



LAFCO - San Luis Obispo - Local Agency Formation Commission

SLO LAFCO - Serving the Area of San Luis Obispo County

TO: MEMBERS, FORMATION COMMISSION

**FROM: DAVID CHURCH, EXECUTIVE OFFICER
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DATE: APRIL 18, 2019

**SUBJECT: SPECIAL REPORT: THE PURPOSE AND INTENT OF
A SPHERE OF INFLUENCE**

Recommendation

This item is informational only and does not require action by the Commission.

Summary

This report is intended to facilitate a discussion about the intent and purpose of the Sphere of Influence (SOI), what determinations are required and what parameters SLOLAFCO uses to establish an SOI. Attached for your consideration are the SLO LAFCO policies regarding the SOI.

Background

In 1972, LAFCOs were given the power to determine spheres of influence for all local governmental agencies. Factors considered in a sphere of influence review focus on the current and future land use, the current and future need and capacity for service, and any relevant communities of interest. A sphere of influence is a planning boundary outside of an agency's legal boundary (such as the city limit line) that designates the agency's probable future boundary and service area. The CKH Act requires spheres for all cities and special districts to be reviewed every five years, or as necessary. Here is the CKH Act definition of a SOI:

56076. "Sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.

Purpose

The purpose of the sphere of influence is to ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands. The SOI helps to organize and rationalize services and development by identifying areas that might be reasonably be served by a jurisdiction. Commissions cannot tell agencies what their planning and land use goals should be. Rather, on a regional level, LAFCOs coordinate the orderly development of a community by reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of area residents and property owners.

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SLOLAFCO's Practice

Generally, the way SLOLAFCO has established spheres of influence is to implement our local policies (under Policy 2.6 attached) and prepare a Municipal Service Review (MSR). A municipal service review provides information about the services provided by a jurisdiction that help support the Sphere of Influence decision. The SOI and MSR Update go hand in hand in making decisions about the SOI. SLO LAFCO is in the third round of updating the 52 SOI's in the County.

LAFCO Staff also facilitates development of a Memorandum of Agreement (MOA) (primarily for Cities) between the County and jurisdiction that identifies the SOI and contains other terms and provisions for future development. If the City and County come to an agreement on an MOA, LAFCO is required to give great weight to the MOA when considering SOIs. Through the MOA process, often Study Areas and areas of interest are considered under local policy. Areas of interest also may serve as planning referral lines between the County and Cities for discretionary land use entitlements. Areas of interest are reviewed and updated periodically when an SOI/MSR Update is prepared. Areas of interest can be e separate from study areas, greenbelts, and spheres of influence. Some cities have studied areas of interest as part of their General Plan update process.

Study Areas are used by LAFCO to analyze a specific territory that may be considered when establishing a sphere of influence. These areas get greater focus and review of the criteria listed below. Analysis such as agricultural contracts, prime farmland, soil classification, crop data among others are gathered to inform LAFCO about the areas' need for urban services or protection from loss of agricultural and open space to meet SLOLAFCO's purpose. It is also important, but not required, that a jurisdiction has a plan for the future of a particular Study Area.

As mentioned above, SLOLAFCO defines a sphere of influence as, "a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission." Typically, a sphere of influence is the territory a city or district is expected to annex in the future. Thus, spheres of influence are usually larger in area than the actual boundaries of a city or district, although they can be the same as the city or district boundaries. ***Spheres of Influence do not give a jurisdiction any more legal authority or regulatory control in a particular area and should not be used as a protective or defensive boundary.*** Annexation may be made only if the property to be annexed is within the sphere of influence of the annexing agency.

LAFCO's Role, Process, Criteria and Determinations

The CKH Act establishes procedures for local government changes of organization, including city incorporations, annexations to a city or special district, and city and special district consolidations. Local Agency Formation Commissions have numerous powers under the CKH Act, but those of primary concern are the power to act on local agency boundary changes and to adopt spheres of influence for local agencies. Among the purposes of LAFCOs are the discouragement of urban sprawl and the encouragement of the orderly formation and development of local agencies. SLOLAFCO has responsibility in the following areas affecting local government in the county:

1. To discourage urban sprawl and encourage the orderly growth and development of local government agencies
2. To prevent premature conversion of agricultural and open space lands

3. To review and approve or disapprove proposals for changes in the boundaries and organization of the 7 cities, 35 independent special districts and approximately 10 county-governed special districts plus incorporations of cities and formations of special districts
4. To establish and periodically update spheres of influence future boundary, organization and service plans for the county's cities and special districts
5. To perform and assist in studies of local government agencies with the goal of improving efficiency and reducing costs of providing services

The CKH Act specifies the process that LAFCOs must follow and the written determinations LAFCOs must make in order to update or amend a sphere of influence. SLOLAFCO Policies help establish the boundary of the sphere of influence for cities and special districts. Typically, these exclude parcels outside an Urban Growth Boundary and/or Urban Reserve Line of a jurisdiction. Some of the following criteria are used when considering the establishment of the sphere of influence boundary:

- A. Existing uses or future development plans
- B. Size & development potential of parcels or need for services
- C. Topographical & physical considerations and constraints
- D. Jurisdiction's willingness to serve
- E. Jurisdiction's ability to serve
- F. Planning principles
- G. Legal agreements
- H. City and County General Plans

The following written determinations are required by LAFCOs when establishing a sphere of influence for a jurisdiction according to section 56425(e)(1-4) of the Cortese-Knox-Hertzberg Act:

- Present and planned land uses in the area, including agriculture, and open space lands;
- Present and probable need for public facilities and services in the area;
- Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide; and
- Existence of social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
- The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Conclusion

The establishment of a sphere of influence has many components and criteria that should be considered before forming a boundary. Each jurisdiction is different and has varying goals and abilities to serve an area. The SOI/MSR/MOA Update process serves as a good starting point to identify issues and discuss solutions. The process allows LAFCO to act as a facilitator by going into the topics and using the information to build on as layers that guide the sphere of influence boundary decision. At the end of the day, the purpose is to implement LAFCO's stated legislative intent while also helping jurisdictions to achieve its goals.

2.6 Sphere of Influence Review Policies

The CKH Act provides the legislative authority and intent for establishing a Sphere of Influence and is included by reference in these policies. A Sphere of Influence is the probable 20-year growth boundary for a jurisdiction's physical development. These policies are intended to be consistent with the CKH Act and take into consideration local conditions and circumstances. All procedures and definitions in the CKH Act are incorporated into these policies by reference.

1. LAFCO intends that its Sphere of Influence determination will serve as a master plan for the future organization of local government within the County. The spheres shall be used to discourage urban sprawl and the proliferation of local governmental agencies and to encourage efficiency, economy, and orderly changes in local government.
2. The Sphere of Influence lines shall be a declaration of policy which shall be a primary guide to LAFCO in the decision on any proposal under its jurisdiction. Every determination made by the Commission shall be consistent with the spheres of influence of the agencies affected by those determinations.
3. No proposal which is inconsistent with an agency's adopted Sphere of Influence shall be approved until the Commission, at a noticed public hearing, has considered an amendment or revision to that agency's Sphere of Influence.
4. The adopted Sphere of Influence shall reflect city and county general plans, growth management policies, annexation policies, resource management policies, and any other policies related to ultimate boundary area of an affected agency unless those plan or policies conflict with the legislative intent of the CKH Act (Government Code Section 56000 et seq.)

Where inconsistencies between plans exist, LAFCO shall rely upon that plan which most closely follows the legislature's directive to discourage urban sprawl, direct development away from prime agricultural land and open space lands, and encourage the orderly formation and development of local governmental agencies based upon local conditions and circumstances.

In accordance with the CKH Act a municipal service review shall be conducted prior to the update of a jurisdiction's Sphere of Influence. The service review is intended to be a basis for updating a jurisdiction's Sphere of Influence.

5. LAFCO will designate a Sphere of Influence line for each local agency that represents the agency's probable physical boundary and includes territory eligible for annexation and the extension of that agency's services within a zero to twenty-year period.

6. LAFCO shall consider the following factors in determining an agency's Sphere of Influence:
 - a. Present and future need for agency services and the service levels specified for the subject area in applicable general plans, growth management plans, annexation policies, resource management plans, and any other plans or policies related to an agency's ultimate boundary and service area (CKH 56425 (e)(1)).
 - b. Capability of the local agency to provide needed services, taking into account evidence of resource capacity sufficient to provide for internal needs and urban expansion (CKH 56425 (e)(2)).
 - c. The existence of agricultural preserves, agricultural land and open space lands in the area and the effect that inclusion within a Sphere of Influence shall have on the physical and economic integrity of maintaining the land in non-urban use (CKH 56426.5 (a)).
 - d. Present and future cost and adequacy of services anticipated to be extended within the Sphere of Influence.
 - e. Present and projected population growth, population densities, land uses, and area, ownership patterns, assessed valuations, and proximity to other populated areas.
 - f. The agency's capital improvement or other plans that delineate planned facility expansion and the timing of that expansion.
 - g. Social or economic communities of interest in the area (CKH 56425 (e)(4)).
 - h. For an update of 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, a written determination regarding the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing Sphere of Influence shall be prepared.
7. LAFCO may adopt a zero Sphere of Influence encompassing no territory for an agency. This occurs if LAFCO determines that the public service functions of the agency are either nonexistent, no longer needed, or should be reallocated to some other agency of government. The local agency which has been assigned a zero Sphere of Influence should ultimately be dissolved.
8. Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an

agency's Sphere of Influence unless the area's exclusion would impede the planned, orderly and efficient development of the area.

9. LAFCO may adopt a Sphere of Influence that excludes territory currently within that agency's boundaries. This occurs where LAFCO determines that the territory consists of agricultural lands, open space lands, or agricultural preserves whose preservation would be jeopardized by inclusion within an agency's Sphere of Influence. Exclusion of these areas from an agency's Sphere of Influence indicates that detachment is appropriate.
10. Where an area could be assigned to the Sphere of Influence of more than one agency providing needed service, the following hierarchy shall apply dependent upon ability to serve:
 - a. Inclusion within a municipality Sphere of Influence.
 - b. Inclusion within a multipurpose district Sphere of Influence.
 - c. Inclusion within a single-purpose district Sphere of Influence.

In deciding which of two or more equally capable agencies shall include an area within its Sphere of Influence, LAFCO shall consider the agencies' service and financial capabilities, social and economic interdependencies, topographic factors, and the effect that eventual service extension will have on adjacent agencies.

11. Sphere of Influence boundaries shall not create islands or corridors unless it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of an agency.
12. Nonadjacent publicly owned properties and facilities used for urban purposes may be included within that public agency's Sphere of Influence if eventual annexation would provide an overall benefit to agency residents.
13. At the time of adoption of a city Sphere of Influence LAFCO may develop and adopt in cooperation with the municipality, an urban area boundary pursuant to policies adopted by the Commission in accordance with Government Code Section 56080. LAFCO shall not consider any area for inclusion within an urban service area boundary that is not addressed in the general plan of the affected municipality or is not proposed to be served by urban facilities, utilities, and services within the first five years of the affected city's capital improvement program.
14. LAFCO shall review Sphere of Influence determinations every five years or when deemed necessary by the Commission consistent with an adopted work plan. If a local agency or the County desires amendment or revision of an adopted

Sphere of Influence, the local agency, by resolution, may file such a request with the LAFCO Executive Officer. Any local agency or county making such a request shall reimburse the Commission for the actual and direct costs incurred by the Commission. The Commission may waive such reimbursement if it finds that the request may be considered as part of its periodic review of spheres of influence.

15. LAFCO shall adopt, amend, or revise Sphere of Influence determinations following the procedural steps set forth in CKH Act 56000 et seq.