



SF LAFCo General Policies and Procedures

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1. GENERAL

1.1. Mission

The San Francisco Local Agency Formation Commission (hereinafter San Francisco LAFCo" or "Commission") coordinates logical and timely changes in local governmental boundaries (§56001);¹ conducts special studies to review ways to reorganize, simplify and streamline governmental structures (§56031); and prepares spheres of influence for the City and County of San Francisco (hereinafter "City and County" or "San Francisco") and special districts that may be established within the City and County (§56425). The Commission promotes provision of efficient and economical services while encouraging protection of open space lands (§56001, §56300). Further efforts include encouraging orderly formation and development of local agencies based upon local conditions and circumstances (§56301).

Local Agency Formation Commissions are independent commissions that are not a part of City and County government. All Commissioners must exercise their independent judgment on behalf of the interests of residents, property owners and the public as a whole in furthering the purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (hereinafter "Cortese-Knox-Hertzberg Act" or "Act") (§56325.1). Each Commissioner is independent when weighing and reviewing information and when making determinations (Attorney General Opinion 98.802). The mission of the San Francisco Local Agency Formation Commission is to act by implementing the Cortese-Knox-Hertzberg Act and through the adoption of written policies and guidelines (§56381,§56001).

This document contains the policies, procedures and guidelines needed to implement LAFCo's mission. The provisions of these policies, procedures and guidelines are not intended to preempt state law. In the event of a conflict between these policies and guidelines, and the provisions set forth in the Cortese-Knox-Hertzberg Act, the provisions of the Act shall prevail.

1.2. The Commission

1.2.1. The San Francisco Local Agency Formation Commission shall be composed of five members (§56325).

1.2.2. 1.22. The term of each member shall be four years. Commissioners serve until the appointment and qualification of a successor or until removed by the appointing body (§56334).

1.2.3. Three members are appointed by the Board of Supervisors of the City and County from their own membership (§56329; §56053). Two Public Members-at-Large are appointed by the other three commissioners (§56329). The Board of Supervisors shall appoint a fourth Supervisor who is an alternate member of the Commission (§56329). The Commission may also appoint one alternate public member. The public members and the alternate public member shall be residents of the City and County of San Francisco and shall not be officers or employees of the City and County of San Francisco (§56331).

- 1.2.4. Alternate Commissioners are encouraged to take an active role in San Francisco LAFCo business, including discussions and deliberations on project proposals, CALAFCo legislative activities and training workshops, interagency coordination and communication, and participation in policy development and other working groups.
- 1.2.5. Alternate members may vote in place of any regular member who is absent or who disqualifies himself or herself from participating in an action (§56325).
- 1.2.6. A Commissioner is required to vacate their seat if he or she ceases to hold the originating office (§56334).
- 1.2.7. Commission members and alternates receive a stipend of \$100 per meeting and are reimbursed for reasonable and necessary expenses incurred in performing the duties of their office (§56334).
- 1.2.8. It is the policy of San Francisco LAFCo to be a member of the California Association of Local Agency Formation Commissions.

1.3. Conflict of Interest

- 1.3.1. The Political Reform Act, Government Code Sections 81000 et seq., requires each state and local government agency to adopt and promulgate a Conflict of Interest Code. The Fair Political Practices Commission has adopted a regulation, 2 California Code of Regulations Section 18730, which contains the terms of a standard Conflict of Interest Code. This standard Code can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. The San Francisco LAFCo duly adopted a Conflict of Interest Code on October 30, 2000. The terms of such Conflict of Interest Code, and any amendments to it duly adopted by the Commission, are incorporated by reference herein.
- 1.3.2. The Conflict of Interest Code requires that the Executive Officer and members of the Commission shall file Statements of Economic Interests. Consultants to the Commission may also be required to file Statements of Economic Interest. The Executive Officer may determine, in writing, that individuals or firms contracting with the Commission for the provision of consulting services are not required to file Statements of Economic Interests. Any such written determination shall include a description of the contractee's duties and, based upon that description, a statement of the extent of economic disclosure requirements. Such determination shall be a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.
- 1.3.3. Statements of Economic Interests shall provide disclosure in all of the following categories: All sources of income, interests in real property, and investments and business positions in business entities located in or doing business in San Francisco.
- 1.3.4. Statements of Economic Interests shall be filed with the San Francisco Ethics Commission.

1.4. LAFCo Meetings

- 1.4.1. Meetings of the Commission are conducted as needed, and are noticed as required by the Cortese-Knox-Hertzberg Act, the Brown Act (§54950 et seq.), and the San Francisco Sunshine Ordinance (S.F. Admin. Code, Chapter 67), as well as the California Environmental Quality Act (Public Resources Code §21000 et seq.), where appropriate. Meetings are usually held in City Hall, Room 263, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102.
- 1.4.2. Periodically, the Commission may change the meeting place, add or cancel hearings as appropriate.
- 1.4.3. The Executive Officer may provide public notice, above that required by law, when appropriate.
- 1.4.4. Meeting agenda will be provided to the Commissions established agenda mailing list, including appropriate media, project proponents, and interested parties requesting notice for a specific hearing.
- 1.4.5. Robert's Rules of Order is designated as the general guide for conducting meetings and will be used to resolve points of order. See Section 7.1, Rules specific to the conduct of meetings by San Francisco LAFCo.
- 1.4.6. Three members of the Commission constitute a quorum for the transaction of business. No act of the commission shall be valid or binding unless three or more members concur. In the absence of a quorum, the members present shall adjourn the hearing to a stated time and place (Robert's Rules of Order).
- 1.4.7. The chair, when present, shall preside at all meetings of the Commission and shall conduct the business of the Commission in the manner prescribed by these rules. The chair shall preserve order and decorum and shall decide all questions of order subject to the action of a majority of the Commission (Robert's Rules of Order, Art X.50).
- 1.4.8. In the absence of the chair, or if the chair is unable to participate in the proceedings, the vice chair shall act as chair, with all the powers and duties of the chair. In the absence of the chair or vice chair, or if the chair or vice chair is unable to participate in the proceedings, the members of the Commission present shall, by an order entered in the minutes, select one of their members to act as chair pro tem with all the powers and duties of the chair (Robert's Rules of Order).
- 1.4.9. The chair (§56334) and vice chair shall be elected by a majority vote of the Commission. Elections shall be held annually at the first regular Commission meeting of the calendar year.
- 1.4.10. The offices of chair and vice chair are one year terms.

1.5. LAFCo Fees

1.5.1. Application of Fees

- a. The Commission shall periodically review fees and adopt a fee schedule for the purpose of recovering the costs of proceedings taken pursuant to the Cortese-Knox-Hertzberg Act (§56383).
- b. The schedule of fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged and shall be imposed pursuant to Section 66016 (§56383(b)).
- c. No petition shall be deemed filed until the fee has been deposited (§56383(c)).

1.5.2. Fee Waivers

The Commission may waive a fee if it finds that payment would be detrimental to the public interest (§56383(d)). The basis for such finding shall be set forth in writing in the Commission's resolution or order waiving the fee.

1.5.3. Appeal of Fees

- a. LAFCo fees may be appealed before the Commission.
- b. Appeals shall be submitted in writing with the application and contain specific justifications for the request. The appeal will be considered at the next Commission hearing.
- c. Project processing will not begin until a fee determination is rendered by LAFCo.
- d. The Commission may waive, defer or reduce fees based on the determination that the payment of such fee will result in undue and extra hardship to the applicant that is not caused by the applicant's own action, and where it can be demonstrated that the project is necessary for the public health, safety and welfare.

1.5.4. Refunds

- a. If an application is withdrawn, LAFCo will refund fifty percent of the submitted fee, or a sum equal to the original fee minus processing costs to date, whichever ensures that LAFCo recovers its actual costs.
- b. No refunds will be provided after a public hearing has been scheduled and LAFCo's scheduling procedure has been concluded. (Scheduling procedure includes mailed notices, legal ads, other agency notification.)
- c. Projects which change substantially and require major revisions of previously completed work may be subject to the collection of new fees as determined by the Executive Officer, subject to appeal to the Commission.

1.5.5. Legal Defense Fees

- a. The direct costs for legal defense of a San Francisco LAFCo approval are considered application processing costs and are the responsibility of the applicant.
- b. As a condition of approval for any action, the Commission will impose a condition which requires, in the event of legal challenges, that the applicant assume the full legal defense costs because they are a liability incurred by LAFCo after, and as a result of, project approval (§56844(f), §56383).
- c. The Commission reserves the right to waive payment if it finds that payment of such fee will result in extraordinary hardship to the applicant, and where it can be demonstrated that the project is necessary for the public health, safety and welfare.
- d. The Commission may include, within its resolution of approval, a condition which requires the applicant to defend, indemnify, and hold the Commission harmless, in the event that legal action is taken against San Francisco LAFCo as a direct result of a project's approval.
- e. The Executive Officer shall promptly notify an applicant of any legal action brought challenging the Commission's action, and the Commission, its agents, and employees shall cooperate in the defense of that action.
- f. The applicant may provide his or her own counsel in the defense of the action taken, under the supervision of San Francisco LAFCo Counsel, or the applicant may elect to use the services of San Francisco LAFCo Counsel in that defense. In either case, the Executive Officer may require a deposit of funds sufficient to cover estimated expenses of the litigation (§56383(c)).

1.6. LAFCo Budget

As stated in Section 1.1, under the law and LAFCo's Policies and Guidelines, San Francisco LAFCo is an independent Commission that is not a part of the City and County government. As an independent Commission, San Francisco LAFCo sets its own budget and controls its expenditures. The following policies and guidelines will control the LAFCo budget process:

- 1.6.1. The Commission shall adopt, following noticed public hearings, a proposed annual budget by May 1 and a final budget by June 15. The proposed and final budgets shall be equal to or greater than the budget adopted for the previous fiscal year, unless the Commission finds that reduced staffing or program costs will nevertheless allow the Commission to fulfill the purposes and programs of the Cortese-Knox-Hertzberg Act (§56381). The City and County shall fund the net operating costs of the Commission (the final budget amount less the Commission's anticipated revenues from fees and charges) (§56381(b)).
- 1.6.2. LAFCo cooperates with the City and County as much as possible to accept budget cuts when necessary and when the requested cuts are compatible with the annual budgets, goals and work plans adopted by the Commission.
- 1.6.3. The LAFCo Executive Officer shall serve as the budget administrator to prepare and present the proposed and final budgets to the Commission

- 1.6.4. Fees charged by LAFCo are set at the level to recover the reasonable costs of processing applications. Fee rates are reviewed and revised as needed (§56383).
- 1.6.5. When establishing its annual LAFCo budget, LAFCo shall, at a minimum, hold in the reserve account 15% of the annual budget or enough to cover costs for departing staffs' severance pay, whichever is greater. Only by a majority vote of the Commission shall money in this reserve account be used, with the understanding that it will be replenished.

2. GENERAL POLICIES, REQUIREMENTS AND CRITERIA

This section includes general policies, requirements and criteria that apply to all LAFCo actions. There may be cases where the Commission must use its discretion in the application of these policies so that potential or real conflicts among policies are balanced and resolved based on project specifics and consistent with the requirements of the Cortese-Knox-Hertzberg Act.

2.1. Application Process

- 2.1.1. All applications for changes of organization or reorganization for consideration by the Commission are to be submitted on LAFCo application forms (§56652).
- 2.1.2. Applications shall be processed in an efficient and orderly manner that reduces hardship upon the applicant while ensuring compliance with the Cortese-Knox-Hertzberg Act and other applicable laws. To that end, the applicant or applicant's representative shall be required to attend a pre-application submittal meeting with LAFCo staff to receive direction and advice regarding the processing needs and requirements of the specific action to be considered.
- 2.1.3. Any application submitted to LAFCo is considered a preliminary submittal and will not be deemed filed until such time as all required information, fees and materials are received. Preliminary processing may occur during the preliminary submittal phase.
- 2.1.4. Applicants will be required to provide information adequate to permit LAFCo to fully consider all factors required by law including, but not limited to the following (§56668, §56375):
 - a. Population; population density; land area and land use; per capita assessed valuation; topography; natural boundaries and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent and incorporated areas, during the next ten years.
 - b. Need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.
 - c. Effect of the proposed action and of alternate actions, on adjacent areas, on mutual economic or social interests, and on the local government structure of the county.
 - d. Conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban

development, and the open space conservation policies and priorities set forth in Section 56377.

- e. Effect of the proposal on maintaining the physical and economic integrity of agricultural lands as defined by Section 56016.
 - f. The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.
 - g. Consistency with city or county general and specific plans.
 - h. The sphere of influence of any local agency which may be applicable to the proposal being reviewed.
 - 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 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.
- 2.1.5. No application shall be deemed filed until resolutions providing for an agreement for redistribution of property tax are received. Once property tax exchange negotiations have been initiated by transmittal of the schedules prepared by the County's Auditor/Controller, six months will be allowed for completion of negotiations (Revenue and Taxation Code §99 et seq.)
- 2.1.6. Additional application requirements including maps, fees, signed application forms, etc. must be completed within six months following the property tax redistribution agreement. If the application remains incomplete after six months the project will be closed and the proposal will be terminated.
- 2.1.7. LAFCo shall notify the appropriate agencies, provide relevant application related information, and request review and comment on the proposal.
- 2.1.8. LAFCo encourages consolidated applications where related changes of organizations are expected for adjacent territories. Petitioners are strongly encouraged to include that territory and combine applications where possible.

- a. If the applicant chooses to proceed with separate proposals, the applicant will provide a map which indicates the location, size and boundaries of adjacent applications.
- b. LAFCo shall consider related applications at the same hearing where feasible, and may modify boundaries, including the addition of adjacent parcels, to encourage the orderly formation and development of local agencies based upon local conditions and circumstances (§56001, §56300, §56301).

2.1.9. If a project site can be anticipated to require one or more additional changes of organization that are timely and not part of the submitted application, LAFCo shall require that the application be filed as a reorganization.

2.1.10. Agencies shall comply fully with the Commission's requests for information necessary to prepare studies or process an application (§56378, §56386).

2.2. CEQA Compliance

2.2.1. LAFCo shall comply with the requirements of the California Environmental Quality Act (CEQA). No application shall be deemed filed for processing purposes until CEQA documentation has been completed which adequately addresses the requirements of CEQA and San Francisco LAFCo's CEQA procedures.

2.2.2. LAFCo adopted policies and procedures for processing and administering CEQA on October 31, 2000.

2.3. Plans of Service

Per Section 1.1, San Francisco LAFCo's mission includes oversight of the orderly formation and development of local agencies including the provision of efficient and economical services. LAFCo requires that all service providers must document their ability to provide service. An evaluation of a local agency's plan of service is necessary to the proper consideration of any change of organization or reorganization which expands or diminishes a service provider's responsibilities. The intent of plans of service evaluations is to ensure that the capacity, cost and adequacy of services within San Francisco are not adversely impacted by the proposed LAFCo action.

2.3.1. General

- a. Applications shall include a plan to provide services which includes information needed to render an informed decision on the proposed project.
- b. Plan of Service submittals are required to contain, but are not limited to, the following information: (1) an enumeration and description of the service to be extended to the affected territory; (2) the level and range of those services; (3) the estimated time frame for service delivery; and (4) a statement of any capital improvements, or other conditions, which the local agency would impose or require within the affected territory if the requested action is approved.
- c. No application shall be deemed filed until plan of service information is received and accepted as complete by the Executive Officer.

2.3.2. Plan of Service Information Requirements

The following information requirements will enable the applicant and LAFCo to obtain information necessary to render a fair and informed decision. During the required pre-application conference, LAFCo staff will assist the applicant with determination of required project specific plan of service information.

2.3.2.1. All applicants must provide the following:

- a. A capacity analysis which states: (1) number of service units available (units can be described as parcels, meters, equivalent dwelling units or other project specific units of measure as approved by the Executive Officer); (2) the number of service units currently allocated; (3) the total number of service units within agency boundaries, including assessment districts which may cross district boundaries, that are entitled to receive service; (4) the number of service units proposed to be added as a result of the proposal; (5) the total number of service units entitled to receive services as a result of the proposal. The applicant shall provide a plan for obtaining the capacity necessary to provide service.
- b. A description of the size, location and capacity of existing infrastructure.
- c. A statement of intent to provide services by the relevant agency, including a description of the applicant's requirements to fund infrastructure so that all relevant areas can be served, or will continue to be served, at the same or higher level of service, and proposed service areas will be accommodated at the same or a higher level of service.

2.3.2.2. If service cannot be provided without expanding service capacity or constructing infrastructure (other than at parcel connections to service), then the following information shall be provided:

- a. A description of any required facility or infrastructure expansions or other necessary capital improvements;
- b. The likely schedule for completion of the expanded capacity project and the viability of the needed project;
- c. A list of required administrative and legislated processes, such as CEQA review or State Water Resources Board allocation permits, including assessment of likelihood of approval of any permits and existence of pending or threatened legal or administrative challenges if known;
- d. The planned total additional capacity;
- e. The size and location of needed capital improvements;
- f. The proposed capital project cost, financing plan and financing mechanisms including a description of the persons or properties who will be expected to bear project costs; and
- g. Any proposed alternatives if the preferred capital project(s) cannot be completed.

2.3.3. Service Assurances

2.3.3.1. No application to annex to a special district shall be deemed complete until the following information is provided in writing from the annexing special district or city:

- a. A statement that the annexing agency will be capable of providing adequate services when such services are projected to be needed within the area being annexed; and
- b. A statement that the furnishing of adequate services at such time as such services are needed within the area being annexed will not result in a significant negative fiscal, service level or other impacts (cost and adequacy of service) in that area otherwise within the special district then receiving such services.

Said representation need not consist of a representation that adequate services will be available immediately, or at a future date certain. Said representation may consist of a representation that the annexing agency is, at the time of application, in the process of planning to expand its service capacity, and that said planning has progressed sufficiently so that, by its future implementation of the plan, the annexing agency will be capable of providing adequate services when such services are projected to be needed within the area being annexed. The Commission may request a full description of any such plan in the event it is not supplied in the written documentation submitted by the annexing agency. The Commission may also impose reasonable conditions related to progress toward completion of any such plan. LAFCo will evaluate said documentation to determine consistency with State requirements.

2.4. Consistency with Local Land Use Plans and Policies

The Commission shall view unfavorably projects that are inconsistent with the General or Specific Plans for the project area unless the following conditions are met:

- a. The site is located in an existing developed area where if it can be clearly found that public health, safety, and welfare interests would best be served, or clear or present health or safety hazards could be mitigated, by the requested change of organization.
- b. The site is located in an existing developed area where district facilities are present and sufficient for service and where the Commission determines that the annexation does not represent a growth inducing factor for the area.
- c. The site is located in an existing undeveloped area and disapproval would cause the loss of service to existing service users.

2.5. Jurisdiction

The Commission shall not impose any conditions that would:

- a. Directly regulate land use;

- b. Cause LAFCo to assume control over all or part of the operation of, or set policy for, any agency;
- c. Set standards or frequency of maintenance of any existing street or road, or cause an agency to improve public facilities not owned by the agency;
- d. Require service provision to areas outside of an agency's sphere of influence unless that condition mitigates effects that are a direct result of the annexation; or
- e. Regulate property development or subdivision requirements.

2.6. Special Studies

Among the purposes of LAFCo are the discouragement of urban sprawl and the encouragement of the orderly formation and development of local agencies based upon local conditions and circumstances. One of the objectives of LAFCo is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies so as to advantageously provide for the present and future needs of San Francisco and its communities (§56301).

- 2.6.1. The Commission shall initiate and make studies of existing governmental agencies (§56378).
- 2.6.2. Special studies shall include, but shall not be limited to, inventorying those agencies and determining their maximum service capabilities. In conducting those studies, the Commission may ask for land use information, studies, plans of cities, counties, districts, including school districts, community college districts, regional agencies, and state agencies and departments.
- 2.6.3. To assist with the completion of studies, local and state agencies are required to comply with LAFCo requests for information (§56386).
- 2.6.4. The Commission may apply for or accept grants or funding when offered to cover the reasonable costs of any study (§56378).

2.7. Reconsideration Process

- 2.7.1. Requests for reconsideration of a Commission resolution are to be submitted in writing and accompanied by a reconsideration request fee.
- 2.7.2. An application for reconsideration will only be accepted if the applicant has participated in the hearings resulting in the decision sought to be reconsidered. A person shall be deemed to have participated if he/she was either a party to the petition, attended the hearing, or offered oral or written comment on the proposal.
- 2.7.3. Reconsideration requests shall be filed within 30 days of a resolution making determinations.
- 2.7.4. Reconsideration requests shall specifically describe the basis for the request.

- 2.7.5. The reconsideration request shall be heard at the next regularly scheduled LAFCo meeting for which proper notice can be given, at which time the Commission shall consider the request and receive oral and written testimony. The Commission shall act upon the item no later than seventy days after the first noticed public hearing.
- 2.7.6. Reconsideration is a two-step process. The Commission will first consider the request and may vote to reconsider the matter if any of the following findings can be made based on substantial evidence in the record:
 - a. Compelling new evidence exists, including significant and previously unavailable evidence that might alter the LAFCo's decision;
 - b. Conditions have substantially changed, such as the repeal of an applicable law that might alter LAFCo's decision; or
 - c. LAFCo's procedures were not substantially followed in the previous hearing(s).
- 2.7.7. The Commission may approve, deny, amend, modify or continue the matter. If the reconsideration request is granted, the Commission shall adopt a resolution which supersedes the previous resolution.
- 2.7.8. Any Commissioner or alternate seated at a given meeting can vote on reconsideration of an action taken at a prior meeting regardless of their vote or lack of vote at a prior meeting provided they review meeting reports, tapes and minutes prior to the meeting at which they vote.
- 2.7.9. The Commission's determination is final. No person shall make any further request for the same change or substantially similar change as determined by the Commission.
- 2.7.10. Clerical errors or mistakes in any action or resolution adopted pursuant to a reconsideration action may be corrected by LAFCo staff.

2.8. Preferred Service Providers

The legislature has found that a single government 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 is the best mechanism for establishing community service priorities (§56001). The Cortese-Knox-Hertzberg Act requires that LAFCoS consider the costs, adequacy and efficiency of service provision.

- 2.8.1. The Commission may disapprove requests for special/single purpose districts when a single multipurpose agency can provide needed services.

2.9. Boundary Lines

- 2.8.2. Every determination made by the Commission shall be consistent with the Spheres of Influence of the local agencies affected by that determination.
- 2.8.3. LAFCo shall modify, condition or disapprove proposals creating boundaries that are not definite and certain or do not conform to lines of assessment or ownership.

- 2.8.4. Lands to be annexed which are within an adopted Sphere of Influence shall be physically contiguous to the present district boundaries except under one of the following conditions (§56119):
- a. Existing developed areas where it can be clearly found that interests of public health, safety, and welfare would best be served by the addition of the service, or which represent clear or present health or safety hazards that could be mitigated by the requested change of organization.
 - b. Existing developed areas where district facilities are present and sufficient for service and where the Commission determines that the annexation does not represent a growth inducing factor for the area.
- 2.8.5. Islands, peninsulas, flags, "pin point contiguity," "cherry stems," and other irregular boundary lines are inconsistent with the formation of orderly and logical boundaries and shall be strongly discouraged.
- 2.8.6. Strip annexations and leapfrog annexations are prohibited.
- 2.8.7. Natural boundary lines, which may be irregular, may be appropriate boundaries for LAFCo action and will not be discouraged.
- 2.8.8. The resulting boundary configuration shall not produce areas that are difficult to serve.
- 2.8.9. The Commission may order the inclusion of additional territory to any proposal to correct an otherwise unacceptable boundary and to accomplish its goal of creating orderly boundaries.

3. SPHERE OF INFLUENCE

3.1. General

The Cortese-Knox-Hertzberg Act requires the Local Agency Formation Commission to establish and maintain spheres of influence for all local agencies within its jurisdiction. A sphere of influence ("SOI") is defined by statute as a "plan for the probable physical boundary and service area of a local government agency as determined by the commission" (§56076). Every determination made by LAFCo shall be consistent with the spheres of influence of the local agencies affected by that determination. A sphere of influence is primarily a planning tool that will:

- Serve as a master plan for the future organization of local government within San Francisco by providing long range guidelines for the efficient provision of services to the public;
- Discourage duplication of services by two or more local governmental agencies;
- Guide the Commission when considering individual proposals for changes of organization;
- Identify the need for specific reorganization studies, and provide the basis for recommendations to particular agencies for government reorganizations.

3.2. Periodic Review and Maintenance

The adequacy of each adopted SOI will be reviewed every 5 years following the initial sphere determination or initial review of an original sphere. At approximately 5 year intervals, a preliminary sphere evaluation will be conducted by staff. The evaluation will include a recommendation by the Executive Officer to either: (1) proceed with a sphere update study or; (2) affirm the existing sphere.

Each subject agency will be notified of the pending review of its SOI and will be requested to participate actively in any restudy efforts deemed necessary by the Commission. Each agency will complete a SOI questionnaire relating to its services and plans. Failure to respond will be regarded as concurrence with the Executive Officer's recommendation.

Changes in land use, planning policy, demographics, demand for public services, or service capabilities may alter the timing of the need to restudy and amend spheres of influence. LAFCo is responsible for the cost of its initiated review and revision of spheres of influence.

LAFCo may, at any time, receive requests for amendments to spheres. If an agency, the City and County of San Francisco, or other party requests a review, study and/or amendment to a sphere, LAFCo will undertake the review as required by statute. Where possible within the scope of the budget, LAFCo will assist a requesting agency with the costs associated with the sphere study in the preparation of an original sphere or review of an original sphere. Fees to cover the actual costs associated with a sphere review and amendment may be charged to the party requesting the review.

3.3. Limited Service Sphere of Influence

Territory proposed for inclusion within the SOI of a multi-service provider agency which is also contained within the boundary of another limited purpose district (providing some but not all of the services which may be needed), may be included within the SOI of the multi-service agency and designated as a limited service sphere of influence area. Territory designated as limited service sphere may be considered for annexation to the multi-service agency, without concurrent detachment from the limited purpose district, when the following determinations are made by the Commission:

- No feasible or logical alternative arrangement exists for the provision of service in the territory proposed for inclusion within the SOI.
- The existing multi-service agency is the most orderly and logical provider of some of the services which will be needed in the future.
- Existing services provided by the limited purpose district are found to be adequate, cost effective and efficient.
- Inclusion of the territory in the SOI is in the best interests of local government organization and structure in the area.

3.4. Criteria for Review of Sphere of Influence Amendments

In determining the sphere of influence for each local agency the commission shall prepare a written statement of determinations with respect to each of the following (§56425):

- 3.4.1. The present and planned land uses in the area, including agricultural and open-space lands.
- 3.4.2. The present and probable need for public facilities and services in the area.
- 3.4.3. The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide.
- 3.4.4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

Before making these determinations, the Commission will review the following:

- The service capacity, level and types of services currently provided by the agency and the areas where these services are provided, topographic factors, financial capabilities, costs of service, and social and economic interdependencies;
- Existing and planned land uses, land use plans and policies; consistency with general plans; projected growth in the affected area, and potential effects on agricultural and open space lands;
- A description of the services that will be provided to any areas which may be added to the sphere, the timing and method for funding expansion of facilities or services;
- An analysis of the effects a proposed sphere of influence on other agencies and their service capabilities.

3.5. Other Related Policies

- 3.5.1. When more than one agency can serve an area, LAFCo shall consider each agency's service capacity, financial capabilities, costs of service, social and economic interdependencies, topographic factors, LAFCo policies and input from the affected communities and agencies.
- 3.5.2. LAFCo will make every attempt to bring about amicable Spheres of Influence but ultimately, if a conflict should arise, LAFCo is the final determinant of that Sphere of Influence.
- 3.5.3. Inclusion within an agency's sphere of influence does not assure annexation to that agency.
- 3.5.4. In order to encourage orderly growth of urban areas, the Commission promotes infill development of incorporated vacant lands located adjacent to already developed areas.
- 3.5.5. Spheres of influence for cities and districts will promote the long term preservation and protection of San Francisco's open space resources.

4. CHANGES OF ORGANIZATION

4.1. General

This section includes general policies, requirements and criteria that apply to all changes of organization. There may be cases where the Commission must use its discretion in the application of these policies so that potential or real conflicts among policies are balanced and resolved based on project specifics and consistent with the requirements of the Cortese-Knox-Hertzberg Act.

- 4.1.1. An annexation shall not be approved if it represents an attempt to annex only revenue-producing property (§56841).
- 4.1.2. An annexation shall not be approved unless the annexing agency is willing to accept the annexation.
- 4.1.3. Where another agency is currently providing service or objects to the annexation, LAFCo will compare the proposed plan of service with alternative service plans to determine whether the proposal is the best alternative for service provision.
- 4.1.4. It is the policy of the Commission to approve changes of organization that encourage and provide planned, well ordered, efficient development patterns, that include the appropriate preservation and conservation of open space and prime agricultural lands within and around developed areas, and contribute to the orderly formation and development of local agencies based upon local circumstances and conditions (§56300, §56301).
- 4.1.5. The proposed annexation shall consider the general plans of neighboring governmental entities.
- 4.1.6. LAFCo will only approve changes of organization that are consistent with policies and criteria contained in these policies as interpreted by the Commission.
- 4.1.7. If LAFCo determines that the proposed service provider does not have the ability to provide service to the project, the Commission may approve the proposal if it adopts a condition requiring that the territory to be served will receive service only after the service provider provides written documentation assuring that the improvement (identified "near term" or other) project providing necessary capacity has been completed. LAFCo shall not issue or record a Certificate of Completion for any project prior to the receipt and verification of such documentation.
- 4.1.8. Prior to annexation to a special district, the petitioners shall demonstrate that the need for governmental services exists, the annexing agency is capable of providing service, that a plan for service exists, and that the annexation is the best alternative to provide service.
- 4.1.9. LAFCo will discourage projects that shift the costs of services and infrastructure benefits received to others or other service areas.
- 4.1.10. The proposed annexation shall be a logical and reasonable expansion to the annexing district (§56001, §56119, §56841).

4.2. Annexation to a Special District

- 4.2.1. The annexation must provide for the most efficient delivery of services. The most efficient services are those provided at the lowest cost and highest service level. In the case of similar providers with the same level of service, the one that delivers the same service at the lowest cost will be considered to be most efficient.
- 4.2.2. The annexation shall be modified, conditioned or disapproved if it permits the more efficient delivery of one or more services to the detriment of other services.
- 4.2.3. The annexing agency must demonstrate that no parcel located within district boundaries will be deprived of its right to receive services if the annexation is approved.
- 4.2.4. The annexing agency must demonstrate that levels of service for existing and potential customers within its service boundaries will not be lowered, or costs of service increased, if the annexation is approved. If any adverse impacts may occur, the applicant or annexing agency must provide, for LAFCo consideration, a written justification for project approval despite the negative impacts.

4.3. Detachment from a Special District

- 4.3.1. The petitioner shall demonstrate that there is no longer a need for service(s) provided by the affected district/agency, and that detachment is the best alternative.
- 4.3.2. The proposal for detachment shall not be an attempt by the petitioner to avoid paying district revenues while still receiving district service.
- 4.3.3. If the detachment is proposed principally to allow for some other means of providing the same service, the applicant must demonstrate that the proposal will result in an improved level of service.
- 4.3.4. Detachments shall not be approved if resultant boundaries are inconsistent with the affected agencies' Spheres of Influence. Spheres of Influence amendments for districts from which land will be detached shall be processed prior to, or concurrent with, any LAFCo approval that effects the Detachment.

4.4. Formation of a Special District

- 4.4.1. The proposed formation of a special district shall demonstrate that a need exists for a service or control which can best be provided by a special district and that there are no other alternatives that would provide the service or control in a more efficient manner (§56001, §56301).
- 4.4.2. The proposed entity shall be able to provide sufficient revenue to provide the requested service.
- 4.4.3. The petitioner will provide and the Commission shall consider a cost versus benefits study showing the fiscal and levels of service gains and/or losses resulting from the formation. The proposal will not be approved if the costs are demonstrated to outweigh the benefits.

- 4.4.4. The proposal for the formation of a special district shall describe the relationship of the newly formed district to existing agencies (§56001). The proposed formation shall not undermine the logical expansion of adjacent or other governmental agencies or districts (§56301).
- 4.4.5. The proposed formation shall not give to any special interest group the status of a governmental agency.
- 4.4.6. If LAFCo determines that approval of a the formation will necessitate adoption of any new regulations or the amendment or repeal of any regulations adopted by the City and County of San Francisco, LAFCo may condition approval of the application upon the adoption, amendment or repeal of such regulations (§56452).

5. DEFINITIONS

The Cortese-Knox-Hertzberg Act, Sections 56010 et seq., contains a list of definitions most commonly referenced therein. This document does not reproduce that list; however, interested parties may obtain a copy of the list by contacting the Commission office.

¹ Unless otherwise noted, all statutory references are to the California Government Code.