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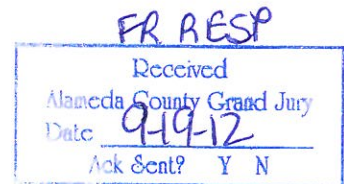
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Mona Palacios

September 14, 2012

Russell G. Miller, Foreman
2011-2012 Alameda County Civil Grand Jury
1401 Lakeside Drive, Suite 1104
Oakland, CA 94612



Dear Mr. Miller,

On June 25, 2012, the Alameda Local Agency Formation Commission (LAFCo) received the Alameda County Grand Jury Final Report 2011-2012. In that report, the Government Committee section contains four recommendations requiring a response from Alameda LAFCo.

As part of the required response to the Grand Jury, Alameda LAFCo wishes to provide additional information regarding LAFCo's authority and purpose, as well as a description of the resources available to Alameda LAFCo.

LAFCo's Authority and Purpose

Local agency formation commissions operate under authority of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq).

Alameda LAFCo has jurisdiction over the 14 cities and 34 special districts (as defined in Government Code Section 56036) within Alameda County. As correctly stated on page 113 in the Grand Jury report, LAFCo does not have jurisdiction over joint powers authorities, school districts, or counties. LAFCos do, however, have jurisdiction over municipalities, also known as cities.

LAFCo's purpose is stated in Government Code Section 56301 and includes "discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances." Alameda LAFCo's locally determined mission is to work for the citizens and government agencies of Alameda County by ensuring efficient municipal services, balancing infrastructure needs for sustainable growth, and conserving the environment and public resources such as prime agricultural and open space land.

LAFCo's powers are fully delineated in Government Code Section 56375. Essentially, LAFCo has two functions: one is regulatory and one is planning. Chief among LAFCo's regulatory powers is the ability

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to review and approve or disapprove proposals for changes of organization including annexations, detachments, formations, incorporations, dissolutions, and consolidations.

LAFCo's planning functions include the determination of spheres of influence (SOIs) for those local agencies under LAFCo jurisdiction. As defined in Government Code Section 56076, SOIs are "a plan for the probable physical boundaries and service area of a local agency." LAFCos must periodically update these SOIs and complete municipal service reviews (MSRs) that inform the Commission's decision making. The MSRs are an important tool for LAFCo to examine a range of municipal services issues including cost efficiency, adequacy of services, and the ability of the public to engage with their local municipal service providers.

Commission Resources and Operations

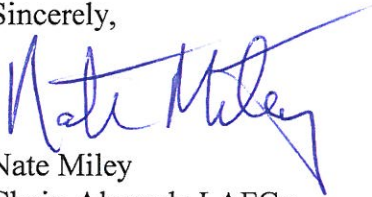
The LAFCo in Alameda County is composed of two full time equivalent staff: an Executive Officer and a Clerk. All other services, such as legal counsel and planning, are provided to the Commission on an as-needed basis via contract or memorandum of understanding. Alameda LAFCo's total net operating budget for fiscal year 2012-2013 is \$469,168 which is substantially lower than the \$850,000 cited in the Grand Jury report on page 116.

In Alameda County, LAFCo is funded jointly by the County, its cities and independent special districts which LAFCo refers to as the appointing authorities. Each appointing authority is responsible for 1/3 of LAFCo's net operating budget. A small portion of the budget is funded by fees charged for services, such as application processing fees. When operational costs for the Commission increase, each funding agency typically sees a corresponding increase in the amount it pays to support LAFCo.

Alameda LAFCo is committed to ensuring public participation in its processes and deliberations. To that end, the Commission publishes its meeting notices, agendas, and minutes, and maintains an internet website.

The required responses to recommendations 12-26 through 12-29 are attached. Please feel free to contact Mona Palacios, Executive Officer, at (510) 272-3894 or mona.palacios@acgov.org should you have any questions or require further information.

Sincerely,



Nate Miley
Chair, Alameda LAFCo

Attachment

Alameda LAFCo 2011-2012 Grant Jury Report Required Responses
September 14, 2012

	Response
<p># 12-26</p> <p><i>Whenever there is a reasonable expectation of benefit to the public from a consolidation of districts (or merger with a city), the Alameda County LAFCo must perform sufficient, objective financial analysis (or require it to be provided by the entities) to quantify potential savings and risks of the proposed consolidation. Such results must be made readily available to the public potentially affected by a consolidation, with or without support by the respective boards of directors.</i></p>	<p>Agree: Recommendation was implemented. As part of the state-mandated municipal service review (MSR) process, Alameda LAFCo performs objective financial analysis that the Commission finds sufficient to make its legally required determinations as well as recommendations to agencies under review.</p> <p>Alameda LAFCo has also used the sphere of influence (SOI) update and related MSR processes to identify opportunities to reduce the number of local government entities within Alameda County. Some examples of this include recommending the dissolution of two library county service areas (CSAs): Castro Valley Library CSA and Dublin Library CSA, as well as the Livermore-Amador Valley Sewer Study CSA. In its first round of SOI updates, Alameda LAFCo gave each of these entities a zero SOI indicating that the Commission believes that these agencies should dissolve. At that time, the Commission adopted a policy recommendation to encourage the County to initiate dissolution of the CSAs if not activated before the next round of updates occurs. The Commission is in the process of completing its second round of SOI updates and expects either that the County will initiate the dissolutions or the Commission will initiate them itself.</p> <p>The Commission agrees that it is important to view public services through a financial lens, but also places value in local control. This is especially important to consider when contemplating consolidations of efficiently run special districts such as the two sanitary districts (not water districts) described in the Grand Jury's report on pages 118-120. Castro Valley Sanitary District and the Oro Loma Sanitary District have among the lowest sanitary sewer rates in the state, already share infrastructure and resources, and engage their respective communities with public outreach and education activities. Both districts have received industry awards for best operational practices and they are members of the East Bay Dischargers Authority, a joint powers authority.</p> <p>Another example of Alameda LAFCo's efforts to encourage more efficient government services is the potential reorganization of the County's Curbside Recycling CSA. The County is exploring dissolution of its CSA and annexation of the same territory into the Oro Loma Sanitary District. This reorganization is expected to continue recycling services to those property owners in a more cost effective manner.</p> <p>Alameda LAFCo agrees that initiating consolidations and mergers of local agencies requires sufficient financial analysis separate and apart from the MSR process. LAFCo can encourage special districts to quantify potential savings and risks of proposed consolidations, but does not have the authority to compel districts to do such analysis, nor does Alameda LAFCo have the resources to conduct such in-depth analysis itself.</p> <p>Alameda LAFCo encourages public participation and input. All MSRs are available on the Alameda LAFCo website (www.acgov.org/lafco) for public access and review.</p>

#	Grand Jury Recommendation	Response
12-27	<p><i>Alameda County LAFCo must require all districts and entities within its authority to identify opportunities for savings from sharing services with other such entities and that LAFCo monitor their progress in objectively evaluating and pursuing such opportunities.</i></p>	<p>Agree: Recommendation was implemented. As part of the state-mandated MSR process, Alameda LAFCo obtains information from districts and cities regarding opportunities for sharing services. The information gathered is sufficient to make the required determinations as well recommendations to agencies under review. LAFCo monitors agencies' efforts regarding progress every five years as part of LAFCo's state-mandated SOI updates.</p>
12-28	<p><i>Alameda County LAFCo must require that all districts and entities within its authority include in their constituent communications information about how the public can influence the entity's governance, including petitioning LAFCo.</i></p>	<p>Disagree: Recommendation will not be implemented. Alameda LAFCo does not have the authority to require local agencies to include specific information in their respective constituent communications. LAFCo provides information to the public on its website regarding the LAFCo processes available to influence an entity's governance structure. In the last round of MSRs, LAFCo identified an accountability issue related to Eden Township Health Care District's lack of public communication on its website which the district subsequently corrected.</p> <p>Through the MSR process, LAFCo has determined that each public entity under review currently posts meeting agendas which contain a listing of what the local agency's governing body is planning to do, as well as a range of other information related to how the public can engage with the governing body.</p> <p>Alameda LAFCo is committed to improving public information regarding LAFCo's responsibilities and authority. Therefore, LAFCo will identify and implement website enhancements such as posting "It's Time to Draw the Line: A Citizen's Guide to LAFCos, California's Local Agency Formation Commissions."</p>
12-29	<p><i>The Alameda County LAFCo must establish, by January 2013, an unpaid standing or ad hoc citizen's advisory committee of 7 to 11 public members to work with the LAFCo and staff to improve LAFCo's identification and enforcement of recommendations which reflect citizens' priorities of achieving cost efficiencies and reductions in fees and taxes collected for special districts.</i></p>	<p>Disagree: Recommendation will not be implemented. Alameda LAFCo finds that this recommendation is not feasible due to financial constraints. Furthermore, the Commission already includes a regular public member and an alternate public member to represent the public's viewpoint. Additionally, citizens' priorities are reflected by the elected representatives that are selected by their respective appointing authorities.</p> <p>Alameda LAFCo respectfully points out that cost efficiency is one of LAFCo's mandates, but there are other equally important factors such as quality of services and local control. All regular and alternate Commission members are entrusted with the obligation to balance these, at times, competing interests. The Grand Jury's citizen committee recommendation implies that cost efficiency and reductions in fees and taxes override all other interests including the quality and quantity of services, and local control.</p>