

MODOC LAFCO

CANBY COMMUNITY SERVICES DISTRICT (CSD)

MUNICIPAL SERVICE REVIEW (MSR) AND SPHERE OF INFLUENCE (SOI)

October 2013

Canby Junction of 299 and 139

ADOPTED October 22, 2013

Resolution 2013-0005 Service Review

Resolution 2013-0006 Sphere of Influence



EXECUTIVE SUMMARY

The Canby CSD was formed in 1987. The Canby CSD has no funding and has been unable to develop a wastewater collection and treatment system as originally planned. The recommendation for the Sphere of Influence for the Canby CSD is a Coterminous Sphere of Influence. This means that the Canby CSD should be afforded the opportunity to plan and develop a wastewater collection and treatment system prior to the next Sphere of Influence update.

If the District can get help from the County or another agency such as USDA Rural Development to make progress with funding for wastewater collection and treatment infrastructure within the next five years, Modoc LAFCO may take action to dissolve the District if the district no longer serves a purpose and could amend the Sphere of Influence recommendation at that time.

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1 INTRODUCTION

1.1 LAFCO's Responsibilities

Local Agency Formation Commissions (LAFCOs) in California are independent agencies created by the California Legislature in 1963. The major purposes of each LAFCO include encouraging the orderly formation of local governmental agencies and conserving and preserving natural resources.

Statewide there are 58 LAFCOs working with nearly 3,500 governmental agencies (400+ cities, and 3,000+ special districts). Agency boundaries are often unrelated to one another and sometimes overlap at random, often leading to higher service costs to the taxpayer and general confusion regarding service area boundaries. LAFCO decisions strive to balance the competing needs in California for efficient services, affordable housing, economic opportunity, and conservation of natural resources.

LAFCOs are responsible for coordinating logical and timely changes in local governmental boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structure, preparing a review of services called a Municipal Service Review (MSR) and preparing a Sphere of Influence (SOI) thereby determining the future "probable" boundary for each city and special district within each county. The Commission's efforts are directed toward seeing that services are provided legally, efficiently and economically while agricultural and open-space lands are protected.

LAFCOs do not have enforcement authority nor do they have the authority to initiate a city or district annexation or detachment proceeding. LAFCOs may initiate consolidation or dissolution proceedings; however, these proceedings may be subject to the voter approval or denial. The Legislature has given LAFCOs the authority to modify any proposal before it to ensure the protection of agricultural and open space resources, discourage urban sprawl and promote orderly boundaries and the provision of adequate services.

1.2 Municipal Service Review Requirements

The statute as amended by AB1744 and regulations call for a review of the municipal services provided in the county or other appropriate area designated by the LAFCO. The LAFCO is required to prepare a written statement of its determinations with respect to each of the following six areas:

1. Growth and population projections for the affected area
2. The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the sphere of influence
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

4. Financial ability of agencies to provide services
5. Status of, and opportunities for, shared facilities
6. Accountability for community service needs, including governmental structure and operational efficiencies

Additional information on the background and history of MSRs is found in Appendix A at the end of this report.

1.3 Preparation of the MSR

Research for this Municipal Service Review (MSR) was conducted at various times between 2010 and 2013. This MSR is intended to support preparation and update of the Sphere of Influence, in accordance with the provisions of the Cortese-Knox-Hertzberg Act. The objective of this Municipal Service Review (MSR) is to develop recommendations that will achieve the following:

- Promote more efficient and higher quality public service patterns.
- Identify areas for public service improvements.
- Assess the adequacy of service provision as it relates to determination of appropriate sphere of influence boundaries.

While LAFCO prepared the MSR document, LAFCO did not engage the services of experts in engineering, accounting or other specialists in related fields, but relied upon published reports and the Canby CSD Board of Directors for information.

Therefore, this MSR reflects LAFCO's recommendations, based on available information during the research period and provided by Canby CSD Board members, residents, and County of Modoc staff to assist in its determinations related to promoting more efficient and higher quality service patterns; identifying areas for service improvement; and assessing the adequacy of service provision for the Canby CSD.

This MSR includes relevant information from the various reports. Since the reports were prepared at different times there may be occasional differences in data. Additional information on California tax laws and good governance is found in Appendix B at the end of this report.

1.4 Description of Public Participation Process

Modoc LAFCO is a legislative body authorized by the California Legislature and is delegated powers as stated in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act). The LAFCO proceedings are subject to the provisions of California's open meeting law, the Ralph M. Brown Act (Government Code Sections 54950 et seq.)

The Brown Act requires advance posting of meeting agendas and contains various other provisions designed to ensure that the public has adequate access to information regarding the

proceedings of public boards and commissions. Modoc LAFCO complies with the requirements of the Brown Act.

The State MSR Guidelines provide that all LAFCOs should encourage and provide multiple public participation opportunities in the municipal service review process. MSR policies have been adopted by the Modoc LAFCO. Modoc LAFCO has discussed and considered the MSR process in open session, and has adopted a schedule for completing the various municipal service reviews and sphere of influence updates for Modoc County.

Each Municipal Service Review will be prepared as a Draft, and will be subject to public and agency comment prior to final consideration by the Modoc LAFCO.

1.5 California Environmental Quality Act (CEQA)

The Municipal Service Review is a planning study that will be considered by Modoc LAFCO in connection with subsequent proceedings regarding the Canby CSD and the Sphere of Influence. The Sphere of Influence review or update that will follow has not yet been approved or adopted by LAFCO.

This MSR is funded in the Modoc LAFCO's 2013-2014 Budget. This MSR includes an analysis, to the extent required by Section 15262 of the CEQA Guidelines, of the environmental factors that may be affected by the Municipal Service Review process, but will not include the preparation of an environmental review document.

1.6 Sphere of Influence Requirements

In determining the Sphere of Influence for each local agency, LAFCO must consider and prepare a written statement of determinations with respect to each of the following five areas:

1. The present and planned land uses in the area, including agricultural and open space lands
2. The present and probable need for public facilities and services in the area
3. The present capacity of public facilities and adequacy of public services which the agency provides, or is authorized to provide
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency
5. Present and probable need for public facilities and services of any disadvantaged unincorporated communities within the existing Sphere of Influence

2 SETTING

2.1 Canby Location and History

Canby is an unincorporated community in Modoc County California located 17 miles west of Alturas, south of Rattlesnake Butte, at an elevation of 4314 feet.¹ It had a population of 315 at the 2010 census which was a decrease from the 2000 population of 413 people. The present population is also smaller than the 1980 population of 440.²

The first post office opened at Canby in 1874.³ The name honors General Edward Canby who was shot by a companion of Captain Jack at a peacemaking session, after the American government made a pretense of purchasing the territory of the Modoc people from the Klamath people, and forced the Modoc people to move to the Klamath Reservation in Oregon. Some Modoc people left the reservation, because the Klamath people made it clear that the Modoc were not welcome there. This shooting lead to the siege at Captain Jack's Stronghold.⁴

Until the late 1940s, Canby was the site of Big Lakes Box Company and the supply point for Big Lakes Logging Camp in the Adin Mountains about 10 miles to the southeast, where conditions were primitive.⁵

The town is surrounded by hay farms and cattle ranches. Adin Mountain rises just to the southwest and the Pit River runs nearby. The hot springs has been host for many years to the annual Lions Easter Egg hunt for Modoc community children. The waters are hot enough to boil the eggs.⁶

Today the community includes the I'SOT (In Search of Truth) organization, which hosts a private school and was instrumental in writing a large grant for the new Canby Family Practice Clinic. For a few weeks beginning with Thanksgiving and ending with Christmas, Canby has a display of dioramas showing the first European settlers' Thanksgiving and scenes celebrating the birth and life of Christ.

2.2 Canby Population Data

The 2010 US Census reported that Canby had a population of 315. The Census reported that 154 people (48.9% of the population) lived in households, 133 (42.2%) lived in non-institutionalized group quarters, and 28 (8.9%) were institutionalized. There were 62 households, out of which 15 (24.2%) had children under the age of 18 living in them.

The average household size was 2.48. There were 40 families (64.5% of all households); the average family size was 2.58.

¹ [U.S. Geological Survey Geographic Names Information System:Canby, California.](#)

² Modoc County General Plan, Background Report, September 1988, Page 172.

³ Durham, David L. (1998). *California's Geographic Names: A Gazetteer of Historic and Modern Names of the State*. Quill Driver Books. p. 362. ISBN 9781884995149.

⁴ "Modoc Wars, 1873-74". *California State Military Museum*. 2009. <http://www.militarymuseum.org/Modoc1.html>. Retrieved 21 July 2009.

⁵ Pease, Robert W. (1965). *Modoc County; University of California Publications in Geography, Volume 17*. Berkeley and Los Angeles: University of California Press. p. 115.

⁶ http://www.deanneerrealty.com/modoc_communities.htm, June 5, 2011

The 2010 Canby population was spread out in age as follows:

Under the age of 18	87 people	27.6%
Aged 18 to 24	27 people	8.6%
Aged 25 to 44	71 people	22.5%
Aged 45 to 64	80 people	25.4%
65 years of age or older	50 people	15.9%

The median age was 36.2 years. For every 100 females there were 85.3 males. For every 100 females age 18 and over, there were 83.9 males.

There were 76 housing units reported in 2010. This is less than the 104 housing units reported in 1985.⁷ In 2010, 34 (54.8%) of the housing units were owner-occupied and 28 (45.2%) were occupied by renters. The homeowner vacancy rate was 2.9%; the rental vacancy rate was 12.5%. There were 73 people (23.2% of the population) living in owner-occupied housing units and 81 people (25.7%) living in rental housing units.

2.3 Other Services

The community of Canby is part of the Modoc Joint Unified School District and students are bused to the schools located in Alturas. The community of Canby is part of the Canby Fire Protection District. There is a neighborhood park of 0.23 acres near State Highway 299, which includes picnic tables and barbeque equipment for family gatherings. The land is leased to the County by the Canby Fire Protection District.⁸

⁷ Modoc County General Plan, Background Report, September 1988, Page 172.

⁸ Modoc County General Plan, Background Report, September 1988, Page 290.

3 CANBY COMMUNITY SERVICES DISTRICT

3.1 Canby CSD History

The Canby Community Services District was formed (without election) on June 1, 1987. The formation of this District started in 1979 when a sewer project for the community of Canby was placed on the State Water Resources Control Board's Clean Water Grant Project Funding Priority list but there was no district in existence to pursue funding.

In June 1983 Modoc LAFCO approved the formation of the Canby CSD but the proceedings before the Board of Supervisors were never undertaken and the application expired.

In 1986 a new application was made to Modoc County LAFCO and on March 2, 1987 Modoc LAFCO approved the formation of the Canby CSD. The boundaries of the approved District were smaller than those previously approved.⁹

Since the Canby CSD was formed after the passage of Proposition 13 in 1978; the District is at a disadvantage because it does not receive a share of the property taxes.

3.2 Canby CSD Board of Directors

The Canby CSD Board of Directors are as follows:¹⁰

Velma McCrary
PO Box 324, Canby, CA 96015, Phone: 530-233-4802 (expires 12/14)

Joan Cates
PO Box 111, Canby, CA 96015 (expires 12/16)

Charlie Sherer
PO Box 345, Canby, CA 96015 (expires 12/16)

Bonnie L. Sherer
PO Box 71, Canby, CA 96015 (mail), Phone: 530-233-4905 (expires 12/14)

Mike Bushey
PO Box 194, Canby, CA 96015 (expires 12/16)

The Board of Directors may meet once per month on the last Wednesday of each month at the Fire Hall. The meeting notices are posted at the Canby Hotel, the Canby Fire Hall and the Canby Post Office. The meeting notices are also posted to the Modoc Record Website.

⁹ Modoc LAFCO, Sphere of Influence Report Canby Community Services District, August 1988.

¹⁰ Modoc County Clerk, Phone: 530-233-6205, July 12, 2013.

3.3 Finances

The Canby CSD maintains an account with the Bank of America. However, the District has never had an audit and does not create a budget because the District has no funds.

4 MUNICIPAL SERVICE REVIEW

4.1 Growth and Population Projections for the Canby Area

4.1.1 Population Growth in the Canby CSD Area

The US Census Bureau reports that Modoc County lost 3.7 % population between 2010 and 2012.¹¹ The same trend is expected for the Canby area and this loss may continue into the future. The Modoc County General Plan Background Report notes that “This community is in need of a public sewer system. The sewage systems in the area have problems due to high groundwater, tight soils and small lots....In order for any growth to take place in this area, this problem must be addressed.”¹²

4.1.2 MSR Determinations on Growth and Population for Canby CSD Area

- 1-1) The population within the Canby CSD and the Canby area is not expected to grow and may even decline within the next five years.

4.2 Location and Characteristics of any Disadvantaged Unincorporated Communities (DUC) within or Contiguous to the District's SOI

4.2.1 Determination of Canby Disadvantaged Unincorporated Community Status

In addition to a consideration of population growth, the State Law requires LAFCO to consider whether or not an area is a Disadvantaged Unincorporated Community (DUC). A DUC is an area where the Median Household Income is less than 80% of the State of California Median Household Income.

The Median Household Income for Modoc County (2007-2011) was \$35,402 per year. This is only 58% of the State of California Median Household Income of \$61,632.¹³

4.2.2 MSR Determinations on Disadvantaged Unincorporated Communities near Canby

- 2-1) Canby is a Disadvantaged Unincorporated Community (DUC) but there is no larger city nearby that could annex this community.

¹¹ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/06049.html>, July 23, 2013

¹² Modoc County General Plan, Background Report, September 1988, Page 288.

¹³ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/06049.html>, July 23, 2013

4.3 Capacity and Infrastructure

4.3.1 Infrastructure Background

The community of Canby does not have a wastewater collection and treatment system or a community water system. Homes are served by individual on-site sewage disposal systems (septic tanks) and individual wells. The community wanted to develop a wastewater treatment system in the past and had some preliminary engineering work done by PACE Engineering Company.

The Canby CSD could contact USDA Rural Development in Alturas at 530-233-4615 to determine if there would be any funding available for new projects of this type. If Mike Colbert at the Alturas office could not help he might be able to contact the California Rural Water Association or the Rural Community Assistance Corporation to provide technical assistance to the Canby CSD to help them secure the necessary funding.

Communities that have done these types of projects in the past usually need the support of the County. They often have to use Community Development Block Grants (CDBG) to pay for the preliminary engineering. These grants can only be made to counties or cities and cannot be made directly to a special district.

4.3.2 MSR Determinations Regarding Capacity and Infrastructure for Canby CSD

- 3-1) The Canby CSD has no infrastructure.
- 3-2) The Canby CSD has limited capacity to pursue the funding necessary to develop infrastructure because the Board does not meet on a regular basis and has no capacity to hire a professional grant writer.

4.4 Financial Ability

4.4.1 Financial Considerations

Because the Canby CSD was formed in 1987, well after the 1978 passage of Proposition 13, the District gets no share of the 1% property tax. This is a problem for many districts and cities formed after 1978.

Modoc County has 19.8% of the population below the poverty level, which is greater than that of the State of California at 14.4% of the population below the poverty level.¹⁴ This indicates that it could be difficult to raise fees or taxes to pay for the construction and operation of a wastewater collection and treatment system or a water system.

¹⁴ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/06049.html>, July 23, 2013

4.4.2 MSR Determinations on Financial Ability for Canby CSD

- 4-1) The Canby CSD has no financial capacity to fund public projects at this time.

4.5 Opportunities for Shared Facilities

4.5.1 Canby CSD Facilities

The Canby CSD has no public water or sewer facilities and is sufficiently isolated from other special districts that shared facilities do not seem possible. The exception might be the I'SOT community directly adjacent to Canby, which has a community sewage treatment system. In 1988, Modoc LAFCO considered the possibility of including the I'SOT sewage treatment facilities within the Sphere of Influence for the District but decided to adopt a coterminous Sphere at that time.¹⁵ The Canby CSD also has the power to provide for more recreation facilities but the District does not seem to be interested in working on this service.

4.5.2 MSR Determinations on Shared Facilities for Canby CSD

- 5-1) Inclusion of the I'SOT community area might provide the motivation for the Canby CSD to proceed with the original project to provide wastewater collection and treatment services.
- 5-2) The District needs to have a purpose otherwise it may need to be dissolved due to inactivity.
- 5-3) Community Services Districts do not have to be contiguous. The Canby CSD could be combined with another CSD or changed into a County Service Area administered by the County Board of Supervisors.

4.6 Government Structure and Accountability

4.6.1 Government Structure

The Canby CSD is governed by a five member Board of Directors. The Modoc County Board of Supervisors has maintained the Board at five members through regular appointments. However, The Canby CSD Board of Directors does not meet regularly and has no funding. The task of planning and constructing wastewater collection and treatment infrastructure will require

¹⁵ Modoc LAFCO, Sphere of Influence Report Canby Community Services District, August 1988.

professional assistance. Unless the Board of Supervisors can allocate a planner or other qualified staff person to work on this project it probably will not be funded and built.

4.6.2 MSR Determinations on Government Structure and Accountability for Canby CSD

- 6-1) Conditions have changed since the Canby CSD was formed in 1987. The community is smaller and the cost of infrastructure has increased.
- 6-2) Modoc LAFCO is the appropriate agency to initiate a discussion regarding the future of the District after twenty-five years of inactivity.

5 CANBY CSD SPHERE OF INFLUENCE

5.1 Sphere of Influence Requirements and Options

5.1.1 Sphere of Influence Requirements

In determining the Sphere of Influence for each local agency, LAFCO must consider and prepare a written statement of determinations with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open space lands
2. The present and probable need for public facilities and services in the area
3. The present capacity of public facilities and adequacy of public services which the agency provides, or is authorized to provide
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency
5. Present and probable need for public facilities and services of any disadvantaged unincorporated communities within the existing Sphere of Influence

5.1.2 LAFCO Policies and Procedures Related to Spheres of Influence

Modoc LAFCO has adopted policies and procedures related to spheres of influence that are included as part of an overall Modoc LAFCO policy, standards and procedures document.

Modoc LAFCO has discussed and considered the SOI process in open session, and has adopted a schedule notwithstanding budget appropriations for completing the various municipal service reviews and sphere of influence updates for Modoc County.

5.1.3 Description of Public Participation Process

Modoc LAFCO is authorized by the California Legislature and delegated powers as stated in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act). LAFCO proceedings are subject to the provisions California's open meeting law, the Ralph M. Brown Act (Government Code Sections 54950 et seq.)

The Brown Act requires advance posting of meeting agendas and contains various other provisions designed to ensure that the public has adequate access to information regarding the proceedings of public boards and commissions. Modoc LAFCO complies with the requirements of the Brown Act.

5.1.4 Possible Approaches to the Sphere of Influence

LAFCO may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. Based on review of the guidelines of Modoc

LAFCO as well as other LAFCOs in the State, various conceptual approaches have been identified from which to choose in designating an SOI. These seven approaches are explained below:

1) Coterminous Sphere:

A Coterminous Sphere means that the Sphere of Influence for a city or special district that is the same as its existing boundaries of the city or district.

2) Annexable Sphere:

A sphere larger than the agency's boundaries identifies areas the agency is expected to annex. The annexable area is outside the district boundaries and inside the sphere of influence.

3) Detachable Sphere:

A sphere that is smaller than the agency's boundaries identifies areas the agency is expected to detach. The detachable area is the area within the agency bounds but not within its sphere of influence.

4) Zero Sphere:

A zero sphere indicates the affected agency's public service functions should be reassigned to another agency and the agency should be dissolved or combined with one or more other agencies.

5) Consolidated Sphere:

A consolidated sphere includes two or more local agencies and indicates the agencies should be consolidated into one agency. One of the goals of LAFCO is to consider consolidation of districts.

6) Limited Service Sphere:

A limited service sphere is the territory included within the SOI of a multi-service provider agency that is also within the boundary of a limited purpose district which provides the same service (e.g., fire protection), but not all needed services. Territory designated as a limited service SOI may be considered for annexation to the limited purpose agency without detachment from the multi-service provider.

This type of SOI is generally adopted when the following conditions exist:

- a) The limited service provider is providing adequate, cost effective and efficient services
- b) The multi-service agency is the most logical provider of the other services
- c) There is no feasible or logical SOI alternative

- d) Inclusion of the territory is in the best interests of local government organization and structure in the area

Government Code §56001 specifically recognizes that in rural areas it may be appropriate to establish limited purpose agencies to serve an area rather than a single service provider, if multiple limited purpose agencies are better able to provide efficient services to an area rather than one service district.

Moreover, Government Code Section §56425(i), governing sphere determinations, also authorizes a sphere for less than all of the services provided by a district by requiring a district affected by a sphere action to “establish the nature, location, and extent of any functions of classes of services provided by existing districts” recognizing that more than one district may serve an area and that a given district may provide less than its full range of services in an area.

7) Sphere Planning Area:

LAFCO may choose to designate a sphere planning area to signal that it anticipates expanding an agency’s SOI in the future to include territory not yet within its official SOI. There are no anticipated sphere planning areas within Modoc County at this time.

5.1.5 SOI Update Process

LAFCO is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCO must update those SOIs every five years, as necessary. In updating the SOI, LAFCO is required to conduct a Municipal Service Review (MSR) and adopt related determinations.

LAFCO must notify affected agencies 21 days before holding a public hearing to consider the SOI and may not update the SOI until that hearing is closed. The LAFCO Executive Officer must issue a report including recommendations on the SOI amendment and update under consideration at least five days before the public hearing.

5.1.6 SOI Amendments and CEQA

LAFCO has the discretion to limit SOI updates to those that it may process without unnecessarily delaying the SOI update process or without requiring its funding agencies to bear the costs of environmental studies associated with SOI expansions. Any local agency or individual may file a request for an SOI amendment. The request must state the nature of and reasons for the proposed amendment, and provide a map depicting the proposal.

LAFCO may require the requester to pay a fee to cover LAFCO costs, including the costs of appropriate environmental review under CEQA. LAFCO may elect to serve as lead agency for such a review, may designate the proposing agency as lead agency, or both the local agency and LAFCO may serve as co-lead agencies for purposes of an SOI amendment.

Local agencies are encouraged to consult with LAFCO staff early in the process regarding the most appropriate approach for the particular SOI amendment under consideration.

Certain types of SOI amendments are likely exempt from CEQA review. Examples are SOI expansions that include territory already within the bounds or service area of an agency, SOI reductions, zero SOIs and coterminous SOI's. SOI expansions for limited purpose agencies that provide services (e.g., fire protection, levee protection, cemetery, and resource conservation) needed by both rural and urban areas are typically not considered growth-inducing and are likely exempt from CEQA. Similarly, SOI expansions for districts serving rural areas (e.g., irrigation water) are typically not considered growth inducing.

Remy et al. write:

“In *City of Agoura Hills v. Local Agency Formation Commission* (2d Dist.1988) 198 Cal.App.3d480, 493-496 [243 Cal.Rptr.740] (*City of Agoura Hills*), the court held that a LAFCO’s decision to approve a city’s sphere of influence that in most respects was coterminous with the city’s existing municipal boundaries was not a “project” because such action did not entail any potential effects on the physical environment.”¹⁶

5.1.7 Sphere of Influence Recommendation for Canby CSD

The Sphere of Influence is a plan and is required to be revised every five years. Information contained in this Sphere of Influence is only current as of the date of adoption.

The recommendation for Canby CSD is that a coterminous sphere be adopted which means that the District should re-examined at the conclusion of five years and may be dissolved if no activity occurs. If upon conclusion of the next round of Spheres of influence, a zero sphere of influence were to be adopted, separate action would have to be taken by the Commission to dissolve the District according to Section 56375 of the California Government Code.

5.2 Present and Planned Land Uses in the Area, Including Agricultural and Open Space Lands Land Use

5.2.1 Land Use in the Canby CSD Area

Land Use Designations for the Canby Area are as follows:¹⁷

Residential	26.3 acres
Commercial	3.7 acres
Public Uses	9.7 acres
Parks	1.9 acres
Vacant Land	<u>160.2 acres</u>
TOTAL	201.8 acres

5.2.2 SOI Determinations Present and Planned Land Use for Canby CSD

1-1] Although the Canby area has land designated for various land uses, the problems with on-site sewage disposal systems (septic tanks) will substantially restrict growth.

¹⁶ Remy, Michael H., Tina A. Thomas, James G. Moose, Whitman F. Manley, Guide to CEQA, Solano Press Books, Point Arena, CA, February 2007, page 111.

¹⁷ Modoc County General Plan, Background Report, September 1988, Page 172.

5.3 Municipal Services: Present Need

5.3.1 Service Need for Canby CSD

There is a need for the Canby CSD; because the area needs a public wastewater collection and treatment system. However, at this time the Canby CSD is not capable of generating the expertise and funding to establish a wastewater collection and treatment system. Therefore, the question arises, is there a need for a District which does not provide services?

5.3.2 SOI Determinations for Facilities and Services: Present and Probable Need

2-1] The Canby CSD has no facilities and provides no services.

2-2] The Canby CSD has a five-member lay Board of Directors with no specific knowledge or expertise regarding procurement of grants and loans for the construction of a wastewater collection and treatment system.

5.4 Public Facilities Future Capacity

5.4.1 Facilities and Capacity

The Canby CSD has no facilities and no capacity to generate the funds necessary at this time to permit and construct a wastewater collection and treatment system. Even if the District obtained a grant and loan to build such a system, fees would still need to be assessed for the use and maintenance of the system. The community has been unable to generate the necessary public enthusiasm and will to provide any funding for this project since the District formation in 1987.

5.4.2 SOI Determinations for Public Facilities

3-1] Although there is a need for a wastewater collection and treatment system, there is no easy way to develop the required plans and construct such a system in Canby.

5.5 Social or Economic Communities of Interest

5.5.1 Canby

Canby has a certain amount of focus for the community provided by the Canby Fire Protection District. However, all major services are provided in Alturas. There will be an economic loss to the landowners without a wastewater collection and treatment system but there is no easy solution to this problem.

5.5.2 SOI Determinations on Social or Economic Communities of Interest for Canby CSD

- 4-1] The community feeling in Canby would probably not be changed by the existence of the Canby CSD.
- 4-2] The economic interests of Canby landowners continue to suffer from the lack of a wastewater collection and treatment system.

5.6 Present and probable need for public facilities and services of any Disadvantaged Unincorporated Communities within the existing Sphere of Influence

5.6.1 Disadvantaged Unincorporated Communities in Canby

Canby is a Disadvantaged Unincorporated Community but there is no incorporated city nearby available to help the area by annexation.

5.6.2 SOI Determinations on Disadvantaged Unincorporated Communities in Canby

- 5-1] Canby is a Disadvantaged Unincorporated Community but there is no incorporated city or other community near enough to help Canby with needed infrastructure.

APPENDIX A MUNICIPAL SERVICES REVIEW ORIGINS

The MSR requirement was enacted by the Legislature months after the release of two studies recommending that LAFCOs conduct reviews of local agencies. The “Little Hoover Commission” focused on the need for oversight and consolidation of special districts, whereas the “Commission on Local Governance for the 21st Century” focused on the need for regional planning to ensure adequate and efficient local governmental services as the California population continues to grow.

1 Little Hoover Commission

In May 2000, the Little Hoover Commission released a report entitled *Special Districts: Relics of the Past or Resources for the Future?* This report focused on governance and financial challenges among special districts, and the barriers to LAFCO’s pursuit of district consolidation and dissolution. The report raised the concern that “the underlying patchwork of special district governments has become unnecessarily redundant, inefficient and unaccountable.”

In particular, the report raised concern about a lack of visibility and accountability among some independent special districts. The report indicated that many special districts hold excessive reserve funds and some receive questionable property tax revenue. The report expressed concern about the lack of financial oversight of the districts. It asserted that financial reporting by special districts is inadequate, that districts are not required to submit financial information to local elected officials, and concluded that district financial information is “largely meaningless as a tool to evaluate the effectiveness and efficiency of services provided by districts, or to make comparisons with neighboring districts or services provided through a city or county.”¹⁸

The report questioned the accountability and relevance of certain special districts with uncontested elections and without adequate notice of public meetings. In addition to concerns about the accountability and visibility of special districts, the report raised concerns about special districts with outdated boundaries and outdated missions. The report questioned the public benefit provided by healthcare districts that have sold, leased or closed their hospitals, and asserted that LAFCOs consistently fail to examine whether they should be eliminated. The report pointed to service improvements and cost reductions associated with special district consolidations, but asserted that LAFCOs have generally failed to pursue special district reorganizations.

The report called on the Legislature to increase the oversight of special districts by mandating that LAFCOs identify service duplications and study reorganization alternatives when service duplications are identified, when a district appears insolvent, when district reserves are excessive, when rate inequities surface, when a district’s mission changes, when a new city incorporates and when service levels are unsatisfactory. To accomplish this, the report recommended that the State strengthen the independence and funding of LAFCOs, require districts to report to their respective LAFCOs, and require LAFCOs to study service duplications.

2 Commission on Local Governance for the 21st Century

The Legislature formed the Commission on Local Governance for the 21st Century (“21st Century Commission”) in 1997 to review statutes on the policies, criteria, procedures and precedents for city, county and special district boundary changes. After conducting extensive research and holding 25 days of public hearings throughout the State at which it heard from over 160 organizations and individuals, the 21st Century Commission released its final report, *Growth within Bounds: Planning California Governance for the 21st Century*, in January 2000.¹⁹ The report examines the way that government is

¹⁸ Little Hoover Commission, 2000, page 24.

¹⁹ The Commission on Local Governance for the 21st Century ceased to exist on July 1, 2000, pursuant to a statutory sunset provision.

organized and operates, and establishes a vision of how the State will grow by “making better use of the often invisible LAFCOs in each county.”

The report points to the expectation that California’s population will double over the first four decades of the 21st Century, and raises concern that our government institutions were designed when our population was much smaller and our society was less complex. The report warns that without a strategy open spaces will be swallowed up, expensive freeway extensions will be needed, job centers will become farther removed from housing, and this will lead to longer commutes, increased pollution and more stressful lives. Growth within Bounds acknowledges that local governments face unprecedented challenges in their ability to finance service delivery since voters cut property tax revenues in 1978 and the Legislature shifted property tax revenues from local government to schools in 1993. The report asserts that these financial strains have created governmental entrepreneurship in which agencies compete for sales tax revenue and market share.

The 21st Century Commission recommended that effective, efficient and easily understandable government be encouraged. In accomplishing this, the 21st Century Commission recommended consolidation of small, inefficient or overlapping providers, transparency of municipal service delivery to the people, and accountability of municipal service providers. The sheer number of special districts, the report asserts, “has provoked controversy, including several legislative attempts to initiate district consolidations,”²⁰ but cautions LAFCOs that decisions to consolidate districts should focus on the adequacy of services, not on the number of districts.

Growth within Bounds stated that LAFCOs cannot achieve their fundamental purposes without a comprehensive knowledge of the services available within its 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. Comprehensive knowledge of water and sanitary providers, the report argued, would promote consolidations of water and sanitary districts, reduce water costs and promote a more comprehensive approach to the use of water resources. Further, the report asserted that many LAFCOs lack such knowledge and should be required to conduct such a review to ensure that municipal services are logically extended to meet California’s future growth and development.

MSRs would require LAFCOs to look broadly at all agencies within a geographic region that provide a particular municipal service and to examine consolidation or reorganization of service providers. The 21st Century Commission recommended that the review include water, wastewater, and other municipal services that LAFCO judges to be important to future growth. The Commission recommended that the service review be followed by consolidation studies and be performed in conjunction with updates of SOIs. The recommendation was that service reviews be designed to make nine determinations, each of which was incorporated verbatim in the subsequently adopted legislation. The legislature since consolidated the determinations into six, and most recently seven required findings.

3 Municipal Services Review Legislation

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO review and update SOIs not less than every five years and to review municipal services before updating SOIs. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California’s anticipated growth. The service review provides LAFCO with a tool to study existing and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

Effective January 1, 2008, Government Code §56430 requires LAFCO to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as

²⁰ Commission on Local Governance for the 21st Century, 2000, page 70.

appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following topics:

- ❖ Growth and population projections for the affected area;
- ❖ Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies;
- ❖ Financial ability of agencies to provide services;
- ❖ Status of, and opportunities for shared facilities;
- ❖ Accountability for community service needs, including governmental structure and operational efficiencies; and
- ❖ Any other matter related to effective or efficient service delivery, as required by commission policy.

As of July 1st, 2012, SB 244 signed by the governor on October 7, 2011 requires an additional written statement of determination to be included in a municipal service review regarding:

- ❖ The Location and Characteristics of Disadvantaged Unincorporated Communities Within or Contiguous to the Agency's SOI.

In addition, for those agencies that provide water wastewater and/or structural fire protection the new law mandates the determination on the present and planned capacity of public facilities, adequacy of public services and infrastructure needs or deficiencies to include needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated community within or contiguous to the sphere of influence.

4 Municipal Services Review Process

For local agencies, the MSR process involves the following steps:

- ❖ Outreach: LAFCO outreach and explanation of the project
- ❖ Data Discovery: provide documents and respond to LAFCO questions
- ❖ Map Review: review and comment on LAFCO draft map of the agency's boundary and sphere of influence
- ❖ Profile Review: internal review and comment on LAFCO draft profile of the agency
- ❖ Public Review Draft MSR: review and comment on LAFCO draft MSR
- ❖ LAFCO Hearing: attend and provide public comments on MSR

MSRs are exempt from California Environmental Quality Act (CEQA) pursuant to §15262 (feasibility or planning studies) or §15306 (information collection) of the CEQA Guidelines. LAFCO's actions to adopt MSR determinations are not considered "projects" subject to CEQA.

The MSR process does not require LAFCO to initiate changes of organization based on service review findings, only that LAFCO identify potential government structure options. However, LAFCO, other local agencies, and the public may subsequently use the determinations to analyze prospective changes of organization or reorganization or to establish or amend SOIs. Within its legal authorization, LAFCO may act with respect to a recommended change of organization or reorganization on its own initiative (e.g., certain types of consolidations), or in response to a proposal (i.e., initiated by resolution or petition by landowners or registered voters).

Once LAFCO has adopted the MSR determinations, it must update the SOI for the special district. The LAFCO Commission determines and adopts the spheres of influence for each agency. A CEQA

determination is made by LAFCO on a case-by-case basis for each sphere of influence action and each change of organization, once the proposed project characteristics are sufficiently identified to assess environmental impacts.

5 Sphere Of Influence Updates

The Commission is charged with developing and updating the Sphere of Influence (SOI) for each city and special district within the county.²¹

An SOI is a LAFCO-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services and prevent duplication of service delivery. Territory cannot be annexed by LAFCO to a city or district unless it is within that agency's sphere.

The purposes of the SOI include the following: to ensure the efficient provision of services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCO cannot directly regulate land use, dictate internal operations or administration of any local agency, or set rates. LAFCO is empowered to enact policies that indirectly affect land use decisions. On a regional level, LAFCO promotes logical and orderly development of communities as it considers and decides individual proposals. LAFCO has a role in reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of current and future area residents and property owners.

The Cortese-Knox-Hertzberg (CKH) Act requires to develop and determine the SOI of each local governmental agency within the county and to review and update the SOI every five years. LAFCOs are empowered to adopt, update and amend the SOI. They may do so with or without an application and any interested person may submit an application proposing an SOI amendment.

While SOIs are required to be updated every five years, as necessary, this does not necessarily define the planning horizon of the SOI. The term or horizon of the SOI is determined by each LAFCO. In the case of Modoc LAFCO, the Commission's policies state that an agency's near term SOI shall generally include land that is anticipated to be annexed within the next five years, while the agency's long-term SOI shall include land that is within the probable growth boundary of an agency and therefore anticipated to be annexed in the next 20 years.

LAFCO may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations.

In determining the SOI, LAFCO is required to complete an MSR and adopt the six determinations previously discussed.

In addition, in adopting or amending an SOI, LAFCO must make the following determinations:

- ❖ Present and planned land uses in the area, including agricultural and open-space lands;
- ❖ Present and probable need for public facilities and services in the area;
- ❖ Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide;

²¹ The initial statutory mandate, in 1971, imposed no deadline for completing sphere designations. When most LAFCOs failed to act, 1984 legislation required all LAFCOs to establish spheres of influence by 1985.

- ❖ Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency; and
- ❖ Present and probable need for public facilities and services of any disadvantaged unincorporated communities within the existing Sphere of Influence for those agencies that provide water, wastewater and/or structural fire protection.

The CKH Act stipulates several procedural requirements in updating SOIs. It requires that special districts file written statements on the class of services provided and that LAFCO clearly establish the location, nature and extent of services provided by special districts.

By statute, LAFCO must notify affected agencies 21 days before holding the public hearing to consider the SOI and may not update the SOI until after that hearing. The LAFCO Executive Officer must issue a report including recommendations on the SOI amendments and updates under consideration at least five days before the public hearing.

APPENDIX B - LOCAL GOVERNMENT ISSUES

1 Municipal Financial Constraints

Municipal service providers are constrained in their capacity to finance services by the inability to increase property taxes, requirements for voter approval for new or increased taxes, and requirements of voter approval for parcel taxes and assessments used to finance services. Municipalities must obtain majority voter approval to increase or impose new general taxes and two-thirds voter approval for special taxes.

Limitations on property tax rates and increases in taxable property values are financing constraints. Property tax revenues are subject to a formulaic allocation and are vulnerable to State budget needs. Agencies formed since the adoption of Proposition 13 in 1978 often lack adequate financing.

1.1 California Local Government Finance Background

The financial ability of the cities and special districts to provide services is affected by financial constraints. City service providers rely on a variety of revenue sources to fund city operating costs as follows:

- Property Taxes
- Benefit Assessments
- Special Taxes
- Proposition 172 Funds
- Other contributions from city or district general funds.

As a funding source, property taxes are constrained by Statewide initiatives that have been passed by voters over the years and special legislation. Seven of these measures are explained below:

A. Proposition 13

Proposition 13 (which California voters approved in 1978) has the following three impacts:

- Limits the *ad valorem* property tax rate
- Limits growth of the assessed value of property
- Requires voter approval of certain local taxes.

Generally, this measure fixes the *ad valorem* tax at one percent of value; except for taxes to repay certain voter approved bonded indebtedness. In response to the adoption of Proposition 13, the Legislature enacted Assembly Bill 8 (AB 8) in 1979 to establish property tax allocation formulas.

B. AB 8

Generally, AB 8 allocates property tax revenue to the local agencies within each tax rate area based on the proportion each agency received during the three fiscal years preceding adoption of Proposition 13. This allocation formula benefits local agencies, which had relatively high tax rates at the time Proposition 13 was enacted.

C. Proposition 98

Proposition 98, which California voters approved in 1988, requires the State to maintain a minimum level of school funding. In 1992 and 1993, the Legislature began shifting billions of local property taxes to schools in response to State budget deficits. Local property taxes were diverted from local governments into the Educational Revenue Augmentation Fund (ERAF) and transferred to school districts and community college districts to reduce the amount paid by the State general fund.

Local agencies throughout the State lost significant property tax revenue due to this shift. Proposition 172 was enacted to help offset property tax revenue losses of cities and counties that were shifted to the ERAF for schools in 1992.

D. Proposition 172

Proposition 172, enacted in 1993, provides the revenue of a half-cent sales tax to counties and cities for public safety purposes, including police, fire, district attorneys, corrections and lifeguards. Proposition 172 also requires cities and counties to continue providing public safety funding at or above the amount provided in FY 92-93.

E. Proposition 218

Proposition 218, which California voters approved in 1996, requires voter- or property owner-approval of increased local taxes, assessments, and property-related fees. A two-thirds affirmative vote is required to impose a Special Tax, for example, a tax for a specific purpose such as a fire district special tax.

However, majority voter approval is required for imposing or increasing general taxes such as business license or utility taxes, which can be used for any governmental purpose. These requirements do not apply to user fees, development impact fees and Mello-Roos districts.

F. Proposition 26

Proposition 26 approved by California voters on November 2, 2010, requires that certain state fees be approved by two-thirds vote of Legislature and certain local fees be approved by two-thirds of voters. This proposition increases the legislative vote requirement to two-thirds for certain tax measures, including those that do not result in a net increase in revenue. Prior to its passage, these tax measures were subject to majority vote.

However, majority voter approval is required for imposing or increasing general taxes such as business license or utility taxes, which can be used for any governmental purpose. These requirements do not apply to user fees, development impact fees and Mello-Roos districts.

G. Mello-Roos Community Facilities Act

The Mello-Roos Community Facilities Act of 1982 allows any county, city, special district, school district or joint powers authority to establish a Mello-Roos Community Facilities District (a "CFD") which allows for financing of public improvements and services. The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities. By law, the CFD is also entitled to recover expenses needed to form the CFD and administer the annual special taxes and bonded debt.

A CFD is created by a sponsoring local government agency. The proposed district will include all properties that will benefit from the improvements to be constructed or the services to be provided. A CFD cannot be formed without a two-thirds majority vote of residents living within the proposed boundaries. Or, if there are fewer than 12 residents, the vote is instead conducted of current landowners.

In many cases, that may be a single owner or developer. Once approved, a Special Tax Lien is placed against each property in the CFD. Property owners then pay a Special Tax each year.

If the project cost is high, municipal bonds will be sold by the CFD to provide the large amount of money initially needed to build the improvements or fund the services. The Special Tax cannot be directly based on the value of the property. Special Taxes instead are based on mathematical

formulas that take into account property characteristics such as use of the property, square footage of the structure and lot size. The formula is defined at the time of formation, and will include a maximum special tax amount and a percentage maximum annual increase.

If bonds were issued by the CFD, special taxes will be charged annually until the bonds are paid off in full. Often, after bonds are paid off, a CFD will continue to charge a reduced fee to maintain the improvements.

H. Development Impact Fees

A county, cities, special districts, school districts, and private utilities may impose development impact fees on new construction for purposes of defraying the cost of putting in place public infrastructure and services to support new development.

To impose development impact fees, a jurisdiction must justify the fees as an offset to the impact of future development on facilities. This usually requires a special financial study. The fees must be committed within five years to the projects for which they were collected, and the district, city or county must keep separate funds for each development impact fee.

1.2 *Financing Opportunities that Require Voter Approval*

Financing opportunities that require voter approval include the following five taxes:

- Special taxes such as parcel taxes
- Increases in general taxes such as utility taxes
- Sales and use taxes
- Business license taxes
- Transient occupancy taxes

Communities may elect to form business improvement districts to finance supplemental services, or Mello-Roos districts to finance development-related infrastructure extension. Agencies may finance facilities with voter-approved (general obligation) bonded indebtedness.

1.3 *Financing Opportunities that Do Not Require Voter Approval*

Financing opportunities that do not require voter approval include imposition of or increases in fees to more fully recover the costs of providing services, including user fees and Development Impact Fees to recover the actual cost of services provided and infrastructure.

Development Impact Fees and user fees must be based on reasonable costs, and may be imposed and increased without voter approval. Development Impact Fees may not be used to subsidize operating costs. Agencies may also finance many types of facility improvements through bond instruments that do not require voter approval.

Water rates and rate structures are not subject to regulation by other agencies. Utility providers may increase rates annually, and often do so. Generally, there is no voter approval requirement for rate increases, although notification of utility users is required. Water providers must maintain an enterprise fund for the respective utility separate from other funds, and may not use revenues to finance unrelated governmental activities.

2 Public Management Standards

While public sector management standards do vary depending on the size and scope of an organization, there are minimum standards. Well-managed organizations do the following eight activities:

1. Evaluate employees annually.
2. Prepare a budget before the beginning of the fiscal year.
3. Conduct periodic financial audits to safeguard the public trust.
4. Maintain current financial records.
5. Periodically evaluate rates and fees.
6. Plan and budget for capital replacement needs.
7. Conduct advance planning for future growth.
8. Make best efforts to meet regulatory requirements.

Most of the professionally managed and staffed agencies implement many of these best management practices. LAFCO encourages all local agencies to conduct timely financial record-keeping for each city function and make financial information available to the public.

3 Public Participation in Government

The Brown Act (California Government Code Section 54950 et seq.) is intended to insure that public boards shall take their actions openly and that deliberations shall be conducted openly. The Brown Act establishes requirements for the following:

- Open meetings
- Agendas that describe the business to be conducted at the meeting
- Notice for meetings
- Meaningful opportunity for the public to comment
- Few exceptions for meeting in closed sessions and reports of items discussed in closed sessions.

According to California Government Section 54959

Each member of a legislative body who attends a meeting of that legislative body where action is taken in violation of any provision of this chapter, and where the member intends to deprive the public of information to which the member knows or has reason to know the public is entitled under this chapter, is guilty of a misdemeanor.

Section 54960 states the following:

(a) The district attorney or any interested person may commence an action by mandamus, injunction or declaratory relief for the purpose of stopping or preventing violations or threatened violations of this chapter by members of the legislative body of a local agency or to determine the applicability of this chapter to actions or threatened future action of the legislative body.

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ABBREVIATIONS

AB	Assembly Bill
CDBG	Community Development Block Grants
CDP	Census Designated Place
CEQA	California Environmental Quality Act
CFD	Community Facilities District
CIP	Capital Improvement Plan
CKH Act	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CSA	County Service Area
CSD	Community Services District
District	Canby Community Services District
DUC	Disadvantaged Unincorporated Community
ERAF	Educational Revenue Augmentation Fund
FY	Fiscal Year
LAFCO	Local Agency Formation Commission
MSR	Municipal Service Review (LAFCO)
SOI	Sphere of Influence (LAFCO)
USDA	United States Department of Agriculture

DEFINITIONS

California Environmental Quality Act (CEQA): A State Law requiring State and local agencies to regulate activities with consideration for environmental protection. If a proposed activity has the potential for a significant adverse environmental impact, an environmental impact report (EIR) must be prepared and certified as to its adequacy before taking action on the proposed project.

Capital Improvement Plan (CIP): is a short-range plan, usually four to ten years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan. Essentially, the plan provides a link between a municipality, school district parks and recreation department and/or other local government entity and a comprehensive and strategic plans and the entity's annual budget.

Census-Designated Place (CDP): a concentration of population identified by the US Census Bureau for statistical purposes. CDPs are delineated for each decennial census as the statistical counterparts of incorporated places such as cities, towns and villages. CDPs are populated areas that lack separate municipal government, but which otherwise physically resemble incorporated places. CDPs are delineated solely to provide data for settled concentrations of population that are identifiable by name but are not legally incorporated under the laws of the state in which they are located. They include small rural communities, colonias located along the U.S. border with Mexico, and unincorporated resort and retirement communities. The boundaries of a CDP have no legal status. Thus, they may not always correspond with the local understanding of the area or community with the same name. However, criteria established for the 2010 Census require that a CDP name "be one that is recognized and used in daily communication by the residents of the community" (not "a name developed solely for planning or other purposes") and recommend that a CDP's boundaries be mapped based on the geographic extent associated with residents' use of the place name.²²

Community Facilities District (CFD): Under the Mello-Roos Community Facilities Act of 1982 (Section 53311, et seq.) a legislative body may create within its jurisdiction a special tax district that can finance tax-exempt bonds for the planning, design, acquisition, construction, and/or operation of public facilities, as well as public services for district residents. Special taxes levied solely within the district are used to repay the bonds.

Community Services District (CSD): A geographic subarea of a county used for planning and delivery of parks, recreation, and other human services based on an assessment of the service needs of the population in that subarea. A CSD is a taxation district with independent administration.

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act): establishes procedures for local government changes of organization, including city incorporations, annexations to a city or special district, and city and special district consolidations.²³

County Service Area (CSA): A County Service Area (CSA) is a special taxing area created by the Board of Supervisors, which bears a special assessment or service charge for particular types of extended services to rural parts of the county.

²² http://en.wikipedia.org/wiki/Census-designated_place, April 2, 2012

²³ Assembly Committee on Local Government, Guide to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, November 2011, <http://www.co.monterey.ca.us/lafco/Updates/2011LAFCOGUIDE.pdf>, March 29, 2012

Disadvantaged Unincorporated Community: inhabited territory with 12 or more registered voters, or as determined by LAFCO policy, that constitutes all or a portion of a “disadvantages community”, as defined in the Water Code to be “a community with an annual median household income that is less than 80% of the statewide annual median household income.

Dissolution: the disincorporation, extinguishment, or termination of the existence of a district and the cessation of all its corporate powers, except as the commission may otherwise provide pursuant to California Government Code Section 56886 or for the purpose of winding up the affairs of the district.

Land Use Classification: A system for classifying and designating the appropriate use of properties.

Leapfrog Development; New development separated from existing development by substantial vacant land.

Local Agency Formation Commission (LAFCO): A five-or seven-member commission within each county that reviews and evaluates all proposals for formation of special districts, incorporation of cities, annexation to special districts or cities, consolidation of districts, and merger of districts with cities. Each county’s LAFCO is empowered to approve, disapprove, or conditionally approve such proposals. The LAFCO members generally include two county supervisors, two city council members, and one member representing the general public. Some LAFCOs include two representatives of special districts.

Proposition 13: (Article XIII A of the California Constitution) Passed in 1978, this proposition enacted sweeping changes to the California property tax system. Under Prop. 13, property taxes cannot exceed 1% of the value of the property and assessed valuations cannot increase by more than 2% per year. Property is subject to reassessment when there is a transfer of ownership or improvements are made.²⁴

Proposition 218: (Article XIID of the California Constitution) This proposition, named "The Right to Vote on Taxes Act", filled some of the perceived loopholes of Proposition 13. Under Proposition 218, assessments may only increase with a two-thirds majority vote of the qualified voters within the District. In addition to the two-thirds voter approval requirement, Proposition 218 states that effective July 1, 1997, any assessments levied may not be more than the costs necessary to provide the service, proceeds may not be used for any other purpose other than providing the services intended, and assessments may only be levied for services that are immediately available to property owners.²⁵

Special Districts: independent government units that exist separately from, and with substantial administrative and fiscal independence from, general purpose local governments such as county, municipal, and township governments. As defined by the U.S. Census Bureau, the term *special district governments* excludes school districts.

Sphere of Influence (SOI): The probable physical boundaries and service area of a local agency, as determined by the Local Agency Formation Commission (LAFCO) of the county.

²⁴ http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08

²⁵ http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08

