Solano Local Agency Formation Commission
675 Texas St. Ste. 6700 • Fairfield, California 94533
(707) 439-3897
www.solanolafco.com

Solano County Government Center
Board of Supervisors Chambers
675 Texas Street
Fairfield, CA 94533

December 9, 2024 10:00 A.M.

ATTENTION: This meeting is in person and open to the public.

AGENDA

1. **CALL TO ORDER AND SALUTE TO THE FLAG**

2. **ROLL CALL**

3. **CHANGES AND APPROVAL OF THE AGENDA**

4. **PUBLIC COMMENT**

   Opportunity for the public to speak to the Commission on any subject matter within the Commission's jurisdiction but not appearing on today's agenda.

5. **PUBLIC COMMENT ON CONSENT ITEMS**

   Each speaker shall have 3 minutes to address any or all items under Consent.

6. **CONSENT ITEMS**

   A. Meeting Minutes – October 21, 2024
   B. Financial Reports – October-November 2024

7. **PUBLIC HEARING**

   None.

8. **BUSINESS ITEMS**

   A. Solano LAFCO Meeting Schedule 2025 – The Commission will consider the proposed meeting schedule for calendar year 2025 and make a determination by simple motion.

Commissioners
Ron Kott, Chair • John Vasquez, Vice-Chair • Nancy Shopay • Mitch Mashburn • Steve Bird
Alternate Commissioners
Alma Hernandez • Wanda Williams • Jack Batchelor
Staff
Rich Seithel, Executive Officer • Christina Love, Deputy Executive Officer • Aaron Norman, Analyst II • Tova Guevara, Office Administrator/Clerk • Tyra Hays, Project Specialist • Jeffrey Lum, Project Specialist • Mala Subramanian, Lead Legal Counsel

B. **Sphere of Influence Status Report and Discussion** – The Commission will receive a presentation followed by discussion about spheres of influence (SOI), to include: what is a SOI; purpose and function; the importance of an SOI; and summary of Solano LAFCO's current SOI policies. No action is required for this item.

9. CORRESPONDENCE

None.

10. EXECUTIVE OFFICER UPDATES

The Executive Officer will briefly provide the Commission status updates on major ongoing tasks and inform the Commission of any known upcoming projects.

- Personnel
- MSRs
  - SID
  - Cemetery Districts
- Holiday Get-Together after December Meeting
- 2025 Relocation

11. CLOSED SESSION

None.

12. REPORT OF CLOSED SESSION

None.

13. ADJOURNMENT

Materials related to an item on this agenda are available for public inspection at the LAFCO office at 675 Texas St. Ste. 6700 Fairfield, CA during normal business hours and on LAFCO's website at www.solanolafco.com. **Please note: LAFCO meetings are recorded and posted on the Commission's website.**

Any person who has contributed $250 or more to a Commissioner or Alternate is obligated to disclose the contribution to the Commissioner or Alternate or LAFCO staff.

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the LAFCO staff at (707) 439-3898 by email to clove@solanolafco.com. Requests must be made as early as possible and at least two business days before the start of the meeting.

Non-confidential materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet will be e-mailed to you upon request. You may request materials by emailing clove@solanolafco.com.

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Solano County Government Center
Board of Supervisors Chambers
675 Texas Street
Fairfield, CA 94533

October 21, 2024 10:00 A.M.

MINUTES

(Audio record available on Solano LAFCO's website)

1. CALL TO ORDER AND SALUTE TO THE FLAG

2. ROLL CALL

Present:

Commissioners:	Ron Kott, Mitch Mashburn, Steven Bird, Nancy Shopay, John Vasquez (late)
Alternate Commissioners:	Wanda Williams, Alma Hernandez

Not Present:

Commissioners:	
Alternate Commissioners:	Batchelor

Staff:

Rich Seithel, Executive Officer; Christina Love, Deputy Executive Officer; Aaron Norman, Analyst II; Mala Subramanian, Lead Legal Counsel

3. CHANGES AND APPROVAL OF THE AGENDA

None.
Commissioner Mashburn moved to approve. Commissioner Bird seconded.

AYES:	Kott, Mashburn, Bird, Shopay
NOES:	None
ABSENT:	Vasquez
ABSTAIN:	None

4. PUBLIC COMMENT

None.

5. PUBLIC COMMENT ON CONSENT ITEMS

None.

6. CONSENT ITEMS

A. Meeting Minutes – August 12, 2024
B. Financial Reports – August-September 2024

Commissioner Mashburn moved to approve. Commissioner Bird seconded.

AYES:	Kott, Mashburn, Bird, Shopay
NOES:	None
ABSENT:	Vasquez
ABSTAIN:	None

7. PUBLIC HEARING

A. LAFCO Project No. 2024-08 Vanden Cove-Gate Detachment from the Solano Irrigation District (SID) within the City of Vacaville (APNs 0137-010-050, 0137-010-060, 0137-010-070) (25.48 acres) -

Staff presented a SID detachment request for three parcels within the City of Vacaville. Staff found all findings, determinations, and conditions consistent for approval. There were no public comments. Commissioner Discussion: None

Commissioner Mashburn moved to approve. Vice Chair Vasquez seconded.

AYES:	Kott, Vasquez, Mashburn, Shopay, Bird
NOES:	None
ABSENT:	None
ABSTAIN:	None

B. LAFCO Project No. 2024-11 Roberts' Ranch Villages F, G, & H Detachment from the Solano Irrigation District (SID) within the City of Vacaville (APNs 0138-030-230, 0138-030-240, 0138-030-250) (33.3 acres) –

Staff presented a SID detachment request for Roberts' Ranch Villages F, G, and H located within the City of Vacaville. Staff found all findings, determinations, and conditions consistent for approval. There were no public comments. Commissioner Discussion: None.

Vice Chair Vasquez moved to approve. Commissioner Shopay seconded.

AYES:	Kott, Vasquez, Mashburn, Shopay, Bird
NOES:	None
ABSENT:	None
ABSTAIN:	None

C. LAFCO Project No. 2024-03 Municipal Service Review for the Solano County Mosquito Abatement District –

Staff presented the Municipal Service Review for the Solano County Mosquito Abatement District. No public comments were received on the Draft Municipal Service Review for the Solano County Mosquito Abatement District during the public review period or during the hearing.

Commissioner Discussion:

- Vice Chair Vasquez asked if staff had reviewed the District's budget. He had inquired what retirement system they were in. The District is in the CalPERS retirement system and has set money aside in its budget to fund the obligations of this retirement system.

- Chair Kott inquired about the $7 million fund balance. It was asked if these funds were restricted. The District Manager confirmed these funds are not restricted. Ad valorem property tax is the main source of funding for the District.

Commissioner Mashburn moved to approve. Vice Chair Vasquez seconded.

AYES:	Kott, Vasquez, Mashburn, Shopay, Bird
NOES:	None
ABSENT:	None
ABSTAIN:	None

D. LAFCO Project No. 2024-03 Sphere of Influence Review for the Solano County Mosquito Abatement District –

Staff presented the proposed Sphere of Influence (SOI) with the five mandated SOI findings for the Solano County Mosquito Abatement District. No public comment was received. No public comment was received.

Commissioner Discussion: Commissioner Shopay asked what the difference between Sphere of Influence factors 4 and 5 – No known economic or social interest in the area – differs from areas determined to be disadvantaged unincorporated communities (DUCs). Commissioner Shopay also asked how often spheres of influence are updated. Executive Officer Seithel sufficiently answered the commissioner's questions. There were no additional questions.

Vice Chair Vasquez moved to approve. Commissioner Mashburn Vasquez seconded.

AYES:	Kott, Vasquez, Mashburn, Shopay, Bird
NOES:	None
ABSENT:	None
ABSTAIN:	None

8. BUSINESS ITEMS

None.

9. CORRESPONDENCE

A. Solano Local Agency Formation Commission comments on Suisun Logistics Center Project Draft Environmental Impact Report (EIR)

B. Solano Local Agency Formation Commission comments on City of Fairfield General Plan Update Draft Environmental Impact Report (EIR)

With permission from Chair Kott, Executive Officer Seithel addressed both items concurrently. Staff issued two letters of correspondence and shared them with the LAFCO Commission:

1. A letter to the City of Suisun City regarding the Suisun Logistics Center Project Draft EIR, and

2. A letter to the City of Fairfield regarding its General Plan Update Draft EIR.

The correspondence letters were received by both agencies, and both agencies requested to meet with staff. LAFCO provided a lot of comments on the Suisun Logistics Center Project Draft EIR. Staff will be scheduling a meeting with Suisun City Planning Director Bermudez to review these comments and the City's concerns. Suisun City staff inform LAFCO staff that the Draft Logistics Center Project EIR, as well as the Highway 12 Logistic Center Project EIR, might be moving forward to hearings in November.

Staff met with Dave Feinstein, Fairfield Interim Planning Director, and a staff member to discuss its comments on the Draft General Plan Update EIR. Executive Officer Seithel also met with City Manager Gassaway to discuss the Draft General Plan Update EIR. LAFCO staff stressed that the City of Fairfield have a city-county conference regarding the Draft General Plan. Fairfield will need an updated MSR and SOI.

- Commission Discussion:

    - Commission Mashburn was surprised to hear the Suisun City Logic Projects EIR moving forward after reviewing LAFCO's letters as well as and letters from others.

    - Commissioner Hernandez noted that the City of Suisun was doing their due diligence in regard to moving the Draft EIRs forward at this time. She also stated that the LAFCO correspondence letter has prompted a discussion, noting the existing City SOI was "expired." Executive Officer Seithel explained that Suisun City has hired a consultant to prepare a MSR draft for staff to review. The LAFCO Commission must consider and act on the MSR prior to any further consideration. Staff has yet to receive any drafts.

    - Commissioner Willams noted that the Draft EIR addressed greenhouse gas emissions (GHG). She inquired how the GHG emissions could impact the City. Deputy Executive Director Love noted that the Draft EIR

did not include an analysis of GHG emissions created by heavy truck traffic. The City will need to address this in the Draft EIR.

- Vice Chair Vasquez noted there are two air districts in Solano County: Bay Area Air Quality District and the Yolo-Solano Air Quality District. He inquired who is responsible for responding to the Draft EIR. Vice Chair Vasquez required that staff reach out to the air quality districts to ensure they review the Draft EIR.

- Chair Kott asked where agencies may submit comments on the Draft EIR. Staff responded that comments should be sent to Suisun City.

- In response to Commission comments, Deputy Executive Director Love noted that the LAFCO staff comment letter found the Draft EIR to be insufficient and requested that the City address LAFCOs comments and to resubmit the Draft EIR for a second review to ensure each of the comments have been sufficiently addressed. The City could decide to address the comments and revise the Draft EIR, or they could determine the Draft EIR to be sufficient and take it to public hearings for approval. If the Draft EIR moves forward and is approved by Suisun City, it would be subject to an appeal and legal challenge period.

- Public Comment: Mike Zeist, resident of Suisun City, agreed with LAFCO staff regarding its analysis of the Suisun City Logistic Center Project Draft EIR. He noted he hopes staff continues to scrutinize draft EIRs for projects that could impact Suisun City.

10. EXECUTIVE OFFICER UPDATES

The Executive Officer will briefly provide the Commission status updates on major ongoing tasks and inform the Commission of any known upcoming projects.

- MSRs: Staff has hoped to have SID and Cemetery MSRs at the October 21, 2024 LAFCO Board Hearing. Unfortunately, review of the two aforementioned EIRs required a lot of staff's time, which changed the schedule. Staff continues to work with SID to accurately map its boundaries. Staff also will be scheduling meetings regarding the Cemetery Districts to discuss findings and recommendations.

- SOI policies: Staff has reached out to other LAFCO agencies regarding SOI policies. Staff will be conducting local outreach as well. Staff hopes to bring the new SOI policy to the Board soon.

- Solano LAFCO was well represented at the Annual LAFCO Conference.

- LAFCO staff is in the process of hiring a new staff member. There were two good candidates who were administered a practical test. A new staff member will be introduced at the December Board meeting.

- LAFCOs new office should be constructed and ready for use around February 2025.

- Fire Districts: The County developed and proposed an MOU with three Fire Districts regarding three important things:

    1. Creating a pilot seasonal program for wildland areas. The County has provided grant funding for this program.
    2. Commitment to continue to work collaboratively together.
    3. Provide an application of reorganization to Solano LAFCO by Winter 2025. Two of the three districts have signed the MOU so far.

    - Executive Officer Seithel met with Fairfield City Manager Gassaway to discuss regional fire potential. City Manager voiced support for the fire district reorganization as the first step in a larger reorganization of fire. City Manager Gassaway also supports a consolidated dispatch.

    - Commission Mashburn questioned which fire district did not sign the MOU and why. Chief O'Connor of Montezuma Fire spoke acknowledging that their district had not signed the MOU. He stated that the Commissioners did not want to move forward with the program because they had implemented their own program in March. Money from the County was provided halfway through the fire season. Commission followed up by asking how Montezuma's lack of signature impacted the County MOU. The Montezuma District is working on whether to sign the MOU. The Board meeting is tentatively scheduled for the week before Thanksgiving.

- Vice Chair Vasquez asked if the islands shown in the SID MSR maps will be addressed with the MSR. Executive Officer Seithel noted that islands are permitted for special districts. LAFCO is looking at these areas.

- Vice Chair Vasquez inquired if consolidation will be considered with the Cemetery District MSR. Deputy Executive Officer stated that the MSR review has not been completed, but there are options being considered to help the districts work more effectively and efficiently.

- Executive Officer recognized Chair Kott and his time as a LAFCO Commissioner. The City of Rio Vista will be swearing in a new mayor on December 3rd.

11. CLOSED SESSION

None.

12. REPORT OF CLOSED SESSION

None.

13. ADJOURNMENT

11:03 AM

_____
Ron Kott, Chair
Presiding Officer Solano Local Agency Formation Commission

ATTEST:

_____
Christina Love, Deputy Executive Officer

** Solano County** 11/30/24 [M O N T H L Y S T A T U S] 42% of Fiscal Year Page 1
SUN, DEC 01, 2024, 11:51 AM --req: CLOVE-----leg: GL CP--loc: EXTERNAL--job:7803694 J1836----prog: GL569 <1.16>--report id: GLSMSR02

SORT ORDER: SECTION within BUREAU within DIVISION within DEPTMNT within SUBOBJ within CATEGORY within FUND

SELECT ACCOUNT KEY: 3450

Fund	Fund Description	Dept.	Department Description
345	LAFCO	3450	LAFCO

Object	Description	Budget	Adjustments	Mo. Actual	YTD Actual	Encumbrance	Balance	Pct.
0050	DUE FROM OTHER FUNDS							
0001025	INTRAFUND CLEARING	0.00	0.00	-28,743.24	514,667.58	0.00	-514,667.58	9999%
0050	DUE FROM OTHER FUNDS	0.00	0.00	-28,743.24	514,667.58	0.00	-514,667.58	9999%
1000	SALARIES AND EMPLOYEE BENEFITS							
0001110	SALARY/WAGES REGULAR	784,545.00	0.00	117,255.57	257,772.85	0.00	526,772.15	33%
0001210	RETIREMENT-EMPLOYER	100,008.00	0.00	14,453.76	35,019.24	0.00	64,988.76	35%
0001212	DEFERRED COMP-COUNTY MATC	780.00	0.00	105.00	215.00	0.00	565.00	28%
0001220	FICA-EMPLOYER	11,376.00	0.00	1,747.82	3,839.98	0.00	7,536.02	34%
0001230	HEALTH INS-EMPLOYER	130,648.00	0.00	12,502.16	29,692.63	0.00	100,955.37	23%
0001231	VISION CARE INSURANCE	1,028.00	0.00	117.92	280.06	0.00	747.94	27%
0001240	COMPENSATION INSURANCE	4,100.00	0.00	0.00	3,968.97	0.00	131.03	97%
0001241	LT DISABILITY INSURANCE E	2,658.00	0.00	622.45	1,119.92	0.00	1,538.08	42%
0001250	UNEMPLOYMENT INSURANCE	1,800.00	0.00	0.00	0.00	0.00	1,800.00	
0001260	DENTAL INS-EMPLOYER	7,198.00	0.00	864.00	2,052.00	0.00	5,146.00	29%
0001270	ACCRUED LEAVE CTO PAYOFF	15,000.00	0.00	0.00	4,097.36	0.00	10,902.64	27%
0001290	LIFE INSURANCE-EMPLOYER	5,959.00	0.00	548.20	1,301.97	0.00	4,657.03	22%
1000	SALARIES AND EMPLOYEE BEN	1,065,100.00	0.00	148,216.88	339,359.98	0.00	725,740.02	32%
2000	SERVICES AND SUPPLIES							
0002021	COMMUNICATION-TELEPHONE S	1,000.00	0.00	159.82	242.02	0.00	757.98	24%
0002026	CELL PHONE ALLOWANCE	2,100.00	0.00	300.00	712.50	0.00	1,387.50	34%
0002028	TELEPHONE SERVICES	9,720.00	0.00	849.08	2,104.09	0.00	7,615.91	22%
0002051	LIABILITY INSURANCE	9,089.00	0.00	0.00	8,458.13	0.00	630.87	93%
0002140	MAINTENANCE-BLDGS & IMPRO	500.00	0.00	102.68	102.68	0.00	397.32	21%
0002170	MEMBERSHIPS	11,700.00	0.00	1,809.00	10,107.00	0.00	1,593.00	86%
0002180	BOOKS & SUBSCRIPTIONS	500.00	0.00	0.00	0.00	0.00	500.00	
0002200	OFFICE EXPENSE	8,760.00	0.00	548.02	1,939.90	0.00	6,820.10	22%
0002201	EQUIPMENT UNDER $1,500	3,000.00	0.00	129.72	129.72	0.00	2,870.28	4%
0002202	CONT ASSETS COMPUTER RELA	7,500.00	0.00	0.00	0.00	1,512.58	5,987.42	20%

SORT ORDER: SECTION within BUREAU within DIVISION within DEPTMNT within SUBOBJ within CATEGORY within FUND

SELECT ACCOUNT KEY: 3450

Fund	Fund Description	Dept.	Department Description
345	LAFCO	3450	LAFCO

Object	Description	Budget	Adjustments	Mo. Actual	YTD Actual	Encumbrance	Balance	Pct.
0002204	COMPUTER RELATED ITEMS:<$	1,350.00	0.00	0.00	0.00	0.00	1,350.00	
0002205	POSTAGE	600.00	0.00	0.00	0.00	0.00	600.00	
0002235	ACCOUNTING & FINANCIAL SE	35,000.00	0.00	0.00	1,844.74	0.00	33,155.26	5%
0002239	LEGAL SERVICE	15,000.00	0.00	1,152.20	5,462.48	0.00	9,537.52	36%
0002245	CONTRACTED SERVICES	90,000.00	0.00	0.00	0.00	0.00	90,000.00	
0002250	OTHER PROFESSIONAL SERVIC	18,400.00	0.00	1,975.84	13,448.74	0.00	4,951.26	73%
0002266	CENTRAL DATA PROCESSING S	62,000.00	0.00	7,213.53	33,225.81	0.00	28,774.19	54%
0002271	SOFTWARE SUBSCRIPTION/SBI	4,200.00	0.00	390.00	780.00	0.00	3,420.00	19%
0002280	PUBLICATIONS AND LEGAL NO	1,000.00	0.00	98.81	522.81	0.00	477.19	52%
0002285	LEASE EXPENSE-COPIERS/MFD	0.00	0.00	0.00	907.09	0.00	-907.09	9999%
0002310	EDUCATION & TRAINING	12,550.00	0.00	0.00	3,600.00	0.00	8,950.00	29%
0002335	TRAVEL EXPENSE	8,000.00	0.00	2,096.34	4,023.35	0.00	3,976.65	50%
0002339	MANAGEMENT BUSINESS EXPEN	2,000.00	0.00	275.64	661.54	0.00	1,338.46	33%
0002354	CAR ALLOWANCE	7,900.00	0.00	1,500.00	3,150.00	0.00	4,750.00	40%
0002355	PERSONAL MILEAGE	0.00	0.00	517.24	517.24	0.00	-517.24	9999%
2000	SERVICES AND SUPPLIES	311,869.00	0.00	19,117.92	91,939.84	1,512.58	218,416.58	30%
3000	OTHER CHARGES							
0003233	LEASE EXPENSE - LT LEASE-	34,000.00	0.00	0.00	0.00	0.00	34,000.00	
0003235	LEASE EXPENSE - LT LEASE-	11,000.00	0.00	1,825.86	3,057.60	0.00	7,942.40	28%
3000	OTHER CHARGES	45,000.00	0.00	1,825.86	3,057.60	0.00	41,942.40	7%
9200	LICENSES, PERMITS & FRANCHISE							
0009229	LICENSES & PERMITS-OTHER	50,000.00	0.00	0.00	0.00	0.00	50,000.00	
9200	LICENSES, PERMITS & FRANC	50,000.00	0.00	0.00	0.00	0.00	50,000.00	
9400	REVENUE FROM USE OF MONEY/PROP							
0009401	INTEREST INCOME	10,000.00	0.00	17,288.42	17,288.42	0.00	-7,288.42	173%
9400	REVENUE FROM USE OF MONEY	10,000.00	0.00	17,288.42	17,288.42	0.00	-7,288.42	173%

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** Solano County**            11/30/24           [M O N T H L Y   S T A T U S]           42% of Fiscal Year                Page 3
SUN, DEC 01, 2024, 11:51 AM --req: CLOVE-----leg: GL CP--loc: EXTERNAL--job:7803694 J1836----prog: GL569 <1.16>--report id: GLSMSR02

SORT ORDER: SECTION within BUREAU within DIVISION within DEPTMNT within SUBOBJ within CATEGORY within FUND

SELECT  ACCOUNT KEY: 3450

Fund     Fund Description                Dept.    Department Description
======== ============================== ======== ==============================
345      LAFCO                           3450     LAFCO

Object   Description                        Budget    Adjustments     Mo. Actual     YTD Actual   Encumbrance         Balance   Pct.
======== ========================= ============== ============== ============== ============== ============== ============== =======

9500    INTERGOVERNMENTAL REVENUES

0009511 OTHER GOVERNMENTAL AGENCI     951,963.00           0.00      123,129.00      951,963.00           0.00            0.00  100%

9500    INTERGOVERNMENTAL REVENUE     951,963.00           0.00      123,129.00      951,963.00           0.00            0.00  100%


Total Revenue                       1,011,963.00           0.00      140,417.42      969,251.42           0.00       42,711.58   96%
Total Expense                       1,421,969.00           0.00      169,160.66      434,357.42       1,512.58      986,099.00   31%
                                                                  =============== ===============
                                                                      -28,743.24      534,894.00
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** Solano County**            11/30/24          [M O N T H L Y   D E T A I L]          42% of Fiscal Year                Page 1
SUN, DEC 01, 2024, 11:50 AM --req: CLOVE-----leg: GL CP--loc: EXTERNAL--job:7803693 J1835----prog: GL571 <1.13>--report id: GLMDET01

SORT ORDER: SUBOBJ within CATEGORY within KEY within DEPTMNT within FUND

SELECT  ACCOUNT KEY: 3450

Fund     Fund Description                Dept.    Department Description         Key        Key Description
======== ============================== ======== ============================== ========== ==============================
345      LAFCO                           3450     LAFCO                          3450       LAFCO

Object   Description                  Date    Ref.         Budget    Adjustments          Actual    Encumbrance         Balance  Pct.
======== ========================== ======== ===== ============== ============== =============== ============== =============== =====
0050     DUE FROM OTHER FUNDS

0001025  INTRAFUND CLEARING                                   0.00           0.00      543,410.82           0.00     -543,410.82 9999%

         AutoID: CR003124 Job:  77 10/01/24 TTLCR - CR                              123,129.00
         AutoID: IA252Q1B Job:  77 10/01/24 25002679 - JE                            17,635.75
         AutoID: JV026685 Job:  77 10/01/24 25002681 - JE                              -347.33
         AutoID: JV026373 Job:  77 10/02/24 25001969 - JE                               127.99
         AutoID: JV026391 Job:  77 10/04/24 PSDATA - JE                             -32,289.64
         AutoID:AP146930 Job:77290 10/07/24 TTLOH - OH                                 -195.00
         AutoID: JV026450 Job:  77 10/08/24 25002151 - JE                               -13.47
         AutoID:AP147042 Job:77309 10/08/24 TTLOH - OH                                  -98.81
         AutoID:AP147036 Job:77310 10/08/24 TTLOH - OH                                 -424.54
         AutoID:AP147979 Job:77422 10/16/24 TTLOH - OH                                 -912.93
         AutoID:AP148047 Job:77454 10/17/24 TTLOH - OH                                 -274.01
         AutoID: JV026557 Job:  77 10/17/24 25002425 - JE                               -79.14
         AutoID: JV026547 Job:  77 10/18/24 PSDATA - JE                             -32,034.81
         AutoID:AP148423 Job:77481 10/21/24 TTLOH - OH                               -1,005.00
         AutoID:AP148555 Job:77498 10/22/24 TTLOH - OH                                 -147.20
         AutoID: JV026620 Job:  77 10/23/24 25002526 - JE                             -3,670.76
         AutoID:AP148845 Job:77525 10/23/24 TTLOH - OH                               -1,050.00
         AutoID:AP149307 Job:77597 10/29/24 TTLOH - OH                                 -726.15
         AutoID: JV026638 Job:  77 10/29/24 25002551 - JE                               -80.68
         AutoID:AP149537 Job:77632 10/31/24 TTLOH - OH                               -4,296.79
         AutoID: JV026692 Job:  77 11/01/24 PSDATA - JE                             -33,148.26
         AutoID:AP149923 Job:77683 11/05/24 TTLOH - OH                                 -424.54
         AutoID: JV026791 Job:  77 11/07/24 25002934 - JE                              -449.45
         AutoID: JV026791 Job:  77 11/07/24 25002935 - JE                              -449.45
         AutoID: JV026836 Job:  77 11/08/24 25003063 - JE                               -13.47
         AutoID: JV026814 Job:  77 11/12/24 25003005 - JE                              -102.68
         AutoID:AP150728 Job:77805 11/13/24 TTLOH - OH                                 -912.93
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         AutoID: JV026874 Job:  77 11/19/24 25003155 - JE                             -3,670.76
         AutoID:AP151751 Job:77953 11/21/24 TTLOH - OH                                 -274.01
         AutoID: JV026974 Job:  78 11/29/24 PSDATA - JE                             -27,023.47

0001025  INTRAFUND CLEARING                                   0.00           0.00      514,667.58           0.00     -514,667.58 9999%

0050     DUE FROM OTHER FUNDS                                 0.00           0.00      514,667.58           0.00     -514,667.58 9999%

1000     SALARIES AND EMPLOYEE BENEFITS

0001110  SALARY/WAGES REGULAR                          784,545.00           0.00      140,517.28           0.00      644,027.72   18%

         PeopleSoft Payroll Postin 10/04/24 PSDATA - JE                              24,637.05
         PeopleSoft Payroll Postin 10/18/24 PSDATA - JE                              24,637.05
         PeopleSoft Payroll Postin 11/01/24 PSDATA - JE                              25,609.48
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SORT ORDER: SUBOBJ within CATEGORY within KEY within DEPTMNT within FUND

SELECT ACCOUNT KEY: 3450

Fund	Fund Description	Dept.	Department Description	Key	Key Description
345	LAFCO	3450	LAFCO	3450	LAFCO

Object	Description	Date	Ref.	Budget	Adjustments	Actual	Encumbrance	Balance	Pct.
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			18,970.43			
	PeopleSoft Payroll Postin	11/29/24	PSDATA - JE			23,401.56			
0001110	SALARY/WAGES REGULAR			784,545.00	0.00	257,772.85	0.00	526,772.15	33%
0001210	RETIREMENT-EMPLOYER			100,008.00	0.00	20,565.48	0.00	79,442.52	21%
	PeopleSoft Payroll Postin	10/04/24	PSDATA - JE			3,035.61			
	PeopleSoft Payroll Postin	10/18/24	PSDATA - JE			3,035.61			
	PeopleSoft Payroll Postin	11/01/24	PSDATA - JE			3,162.52			
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			2,261.79			
	PeopleSoft Payroll Postin	11/29/24	PSDATA - JE			2,958.23			
0001210	RETIREMENT-EMPLOYER			100,008.00	0.00	35,019.24	0.00	64,988.76	35%
0001212	DEFERRED COMP-COUNTY MATCH			780.00	0.00	110.00	0.00	670.00	14%
	PeopleSoft Payroll Postin	10/04/24	PSDATA - JE			20.00			
	PeopleSoft Payroll Postin	10/18/24	PSDATA - JE			20.00			
	PeopleSoft Payroll Postin	11/01/24	PSDATA - JE			20.00			
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			25.00			
	PeopleSoft Payroll Postin	11/29/24	PSDATA - JE			20.00			
0001212	DEFERRED COMP-COUNTY MATCH			780.00	0.00	215.00	0.00	565.00	28%
0001220	FICA-EMPLOYER			11,376.00	0.00	2,092.16	0.00	9,283.84	18%
	PeopleSoft Payroll Postin	10/04/24	PSDATA - JE			367.19			
	PeopleSoft Payroll Postin	10/18/24	PSDATA - JE			367.17			
	PeopleSoft Payroll Postin	11/01/24	PSDATA - JE			381.28			
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			288.50			
	PeopleSoft Payroll Postin	11/29/24	PSDATA - JE			343.68			
0001220	FICA-EMPLOYER			11,376.00	0.00	3,839.98	0.00	7,536.02	34%
0001230	HEALTH INS-EMPLOYER			130,648.00	0.00	17,190.47	0.00	113,457.53	13%
	PeopleSoft Payroll Postin	10/04/24	PSDATA - JE			3,125.54			
	PeopleSoft Payroll Postin	10/18/24	PSDATA - JE			3,125.54			
	PeopleSoft Payroll Postin	11/01/24	PSDATA - JE			3,125.54			
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			3,125.54			

SORT ORDER: SUBOBJ within CATEGORY within KEY within DEPTMNT within FUND

SELECT ACCOUNT KEY: 3450

Fund	Fund Description	Dept.	Department Description	Key	Key Description
345	LAFCO	3450	LAFCO	3450	LAFCO

Object	Description	Date	Ref.	Budget	Adjustments	Actual	Encumbrance	Balance	Pct.
0001230	HEALTH INS-EMPLOYER			130,648.00	0.00	29,692.63	0.00	100,955.37	23%
0001231	VISION CARE INSURANCE			1,028.00	0.00	162.14	0.00	865.86	16%
	PeopleSoft Payroll Postin	10/04/24	PSDATA - JE			29.48			
	PeopleSoft Payroll Postin	10/18/24	PSDATA - JE			29.48			
	PeopleSoft Payroll Postin	11/01/24	PSDATA - JE			29.48			
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			29.48			
0001231	VISION CARE INSURANCE			1,028.00	0.00	280.06	0.00	747.94	27%
0001240	COMPENSATION INSURANCE			4,100.00	0.00	3,968.97	0.00	131.03	97%
0001240	COMPENSATION INSURANCE			4,100.00	0.00	3,968.97	0.00	131.03	97%
0001241	LT DISABILITY INSURANCE ER			2,658.00	0.00	497.47	0.00	2,160.53	19%
	PeopleSoft Payroll Postin	10/04/24	PSDATA - JE			346.72			
	PeopleSoft Payroll Postin	10/18/24	PSDATA - JE			91.91			
	PeopleSoft Payroll Postin	11/01/24	PSDATA - JE			91.91			
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			91.91			
0001241	LT DISABILITY INSURANCE ER			2,658.00	0.00	1,119.92	0.00	1,538.08	42%
0001250	UNEMPLOYMENT INSURANCE			1,800.00	0.00	0.00	0.00	1,800.00	
0001250	UNEMPLOYMENT INSURANCE			1,800.00	0.00	0.00	0.00	1,800.00	
0001260	DENTAL INS-EMPLOYER			7,198.00	0.00	1,188.00	0.00	6,010.00	17%
	PeopleSoft Payroll Postin	10/04/24	PSDATA - JE			216.00			
	PeopleSoft Payroll Postin	10/18/24	PSDATA - JE			216.00			
	PeopleSoft Payroll Postin	11/01/24	PSDATA - JE			216.00			
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			216.00			
0001260	DENTAL INS-EMPLOYER			7,198.00	0.00	2,052.00	0.00	5,146.00	29%
0001270	ACCRUED LEAVE CTO PAYOFF			15,000.00	0.00	4,097.36	0.00	10,902.64	27%

SORT ORDER: SUBOBJ within CATEGORY within KEY within DEPTMNT within FUND

SELECT ACCOUNT KEY: 3450

Fund	Fund Description	Dept.	Department Description	Key	Key Description
345	LAFCO	3450	LAFCO	3450	LAFCO

Object	Description	Date	Ref.	Budget	Adjustments	Actual	Encumbrance	Balance	Pct.
0001270	ACCRUED LEAVE CTO PAYOFF			15,000.00	0.00	4,097.36	0.00	10,902.64	27%
0001290	LIFE INSURANCE-EMPLOYER			5,959.00	0.00	753.77	0.00	5,205.23	13%
	PeopleSoft Payroll Postin	10/04/24	PSDATA - JE			137.05			
	PeopleSoft Payroll Postin	10/18/24	PSDATA - JE			137.05			
	PeopleSoft Payroll Postin	11/01/24	PSDATA - JE			137.05			
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			137.05			
0001290	LIFE INSURANCE-EMPLOYER			5,959.00	0.00	1,301.97	0.00	4,657.03	22%
1000	SALARIES AND EMPLOYEE BENEFITS			1,065,100.00	0.00	339,359.98	0.00	725,740.02	32%
2000	SERVICES AND SUPPLIES								
0002021	COMMUNICATION-TELEPHONE SYSTEM			1,000.00	0.00	82.20	0.00	917.80	8%
	COMM Billing - July 2024	10/17/24	25002425 - JE			79.14			
	COMM Billing - September	10/29/24	25002551 - JE			80.68			
0002021	COMMUNICATION-TELEPHONE SYSTEM			1,000.00	0.00	242.02	0.00	757.98	24%
0002026	CELL PHONE ALLOWANCE			2,100.00	0.00	412.50	0.00	1,687.50	20%
	PeopleSoft Payroll Postin	10/04/24	PSDATA - JE			75.00			
	PeopleSoft Payroll Postin	10/18/24	PSDATA - JE			75.00			
	PeopleSoft Payroll Postin	11/01/24	PSDATA - JE			75.00			
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			75.00			
0002026	CELL PHONE ALLOWANCE			2,100.00	0.00	712.50	0.00	1,387.50	34%
0002028	TELEPHONE SERVICES			9,720.00	0.00	1,255.01	0.00	8,464.99	13%
	COMCAST ACCT:708824085	10/08/24	855953 - OH			243.83			
	COMCAST A:8155 30 030 191	10/08/24	855954 - OH			180.71			
	COMCAST A:8155 30 030 191	11/05/24	856697 - OH			180.71			
	COMCAST ACCT:708824085	11/05/24	856698 - OH			243.83			
0002028	TELEPHONE SERVICES			9,720.00	0.00	2,104.09	0.00	7,615.91	22%

SORT ORDER: SUBOBJ within CATEGORY within KEY within DEPTMNT within FUND

SELECT ACCOUNT KEY: 3450

Fund	Fund Description	Dept.	Department Description	Key	Key Description
345	LAFCO	3450	LAFCO	3450	LAFCO

Object	Description	Date	Ref.	Budget	Adjustments	Actual	Encumbrance	Balance	Pct.
0002051	LIABILITY INSURANCE			9,089.00	0.00	8,458.13	0.00	630.87	93%
0002051	LIABILITY INSURANCE			9,089.00	0.00	8,458.13	0.00	630.87	93%
0002140	MAINTENANCE-BLDGS & IMPROVE			500.00	0.00	0.00	0.00	500.00	
	Bldg Maint Serv-Req JUN 1	11/12/24	25003005 - JE			102.68			
0002140	MAINTENANCE-BLDGS & IMPROVE			500.00	0.00	102.68	0.00	397.32	21%
0002170	MEMBERSHIPS			11,700.00	0.00	8,298.00	0.00	3,402.00	71%
	CSDA MEM ID35825 2025CSDA	10/31/24	856562 - OH			1,809.00			
0002170	MEMBERSHIPS			11,700.00	0.00	10,107.00	0.00	1,593.00	86%
0002180	BOOKS & SUBSCRIPTIONS			500.00	0.00	0.00	0.00	500.00	
0002180	BOOKS & SUBSCRIPTIONS			500.00	0.00	0.00	0.00	500.00	
0002200	OFFICE EXPENSE			8,760.00	0.00	1,391.88	0.00	7,368.12	16%
	UBEO BUSINESS S ACCT: SL1	10/17/24	4659191 - OH			274.01			
	UBEO BUSINESS S ACCT: SL1	11/21/24	4700112 - OH			274.01			
0002200	OFFICE EXPENSE			8,760.00	0.00	1,939.90	0.00	6,820.10	22%
0002201	EQUIPMENT UNDER $1,500			3,000.00	0.00	0.00	0.00	3,000.00	
	US BANK A:4246 0445 5569	10/31/24	856560 - OH			129.72			
0002201	EQUIPMENT UNDER $1,500			3,000.00	0.00	129.72	0.00	2,870.28	4%
0002202	CONT ASSETS COMPUTER RELATED			7,500.00	0.00	0.00	0.00	7,500.00	
	LAPTOP, PRECISION 3490, U	11/18/24	D0139255 - EN				1,264.40		
	DOCK STATION, DELL THUNDE	11/18/24	D0139255 - EN				248.18		
	LAPTOP, PRECISION 3490,	11/14/24	S061603 - EN				1,264.40		
	DOCK STATION, DELL THUNDE	11/14/24	S061603 - EN				248.18		
	* Closing DE Entry *	11/18/24	S061603 - DE				0.00		

SORT ORDER: SUBOBJ within CATEGORY within KEY within DEPTMNT within FUND

SELECT ACCOUNT KEY: 3450

Fund	Fund Description	Dept.	Department Description	Key	Key Description
345	LAFCO	3450	LAFCO	3450	LAFCO

Object	Description	Date	Ref.	Budget	Adjustments	Actual	Encumbrance	Balance	Pct.
0002202	CONT ASSETS COMPUTER RELATED			7,500.00	0.00	0.00	1,512.58	5,987.42	20%
0002204	COMPUTER RELATED ITEMS:<$500			1,350.00	0.00	0.00	0.00	1,350.00	
0002204	COMPUTER RELATED ITEMS:<$500			1,350.00	0.00	0.00	0.00	1,350.00	
0002205	POSTAGE			600.00	0.00	0.00	0.00	600.00	
0002205	POSTAGE			600.00	0.00	0.00	0.00	600.00	
0002235	ACCOUNTING & FINANCIAL SERVICE			35,000.00	0.00	1,844.74	0.00	33,155.26	5%
0002235	ACCOUNTING & FINANCIAL SERVICE			35,000.00	0.00	1,844.74	0.00	33,155.26	5%
0002239	LEGAL SERVICE			15,000.00	0.00	4,310.28	0.00	10,689.72	29%
	BEST BEST & KRI SVCS MATT	10/21/24	1008227 - OH			1,005.00			
	BEST BEST & KRI SVCS MATT	10/22/24	1008228 - OH			147.20			
0002239	LEGAL SERVICE			15,000.00	0.00	5,462.48	0.00	9,537.52	36%
0002245	CONTRACTED SERVICES			90,000.00	0.00	0.00	0.00	90,000.00	
0002245	CONTRACTED SERVICES			90,000.00	0.00	0.00	0.00	90,000.00	
0002250	OTHER PROFESSIONAL SERVICES			18,400.00	0.00	11,472.90	0.00	6,927.10	62%
	CALPERS OCT-24	10/08/24	25002151 - JE			13.47			
	STEVEN BIRD STIPEND LAFCO	10/23/24	856358 - OH			150.00			
	ALMA HERNANDEZ STIPEND LA	10/23/24	856359 - OH			150.00			
	RONALD A KOTT STIPEND LAF	10/23/24	856360 - OH			150.00			
	MITCHELL H MASH STIPEND L	10/23/24	856361 - OH			150.00			
	NANCY SHOPAY STIPEND LAFC	10/23/24	856362 - OH			150.00			
	JOHN M VASQUEZ STIPEND LA	10/23/24	856363 - OH			150.00			
	WANDA WILLIAMS STIPEND LA	10/23/24	856364 - OH			150.00			
	JULY CAMS LAFCO MAPCHECK	11/07/24	25002934 - JE			449.45			
	AUG CAMS LAFCO MAPCHECK S	11/07/24	25002935 - JE			449.45			
	CALPERS NOV-24	11/08/24	25003063 - JE			13.47			

SORT ORDER: SUBOBJ within CATEGORY within KEY within DEPTMNT within FUND

SELECT ACCOUNT KEY: 3450

Fund	Fund Description	Dept.	Department Description	Key	Key Description
345	LAFCO	3450	LAFCO	3450	LAFCO

Object	Description	Date	Ref.	Budget	Adjustments	Actual	Encumbrance	Balance	Pct.
0002250	OTHER PROFESSIONAL SERVICES			18,400.00	0.00	13,448.74	0.00	4,951.26	73%
0002266	CENTRAL DATA PROCESSING SVCE			62,000.00	0.00	26,012.28	0.00	35,987.72	42%
	2264 FY 2023-24 True Up	10/02/24	25001969 - JE			-127.99			
	CDP FY 24-25 October	10/23/24	25002526 - JE			3,670.76			
	CDP FY 24-25 (November)	11/19/24	25003155 - JE			3,670.76			
0002266	CENTRAL DATA PROCESSING SVCE			62,000.00	0.00	33,225.81	0.00	28,774.19	54%
0002271	SOFTWARE SUBSCRIPTION/SBITA ST			4,200.00	0.00	390.00	0.00	3,810.00	9%
	US BANK A:4246 0445 5569	10/07/24	855924 - OH			195.00			
	US BANK A:4246 0445 5569	10/31/24	856560 - OH			195.00			
0002271	SOFTWARE SUBSCRIPTION/SBITA ST			4,200.00	0.00	780.00	0.00	3,420.00	19%
0002280	PUBLICATIONS AND LEGAL NOTICES			1,000.00	0.00	424.00	0.00	576.00	42%
	DAILY REPUBLIC A: 0000268	10/08/24	300141992 - OH			98.81			
0002280	PUBLICATIONS AND LEGAL NOTICES			1,000.00	0.00	522.81	0.00	477.19	52%
0002285	LEASE EXPENSE-COPIERS/MFD'S ST			0.00	0.00	907.09	0.00	-907.09	9999%
0002285	LEASE EXPENSE-COPIERS/MFD'S ST			0.00	0.00	907.09	0.00	-907.09	9999%
0002310	EDUCATION & TRAINING			12,550.00	0.00	3,600.00	0.00	8,950.00	29%
0002310	EDUCATION & TRAINING			12,550.00	0.00	3,600.00	0.00	8,950.00	29%
0002335	TRAVEL EXPENSE			8,000.00	0.00	1,927.01	0.00	6,072.99	24%
	RONALD A KOTT HOTEL REIMB	10/29/24	856485 - OH			484.95			
	US BANK A:4246 0445 5569	10/31/24	856560 - OH			1,582.83			
	RONALD A KOTT REIMB MEALC	10/31/24	856563 - OH			28.56			
0002335	TRAVEL EXPENSE			8,000.00	0.00	4,023.35	0.00	3,976.65	50%

SORT ORDER: SUBOBJ within CATEGORY within KEY within DEPTMNT within FUND

SELECT ACCOUNT KEY: 3450

Fund	Fund Description	Dept.	Department Description	Key	Key Description
345	LAFCO	3450	LAFCO	3450	LAFCO

Object	Description	Date	Ref.	Budget	Adjustments	Actual	Encumbrance	Balance	Pct.
0002339	MANAGEMENT BUSINESS EXPENSE			2,000.00	0.00	385.90	0.00	1,614.10	19%
	US BANK A:4246 0445 5569	10/31/24	856560 - OH			275.64			
0002339	MANAGEMENT BUSINESS EXPENSE			2,000.00	0.00	661.54	0.00	1,338.46	33%
0002354	CAR ALLOWANCE			7,900.00	0.00	1,650.00	0.00	6,250.00	21%
	PeopleSoft Payroll Postin	10/04/24	PSDATA - JE			300.00			
	PeopleSoft Payroll Postin	10/18/24	PSDATA - JE			300.00			
	PeopleSoft Payroll Postin	11/01/24	PSDATA - JE			300.00			
	PeopleSoft Payroll Postin	11/15/24	PSDATA - JE			300.00			
	PeopleSoft Payroll Postin	11/29/24	PSDATA - JE			300.00			
0002354	CAR ALLOWANCE			7,900.00	0.00	3,150.00	0.00	4,750.00	40%
0002355	PERSONAL MILEAGE			0.00	0.00	0.00	0.00	0.00	
	RONALD A KOTT MILEAGE CAL	10/29/24	856486 - OH			241.20			
	JACK BATCHELOR MILEAGE CA	10/31/24	856561 - OH			276.04			
0002355	PERSONAL MILEAGE			0.00	0.00	517.24	0.00	-517.24	9999%
2000	SERVICES AND SUPPLIES			311,869.00	0.00	91,939.84	1,512.58	218,416.58	30%
3000	OTHER CHARGES								
0003233	LEASE EXPENSE - LT LEASE-BLDG			34,000.00	0.00	0.00	0.00	34,000.00	
0003233	LEASE EXPENSE - LT LEASE-BLDG			34,000.00	0.00	0.00	0.00	34,000.00	
0003235	LEASE EXPENSE - LT LEASE-CP,MF			11,000.00	0.00	1,231.74	0.00	9,768.26	11%
	UBEO WEST LLC AGREE:020-1	10/16/24	856107 - OH			912.93			
	UBEO WEST LLC AGREE:020-1	11/13/24	856927 - OH			912.93			
0003235	LEASE EXPENSE - LT LEASE-CP,MF			11,000.00	0.00	3,057.60	0.00	7,942.40	28%
3000	OTHER CHARGES			45,000.00	0.00	3,057.60	0.00	41,942.40	7%

SORT ORDER: SUBOBJ within CATEGORY within KEY within DEPTMNT within FUND

SELECT ACCOUNT KEY: 3450

Fund	Fund Description	Dept.	Department Description	Key	Key Description
345	LAFCO	3450	LAFCO	3450	LAFCO

Object	Description	Date	Ref.	Budget	Adjustments	Actual	Encumbrance	Balance	Pct.
9200	LICENSES, PERMITS & FRANCHISE								
0009229	LICENSES & PERMITS-OTHER			50,000.00	0.00	0.00	0.00	50,000.00	
0009229	LICENSES & PERMITS-OTHER			50,000.00	0.00	0.00	0.00	50,000.00	
9200	LICENSES, PERMITS & FRANCHISE			50,000.00	0.00	0.00	0.00	50,000.00	
9400	REVENUE FROM USE OF MONEY/PROP								
0009401	INTEREST INCOME			10,000.00	0.00	0.00	0.00	10,000.00	
	Jul - Sep 2024 Int Apprtn	10/01/24	25002679 - JE			17,635.75			
	2425 Q1 TreasFees INTAPP3	10/01/24	25002681 - JE			-347.33			
0009401	INTEREST INCOME			10,000.00	0.00	17,288.42	0.00	-7,288.42	173%
9400	REVENUE FROM USE OF MONEY/PROP			10,000.00	0.00	17,288.42	0.00	-7,288.42	173%
9500	INTERGOVERNMENTAL REVENUES								
0009511	OTHER GOVERNMENTAL AGENCIES			951,963.00	0.00	828,834.00	0.00	123,129.00	87%
	ACO LAFCO FY2024/25	10/01/24	275235 - CR			123,129.00			
0009511	OTHER GOVERNMENTAL AGENCIES			951,963.00	0.00	951,963.00	0.00	0.00	100%
9500	INTERGOVERNMENTAL REVENUES			951,963.00	0.00	951,963.00	0.00	0.00	100%
Key Total - Revenue				1,011,963.00	0.00	969,251.42	0.00	42,711.58	96%
Key Total - Expense				1,421,969.00	0.00	434,357.42	1,512.58	986,099.00	31%
						534,894.00			
Dept Total - Revenue				1,011,963.00	0.00	969,251.42	0.00	42,711.58	96%
Dept Total - Expense				1,421,969.00	0.00	434,357.42	1,512.58	986,099.00	31%
						534,894.00			
Fund Total - Revenue				1,011,963.00	0.00	969,251.42	0.00	42,711.58	96%
Fund Total - Expense				1,421,969.00	0.00	434,357.42	1,512.58	986,099.00	31%
						534,894.00			

Solano Local Agency Formation Commission
675 Texas St. Ste. 6700 • Fairfield, California 94533
(707) 439-3897
www.solanolafco.com

Staff Report

DATE: December 9, 2024

TO: Local Agency Formation Commission

FROM: Rich Seithel, Executive Officer

SUBJECT: **Solano LAFCO Meeting Schedule 2025**

Recommendation:

APPROVE, by simple motion, the proposed 2025 LAFCO meeting schedule.

Discussion:

Per policy, regular meetings of the Commission shall take place at 10:00 a.m., the second Monday of February, April, June, August, October, and December, except when that day falls on a recognized holiday in which event the regular meeting will take place the following Monday that is not a recognized holiday, or another day designated by a majority of the Commission. In 2025, the only unusual date is in October because of the conflict with Indigenous People's Day. The recommended alternate is October 20, 2025.

Following approval, the following 2025 meeting schedule will be posted on the LAFCO website:

February 10	***April 14***	***June 9***
August 11	***October 20***	***December 8***

Time: 10:00 a.m.
Location: Solano County Board of Supervisors Chambers
675 Texas St., Fairfield CA

Other Notable Dates for 2025:

CALAFCO Staff Workshop: April 30 – May 2 in Temecula
CALAFCO Annual Conference: October 22-24 at Wyndham San Diego Bayside in San Diego
CSDA Annual Conference & Exhibitor Showcase: August 25-28 in Monterey
League of CA Cities Annual Conference & Expo: Typically in October, but not determined
CSAC Annual Meeting: Typically in November, but to be determined

Commissioners
Ron Kott, Chair • John Vasquez, Vice-Chair • Nancy Shopay • Mitch Mashburn • Steve Bird
Alternate Commissioners
Alma Hernandez • Wanda Williams • Jack Batchelor
Staff
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Solano Local Agency Formation Commission
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Staff Report

DATE: October 21, 2024

TO: Local Agency Formation Commission

FROM: Christina Love, Deputy Executive Officer

SUBJECT: **Sphere of Influence Status Report and Discussion**

Recommendation:

RECEIVE and DISCUSS staff's presentation regarding spheres of influence.

Executive Summary:

LAFCO's Fiscal Year 2024-2025 Workplan Task No. 5 (Policy Updates) included reviewing the Solano LAFCO's Sphere of Influence (SOI) policies. Reviewing the SOI policies is timely because outreach and discussions have uncovered confusion and different interpretations regarding SOIs.

Staff has been working with several cities and special districts to update agency spheres of influence. In the process, staff came to understand that there exists several different understandings or uses of spheres of influences amongst the agencies. This presentation endeavors to explain the definition, purpose, and function of an SOI based on current law, analysis, and discussions with Solano LAFCO legal counsel.

The attached are the documents that support the presentation and our ongoing efforts:

A. Government Code §56000 (also referred to as Cortese-Knox-Hertzberg Act, or LAFCO law); specifically, §56076 and §56425.
B. Attorney General Opinion No. 00-108, May 18, 2001
C. State Assembly and Senate committee hearing comments and bill analysis for AB 2838 (2000).
D. State Assembly Committee on Local Government hearings comments and bill analysis on AB 1262 (2007)
E. State Senate Hearing on Local Government hearing on SCR 163 (2024)
F. Solano LAFCO Sphere of Influence Policy, Amended April 8, 2013
G. Solano LAFCO Standards of Procedures, Amended June 2019
H. *"Growth Within Bounds."* Report of the Commission on Local Governance for the 21st Century. January 2000. https://www.solanolafco.com/documents/growth-within-bounds-by-commission-on-local-governance-for-the-21st-century/
I. *City of Agoura Hills v. Local Agency Formation*, 198 Cal.App.3d 480, 482 (Cal. Ct. App. 1988). Specifically, analysis under "Discussion Section I.A."

Commissioners
Ron Kott, Chair • John Vasquez, Vice-Chair • Nancy Shopay • Mitch Mashburn • Steve Bird
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Government Code - GOV
TITLE 5. LOCAL AGENCIES [50001 - 57607]
DIVISION 3. CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT OF 2000 [56000 - 57550]

PART 1. GENERAL [56000 - 56160]
CHAPTER 2. Definitions [56010 - 56081]
56076. “Sphere of influence” means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.
(Amended by Stats. 1993, Ch. 1307, Sec. 1. Effective January 1, 1994.)

PART 2. LOCAL AGENCY FORMATION COMMISSION [56300 - 56430]
CHAPTER 4. Spheres of Influence [56425 - 56430]
56425. (a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city and each special district, as defined by Section 56036, within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

(b) Prior to a city submitting an application to the commission to update its sphere of influence, representatives from the city and representatives from the county shall meet to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere. If an agreement is reached between the city and county, the city shall forward the agreement in writing to the commission, along with the application to update the sphere of influence. The commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement to the extent that it is consistent with commission policies in its final determination of the city sphere.

(c) If the commission’s final determination is consistent with the agreement reached between the city and county pursuant to subdivision (b), the agreement shall be adopted by both the city and county after a noticed public hearing. Once the agreement has been adopted by the affected local agencies and their respective general plans reflect that agreement, then any development approved by the county within the sphere shall be consistent with the terms of that agreement.

(d) If no agreement is reached pursuant to subdivision (b), the application may be submitted to the commission and the commission shall consider a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section.

(e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its 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 that 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) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

(f) Upon determination of a sphere of influence, the commission shall adopt that sphere.

(g) On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence.

(h) In determining a sphere of influence, the commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

(i) When adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.

(j) When adopting, amending, or updating a sphere of influence for a special district, the commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

(Amended by Stats. 2012, Ch. 62, Sec. 2. (AB 2698) Effective January 1, 2013.)

TO BE PUBLISHED IN THE OFFICIAL REPORTS

OFFICE OF THE ATTORNEY GENERAL
State of California

BILL LOCKYER
Attorney General

OPINION	:	
	:	No. 00-108
of	:	
	:	May 18, 2001
BILL LOCKYER Attorney General	:	
	:	
GREGORY L. GONOT Deputy Attorney General	:	
	:	

THE HONORABLE MIKE BRIGGS, MEMBER OF THE STATE ASSEMBLY, has requested an opinion on the following question:

May a city and a county agree to recommend to the local agency formation commission specific changes in the city's sphere of influence boundaries and express the intent to jointly agree to any changes in such boundaries in the future?

CONCLUSION

A city and a county may agree to recommend to the local agency formation commission specific changes in the city's sphere of influence boundaries and express the intent to jointly agree to any changes in such boundaries in the future.

ANALYSIS

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Gov. Code, §§ 56000-57550)[1] provides for the establishment of a local agency formation commission (LAFCO) in each county (§§ 56325-56337) "to encourage orderly growth and development and the assessment of local community services needs" (*Antelope Valley-East Kern Water Agency v. Local Agency Formation Com.* (1988) 204 Cal.App.3d 990, 994; see § 56001; *Sierra Club v. San Joaquin Local Agency Formation Com.* (1999) 21 Cal.4th 489, 495; *San Miguel Consolidated Fire Protection Dist. v. Davis* (1994) 25 Cal.App.4th 134, 151). The primary function of a LAFCO is "[t]o review and approve or disapprove with or without amendment, wholly, partially, or conditionally, proposals for changes of organization or reorganization" of local agencies. (§ 56373; *McBail & Co. v. Solano County Local Agency Formation Com'n* (1998) 62 Cal.App.4th 1223, 1228; *Las Tunas Beach Geologic Hazard Abatement Dist. v. Superior Court* (1995) 38 Cal.App.4th 1002, 1007-1008.) "Changes of organization" include city incorporations, district formations, annexations or detachments from a city or district, disincorporations of cities, dissolutions of districts, and certain mergers and consolidations. (§ 56021.) "'Reorganization' means two or more changes of organization initiated in a single proposal." (§ 56073.)

In performing its duties, a LAFCO conducts public hearings where it receives oral and written protests, objections, and evidence. (§§ 56834-56840; *Las Tunas Beach Geologic Hazard Abatement Dist. v. Superior Court, supra,* 38 Cal.App.4th at p. 1009.) As an exercise of its legislative and political power (*San Miguel Consolidated Fire Protection Dist. v. Davis, supra,* 25 Cal.App.4th at p. 152), the LAFCO adopts a resolution approving or disapproving a proposal, with or without conditions (§§ 56851-56852).

The question presented for resolution concerns a proposal presented to a LAFCO to change the boundaries of a city's "sphere of influence." Among the powers and duties of a LAFCO is the responsibility to "develop and determine" the "sphere of influence" for each local agency within the county and to "enact policies designed to promote the logical and orderly development of areas within the sphere." (§ 56425.) A "sphere of influence" is "a plan for the probable physical boundaries and service area of a local agency." (§ 56076; *Alameda County Land Use Assn. v. City of Hayward* (1995) 38 Cal.App.4th 1716, 1720; *City of Agoura Hills v. Local Agency Formation Com.* (1988) 198 Cal.App.3d 480, 483.) "A sphere of influence is a flexible planning and study tool to be amended periodically as appropriate." (*City of Agoura Hills v. Local Agency Formation Com., supra,* 198 Cal.App.3d at p. 490.)

[1]All references hereafter to the Government Code are by section number only.

May a city and a county enter into an agreement under which both recommend to the LAFCO specific changes in the city's sphere of influence boundaries and express the intent to jointly agree to any changes in such boundaries in the future? We conclude that a city and a county may so agree.

A LAFCO has the statutory authority to "adopt, amend, or revise spheres of influence after a public hearing called and held for that purpose." (§ 56427.) "Any person or local agency may file a written request with the executive officer requesting amendments to a sphere of influence or urban service area adopted by the commission." (§ 56428, subd. (a).) The statute requiring our analysis is section 56425, which provides:

> "(a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.
>
> "(b) At least 30 days prior to submitting an application to the commission for a determination of a new sphere of influence, or to update an existing sphere of influence for a city, representatives from the city shall meet with county representatives to discuss the proposed sphere, and its boundaries, and explore methods to reach agreement on the boundaries, development standards, and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere. If no agreement is reached between the city and county within 30 days, then the parties may, by mutual agreement, extend discussions for an additional period of 30 days. If an agreement is reached between the city and county regarding the boundaries, development standards, and zoning requirements within the proposed sphere, the agreement shall be forwarded to the commission, and the commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement in the commission's final determination of the city sphere.
>
> "(c) If the commission's final determination is consistent with the agreement reached between the city and county pursuant to subdivision (b), the agreement shall be adopted by both the city and county after a noticed public hearing. Once the agreement has been adopted by the affected local agencies

and their respective general plans reflect that agreement, then any development approved by the county within the sphere shall be consistent with the terms of that agreement.

"(d) If no agreement is reached pursuant to subdivision (b), the application may be submitted to the commission and the commission shall consider a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section.

" . . . . . ."

In analyzing the terms of section 56425, we may consider well settled principles of statutory construction. "When construing a statute we must 'ascertain the intent of the Legislature so as to effectuate the purpose of the law.' [Citation.]" (*Wilcox v. Birtwhistle* (1999) 21 Cal.4th 973, 977.) "'Our first step [in determining the Legislature's intent] is to scrutinize the actual words of the statute, giving them a plain and commonsense meaning. [Citations.]' [Citation.]" (*California Teachers Assn. v. Governing Bd. of Rialto Unified School Dist.* (1997) 14 Cal.4th 627, 633.) "Both the legislative history of the statute and the wider historical circumstances of its enactment may be considered in ascertaining the legislative intent. [Citation.]" (*Dyna-Med, Inc. v. Fair Employment & Housing Com.* (1987) 43 Cal.3d 1379, 1387.)

Applying these rules of construction, we find that section 56425 encourages a city to reach an agreement with the county on the boundaries of its sphere of influence and to present the agreement to the LAFCO for determination. The agreement is to cover matters of the boundaries, development standards, and zoning requirements within the sphere. The LAFCO must give "great weight" to the agreement in making its determination, and if the LAFCO's determination is consistent with the agreement, the city and the county are each directed to adopt the agreement after a noticed public hearing. Any development thereafter approved by the county within the city's sphere must be consistent with the terms of the agreement.

The Legislature has thus authorized execution of an agreement between a city and a county regarding changes in the city's sphere of influence. The purpose of such agreement is "to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere." (§ 56425, subd. (b).) By bringing the interested local jurisdictions together in advance of an application for a change in a city's sphere of influence, the Legislature has sought to promote better coordination and greater stability in local planning for future development.

We have examined in detail the legislative history of section 56425 regarding

the "agreement" language in question. (Stats. 2000, ch. 761, § 79.) The legislative history fully supports the plain reading of the statute. Authorization of agreements between a city and a county was granted by the Legislature in order to "enhance communication, coordination, and the procedures of LAFCOs and local governments." (Sen. Rules. Com., Off. of Sen. Floor Analyses, 3d reading analysis of Assem. Bill No. 2838 (1999-2000 Reg. Sess.) as amended Aug. 29, 2000, p. 2.)

An agreement between a city and a county to recommend to the LAFCO specific changes in the city's sphere of influence boundaries would thus be valid under the terms of section 56425. (See *Alameda County Land Use Assn. v. City of Hayward, supra,* 38 Cal.App.4th at pp. 1724-1725; 77 Ops.Cal.Atty.Gen. 14, 15-16 (1994).) We view the additional element of the agreement, expressing the intent to jointly agree to any future changes in the city's sphere of influence boundaries, as merely expressing the intent to follow the language of section 56425 in the future. Such intention would effectuate the Legislature's goals of orderly and coordinated development.

Finally, we note that it would be the LAFCO's determination as to whether the city's sphere of influence boundaries should be changed, regardless of any agreement between the city and the county. (§ 56425, subd. (b).) It may be expected that the representatives of the city and the county on the LAFCO will vote in favor of the proposal as set forth in the agreement. However, each LAFCO member must exercise independent judgment when voting on the proposal. (See 82 Ops.Cal.Atty.Gen. 267, 268-270 (2000).) As specified in section 56325.1:

> "While serving on the commission, all commission members shall exercise their independent judgment on behalf of the interests of residents, property owners, and the public as a whole in furthering the purposes of this division. Any member appointed on behalf of local governments shall represent the interests of the public as a whole and not solely the interests of the appointing authority. This section does not require the abstention of any member on any matter, nor does it create a right of action in any person."[2]

We conclude that a city and a county may agree to recommend to the LAFCO specific changes in the city's sphere of influence boundaries and express the intent to jointly agree to any changes in such boundaries in the future.

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[2] A LAFCO's members are not prohibited from acting upon matters affecting the agencies which appointed them. (§§ 56325.1, 56336; see 64 Ops.Cal.Atty.Gen. 272 (1981).)

Date of Hearing: April 5, 2000

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
John Longville, Chair
AB 2838 (Hertzberg) - As Amended: February 28, 2000

SUBJECT : Local agency formation commissions.

SUMMARY : Comprehensively revises the Cortese-Knox Local Government Reorganization Act of 1985 (Act). Specifically, this bill :

1)Transfers the authority to conduct proceedings subsequent to local agency formation commission (LAFCO) approval or disapproval of changes of organization or reorganization from counties and other designated public agencies to the LAFCO.

2)Authorizes any city to annex noncontiguous territory that constitutes a state correctional training or correctional facility upon approval by a LAFCO.

3)Deletes the provision that currently allows a city or district to provide new or extended services outside its jurisdictional boundaries by contracts or agreements between public agencies without written LAFCO approval.

4)Requires that notice of proceedings by a LAFCO shall be given in electronic format on a website provided by the LAFCO.

5)Requires a LAFCO to provide written notice of any proposed reorganization that may affect school attendance to the countywide school district and each school superintendent whose district would be affected.

6)Requires a LAFCO to provide mailed notice to all registered voters and owners of property within 300 feet of the exterior boundary of property that is the subject of a LAFCO hearing.

7)Defines "landowner" or "owner of land" as any person shown as the owner of land on the most recent assessment roll being prepared by the county at the time a LAFCO adopts a resolution of application except where that person is no longer the owner.

8)Requires that notices of LAFCO hearings be published at least

20 days prior to the date of the hearing.

9)Declares the intent of the Legislature that each LAFCO establish written policies and procedures, including lobbying disclosure and reporting requirements and forms to be used for submittals to the LAFCO, and provides that if a LAFCO has not adopted written policies and procedures by July 1, 2001, any actions taken by that LAFCO may be voidable.

10)Adds the preservation of open-space and agricultural lands and the efficient provision of government services to the stated purposes of a LAFCO.

11)Requires a LAFCO, when considering a request to form a new government entity, to make a determination as to whether existing agencies can feasibly provide the needed services in a more efficient and accountable manner.

12)Adds two additional positions to a standard LAFCO, to be filled by presiding officers or legislative body members of independent special districts selected by an independent special district selection committee.

13)Requires a LAFCO to make the prezoning by a city of any territory proposed for annexation a mandatory precondition to any such annexation, and requires that the approval of an annexation be consistent with the planned and probable use of the property based on a review of the general plan and prezoning designations.

14)Authorizes a LAFCO to enter into an agreement with the LAFCO of an adjoining county to establish procedures for considering proposals that may affect either or both counties.

15)Authorizes a LAFCO to require establishment of a community growth plan for an unincorporated area or to review the consistency of a proposal within a city's general plan when a proposed action would require the extension of critical services.

16)Prohibits a LAFCO from approving proposals that would enable the change in use of existing prime agricultural lands or open-space lands where feasible alternatives exist elsewhere that are not prime agricultural lands or open-space lands dedicated or otherwise restricted to open-space use.

17)Repeals the current requirement that LAFCO facilities and expenses be provided by the county board of supervisors only, and instead requires those expenses to be provided by cities, counties, and special districts.

18)Requires that the signatures on a petition presented to a LAFCO be verified by the county election official, and that costs of verification be provided for in the same manner and by the same agencies that bear those costs for an initiative petition in the same jurisdiction.

19)Authorizes a LAFCO to waive petition fees in the public interest and to request a loan from the Controller for specified petition proceedings for an incorporation.

20)Requires a LAFCO to appoint an executive officer and legal counsel, authorizes the appointment of staff, and provides for alternatives in cases of conflict of interest.

21)Requires a LAFCO to review and update the spheres of influence it establishes for local agencies within the county not less than once every five years.

22)Requires a LAFCO to obtain written statements from existing districts specifying the functions or classes of services provided and establish the nature, location, and extent of functions or services provided by existing districts before approving a sphere of influence or a sphere of influence including a special district.

23)Requires LAFCO to conduct service reviews of municipal services prior to the preparation or update of spheres of influence.

24)Requires LAFCO approval for any extension of "backbone" (water supply, sewer, wastewater, or roads) infrastructure to previously undeveloped or underdeveloped lands. In the case of cities, LAFCO shall approve a finding of general plan consistency. In unincorporated areas, LAFCO shall either approve a special district sphere of influence amendment (if applicable) or a community growth plan.

25)Establishes criteria for determining whether a proposal for an extension of "backbone" infrastructure has the potential

for causing significant effects on the orderly extension of government services, as follows:

a) A residential development of more than 500 units;

b) A shopping center of business employing more than 1,000 persons or encompassing more than 500,000 square feet of floor space;

c) A commercial office building or buildings employing more than 1,000 persons or encompassing more than 250,000 square feet of floor space;

d) A hotel or motel development of more than 500 rooms;

e) An industrial, manufacturing, or processing plant or industrial park planned to house more than 1,000 persons occupying more than 40 acres of land, or encompassing more than 650,000 square feet of floor space;

f) An institutional or mixed use development for public or private purposes satisfying any of the above criteria.

26) Requires each application to a LAFCO to include steps taken to increase density within existing territory.

27) Deletes the provisions creating the Special Commission on Los Angeles Boundaries.

28) Requires that proceedings for a reorganization that includes the detachment of territory from a city or city and county and the incorporation of that territory as a city be conducted in accordance with procedures otherwise prescribed for the incorporation of a city.

29) Requires that expenditures and contributions for political purposes related to a change of organization or reorganization proposal be disclosed and reported in the manner prescribed for local initiative measures.

30) Revises the percentages of registered voters or landowners who must sign petitions for city consolidations, city annexations, city detachments, district detachments or annexations, district dissolutions, district mergers, or the establishment of a district as a subsidiary district of a

city.

31)Requires LAFCOs to include the following in any review of a reorganization proposal:

a) The extent of infill needs and opportunities;

b) The ability of the newly formed or receiving entity to provide services;

c) The availability of adequate water supplies;

d) Any urban limit line, as defined, urban growth boundary, or similar measure approved by the voters in the affected area;

e) The existence of already developed areas that can accommodate projected development needs;

f) Regional growth goals and policies established by local elected officials.

32)Requires a LAFCO to make a determination of the efficiency of existing agencies in providing needed services when considering a proposal that includes the formation of a new government.

33)Authorizes a LAFCO to prohibit any agency being dissolved as a result of a change of organization or reorganization from taking certain actions unless an emergency situation exists.

34)Requires the Governor's Office of Planning and Research (OPR), in consultation with the State Controller, to convene a task force of representatives from local agencies and commissions to create statewide guidelines for the incorporation process.

35)Requires any request to amend or reconsider a LAFCO resolution making determinations to state new or different facts or applicable new law.

36)Creates an exemption from the California Environmental Quality Act (CEQA) for a decision of a LAFCO to approve the incorporation of a new city or an incorporation occurring in a special reorganization.

37)Requires the board of supervisors of a county in which a jurisdictional change that affects the service area or responsibility of one or more special districts occurs to consult with the affected district(s), with specified notice and opportunity for comment, prior to entering into negotiations concerning any exchange of property taxes.

38)Makes numerous other amendments, deletions, and additions to the Act.

EXISTING LAW : Under the Cortese-Knox Local Government Reorganization Act of 1985, the LAFCO in each county reviews and approves or disapproves proposals for changes of organization or reorganization of cities and districts within the county.

FISCAL EFFECT : Unknown cost to local authorities.

COMMENTS :

State's Future Growth No LAFfing Matter

AB 2838 is the legislative vehicle for the implementation of the recommendations concerning LAFCOs made by the Commission on Local Governance for the 21st Century (Commission). The Commission was created by the Legislature when it passed AB 1484 (Hertzberg) in 1997. The Commission was asked to assess governance issues and make recommendations, with special attention being paid to the Act, the 57 LAFCOs governed by the Act, and citizen participation in local government.

According to its final report (Report), the Commission framed the debate as follows:

1)The future will be shaped by continued phenomenal growth.

2)California does not have a plan for growth.

3)Local government budgets are perennially under siege.

4)The public is not engaged.

The Commission held 25 days of public hearing throughout the state, at which over 160 individuals and organizations provided comments. The Commission's website also received 90,000 "hits"

between January and December of 1999. The Commission's Report and recommendations were based on this input and the deliberations of its members.

In the Report, the Commission identified several barriers that may limit local governments' ability to deal with the challenges presented by future growth:

1) Local finance sources are unstable, uncertain, often inadequate, and subject to unpredictable revisions by the Legislature.

2) Land use decisions are often made for reasons that have more to do with local government finances than actual land use needs (the "fiscalization" of land use policy).

3) The array of local government agencies - 58 counties, 473 cities, 4,000 special districts of various sorts, 800 jointly controlled districts, and nearly 1,000 school districts - creates confusion in the mind of the citizenry and numerous opportunities for operating at cross-purposes.

4) Voters and taxpayers are increasingly alienated from the political process.

5) The legal process for restructuring local government has not been comprehensively overhauled since 1963.

The Commission's recommendations are largely directed at the reform of LAFCOs and are incorporated into AB 2838. Subsequent to its introduction, AB 2838 has been the subject of an ongoing discussion and revision process undertaken by a task force that includes Commission members and staff, stakeholder representatives, and legislative staff, including Assembly Local Government Committee staff.

In the Report, the Commission identifies six major issues its recommendations address: Reform of local government reorganization law; orderly growth and resource protection; local fiscal reform; guiding the directions of future growth; local government coordination and efficiency; and public interest in government.

The Commission's recommendations regarding local fiscal reform and guiding the directions of future growth do not directly

pertain to the Act and are not reflected in AB 2838. The balance of this necessarily selective analysis will address the Commission's basic recommendations in the remaining four issue areas as they pertain to AB 2838, giving due consideration to the fact that the bill is very much a "work in progress."

Issue 1: Reform of Local Government Reorganization Law

According to the Commission, the procedural sections in the Act are a composite of three earlier procedural statutes that were not substantially modified when they were combined. As a result, policies are unclear and procedures are unwieldy and prone to inadvertent omission or duplication.

1) The first major recommendation of the Commission on this issue is that LAFCO policies and procedures should be streamlined and clarified. Much of the technical restructuring and renumbering of the Act recommended by the Commission is contained in AB 185 (Hertzberg), which passed out of this Committee on consent and is currently awaiting hearing in the Assembly Appropriations Committee. The provisions of AB 2838 addressing this recommendation include consistent procedures for voter/landowner petitions to initiate changes of organization or reorganization; requirements that all LAFCOs adopt written policies and procedures by July 1, 2001 or face having their subsequent actions being considered voidable; and the establishment of LAFCOs as the conducting authority for all city and special district reorganizations.

One provision of AB 2838 based on the Commission's recommendation would establish a new statutory exemption from the California Environmental Quality Act (CEQA) for new incorporation approvals. Serious questions have been raised concerning the prudence of such a sweeping exemption for proposals that encompass a wide range of physical conditions. Proponents of this exemption have argued that in many cases an incorporation proposal is nothing more than a political reorganization, and therefore not a "project" as defined by CEQA. Proponents also maintain that any environmental impacts that may arise from an incorporation decision would not be encountered until a new general plan for the new city is adopted.

While there are certainly many situations where an incorporation may be no more than drawing a line on a map through an already

built-out area where no environmental impact is foreseeable,

there are also situations where an incorporation involves projecting an urban boundary into a previously undeveloped or lightly developed area. In the former case, CEQA already has a mechanism, the negative declaration, that allows the incorporation to proceed without requiring an environmental impact report (EIR). In the latter case, courts have established that when a reorganization decision may act as a catalyst for additional development (City of Antioch v. City Council (1986) 187 Cal.App.3d 1325, 1337), serve as a necessary first step towards bringing development plans to fruition (Christward Ministry v. Superior Court (1986) 184 Cal.App.3d. 180, 195), or be a commitment to a change in use (City of Carmel-by-the-Sea v. Board of Supervisors (1986) 183 Cal.App.3d. 229, 243-44), then an EIR may be required. Courts have also determined that "the environmental consequences of a proposed activity, whether public or private, [are to] be considered at the earliest possible stage." (City of Santa Ana v. City of Garden Grove (1979) 100 Cal.App.3d 521,533.)

Therefore, it appears that a blanket exemption for all incorporation decisions may be either unnecessary or a potentially serious erosion of CEQA's legislatively-established role as an assurance that potentially significant impacts on the environment are analyzed and mitigated. It is also worth noting that elsewhere in AB 2838 it is proposed that LAFCOs be required to consider alternatives to actions that might impact the integrity of prime agricultural or open-space lands. Alternatives identification and analysis is already an integral part of an EIR. It seems self-defeating to require increased consideration of alternatives on one hand and preclude the use of CEQA as a means of identifying those alternatives on the other. The Committee may wish to request that the author seriously reconsider the prudence of this proposal as the bill moves forward.

2) The second major recommendation of the Commission on this issue is that LAFCOs be neutral, independent, and provide balanced representation for cities, counties, and special districts. Provisions of AB 2838 addressing this recommendation include requiring all LAFCOs to select their own executive officers and counsel (although they may select county or other public employees for these roles); making conflict of interest and lobbying laws applicable to LAFCO members and staffs; requiring LAFCOs to be funded jointly and equally by each

category appointing members; and requiring a uniform membership selection scheme for all LAFCOs (except for the statutorily

exempted counties of Los Angeles, San Diego, Sacramento, and Santa Clara) that will include two representatives from counties, two representatives from cities (except in counties with no cities), two representatives from special districts (if requested), and one public member who will require at least one affirmative vote from each of the three previous categories' representatives.

This final provision has generated some controversy. Concern has been expressed that representatives of special districts may not have the sort of public accountability that representatives of publicly elected bodies do. Others have expressed concern that special districts may be inclined to line up with counties on issues that may have a negative impact on cities. Alternative ideas have been floated about expanding the number of public representatives rather than, or in addition to, including special districts. The Committee may wish to request that the author consider these questions as the bill moves forward.

The issue of requiring joint and equal funding of LAFCOs by cities, counties, and special districts has led to questions concerning equal treatment that are best raised in the examination of Issue 2.

Issue 2: Orderly Growth and Resource Protection

The Commission concluded that urban sprawl persists and growth sometimes proceeds into areas where the provision of services is inefficient, expensive, or ill-timed, and that prime agricultural and open-space lands are disappearing at an "alarming" pace.

1) The first major recommendation of the Commission on this issue is to strengthen LAFCO powers to prevent sprawl and ensure the orderly extension of government services. Provisions of AB 2838 that implement this recommendation include requiring pre-zoning for territory proposed to be annexed to a city in order to ensure clear knowledge of plans and potential impacts; requiring LAFCOs to update spheres of influence at least once every five years; requiring LAFCOs to initiate periodic regional or sub-regional service reviews, not less frequently than every five years, to determine whether local government

services are adequate; rescinding current provisions allowing unilateral termination of proceedings by cities (detachments) or special districts (annexations) in order to allow all proposals

to be fully examined at a public hearing, while continuing to give substantial weight to objections from a city or special district; and requiring LAFCO approval for extensions of "backbone" infrastructure (water supply, sewer, wastewater, roads) to serve regionally significant development projects in incorporated or unincorporated areas.

The provision requiring LAFCOs to approve extensions of "backbone" infrastructure has generated a high level of interest and comment. The intent of the Commission was to address the issue of "new community" developments in unincorporated territory separated from any built-up area. Such developments can consume agricultural or open-space land and serve as "sprawl magnets" that stimulate growth in ways that are neither orderly nor beneficial for the region. Since these developments often do not require a boundary change, they currently do not come before LAFCOs for a regional governance review.

AB 2838's provisions are based on the premise that LAFCO review of such projects before any extension of public works "backbone" infrastructure is approved will lead to better, more coordinated decision-making. As is the case with CEQA review, examining issues at the earliest reasonable opportunity and in the broadest reasonable context is a way to avoid potentially expensive and potentially irreversible problems later on.

In order to avoid an excessive number of minor projects coming before LAFCO, AB 2838 includes minimum size thresholds based on the definition of projects of statewide, regional, or areawide significance found in the CEQA Guidelines.

In order to obtain LAFCO approval, cities would have to make a finding that the extension is consistent with their general plans. In the case of counties, AB 2838 proposes the creation of "community growth plans" (CGPs). This is a new concept, and the process of determining what exactly such a plan should include is an ongoing one. This proposal can be seen as perhaps the single biggest substantive addition to land use law AB 2838 makes. The resolution of the discussion over the definition of CGPs would appear to be crucial in resolving concerns that the new restrictions and duties created by the "backbone" provision will fall disproportionately on cities and perhaps inadvertently

contribute to the very sort of "leapfrog" development the provision appears to be trying to control. Representatives of cities have stated that their support for the proposal to require them to provide one-third of the funding for LAFCOs

could be problematic if it appears they are being subjected to a level of LAFCO scrutiny that is not shared by the other participant groups.

2) The second major recommendation of the Commission concerning orderly growth and the protection of resources is to strengthen policies to protect agricultural and open-space lands. Provisions of AB 2838 that implement this recommendation include the adoption of a more precise definition of "prime agricultural lands"; requiring LAFCOs to consider urban limit lines, densities, infill opportunities, and regional growth goals and policies when making decisions; prohibiting LAFCOs from approving proposals that might lead to development of prime agricultural or open-space lands if a feasible alternative exists; and integrating water supply considerations into LAFCO boundary change decisions.

These proposals go to the heart of the fundamental policy question raised by AB 2838: Is this bill an unwarranted intrusion by the state into traditional local control of land use policy, or is it a necessary extension of LAFCOs' existing duties to prevent sprawl and encourage orderly development in order to address the unprecedented challenge of California's future growth? It is worth noting that the existing mandated considerations and directives in the Act are the result of policy decisions made by the Legislature. Consequently, revising the Act to reflect evolving legislative policy concerning the prevention of sprawl and the encouragement of orderly development is consistent with the Act's original intent and within the Legislature's purview. This includes an understanding of the interrelationship between water supply and growth, the threat presented by the loss of agricultural land to development, and the importance of encouraging development within already developed areas where possible and in accordance with regional growth policies where they have been articulated. AB 2838 only requires LAFCOs to consider these issues when making decisions and appears not to preempt any local government land use authority. The provisions of AB 2838 concerning orderly growth and resource protection appear to be no more than a recognition that LAFCO decisions that could have a major impact on the state's land and people should be made in the

broadest possible context.

Issue 5: Local Government Coordination and Efficiency

The Commission concluded that state and local agencies often

proceed with their own plans without recognizing the potential impacts on other agencies and the public. The Commission singled out site selection process for new schools, which is not subject to broader local planning review. This issue is addressed in AB 2147 (Wiggins), which is to be heard by the Assembly Local Government Committee on April 5, 2000.

The Commission's major recommendation on this issue is to enhance communication, coordination, and notification procedures of LAFCOs and local governments. The provision of AB 2838 that implements this recommendation requires LAFCO approval for the extension by a city or special district of services to a recipient outside its jurisdiction, even if the service recipient is a public agency (i.e. a school district).

This provision is connected to the larger debate concerning whether and to what extent local governments should be able to exercise land use controls over the siting of schools. The reader is referred to this Committee's analysis of AB 2147 (Wiggins) for a fuller discussion of this issue.

Issue 6: Public Interest in Government

The Commission found that voter turnout figures and public opinion surveys indicate a high level of apathy by the public regarding government processes and actions, which poses a threat to democracy by enhancing the power of organized "special interests."

The Commission's major recommendation is to increase opportunities for public involvement, active participation, and information regarding government decision-making. Provisions of AB 2838 implementing this recommendation include requiring LAFCOs to maintain web sites; expanding public and governmental notice requirements; permitting a new city under a special reorganization to include in its incorporation proposal the election of five, seven, or nine council members by district; considering the cost of verifying citizen petitions for changes in organization to be a governmental cost; requiring proponents of reorganization actions to report campaign contributions and

expenditures in accordance with the Political reform Act and the Elections Code; permitting proponents of a new incorporation or special reorganization to petition their LAFCO for a full or partial waiver of application processing fees and allowing the LAFCO to petition the state to provide a loan, repayable by the new city, to cover the cost.

This final proposal has raised concerns that the process of incorporating may be made too easy if the petition and election costs of mounting an incorporation or reorganization campaign can be passed to the state. While the ability of citizens to petition for a reorganization (i.e. secession from a city) or incorporation needs to be protected, and streamlined where possible, it is also important for the Legislature to be careful not to inadvertently encourage "NIMBY" (Not In My Backyard) incorporations and the breakup of cities. The Committee may wish to request that the author consider the potential impacts of this proposal as this bill moves forward.

REGISTERED SUPPORT / OPPOSITION :

Support (if amended)

California Special Districts Association
Fire Districts Association of California

Opposition (unless amended)

California Association of Realtors
California Building Industry Association
California Business Properties Association
California Chamber of Commerce
City of Dana Point
Consulting Engineers and Land Surveyors of California
Home Ownership Advancement Foundation
Resource Landowners Coalition

Analysis Prepared by : J. Stacey Sullivan / L. GOV. / (916) 319-3958

AB 2838
Page 1

Date of Hearing: May 24, 2000

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Carole Migden, Chairwoman

AB 2838 (Hertzberg) - As Amended: May 18, 2000

Policy Committee: Local GovernmentVote:5-2

Urgency: No State Mandated Local Program:YesReimbursable: Yes

SUMMARY :

This bill comprehensively revises the Cortese-Knox Local Government Reorganization Act of 1985, the law governing local government boundary changes through Local Agency Formation Commissions (LAFCOs) established in each county. Specifically, the bill expands the powers of LAFCOs to restrict urban sprawl and preserve agricultural land and open space, and changes the membership and financing of LAFCOs. The significant provisions of the bill are as follows:

1) LAFCO Approval for Service Contract Agreements . Requires LAFCO approval for contracts or agreements between two or more public agencies to extend public services beyond jurisdictional boundaries. Current law exempts such contracts or agreements from LAFCO review and approval. This provision of the bill is intended to ensure that the growth-inducing consequences of public service extensions to undeveloped areas receive adequate consideration.

2) Preservation of Agricultural Land and Open Space . Adds the preservation of open space and agricultural land to the stated purposes of a LAFCO. Additionally, the bill prohibits a LAFCO from approving a proposal that would enable the change in use of prime agricultural land or open space land where feasible alternatives exist.

3) LAFCO Coordination with School Districts . Requires LAFCOs to notify and seek comment from school districts when a boundary change is proposed.

4) LAFCO Membership . Adds two special district representatives to

be selected by an independent special district selection committee, to the standard LAFCO structure.

5)LAFCO Funding . Requires funding for LAFCO facilities and expenses to be shared among cities, counties and special districts. Under current law, the counties are exclusively responsible for LAFCO funding.

6)Political Reporting . Requires that expenditures and contributions for political purposes related to a change or organization or reorganization be disclosed and reported in the manner prescribed for local initiative measures.

7)Makes numerous other changes to the Act.

FISCAL EFFECT :

The bill imposes a state-mandated program by substantially reforming LAFCO procedures. Local agency costs of compliance, which would be in the range of $250,000 statewide, would be state-reimbursable.

COMMENTS :

1)Commission on Local Governance for the 21st Century . This bill is the vehicle for implementing many of the recommendations of the Commission on Local Governance for the 21st Century, established by AB 1484 (Hertzberg) in 1997. The Commission was asked to assess governance issues and make appropriate recommendations, directing special attention to the Cortese-Knox Local Government Reorganization Act of 1985, the 57 LAFCOs governed by the Act, and citizen participation in local government. The Commission's Report, issued in January 2000, made a series of far-reaching recommendations on orderly growth and resource protection, local fiscal and administrative reform and improving public participation in government.

2)Purpose . This bill incorporates many of the Commission's recommendations concerning LAFCOs. The bill reflects the consensus of a working group of stakeholders on the Commission's recommendations, and additional provisions may be incorporated into the bill as it progresses through the Legislature, if consensus can be reached.

Analysis Prepared by : Stephen Shea / APPR. / (916) 319-2081

ASSEMBLY THIRD READING
AB 2838 (Hertzberg)
As Amended May 18, 2000
Majority vote

LOCAL GOVERNMENT 5-2 APPROPRIATIONS 14-7

Ayes:	Longville, Corbett, Kuehl, Thomson, Torlakson	Ayes:	Migden, Alquist, Aroner, Cedillo, Corbett, Davis, Kuehl, Papan, Romero, Shelley, Thomson, Wesson, Wiggins, Wright
Nays:	Kaloogian, Thompson	Nays:	Campbell, Ackerman, Ashburn, Brewer, Maldonado, Runner, Zettel

SUMMARY : Revises the Cortese-Knox Local Government Reorganization Act of 1985 (Act). Specifically, this bill :

1)Transfers the authority to conduct proceedings subsequent to local agency formation commission (LAFCO) approval or disapproval of changes of organization or reorganization from counties and other designated public agencies to LAFCO.

2)Authorizes any city to annex noncontiguous territory that constitutes a state correctional training or correctional facility upon approval by a LAFCO.

3)Permits a city or district to provide new or extended services outside its jurisdictional boundaries by contracts or agreements between public agencies without written LAFCO approval only when the services are already being provided by a public service provider and when the proposed level of service is consistent with the existing actual or planned level of service.

4)Requires that notice of proceedings by a LAFCO shall be given in electronic format on a website.

5)Requires a LAFCO to provide mailed notice to all registered voters and owners of property within 300 feet of the exterior

boundary of property that is the subject of a LAFCO hearing.

6) Defines "landowner" or "owner of land" as any person shown as the owner of land on the most recent assessment roll being prepared by the county at the time a LAFCO adopts a resolution of application except where that person is no longer the owner.

7) Requires that notices of LAFCO hearings be published at least 21 days prior to the date of the hearing.

8) Declares the intent of the Legislature that each LAFCO establish written policies and procedures not later than January 1, 2002, including lobbying disclosure and reporting requirements and forms to be used for submittals to LAFCO.

9) Adds the preservation of open-space and agricultural lands, the efficient provision of government services, and the provision of housing to persons and families of all incomes to the stated purposes of a LAFCO.

10) Requires a LAFCO, when considering a request to form a new government entity, to make a determination as to whether existing agencies can feasibly provide the needed services in a more efficient and accountable manner.

11) Adds two additional positions to standard LAFCOs not currently including independent special district representatives, to be filled by presiding officers or legislative body members of independent special districts selected by an independent special district selection committee.

12) Requires a LAFCO to make the prezoning by a city of any territory proposed for annexation a mandatory precondition to any such annexation, and requires that the approval of any annexation for a period of two years be consistent with the planned and probable use of the property based on a review of the general plan and prezoning designations, unless a substantive change has occurred that necessitates a departure from the prezoning.

13) Authorizes a LAFCO to enter into an agreement with the LAFCO of an adjoining county to establish procedures for considering proposals that may affect either or both

counties.

14) Authorizes a LAFCO to require establishment of a community growth plan for an unincorporated area or to review the consistency of a proposal within a city's general plan when a proposed action would require the extension of critical services.

15) Directs a LAFCO to guide proposals that would enable a change in use of existing prime agricultural lands or open-space lands towards feasible alternatives elsewhere that are not prime agricultural lands or open-space lands dedicated or otherwise restricted to open-space use.

16) Requires that LAFCO facilities and expenses be provided by cities, counties, and special districts, as specified.

17) Requires that the signatures on a petition presented to a LAFCO be verified by the county election official, and that costs of verification be provided for in the same manner and by the same agencies that bear those costs for an initiative petition in the same jurisdiction.

18) Authorizes a LAFCO to waive specified petition fees in the public interest and to request a loan from the Controller for specified petition proceedings for an incorporation.

19) Requires a LAFCO to appoint an executive officer and legal counsel, authorizes the appointment of staff, and provides for alternatives in cases of conflict of interest.

20) Requires a LAFCO to review and update the spheres of influence it establishes for local agencies within the county not less than once every five years, as necessary.

21) Requires a LAFCO to obtain written statements from existing districts specifying the functions or classes of services provided and establish the nature, location, and extent of functions or services provided by existing districts before approving a sphere of influence or a sphere of influence including a special district.

22) Requires LAFCO to conduct service reviews of municipal services prior to the preparation or update of spheres of influence.

23) States legislative intent that LAFCOs should review any proposed extension of "backbone" (i.e., water supply, sewer, wastewater, or roads) infrastructure to previously undeveloped or underdeveloped lands for consistency with the purposes of the Act.

24) Requires each application to a LAFCO from a city to include steps taken to increase density within existing territory.

25) Deletes the provisions creating the Special Commission on Los Angeles Boundaries.

26) Requires that proceedings for a reorganization that includes the detachment of territory from a city or city and county and the incorporation of that territory as a city be conducted in accordance with procedures otherwise prescribed for the incorporation of a city.

27) Requires that expenditures and contributions for political purposes related to a change of organization or reorganization proposal be disclosed and reported in the manner prescribed for local initiative measures.

28) Revises the percentages of registered voters or landowners who must sign petitions for city consolidations, city annexations, city detachments, district detachments or annexations, district dissolutions, district mergers, or the establishment of a district as a subsidiary district of a city.

29) Requires LAFCOs to include the following in any review of a reorganization proposal:

    a) The extent of infill needs, opportunities, and limitations;

    b) The ability of the newly formed or receiving entity to provide services;

    c) The availability of adequate water supplies;

    d) The existence of alternative locations within already developed areas that can accommodate projected development needs;

e) Regional growth goals and policies established by local elected officials;

f) Information and comments from the landowner(s); and,

g) Information relating to existing land use designations.

30) Requires a LAFCO to make a determination of the efficiency of existing agencies in providing needed services when considering a proposal that includes the formation of a new government.

31) Authorizes a LAFCO to prohibit any agency being dissolved as a result of a change of organization or reorganization from taking certain actions unless an emergency situation exists.

32) Requires the Governor's Office of Planning and Research, in consultation with the State Controller, to convene a task force of representatives from local agencies and commissions to create statewide guidelines for the incorporation process.

33) Requires any request to amend or reconsider a LAFCO resolution making determinations to state new or different facts or applicable new law.

34) Requires the board of supervisors of a county in which a jurisdictional change that affects the service area or responsibility of one or more special districts occurs to consult with the affected district(s), with specified notice and opportunity for comment, prior to entering into negotiations concerning any exchange of property taxes.

35) Makes numerous other amendments, deletions, and additions to the Act.

EXISTING LAW : Under the Cortese-Knox Local Government Reorganization Act of 1985, the LAFCO in each county reviews and approves or disapproves proposals for changes of organization or reorganization of cities and districts within the county.

FISCAL EFFECT : Unknown cost to local authorities.

COMMENTS : This bill incorporates many of the recommendations made by the Commission on Local Governance in the 21st Century

(Commission) in its report, "Growth Within Bounds."

The first major recommendation of the Commission in the area of "reform of local government reorganization law" is that LAFCO policies and procedures should be streamlined and clarified. The provisions of this bill addressing this recommendation include consistent procedures for voter/landowner petitions to initiate changes of organization or reorganization; requirements that all LAFCOs adopt written policies and procedures by January 1, 2002; and the establishment of LAFCOs as the conducting authority for all city and special district reorganizations.

The second major recommendation of the Commission in the area of "reform of local government reorganization law" is that LAFCOs be neutral, independent, and provide balanced representation for cities, counties, and special districts. Provisions of this bill addressing this recommendation include requiring all LAFCOs to select their own executive officers and counsel (although they may select county or other public employees for these roles); making conflict of interest and lobbying laws applicable to LAFCO members and staffs; requiring LAFCOs to be funded jointly and equally by each category appointing members; and requiring a uniform membership selection scheme for all LAFCOs (except for the statutorily exempted counties of Los Angeles, San Diego, Sacramento, and Santa Clara) that will include two representatives from counties, two representatives from cities (except in counties with no cities), two representatives from special districts (if requested, and if special districts are not already represented), and one public member who will require at least one affirmative vote from each of the three previous categories' representatives.

The first major recommendation of the Commission in the area of "orderly growth and resource protection" is to strengthen LAFCO powers to prevent sprawl and ensure the orderly extension of government services. Provisions of this bill that implement this recommend-ation include requiring pre-zoning for territory proposed to be annexed to a city in order to ensure clear knowledge of plans and potential impacts; requiring LAFCOs to update spheres of influence at least once every five years, if necessary; requiring LAFCOs to initiate periodic regional or sub-regional service reviews, not less frequently than every five years, to determine whether local government services are adequate; limiting current provisions allowing unilateral termination of proceedings by cities (detachments) or special

districts (annexations) in order to allow all proposals to be fully examined at a public hearing; and stating legislative intent that LAFCOs should review extensions of "backbone" infrastructure (water supply, sewer, wastewater, roads) to serve regionally significant development projects in incorporated or unincorporated areas.

While the May 18, 2000, version of this bill deletes Government Code Section 56435, an earlier version of the "backbone" proposal, it still includes Section 56375(s), which requires the creation of "community growth plans" (CGPs) when a proposed action before a LAFCO would require the extension of backbone infrastructure, as defined in (now-deleted) Section 56435. Since CGPs would constitute a significant change to land use planning requirements, some clarification of the author's intent regarding Section 56375(s) would appear to be called for.

The second major recommendation of the Commission in the area of "orderly growth and resource protection" is to strengthen policies to protect agricultural and open-space lands. Provisions of this bill that implement this recommendation include the adoption of a more precise definition of "prime agricultural lands"; requiring LAFCOs to consider densities, infill opportunities and limitations, and regional growth goals and policies when making decisions; directing LAFCOs to guide proposals that might lead to development of prime agricultural or open-space lands towards feasible non-agriculture or open space alternatives; and integrating water supply considerations into LAFCO boundary change decisions.

These proposals go to the heart of the fundamental policy question raised by this bill; is this bill an unwarranted intrusion by the state into traditional local control of land use policy, or is it a necessary extension of LAFCOs' existing duties to prevent sprawl and encourage orderly development in order to address the unprecedented challenge of California's future growth? The existing mandated considerations and directives in the Act are the result of policy decisions made by the Legislature. Consequently, revising the Act to reflect evolving legislative policy concerning the prevention of sprawl and the encouragement of orderly development is consistent with the Act's original intent and within the Legislature's purview. This bill only requires LAFCOs to consider these issues when making decisions and does not preempt any local government land use authority.

In the area of "local government coordination and efficiency," the Commission concluded that state and local agencies often proceed with their own plans without recognizing the potential impacts on other agencies and the public. The Commission singled out site selection process for new schools, which is not subject to broader local planning review.
The Commission's major recommendation on this issue is to enhance communication, coordination, and notification procedures of LAFCOs and local governments. The provision of this bill that implements this recommendation requires LAFCO approval for the extension by a city or special district of services to a recipient outside its jurisdiction, even if the service recipient is a public agency (i.e., a school district), except when the service is already being supplied by a public supplier and the proposed level of service is consistent with the actual or planned level of current service.

The Commission's major recommendation in the area of "public interest in government" is to increase opportunities for public involvement, active participation, and information regarding government decision-making. Provisions of this bill implementing this recommendation include requiring LAFCOs to post information on web sites; expanding public and governmental notice requirements; permitting a new city under a special reorganization to include in its incorporation petition or proposal the election of five, seven, or nine council members by district; considering the cost of verifying citizen petitions for changes in organization to be a governmental cost; requiring proponents of reorganization actions to report campaign contributions and expenditures in accordance with the Political Reform Act and the Elections Code; and permitting proponents of a new incorporation or special reorganization to petition their LAFCO for a full or partial waiver of application processing fees and allowing the LAFCO to petition the state to provide a loan, repayable by the new city, to cover the cost.

This final provision has raised concerns that the process of incorporating may be made too easy if the petition and election costs of mounting an incorporation or reorganization campaign can be passed to the state. While the ability of citizens to petition for a reorganization (i.e. secession from a city) or incorporation needs to be protected, and streamlined where possible, it is also important for the Legislature to be careful not to inadvertently encourage "NIMBY" incorporations and the

breakup of cities.

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FN: 0004876

ATTACHMENT C

SENATE LOCAL GOVERNMENT COMMITTEE
Senator Richard K. Rainey, Chairman

BILL NO: AB 2838 HEARING: 7/5/00
AUTHOR: Hertzberg FISCAL: Yes
VERSION: 6/28/00 CONSULTANT: Detwiler

CORTESE-KNOX ACT REVISIONS

Background

The power to create local governments and set their boundaries belongs to the legislative branch. The California Legislature has delegated much of its authority over the boundaries of cities and special districts to a local agency formation commission (LAFCO) in each county. The courts refer to LAFCOs as the Legislature's watch-dogs over local boundaries.

Forty years after a report by Governor Pat Brown's Commission on Metropolitan Problems triggered the first complete rewrite of the state's boundary laws, legislators now face the recommendations of the Commission on Local Governance for the 21st Century. Created to review the Cortese-Knox Local Government Reorganization Act, the 15-member Commission spent hours listening to criticism and considering suggestions for improvements. The Commission's final report, Growth Within Bounds, presented eight major recommendations:

LAFCOs' policies and procedures must be clarified.

LAFCOs must be neutral, independent, and provide balanced representation for counties, cities, and special districts.

LAFCOs' powers must be strengthened to prevent sprawl and ensure the orderly extension of government services.

The Legislature must strengthen LAFCOs' policies to protect agriculture and open space lands and other resources.

The Legislature must comprehensively revise the state-local fiscal relationship.

The Legislature must develop incentives to encourage coordination of local plans within each region.

The Legislature must enhance communication, coordination, and the procedures of LAFCOs and local governments.

The Legislature must increase opportunities for public involvement, active participation, and information regarding government decision-making.

Proposed Law

Assembly Bill 2838 revises the Cortese-Knox Local Government Reorganization Act and other boundary laws to change the policies, powers, and procedures that control the boundaries of cities and special districts.

I. Policies . The Cortese-Knox Act assigns two purposes to local agency formation commissions (LAFCOs): "the discouragement of urban sprawl and the encouragement of the orderly formation and development of local agencies." Assembly Bill 2838 makes these significant changes to LAFCOs' policies:

Basic policy . Current law opens with legislative declarations that recognize the connections between orderly development and local agencies' boundaries, expressing a preference for a single governmental agency over several limited purpose agencies. AB 2838 acknowledges that local officials must balance sometimes competing state interests such as discouraging urban sprawl and providing housing for all income groups. The bill declares that boundary decisions should grant a preference for accommodating additional growth within the boundaries of local agencies that can best provide services and housing in the most compact form (page 11, line 28 - page 12, line 3). AB 2838 also declares that a multipurpose agency is accountable for community needs and financial resources and may be the best mechanism for setting priorities. Nonetheless, the bill recognizes the critical role of limited purpose governments, especially in rural areas (page 12, lines 19-31).

Conversion . Current law directs LAFCOs to consider policies that guide development away from prime agricultural lands. Current law also directs LAFCOs to consider policies that develop vacant land within a city or special district before developing land outside their

boundaries. AB 2838 requires LAFCO to consider policies for actions that would convert prime agricultural lands and open space lands to be guided toward feasible alternative locations for development within the jurisdiction (page 47, lines 27-33).

Factors . Current law requires a LAFCO to consider nine factors before it acts on a proposed boundary change, including population, need for services, conformity to statutory policies, and the effect on agricultural lands. AB 2838 creates additional factors for LAFCOs to consider, including in-fill opportunities (page 65, line 27), the ability of the local government to provide services (page 66, lines 29-33), the availability of water supplies (page 66, lines 34-36), alternative locations for development (page 66, lines 37-39), and regional growth goals and policies (page 67, lines 1-4).

II. Powers . As the Legislature's agents in the control of city and special district boundaries, LAFCOs have quasi-legislative powers. Assembly Bill 2838 makes these significant changes to LAFCOs' powers:

Judicial review . In lawsuits reviewing LAFCOs' decisions, most courts have used a standard of review reserved for legislative bodies but some courts have used the standard that applies to administrative agencies. AB 2838 clarifies that the appropriate standard of judicial review for LAFCOs' decisions is the standard used for legislative actions (page 20, lines 4-11).

Budget . Current law allows LAFCOs to charge processing fees to offset their costs, but the county governments must provide the rest of the LAFCOs' budgets. Annual statewide spending on LAFCOs is just over $7 million. AB 2838 requires cities, independent special districts, and county governments to share the costs of the LAFCOs' budgets in proportion to their representation on the commissions. The bill allows local agencies in a county to devise their own apportionment formulas (pages 48-51).

Staff . Current law allows each LAFCO to appoint its own executive officer and legal counsel. If a commission doesn't appoint its own staff, then the county employees

serve the LAFCO. AB 2838 requires a LAFCO to appoint its own executive officer and legal counsel and, when necessary because of a conflict of interest, alternate staff members (page 52, line 38 - page 53, line 21).

Spheres . Current law requires LAFCOs to adopt "spheres of influence" for cities and special districts that show the agencies' future boundaries and service areas. The commissions' boundary decisions must be consistent with the adopted spheres of influence. AB 2838 strengthens spheres of influence by requiring LAFCOs to revise them every five years, by linking them to reorganizations of government structures, and by requiring more information about special districts (page 54, line 30 - page 55, line 10).

III. Procedures . The Cortese-Knox Act is the result of successive statutory revisions in 1963, 1965, 1977, and 1985. Assembly Bill 2838 revises the procedures for LAFCOs and other local agencies to follow when changing the boundaries of cities and special districts.

Disclosure . Some LAFCOs maintain that current law does not give them the statutory authority to adopt disclosure rules. AB 2838 requires every LAFCO to hold a hearing in 2001 to consider the adoption of rules for the disclosure of contributions and expenditures (page 28, lines 7-22). The bill also authorizes LAFCOs to require the disclosure of contributions, expenditures, and independent expenditures, as defined in the Political Reform Act, on proposals (page 18, line 31 - page 19, line 5).

Procedures and policies . Current law allows LAFCOs to adopt written policies and procedures for its handling of boundary changes and spheres of influence. AB 2838 declares the Legislature's intent that LAFCOs establish written policies and procedures by January 1, 2002 (page 27, lines 31-38). The bill requires LAFCOs to expand public access to their notices and other information through Internet websites (page 28, lines 28-31).

Comments

AB 2838 -- 6/28/00 -- Page 5

1. A question of balance . The Commission on Local Governance for the 21st Century patiently educated itself

about the links among and between government structure, public finance, and land use patterns. By no means a politically homogeneous panel, the Commission struggled to balance a wide variety of competing demands. Its impressive final product, Growth Within Bounds, is a well-researched and thoughtful report to the Legislature. When reasonable people invest this much time and energy in order to produce such a balanced set of recommendations, legislators must take the resulting proposals seriously. Nevertheless, it is no surprise that some interest groups don't like certain parts of AB 2838. But the bill offers a balanced approach to statutory reform.

2. Controversies remain . Despite the Commission's heroic efforts at tackling the intertwined problems of public finance, land use, and government structure inevitably some sharp differences of opinion remain. The Committee will likely hear these concerns when it reviews AB 2838 on July 5. Among the remaining controversies are: (a) opposition by builders and others to the strengthened policies, (b) differences between counties and cities over LAFCOs' review of boundary changes that facilitate new development, and (c) concern by specific cities and special districts over particular features in AB 2838. The Committee may wish to referee these battles or it may wish to accept the balancing act crafted by the Commission on Governance for the 21st Century.

Assembly Actions

Assembly Local Government Committee: 5-2
Assembly Appropriations Committee:14-7
Assembly Floor: 45-29

Support and Opposition (6/29/)

Support : American Planning Association-California Chapter,

Association of California Water Agencies, California Association of LAFCOs, California Special Districts Association, California State Association of Counties, Fire Districts Association of California, City of Los Angeles, East Bay Municipal Water District, Monterey LAFCO, Orange LAFCO, Sacramento LAFCO, San Diego LAFCO, San Luis Obispo LAFCO, Shasta LAFCO.

Opposition : California Association of Realtors, California Building Industry Association, California Business Properties Association, California Chamber of Commerce, Homeownership Advancement Foundation, Civil Engineers and Land Surveyors of California, Coalition for Adequate School Housing, League of California Cities, National Association of Industrial and Office Properties-Inland Empire Chapter, Resource Landowners Association, Los Angeles County Office of Education, Tejon Ranch, Los Angeles LAFCO, Western Properties Trust; Cities of Chico, Clovis, Concord, El Cajon, Lompoc, Merced, Pinole. _

ATTACHMENT C

SENATE LOCAL GOVERNMENT COMMITTEE
Senator Richard K. Rainey, Chairman

BILL NO: AB 2838 HEARING: 8/9/00
AUTHOR: Hertzberg FISCAL: Yes
VERSION: 8/7/00 CONSULTANT: Detwiler

CORTESE-KNOX ACT REVISIONS

Background

The power to create local governments and set their boundaries belongs to the legislative branch. The California Legislature has delegated much of its authority over the boundaries of cities and special districts to a local agency formation commission (LAFCO) in each county. The courts refer to LAFCOs as the Legislature's watchdogs over local boundaries.

Forty years after a report by Governor Pat Brown's Commission on Metropolitan Problems triggered the first complete rewrite of the state's boundary laws, legislators now face the recommendations of the Commission on Local Governance for the 21st Century. Created to review the Cortese-Knox Local Government Reorganization Act, the 15-member Commission spent hours listening to criticism and considering suggestions for improvements. The Commission's final report, Growth Within Bounds, presented eight major recommendations:

LAFCOs' policies and procedures must be clarified.

LAFCOs must be neutral, independent, and provide balanced representation for counties, cities, and special districts.

LAFCOs' powers must be strengthened to prevent sprawl and ensure the orderly extension of government services.

The Legislature must strengthen LAFCOs' policies to protect agriculture and open space lands and other resources.

The Legislature must comprehensively revise the state-local fiscal relationship.

The Legislature must develop incentives to encourage coordination of local plans within each region.

The Legislature must enhance communication, coordination, and the procedures of LAFCOs and local governments.

The Legislature must increase opportunities for public involvement, active participation, and information regarding government decision-making.

Proposed Law

Assembly Bill 2838 revises the Cortese-Knox Local Government Reorganization Act and other boundary laws to change the policies, powers, and procedures that control the boundaries of cities and special districts.

I. Policies . The Cortese-Knox Act assigns two purposes to local agency formation commissions (LAFCOs): "the discouragement of urban sprawl and the encouragement of the orderly formation and development of local agencies." Assembly Bill 2838 makes these significant changes to LAFCOs' policies:

Basic policy . Current law opens with legislative declarations that recognize the connections between orderly development and local agencies' boundaries, expressing a preference for a single governmental agency over several limited purpose agencies. AB 2838 acknowledges that local officials must balance sometimes competing state interests such as discouraging urban sprawl and providing housing for all income groups. The bill declares that boundary decisions should grant a preference for accommodating additional growth within the boundaries of local agencies that can best provide services and housing in the most efficient manner feasible. AB 2838 also declares that a multipurpose agency is accountable for community needs and financial resources and may be the best mechanism for setting priorities. Nonetheless, the bill recognizes the critical role of limited purpose governments, especially in rural areas.

Factors . Current law requires a LAFCO to consider nine factors before it acts on a proposed boundary change, including population, need for services, conformity to statutory policies, and the effect on agricultural lands. AB 2838 requires LAFCOs to consider two more factors: the ability of the local government to provide services and the timely availability of water supplies. The bill also

allows --- but does not require --- LAFCOs to consider regional growth goals and policies.

II. Powers . As the Legislature's agents in the control of city and special district boundaries, LAFCOs have quasi-legislative powers. Assembly Bill 2838 makes these significant changes to LAFCOs' powers:

Judicial review . In lawsuits reviewing LAFCOs' decisions, most courts have used a standard of review reserved for legislative bodies but some courts have used the standard that applies to administrative agencies. AB 2838 clarifies that the appropriate standard of judicial review for LAFCOs' decisions is the standard used for legislative actions.

Budget . Current law allows LAFCOs to charge processing fees to offset their costs, but the county governments must provide the rest of the LAFCOs' budgets. Annual statewide spending on LAFCOs is about $6.5 million. AB 2838 requires cities, independent special districts, and county governments to share the costs of the LAFCOs' budgets in proportion to their representation on the commissions. Cities and special districts then share costs in proportion to the revenues of the cities and districts in that county. The bill allows local agencies in each county to devise their own apportionment formulas.

Staff . Current law allows each LAFCO to appoint its own executive officer and legal counsel. If a commission doesn't appoint its own staff, then the county employees serve the LAFCO. AB 2838 requires a LAFCO to appoint its own executive officer, legal counsel, and staff. The LAFCO can appoint alternates if there are conflicts of interest.

Spheres . Current law requires LAFCOs to adopt "spheres of influence" for cities and special districts that show the agencies' future boundaries and service areas. The commissions' boundary decisions must be consistent with the adopted spheres of influence. AB 2838 strengthens spheres of influence by requiring LAFCOs to revise them every five years, by linking them to reorganizations of government structures, and by requiring more information about special districts. Before a city asks a LAFCO for a new or revised sphere of influence, the

bill requires the city to meet with county representatives over the request for as along as 60 days. If the city and county agree to a proposal and if LAFCO approves that proposal, then the bill requires the city and the county to adopt that agreement and modify their land use plans and standards accordingly. This provision automatically terminates on January 1, 2007.

III. Procedures . The Cortese-Knox Act is the result of successive statutory revisions in 1963, 1965, 1977, and 1985. Assembly Bill 2838 revises the procedures for LAFCOs and other local agencies to follow when changing the boundaries of cities and special districts.

Disclosure . Some LAFCOs say that current law does not give them the authority to adopt disclosure rules. AB 2838 allows LAFCOs to require the disclosure of contributions, expenditures, and independent expenditures for and against boundary changes. The bill also allows LAFCOs to impose lobbying disclosure and reporting requirements. Every LAFCO must hold a hearing in 2001 to consider the adoption of these disclosure rules.

Procedures and policies . Current law allows LAFCOs to adopt written policies and procedures for its handling of boundary changes and spheres of influence. AB 2838 declares the Legislature's intent that LAFCOs establish written policies and procedures by January 1, 2002. The bill requires LAFCOs to expand public access to their notices and other information through Internet websites.

Comments

1. A question of balance . The Commission on Local Governance for the 21st Century patiently educated itself about the links among and between government structure, public finance, and land use patterns. By no means a politically homogeneous panel, the Commission struggled to balance a wide variety of competing demands. Its impressive final product, Growth Within Bounds, is a well-researched and thoughtful report to the Legislature. When reasonable people invest this much time and energy in order to produce such a balanced set of recommendations, legislators must take the resulting proposals seriously. Nevertheless, it is no surprise that some interest groups don't like certain parts of AB 2838. But the bill offers a balanced approach to statutory reform.

2. Since last time . The Committee heard more than two dozen witnesses present extensive testimony when it considered AB 2838 in early July. As a result of those comments, Speaker Hertzberg amended his bill on August 7, making 53 changes. The most significant changes include:

Policies . The amendments deleted some of the strong statutory language relating to growth patterns and in-fill development that builders found objectionable. For example, considering regional growth policies is now an option for LAFCOs, not a requirement.

Spheres . The amendments created a new process for cities and counties to discuss proposals to change spheres of influence before the LAFCO acts. Although the LAFCO continues to have discretion over cities' spheres of influence, the amended bill increases the opportunity for negotiated compromises.

Lobbying . The amendments specifically authorize LAFCOs to adopt lobbying disclosure and reporting requirements and require each LAFCO to hold a public hearing on the possibility of adopting these rules.

3. Controversies remain . Despite the Commission's heroic efforts at tackling the intertwined problems of public finance, land use, and government structure and despite the August 7 amendments, some differences may remain. At the August 9 hearing, the Committee may hear concerns from specific cities and special districts over particular features in AB 2838. The Committee may wish to referee these battles or it may wish to accept the balancing act

crafted by the Commission on Local Governance for the 21st Century.

4. Chaptering-out . During the Legislature's summer

recess, Governor Gray Davis signed AB 1544 (Calderon), a bill that promotes development in an unincorporated area surrounded by the City of Redlands. The so-called doughnut-hole bill amended the Cortese-Knox Act to declare that a sphere of influence does not preclude other agencies from providing facilities and services to Red-lands' doughnut-hole. The August 7 amendments to AB 2838 inadvertently chapter-out the language added by AB 1544. The Committee may wish to consider amending AB 2838 to restore the doughnut-hole provision.

Assembly Actions

Assembly Local Government Committee: 5-2
Assembly Appropriations Committee:14-7
Assembly Floor: 45-29

Support and Opposition (8/3/)

Support : American Planning Association-California Chapter, Association of California Water Agencies, California Association of LAFCOs, California Special Districts Association, California State Association of Counties, Fire Districts Association of California, League of California Cities, City of Los Angeles, East Bay Municipal Water District, Los Angeles LAFCO, Monterey LAFCO, Orange LAFCO, Sacramento LAFCO, San Diego LAFCO, San Luis Obispo LAFCO, Shasta LAFCO.

Opposition : Los Angeles County Office of Education; Cities of Clovis, El Cajon, Merced, Pinole. _

ATTACHMENT C

Appropriations Committee Fiscal Summary

AB2838 (Hertzberg)

Hearing Date:8/21/00 Amended:8/10/00 + proposed amendments

Consultant: Anne Maitland Policy Vote:Local Govt: 5-0

BILL SUMMARY:
AB 2838 makes several revisions to the Local Agency Formation Commission law and requires cities and special districts to contribute to the operation of LAFCOs.

Fiscal Impact (in thousands)

Major Provisions	2000-01	2001-02	2002-03	Fund
OPR admin	one-time costs of up to $50k			General
Counties	cost savings of up to $ million annually			Local
Cities/special districts	non-reimbursable mandate to share in costs of running LAFCOs of up to $4 million annually*			Local
Cities/counties/special districts/schools	reimbursable annual mandate of $500k to $1 million for increased LAFCO costs*			General

* a portion of these costs may be offset by locally-generated fees

STAFF COMMENTS:
This bill meets the criteria to be placed on the Suspense file. Although the State would not be responsible for reimbursing cities and special districts for sharing in the existing costs of operating LAFCOs, cities, special districts, school districts and counties would be eligible for reimbursement of the costs which arise from new requirements for higher level of LAFCO services.
AB 2838 makes revisions to laws affecting local governments' boundaries. It:
Requires LAFCOs to consider the ability of a proposed local government to provide services and the availability

of water supplies when considering a boundary change
Requires cities and special districts to share in the costs of operating a LAFCO. Currently, these costs are borne by counties, although fees may be assessed to cover some costs.
Requires LAFCOs to appoint its own executive officer, legal counsel and staff.
Requires LAFCOs to review the "spheres of influence" for cities and special districts every 5 years. This provision sunsets 1/1/07.
Allows LAFCOs to waive incorporation fees if the fees are considered a public detriment and allows for incorporation proponents to apply to the State Controller for a loan if the proponents can't afford the fees. The loan must be appropriated by the Legislature. This loan must be repaid if the incorporation is successful; it not, the loan repayment is waived. Staff notes that the author's office has proposed amendments to allow for application to the State, rather than specifying the Controller's Office.
Requires OPR to develop incorporation guidelines by 7/1/01.

ATTACHMENT C

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Appropriations Committee Fiscal Summary

AB2838 (Hertzberg)

Hearing Date:8/23/00 Amended:8/10/00 + LCR 17505
Consultant: Anne Maitland Policy Vote:Local Govt: 5-0

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* a portion of these costs may be offset by locally-generated fees

STAFF COMMENTS: SUSPENSE FILE
Although the State would not be responsible for reimbursing cities and special districts for sharing in the existing costs of operating LAFCOs, cities, special districts, school districts and counties would be eligible for reimbursement of the costs which arise from new requirements for higher level of LAFCO services.
AB 2838 makes revisions to laws affecting local governments' boundaries. It:

- Requires LAFCOs to consider the ability of a proposed local government to provide services and the availability of water supplies when considering a boundary change
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Requires OPR to develop incorporation guidelines by 7/1/01.

ATTACHMENT C

SENATE RULES COMMITTEE	AB 2838
Office of Senate Floor Analyses	
1020 N Street, Suite 524	
(916) 445-6614 Fax: (916)	
327-4478	

THIRD READING

Bill No: AB 2838
Author: Hertzberg (D), et al
Amended: 8/25/00 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE : 5-0, 8/9/00
AYES: Johnston, Monteith, Perata, Soto, Rainey

SENATE APPROPRIATIONS COMMITTEE : 9-2, 8/23/00
AYES: Johnston, Alpert, Bowen, Burton, Escutia, Karnette, Kelley, Perata, Vasconcellos
NOES: Leslie, Mountjoy

ASSEMBLY FLOOR : 45-29, 6/1/00 - See last page for vote

SUBJECT : Local agency formation commissions

SOURCE : Author

DIGEST : This bill makes numerous changes to the Local Formation Commission law.

ANALYSIS : The power to create local governments and set their boundaries belongs to the legislative branch. The California Legislature has delegated much of its authority over the boundaries of cities and special districts to a local agency formation commission (LAFCO) in each county. The courts refer to LAFCOs as the Legislature's watch-dogs over local boundaries.

Forty years after a report by Governor Pat Brown's

CONTINUED

Commission on Metropolitan Problems triggered the first complete rewrite of the state's boundary laws, legislators now face the recommendations of the Commission on Local Governance for the 21st Century. Created to review the Cortese-Knox Local Government Reorganization Act, the 15-member commission spent hours listening to criticism and considering suggestions for improvements. The commission's final report, Growth Within Bounds, presented eight major recommendations:

--LAFCOs' policies and procedures must be clarified.

--LAFCOs must be neutral, independent, and provide balanced representation for counties, cities, and special districts.

--LAFCOs' powers must be strengthened to prevent sprawl and ensure the orderly extension of government services.

--The Legislature must strengthen LAFCOs' policies to protect agriculture and open space lands and other resources.

--The Legislature must comprehensively revise the state-local fiscal relationship.

--The Legislature must develop incentives to encourage coordination of local plans within each region.

--The Legislature must enhance communication, coordination, and the procedures of LAFCOs and local governments.

--The Legislature must increase opportunities for public involvement, active participation, and information regarding government decision-making.

1. Under existing law, the Cortese-Knox Local Government Reorganization Act of 1985, the local agency formation commission in each county is required to review and approve or disapprove proposals for changes of organization or reorganization of cities and districts within the county. If a proposal is approved, further proceedings, including a hearing and an election if required, are conducted by the county or other public

agency designated as the conducting authority.

This bill renames the act as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, deletes references in the act to the conducting authority, and transfers its duties and powers to the commission.

2. Under existing law, an action to reorganize school districts may be initiated by a petition filed with the county superintendent of schools signed by 25% of the registered voters in the territory to be reorganized. Following receipt of a petition signed by at least 10% of the qualified electors of a school district for unification or other organization, the county committee on school district organization is required to hold a public hearing.

   This bill requires the county committee to provide written notice to the commission before initiating proceedings to consider any reorganization plan under either provision, and requires the county committee to hold a public hearing on receipt of a resolution of a local agency, as specified, for consideration of unification or other reorganization.

3. Under the act, noncontiguous territory may not be annexed to a city. However, statutory exceptions permit particular cities to annex noncontiguous territory that constitutes a state correctional facility or a state correctional training facility.

   This bill deletes these exceptions and authorizes any city to annex that noncontiguous territory upon approval of the local agency formation commission.

4. Existing law authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries if it receives written approval from the commission but provides that this approval requirement does not apply to contracts or agreements solely involving two or more public agencies.

   This bill permits this exception where the public service to be provided is an alternative to or

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substitute for public services already being provided, as specified. This bill also requires the executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, to determine whether the request is complete and acceptable for filing and, if not, to transmit that determination to the requester, specifying the parts that are incomplete. When the request is deemed complete, the executive officer would be required to place the request on the agenda of the next commission meeting.

5. Existing law specifies how required notice must be published, posted, or mailed with respect to the proceedings of a LAFCO.

   This bill provides that required notice must also be given in electronic format on a website provided by the commission to the extent that the commission maintains a website. This bill requires the commission to establish and maintain, or otherwise provide access to, notices and provide other commission information for the public through an Internet website, thereby imposing a state-mandated local program.

   This bill requires the commission to provide written notice of a proposed reorganization that may affect school attendance for a district to the countywide school district and each school superintendent whose district would be affected, and additionally requires the commission to provide mailed notice to all registered voters and owners of property within 300 feet of the exterior boundary of the property that is the subject of a commission hearing.

6. Existing law defines "landowner" or "owner of land" for purposes of the act as any person shown as the owner of land on the last equalized assessment roll except where that person is no longer the owner.

   This bill changes that definition to any person shown as the owner of land on the most recent assessment roll being prepared by the county at the time the commission adopts a resolution of application except where that

person is no longer the owner, and would make related changes.

7. Existing provisions of the act require that notices of hearings of a LAFCO be published at least 15 days prior to the date of the hearing.

   This bill changes that period to at least 20 days prior to the date of the hearing.

8. Existing law declares the intent of the Legislature that each commission establish policies and exercise its powers to encourage efficient urban development and consideration of preserving open-space lands.

   This bill declares the intent of the Legislature that each commission establish written policies and procedures not later than January 1, 2002, and requires the policies and procedures to include lobbying disclosure and reporting requirements and forms to be used for submittals to the commission.

9. The act establishes the purposes of a LAFCO, such as discouraging urban sprawl and encouraging orderly formation and development of local agencies.

   This bill adds to those purposes preserving open-space and agricultural lands and efficiently providing government services. This bill requires a commission, when formation of a new governmental entity is proposed, to make a determination as to whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner, and requires a commission to apply various factors when reviewing and approving or disapproving proposals that may convert open-space lands to other uses.

10. The act establishes procedures for selection of the five members of a LAFCO.

    This bill increases the number of members to seven and revises the selection procedures.

11. Existing law provides that the commission for Los

Angeles County consists of seven members.

This bill increases that membership to nine members.

12. Existing law sets forth the various powers and duties of a LAFCO in reviewing and approving or disapproving proposals for changes of organization or reorganization. Among other things, a commission may require as a condition to annexation that a city prezone the territory to be annexed.

    This bill provides that a commission must require that prezoning, and requires that approval of the annexation be consistent with the planned and probable use of the property based upon the review of the general plan and prezoning designations.

    This bill authorizes a commission to enter into an agreement with the commission of an adjoining county to determine procedures for considering proposals that may affect the adjoining county, and also authorizes a commission to require establishment of a community growth plan for an unincorporated area or to review the consistency of a proposal within a city's general plan when a proposed action would require the extension of critical services.

    This bill authorizes a commission to require disclosure of contributions, expenditures, and independent expenditures made in support of or opposition to a proposal and to require lobbying disclosure and reporting requirements for persons who attempt to influence pending decisions by commission members, staff, or consultants, prescribes how disclosure is to be made, and requires a commission to hold public hearings to discuss adoption of policies and procedures governing disclosure.

13. Existing law requires the county board of supervisors to provide for necessary quarters, facilities, supplies, and the usual and necessary operating expenses of a LAFCO. The commission is required to submit an estimate of operating expenses to the board.

This bill repeals that requirement and provides that the commission expenses will be provided by the county, the cities, and the special districts, and requires that the estimate be submitted to the cities and counties and

requires the commission to adopt a budget following a noticed public hearing.

14. Existing law authorizes a LAFCO to establish a schedule of fees for costs of proceedings under the Cortese-Knox Local Government Reorganization Act of 1985, including a fee for checking the sufficiency of any petition filed with the executive officer of the commission.

    This bill requires the signatures on a petition to be verified by the county elections official, and provides that costs of verification will be provided for in the same manner and by the same agencies that bear those costs for an initiative petition in the same jurisdiction. This bill also authorizes a commission to waive a fee in the public interest and to request a loan from the Controller for petition proceedings for an incorporation.

15. Existing law authorizes a LAFCO to appoint an executive officer and legal counsel.

    This bill requires a commission to appoint an executive officer and legal counsel, and authorizes the commission to appoint staff, and provides for alternatives if there is a conflict of interest on a matter before the commission.

16. Existing law requires a LAFCO to develop and determine the sphere of influence of each local governmental agency within the county and periodically review and update the adopted sphere.

    This bill requires the review and update not less than once every five years. For that update and review this bill requires a commission to conduct a service review of municipal services provided in the county, and requires a commission to make certain determinations concerning functions and services provided by existing districts before approving any special district sphere

of influence or any sphere of influence that includes a special district.

17. Existing law requires a LAFCO to develop, determine, and adopt a sphere of influence for each local governmental agency that provides facilities or services related to

development no later than January 1, 1985.

This bill instead requires the commission to develop and determine the sphere of influence of each local governmental agency and update that sphere of influence not less than once every five years and would provide a procedure until January 1, 2007, for city and county representatives to reach agreement on the scope of the proposed or revised sphere of influence. This bill authorizes the commission to review and approve a proposal that extends services into unserved, unincorporated areas and to review the creation of new service providers.

18. Existing law authorizes certain local agencies to establish sewer and water supply facilities on designated lands related to the development of certain territory within the Norton Air Force Base Redevelopment Project Area.

    This bill provides that a determination of a city's sphere of influence that includes any of that redevelopment project area will not preclude any other local agency from providing facilities or services related to development.

19. Under the act, a LAFCO may adopt regulations affecting functions and services of special districts. As long as those regulations are in effect, the special districts must be represented on the commission.

    This bill repeals this representation requirement and provides that if the commission has special district representation prior to January 1, 2001, a majority of the independent special districts may require the commission to repeal previously adopted regulations that limit the exercise of powers of special districts.

20. Existing law creates the Special Commission on Los Angeles Boundaries with specified duties and implements that commission only to the extent that funds are appropriated in the annual Budget Act.

    This bill repeals these provisions.

21. Existing law defines a special reorganization as a

reorganization that includes the detachment of territory from a city or city and county and the incorporation of that entire detached territory as a city.

This bill specifies that proceedings for a special reorganization will be conducted in accordance with the procedures otherwise prescribed for incorporation of a city.

This bill also requires that expenditures and contributions for political purposes related to a change of organization or reorganization proposal be disclosed and reported in the manner provided for local initiative measures.

22. Existing law specifies the percentages of registered voters or landowners who must sign petitions for various changes or organization.

This bill revises these percentages for city consolidations, city annexations, city detachments, district detachments or annexations, district dissolutions, district mergers, or the establishment of a district as a subsidiary district of a city.

23. Existing law requires that commission review of a reorganization proposal include, but not be limited to, specified factors.

This bill adds to those factors the ability of the newly formed or receiving entity to provide services, the timely availability of adequate water supplies, the extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs, any urban growth boundary or similar measure adopted by the voters, and information from

landowners or relating to existing land use designations.

This bill also requires a commission, in considering a proposal including the formation of a new government, to make a determination of the efficiency of existing agencies in providing the needed service or services. This bill authorizes the commission to consider regional growth goals and policies established by local elected officials.

24. Existing law provides that in any order approving a change of organization or reorganization, the commission may make approval conditional on any of specified factors.

    This bill authorizes a condition prohibiting an agency being dissolved from taking certain actions unless an emergency situation exists.

25. This bill requires the Office of Planning and Research, in consultation with the Controller, to convene a task force of representatives from local agencies and commissions to create statewide guidelines for the incorporation process.

26. Existing law authorizes any person or affected agency to file a written request to amend or reconsider a commission resolution making determinations.

    This bill requires the request to state new or different facts or applicable new law to warrant reconsideration of the resolution.

27. Existing law requires the conducting authority to consider certain factors if a proposed change of organization is a district annexation.

    This bill requires a commission to consider these factors for a city detachment or a district annexation, other than a special reorganization, would add as a factor any resolution objecting to the action that may be filed by an affected agency, and requires the commission to give great weight to such a resolution.

28. Existing law requires, in the event of a jurisdictional change that would affect the service area or responsibility of one or more special districts, that the board of supervisors negotiate any exchange of property taxes on behalf of the district or districts.

    This bill requires the board, prior to entering into negotiation, to consult with the affected districts, with notice to the district board members and executive officer, and adequate opportunity for comment.

29. This bill incorporates additional changes in specified sections of the Government Code proposed by AB 1495 (Cox) and AB 2779 (Cox), that would become operative if either or both of those bills and this bill are enacted and become effective on or before January 1, 2001, and this bill is enacted last.

30. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed $1 million statewide and other procedures for claims whose statewide costs exceed $1 million.

This bill provides that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement for those costs will be made pursuant to these statutory provisions.

FISCAL EFFECT : Appropriation: No Fiscal Com.: Yes
Local: Yes

According to Senate Appropriations Committee analysis:

Fiscal Impact (in thousands)

Major Provisions	2000-01	2001-02	2002-03	Fund
OPR admin	one-time costs of up to $50k			General
Counties	cost savings of up to $ million annually			Local
Cities/special districts	non-reimbursable mandate to share in costs of running LAFCOs of up to $4			Local

million annually*

Cities/counties/special reimbursable annual mandate of $500k
General

districts/schools to $1 million for increased LAFCO
costs*

*a portion of these costs may be offset by
locally-generated fees

SUPPORT : (Verified 8/9/00) (unable to reverify at time
of writing)

American Planning Association-California Chapter
Association of California Water Agencies
California Association of LAFCOs
California Special Districts Association
California State Association of Counties
Fire Districts Association of California
City of Los Angeles
East Bay Municipal Water District
Monterey LAFCO
Orange LAFCO
Sacramento LAFCO
San Diego LAFCO
San Luis Obispo LAFCO
Shasta LAFCO

Bay Point Municipal Advisory Committee
Los Angeles LAFCO
League of California Cities
Carmel Valley Property Owners Association
El Dorado Hills Incorporation Committee
McKinleyville Committee for Incorporation
Mendocino Ad Hoc Incorporation Committee
Menifee Valley CEDCO, Inc
Fallbrook Cityhood Study Group
Nipomo Incorporation Committee
Rancho Cordova Incorporation Committee
Action Committee to Incorporate Oakhurst Now

OPPOSITION : (Verified 8/9/00) (unable to reverify at
time of writing

Cities of Clovis, El Cajon, Merced, and Pinole

ARGUMENTS IN SUPPORT : According to Senate Local Government Committee analysis, the Commission on Local Governance for the 21st Century patiently educated itself about the links among and between government structure, public finance, and land use patterns. By no means a politically homogeneous panel, the commission struggled to balance a wide variety of competing demands. Its impressive final product, Growth Within Bounds, is a well-researched and thoughtful report to the Legislature. When reasonable people invest this much time and energy in order to produce such a balanced set of recommendations, legislators must take the resulting proposals seriously. Nevertheless, it is no surprise that some interest groups don't like certain parts of this bill. But the bill offers a balanced approach to statutory reform.

ARGUMENTS IN OPPOSITION : Unable to obtain at time of writing.

NOTE: The Department of Finance states concern that this bill could result in significant reimbursable State-mandated costs because it would impose many reporting and procedural requirements on LAFCOs, as well as counties, cities, and special districts.

ASSEMBLY FLOOR :

AYES: Alquist, Aroner, Bock, Calderon, Cardenas, Cardoza, Cedillo, Corbett, Correa, Cox, Davis, Dickerson, Ducheny, Dutra, Firebaugh, Florez, Floyd, Gallegos, Havice, Honda, Keeley, Knox, Kuehl, Lempert, Longville, Lowenthal, Mazzoni, Migden, Papan, Romero, Scott, Shelley, Steinberg, Strom-Martin, Thomson, Torlakson, Villaraigosa, Vincent, Washington, Wayne, Wesson, Wiggins, Wildman, Wright, Hertzberg
NOES: Aanestad, Ackerman, Ashburn, Baldwin, Bates, Battin, Baugh, Brewer, Briggs, Campbell, Cunneen, Frusetta, Granlund, Kaloogian, Leach, Leonard, Maddox, Maldonado, Margett, McClintock, Olberg, Oller, Robert Pacheco, Rod Pacheco, Pescetti, Runner, Strickland, Thompson, Zettel

LB:sl 8/26/00 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** END ****

SENATE RULES COMMITTEE	AB 2838
Office of Senate Floor Analyses	
1020 N Street, Suite 524	
(916) 445-6614 Fax: (916)	
327-4478	

THIRD READING

Bill No: AB 2838
Author: Hertzberg (D), et al
Amended: 8/28/00 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE : 5-0, 8/9/00
AYES: Johnston, Monteith, Perata, Soto, Rainey

SENATE APPROPRIATIONS COMMITTEE : 9-2, 8/23/00
AYES: Johnston, Alpert, Bowen, Burton, Escutia, Karnette, Kelley, Perata, Vasconcellos
NOES: Leslie, Mountjoy

ASSEMBLY FLOOR : 45-29, 6/1/00 - See last page for vote

SUBJECT : Local agency formation commissions

SOURCE : Author

DIGEST : This bill makes numerous changes to the Local Formation Commission law.

Senate Floor amendments of 8/28/00 insert language to avoid chaptering out AB 1495 (Cox) and AB 2779 (Cox).

ANALYSIS : The power to create local governments and set their boundaries belongs to the legislative branch. The California Legislature has delegated much of its authority over the boundaries of cities and special districts to a local agency formation commission (LAFCO) in each county. The courts refer to LAFCOs as the Legislature's watch-dogs

CONTINUED

over local boundaries.

Forty years after a report by Governor Pat Brown's Commission on Metropolitan Problems triggered the first complete rewrite of the state's boundary laws, legislators now face the recommendations of the Commission on Local Governance for the 21st Century. Created to review the Cortese-Knox Local Government Reorganization Act, the 15-member commission spent hours listening to criticism and considering suggestions for improvements. The commission's final report, Growth Within Bounds, presented eight major recommendations:

--LAFCOs' policies and procedures must be clarified.

--LAFCOs must be neutral, independent, and provide balanced representation for counties, cities, and special districts.

--LAFCOs' powers must be strengthened to prevent sprawl and ensure the orderly extension of government services.

--The Legislature must strengthen LAFCOs' policies to protect agriculture and open space lands and other resources.

--The Legislature must comprehensively revise the state-local fiscal relationship.

--The Legislature must develop incentives to encourage coordination of local plans within each region.

--The Legislature must enhance communication, coordination, and the procedures of LAFCOs and local governments.

--The Legislature must increase opportunities for public involvement, active participation, and information regarding government decision-making.

1. Under existing law, the Cortese-Knox Local Government Reorganization Act of 1985, the local agency formation commission in each county is required to review and approve or disapprove proposals for changes of organization or reorganization of cities and districts

within the county. If a proposal is approved, further proceedings, including a hearing and an election if required, are conducted by the county or other public agency designated as the conducting authority.

This bill renames the act as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, deletes references in the act to the conducting authority, and transfers its duties and powers to the commission.

2. Under existing law, an action to reorganize school districts may be initiated by a petition filed with the county superintendent of schools signed by 25% of the registered voters in the territory to be reorganized. Following receipt of a petition signed by at least 10% of the qualified electors of a school district for unification or other organization, the county committee on school district organization is required to hold a public hearing.

   This bill requires the county committee to provide written notice to the commission before initiating proceedings to consider any reorganization plan under either provision, and requires the county committee to hold a public hearing on receipt of a resolution of a local agency, as specified, for consideration of unification or other reorganization.

3. Under the act, noncontiguous territory may not be annexed to a city. However, statutory exceptions permit particular cities to annex noncontiguous territory that constitutes a state correctional facility or a state correctional training facility.

   This bill deletes these exceptions and authorizes any city to annex that noncontiguous territory upon approval of the local agency formation commission.

4. Existing law authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries if it receives written approval from the commission but provides that this approval requirement does not apply to contracts or agreements solely involving two or more public agencies.

4

This bill permits this exception where the public service to be provided is an alternative to or substitute for public services already being provided, as specified. This bill also requires the executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, to determine whether the request is complete and acceptable for filing and, if not, to transmit that determination to the requester, specifying the parts that are incomplete. When the request is deemed complete, the executive officer would be required to place the request on the agenda of the next commission meeting.

5. Existing law specifies how required notice must be published, posted, or mailed with respect to the proceedings of a LAFCO.

   This bill provides that required notice must also be given in electronic format on a website provided by the commission to the extent that the commission maintains a website. This bill requires the commission to establish and maintain, or otherwise provide access to, notices and provide other commission information for the public through an Internet website, thereby imposing a state-mandated local program.

   This bill requires the commission to provide written notice of a proposed reorganization that may affect school attendance for a district to the countywide school district and each school superintendent whose district would be affected, and additionally requires the commission to provide mailed notice to all registered voters and owners of property within 300 feet of the exterior boundary of the property that is the subject of a commission hearing.

6. Existing law defines "landowner" or "owner of land" for purposes of the act as any person shown as the owner of land on the last equalized assessment roll except where that person is no longer the owner.

   This bill changes that definition to any person shown as

the owner of land on the most recent assessment roll being prepared by the county at the time the commission adopts a resolution of application except where that person is no longer the owner, and would make related changes.

7. Existing provisions of the act require that notices of hearings of a LAFCO be published at least 15 days prior to the date of the hearing.

   This bill changes that period to at least 20 days prior to the date of the hearing.

8. Existing law declares the intent of the Legislature that each commission establish policies and exercise its powers to encourage efficient urban development and consideration of preserving open-space lands.

   This bill declares the intent of the Legislature that each commission establish written policies and procedures not later than January 1, 2002, and requires the policies and procedures to include lobbying disclosure and reporting requirements and forms to be used for submittals to the commission.

9. The act establishes the purposes of a LAFCO, such as discouraging urban sprawl and encouraging orderly formation and development of local agencies.

   This bill adds to those purposes preserving open-space and agricultural lands and efficiently providing government services. This bill requires a commission, when formation of a new governmental entity is proposed, to make a determination as to whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner, and requires a commission to apply various factors when reviewing and approving or disapproving proposals that may convert open-space lands to other uses.

10. The act establishes procedures for selection of the five members of a LAFCO.

    This bill increases the number of members to seven and

revises the selection procedures.

11. Existing law provides that the commission for Los Angeles County consists of seven members.

    This bill increases that membership to nine members.

12. Existing law sets forth the various powers and duties of a LAFCO in reviewing and approving or disapproving proposals for changes of organization or reorganization. Among other things, a commission may require as a condition to annexation that a city prezone the territory to be annexed.

    This bill provides that a commission must require that prezoning, and requires that approval of the annexation be consistent with the planned and probable use of the property based upon the review of the general plan and prezoning designations.

    This bill authorizes a commission to enter into an agreement with the commission of an adjoining county to determine procedures for considering proposals that may affect the adjoining county, and also authorizes a commission to require establishment of a community growth plan for an unincorporated area or to review the consistency of a proposal within a city's general plan when a proposed action would require the extension of critical services.

    This bill authorizes a commission to require disclosure of contributions, expenditures, and independent expenditures made in support of or opposition to a proposal and to require lobbying disclosure and reporting requirements for persons who attempt to influence pending decisions by commission members, staff, or consultants, prescribes how disclosure is to be made, and requires a commission to hold public hearings to discuss adoption of policies and procedures governing disclosure.

13. Existing law requires the county board of supervisors to provide for necessary quarters, facilities, supplies, and the usual and necessary operating expenses of a

    LAFCO. The commission is required to submit an estimate of operating expenses to the board.

    This bill repeals that requirement and provides that the

commission expenses will be provided by the county, the cities, and the special districts, and requires that the estimate be submitted to the cities and counties and requires the commission to adopt a budget following a noticed public hearing.

14. Existing law authorizes a LAFCO to establish a schedule of fees for costs of proceedings under the Cortese-Knox Local Government Reorganization Act of 1985, including a fee for checking the sufficiency of any petition filed with the executive officer of the commission.

    This bill requires the signatures on a petition to be verified by the county elections official, and provides that costs of verification will be provided for in the same manner and by the same agencies that bear those costs for an initiative petition in the same jurisdiction. This bill also authorizes a commission to waive a fee in the public interest and to request a loan from the Controller for petition proceedings for an incorporation.

15. Existing law authorizes a LAFCO to appoint an executive officer and legal counsel.

    This bill requires a commission to appoint an executive officer and legal counsel, and authorizes the commission to appoint staff, and provides for alternatives if there is a conflict of interest on a matter before the commission.

16. Existing law requires a LAFCO to develop and determine the sphere of influence of each local governmental agency within the county and periodically review and update the adopted sphere.

    This bill requires the review and update not less than once every five years. For that update and review this bill requires a commission to conduct a service review of municipal services provided in the county, and

requires a commission to make certain determinations concerning functions and services provided by existing districts before approving any special district sphere of influence or any sphere of influence that includes a special district.

17. Existing law requires a LAFCO to develop, determine, and adopt a sphere of influence for each local governmental agency that provides facilities or services related to development no later than January 1, 1985.

    This bill instead requires the commission to develop and determine the sphere of influence of each local governmental agency and update that sphere of influence not less than once every five years and would provide a procedure until January 1, 2007, for city and county representatives to reach agreement on the scope of the proposed or revised sphere of influence. This bill authorizes the commission to review and approve a proposal that extends services into unserved, unincorporated areas and to review the creation of new service providers.

18. Existing law authorizes certain local agencies to establish sewer and water supply facilities on designated lands related to the development of certain territory within the Norton Air Force Base Redevelopment Project Area.

    This bill provides that a determination of a city's sphere of influence that includes any of that redevelopment project area will not preclude any other local agency from providing facilities or services related to development.

19. Under the act, a LAFCO may adopt regulations affecting functions and services of special districts. As long as those regulations are in effect, the special districts must be represented on the commission.

    This bill repeals this representation requirement and provides that if the commission has special district representation prior to January 1, 2001, a majority of the independent special districts may require the

commission to repeal previously adopted regulations that limit the exercise of powers of special districts.

20. Existing law creates the Special Commission on Los Angeles Boundaries with specified duties and implements that commission only to the extent that funds are appropriated in the annual Budget Act.

This bill repeals these provisions.

21. Existing law defines a special reorganization as a reorganization that includes the detachment of territory from a city or city and county and the incorporation of that entire detached territory as a city.

    This bill specifies that proceedings for a special reorganization will be conducted in accordance with the procedures otherwise prescribed for incorporation of a city.

    This bill also requires that expenditures and contributions for political purposes related to a change of organization or reorganization proposal be disclosed and reported in the manner provided for local initiative measures.

22. Existing law specifies the percentages of registered voters or landowners who must sign petitions for various changes or organization.

    This bill revises these percentages for city consolidations, city annexations, city detachments, district detachments or annexations, district dissolutions, district mergers, or the establishment of a district as a subsidiary district of a city.

23. Existing law requires that commission review of a reorganization proposal include, but not be limited to, specified factors.

    This bill adds to those factors the ability of the newly formed or receiving entity to provide services, the timely availability of adequate water supplies, the extent to which the proposal will assist the receiving

entity in achieving its fair share of the regional housing needs, any urban growth boundary or similar measure adopted by the voters, and information from landowners or relating to existing land use designations.

This bill also requires a commission, in considering a proposal including the formation of a new government, to make a determination of the efficiency of existing agencies in providing the needed service or services.

This bill authorizes the commission to consider regional growth goals and policies established by local elected officials.

24. Existing law provides that in any order approving a change of organization or reorganization, the commission may make approval conditional on any of specified factors.

    This bill authorizes a condition prohibiting an agency being dissolved from taking certain actions unless an emergency situation exists.

25. This bill requires the Office of Planning and Research, in consultation with the Controller, to convene a task force of representatives from local agencies and commissions to create statewide guidelines for the incorporation process.

26. Existing law authorizes any person or affected agency to file a written request to amend or reconsider a commission resolution making determinations.

    This bill requires the request to state new or different facts or applicable new law to warrant reconsideration of the resolution.

27. Existing law requires the conducting authority to consider certain factors if a proposed change of organization is a district annexation.

    This bill requires a commission to consider these factors for a city detachment or a district annexation, other than a special reorganization, would add as a

factor any resolution objecting to the action that may be filed by an affected agency, and requires the commission to give great weight to such a resolution.

28. Existing law requires, in the event of a jurisdictional change that would affect the service area or responsibility of one or more special districts, that the board of supervisors negotiate any exchange of property taxes on behalf of the district or districts.

    This bill requires the board, prior to entering into negotiation, to consult with the affected districts,

with notice to the district board members and executive officer, and adequate opportunity for comment.

29. This bill incorporates additional changes in specified sections of the Government Code proposed by AB 1495 (Cox) and AB 2779 (Cox), that would become operative if either or both of those bills and this bill are enacted and become effective on or before January 1, 2001, and this bill is enacted last.

30. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed $1 million statewide and other procedures for claims whose statewide costs exceed $1 million.

    This bill provides that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement for those costs will be made pursuant to these statutory provisions.

31. This bill corrects the numbering of code sections and deadlines to avoid chaptering out the changes made by AB 1495 (Cox) and AB 2779 (Cox).

FISCAL EFFECT : Appropriation: No Fiscal Com.: Yes
Local: Yes

According to Senate Appropriations Committee analysis:

Fiscal Impact (in thousands)

Major Provisions	2000-01	2001-02	2002-03	Fund
OPR admin	one-time costs of up to $50k			General
Counties	cost savings of up to $ million			

annually Local

Cities/special districts non-reimbursable mandate to share in
Local

costs of running LAFCOs
of up to $4

million annually*

Cities/counties/special reimbursable annual mandate of $500k
General

districts/schools to $1 million for increased LAFCO
costs*

*A portion of these costs may be offset by
locally-generated fees.

SUPPORT : (Verified 8/9/00) (unable to reverify at time
of writing)

American Planning Association-California Chapter
Association of California Water Agencies
California Association of LAFCOs
California Special Districts Association
California State Association of Counties
Fire Districts Association of California
City of Los Angeles

East Bay Municipal Water District
Monterey LAFCO
Orange LAFCO
Sacramento LAFCO
San Diego LAFCO
San Luis Obispo LAFCO
Shasta LAFCO
Bay Point Municipal Advisory Committee
Los Angeles LAFCO
League of California Cities
Carmel Valley Property Owners Association
El Dorado Hills Incorporation Committee
McKinleyville Committee for Incorporation
Mendocino Ad Hoc Incorporation Committee
Menifee Valley CEDCO, Inc
Fallbrook Cityhood Study Group

Nipomo Incorporation Committee
Rancho Cordova Incorporation Committee
Action Committee to Incorporate Oakhurst Now

OPPOSITION : (Verified 8/9/00) (unable to reverify at time of writing

Cities of Clovis, El Cajon, Merced, and Pinole

ARGUMENTS IN SUPPORT : According to Senate Local Government Committee analysis, the Commission on Local Governance for the 21st Century patiently educated itself about the links among and between government structure, public finance, and land use patterns. By no means a politically homogeneous panel, the commission struggled to balance a wide variety of competing demands. Its impressive final product, Growth Within Bounds, is a well-researched and thoughtful report to the Legislature. When reasonable people invest this much time and energy in order to produce such a balanced set of recommendations, legislators must take the resulting proposals seriously. Nevertheless, it is no surprise that some interest groups don't like certain parts of this bill. But the bill offers a balanced approach to statutory reform.

ARGUMENTS IN OPPOSITION : Unable to obtain at time of writing.

NOTE: The Department of Finance states concern that this bill could result in significant reimbursable State-mandated costs because it would impose many reporting and procedural requirements on LAFCOs, as well as counties, cities, and special districts.

ASSEMBLY FLOOR :
AYES: Alquist, Aroner, Bock, Calderon, Cardenas, Cardoza, Cedillo, Corbett, Correa, Cox, Davis, Dickerson, Ducheny, Dutra, Firebaugh, Florez, Floyd, Gallegos, Havice, Honda, Keeley, Knox, Kuehl, Lempert, Longville, Lowenthal, Mazzoni, Migden, Papan, Romero, Scott, Shelley, Steinberg, Strom-Martin, Thomson, Torlakson, Villaraigosa, Vincent, Washington, Wayne, Wesson, Wiggins, Wildman, Wright, Hertzberg
NOES: Aanestad, Ackerman, Ashburn, Baldwin, Bates, Battin, Baugh, Brewer, Briggs, Campbell, Cunneen, Frusetta, Granlund, Kaloogian, Leach, Leonard, Maddox, Maldonado,

Margett, McClintock, Olberg, Oller, Robert Pacheco, Rod Pacheco, Pescetti, Runner, Strickland, Thompson, Zettel

LB:sl 8/28/00 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** END ****

AB 2838
Page 1

CONCURRENCE IN SENATE AMENDMENTS
AB 2838 (Hertzberg)
As Amended August 29, 2000
Majority vote

ASSEMBLY:	45-29	(June 1, 2000)	SENATE:	25-12	(August 30, 2000)

COMMITTEE VOTE:	7-0	(August 30, 2000)	RECOMMENDATION:	concur

Original Committee Reference: L. GOV.

SUMMARY : Revises the Cortese-Knox Local Government Reorganization Act of 1985 (Act).

The Senate amendments :

1) Delete provisions requiring a local agency formation commission (LAFCO) to consider regional growth policies, infill opportunities, and alternatives within already built-up areas when considering a proposal.

2) Allow, but do not require, LAFCO to consider regional growth goals and policies.

3) Require LAFCO to consider how a proposal will assist in the achievement of regional housing needs.

4) Require lobbying disclosure and reporting requirements for persons who attempt to influence pending LAFCO decisions, and require LAFCO to hold hearings to discuss the adoption of disclosure policies and procedures.

5) Create a mechanism by which a city seeking to create or update its sphere of influence and county representatives are required to negotiate to reach agreement on the issue. If an agreement is reached, LAFCO shall give it great when determining the city's sphere. If no agreement is reached, LAFCO shall consider the city's application consistent with its policies adopted pursuant

to the relevant section of the Act.

6) Create specific requirements for spheres of influence that include a special district.

7) Authorize, but do not require, LAFCO to review how the creation of new service providers to extend urban-type services into previously unserved territory within unincorporated areas is consistent with the fundamental purposes of the Act to promote orderly development, discourage urban sprawl, preserve open space and prime agricultural lands, provide housing, and the efficient extension of governmental services.

8) Make numerous other changes, including provisions to avoid chaptering problems.

EXISTING LAW : Under the Cortese-Knox Local Government Reorganization Act of 1985, the LAFCO in each county reviews and approves or disapproves proposals for changes of organization or reorganization of cities and districts within the county.

AS PASSED BY THE ASSEMBLY , this bill:

1) Transferred the authority to conduct proceedings subsequent to LAFCO approval or disapproval of changes of organization or reorganization from counties and other designated public agencies to LAFCO.

2) Authorized any city to annex noncontiguous territory that constitutes a state correctional training or correctional facility upon approval by a LAFCO.

3) Permitted a city or district to provide new or extended services outside its jurisdictional boundaries by contracts or agreements between public agencies without written LAFCO approval only when the services are already being provided by a public service provider and when the proposed level of service is consistent with the existing actual or planned level of service.

4) Required that notice of proceedings by a LAFCO shall be given in electronic format on a website.

5) Required a LAFCO to provide mailed notice to all registered voters and owners of property within 300 feet of the exterior boundary of property that is the subject of a LAFCO hearing.

6)Defined "landowner" or "owner of land" as any person shown as the owner of land on the most recent assessment roll being prepared by the county at the time a LAFCO adopts a resolution of application except where that person is no longer the owner.

7)Required that notices of LAFCO hearings be published at least 21 days prior to the date of the hearing.

8)Declared the intent of the Legislature that each LAFCO establish written policies and procedures not later than January 1, 2002, including lobbying disclosure and reporting requirements and forms to be used for submittals to LAFCO.

9)Added the preservation of open-space and agricultural lands, the efficient provision of government services, and the provision of housing to persons and families of all incomes to the stated purposes of a LAFCO.

10)Required a LAFCO, when considering a request to form a new government entity, to make a determination as to whether existing agencies can feasibly provide the needed services in a more efficient and accountable manner.

11)Added two additional positions to standard LAFCOs not currently including independent special district representatives, to be filled by presiding officers or legislative body members of independent special districts selected by an independent special district selection committee.

12)Required a LAFCO to make the prezoning by a city of any territory proposed for annexation a mandatory precondition to any such annexation, and requires that the approval of any annexation for a period of two years be consistent with the planned and probable use of the property based on
a review of the general plan and prezoning designations, unless a substantive change has occurred that necessitates a departure from the prezoning.

13)Authorized a LAFCO to enter into an agreement with the LAFCO of an adjoining county to establish procedures for considering proposals that may affect either or both counties.

14)Authorized a LAFCO to require establishment of a community growth plan for an unincorporated area or to review the

consistency of a proposal within a city's general plan when a proposed action would require the extension of critical services.

15)Directed a LAFCO to guide proposals that would enable a change in use of existing prime agricultural lands or open-space lands towards feasible alternatives elsewhere that are not prime agricultural lands or open-space lands dedicated or otherwise restricted to open-space use.

16)Required that LAFCO facilities and expenses be provided by cities, counties, and special districts, as specified.

17)Required that the signatures on a petition presented to a LAFCO be verified by the county election official, and that costs of verification be provided for in the same manner and by the same agencies that bear those costs for an initiative petition in the same jurisdiction.

18)Authorized a LAFCO to waive specified petition fees in the public interest and to request a loan from the Controller for specified petition proceedings for an incorporation.

19)Required a LAFCO to appoint an executive officer and legal counsel, authorizes the appointment of staff, and provides for alternatives in cases of conflict of interest.

20)Required a LAFCO to review and update the spheres of influence it establishes for local agencies within the county not less than once every five years, as necessary.

21)Required a LAFCO to obtain written statements from existing districts specifying the functions or classes of services provided and establish the nature, location, and extent of functions or services provided by existing districts before approving a sphere of influence or a sphere of influence including a special district.

22)Required LAFCO to conduct service reviews of municipal services prior to the preparation or update of spheres of influence.

23)Stated legislative intent that LAFCOs should review any proposed extension of "backbone" (i.e., water supply, sewer, wastewater, or roads) infrastructure to previously undeveloped or underdeveloped lands for consistency with the purposes of the Act.

24)Required each application to a LAFCO from a city to include steps taken to increase density within existing territory.

25)Deleted the provisions creating the Special Commission on Los Angeles Boundaries.

26)Required that proceedings for a reorganization that includes the detachment of territory from a city or city and county and the incorporation of that territory as a city be conducted in accordance with procedures otherwise prescribed for the incorporation of a city.

27)Required that expenditures and contributions for political purposes related to a change of organization or reorganization proposal be disclosed and reported in the manner prescribed for local initiative measures.

28)Revised the percentages of registered voters or landowners who must sign petitions for city consolidations, city annexations, city detachments, district detachments or annexations, district dissolutions, district mergers, or the establishment of a district as a subsidiary district of a city.

29)Required LAFCOs to include the following in any review of a reorganization proposal:

a) The extent of infill needs, opportunities, and limitations;

b) The ability of the newly formed or receiving entity to provide services;

c) The availability of adequate water supplies;

d) The existence of alternative locations within already developed areas that can accommodate projected development needs;

e) Regional growth goals and policies established by local elected officials;

f) Information and comments from the landowner(s); and,

g) Information relating to existing land use designations.

30)Required a LAFCO to make a determination of the efficiency of existing agencies in providing needed services when considering a proposal that includes the formation of a new government.

31)Authorized a LAFCO to prohibit any agency being dissolved as a result of a change of organization or reorganization from taking certain actions unless an emergency situation exists.

32)Required the Governor's Office of Planning and Research, in consultation with the State Controller, to convene a task force of representatives from local agencies and commissions to create statewide guidelines for the incorporation process.

33)Required any request to amend or reconsider a LAFCO resolution making determinations to state new or different facts or applicable new law.

34)Required the board of supervisors of a county in which a jurisdictional change that affects the service area or responsibility of one or more special districts occurs to consult with the affected district(s), with specified notice and opportunity for comment, prior to entering into negotiations concerning any exchange of property taxes.

35)Made numerous other amendments, deletions, and additions to the Act.

FISCAL EFFECT : Undetermined reimbursable state-mandated costs.

COMMENTS : This bill incorporates many of the recommendations made by the Commission on Local Governance in the 21st Century (Commission) in its report, "Growth Within Bounds."

The Senate amendments delete or soften many of the provisions of the bill that attempted to address California's growth issues on a more regional, less parochial basis. Proponents of these provisions viewed them as a crucial part of the Commission's work and a necessary first step towards a statewide approach to growth and its impacts. Opponents viewed them as unwarranted intrusions of regional or state governments into the sacrosanct precincts of local land use control. Perhaps the conclusion to be drawn from this process is that, while the Commission did an excellent job of identifying many of the problems with California's current land use policies, LAFCOs may not be the suitable vehicle with which to address all, or even most, of them.

The Senate amendments have removed all significant organized opposition to the bill.

Analysis Prepared by : J. Stacey Sullivan / L. GOV. / (916) 319-3958

FN: 0007111

SENATE RULES COMMITTEE
Office of Senate Floor Analyses
1020 N Street, Suite 524
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327-4478

AB 2838

THIRD READING

Bill No: AB 2838
Author: Hertzberg (D), et al
Amended: 8/29/00 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE : 5-0, 8/9/00
AYES: Johnston, Monteith, Perata, Soto, Rainey

SENATE APPROPRIATIONS COMMITTEE : 9-2, 8/23/00
AYES: Johnston, Alpert, Bowen, Burton, Escutia, Karnette, Kelley, Perata, Vasconcellos
NOES: Leslie, Mountjoy

SENATE FLOOR : 25-12, 8/30/00
AYES: Alarcon, Alpert, Bowen, Burton, Chesbro, Costa, Dunn, Escutia, Figueroa, Hayden, Hughes, Johnston, Karnette, Murray, O'Connell, Ortiz, Perata, Polanco, Rainey, Schiff, Sher, Solis, Soto, Speier, Vasconcellos
NOES: Brulte, Haynes, Johannessen, Kelley, Knight, Leslie, Lewis, McPherson, Monteith, Morrow, Poochigian, Wright

ASSEMBLY FLOOR : 70-5, 8/31/00 - See last page for vote

SUBJECT : Local agency formation commissions

SOURCE : Author

DIGEST : This bill makes numerous changes to the Local Formation Commission law.

Senate Floor amendments of 8/28/00 insert language to avoid

CONTINUED

chaptering out AB 1495 (Cox) and AB 2779 (Cox).

Senate Floor Amendments of 8/29/00 clarify that the procedures for amending spheres of influence in AB 2838 do not apply to the special procedures in the law added by AB 1544 that apply only to Redlands' doughnut hole.

Some worry that the proposed new requirements for amending spheres of influence in AB 2838 might supercede the special procedures in the law added by AB 1544 that apply only to Redlands' doughnut hole.

ANALYSIS : The power to create local governments and set their boundaries belongs to the legislative branch. The California Legislature has delegated much of its authority over the boundaries of cities and special districts to a local agency formation commission (LAFCO) in each county. The courts refer to LAFCOs as the Legislature's watch-dogs over local boundaries.

Forty years after a report by Governor Pat Brown's Commission on Metropolitan Problems triggered the first complete rewrite of the state's boundary laws, legislators now face the recommendations of the Commission on Local Governance for the 21st Century. Created to review the Cortese-Knox Local Government Reorganization Act, the 15-member commission spent hours listening to criticism and considering suggestions for improvements. The commission's final report, Growth Within Bounds, presented eight major recommendations:

--LAFCOs' policies and procedures must be clarified.

--LAFCOs must be neutral, independent, and provide balanced representation for counties, cities, and special districts.

--LAFCOs' powers must be strengthened to prevent sprawl and ensure the orderly extension of government services.

--The Legislature must strengthen LAFCOs' policies to protect agriculture and open space lands and other resources.

--The Legislature must comprehensively revise the state-local fiscal relationship.

--The Legislature must develop incentives to encourage coordination of local plans within each region.

--The Legislature must enhance communication, coordination, and the procedures of LAFCOs and local governments.

--The Legislature must increase opportunities for public involvement, active participation, and information regarding government decision-making.

1. Under existing law, the Cortese-Knox Local Government Reorganization Act of 1985, the local agency formation commission in each county is required to review and approve or disapprove proposals for changes of organization or reorganization of cities and districts within the county. If a proposal is approved, further proceedings, including a hearing and an election if required, are conducted by the county or other public agency designated as the conducting authority.

   This bill renames the act as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, deletes references in the act to the conducting authority, and transfers its duties and powers to the commission.

2. Under existing law, an action to reorganize school districts may be initiated by a petition filed with the county superintendent of schools signed by 25% of the registered voters in the territory to be reorganized. Following receipt of a petition signed by at least 10% of the qualified electors of a school district for unification or other organization, the county committee on school district organization is required to hold a public hearing.

   This bill requires the county committee to provide written notice to the commission before initiating proceedings to consider any reorganization plan under either provision, and requires the county committee to hold a public hearing on receipt of a resolution of a local agency, as specified, for consideration of

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unification or other reorganization.

3. Under the act, noncontiguous territory may not be annexed to a city. However, statutory exceptions permit particular cities to annex noncontiguous territory that constitutes a state correctional facility or a state correctional training facility.

   This bill deletes these exceptions and authorizes any city to annex that noncontiguous territory upon approval of the local agency formation commission.

4. Existing law authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries if it receives written approval from the commission but provides that this approval requirement does not apply to contracts or agreements solely involving two or more public agencies.

   This bill permits this exception where the public service to be provided is an alternative to or substitute for public services already being provided, as specified. This bill also requires the executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, to determine whether the request is complete and acceptable for filing and, if not, to transmit that determination to the requester, specifying the parts that are incomplete. When the request is deemed complete, the executive officer would be required to place the request on the agenda of the next commission meeting.

5. Existing law specifies how required notice must be published, posted, or mailed with respect to the proceedings of a LAFCO.

   This bill provides that required notice must also be given in electronic format on a website provided by the commission to the extent that the commission maintains a website. This bill requires the commission to establish and maintain, or otherwise provide access to, notices and provide other commission information for the public through an Internet website, thereby imposing a

state-mandated local program.

This bill requires the commission to provide written notice of a proposed reorganization that may affect school attendance for a district to the countywide school district and each school superintendent whose district would be affected, and additionally requires the commission to provide mailed notice to all registered voters and owners of property within 300 feet of the exterior boundary of the property that is the subject of a commission hearing.

6. Existing law defines "landowner" or "owner of land" for purposes of the act as any person shown as the owner of land on the last equalized assessment roll except where that person is no longer the owner.

   This bill changes that definition to any person shown as the owner of land on the most recent assessment roll being prepared by the county at the time the commission adopts a resolution of application except where that person is no longer the owner, and would make related changes.

7. Existing provisions of the act require that notices of hearings of a LAFCO be published at least 15 days prior to the date of the hearing.

   This bill changes that period to at least 20 days prior to the date of the hearing.

8. Existing law declares the intent of the Legislature that each commission establish policies and exercise its powers to encourage efficient urban development and consideration of preserving open-space lands.

   This bill declares the intent of the Legislature that each commission establish written policies and procedures not later than January 1, 2002, and requires the policies and procedures to include lobbying disclosure and reporting requirements and forms to be used for submittals to the commission.

9. The act establishes the purposes of a LAFCO, such as

discouraging urban sprawl and encouraging orderly formation and development of local agencies.

This bill adds to those purposes preserving open-space and agricultural lands and efficiently providing government services. This bill requires a commission, when formation of a new governmental entity is proposed, to make a determination as to whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner, and requires a commission to apply various factors when reviewing and approving or disapproving proposals that may convert open-space lands to other uses.

10. The act establishes procedures for selection of the five members of a LAFCO.

    This bill increases the number of members to seven and revises the selection procedures.

11. Existing law provides that the commission for Los Angeles County consists of seven members.

    This bill increases that membership to nine members.

12. Existing law sets forth the various powers and duties of a LAFCO in reviewing and approving or disapproving proposals for changes of organization or reorganization. Among other things, a commission may require as a condition to annexation that a city prezone the territory to be annexed.

    This bill provides that a commission must require that prezoning, and requires that approval of the annexation be consistent with the planned and probable use of the property based upon the review of the general plan and prezoning designations.

    This bill authorizes a commission to enter into an agreement with the commission of an adjoining county to determine procedures for considering proposals that may affect the adjoining county, and also authorizes a commission to require establishment of a community growth plan for an unincorporated area or to review the

consistency of a proposal within a city's general plan when a proposed action would require the extension of critical services.

This bill authorizes a commission to require disclosure of contributions, expenditures, and independent expenditures made in support of or opposition to a proposal and to require lobbying disclosure and reporting requirements for persons who attempt to influence pending decisions by commission members, staff, or consultants, prescribes how disclosure is to be made, and requires a commission to hold public hearings to discuss adoption of policies and procedures governing disclosure.

13. Existing law requires the county board of supervisors to provide for necessary quarters, facilities, supplies, and the usual and necessary operating expenses of a LAFCO. The commission is required to submit an estimate of operating expenses to the board.

    This bill repeals that requirement and provides that the commission expenses will be provided by the county, the cities, and the special districts, and requires that the estimate be submitted to the cities and counties and requires the commission to adopt a budget following a noticed public hearing.

14. Existing law authorizes a LAFCO to establish a schedule of fees for costs of proceedings under the Cortese-Knox Local Government Reorganization Act of 1985, including a fee for checking the sufficiency of any petition filed with the executive officer of the commission.

    This bill requires the signatures on a petition to be verified by the county elections official, and provides that costs of verification will be provided for in the same manner and by the same agencies that bear those costs for an initiative petition in the same jurisdiction. This bill also authorizes a commission to waive a fee in the public interest and to request a loan from the Controller for petition proceedings for an incorporation.

15. Existing law authorizes a LAFCO to appoint an executive officer and legal counsel.

    This bill requires a commission to appoint an executive officer and legal counsel, and authorizes the commission to appoint staff, and provides for alternatives if there

is a conflict of interest on a matter before the commission.

16. Existing law requires a LAFCO to develop and determine the sphere of influence of each local governmental agency within the county and periodically review and update the adopted sphere.

    This bill requires the review and update not less than once every five years. For that update and review this bill requires a commission to conduct a service review of municipal services provided in the county, and requires a commission to make certain determinations concerning functions and services provided by existing districts before approving any special district sphere of influence or any sphere of influence that includes a special district.

17. Existing law requires a LAFCO to develop, determine, and adopt a sphere of influence for each local governmental agency that provides facilities or services related to development no later than January 1, 1985.

    This bill instead requires the commission to develop and determine the sphere of influence of each local governmental agency and update that sphere of influence not less than once every five years and would provide a procedure until January 1, 2007, for city and county representatives to reach agreement on the scope of the proposed or revised sphere of influence. This bill authorizes the commission to review and approve a proposal that extends services into unserved, unincorporated areas and to review the creation of new service providers.

18. Existing law authorizes certain local agencies to establish sewer and water supply facilities on designated lands related to the development of certain

territory within the Norton Air Force Base Redevelopment Project Area.

This bill provides that a determination of a city's sphere of influence that includes any of that redevelopment project area will not preclude any other local agency from providing facilities or services related to development.

19. Under the act, a LAFCO may adopt regulations affecting functions and services of special districts. As long as those regulations are in effect, the special districts must be represented on the commission.

    This bill repeals this representation requirement and provides that if the commission has special district representation prior to January 1, 2001, a majority of the independent special districts may require the commission to repeal previously adopted regulations that limit the exercise of powers of special districts.

20. Existing law creates the Special Commission on Los Angeles Boundaries with specified duties and implements that commission only to the extent that funds are appropriated in the annual Budget Act.

    This bill repeals these provisions.

21. Existing law defines a special reorganization as a reorganization that includes the detachment of territory from a city or city and county and the incorporation of that entire detached territory as a city.

    This bill specifies that proceedings for a special reorganization will be conducted in accordance with the procedures otherwise prescribed for incorporation of a city.

    This bill also requires that expenditures and contributions for political purposes related to a change of organization or reorganization proposal be disclosed and reported in the manner provided for local initiative measures.

22. Existing law specifies the percentages of registered voters or landowners who must sign petitions for various changes or organization.

    This bill revises these percentages for city consolidations, city annexations, city detachments, district detachments or annexations, district dissolutions, district mergers, or the establishment of a district as a subsidiary district of a city.

23. Existing law requires that commission review of a reorganization proposal include, but not be limited to, specified factors.

    This bill adds to those factors the ability of the newly formed or receiving entity to provide services, the timely availability of adequate water supplies, the extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs, and information from landowners or relating to existing land use designations.

    This bill also requires a commission, in considering a proposal including the formation of a new government, to make a determination of the efficiency of existing agencies in providing the needed service or services. This bill authorizes the commission to consider regional growth goals and policies established by local elected officials.

24. Existing law provides that in any order approving a change of organization or reorganization, the commission may make approval conditional on any of specified factors.

    This bill authorizes a condition prohibiting an agency being dissolved from taking certain actions unless an emergency situation exists.

25. This bill requires the Office of Planning and Research, in consultation with the Controller, to convene a task force of representatives from local agencies and commissions to create statewide guidelines for the incorporation process.

26. Existing law authorizes any person or affected agency to file a written request to amend or reconsider a commission resolution making determinations.

    This bill requires the request to state new or different facts or applicable new law to warrant reconsideration of the resolution.

27. Existing law requires the conducting authority to consider certain factors if a proposed change of organization is a district annexation.

This bill requires a commission to consider these factors for a city detachment or a district annexation, other than a special reorganization, would add as a factor any resolution objecting to the action that may be filed by an affected agency, and requires the commission to give great weight to such a resolution.

28. Existing law requires, in the event of a jurisdictional change that would affect the service area or responsibility of one or more special districts, that the board of supervisors negotiate any exchange of property taxes on behalf of the district or districts.

    This bill requires the board, prior to entering into negotiation, to consult with the affected districts, with notice to the district board members and executive officer, and adequate opportunity for comment.

29. This bill incorporates additional changes in specified sections of the Government Code proposed by AB 1495 (Cox) and AB 2779 (Cox), that would become operative if either or both of those bills and this bill are enacted and become effective on or before January 1, 2001, and this bill is enacted last.

30. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that

do not exceed $1 million statewide and other procedures for claims whose statewide costs exceed $1 million.

This bill provides that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement for those costs will be made pursuant to these statutory provisions.

31. This bill corrects the numbering of code sections and deadlines to avoid chaptering out the changes made by AB 1495 (Cox) and AB 2779 (Cox).

FISCAL EFFECT : Appropriation: No Fiscal Com.: Yes Local: Yes

According to Senate Appropriations Committee analysis:

Fiscal Impact (in thousands)

Major Provisions	2000-01	2001-02	2002-03	Fund
OPR admin	one-time costs of up to $50k			General
Counties	cost savings of up to $ million annually			Local
Cities/special districts	non-reimbursable mandate to share in costs of running LAFCOs of up to $4 million annually*			Local
Cities/counties/special districts/schools	reimbursable annual mandate of $500k to $1 million for increased LAFCO costs*			General

*A portion of these costs may be offset by locally-generated fees.

SUPPORT : (Verified 8/9/00) (unable to reverify at time of writing)

American Planning Association-California Chapter
Association of California Water Agencies
California Association of LAFCOs
California Special Districts Association
California State Association of Counties
Fire Districts Association of California
City of Los Angeles

East Bay Municipal Water District
Monterey LAFCO
Orange LAFCO
Sacramento LAFCO
San Diego LAFCO
San Luis Obispo LAFCO
Shasta LAFCO
Bay Point Municipal Advisory Committee
Los Angeles LAFCO
League of California Cities
Carmel Valley Property Owners Association
El Dorado Hills Incorporation Committee
McKinleyville Committee for Incorporation
Mendocino Ad Hoc Incorporation Committee
Menifee Valley CEDCO, Inc
Fallbrook Cityhood Study Group
Nipomo Incorporation Committee
Rancho Cordova Incorporation Committee
Action Committee to Incorporate Oakhurst Now

OPPOSITION : (Verified 8/9/00) (unable to reverify at time of writing

Cities of Clovis, El Cajon, Merced, and Pinole

ARGUMENTS IN SUPPORT : According to Senate Local Government Committee analysis, the Commission on Local Governance for the 21st Century patiently educated itself

about the links among and between government structure, public finance, and land use patterns. By no means a politically homogeneous panel, the commission struggled to balance a wide variety of competing demands. Its impressive final product, Growth Within Bounds, is a well-researched and thoughtful report to the Legislature. When reasonable people invest this much time and energy in order to produce such a balanced set of recommendations, legislators must take the resulting proposals seriously. Nevertheless, it is no surprise that some interest groups don't like certain parts of this bill. But the bill offers a balanced approach to statutory reform.

ARGUMENTS IN OPPOSITION : Unable to obtain at time of writing.

NOTE: The Department of Finance states concern that this bill could result in significant reimbursable

State-mandated costs because it would impose many reporting and procedural requirements on LAFCOs, as well as counties, cities, and special districts.

ASSEMBLY FLOOR :
AYES: Aanestad, Ackerman, Alquist, Aroner, Ashburn, Baldwin, Bates, Battin, Baugh, Bock, Briggs, Calderon, Campbell, Cardenas, Cardoza, Cedillo, Corbett, Correa, Cox, Cunneen, Davis, Dickerson, Ducheny, Dutra, Firebaugh, Florez, Gallegos, Granlund, Havice, Honda, House, Jackson, Keeley, Knox, Kuehl, Leach, Lempert, Longville, Lowenthal, Machado, Maddox, Maldonado, Margett, Mazzoni, Migden, Nakano, Olberg, Robert Pacheco, Rod Pacheco, Papan, Pescetti, Romero, Runner, Scott, Shelley, Steinberg, Strickland, Strom-Martin, Thomson, Torlakson, Villaraigosa, Vincent, Washington, Wayne, Wesson, Wiggins, Wildman, Wright, Zettel, Hertzberg
NOES: Kaloogian, Leonard, McClintock, Oller, Thompson

LB:sl 9/19/00 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** END ****

Date of Hearing: April 25, 2007

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Anna Marie Caballero, Chair
AB 1262 (Caballero) – As Introduced: February 23, 2007

SUBJECT: Spheres of influence.

SUMMARY: Deletes the January 1, 2008, sunset on the requirement that a city and county meet prior to the city applying to the local agency formation commission for a new or updated sphere of influence.

EXISTING LAW:

1) Establishes in each county a local agency formation commission (LAFCO) to review proposals for the formation of new local agencies and changes in the organization of existing local agencies.

2) Requires each LAFCO to exercise its powers in a manner that encourages and provides planned, well-ordered, efficient development patterns with appropriate consideration of preserving open space and agricultural lands within those patterns.

3) Requires a LAFCO to determine the sphere of influence for each local government agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

4) Requires, at least 30 days prior to a city submitting an application to LAFCO for a new or updated sphere of influence, representatives from the city and county to meet to discuss the proposed sphere and its boundaries, and to explore methods to reach agreement on the boundaries, development standards, and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere.

5) Requires that the LAFCO, in determining the city's sphere of influence, give great weight to any agreement reached by the city and county.

6) Specifies that if the city and county do not reach an agreement, the LAFCO must consider the city's sphere of influence consistent with the LAFCOs adopted policies.

FISCAL EFFECT: Unknown

COMMENTS:

1) LAFCOs exist in each county to review and approve or deny proposals for the formation of new local government agencies and for changes in the organization of existing agencies. Section 56301 of the Government Code states that "among the purposes of a [LAFCO] are discouraging sprawl, preserving open-space and prime agricultural lands, efficiently

providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances."

2) One of the most important way LAFCOs promote orderly development and efficient service delivery is through the determination of a sphere of influence for each local government agency within their county. The sphere is considered the probable physical boundary and service area of the local agency. The California Attorney General has opined that spheres of influence should "serve like general plans, serve as an essential planning tool to combat urban sprawl and provide well planned efficient urban development patterns, giving appropriate consideration to preserving prime agricultural and other open-space lands" (60 Ops. Cal. Atty. Gen. 118).

3) Including land within a city's sphere of influence is often a precursor to the annexation of that land to the city. However, while the land remains unincorporated territory under the control of the county, the city has no say over how it is developed. To encourage cities and counties to discuss development issues within city spheres of influence, LAFCO law requires a city and county to meet prior to the city going to LAFCO for a new or updated sphere. The meeting gives the city and county a chance to discuss the boundaries of the sphere and to try to negotiate an agreement on zoning requirements and development standards within the proposed sphere. If the city and county reach an agreement, the LAFCO must give great weight to that agreement when it considers the city's new sphere of influence. If they do not reach an agreement, the LAFCO considers the sphere update as it normally would pursuant to LAFCO law and the adopted policies of the commission.

4) Under current law, the city/county meeting requirement sunsets on January 1, 2008. AB 1262 deletes the sunset so that the meeting requirement can remain in law in perpetuity. The meeting requirement promotes dialogue and offers the opportunity for a more collaborative approach to future growth. If the city and county reach an agreement on development standards within the city's sphere, this can mean less contentious annexations in the future. According to the California Association of Local Agency Formation Commissions, the vast majority of the state's LAFCOs report positive results from the city/county meeting requirement and feel strongly about the importance of retaining the requirement in law. They believe that the meetings between cities and counties often result in better sphere of influence applications. For LAFCOs, the meeting requirement is an important tool to be retained in their toolbox to assist them in their mission of promoting orderly development.

REGISTERED SUPPORT / OPPOSITION:

Support

CA Association of Local Agency Formation Commissions
League of CA Cities

Opposition

None on file

Analysis Prepared by: Anya Lawler / L. GOV. / (916) 319-3958

Date of Hearing: May 9, 2007

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Mark Leno, Chair

AB 1262 (Caballero) – As Introduced: February 23, 2007

Policy Committee: Local Government Vote: 7-0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY

This bill deletes the January 1, 2008 sunset on the requirement that a city and county meet prior to the city applying to the local agency formation commission for a new or updated sphere of influence.

FISCAL EFFECT

By extending existing requirements that apply to local entities, the bill imposes a state-mandated local program. However, any costs to local governments would not be state-reimbursable because the local agency has the authority to levy fees or assessments sufficient to cover their costs.

COMMENTS

1) Background. Existing law establishes in each county a local agency formation commission (LAFCO) to review proposals for the formation of new local agencies and changes in the organization of existing local agencies. LAFCOs were created to promote orderly development and efficient service delivery, discourage sprawl, and preserve open space and prime agricultural lands. One of the ways in which they promote orderly development and efficient service delivery is through the determination of a "sphere of influence" for each local government within their county. The sphere is considered the probable physical boundary and service area of the local agency.

   Including unincorporated land within a city's sphere of influence is often a precursor to the annexation of that land to the city. However, until the land is annexed, development of the land is under the control of the county. To encourage dialogue between cities and counties over the development of land within a city's sphere of influence, LAFCO law requires a city and county to meet prior to the city going to LAFCO for a new or updated. This gives the city and county the opportunity to discuss the boundaries of the sphere and to negotiate an agreement on zoning requirements and development standards within the proposed sphere. If the city and county reach an agreement, the LAFCO is required to give great weight to that agreement when it considers the city's new sphere of influence.

2) Rationale. This bill is intended to ensure that city-county meetings will continue, thereby promoting a collaborative approach to future growth. The sponsor (California Association of Local Agency Formation Commissions) reports that the great majority of LAFCOs report

positive results from the city/county meeting requirement and strongly promote its retention in law to reduce the number of contentious annexations in the future..

Analysis Prepared by: Brad Williams / APPR. / (916) 319-2081

ATTACHMENT D

SENATE LOCAL GOVERNMENT COMMITTEE
Senator Gloria Negrete McLeod, Chair

BILL NO: AB 1262
AUTHOR: Caballero
VERSION: 6/11/07

HEARING: 6/20/07
FISCAL: Yes
CONSULTANT: Detwiler

LAFCOs AND SPHERES OF INFLUENCE

Background and Existing Law

Local agency formation commissions (LAFCOs) are the Legislature's watchdogs over cities and special districts' boundaries. LAFCOs must adopt service plans called "spheres of influence" for cities and special districts, designating the areas that local officials will annex and serve in the future. LAFCOs' boundary decisions must be consistent with their spheres of influence. LAFCOs must review and revise their spheres of influence every five years. In the meantime, anyone can ask the LAFCO to amend a sphere of influence.

Until a city annexes the property located within its sphere of influence, county officials continue to regulate land use decisions in the unincorporated territory. Sometimes, tensions arise between a city and a county over the standards that a county uses when approving development within a city's sphere.

To reduce these conflicts, the Legislature created a procedure that applies when someone asks a LAFCO to determine a new sphere of influence or to update a city's existing sphere of influence (AB 2838, Hertzberg, 2000). At least 30 days before applying to LAFCO, city representatives must meet with county representatives to discuss the proposal and to explore ways to agree about boundaries, development standards, and zoning requirements. The goal is to ensure that development within the sphere reflects the city's concerns and promotes logical and orderly development. The city and the county can extend their discussions for 30 more days.

If the city and the county agree, the agreement is forwarded to the LAFCO. In determining the city's sphere, the LAFCO must give great weight to the agreement. If the LAFCO's sphere determination is consistent with the agreement, then the city and the county must adopt the agreement. Development approved by the county within the city's sphere must be consistent with that agreement.

If the city and the county don't agree, the application goes to the LAFCO which must consider a sphere of influence for the city, consistent with its own policies.

This consultation procedure for cities' spheres becomes inoperative on January 1, 2008 (AB 2223, Salinas, 2006).

Proposed Law

Assembly Bill 1262 makes permanent the consultation procedures that cities and counties follow before LAFCOs amend cities' spheres of influence.

AB 1262 also revises those consultation procedures by deleting the 30-day time line for starting the consultations, deleting the 30-day time limit for extending the discussions, and clarifying a city's responsibilities.

Comments

1. Talking therapy. One way to reduce conflicts is to get the parties talking. Expressing concerns, exploring causes, investigating alternatives, and finding common interests can reduce friction and increase the chances of agreement. The current statutory requirement for a city to talk with its county government before applying to LAFCO for a sphere amendment is a good example of reducing friction by increasing conversation. After several years of experience, local officials are ready to make the consultation procedure a permanent requirement.

2. All talk, no action. All the talk in the world won't keep cities and counties from fighting with each other over development projects. The underlying causes of intergovernmental conflicts are the state's revenue and taxation laws which result in the fiscalization of land use. When county supervisors approve a big box store or auto dealer just beyond a city's limits, there's bound to be a fight. Some cities and counties seem locked into hostilities that are so bad that no statutory mandate for consultation will ease them. When local officials want to find annexation and sphere of influence solutions, AB 1262 may help them. But legislators shouldn't be surprised when long-standing conflicts continue.

3. Permanent procedures. When the Legislature rewrote the LAFCO statutes in 2000, cities and counties convinced legislators to insert the consultation requirement even though it was not one of the recommendations of the Commission on Local Governance for the 21st Century. There was a January 1, 2007 sunset clause, so that legislators could see if the requirement really worked. Last year, the Legislature extended the sunset clause, giving legislators another year to revise the statutory language before making the requirement permanent.

Assembly Actions

Assembly Local Government Committee:	7-0
Assembly Appropriations Committee:	16-0

Assembly Floor: 73-0

Support and Opposition (6/14/07)

Support: California of LAFCOs, Shasta LAFCO, League of California Cities.

Opposition: Unknown.

SENATE RULES COMMITTEE AB 1262

Office of Senate Floor Analyses
1020 N Street, Suite 524
(916) 651-1520 Fax: (916) 327-4478

THIRD READING

Bill No: AB 1262
Author: Caballero (D)
Amended: 6/11/07 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 5-0, 6/20/07
AYES: Negrete McLeod, Cox, Harman, Kehoe, Machado

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 73-0, 5/17/07 - See last page for vote

SUBJECT: Spheres of influence

SOURCE: Author

DIGEST: This bill deletes the January 1, 2008 sunset, and the 30 day time limit on the requirement that a city and county meet prior to the city applying to the local agency formation commission for a new or updated sphere of influence.

ANALYSIS: Existing law establishes in each county a local agency formation commission (LAFCO) to review proposals for the formation of new local agencies and changes in the organization of existing local agencies.

LAFCOs must adopt service plans called "spheres of influence" for cities and special districts, designating the areas that local officials will annex and serve in the future. LAFCOs' boundary decisions must be consistent with their spheres of influence. LAFCOs must review and revise their spheres of

CONTINUED

influence every five years. In the meantime, anyone can ask the LAFCO to amend a sphere of influence.

Until a city annexes the property located within its sphere of influence, county officials continue to regulate land use decisions in the unincorporated territory. The Legislature created a procedure that applies when someone asks a LAFCO to determine a new sphere of influence or to update a city's existing sphere of influence (AB 2838, Hertzberg, Chapter 761, Statutes of 2000). At least 30 days before applying to LAFCO, city representatives must meet with county representatives to discuss the proposal and to explore ways to agree about boundaries, development standards, and zoning requirements. The goal is to ensure that development within the sphere reflects the city's concerns and promotes logical and orderly development. The city and the county can extend their discussions for 30 more days.

If the city and the county agree, the agreement is forwarded to the LAFCO. In determining the city's sphere, the LAFCO must give great weight to the agreement. If the LAFCO's sphere determination is consistent with the agreement, then the city and the county must adopt the agreement. Development approved by the county within the city's sphere must be consistent with that agreement.

If the city and the county do not agree, the application goes to the LAFCO which must consider a sphere of influence for the city, consistent with its own policies.

This consultation procedure for cities' spheres becomes inoperative on January 1, 2008 (AB 2223, Salinas, Chapter 351, Statutes 2006).

This bill makes permanent the consultation procedures that cities and counties follow before LAFCOs amend cities' spheres of influence.

This bill also revises those consultation procedures by deleting the 30-day time line for starting the consultations, deleting the 30-day time limit for extending the discussions, and clarifying a city's responsibilities.

Comments

One way to reduce conflicts is to get the parties talking. Expressing concerns, exploring causes, investigating alternatives, and finding common interests can reduce friction and increase the chances of agreement. The

current statutory requirement for a city to talk with its county government before applying to LAFCO for a sphere amendment is a good example of reducing friction by increasing conversation. After several years of experience, local officials are ready to make the consultation procedure a permanent requirement.

When the Legislature rewrote the LAFCO statutes in 2000, cities and counties convinced legislators to insert the consultation requirement even though it was not one of the recommendations of the Commission on Local Governance for the 21st Century. There was a January 1, 2007 sunset clause, so that legislators could see if the requirement really worked. Last year, the Legislature extended the sunset clause, giving legislators another year to revise the statutory language before making the requirement permanent.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT: (Verified 7/2/07)

California Association of LAFCOs
League of California Cities
Shasta LAFCO

ASSEMBLY FLOOR: 73-0, 5/17/07
AYES: Adams, Aghazarian, Anderson, Arambula, Bass, Beall, Benoit, Berg, Berryhill, Blakeslee, Brownley, Caballero, Charles Calderon, Carter, Cook, Coto, Davis, De La Torre, De Leon, DeSaulnier, DeVore, Duvall, Dymally, Emmerson, Eng, Evans, Feuer, Fuller, Gaines, Galgiani, Garcia, Garrick, Hancock, Hayashi, Hernandez, Horton, Houston, Huff, Huffman, Jeffries, Jones, Karnette, Keene, Krekorian, La Malfa, Laird, Leno, Levine, Lieber, Lieu, Ma, Maze, Mendoza, Mullin, Nakanishi, Nava, Niello, Parra, Plescia, Portantino, Sharon Runner, Salas, Saldana, Smyth, Solorio, Spitzer, Strickland, Swanson, Torrico, Tran, Walters, Wolk, Nunez
NO VOTE RECORDED: Price, Richardson, Ruskin, Silva, Soto, Villines, Vacancy

AGB:nl 7/2/07 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

****** END ******

CONCURRENCE IN SENATE AMENDMENTS
AB 1262 (Caballero)
As Amended June 11, 2007
Majority vote

ASSEMBLY: 73-0 (May 17, 2007) SENATE: 40-0 (July 9, 2007)

Original Committee Reference: L. GOV.

SUMMARY: Deletes the January 1, 2008, sunset on the requirement that a city and county meet prior to the city applying to the local agency formation commission (LAFCO) for a new or updated sphere of influence.

The Senate amendments:

1) Delete the requirement that the city and county meet at least 30 days prior to the city submitting an application to LAFCO for a new or updated sphere of influence, and instead require that the meeting happen anytime before the city submits the application to LAFCO.

2) Specify that any agreement between the city and county must be forwarded to LAFCO in writing.

3) Clarify that LAFCO has to give great weight to any agreement reached by the city and county only to the extent that the agreement is consistent with LAFCO's adopted policies.

EXISTING LAW:

1) Establishes in each county a LAFCO to review proposals for the formation of new local agencies and changes in the organization of existing local agencies.

2) Requires each LAFCO to exercise its powers in a manner that encourages and provides planned, well-ordered, efficient development patterns with appropriate consideration of preserving open space and agricultural lands within those patterns.

3) Requires a LAFCO to determine the sphere of influence for each local government agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

4) Requires, at least 30 days prior to a city submitting an application to LAFCO for a new or updated sphere of influence, representatives from the city and county to meet to discuss the proposed sphere and its boundaries, and to explore methods to reach agreement on the boundaries, development standards, and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere.

5) Requires that LAFCO, in determining the city's sphere of influence, give great weight to any agreement reached by the city and county.

6) Specifies that if the city and county do not reach an agreement, LAFCO must consider the city's sphere of influence consistent with the LAFCOs adopted policies.

AS PASSED BY THE ASSEMBLY, this bill is substantially similar to the version passed by the Senate.

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS: LAFCOs exist in each county to review and approve or deny proposals for the formation of new local government agencies and for changes in the organization of existing agencies. Government Code Section 56301 states that "among the purposes of a [LAFCO] are discouraging sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances."

One of the most important way LAFCOs promote orderly development and efficient service delivery is through the determination of a sphere of influence for each local government agency within their county. The sphere is considered the probable physical boundary and service area of the local agency. The California Attorney General has opined that spheres of influence should "serve like general plans, serve as an essential planning tool to combat urban sprawl and provide well planned efficient urban development patterns, giving appropriate consideration to preserving prime agricultural and other open-space lands" (60 Ops. Cal. Atty. Gen. 118).

Including land within a city's sphere of influence is often a precursor to the annexation of that land to the city. However, while the land remains unincorporated territory under the control of the county, the city has no say over how it is developed. To encourage cities and counties to discuss development issues within city spheres of influence, LAFCO law requires a city and county to meet prior to the city going to LAFCO for a new or updated sphere. The meeting gives the city and county a chance to discuss the boundaries of the sphere and to try to negotiate an agreement on zoning requirements and development standards within the proposed sphere. If the city and county reach an agreement, the LAFCO must give great weight to that agreement when it considers the city's new sphere of influence. If they do not reach an agreement, the LAFCO considers the sphere update as it normally would pursuant to LAFCO law and the adopted policies of the commission.

Under current law, the city/county meeting requirement sunsets on January 1, 2008. This bill deletes the sunset so that the meeting requirement can remain in law in perpetuity. The meeting requirement promotes dialogue and offers the opportunity for a more collaborative approach to future growth. If the city and county reach an agreement on development standards within the city's sphere, this can mean less contentious annexations in the future. According to the California Association of Local Agency Formation Commissions, the vast majority of the state's LAFCOs report positive results from the city/county meeting requirement and feel strongly about the importance of retaining the requirement in law. They believe that the meetings between cities and counties often result in better sphere of influence applications. For LAFCOs, the meeting requirement is an important tool to be retained in their toolbox to assist them in their mission of promoting orderly development.

SENATE COMMITTEE ON LOCAL GOVERNMENT
Senator María Elena Durazo, Chair
2023 - 2024 Regular

Bill No:	SCR 163	**Hearing Date:**	7/3/24
Author:	Cortese	**Fiscal:**	No
Version:	6/26/24	**Consultant:**	Favorini-Csorba

LOCAL AGENCY FORMATION COMMISSIONS

Reaffirms the role of Local Agency Formation Commissions (LAFCOs) in ensuring orderly growth and efficient service delivery.

Background

The Legislature has the authority to create, dissolve, or otherwise modify the boundaries and services of local governments. Beginning in 1963, the Legislature delegated the ongoing responsibility to control the boundaries of cities, county service areas, and most special districts to local agency formation commissions (LAFCOs) in each county. Subsequent legislation has modified the responsibilities and authority of LAFCOs, including a major revision of the LAFCO statutes in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (AB 2838, Hertzberg). The Cortese-Knox-Hertzberg Act emphasizes the state's policy to encourage orderly growth and development, as well as efficient and effective delivery of governmental services by the local agencies that can best provide them.

Each LAFCO is governed by a commission comprising local elected officials and one or two members of the public. With a few exceptions, every commission has either five or seven members: two members of the county board of supervisors, two members of city councils from cities within the county, and one member of the public, as well as two members of special district boards in the 32 counties where special districts have elected to be represented on LAFCOs. State law prescribes greater numbers of local officials to sit on the LAFCOs in Los Angeles, San Diego, and Kern counties, and counties with no cities—Alpine, Mariposa, and Trinity—have three members of the board of supervisors and two public members.

Setting local government boundaries. The courts often refer to LAFCOs as the Legislature's watchdog over boundary changes. Cities and special districts—which includes county service areas (CSAs) that are formed to provide a higher level of service to particular areas within a county—can only exercise their powers and provide services where LAFCO allows them to. LAFCOs must approve:

- Incorporations of new cities;
- Formation of new special districts;
- Annexations or detachments of territory by a city or special district;
- Exercise of a new power by a special district (latent power);
- Consolidations or mergers of special districts;
- Dissolution of special districts and disincorporation of cities;
- A combination of the above; and
- Extension of services outside of a city or special district's jurisdictional boundary.

LAFCOs' boundary decisions must be consistent with spheres of influence that LAFCOs adopt to show the future boundaries and service areas of the cities and special districts. Before LAFCOs can adopt their spheres of influence, they must conduct a "municipal service review" (MSR) to inform their decisions. When conducting an MSR, a LAFCO must comprehensively review all of the agencies that provide services within an area designated by the LAFCO. MSRs must analyze and make determinations about specified topics. An MSR may also assess various alternatives for improving efficiency and affordability of infrastructure and services in the area in and around a sphere of influence. Because spheres must be reviewed every five years, MSRs must also be conducted on that schedule. LAFCO law also allows LAFCOs to perform special studies of existing government agencies to determine their maximum service area and service capacities.

Procedures for boundary changes. Most boundary changes begin when a city or special district applies to LAFCO, or when registered voters or landowners file petitions with a LAFCO. In 1993, the Legislature allowed LAFCO to initiate some special district boundary changes: consolidations, dissolutions, mergers, subsidiary districts, or reorganizations (AB 1335, Gotch). Boundary changes, including dissolutions, require four (sometimes five) steps:

- First, there must be a completed application to LAFCO, including a petition or resolution, an environmental review document, an agreement on how property taxes will be transferred, and a plan for services that describes what services will be provided at what level and how those services will be financed.
- Second, LAFCO must hold a noticed public hearing, take testimony, and may approve the proposed reorganization. The LAFCO may impose terms and conditions that spell out what happens to the assets and liabilities of affected local agencies. If LAFCO disapproves, the proposed reorganization stops.
- Third, LAFCO must hold another public hearing to count written protests in order to determine whether an election is needed, as described below. In nearly all cases, if a majority of voters or landowners protest, the reorganization stops.
- Fourth, if an election is required, it occurs among the affected voters, requiring majority voter approval.
- Finally, LAFCO files formal documents to complete the reorganization.

If the LAFCO initiates the boundary change, it must also determine that the costs of the proposal are likely to be less than or substantially similar to the costs of an alternative means of providing the service, and that the boundary change promotes public access and accountability.

California Forever and the East Solano Plan. California Forever (CA Forever), a development group backed by a group of venture capitalists, has spent around $900 million to buy 62,000 acres of farmland in Solano County since 2017. Its goal is build a new community on these lands to attract an initial 50,000 residents, which could grow up to 400,000, doubling the county's population.

To build out what the group calls its East Solano Plan, CA Forever submitted an initiative to voters in Solano County to approve the plan. The initiative will be considered by voters at the November 2024 election. The East Solano plan includes proposals for various community benefits, including creation of specified numbers of jobs above average wages for the county, construction of a sports facility, expenditure on homebuyer assistance programs, and others. In

exchange, the initiative proposes to amend to the Solano County General Plan and County Code, which would:

- Authorize construction of a "New Community" on 17,500 acres in east Solano County. The initiative would designate the New Community as a Special Purpose Area – Specific Project Area, which means the type, location, and density of development in these areas is prescribed in a specific plan. This land is currently designated as agricultural or special purpose area.
- Condition going above 50,000 residents on satisfying the commitment to support a certain number of jobs.
- Provide the New Community must provide all municipal services, and is not required to obtain municipal services from existing service provider, and is not subject to municipal service area provisions of the general plan.
- Create the Travis Security Zone by doubling the size of the existing Travis Reserve Area, and allows this land to be used for more purposes, such as solar farms (if Air Force approves).
- Create the Rio Vista Parkland.
- Outline specific design standards for the New Community area.
- Require the county to review all projects in New Community ministerially, and require the county to review other planning documents within specified timelines.
- Require the county to make efforts to expedite California Environmental Quality Act (CEQA) review.

There are questions surrounding the governance structure of the proposed new community, including whether it would be a new city, or be served by the county, perhaps through a county service area (CSA), or be served by one or more special districts. The author wants to raise awareness of LAFCO's role in ensuring he state grows responsibly.

Proposed Law

Senate Concurrent Resolution 163:

- Reaffirms the policy of the state to encourage orderly growth and development, with a preference granted to accommodating growth within or through the expansion of the boundaries of those local agencies;
- Recognizes the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services;
- Describes the authority and history of LAFCOs;
- States that corporate interests bypassing the normal planning process by quietly purchasing tens of thousands of acres of farmland with the intent of creating an urban area is contrary to the above precedents; and
- Makes other related findings and declarations.

Comments

1. Purpose of the bill. According to the author, "Local Agency Formation Commissions (LAFCOs) have been responsible for orderly growth in California for over half a century.

Unfortunately, in some cases, corporate interests are attempting to undermine orderly growth and usurp resources by assembling tens of thousands of acres of farmland and water rights with the intent of promoting mass urbanization and displacement and the monopolization of precious farmland and resources. In light of this situation, I introduced SCR 163, which reaffirms the sole authority of the statutory authority of LAFCOS for the initiation, conduct, and approval of changes of organization and reorganization for cities and districts.

2. Why now? By and large, the authority of LAFCOs to regulate boundaries of cities and special districts is relatively unquestioned. The Legislature created LAFCOs and gave them the power to change boundaries based on the principal that local officials and a local LAFCO process can better reflect the needs of the community. From time to time, however, state legislation overrides specific LAFCO determinations or requires LAFCOs to take actions they wouldn't on their own. SCR 163 reaffirms the sole authority of LAFCOs to initiate, conduct, and complete changes of organization and reorganization for cities and districts, and refers to certain interests purchasing agricultural land for urbanization outside of existing city boundaries. CA Forever's East Solano Plan is proposed for development on agricultural land in unincorporated Solano County, and if voters approve the initiative in November, then the East Solano Plan will receive its necessary land use approvals. However, if the East Solano Plan entails residents of a new community receiving services from a new CSA, a new or existing special district, or a new city, LAFCO will have the final say. In that way, SCR 163 doesn't change anything about what would be required of the East Solano Plan. However, if there are other concerns about the process the East Solano Plan is using to gain its land use approvals or other approvals that may be needed along the way, additional legislation may be needed.

Support and Opposition (6/28/24)

Support: CA Association of Local Agency Formation Commissions

Opposition: None submitted.

-- END --

GUIDELINES FOR ESTABLISHING SPHERES OF INFLUENCE IN SOLANO COUNTY

Adopted by the Local Agency Formation Commission December 4, 1972.
Amended by the Local Agency Formation Commission February 5, 1973.
Amended by the Local Agency Formation Commission April 8, 2013.

I. BACKGROUND:

The requirement for establishment of the spheres of influence is quoted from the California Government Code Section 56425.

"In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city and each special district, as defined by Section 56036 within the county and enact policies designed to promote the logical and orderly development of areas within the sphere."

Government Code Section 56076 defines a sphere of influence as "a plan for the probable physical boundaries and service area of a local agency as determined by the commission."

In determining the sphere of influence of each local governmental agency the commission shall consider:

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 service in the area.

3) The present capacity of public facilities and adequacy of public services that 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) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The commission shall, as necessary, review and update each sphere of influence every five years. The review and update shall be made to ensure a current sphere is in place to process a proposed change of organization. In some cases it may be necessary to update a sphere more frequently than every five years.

The spheres of influence shall be used by the commission as a basis for regular decisions on proposals over which it has jurisdiction. The commission may recommend governmental reorganizations to particular agencies in the county using spheres of influence as the basis for such recommendations. Such recommendations shall be made available, upon request, to other governmental agencies or to the public.

II. GOALS:

Local agencies should be so constituted and organized as to best provide:

1. For the social and economic needs of all county residents.
2. Efficient governmental services for orderly land use development.
3. Controls required to conserve environmental resources. The public interest shall be served by considering "resource" in a broad sense to include ecological factors such as: open space, wildlife and agricultural productivity in addition to the commonly accepted elements of land, water, and air.
4. Prime agricultural, park, recreation, and lands of extraordinary beauty should be retained for these purposes.

III. GENERAL POLICIES:

A. Once established, a sphere of influence shall be a declaration of a policy which shall be a primary guide to the commission in the determination of any proposal concerning cities and special districts, and territory adjacent thereto. Any such sphere of influence may be amended from time to time and its application in any particular case shall depend upon its applicability under the precise facts of each particular case.

   In addition, spheres of influence could be used by LAFCO to establish special zones in order to retain: prime agricultural areas, park and recreation areas, and other open space areas for these purposes. These zones can be termed sphere exclusion areas.

B. Urban development should occur within cities. As a matter of general policy, whenever the services desired are of municipal or urban type and can be supplied by annexation to an existing city, annexation to that city shall be considered the most favorable method of obtaining the service.

C. Annexation to an adjacent city will be favored over a proposal for providing urban services by special districts. Annexations to existing special districts will be approved only when by reason of: terrain, distance, or lack of community interest, annexation to an existing city is impractical and/or when the urban-type services provided by an existing district are needed and annexation to that district is the most economical and practical method of obtaining the services.

D. Annexation to an existing agency will be favored over a proposal for forming a new agency to provide the same services.

E. Spheres may be amended or updated. An amendment is considered a small adjustment to the sphere, typically 40 acres or less. An update, which is required every five years, is a major review of the sphere which could add or remove areas of the present sphere.

F. LAFCO discourages inclusion of land in an agency's SOI if a need for services provided by that agency within a 5-20 year period cannot be demonstrated. To demonstrate that a proposed SOI amendment is timely, an applicant should indicate expected absorption and development rates for land already in the SOI, as well as land proposed to be added.

IV. GUIDELINES FOR SPHERES OF INFLUENCE:

A. Sphere Of Influence Boundaries:

Sphere of influence boundaries, as used in Solano County, are boundaries adopted by the Local Agency Formation Commission which delineate limits of probable future growth within the next 20 years as reflected in the General Plans of the various Cities and the County. It is not necessarily implied that all lands within a sphere of influence boundary will be eventually annexed.

B. Areas of Concern:

LAFCO may, at its discretion, designate a geographic area beyond the sphere of influence as an Area of Concern to any local agency.

a) An Area of Concern is a geographic area beyond the sphere of influence in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon another local agency (the "Concerned Agency"). For example, approval of a housing project developed to urban densities on septic tanks outside the city limits of a city and its sphere of influence may result in the city being forced subsequently to extend sewer services to the area to deal with septic failures and improve city roads that provide access to the development. The city in such a situation would be the Concerned Agency with appropriate reason to request special consideration from the Acting Agency in considering projects adjacent to the city.

b) When LAFCO receives a notice of a proposal from another agency relating to the Area of Concern, LAFCO will notify the Concerned Agency and will give great weight to its comments.

c) LAFCO will encourage Acting and Concerned Agencies to establish Joint Powers Agreements or other commitments as appropriate.

C. Zero Spheres:

The Commission may adopt a "zero" sphere of influence (encompassing no territory) for an agency when the Commission has determined that the public service functions of the agency are either: nonexistent, no longer needed, or should be reallocated to some

other agency of government. Adoption of a “zero” sphere indicates the agency should ultimately be dissolved. The Commission may initiate dissolution of an agency when it deems such action appropriate.

D. Urban Service Areas:

Urban Service Areas consist of existing urban developed areas and vacant and agricultural land either incorporated or unincorporated, within a city's sphere of influence, which are now served by existing urban facilities, utilities and services or are proposed to be served by urban facilities, utilities and services within the next five to 20 years. The boundary around these urban areas will be called "Urban Service Area Boundary". Urban Service Areas may be divided into two categories:

1. Urbanized Areas:

   This includes all urbanized areas that are now part of the city. It also includes urbanized areas that are presently unincorporated that are within the city's "Urban Service Area Boundary".

2. Near Term Sphere (Urban Expansion Areas):

   The Near Term Sphere consists of unincorporated territory served by utilities or public facilities now existing or expected to be provided in the next five years. The Near Term Sphere area is likely to be annexed prior to the next sphere review or update.

3. Long Term Sphere (Urban Transition Areas):

   The Long Term Sphere areas consists of unincorporated territory adjacent to Urban Service Areas that will most likely receive services and annexed within approximately 5 to 20 years; however, some of this land may be placed in the open space category as the need arises.

E. Urban Open Space Areas:

Urban Open Space Areas include land within Urban Service Areas which have a value for parks and recreation purposes, conservation of land and other natural resources, historic or scenic purposes. This includes publicly-owned lands such as: parks, utility corridors, water areas, and flood control channels. It could also include certain privately-owned lands upon which development should be prohibited for reasons of public health, safety and welfare, such as landslide areas, earthquake hazard areas, and airport flight path zones.

F. Non-Urban/Open Space Areas:

Non-Urban Open Space Areas include land which has value for parks and recreation purposes, conservation of land and other natural resources, historic or scenic purposes, or agriculture. It is divided into two broad categories, long term and permanent.

1. Long Term Open Space:

   This category would include both lands which may be suitable for urbanization but which will not be needed for development for at least 20 years, and lands which may eventually become permanent open space but which are not classified as such at the present time. It may include undeveloped, privately-owned land which is virtually precluded from development in the long-term future due to lack of highway access and/or year round water supply. It could also include land that should be retained in its present state because its use as a managed resource contributes to the well-being of the general community such as: agriculture and grazing lands, or watershed and ground water recharge areas, or mineral extraction areas. It might also include some large estate areas that may be retained for their scenic, historic, or cultural values. Isolated institutional, research, and testing areas could be included.

2. Permanent Open Space:

   This category would include publicly owned lands which should remain undeveloped including parks, utility corridors, water areas, and flood channels. It should also include lands upon which development is to be permanently prohibited for reasons of public health, welfare, and safety; more specifically to meet such needs as: the aesthetic and psychological needs of an urban population for open space; the requirements for an adequate air basin, water shed, and ground water recharge areas for the maintenance of adequate air and water quality; the maintenance of acceptable noise levels; the consideration of public safety with regard to landslide, earthquake, fire hazard, flooding, air flight areas; and the maintenance of an ecological balance.

SOLANO
LOCAL AGENCY FORMATION COMMISSION

STANDARDS AND PROCEDURES, GLOSSARY OF TERMS, FEES AND FORMS, MEETING SCHEDULE And MAP AND DESCRIPTION REQUIREMENTS

Adopted by the Solano Local Agency Formation Commission
March 1, 1999

Amended by the Solano Local Agency Formation Commission:
December 11, 2000, March 3, 2003, November 10, 2008, December 8, 2008,
June 11, 2012, August 13, 2012, April 8, 2013, June 10, 2019

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SECTION I. INTRODUCTION

BACKGROUND

The Solano Local Agency Formation Commission (LAFCO) is a state mandated boundary commission responsible for coordinating logical and timely changes in local government boundaries. The Commission, in the consideration of proposals, has to observe four basic statutory purposes: the discouragement of urban sprawl; the preservation of open space and prime agricultural land resources; the efficient provision of government services; and the encouragement of orderly growth boundaries based upon local conditions and circumstances.

LAFCO's powers, procedures, and functions are set forth in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, (Government Code Section 56000 et seq.).

THE COMMISSION

Solano LAFCO consists of five voting members selected as follows: two members of the City Councils, who are chosen by the mayors of all cities in the County; two members of the Board of Supervisors, who are chosen by the entire Board; and a member representing the general public, who is selected by the other four LAFCO members. In addition, there are alternate city, county, and public members who vote whenever a regular member is absent or disqualified.

The Commission meetings are typically held on the second Monday of February, April, June, August, October, and December at 10:00 a.m. in the Board of Supervisors' Chambers, Government Center, 675 Texas Street, Fairfield, CA. If a holiday should fall on the second Monday of a month, the meeting is held on the following non-holiday Monday.

CHANGES OF ORGANIZATION AND REORGANIZATION

It is the role of LAFCO to either: approve, approve with conditions or deny proposals for changes of organization or reorganization after considering a number of factors. Among the issues to be considered are: The Legislature's policies and priorities for LAFCO, the proposal's relationship to the affected agency's Sphere of Influence; the application's compliance with the California Environmental Quality Act (CEQA); and the submitted responses to Solano LAFCO's Standards.

A change of organization includes any one of the following actions:

1) A city incorporation.
2) A district formation.
3) An annexation to or detachment from a city or district.
4) A disincorporation of a city.
5) A district dissolution.
6) A consolidation of cities or special districts
7) A merger or establishment of a subsidiary district
8) A reorganization which includes two (2) or more changes of organization initiated in a single proposal.

SPHERES OF INFLUENCE

Spheres of Influence are required to be established by LAFCO for each city and special district which must come before the Commission for boundary changes. A Sphere of Influence means "a plan for the probable physical boundary and service area of a local government agency, as determined by the Commission" (56076). Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. An annexation proposal must be within the affected agency's Sphere of Influence in order for LAFCO to act favorably on the application. LAFCO must undertake a review and update, as necessary, of spheres of influence, no less than once every 5 years, and prepare written statements of determinations when adopting spheres.

SERVICE REVIEWS

In order to prepare and update spheres of influence, the commission must conduct a service review of municipal services provided in the county or other appropriate area as designated by the commission. The commission shall prepare a written statement of its determination with respect to each of the following:

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

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Each proposal for a change of organization or reorganization must be reviewed to ensure that it complies with the requirements of CEQA. This involves the preparation of an environmental document which is normally processed by the annexing agency in advance of LAFCO consideration (see discussion in Chapter IV Pre-application considerations).

SECTION II. PURPOSE AND INTENT

The Cortese-Knox-Hertzberg Act Authorizes LAFCO to adopt written procedures for the evaluation of proposals, including definitions consistent with existing State laws. The Commission may adopt standards for any of the factors enumerated in Section 56668, [see Section VI of this manual]. Any Standards adopted by the Commission shall be written. (Section 56375 (g))

This report provides both general and specific standards in meeting the requirements of the Cortese-Knox-Hertzberg Act, and in assuring a rational and consistent process of review by the Solano LAFCO which can be applied to all proposals for reorganization or change of organization within Solano County.

Standards have been developed in light of varying conditions of land use policy among the agencies of the County in recognition that decisions by LAFCO will be judgmental—based on the facts in evidence as they relate to these standards and procedures. No standard can be universally absolute with respect to a given proposal, for the facts and circumstances will necessarily differ among communities and annexation requests. The standards reflect the many circumstances which can affect the process, leaving final decision to objective analysis based on the evidence submitted as a whole in support or in opposition in a given case.

FORMAT AND CONTENT

Chapter III presents an outline of the LAFCO decision making process. The standards are then presented in Chapter IV, with a description of the circumstances which may come into play in reaching a decision. Chapter V presents the requirements for adopting Municipal Service Reviews. Chapter VI sets forth the primary requirements of the Cortese-Knox Act and the factors to be considered under Section 56668.

USE AND APPLICATION OF THE STANDARDS

The Standards adopted by LAFCO are to be seen as guidelines against which to measure that appropriateness and correctness of a proposal. Some Standards are quantitative in that specific information and minimum submittal requirements are stipulated. Other standards are qualitative and require specific documentation by the applicant.

The concept of adopting standards implies an assessment of a proposal to determine conformity. Each standard must have sufficient clarity and specific so that compliance can be determined with a degree of certainty and reasonableness. And yet, it is not possible or desirable in issues as complex as land use planning and annexation to have standards that are literally absolute; flexibility must be retained if only because no two proposals are alike.

One of the objects of the LAFCO, according to the Cortese-Knox Hertzberg Act, is to make studies and to obtain and furnish information which will contribute to the “logical and reasonable” development of local government. This implies and analytical process that weighs the merits of each proposal on an individual basis. Indeed, the legislative purpose of Cortese-Knox Hertzberg was to vest the LAFCO with substantial “authority and discretion” to review proposals in keeping with specific public purposes. The standards, then, must encourage independent judgment by LAFCO based on a reasoned analysis of required documentation.

For each proposal the LAFCO staff should determine the completeness of the application and provide analysis and recommendation as to the compliance of the proposal with each Standard. For most proposals of a smaller nature, compliance with the Standards will be obvious. For larger projects, including those which are to be phased over a several-year period, full compliance with each Standard may not be as obvious. For example, a project may lead to the conversion of prime agricultural land to urban use; if, however, guiding development away from prime agricultural lands should not promote the planned, orderly, efficient development of the area, such conversion could be approved.

In another instance, a full range of services may not be available based on "will serve" letters from affected agencies. LAFCO, based on its discretion and on analysis of additional information, could determine that adequate alternative services can or will be made available.

In the final analysis, the reasoned judgment of LAFCO will be required to determine compliance with each standard. In deciding on annexation proposals, LAFCO shall make determinations on the degree of compliance or non-compliance for each Standard citing facts to support each determination. Six of the Standards (numbers 1- 6) are mandatory; LAFCO must make determinations of full compliance with the mandatory Standards to approve a proposal. The other five standards (numbers 7- 11) are discretionary; LAFCO may make determinations of less than full compliance with one or more of the discretionary standards and still have the discretion to approve or deny a proposal. In the final analysis, the determinations under each discretionary standard must be weighted against each other and that when taken as a whole, the proposal must meet the purpose and intent of LAFCO in providing for planned, orderly and efficient patterns of urban development. Therefore, in the event that determinations of less than full compliance have been made on one or more of the discretionary Standards, LAFCO must make specific findings of fact identifying overriding considerations that justify the decision to approve the proposal.

SECTION III. THE LAFCO DECISION MAKING PROCESS

This chapter provides a brief description of the LAFCO decision making process in considering proposals for changes of organization or reorganization.

PRE-APPLICATION CONSIDERATION

Prior to formal submittal of an application to LAFCO, the applicant should first consult with the appropriate city and/or districts that will be affected by the proposal. The purpose of this early consultation is to establish the affected agencies interest in the proposal. Secondly, in those applications proposing annexation, it provides the affected agency the opportunity to prepare environmental documentation associated with pre-approvals. (see Section IV, Standard No. 5). In most instances, the environmental document used for the agency's consideration of the proposal will also be used by LAFCO in its hearing on the application. Accordingly, an applicant and the affected agency should ensure that those issues pertinent to LAFCO's action are discussed in the environmental document. In addition, it is suggested that a proponent consult with LAFCO staff in the early stages of the consideration of a proposal. This is to ensure that the process and application requirements are clearly understood and to establish a line of communication to facilitate the processing of the application.

APPLICATION PROCESS

An application for a change of organization or reorganization may be initiated either by:

1) Resolution and application adopted by the legislative body of any affected local agency (Section 56654(a)).

2) A petition and application of either landowners or registered voters within the affected territory (Section 56700).

An application to LAFCO would include the following basic components

1) A petition or resolution and application for proceedings.
2) A map and legal description of the affected territory
3) Response to Solano LAFCO standards with supporting documentation
4) Application processing fee.

Extensive discussion on the Solano LAFCO Standards and the required documentation is provided in Chapter V.

Upon submittal of an application to LAFCO, the Executive Officer reviews the application to determine if the application is complete. If the application is determined not to be complete, the Executive Officer informs the applicant of the additional necessary material needed to complete the application. The Executive Officer must also determine what environmental documents may be necessary to process the application (See Chapter V, Standard No. 6). After the application is accepted as complete, a Certificate of Filing is issued and the application is scheduled for hearing before the Commission.

The Executive Officer notifies affected agencies of the pending application; reviews the application and prepares a staff report for the Commission based on the provision of the Cortese/Knox Hertzberg Act and the Standards set forth in Section IV.

LAFCO PUBLIC HEARING AND DECISION

The Commission conducts a public hearing on the application during which the applicant, affected agencies, and public may testify. The Commission may amend an application's proposed boundaries and/or recommended conditions, and may either deny, approve, or approve with conditions the application.

After the Commission's action, any person may file a Request for Reconsideration within thirty (30) days. The Commission may approve or deny with or without conditions the Request for Reconsideration after the required public notice and hearing. In the case of denial, an application substantially similar to the original proposed change of organization or reorganization can not be made to LAFCO for a period of one year.

CONDUCTING AUTHORITY PROCEEDINGS

The Commission, in most cases, becomes the conducting authority for the protest hearing after approval of an application. Within 35 days of the adoption of the commission's resolution making determinations, and following the 30 day reconsideration period, the executive officer shall set the proposal for hearing and give proper notice. The date of the protest hearing will be no less then 15 days, or more than 60 days, after the date the notice is given. (Section 57002) If the Commission receives no objection from land owners and registered voters and gains consent from the affected agencies the Commission may choose to waive the protest hearing. (Section 56663)

FINAL LAFCO ACTIONS

If a proposal has not been terminated or brought to an election through the protest hearing phase and unless otherwise conditioned by the Commission, the effective date of the change or organization or reorganization is the date the Certificate of Completion is recorded.

SECTION IV. STANDARD AND PROCEDURES FOR THE EVALUATION OF PROPOSALS FOR CHANGES OF ORGANIZATION OR REORGANIZATION

MANDATORY STANDARDS

STANDARD NO. 1: CONSISTENCY WITH SPHERE OF INFLUENCE (SOI) BOUNDARIES

An area proposed for change of organization or reorganization shall be within the affected agency's Sphere of Influence. An application for change of organization or reorganization for lands outside an adopted Sphere of Influence may be considered concurrently with a request for amendment to the Sphere of Influence, at LAFCO's discretion.

Explanation and Discussion

A finding of consistency with adopted Sphere of Influence (SOI) boundaries becomes the first test in evaluating an annexation proposal. Section 56375.5 of the Government Code requires a determination by LAFCO regarding the proposal's consistency with the Spheres of Influence of the affected local agency. In most cases, location within or outside the boundary will determine whether the application should be approved.

The SOI concept provides a rational basis for a determination whether a given agency has the most appropriate interest in providing governmental services to territory in proximity to its boundaries. The SOI boundary is not necessarily intended by law to be coterminous with the area which a given agency may eventually annex and serve. Rather, it should refer to the area which most directly involves the interest of the agency as to future urbanization, the management of resources of concern to the agency, or land use proposals of an essentially non-urban character considered by the County.

LAFCO has adopted separate Guidelines for establishing and amending SOI's. Generally, LAFCO reviews and updates agency SOI's upon completion of city or county general plan updates or amendments separate from specific proposals for change of organization or reorganization. LAFCO retains the discretion as to whether SOI boundary amendments may be heard concurrently with change of organization or reorganization proposals. Minor amendments which have not resulted from general plan amendments may be heard concurrently. LAFCO staff shall advise the Commission at least 60 days in advance of request for such a concurrent hearing; at that time, LAFCO shall make a decision as to the appropriateness of a concurrent hearing.

Required Documentation

This Standard requires that the applicant shall demonstrate that the affected territory is within the Sphere of Influence of the affected agency. This is to be shown on the required mapping submittal in response to Standard No. 7. Sphere of Influence boundary information is available from the affected agency or LAFCO Staff.

STANDARD NO. 2: CHANGE OF ORGANIZATION AND REORGANIZATION TO THE LIMITS OF THE SPHERE OF INFLUENCE (SOI) BOUNDARIES

Annexation to the limits of the SOI boundary shall not be allowed if the proposal includes land designated for open space use by the affected city's general plan for city change of organization or reorganization or County General Plan for district change or organizations or reorganization unless such open space logically relates to existing or future needs of the agency. Open space uses which may be located within agency limits include but are not limited to community and city-wide parks, recreational facilities, permanently protected open space lands, reservoirs, and storm water detention basins.

Explanation and Discussion

The annexation of land by agencies out to their SOI boundaries may be justified under certain circumstances. However, the Sphere of Influence is not necessarily an entitlement to expand jurisdictional limits all the way to the SOI boundary.

In Solano County, cities in conjunction with the County and land trusts have taken on a more active role in permanently protecting open space buffers or green belts around their communities. LAFCO has recognized these efforts in designating "urban open space" lands as part of their SOI. These lands are not intended to be annexed to a city unless the city demonstrates how the open space area is to be protected and maintain by the city and/or other conservation agency as permanent open space or public use.

For the purposes of this Standard, open space is defined as open space per section 56059 of the Cortese-Knox-Hertzberg Act and/or improved recreation lands on adopted plans; it does not include common open space within subdivisions or vacant lands planned for urbanization.

Required Documentation

This Standard applies to any application for annexation that extends to the limits of the SOI boundary and contains lands designated for open space use under the applicable general plan. In such cases, the application shall include an analysis, justification, and/or appropriate mapping demonstration that the open-space lands relate to specific needs of the annexation agency or is an integral part of the project's design. This standard will generally not be applicable to district change or organization or reorganization unless it will result in the conversion or open space lands to urban use.

Proposals which contain lands designated as urban open space to be permanently protected must be accompanied by documentation demonstration how the lands will be permanently protected by the affected agency and/or other conservation agencies.

STANDARD NO. 3: CONSISTENCY WITH APPROPRIATE CITY GENERAL PLAN, SPECIFIC PLAN, AREA-WIDE PLAN AND ZONING ORDINANCE

An application for a city change of organization or reorganization which involves the conversion of open space lands to urban use shall be denied by LAFCO if the proposed conversion is not consistent with appropriate city plans (general plans, specific plans, area-wide plans and associated zoning ordinance). The determination of consistency shall be the responsibility of the affected agency, and shall be met by a resolution approved by the agency council certifying that the proposed change of organization or reorganization meets all applicable consistency requirements of State Law, including internal consistency between the agency's adopted plans and the zoning ordinance. In the event that plan consistency is contested, LAFCO shall retain the discretion to determine the consistency question and may require additional environmental information.

Required Documentation

This standard requires that the applicant submit copies of the resolution approved by the city council of an affected city which certifies that the proposed change of organization or reorganization is consistent with the agency's general plan or specific plans, area-wide plans and zoning ordinance.

STANDARD NO. 4: CONSISTENCY WITH THE COUNTY GENERAL PLAN OF PROPOSED CHANGE OF ORGANIZATION OR REORGANIZATION OUTSIDE OF A CITY'S SPHERE OF INFLUENCE BOUNDARY

An application for a change of organization or reorganization for lands outside an adopted city Sphere of Influence boundary in unincorporated territory shall be denied by LAFCO if the land use proposed within the affected territory is not consistent with the Solano County General Plan and Zoning Ordinance. A determination of consistency shall be the responsibility of the County, and shall be met by a resolution of the Board of Supervisors certifying that the proposed change or organization or reorganization meets all applicable consistency requirements of State Law, including internal consistency between the County's General Plan and Zoning Ordinance. This Standard shall also be made to apply to proposals for the formation or the incorporation of new agencies within unincorporated territory which lies outside adopted city Sphere of Influence boundaries.

Explanation and Discussion

This Standard is necessary to eliminate potential conflict posed by an agency change of organization or reorganization which is inconsistent with the County General Plan and to provide assurance of General Plan and zoning consistency of proposals for expanding or creating new development areas outside adopted Sphere of Influences.

There no longer is a requirement in State Planning Law that agency and county general plan policies for areas within a city's Sphere of Influence be consistent. Where conflicts exist between an agency and the County, sound planning practices suggest that the agency and County resolve their differences so that the general public is not confused.

Required Documentation

This standard requires that for district changes of organization or reorganizations in unincorporated territory outside cities' Sphere of Influence, the applicant submit copies of the resolution approved by the Board of Supervisors which certifies that the proposed change of organization or reorganization is consistent with the Solano County General Plan and Zoning Regulations.

STANDARD NO. 5: REQUIREMENT FOR PRE-APPROVAL

Prior to approval by LAFCO of a city change or organization or reorganization, the affected agency shall have approved, a specific plan, pre-zoning or an equivalent providing similar detail of information on the proposed land use for the affected territory and where the change of organization or reorganization process is clearly described. Prior to approval by LAFCO of a district change of organization or reorganization, the affected agency shall pass a resolution supporting the proposal.

Explanation and Discussion

Government Code Section 56375(a)(6) prohibits LAFCO from imposing "any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements." Section 56375(a) (7), however, does require prezoning as a method to determine future land use, and consequently, to gauge the change of organization or reorganization's impact on service delivery and conversion of open space lands and agency support for the proposal. LAFCO, however, may not specify how or in what manner territory shall be prezoned.

A District change of organization or reorganization does not require pre-zoning. Pre-approval of the proposal shall be demonstrated in a resolution supporting the change of organization or reorganization from the affected agency governing board or a letter of support from the chief administrative officer of the affected agency.

Required Documentation

This standard requires that an application for a city change of organization or reorganization shall be accompanied by copies of the agency's ordinance prezoning the affected territory or a copy of a specific plan or equivalent and resolution of adoption. Applications for district change of organization or reorganization shall be accompanied by a copy of agency's resolution supporting the proposal.

STANDARD NO. 6: EFFECT ON NATURAL RESOURCES

An application for annexation shall describe the amount of land involved, and the land, water, air, and biological resources affected, including topography, slope, geology, soils, natural drainages, vegetative cover, and plant and animal populations. Effects to be covered include those which will be both positive and negative and the means proposed to offset potential negative impact. LAFCO shall certify that provisions of the Solano LAFCO Environmental Guidelines for the Implementation of the California Environmental Quality Act have been complied with.

Explanation and Discussion

This Standard may already be reflected in studies provided as part of a city's adoption of a General Plan and is akin to the analysis of impacts and mitigation measures which ordinarily are revealed in an environmental assessment or environmental impact report.

The State of California Local Guidelines for Implementing the California Environmental Quality Act as currently amended has been adopted by Solano LAFCO Resolution and incorporated by reference as the Solano LAFCO Environmental Guidelines.

Required Documentation

This Standard requires that the applicant submit copies of the environmental documentation adopted or certified by the lead agency and copies of the resolution making the required environmental findings, adopting the Negative Declaration or Certifying the EIR, and making any Statement of Overriding Considerations.

STANDARD NO. 7: ESTABLISHING PROPOSAL BOUNDARIES, MAP AND GEOGRAPHIC DESCRIPTION REQUIREMENTS, OTHER REQUIRED MAP EXHIBITS

Explanation and Discussion

This Standard sets forth guidelines for establishing the boundaries of proposals. The Legislature has delegated the authority to determine the boundary of any proposal to local LAFCOs. The purpose of this Standard is to assure planned, orderly, and efficient patterns of urban growth by when possible, avoid: annexing or detaching portions of parcels, avoid conditions that would make the annexation of adjacent parcels difficult at a later date, and avoid excluding parcels that are necessary to promote efficient patterns of urban growth. Inconsistencies with any of these requirements need to be thoroughly explained and justified.

ESTABLISHING PROPOSAL BOUNDARIES

City Proposals:

Solano LAFCO shall consider the following as factors favorable to approval of a city change of organization or reorganization:

A. The proposal would not: create islands, irregular, or illogical configuration of city limits.

1) Whether unincorporated territory is an "island," or "entire island," or "entire unincorporated island," or "part of a larger island," or "surrounded," or "substantially surrounded," or "irregular," or "illogical configuration" are determinations to be made by the Commission on a case by case basis, based on the evidence before it at the time those determinations are made.

2) A small island of unincorporated territory that is connected to and an integral or essential part of a large unincorporated island is not an entire island and may not be annexed to a city without a protest proceeding under Government Code section 56375.3(a).

3) A small island of unincorporated territory that is connected to, but not an integral or essential part of a large island, may be determined by the Commission to be an entire island or an entire unincorporated island under Government Code section 56375.3(b).

B. Cities shall annex entire street sections whenever possible. "Half-width" streets where the city boundary is located on the centerline of the thoroughfare area are not permitted.

1) When streets are used as a boundary for an annexation, the annexation proposal shall be designed to include a continuous section of roadway as far as possible and sufficient in length to provide single-agency jurisdiction for maintenance and law enforcement of the street.

2) When a proposal is adjacent to existing short segments of county road(s), annexation of said short segments will be required to provide single-agency jurisdiction for maintenance and law enforcement of the street.

C. Other favorable factors for city annexations:

1) The proposal is consistent with development approvals required under Standard No. 5.

2) The area will be urban within ten years consistent with the provisions under Standard No. 8.

3) The proposal area is adjacent to the city's boundary, within the city's sphere of influence, and adjacent to existing municipal services resulting in a logical extension of city growth.

District Proposals:

Solano LAFCO shall consider the following as factors favorable to approval of a district change of organization or reorganization:

A. The proposal would not create irregular or illogical configuration of existing district(s) boundaries.

B. The proposal considers the effect on adjacent incorporated and/or unincorporated communities of interest.

C. The proposal considers and identifies the financial effects to the subject agency(ies).[1]

MAP AND GEOGRAPHIC DESCRIPTION REQUIREMENTS:

LAFCO requires a sound boundary description that is acceptable to the Solano County Surveyor and the California State Board of Equalization. The map and geographic description of the proposal area shall meet the requirements set forth in Attachment A to Standard 7.

OTHER REQUIRED MAP EXHIBITS:

1. A map exhibit showing the relationship of the proposal area to an adjacent city and its sphere of influence.

2. A map exhibit showing the relationship of the proposal area to an adjacent affected special district(s) and their sphere of influence(s).

3. A map exhibit of nearby properties showing lands under Williamson Act contracts.

4. A map exhibit of the proposal area identifying soil types using the US Department of Agriculture symbols.

[1] An example is a proposed detachment from the Solano Irrigation District where the property involved is a party to the indebtedness of Monticello Dam and its irrigation facilities. In such an event, LAFCO shall impose detachment fees in accordance with a formula agreed upon with SID (or other district in a similar situation) to assure equity in meeting financial obligations of the district.

STANDARD 7 ATTACHMENT A

SOLANO LAFCO MAP & GEOGRAPHIC DESCRIPTION REQUIREMENTS

GENERAL: LAFCO requires a map and geographic description that is acceptable to the Solano County Surveyor and the California State Board of Equalization (BOE).

WHO CAN PREPARE: Maps and geographic descriptions may be prepared by any person or firm which holds a current and valid State of California license as a Registered Surveyor or Registered Civil Engineer (with a number 33965 or lower).

REVIEW REQUIREMENT: Map and geographic descriptions must be reviewed for form, content, and accuracy. Prior to preparation, please contact LAFCO if the engineer or surveyor has not previously prepared a map and geographic description for LAFCO. All map and geographic descriptions will have to be reviewed and the final must be stamped and signed by the County of Solano Surveyor.

GUIDELINES: All proposed city annexation boundaries should tie into existing city boundary. For district proposals, proposed boundaries should tie into an existing district boundary whenever possible. LAFCO staff can provide information on existing boundaries. The map and geographic description should be in agreement with each other and should independently convey the intended action(s).

COVER SHEET REQUIREMENTS:

- ☐ Title
  - ☐ "Exhibit A"
  - ☐ Project No. (as designated by LAFCO)
  - ☐ Project Name (as named by LAFCO)
  - ☐ Number of pages by exhibit identified.
- ☐ Wet signature and seal: The cover sheet, map, and geographic description must be signed and stamped by either a licensed surveyor or a registered civil engineer holding a license number 33965 or lower.
- ☐ Area for County Surveyor's signature, seal, and date.
- ☐ Area for LAFCO Executive Officer signature and date approved.
- ☐ Include the following statement: "This description and exhibit of the (insert name of project) boundary, it is not a legal property description as defined in the Subdivision Map Act and may not be used as a basis for an offer for sale of the land described. It is for assessment purposes only."

GEOGRAPHICAL DESCRIPTION REQUIREMENTS:

- ☐ Heading with "Exhibit A," project number, project name, number of pages.
- ☐ Include township and range, section number(s), or rancho(s).
- ☐ The point of beginning must reference a known major geographic position (for city annexations to an existing city boundary, for district proposals to an existing district when possible or to section corners or street centerline intersections when necessary)
- ☐ Do not write descriptions in one endless paragraph.
- ☐ Do not write descriptions in all capitals.
- ☐ Courses called from, along, and to the annexation boundary.
- ☐ State all courses required to close the traverse of the project area.
- ☐ Express specific parcel description in sectionalized land (e.g., "The SW ¼ of Section 22, T1N, R1W") or by metes and bounds. If by metes and bounds, all courses shall be numbered and listed individually in a consistent clockwise direction.

- ☐ For curves, list delta, arc length, chord, and radius, include radial bearings for all points of non-tangency. All elements required.
- ☐ Wet signature and seal

MAP REQUIREMENTS:

- ☐ Heading with "Exhibit A," project number, project name, number of pages.
- ☐ Property description (A portion of the __¼ of Section__, T. __N., R. __E., M.D.M., and/or rancho, and optional: Lot, Tract, Map Name and Recorded Book, and Page)
- ☐ City, County, and State
- ☐ Month and Year
- ☐ No un-necessary data shown on map.
- ☐ All data on 8½"x11" Exhibit readable (½" border all around)
- ☐ Include a vicinity map and show the location of the project area in relationship to a larger geographic area that includes major streets and highways and other physical features.
- ☐ Include a scale and north arrow.
- ☐ Show and identify any portion of an existing district boundary in close proximity to the project area.
- ☐ Clearly show the point of beginning and it must match the geographic description.
- ☐ Line Type (New-solid and most predominant line, road/easements-dashed, others-broken) (all lines in black ink and cannot exceed 1.5 millimeter in width)
- ☐ Clearly show all existing streets, roads, and highways with their current names that are within and adjacent to the project area.
- ☐ Indicate each township and range, section lines and numbers, or ranchos that are in proximity of the project area.
- ☐ All dimensions needed to plot the boundaries must be given on the map of the project area. Each map shall have numbered courses matching the written geographic description. Index tables may be utilized.
- ☐ All parcels within the project area that touch the new boundary shall be clearly labeled with the assessor's parcel number. Interior parcels that do not touch the boundary need not be identified on the map.
- ☐ If more than one map sheet is needed, provide a key map giving the relationship of all sheets. Match lines between adjoining sheets must be used. The geography on adjoining sheets may overlap, the project boundaries must stop at the match lines.
- ☐ Wet signature and seal

STANDARD NO. 8: LIKELIHOOD OF SIGNIFICANT GROWTH AND AFFECT ON OTHER INCORPORATED OR UNINCORPORATED TERRITORY

Prior to approving an annexation, LAFCO shall make a determination that the proposed conversion of open space lands to urban use is justified by probable urban growth within a 10 year-period of time. A determination on the likelihood of significant growth justifying the conversion shall be based on analysis of local and regional demand for the proposed use.

Explanation and Discussion

To satisfy this standard an applicant is to provide data that supports a determination of the likelihood of significant growth within a 10-year period of time, justifying the conversion of the affected open space lands as defined under the Cortese-Knox-Hertzberg Act as an urban use, and that such conversion will not be detrimental to the development of existing open space lands already within the affected agency's jurisdiction. This Standard in conjunction with the other standards is designed to discourage urban sprawl, to preserve agricultural land resources and to encourage orderly growth boundaries based upon local conditions and circumstances. Under this Standard, the applicant is required.

a) To provide data supporting the proposed conversion of open space to urban use by analyzing appropriate factors of supply and demand, and the Municipal Service Review where applicable;

b) To discuss all lands currently within the city's jurisdiction which are intended for, or committed to similar land uses and how the proposal relates to them.

c) To submit data to explain how the annexation will not significantly inhibit the timely development of existing vacant land currently within the city limits or inhibit the city's ability to meet it's infill goals.

d) To submit data that supports a determination that the conversion of the land to urban use within a 10-year period of time.

In reviewing the demand analysis for a proposed use, the Commission recognizes that it is more difficult to make determinations on long term market absorption rates for multi-family residential, commercial, industrial and mix use (high density residential, commercial and industrial) land use projects than for residential land use projects.

Another basis for analyzing an annexation's compliance with this standard will be the proposal's relationship to the annexing agency's Municipal Service Review (MSR). LAFCO accepted MSRs are required prior to the consideration of annexations to agencies.

Compliance with the annexing agency's Municipal Service Review (MSR) will be based on an analysis of the proposal and its relation to the goals and policies of

the agency's MSR including the growth strategy, projected growth and infill goals. LAFCO will consider its resolution of review and comment on the MSR in reviewing a proposal's consistency with the MSR.

Where large-scale and long-term projects are proposed through annexation, LAFCO may consider the likelihood of significant growth over a 10 – 20 year period of time if the project applicant and the city have entered into a development agreement. With respect to the purpose of Cortese-Knox Hertzberg, key provisions and a development agreement would include:

1. Phasing of development over a 10-20 year period in keeping with reasonable analysis of the market for new housing or other urban use consistent with policies of the General Plan.

2. Reasonable phasing to avoid premature conversion of prime agricultural lands to urban use, particularly those prime lands of greatest importance in Solano County as identified under Standard No. 9.

3. Reasonable phasing which will assure agency capability to provide urban services required without negative financial impact upon existing property owners and residents of the agency.

Finally, consideration will also be given to ABAG projections and to the preceding 10 years or more of building permit activity. Consideration will be given to the market conditions in analyzing past building permit activity.

It is on comparative analysis of the market study, the Municipal Service Review, ABAG projections and past building permit activity that a judgment as to the likelihood of significant growth with a ten-year period will be made.

Required Documentation

This standard requires for any applications for a change of organization or reorganization which will convert open space lands to urban use, each application shall include the following documentation.

1. For a change of organization or reorganization where 40 acres of more of commercial or industrial land use is proposed or where 100 acres or more of residential land use is proposed, a market study is required to document this analysis. Substantial inhabited annexations are excluded from the requirement for a market analysis. The market study should:

    a) Clearly define the market area for the project. The level of detail provided in the market analysis shall be commensurate with the scale and complexity of the proposed development project.
    b) Identify anticipated demand over the next ten years within the market area and document the assumptions in preparing the demand projections;
    c) Identify the supply of land which can be put to the same use within the market area that is anticipated to be available within the next

ten years; including existing vacant land currently within the city limits; and

d) Consistency of the proposal with the city's growth strategy and infill goals contained within the City's Municipal Service Review.

2. For a change or organization or reorganization where less than 40 acres of commercial or industrial land use is proposed or where less than 100 acres of residential land use is proposed, the proponent shall provide an analysis of likelihood of significant growth based on available information in responding to this standard.

3. An analysis of consistency of the proposed project with the city's Municipal Service Review.

4. Documentation of the city's building permit activity over the past 10 years.

5. A copy of the development agreement (if applicable).

STANDARD NO. 9: PROTECTION OF PRIME AGRICULTURAL LAND

Urban growth shall be guided away from prime agricultural land unless such action would not promote planned, orderly, and efficient development for the agency. Development of existing vacant or non-prime agricultural lands within the agency limits should be encouraged before any proposal is approved for urbanization outside of the agency limits.

Explanation and Discussion

This Standard goes to the heart of the major objective of Cortese-Knox Hertzberg. To make the first sentence of the Standard operative, there has to be a finding as to what "planned, orderly, and effective development" means for each agency.

The second part of the Standard is permissive, in that it encourages rather than mandates the development of vacant or nonprime land already within the agency limits before pushing outward into unincorporated territory.

Maintaining the Integrity of Agricultural Lands

Maintaining the integrity of agricultural lands can only be construed as furthering the purpose of Cortese-Knox Hertzberg to avoid the premature conversion of commercial agricultural lands to urban purposes. LAFCO must evaluate the potential effect of a proposed annexation on neighboring lands in commercial agricultural use to avoid premature pressure for the conversion of such lands to urban use.

Lands included within agricultural preserves under the Williamson Act are to be protected except where land is proposed by the General Plan for eventual urbanization and where the owner had already filed a notice of non-renewal, or where an agency officially protested inclusion of the land under the Williamson Act. In the former situation, the filing of a notice of non-renewal by a landowner starts a ten-year period until the removal is completed, unless findings for cancellation of an agricultural preserve contract are made and penalty tax payments and other requirements for contract cancellation are met. In cases where cancellation of a contract will be required, evidence supporting the cancellation shall be provided to demonstrate that the findings can reasonably be made. In cases where lands were protested for inclusion in an agricultural preserve by an agency, the agency may choose not to succeed to the contract, in which case the agricultural preserve contract will terminate upon annexation.

Encouraging Infill Development

This Cortese-Knox Hertzberg policy calls for "infill" on vacant lands with in municipal boundaries before extending further out into agricultural areas. A reasoned assessment of this policy is needed when one or more of the following conditions exist.

1. Where owners of infill property are not willing to sell at a fair market rate.

2. Where too many recorded lots for single-family housing exists in relation to realistic market demands for all housing types.

3. Where available property is too small in an area to accommodate long-term building objectives of the developer.

4. Where surrounding land use may be incompatible.

5. Where surrounding older housing reflects a deteriorating environment.

6. Where established single-family areas object to higher densities often necessary to justify infill investment.

An absolute requirement for infill could have a negative impact through increases in land value and, in effect can retard growth. Conversely, where adequate lands exist to meet reasonable demands of the housing market for the range of housing types required, infill can be achieved.

Evaluation Criteria

In reviewing and evaluating proposals under this Standard, LAFCO will consider the following five criteria:

1. An annexation may be considered to guide development away from prime agricultural land or other productive lands if one of the following two conditions exists.

    a. It does not contain prime agricultural land as defined under the Cortese-Knox Hertzberg (Government code Section 56064). In determining whether or to what extent land is prime or productive a hierarchy of land classification shall be used based on the following criteria in descending order of importance.

        1) Land that qualifies for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

        2) Land that qualifies for rating 80 through 100 in the Storie Index Rating.

        3) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will

return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars ($400) per acre.

4) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars ($400) per acre for three of the previous given calendar years.

5) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July 1967, developed pursuant to Public Law 46, December 1935.

Lands which are defined under 1 and 2 above are considered prime agricultural lands and have the greatest importance within Solano County. In reviewing lands identified as prime agriculture, consideration will be given to the economic viability of the property and whether the land can be economically and productively farmed.

b. The area is wholly or largely surrounded by urban development.

2. If an annexation includes prime agricultural land, the annexation is considered to promote the planned orderly and efficient development of an area if:

a. The proposed annexation meets the requirements of Standard No. 8; and

b. The proposed annexation either abuts a developed portion of the agency or abuts properties which already are committed to urban development by the extension of streets and other public facilities where service extensions were predicted on adjacent lands within the proposed annexation area being developed to assist in meting bond obligations or other financial instruments against the property; and

c. It can be demonstrated that there are insufficient vacant non-prime lands within the Sphere of Influence planned for the same general purpose because of one or more of the following.

(1) Where land is unavailable at a reasonable market rate as determined by competent market analysis.

(2) Where insufficient land is currently available for the type of land used proposed, as determined by competent market analysis.

(3) Where surrounding land use clearly is incompatible because of the age and condition of structures or mixture of land uses.

3. Notwithstanding the factors listed above, it is the responsibility of an agency to undertake substantial actions to facilitate and encourage the infill of land within a city's limit so to minimize the need for further annexation. Such actions include, but are not limited to, the following:

   a. Redevelopment plans and action programs.

   b. Capital improvement programs.

   c. Changes in land use policies and regulations.

   d. Housing programs, including rehabilitations.

4. Consistency with the city's Municipal Service Review and provisions for guiding future growth away from prime agricultural lands.

5. Annexation shall be prohibited on land under an agricultural preserve contract unless an agency protested the establishment of the contract and the protest was upheld by LAFCO, and/or unless a notice of non-renewal has been filed; evidence that findings supporting cancellation have been made; and the adverse effects of the annexation on the economic integrity of lands in adjoining preserves are can be reasonably mitigated.

Required Documentation

This Standard requires that any application for a change of organization or reorganization containing open-space lands to be converted to an urban use shall provide the following documentation on its impact to prime agricultural land.

1. Documentation as to whether the affected territory contains prime agricultural land as defined under Government Code Section 56064 (evaluation criteria No. 1 above) and/or whether the affected territory is under an agricultural preserve contract.

2. If the affected territory contains prime agricultural land, provide demonstrate compliance with evaluation criteria 2, 3, and 4 above.

3. If the affected territory contains lands under agricultural preserve contract, provide documentation in compliance with evaluation criteria 5 above including a copy of the notice of non-renewal.

STANDARD NO. 10: PROVISION AND COST OF COMMUNITY SERVICES

Adequate urban services shall be available to areas proposed for a change of organization or reorganization

Explanation and Discussion

This standard requires that the applicant obtain verifications from the affected agency(ies) that the full range of services required to serve the affected territory can be provided. For city annexations that propose to convert open space lands to urban uses, the proposal shall be consistent with the city's Municipal Service Review.

A "will serve" letter from the manager/director of the affected agency is required for all changes of organization and reorganizations initiated by petition by registered voters or landowners. Where more than one agency is to provide services, a "will serve" letter, the manager/director of the agency shall provide LAFCO with a statement explaining why the agency is unable to do so.

Where open space lands are proposed to be converted to uses other than open space, LAFCO may "initiate and make studies of existing government agencies. Those studies shall include, but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities. In conducting those studies, the commission may ask for land use information, studies, and plans of cities, counties, districts, including school districts, community college districts, and regional agencies and state agencies and departments" (56378)

The Municipal Service Review and if applicable, "will serve" letters(s) are intended to resolve any potential service problems related to an application prior to its submittal to LAFCO. LAFCO will consider both the Municipal Service Review , environmental documentation, other studies (as previously noted) , and "will serve" letters(s) (if applicable)in reviewing this standard.

Required Documentation

For proposals initiated by petition, this standard requires that an application of a change of organization or reorganization shall be accompanied by a "will serve" letter or a statement from the affected agency(ies) as follows:

1. If a district change of organization or reorganization, a "will serve" letter from the affected district's director.
2. If a city change of organization or reorganization, a "will serve" letter from the city manager of the affected city and a "will serve" letter from the director of each special district providing services to the affected territory. (i.e. water agencies, sewer districts, recreation district).
3. If a city change of organization or reorganization that includes conversion of open space land to uses other than open space, LAFCO may "initiate and make studies of existing government agencies. Those studies shall include, but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities. In conducting those studies, the commission may ask for land use information, studies, and plans of cities, counties, districts, including school districts, community college districts, and regional agencies and state agencies and departments" (56378)

4. When an agency will not issue a "[illegible]" letter, the agency manager/director shall provide a statement explaining why it is unable to do so.

STANDARD NO. 11: THE AFFECT OF THE PROPOSED ACTION ON ADJACENT AREAS, MUTUAL SOCIAL AND ECONOMIC INTERESTS, AND ON LOCAL GOVERNMENTAL STRUCTURE

The application shall describe the effect which the annexation could have on adjacent areas and outside the agency. It shall also describe any social and economic benefits, or detriments, which will accrue to the agency and other affected agencies. The proposal should not be motivated by inter city rivalry, land speculation, or other motivates not in the public interest, and should create no significant negative social or economic effects on the County or neighboring agencies.

Explanation and Discussion

This Standard responds to the Cortese-Knox-Hertzberg factor listed under Section 56668(c). As worded in the law, the factor is somewhat vague and tends to overlap with the purpose of several other Standards, including those pertaining to the protection of agricultural land, meeting needs of the housing market, orderly growth, and the provision of urban services. Consequently, meeting this Standard requires placing in perspective the overall beneficial consequences of a proposal as compared to potential negative impacts, through qualitative analysis.

Examples of mutual social and economic benefits include achieving a balanced housing supply within the community, the provision of commercial areas where existing commercial development does not meet the needs residents, the creation of new employment opportunities to meet the needs of the unemployed or under-employed, protecting sensitive resources, advancing the time when public improvements needed by the larger community may be provided, improvement of levels of service within the community without incurring additional costs or harming other public service providers and protection of communities of regional/national economic and social importance, such as Travis Air Force Base, through the utilization of permanent open space and reserve areas.

These types of benefits may, in a given case, argue for a project as off-setting negative consequences or negative determinations identified in responding to other Discretionary Standards. The written response to this standard provides the opportunity to make a case for a proposal which, based on other standards, might appear to be questionable.

Potential negative impacts upon the County and neighboring agencies will also be considered. Examples include proposals that negatively impact Special District budgets or service provision or proposals that demand Special District services without the provision of adequate funding, threaten major employers, alter current/future military missions or otherwise cause hardship to communities of regional/national economic and social importance.

Required Documentation

In cases where Special Districts might be harmed, either though detachment or annexation, the applicant should work with the Executive Director to identify the affected agencies and work with those agencies to identify and mitigate the impacts. *LAFCO will not normally approve detachments from special districts or annexations that fail to provide for adequate mitigation of the adverse impacts on the district. Where the adverse impact is fiscal, adequate mitigation will normally include a permanent, funding source for lost revenues or increased costs to the affected Special District.* Where potential impacts on other agencies have been identified, the application may be deemed incomplete or the LAFCo hearing continued, until the applicant has met with the affected agencies and made a good faith effort to reach agreement with those agencies on appropriate mitigation.

This standard requires that an application for a change of organization or reorganization show the inter-relationship and effect of the proposed project on adjacent areas, both within and outside the boundaries of the affected agency, and to weigh the overall beneficial aspects of a proposal as compared to the potential negative impacts. The application shall provide a written response to this standard and all supporting documentation regarding mitigation.

LAFCO Action

If the applicant and the affected agencies have reached agreement on *permanent, annual* mitigation for the impacts to affected agencies, LAFCo will normally include the mitigation measures in its terms and conditions approving the change of organization. If the parties have failed to reach agreement, LAFCo shall hear from both sides and determine an appropriate mitigation, if any, and impose that mitigation to the extent it is within its powers. If the needed mitigation is not within LAFCo's authority and approval would, in the determination of the Commission, seriously impair the District's operation, the Commission may choose to deny the application.

SECTION V. MUNICIPAL SERVICE REVIEW

I. PURPOSE

To provide guidance to Solano LAFCO and agencies within its purview in preparing and conducting municipal service reviews (MSR).

II. BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) requires LAFCO to review municipal services. The service review provides LAFCO and agencies within its purview with a tool to comprehensively study existing and future public service conditions and to evaluate organizational options for accommodating growth, preventing urban sprawl while supporting California's anticipated growth, and ensuring that critical services are efficiently and cost-effectively provided. CKH requires all LAFCOs to conduct the MSR prior to updating the spheres of influence (SOI) of the various cities and special districts in the County (Government Code Section 56430). CKH requires an MSR and SOI update every 5 years.

III. FUNCTION OF MUNICIPAL SERVICE REVIEW

Government Code Section 56430 requires LAFCo to conduct MSRs and prepare a written statement of determination with respect to each of the following:

1. **Growth and Population Projections for the Affected Area.** This section reviews projected growth within the existing service boundaries of the city or district and analyzes the city's or district's plans to accommodate future growth.

2. **The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.** A disadvantaged community is defined as one with a median household income of 80 percent or less of the statewide median income.

3. **Present and Planned Capacity of Public Facilities and Adequacy of Public Services Including Infrastructure Needs or Deficiencies.** This section discusses the services provided including the quality and the ability of the city or district to provide those services, and it will include a discussion of capital improvement projects currently underway and projects planned for the future where applicable.

4. **Financial Ability of Agencies to Provide Services.** This section reviews the city's ir district's fiscal data and rate structure to determine viability and ability to meet service demands. It also addresses funding for capital improvement projects.

5. **Status of and Opportunities for Shared Facilities.** This section examines efficiencies in service delivery that could include sharing facilities with other agencies to reduce costs by avoiding duplication.

6. **Accountability for Community Service Needs, including Government Structure and Operational Efficiencies.** This section examines the city's or district's current government structure, and considers the overall managerial practices. It also examines how well the city or district makes its processes transparent to the public and invites and encourages public participation.

7. **Matters Related to Effective or Efficient Service Delivery Required by Commission Policy.** This section includes a discussion of any Solano LAFCO policies that may affect the ability of a city or district to provide efficient services.

The MSR process does not require LAFCO to initiate changes of organization based on service reviews; it only requires that LAFCO make determinations regarding the provision of public services per the provisions of Government Code Section 56430. However, LAFCO, local agencies, and the public may subsequently use the determinations to pursue changes to services, local jurisdictions, or spheres of influence. Service Reviews are intended to provide a broad analysis of service provision.

IV. WHEN PREPARED

LAFCO will determine when municipal service reviews are necessary. Generally, reviews will be prepared prior to SOI studies or updates. Service reviews may also be conducted independent of the SOI update based on a number of factors, including but not limited to, concerns of affected agencies, the public or LAFCO; public demand for a service review; public health, safety, or welfare issues; service provision issues associated with areas of growth and/or development.

Minor amendments to SOI, as determined by LAFCO, will not require a municipal service review. An amendment to the SOI of any agency may be processed and acted upon by the Commission if all of the following are met:

- The requested amendment, considered along with all other amendments approved in the last 12 months for the agency in aggregate, are less than 40 acres.
- There are no objections from other agencies that are authorized to provide the services the subject agency provides and whose SOI underlies or is adjacent to the subject territory.
- The Commission finds that the proposed amendment would not significantly interfere with the development of the updated SOI of the agency.

VI. LAFCO REVIEW OF MSR PROCESS

It is LAFCO's policy that cities prepare their MSR absent determinations. Upon review of the data LAFCO may request additional information and will add the determinations.

The MSR should be produced in the following format. A sample Table of Contents is shown below along with the sections that LAFCO will complete.

Table of Contents

Acronyms and Abbreviations.....

1: Introduction- (*Provided by LAFCO*).....

1.1 – Role and Responsibility of LAFCO.....
1.2 – Purpose of the Municipal Service Review.....
1.3 – Uses of the Municipal Service Review.....
1.4 – Sphere of Influence.....
1.5 – California Environmental Quality Act (CEQA).....

2: Executive Summary .....

2.1 – The Municipal Service Review (*Provided by LAFCO*).....
2.2 – City Profile.....
2.3 – Growth and Population Projections.....
2.4 – Disadvantaged Unincorporated Communities .....
2.5 – Present and Planned Capacity of Public Facilities.....
2.6 – Financial Ability to Provide Services .....
2.7 – Status and Opportunities for Shared Facilities.....
2.8 – Government Structure and Accountability.....
2.9 – LAFCO Policies Affecting Service Delivery.....

3: City Profile.....

4: Growth and Population Projections.....

5: Disadvantaged Unincorporated Communities.....

6: Present and Planned Capacity of Public Facilities.....

6.1 – Airport (If appropriate).....
6.2 – Animal Control .....
6.3 – Fire .....
6.4 – Law Enforcement.....
6.5 – Parks and Recreation .....
6.6 – Public Works.....
6.7 – Solid Waste .....
6.8 – Stormwater.....
6.9 – Wastewater .....
6.10 – Water.....

7: Financial Ability to Provide Services .....

7.1 – General Fund .....

7.2 – Enterprise Funds.....
7.3 – Capital Improvements.....

8: Status and Opportunities for Shared Facilities .....

8.1 – Shared Facilities and Regional Cooperation.....
8.2 – Management Efficiencies .....

9: Government Structure and Accountability.....

10: LAFCO Policies Affecting Service Delivery.....

11: Summary of Determinations - (*Provided by LAFCO*)**.....**

Growth and Population Projections .....
Disadvantaged Unincorporated Communities.....
Present and Planned Capacity of Public Facilities.....
Financial Ability to Provide Services.....
Status and Opportunities for Shared Facilities .....
Government Structure and Accountability .....
LAFCO Policies Affecting Service Delivery.....

12: References

SECTION VI. ESSENTIAL REQUIREMENTS OF THE CORTESE-KNOX-HERTZBERG ACT

THE LEGISLATURE'S POLICY AND INTENT FOR LAFCO

The State Legislature has set forth specific policy direction to LAFCO in carrying out its duties and responsibilities under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Specifically LAFCO is directed to:

1) *"Encourage orderly growth and development ….logical formation and determination of local agency boundaries"* (Gov. Code Section 56001)

2) *Encourage and provide for "Planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands" (Section 56300).*

3) *"Discouragement of urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances" (Section 56301.)*

In reviewing and approving or disapproving proposals, the legislature has established two priorities for LAFCO (Section 56377):

1) *"Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area."*

2. *"Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency shall be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency."*

These policies and priorities are fundamental in their impact on LAFCO's decision process. They give critical dimension to the manner in which individual standards are applied to the factors prescribed by the Cortese-Knox Hertzberg Act.

In addition to the basic policies and priorities discussed above, the Cortese-Knox Hertzberg Act has identified the following factors to be considered in the review of a proposal under Section 56668:

"a. Population, population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

b. The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services controls in the area and adjacent areas.

c. The effect of the proposed action – and of alternative actions – on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

d. The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set fort in Section 56377 of this code.

e. The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

f. The definiteness and certainty of the boundaries of the territory, the non-conformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

g. Consistency with city or county general and specific plans.

h. The "sphere of influence" of any local agency which may be applicable to the proposal being reviewed.

i. The comments of any affected local agency.

j. The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the boundary change.

k. Timely availability of water supplies adequate for projected needs as specified in Section 65352.5

l. The extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the appropriate council of governments.

m. Any information or comments from the landowner or owners, voters, or residents of the affected territory.

n. Any information relating to the existing land use designations.

o. The extent to which the proposal will promote environmental justice. As used in

this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

ATTACHMENT H

"Growth Within Bounds." Report of the Commission on Local Governance for the 21st Century. January 2000.

https://www.solanolafco.com/documents/growth-within-bounds-by-commission-on-local-governance-for-the-21st-century/

CITY OF AGOURA HILLS v. LOCAL AGENCY FORMATION COMMISSION OF COUNTY OF LOS ANGELES (1988)

Court of Appeal, Second District, Division 3, California.

CITY OF AGOURA HILLS, Petitioner and Appellant, v. LOCAL AGENCY FORMATION COMMISSION OF COUNTY OF LOS ANGELES, Respondent and Appellant.

No. B022489.

Decided: February 10, 1988

Gregory W. Stepanicich, City Atty., City of Agoura Hills, Richards, Watson & Gershon, and Rochelle Browne, Los Angeles, for petitioner and appellant. DeWitt W. Clinton, County Counsel, and Jonathan B. Crane, Sr. Deputy County Counsel, Los Angeles, for respondent and appellant. Diane M. Griffiths, Robert E. Leidigh, Kathryn E. Donovan, John G. McLean, Lilly Spitz, and Margarita Altamirano for the Fair Political Practices Com'n, State of Cal., as amicus curiae on behalf of respondent and appellant.

A dispute between a city and county agency regarding plans for the city's boundaries brings this case to court. The dispute focuses on the implementation of legislation enacted to discourage "urban sprawl" and to encourage the "orderly formation and development" of local governments in each county.

Petitioner and appellant City of Agoura Hills ("City") is a municipal corporation located in the County of Los Angeles ("county"). Respondent and appellant Local Agency Formation Commission of the County of Los Angeles ("LAFCO") is a countywide agency charged with responsibilities under the Cortese–Knox Local Government Reorganization Act of 1985 (Gov.Code, § 56000 et seq.).[1]

The appeals filed by both parties in this case pertain to the adoption by LAFCO for the City of a "sphere of influence," which is defined as "a plan for the probable ultimate physical boundaries and service area of a local agency." (§ 56076.) The City objects that LAFCO refused to adopt the sphere it sought; instead, LAFCO adopted a considerably smaller sphere, virtually co-extensive with the City's existing boundaries with the exception of one additional tract area. On the City's motion, the trial court granted a judgment for peremptory writ of mandate commanding LAFCO to set aside this sphere of influence. The basis of the judgment was the court's ruling that LAFCO's written findings were "legally inadequate." LAFCO appealed from

this judgment. The City also appealed from portions of the judgment. We find that LAFCO's written findings were legally adequate and therefore reverse the judgment.

ISSUES ON APPEAL AND DISPOSITION

The appeals challenge various rulings made by the trial court, first in granting an interlocutory judgment for peremptory writ of mandate and then in granting a judgment for peremptory writ of mandate, both setting aside LAFCO's sphere adoption. The issues litigated below and now raised on appeal include:

1. Do the applicable statutes require, as the City alleges, that the sphere of influence adopted for the City extend beyond its existing boundaries and is LAFCO's decision therefore invalid?

2. Is LAFCO's decision supported by substantial evidence in the record?

3. Were LAFCO's findings, “the written statement of its determinations,” adequate under section 56425?

4. Does the California Environmental Quality Act (CEQA). Public Resources code section 21000 et seq., apply to the sphere of influence proceedings in this case? If so, was the City barred from bringing a claim by the 180–day statute of limitations set forth in the Act?

5. Does Government Code section 84308 of the Political Reform Act apply to the sphere of influence proceedings? If the Act applies, is the second decision made without the “disqualified” commissioners still invalid, as the City alleges, because it was not the product of “an entirely new proceeding”?

We agree that LAFCO's written statement of its determinations was not good and we do not recommend the statement as a model. Although not exemplary, LAFCO's written statement is adequate under section 56425, especially in view of the provisions of section 56107 and the facts and circumstances of this case presented in the record on appeal. Since the final judgment setting aside LAFCO's decision was based solely on the trial court's erroneous finding that the written statement was not adequate, we reverse the judgment.

We conclude that the record upholds the trial court's finding that substantial evidence exists to support the sphere decision and that there was no prejudicial abuse of discretion by LAFCO. The applicable statutes do not require LAFCO to adopt a sphere extending beyond city boundaries.

We also find that CEQA is not applicable to LAFCO's proceedings in this case. The record supports the trial court's determination that the sphere adoption here is not a “project” subject to CEQA; the adoption could not possibly have a significant effect on the environment. In view of this ruling, the 180–day statute of limitations issue does not need to be addressed.

Finally, we conclude that LAFCO and the Fair Political Practices Commission (“FPPC”) as amicus curiae correctly assert that a sphere of influence proceeding does not confer “an entitlement for use”; thus, Government Code section 84308 is not applicable to this case.[2]

PROCEDURAL AND FACTUAL BACKGROUND 3

A. Creation of LAFCOs and Their Duties.

In 1963, the Legislature established a LAFCO in each county to discourage “urban sprawl” and encourage the “orderly formation and development” of local governments in each county. (See Knox–Nisbet Act, former Gov.Code §§ 54774 and 54774.5; Cortese–Knox Act, Gov.Code §§ 56300, 56301 and 56425.) One of LAFCO's important functions is the adoption for each city of a “sphere of influence.” (§§ 56425 and 56426, formerly §§ 54774, 54774.1, 54774.2 of the Knox–Nisbet Act.) Another one of LAFCO's important duties is to approve or disapprove annexation proposals submitted by cities within the county. (See Bozung v. Local Agency Formation Com. (1975) 13 Cal.3d 263, 268, 118 Cal.Rptr. 249, 529 P.2d 1017; Simi Valley Recreation & Park Dist. v. Local Agency Formation Com. (1975) 51 Cal.App.3d 648, 668–669, 124 Cal.Rptr. 635.)

The creation, composition, purposes, powers and duties of LAFCOs are fully set forth in the aforementioned legislation. Section 56326 provides that in Los Angeles County, the commission shall consist of seven members, representing the county and the cities in the county.[4] Section 56334 provides that the term of office of each member shall be four years.

B. The Sphere of Influence Adopted on January 9, 1985.

On November 14, 1984 and January 9, 1985, LAFCO held a public hearing concerning the sphere of influence for the City. The commission took testimony at the hearing, considered correspondence from residents and interested parties, and reviewed staff recommendations and reports. At the January 9, 1985 meeting, LAFCO voted on the sphere and adopted determinations set forth in the minutes of the meeting. The vote was unanimous. The sphere consisted of the City's existing boundaries plus a development identified as Tract Map 34827.

C. Interlocutory Judgment Proceedings.

On July 16, 1985, the City filed a petition for peremptory writ of mandate seeking a writ ordering LAFCO to set aside its decision. The City cited grounds now raised on appeal, including LAFCO's violation of Government Code section 84308; LAFCO's failure to comply with CEQA; LAFCO's failure to comply with the statutory mandate of the Knox–Nisbet Act by limiting the City's sphere and by failing to prepare adequate written findings. The City also claimed that LAFCO's decision was not supported by substantial evidence.

With respect to their contention that LAFCO violated section 84308, the City alleged that Commissioners Michael D. Antonovich and Hal Bernson had improperly participated in the sphere proceedings because each had accepted campaign contributions in excess of $250 from interested developers.[5]

LAFCO filed an answer in opposition to the City's petition and a motion for a judgment denying the petition for writ of mandate. The motions were then heard by Superior Court Judge Irving Shimer on December 4, 1985. The entire administrative record was admitted into evidence. Judge Shimer limited his ruling to the Political Reform Act issue and granted the City's petition and set aside the sphere decision based on his finding that section 84308 was applicable and that LAFCO had failed to comply.

The judge made it abundantly clear that an entirely new proceeding was unnecessary. He advised: "I think the city's case is very, very, very weak and I don't propose to reopen this for a new hearing because I don't think that is necessary. [¶] I don't have any indication in the record that Berson [sic] or Antonovich participated other than Antonovich saying hello to Whizzin and voting at the end. If I'm right in that regard, then I'm prepared to have the commission presently constituted review the record with or without a new hearing as it elects alone, and proceed to a decision and vote if it so choses [sic] without any disqualified persons participating." The judge added, "I don't see the need for new hearings in view of the volume and testimony of the volumes submitted." Although the judge declined to rule on any issue other than the applicability of section 84308, in response to the City's specific inquiry about the "existence of substantial evidence," the judge repeated, "I said your case is very, very, very weak."

In an interlocutory judgment filed on December 18, 1985, Judge Shimer ordered that a peremptory writ of mandate issue setting aside the sphere of influence adopted on January 9, 1985. The court ordered that LAFCO adopt a sphere for the City within 75 days and "disqualify from participation in said adoption those officers or members of respondent who may have accepted a contribution of $250.00 or more from a participant in the adoption proceedings within the meaning [of] Government Code Section 84308." The judge further ordered that LAFCO was "[t]o base said adoption upon documents and testimony previously presented to respondent at the public hearings previously held with respect to said sphere of influence and upon such other evidence presented at any further properly-noticed, public hearings, if any, which respondent, in its sole discretion might elect to receive; ." (Italics added.)

D. Proceedings Adopting the Sphere of Influence on February 12, 1986.

Without conceding the applicability of section 84308, LAFCO proceeded to comply with the court's order. At a meeting on February 12, 1986, the commission adopted the same sphere of influence that had been adopted on January 9, 1985, without the participation of any "disqualified" commissioners.

The commissioners were given an opportunity to reopen the adoption item for public hearing, but no one made any motion to do so. LAFCO's Executive Officer Ruth Benell referred to the earlier hearings and observed that "[t]he members of the Commission have received copies of all of those staff reports and minutes, as well as the transcripts of those meetings, as well as the transcript of the court hearing. [¶] There do not appear to be any changes of circumstances or conditions that would affect the adopted sphere of influence for the City of Agoura Hills at this time." Chairman Kenneth I. Chappell determined that all members of the commission had had the opportunity to review the transcripts of the previous commission meetings.

E. Proceedings on the Judgment for Peremptory Writ of Mandate.

After the adoption proceedings and vote on February 12, 1986, LAFCO filed a notice of compliance with the trial court and a second motion for judgment denying writ of mandate. The City, in turn, filed its second motion for peremptory writ of mandate. These motions involved the same issues raised in the earlier motions and now on appeal, with one exception; in their second motion, the City did not specifically raise any claim under the Political Reform Act. The City acknowledged that LAFCO's action on February 12, 1986 "may have cured the prior violation of Government Code Section 84308." The City, however, asserted that

LAFCO's action in readopting the sphere of influence without considering any additional evidence was further indication of prejudicial abuse of discretion.

The administrative record was received into evidence. After hearing argument, the judge told counsel, “I am satisfied that there is substantial evidence to support the decision and there is no prejudicial use [sic] of discretion with respect to the decision of LAFCO as to this sphere of influence for the City of Agoura Hills.” On the issue of substantial evidence and abuse of discretion, the court designated the colloquy with counsel and the decision announced during the hearing as his statement of decision. The minute order for April 16, 1986, stated, “No prejudicial abuse of discretion shown in that substantial evidence supports decision of LAFCO.”

Judge Newman granted the City's motion based on his finding that LAFCO's written statement of determinations did not comply with section 56425 (formerly section 56427) and was legally inadequate. He stated, “I didn't really think there was any problem with substantial evidence, substantial evidence to support the decision. [¶] The question is whether the findings meet the requisite requirements of the statute and are specific enough. [¶] I don't think they are, and so I'm going to send it back. [¶] I'm sending it back with the order that they make findings that meet the requirements of the statute with specificity.” Accordingly, the court's minute order for April 16, 1986, states, “Remanded for more specific findings.”

In a Decision After Submission filed on April 22, 1986, Judge Newman held that CEQA was not applicable in this case. Neither an environmental impact report nor a negative declaration by LAFCO was required. The sphere decision did not sufficiently relate “to the effect of proposed changes in the physical world.”

The judgment for peremptory writ of mandate filed on June 3, 1986, referred to the aforementioned rulings, and ordered LAFCO to “set aside its prior decision” and to “adopt a new sphere of influence for the City pursuant to the procedures set forth in and required by Government Code Sections 56425 and 56427,” requiring a public hearing. The judgment further ordered that LAFCO “adopt written determinations which include each of the specific factors set forth in Government Code Section 56425, and set forth the factual basis for LAFCO's decision as to the new sphere of influence for the City.”

F. LAFCO's Motion to Reconsider.

At a meeting on July 9, 1986, LAFCO unanimously approved a revised written statement of determinations which more completely reflected the earlier findings. “Disqualified” commissioners were not present during this proceeding. LAFCO also filed a motion for reconsideration, contending that they should not be required to hold a new evidentiary hearing. LAFCO's motion for reconsideration was denied.[6] LAFCO then filed a notice of appeal and the City followed with a notice of cross-appeal.

DISCUSSION

I. LAFCO's Decision is Valid Under the Knox–Nisbet Act, Now the Cortese–Knox Act

The City contends that LAFCO's decision is invalid because the Knox–Nisbet Act and Cortese–Knox Act mandate that, absent exceptional circumstances not present herein, a city shall have a sphere of influence beyond its existing boundaries. The City further contends that LAFCO's

decision was not supported by substantial evidence and that it was based on legally inadequate findings.

We find that the City's contentions lack merit. Our opinion is rendered with the applicable standards of review in mind. As the Supreme Court stated, “LAFCO is an agency with large discretionary powers.” (Bozung v. Local Agency Formation Com., supra, 13 Cal.3d at p. 288, 118 Cal.Rptr. 249, 529 P.2d 1017.)

In Simi Valley, the court held that decisions of LAFCO are reviewable only to determine if they are supported by substantial evidence. (51 Cal.App.3d at pp. 685–686, 124 Cal.Rptr. 635.) The court explained that section 56006 of the District Reorganization Act then in effect “expressly makes applicable the substantial evidence standard for review.” (Id., at p. 686, 124 Cal.Rptr. 635.) Section 56006 was superseded in virtually identical language by section 56107 of the Cortese–Knox Act which provides:

“This division shall be liberally construed to effectuate its purposes. No change of organization or reorganization ordered under this division and no resolution adopted by the commission making determinations upon a proposal shall be invalidated because of any defect, error, irregularity, or omission in any act, determination, or procedure which does not adversely and substantially affect the rights of any person, city, county, district, the state, or any agency or subdivision of the state. All determinations made by a commission under, and pursuant to, this division shall be final and conclusive in the absence of fraud or prejudicial abuse of discretion. Prejudicial abuse of discretion is established if the court finds that any determination of a commission or a legislative body was not supported by substantial evidence in light of the whole record.”

A case cited by the City, City of Livermore v. Local Agency Formation Com. (1986) 184 Cal.App.3d 531, 543, 230 Cal.Rptr. 867, explained, “LAFCO does not have the burden of showing Knox–Nisbet compliance. Rather, its actions are presumed to comply with Knox–Nisbet because LAFCO was formed to implement Knox–Nisbet. Only if a local agency formation commission's interpretation of Knox–Nisbet is ‘arbitrary, capricious, or entirely lacking in evidentiary support’ [citations], will that interpretation be reversed by a court.” The court noted “the rule that ‘reasonable constructions by administrative agencies of their statutory mandates are entitled to great weight and should be respected by courts.' [Citation.]” (Ibid.)

A. The Sphere Decision is Within the Statutory Mandate.

Contrary to the City's arguments, no statutory provision requires that LAFCO adopt a sphere of influence beyond a city's existing boundaries. LAFCO exercised its discretion pursuant to applicable Government Code sections, including section 54774, superseded by section 56425.[7]

Nothing in the statute or the case law indicates that a sphere of influence need be larger than the boundaries of the city. A sphere of influence is a flexible planning and study tool to be reviewed and amended periodically as appropriate. (See §§ 56076, 56425, subd. (b), 56427 and 56428.) A sphere can be amended to include a larger area at later dates. Section 56425, subdivision (b) establishes a duty on the part of LAFCO to “periodically review and update the adopted sphere” to reflect changed circumstances. Similarly, section 56427 specifically provides that “[t]he commission shall adopt, amend or revise spheres of influence after a public hearing called and held for that purpose.” Section 56428 facilitates amendment or revision of a sphere adoption upon request by the affected agency.

Obviously, the sphere adopted for a city is important. Annexation, for example, cannot be approved until LAFCO has established and duly considered relevant spheres of influence. (See Resource Defense Fund v. Local Agency Formation Com. (1983) 138 Cal.App.3d 987, 188 Cal.Rptr. 499.) This factor, however, does not support the City's contention that LAFCO must adopt a sphere beyond a city's existing boundaries. Nothing in the statute prevents LAFCO from taking joint action, i.e., taking steps to approve a proposed annexation while generating the necessary amendment to the sphere of influence as may be occasioned by annexation. The process for sphere adoption and annexation are not exclusive.

B. LAFCO's Decision is Supported by Substantial Evidence in the Record.

The record upholds the trial court's unequivocal finding that substantial evidence existed to support the sphere of influence decision of LAFCO. Volume I of the administrative record contains a transcript of the testimony of witnesses at the proceedings on November 14, 1984 and January 9, 1985. Other volumes contain correspondence in favor of and in opposition to the sphere proposed by the City.

Although contrary views were expressed and considered, compelling evidence in support of LAFCO's decision was presented through the testimony of the following witnesses, among others: Arthur Whizin, Rad Sutnar, William D. Ross, Alan Satterlee, and Boyd Zonotelli. This testimony was corroborated by correspondence in support of the limited sphere decision. Substantial evidence was presented regarding important services and facilities which were and would be provided for the area through the county rather than the City. Concerns about unwanted urbanization, lack of land use control and lack of affordable housing were also expressed in opposition to the sphere proposed by the City.

The evidence in support of the sphere adopted by LAFCO addressed the following factors listed in section 56425: "(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."

C. The Court Erred In Granting The Writ Based on Allegedly Inadequate Findings.

Though convinced that substantial evidence supported LAFCO's decision, the trial court nevertheless ordered the decision set aside based on what it deemed to be an inadequate written statement. We find this order to be incorrect and reverse the court's judgment for this reason. The trial court's ruling is contrary to section 56107 (quoted on p. 15, supra) which expressly provides that the "division shall be liberally construed to effectuate its purposes" and that the sole inquiry on review shall be whether there was "fraud or prejudicial abuse of discretion," i.e., whether the determination "was not supported by substantial evidence in light of the whole record."

Section 56107 covers the division which includes section 56425, the section pertaining to the written statement of determinations. Section 56107 directs that technical noncompliance with other provisions of the Act should not invalidate the proceedings. The written statement in this case, though obviously not a model under section 56425, essentially fulfilled its function in linking evidence before LAFCO to the decision reached by LAFCO in a sufficiently organized fashion to allow Judge Newman to decide that the decision was supported by substantial

evidence. Similarly, although it was not part of his ruling in the interlocutory proceedings, Judge Shimer noted that the City's case was “very, very, very weak” and indicated that the evidence in support of LAFCO's determination was substantial. The written findings were part of the record which Judge Shimer reviewed.

Former Government Code section 56006 of the District Reorganization Act and former Government Code section 54775.2 of the Knox–Nisbet Act were virtually identical to section 56107. The continuity in these provisions mandating liberal construction is persuasive. In sum, it appears that under section 56107, the problems which the trial court found with the written statement were the type of concerns which must not be used to reverse decisions of LAFCO.

Additionally, the written findings are substantially compliant with the statutory requirements for written statements contained in section 54774 of the Knox–Nisbet Act and section 56425 of the Cortese–Knox Act. A comparison between the written statements required by section 56425 and the actual written findings in the record supports our conclusion of substantial compliance.[8]

II. CEQA is Not Applicable to These Proceedings

The City appeals from Judge Newman's ruling that “[t]he sphere of influence decision in this case is not a project subject to CEQA.” In his Decision After Submission, the judge explained: “The decisions of the California Supreme Court in Bozung v. Local Agency Formation Com. (1975) 13 Cal.3d 263, 118 Cal.Rptr. 249, 529 P.2d 1017 and of the Court of Appeal in Simi Valley Recreation and Park Dist. v. Local Agency Formation Com. (1975) 51 Cal.App.3d 648, 124 Cal.Rptr. 635, when read together, make clear that adoption or amendment of a sphere of influence requires an EIR or [negative] declaration if the decision on the sphere of influence ‘. relates to the effect of proposed changes in the physical world which a public agency is about to either make, authorize or fund, not to every change of organization or personnel which may affect further determinations relating to the environment.’ Simi Valley [Recreation & Park Dist. v. Local Agency Formation Com.], supra, at 666 [124 Cal.Rptr. 635]. [¶] The amendment of the sphere of influence here is in the latter category. It is not a project subject to CEQA. Therefore neither an EIR nor a negative declaration is required. See also 63 Ops.Atty.Gen. 758 (1980).”

We agree with Judge Newman's ruling. The record supports LAFCO's position that its sphere decision could not have a “significant effect on the environment,” defined in Public Resources Code section 21068 as “a substantial, or potentially substantial, adverse change in environment.” (See also CEQA guidelines, Cal.Admin.Code, tit. 14, § 15378, subd. (a), defining “project,” cited on page 750, infra.)

We are not unmindful of the requirement articulated by the Supreme Court as well as the Second Appellate District that CEQA “ ‘be interpreted in such manner as to afford the fullest possible protection to the environment within the reasonable scope of the statutory language’ [citation], and ‘[i]t is, of course, too late to argue for a grudging, miserly reading of CEQA.’ [Citation.]” (Simi Valley Recreation & Park Dist. v. Local Agency Formation Com., supra, 51 Cal.App.3d at p. 663, 124 Cal.Rptr. 635, citing in part Bozung v. Local Agency Formation Com., supra, 13 Cal.3d at p. 274, 118 Cal.Rptr. 249, 529 P.2d 1017.) We also recognize that “[i]t is not, however, too late to recognize that CEQA was not intended to and cannot reasonably be construed to make a project of every activity of a public agency, regardless of the nature and

objective of such activity." (Simi Valley, supra, 51 Cal.App.3d at p. 663, 124 Cal.Rptr. 635; fn. omitted.)

Not all of LAFCO's decisions, particularly sphere of influence determinations, require an EIR or negative declaration. In Simi Valley, the court held that LAFCO's determination approving the detachment of 10,000 acres of undeveloped land from territory within the Simi Valley Recreation and Park District was not invalidated by LAFCO's failure to prepare an EIR or negative declaration. The court found that the "detachment in this case did not make any change whatever in the uses to which the land might be put." (51 Cal.App.3d at p. 666, 124 Cal.Rptr. 635.)

The court in Simi Valley observed that the situation was quite different in Bozung. That case involved LAFCO's approval of an annexation which removed 667 acres of land from the county's zoning authority into the City of Camarillo. While the zoning authority had blocked development of the land, the City had prezoned the property so as to permit development. It was clear that the land used for agriculture before annexation would, upon annexation, be developed for residential, commercial and recreational uses in the near future. The evidence was overwhelming that LAFCO's approval of the annexation would culminate in a significant, adverse physical change to the environment. Additionally, LAFCO's approval of annexation was an irrevocable step as far as LAFCO was concerned. Under these circumstances, the Supreme Court in Bozung held that LAFCO was required to address itself to procedures set forth in CEQA.

As noted in Simi Valley, the Bozung opinion "dealt only with the situation where LAFCO approval was a necessary step in the development and in effect constituted an entitlement for use for such development." (51 Cal.App.3d at p. 665, 124 Cal.Rptr. 635.) The Supreme Court did not hold that every annexation approval by LAFCO was subject to CEQA. (13 Cal.3d at p. 281, 118 Cal.Rptr. 249, 529 P.2d 1017.) Similarly, it did not hold that every sphere adoption by LAFCO would have a significant effect on the environment so as to compel compliance with CEQA. The court noted, "There is nothing final about a spheres of influence plan. Only the 'probable' boundaries of local governmental agencies must be established; the LAFCO must 'periodically review and update the spheres of influence.' [Citation.]" (13 Cal.3d at p. 273, 118 Cal.Rptr. 249, 529 P.2d 1017.)

The court in Bozung did observe that Government Code section 54774 of the Knox–Nisbet Act provided that the " 'spheres of influence, after adoption, shall be used by [LAFCO] as a factor in making regular decisions on proposals over which it has jurisdiction.' " (Id. at pp. 273–274, 118 Cal.Rptr. 249, 529 P.2d 1017.) The Cortese–Knox Act contains similar provisions. Section 56375.5 provides that determinations by LAFCO regarding annexation "shall be consistent with the spheres of influence" of the affected local agencies. As the Supreme court noted, "the spheres of influence plan is intended as the basis for LAFCO involvement in county development." (Id. at p. 273, 118 Cal.Rptr. 249, 529 P.2d 1017.) This consideration did not change the Supreme Court's analysis, however. The fact that spheres of influence are recognized as important factors in annexations does not compel the conclusion that they are per se "projects" subject to CEQA. There is no support for this contention in Bozung or any other case cited by the parties.

While this case is similar to Simi Valley, it is distinguishable from City of Livermore, supra, 184 Cal.App.3d 531, 230 Cal.Rptr. 867, as well as Bozung. In City of Livermore, LAFCO had implemented revised sphere of influence guidelines. The court held that the guideline

revisions constituted a “project” requiring compliance with CEQA, and explained: “Simi Valley involved a LAFCO decision regarding one detachment, a LAFCO decision that was not a choice between conflicting plans or schemes. The LAFCO action here was not one plan, nor a slight reorganization in administration, but a major policy shift that would affect land use throughout the entire region. LAFCO cannot extend the holding of Simi Valley to cover this situation. [Citation.]” (184 Cal.App.3d at pp. 539–540, 230 Cal.Rptr. 867.)

With the exception of the City of Livermore case, the foregoing authorities were decided prior to the enactment of Public Resources Code section 21080 which, as LAFCO concedes, broadens the class of activities deemed to be a “project” subject to the requirements of CEQA. Nevertheless, the rationale behind the aforementioned authorities, including Simi Valley is still persuasive and leads to the conclusion that the adoption of the sphere in this case is not subject to the requirements of CEQA. This conclusion is supported when section 21080 is considered in conjunction with other statutory provisions of CEQA and the guidelines set forth in Title 14, California Administrative Code, section 15000 et seq.

Public Resources Code section 21080, subdivision (b)(10) specifies that the division does not apply to “classes of projects designated pursuant to Section 21084” which, in turn, refers to guidelines adopted pursuant to section 21083 regarding projects exempt from the provisions of CEQA. Essentially, these exempt projects do not result in a significant effect on the environment. (See Pub.Resources Code, §§ 21083 and 21084; and CEQA guidelines, especially Cal.Admin.Code, tit. 14, § 15378.) LAFCO's decision here is one of those exempt projects; it is exempt under section 15378 of the CEQA guidelines defining a CEQA “project” as “the whole of an action, which has a potential for resulting in a physical change in the environment, directly or ultimately.”

The inapplicability of CEQA to LAFCO's decision in this case is supported by other provisions in the Act and its guidelines, including those relating to the Act's legislative purpose. (See e.g. Pub.Resources Code, §§ 21000, 21001, 21060.5, 21080, subd. (b), 21084; and CEQA guidelines, Cal.Admin.Code, tit. 14, §§ 15002, 15378, 15382, 15384.)

In deciding whether LAFCO was bound to comply with CEQA in the Bozung case, the Supreme Court noted: “In this effort we must be guided by the principle that ‘every statute should be construed with reference to the whole system of law of which it is a part so that all may be harmonized and have effect.’ [Citation.] This rule applies although the statutes to be harmonized appear in different codes. [Citation.]” (13 Cal.3d at p. 274, fn. 7, 118 Cal.Rptr. 249, 529 P.2d 1017.) In accord with this principle, we conclude that the CEQA provisions do not apply to LAFCO's sphere decision in this case.

III. Section 84308 is Not Applicable to These Proceedings

The trial court found that the conflict of interest provisions contained in Government Code section 84308 of the Political Reform Act applied to the sphere of influence proceedings. This was the basis of the interlocutory judgment setting aside LAFCO's first decision of January 9, 1985. LAFCO and the FPPC as amicus curiae contend this was error.[9]

There is no definitive statutory or case law on the issue and the area is not free from conflicting views; nevertheless, we find that section 84308 does not apply because a sphere of influence is not “a license, permit or other entitlement for use.” The trial court's ruling to the contrary was erroneous as a matter of law.

Subdivision (a) of section 84308 provides that " '[l]icense, permit, or other entitlement for use' means all business, professional, trade and land use licenses and permits and all other entitlements for use, including all entitlements for land use, all contracts (other than competitively bid, labor, or personal employment contracts), and all franchises."

Subdivision (c) of section 84308 provides in pertinent part as follows:

"(c) Prior to rendering any decision in a proceeding involving a license, permit or other entitlement for use pending before an agency, each officer of the agency who received a contribution within the preceding 12 months in an amount of two hundred fifty dollars ($250) or more from a party or from any participant shall disclose that fact on the record of the proceeding. No officer of an agency shall make, participate in making, or in any way attempt to use his or her official position to influence the decision in a proceeding involving a license, permit, or other entitlement for use pending before the agency if the officer has willfully or knowingly received a contribution in an amount of two hundred fifty dollars ($250) or more within the preceding 12 months from a party or his or her agent, or from any participant, or his or her agent."

In response to LAFCO's request for advice, staff counsel for the FPPC's legal division advised LAFCO in a letter dated June 14, 1985 that section 84308 applies to annexations, but not sphere of influence proceedings. This letter, addressed to Assistant County Counsel Lloyd W. Pellman, referenced and enclosed a copy of another advice letter dated June 6, 1985 from the FPPC to Donald Fallon, Deputy County Counsel, Santa Clara County (hereinafter "Pellman letter" and "Fallon letter", respectively).

While noting that "[t]he term 'entitlement for use' does not have a set legal meaning," the FPPC expressed the view in the Fallon letter that "[s]ection 84308 does not cover proceedings where general policy decisions or rules are made or where the interests affected are many and diverse." The staff concluded, " 'Sphere of influence' plans are general planning documents adopted by LAFCOs which are intended to guide them in their determination of specific proposals. It is our view that these types of general plans do not create any 'entitlement for use' within the meaning of section 84308. Thus 'sphere of influence' proceedings are not covered by this law."

The advice of the FPPC as an agency empowered by the Legislature to interpret and enforce the Political Reform Act is entitled to weight. (See Gov.Code, §§ 83111, 83112, 83113 and 83114 of the Political Reform Act regarding the FPPC's responsibilities regarding written advice. See also National Muffler Dealers Association, Inc. v. United States (1979) 440 U.S. 472, 476–477, 99 S.Ct. 1304, 1306–1307, 59 L.Ed.2d 519; Rivera v. City of Fresno (1971) 6 Cal.3d 132, 140, 98 Cal.Rptr. 281, 490 P.2d 793; Mission Pak Co. v. State Bd. of Equalization (1972) 23 Cal.App.3d 120, 100 Cal.Rptr. 69.) We also recognize, as the City asserts, that the ultimate resolution of legal issues regarding statutory interpretation lies with the courts. (See Carmona v. Division of Industrial Safety (1975) 13 Cal.3d 303, 310, 118 Cal.Rptr. 473, 530 P.2d 161; Selby v. Department of Motor Vehicles (1980) 110 Cal.App.3d 470, 474–475, 168 Cal.Rptr. 36.)

In addition to considering the FPPC's advice and the record on appeal, we have considered the language of the entire Political Reform Act. We have also considered the language of section 84308 as well as the manner in which it harmonizes with the Political Reform Act and related statutory provisions in CEQA and the Knox–Nisbet Act, now the Cortese–Knox Act. Based on

our review, we not only find that the FPPC's opinion is entitled to great weight, but we also find it to be correct as a matter of law.

The City contends, unpersuasively, that because a sphere is a pre-condition to annexation, it necessarily involves an “entitlement for use.” The City's reasoning did not compel a finding that a sphere decision was necessarily a “project” subject to CEQA, even though an annexation was viewed as a “project” subject to CEQA in certain cases. Similarly, the City's reasoning does not compel a finding that the sphere proceeding involves “an entitlement for use” subject to section 84308, simply because annexations are viewed as proceedings subject to section 84308.

As previously discussed, the sphere decision is only a preliminary step in the annexation process and not the final discretionary decision by LAFCO. The sphere decision is subject to periodic review, amendment and revision. Furthermore, the sphere itself does not create land use designations.

In sum, we find that the basis for adopting the FPPC's interpretation of section 84308 is compelling and consistent with a plain reading of the statute. We therefore hold that section 84308 is not applicable to the sphere of influence proceedings in this case.

CONCLUSION

This court concurs with the following rulings of the trial court: (1) CEQA is not applicable to the sphere of influence decision by LAFCO; (2) there is substantial evidence to support the sphere adoption by LAFCO; and (3) there is no prejudicial abuse of discretion by LAFCO in this case.

This court, however, disagrees with the trial court's ruling that LAFCO's written statement of determinations was legally inadequate and that the sphere adoption should therefore be set aside. We reverse the trial court's judgment on this ground.

We also disagree with trial court's ruling on the applicability of Government Code section 84308 which formed the basis of the interlocutory judgment setting aside LAFCO's first sphere decision of January 1985. Section 84308 is not applicable to the sphere of influence proceeding.

DISPOSITION

The judgment is reversed, and the cause remanded to the trial court with directions to enter a judgment denying the petition for writ of mandate consistent with this opinion. Each side to bear their own costs.

FOOTNOTES

FOOTNOTE.

1. As the City noted in its brief, the Cortese–Knox Act, which became effective January 1, 1986, represented consolidation and renumbering of the District Organization Act of 1965 (former Gov.Code, § 56000 et seq.); the Municipal Organization Act (former Gov.Code, § 35000 et seq.); and the Knox–Nisbet Act (former Gov.Code, § 54773 et seq.) The text of these provisions have, with minor procedural exceptions, remained basically unchanged by this

consolidation and renumbering. (See Cortese–Knox Act, Gov.Code, § 56100.)Unless otherwise noted, all references will be to the Cortese–Knox Act currently in effect, Government Code section 56000 et seq.

2. Arguably, LAFCO's second decision complies with section 84308; this decision was made in compliance with the interlocutory judgment ordering that allegedly "disqualified" commissioners not vote or participate in making the sphere decision. We need not decide this issue of compliance, however, because of our ruling that section 84308 is not applicable.

3. The factual and procedural background is gleaned from the administrative record and the clerk's transcript on appeal. The reporter's transcript of the proceedings in the trial court was also reviewed.

4. The composition of LAFCO in Los Angeles County was the same under the Knox–Nisbet Act (former Gov.Code, § 54780.1).

5. In addition to asserting that section 84308 did not apply to the sphere proceedings, LAFCO disputed the City's factual allegations. While acknowledging that Commissioner Antonovich had voted on the sphere issue, LAFCO asserted that Commissioner Bernson, while present at November 1984 proceeding, did not vote or participate in making the sphere decision.

6. The issue of whether the motion for reconsideration was properly denied is not addressed in this opinion. A ruling on this issue raised by LAFCO on appeal is unnecessary in view of our disposition.

7. Section 56425 provides in pertinent part that "[i]n order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county. ."

8. Required Findings Written Findings in Record"(1) The present and planned land uses in the the area, including agricultural and open-space lands." "Some residential development is now occurring. Plans provide for additional commercial and industrial development primarily along the freeway." "No agricultural preserves would be affected by adoption of this sphere of influence." "(2) The present and probable need for public facilities and services in the area." "Present services needs are now being provided by the city, the County, and special districts and cover the full range of municipal type services. Future needs are expected to be provided in a similar manner, controlled by the amount of growth." "The city indicates that its residential development is the maximum planned for the city." "(3) The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide." "The city operates under the contractual plan. Additional services could be contracted for in accord with the city's ability to pay for such services." "The city provides services through special districts, contractual agreements, and city staff." "(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." (§ 56425, subd. (a).)

9. The City as well as LAFCO and FPPC have emphasized the importance of resolving this issue regarding the applicability of section 84308 to sphere of influence proceedings.

Accordingly, we proceed to address this issue although it may not be essential to the final disposition in this case.

BAKER *, Associate Justice. FN* Assigned by the Chairperson of the Judicial Council.

KLEIN, P.J., and DANIELSON, J., concur.