

TO: MEMBERS, FORMATION COMMISSION

FROM: PAUL L. HOOD, EXECUTIVE OFFICER

DATE: NOVEMBER 20, 2008

SUBJECT: POLICIES AND PROCEDURES

Recommendation: It is respectfully recommended that the Commission review and approve the attached Policies and Procedures.

Discussion: The passage of the Cortese-Knox-Hertzberg Act of 2000 (CKH Act) included section 56300 (a) which requires each LAFCO to establish written policies and procedures that encourage and provide for well-ordered and efficient urban development patterns as well as the preservation of open space and agricultural land. San Luis Obispo LAFCO has an existing policy framework that is based on the CKH Act of 2000. These policies were last amended with the addition of the Agricultural Policies approved by the Commission in August, 2007. Since that time several minor changes affecting the CKH Act have been approved by the State legislature. At the October 16, 2008 LAFCO meeting the Commission discussed a review of the policies and procedures currently used by LAFCO in light of the changes made by the legislature in 2007. Changes and additions are redlined and deletions are shown in ~~strikeout~~.

In 2007, the legislature approved a number of modifications to the CKH Act. The following is a summary of those bills that were “chaptered” in 2007:

- **AB 745 (Silva):** Makes protest petitions subject to the same requirements to disclose contributions and expenditures that apply to application petitions.
- **AB 1262 (Caballero):** Makes permanent the consultation procedures that cities and counties must follow before LAFCOs amend cities’ spheres of influence, and deletes the specified time limits for starting and extending those discussions.
- **AB 1744 (Committee on Local Government):** Makes several minor, non-controversial changes to the laws affecting LAFCOs and local governments’ boundaries.
- **SB 162 (Negrete McLeod):** Requires LAFCOs to consider environmental justice when they act on boundary changes, and requires LAFCOs to consider comments from the voters and residents of the affected territory.

- **SB 819 (Hollingsworth):** Permanently allows LAFCOs to consolidate special districts that were not formed under the same principal act.
- **SB 558 (Cogdill):** Declares that the requirements for voter approval under the Public Utilities Code do not apply when cities sell, lease, or transfer their utilities under the Cortese-Knox-Hertzberg Act.

Staff has reviewed the local policies and procedures for San Luis Obispo LAFCO and finds that the above changes have to do with specific procedures that relate to the implementation of the State Law. The legislative changes do not conflict with the local policies and procedures; however, staff has identified several minor changes that would bring the policies and procedures up to date:

- The change to definition of Prime Agricultural which now references the National Range and Pasture Handbook, Revision 1, December 2003 should be noted. This book is to be referenced when determining the value of land that supports livestock. This change would be made on page 20 of San Luis Obispo LAFCO' Policies and Procedures.

All other changes to are minor and merely bring the San Luis Obispo policies and procedures document up to date.

The attached policies and procedures document is an update of San Luis Obispo LAFCO's existing policies and procedures. The policy document brings together LAFCO's policy base and procedures into one document and is broken into four chapters; Chapter One – Introduction, Chapter Two – Policies, Chapter Three – Procedures, and Chapter Four – California Environmental Quality Act.

Chapter One-Introduction provides an overview of the legislative history and purposes of LAFCO. This chapter also presents specific information regarding the representative membership, staffing and meetings of the San Luis Obispo LAFCO. Performance data regarding the decrease (or increase) of agriculture acreage in production in San Luis Obispo County and the percent of dwellings located in the rural areas over the last several years has been deleted.

Chapter Two-Policies is broken into eight different sections and is the foundation of the San Luis Obispo LAFCO policy base. These policies are generally consistent with the current legislation:

1. General Policies (Changes on pages 9, 10)
2. City Incorporations
3. City Annexations
4. Special District Annexations
5. Formation of Special Districts
6. Sphere of Influence Update Policies (Changes on pages 15, 10)
7. Municipal Service Review Policies
8. Agricultural Goals-Policies-Guidelines (Change on page 20)

The policies in this chapter reflect the legislative intent of the CKH Act and provide for the consistent implementation based on local conditions and circumstances. This chapter also incorporates by reference; 1) policies that are explicitly required by CKH, 2) new definitions stated in the CKH, and 3) implementation of any new LAFCO responsibility. The policies

regarding Municipal Service Reviews are modified to be consistent with the CKH Act. The factors to be addressed in a MSR were consolidated into six from the original nine. This section now reflects this change in the legislation.

Chapter Three-Processing Procedures is a step-by-step guide to the basic procedures associated with processing an annexation application. More detailed procedures can be found in the Cortese-Knox-Hertzberg Act and “A Guide to LAFCO procedures for City and Special District Changes of Organization and Reorganization” which are incorporated by reference into this policy document. Several clarifying changes are recommended. It may be that procedures for other types of LAFCO actions and procedures are worthy of documenting in this Chapter. Changes are recommended made on pages 28, 29,

Chapter Four-California Environmental Quality Act contains policies that will be used to guide LAFCO with regard to implementing the California Environmental Quality Act (CEQA) for proposals evaluated by LAFCO. They are general policies that provide a foundation upon which specific procedures could be added in the future.

Appendix A Municipal Service Review Information Guidelines. These guidelines have been changed to reflect the revised legislation regarding the factors to be considered when a Municipal Service Review is completed. The factors were consolidated from nine factors to six. The changes are shown on pages 37, 38, and 39.

The updated Policies and Procedures will help LAFCO Commissioners, staff and the public in the decision making process. The provisions of these policies and procedures are not intended to preempt State law.