

CHAPTER IV

GENERAL STANDARDS

IV. GENERAL STANDARDS

This chapter presents the Sacramento Local Agency Formation Commission (LAFCo) general standards for the evaluation of proposals and the actions of the Commission. The LAFCo will use these general standards in conjunction with applicable general policies and specific standards as part of its decision-making process. The LAFCo may make exceptions to these general standards if it determines that such exceptions: are necessary due to unique circumstances; are required to resolve conflicts between general and specific standards; result in improved quality or lower cost of service available; or there exists no feasible or logical alternative.

A. SPHERES OF INFLUENCE

1. LAFCo will approve an application for a change of organization or reorganization only if the proposal is consistent with an approved Sphere of Influence plan for the affected agency or agencies. Spheres of Influence will not generally be amended concurrently with an action of an application. Spheres of Influence amendments will ordinarily take longer to process than applications for a change of organization or reorganization. Agencies are encouraged to keep their Spheres of Influence plans up to date so that individual applications for changes of organization or reorganization are not burdened with Spheres of Influence amendment requirements. Amendments to Spheres of Influence occasioned by individual applications for changes organization or reorganization which would render the Spheres of Influence internally inconsistent or inconsistent with the other policies or standards herein will not be approved.
2. Spheres of Influence are the primary planning tool for LAFCo. The LAFCo has developed standards related to the Master Service Element of any agency's Spheres of Influence. Agencies must have an updated Master Services Element which meets the following standards:
 - a. Is consistent with the Master Services Element of the Spheres of Influence of any overlapping jurisdiction;
 - b. Demonstrates that adequate services will be provided within the time frame needed by the inhabitants of the area included within the proposed boundary;
 - c. Identifies existing land use and a reasonable projection of land uses which would occur if services were provided consistent with the updated Element;
 - d. Presents a map that clearly indicates the location of existing and proposed facilities, including plan for timing and location of facilities;
 - e. Describes the nature of each service to be provided;

- f. Describes the service level capacity of the service provider's facilities;
 - g. Identifies the anticipated service level to be provided;
 - h. Describes any actions, improvements, or construction necessary to reach required service levels, including costs and financing methods;
 - i. Provides copies of district enabling legislation pertinent to the provision of service levels, including costs and financing methods;
 - j. Identifies projected revenue and identifies savings occurring as a result of the action; and
 - k. Provides existing and five year population projections within agency boundaries.
3. The LAFCo will require that any agency making a proposal for action through LAFCo must have an updated Master Service Element of its Spheres of Influence Plan. The LAFCo will approve a proposal only if the proposed service provider is the most efficient provider of services with an acceptable cost, as demonstrated in the provider's Master Service Element.

B. CONFORMANCE WITH APPLICABLE GENERAL AND SPECIFIC PLANS

- 1. LAFCo will approve changes of organization or reorganization only if the proposal is consistent with the General Plan and applicable Specific Plans of the applicable planning jurisdiction.
- 2. For purposes of the above policy, the applicable planning jurisdiction is as follows:
 - a. For annexations to a city, the applicable jurisdiction is the city to which annexation is proposed;
 - b. For applications for annexation to or detachment from a district all of whose territory lies within an adopted Sphere of Influence of a city, the General Plans of the city;
 - c. For an application for annexation to a special district for lands outside an adopted city Sphere of Influence, the Sacramento County General Plan.
 - d. For an application for annexation or detachment from a district whose territory lies in both the city and the unincorporated area of the county, the General Plan of the city unless the project lies outside of the city's Sphere of Influence; and

- e. For applications for incorporations, this standard is inapplicable.
- 3. For purposes of this standard, the proposal shall be deemed consistent if the proposed use is consistent with the applicable General Plan designation and text, the applicable General Plan is legally adequate and internally consistent and the anticipated types of services to be provided are appropriate to the land use designated for the area.
- 4. The governing body of the applicable planning jurisdiction shall recommend by resolution whether the proposal meets all applicable consistency requirements of state law, including internal consistency. LAFCo shall retain jurisdiction to determine consistency pursuant to its jurisdiction to approve, disapprove or condition changes of organization or reorganization and may require additional information if necessary.

C. BOUNDARIES

- 1. LAFCo will not accept as complete any application for a proposal unless it includes boundaries that are definite, certain, and fully described.
- 2. The LAFCo will approve only applications with boundaries that do the following:
 - a. Seek to correct where relevant illogical boundaries within the affected agency's Sphere of Influence;
 - b. Provide for a mixture of revenue producing and non- or limited- revenue producing properties; and
 - c. Follow where relevant natural or man-made features and include logical service areas.
- 3. The LAFCo will not approve applications with boundaries which:
 - a. Split neighborhoods or divide an existing identifiable community, commercial district, or other areas having a social or economic identity;
 - b. Result in islands, corridors or peninsulas of incorporated or unincorporated territory or otherwise cause or further the distortion of existing boundaries;
 - c. Are drawn for the exclusive purpose of encompassing revenue-producing territories;
 - d. Create areas for which it is difficult to provide services; or

- e. Split parcels.
4. LAFCo will make exceptions to the requirements of this standard only if the exception:
- a. Is rendered necessary due to unique circumstances;
 - b. Results in improved quality or lower cost of service available to the affected parties; or
 - c. There exists no feasible and logical alternative.

D. REVENUE NEUTRALITY

1. LAFCo will approve a proposal for a change of organization or reorganization only if the Commission finds that the proposal is revenue neutral at the time the proposal comes before the Commission. A proposal is deemed revenue neutral if:
- a. The proposal ensures that the amount of revenue transferred from an agency or agencies currently providing services in the subject territory to the proposed service-providing agency equals the expense which the current service provider bears in providing the services to be transferred.
 - b. In the event the expense to the current service provider exceeds the amount of revenue transferred, the current service provider and the new service providing agency agree to revenue transfer provisions to compensate for the imbalance. Such provisions may include, but are not limited to tax-sharing, lump-sum payments and payments over a fixed period of time.
 - c. Where revenue neutrality is not possible because of the requirements of state law or these standards, LAFCo shall impose all feasible conditions available to reduce any revenue imbalance, or it may deny the proposal.
 - d. A property tax exchange agreement has been reached pursuant to the Revenue and Taxation Code by the agencies participating in the change of organization or reorganization as required by law.
 - e. Appendix E of the LAFCo's policies and standards provides additional information related to the financial guidelines for evaluating incorporation proposals.

E. AGRICULTURAL LAND CONSERVATION

LAFCo will exercise its powers to conserve agricultural land pursuant to the following standards:

1. LAFCo will approve a change of organization or reorganization which will result in the conversion of prime agricultural land in open space use to other uses only if the Commission finds that the proposal will lead to the planned, orderly and efficient development of an area. For purposes of this standard, a proposal leads to the planned, orderly and efficient development of an area only if all of the following criteria are met:
 - a. The land subject to the change of organization or reorganization is contiguous to either lands developed with an urban use or lands which have received all discretionary approvals for urban development.
 - b. The proposed development of the subject lands is consistent with the Spheres of Influence Plan, including the Master Services Element of the affected agency or agencies.
 - c. Development of all or a substantial portion of the subject land is likely to occur within five years. In the case of very large developments, annexation should be phased whenever feasible. If the Commission finds phasing infeasible for the specific reasons, it may approve annexation if all or a substantial portion of the subject land is likely to develop within a reasonable period of time.
 - d. Insufficient vacant non-prime lands exists within the applicable Spheres of Influence that are planned, accessible, and developable for the same general type of use.
 - e. The proposal will have no significant adverse effect on the physical and economic integrity of other agricultural lands. In making this determination, LAFCo will consider the following factors:
 - (1) The agricultural significance of the subject and adjacent areas relative to other agricultural lands in the region.
 - (2) The use of the subject and the adjacent areas.
 - (3) Whether public facilities related to the proposal would be sized or situated so as to facilitate the conversion of adjacent or nearby agricultural land, or will be extended through or adjacent to, any other agricultural lands which lie between the project site and existing facilities.
 - (4) Whether natural or man-made barriers serve to buffer adjacent or nearby agricultural land from the effects of the proposed development.

- (5) Applicable provisions of the General Plan open space and land use elements, applicable growth-management policies, or other statutory provisions designed to protect agriculture.
2. LAFCo will not make the affirmative findings that the proposed development of the subject lands is consistent with the Spheres of Influence in the absence of an approved Sphere of Influence Plan. LAFCo will not make the affirmative findings that insufficient vacant non- prime land exists within the Spheres of Influence Plan unless the applicable jurisdiction has:
 - a. Identified within its Spheres of Influence all “prime agricultural land” as defined herein.
 - b. Enacted measures to preserve prime agricultural land identified within its Sphere of Influence for agricultural use.
 - c. Adopted as part of its General Plan specific measures to facilitate and encourage in-fill development as an alternative to the development of agricultural lands.
3. The LAFCo will comment upon, whenever feasible, Notices of Preparation for Environmental Impact Reports or projects which involve the development of large tracts of open space and agricultural land and that are not scheduled for urbanization within a five-year period. Potential adverse impacts related to the loss of open space or agricultural land also will be commented upon by LAFCo.

F. APPLICATION OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT TO CHANGES OF ORGANIZATION OR REORGANIZATION AND SPHERES OF INFLUENCE

The following standards will apply to LAFCo’s compliance with the California Environmental Quality Act (“CEQA”) in reviewing requests for changes of organization or reorganization and spheres of influence. Appendix H provides more detailed information on LAFCo’s specific procedures for the preparation and processing of environmental documents.

1. In general, LAFCo will function as a Lead Agency in situations where:
 - a. LAFCo is the first agency in time to act;
 - b. The primary decision relates to a change of organization or reorganization or sphere of influence;
 - c. The applicant agency is unable to act as the Lead Agency; or
 - d. There are no underlying land use approvals involved.

Typically, LAFCo will act as Lead Agency in reviewing Spheres of Influence Plans, city incorporations or city annexations where no pre-zoning has been undertaken by the city prior to LAFCo approval.

LAFCo will act as a Responsible Agency in all other situations. Typically, LAFCo is a Responsible Agency in reviewing an application for annexation to a city where pre-zoning has occurred.

2. The Executive Officer shall have the authority to prepare or cause to be prepared the appropriate environmental documentation. LAFCo will not act upon any proposal for a change of organization until environmental documentation has been completed which adequately addresses the requirements of CEQA. The Executive Officer of LAFCo shall serve as LAFCo's Environmental Coordinator and shall make an environmental determination per the requirements of CEQA.
3. LAFCo shall use its authority to comment on the Notice of Preparation and the EIR to ensure that an EIR prepared by another agency on a project which LAFCo will review complies with standard number 4 listed below. If the Lead Agency fails to notify LAFCo through the Notice of Preparation or provide substantially equivalent notification, LAFCo may assume the lead agency role (CEQA Guidelines sections 15052, 15096). Applicants for projects which will require LAFCo approval are encouraged to consult with LAFCo early in the application process and independently notify LAFCo of the initiation of environmental review.
4. In preparing an Initial Study for a project subject to LAFCo review, LAFCo will generally consider the project to have the potential to significantly affect the environment if one or more of the following situations exists:
 - a. Any of the circumstances referred to in Appendix G of the state CEQA Guidelines exist.
 - b. If buildout of the project may result in the capacity of any public service or facility being exceeded or substantially affected. For purposes of this provision, public facilities or services include, but are not limited to: sewage disposal, water service, flood control facilities, drainage facilities, law enforcement, fire protection, school, parks, libraries, gas and electric service and solid waste disposal. A public service or facility shall be considered "substantially affected" if the additional demand generated by the project would result in the facility or service exceeding 110 percent of its design capacity, or 120 percent of the available capacity.
 - c. If the project would physically divide an existing community or other area having identifiable social and economic homogeneity.

- d. If the project is inconsistent with the applicable Spheres of Influence and no amendment is applied for.
 - e. If the project has substantial growth-inducing potential because it would result in:
 - (1) extending a major roadway into an undeveloped area;
 - (2) extending a sewer trunk line to a substantial area not currently served;
 - (3) extending water service to a substantial area not currently served;
 - (4) providing electric service to a substantial area not currently served;
 - (5) providing or requiring flood control or other public facility which will protect the public safety so as to permit new development in an area substantially larger than the proposed project;
 - (6) providing any other public service or facility to a substantial area which could not grow without such service; and
 - (7) encouraging or fostering growth in a substantial area.
 - f. If the project, in conjunction with other past, present and reasonably foreseeable future projects would result in significant cumulative environmental impacts.
 - g. If the project would result in substantial noncontiguous urban development.
 - h. If the project would conflict with open space goals and policies of a community.
5. An EIR completed on a project subject LAFCo review shall contain a discussion of the following topics:
- a. County-wide or cumulative impacts which concern LAFCo.
 - b. Where the EIR identifies significant effects, a description of the range of reasonable alternatives to the project, or to the location of the project, which could feasibly attain the basic objectives of the project. The range of alternatives to be considered shall include, at a minimum, the “no-action” alternative, alternative boundary locations, and a discussion of using other agencies to provide the facility or service proposed to be provided as a result of the proposed change of organization or reorganization.

G. EFFICIENT SERVICES AND ORDERLY DEVELOPMENT

The LAFCo has determined that community needs for efficient services and orderly development are generally met most effectively by proposals which:

1. Correct a threat to the public health and safety;
2. Consolidate the activities of public agencies in order to obtain economies from the provision of consolidated services;
3. Consolidate services and service providers if such consolidations enhance the efficiency and quality of service (see I.5.a below); and
4. Restructure agency boundaries and service areas to provide more logical, effective, and efficient local government services.

H. NEED FOR SERVICES

The LAFCo will determine that a need for service exists if either of the following situations is present:

1. The growth rate and density pattern indicate that the subject area will be developed for urban use within five years; or
2. The subject territory has been pre-zoned, is designated for urban uses in the appropriate land use authority's General Plan and development at the site is not inconsistent with the policies of the General Plan.

I. STANDARDS FOR ANNEXATION TO AND THE DETACHMENT FROM ALL AGENCIES

These standards govern LAFCo determinations regarding annexations and detachments to and from all agencies.

1. An application to LAFCo for an annexation or detachment requires the submittal of an application form, supporting documentation and required fees, as set forth in Chapter II of LAFCo's policies, standards and procedures. In addition, the application shall be accompanied by a response to the applicable standards set forth in this section. On or after January 1, 1992, no application for an annexation proposed by an agency shall be accepted as complete by LAFCo in the absence of a Sphere of Influence Master Services Element for that agency approved by LAFCo as provided in the LAFCo standards.
2. The annexation or detachment must be consistent with the General Policies and General Standards in Chapters III and IV.

3. The annexation or detachment must be consistent with the Spheres of Influence boundary. The land subject to annexation shall lie within the existing Sphere of Influence boundary of the annexing city or district.
4. The annexation must be consistent with the applicable Master Services Elements. An annexation or detachment shall be approved only if the services element of the Spheres of Influence Plan of the affected agency or agencies demonstrate that adequate services will be provided within the time frame needed by the inhabitants of the annexed or detached area. Proposed annexations for land areas that lie outside of the current and next five-year increments of projected service delivery in the services element are presumed not to comply with this standard unless the applicant clearly establishes that special and unique circumstances exist which ensure the provision of quality services during the applicable time frame for the affected area are consistent with the other standards.
5. The annexation must provide the lowest cost and highest quality of urban services for the affected population. LAFCo will approve an annexation or detachment only if the Commission determines that the annexing agency possesses the capability to provide the most efficient delivery of applicable urban services for the affected population.
 - a. For purposes of this standard, the most efficient services are those which are provided at the most optimum combination of service cost and service level. In the case of providers with similar service costs, the provider with higher service levels shall be deemed more efficient. In the case of providers of similar service levels, the provider at the lowest cost shall be deemed more efficient. In comparing the providers of adequate but low-cost services, with high-quality, high-cost services, the Commission shall retain discretion to determine the optimum efficiency based on compliance with the other provisions of these standards.
 - b. For purposes of this standard, "affected population" means (1) the population which inhabits or will inhabit the area to be annexed; (2) the population currently served by a service provider operating in the area proposed to be annexed; (3) inhabitants of potential alternative service providers; and (4) in the case of a detachment, the inhabitants of both the area detached and those remaining in the area currently served by the service providers.
 - c. In evaluating the capability of an annexing agency or of alternative agencies, to provide the required service, LAFCo shall utilize the service elements of the proposed annexing entity, current service providers, and potential alternative service providers. In addition, LAFCo shall take into account the following factors:
 - (1) Physical accessibility of the territory to the agency's service

provision resources; for example, is the agency the provider of sewer services which is located closest to the subject territory?;

- (2) The agency's possession of an ability to acquire resources necessary to provide the needed service; for example, an agency may be judged unable to acquire water rights necessary to provide the water services needed by a territory proposed for annexation;
- (3) The agency's historic service provision, effectiveness and efficiency; for example, an agency may be judged an inefficient service provider if it has a previously documented history of service disruptions, accidents, safety hazards, excessive complaints, non-compliance with CEQA, illegal activities or excess costs/charges; and
- (4) The appropriateness of the agency's organizational structure to meeting service needs.

- d. LAFCo shall determine the most efficient overall service provider or combination of providers.
6. Applications to annex unincorporated islands will be approved by the LAFCo Commission. Annexations to annex lands mostly surrounded or within a Spheres of Influence which otherwise correct illogical distortion of boundaries, will be approved unless they would violate another provision of these standards.
 7. Annexation of cities shall reflect logical allocations of existing roads and rights-of-way.
 8. Annexation boundaries shall be adjusted to maximize the amount of developed urban land inside a city's Sphere of Influence plan which is annexed to the city.
 9. An annexation or attachment shall not be approved merely to facilitate the delivery of one, or a few, services to the detriment of the delivery of a larger number of services, or services more basic to public health and welfare.
 10. The LAFCo Commission will not approve city annexation requests for territory that is not pre-zoned.
 11. The LAFCo Commission shall take one of the following three actions on an application for annexation or detachment:
 - a. Approve the application if it has found the change to result in the most efficient delivery of services for the affected population and complies with other applicable standards;

- b. Approve the application on the condition that the applicant agree to actions necessary to maximize the efficiency of urban services. These may include, but are not limited to:
 - (1) Waiver of detachment from an existing service provider or, in the alternative, appropriate detachment fees;
 - (2) Entering into a Joint Powers Agreement with another service provider.
- c. Deny the annexation on the grounds that a more efficient combination of services for the affected population may be provided by either existing or a combination of new and existing service providers.

In the event of such a denial, LAFCo may present to the applicant, the conducting authority, and affected service providers, a statement of the reasons for the denial, and recommendations for actions necessary to ensure the most efficient form of urban services delivery to the affected population.

J. DETERMINATION OF COSTS

1. Service cost identification and measurement for purposes of determining revenue impacts and for purposes of assessing financial feasibility should be based on the actual costs of service provided. If actual costs cannot reasonably be identified and measured, costs should be allocated based upon the measure which most accurately reflects the level of service received. Specific service examples are identified in Appendix E. The LAFCo will rely upon current service providers to estimate service costs, so long as costs are estimated in compliance with these standards.
2. When calculating property tax revenues to be transferred in the case of an incorporation or the formation of a district, the LAFCo must identify the proportion of County Property Tax Revenue to County General Purpose Revenue, as well as the portion of the cost of services which is funded through general purpose revenue, as described in Appendix I.
3. The information provided by the State Board of Equalization will determine the amount of sales tax revenue and state subventions generated within the subject territory as part of the determination of financial impact.
4. The LAFCo will consider factors to minimize financial impacts by any of the following means:
 - a. Waiver of detachment from an existing service provider, or alternatively, a fund exchange agreement in compensation for the potential adverse impact caused by such detachment;

- b. Agreement between the applicant and an agency to annex the subject territory to a different service provider;
- c. A Joint Powers Agreement with another service provider;
- d. Modification of the proposal (e.g., changed boundaries) which eliminates the harmful impact, or reduces the harmful impact to an acceptable level;
or
- e. Tax sharing, lump-sum payments, payments over a fixed period of time.