

SAN MATEO LOCAL AGENCY FORMATION COMMISSION
PROCEDURES FOR THE EVALUATION OF PROPOSALS

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SECTION I

INTRODUCTION

Purpose of the Local Agency Formation Commission

The Local Agency Formation Commission (LAFCo) was created by the State Legislature in 1963 to encourage orderly formation and expansion of local government agencies with appropriate consideration of the preservation of agricultural and open space lands. The Cortese-Knox-Hertzberg Act of 2000 includes in LAFCo's mission balancing orderly development with sometimes competing state interests of discouraging urban sprawl, preserving open space and prime agricultural lands and efficiently extending government services, as well as providing housing for persons and families of all incomes. LAFCo has responsibility in five areas affecting local government in the county:

- To encourage the orderly growth and development of government agencies;
- To review and approve or disapprove proposals for changes in the boundaries and organization of the twenty cities and approximately forty-five special districts within LAFCo jurisdiction in the county plus incorporations of new cities and formation of special districts; and
- To establish and periodically update spheres of influence – long term boundary, organization, and services plans—for the cities and special districts in the county and to conduct municipal service reviews as required for sphere of influence updates; and
- To assist in studies of existing local government agencies with the goal of improving the efficiency and reducing the cost of providing local government services; and
- To provide assistance to other government agencies and the public concerning changes in local government boundaries and organization.

Composition of San Mateo LAFCo

There is a local agency formation commission in each county in California except the City and County of San Francisco. In San Mateo County the Commission has seven members, consisting of two city council members (chosen by the mayors of the 20 cities), two members of the county Board of Supervisors (chosen by the Board), two independent special district members (chosen by a committee of special district board members representing each independent special district in the county) and one public member (selected by the other six members of the Commission with the affirmative vote of at least one member of each classification of city, county and district membership). Each category of membership has an alternate member who serves in the absence of the regular member.

Purpose of these Procedures

This guide is intended to provide detailed information on the San Mateo LAFCo's procedures for evaluating proposals for changes of organization pursuant to the Cortese-Hertzberg-Knox Local Government Reorganization Act of 2000 (Government Code Section 56000).¹ This guide also provides a summary of the procedures for completing proposals after LAFCo has taken action.

A change of organization means any of the following:

- An annexation to, or detachment from a city or special district;
- A city incorporation;
- A district formation;
- A district dissolution;
- A city disincorporation;
- A consolidation of cities or special districts;
- A merger or establishment of a subsidiary district;
- A reorganization involving two or more of the above listed changes of organization.

Changes in the boundaries and organization of certain types of agencies are excluded from LAFCo jurisdiction, including school districts, certain types of county maintenance and lighting districts, and community facilities districts formed pursuant to the Mello-Roos Community Facilities Act.

SECTION II

GENERAL PROCEDURES FOR THE EVALUATION OF PROPOSALS

The following is a step-by-step guide to the procedures followed by LAFCo in evaluating Proposed changes in local government boundaries and organization.

Preliminary Steps

1. LAFCo encourages a pre-application discussion between the proponent and LAFCo staff, which can save the prospective applicant substantial time once the process has begun. The following steps are suggested:
 - A. Call the LAFCo office for an appointment.
 - B. Bring the following information with you:
 - (1) A map of the property and affected area.
 - (2) General plan and zoning designations.
 - (3) Information on development plans, if applicable.

¹ All sections are from the Government Code unless otherwise noted.

- C. LAFCo staff will review procedure, applicable spheres of influence, information requirements and processing fees, provide application forms, and determine environmental review requirements.
- 2. Prior to circulating a petition for a change of organization or reorganization, the proponent must file with LAFCo, a notice of intention with the executive officer. The notice must include the name and mailing address of the proponent and a written statement, not to exceed 5000 words in length, stating the reasons for the proposal. The notice must be signed by the proponent. After the above filing, the petition may be circulated for signatures.
- 3. Proponent prepares application for proposal. An application includes the following:
 - A. An application on the form provided by LAFCo.
 - B. A petition of landowners or registered voters making application OR a certified resolution of application.² Note: As noted in 2 above, the applicant must file a notice of intention to circulate a petition with the Executive Officer prior to collection of signatures.

If submitted by petition, it is necessary to submit a copy with original signatures plus additional photocopies as specified on the application instructions. Signature requirements vary depending on the type of proposal; please consult LAFCo staff for details.

- C. A Map and a metes and bounds description of the subject property which meet the requirements of the State Board of Equalization. LAFCo staff can provide examples.
- D. Processing fee per the schedule of process fees adopted by the Commission.
- E. Like other public agencies, LAFCo is required to comply with the California Environmental Quality Act (CEQA) and consider the environmental consequences of its actions. Each proposal must receive the appropriate environmental review for consideration by the Commission in making its decisions. LAFCo is frequently a “responsible agency” and reviews and considers the environmental document prepared for the project by another agency (a city, the county, or a special district). Occasionally LAFCo will be the “lead agency” and may be required to prepare and certify a Negative Declaration or an Environmental Impact Report (EIR) for a proposal. If a city, the county, or a special districts is the proponent, it is usually the lead agency. One of the following determinations must be made by the lead agency after the appropriate environmental review:

² Resolution of application must contain same information as a petition, except for signature requirements. (Sections 56700 and 56800)

1. The project is exempt and a Notice of Exemption is prepared.
2. A Negative Declaration is prepared, circulated for public review and certified by the governing body after an initial study finds that no significant impact to the environment will occur. The lead agency is required to consult with LAFCo staff during the review process.
3. An EIR is prepared, circulated, and certified by the governing body if a project may have significant impacts on the environment. The lead agency must consult with LAFCo staff during the process.

F. The following information, depending upon the type of proposal:

- (1) If a proposal is submitted by resolution of a public agency, it must include a “plan for providing services” (Section 56653). The plan may follow the format provided by LAFCo.
- (2) If the proposal includes annexation to a city, indication that the annexing city has pre-zoned the property, such as a copy of the city council resolution approving the rezoning. The resolution designating rezoning of the territory shall specify that there will be no change in zoning for two years from the date annexation becomes effective.
- (3) If the proposal is for the formation of a special district, the application should include a “plan for providing services” that gives the following information:
 - (a) The statutory section under which the formation is proposed to occur.
 - (b) A description of the services to be extended, accompanied by a justification.
 - (c) The level and range of the proposed services.
 - (d) The schedule for extending services.
 - (e) A description of any new facilities or improvements to existing facilities proposed.
 - (f) A description of any conditions which the new district would impose or require within its boundaries upon formation.
 - (g) An explanation of how district services and facilities would be financed and an operating budget for the proposed district including estimates of revenues and expenditures.
 - (h) The rationale for proposed boundaries and discussion of alternative boundaries if applicable.
- (4) If the proposal includes incorporation of a new city, a comprehensive fiscal analysis which includes the following (Section 56800):

- (a) A description of the local agencies which presently serve the community, with a discussion of the range and level of services currently provided.
- (b) A description of services to be provided by the proposed city after incorporation, including the range and level of those services.
- (c) The costs to the proposed city of providing public services and facilities during the three fiscal years following incorporation and the estimated revenues during the same period.
- (d) The effects of the proposed incorporation on the adjacent communities and affected agencies, including the county.
- (e) A rationale for the proposed boundaries and a discussion of possible boundary alternatives.
- (f) Any other information and analysis needed to make the findings required by Section 56720 which requires that an incorporation be consistent with LAFCo policies promoting logical, efficient delivery of services and preservation of agricultural and open space lands and that the proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the first three years of incorporation.

The comprehensive fiscal analysis may be prepared by a qualified consultant for the proponents or under contract to LAFCo. If prepared by or under contract to LAFCo, the costs of the comprehensive analysis may be charged to the proponents. (Sections 56383 and 56654).

- 4. If the proposal is for uninhabited territory and has 100% landowner consent, the Commission may with the consent of the gaining agency waive protest hearing following the LAFCo hearing. Applicants in this case should provide proof of 100% consent.
- 5. If the proposal is for inhabited territory involving an annexation or detachment, the Commission may waive all protest proceedings if the following conditions are met: The Commission must provide written notice of this hearing to all registered voters and landowners in the affected territory. The notice must state that unless opposition to the proposal or the commission's intent to waive protest proceedings is expressed, there will be no subsequent protest proceedings. All agencies that would gain or lose territory must also have consented in writing to the waiver.

Commission Proceedings

- 4. The proponent submits to LAFCo staff completed application materials (Section 56652).
- 5. The Executive Officer determines whether:

- A. The petition is sufficient as required by law, and issues a determination on its sufficiency within 30 days.
 - B. LAFCo is to be the lead agency for environmental review. If so, then the environmental review described in No. 3 is undertaken.
6. The Executive Officer reviews the proposal and within 30 days of its receipt either:
- A. Determines that the application is complete and issues a certificate of filing, setting the commission hearing date. If the proposal requires a property tax exchange between the county and any affected city (and, in some cases, a special district), the application may not be deemed complete and a certificate of filing may not be issued until the tax exchange is complete (Section 99 of the Revenue and Taxation Code).
 - B. Determines that the application is incomplete and notifies the proponent what times are necessary to complete the application (56828).
7. The Executive Officer refers the proposal to any potentially affected county departments, city(ies) or districts for review and comment.
8. The Executive Officer, at least 21 days prior to the date set for hearing, gives notice by:
- A. Publication in a newspaper of general circulation in the affected area.
 - B. Posting near the door of the hearing room.
 - C. Mailing to each agency whose jurisdiction or sphere of influence contains the property which is the subject of the proposal, to chief petitioner(s), and to any persons who have requested notice.
 - D. Mailing to registered voters within 300 feet for applications submitted by resolution of a public agency.

NOTE: Some commission actions may be taken without published or mailed notice of hearing, such as annexations and detachments with written consent of all landowners. Notice and opportunity to request a noticed public hearing must be given to any agency whose boundaries would be changed by the proposal (Section 56663).

9. The Executive Officer reviews the application and any comments received and prepares a written report and recommendation. The report reviews pertinent factors and policies as contained in the Cortese Knox Hertzberg Act and the commission's Standards for the Evaluation of Proposals, applicable spheres of influence, and general plans for the area.

10. The Executive Officer mails the report at least five days prior to the hearing to each commissioner, each person named in the application to receive a copy, each affected local agency requesting a report, and each agency whose boundaries or sphere of influence would be changed.
11. The Commission hears the proposal on the noticed day and time. The hearing may be continued for up to 70 days. The Commission considers the factors and policies contained in the Cortese Knox Hertzberg Act and its own Standards for the Evaluation of Proposals. The factors include (Section 56668):
 - A. Population, density, land area and land use, per capita assessed valuation, topography, natural boundaries, drainage basins, proximity to populated area, likelihood of significant growth during next ten years.
 - B. Need for organized community services, present cost and adequacy of government services and controls, probable future needs, probable effect of change of organization and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent area.
 - C. The effect of the proposed action and of alternative actions on adjacent areas, on mutual social and economic interests, and on the local government structure of the county.
 - D. Conformity of the proposal and its effects with commission policies on providing planned, orderly, efficient patters of urban development, and with state policies and priorities on conversion of open space uses.
 - E. Effect of the proposal on maintaining the physical and economic integrity of lands in an agricultural preserve in open space uses.
 - F. Definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment and ownership, the creation of islands and corridors of unincorporated territory, and other similar matters affecting proposed boundaries.
 - G. Conformity with appropriate city or county general and specific plans.
 - H. The sphere of influence of any agency which may be applicable to the proposal being reviewed (See Section III for more about the adoption of spheres of influence).
 - I. The comments of any affected local agency
 - J. The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.
 - K. Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.
 - L. The extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the appropriate council of governments.
 - M. Any information or comments from the landowner or owners.
 - N. Any information relating to existing land use designations.

The Commission is also required to consider the following state policies and priorities in considering proposals:

- The Legislature recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing such development with sometimes competing state interests of discouraging urban sprawl, preserving open space and prime agricultural lands, and efficiently extending government services.
- The Legislature also recognizes that providing housing for person and families of all incomes is an important factor in promoting orderly development. The Legislature further finds and declares that this policy should be effected by the logical formation and modification of boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services and housing for person and families of all incomes in the most efficient manner feasible.
- The Legislature recognizes that when areas become urbanized to the extent that they need the full range of community services, a single governmental agency, rather than several limited purpose agencies, is in many cases better able to assess and be accountable for community service needs and financial resources and, therefore, *is may be* the best mechanism for establishing community service priorities, especially in urban areas (Section 56001).
- Notwithstanding, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single purpose agency, several agencies or a multi-purpose agency, responsibility should be given to the agency or agencies that can best provide government services.
- Development or use of land for other than open space uses shall be guided away from existing prime agricultural lands toward areas containing nonprime agricultural lands (Section 56377).
- Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open space lands which are outside the existing jurisdiction or existing sphere of influence of the local agency (Section 56377).

12. Within 35 days of the hearing, the Commission adopts a resolution of determinations taking the following actions:

- A. Approve or deny with or without conditions or revisions to the proposal. If denied, no new substantially similar proposal may be made for one year unless waived by the Commission (Sections 56880 and 56844).
 - B. Determine if the territory is uninhabited or uninhabited (inhabited territory means an area in which there reside 12 or more registered voters).
 - C. Assign the proposal a short-term designation.
 - D. Authorize proceedings without notice, hearing or an election, if there is 100% landowner consent and only annexations, detachments and CSA formations are proposed (Section 56881).
13. The Executive Officer sends the Commission's resolution to the chief petitioners, each agency whose boundaries will be changed (Section 56882).

Conducting Authority Proceedings

14. The Commission or Executive Officer, if so delegated, sets the proposal for hearing within 35 days of the Commission's resolution date and gives notice as required. Notice must be given at least 21 days prior to the hearing and shall be:
- A. Published in a newspaper of general circulation in the area.
 - B. Posted near the hearing room.
 - C. Mailed to each affected agency which contains territory or whose sphere of influence contains territory within the proposal, chief petitioners, persons requesting notice, and landowners within the territory to be formed into or annexed to or detached from an improvement district (Sections 57002 and 57025).
15. The Commission or Executive Officer if so delegated hears the proposal at the noticed date and time. The hearing may be continued for up to 60 days. Any written protests must be filed with the clerk by the conclusion of the hearing and must be signed, have the signature date, and address or location of the property. The value of written protests must be determined before the conducting authority may take action (Sections 57050 and 57025).
16. If the proposal is a city or district annexation or detachment, the Commission shall adopt a resolution which does one of the following:
- A. Orders the change if the area is uninhabited and if no majority land value protest is received; or if it is inhabited, if less than 25% voter or land owner protest is received.
 - B. Forward a resolution for change of organization for confirmation of the voters to the Board of Supervisors or city council of the affected city inform the Board or

Council of Commission determination that the proposal is subject to an election if the territory is inhabited and 25% to 5% of the registered voters or landowners file a written protest. (Section 57075).

If an election is called, the Executive Officer is required to prepare an impartial analysis of the question for Commission approval. At the election, if the question is approved by voters, a resolution ordering the changes is adopted by the conducting authority; if the question is denied, the conducting authority adopts a resolution terminating proceedings.

- C. Terminates proceedings if written protest is received from landowners having a majority of the land value in uninhabited territory or from a majority of the voters in the inhabited territory (Sections 57057 and 57078).

A city detachment or a district annexation may be terminated by the conducting authority (Sections 57079 and 57079.5). If the proposal is terminated, a substantially similar proposal cannot be submitted to LAFCo for one year, or for two years if an incorporation was involved (Section 57057 and 57100).

The above protest hearing procedures apply to the majority of city and special district annexations. Proceedings for other types of proposals may vary. The applicable sections of the law for the conducting authority and LAFCo staff should be consulted.

Completion and Effective Date

- 17. If the proposal has been approved, the applicant must also submit fees to LAFCo to be transmitted to the State Board of Equalization (Section 57200).
- 18. The Executive Officer issues a certificate of completion. The certificate of completion is recorded with the County Recorder. If no effective date has been specified in the Commission resolution, the recordation date is the effective date of the change. A statement of boundary change is prepared by the Executive Officer and filed with the State Board of Equalization and the County Assessor. Property tax resolutions, if any, are forwarded to the County Auditor to effectuate the property tax transfer (Section 57200).
- 19. The Executive Officer gives notice of the completion to agencies whose boundaries are affected, and affected county departments.
- 20. The affected agencies recognize the completion of the jurisdictional change, including property and sale tax transfers, change in responsibility for services such as police and fire protection, planning and building services and the like.