



County of Orange
California

Thomas G. Mauk
County Executive Officer

July 27, 2005

Bette Flick, Foreperson
FY 05/06 Grand Jury
Superior Court of California
700 Civic Center Drive West
Santa Ana, CA 92702

Subject: Response to Orange County Grand Jury Report, "LAFCO is it Working"

Dear Ms. Flick:

Per your request, and in accordance with Penal Code 993, enclosed please find the County of Orange response to the subject report as approved by the Board of Supervisors. If you have any questions, please contact Brian Wayt at (714) 834-4104 in the County Executive Office who will either assist you or direct you to the appropriate individual.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tom Mauk", written over a horizontal line.

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County Executive Officer

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2004-2005 Grand Jury Report
“LAFCO is it Working”
Response to Findings and Recommendations

Response to Findings 5.1 – 5.6:

- 5.1 The Board of Supervisors does not actively communicate the benefits of annexation to residents in unincorporated islands.

Response: Disagree wholly with the finding

While there may have been certain annexation community meetings where a Supervisor may not have been present, the Board as a whole and as individuals has strongly endorsed annexation of County islands. They generally participate in annexation discussions with affected cities and the island residents, and have directed County staff to vigorously pursue annexation. Board members work with city council members in affected cities to identify issues that will subsequently be addressed in Preannexation Agreements. At the direction of the Board, Executive Assistants directly representing individual Board members actively participate in community annexation meetings along with County staff members. It should also be pointed out that in many cases, annexations include undeveloped land where the landowner is requesting annexation, which does not require Supervisor involvement.

- 5.2 Assembly Bill 2115 (VLF for property tax swap) may negatively impact the willingness of cities to annex residential islands.

Response: Agrees with finding

- 5.3 The septic systems in the unincorporated islands represent a long-term problem for the county.

Response: Agrees with finding

- 5.4 In the future, the creation of an assessment district within an unincorporated island may be necessary to generate revenue to pay for county services.

Response: Disagrees with finding

The County does and will continue to provide essential public services in unincorporated areas. This will not change. However, if residents of unincorporated areas desire a higher level of service than the County provides, or if they desire additional services that do not directly relate to public health and safety, they have the ability, through a vote of the residents in the unincorporated

area, to form assessment districts or community facilities districts to fund enhanced or additional services themselves.

- 5.5 Due to staff time required to develop a Municipal Service Review, Orange County LAFCO will not meet the statutory requirement to complete MSR's by January 1, 2006.

Response: Agrees with finding

- 5.6 The sphere of influence reviews for 28 cities and 35 special districts in Orange County will not be accomplished by the statutory deadline of January 1, 2006.

Response: Agrees with finding

Response to Recommendations 6.1 - 6.5:

- 6.1 The supervisor of an annexing island should become directly involved in the annexation process by explaining the benefits of annexation and the need for the county to eliminate the costs necessary to govern the islands.

Response: The recommendation has been implemented

Supervisors are directly involved with the unincorporated communities in their districts and work with community groups on annexation and other issues. In negotiating annexations, Supervisors work directly with city council members to facilitate annexation agreements, and with staff and directors of special districts on service delivery issues, if applicable. Once the City and County have reached agreement on the terms of the annexation, the City, LAFCO and to the extent necessary the County work with the citizens to address their concerns and comments relative to becoming part of the annexing city. It is more appropriate for the City to explain the benefits of annexation as well as the level of service the unincorporated residents will receive as city residents. The County will not eliminate the costs necessary to govern the islands, as stated above. While the annexing city will take over municipal level services and the costs associated therewith, the County continues to be the countywide regional service provider and pay the costs associated therewith.

- 6.2 To financially assist the annexing city, the Board of Supervisors should continue to develop memoranda of understanding with the appropriate cities and special districts, providing agreed-upon incentives.

Response: The recommendation has been implemented

As the Grand Jury recommendation states, the Board of Supervisors should "continue" to develop memoranda of understanding. The Board always works

with the annexing city which usually results in memoranda of understanding or preannexation agreements which delineate the obligations of the County and the City regarding the annexed area and has no intention of terminating this practice. These agreements address the property tax exchange and other considerations such as infrastructure improvements.

- 6.3 The county should continue to work with the annexing city to develop a cooperative plan to provide sewer service to residents and businesses that are currently using a septic system.

Response: The recommendation has been implemented

Here again, the Grand Jury acknowledges that the County has worked with annexing cities in the past and should “continue” to do so in the future. The Board continues to actively work with the cities, appropriate sewerage agencies and the residents of County islands on septic conversion where applicable and has no intention of terminating this practice. Since the County is not a sewerage agency, the County’s role is as a facilitator between the affected residents, the city and the sewerage agency if other than the city. The County recently participated in the installation of public sewers to facilitate the residents being able to move from septic systems to public sewer as part of the annexation in Fullerton.

- 6.4 Board of Supervisors should inform island residents of the possibility of an assessment district and associated costs if the annexation process fails.

Response: The recommendation will not be implemented because it is not warranted

Even if an attempt to annex an unincorporated area fails, the County will continue to provide essential public services to residents of unincorporated communities without additional cost to the residents. However, as stated in the response to Grand Jury Finding 5.4, if residents of an unincorporated area collectively desire a higher level of service than they are receiving, or if they require additional municipal level services, formation of voter-approved assessment districts would be possible to pay for the enhanced services. This would be the decision of the voters in the affected unincorporated areas. The Board, as always, will continue to work with residents of unincorporated county territory to encourage annexation, but until that time the County will continue to provide essential public services without requesting additional compensation through the formation of assessment districts.

- 6.5 Orange County LAFCO should fill its vacant positions in order to complete the MSRs and SOIs in as timely a manner as possible.

Response: The recommendation will not be implemented because it is not warranted

The LAFCO Board, comprised of representatives from the Orange County cities, the County of Orange, the Independent Special Districts of Orange County and the public, recently adopted a three-year budget with modest annual increases. The budget increases do not support the cost of filling LAFCO's vacant position at this time. It should be noted that while the County Board of Supervisors has two members and one alternate member on the LAFCO Commission, the Board of Supervisors does not control LAFCO or its staffing decisions.