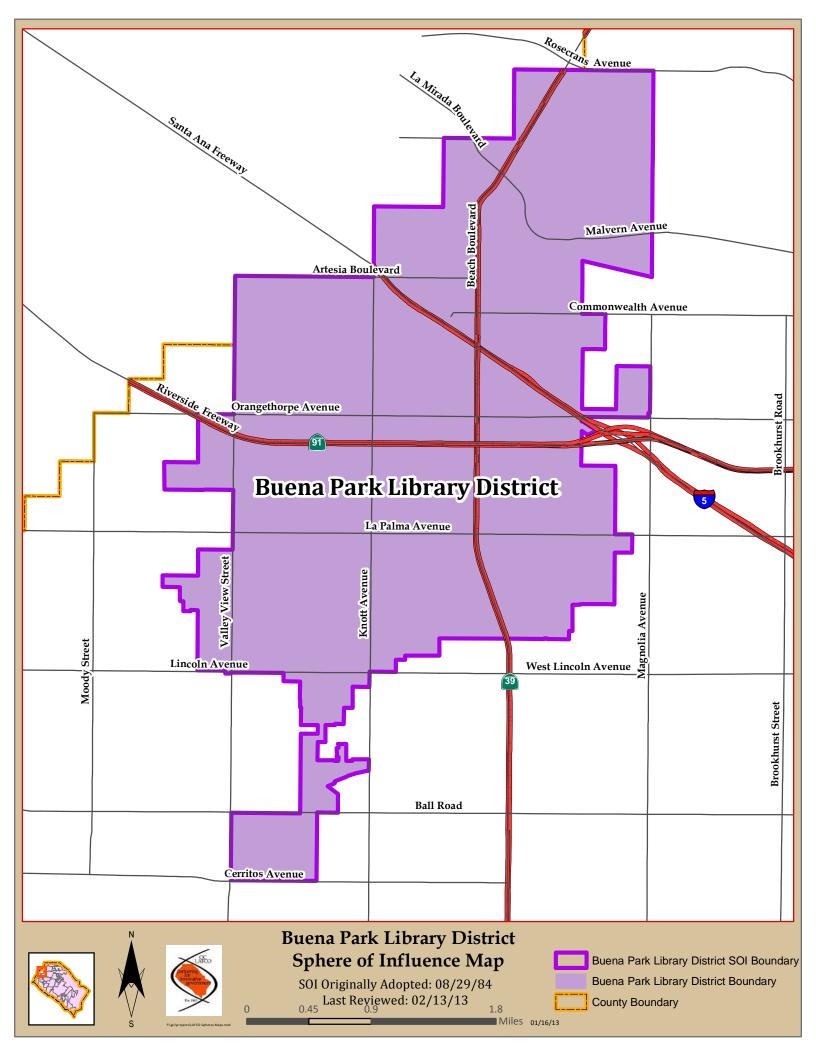
In close proximity to the developing Rancho Mission Viejo property, the developed unincorporated communities of Coto de Caza, Las Flores, Wagon Wheel and Stonecliffe were placed within the City of Rancho Santa Margarita's sphere of influence by the Commission in May 2010. These communities will also play an integral role in planning for long-term service provision within the South County area. The unincorporated community of Ladera Ranch is located between the City of Mission Viejo and planning areas of the Ranch Plan, but is not in a city sphere. Staff is recommending that the existing spheres of influence for the Cities of Rancho Santa Margarita and Mission Viejo be reconfirmed at this time.



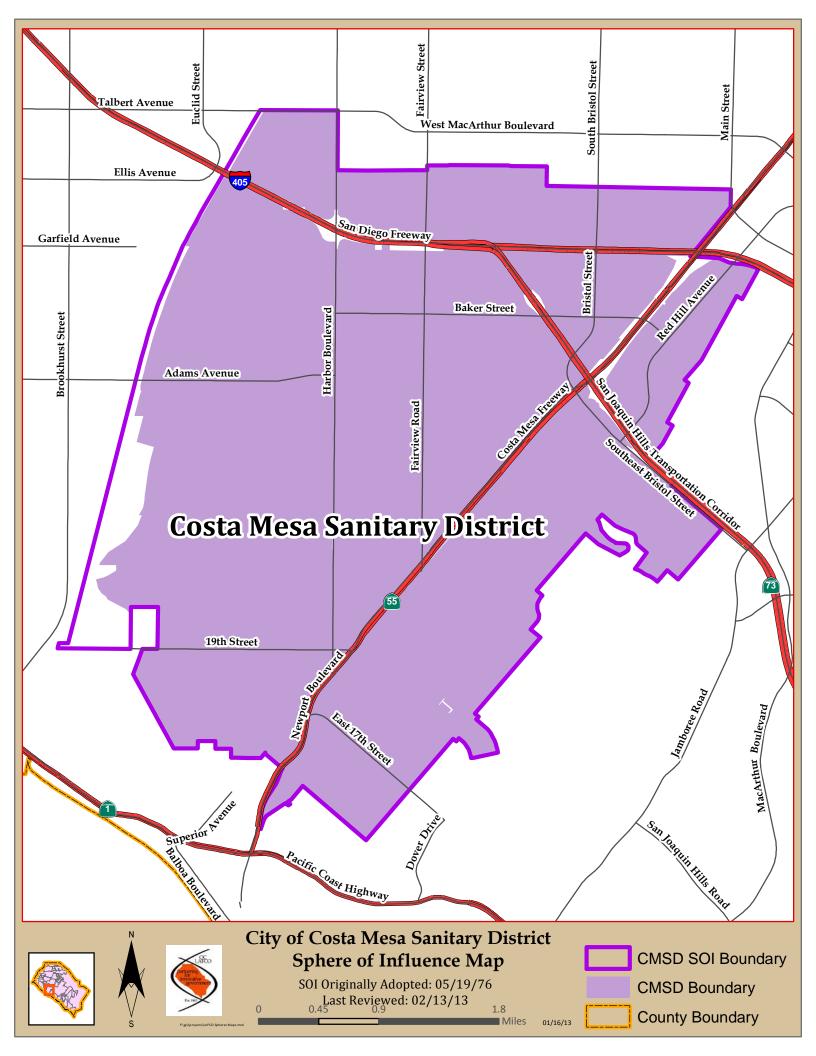


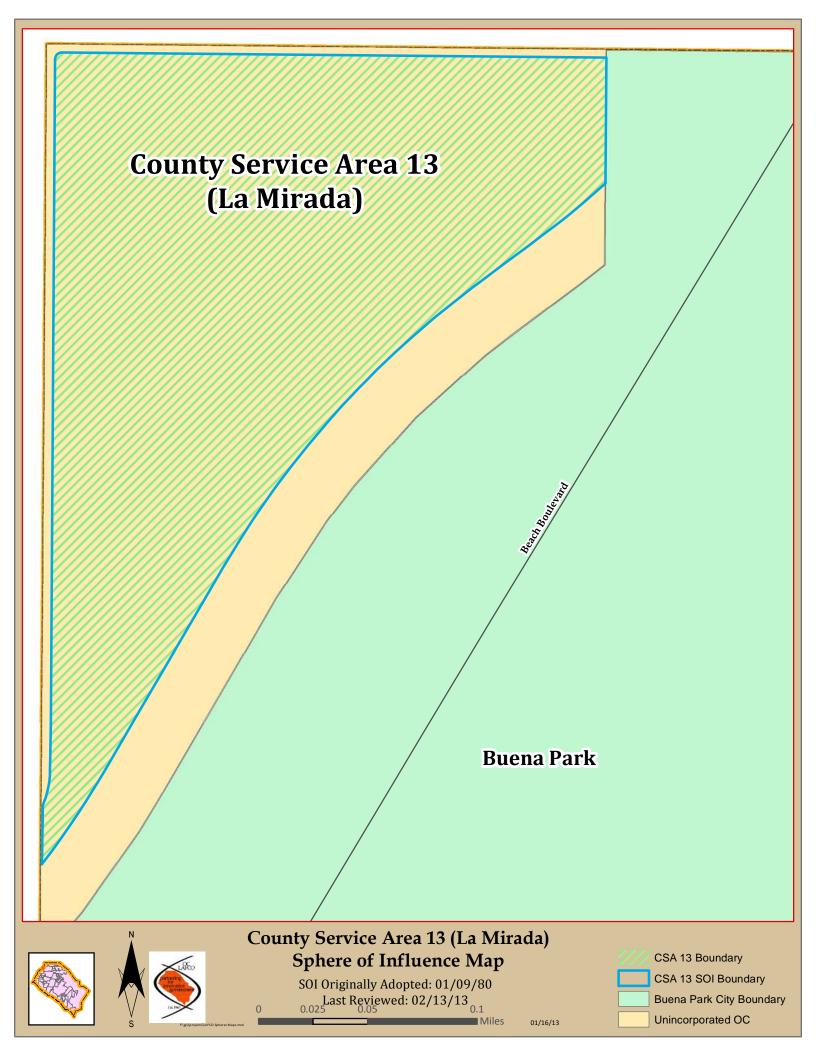




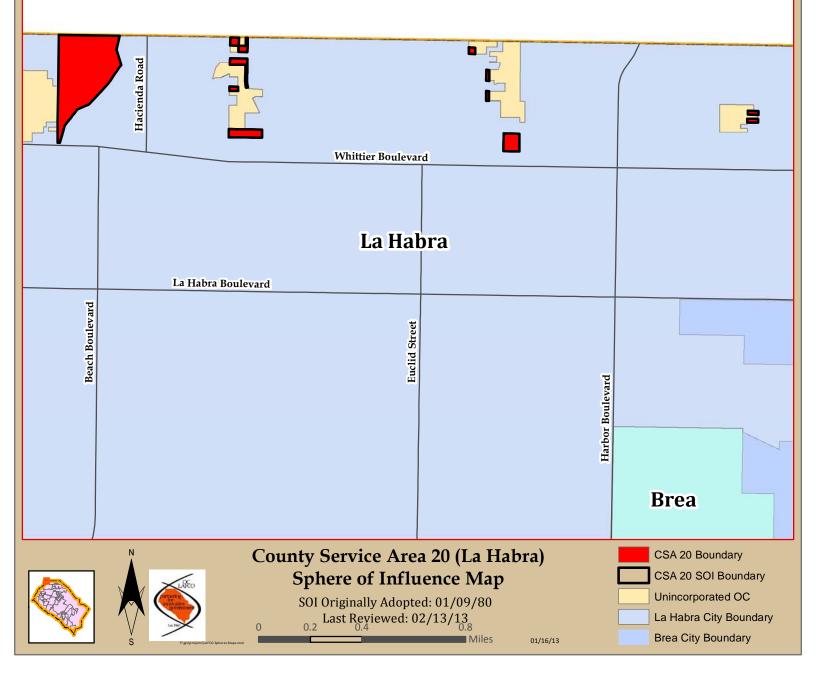


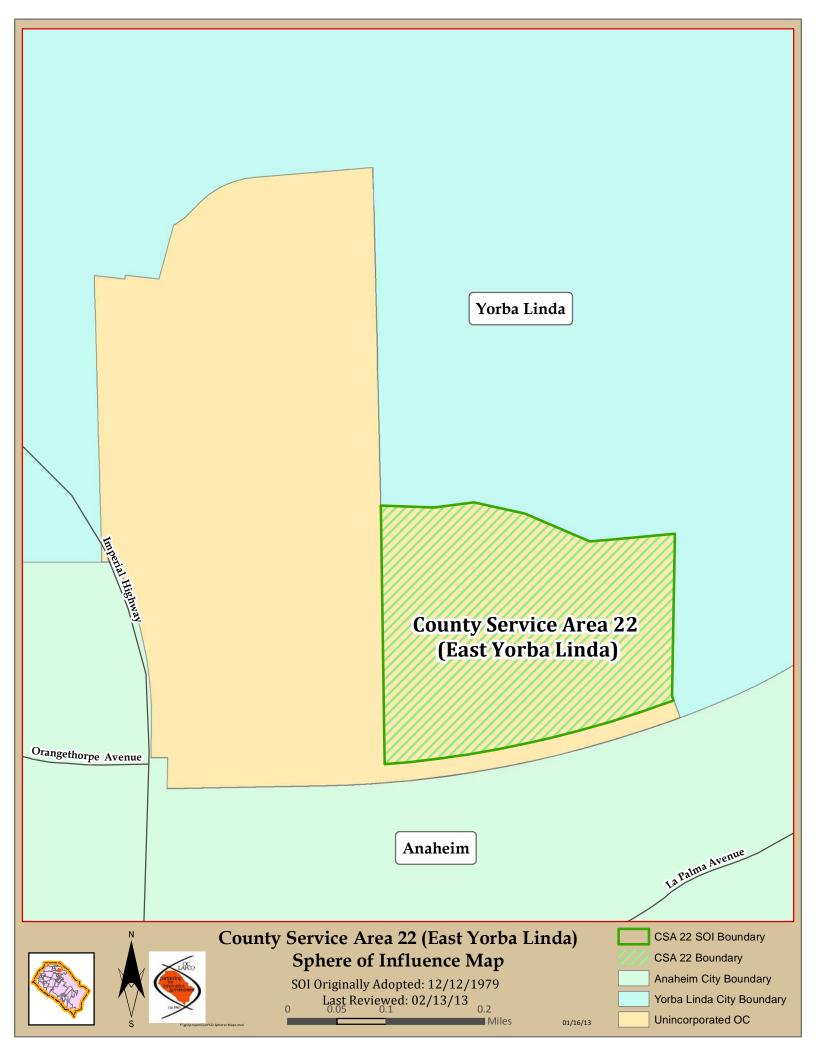


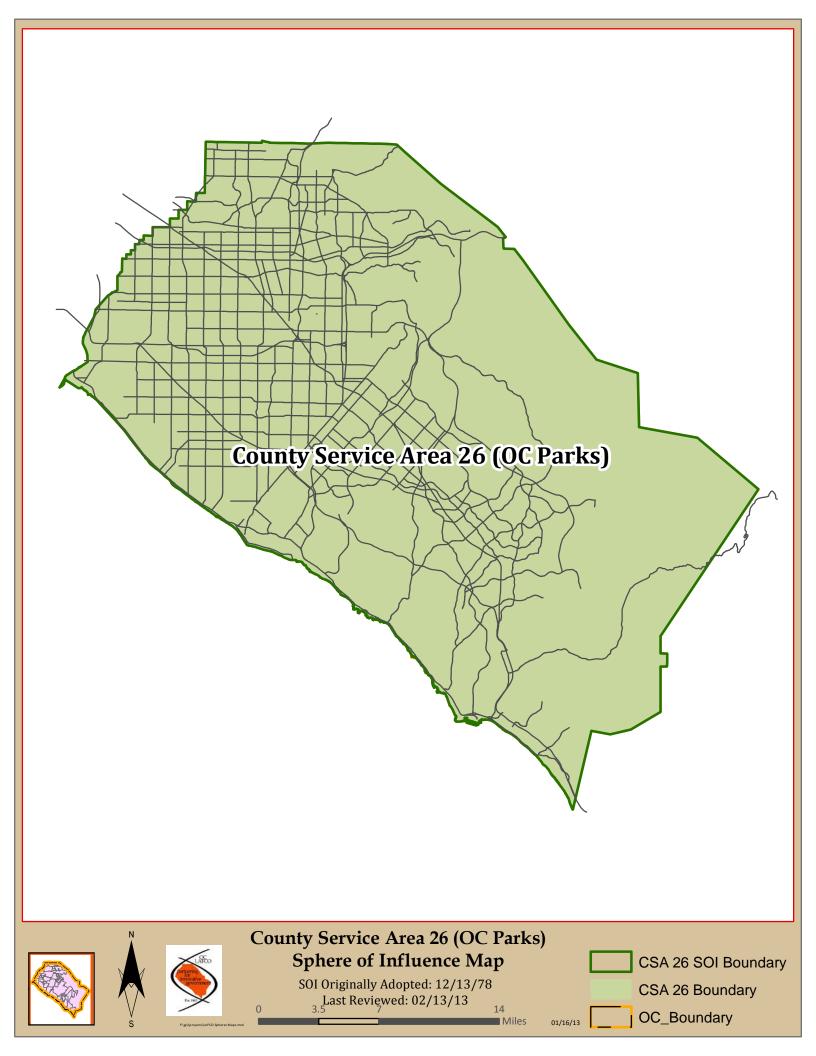


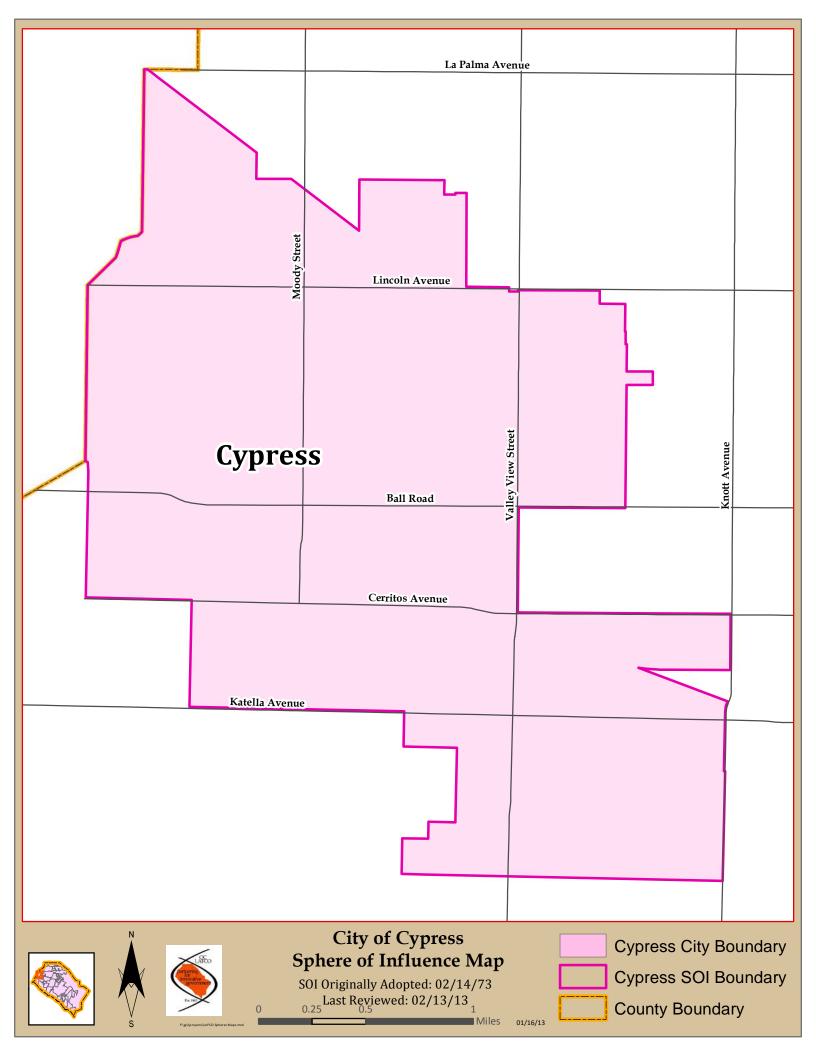


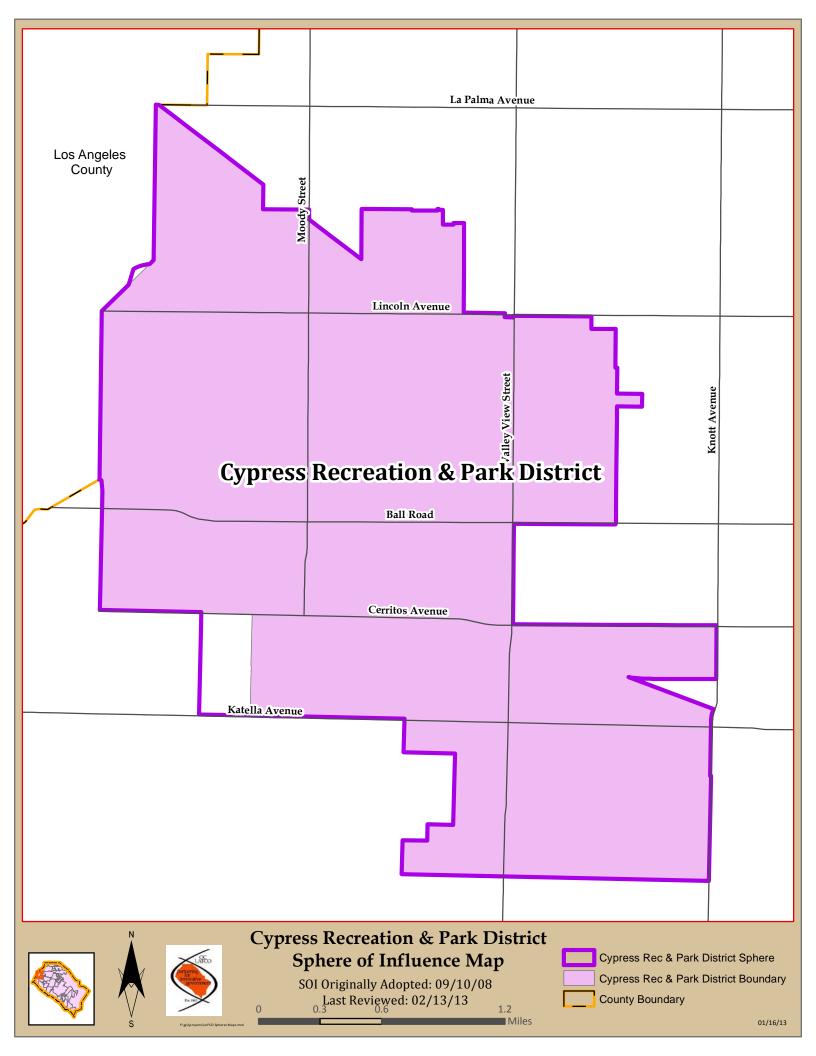
Los Angeles County

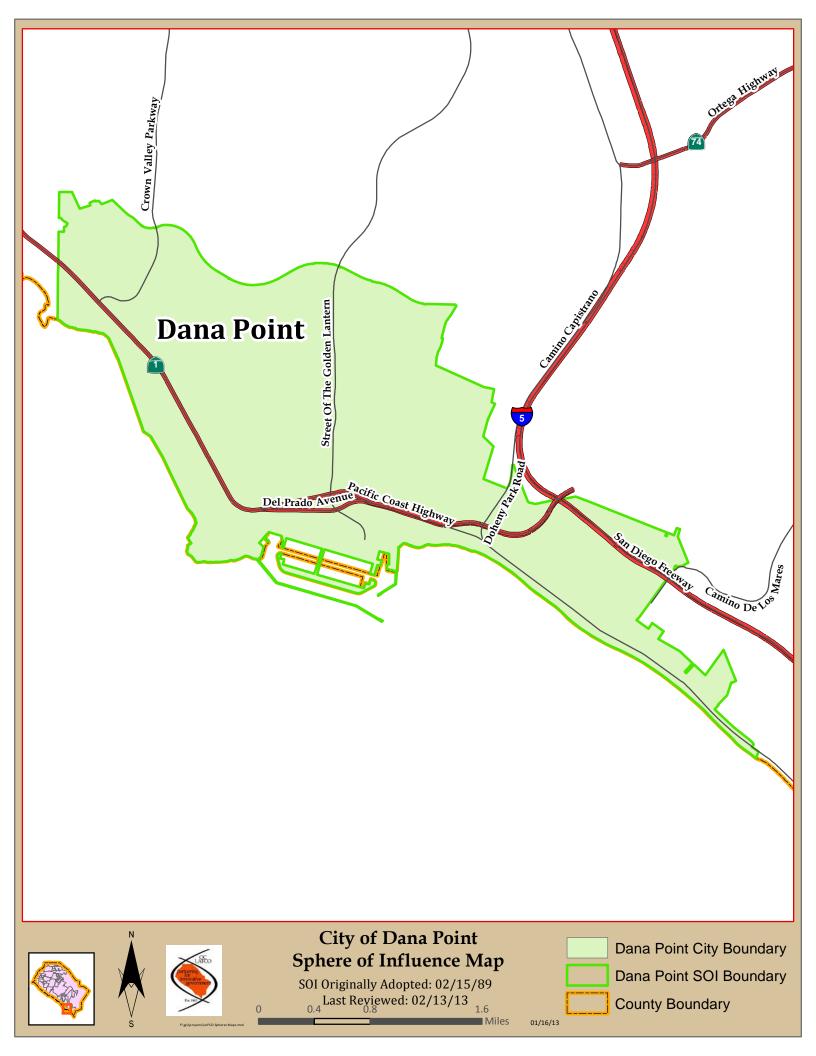


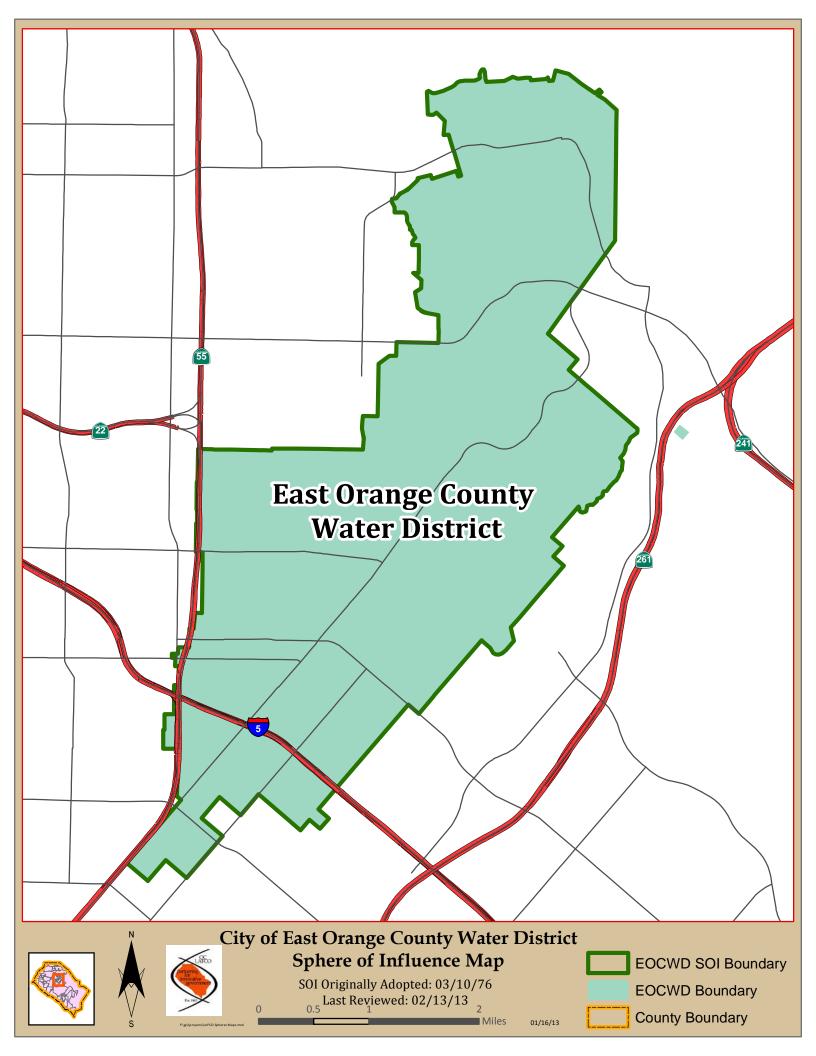


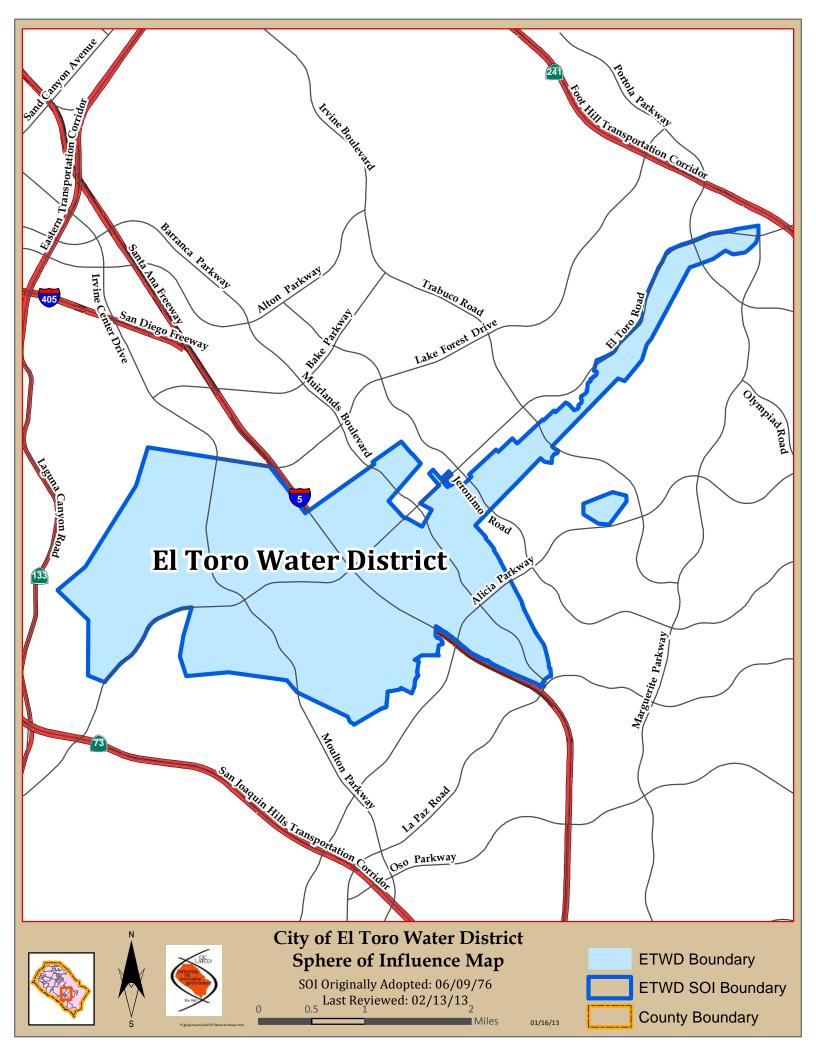


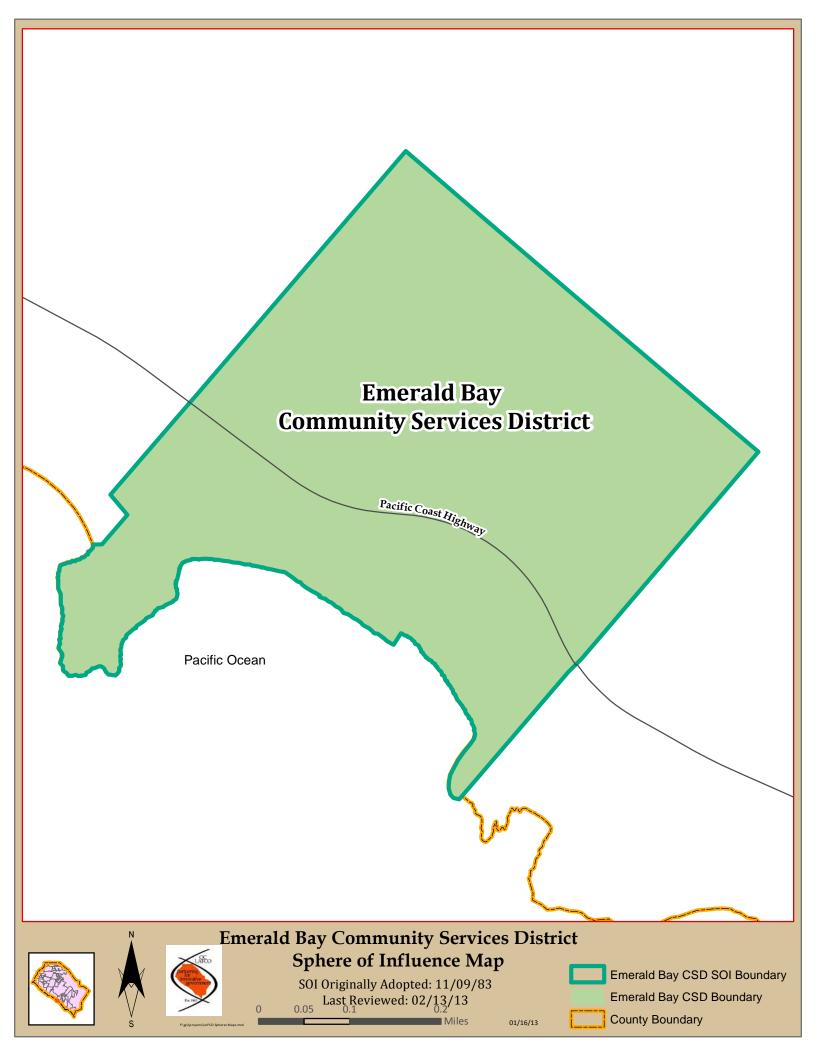


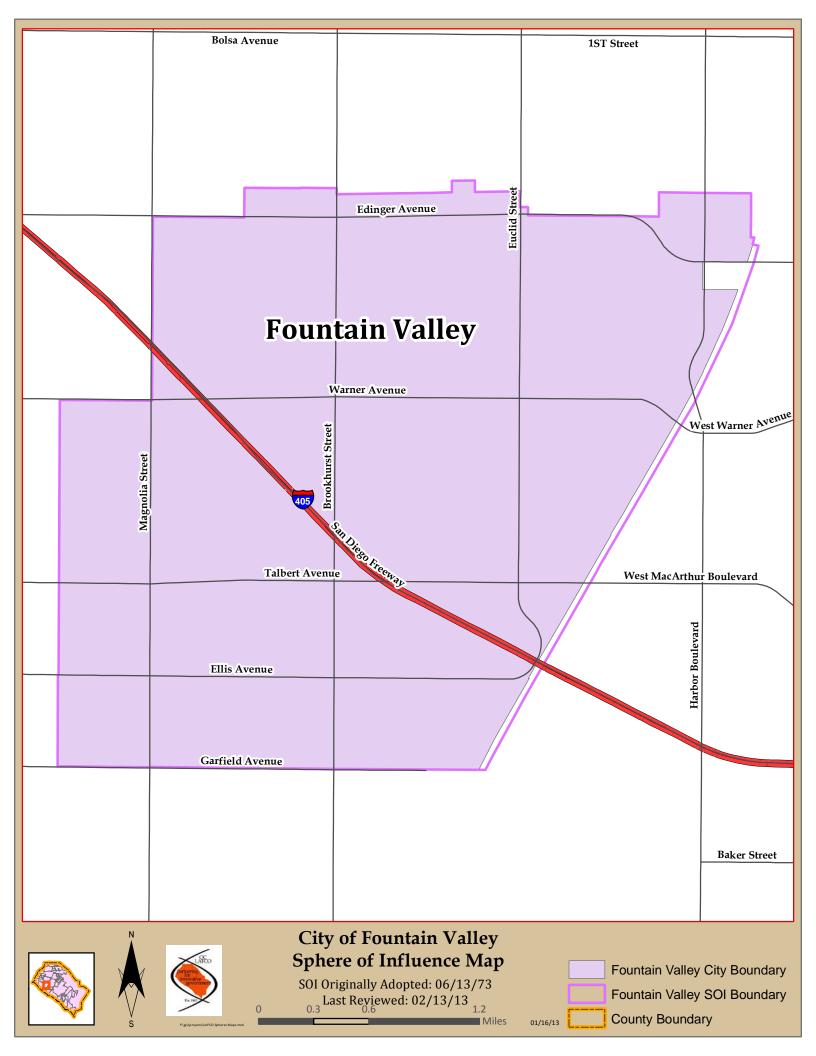


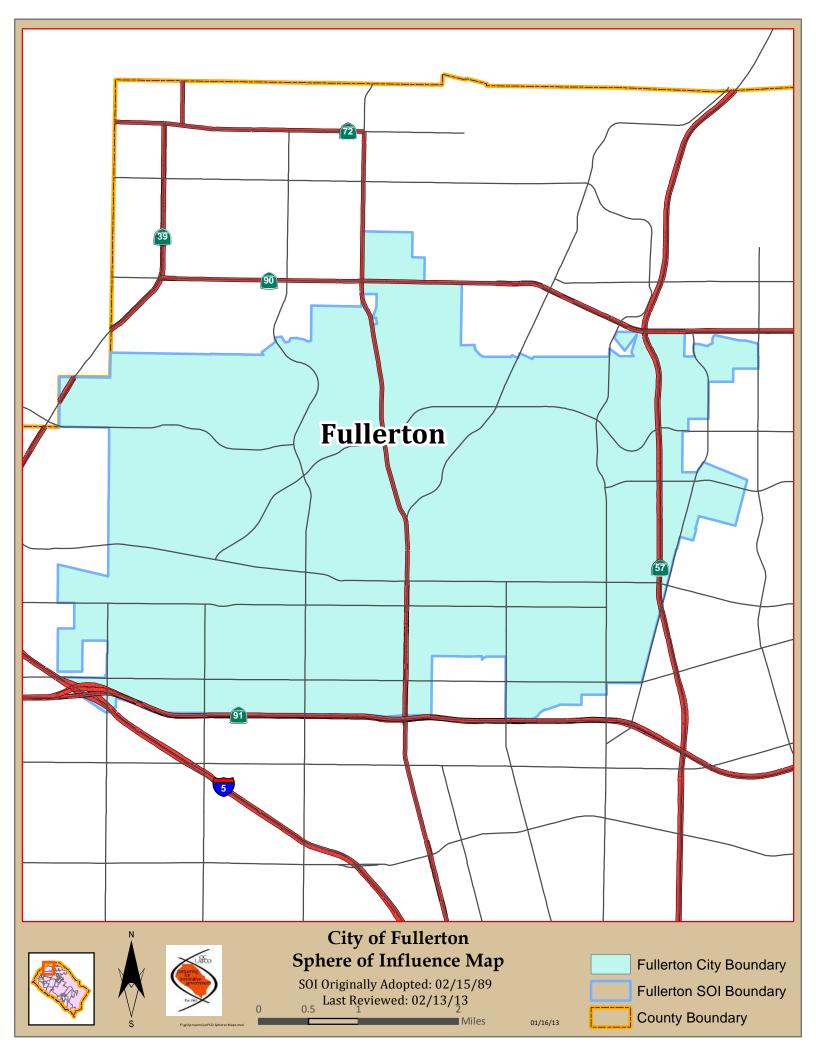


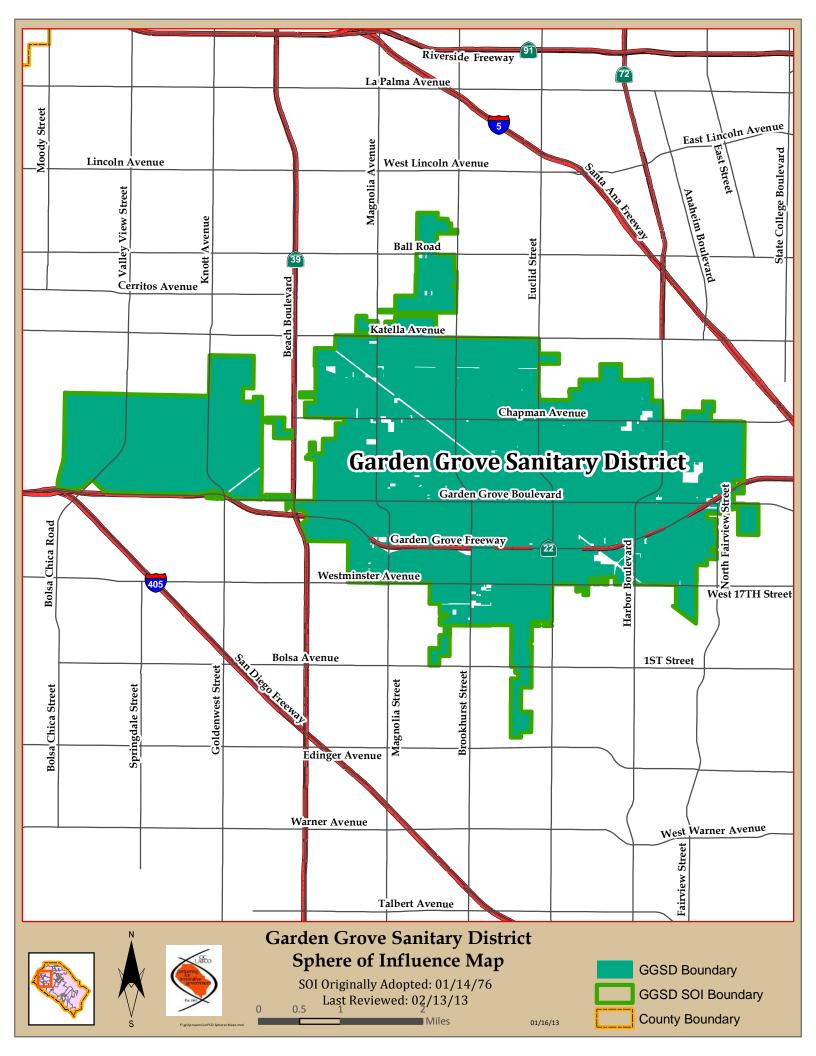


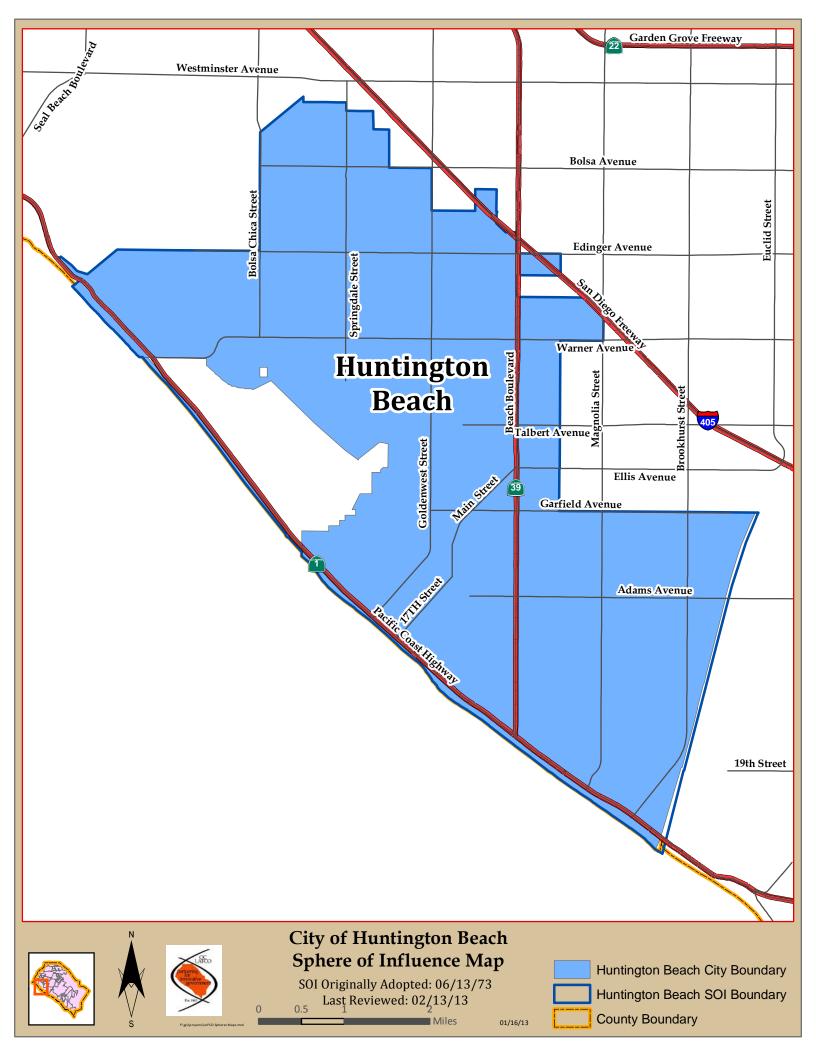


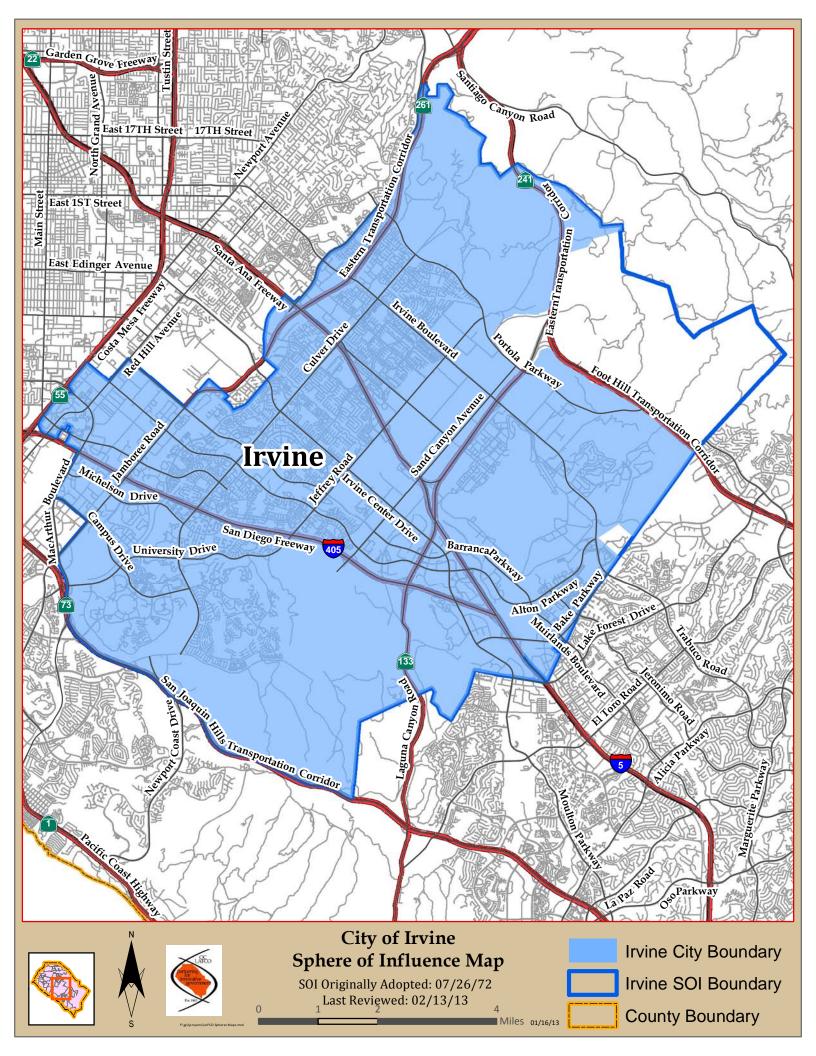


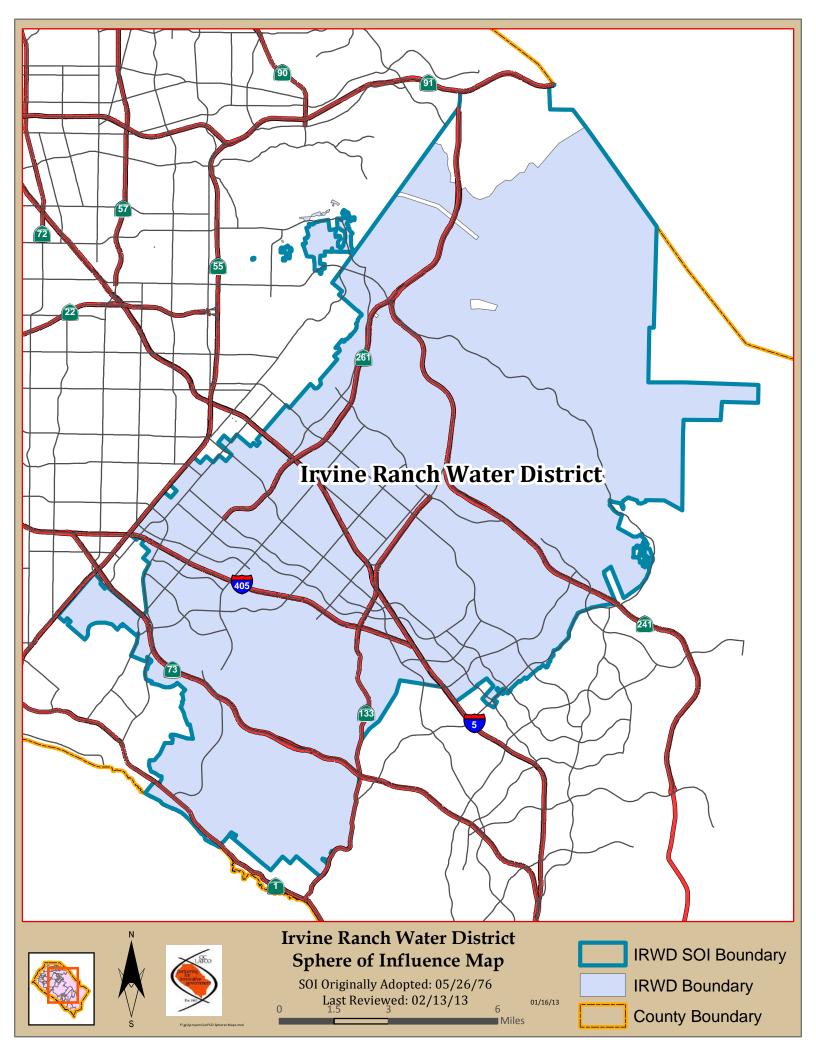


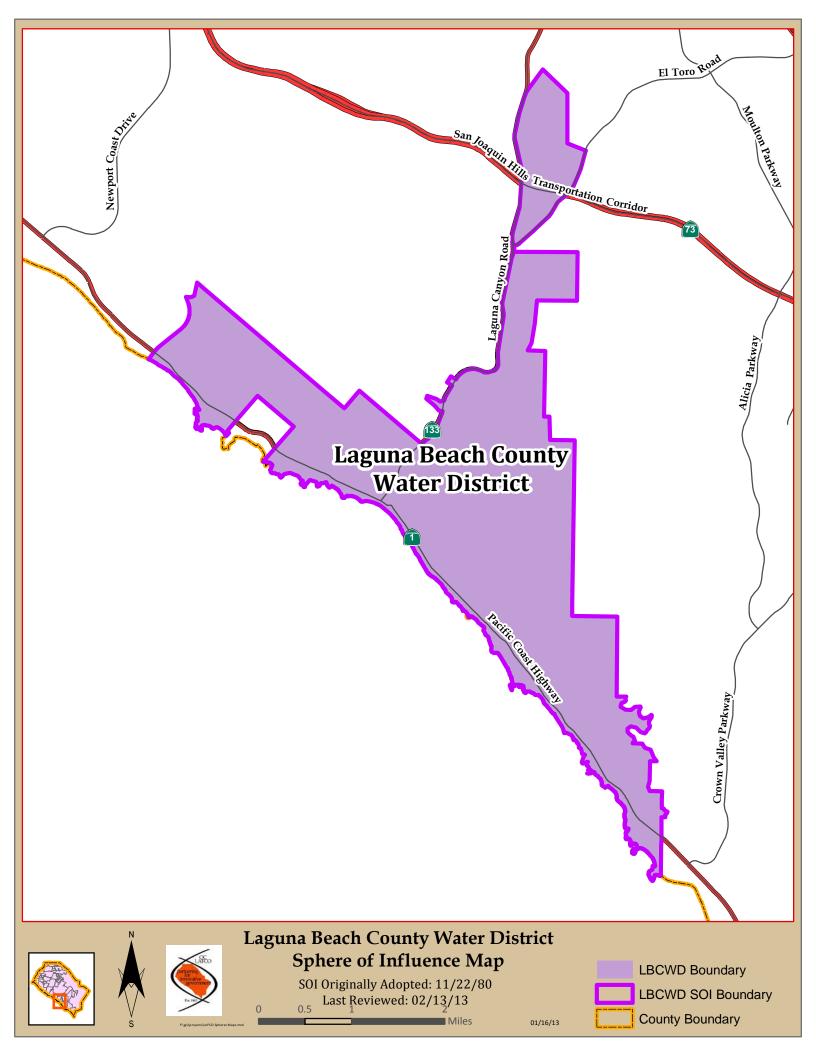


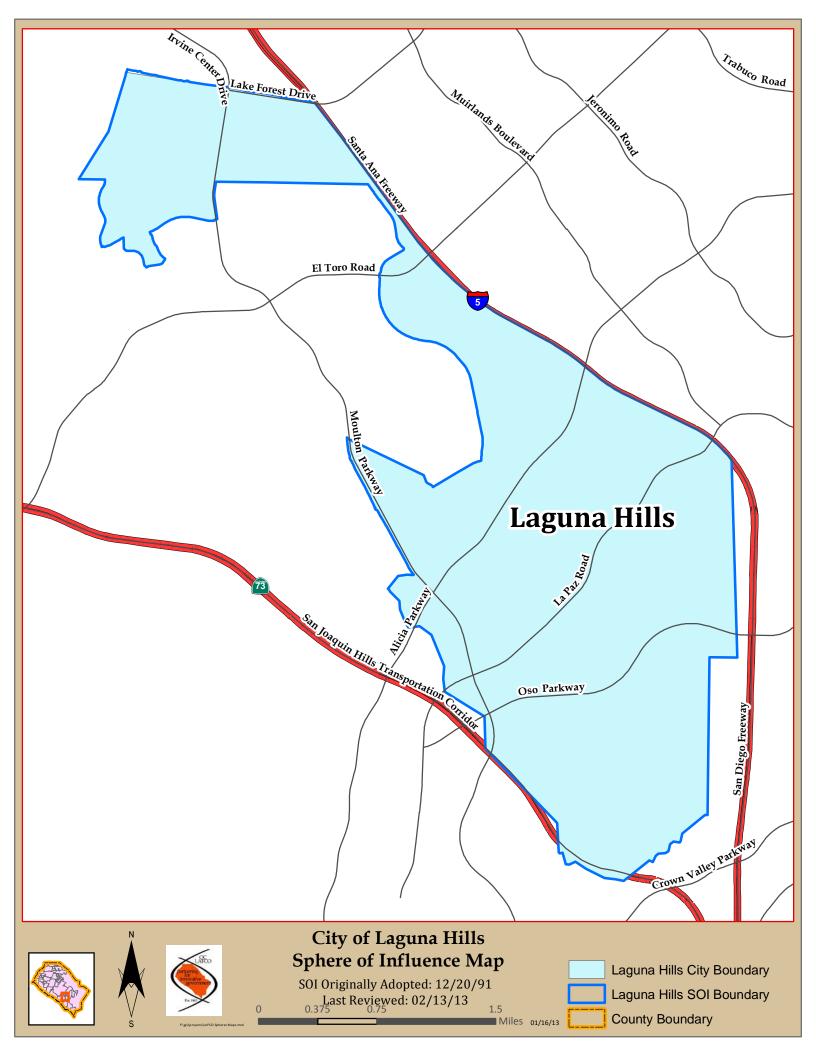


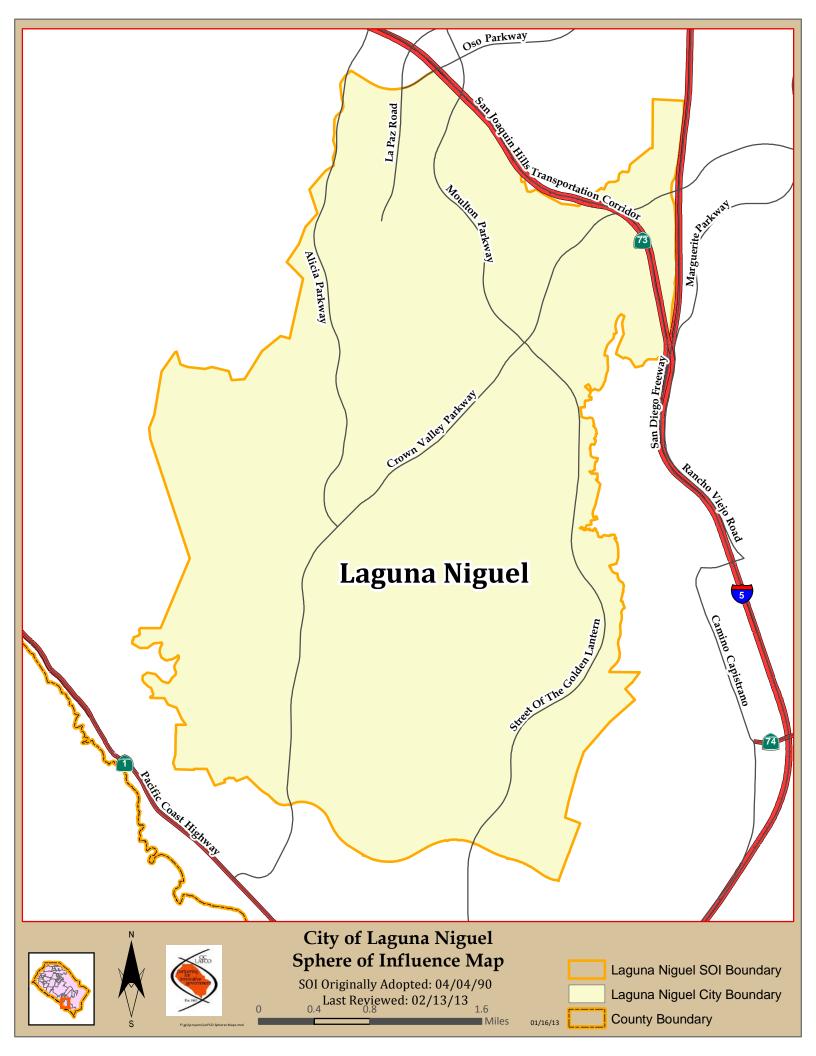






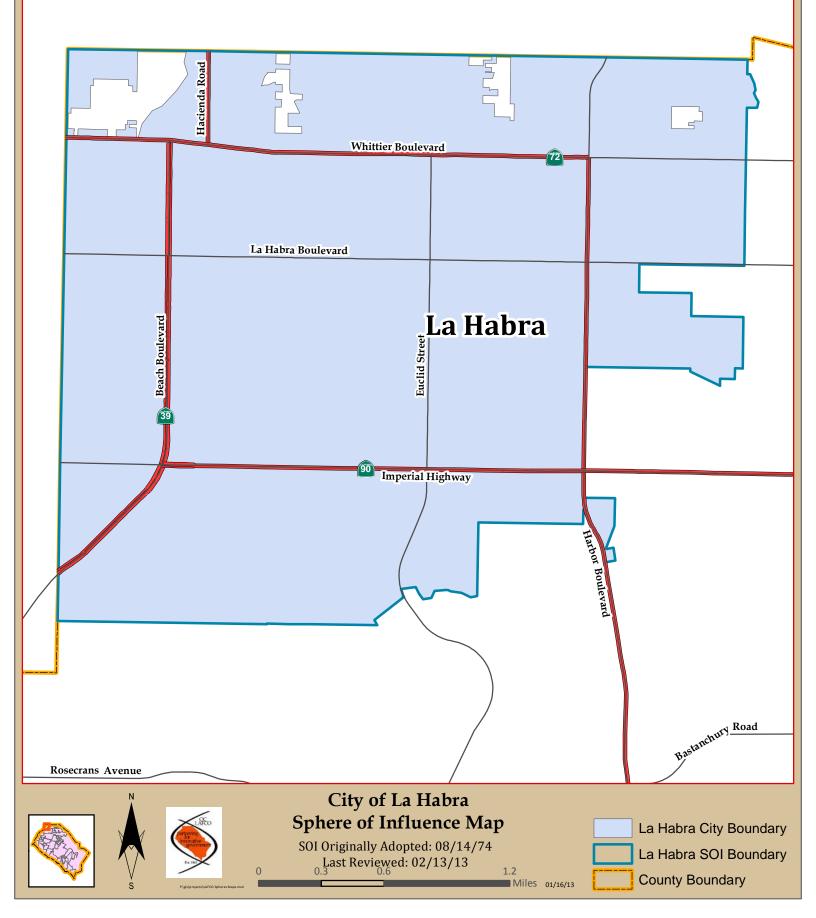


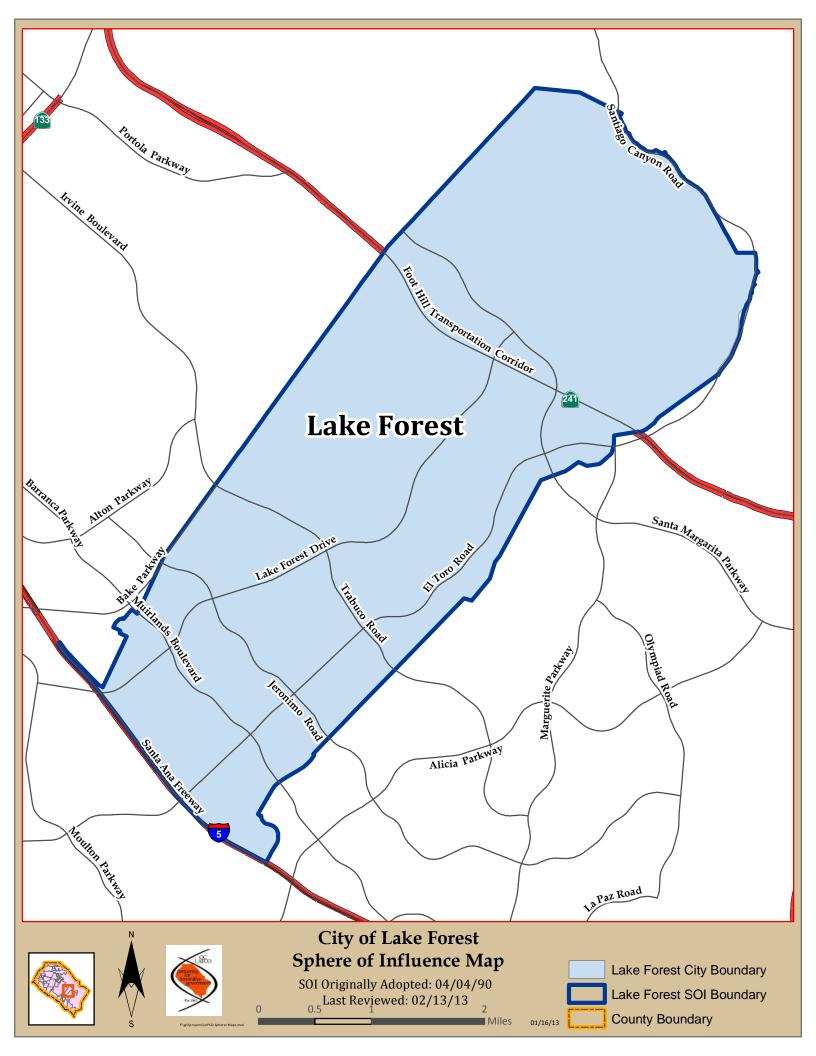


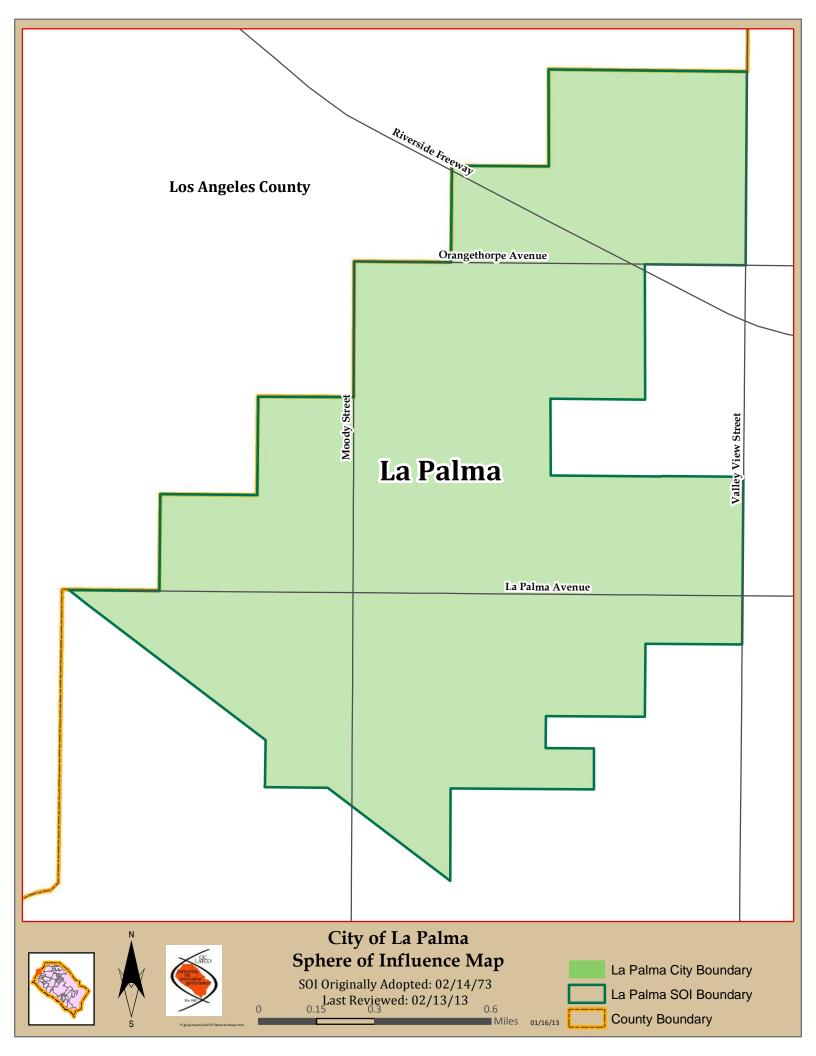


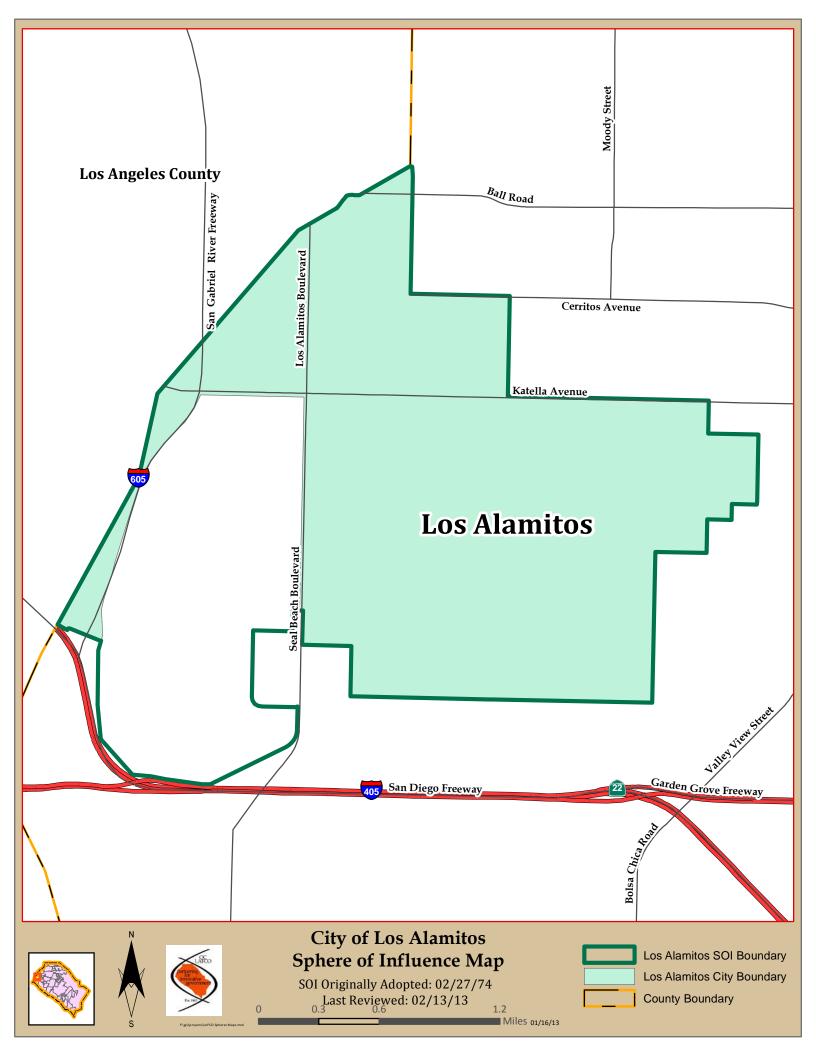


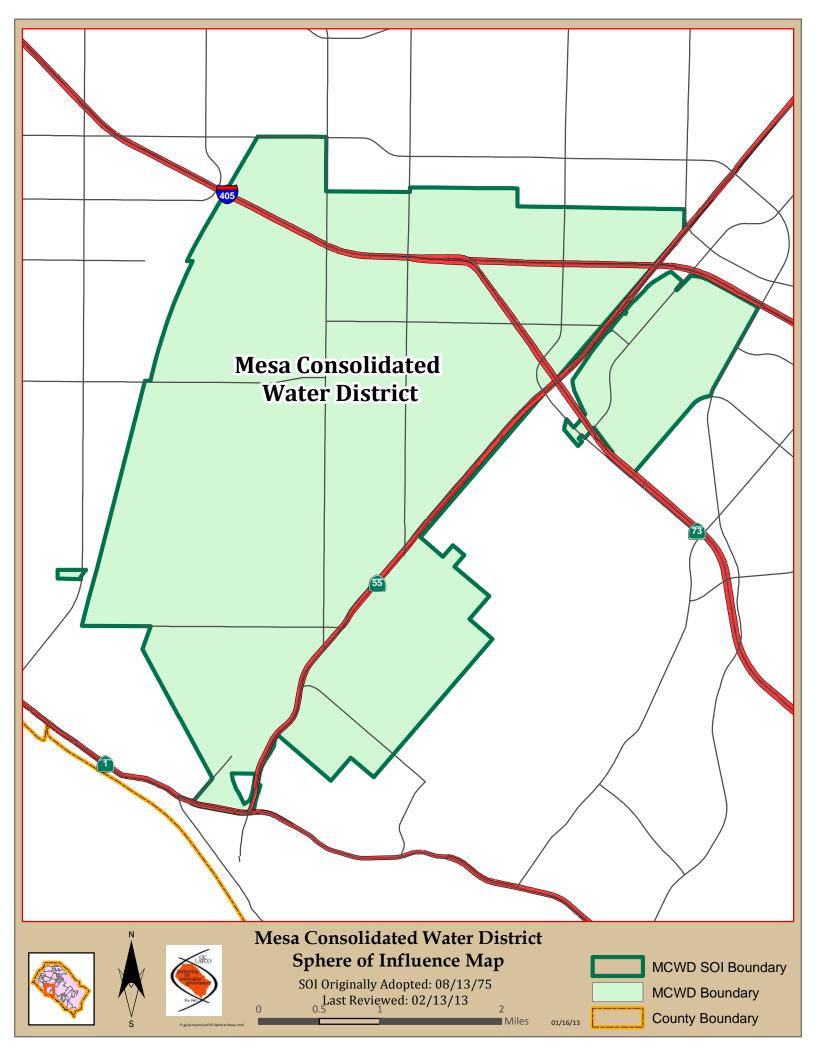
#### Los Angeles County

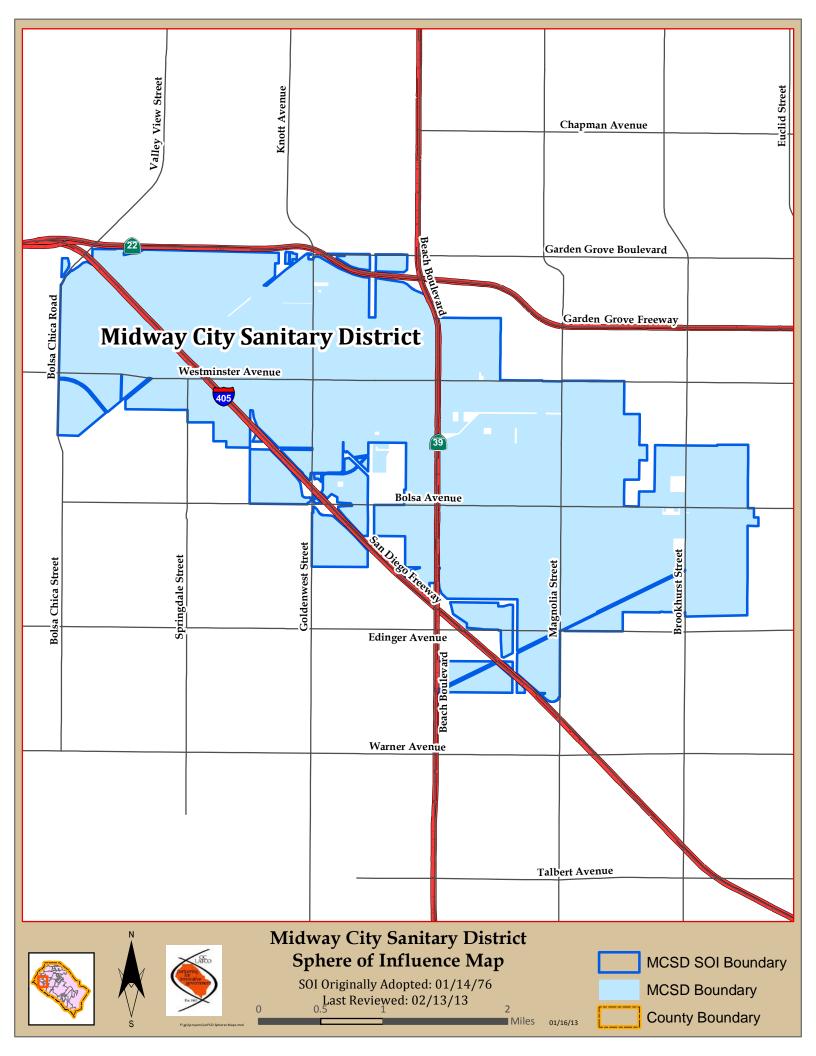


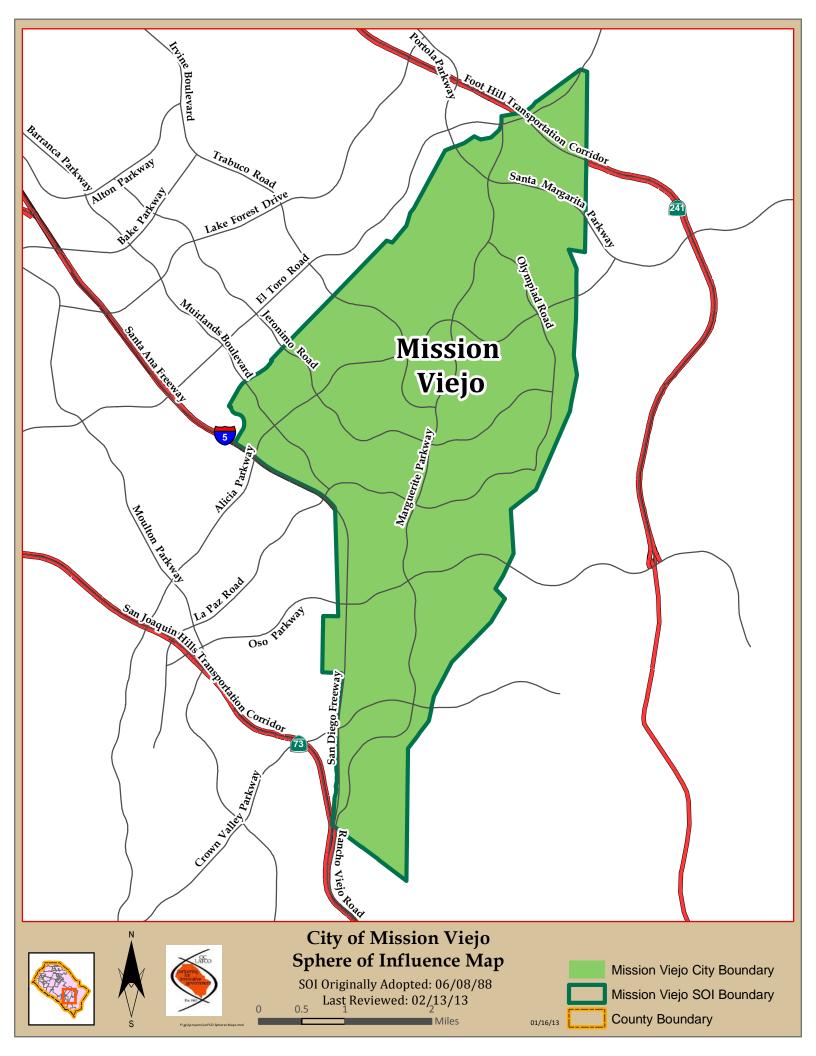


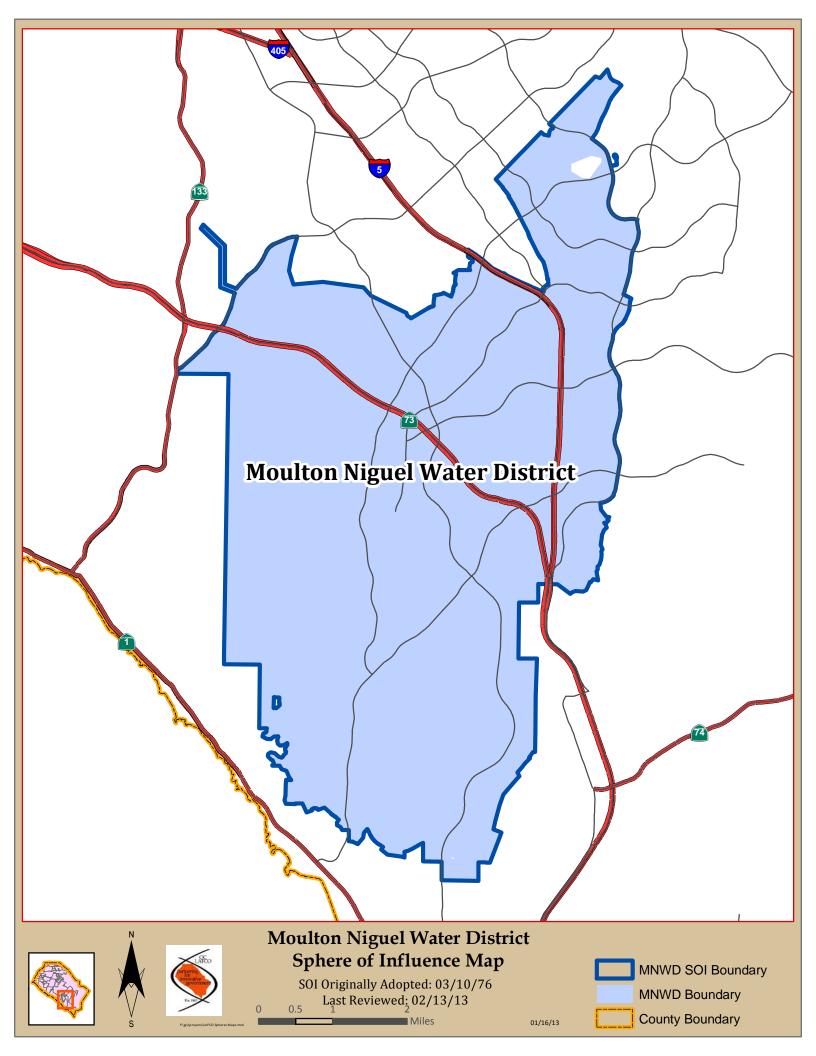


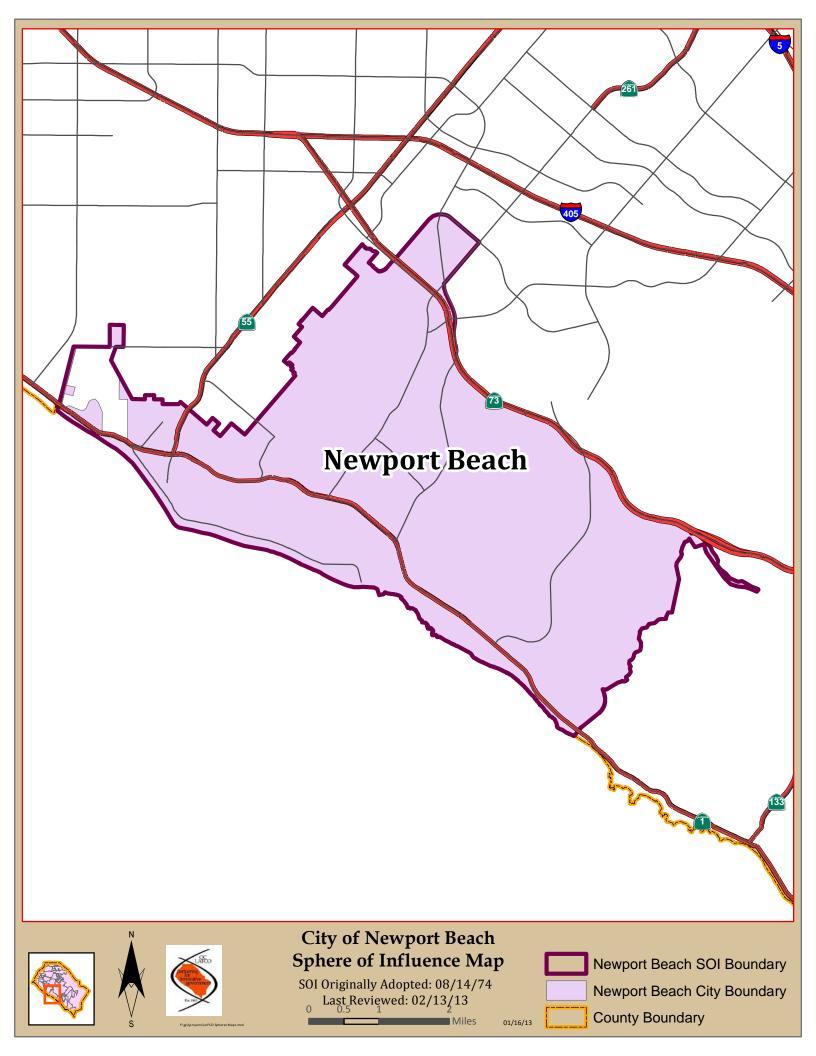


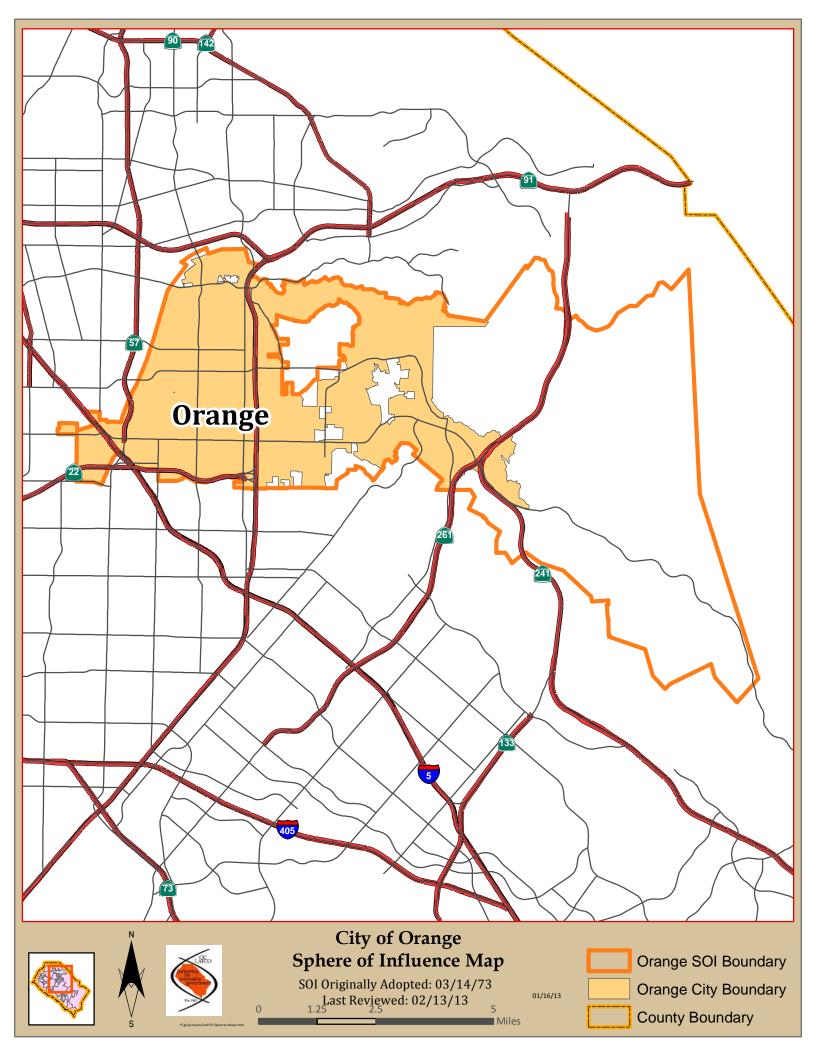


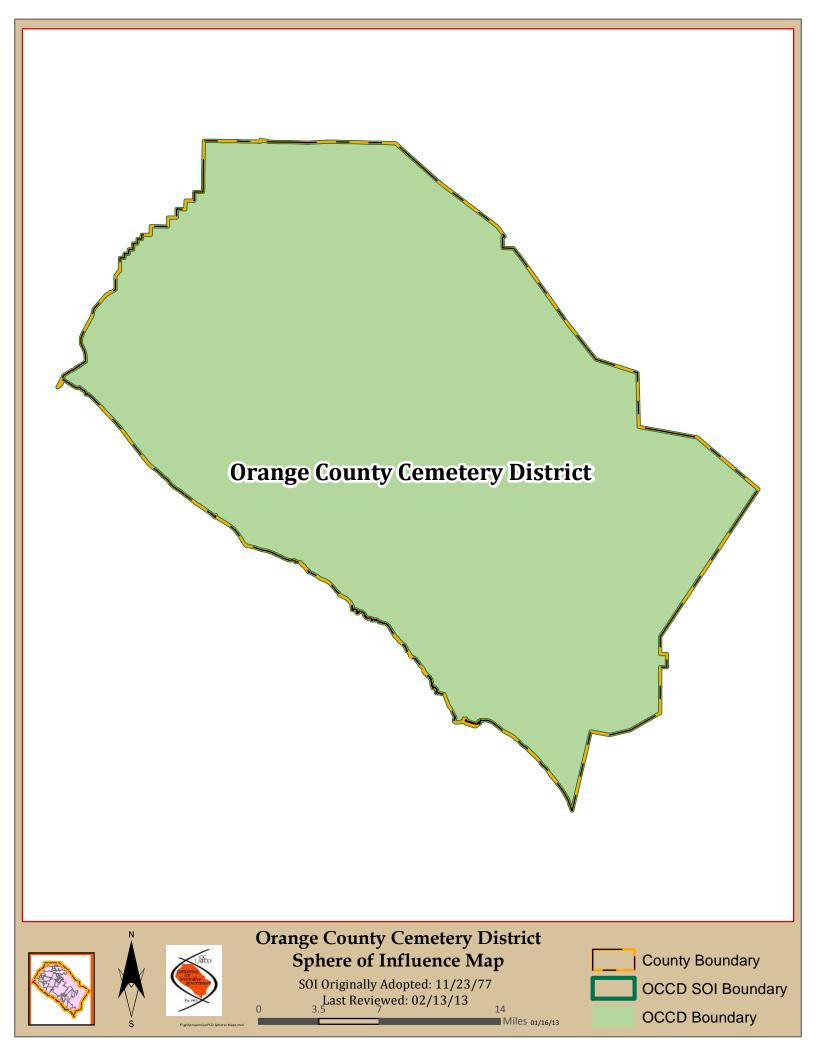


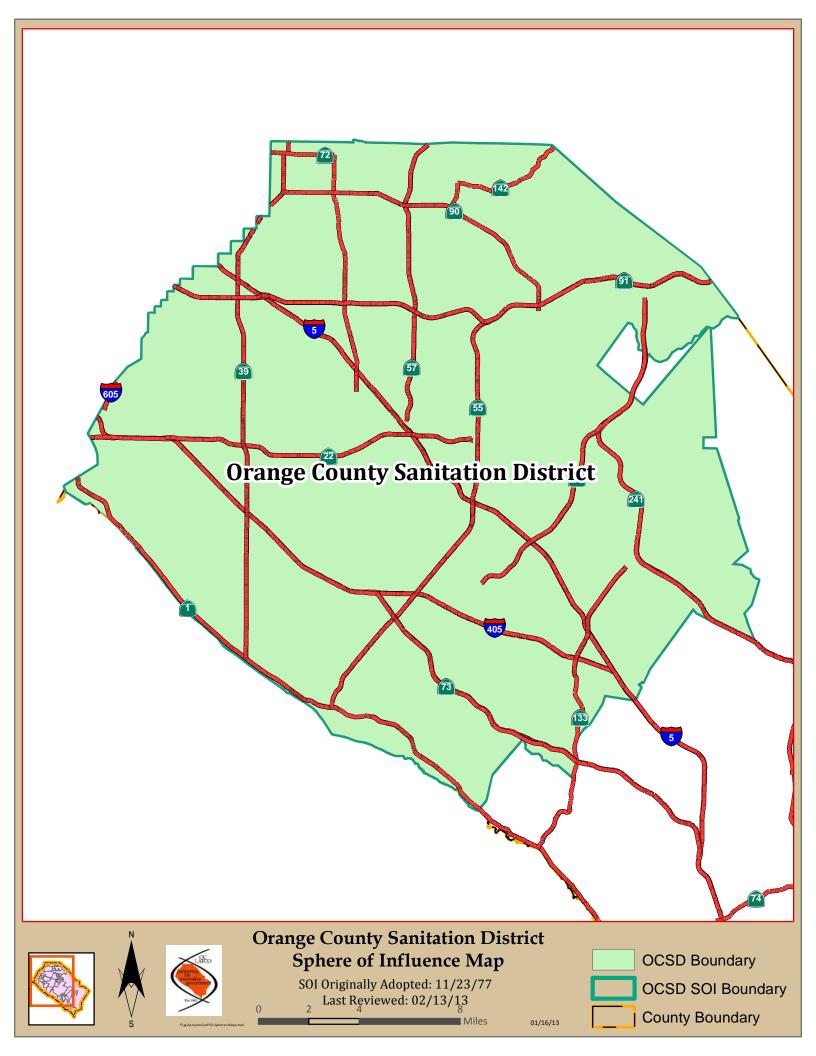




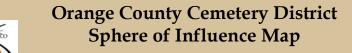












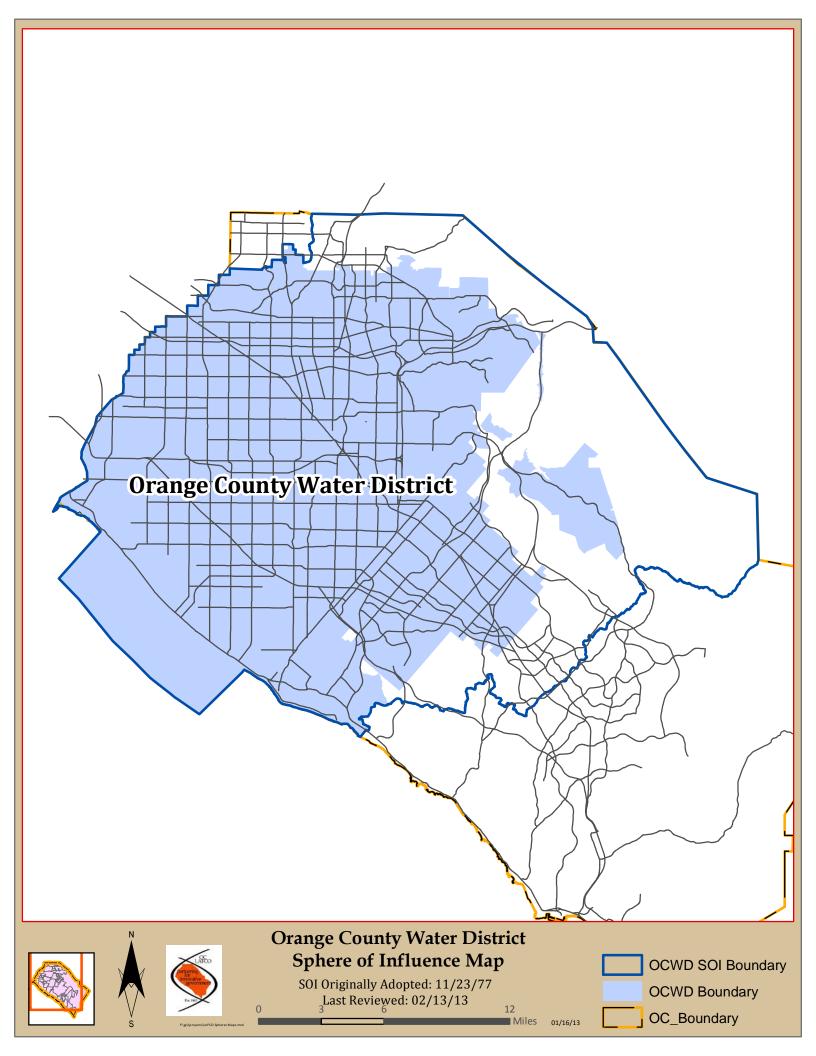
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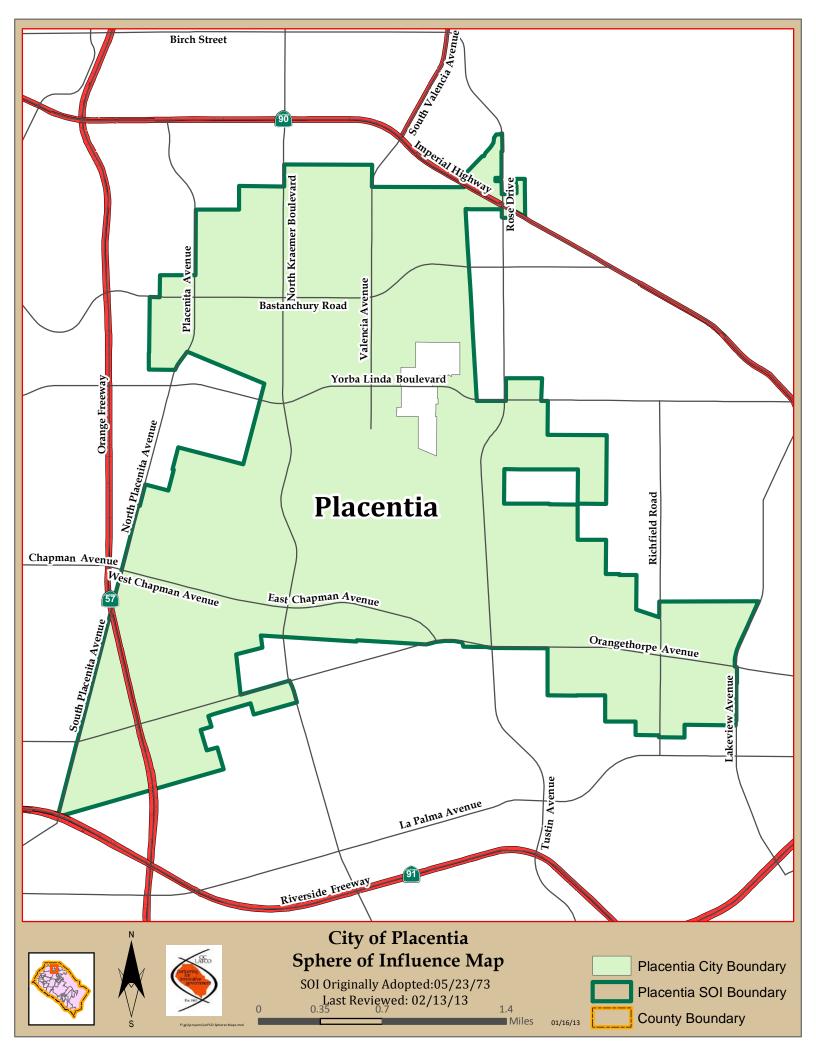


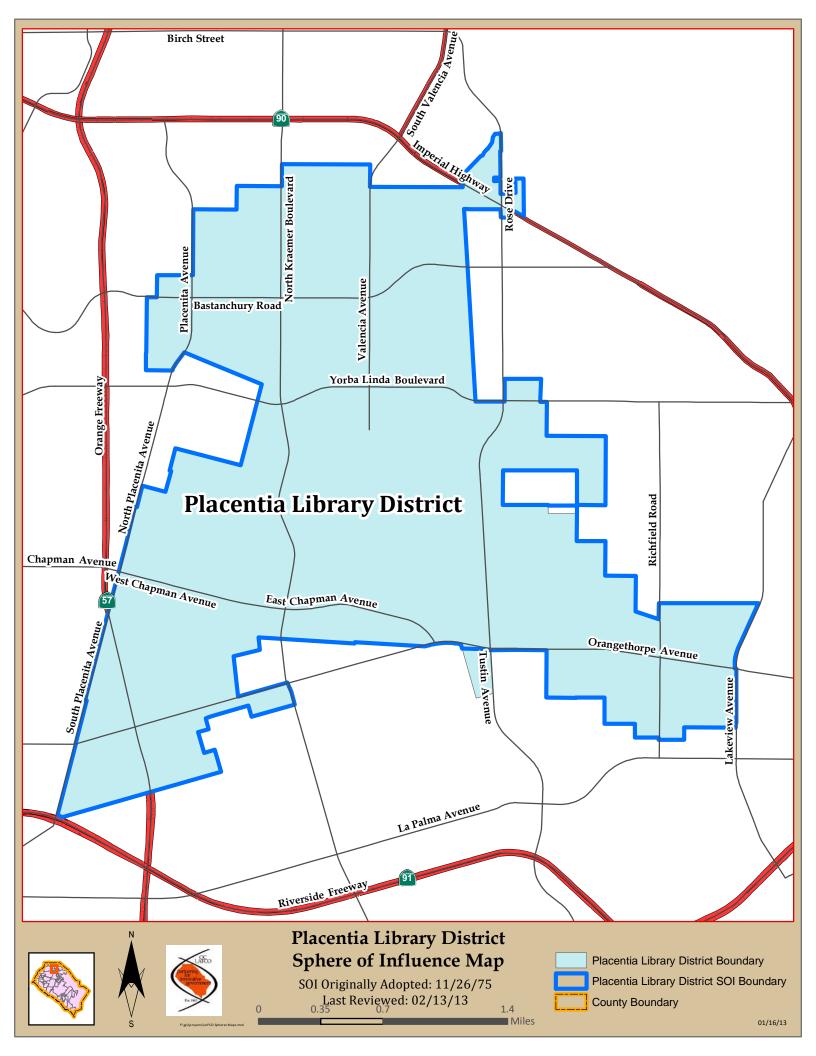
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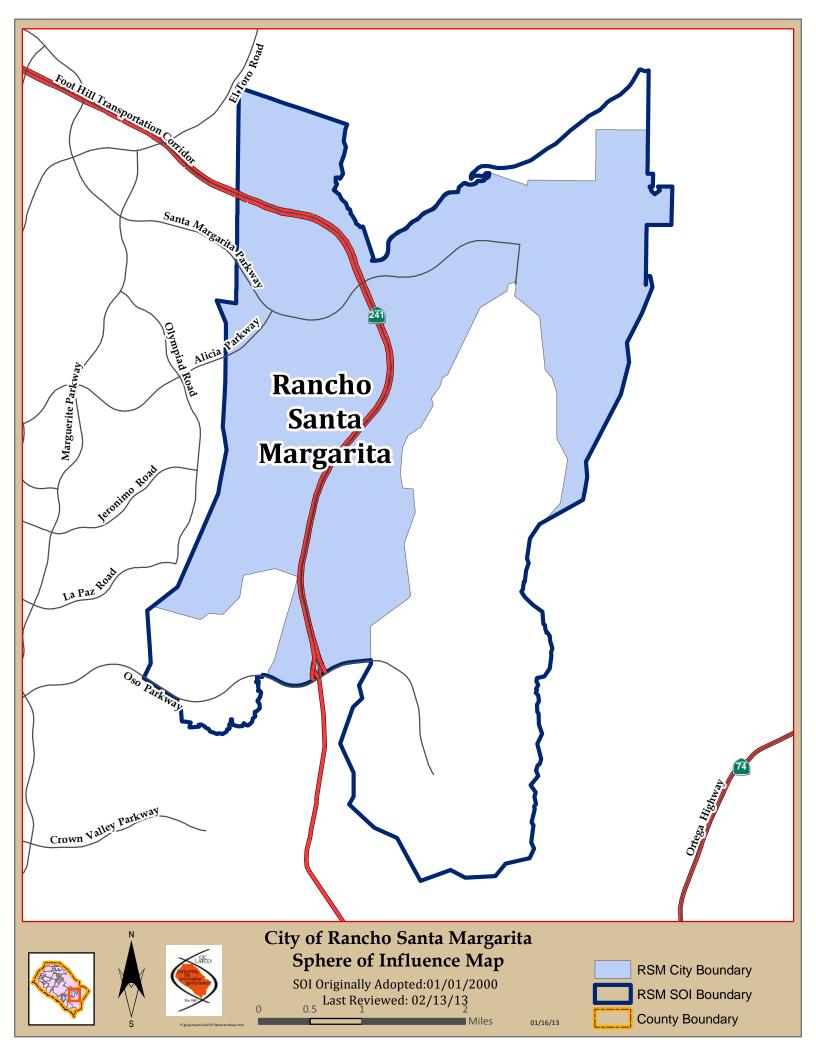
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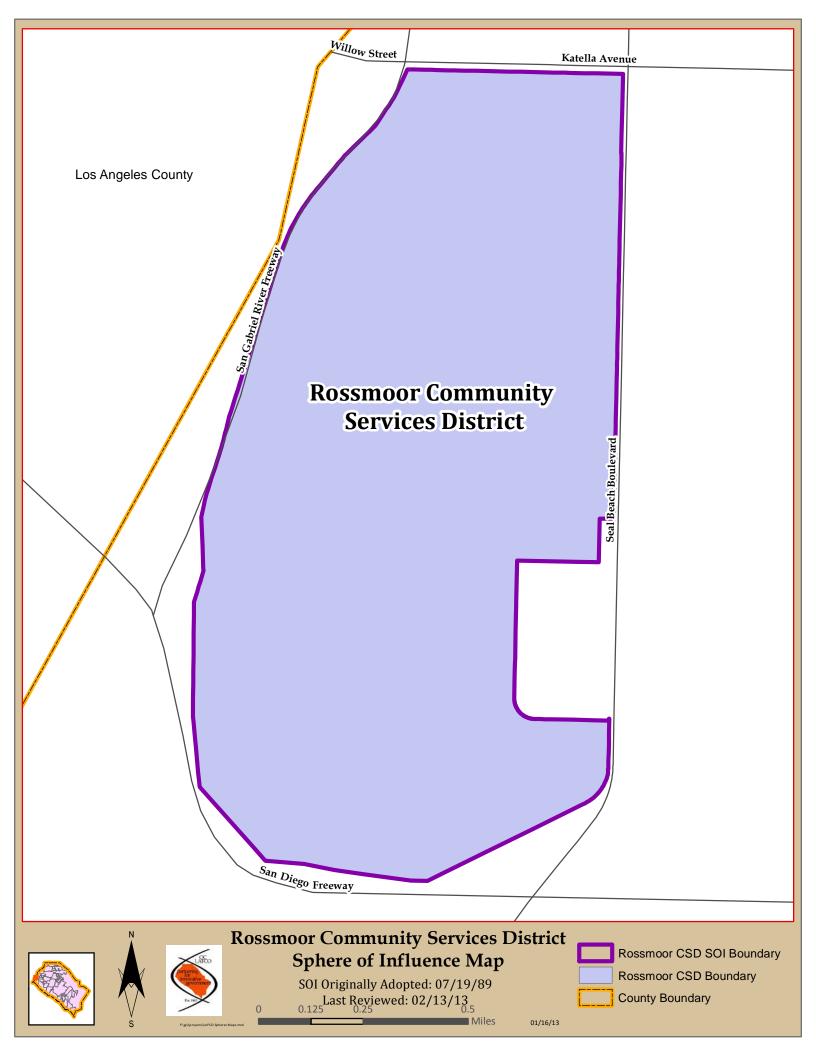
Miles 01/16/13

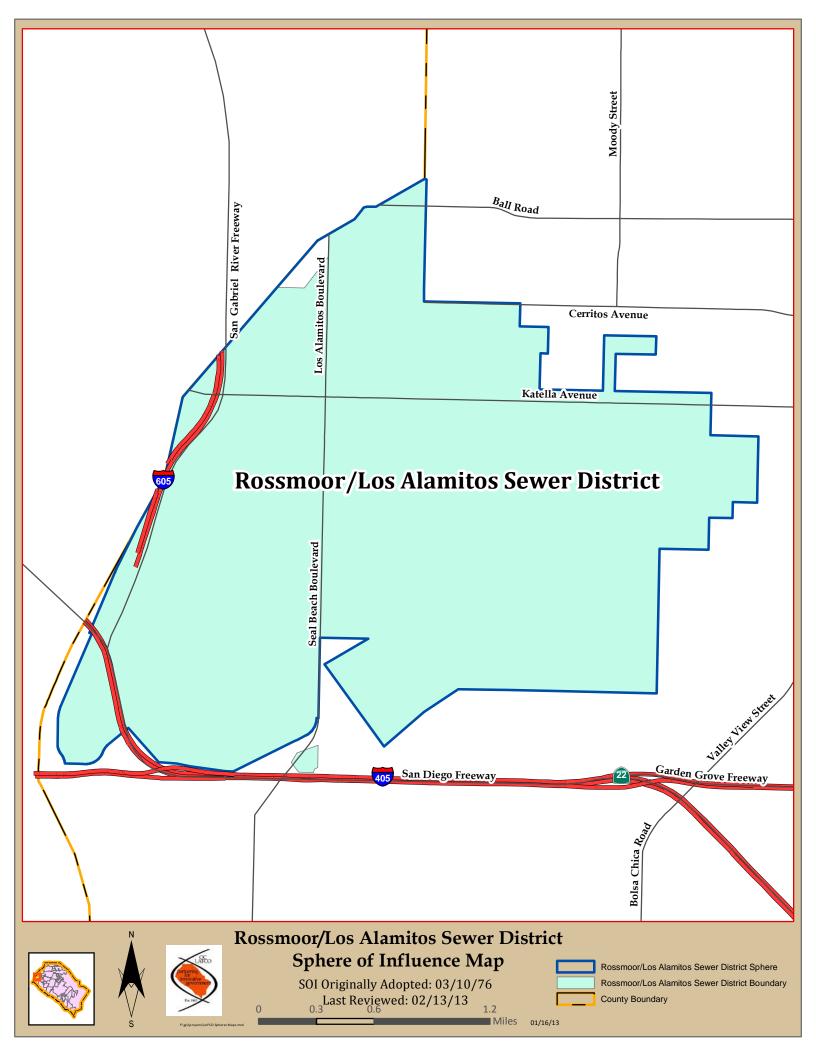


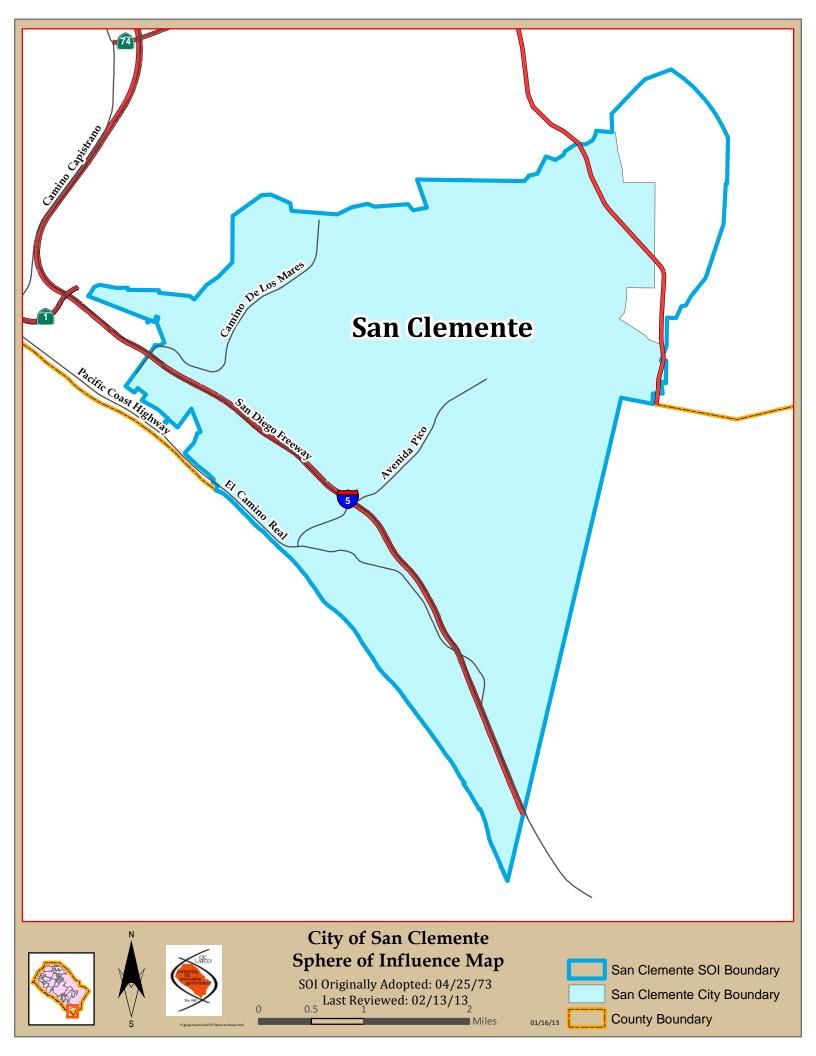


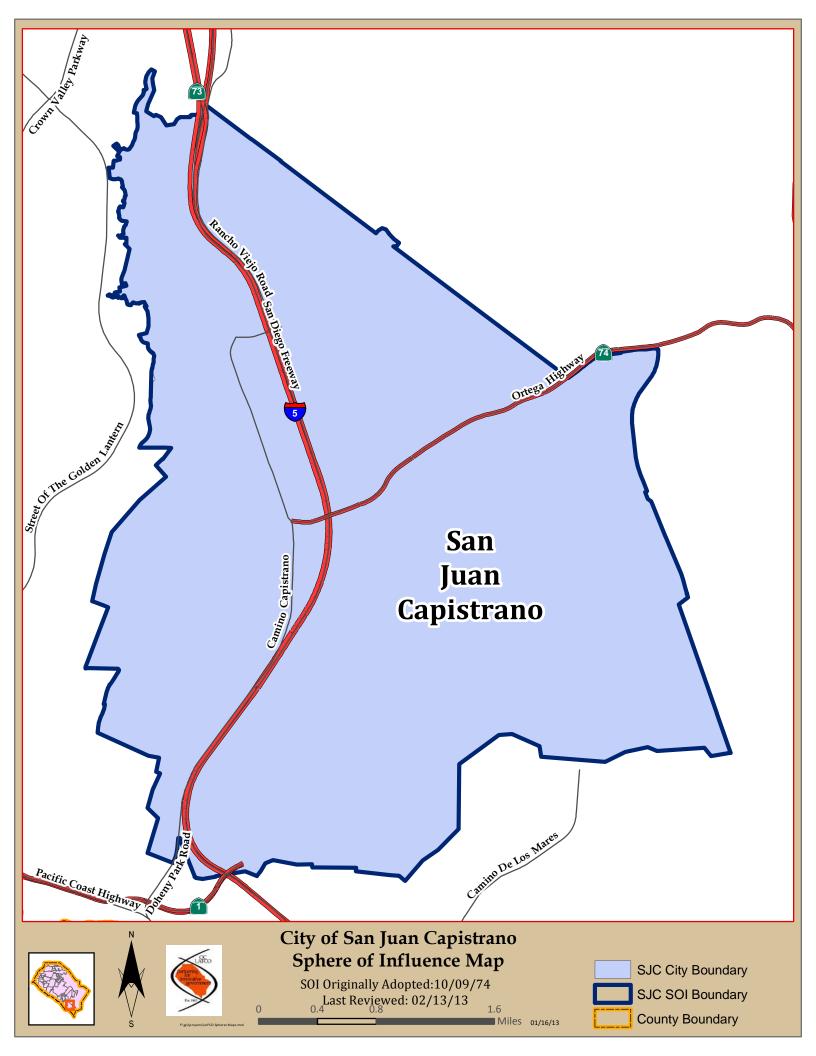


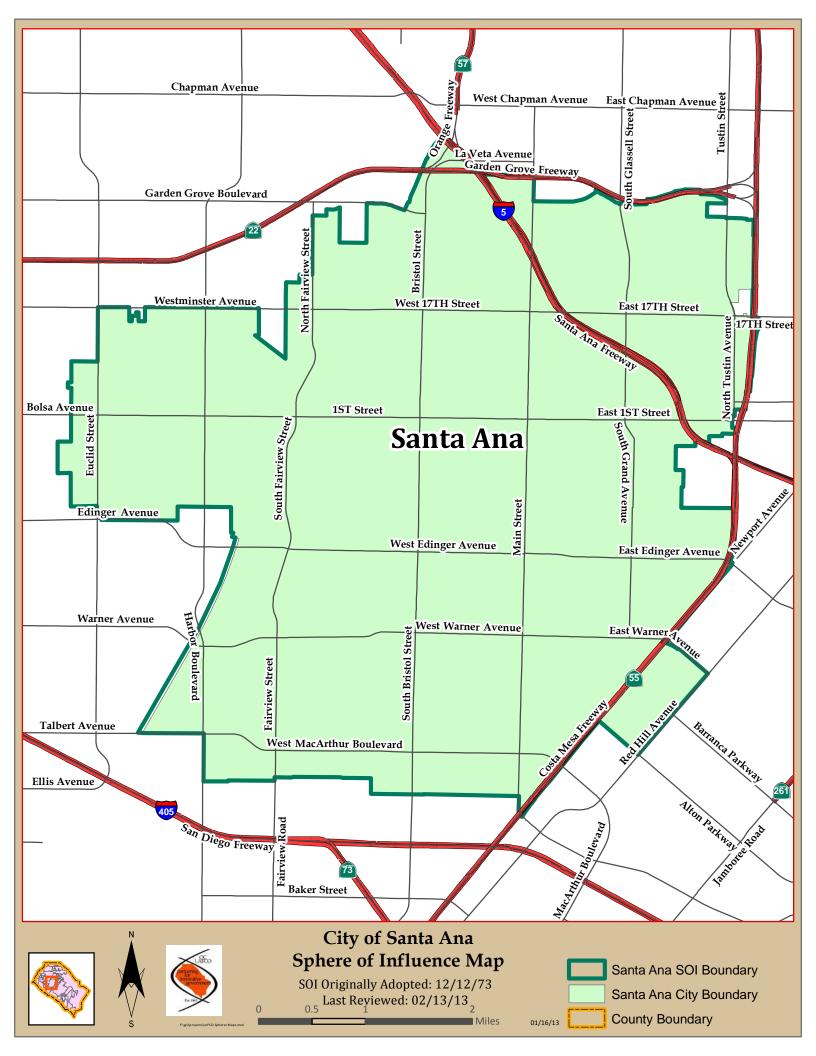


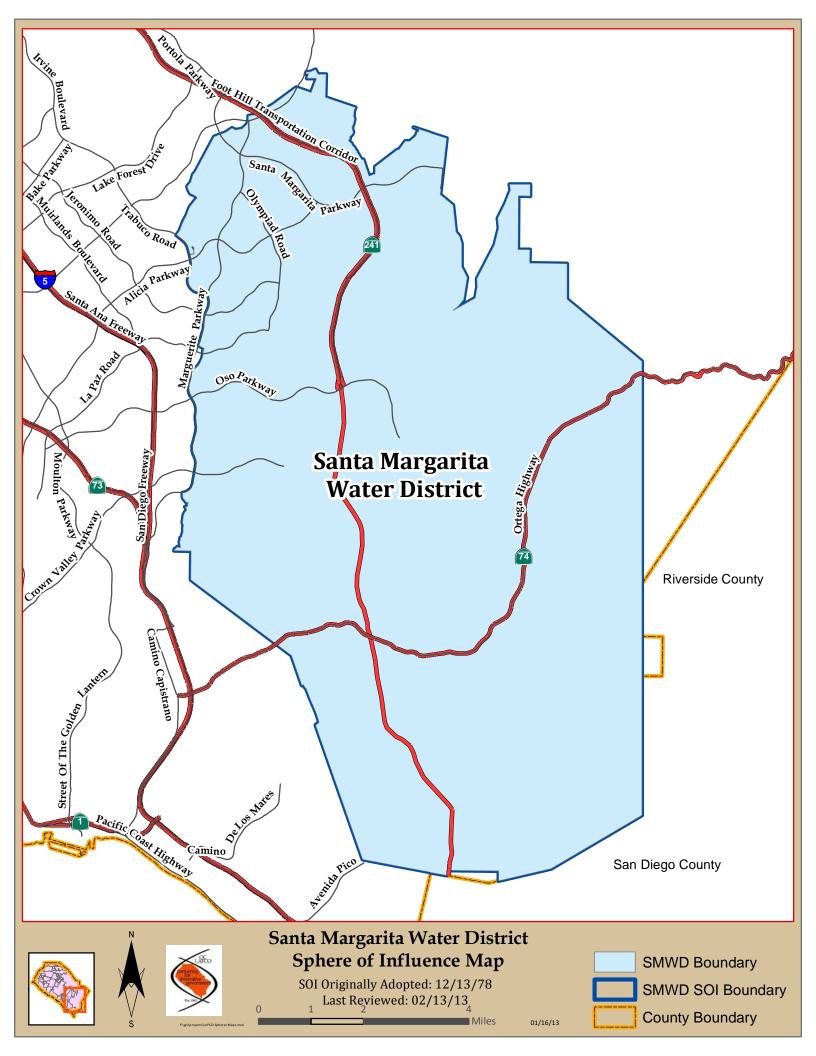




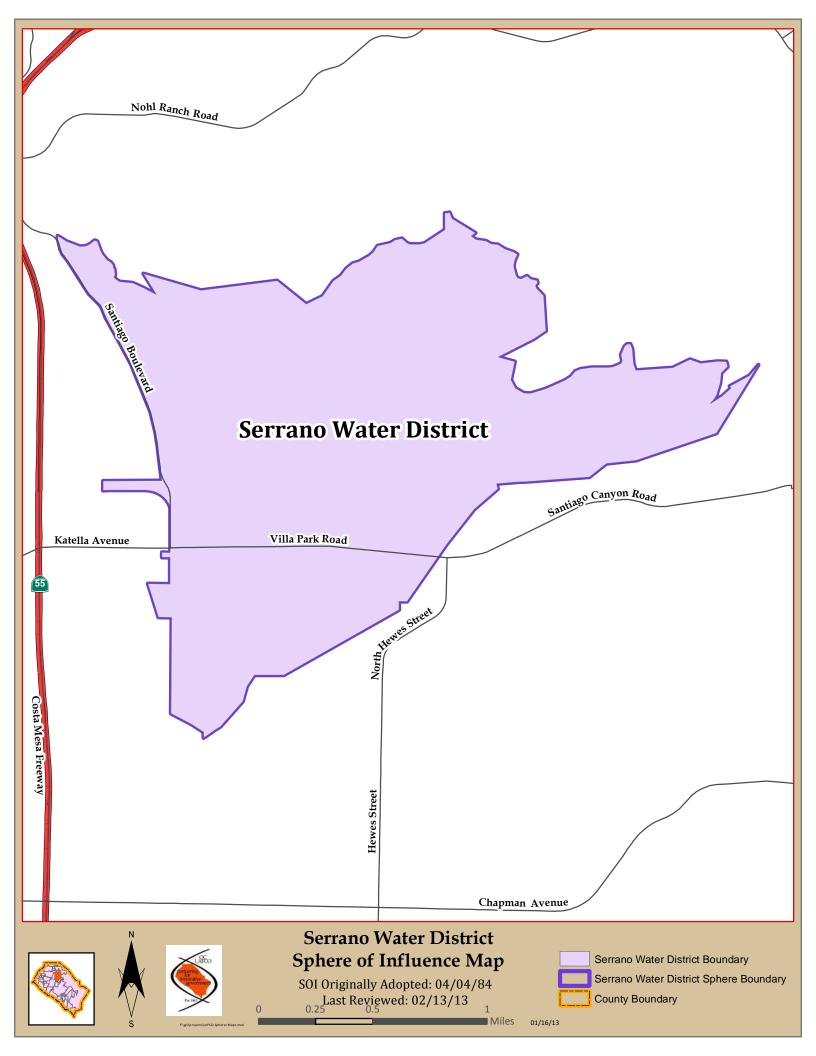


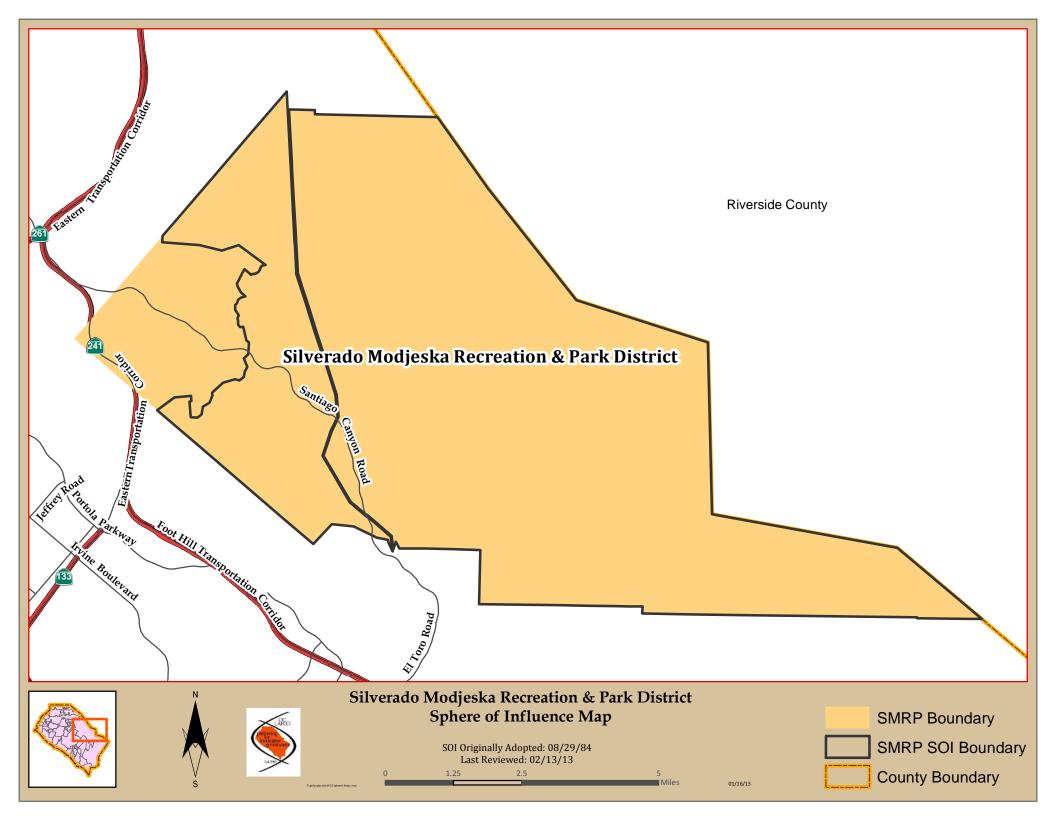


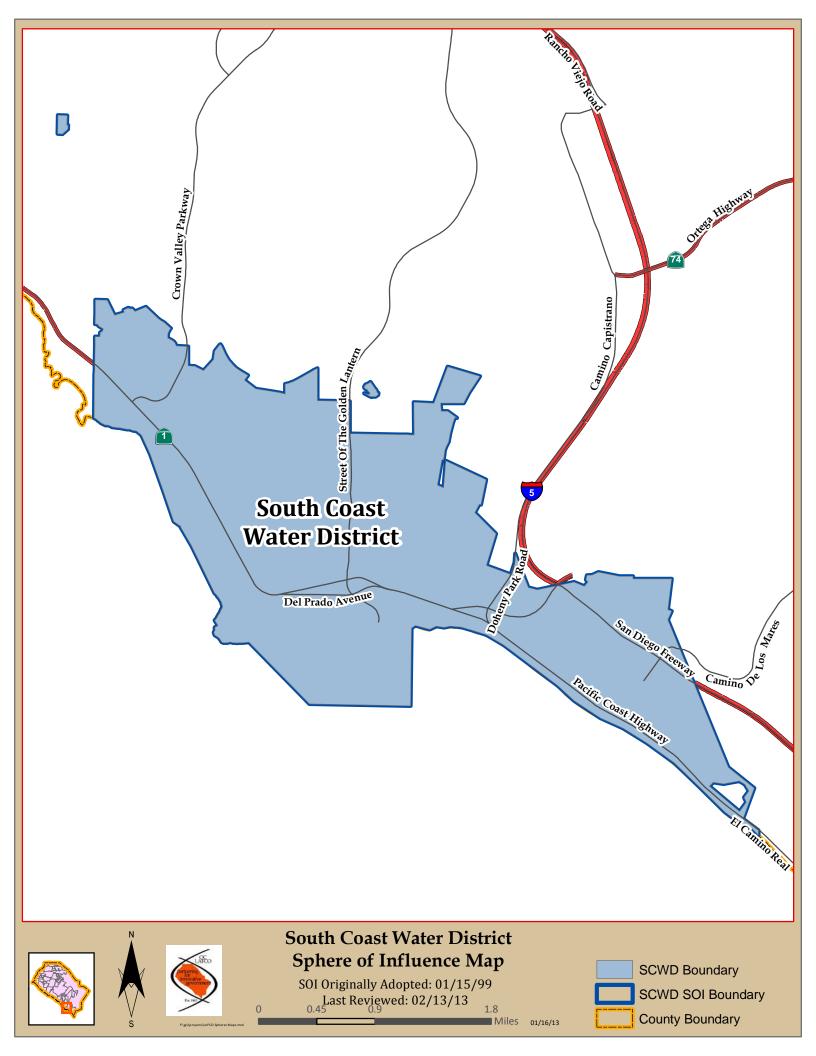












## Sunset Beach Sanitary District

Pacific Ocean

0

1. P. R. Elife C. C. R. S. I. H. S. D. N. S. P.

## Sunset Beach Sanitary District Sphere of Influence Map

SOI Originally Adopted: 12/14/83 Last Reviewed: 02/13/13 0.1 0.2 0.4 Miles SBSD Boundary SBSD SOI Boundary County Boundary

01/16/13

## Surfside Colony **Stormwater Protection District**

CREEKE CORFILMENTS

Surfside

Pacific Ocean

0

Racific

### **Surfside Colony Stormwater Protection District** Sphere of Influence Map

SOI Originally Adopted: 03/07/84 Last Reviewed: 02/13/13 0.0375 0.075 0.15 Miles 01/16/13

Mariner

SCSPD Boundary

derson

Ocean

SCSPD SOI Boundary

**County Boundary** 

Settinger

# Surfside Colony Community Services District

Pacific Ocean

0

Racific

### Surfside Colony Community Services District Sphere of Influence Map

SOI Originally Adopted: 03/07/84 Last Reviewed: 02/13/13 0.0375 0.15 Miles 01/16/13

Mariner

Surfside Colony CSD SOI Boundary Surfside Colony Boundary County Boundary

Anderson

a.

Sennser

