

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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May 4, 2005

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Report Back: Environmental Impact Report Process
General Plan Amendment/ Update
Sphere of Influence Amendment/ Update

RECOMMENDATION

Approve LAFCo staff coordination and collaboration with cities during their General Plan Amendment/ General Plan Update process to assist and facilitate processing of LAFCo Sphere of Influence Amendments/ Updates and Municipal Service Reviews.

BACKGROUND

At the April 6, 2005 Commission meeting, after extensive discussion, the Commission directed staff to report back on the difference between Sphere of Influence Amendments and Sphere of Influence Updates as well as how a Sphere of Influence study can be initiated. In addition, this paper will discuss estimated timelines for Sphere of Influence proposals and related Municipal Service Reviews for cities and special districts.

DISCUSSION

Sphere of Influence Amendment versus Update

LAFCo Statute does not explicitly define the difference between a Sphere of Influence Amendment and a Sphere of Influence Update. However, Planning Statutes make a distinction between a General Plan Amendment and General Plan Update. In addition, LAFCo statutes allude to a similar differentiation. The distinction between a General Plan Amendment and a General Plan Update is described as follows:

General Plan Amendment: A change in a city/ county General Plan related to a project, policy or relatively narrow study area.

General Plan Update: A comprehensive review and analysis of all required elements of a city/ county General Plan.¹

Based on planning terms, it seems appropriate to define Sphere of Influence Amendments and Updates as follows:

Sphere of Influence Amendment: A Sphere of Influence Amendment is related to a specific project or a relatively narrow study area.² (Relatively minor, and incremental adjustments.) An Amendment is generally requested by property owners or an agency at the request of property owners.

Sphere of Influence Update: A comprehensive/ overall review of a city or district Sphere of Influence requested by an agency or initiated by LAFCo.³

The proposed Sphere of Influence terminology is consistent with definitions of Planning law. In my opinion, a Sphere of Influence Amendment is focused on a specific area whereas a Sphere of Influence Update relates to a comprehensive review of the Sphere of Influence for a city or special district. However, in either study, an analysis for an Amendment or an Update is required, but the level of analysis may vary depending upon the circumstances.

The type of data required for an analysis of either a Sphere of Influence Amendment or Sphere of Influence Update is similar. The methodology of analysis and evaluation for either project is the same. The Commission must make findings based on the evaluation and analysis for either type of project. Generally, the major distinction between a simple, or highly focused, project versus a complex comprehensive review of an agency is related to the amount as well as the timeliness of data to be collected. Typically, complexity increases processing time and cost.

In practice, staff is required to do due diligence to provide the Commission with adequate information to make a decision and that support the staff recommendation. For example, a property owner applies for a **Sphere of Influence Amendment/ MSR** and Concurrent Annexation to a water district to receive service for a 25 lot subdivision. This SOI Amendment/ MSR and annexation should be relatively uncomplicated to evaluate. On the other hand, a project for a **Sphere of Influence Update/ MSR** and concurrent annexation of a 5,000 acre site to a water district for the provision of water service will likely require specialized studies and, by comparison, be far more complex than the 25 lot subdivision review and analysis. Typically, the comprehensive project will take longer and cost more to process. However, this pattern may not always be the case. A small

¹ A General Plan Housing Element is required by statute to be updated every five years.

² Government Code Section 56428 (a).

³ Government Code Section 56425 (f).

incremental Amendment could be as complex and/or controversial as a large Update and could require significant staff effort. In any event, at the end of the process, the Commission must be able to make findings for either an SOI Amendment or an SOI Update that are based on adequate and complete analysis.

LAFCo is also required to prepare Municipal Service Reviews (MSR) for either a Sphere of Influence Amendment or an Update. The detail within the Municipal Service Review is dependent upon the complexity and scope of the proposed project. For example, it may be possible to do a limited MSR for a non-controversial SOI Amendment, however, a SOI Update will likely require a comprehensive MSR.

Appendix I (attached) defines by statute the requirements to be submitted and reviewed for a Sphere of Influence Amendment/ Update. Appendix II (attached) describes Sacramento Local Agency Formation Commission policy requirements regarding Spheres of Influence and Sphere of Influence Amendments/ Updates. Both appendices describe the Findings the Commission must make as a result of its deliberations.

Sphere of Influence Update Timeline
(LAFCo Initiated vs. City Initiated)

The estimated time required for LAFCo to process a Sphere of Influence Update, or concurrently process a SOI with a city general plan amendment, appears to be very similar. The basic steps in either process are the same, however, I believe there is an advantage to processing a Sphere of Influence Update concurrently with or after a city updates or amends its General Plan.

Basic Steps in the Sphere of Influence Process

Steps 1-3 are required under a LAFCo-initiated SOI Update or a concurrent General Plan Amendment/ SOI Update.

1. Collect technical and background data.
(The city is the primary source of information.)
2. City prepares Environmental Document for General Plan Amendment or General Plan Update which also addresses Sphere of Influence factors.
Risk: Under the scenario that the city prepares the Environmental Document, LAFCo retains the right to prepare its own environmental document or prepare a Supplemental document and circulate for public review and comment. However, the goal is to minimize duplication of environmental documents and service delivery plans if the Commission finds these documents as adequate and complete.
3. LAFCo/ City prepare Municipal Service Review (Service Plan).
(The city is the primary source of information.)

4. LAFCo evaluates and analyzes SOI/ MSR based on the information noted above and public testimony.
5. Commission makes findings: approves, modifies, or denies the proposal.

At the end of either a LAFCo-initiated SOI Update or a concurrent General Plan/ SOI Update process, the Commission determines the city Sphere of Influence. Under either process, the city or district does not have certainty, or assurance, that the Commission will amend the Sphere of Influence. The Commission will amend the Sphere of Influence based on staff analysis of statute, data, and Commission policy as well as oral and written testimony submitted at public hearings.

Initiation Process for Sphere of Influence Amendments

According to Commission Counsel, the Commission can initiate Sphere of Influence Amendments without a request from an agency. In addition, the Commission processes Sphere of Influence Amendments that are initiated by a proponent, i.e., city, special district, or other proponent.

Typically, a Sphere of Influence Amendment would be requested by a property owner related to a specific site or specific project. A Sphere of Influence Update could be initiated by LAFCo, a city or a special district.

Government Code Section 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 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 to promote the logical and orderly development of areas within the sphere.

Government Code Section 56430 (c)

The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

Advantage of Combining General Plan Amendment and Sphere of Influence

I believe that with city collaboration, the Commission will obtain more comprehensive information for its deliberations and decision-making process than by only using the broad assumptions outlined by our LAFCo statutes. A city General Plan is not required by statute to review and evaluate LAFCo objectives, however, the process of collaboration can address LAFCo objectives related to housing affordability, open space, cost effective and efficient service delivery, and LAFCo's concern for the orderly development of governmental agencies.

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Attachment: Appendices

(Sphere of Influence Studies)

APPENDIX I

***LAFCo Statutes Related to Spheres of Influence
Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000***

Cortese Knox Hertzberg Statutes Related to Spheres of Influence

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 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.

(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.**

56428 (a) 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. The request shall state the nature of the proposed amendment, state the reasons for the request, include a map of the proposed amendment, and contain any additional data and information as may

(b) After complying with the California Environmental Quality Act, Division 13 (commencing with Section 21000) of the Public Resources Code, the executive officer shall place the request on the agenda of the next meeting of the commission for which notice can be given. The executive officer shall give notice in the manner provided by Section 56427. On the date and time provided in the notice, the commission may do either of the following:

- (1) Without further notice, consider the amendments to a sphere of influence.**
- (2) Set a future date for the hearing on the request.**

(c) The executive officer shall review each requested amendment and prepare a report and recommendation. The report shall be completed not less than five days before the date specified in the notice of hearing. The executive officer shall send copies of the report to the person or agency making the request, each affected local agency, and each person who has filed a request for a report.

(d) At its meeting, the commission shall consider the request and receive any oral or written testimony. The consideration may be continued from time to time but not to exceed 70 days from the date specified in the original notice. The person or agency which filed the request may withdraw it at any time prior to the conclusion of the consideration by the commission.

(e) At the conclusion of its consideration, the commission may approve or disapprove with or without amendment, wholly partially, or conditionally, the request. The commission shall follow the procedures in Section 56425.

(f) The commission may require the person or agency making a request pursuant to this section to pay a fee to cover the commission's costs. The fee shall not exceed the estimated reasonable cost of providing the service and shall be set pursuant to Section 56383. The commission may waive the fee if it finds that the request can be considered and studied as part of the periodic review of spheres of influence required by Section 56425. In addition, the commission may waive the fee if it finds that payment would be detrimental to the public interest.

(g) The commission and executive officer may review and act on any request to amend a sphere of influence or urban service area concurrently with their review and determination on any related change of organization or reorganization. In case of a conflict between the provisions of this section and any other provisions of this part, the other provisions shall prevail.

56430. In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Infrastructure needs or deficiencies.**
- (2) Growth and population projections for the affected area.**
- (3) Financing constraints and opportunities.**
- (4) Cost avoidance opportunities.**
- (5) Opportunities for rate restructuring.**
- (6) Opportunities for shared facilities.**
- (7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.**
- (8) Evaluation of management efficiencies.**
- (9) Local accountability and governance.**

(b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area.

(c) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

(d) Not later than July 1, 2001, the Office of Planning and Research, in consultation with commissions, the California Association of Local Agency Formation Commissions, and other local governments, shall prepare guidelines for the service reviews to be conducted by commissions pursuant to this section. (Added by Stats. 2000, Ch 761.)

APPENDIX II

*Sacramento Local Agency Formation Commission
Policies Related to Spheres of Influence⁴*

⁴ Sacramento Local Agency Formation Commission Policies, Standards and Procedures for LAFCo, Adopted September 5, 1990, Amended May 5, 1993.

Spheres of Influence⁵

- 1. LAFCo will approve an application for a change of organization or reorganization only if the proposal is consistent with an approved Sphere of Influence plan for the affected agency or agencies. Spheres of Influence will not generally be amended concurrently with an action of an application. Spheres of Influence amendments will ordinarily take longer to process than applications for a change of organization or reorganization. Agencies are encouraged to keep their Spheres of Influence plans up to date so that individual applications for changes of organization or reorganization are not burdened with Sphere of Influence amendment requirements. Amendments to Spheres of Influence occasioned by individual applications for changes of organization or reorganization which would render the Sphere of Influence internally inconsistent or inconsistent with the other policies or standards herein will not be approved.**

- 2. Spheres of Influence are the primary planning tool for LAFCo. The LAFCo has developed standards related to the Master Service Element of any agency's Spheres of Influence. Agencies must have an updated Master Service Element which meets the following standards:**
 - a. Is consistent with the Master Service Element of the Sphere of Influence of any overlapping jurisdiction;**

 - b. Demonstrates that adequate services will be provided within the time frame needed by the inhabitants of the area included within the proposal boundary;**

 - c. Identifies existing land use and a reasonable projection of land uses which would occur if services were provided consistent with the updated Element;**

 - d. Presents a map that clearly indicates the location of existing and proposed facilities, including a plan for timing and location of facilities;**

 - e. Describes the nature of each service to be provided;**

 - f. Describes the service level capacity of the service provider's facilities;**

 - g. Identifies the anticipated service level to be provided;**

 - h. Describes any actions, improvements, or construction necessary to reach required service levels, including costs and financing methods;**

⁵ Ibid, pages IV-1-2.

- i. Provides copies of district enabling legislation pertinent to the provision of services and annexations;
 - j. Identifies projected revenue and identifies savings occurring as a result of the action; and
 - k. Provides existing and five year population projects within agency boundaries.
3. The LAFCo will require that any agency making a proposal an action through LAFCo must have an updated Master Service Element of its Sphere of Influence Plan. The LAFCo will approve a proposal only if the proposed service provider is the most efficient provider of services with an acceptable cost, as demonstrated in the provider's Master Service Element. Annexation requires a Sphere of Influence and a Master Services Element.

Standards for Annexation to and the Detachment From All Agencies⁶

These standards govern LAFCo determines regarding annexations and detachments to and from all agencies.

1. An application to LAFCo for an annexation or detachment requires the submittal of an application form, supporting documentation, and fees, as set forth in Chapter II of LAFCo's Policies, Standards and Procedures. In addition, the application shall be accompanied by a response to the applicable standards set forth in this section. On or after January 1, 1992, no application for an annexation proposed by an agency shall be accepted as complete by LAFCo in the absence of a Sphere of Influence Master Services Element for that agency approved by LAFCo as provided in the LAFCo standards.
2. The annexation or detachment must be consistent with the General Policies and General Standards in Chapters III and IV.
3. The annexation or detachment must be consistent with the Sphere of Influence boundary. The land subject to annexation shall lie within the existing Sphere of Influence boundary of the annexing city or district.
4. The annexation must be consistent with the applicable Master Service Elements. An annexation or detachment shall be approved only if the Services Element of the Sphere of Influence Plan of the affected agency or agencies demonstrates that adequate services will be provided within the time frame needed by the inhabitants of the annexed or detached area. Proposed annexations for land

⁶ Ibid, page 10.

areas that lie outside of the current and next five-year increments of projected service delivery in the services element are presumed not to comply with this standard unless the applicant clearly establishes that special and unique circumstances exist which ensure the provision of quality services during the applicable time frame for the affected area consistent with the other standards.

Specific Standards By Type of Action⁷

The Sacramento Local Agency Formation Commission has adopted specific standards for its actions to ensure that it renders fair and consistent decisions in accordance with State law. The LAFCo will use these specific standards, as well as the applicable policies and general standards, during its decision-making process. The LAFCo may make exceptions to these specific standards if it determines that such exceptions: are necessary due to unique circumstances; are necessary due to conflicts between general and specific standards; result in improved quality or lower cost of service available; or there exists no feasible or logical alternative.

Annexation to Cities

1. LAFCo will utilize Spheres of Influence through application of the following standards:
 - a. The LAFCo will approve an application for annexation only if the proposal conforms to and lies wholly within the approved Sphere of Influence boundary for the affected agency;
 - b. The LAFCo generally will not allow Spheres of Influence to be amended concurrently with annexation proposals;
 - c. The LAFCo will favorably consider proposals that are a part of an orderly, phased annexation program by an agency for territory within its Sphere of Influence;
 - d. An annexation must be consistent with a city's Master Service Element of its Sphere of Influence Plan; and
 - e. The LAFCo encourages the annexation to each city of all islands of unincorporated territory and all substantially surrounded unincorporated areas located within the city's Sphere of Influence.

⁷ Ibid, page V-1.

Sphere of Influence Plans⁸

A Sphere of Influence Plan is a plan for the probable, ultimate physical boundaries and service area of a local agency. This section of the LAFCo Policies and Standards sets forth the required contents of a Sphere of Influence Plan, the procedures for submittal and approval of a Sphere of Influence Plan and Amendments thereto, and the use of Sphere of Influence Plans in LAFCo determinations.

1. **The Sphere of Influence Plan for all governmental agencies within the LAFCo jurisdiction shall contain the following:**
 - a. **A map defining the probable ultimate boundary of its service area;**
 - b. **A statement of the present and planned land uses in the area, including agricultural and open space lands;**
 - c. **The present and probable need for public facilities and services in the area;**
 - d. **The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide;**
 - e. **The existence of any relevant social or economic communities of interest in the area; and**
 - f. **With respect to all cities, sewer districts, water districts, community service districts, drainage districts, and multi-purpose districts within the jurisdiction of Sacramento LAFCo, a Master Services Element as defined [in paragraph H.2] below. Other agencies may prepare a Master Services.**

2. **A Master Services Element shall contain the following:**
 - a. **A projection of the geographic extent of service capabilities during the next 20 years denominated in 5-year increments. In the case of cities, a shorter time frame may be appropriate if the applicable general plan has a shorter planning period.**
 - b. **Projected level of service capabilities in the same time frames and geographical areas.**

⁸ Ibid, pages V-8-12.

- c. **Actual and projected costs of services to consumers. This shall include a statement of actual and projected allocation of the cost of services between existing and new residents.**
 - d. **The services element shall contain sufficient information concerning current and projected capital programs, revenues, costs, rate structures and financing, and other information necessary to support the projected service capabilities and areas set forth in the Element.**
3. **LAFCo may, at its discretion, designate a geographic area beyond the Sphere of Influence as an Area of Concern to the local agency. An Area of Concern is a geographic area beyond the Sphere of Influence in which land use decisions or other governmental actions of the County impact directly or indirectly upon the local agency. For example, a development project outside the limits or Sphere of Influence of a local agency may result in that local agency providing services or adjusting its planning assumptions.**
 4. **LAFCo will adopt, amend, or revise Sphere of Influence Plans after a public hearing and pursuant to the procedures set forth in Section 56427 and 56428 of the Cortese-Knox-Hertzberg Act. Sphere of Influence Plans shall be revised as necessary, but in all cases at least every five years.**
 5. **On or before January 1, 1992, all cities, sewer districts, water districts, community service districts and multi-purpose districts shall have a Master Services Element approved by LAFCo. Copies of the proposed Element shall be submitted to the County, to adjacent jurisdictions, and adjacent service providers.**
 6. **LAFCo shall accept and adopt a Master Services Element or other Sphere of Influence Plan revisions if the Sphere of Influence Plan as amended contains all of the components required by these standards; that the projections of areas and levels of service contained therein are accurate, adequate and complete; and the Sphere of Influence Plan complies with CEQA. If LAFCo rejects a proposed Sphere of Influence amendment or proposed Master Services Element, the Commission shall state the reasons therefore, direct staff to provide assistance on requests to correct deficiencies, and upon re-submittal promptly reconsider the amendment or element.**
 7. **LAFCo shall approve a proposal for a change of organization or reorganization only if the proposal is consistent with the Sphere of Influence Plan.**
 8. **LAFCo shall specifically utilize the Master Services Element in evaluating:**
 - a. **Proposals to annex territories to cities where urban services are or may be provided by urban services special districts;**

- b. **Applications to annex or detach territories to or from a special services district;**
 - c. **Applications for boundary changes between or among special districts, or the formation of new special districts to service areas in territory currently served by another service provider;**
 - d. **Applications for consolidation of districts; and**
 - e. **Other changes or organization or reorganization where appropriate.**
9. **Sphere of Influence Plans shall be internally consistent.**
10. **In the case of a Sphere of Influence Plan which contains a Master Services Element, if the evidence demonstrates that an agency is unable to provide an adequate level of service within a portion of its ultimate service area boundaries, the Sphere of Influence Plan shall be amended pursuant to the procedures for periodic review such that the ultimate service boundaries are consistent with the Master Services Element. If the Master Services Element projections demonstrate an adequate level of service beyond the ultimate service boundary, the Sphere of Influence Plan may be amended accordingly.**

Amendments to Spheres of Influence

1. **The LAFCo will generally treat a proposed amendment to an agency's Sphere of Influence similarly to an application for approval of a Sphere of Influence. The LAFCo's policies will be applied to applications for amendment to a Sphere of Influence as if it were an annexation planned for the mid- to long-range future. For that reason, each of the following sets of policies will apply to applications for amendments to Spheres of Influence:**
 - a. **General policies;**
 - b. **Specific policies and standards for annexations to cities and special districts; and**
 - c. **Specific policies and standards or amendments to Spheres of Influence.**
2. **The Sphere of Influence Master Services Element must be current before additions to a Sphere of Influence will be approved by LAFCo.**
3. **The Sphere of Influence amendments shall precede applications for annexations.**

4. **Amendment proposals must be consistent with an updated Sphere of Influence Master Services Element.**
5. **An applicant for amendment to a Sphere of Influence must demonstrate a projected need or lack of need for service.**
6. **Amendment proposals involving Sphere expansion which contain prime agricultural land will not be approved by the LAFCo if there is sufficient alternative land available for annexation within the existing Sphere of Influence.**
7. **A phased plan for annexation of Sphere of Influence territory should be included in the Sphere of Influence proposal.**
8. **No amendments to a Sphere of Influence Plan will be approved unless a Master Services Element of the Sphere of Influence Plan exists that has been prepared by a local agency and adopted by LAFCo if required.**
9. **The LAFCo will deny proposals that would result in significant unmitigable adverse effects upon other service recipients or other agencies serving the affected area unless the approval is conditioned to avoid such impacts.**
10. **The LAFCo will approve a proposed amendment to a Sphere of Influence only if the subject agency will be the most logical and prospectively most efficient provider of services to the subject territory.**

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(Appendices)