

STRATEGIC CONSIDERATIONS FOR CITY ANNEXATIONS IN CALIFORNIA

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STRATEGIC CONSIDERATIONS FOR CITY ANNEXATIONS IN CALIFORNIA

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Abstract  
of  
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Boundary changes for cities and most special districts are overseen by fifty-eight independent Local Agency Formation Commissions (LAFCOs). LAFCOs make their decisions based upon the broad statewide goals established by the Legislature, locally developed policies and procedures, local circumstances, constitutional rights, and state laws. They have a tremendous amount of discretion when it comes to approving boundary change applications. There is no higher authority other than the courts to challenge their decisions, and the courts are statutorily limited to a very narrow scope of review. This thesis focuses on city annexations because of their prevalence relative to other types of boundary changes. This research has three objectives. Given the wide parameters of operation of LAFCOs, the primary objective is to expand our understanding of what and when political forces impact the outcome of a city annexation proposal. The secondary goal is to provide LAFCOs with an understanding of the issues, processes, and trends among their counterparts in the state. Lastly, I hope to provide activists with information that would enable more effective participation in the process. The analysis is based upon responses provided by LAFCO executive officers to a twenty-three question survey. Through qualitative analysis of the responses, I found that political influences play minor and perhaps insignificant roles in the majority of city annexation decisions. Though the study does not support the hypothesis that politics significantly influences the outcome of annexation applications, it provides practitioners with valuable information about the problems and constraints currently faced by LAFCOs when making decisions about city annexations. In addition, activists promoting or opposing an annexations will find the survey responses helpful. The final questions of the survey provide a checklist of items that contribute to the success or failure of an annexation attempt that activists can use to help themselves anticipate problems and improve their ability to affect the process.

\_\_\_\_\_, Committee Chair  
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## Chapter 1

### INTRODUCTION

Local Agency Formation Commissions (LAFCOs) are the state's "watchdog" over local government boundary changes (City of Ceres v. City of Modesto, 1969). The California Legislature has given LAFCOs exclusive power over most local boundary changes to decide if the proposed changes are good based on four statewide goals: promoting orderly development, preserving prime agricultural lands and open space, discouraging urban sprawl, and assuring efficient extension of local government services. The two most prevalent types of city boundary changes are incorporation, which is the creation of a city government in unincorporated territory of a county, and annexation, which is the addition of unincorporated territory to an existing city. According to the Sacramento LAFCO, nearly eighty percent of California residents live in cities. Over the past ten years, the total statewide population growth was 13.9 percent, or 4.6 million people, in the same period. The need for access to urban services and the desire for control over local governmental policies increases as the population and population density grows. As a result, pressure for cities to form and expand is likely to continue.

LAFCOs make their decisions based upon the broad statewide goals established by the Legislature, locally developed policies and procedures, local circumstances, constitutional rights, and state laws. They have a tremendous amount of discretion when it comes to approving city annexation applications. There is no higher authority other than the courts to challenge their decisions, and the courts are statutorily limited to a very narrow scope of review. Given the wide parameters of operation of LAFCOs (Graves, 1987, p. 720), my central question is what are the strategic considerations for a city annexation in California? To expand on that further, this project attempts to discover the critical points in the city annexation process where considerations other than the substantive requirements matter to the success of a proposal.

This study will provide practitioners, policy makers, and the public with a broader understanding of the issues that cities, counties, and LAFCOs are currently confronting when making boundary change decisions. The study may help to increase awareness among LAFCOs of decision making trends in other counties. An additional goal is the development of a handbook describing the strategic considerations for activists pursuing or opposing a city annexation.

In Chapter 2, I review the goals, laws, and operational procedures of LAFCOs and establish the importance of looking at the political element of annexations. Chapter 3 explains the research methodology, including an explanation of the content and structure of the survey administered to LAFCO executive officers. Chapter 4 presents the survey findings. Chapter 5 concludes the study with an analysis of the outcome of the survey and its implications.

## Chapter 2

## REVIEW OF THE LITERATURE

*Our Governance Structure: States, Counties, Cities, and Special Districts*

The California Constitution directs the Legislature to prescribe procedures for the uniform formation of cities. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 is the Legislature's current guide for city and special district formation, annexation, consolidation, detachment, and dissolution. This latest iteration of municipal organization law represents a significant refinement of the statutory rules governing the boundaries of cities and special districts that began at the state's inception and continued to be revised throughout the twentieth century (Detwiler, 2001). One of the most noteworthy changes during this period was the 1963 creation of Local Agency Formation Commissions (LAFCOs). The Legislature established LAFCOs to oversee the process of local boundary changes and to ensure conformity with statewide goals for land development. Boundary changes for cities and most special districts must be approved by LAFCO in order to proceed.

County governments are responsible for the local administration of a variety of state programs, providing countywide support services, and delivering municipal services to residents of unincorporated territory (Commission on Local Governance for the 21<sup>st</sup> Century, 2000, p. 13). A more detailed description of these services appears in Table 1.

Table 1. Functions of County Government

| Locally Administered State Programs   | County-wide Support Programs   | Municipal Services   |
|---|--|--|
| Judicial<br>Medical, mental health,<br>substance abuse<br>Public assistance | Elections<br>Property management<br>Detention & correction<br>Protective inspection<br>Transportation facilities<br>Public health services<br>Libraries<br>Regional recreation<br>Debt service | Police protection<br>Fire protection<br>Flood control<br>Roads<br>Sanitation<br>Libraries<br>Recreational facilities<br>Land use regulation & planning |

Source: Commission on Local Governance for the 21<sup>st</sup> Century, 2000.

Cities administer only municipal services for residents and businesses within their boundaries. The county government continues to provide all three types of services to residents in unincorporated areas in addition to providing state programs and county-wide support for residents within the incorporated zones. A city may choose to contract with the county for municipal services from county entities, such as the Sheriff (California Constitution Article X1, §8[a]), or it may contract to provide municipal services to county residents who reside in the city's sphere of influence, which is its LAFCO-approved probable growth boundary (California Constitution, Article X1, §9[a]; Government Code §56133).

Like counties, cities are general governments with corporate, police, and taxation powers (Bui & Ihrke, 2003). These powers give them the authority to provide public services and public works projects, to regulate private behavior for the public good, and to raise public revenue. Police powers include the most political of responsibilities: land use regulation. On the other hand, special districts are limited purpose government bodies. They provide public services such as light, water, transportation, or parks, and lack the broad corporate, police, and taxation powers of the city. Special districts most often form to provide services in unincorporated areas. Their service boundaries are not confined to either a single county or city (Senate Local Government Committee, 2002, p. 2).

In 1963, the state Legislature delegated responsibility for overseeing the formation and modification of most local government boundaries to the newly created LAFCOs. LAFCOs review and approve applications for nine types of boundary changes: city incorporation, special district formation, city and special district annexation, city and special district detachment, special district consolidation, special district dissolution, city disincorporation, city and special district reorganization, and mergers (Bui & Ihrke, 2003). There are currently fifty-eight counties, 480 incorporated cities, and approximately 3,400 special districts, excluding school districts (Senate

Local Government Committee, 2006; League of California Cities, 2008; California State Association of Counties, 2008). The boundaries of counties, schools districts, and some types of special districts are outside of LAFCO jurisdiction. (*See Bui & Ihrke (2003) for listing of special district types.*)

The scope of this thesis is limited to city annexations, because they occur more frequently than city incorporations. In the past ten years there were 2,242 annexations but only nine incorporations (Board of Equalization, 2008; League of California Cities, 2008). There are an additional twenty-two communities in seventeen counties that have expressed serious interest in incorporation (California Association of Local Agency Formation Commissions, 2007).

#### *LAFCO History and Goals*

Since 1963, LAFCOs have been the principal agents that oversee the creation and modification of city and special district boundaries in California. The Legislature created them in response to the intense growth period of the 1940s and 1950s when the state's population increased by 127.5 percent and seventy-six new cities formed (State of California, 2007a; League of California Cities, 2008). Prior to 1963 there was very little state-level guidance on incorporating new areas. The post-World War II housing boom was in full swing, leading developers to build large communities further away from established cities (Jackson, 1985, pp. 231-245). The California Legislature and others were concerned about proliferation of cities and special districts. The addition of many single-purpose special districts caused confusion among citizens, making understanding and participating in local government difficult (Assembly Committee on Municipal and County Government, 1961). To balance the Legislature's concerns about fragmentation and sprawl with the fears of counties and home-rule advocates about a centralized system, the state created fifty-eight independent LAFCOs to manage the boundary change process. There is no central oversight agency.

Each commission is comprised of elected officials from the local county, cities, and special districts and at least one public member who are each appointed to serve four-year terms. They represent the public interest in the county as a whole not the government segment from which they were selected (Government Code §56325.1). Their staff is independent of other governmental agencies, though often staff is shared with the county government.

LAFCOs have four statutory goals: promoting orderly development, preserving prime agricultural lands and open space, discouraging urban sprawl, and assuring efficient extension of local government services (Assembly Committee on Local Government, 2007). Though all LAFCOs operate under the same constitutional and statutory rules, assessment of the criteria for review is largely subjective and outcomes depend upon unique local conditions. Each LAFCO must develop its own policies and procedures that address local circumstances (Assembly Committee on Local Government, 2007; Detwiler, 2001, p. 73-37).

*LAFCO Powers: Constitutional, Statutory, Legislative, and Judicial*

In addition to adhering to the legislative intent on local district reorganizations, LAFCOs must respect constitutional rights and conform with other state laws. As previously discussed, states have federal constitutional authority to determine their own internal boundaries. California, through its constitution, has assigned that authority to the state Legislature. The Legislature has delegated a portion of this power to LAFCOs through statute, Government Code §56000, et seq.

LAFCOs must approve, approve with conditions, or deny boundary change applications for all city and most special districts. Without LAFCO approval, these changes cannot proceed. LAFCO may also prescribe different boundaries from those proposed by the applicant (Detwiler, 2001, p. 73-39). LAFCOs may initiate some types of boundary changes, but city incorporations and annexations may be initiated only by either petition of registered voters or landowners or by a resolution adopted by a local governmental agency (Government Code §56375; Bui & Ihrke,

2003, p. 19). Government Code Section 56375(a)(3) expressly prohibits LAFCOs from directly regulating land use, such as dictating how a city or county may zone land.

There are many laws at the state and federal level that LAFCOs must follow. One important element is environmental justice. Environmental justice, which based on the Equal Protection Clause of the Fourteenth Amendment of the U.S. Constitution, is the idea of equity in the manner our communities are organized in order to eliminate discrimination or undue burden on certain groups of people (State of California, 2003b, p. 13). Government Code Section 56668(o) defines it as “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.” Discrimination can enter planning decisions through procedures and outcomes. Examples given by the Governor’s Office of Planning and Research (2003) are “[s]tacking commissions or committees with certain interests while ignoring the interests of other segments of the community, such as minority and low-income residents,” “[u]nevenly enforcing environmental rules,” and “[c]ertain areas have a disproportionate share of industrial facilities that handle or produce hazardous waste, while the economic benefits are distributed to other areas (in the form of jobs and tax revenue)” (p. 14). Three other important laws that restrict LAFCO decisions are the California Environmental Quality Act (CEQA), the California Coastal Act, and the Williamson Act. All three state laws serve to protect our environment.

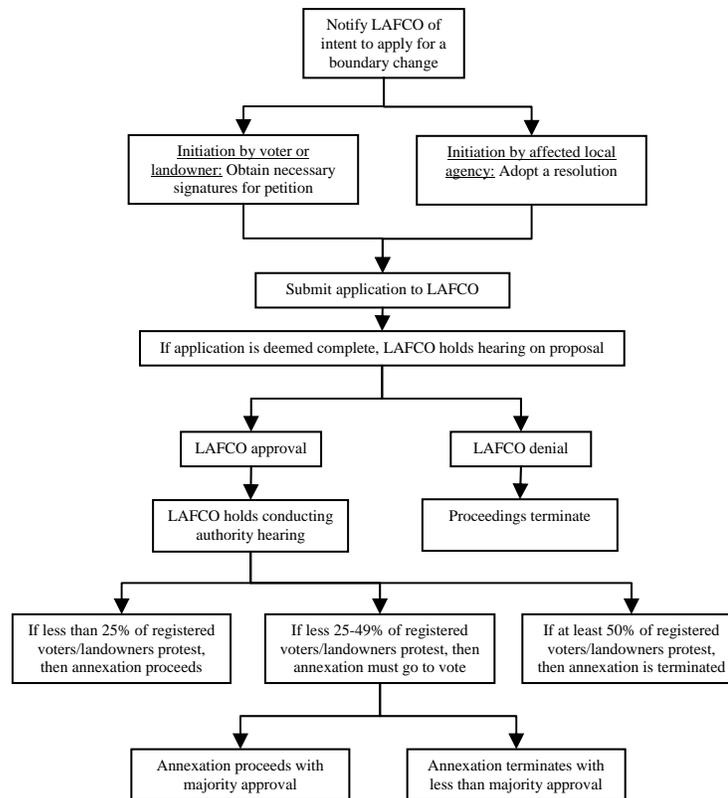
LAFCOs have legislative and quasi-legislative authority (Detwiler, 2001). As such, the only place to challenge LAFCO authority is in the courts and their scope of review is extremely limited. Government Code Section 56107 permits the courts to overturn LAFCO decisions only in the case of fraud or prejudicial abuse of discretion as evidenced by lack of substantial evidence. The burden of proof for substantial evidence in legislative decisions is not stringent (Graves, 1987, p. 734). In the case of errors or omissions on the part of LAFCO, its decisions

stand unless the courts find an adverse and substantial impact to others. Outside of compliance with state statutes like CEQA, overturning a LAFCO decision on a boundary change proposal is very difficult (Bui & Ihrke, 2003, p. 27; Graves, 1987, pp. 732, 758, 761).

### *Procedures and Review Criteria*

In its simplest terms, the process for city annexation involves seven steps:

Figure 1. Flowchart of Application Process



However, it is not this simple in practice. Often years of work and substantial expenditures have occurred before the proponents ever apply to LAFCO. One of the first and most challenging hurdles is the negotiation of a property tax exchange agreement between the county government and the annexing city. County governments may be reluctant to enter into a property tax exchange agreement for an annexation that will result in a substantial loss of tax

revenue to the county. This procedural requirement is often the most contentious part of the process and one way to prevent a city annexation. The receiving city must also pre-zone land being annexed according to its planned and probable use (Government Code §56375[e]). The pre-zoning designation must be consistent with the city's general plan and all zoning ordinances must be consistent with the general plan (Government Code §65859 and §65860). Government Code Section 65860 defines consistency as "land uses authorized by the ordinance are compatible with the objectives, policies, general land uses, and programs specified in the plan." The pre-zoning designation, which must remain effective for two years after annexation, signals to LAFCO the likely future use of the land. This pre-zoning requirement is especially important when open space and agricultural land is involved. Guidelines suggest meeting early and often with LAFCO staff to identify the most suitable boundary delineations and to learn of any problems or opportunities that may affect the success of an application (State of California, 2003b; Detwiler, 2001).

Once the applicant submits the proposal to LAFCO, the LAFCO must weigh a host of criteria in its application review process. Government Code Section 56668 outlines the minimum factors to be considered for review, which includes objective data, like population density, current land use, topography, consistency with the general and specific plans, adequacy of water supply, operational costs, adequacy of current governmental services and controls, and growth projections, as well as more subjective factors, such as anticipated effects on the physical and economic integrity of agricultural lands, probable future needs for services, conformity of proposal with state goals and adopted commission policies, effect on meeting fair share of regional housing needs, and environmental justice. In addition, LAFCO must consider comments and information from any affected local agency, landowner, voter, or resident.

### *Importance of the Issue*

Planning is the exercise of making land use decisions given public finance constraints and considerations about governance structures and resources. Bui and Ihrke (2003) write, “because LAFCOs control local boundaries, they indirectly influence the state’s political and the physical landscape” (p. 23). Planners, including LAFCOs, must try to find the balance between the potentially conflicting goals of promoting economic development, preserving environmental quality, and protecting social equity (Campbell, 1996). Our system for changing boundaries has tried to incorporate these principles into the decision making process by asking LAFCOs to consider specific criteria.

Boundary decisions are important and often intensely debated because of their political, fiscal, organizational, and policy implications. As discussed in the following section, wrapped up in these decisions are concerns about community identity, responsiveness of local government, interests of developers and labor unions, fiscalization of land use, property tax sharing, authority to levy taxes, service delivery features, types and timing of desired development, social equity, economic development, and environmental quality. Proponents and opponents of annexation should understand the political elements of the decision making process, because the subjective nature of some of the decision making criteria review combined with a limited means of legal challenge gives LAFCOs significant amount of discretion in its determinations. This understanding will give those involved in the process an improved chance of affecting their desired outcome.

### *Motivations for Annexation*

Annexation is a tool to integrate communities on the urban fringe into cities as they urbanize and require access to urban services. However, the motivations for and against annexation are much more complex. There are political, policy, organizational, or fiscal

motivations. Each community has a unique set of political circumstances and policy preferences that local governments, residents, and businesses try to satisfy.

The Legislature intended for incorporation and annexation to occur in urbanizing areas that need and want greater responsibilities and control over local government decisions (Sokolow, A.D., Hogan, J., Hanford, P., & Martin, L. 1985, p. 37). Boundary changes offer alternative ways of organizing local government to best meet the needs of the community. Boundary decisions determine who will have power over policies, such as land use planning and service delivery, and fiscal resources as well as which services may be provided to a particular area (Bui & Ihrke, 2003; Detwiler, 2001; Sokolow et al., 1985). Demand for municipal services changes as areas urbanize, which is a combination of increased population densities in a relatively concentrated area and changes in land use preferences. California counties, except the City and County of San Francisco, serve areas ranging from 600 square miles to 20,105 square miles (State of California, 2000). The median county size is 1,677 square miles, whereas, a majority of cities are less than twenty square miles. Even Los Angeles, the largest city in the state at 468 square miles, encompasses less area than the smallest county (City of Los Angeles, 2008). Though county governments can provide municipal services to residents in unincorporated territory, it is difficult to uniformly satisfy the needs and wants of citizens across an area that can vary so greatly in size and demographics. In a report regarding a City of Sacramento boundary change, former Sacramento LAFCO Executive Officer John O'Farrell wrote:

Cities, rather than a county and special districts, are better able to administer the provision of urban services, because the state-mandated financing system favors cities over counties and special districts and because cities are better equipped to integrate land use and capital facilities planning than are counties and special districts (Sacramento Local Agency Formation Commission, 1981, p. 30).

People often have a strong sense of their community's identity and try to protect it by shunning annexation. Jackson (1985) writes that New York City's historic expansion in 1898 was

motivated by desire of the state Republican leadership to reduce the influence of the Democrats in the city (p. 143). Community members may oppose annexation because they dislike the policies, practices, political leaders, or people in the neighboring city (Sokolow et al., 1985, p. 69). Some communities place economic development and fiscal needs above other concerns, such as social equity or the environment. These communities may welcome inclusion into city boundaries. Citizens may wish for their community to be annexed, because it may give them access to better or high levels of services and improved control over local resources (Sokolow et al., 1985; Commission on Local Governance for the 21<sup>st</sup> Century, 2000). Sokolow et al. (1985) state that “council members and other city officials may be relatively accessible and responsive to the citizens of a new neighborhood because of the smaller size and compactness of their constituency compared to the entire county or even one supervisorial district” (p. 69).

A city may desire to annex an area to capture additional revenues and to control development in those areas (Sokolow et al., 1985; Jackson, 1985). Local governments have five primary sources of local government revenue: property taxes, sales tax revenues, vehicle license fees, state subventions and intergovernmental transfer fees, and fees and user chargers (State of California, 2000, p. 17). Several of these local revenue types are *situs* (site-based) revenues, meaning the local government agency with jurisdiction over the area where the tax is collected is the primary recipient of the revenue. In 2005-06, sales and use taxes represented 7.3 percent of city revenues in California (State of California, 2008c). Sales tax is a major source of discretionary revenue for cities (Lewis & Barbour, 1999, p. 8). This system has created an incentive for cities to seek revenue generating land uses, such as big-box retail stores like Home Depot and Wal-Mart, while discouraging uses that are intense consumers of resources, such as residential development (Lewis & Barbour, 1999). In order to maximize revenues, communities are more likely incorporate or annex territory with large revenue generating potential, such as

shopping malls and auto malls, and exclude poorer, residential areas. At times, a local agency's position on annexation may not be shaped by the specifics of the proposal, but by past experiences with the annexing city or even between specific individuals involved in the process (Detwiler, 2001, p. 33). Another element of the political arena includes the developers, industries, and public employee groups who may gain or lose opportunities. For example, developers establish relationships with the local planning commission. If the county board of supervisors or city council is favorable to particular kinds of development, the affected developers will resist a change of government to one that is potentially less favorable and vice versa. Labor unions whose members provide public services, such as the county deputy sheriffs, have a monopoly on that service in the county and they may similarly resist a change in government that would result in lost territory or market share. Developers, industry, and labor unions often have significant resources to contribute to securing a local governmental environment that is favorable to their interests.

LAFCOs exist to guide local government planning toward declared statewide goal of orderly, thoughtful development. They try to balance the needs of the community with this goal. Awareness of the political, fiscal, organizational, and policy dimensions of boundary changes helps to understand why communities differ so greatly from one another and why the process can be very difficult.

#### *Literature for Activists*

There are many opportunities for public participation in the city annexation process for those people who want to affect the process. For purposes of my research, I refer to the people who take part in the process from the perspective of citizen, resident, local business entrepreneur, or non-governmental interest group as activists. Activists can make their feelings on a proposal known to the members of the city council, county board of supervisors, and LAFCO who can, in

turn, affect the outcome. They can do their own research and verification of proposals. They can attend and speak at public hearings held by all three entities: city, county and LAFCO. They can campaign in their community or contact the news media to raise awareness and support for their position. They can protest. There is a great deal of literature available to help the activist understand the procedures and requirements for city annexation, but little to help them understand these opportunities for involvement and the more political aspects of the process.

The most basic resource about boundary changes is *Time to Draw the Line* in which Bui and Ihrke (2003) describe the origins, purpose, and procedures of LAFCOs. It does not provide any insight into how the public engages in the process. *Choices for the Unincorporated Community* (Sokolow et al., 1985) provides an extremely detailed description of the various types of boundary changes available, what each type offers, how to determine whether a boundary change is reasonable and feasible (as defined by Government Code §56038.5), how to proceed, and some of the more complex revenue calculations. Though *Choices for the Unincorporated Community* is now twenty-three years old and predates the current version of municipal organization law, it continues to be a frequently cited work and its basic advice is still applicable. This guide is a must for all activists, but it does not give insight into the political nature of LAFCO decisions.

The California Assembly Committee on Local Government (2007) publishes the *Guide to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000*, which the committee updates annually to reflect subsequent changes in municipal organization law. Aside from the brief history of municipal organization laws at the beginning, this guide is simply a more user-friendly version of the statute. On the left side is a word or phrase to summarize the point of the statute, which is summarized to its right. The most useful feature of this resource is the index, which provides a list of terms and the corresponding statute number. Graves (1987) and Detwiler

(2001) provide details about city annexations and other boundary changes that are similar in structure. They both provide a history of boundary change laws, discussion of the procedures, laws governing the LAFCO, and judicial authority. However, the Detwiler chapter goes further by providing practice tips to help proponents and opponents who are involved in the process. One of the tips that stands out most is his warning to be mindful of intergovernmental conflicts, “such as the county’s irritation over the city’s redevelopment policy, previous city annexations, [or] competition for revenue-producing land uses” (p. 33). There are several tips, including the one above, that speak to the political elements of changing a boundary. These political elements refer to aspects of the process that can alter the outcome of a proposal but are not part of the LAFCO criteria for evaluation. Examples of other tips are to understand the political context of the LAFCO, understand business relationships, learn about past practices, and consider timing of an application in relation to community politics and the fiscal environment. A list of Detwiler’s practice tips is included in Appendix A. These tips made me think about city annexation application outcomes that are influenced by factors other than those prescribed by statute. What are the critical factors, other than those statutorily and constitutionally prescribed, that can influence the approval of a city annexation proposal?

### *Summary and Research Objective*

The literature discussed above indicates that LAFCOs must make their decisions based on local interpretation and application of the statewide criteria and goals. Some of the factors they must consider when reviewing an annexation application are more objective than others. Examples of subjective factors they must consider are the need for community services, the effect of the proposed action on adjacent areas, and environmental justice. LAFCOs may also add additional criteria to their evaluation protocol (Government Code §56668). LAFCOs should incorporate these additional factors into their local policy and procedures. In addition, the

LAFCO must give substantial consideration to both the recommendations in the report of its executive officer and any resolution by an affected local agency objecting to proposal on financial or service related concerns (Government Code §56666 and §56668.3[b]).

There are a variety of reasons one may favor a city annexation, such as the desire for urban services, control over policy decisions, improved political representation, and capture of revenues. There are also many reasons one may oppose annexation, including protection of community identity, opposition to policies of the annexing city, loss of market share by service providers in unincorporated territory, differences in political preferences between communities, and favorability of planning commission policies.

The staff of LAFCOs are neither advocates for nor against boundary changes. Their goal is to evaluate proposals based on the criteria set forth in law and local policies in order to promote orderly development, preserve prime agricultural lands and open space, discourage urban sprawl, and assure efficient extension of local government services. State law charges them with researching and making recommendations to the commission about boundary change proposals. As noted by Detwiler (2001), “a LAFCO’s decisions are inherently political” (p. 13). LAFCOs make discretionary decisions that reasonable, intelligent, informed people may disagree upon. Given the quasi-legislative status and specific statutory language of LAFCOs, the courts have very narrow authority to review and overturn a LAFCO decision.

There are a number of resources that interested parties may consult to understand the process and procedures of city annexation. However, only one of those sources alludes to the political considerations that a proponent or opponent should consider when dealing with a city annexation. As a result, this study is aimed at expanding our understanding of what and when political forces impact the outcome of a city annexation proposal. To narrow the scope of my

study, my research focuses on the political forces that interact with the LAFCO process on city annexations.

## Chapter 3

### RESEARCH PROCEDURES

From the literature, we know that LAFCOs make decisions that affect many people who may have very different ideas about what is important and how they would like their community to be managed. LAFCO staff review applications for boundary changes based on state laws and local policies and make recommendations to the commission, who has the ultimate authority to approve or deny the proposed change. The commission is a political body made up of elected officials from local government as well as at least one public member. They must consider the criteria set forth in law, but there is no precise formula for making a decision on a boundary change. This research project attempts to develop a keener understanding of the political element of the city annexation approval process from the viewpoint of the LAFCO staff.

#### *Research Design*

Because of the wide differences in growth, industry, and geography in each county and the independence of each commission, I concluded that a qualitative study would be the best way to determine what and when political forces impact the decision making process of LAFCOs and that this could be best determined based on responses to either an interview or survey from the executive officers of each LAFCO. In light of time constraints and the difficulty of conducting in-depth interviews via telephone, I elected to gather the data through a self-administered postal questionnaire, which I also e-mailed to respondents to facilitate a higher response rate.

Cueing from the practice tips provided by Detwiler (2001) and other information learned through the literature review, I developed a twenty-three question survey. I expected a high degree of variability among the experiences of each county's LAFCO, so the majority of the questions were open-ended in order to allow respondents the maximum opportunity for unique and specific answers. One question requested historical data on the number of city annexations

processed by the LAFCO. Three questions used Likert-scale responses. Possible responses to the Likert questions were 1) not important, 2) somewhat important, 3) important, 4) very important, and 5) essential.

I mailed the survey to respondents on October 1, 2008 and e-mailed on October 3, 2008 along with a cover letter explaining the purpose of the survey and confidentiality assurances (see Appendices B and C). I requested that the responses be returned by October 18, 2008. I received completed surveys from twenty-nine LAFCOs, which is a 50.8 percent return rate.

#### *Development of Survey Questions*

The survey questions probe further in areas of possible political influence on the process.

There are three categories of questions:

1. *Baseline questions* to help establish the volume and type of applications the LAFCO has processed, the frequency that the commission decides against the recommendations of staff, any declared preference boundary change types, and issues unique to the county (Questions 1, 2, 3, and 8).
2. *Procedural questions* to understand how LAFCOs view and respond to various elements of their review, such as the purpose of a annexation proposal, development in open space areas, and social and economic communities of interest (Questions 9, 11, 16, 17, 19, 20, and 21).
3. *External environment questions* to learn about the attitudes and influences of external actors on the process. External actors include proponents, opponents, interest groups, local governments, and the media. These questions also inquire about the effect of the political and fiscal climate on the outcome of a proposal (Questions 4, 5, 6, 7, 10, 12, 13, 14, 15, 18, 22, and 23).

### *Assumptions*

A few of the questions request data limited to the past ten years. I choose a ten-year period based on three assumptions: In discussions with a former LAFCO executive, I learned that many of the current LAFCO executive officers are relatively new and may not have lengthy institutional knowledge. In addition, current attitudes are of the most importance but a ten year time frame gives more context. Finally, the past ten years will reflect changes have occurred since the 2000 update of the laws governing city annexations and other boundary changes administered by LAFCOs.

### *Sample*

The sample consists of fifty-seven of the fifty-eight LAFCO executive officers. I excluded the City and County of San Francisco because it cannot perform city annexations because the city and county boundaries are coterminous. There are three counties that do not have cities: Alpine, Mariposa, and Trinity. Although I included these counties in the survey sample, I did not expect that they would be able to complete the survey in a substantive way because city annexations have not occurred within their jurisdictions.

I surveyed the LAFCO executive officers, because they are the intermediary between the proponents, opponents, and the commission, which is the decision making body. In this role, the executive officers have broad exposure to the attitudes of the counties, cities, activists and other stakeholders, and the forces that shape boundary change proposal outcomes. They are also presumed to be neutral in that their job, with regard to city annexations, is to provide research and analysis to facilitate the commissions' decisions on the fate of boundary change proposals. LAFCO staff is responsible for making recommendations they believe come closest to satisfying statewide goals and local policies. They do not have a private interest in a particular outcome on boundary changes.

### *Confidentiality*

I assured confidentiality to each respondent as recommended by Gray (2004, p. 120). When reporting the survey results, the thesis does not identify respondents and counties by name. Instead, I identify respondents by an anonymous identification or by region (e.g. coastal, rural, or south). Some survey responses are directly quoted; however, the report does not contain any identifying information.

### *Framework for Analysis: North, South, Urban, Rural, Coastal, and Inland*

I reviewed and analyzed the survey responses looking for relationships among the group as a whole and among subgroups. The subgroups are the north, south, urban, rural, coastal, and inland regions of the state. My analysis is a comparison among and within these regions for two reasons: In order to provide anonymity to respondents, I needed a meaningful way to refer to counties for analysis. Though each county is unique, I expect there to be parallels among the responses based on similarities in the local circumstances, most notably population growth, natural resources, and geography, but also similarities based on the regional classification. For example, counties in the south have more problems with water availability than those in the north. LAFCOs in rural and inland counties are more likely to confront proposals that include open space and agricultural land that is protected by the Williamson Act. Coastal counties have sensitive ecosystems that are subject to the California Coastal Act. The north region contains all of the counties above the northern boundary for San Luis Obispo, Kern and San Bernardino counties. There are forty-seven counties in the north and ten in the south, excluding San Francisco.\*

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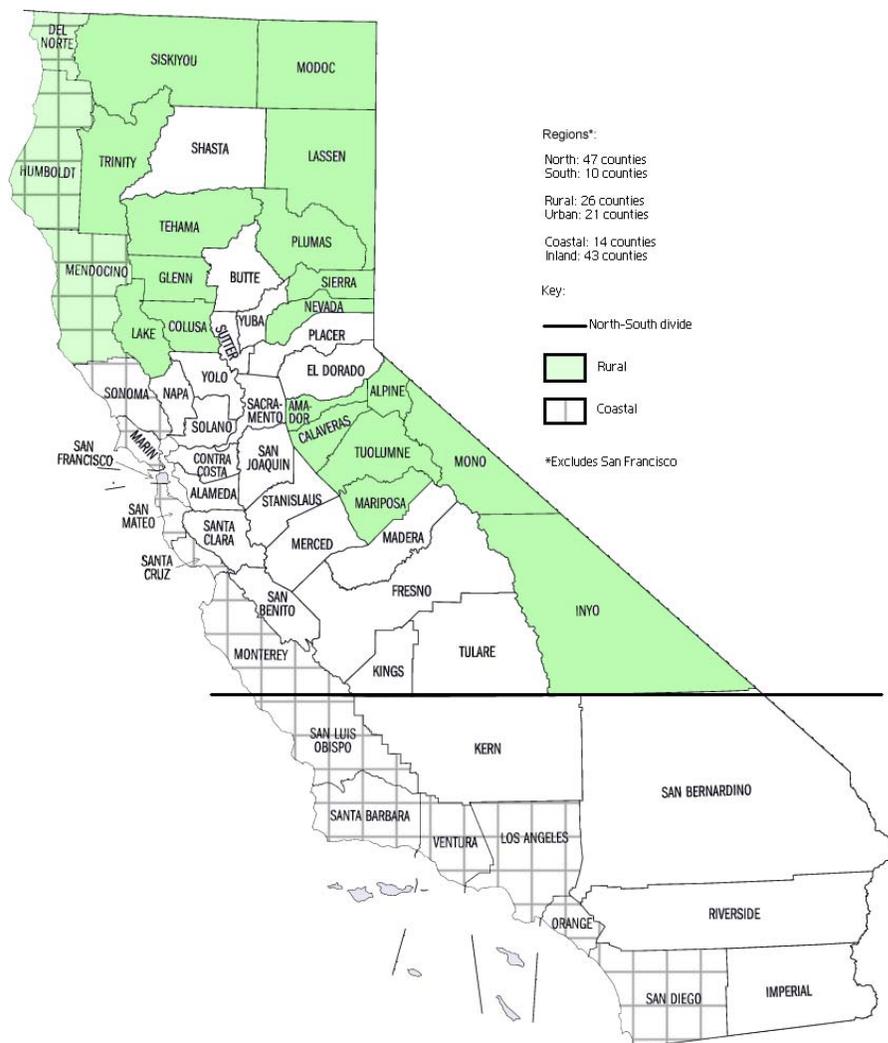
\* The City and County of San Francisco will be excluded from the discussion going forward since city annexations do not and cannot occur in its boundaries.

To define rural, I used definition Number 7 from the United States Department of Agriculture (2007) that designates as rural all counties outside metropolitan areas as defined by the United States Office of Management and Budget. According to this definition, “A metro area includes one or more counties containing a core urban area of 50,000 or more people, together with any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core” (p. 11). This description means that the report categorizes some counties as urban even though they have significant levels of open space and agricultural activities, which many people would consider to be more of a rural trait. I decided that over-simplification was acceptable because these counties experience some significant degree of urbanization, which is a strong reason for annexation. By this definition, there are thirty-six urban counties and twenty-one rural counties.

Coastal counties are those adjacent to the Pacific Ocean and the San Francisco Bay. There are fourteen coastal counties and thirty-three inland counties.

Figure 2 contains a diagram of the counties and their regional classifications.

Figure 2. Diagram of County Regions



The method of analysis is primarily qualitative in nature. Therefore, the only statistical method used for analysis was percentages. Where possible, I identified themes among the responses and grouped the information accordingly. Some of the responses were easily grouped and analyzed according to recurrent themes, but others were best represented by including direct quotes from the respondents.

## Chapter 4

## PRESENTATION OF THE DATA

The survey completed by LAFCO executive officers consists of twenty-three questions divided into three categories: baseline data, procedural, and external environment. There were a total of twenty-nine respondents, which was 50.8 percent of the total sample. These respondents represent a reasonable cross-section of the regions that I discussed previously, with only the rural counties being underrepresented (see Table 2). The lower response rate from rural counties is likely because they have much less annexation activity and also because their staff is fewer and may work on a part-time basis. The information from the questionnaires provides some insight into the political element of the annexation process.

Table 2. Profile of Respondents

| Region  | Number of Respondents<br>(Percentage of Sample) |
|---------|---|
| Total   | 29 (50.8% of 57)                                |
| North   | 23 (48.9% of 47)                                |
| South   | 6 (60.0% of 10)                                 |
| Rural   | 7 (33.3% of 21)                                 |
| Urban   | 22 (61.1% of 36)                                |
| Coastal | 8 (57.1% of 14)                                 |
| Inland  | 21 (48.8% of 43)                                |

*Baseline Data Questions*

Survey questions one, two, three, and eight requested information to establish baseline data about LAFCO operations. How many applications were reviewed over a ten-year period? How many of those did LAFCO staff favorably recommend? How many were approved by the commission? Do LAFCOs have preferences for types of boundary changes? Why? What unique issues are LAFCOs facing?

I expected the application data to quantify the differences between the analysis of the statutory criteria by LAFCO staff and the decision of the commission. This result might indicate whether there are significant influences on the outcome of a city annexation application related to

political pressures on the commission rather than the more objective analysis by LAFCO staff.

The other questions give context to the procedural and external environment questions.

### Application Data

As shown in Table 3, the twenty-nine LAFCOs that responded reviewed a total of 1,120 applications over the past ten years. Southern, urban, and coastal counties processed a far greater number of applications than their counterparts. LAFCOs in rural counties reviewed only eighteen of the 1,120 annexation applications during that period. According to the data, LAFCO staff recommends approval of nearly all applications that they formally review and the commission votes consistent with the staff recommendation in most cases. LAFCO staff recommended 97.3 percent of all applications submitted. The lowest rate of recommended approval was among the applications by petition from counties in the north; however, the rate was only 2.7 percent lower than the overall average. The highest rate of recommended approval was among the rural counties, who approved 100 percent of the city annexation applications initiated by petition. The second highest rate of approval was among the applications initiated by resolution in the southern region, where LAFCO staff recommended approval of 99.2 percent of the applications. Interestingly, LAFCO commissions approved more annexations than were favorably recommended by staff, but they approved fewer applications than staff favorably recommended among those initiated by resolution. It is important to note that two LAFCO executive officers raised the point that these data do not reflect the applications that LAFCO staffs screen out before proponents submit a formal proposal and that LAFCO staffs make suggestions to the applicants so that the best possible proposal is submitted. One LAFCO estimated that it has discouraged fifty percent of potential annexation applications during the pre-application period.

Table 3. 1999 – 2008 City Annexation Application Processing Data

|   | Total        | North        | South        | Rural       | Urban        | Coastal      | Inland       |
|---|--------------|--------------|--------------|-------------|--------------|--------------|--------------|
| <b>By Petition</b>                          |              |              |              |             |              |              |              |
| Applications reviewed                       | 225          | 75           | 150          | 2           | 223          | 150          | 75           |
| Applications favorably recommended by staff | 219<br>97.3% | 71<br>94.6%  | 148<br>98.7% | 2<br>100%   | 217<br>97.3% | 146<br>97.3% | 73<br>97.3%  |
| Applications approved by the commission     | 221<br>98.2% | 72<br>96.0%  | 149<br>99.3% | 2<br>100%   | 219<br>98.2% | 148<br>98.7% | 73<br>97.3%  |
| <b>By Resolution</b>                        |              |              |              |             |              |              |              |
| Applications reviewed                       | 895          | 657          | 238          | 16          | 879          | 173          | 722          |
| Applications favorably recommended by staff | 871<br>97.3% | 635<br>97.1% | 236<br>99.2% | 15<br>93.8% | 856<br>97.3% | 170<br>98.3% | 701<br>97.1% |
| Applications approved by the commission     | 864<br>96.5% | 640<br>97.4% | 224<br>94.1% | 16<br>100%  | 848<br>96.5% | 159<br>91.9% | 705<br>97.6% |

### Boundary Change Preferences

Seventeen of the twenty-nine respondents indicated that their LAFCO has a preference for certain types of boundary changes over others (see Table 4). Where possible given the statutory constraints, the first preference for 58.8 percent (10) of those counties is annexation to a city and the remaining 41.2 percent prefer either annexations to a city or to a special district over formation of a new entity. Eight of the respondents provided explanations for the preference: two cited cost-efficiency, four cited continuity of governance, and three cited state law preferences for multi-purpose governments and development in cities.<sup>†</sup> Three LAFCOs reported a change in their preference policy within the past ten years. Fiscal difficulties with the county government of one county created a greater emphasis on promoting city annexations. One LAFCO reported concerns about regional issues had caused it to give less preference to cities. One county indicated that it has begun to more carefully scrutinize special district formations since the statutory municipal service review requirement was instituted following the passage of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Given that annexation to either a city or a special district was the first preference for all LAFCOs that had established a preference policy, it is

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<sup>†</sup> One LAFCO provided two explanations for its preference policy, so total of explanations exceed the number of LAFCOs that commented.

easier to understand why LAFCOs approve such a high proportion of city annexation applications.

Table 4. Boundary Change Preferences

|   | Total           | North       | South      | Rural       | Urban       | Coastal    | Inland      |
|---|-----------------|-------------|------------|-------------|-------------|------------|-------------|
|   | 29 <sup>‡</sup> | 23          | 6          | 7           | 22          | 8          | 21          |
| Total with preference policy                                      | 17<br>58.6%     | 14<br>60.9% | 3<br>50.0% | 2<br>28.6%  | 15<br>68.2% | 6<br>75.0% | 11<br>52.4% |
| First preference is annexation to cities                          | 10<br>58.8%     | 8<br>57.1%  | 2<br>66.7% | 0<br>0.0%   | 10<br>66.7% | 4<br>66.7% | 6<br>54.5%  |
| First preference is annexation to either city or special district | 7<br>41.2%      | 6<br>42.9%  | 1<br>33.3% | 2<br>100.0% | 5<br>33.3%  | 2<br>33.3% | 5<br>45.5%  |

### Unique Issues

When asked about the unique issues confronting LAFCOs when making city annexation decisions, twenty-one distinct issues were reported. Nine of the twenty-one issues were common to at least two counties.

The three issues cited most often were agricultural land conversion, adequacy of service capacity (especially water and wastewater services), and active stakeholders. Ten (34.5 percent) of the twenty-nine respondents face agricultural land conversion. Adequacy of the annexing entity's service capacity is an problem for 27.6 percent of respondents, and they reported this issue at a fairly similar rate across all regions except the south. Fifty percent of respondents from the southern region reported this concern. Six counties reported the presence of active stakeholders. The active stakeholders named by the LAFCOs included the development community, environmental organizations, special districts, anti-development residents, and deputy sheriffs' union. Special districts and the deputy sheriffs' union both opposed annexation

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<sup>‡</sup> Number below region represents the total number of respondents in each category. The percentages in the table below represent the frequency of a particular answer divided by number of respondents in that category. This method is used throughout the rest of the report.

efforts because of potential losses to their service territory. High activity level of stakeholders was most common in coastal counties, where 37.5 percent of the respondents noted this issue.

Table 5 lists the frequency reported for the nine most prevalent issues. Familiarity with the issues that LAFCOs consider unique will help the applicant or an opponent anticipate aspects of a proposal that may be problematic.

Table 5. Unique Issues Faced by LAFCOs

|   | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
|---|-------------|-------------|------------|------------|-------------|--------------|--------------|
| Agricultural land conversion  | 10<br>34.5% | 7<br>30.4%  | 3<br>50.0% | 2<br>28.6% | 8<br>36.4%  | 2<br>25.0%   | 8<br>38.1%   |
| Adequacy of service capacity  | 8<br>27.6%  | 5<br>21.7%  | 3<br>50.0% | 2<br>28.6% | 6<br>27.3%  | 2<br>25.0%   | 6<br>28.6%   |
| Active stakeholders   | 6<br>20.7%  | 4<br>17.4%  | 2<br>33.3% | 0<br>0.0%  | 6<br>27.3%  | 3<br>37.5%   | 3<br>14.3%   |
| Adequacy of environmental review  | 4<br>13.8%  | 2<br>8.7%   | 2<br>33.3% | 0<br>0.0%  | 4<br>18.2%  | 2<br>25.0%   | 2<br>9.5%    |
| Concern for regional impacts  | 3<br>10.3%  | 2<br>8.7%   | 1<br>16.7% | 1<br>14.3% | 2<br>9.1%   | 1<br>12.5%   | 2<br>9.5%    |
| Local growth control restrictions   | 3<br>10.3%  | 2<br>8.7%   | 1<br>16.7% | 0<br>0.0%  | 3<br>13.6%  | 2<br>25.0%   | 1<br>4.8%    |
| Annexation based on speculative projects  | 3<br>10.3%  | 2<br>8.7%   | 1<br>16.7% | 1<br>14.3% | 2<br>9.1%   | 0<br>0.0%    | 3<br>14.3%   |
| Perceived intrusiveness of city government  | 2<br>6.9%   | 2<br>8.7%   | 0<br>0.0%  | 0<br>0.0%  | 2<br>9.1%   | 0<br>0.0%    | 2<br>9.5%    |
| Concern for meeting regional housing needs  | 2<br>6.9%   | 1<br>4.3%   | 1<br>16.7% | 0<br>0.0%  | 2<br>9.1%   | 1<br>12.5%   | 1<br>4.8%    |
| Other issues: Lack of familiarity with LAFCO processes, open political culture, concerns over changes in land use policies, minimal privately-held land, dual annexation policy, annexation for prestige or property value increase, local policy requiring islands be addressed before annexation for development, Urban Service Area boundaries, large density increases, university exempt from LAFCO oversight, annexation in floodplains, and environmental justice. |             |             |            |            |             |              |              |

### *Procedural Questions*

There were seven procedural questions aimed at assessing how LAFCOs view and respond to various elements of the criteria in their review. These questions explored the following areas: favored reasons for annexation, the importance of the fiscal analysis, impacts to mutual and economic communities of interest, tensions on the urban fringe, interests in land use beyond pre-

zoning, and competing interests of social equity, economic development, and environmental quality. I thought the answers would illuminate reasons for success or failure of an application outside of the influences of the activists and other external actors.

#### Favored Reasons for Annexation

Given the four goals of LAFCOs, I wondered what reasons for annexation are preferred. As shown in Table 6, thirteen of the respondents (44.8%) indicated that their commissions did look more favorably upon some reasons for annexation. LAFCOs cited three reasons for annexation that would be received most favorably: the annexation of islands, the annexation of urbanized unincorporated areas, and annexation to cleanup city or service area boundaries.

Table 6. LAFCOs with Favored Reasons for Annexation

|     | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
|-----|-------------|-------------|------------|------------|-------------|--------------|--------------|
| Yes | 13<br>44.8% | 10<br>43.5% | 3<br>50.0% | 1<br>14.3% | 12<br>54.5% | 2<br>25.0%   | 11<br>52.4%  |

#### Importance of Fiscal Analyses

Although statute requires comprehensive fiscal analyses for incorporation applications only, LAFCOs must consider the current cost of providing services to the territory proposed for annexation and how the annexation will impact that cost (Government Code §56668[b]). Several LAFCOs request this information from the applicant. To gauge how the form and substance of the fiscal data received by the LAFCO effects a proposal, I asked each LAFCO to rate the importance of four characteristics of the fiscal data: clarity, organization, currency of information, and the entity that prepared the data. I hypothesized that LAFCOs may find that proposals with well-prepared fiscal information might be more successful and they may find that some entities provide better information than others. Overall, respondents rated the clarity, organization, and currency of information each as very important or essential. LAFCOs ranked the entity preparing

the data as important. Several comments that accompanied the rankings indicated that fiscal data is not a significant part of the annexation review and is much less important than the annexing entity's service capacity. Appendix E contains the full results.

### Impact to Mutual Social and Economic Interests

Government Code Section 56668 spells out the criteria for evaluating a proposal, which includes consideration of mutual social and economic interests. In the interest of learning whether these interests are a political hot button, the questionnaire asked LAFCOs how they define and evaluate communities of social and economic interests and why types had played a pivotal role in a LAFCO decision. As shown in Table 7, none of the LAFCOs appeared to have a formal definition for this term; however, 37.9 percent of the respondents articulated the criteria for identifying these communities of interest and one provided information about how it evaluates them. The most comprehensive response stated, "It is dependent upon community characteristics and may include a number of different factors e.g. geography, school districts, type of development, zip code boundaries, social and economic factors, historical development patterns, neighborhood characteristics, historical maps, city and county planning areas etc." Other identifying criteria included traffic patterns, shared service delivery patterns, and challenges for services. This is not to say that the LAFCOs without a specific definition do not attempt to evaluate the impact of an annexation to communities of mutual social and economic interest. Two of the LAFCOs stated, in the words of former Supreme Court Justice Potter Stewart, "I know it when I see it."

Table 7. Definition of Social and Economic Communities of Interest

|     | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
|-----|-------------|-------------|------------|------------|-------------|--------------|--------------|
| Yes | 11<br>37.9% | 9<br>39.1%  | 2<br>33.4% | 2<br>28.6% | 9<br>40.9%  | 2<br>25.0%   | 9<br>42.9%   |

Respondents named six different categories of communities of mutual social and economic interest that had played a pivotal role in at least one LAFCO decision: groups with common values, neighborhood groups, community service delivery patterns, remote geographic areas, rent control areas, and low revenue generating areas. Only groups with common values and neighborhood groups were cited more than once. Groups with common values, cited by seven counties, include “rural” residents, agricultural interests, horse owners clubs, hobby agriculturalists, and astronomy buffs (against night sky pollution). Neighborhood groups were reported by two counties, one northern, rural, inland county and one northern, urban, inland county.

#### Tensions on the Urban Fringe

California is the world’s fifth largest agricultural producer (California Department of Food and Agriculture [CDFA], 2007). Its farmers produce all manner of food: grains, fruits, vegetables, dairy, and livestock. California also has a rapidly growing human population with a preference for low density, suburban living. Four of its ten fastest growing counties are also among the ten highest producing agricultural counties (CDFA, 2007). Development on the urban fringe may create a situation where the interests of residential communities and agriculture collide. For example, farms may produce smells that are unpleasant to new residents, and there may be traffic problems related to the transport of heavy farm equipment on surface streets that also serve passenger cars. Although LAFCOs do not have the authority to dictate land use planning decisions, their decisions on annexations must consider how the changes will affect nearby agricultural interests.

When asked about whether and how LAFCOs have attempted to address these tensions, 44.8 percent of the respondents indicated they either have not developed a policy or do not have these tensions. Several commented that the lack of policy is because the tension more often

occurs when drawing the sphere of influence or it is handled at the city or county level when developing the general plan and complying with CEQA. Of those who had a policy, there were eight different strategies. The three most popular policy responses were:

- Mitigation, e.g. buffers and conservation easements (24.1%)
- Planning horizon, e.g. discourage premature annexation of open space, only approve if development is imminent or within a limited period of time (17.2%)
- Reject the application or exclude from the sphere of influence (13.8%)

In addition to these measures, LAFCOs reported the use of the following strategies: imposing conditions of approval, developing urban growth boundaries, engaging with agricultural groups, consulting with the county agricultural commission, and providing cities with guidance on best land uses. Appendix E provides a full listing of the responses.

#### Future Zoning Considerations

State law requires that a city pre-zone territory to be annexed to indicate the probable use of the land. That zoning must be consistent with the city's general plan and must remain in effect for two years after annexation (Government Code Section §56375[a][3]). General plans can be amended several times annually (Government Code §65358[b]), so a city can change the zoning of the newly annexed territory once the two-year period has passed and it has many opportunities to do so. Because LAFCOs cannot dictate land use or zoning to a city, I wondered whether LAFCOs try to anticipate how the city may zone the territory beyond the two-year pre-zoning period in an effort to better ensure the land will be used in a way that is consistent with LAFCO goals.

Only two LAFCOs reported they try anticipate zoning beyond the mandatory two-years. One commented that this is a "big issue." One LAFCO is located in the north, coastal, urban

regions and the other is from the south, inland, urban region. Two LAFCOs said they do not, but it would be a useful practice. One LAFCO stated that this practice was unnecessary because its county government requires a development plan for the land before it will enter into a tax sharing agreement for the territory. A second LAFCO had a similar approach, where it looked for annexations with projects with a likely outcome. Two LAFCOs reported they assumed the pre-zoning designation was a long-term plan.

#### Balancing social equity, economic development, and environmental quality

Government Code Section 56001 charges LAFCOs with “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.” It further states that providing affordable housing is an important factor in promoting orderly development. Though LAFCOs are not a typical planning agency in that they do not zone land or approve development projects, they do control the expansion of city boundaries and decide when and where municipal services can be provided, a necessary component of urban development. I wondered how LAFCOs try to resolve the potentially competing interests of social equity, economic development, and environmental quality.

The majority of LAFCOs (51.7%) either did not answer this question or provided incomplete responses. Of the fourteen LAFCOs who provided a full response, seven indicated that their approach was to provide full analysis of each concern in its staff report and leave it up to the commissioners to weigh. One LAFCO stated that it relied on CEQA to assess the environmental element and the city and county to address social equity and economic development concerns. Two LAFCOs reported that they rely on CEQA to protect the environment, but they did not address the balance between social equity and economic

development. One LAFCO stated that it relied solely on the city and county to resolve these competing interests. Three LAFCOs reported their approach was to focus on the long-range outcome. The following are a representative sample of the responses:

- “I think the decision makers balance this in their own personal value system. A lot of value placed on retaining viable agriculture, but a competing need for revenue from development. So projects were approved after assurances that the development would really be constructed, and wasn't just wishful thinking; deny annexations that were primarily to increase the land value for sale without development plans and to approve anything that had some real planning behind it; consider service adequacy.”
- “Proposals for boundary changes or SOI amendments in [this] County almost never require LAFCO to weigh these concerns. When they do, environmental quality generally prevails.”
- “Like so often, these interests maintain interrelationships. Such interests are most often times reviewed within the environmental documents prepared for the project (CEQA) where the Commission serves as the Responsible Agency in reviewing the work of the cities and districts. Most often times such competing interests are weighed by the Cities and addressed in their plans and documents that are reviewed by LAFCo.”
- “We attempt to address issues to the best of our ability through the evaluation of the services and attempting to make a determination that the annexation is sustainable in the long-term. We require the submission of fiscal impact analyses along with the plan for service. But our evaluation is based upon that snapshot in time only, projected out five years.”

### *External Environment Questions*

What are the county governments' attitudes toward annexation and incorporation? Does meeting with LAFCO staff before submitting an application make a difference to the political acceptability of an application? Where are the maximum opportunities for internal and external actors to affect the outcome? What are the best and worst circumstances for annexation to occur? What are the five most important characteristics of a successful application? What are the pitfalls of an unsuccessful attempt at annexation? This final category of inquiry includes twelve survey questions about the attitudes, influences, and activities of external actors and their affect on the process. External actors include proponents, opponents, interest groups, local governments, and the media.

### County Government Attitudes

County government has a lot of influence over the outcome of an annexation decision. Before an applicant submits a proposal, the county government must agree to property tax exchange with the annexing city. As an affected agency, the county government's position on an application must be considered by the commission. I asked three questions related to the county government: How would you characterize its attitude toward annexations? How would you characterize its attitude toward incorporations? How has its attitude toward incorporations changed over the past ten years?

Sixty-five and a half percent of respondents reported their county government has a positive attitude toward annexations and 17.2 percent reported their county to be neutral on the issue. Rural counties are among the least approving of annexations at 42.9 percent, and coastal counties had the most favorable attitude toward annexations (85.7%). Of the comments received, six out of six indicated that fiscal impacts were at the heart of the counties' concerns and those

comments were expressed almost exclusively by LAFCOs operating in northern, inland, and urban counties.

Table 8. County Attitude Toward City Annexations

| Attitude        | Total       | North       | South      | Rural      | Urban       | Coastal    | Inland      |
|-----------------|-------------|-------------|------------|------------|-------------|------------|-------------|
|                 | 29          | 23          | 6          | 7          | 22          | 8          | 21          |
| Positive        | 19<br>65.5% | 15<br>65.2% | 4<br>66.7% | 3<br>42.9% | 16<br>72.7% | 6<br>75.0% | 13<br>61.9% |
| Neutral         | 5<br>17.2%  | 4<br>17.4%  | 1<br>16.7% | 2<br>28.6% | 3<br>13.6%  | 1<br>12.5% | 4<br>19.0%  |
| Negative        | 3<br>10.3%  | 2<br>8.7%   | 1<br>16.7% | 0<br>0.0%  | 3<br>13.6%  | 1<br>12.5% | 2<br>9.5%   |
| Unknown         | 2<br>6.9%   | 2<br>8.7%   | 0<br>0.0%  | 2<br>28.6% | 0<br>0.0%   | 0<br>0.0%  | 2<br>9.5%   |
| Fiscal Concerns | 6<br>20.7%  | 5<br>21.7%  | 1<br>16.7% | 2<br>28.6% | 4<br>18.2%  | 1<br>12.5% | 5<br>23.8%  |

Only 27.6 percent of the LAFCOs characterized their county government attitude toward incorporations as positive. Rural counties had the most negative attitude (28.6%), though it must be noted that over half of the respondents did not know what their county's attitude is since they have not had recent incorporation activity. None of the LAFCOs from the southern region reported their county government to have a negative attitude toward incorporations. In fact, 33.3 percent reported a positive attitude and 50.0 percent reported a neutral attitude. Urban counties have the next most favorable opinion of incorporations (31.8%).

Table 9. County Attitude Toward Incorporations

| Attitude | Total      | North      | South      | Rural      | Urban      | Coastal    | Inland     |
|----------|------------|------------|------------|------------|------------|------------|------------|
|          | 29         | 23         | 6          | 7          | 22         | 8          | 21         |
| Positive | 8<br>27.6% | 6<br>26.1% | 2<br>33.3% | 1<br>14.3% | 7<br>31.8% | 2<br>25.0% | 6<br>28.6% |
| Neutral  | 6<br>20.7% | 3<br>13.0% | 3<br>50.0% | 0<br>0.0%  | 6<br>27.3% | 2<br>25.0% | 4<br>19.0% |
| Negative | 6<br>20.7% | 6<br>26.1% | 0<br>0.0%  | 2<br>28.6% | 4<br>18.2% | 1<br>12.5% | 5<br>23.8% |
| Unknown  | 9<br>31.0% | 8<br>34.8% | 1<br>16.7% | 4<br>57.1% | 5<br>22.7% | 3<br>37.5% | 6<br>28.6% |

Only seven LAFCOs reported a change in the county government's attitude toward incorporations. Two found their counties to be more positive since the revenue neutrality

requirement was implemented. Five reported their counties have become more negative. Four of the five attitudinal changes were related to concerns over loss of revenues and one was because of concerns about the county government meeting its regional share of affordable housing. There are no regional trends to speak of regarding these changes. Appendix E contains the more detailed information on this question.

### Political Environment of Annexations and Incorporations

When asked directly about differences in the political environment of annexations and incorporations, 31 percent of respondents indicated there is a difference, 24.1 percent said there was no difference, and 44.8 percent said they did not know if there were any differences (see Appendix E). A few LAFCOs from each region were uncertain of the differences in the two environments. Some were unable to answer the question because they were unsure of the meaning of *political environment*.

According to respondent comments, annexations are less political in general; whereas, incorporations are always political. A few LAFCOs attributed the differences in the political environment to incorporations typically affecting a larger number of residents and businesses, incorporations resulting in a more significant change in control over land use decisions, incorporations having a bigger financial impact on special districts, incorporations being more emotional and eliciting wider participation of residents, and annexations being more about development and access to services instead of *local control*. One LAFCO stated that the rare instances of the politicization of annexations is usually the result of a very limited interest group.

### Importance of Meeting with LAFCO Staff

Detwiler (2001) suggests that applicants meet with the LAFCO executive officer before preparing an application “to discuss past practices, local policies, preference, and rules, critical

deadlines, special information needs, and potential obstacles” (p. 19). Does this meeting enhance the political acceptability of a proposal? Meaning, does working with the LAFCO staff translate to a supportive response to the proposal by the decision makers (i.e. the commissioners) and other key actors?

To answer this question, respondents chose between four pre-determined responses: 1) not important, 2) somewhat important, 3) very important, and 4) essential. Eight respondents (27.6 %) reported that a pre-meeting with LAFCO staff was not important for political acceptability. Two LAFCOs did not answer the question as they were not sure what the term “political acceptability” meant. Eleven of thirteen comments stated that the meeting is important for technical reasons not for political acceptability. Technical reasons include informing applicants of laws and policies, setting expectations, explaining the process, helping staff “vet” issues, and providing an opportunity for staff to make recommendations to improve the application. Though applicants may be more successful if they have consulted with LAFCO staff prior to submitting an application, this improvement is not the same as increasing the political acceptability of the proposal. Appendix E contains the regional and overall results of this question.

### Affecting the Process

The purpose of question twelve was to find out where in the annexation process stakeholders should focus their energies to influence the outcome. LAFCOs rate the potential of five types of actors (LAFCO staff, proponents, opponents, elected officials, and local governments) to affect the outcome by taking action at each stage of the annexation process. The stages include *media/public relations* because the actors may engage with the media for educational outreach and lobbying of other stakeholders during an annexation campaign; however, as one LAFCO commented, the media may have been more appropriately listed as an

actor rather than a stage. The ratings are as follows: 1) not important, 2) somewhat important, 3) important 4) very important, and 5) essential.

For LAFCO staff wanting to affect the outcome of an annexation proposal, the respondents indicated that it is essential that they take action during the LAFCO review. LAFCO staff will be least effective by engaging with the media. Proponents can be most effective at city and county hearings and least effective with the media. Opponents can be most effective at the protest hearings (after LAFCO approval) and least effective before the formal application has been submitted. Elected officials can be most effective by being active at city and county hearings and least effective during the protest hearing. Local governments, such as the staff of special districts, cities, and counties, can be most effective by engaging the issues during the city and county hearings and least effective during protest hearings. These results are consistent with my expectations based on my understanding the process, with the exception of the use of the media by the various actors. However, as discussed above, the meaning of this element may have been ambiguous and it may have been poorly placed.

Table 10 provides the average ratings from all respondents and Appendix E contains a breakdown of the results by region.

Table 10. Rating Stakeholder Influences

| Stage                        | LAFCO Staff | Proponents | Opponents | Elected Officials | Local Governments |
|------------------------------|-------------|------------|-----------|-------------------|-------------------|
| During Petition              | 2.6         | 4.2        | 3.7       | 2.9               | 2.9               |
| Before Application Submittal | 3.9         | 3.6        | 2.9       | 2.8               | 3.6               |
| During LAFCO Review          | 4.6         | 3.6        | 3.6       | 2.9               | 3.8               |
| City & County Hearings       | 3.1         | 4.2        | 4.3       | 4.2               | 4.3               |
| During Protest Hearing       | 2.8         | 4          | 4.4       | 2.4               | 2.4               |
| Media/PR                     | 2.3         | 3.3        | 3.2       | 3.1               | 2.8               |

### Role of the Media

The question about how LAFCO decisions are affected by news media coverage elicited interesting responses. Eleven respondents (37.9%) stated that media does have some impact on

LAFCO decision and 58.6 percent reported that the media had little or no effect (see Table 11). The impact of the media was felt fairly evenly throughout all regions except coastal counties, where only 12.5 percent (1) of the respondents from the coastal region indicated the news media play a role. A few counties reported that the news media rarely covers LAFCO actions. Those who did have an engaged media noted the following products of its interest:

- “The good side is that it focuses attention on the job LAFCO has to do. The bad side is that it puts pressure and the spotlight on the decisionmakers. Individuals react differently to this, but based on what I have seen at LAFCO and other contexts, the individuals on my commission can take the heat, and are willing to make the right decision, even when it may not be the politic decision. Perhaps democracy is more direct in smaller communities, and decision makers can know and talk directly to a higher percentage of their constituents.”
- “News media coverage had the effect of raising public awareness so that greater participation can take place.”
- “As a general rule the media coverage does not affect LAFCO decisions with the exception of instances where an assessment or special tax election will need to take place to fund a LAFCO action. In those cases the media may aid in resident education/information and generating support.”
- “Provides a more transparent process and the Commission may receive additional information that is valuable to their final decision.”

Table 11. Media Impact on LAFCO Decisions

|                     | Total       | North       | South      | Rural      | Urban       | Coastal    | Inland      |
|---------------------|-------------|-------------|------------|------------|-------------|------------|-------------|
|                     | 29          | 23          | 6          | 7          | 22          | 8          | 21          |
| Yes                 | 11<br>37.9% | 9<br>39.1%  | 2<br>33.3% | 2<br>28.6% | 9<br>40.9%  | 1<br>12.5% | 10<br>47.6% |
| Little or no impact | 17<br>58.6% | 13<br>56.5% | 4<br>66.7% | 4<br>57.1% | 13<br>59.1% | 7<br>87.5% | 10<br>47.6% |

|                            | Total     | North     | South     | Rural      | Urban     | Coastal   | Inland    |
|----------------------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
|                            | 29        | 23        | 6         | 7          | 22        | 8         | 21        |
| Not Applicable/<br>Unknown | 1<br>3.4% | 1<br>4.3% | 0<br>0.0% | 1<br>14.3% | 0<br>0.0% | 0<br>0.0% | 1<br>4.8% |

### Successful Activists

Activists become involved in the process to affect the outcome of a city annexation. They may be proponents or opponents of the proposed change. What types of activist groups have played a pivotal in LAFCO decisions on city annexations and where are they most successful?

Approximately forty percent of LAFCOs had not had any activist groups play a central role in their decisions. Respondents named seven types of activists that had been pivotal in a LAFCO decision (see Table 12). The most frequently cited type is environmental groups, where thirty-one percent of LAFCOs reported they had had a significant role. The other two types of groups who I would have expected to have influential role were the development community and labor unions. Four LAFCOs reported the role of the development community and three LAFCOs had had significant experiences with active labor unions.

Table 12. Successful Activist Groups

| Issue  | Total       | North      | South      | Rural       | Urban      | Coastal    | Inland     |
|--|-------------|------------|------------|-------------|------------|------------|------------|
|  | 29          | 23         | 6          | 7           | 22         | 8          | 21         |
| None   | 12<br>41.4% | 9<br>39.1% | 3<br>50.0% | 7<br>100.0% | 5<br>22.7% | 3<br>42.9% | 9<br>40.9% |
| Environmental Groups                                   | 9<br>31.0%  | 9<br>39.1% | 0<br>0.0%  | 0<br>0.0%   | 9<br>40.9% | 2<br>28.6% | 7<br>31.8% |
| Neighborhood Associations/<br>Homeowners' Associations | 7<br>24.1%  | 4<br>17.4% | 3<br>50.0% | 0<br>0.0%   | 7<br>31.8% | 3<br>42.9% | 4<br>18.2% |
| Development Community                                  | 4<br>13.8%  | 3<br>13.0% | 1<br>16.7% | 0<br>0.0%   | 4<br>18.2% | 1<br>14.3% | 3<br>13.6% |
| Individual Property Owners                             | 4<br>13.8%  | 4<br>17.4% | 0<br>0.0%  | 0<br>0.0%   | 4<br>18.2% | 1<br>14.3% | 3<br>13.6% |
| Business Groups/<br>Business Associations              | 3<br>10.3%  | 3<br>13.0% | 0<br>0.0%  | 0<br>0.0%   | 3<br>13.6% | 1<br>14.3% | 2<br>9.1%  |
| Labor Unions   | 3<br>10.3%  | 2<br>8.7%  | 1<br>16.7% | 0<br>0.0%   | 3<br>13.6% | 2<br>28.6% | 1<br>4.5%  |
| Watchdog Organizations                                 | 3<br>10.3%  | 2<br>8.7%  | 1<br>16.7% | 0<br>0.0%   | 3<br>13.6% | 1<br>14.3% | 2<br>9.1%  |

### Worst and Best Environments for Annexation

LAFCOs reported what they see as the worst environment for proponents to pursue a city annexation and the best environment for opponents to fight a city annexation. This question was inspired in part by Detwiler's (2001) recommendation that activists on either side should pay attention to complications that may arise from intergovernmental conflicts, such as competition for revenue generating resources, negative past interactions, and continuing policy disputes (p. 33). In addition, given the current fiscal crisis in the state of California, I expected LAFCO comments to reflect how the fiscal environment can affect the success of a proposal. While I anticipated some of the criteria would overlap between the best and worst environments, I also expected to see some important distinctions.

LAFCOs reported nineteen different types of issues that make the worst environment for pursuing a city annexation and seventeen different issues that make the worst environment for opposing a city annexation. Table 13 contains a list of the issues and the regional breakdown for each of the nine issues that at least two LAFCOs cited as a negative environment for proponents. Angry residents or neighborhood opposition makes the worst environment for pursuing a city annexation followed by annexations that include controversial lands such as prime agriculture. The third worst environment was tied between a lack of service capacity or infrastructure by the annexing city and county opposition. Table 14 contains a list of the issues and the regional breakdown for each of the eight issues that at least two LAFCOs cited as a positive environment for opponents. The top three best environments for opponents are when there is an organized opposition<sup>§</sup>, a perceived loss of rural lifestyle among the residents, and a poor CEQA review. Especially interesting to me was that only one LAFCO mentioned political turmoil as a bad

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<sup>§</sup> LAFCOs defined organized opposition as a large stakeholder group, early involvement, superior plan to provide services, meet with staff, polite, and well researched.

environment for proponents. I expected this type of environment to be the most commonly cited problem for proponents.

Table 13. Worst Environment for Proponents

| Issue  | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
|--|-------------|-------------|------------|------------|-------------|--------------|--------------|
| Angry residents/<br>Neighborhood opposition  | 8<br>27.6%  | 8<br>34.8%  | 0<br>0.0%  | 2<br>28.6% | 6<br>27.3%  | 1<br>14.3%   | 7<br>31.8%   |
| Annexation of controversial<br>areas (esp. agricultural lands)   | 7<br>24.1%  | 5<br>21.7%  | 2<br>33.3% | 3<br>42.9% | 4<br>18.2%  | 2<br>28.6%   | 5<br>22.7%   |
| Lack of capacity<br>/infrastructure  | 6<br>20.7%  | 3<br>13.0%  | 3<br>50.0% | 2<br>28.6% | 4<br>18.2%  | 2<br>28.6%   | 4<br>18.2%   |
| County opposition  | 6<br>20.7%  | 5<br>21.7%  | 1<br>16.7% | 0<br>0.0%  | 6<br>27.3%  | 1<br>14.3%   | 5<br>22.7%   |
| Hostile attitude of city staff   | 3<br>10.3%  | 3<br>13.0%  | 0<br>0.0%  | 1<br>14.3% | 2<br>9.1%   | 0<br>0.0%    | 3<br>13.6%   |
| Illogical service provide or<br>boundaries   | 3<br>10.3%  | 2<br>8.7%   | 1<br>16.7% | 0<br>0.0%  | 3<br>13.6%  | 1<br>14.3%   | 2<br>9.1%    |
| Inconsistent land use between<br>city and county plans   | 3<br>10.3%  | 1<br>4.3%   | 2<br>33.3% | 0<br>0.0%  | 3<br>13.6%  | 1<br>14.3%   | 2<br>9.1%    |
| Misinformation<br>/rumors  | 2<br>6.9%   | 1<br>4.3%   | 1<br>16.7% | 1<br>14.3% | 1<br>4.5%   | 0<br>0.0%    | 2<br>9.1%    |
| Other issues: Bad reputation of landowner/developer, bad reputation of city for delivering services or being unresponsive to residents, land is contiguous to two cities, no specific planned need for the land, results in reduced level of services, special district opposition, political turmoil with annexing city (i.e. scandal, budget deficit), fiscal infeasibility, requires land use designation change, and serious externalities from proposed land use. |             |             |            |            |             |              |              |

Table 14. Best Environment for Opponents

| Issue                                       | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
|---|-------------|-------------|------------|------------|-------------|--------------|--------------|
| Organized opposition                        | 4<br>13.8%  | 2<br>8.7%   | 2<br>33.3% | 0<br>0.0%  | 4<br>18.2%  | 2<br>28.6%   | 2<br>9.1%    |
| Loss of rural lifestyle                     | 3<br>10.3%  | 3<br>13.0%  | 0<br>0.0%  | 1<br>14.3% | 2<br>9.1%   | 0<br>0.0%    | 3<br>13.6%   |
| Poor CEQA review                            | 3<br>10.3%  | 3<br>13.0%  | 0<br>0.0%  | 1<br>14.3% | 2<br>9.1%   | 0<br>0.0%    | 3<br>13.6%   |
| Imposition of new<br>regulations            | 2<br>6.9%   | 2<br>8.7%   | 0<br>0.0%  | 0<br>0.0%  | 2<br>9.1%   | 1<br>14.3%   | 1<br>4.5%    |
| Lack of capacity/<br>infrastructure         | 2<br>6.9%   | 2<br>8.7%   | 0<br>0.0%  | 1<br>14.3% | 1<br>4.5%   | 0<br>0.0%    | 2<br>9.1%    |
| Illogical boundaries or<br>service provider | 2<br>6.9%   | 0<br>0.0%   | 2<br>33.3% | 0<br>0.0%  | 2<br>9.1%   | 1<br>14.3%   | 1<br>4.5%    |
| Disagreement between<br>city and county     | 2<br>6.9%   | 2<br>8.7%   | 0<br>0.0%  | 0<br>0.0%  | 2<br>9.1%   | 0<br>0.0%    | 2<br>9.1%    |

| Issue  | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
|--|-------------|-------------|------------|------------|-------------|--------------|--------------|
| Controversial land use<br>(esp. agricultural lands)  | 2<br>6.9%   | 2<br>8.7%   | 0<br>0.0%  | 1<br>14.3% | 1<br>4.5%   | 0<br>0.0%    | 2<br>9.1%    |
| Other issues: hostile attitude of city staff, bad reputation of city, fractured city council, inhabited annexation, affects a community of interest, provides accurate information on negative effects of proposal, obtaining concurrence from staff on relevant issues, failure to engage/coordinate with stakeholders, and negative environmental impacts. |             |             |            |            |             |              |              |

### Strengths and Pitfalls of City Annexation Attempts

LAFCOs each identified five strengths of a successful annexation attempt. The responses included a total of twelve distinct characteristics. The most frequently cited characteristic was engagement and cooperation with stakeholders, which 62.1 percent of the respondents reported. Further examination of the characteristics shows that this practice is far more valuable for applicants in the northern, urban, and coastal counties. Similar across all regions is the importance of obtaining community support. Nearly forty-five percent of LAFCOs found this practice to be a key strength. LAFCOs repeatedly raised four issues throughout the survey: adequacy of service capacity, non-speculative projects, adequacy of the environmental review, and avoidance of controversial lands. According to this final pair of survey questions, the presence of these problems also factored highly in the outcome of a city annexation application.

The pitfalls of an unsuccessful attempt at city annexation were the opposite of the five most important characteristics of a successful city annexation, with the following exceptions:

- Unwillingness to compromise to provide better project
- Political issues
- Inconsistency with county or coastal commission policies

Table 15 shows the twelve characteristics and their regional classifications.

Table 15. Strengths of a Successful Annexation Attempt

| Issue                                       | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
|---|-------------|-------------|------------|------------|-------------|--------------|--------------|
| Engagement/cooperation with stakeholders    | 18<br>62.1% | 16<br>69.6% | 2<br>33.3% | 3<br>42.9% | 15<br>68.2% | 5<br>71.4%   | 13<br>59.1%  |
| Public/community support                    | 13<br>44.8% | 11<br>47.8% | 2<br>33.3% | 3<br>42.9% | 10<br>45.5% | 3<br>42.9%   | 10<br>45.5%  |
| Adequate service capacity                   | 9<br>31.0%  | 5<br>21.7%  | 4<br>66.7% | 1<br>14.3% | 8<br>36.4%  | 5<br>71.4%   | 4<br>18.2%   |
| Consistency with policy, CKH, and processes | 9<br>31.0%  | 6<br>26.1%  | 3<br>50.0% | 0<br>0.0%  | 9<br>40.9%  | 3<br>42.9%   | 6<br>27.3%   |
| Non-speculative projects/demonstrated need  | 9<br>31.0%  | 6<br>26.1%  | 3<br>50.0% | 1<br>14.3% | 8<br>36.4%  | 5<br>71.4%   | 4<br>18.2%   |
| Thorough planning (fiscal & services)       | 8<br>27.6%  | 7<br>30.4%  | 1<br>16.7% | 2<br>28.6% | 6<br>27.3%  | 3<br>42.9%   | 5<br>22.7%   |
| Fiscally sound                              | 8<br>27.6%  | 6<br>26.1%  | 2<br>33.3% | 3<br>42.9% | 5<br>22.7%  | 3<br>42.9%   | 5<br>22.7%   |
| Adequate environmental review               | 7<br>24.1%  | 6<br>26.1%  | 1<br>16.7% | 0<br>0.0%  | 6<br>27.3%  | 3<br>42.9%   | 4<br>18.2%   |
| Avoidance of controversial lands            | 6<br>20.7%  | 3<br>13.0%  | 3<br>50.0% | 1<br>14.3% | 5<br>22.7%  | 1<br>14.3%   | 5<br>22.7%   |
| Logical boundaries                          | 5<br>17.2%  | 3<br>13.0%  | 2<br>33.3% | 0<br>0.0%  | 5<br>22.7%  | 2<br>28.6%   | 3<br>13.6%   |
| Openness with LAFCO staff                   | 5<br>17.2%  | 4<br>17.4%  | 1<br>16.7% | 1<br>14.3% | 4<br>18.2%  | 0<br>0.0%    | 5<br>22.7%   |
| Early consultation with LAFCO               | 3<br>10.3%  | 3<br>13.0%  | 0<br>0.0%  | 0<br>0.0%  | 3<br>13.6%  | 1<br>14.3%   | 2<br>9.1%    |
| Transparency in the process                 | 2<br>6.9%   | 2<br>8.7%   | 0<br>0.0%  | 1<br>14.3% | 1<br>4.5%   | 0<br>0.0%    | 2<br>9.1%    |
| Good timing                                 | 1<br>3.4%   | 1<br>4.3%   | 0<br>0.0%  | 0<br>0.0%  | 1<br>4.5%   | 0<br>0.0%    | 1<br>4.5%    |

## Chapter 5

### CONCLUSION

Each LAFCO is an independent entity whose decisions reflect both statewide goals and local circumstances. As I said previously, they make discretionary decisions that reasonable, intelligent, informed people may disagree upon. LAFCOs have broad legal authority to make decisions on boundary changes that only the courts in a minimal capacity can review and overturn, giving an opportunity for political forces to affect the process. This study had three goals. Its primary objective was to expanding our understanding of what and when political forces impact the outcome of a city annexation proposal. Its secondary goal was to provide LAFCOs with an understanding of the issues, processes, and trends among their counterparts in the state. Lastly, I had hoped to provide activists with information that would enable more effective participation in the process.

As a result of the survey responses, it is clear that political influences play minor and perhaps insignificant roles in the majority of city annexation decisions. LAFCO staffs recommend approval of nearly all applications and the commissions ultimately approve them. Approval rates are slightly higher for annexations initiated by petition than those initiated by city resolution. One possible explanation for this difference is that annexations initiated by residents and landowners may be less political or controversial than those submitted by a governmental agency. Alternatively, commissions may be favorably disposed to citizen action or citizen groups are more willing to heed the advice of LAFCO staff. Forty-one percent of respondents stated no activist group had played a key role in its decisions. Most respondents reported that the news media was absent from the process. A few LAFCOs found media attention helpful or at least benign. Early consultation with LAFCO staff did not make a difference to the political acceptability of a proposal, but it was clearly important in terms of the technical aspects of

preparing a viable application. There was only one mention of how turbulence in the fiscal and political environment can affect the success of a proposal. The lack of political influence on the process is not the result that I had anticipated based on my knowledge of the planning process, the broad guidelines that LAFCOs operate under, and the significant demographic and geographic variation among counties in the state of California.

The survey did reveal some noteworthy information about the issues that most concern LAFCOs. Respondents repeatedly cited concerns about service adequacy, agricultural land conversion, and speculative projects. Several LAFCOs have developed strategies for preventing premature agricultural land conversion, such as requiring mitigation and collaborating with county agricultural commissioners. A few LAFCOs expressed the desire to have a better way to ensure pre-zoning designations are a long-term plan for the territory to be annexed. There may be other information collected through the survey that LAFCOs may find interesting.

For activists promoting or opposing an annexation, the information in Tables 13, 14, and 15 can be used as a checklist of ways to improve their ability to affect the process. For example, the most important characteristic of a successful city annexation attempt was the engagement and cooperation with stakeholders. LAFCOs are particularly concerned with adequate service capacity and they reported that unwillingness to compromise to improve a project was a top pitfall of a failed annexation attempt.

The study findings do not support my hypothesis that politics significantly influences the outcome of annexations applications; however, it did produce data that both LAFCOs and activists will find useful.

## APPENDICES

## APPENDIX A.

## Practice Tips from Annexation and Boundary Issues by Peter M. Detwiler (2001)

1. Keep statute handy (p. 7)
2. When litigating cases involving district reorganizations research the legislative intent; refer to Growth Within Bounds report (p. 10)
3. Before submitting a proposed boundary change, proponents review the LAFCOs written policies, procedures, and standards. A LAFCOs decisions are inherently political. Understand the policies and political context of the LAFCO, its staff, and their operations (p. 13)
4. Review political contributions and business relationships to determine if there are any conflicts of interest between applicants and the LAFCO commissioners. This is imperative for proponents and a potential way for opponents to invalidate proceedings. (p. 17)
5. Ask about local lobbying and disclosure rules (p. 18)
6. Meet the executive officer informally before preparing an application to discuss past practices, local policies, preference, and rules, critical deadlines, special information needs, and potential obstacles. (p. 19/20)
7. Study the general plan to understand information about the area's present and planned land uses. Consider natural resources, demography, community and regional economics, land uses, public finance, legal constraints, environmental quality, and the community's stated goals. (p. 22)
8. Determine whether boundary change is consistent with spheres of influence.
9. Watch out for intergovernmental conflicts, such as the county's irritation over the city's redevelopment policy, previous city annexations, competition for revenue-producing land uses (p. 33)
10. Understand petition requirements – applies to assessed value of the land excluding improvements. (p. 35)
11. Proponents should take advantage of the opportunity to propose terms and conditions on how it should handle the details of the boundary change (for example: if one group is likely to object based on fiscal justification, suggest their exclusion from certain requirements)
12. Take advantage of the reconsideration opportunity if new facts have come to light, new members have been appointed, or political support has improved; opponents can use additional time to campaign or prepare a suit (p. 42)
13. Find out who will run the protest hearing. Will it be the LAFCO commission or its executive officer. Can help you prepare adequately for the proceeding (p. 44)
14. Pay attention to the format of protests. Opponents should make sure they pare properly signed, dated, and identify the protester. Supporters should insist that LAFCO and staff strictly adhere to the detailed requirements for filing written protests and challenge any that do not meet the req. (p. 45)
15. Submit ballot arguments, its your chance to communicate directly with each voter and give a clear discussion of the benefits and risks especially to help the undecided voter (p. 49)
16. Consider the timing of boundary changes in light of community politics & fiscal reasons. Keep in contact with LAFCO to ensure no paperwork deadlines are missed. And consider deadline for approval and what it means for collecting property taxes. (p. 50)
17. Opponents should get a second opinion of the EO's fiscal analysis. State Controller will do this for a fee (p. 51)

18. Consider using the fast-track procedure to annex islands and eliminate a source of political and fiscal friction (p. 52)
19. Do not confuse an “urban service area” adopted by LAFCO (land expected to be annexed within 5 years) with urban limit lines, urban growth boundaries, and other city designations. Once LAFCO has designated an urban service area it cannot refuse to annex the land to a city. Whereas, LAFCOs do not have to recognize city designated urban growth boundaries. (p. 53)
20. Verify property’s location to ensure which local agency’s boundaries it is within (p. 54)
21. Argue consistency by analogy – CKH 200 does not define consistency but it shares the concept of vertical consistency with the Planning and zoning Law so interpretations that apply to one should apply to the other (p. 55)
22. Premature annexation of Williamson Act land increases pressure to convert farmland to development, so it will be hard to justify extending urban services to farmland. (p. 56)
23. Raise timely objections to CEQA documents in order to preserve right to sue over those issues (p. 58)
24. Opponents should ask for a formal transcript of the LAFCO’s meeting. Requests must be made before the meeting and requester pays cost. (p. 60)
25. Follow procedural requirements of validation actions (p. 61)
26. *Quo warranto* challenges are unlikely (i.e. Attorney General’s challenge to a completed boundary change) (p. 61)

## APPENDIX B.

## Survey Cover Letter

October 1, 2008

Name, Title  
County LAFCO  
Street  
City, State Zip

Dear Mr./Ms. Last Name:

This study is being conducted by Lindsay Keyes, a graduate student of the Department of Public Policy and Administration at the California State University, Sacramento, as part of a master's thesis. This research will help me to better understand how political influences affect the outcome of city annexation proposals. In December, I plan to publish the results in a study that focuses on the political elements of the city annexation process based on the data provided by survey respondents and historical documents.

I would greatly appreciate your completing the enclosed questionnaire and returning it by e-mail or U.S. mail by **October 18, 2008**. Since the validity of the results depend on obtaining a high response rate, your participation is crucial to the success of this study. The survey is being administered to each LAFCO, except the LAFCO for the city-county of San Francisco. It includes 23 questions, which will focus on LAFCO activities and various external factors pertaining to city annexations, and will take approximately 30 - 45 minutes to complete. A copy of the final study will be provided to all participants.

Your return of the survey indicates your consent to participate in this study. Please be assured that your responses will be held in the strictest confidence. When reporting the survey results, respondents and counties will not be identified by name. Instead respondents will be identified a region (i.e. coastal, inland, rural, urban, north, central, or south) or by an anonymous identification, such as County A. As soon as I receive your completed survey, I will review and analyze the responses looking for similarities among the group as a whole and among subgroups of the respondents. The responses in the survey may be directly quoted and survey responses may be included in the appendix; however, no identifying information will be used. All completed surveys will be stored for one year after the data are recorded.

The study may help to increase your awareness of decision making trends in other counties. This study will provide both practitioners, policy makers, and the public with a broader understanding of the currently confronting cities, counties, and LAFCOs across the state. An additional goal is the development of a handbook describing the strategic considerations for activists pursuing or opposing a city annexation.

If you have any questions about this study, you can contact the persons below:

Lindsay Keyes, Researcher  
3727 62<sup>nd</sup> Street  
Sacramento, CA 95820.  
(916) 390-3064  
superlindsay@gmail.com

Peter Detwiler, Advisor  
Dept. of Public Policy & Administration  
California State University, Sacramento  
6000 J Street  
Sacramento, CA 95819  
(916) 278-6557 or (916) 651-4115  
detwiler@pacbell.net

Your participation is voluntary and you may discontinue participation at any time. This study has been reviewed and approved by the Human Subjects Committee of the Department of Public Policy & Administration. The committee has determined that this study meets the ethical obligations required by federal law and University policies. If you have questions or concerns regarding this study please contact individuals listed above. If you have any questions regarding your rights as a research subject, please contact Dr. Bill Leach, Chair of the Human Subjects Committee, at (916) 341-3334 or wdleach@csus.edu.

I hope that you will be able to participate in this study. I will call you in the next few days to answer any questions you may have, and to confirm your participation. I may be reached by telephone at (916) 390-3064 or by email to superlindsay@gmail.com.

Sincerely,

Lindsay Keyes

Attachment: Survey Questionnaire (3 pages)

## APPENDIX C.

## Survey Instrument

## Survey Questionnaire: City Annexations

Thank you very much for participating in this survey. From your response to this questionnaire, I hope to develop a keener understanding of the political influences on the LAFCO decision making process for city annexation approval. The results of this survey will be included in my thesis about city annexations.

Please return your response by **October 18, 2008** to Lindsay Keyes, 3727 62<sup>nd</sup> Street, Sacramento, CA 95820 or e-mail to superlindsay@gmail.com. A return envelope is provided for your convenience.

County: \_\_\_\_\_

Completed by (Name, Title): \_\_\_\_\_

## 1. City annexation application data:

|               |                         | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---------------|-------------------------|------|------|------|------|------|------|------|------|------|------|
| By Petition   | # Reviewed              |      |      |      |      |      |      |      |      |      |      |
|               | # Favorably Recommended |      |      |      |      |      |      |      |      |      |      |
|               | # Approved              |      |      |      |      |      |      |      |      |      |      |
| By Resolution | # Reviewed              |      |      |      |      |      |      |      |      |      |      |
|               | # Favorably Recommended |      |      |      |      |      |      |      |      |      |      |
|               | # Approved              |      |      |      |      |      |      |      |      |      |      |

2. What are your LAFCO's preferences among boundary change alternatives (i.e. city annexation vs. city incorporation vs. special district creation vs. special district annexation)? If possible, please provide a brief explanation of how your LAFCO determined those preferences.
3. Have these preferences changed over the past 10 years and why?
4. How would you characterize the county government's attitude toward city annexations?
5. How would you characterize the county government's attitude toward city incorporations?
6. Has the county government's attitude toward city incorporations changed over time? If so, why?



| Stage                  | LAFCO staff | Proponents (citizens) | Opponents (citizens) | Elected officials | Local governments |
|------------------------|-------------|-----------------------|----------------------|-------------------|-------------------|
| During petition        |             |                       |                      |                   |                   |
| During protest hearing |             |                       |                      |                   |                   |
| Other _____:           |             |                       |                      |                   |                   |

13. What circumstances make the worst environment for proponents to pursue a city annexation?
14. What circumstances make the best environment for opponents to fight a city annexation?
15. How does news media coverage effect LAFCO decisions?
16. How does your LAFCO define and evaluate *social and economic communities of interest*?
17. What types of *social and economic communities of interest* have played a pivotal role in your LAFCO’s decisions on city annexation applications?
18. What types of activist groups (proponents and opponents) have played a pivotal role in your LAFCO’s decisions on city annexation applications?
19. Development occurring on fringe areas adjacent to land used for agricultural purposes has become more controversial. Does your LAFCO try to resolve that tension? If so, how?
20. Because state law requires pre-zoning to last for only two years after a city annexation’s effective date, does the LAFCO try to anticipate how the city will zone the land beyond that period based on the city’s land use decisions in other areas of its territory? How does this information factor into its decision on a city annexation application?
21. It has been suggested that planners live in the cross section between social equity, economic development, and environmental quality. What approach does your LAFCO take toward resolving these potentially competing interests?
22. In your experience, what are the five most important characteristics of a successful city annexation attempt?
23. Outside of the content of the proponent’s application, what are the five most frequent pitfalls of an unsuccessful attempt at annexation to a city?

General Comments:

## APPENDIX D.

## Responses to Procedural Questions

| Question 11. What are the most important attributes of a fiscal analysis in a well-written city annexation application? |                |                |                         |                    |
|---|----------------|----------------|-------------------------|--------------------|
| Region  | Clarity        | Organization   | Currency of Information | Entity             |
| Overall   | Very Important | Very Important | Essential               | Important          |
| North   | Very Important | Important      | Very Important          | Important          |
| South   | Essential      | Essential      | Essential               | Important          |
| Rural   | Very Important | Very Important | Essential               | Important          |
| Urban   | Very Important | Very Important | Very Important          | Important          |
| Coastal   | Essential      | Very Important | Essential               | Somewhat Important |
| Inland  | Very Important | Important      | Very Important          | Important          |

| Question 19: Development occurring on the fringe areas adjacent to land used for agricultural purposes has become more controversial. Does your LAFCO try to resolve that tension? If so, how? |             |             |            |            |             |              |              |
|--|-------------|-------------|------------|------------|-------------|--------------|--------------|
|  | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
| No Policy or Procedure   | 13<br>44.8% | 12<br>52.2% | 1<br>16.7% | 4<br>57.1% | 9<br>40.9%  | 3<br>37.5%   | 10<br>47.6%  |
| Mitigation (Buffers & Conservation Easements)  | 7<br>24.1%  | 5<br>21.7%  | 2<br>33.3% | 1<br>14.3% | 6<br>27.3%  | 3<br>37.5%   | 4<br>19.0%   |
| Planning Horizon   | 5<br>17.2%  | 4<br>17.4%  | 1<br>16.7% | 0<br>0.0%  | 5<br>22.7%  | 1<br>12.5%   | 4<br>19.0%   |
| Reject Application/Exclude from Sphere of Influence  | 4<br>13.8%  | 2<br>8.7%   | 2<br>33.3% | 0<br>0.0%  | 4<br>18.2%  | 2<br>25.0%   | 2<br>9.5%    |
| Conditions of Approval   | 2<br>6.9%   | 1<br>4.3%   | 1<br>16.7% | 1<br>14.3% | 1<br>4.5%   | 1<br>12.5%   | 1<br>4.8%    |
| Urban Growth Boundaries  | 2<br>6.9%   | 2<br>8.7%   | 0<br>0.0%  | 0<br>0.0%  | 2<br>9.1%   | 0<br>0.0%    | 2<br>9.5%    |
| Engagement with Agricultural Groups  | 2<br>6.9%   | 2<br>8.7%   | 0<br>0.0%  | 2<br>28.6% | 0<br>0.0%   | 0<br>0.0%    | 2<br>9.5%    |
| Consultation with County Agricultural Commission   | 1<br>3.4%   | 1<br>4.3%   | 0<br>0.0%  | 1<br>14.3% | 0<br>0.0%   | 0<br>0.0%    | 1<br>4.8%    |
| Provide Guidance to City on Best Land Use  | 1<br>3.4%   | 1<br>4.3%   | 0<br>0.0%  | 0<br>0.0%  | 1<br>4.5%   | 0<br>0.0%    | 1<br>4.8%    |

## APPENDIX E.

## Responses to External Environment Questions

| Question 6. Has the county government's attitude toward city incorporations changed over time? If so, why? |             |             |            |            |             |              |              |
|--|-------------|-------------|------------|------------|-------------|--------------|--------------|
|  | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
| Yes  | 7<br>24.1%  | 4<br>17.4%  | 3<br>50.0% | 0<br>0.0%  | 7<br>31.8%  | 2<br>25.0%   | 5<br>23.8%   |
| No   | 16<br>55.2% | 14<br>60.9% | 2<br>33.3% | 4<br>57.1% | 12<br>54.5% | 5<br>62.5%   | 11<br>52.4%  |
| Unknown  | 6<br>20.7%  | 5<br>21.7%  | 1<br>16.7% | 3<br>42.9% | 3<br>13.6%  | 1<br>12.5%   | 5<br>23.8%   |

| Question 7. Differences between political environment for annexations versus incorporations? |             |             |            |            |             |              |              |
|--|-------------|-------------|------------|------------|-------------|--------------|--------------|
|  | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
| Yes  | 9<br>31.0%  | 6<br>26.1%  | 3<br>50.0% | 0<br>0.0%  | 9<br>40.9%  | 3<br>37.5%   | 6<br>28.6%   |
| No   | 7<br>24.1%  | 6<br>26.1%  | 1<br>16.7% | 2<br>28.6% | 5<br>22.7%  | 0<br>0.0%    | 7<br>33.3%   |
| Unknown  | 13<br>44.8% | 11<br>47.8% | 2<br>33.3% | 5<br>71.4% | 8<br>36.4%  | 5<br>62.5%   | 8<br>38.1%   |

| Question 10. Are discussions with LAFCO staff prior to application submittal important in terms of the political acceptability of a proposal? |             |             |            |            |             |              |              |
|---|-------------|-------------|------------|------------|-------------|--------------|--------------|
|   | Total<br>29 | North<br>23 | South<br>6 | Rural<br>7 | Urban<br>22 | Coastal<br>8 | Inland<br>21 |
| Not Important   | 8<br>27.6%  | 6<br>26.1%  | 2<br>33.3% | 2<br>28.6% | 6<br>27.3%  | 2<br>25.0%   | 6<br>28.6%   |
| Somewhat Important  | 6<br>20.7%  | 5<br>21.7%  | 1<br>16.7% | 1<br>14.3% | 5<br>22.7%  | 3<br>37.5%   | 3<br>14.3%   |
| No Answer   | 2<br>6.9%   | 2<br>8.7%   | 0<br>0.0%  | 2<br>28.6% | 0<br>0.0%   | 0<br>0.0%    | 2<br>9.5%    |
| Very Important  | 6<br>20.7%  | 6<br>26.1%  | 0<br>0.0%  | 2<br>28.6% | 4<br>18.2%  | 1<br>12.5%   | 5<br>23.8%   |
| Essential   | 7<br>24.1%  | 4<br>17.4%  | 3<br>50.0% | 0<br>0.0%  | 7<br>31.8%  | 2<br>25.0%   | 5<br>23.8%   |

| Question 12. For each stage of a LAFCO application, rank the potential impact of staff, interest groups, elected officials, and local governmental (i.e. city, county, special district) actions on the outcome of the LAFCO's decision. |             |        |            |        |           |        |                   |        |                   |        |
|--|-------------|--------|------------|--------|-----------|--------|-------------------|--------|-------------------|--------|
| North-South  |             |        |            |        |           |        |                   |        |                   |        |
| Stage  | LAFCO Staff |        | Proponents |        | Opponents |        | Elected Officials |        | Local Governments |        |
|  | North       | South  | North      | South  | North     | South  | North             | South  | North             | South  |
| During Petition  | 2.5         | 3.0    | 4.3        | 3.8    | 3.8       | 3.3    | 2.9               | 3.0    | 2.8               | 3.3    |
| Before Application Submittal   | 4.1         | 2.8    | 3.7        | 3.5    | 2.8       | 3.5    | 2.7               | 3.3    | 3.6               | 4.0    |
| During LAFCO Review  | 4.5         | 5.0    | 3.5        | 4.3    | 3.4       | 4.7    | 2.8               | 3.3    | 3.8               | 4.0    |
| City & County Hearings   | 3.1         | 3.3    | 4.3        | 4.0    | 4.4       | 4.3    | 4.1               | 4.8    | 4.2               | 4.8    |
| During Protest Hearing   | 2.6         | 4.0    | 4.0        | 4.0    | 4.5       | 4.0    | 2.2               | 3.0    | 2.2               | 3.3    |
| Media/PR   | 2.2         | 3.0    | 3.2        | 3.5    | 3.1       | 3.5    | 3.0               | 3.5    | 2.7               | 3.0    |
| Rural-Urban  |             |        |            |        |           |        |                   |        |                   |        |
| Stage  | LAFCO Staff |        | Proponents |        | Opponents |        | Elected Officials |        | Local Governments |        |
|  | Rural       | Urban  | Rural      | Urban  | Rural     | Urban  | Rural             | Urban  | Rural             | Urban  |
| During Petition  | 2.3         | 2.7    | 4.2        | 4.1    | 4.0       | 3.5    | 3.0               | 2.9    | 2.5               | 3.0    |
| Before Application Submittal   | 4.0         | 3.9    | 3.3        | 3.7    | 3.0       | 2.9    | 3.0               | 2.7    | 3.4               | 3.7    |
| During LAFCO Review  | 4.3         | 4.7    | 2.8        | 3.9    | 2.7       | 3.9    | 2.2               | 3.1    | 3.2               | 4.0    |
| City & County Hearings   | 3.6         | 3.0    | 3.6        | 4.4    | 4.0       | 4.4    | 3.8               | 4.3    | 4.0               | 4.4    |
| During Protest Hearing   | 3.0         | 2.7    | 3.5        | 4.2    | 4.3       | 4.4    | 1.8               | 2.6    | 1.7               | 2.6    |
| Media/PR   | 2.5         | 2.3    | 3.3        | 3.3    | 3.5       | 3.1    | 3.0               | 3.1    | 2.8               | 2.8    |
| Coastal-Inland   |             |        |            |        |           |        |                   |        |                   |        |
| Stage  | LAFCO Staff |        | Proponents |        | Opponents |        | Elected Officials |        | Local Governments |        |
|  | Coastal     | Inland | Coastal    | Inland | Coastal   | Inland | Coastal           | Inland | Coastal           | Inland |
| During Petition  | 2.0         | 2.7    | 4.0        | 4.2    | 3.0       | 3.8    | 2.0               | 3.1    | 2.0               | 3.0    |
| Before Application Submittal   | 3.6         | 4.0    | 4.2        | 3.5    | 3.0       | 2.9    | 3.0               | 2.7    | 4.2               | 3.5    |
| During LAFCO Review  | 4.2         | 4.7    | 4.5        | 3.4    | 3.8       | 3.5    | 3.5               | 2.7    | 4.0               | 3.7    |
| City & County Hearings   | 2.0         | 3.3    | 4.5        | 4.2    | 4.3       | 4.4    | 4.5               | 4.2    | 5.0               | 4.2    |
| During Protest Hearing   | 2.0         | 2.9    | 3.0        | 4.2    | 4.0       | 4.5    | 1.5               | 2.4    | 1.5               | 2.4    |
| Media/PR   | 2.3         | 2.3    | 3.8        | 3.1    | 3.8       | 3.0    | 3.3               | 3.1    | 3.3               | 2.6    |

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