

SAN MATEO



## LOCAL AGENCY FORMATION COMMISSION

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July 10, 2019

**To:** LAFCo Commissioners  
**From:** Martha Poyatos, Executive Officer *M. Poyatos*  
**Subject:** Consideration of Adoption of Updates to Policy for Municipal Service Reviews and Spheres of Influence

### Background

As previously report, staff and the Commission's Legislative and Policy Committee are currently undertaking a comprehensive review and update of LAFCo policies, including those related to spheres of influence and municipal service review. The SOI and MSR policies are in two separate documents, each with their own definitions, background, and policy objectives.

The draft Municipal Service Review (MSR) policy outlines the required areas of determinations, stakeholder and public participation, the review process, and a list of agencies that are subject to MSRs. The policy updates the areas of determinations so that the policy is consistent with current state law as well as adds local policy consideration regarding water resiliency, climate change, and natural hazards. The MSR policy was last updated in 2014.

The draft Sphere of Influence policy streamline the sphere of influence policy eliminating the distinction between a city sphere and district sphere, and eliminates reference to urban service areas. The SOI policy was last updated in 2001.

Both policies also maintain the discretion of the Commission in requesting information to meet State mandated findings and local requirements.

### Committee Review

On April 30, 2019 and July 3, 2019 the Commission's Legislative and Policy Committee (Chair Draper and Commissioners Martin and Jim O'Neill) reviewed the draft policies. After comments on the documents, the Committee recommended the updated MSR and SOI policy documents be placed on the July LAFCo agenda for information and comment and that they be circulated

**COMMISSIONERS:** ANN DRAPER, CHAIR, PUBLIC ▪ JOSHUA COSGROVE, VICE CHAIR, SPECIAL DISTRICT ▪ RICH GARBARINO, CITY ▪ DON HORSLEY, COUNTY ▪ MIKE O'NEILL, CITY ▪ WARREN SLOCUM, COUNTY ▪ RIC LOHMAN, SPECIAL DISTRICT

**ALTERNATES:** KATI MARTIN, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

**STAFF:** MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST

the County, cities, special districts, homeowner associations, and other interested parties for comment prior to consideration and adoption at the September 18 LAFCo meeting. A copy of draft letter to be to be circulated is shown as Attachment C.

**Recommended Action:**

By motion, direct LAFCo staff to circulate the draft revised municipal service review and sphere of influence policy documents to the County, cities, special districts, homeowner associations, and other interested parties, and place the consideration of adoption of both policies on the September 18, 2019 meeting agenda.

**Attachments**

- A. Draft Municipal Service Policy
- B. Draft Sphere of Influence Policy
- C. Draft Letter to Affected Cities and Special Districts

### **MUNICIPAL SERVICE REVIEW**

#### **1. Purpose**

Section 56430 of the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (Act) requires LAFCO to conduct municipal service reviews prior to establishing or updating spheres of influence. The municipal service reviews are intended to serve as a tool to help LAFCO, the public and other agencies better understand public service governance and delivery and evaluate options for the provision of efficient and effective public services. Municipal Service Reviews (MSR) are intended to support spheres of influence.

Generally, MSRs will be prepared in conjunction with sphere of influence studies or updates; however, municipal service reviews may also be conducted independent of the sphere of influence process. Minor amendments to a sphere of influence, as determined by LAFCo, will not require a municipal service review.

These policies are intended to provide guidance to the San Mateo Local Agency Formation Commission and staff in the preparation and implementation of municipal service reviews that inform the public and affected agencies.<sup>1</sup>

#### **2. Legislative Authority**

In order to prepare and to update spheres of influence, the commission shall conduct a municipal service review of the cities and districts in the county or other appropriate area designated by the commission<sup>2</sup>. The commission shall include in the area designated for the MSR the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations. MSRs are the tool to gather information to allow for assessment of the fiscal condition of cities and special districts and informed decision making in determining spheres of influence.

#### **3. Definitions**

“Administrative review document” means a draft Municipal Service Review document that is available to affected agencies for review and comment on data and factual information in the document.

“Circulations draft document” means a draft Municipal Service Review document that is available affected agencies, residents, property owners, or other interested parties for review and comment.

“California Environmental Quality Act (CEQA)” means a statute that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible. Additional information regarding CEQA can be found in Public Resources Code Section 21000 et seq.

"Disadvantaged unincorporated community" means inhabited territory that constitutes all or a portion of a "disadvantaged community" a community with an annual median household income that

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<sup>1</sup> Government Code Section 56430

<sup>2</sup> Government Code Section 56425

is less than 80 percent of the statewide annual median household income as defined by Section 79505.5 of the Water Code.

“Municipal service” means the full range of services an agency is authorized to provide. Municipal service reviews will include water, sewer, drainage, harbor, libraries, roads, lighting, parks, police, and fire protection. General government services such as courts, social services, human resources, treasury, tax collection, and administrative services will generally not be included. LAFCo will determine which services will be included in each municipal service review.

“Municipal service review (MSR)” means a comprehensive study designed to better inform LAFCO, local agencies, and the community about the provision of municipal services.

#### **4. Agencies to be Included**

Local agencies that are subject to LAFCo review, or are required to have a sphere of influence, are subject to municipal service reviews. Whenever possible, data on services provided by other agencies providing the same services will also be included. These agencies may include, but are not limited to, private water utilities, mutual water companies and county-governed districts that are not subject to LAFCo sphere of influence designations. See Schedule of Agencies Subject to MSRs

#### **5. Boundaries**

LAFCo will determine the geographic boundary and agency(ies) that will be the subject of an MSR. Factors that may be considered in determining a service review boundary include, but are not limited to: existing city and special district jurisdictional and sphere boundaries; topography; geography; community boundaries; tax/assessment zones; infrastructure locations; transportation systems and roads; joint powers agreements; areas with shared social and economic communities of interest, plus other factors as determined by LAFCo.

With the exception of single-purpose, countywide special districts, MSRs will generally be conducted for individual agencies on a sub-regional basis within the County of San Mateo. However, as determined by the Commission, a municipal service review may be done for a single type of service (fire, municipal water, etc.) as the need may arise.

#### **6. California Environmental Quality Act (CEQA)**

LAFCo shall determine the necessary environmental review or exemption under CEQA.

#### **7. Stakeholder Outreach and Public Participation**

- a. LAFCO will encourage collaboration, cooperation and information sharing among municipal service review stakeholders.
- b. LAFCO will encourage public participation in the municipal service review process.

## **8. Areas of Determinations**

LAFcos are required to conduct MSR's and prepare a written statement of determination in the following areas <sup>3</sup>:

a. Growth and population projections

Analysis will include Census population, California Department of Finance, Association of Bay Area Government and Regional Housing Needs Allocation population projections and other information where appropriate in assessing existing and future service needs.

b. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

San Mateo LAFCo staff shall regularly monitor the existence of disadvantaged unincorporated areas in San Mateo County. The Commission acknowledges that other unincorporated communities that do not meet the definition of disadvantaged unincorporated communities may also warrant additional review regarding the need for public services and fiscal health of the territory.

c. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.

This includes any 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. The review will also incorporate the Insurance Service Office (ISO) Rating for the jurisdiction if structural fire provided.

d. Financial ability of agencies to provide services

Analysis will include but not be limited to agency budgets, budget trends, audits, fee schedules, revenue sources, long-term debt obligations, retiree pension and health benefit obligations, credit rating, debt ratio and other information necessary to assess the fiscal viability/health of the agency.

e. Status of, and opportunities for shared facilities

Analysis will include existing practices and potential opportunities in regard to sharing common facilities and/or contracting for services, etc. with other agencies.

f. Accountability for community service needs, including governmental structure and operational efficiencies.

Analysis will include: public availability of agency budget, agenda, reports and other documents; source data such as organizational charts, budgets, website, survey information provided by agencies; and potential reorganization pursuant to CKH Act, enabling legislation and State legislative policies encouraging efficient delivery of services and logical boundaries.

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<sup>3</sup> Government Code Section 56430

- g. Any other matter related to effective or efficient service delivery, as required by Commission policy.

The Commission or the Executive Officer may include other matters as determined based on local conditions and circumstances prior to preparing an MSR or in the course of preparation. MSR's determinations to be included by adopted local policy include the following:

- i. Water Resiliency and Climate Change

Safe, adequate, reliable, and resilient water supplies are fundamental to the County. The Commission supports governance models that enhance and provide a more robust water supply capacity (including, but not limited to, recycling, desalination, and stormwater recapture) in the County. The Commission will consider how water-related requests for sphere of influence, boundary, or service modification affect the Commission's interests.

Resiliency to climate change is important to the health, safety, and economic prosperity of the County. The Commission supports multi-agency collaboration and governance models that provide risk reduction solutions that address sea level rise and other measures to adapt to climate change. The Commission will consider the extent to which the agency under study is planning for sea level rise, climate change water resiliency.

- ii. Impact of Natural Hazards and Mitigation Planning

Analysis will include a review of natural hazards that may impact the jurisdiction, including wildfire, earthquakes, and flooding. Source data such as a general plan, hazard mitigation plan, land use maps, FEMA maps, and CAL Fire maps will be used to as part of this analysis.

- h. The Commission or LAFCo staff may request additional information on a case by case basis in order to adequately address state required areas of determination or any locally adopted policy.

## **9. Municipal Service Review Process**

- a. LAFCo will determine the priority, schedule, procedure and content for municipal service reviews as required for sphere of influence reviews for the County's 20 cities, 22 independent special districts and 33 county governed special district. LAFCo will develop a priority work plan of MSRs to be addressed during the fiscal year.
- b. Municipal service reviews will be prepared by staff unless the Commission finds that due to complexity, controversy or staff resources, the review should be conducted by an independent consultant.
- c. LAFCo will transmit a survey/questionnaire to the affected agency(ies) identified in the service review work plan. The survey/questionnaire shall contain questions related to Section 56430 (1) through (7)
- d. Staff shall prepare an administrative report for review and comment by affected agencies, to verify data.
- e. A circulation draft reflecting comments from affected agencies is then circulated to affected agencies, residents, property owners, or other interested parties.

## San Mateo LAFCo Municipal Service Review Policy

- f. LAFCo may hold public scoping meetings or study sessions, as necessary, for selected service reviews to gather additional input.
- g. LAFCo may establish an MSR committee to provide technical and/or policy advice to LAFCo staff. The MSR committee may consist of LAFCo Commissioners from each representative category (county, cities, special districts and the public).
- h. LAFCo staff will prepare a final municipal service review report that includes the determinations required by State Law and adopted Commission policy. The report may identify future studies or actions, which LAFCo or other agencies may take to implement the recommendations of the report.
- i. The Commission will consider the municipal service review report and determinations at a noticed public hearing prior to reaffirming or amending a sphere of influence. The report will be available for a public review period of a minimum of 30 calendar days prior to the hearing, unless additional time is required or requested.
- j. Upon adoption of determinations, LAFCo staff shall schedule a continuity report on the agency(ies) studied at a one-year interval.

Adopted March 20, 2002

Revised February 20, 2008

Updated February 2014 to incorporate revised areas of determination

Revised 2019

Attachment: List of Agencies in San Mateo County Subject to MSRs as of July 2019

Exhibit A

Agencies Subject to Municipal Service Reviews in San Mateo County			Agencies with No Sphere of Influence and Not Subject to Municipal Service Reviews	
Cities	Independent Special Districts	Agencies Subject to Municipal Service Reviews in San Mateo County	Dependent Special Districts	Agencies with No Sphere of Influence and Not Subject to Municipal Service Reviews
City of Belmont	Bayshore Sanitary District	Belmont Fire Protection District	Belmont Fire Protection District	Dependent Special District
City of Brisbane	Broadmoor Police Protection District	County Service Area No. 1 (Highlands)	County Service Area No. 1 (Highlands)	Atherton Channel Drainage District
City of Burlingame	Coastside County Water District	County Service Area No. 10 (Montara Parks)	County Service Area No. 10 (Montara Parks)	Baywood Park Drainage Maintenance District
City of Daly City	Coastside Fire Protection District	County Service Area No. 11 (Pescadero)	County Service Area No. 11 (Pescadero)	Bel-Aire Lighting Maintenance District
City of East Palo Alto	Colma Fire Protection District	County Service Area No. 12 (Montara/Moss Beach)	County Service Area No. 12 (Montara/Moss Beach)	Belmont Highway Lighting District
City of Foster City	East Palo Alto Sanitary District	County Service Area No. 6 (Princeton-by-the-Sea)	County Service Area No. 6 (Princeton-by-the-Sea)	Burlingame Hills Sewer Maintenance District
City of Half Moon Bay	Granada Community Services District	County Service Area No. 7 (Sam McDonald Park)	County Service Area No. 7 (Sam McDonald Park)	Campo-Bello University Park Drainage Maintenance District
City of Menlo Park	Highlands Recreation District	County Service Area No. 8 (North Fair Oaks)	County Service Area No. 8 (North Fair Oaks)	Colma Highway Lighting District
City of Millbrae	Ladera Recreation District	Crystal Springs County Sanitation District	Crystal Springs County Sanitation District	Edgewood Sewer Maintenance District
City of Pacifica	Menlo Park Fire Protection District	Devonshire County Sanitation District	Devonshire County Sanitation District	Emerald Lake Heights Highway Lighting District
City of Redwood City	Midpeninsula Regional Open Space District*	Estero Municipal Improvement District	Estero Municipal Improvement District	Emerald Lake Heights Sewer Maintenance District
City of San Bruno	Mid-Peninsula Water District	Guadalupe Valley Municipal Improvement District	Guadalupe Valley Municipal Improvement District	Enchanted Hills Drainage Maintenance District
City of San Carlos	Montara Water and Sanitary District	North San Mateo County Sanitation District	North San Mateo County Sanitation District	Enchanted Hills Lighting Maintenance District
City of San Mateo	North Coast County Water District	Scenic Heights County Sanitation District	Scenic Heights County Sanitation District	Fair Oaks Sewer Maintenance District
City of South San Francisco	Peninsula Health Care District			Granada Highway Lighting District
Town of Atherton	San Mateo County Harbor District			Harbor Industrial Sewer Maintenance District
Town of Colma	San Mateo County Mosquito and Vector Control District			Highlands Drainage Maintenance District
Town of Hillsborough	San Mateo County Resource Conservation District			Highlands Landscape Maintenance District
Town of Portola Valley	Sequoia Healthcare District			Kensington Square Sewer Maintenance District
Town of Woodside	West Bay Sanitary District			La Honda Lighting Maintenance District
	Westborough Water District			Los Trancos County Maintenance District
	Woodside Fire Protection District			Menlo Park Highway Lighting District
				Montara Highway Lighting District
				Oak Knoll Sewer Maintenance District
				Pescadero Highway Lighting District
				Sequoia Drainage Maintenance District
				University Heights Drainage Maintenance District

\*Midpeninsula Regional Open Space District is a multi-county special district, with Santa Clara LAFCo acting as the principal LAFCO for adopting service review determinations and updating the District's sphere of influence

### **SPHERE OF INFLUENCE**

#### **1. Background**

Government Code Section 56425 of the Cortese-Knox-Hertzberg Local Government Reorganization Act (Act) requires LAFCOs to update spheres of influence every five years, as necessary, either in conjunction with, or after completing, municipal service reviews. This section also specifies the areas of written determinations LAFCOs must adhere to in order to establish, update or amend a sphere of influence.

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 by preventing overlapping jurisdictions and duplication of services. LAFCo is prohibited from regulating land use. However, on a regional level, LAFCOs can promote orderly development of communities by identifying differences between County and City general plans so that the most efficient urban service arrangements are created for the benefit of residents and property owners.

These policies are intended to provide guidance to the San Mateo Local Agency Formation Commission and staff in the preparation, adoption and update of spheres of influence for cities and special districts in San Mateo County.

#### **2. Legislative Authority**

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city and each special district, as defined by Section 56036, within the county and enact policies designed to promote the logical and orderly development of areas within the sphere. (Section 56425)

#### **3. Definitions**

“Dissolution Sphere of Influence” means that the Commission has determined that the service responsibilities and functions of the agency should be reassigned to another local government, and that the agency should be dissolved.

“Lands Under Study” means areas with special financial and social problems that require additional analysis by LAFCo or the governing agency before the territory can be placed within an agency’s sphere of influence.

“Sphere of Influence” means "A plan for the probable physical boundaries and service area of a local government agency (Government Code Section 56076)." A sphere of influence will reflect the limits of probable future growth of an agency during the applicable general plan period or twenty years, whichever is more appropriate. A sphere of influence may also include recommendations for:

- a. Annexation or detachment of territory, or both.
- b. Incorporation of a new city.
- c. Merger of a special district with a city.

- d. Consolidation of a special district with one or more districts.
- e. Formation of a new district.
- f. Dissolution of an agency.

“Urban Services” means services necessary to support urban development, including such services as water, sewer, fire and police protection.

“Urban Area” means an area with residential development at a density which requires a combination of urban services, and commercial or industrial development which serves as a significant business or activity center.

#### **4. Purpose**

- a. It is the intent of LAFCo to support the viability of local governmental agencies providing essential services. Local agencies should be so constituted and organized as to best provide for the economic and social needs of the county and its communities, efficient governmental services for orderly land use development, and controls required to conserve environmental resources
- b. It is an intention of LAFCo to use spheres of influence as a tool to discourage urban sprawl as well as to encourage the orderly changes of organization of local government agencies including but not limited to annexations, consolidations, formations and reorganizations.
- c. LAFCo recognizes the limited usefulness of long-term projections. The accuracy of projections decreases with an increasing number of years from the date of the projection. Consequently, the spheres of influence adopted by LAFCo delineate limits for probable future growth within the next twenty years as reflected in the general plans of the various cities and the county.
- d. Once established, a sphere of influence shall provide a declaration of policy that shall be a primary guide to LAFCo in the determination of any proposal concerning incorporated cities or special districts and territory adjacent thereto. Any such sphere of influence may be amended from time to time and its application in any particular case shall depend upon the applicability under the precise facts of that particular case. Prior to approving a change of organization inconsistent with the adopted sphere of influence of that local agency, LAFCo shall amend the sphere of influence of that local agency .
- e. LAFCo discourages the proliferation of local governmental agencies and the existence of overlapping public service responsibilities. The formation of new special districts within existing city or special district spheres of influence is to be discouraged.
- f. It is the intent of LAFCo to encourage the rationalization of local government through the elimination or consolidation of small, single-purpose districts. Wherever the full range of urban services is required, general-purpose governments are preferred to single-purpose special districts for provision of services.
- g. LAFCo recognizes that some political boundaries may be artificial, dividing what may, in fact, be a single community or communities. Existing local government agencies are encouraged to investigate the feasibility of political and functional consolidation in the implementation of LAFCo sphere of influence determinations.

**5. Allocation of Territory to a Sphere of Influences**

- a. Every Sphere of Influence must be consistent with LAFCo’s policies and procedures, the State Legislature’s policy direction to LAFCo, the sphere of other agencies in the area, county and city general plans, the Commission’s statement of municipal service review determinations, and with the long-range planning goals for the area. LAFCo should call attention to inconsistencies among city, county and regional plans, and should strive to encourage the affected jurisdictions to reconcile the inconsistencies.
- b. Existing, urbanized unincorporated areas with special financial, infrastructure and other service related problems may be the subject of a special designation of “lands under study” until such time as a final decision by the Commission may be reached as to how the area should be provided urban services.
- c. All areas within the county not included within a city sphere of influence should not be subject to urbanization until such time as a complete study can be made by the appropriate planning and administrative departments of the county, adjacent cities and LAFCo.
- d. Areas designated for open space, recreation, or the preservation of the natural or land resources (i.e. agricultural preserves) within the county by regional agencies, the county or local agencies, and not assigned to the sphere of influence of a local agency shall not be considered eligible for an extension of an urban level of services.
- e. Consideration should be given to the effect of the growth of the area and the extension of urban services on the county government structure as well as adjacent single and multiple purpose districts, and the adjacent cities.
- f. Boundaries should not create islands or corridors unless these areas are designated or reserved for open space or regional facilities which are best left unincorporated.
- g. An analysis should be made of the need for the established community, city and special district services; the present cost and adequacy of governmental services; probably future needs for such services; probable effect of the immediate and long-range development within the proposed sphere of influence.
- h. Consideration should be given to alternate courses of action for providing urban governmental services, and to their fiscal and economic consequence.
- i. Publicly owned properties, other than city facilities, which require urban services such as police and fire protection (convention centers, airports, racetracks, regional parks) should be analyzed on an individual basis before they are included or excluded from a sphere of influence. If the facility is to be included, consideration should be given to alternatives in which the public agency owning the property can reimburse the subject city an equitable sum in lieu of taxes to offset the cost of urban services.
- j. Where a special district is coterminous with or lies substantially within the boundary or sphere of influence of a general-purpose government which is capable of assuming the public service responsibilities and functions of that special district, the special district may be allocated a designation of dissolution sphere of influence which encompasses no territory.

- k. Where it is feasible, cities should be encouraged to expand the types of services which they can provide if no multi-city, single purpose or multi-purpose special district is available.
- l. Where two or more single-purpose special districts provide services to substantially the same area, those districts may be allocated a consolidation sphere of influence to include the area served by both districts. This would be the case where LAFCo believes that the particular service should be provided to the entire agency area by a single local agency. The provision of services by multi-purpose local agencies is to be preferred over the provision of those services by overlapping single-purpose special districts.
- m. An existing local agency may be allocated a dissolution sphere of influence which encompasses no territory. Such may be the case where LAFCo determines, after due consideration of all factors, that the public service responsibilities and functions of one local agency should be reallocated to some other unit of government and that, ultimately, the local agency which has been assigned a “dissolution sphere of influence” should cease to exist.
- n. The provision of essential services to multi-city areas may be a role for special districts within urban areas if the affected cities are unable to make contractual arrangement for the similar provision of services by a single, service-vending city or the county. Where such services are or could be available from a single, services-vending city or the county, a special district may be allocated a dissolution sphere of influence encompassing no territory.
- o. Non-essential services should not be provided by special districts unless there is no other mechanism for provision of those services. Rather, the responsibility for the provision of those services should belong solely to general-purpose government which has a mandate to weigh priorities of competing uses for tax revenues.
- p. The existence of agricultural preserves in the area which could be considered within an agency's sphere of influence and the effect on maintaining the physical and economic integrity of such preserves in the event that such preserves are within a sphere of influence of a local governmental agency will be reviewed as part of the Sphere of Influence approval process.

## **6. SOI Determinations**

In making its sphere of influence determinations, the Commission will examine the effects of potential jurisdictional changes on affected local agencies, residents, tenants and landowners.

In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

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

- e. 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, that occurs on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.
- f. Upon determination of a sphere of influence, the commission shall adopt that sphere.

For a sphere of influence for a special district, the commission shall require existing districts to file written statements with the commission verifying the functions or classes of services provided by the district and the nature, location and extent of any functions or classes of service provided by existing districts as reported in the districts inventory of functions and services adopted by the Commission (Section 56425).

## **7. Amendments and Updates to Spheres of Influence**

LAFCo will adopt, amend, or update a Sphere of Influence after a public hearing and pursuant to the procedures set forth in Section 56427 of the Cortese-Knox Hertzberg Act. Sphere actions are subject to the provisions of the California Environmental Quality Act. Spheres of Influence shall be reviewed and updated, if necessary, every five years as needed, or more often if deemed necessary by the Commission. Whenever possible, city sphere updates shall be scheduled to coincide with city General Plan updates.

Sphere of Influence updates generally involve comprehensive review of the Sphere of Influence, including the map and the information provided in the Municipal Service Review for the agency. Amendments generally involve discrete changes to a Sphere of Influence designation or map or Plan that are proposed by an agency or individual to accommodate a specific proposal. An amendment may or may not involve changes to the Municipal Service Review information. Updates to the Sphere of Influence may be required when territory is added or removed, when a district seeks to provide a new or different function or class of service, or when a significant change in an agency's plans for service makes the current sphere plan impractical.

LAFCo will review the adopted sphere plan of each agency at least every five years as needed as the Commission deems necessary. In order to conduct a sphere review, LAFCo will request the agency to provide updated information for its Sphere of Influence and Municipal Service Review. Such information is necessary to inform the Commission's determination of appropriate sphere horizon boundaries. In the absence of adequate information, the Commission will complete the sphere update by identifying the territories that currently receive the agency's services and excluding unserved territories from the sphere.

Sphere of influence amendments shall precede consideration of proposals for changes of organization or reorganization that are not consistent with the existing sphere.

An applicant for amendment to a sphere of influence must demonstrate a projected need or (in the case of reduction of the sphere) lack of need for service.

Amendment proposals involving sphere expansion that would provide for conversion to urban uses of open space land (as defined by Sections 56059 and 65560) or prime agricultural land (as defined by

Section 56064) will not be approved by LAFCo if there is sufficient alternative land available for annexation within the existing sphere of influence.

**8. LAFCo initiated Sphere of Influence Review/Update**

- a. The San Mateo Local Agency Formation Commission shall adopt, amend, or revise spheres of influence after a public hearing called and held for that purpose. At least 21 days prior to the date of any such hearing, the Executive Officer shall give mailed notice of hearing to each affected local agency and the County, and to any interested party who has filed a written request for such notice with the Executive Officer. In addition, at least 21 days prior to the date of any such hearing, the Executive Officer shall cause notice of the hearing to be published in a newspaper within the territory affected by the sphere of influence proposed to be adopted. LAFCo may continue from time to time any sphere of influence hearing. At any sphere of influence hearing, LAFCo shall hear and consider oral or written testimony presented by any affected local agency, the County or any interested person who wishes to appear including landowners, residents and tenants in the area affected by the Commission's sphere of influence decisions (Section 56427).
- b. In determining a sphere of influence, the commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.
- c. At its meeting, the commission shall consider the Executive Officer's report and receive any oral or written testimony. The consideration may be continued from time to time, but not to exceed 70 days from the date specified in the original notice.
- d. At the conclusion of its consideration, the commission may approve with or without amendment, wholly, partially, or conditionally the recommended sphere determinations.
- e. Upon acceptance of the MSR and adoption of the determinations, LAFCo staff shall transmit the determinations to affected agencies and stakeholders.

**9. Requests for City or District Sphere Amendment**

- a. Any person or local agency may file a written request with the executive officer requesting amendments to a sphere of influence or urban service area adopted by the commission. The request shall state the nature of the proposed amendment, state the reasons for the request, include a map of the proposed amendment, and contain any additional data and information as may be required by the executive officer.
- b. At least thirty days prior to submitting an application for a new city or district SOI or a city or district SOI update, the city or district and County representatives must meet to discuss SOI issues, boundaries and methods to reach agreement on such boundaries, and development standards and zoning requirements within the SOI. The purpose is to consider city/district and county concerns and ensure orderly development within the SOI. Discussions may continue an additional 30 days, but no longer than 60 days.

- c. If an agreement is reached, it must be forwarded to LAFCo. LAFCo will give great weight to the agreement when determining the city's SOI. If LAFCo's final SOI determinations are consistent with a city or district/County agreement, the city/district and the County must adopt the agreement at noticed public hearings. After the agreement and related General Plan amendments are adopted, County-approved development within the SOI must be consistent with the agreement terms.
- d. If no agreement is reached, LAFCo will render determinations and adopt a sphere consistent with its policies and the Act.
- e. In an effort to promote cooperation among the land use agencies with jurisdiction over lands in the Coastal Zone, any application to LAFCo for a sphere of influence amendment regarding land in the Coastal Zone shall contain the following information:
  - i. A statement that the staffs of the Coastal Commission and other land use agencies with jurisdiction over the land which is the subject of the application have reviewed and jointly discussed the sphere of influence amendment application with respect to consistency with applicable general plans, the Coastal Act, and local coastal programs. The statement should also memorialize the results of the review.
  - ii. Preliminary review and comments from the Coastal Commission staff as to potential issues of Coastal Act consistency.
  - iii. Review and comments from any other land use agency with jurisdiction, through a Local Coastal Program or otherwise, over the land which is the subject of the application, including an analysis of consistency of the proposed amendment with its general plan. LAFCo will consider consistency with the Coastal Act and the relevant general plans in making its Sphere of Influence determination.
- f. The executive officer shall give notice on the sphere of influence hearing. On the date and time provided in the notice, the commission may do either, without further notice, consider the amendments to a sphere of influence or set a future date for the hearing on the request.
- g. The executive officer shall review each requested amendment and prepare a report and recommendation. The report shall be completed not less than five days before the date specified in the notice of hearing. The executive officer shall send copies of the report to the person or agency making the request, each affected local agency, and each person who has filed a request for a report.
- h. At its meeting, the commission shall consider the Executive Officer's report and receive any oral or written testimony. The consideration may be continued from time to time, but not to exceed 70 days from the date specified in the original notice.
- h. At the conclusion of its consideration, the commission may by resolution approve with or without amendment, wholly, partially, or conditionally or deny the sphere of influence amendment.
- i. Upon adoption of the sphere of influence resolution, LAFCo staff shall transmit the determinations to affected agencies and stakeholders.

San Mateo LAFCo Sphere of Influence Policy

Adopted 9/18/74

Revised 6/18/75

Revised 3/20/96

Revised 1/17/01

Revised 2019

DRAFT



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

xxx, 2019

To: City Managers, City Public Works Directors, City Planning Directors  
County Manager, County Public Works Director, County Planning Director  
Special Districts Managers, Interested Parties

From: Martha Poyatos, Executive Officer

**Subject: Request for Comments on Draft Municipal Service Review Policy and Draft Sphere of Influence Policy for San Mateo Local Agency Formation Commission (LAFCo)**

San Mateo LAFCo is in the process of updating the Commission's policies that include general rules for hearings, municipal service review and sphere of influence and sphere updates, municipal service reviews, consideration of boundary change proposals, extension of service outside agency boundaries (recently updated and circulated), proposals affecting more than one county, conducting authority proceedings (protest proceedings), public member selection and the functions and services of special districts. Updates to these documents reflect changes in the Cortese Knox Hertzberg Local Government Reorganization Act.

LAFCo is currently circulating the attached municipal service review and sphere of influence policies for comment prior to consideration by the Commission at the September 18, 2019 LAFCo meeting.

The draft Municipal Service Review (MSR) policy outlines the required areas of determinations, stakeholder and public participation, the review process, and a list of agencies that are subject to MSRs. The policy updates the areas of determinations so that the policy is consistent with current state law as well as adds local policy consideration regarding water resiliency, climate change, and natural hazards. The MSR policy was last updated in 2014.

The draft Sphere of Influence policy streamline the sphere of influence policy eliminating the distinction between a city sphere and district sphere, and eliminates reference to urban service areas. The SOI policy was last updated in 2001.

Both policies also maintain the discretion of the Commission in requesting information to meet State mandated findings and local requirements.

Please direct comments or questions regarding this draft policy to Rob Bartoli ([rbartoli@smcgov.org](mailto:rbartoli@smcgov.org)) by **August 21, 2019**. An electronic version of the draft policy can also be sent to you for review if requested.

**Attachment A:** Draft Municipal Service Review Policy

**Attachment B:** Draft Sphere of Influence Policy

**COMMISSIONERS:** ANN DRAPER, CHAIR, PUBLIC ▪ JOSHUA COSGROVE, VICE CHAIR, SPECIAL DISTRICT ▪ RICH GARBARINO, CITY ▪ DON HORSLEY, COUNTY ▪ MIKE O'NEILL, CITY ▪ WARREN SLOCUM, COUNTY ▪ RIC LOHMAN, SPECIAL DISTRICT

**ALTERNATES:** KATI MARTIN, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

**STAFF:** MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST

**Attachment C: Distribution List**

**COMMISSIONERS:** MIKE O'NEILL, CHAIR, City ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ JOSHUA COSGROVE, Special City ▪ RICH GARBARINO, City ▪ DON HORSLEY, COUNTY ▪ JOE SHERIDAN, Special District ▪ WARREN SLOCUM, County

**ALTERNATES:** KATI MARTIN, SPECIAL DSTRIC ▪ HARVEY RARBACK, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

**STAFF:** MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST

**San Mateo County Cities:**

Town of Atherton - (Coterminous Sphere of Influence)  
City of Belmont  
City of Brisbane  
City of Burlingame  
Town of Colma - (Coterminous Sphere of Influence)  
City of Daly City  
City of East Palo Alto - (Coterminous Sphere of Influence)  
City of Foster City - (Coterminous Sphere of Influence)  
City of Half Moon Bay  
Town of Hillsborough - (Coterminous Sphere of Influence)  
City of Menlo Park  
City of Millbrae  
City of Pacifica  
Town of Portola Valley  
City of Redwood City  
City of San Bruno  
City of San Carlos  
City of San Mateo  
City of South San Francisco  
Town of Woodside

**Special Districts:**

Bayshore Sanitary District (Dissolution Sphere of Influence)  
Belmont Fire Protection District  
Broadmoor Police Protection District (Dissolution Sphere of Influence)  
Coastside County Water District (Consolidation)  
Coastside Fire Protection District  
Colma Fire Protection District (Dissolution Sphere of Influence)  
County Service Area No. 1 (Highlands) (Dissolution Sphere of Influence)  
County Service Area No. 10 (Montara Parks) (Dissolution Sphere of Influence)  
County Service Area No. 11 (Pescadero)  
County Service Area No. 12 (Montara/Moss Beach) (Dissolution Sphere of Influence)  
County Service Area No. 6 (Princeton-by-the-Sea) (Dissolution Sphere of Influence)  
County Service Area No. 7 (Sam McDonald Park)  
County Service Area No. 8 (North Fair Oaks) (Dissolution Sphere of Influence)  
Crystal Springs County Sanitation District (Dissolution Sphere of Influence)  
Devonshire County Sanitation District (Dissolution Sphere of Influence)  
East Palo Alto Sanitary District (Dissolution Sphere of Influence)  
Estero Municipal Improvement District  
Granada Community Services District (Consolidation)  
Guadalupe Valley Municipal Improvement District (Dissolution Sphere of Influence)  
Highlands Recreation District  
Ladera Recreation District

**Attachment C  
Distribution List**

Menlo Park Fire Protection District  
Midpeninsula Regional Open Space District\*  
Mid-Peninsula Water District (Coterminous SOI)  
Montara Water and Sanitary District (Consolidation)  
North Coast County Water District (Coterminous SOI)  
North San Mateo County Sanitation District  
Peninsula Health Care District  
San Mateo County Harbor District (Dissolution Sphere of Influence)  
San Mateo County Mosquito and Vector Control District  
San Mateo County Resource Conservation District  
Scenic Heights County Sanitation District (Dissolution Sphere of Influence)  
Sequoia Healthcare District  
West Bay Sanitary District  
Westborough Water District  
Woodside Fire Protection District