

1.0 INTRODUCTION TO THE MUNICIPAL SERVICE REVIEW

This Municipal Service Review (MSR) has been prepared to assist Riverside County Local Agency Formation Commission (LAFCO) in meeting the requirements of the Cortese/Knox/Hertzberg (CKH) Act, which requires LAFCO to update the spheres of influence (SOI) for all applicable jurisdictions in the County. A sphere of influence is defined by Government Code 56425 as “. . . a plan for the probable physical boundary and service area of a local agency or municipality . . .” The Act further requires that an MSR be conducted prior to or in conjunction with the update of a SOI.

This MSR has been prepared in accordance with Section 56430 of the California Government Code and in accordance with the Service Review Guidelines prepared by the State Office of Planning and Research. This MSR evaluates the public services provided by:

- City of Banning
- City of Beaumont
- City of Calimesa
- City of Hemet
- City of Moreno Valley
- City of Murrieta
- City of Perris
- City of San Jacinto
- City of Temecula
- Banning Library District
- Beaumont-Cherry Valley Recreation and Park District
- Beaumont Library District
- Santa Rosa Community Services District
- Tenaja Community Services District
- Valley-Wide Recreation and Park District
- County Service Areas within the Central Valleys, Pass Area, and Southwestern Riverside County
- Riverside County within unincorporated areas of the Central Valleys, Pass Area, and Southwestern Riverside County not serviced by County Service Areas or Special Districts

In 1997, the State Legislature enacted Assembly Bill (AB) 1484, which established the Commission on Local Governance for the 21st Century. The Commission was responsible for assessing governance issues and making appropriate recommendations regarding the CKH Local Government Reorganization Act of 1985. Among other recommendations, the Commission suggested that each

LAFCO should have knowledge of the services available within its county. This knowledge would assist in decision-making about city and district boundaries. The Commission stated that this knowledge should include the current efficiency of providing service, future service needs, and expansion capacity of the service providers. Additionally, "Information on public service capacity could be gathered as part of the implementation of a new requirement for periodic service reviews. LAFCOs could conduct such reviews prior to or in conjunction with amendments to SOIs. A service review would encompass a comprehensive study of each identifiable public service provided by counties, special districts, and the cities in the region. The review would not focus exclusively on an individual jurisdiction to determine its future boundary or service areas. Rather, it would require LAFCO to look broadly at all agencies within a geographic region that provide a service" (*Growth within Bounds*, January 2000).

The State Legislature acknowledged the Commission's findings and created a legislative tool (as described in Section 56430 of the Government Code) to be used to collect information and evaluate service provision. On September 26, 2000, AB 2838 (Chapter 761, Statutes of 2000), authored by Assembly Speaker Robert M. Hertzberg, was signed into law. This legislation, the CKH Local Government Reorganization Act of 2000, marked the most significant reform to local government reorganization law since the 1963 statute that created a local agency formation commission in each California county. Section 56430 of the Government Code now requires that a review of the municipal services provided to the particular area be conducted in order to update any SOI in accordance with Section 56425. LAFCOs must prepare a written statement of determinations for each agency with respect to each of the following:

1. Infrastructure needs and 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
9. Local accountability and governance

In conducting MSRs, LAFCOs must comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. In addition, service reviews must be conducted no later than the time that a SOI is established or updated. The CKH Local Government Reorganization Act of 2000 also requires the LAFCO to update the SOIs for all applicable jurisdictions in the county by January 1, 2008.

As listed above, the CKH Act identifies nine factors to be addressed when conducting an MSR. For each factor, information is gathered and analyzed, with written determinations prepared for LAFCO's

consideration. The following paragraphs list each factor and provide information about the required analysis.

DETERMINATION 1: INFRASTRUCTURE NEEDS AND DEFICIENCIES

Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

LAFCO is responsible for determining that an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within the agency's boundary and in any possible annexation areas. It is important that such findings of infrastructure and resource availability occur when revisions to the City's SOI occur, or, as in this case, during the mandated MSR. In the case of this MSR, it is prudent to evaluate the present and long-term infrastructure demands and resource availability of the jurisdiction. This is accomplished by evaluating: (1) the resources and services that are available, and (2) the expansion of such resources and services in line with increasing demands.

DETERMINATION 2: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

The efficient provision of municipal services is linked to the ability to plan for future need. For example, existing and future levels of demand for services must be prepared to plan for the expansion of infrastructure and to be able to determine where future demand will occur. Growth and population projections data will allow for the verification that there is adequate capacity or supply to serve the existing and future residences and businesses and ensure that projections for future growth and population patterns are integrated into the planning function.

DETERMINATION 3: FINANCING CONSTRAINTS AND OPPORTUNITIES

Purpose: To evaluate a jurisdiction's capability to finance needed improvements and services.

LAFCO is responsible for evaluating the ability of the agency to pay for improvements or services associated with growth. The planning can begin at the SOI stage by: (1) identifying infrastructure and maintenance needs associated with future annexations and development, (2) identifying limitations on financing such improvements, and (3) identifying opportunities that exist to construct and maintain those improvements.

DETERMINATION 4: COST-AVOIDANCE OPPORTUNITIES

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

LAFCO is responsible for evaluating cost-avoidance opportunities including but not limited to the following:

- Eliminating duplicative services
- Reducing high administration-to-operation cost ratios
- Replacing outdated or deteriorating infrastructure and equipment
- Reducing inventories of underutilized equipment, building, or facilities
- Redrawing overlapping or inefficient service boundaries
- Replacing inefficient purchasing or budgeting practices
- Implementing economies of scale
- Increasing profitable outsourcing

DETERMINATION 5: OPPORTUNITIES FOR RATE RESTRUCTURING

Purpose: To identify opportunities to impact rates positively without decreasing service levels.

When applicable, the MSR will review agency rates, which are charged for public services, to examine opportunities for rate restructuring without impairing the quality of service. Agency rates will be analyzed for conditions that could affect future rates and variances among rates, fees, taxes, charges, etc., within an agency.

DETERMINATION 6: OPPORTUNITIES FOR SHARED FACILITIES

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

Public service costs may be reduced and service efficiencies increased if service providers develop strategies for sharing resources. Sharing facilities and excess system capacity decreases duplicative efforts, may lower costs, and minimizes unnecessary resource consumption. The MSRs will inventory facilities within the study area to determine whether 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 will be considered.

DETERMINATION 7: GOVERNMENT STRUCTURE OPTIONS

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

The purpose of considering options for the structure of governance when reviewing a SOI is to identify opportunities for increased efficiency in the provision of services, which lead to savings to both the service provider and the consumer. The MSR will provide a tool to study comprehensively

existing and future public service conditions and to evaluate organizational options for accommodating growth and ensuring that critical services are efficiently and cost effectively provided.

DETERMINATION 8: EVALUATION OF MANAGEMENT EFFICIENCIES

Purpose: To consider the management structure of the jurisdiction.

Management efficiency refers to the effectiveness of an internal organization to provide efficient, high-quality public services. The MSR will evaluate management efficiency by analyzing agency functions, operations, and practices, as well as the agency's ability to meet current and future service demands. Services will be evaluated in relation to available resources and consideration of service provision constraints.

DETERMINATION 9: LOCAL ACCOUNTABILITY AND GOVERNANCE

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

LAFCO is responsible for evaluating the degree to which the agency fosters local accountability. Local accountability and governance refers to public agency decision-making and operational and management processes that:

- Include an accessible and accountable decision-making body and agency staff
- Encourage and value public participation
- Disclose budgets, programs, and plans
- Solicit public input when considering rate changes and work and infrastructure plans
- Evaluate outcomes of plans, programs, and operations and disclose results to the public

Pursuant to this requirement, Riverside County LAFCO has proceeded with a two-phase work plan. The first phase consisted of the review of public agencies that provide water and/or wastewater services. The first phase has been completed for the MSR area included within this document. This MSR document is the second phase and addresses the remaining municipal services that are provided by cities, special districts, and County service areas in the Central Valleys, Pass Area, and Southwestern Riverside County area, as defined by Riverside LAFCO.