
**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT**

AGENDA ITEM No. 6

DATE: December 10, 2014

TO: Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer

SUBJECT: Consider Approval: Amendment to LAFCo Policies, Standards, and Procedures Manual to include Annexation Program Guidelines

RECOMMENDATION: Amend LAFCo Policies, Standards, and Procedures Manual to include Annexation Program Guidelines

Executive Summary

The proposed Annexation Program Guidelines will support cities' annexation programs. Additionally, improvements to the Fresno LAFCo website resources are underway and regular training and familiarization for all local agencies will be scheduled.

Background

In the course of its work, the Commission considers a range of actions related to the growth and development of cities: reorganizations, spheres of influence, peninsula policies, transition agreements, and so forth. Each of these actions is linked to a city's individual growth and development characteristics.

When a city's development and annexation practice is not consistent with LAFCo policy, or when LAFCo policy is not clear to a city, the ability of both agencies to function at optimal levels is impacted. This can be relieved by LAFCo outreach and instruction to develop mutually-beneficial practices for a city to use to coordinate its growth activities with the Commission's statutory obligations and policy requirements.

Based on LAFCo policy 102-01 ("Within the sphere of influence each agency should implement an orderly, phased annexation program"), the Commission's FY 2014-15 work plan included "Development of a Model Annexation Program" to balance cities' development and annexation practices with the Commission's statutory and policy requirements.

The product of that work item is the proposed Annexation Program Guidelines (hereafter "Program") is to develop practices that facilitate the implementation of a city's general plan and coordinate those actions with the LAFCo's application process to enhance efficient and timely extension of services to serve planned growth.

The proposed Annexation Program Guidelines can be immediately put into action in part or whole as needed by a city.

LAFCo Statute and Fresno LAFCo Policies

LAFCo's role as a planning and regulatory agency overseeing the growth of local agencies in Fresno County begins with the legislature's objective of the commission to "contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities." (GC §56301)

Among LAFCo's responsibilities is to determine spheres of influence for local agencies in each county. A "Sphere of influence" is "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission." (GC §56076)

The SOI plays a pivotal role with LAFCo's decisions as "every determination made by a commission ... shall be consistent with the spheres of influence of the local agencies affected by those determinations." (GC §56375.5)

Pursuant state statutory requirements (GC §56300), Fresno LAFCo has adopted "written procedures for the evaluation of proposals, including written definitions consistent with existing state law." (GC §56375 (g)) These are contained in the Policies, Standards, and Procedures Manual (Manual).

The Manual includes many issues of concern and commission goals that are relevant to the Model Annexation Program, such as:

Issues of Concern

- Need for more cooperation/coordination among local agencies
- Inadequate level or range of services in county/community
- Illogical, gerrymandered agency boundaries, islands, surrounded areas
- Illogical agency service areas
- Conflicts between urban and rural/agricultural land uses
- Premature proposals and lack of development proposals
- Phasing of agency expansion/growth
- Determining consistency with city or county general plans
- Urban sprawl and leap frog urban development
- Opposition of proposals by residents and popularity of proposals by landowners/developers

Goals

- Encouraging Orderly Formation and Development of Agencies
- Encouraging Orderly Urban Development and Preservation of Open Space

Fresno LAFCo policy 102-01 is the foundation for the Program:

Within the sphere of influence each agency should implement an *orderly, phased annexation program*. A proposal should not be approved solely because the area falls within the sphere of influence of an agency. (emphasis added)

The proposed Annexation Program Guidelines are therefore intended to facilitate consistency between city annexation efforts and Commission policy.

The Annexation Program

The Program presents a list of actions which may be employed by a city to coordinate its development and annexation activities with LAFCo statute and policies.

All local agencies should have a functional understanding of the role of LAFCo in the fulfillment of their long-range plans. The Program activities can benefit special districts as well as cities. However, because cities' applications generate the majority of active applications, the focus of the Program is on cities.

The proposed Program is presented in Attachment 1 and consists of ten basic principles that cities may employ as an "orderly, phased annexation program." Each activity is annotated to explain its purpose, the issue it is intended to resolve, and/or its statutory or policy basis. The activities are:

1. The annexation program is consistent with LAFCo's Sphere of Influence (SOI) for the city.
2. The annexation program clearly implements the city's general plan.
3. The annexation program emphasizes the use of city's resolution of application versus property owner petitions.
4. The annexation program supports orderly growth by identifying areas to be annexed, general time frames for growth, and a plan for extension of services to these areas.
5. The annexation program anticipates changes of organization of existing service districts and service areas in the SOI or adjacent to SOI.
6. The annexation program anticipates location of Disadvantaged Unincorporated Communities within a city's sphere of influence.
7. The annexation program informs citizens in annexation areas of their rights, benefits, and changes that will occur on annexation.
8. The annexation program will be coordinated with LAFCo's MSR for the city.
9. The annexation program is managed by an assigned and responsible city staff member.
10. City entitlement analysis is integrated with LAFCo policies.

Website Revision

Another activity based on the city interviews is a more accessible Fresno LAFCo website. For example, staff is working on a revision to the "Applications and Documents" which, though replete with information and documents, was found to be difficult to navigate. Rather than provide the reader with a long list of documents, the revision will guide the reader with a series of slides that each explain the actions and processes needed to comply with LAFCo statute and policies. Each slide will also provide resources along the way to link to the document, statute, or policy. A work-in-progress is presented in Attachment 2.

Additional Training

In response to cities' interest in further training and familiarization, staff will establish regular annual training for local agencies, occasional specific training focused on particular processes or issues, and has offered agency-specific training on demand.

Outreach to Cities

Staff conducted extensive outreach to the 15 cities in the County. Staff held a local agency (city) workshop on July 10, 2014, and briefed the attendees on the Program. Staff also attended the Five Cities JPA Board Meeting on July 28, 2014, to brief the board of directors on the Program and

encourage their staffs' participation. In early September, staff contacted all city managers and their planning directors to inform them that the development of the Program was underway and to request a meeting to begin the discussion of the following program development elements:

- The purpose of the LAFCo policy;
- Understanding their city's annexation practice and history; and
- Developing a Program that supports implementation of their general plan in a manner consistent with LAFCo policy.

Staff has met with all 15 city managers and other management staff in development of the proposed Program.

During meetings, staff presented a draft of the attached annexation program to the cities for their review and comment, and in the course of the meetings, heard a broad array of perspective and opinion, all relevant to the question of LAFCo policy 102-01. These comments were constructive in the development of the proposed Program.

Two ancillary issues were raised during staff's meetings with cities that may be of interest to the Commission. The first was that staff found that not all city staff are familiar with the terms of their respective city-county memoranda of understanding, and frequently do not distinguish between the function of the MOU and LAFCo's responsibilities. This may be due to the legacy of the Commission's earlier dependence on the County of Fresno for funding and staffing and by the loss of institutional memory among several cities through employee attrition. Though this is not a direct problem for LAFCo, staff believes that it may lead to a misinterpretation of LAFCo actions.

The second issue is that several cities remarked that the terms and "Standards of Annexation" in the current city/county MOUs have occasionally made planned city growth within its SOI difficult. The challenge has been to balance the exercise of land use authority by the city within its limits with that of the County outside of city limits but within the SOI determined by the Commission.

The Commission's interest in this matter is that once it determines the sphere of influence of each city and each special district, it shall "enact policies designed to promote the logical and orderly development of areas within the sphere" GC §56425 (a). Further, the city and county development standards are intended by LAFCo statute to "ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere.

The Commission may consider a workshop to explore whether the current MOU practice is consistent with LAFCo's responsibility to promote orderly growth within the cities' SOIs

All city managers and planning directors have received a copy of this report and its attachments. They have been encouraged to attend the hearing and provide independent testimony about the proposed Program and any other issue relevant to LAFCo's statutory role in the County.

The Following Have Received Copies of This Report

- LAFCo Commissioners and Alternates
- Ken Price, LAFCo Counsel, Baker, Manock, and Jensen
- Bernard Jimenez, Deputy Director, Fresno County Planning Department
- Will Kettler, Fresno County Public Works and Planning Department
- City Managers and Planning Directors