LAFCo 101 For Special Districts

Keys to Understanding and Working With Your LAFCo
What’s Ahead?

- LAFCo Overview
- Special Districts and LAFCo
- Insights into the LAFCo Application Process – Why LAFCos Do What They Do
- Districts’ Voices on LAFCo
- Current Topics and Collaboration with Special Districts
What is a Local Agency Formation Commission?

- Independent regulatory authority of the State of California
- Created in 1963 to be the Legislature’s “watchdog” to manage the orderly growth and development of cities and districts
- Also known as the State’s steward of “good government”
LAFCo’s Legislative Purposes:

Promote orderly growth
Prevent sprawl
Preserve agriculture and open space
Assure efficient, sustainable public services
Why were LAFCos Created?

- Post-WWII population and housing boom in California led to increased demand for government services
- Rapid growth and scramble to finance and extend services
- Freeway suburbs, city annexation “wars” and hasty conversion of farmland
- Poor planned cities and proliferation of limited purpose special districts, with expensive and redundant delivery of services
Legislative Solution in 1963 – State Law, Local Flexibility

- No state commission or statewide agency
- Local control – no state appointees or funding
- A Local Agency Formation Commission in every county
- Each LAFCo independent
- Local flexibility – local policies
- 6 major revisions to State law over 52 years
- Unique to California
1963 - Knox-Nesbitt Act – LAFCos created to regulate boundaries

1971- LAFCo to create growth boundaries for cities and districts called spheres of influence. This was a huge shift of responsibility beyond merely reacting to individual boundary changes.

1972 - Allow special district members

1985 - Cortese-Knox Local Government Reorganization Act
2000 Brings Change!

Recommendations:

- LAFCos to be neutral, independent, and provide well balanced representation.

- Strengthen LAFCo’s powers to prevent urban sprawl and ensure orderly extensions of governmental services.

- Municipal Service Reviews to inform SOI Updates.

- Strengthen policies to protect agricultural and open space.
Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (§56000)

Significantly strengthened LAFCo’s powers and abilities, and affirmed LAFCo’s role

- Requires LAFCo independence and neutrality
- Process for special districts to be seated for well-balanced representation
- Requires equal share funding by county, cities and (member) districts
- Requires Municipal Service Reviews
- Requires Sphere of Influence updates every 5 years, as necessary
LAFCo is Independent

- Adopts local policies
- Commission makes final decisions; only appeal is through the courts
- Appoints an Executive Officer, Clerk and Legal Counsel
- Can contract for staff services
- Has administrative authority as an independent public agency
Legal Framework – Subject to State Laws

- Cortese-Knox-Hertzberg Act
  - Each LAFCo may adopt local policies and procedures to supplement the Act
- Brown Act / Public Records Act
- CEQA
- Revenue & Tax Code
- Political Reform Act / Other Conflict of Interest Laws
- Principal Acts
What Does LAFCo Do?

- Forms new cities and special districts
- Changes city and district boundaries – annexations, consolidations, dissolutions, mergers, disincorporations
- Approves Spheres of Influence for cities and districts
- Approves the authorized services provided by districts and approves extended services outside of city and district boundaries
- Studies of municipal services of districts and cities; may recommend or initiate changes in boundaries, services and governance
LAFCo is Funded Locally

- Funded by the county, cities, and special districts in equal shares
- Local funding formulas are allowed
- Processing fees help offset expenses
- Adoption of fee schedule recommended
LAFCo Composition

At the least:

- 2 County Supervisors (plus alternate)
- 2 City Members (plus alternate)
- 1 Public Member (plus alternate)

30 LAFCos also include:

- 2 Special District members (plus alternate)
- Some LAFCos have “special seats”
Representation of Special Districts on LAFCo

30 of the 58 LAFCOs have Special Districts representation. Are you seated on your LAFCo?
Special Districts’ Voice

- Only 30 of the 58 LAFCos have Special District members
- Forum for special districts to sit as peers with cities, counties, public
- If not seated, your voice is left to other interests
- Broader membership tends to be more objective in decisions
LAFCo’s Jurisdiction

Includes:

- Counties, cities, most special districts (independent and dependent)

Does NOT include:

- Joint Power Agencies
- Community facilities or Mello-Roos districts
- School or college districts
- County boundary lines
- Bridge and highway districts
- Improvement districts
- Flood or conservation districts
As a REGULATORY Agency...

- Forms new cities and districts
- Changes boundaries of existing agencies – annexations, consolidations, dissolutions
- Activates (and divests) latent powers of local agencies
- Controls extension of public services outside cities/districts
- Is prohibited from directly regulating land use, but must adopt policies that encourage orderly and logical development of land inside a Sphere of Influence
As a PLANNING Agency...

- Prepares and updates Spheres of Influence for cities and districts
- Prepares Municipal Service Reviews for all cities and districts
- Works cooperatively with public and private agencies and interests on growth, land preservation and service delivery
- Participates in local and regional planning processes
As a RESOURCE...

- Shared service models, studies and exchanges; information about other local service delivery options
- Model inter-agency agreements
- Models for tax sharing, revenue generation, governance options, social justice, etc.
- Training and educational resources for compliance with State laws and best practices
- Historical, current and trending info – 50+ year record of formations and boundary changes
- SOI studies since early ‘70s; municipal service reviews since early 2000s; GIS data layers and maps
Sphere of Influence

- A Long-Range Planning Tool for Cities, Districts and Counties §56076
- “A plan for the probable physical boundaries and service area of a local agency, as determined by the commission.”
Spheres of Influence are Determined by LAFCo §56425(a)

“... 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...and may recommend governmental reorganizations...”
In determining the SOI, the commission considers …

- Present and probable need for public facilities and services
- Present capacity of public facilities and adequacy of public services
- Present and planned land uses, including ag and open-space
- Existence of any social or economic communities of interest
Typical Sphere of Influence Map

Mt. View Sanitary District Boundary and SOI

By LAFCO MSR action on 05/14/2014 existing Mt. View Sanitary District boundary and SOI were approved.
City-County SOI Consultation Process: An Opportunity for Special Districts to Get Involved

- City must consult with county before applying to LAFCo for a Sphere of Influence amendment
- LAFCo must give “great weight” to any city-county agreement reached through this process, to the extent that the agreement is consistent with LAFCo law and local policies
- Why does this matter to Districts?
  - An early opportunity for District input about growth and service issues that affect you!
Municipal Service Review: A Foundation for SOI Studies

§56430

“In order to prepare and to update spheres of influence … the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission.”
Municipal Service Review: Content

- Boundaries, programs and services
- Growth and pop. projections
- Present and planned capacity
- Infrastructure needs or deficiencies
- Financial ability of agency
- Shared facilities & collaboration
- Management and staffing
- Accountability and governance
- Other matters that tell the important story of your District - and inform the public
Municipal Service Review: Determinations

- Growth and population projections
- Disadvantaged unincorporated communities
  - Sewer, water and fire protection services
- Financial ability to provide services
- Shared facilities
- Accountability for community service needs
What Does a LAFCo Experience Look Like?
LAFCo Application Process: Pre-Application Steps

- Meet early with LAFCo staff
- Discuss issues, laws, policies, coordination with other agencies, application requirements, process, timelines and fees
- District prepares an application package, or supports application to be initiated by property owner petition
- Some applications may need:
  - Initiating resolution from District
  - Property tax transfer agreement
  - Municipal Service Review
  - CEQA study
  - Fiscal study, financial plan, water management plan, infrastructure capacity study, negotiation with other agencies, etc.
LAFCo Application Process: Public Hearing Steps

- District or property owner submits the formal application package to LAFCo
- LAFCo refers the application to affected agencies for comment, reviews the application for completeness, and analyzes it for consistency with policies and laws
- LAFCo sets a hearing date, issues public notices, and prepares a report
- Commission conducts a public hearing
Findings for Annexations and Other Boundary Changes

The commission shall make findings about:

- Population, density, topography, natural boundaries, 10 year growth projections;
- Cost, capacity & adequacy of public services;
- Effects on agricultural lands, residents and other local agencies;
- Timely water supply;
- Regional housing and transportation plans;
- Fair treatment of all people;
- Planned, orderly, efficient development patterns….and other factors too.
LAFCo Application Process: Post-Hearing Steps

If commission approves the application, then:

- Begin a 30-day “reconsideration” period, if required
- A follow-up “protest hearing” and election may be required
- District coordinates with LAFCo to satisfy any conditions of approval
- LAFCo files any required documents with County Recorder and State Board of Equalization
Adding Clarity About LAFCo

- Proceedings are deliberate; value local agency collaboration and public support
- Arm of the state, not the county
- Mission is wide in scope – dissolving agencies is rare and usually initiated by the subject agency
- Role is proactive and reactive
Current Challenges and Opportunities

- Small district financial viability and compliance with basic State requirements for transparency and accountability
- Water, sewer and other infrastructure availability
- Impacts of climate change and greenhouse gas emission reduction goals on land use and infrastructure
- Shared services and other alternatives for service delivery
Who is CALAFCO?

- Founded in 1971, a 501(c)3 non-profit that serves as an organization dedicated to assisting member LAFCos with educational, technical and legislative resources that otherwise would not be available.
- No direct oversight or authority over member LAFCos.
- Act as resource to other State agencies, the Legislature and State Administration.
- Offer a structure for sharing information among the various LAFCos and other governmental agencies.
Contact Information

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Information and resources on LAFCo law and process