

**LOCAL AGENCY FORMATION COMMISSION  
REGULAR MEETING AGENDA**

Wednesday, July 23, 2003  
9:00 a.m.

Board of Supervisors Hearing Room, Room 381B  
Kenneth Hahn Hall of Administration  
500 West Temple Street, Los Angeles 90012

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A person with a disability may contact the LAFCO office at (818) 254-2454 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

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1. **CALL MEETING TO ORDER.**
2. **PLEDGE OF ALLEGIANCE WILL BE LED BY CHAIRMAN PELLISSIER.**
3. **CONTINUED HEARING**
  - a. Continued hearing on Annexation No. 37-15 to County Waterworks District No. 37, 964± acres located north of the Antelope Valley Freeway, in the vicinity of Crown Valley Road, unincorporated area of Acton. (Continued from meeting of June 11, 2003)
  - b. Harbor Area Special Reorganization.
4. **CONSENT ITEMS**
  - a. Approval of Revised Municipal Service Review Guidelines.
  - b. Approve Minutes of the meeting held June 25, 2003.

5. **SPECIAL ITEMS**

- a. Authorization to enter into a consulting services contract regarding Municipal Service Review of the City of Azusa and other affected local agencies.
- b. Approval the Fiscal Year 02-03 Year-End Closing Statement.
- c. Approval of June 2003 Operating Account Check Registrar.
- d. Municipal Service Reviews and Spheres of Influence Update.

6. **PUBLIC COMMENT**

This is the opportunity for members of the public to address the Commission on items that are not on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Speakers are reminded of the three-minute time limitation.

7. **FUTURE MEETINGS**

August 13, 2003  
August 27, 2003

8. **NEW BUSINESS**

This is the opportunity for commissioners to discuss matters not on the Posted Agenda (to be discussed and upon Commission approval placed on the Agenda for action at a future meeting).

9. **ADJOURNMENT MOTION**

**STAFF REPORT**

**JULY 23, 2003**

**CONTINUED HEARING ON ANNEXATION NO. 37-15 TO  
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 37**

**AGENDA ITEM NO. 3a**

On June 11, 2003 your commission considered the proposed annexation of five parcels of territory totaling 965± acres in the unincorporated Acton area to Los Angeles County Waterworks District No. 37.

At the meeting legal counsel informed your commission that the negative declaration filed by the Los Angeles County Department of Public Works did not reference any developments, and inasmuch as the annexation involved development of approximately 564 units it would be prudent for the Commission to continue the hearing until such time as the environmental analysis reflects the planned development.

Since the hearing, legal counsel has determined the Environmental Impact Report and Negative Declaration are sufficient as they relate to Parcels A, B and E. However, it is not adequate for consideration of Parcels C and D.

Therefore it is staff's recommendation that the commission continue its decision on Annexation No. 37-15 until such time that the Department of Public Works either causes the preparation of an environmental analysis that adequately reflects the planned development for Parcels C and D or returns to the commission with a renegotiated property tax transfer resolution for Parcels A, B, and E pursuant to Revenue and Taxation Code Section 99(b)(7).

**STAFF REPORT**  
**JULY 23, 2003**  
**HARBOR AREA SPECIAL REORGANIZATION**  
**AGENDA ITEM NO. 3b**

***2002 Commission Decision***

On May 29, 2002 the commission postponed consideration of any resolution relating to the Harbor Area Special Reorganization and instructed the Executive Officer to report back at his earliest convenience as to the budgetary cost to undertake an analysis of the Harbor reorganization area, including preparing of a new Comprehensive Fiscal Analysis (CFA) and appropriate environmental documentation. Prior to undertaking any further analysis of this proposal, the Executive Officer seeks further direction from the commission based upon the following staff report.

***Fiscal Viability***

The Special Reorganization of the Harbor Area Executive Officer's Report dated May 15, 2002 found that the Harbor area would not generate enough revenue to cover its expenses even after implementing such cost-savings measures as privatizing refuse collection and contracting with the County for public safety services.

The Executive Officer subsequently released a supplemental report dated May 24, 2002 which found that the proposed city could potentially be fiscally viable if the Commission were to impose the following conditions:

- 1) **Debt Relief:** Relieve the proposed city of its obligation for \$6 million in annual debt payments to the City of Los Angeles for outstanding Convention Center, sanitation equipment revenue and judgment obligation bonded indebtedness as well as non-debt liabilities for workers' compensation and tort liability. By comparison, the Commission did not grant debt relief in the case of the proposed San Fernando Valley and Hollywood special reorganizations.
- 2) **January Effective Date:** Allow the proposed city to become effective on January 1 in order to minimize the length of its transition period during which it would rely on the City of Los Angeles for municipal services. By comparison, the Commission imposed a July 1 effective date on the proposed San Fernando Valley and Hollywood cities.
- 3) **Transition Services Loan:** Allow the proposed city to repay \$7.5 million for transition period services provided by the City of Los Angeles over a five-year period. By comparison, the Commission did not grant a loan for transition services to the proposed San Fernando Valley and Hollywood cities.

Under the most optimistic scenario, the Commission was assumed to impose the conditions mentioned above and the proposed city was assumed to establish its own general government functions and to privatize refuse collection within the first six months of existence. Under this scenario, the proposed city's reserves would still barely meet the Government Finance Officers Association (GFOA) guidelines for municipal reserves.

The Executive Officer continues to view the proposed city's fiscal future as not viable because the Executive Officer's fiscal analysis was based on the 2000-01 fiscal year in which the City of Los Angeles actually generated a \$132 million surplus, a portion of which was allocated to the proposed city. By comparison, in the 2001-02 fiscal year, the City of Los Angeles actually

posted a \$146 million deficit. If the fiscal analysis were to be recalculated based on the 2001-02 fiscal year, the Harbor area would not receive a share of the budget surplus and would have to finance a portion of the deficit.

### ***Environmental Analysis***

The CFA and Environmental Impact Report (EIR) were based on a proposed Harbor city that included the tidelands in its boundaries and a municipal services structure mirroring the City of Los Angeles with services in large part being provided by the City of Los Angeles under contract. After the CFA and EIR were completed, however, the Lands Commission denied approval for the Applicant to include tidelands and submerged lands in the boundaries of the proposed city. As recommended by the Lands Commission, LAFCO set a logical boundary separating Port lands managed by the City of Los Angeles from the proposed Harbor special reorganization area. In addition, as discussed above, an alternative municipal service structure was being proposed in order to reduce service costs. Given these facts, the original project description analyzed in the EIR no longer adequately described the project and LAFCO would have needed to prepare a new EIR based on the final boundaries (or substantially similar boundaries) and the new municipal service structure.

### ***Analysis***

On November 5, 2002 the issue of San Fernando Valley area and Hollywood area detachment from the City of Los Angeles and incorporation of those areas into two new cities was placed on a city wide ballot. Both ballot propositions were overwhelmingly defeated by a citywide vote. The votes cast in the Harbor area precincts also resulted in an overwhelming defeat of those ballot propositions by Harbor area voters leading staff to believe that the Harbor area detachment would also have failed if it was placed on the same ballot.

In light of all of the above, staff has suggested to the Applicants of the Harbor Area Special Reorganization that they consider withdrawal of their application. To date, said application has not been withdrawn.

Continued processing of this application will entail the preparation of a new CFA based on the most recent financial data available from the City of Los Angeles as well as the preparation of an EIR. The cost of preparing the CFA and EIR is estimated at \$250,000 to \$300,000. The City of Los Angeles will also incur a substantial cost in providing LAFCO with the required updated fiscal reports.

### ***Executive Officer's Recommendation***

In light of the above, the Executive Officer recommends that the Commission conclude that the proposed Harbor city is not fiscally viable and that the proposal does not merit further review at the taxpayers' expense.

## **STAFF REPORT**

**JULY 23, 2003**

### **MUNICIPAL SERVICE REVIEW GUIDELINES**

#### **AGENDA ITEM NO. 4a**

**Background:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review municipal services. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure which will support California's anticipated growth.

Staff has begun the process of Sphere of Influence (SOI) updates and Municipal Service Reviews (MSR). Your executive officer has appeared before the San Gabriel Valley COG and the League of Cities to outline the data gathering process needed for LAFCO to meet the requirements of Section 56425 and 56430 of the Government Code. Request For Information (RFI) packets have been mailed to all 88 cities and 91 special districts. Said packets contained, along with other material, Municipal Service Review Guidelines.

It has been brought to staff's attention that Municipal Service Review Guidelines should be formally adopted by the LAFCO commission. The Municipal Service Review Guidelines attached hereto contain changes to those guidelines previously distributed to the commission, the 88 cities and the 91 special districts. Said changes are primarily related to clarification of intent and simplification of environmental determination.

**Staff Recommendation:**

Staff recommends commission adoption of the Municipal Service Review Guidelines, dated June 5, 2003, a copy of which is attached hereto.

**LOCAL AGENCY FORMATION COMMISSION (LAFCO)**  
*For Los Angeles County*  
**MUNICIPAL SERVICE REVIEW GUIDELINES**

**Purpose**

To provide guidance to the Local Agency Formation Commission for Los Angeles County (LAFCO) in preparing and conducting municipal service reviews.

**Background**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review municipal services. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure which will support California's anticipated growth. The service review provides LAFCO with a tool to comprehensively study existing and future public service conditions and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently and cost-effectively provided.

**Goals and Objectives**

Effective January 1, 2001, Government Code Section 56430 requires LAFCO to conduct a review of municipal services provided in the county by region, subregion or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following:

- A. Infrastructure needs or deficiencies;
- B. Growth and population projections for the affected area;
- C. Financing constraints and opportunities;
- D. Cost avoidance opportunities;
- E. Opportunities for rate restructuring;
- F. Opportunities for shared facilities;
- G. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
- H. Evaluation of management efficiencies; and
- I. Local accountability and governance.

The municipal service review process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make determinations regarding the provision of public services per Government Code Section 56430. 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 spheres of influence.

### **When Prepared**

The initial municipal service reviews must be prepared for all agencies with spheres of influence established as of January 1, 2001, by January 1, 2006, and thereafter, not less than once every five years. Generally, reviews are to be prepared prior to or in conjunction with an action to establish a sphere of influence or to update a sphere of influence. Amendments to a sphere of influence will not require a municipal service review unless LAFCO determines otherwise.

### **Services Addressed**

Municipal service reviews will address identified field services within the service review boundary that are associated with growth and development, and which constitute a significant share of service costs. Target services include, but are not limited to, water, sewer, drainage, roads, police, and fire protection. General government services such as courts, social services, human resources, treasury, tax collection, and administrative services will generally not be included.

### **Agencies Included**

Local agencies whose boundary changes are subject to LAFCO review are subject to municipal service reviews, and LAFCO shall encourage those local agencies to fully participate in the service review process.

### **Study Area Boundaries**

LAFCO will determine the boundaries of the geographic study areas that will be the subject of a service review. Generally, service reviews will be conducted for sub-regional areas within the County of Los Angeles; however, a service review may also be accomplished for a single agency, multiple agencies, sub-regional areas, on a countywide basis or may include other geographic areas located in adjacent counties, if multi-county districts are established that are subject to LAFCO's jurisdiction.

Factors that may be considered in determining a service review boundary include, but are not limited to: existing city and special district jurisdictional and sphere boundaries; topography; geography; community boundaries; tax/assessment zones; infrastructure locations; transportation systems and roads; areas with shared facilities; and areas with shared social and economic communities of interest. Additionally, LAFCO will consider information received from affected agencies when determining study area boundaries.

### **Environmental Determination**

Municipal service reviews are not subject to the provisions of the California Environmental Quality Act (CEQA) because they are only feasibility or planning studies for *possible* future action which LAFCO has not approved. (Cal. Pub. Res. Code § 21150) The ultimate outcome of conducting a service review, however, may result in LAFCO taking discretionary action with respect to a recommended change of organization or reorganization. Either LAFCO, if acting on its own, or the local agency that submits a proposal to LAFCO, will be considered the lead agency for purposes of CEQA and must conduct an appropriate environmental review prior to LAFCO taking action.



## Preparation

- A. LAFCO will determine the priority, schedule, procedure and content for service reviews.
- B. LAFCO will mail a Request for Information to the affected agency(ies) identified in the service review work plan.
- C. LAFCO may hold scoping meetings, as necessary, for selected service reviews to gather additional input on the following issues:
  - 1. Additional agencies to be included in the service review;
  - 2. Geographic area of service review;
  - 3. Concerns of affected agencies; and
  - 4. Areas of concern to be addressed in a service review.

Public notice will be given for scoping meetings. All affected agencies, interested agencies, and persons or entities requesting notice will receive a mailed notice.

- D. Municipal service reviews will fall into two general categories:
  - 1. **Routine reviews** will be associated with sphere of influence updates and are anticipated to be uncomplicated and straightforward. Routine service reviews may be conducted for single agencies or for multiple agencies that provide similar services.
  - 2. **Intensive reviews** are anticipated to require detailed analysis of complex and controversial issues. Categorizing a service review as intensive may be the result of analysis of pending LAFCO proposals, or of service provision concerns otherwise identified by LAFCO.
- E. LAFCO staff will prepare or cause to be prepared a final municipal service review report that includes the determinations required by Government Code Section 56430(a). The report may identify future studies or actions, which LAFCO or other agencies may take to implement the recommendations of the report. LAFCO will consider the municipal service review report and determinations at a noticed public hearing. The report will be available for a public review period prior to the hearing.
- F. Generally, service reviews that are required by statute to be conducted prior to or in conjunction with the 5-year sphere of influence updates will be incorporated into, and paid for from, the LAFCO budget. When a service review is required due to a local agency-initiated proposal, however, LAFCO may impose a cost-recovery fee for conducting municipal service reviews on the agency or agencies being reviewed in accordance with the LAFCO-approved fee schedule.
- G. LAFCO will complete service reviews for local agencies with spheres of influence established as of January 1, 2001 by January 1, 2006. After that

date, service reviews will be completed before or in conjunction with, but no later than the time it considers the establishment or update of a sphere of influence.

## MUNICIPAL SERVICE REVIEW DETERMINATIONS

*Government Code Section 56430(a) requires that when LAFCO conducts municipal service reviews, it make nine written determinations with respect to the following subjects. Set forth below is an elaboration on the factors LAFCO will likely consider when making these determinations. LAFCO may take additional matters under consideration after completing the initial service reviews.*

### **Determination 1: Infrastructure needs or deficiencies**

This determination refers to the adequacy of existing and planned public facilities in accommodating future growth and the efficient delivery of public services.

**Scope:** When there are multiple potential service providers to unincorporated territory, the service review will consider which of the potential service providers have existing facilities suited to serving the area and which appear capable of accommodating expected future growth in the area. Clearly, the ability of potential service providers to meet infrastructure needs may be dependent upon the service provider's financing constraints (See Determination 3). Hence, the service reviews will evaluate the adequacy of public facilities in light of financing constraints.

**Analysis Factors:** The adequacy of public facilities depends on supply factors: location, regulatory and environmental constraints on the facility, capacity, condition, and other quality indicators; and demand factors: current and future customer base size, customer characteristics affecting service demand, proximity to related service providers like hospitals, and complexities such as terrain and elevation. In addition, the analysis will consider infrastructure duplication among neighboring providers.

**Information Sources:** Capital Improvement Plans, Water Master Plans, Urban Water Management Plans, Department of Water Resources Annual Reports, Wastewater Master Plans, General Plan, Environmental Impact Reports (EIRs), Circulation Element, Regional Transportation Plan, Insurance Service Office PPC rating, questionnaire responses (Request for Information (RFI) Part III), and interviews.

### **Determination 2: Growth and population projections for the affected area**

This determination refers to the expected demand for services within the particular area, as measured by current and future population.

**Scope:** The service reviews will consider population and other measures of the customer base in the particular area, as well as projected growth over the next 20 years. The LAFCO RFI gives all affected agencies the opportunity to recommend alternative population projections for purposes of the service review. Municipal service reviews will give LAFCO, affected agencies, and the public the means to examine both the existing and future need for public services and the extent to which those needs are being addressed by the service provider.

**Analysis Factors:** The service reviews will provide estimates of current and future population for each agency and affected area. Further, the service review will indicate how well population actually measures customer demand for the services provided by the particular agency. To the extent that population is not an adequate measure of service demand, the service review may provide alternative measures.

**Information Sources:** U.S. Bureau of the Census, Southern California Association of Governments, State Department of Finance, General Plans, Questionnaire responses—Growth Projections, Customers, Demand Management, Growth Strategies.

### **Determination 3: Financing constraints and opportunities**

Under this determination, LAFCO must weigh a community's public service needs against the resources available to fund the services.

**Scope:** During the municipal service review, the financing constraints and opportunities, which have an impact on the delivery of services, will be identified to enable LAFCO, local agencies, and the public to assess whether agencies are capitalizing on financing opportunities. For example, a service review could reveal that two or more water agencies that are each deficient in storage capacity may benefit from creating a joint venture to finance and construct regional storage facilities. Service reviews may also disclose innovations for contending with financing constraints, which may be of considerable value to numerous agencies.

**Analysis Factors:** The service review will provide a financial analysis of each agency, with particular focus on the revenue base and debt issuance opportunities. The service review will identify the revenue sources currently available to the agency, as well as revenue projections, and any assessment districts and joint agency financing. Further, the review shall take into consideration the agency's ability to borrow and repay debt and identify additional financing mechanism that might be available if service providers were to reorganize.

**Information Sources:** Budget, Comprehensive Annual Financial Report, Official Statements for bonded indebtedness, State Controller, County Assessor, and questionnaire responses to Plans, Public Debt and Debt Default questions.

### **Determination 4: Cost avoidance opportunities**

This determination relates to identifying service duplication issues, inefficiencies related to overlapping boundaries, and cost reduction opportunities related to economies of scale.

**Scope:** The municipal service reviews will identify cost avoidance opportunities by assessing duplicative services, overhead costs, costs associated with maintaining outdated or deteriorating equipment, and other inefficiencies.

**Analysis Factors:** The service review will assess issues of overlapping or inefficient service boundaries, and identify efficient alternatives. The service review will consider the cost implications of economies of scale in assessing policy alternatives. The service review may also consider issues related to provision of services by contract.

**Information Sources:** Comprehensive Annual Financial Report, Official Statements for bonded indebtedness, agency maps, questionnaire responses—Public Debt and interviews.

### **Determination 5: Opportunities for rate restructuring**

Under this determination, LAFCO must review agency rates and consider opportunities for rate restructuring without impairing the quality of service.

**Scope:** The service review will describe the existing rate structure and compare it with those of neighboring service providers. Service reviews will identify strategies for rate restructuring, which would further the LAFCO mission of ensuring efficiency in providing public services.

**Analysis Factors:** The service review will assess variances among rates, fees, taxes, charges, etc., within an agency and region, and conditions that may impact future rates. The service review will identify opportunities for rate reductions through annexations, consolidations, mergers, or other reorganizations. Where relevant, the service review may assess rate-setting methodologies

**Information Sources:** Budgets, Master Fee Schedules, Rate and Fee Studies and Policies, questionnaire responses (RFI Part III).

**Determination 6: Opportunities for shared facilities**

Under this determination, LAFCO must consider how to create better opportunities for agencies to share facilities and eliminate costly duplications of service.

**Scope:** The service review will inventory facilities and facilities needs within the study area to determine if facilities are currently being utilized to capacity.

**Analysis Factors:** The service review will evaluate whether efficiencies can be achieved by accommodating the facility needs of adjacent agencies. This will involve assessment of compatibility between the facility needs of neighboring service providers. Options for planning for future shared facilities and services will also be considered.

**Information Sources:** Capital Improvement Plans, Shared Road Construction Plans, Open Space Preservation Plans, questionnaire responses—Joint Powers and RFI Part III facilities questions, interviews.

**Determination 7: Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers**

Under this determination, LAFCO must consider the advantages and disadvantages of alternative government structuring options, including consolidation or reorganization of service providers. Pursuant to Government Code Section 56375(a), LAFCO is empowered to initiate certain reorganizations such as district consolidation, dissolution, mergers and subsidiary district. Pursuant to Government Code Section 56425(g), the Legislature has also authorized LAFCOs to recommend governmental reorganizations to local agencies.

**Scope:** The service review will consider the logic of existing boundaries and spheres of influence.

**Analysis Factors:** The service review will examine efficiencies that could be gained through: (1) functional reorganizations within existing agencies; (2) amending or updating spheres of influence; (3) annexations or detachments from cities or special districts; (4) formation of new special districts; (5) special district dissolutions; (6) mergers of special districts with cities; (7) establishment of subsidiary districts; or (8) any additional reorganization options found in Government Code Section 56000 *et seq.*

**Information Sources:** Questionnaire responses—Sphere Amendments, Sphere of Influence Goals, Reorganization Proposals, Demand Management and Growth Strategies; interviews.

**Determination 8: Evaluation of management efficiencies**

This determination requires LAFCO to consider the effectiveness of an agency's internal organization to provide efficient, quality public services.

**Scope:** The municipal service review will identify management costs, 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.

**Analysis Factors:** The service review will consider the effectiveness of an agency's internal organization to provide efficient, quality public services. Efficiently managed agencies are those which consistently implement plans to improve service delivery, reduce waste, eliminate duplications of effort, contain costs, maintain qualified employees, build and maintain adequate contingency reserves, and encourage and maintain open dialogues with the public and other public and private agencies.

**Information Sources:** Questionnaire responses—Organizational Chart, Performance Evaluation, Distinguished Service, Productivity Monitoring, Debt Default, Budgets, Mission-Goals-Strategic Plan, Complaints and Lawsuits Filed.

**Determination 9: Local accountability and governance**

Under this determination, LAFCO will consider the degree to which the agency fosters local accountability by providing mechanisms for public participation in its decision-making, operational and management processes and by its responsiveness to public input.

**Scope:** The service review will consider the agency's form of governance, and its accountability to constituents and contract service recipients. The service review will consider the agency's cooperation with LAFCO's requests for information as an indicator of its public accountability.

**Analysis Factors:** The service review will assess the extent to which the agency's decision-making and operational and management processes: (1) include an accessible and accountable elected or appointed decision making body and agency staff; (2) encourage and value public participation; (3) disclose budgets, programs, and plans; (4) solicit public input when considering rate changes and work and infrastructure plans; and (5) evaluate outcomes of plans, programs, and operations, and disclose results to the public.

**Information Sources:** Questionnaire responses for Goals, Governing Body, Public Outreach, Customer Service, Sphere Amendments, Government Reorganization Proposals and Recommendations.

**STAFF REPORT  
JULY 23, 2003**

**CONSULTING CONTRACT  
City of Azusa Municipal Service Review and Sphere of Influence Update  
AGENDA ITEM NO. 5 a.**

**Background:**

On June 24, 2003, a Request For Proposal (RFP) was mailed to 19 consulting firms, seeking bids for the preparation of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the City of Azusa and other affected local agencies. On July 11, 2003, staff was in receipt of 7 proposals in response to our RFP.

Each of the 7 proposals were evaluated on the basis of pricing, their relevant experience with LAFCO studies and municipal service reviews, the proposed work plan, the qualifications of the key analyst, and value (the competitiveness of the average hourly rate). Using this approach to scoring the proposals, the proposals are ranked as follows with the highest score representing the most qualified firm:

- 1) Cotton/Bridges/Associates (80)
- 2) Citygate Associates (73)
- 3) Wootton Land Consultants (68)
- 4) Public Financial Management (67)
- 5) Dudek & Associates (61)
- 6) Rosenow, Spevacek Group, Inc. (60)
- 7) Management Partners (50)

The evaluation team placed levels of importance on each of the evaluation factors in order to derive an overall score to use in comparing the different proposals. Pricing was weighted as 35 percent of the score, relevant experience as 20 percent, work plan as 15 percent, the key analyst as 15 percent, and the value as 15 percent.

The evaluation team undertook a sensitivity analysis to determine how sensitive the scores were to the importance of various factors and found that Cotton/Bridges/Associates and Citygate Associates consistently ranked as the top two proposals regardless of the approach used to calculate the scores. Further, Wootton Land Consultants and Public Financial Management consistently ranked in the top four proposals regardless of the approach used to calculate the scores.

**Analysis**

While Cotton/Bridges/Associates offers municipal service review experience, competitive pricing, an experienced key analyst, a solid work plan and value, staff believes the firm may have a conflict of interest, or at best a perceived conflict of interest, in that it has recently performed studies for the City of Azusa of the Monrovia Nursery Project which is the subject of the annexation proposal that has given rise to the preparation of the MSR contemplated herein. Given its recent work for the City of Azusa, the Executive Officer concludes that this firm may lack the objectivity and impartiality that the Commission seeks in a consultant for this project.

Citygate Associates also offers municipal service review experience, competitive pricing, an experienced key analyst, and a solid work plan. Further, the Executive Officer has interviewed Citygate Associates and determined that the firm lacks any apparent conflict of interest.

**Recommendation**

The Executive Officer recommends that the Commission authorize staff to proceed with development of a tri-party consulting service contract with Citygate Associates. The 3 parties to the contract will be LAFCO, the Consultant, and the Monrovia Nursery who will bear the total cost thereof.



**LOCAL AGENCY FORMATION COMMISSION**

*For*

**LOS ANGELES COUNTY**

**Fiscal Year 2002 - 2003**

**Year Ending 6/30/03 Financial Report**

