

001 Purpose

It is the policy of Fresno LAFCo to encourage orderly growth and development of cities and special districts in Fresno County.

The logical formation and determination of city and special district boundaries promotes orderly development and balances that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, providing housing for persons and families of all incomes, and efficiently extending government services.

Fresno LAFCo policies promote the logical formation and modification of the boundaries of cities and special districts, 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 persons and families of all incomes in the most efficient manner feasible.

In order to carry out its purposes and responsibilities for planning and regulating orderly, logical and efficient growth and development, which includes the coordination of local governmental agencies subject to the jurisdiction of the commission, and advantageously providing for the present and future needs of the county and its communities, the Fresno Lafco has developed and determined the sphere of influence of each city and each special district within the county and enacted policies designed to promote the logical and orderly development of areas within the sphere.

State law provides for the basic purposes of the Commission powers and duties, establishment of policies, procedures, and regulations, in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code sec. 56000 *et seq.*, also "CKH"), as amended. Other sections of the Government Code (hereafter "GC") also describe the Commission responsibilities. In many cases, the pertinent GC sections are cited in this Manual to explain the authority for a particular policy, standard, and procedure.

Revised: December 19, 2001

SECTION 100 COMMISSION POLICIES

LAFCo's policies and procedures have been established to permit the Commission to exercise its powers in a manner that encourages orderly, logical, and efficient growth, development, and services

Revised: February 26, 1992; December 19, 2001

101 Encourage orderly, logical, and efficient development of local agencies in their sphere of influence

1. A sphere of influence is a plan determined by the commission for the probable physical boundaries and service area of a local agency.

2. The Commission will determine the probable physical boundaries of the agency using a

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planning horizon that forecasts expansion of the local agency's service area within 20 years of the SOI approval.

3. The Commission shall consider the affected local agency's capacity to provide an adequate level and range of services when considering amendments of the agency's sphere of influence.

4. The Commission will evaluate sphere of influence amendments in light of the local agency's adopted plans and policies including, but not limited to, its general or master plan and related CEQA documents, service plans, and the financial ability of the affected local agency to provide services.

5. All proposals for a change of organization or reorganization shall conform with the affected local agency's sphere of influence.

6. The Commission encourages changes of organization such as consolidations, mergers, dissolutions, where the result will be better service, reduced cost, and/or more efficient and visible administration of services to public.

102 The Commission discourages formation of new local agencies

1. To reduce and minimize the number of agencies providing services, proposals for formation of new special districts are discouraged unless:

- a. There is evidence from the landowners and/or residents of a clear need for the proposed special district's services;
- b. There are no existing agencies that are able to annex and provide similar services; and
- c. The proposal demonstrates the financial ability of the new agency to provide services.

103 Local agencies are responsible for annexation planning in their spheres of influence

1. Each local agency is encouraged to implement an orderly, phased annexation program pursuant to the Annexation Program Guidelines (Appendix A).

2. A proposed annexation should not be approved solely because the affected territory falls within the sphere of influence of a local agency. The sphere of influence is one factor among several that the Commission considers when reviewing proposals.

104 The Commission discourages service extensions

1. Pursuant to GC sec. 56133 *et seq.*, a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the commission.

2. Extension of services by a local agency outside its sphere of influence is prohibited unless it is in response to an existing or impending threat to the health or safety of the public or the residents of the affected territory.

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3. The Commission requests that extensions of service be granted to those parties that agree to not protest a future annexation.

105 Cities should be the provider of municipal services within their sphere of influence

1. Cities should be the provider of municipal services within their sphere of influence due to their higher visibility, their substantially broader sources of revenue, and their historical and legal right to provide services to citizens within their boundaries, particularly land use planning services and controls.

106 The Commission supports transition agreements where a special district's service area is within a city's sphere of influence

The following policies apply where a special district's service area is within a city's sphere of influence, and it is reasonably foreseeable that the special district's service area will be reduced over time by detachments when territory is annexed to a city. If a special district relies on funding from general purpose *ad valorem* property tax revenue from property in its service area, detachments will lower its tax base and property tax revenue. Although the special district would no longer directly provides services to detached properties, its district-wide and inter-agency service obligations may not be reduced commensurately and may, in fact, increase. The consequence of reduced revenue and increasing service obligations is of concern to the Commission.

1. Cities whose sphere of influence includes a special district's service area are encouraged to develop comprehensive annexation policies that anticipate the total inclusion of the district's territory into a city's limits.
2. These policies should support agreements between cities and special districts to address the local agencies' respective interests to orderly transition services and revenue between agencies.
3. The city's proposed services in the affected territory to be annexed to the city should be of equal or higher quality than the detaching special district's services provided in that territory.
4. When a reorganization proposes to annex territory to a city and detach from a fire protection district (hereinafter, a "City/Fire Protection District Reorganization"), evidence of a current transition agreement to provide for the orderly transition of services from the district to the city shall be required as a part of a complete application.
5. The Commission may impose its own conditions of approval to ensure an orderly transition of services. Such conditions shall be deemed to satisfy this policy.
6. The Commission is not a party to these agreements and other than the terms specified in section 1, above, will not dictate the terms of the transition agreement. The intent of the transition agreement is to provide for the orderly transition of services. Therefore, the Commission expects the parties to negotiate the transition agreements in good faith and to obtain terms and conditions in such agreements that are reasonable under the circumstances.
7. Applicants for a City/Fire Protection District Reorganization—whether by application of the

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city, by a private party, or by petition—shall include a copy of the transition agreement as part of their complete application.

8. The Commission's imposition of conditions shall be consistent with GC sec. 56886 and may include, but not be limited to, the transfer of fire stations, personnel, equipment, and/or property tax revenues. The Commission may at its discretion include additional conditions of approval not otherwise contained in the staff report.

105 The Commission encourages annexation of developed and developing land within cities' spheres of influence

1. All developed land inside a city's sphere of influence is encouraged to annex to the city.
2. Each city shall develop plans, procedures or standards to annex developed or developing territory in its sphere of influence.
3. All unincorporated islands and substantially surrounded areas within a city sphere of influence are encouraged to annex to the city.

106 Encourage orderly urban development and preservation of open space

1. The Commission encourages well-planned, orderly, and compact urban development patterns for all developing areas.
2. Local agencies that provide municipal services are encouraged to develop and implement plans and policies which will provide for well-planned, orderly and compact development patterns, with consideration of preserving permanent open space lands within those urban patterns.
3. Development of existing vacant non-open space and non-prime agricultural land within an agency's boundaries is encouraged.
4. Annexation proposals to cities shall demonstrate that planned development is imminent for all or a majority of the proposal area by either demonstrating that existing use of the proposal is consistent with the affected city's general plan or by providing evidence of an approved site plan review or tentative subdivision map with an annexation application.
5. Proposals resulting in non-contiguous urban or rural residential development patterns are discouraged.
6. Orderly growth of cities is supported by applications for change of organization and reorganization that demonstrate development of the affected territory is imminent by evidence of an approved tentative map, site plan review, or other land use permit.
7. The Executive Officer shall record the approved change of organization or reorganization once he or she has determined that the facts pertaining to the application during the time of recording are materially similar to those facts considered by the Commission when the application was approved. Facts, as used in the proceeding sentence, is defined to include, but not be limited to, whether or not the proposed project is materially similar to the project described in any

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application before the Commission.

Amended: February 18, 2015

107 Encourage conservation of prime agricultural lands and open space areas

1. Proposals that conflict with a city's general plan to maintain the physical and economic integrity of open space lands, agricultural lands, or agricultural preserves, are discouraged.
2. Annexation of existing vacant within an agency's sphere of influence is encouraged prior to expansion of a city sphere of influence.
3. Development shall be guided towards areas containing non-prime agricultural lands, unless such action will promote unplanned, disorderly, inefficient development of the community or area.

108 Provide public access to the commission via the internet

1. The Commission has established and will maintain, or otherwise provide access to notices and other Commission information for the public through an Internet website. Notice of all public hearings and Commission meetings shall be made available in electronic format on that site.
2. The Commission's web site is <http://www.fresnolafco.org>
3. The commission encourages all cities and special districts to establish and maintain websites pursuant to AB 949.

Revised: December 19, 2001

106 LAFCo Disadvantaged Unincorporated Communities Policies

1. For the purposes of this policy, a DUC is an inhabited unincorporated territory with an annual median household income that is less than 80 percent of the statewide annual median household income as defined in GC sec. 56046 and Water Code sec. 79505.5, all as amended, and presenting at least 15 dwelling units at a density not less than one unit per acre.
2. LAFCo has determined that, as of the date of the adoption of this policy, there may be a deficiency in census data to accurately assess median income in unincorporated communities. As a result, LAFCo shall consider various sources of information to determine whether a DUC exists.
3. Cities and special districts are required to identify DUCs within or contiguous to their boundaries in their applications for Commission action.
4. An MSR conducted by LAFCo for a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, shall identify any DUCs within or contiguous to the sphere of influence of that city or special district and describe the present and probable needs or deficiencies for the provision of those public facilities or services to such DUC.

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5. For any updates to a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the Commission shall consider and prepare written determinations regarding the present and probable needs and deficiencies for those public facilities and services for any DUC within or contiguous to the sphere of influence of the city or special district.

6. The Commission shall not approve an annexation to a city of any territory greater than 10 acres, where there exists a DUC that has been identified and evaluated in any MSR or Sphere of Influence Update for that city or has been subsequently identified by staff to be contiguous to the area of the proposed annexation unless an application to annex the DUC to the subject city has been filed with the LAFCo Executive Officer.

7. Pursuant to Government Code 56375(a)(8)(B), an application to annex a contiguous DUC shall not be required if either of the following facts are present: (i) a prior application for annexation of the same DUC has been made in the preceding five (5) years; or (ii) the Commission finds, based upon written evidence sufficient to the Commission, that a majority of the residents within the affected DUC are opposed to annexation.

"Written evidence" may be in the form of annexation survey results from residents of the DUC. The Commission shall be provided a copy of any mailing list used to collect this survey. The survey must be completed no longer than eighteen (18) months before the filing of underlying annexation proposal. The following must be included as part of the survey:

1. Survey Cover Letter;
2. Survey;
3. Map of proposed annexation area and DUC in relation to existing city boundaries;
4. Information about city services (a review of the types of services, timing of when the services would be provided and financing of the services), effects of city/zoning/land use and city elections.

8. All information sent to residents in DUCs should be in English and Spanish, and any other languages reasonably calculated by LAFCo to be understood by a majority of the residents of a household in the area.

9. A DUC that is identified to be within 300 feet of the underlying annexation is sufficient to start the annexation proceedings for a DUC.

10. The processing costs for DUC annexation, including but not limited to application fees and fire transition expenses, are the responsibility of the applicant.

Adopted January 9, 2013

107 Municipal Service Review policy

Pursuant to GC sec. 56430, in order to prepare and to update spheres of influence (SOI) in accordance with GC sec. 56425, the Commission shall conduct a review of the municipal services provided by a local agency. A municipal service review (MSR) is a comprehensive study prepared by LAFCo to inform local agencies, the public, and LAFCo about municipal services provided by local agencies within a designated geographic area. LAFCo evaluates the municipal services provided by

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one or more local agencies, makes determinations based upon this information and may recommend actions to promote the efficient provision of those services.

An MSR need not be prepared if no action to prepare or update a SOI is proposed, though LAFCo may choose to prepare a MSR at its discretion.

Pursuant to GC sec. 56430, LAFCo must make the following written determinations regarding the following areas:

- Growth and population projections for the affected area.
- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence (see Policy 106, LAFCo DUC Policies).
- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- Financial ability of agencies to provide services.
- Status of, and opportunities for, shared facilities. Accountability for community service needs, including governmental structure and operation efficiencies.
- Any other matter related to effective or efficient service delivery, as required by commission policy.

An MSR concludes with adoption of the determinations by the Commission. While the Commission is not required by law to make any changes to a SOI based upon MSRs, the Commission may at its discretion opt to shrink or expand an SOI, or approve, deny, or approve with conditions any change of organization or reorganization impacting the governmental agency as a result of the information contained in the MSR. The Commission's determinations may result in recommendations to the subject local agency regarding the areas specified by the statute. When recommendations are made, they will be conveyed to the local agency for response and/or action.

1. The goal of the Fresno LAFCo MSR program is to provide cities and special districts with an assessment on their provision of services, make recommendations regarding areas of improvement, and determine whether an agency is equipped to effectively provide services within its existing or expanded SOI.

In order to achieve this goal, MSRs will:

- a. Evaluate a local agency—including, but not limited to, services delivered by the agency or other agencies, the agency's compliance with its principal act, activities of its legislative body, the agency's managerial practices, sufficiency of its annual budget, presence of an agency's long-range plan for services, opportunities for public participation at its legislative body's meetings, and the agency's compliance with "sunshine" laws, such as the Brown Act—in order to present thoughtful and accurate information in support of Commission determinations;

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b. Provide recommendations to encourage effective and efficient municipal service delivery; and

c. Build and maintain effective relationships between LAFCo and local agencies.

2. LAFCo actively encourages local agencies affected by these policies to include LAFCo at the beginning of any city planning application that may result in an annexation or SOI amendment or extension of services.

3. Municipal Services and Local Agencies

The term "municipal services" relates to services provided by cities and many special districts to relatively dense populations at comparatively high levels of service, including:

- Public safety (police, fire, building inspection, etc.);
- Public utilities including solid waste collection and disposal, wastewater collection and treatment, domestic water production, treatment and distribution, and electricity;
- Land use authority including planning, code enforcement, and building code enforcement;
- Parks and recreation;
- Public facilities;
- Airports;
- Public transit;
- Improvement, maintenance, repair, and operation of streets and highways;
- Flood control; and
- Water supply, drainage, storage, and conservation.

"Municipal service" also encompasses a service or function provided to one local agency by a contract with another local agency, as permitted by GC sec. 54981.

There are other types of services provided by local agencies that may not be considered "municipal," and do not in themselves facilitate or induce growth. However, LAFCo deems it appropriate to include the local agencies that provide these services in the MSR program as their services were deemed necessary when the local agency was formed and are provided within a specified geographic area under the authority of the California Code. Further, performance of a MSR for a non-municipal service provider permits the full expression of LAFCo goals with all local agencies under its jurisdiction.

4. Environmental Determination

Local agencies that request a SOI amendment that is consistent with the agency's general or master plan are expected to be the lead agency as defined by the California Environmental Quality Act (CEQA, PRC sec. 21067). The lead agency has the principal responsibility for carrying out or approving a project which may have a significant affect upon the environment. The lead agency will conduct all necessary environmental determinations as appropriate under CEQA (i.e., notice of exemption, negative declaration, environmental impact report). Under this circumstance, LAFCo will be a responsible agency as defined by CEQA (PRC sec. 21069). This relationship should be clearly identified in the lead agency's CEQA documentation, as well as the requested actions (annexations and/or detachments) anticipated by the lead agency in its environmental analysis.

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When LAFCO initiates a MSR, it will be the lead agency and will prepare the appropriate documentation pursuant to CEQA.

5. MSR Preparation

The Commission shall conduct a programmatic update of a local agency's MSR before, or in conjunction with, but no later than the time it is considering an action to update an sphere of influence.

The Executive Officer will assess local agencies' spheres of influence as necessary, by reviewing the current MSR, and contacting the local agency to determine the following:

- the local agency's progress on the Commission's earlier MSR recommendations,
- the adequacy of its current SOI, and
- whether the current SOI is consistent with its long-range plans.

If staff determines that an amendment to a sphere of influence may be necessary and would necessitate an update of that agency's MSR, it may provide local agencies with an MSR questionnaire for them to complete and may request additional information. Once this information is received, staff will prepare a draft MSR.

A local agency may also be provided with a MSR template to complete and submit as an administrative draft document subject to LAFCo staff's review for documentation, completeness, and thorough analysis.

The adoption of a MSR is not subject to a statutory public hearing (GC sec. 56430). However, to allow for public participation that demonstrates a transparent decision-making process, the following actions will take place:

- The draft MSR shall be posted on the Commission's website for a 21-day public review period;
- Notice of the public review period will be posted at the offices of Fresno LAFCo and the Clerk of the Board of Supervisors and on the Commission's website; and
- Notice will be mailed or e-mailed to the subject local agency to be posted in its jurisdiction.

6. MSR Policies

The following policies will assist LAFCo staff in preparing MSRs and complying with CKH. These policies are based on circumstances unique to Fresno LAFCo and as such will ensure that municipal services are evaluated in an orderly, logically, and efficient manner.

Policy 1: The SOI should reflect a 20 -year planning horizon and may include additional areas that may relate to the agency's planning. This boundary shall be reviewed and either affirmed or, if necessary, updated on average of every five years thereafter.

Policy 2: The Commission will evaluate proposed SOI amendments in light of many of the local agency's own adopted plans and policies including, but not limited to, its general or master plan and related CEQA documents, service plans, annual budgets, fee structure, and capital improvement plans.

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Policy 3: MSRs may be updated independently from an SOI modification, either to facilitate review of an agency's service deficiencies or in response to other LAFCo actions.

Policy 4: The Commission reserves the right to have an MSR prepared by a consultant under contract with the Commission and associated expenses may be borne by the requesting local agency.

Adopted: November 5, 2014

Revised: December 14, 2016, September 11, 2019