



Lou Ann Teixeira  
 Executive Officer

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July 11, 2018

Mario Gutierrez, Foreperson  
 2017-18 Contra Costa County Civil Grand Jury  
 725 Court Street  
 P.O. Box 431  
 Martinez, CA 94553-0091

Dear Mr. Gutierrez:

On June 7, 2018, the Contra Costa Local Agency Formation Commission (LAFCO) received Grand Jury Report No. 1808, entitled “*Joint Powers Authorities.*”

On July 11<sup>th</sup>, the Commission reviewed the draft response to the Grand Jury, provided input and directed LAFCO staff to submit a response prior to the September 11, 2018 deadline. We hereby submit the following responses to the relevant findings and recommendations contained in Grand Jury Report No. 1808.

**FINDINGS**

**F6.** LAFCO has no JPA oversight and acts as a repository only for municipal services JPAs that choose to voluntarily file. This limits LAFCO’s ability to review Financial JPAs.

**Response:** *The respondent agrees with the finding.*

*In accordance with SB 1266 (McGuire) enacted January 1, 2017, local agencies are required to file with LAFCO the full text of JPAs, and any amendments to the agreement, in the same manner as filed with the State Controller under existing law. These documents must be filed with the LAFCO in each county within which all or any part of a local agency member’s territory is located. Failure to comply with the SB 1266 reporting requirements will prohibit that JPA from issuing any bonds or incurring indebtedness of any kind.*

*For LAFCO purposes, SB 1266 applies to JPAs that include a city, county or special district as a member agency, and are or were formed as separate legal entities to provide municipal services, in accordance with Government Code §56047.7.*

*Pursuant to SB 1266, LAFCO does not have JPA regulatory and review authority – LAFCO’s role is to serve as a repository for associated filings. A list of all JPAs filed with Contra Costa LAFCO to date is available online at <http://contracostalafco.org/about-us/jpa/>.*

## RECOMMENDATIONS

**R6.** Contra Costa LAFCO should consider seeking funds to expand their focus to include County Financial JPAs by September 1, 2019.

**Response:** *The recommendation will not be implemented because it is not warranted or is not reasonable.*

*Pursuant to SB 1266, LAFCO serves as a repository for specific types of JPAs – those formed as separate legal entities to provide municipal services, in accordance with Government Code §56047.7. Under existing law, LAFCO does not have statutory authority to require cities, counties and districts to file financing mechanism JPAs with LAFCO, nor is LAFCO charged with regulating local agency financing tools.*

*LAFCO is required to review and update spheres of influence (SOIs) for local agencies every five years, as necessary [Government Code §56425(g)]. In conjunction with the SOI updates, LAFCO must conduct a Municipal Service Review (MSR). The mandate to prepare periodic MSRs came out of the “Growth Within Bounds” report of the Commission on Local Governance in the 21<sup>st</sup> Century (2000). As noted in this report, the focus of MSRs is to review services provided within the county to help “achieve a logical extension of local services to meet guide California’s future growth and development.” Service reviews are designed to determine growth and population projections, infrastructure needs/deficiencies, financing constraints/opportunities, opportunities for shared facilities, evaluation of management efficiencies, local accountability and governance, and government structure options.*

*While one of the MSR determinations relates to finances, the focus is the financial ability of the agency to provide services, and not specifically on financing mechanisms. LAFCO has no regulatory authority over local agency finances or JPAs. Pursuant to State law, LAFCO’s regulatory authority is primarily limited to service boundary and SOI changes, the extension of municipal services (inside and outside service boundaries), and conducting MSRs.*

*Should legislation be enacted to allow LAFCOs to collect JPAs formed as a financing mechanism, LAFCO will collect these JPAs as they could potentially provide useful information in consideration of proposals and in conjunction with the MSRs.*

Should you have further questions, please contact us.

Sincerely,

  
Michael R. McGill  
Chair, Contra Costa LAFCO