



# **Incorporation and Annexation Process**

## **A Comparison**

### **November 1, 2005**



# LAFCo Contact Information

- Peter Brundage 874-5935
- peter.brundage@saclafco.org
- Sac LAFCo (Web Site) [www.saclafco.org](http://www.saclafco.org)
- League of Cities (Web Site) [www.cacities.org](http://www.cacities.org)
- Office of Planning and Research (Web Site)  
[www.opr.ca.gov](http://www.opr.ca.gov)

# LAFCo

- LAFCo is a Commission created by the State Legislature
- Oversees incorporations and annexations, formation of districts and consolidations of local government
- Evaluate service delivery issues and costs
- 7 Commissioners
- Regional perspective

# Incorporation

- 25% of Registered Voters of affected territory must sign a petition within 6 months, or
- Legislative Body may adopt a Resolution Making Application
- Incorporation Committee will submit a Master Service Element
  - Who and How will municipal services be provided
    - Park, fire, water, sewer, flood control, etc.



# Incorporation – LAFCo Process

- LAFCo prepares an environmental analysis
- Prepare a Comprehensive Fiscal Analysis
- Prepare Executive Officer's Report and recommendations
- Conduct Public Hearings
- If approved, LAFCo will call the election

# Comprehensive Fiscal Analysis

- LAFCo must determine if the city is financially viable, i.e., similar level of service at substantially similar service cost
- LAFCo must determine whether or not the city will be required to make a Revenue Neutrality Payment to the County.
  - Surplus revenue over costs
  - Term about 25 years

# General Law v. Charter Cities

- California has 478 cities
- 108 Chartered
- 370 General Law cities
- 80% of Residents live in cities
- Charter Cities allow for special situations based on local conditions

# Charter Cities

- A charter can only be adopted or changed by a majority of residents living in the city
- Citizens can establish the terms and number of council members or impose other limitations upon their city council through a charter provision
- State Constitution allows City Charters to provide sub-governments in all or part of a city (township/borough concept)



# Annexation Process

- 5% of Registered Voters in affected territory must sign a petition, or
- The City may adopt a Resolution Making Application
- No election is required unless there is protest

# Annexation Process

- LAFCo conducts environmental review
- City prepares Master Services Element
- LAFCo conducts analysis
- City and County must agree to a Property Tax Sharing Agreement
- If approved, no election is required unless LAFCo receives 25% or more protest from registered voters living in the territory to be annexed