

CHAPTER V

SPECIFIC STANDARDS BY TYPE OF ACTION

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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.

A. ANNEXATIONS 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 Spheres 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 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.
2. The LAFCo will not approve proposals in which boundaries are not contiguous with the existing boundaries of the city to which the territory will be annexed, unless the area meets all of the following requirements:
 - a. Does not exceed 300 acres;
 - b. Is owned by a city;
 - c. Is used for municipal purposes at the time commission proceedings are initiated; and
 - d. Is located within the same county as the city.

3. The LAFCo will favorably consider proposals to annex streets where adjacent municipal lands will generate additional traffic and where there are isolated sections of county road that will result from an annexation proposal. Cities shall annex a roadway portion when 50 percent of the property on either or both sides of the street is within the city.
4. The LAFCo will favorably consider annexations with boundary lines located so that all streets and right-of-way will be placed within the same city as the properties which either abut thereon or for the benefit of which such streets and right-of-way are intended.
5. An annexation may not result in islands of incorporated or unincorporated territory or otherwise cause or further the distortion of existing boundaries unless findings are made that annexation as proposed is necessary for orderly growth, and cannot be annexed to another city or incorporated as a new city. Annexations of territory must be contiguous to the annexing city or district. Territory is not contiguous if its only connection is a strip of land more than 300 feet long and less than 200 feet wide.
6. The LAFCo opposes extension of services by a city without annexation unless such extension is by contract with another governmental entity or a private utility or as otherwise in compliance with Government Code section 56133.

B. ANNEXATIONS TO DISTRICTS

1. The LAFCo will favorably consider proposals for districts to annex all developed urban land inside their Sphere of Influence and will ordinarily approve such proposals unless the residents and owners of the property being annexed demonstrate that such areas should not be annexed.
2. Updated Plan for Services, as defined in the policies, standards and procedures must be available before LAFCo will approve a proposal initiated by the district.
3. The LAFCo opposes extension of services by a district without annexation unless such extension is by contract with another governmental entity or a private utility or as otherwise in compliance with Government Code section 56133.

C. DETACHMENTS FROM CITIES AND DISTRICTS

1. The LAFCo shall not approve the detachment of territory from a high-quality service provider unless the following can be demonstrated:
 - a. The detachment is necessary to ensure delivery of services essential to the public health and safety;

- b. The successor provider supplies services of equal or higher quality; and
 - c. The detachment does not significantly reduce the efficiency of service delivery to the remaining inhabitants of the current service provider's territory from which the detachment will occur.
- 2. The service plans of special districts which lie within a city's Sphere of Influence should provide for orderly detachment of territory from the district or merger of the district as district territory is annexed to the city.
- 3. The LAFCo will consider detachments in areas which require organized public service if another service provider is capable and willing to provide the service(s).
- 4. The LAFCo will not approve a detachment from a city or special district which conflicts with the adopted Sphere of Influence Plan of the agency from which detachment is sought.
- 5. Detachment from a city or special district shall not relieve the landowners within the detaching territory from existing obligations for bonded indebtedness or other indebtedness under similar security instrument incurred previously by the city or district to provide service to the detaching applicant unless the following apply:
 - a. The relief from indebtedness is part of a revenue exchange agreement applying to the detachment; or
 - b. The service benefits previously received by the applicant can be readily assumed by another landowner within the district who is willing to assume the financial responsibility in exchange for the added services.

D. INCORPORATIONS AND DISINCORPORATIONS

- 1. LAFCo will approve an incorporation or disincorporation only if it finds that the proposal complies with the general policies and standards applicable to all changes of organization or reorganization.
- 2. LAFCo will approve a proposal for incorporation only if the Commission finds that the applicant has demonstrated a significant unmet need for services or need for improved services within the territory for which incorporation is proposed. In determining whether an unmet need for services or improved services exists, the Commission will base its determination on:
 - a. Current levels of service in the area to be incorporated;

- b. Existing and projected growth rate and density patterns in the area to be annexed; and
 - c. The Sphere of Influence Plans for the jurisdictions currently providing services to the area.
3. The LAFCo Commission shall approve a proposal for incorporation only if it finds that incorporation will result in an entity with the capability to provide the most efficient forms of urban services to the affected population.
4. The LAFCo will not approve a proposal for an incorporation unless the incorporation proponents can demonstrate that the proposed city will be able to fund municipal services and remain financially solvent.
5. The LAFCo requires that an applicant for incorporation prepare a financial feasibility study as specified in Appendix E and Appendix I. The applicant shall provide the required information and evaluation that will be reviewed by the LAFCo staff for accuracy and content.
6. An applicant for an incorporation may request a review of the financial feasibility studies pursuant to the provision of state law.
 - a. Time and Form of Request. A request for review of the Comprehensive Fiscal Analysis, pursuant to Government Code Section 56801 et seq, must be made, in writing, no later than thirty (30) calendar days from the notice of release of the Comprehensive Fiscal Analysis by the Executive Officer by publication pursuant to Section 56153 of the Government Code. The request must specify in writing the element or elements of the Comprehensive Fiscal Analysis that the State Controller is requested to review and the reasons the Controller is requested to review them.
 - b. Deposit Required. The person requesting such review shall be responsible for any and all costs incurred in such review. They shall deposit with the Executive Officer, at the time the request is filed, in the form of a cashier's check, the amount estimated by the Executive Officer, to be necessary to cover the cost of the State Controller's review. This estimate of costs shall include, but not be limited to, the estimated charge by the State Controller, LAFCo staff costs, and costs for any LAFCo consultants required to assist the Controller in his review. No request shall be valid unless accompanied by the deposit specified in this rule. Should the Controller's review support the reason(s) for the challenge, LAFCo shall be liable for all costs incurred by the Commission in connection with the incorporation other than the Controller's charge.

The deposit shall be deposited in the County Treasury and all costs shall be paid from it. Within thirty (30) days of issuance of the State Controller's report, the Executive Officer shall refund any amount remaining after all costs have been paid. In the event that the amount

is in excess of the deposit, the interested filing party shall be liable for the balance.

7. The proposed incorporation must not have significant adverse social and economic impacts upon any particular communities or groups in the incorporating area or affected unincorporated area.
8. Incorporation proposals which split special districts will not be approved unless the resulting service providers can be shown to be the most logical, efficient and cost-effective organizational structure for service delivery, without severe financial impacts on the special district.
9. The LAFCo will require, as part of the incorporation application, a draft Sphere of Influence Plan for a proposed city.
10. The LAFCo will require a Plan for Services and a Sphere of Influence Plan as part of the application requirement for an incorporation proposal.
11. The LAFCo will not approve an incorporation unless:
 - a. applicable general plans, specific plans or area plans based on realistic population and growth projections demonstrate the need for urbanization of the affected area, and
 - b. the areas proposed for incorporation should be urbanized or should be planned for urbanization within the next five years.

Subparagraphs (a) and (b) do not apply if LAFCo determines the proposal is structured to ensure the long-term preservation of open space or agricultural lands.

12. Current law requires the transfer to a newly incorporated city of all situs sales tax revenue from the city's territory, as well as property tax revenue based upon statutory formula. Consequently, in most incorporations, the net revenue effect will substantially favor the new city at the County's expense. LAFCo will deny a proposal which does not contain agreement(s) that compensates for this lack of revenue neutrality.
13. Prime agricultural land which is not designated for urbanization within the next five years of the date of the receipt of the application shall not be included in any incorporation approval unless the LAFCo determines that the proposal is structured to ensure the long-term preservation of open space or agricultural lands.
14. LAFCo will approve a proposal for disincorporation of a city only if it determines that the applicant for disincorporation has demonstrated that the services offered are unnecessary or that the services can be provided more efficiently by another agency or provider. A plan for alternative service provision must be provided. If alternative service providers exist, they must agree to provide the services.

15. If a city becomes insolvent or is unable to provide services, then the LAFCo will consider the approval of an application for disincorporation. If services are required, the LAFCo will consider the provision of services by another provider.
16. If a city becomes insolvent or is unable to provide services, then the LAFCo will consider consolidation with a solvent and capable service provider.

E. DISTRICT FORMATIONS AND DISSOLUTIONS

1. The LAFCo will encourage special district formations in areas that demonstrate a need for unmet or improved level of services due to the inadequate level or quality of services currently being provided.
2. The LAFCo will require that all applicants for the formation of a special district prepare a Municipal Service Review of the Sphere of Influence Plan.
3. The LAFCo will require that all applicants for the formation of a special district develop a definite Sphere of Influence map, plan and boundaries.
4. The LAFCo will not approve any district formation application that is not consistent with the General and Specific Plans of all affected land use authorities.
5. The LAFCo will not approve district formations when the Municipal Service Review developed by applicants for district formations conflict with the Municipal Service Review of other agencies unless high quality, more efficient service provision will occur.
6. When considering applicants for district formation, the LAFCo will ensure that no special interest group is given the status of being a governmental agency.
7. The LAFCo will not approve an application for district formation unless the applicant can demonstrate it can fund the services it intends to provide.
8. If a district becomes insolvent or is unable to provide services then the LAFCo may approve consolidation with a solvent and capable district.

F. CITY CONSOLIDATION, DISTRICT CONSOLIDATIONS, AND MERGER OF A DISTRICT INTO A CITY

1. For the purposes of the LAFCo's policies and standards, a consolidation of cities or districts will be treated as an incorporation or a district formation. Generally, the merger of a district into a city will be treated as if it were the formation of a dependent district. Standards for incorporation and district

formation are, therefore, applicable to consolidations, mergers, and reorganizations that include consolidations and mergers.

2. Based upon submitted Plan for Service, Municipal Service Review and any other data provided, the LAFCo will determine whether the cities' or districts' organizations and operations can feasibly be combined. The LAFCo will give particular attention to the following:
 - a. Employment contracts, policies and human resource issues;
 - b. Specified plans for combination of top managers, roles and responsibilities and for staffing key positions; and
 - c. Plans and safeguards to ensure uniform and consistent service quality throughout the newly consolidated or merged jurisdiction.

G. REORGANIZATION

The LAFCo will evaluate each component organizational change which makes up a reorganization proposal independently. In so doing, the LAFCo will follow the standards presented below.

1. LAFCo will strive to ensure that each separate territory included in the proposal, as well as affected neighboring residents, tenants, and landowners, receive services of an acceptable quality from the most efficient and effective service provider after the reorganization is complete.
2. The service quality, efficiency, and effectiveness available prior to reorganization shall constitute a benchmark for determining significant adverse effects upon an interested party. The LAFCo will approve a proposal for reorganization which results in significant adverse effects only if effective mitigating measures are included in the proposal.

H. SPHERE OF INFLUENCE PLANS

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 Sphere of Influence Plans 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 Municipal Service Review as defined in paragraph H.2. below other agencies may prepare a Municipal Service Review.
2. A Municipal Service Review shall contain the following:
- a. A projection of the geographic extension 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.
 - 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 Municipal Service Review 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 Municipal Service Review.
 - e. Consistent with §56430a(7), the Municipal Service Review shall provide information on how effectively an agency or district maintains communication with its customers.
3. LAFCo may, at its discretion, designate a geographic, area beyond the Sphere of Influence as an Area of Interest to the local agency. An Area of Interest 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. All cities, sewer districts, water districts, fire districts, recreation and park districts, reclamation districts, cemetery districts, community service districts and multi-purpose districts shall have a Municipal Service Review approved by LAFCo upon determination of a sphere, the Commission shall adopt that sphere, and shall review and update, as necessary, the adopted sphere not less than every five years. Copies of the proposed Municipal Service Reviews shall be submitted to the County, to adjacent jurisdictions, and adjacent service providers.
6. LAFCo shall accept and adopt a Municipal Service Review 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 Municipal Service Review, the Commission shall state the reasons therefor, 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 Municipal Service Review 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 Municipal Service Review, 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 Municipal Service Review. If the Municipal Service Review projections demonstrate an adequate level of service beyond the ultimate service boundary, the Sphere of Influence Plan may be amended accordingly.

I. 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 Municipal Service Review 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 and/or Municipal Service Review.
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 Municipal Service Review 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.

J. RECONSIDERATION OF LAFCo DECISIONS

1. The LAFCo will accept written requests for reconsideration of a Commission resolution from any person or affected agency within 30 days of the LAFCo's adoption of a resolution making determination and prior to the completion of the Conducting Authority's proceedings, so long as such person or agency exhausts its administrative remedies by fully participating in LAFCo's proceedings, including, but not limited to, commenting in writing on the application during public hearing.
2. The written request for reconsideration should precisely and specifically describe the basis for the request. The only requests for reconsideration that the LAFCo will approve are as follows:
 - a. Compelling new evidence exists, including significant and previously unavailable evidence that might alter the LAFCo's decision;
 - b. There are elements which were previously overlooked, or have changed, such as the repeal of an applicable federal, state or local law that might alter LAFCo's decision; and
 - c. Item(s) of procedure are challenged.
3. If the written request is timely, the Executive Officer will schedule the matter for the next regularly scheduled Commission meeting for which notice can be given, at which time staff will present the request.
4. The Commission will consider the request and approve or deny the request for reconsideration without further notice or hearing, or continue the matter.
5. The Commission's determination upon these matters is final.

K. CITY PROTESTS OF LAND CONSERVATION CONTRACTS (Gov't Code Section 51243.5)

1. The LAFCo may sustain a protest by a city of the county entering into a Williamson Act contract if both the following are true:
 - a. The city's general plan designates the territory proposal to be under contract for urbanization within a reasonable period of time;

- b. A reasonable quantity of the city's total territory of sufficient quality has been set aside as open space/agricultural land and is designated as such in the city's general plan and relevant specific plans or community plans.
2. The LAFCo may sustain the protest if one or more of the following is true:
 - a. No active agricultural use of the land is feasible within six or more calendar years of the 10-year term of the contract;
 - b. The territory which is under contract has boundaries which would force imminent urban development to be illogical or make it difficult to serve.
 - c. The land does not meet the definition of prime agricultural land per the Cortese-Knox-Hertzberg Act.

L. SERVICE OUTSIDE OF AGENCY BOUNDARIES (Gov't Code Section 56133 & 56134)

1. Government Code 56133(b) Policy and Procedure: The Commission shall consider any proposals for an out-of-agency service extension, either pursuant to Government Code Section 56133(b), if a future change of organization or reorganization is anticipated, or pursuant to Government Code Section 56133(c), if the Commission finds that there is an existing or impending threat to public health or safety of the residents of the affected territory.

If a request pursuant to Government Code Section 56133 is filed by a party other than the city of district which would provide the service, the affected city or district must provide a written endorsement indicating its willingness to provide the service if the Commission approves the request.

The Commission shall also consider any requests to be exempt from the requirement to obtain LAFCO approval of an out-of-agency service extension, pursuant to Government Code Section 56133(e).

- a. Procedure: Requests to authorize an Outside Service Agreement shall be filed with the Executive Officer. For requests filed under 56133(c), the agency should include documentation of a threat to the health and safety of the public or the affected residents, such as a failing well or septic system. All requests will be reviewed by staff for completeness and placed on the next feasible agenda for Commission consideration per 56133(d). Emergency connections may be authorized by the Executive Officer and reviewed by the Commission at the next regularly scheduled LAFCO meeting. Requests shall identify any assurances that the Outside Service Agreement would not induce growth or result in the premature conversion of agricultural or open space lands to urban use. Other information that may be requested includes maps, a plan for

service, fees and the appropriate environmental document (Notice of Determination or Notice of Exemption).

As a condition of approval, the Commission may require the completion of the annexation within a specified time frame.

- b. Exemptions: Agencies requesting their contracts to be exempt from Commission consideration and approval per Government Code Section 56133(e) shall provide to the Executive Officer a written description of the service arrangement and any other supporting documentation of the contractual arrangement. The Executive Officer may make a determination on the exemption or may make a recommendation to the Commission for a Commission determination on the exemption. The Executive Officer shall endeavor to review the materials as quickly as possible and make a determination or recommendation on the exemption, to be provided based upon one or more of the following:
- Except for agencies subject to Government Code §56134, contracts or agreements solely involving two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider are exempt.
 - Contracts or agreements for the transfer of non-potable or non-treated water, and for provision of surplus water to agricultural lands for projects that serve conservation purposes or that directly support agricultural industries are not subject to LAFCO review.
 - Service extensions providing surplus water to any project that will support or induce development require written approval from the Commission.
 - Extra-territorial services provided by agencies prior to January 1, 2001, are not subject to LAFCO review.

The Executive Officer will notify the Commission of the granted exemption at the next Commission meeting.

2. Government Code 56134 Policy and Procedure: The Commission shall consider any proposals for an out-of-agency service extension for fire protection contracts consistent with the provisions of Government Code Section 56134.
3. Reconsideration: Government Code Sections 56133 and 56134 provide that requests for reconsideration may be made by the applicant. It is the policy of the Commission to also consider requests for reconsideration filed by any person or affected agency. Reconsideration shall be subject to the procedures and requirements established in Government Code Section 56895, except as provided herein.