

**SACRAMENTO LOCAL AGENCY FORMATION COMMISSION**  
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April 6, 2005

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: **Discussion Paper: General Plan Update, Sphere of Influence,  
Municipal Service Review and CEQA Process**

**RECOMMENDATION**

- Approve your Executive Officer's coordination with city personnel during their General Plan Updates in order to facilitate LAFCo's processing of a city's Municipal Service Review and Sphere of Influence Update/Amendment.

**OBJECTIVE OF DISCUSSION PAPER**

Several cities in Sacramento County<sup>1</sup> are currently in the process of updating their General Plans. Their process is an opportunity for staff to coordinate and collaborate with these cities to update their Spheres of Influence as well as prepare our LAFCo mandated Municipal Service Reviews. This paper discusses the proposed collaboration process between LAFCo staff and City staff and outlines the issues and factors that need to be addressed by LAFCo staff as well as Commissioners in the evaluation of Spheres of Influence Amendments. It also discusses efforts to coordinate the environmental review process while preserving Sphere of Influence lead agency status for LAFCo.

The main objective of this proposal is to:

- Promote a cost-effective and efficient collaborative process that will promote timely and relevant Municipal Service Reviews and Sphere of Influence Updates to achieve LAFCo's mandate.

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<sup>1</sup> City of Galt, City of Rancho Cordova, City of Sacramento.

## **BACKGROUND**

Local governments, cities and counties, have jurisdiction for land use planning and regulation. State law requires that each city and county prepare and adopt a comprehensive long-term General Plan for the physical development of its territory. This General Plan must, for cities, cover all incorporated territory and *may go beyond the city limits to include any land outside its boundaries . . . which bears relation to its planning*; for counties, the General Plan must cover unincorporated territory and should be reflective of the physical development of its incorporated and unincorporated communities. (Government Code Section 65300.)

The role of a community's General Plan is to act as a constitution, a basis for rational decision-making regarding a city's or county's long-term physical development. The General Plan expresses development goals and embodies community standards and public policy relative to the distribution of future land uses, both public and private.

Since the General Plan is a policy document with a long-term perspective, a city's General Plan may logically include adjacent territory within the planning area which the city will ultimately expect to annex, or to serve, as well as that which is of particular interest or concern to the city.

A city is permitted to plan for areas not within its sphere of influence. State planning and zoning laws provide the following:

- 65300        Each planning agency shall prepare and the legislative body of each county and city shall adopt a comprehensive, long-term general plan for the physical development of the county or city, and any land outside its boundaries which in the planning agency's judgment bears relation to its planning.
- 65450        After a legislative body has adopted a General Plan, the planning agency may, or if so directed by the legislative body, shall, prepare specific plans for the systematic implementation of the General Plan for all or part of the area covered by the General Plan.
- 65859        (a)        a city may, pursuant to this chapter, prezone unincorporated territory to determine the zoning that will apply to that territory upon annexation to the city. The zoning shall become effective at the same time the annexation becomes effective and may not be changed for two years thereafter. [56325(e)].
- (b)        Pursuant to Section 56375, those cities subject to that provision shall complete pre zoning proceedings as required by law.
- (c)        If a city has not pre zoned territory which is annexed, it may adopt an interim ordinance pursuant to Section 65858.

In theory, a city could establish a planning area outside of its city limits, adopt a specific plan and prezone this area prior to LAFCo approving a Sphere of Influence.

When making decisions, your Commission must review the affected city's applicable General Plan Policies and related service and development policies to ensure that LAFCo objectives for affordable housing, efficient service delivery, open space and prime agricultural preservation are achieved. Local General Plan policies may need to be reconciled with LAFCo policies in order for the city to obtain LAFCo approval. LAFCo, for instance, may be unable to approve an annexation or SOI Amendment if those actions could be construed to encourage leap frog development on prime agricultural land.

### **Seven Mandated Elements of a General Plan**

The General Plan provides the policy foundation for the physical, economic, and environmental growth and renewal of the adopting jurisdiction. It contains the city's goals, policies, programs, and action plans which are based on an assessment of current and future needs of a city and its available resources. A General Plan addresses land uses, the circulation network, and other supporting facilities and services. The General Plan is the principal tool a city or county uses in evaluating public and private development projects and municipal service improvements to meet demands for projected growth.

Cities and counties must adopt General Plans, containing the required seven elements:

Land Use Element

Circulation Element

Housing Element

Conservation Element

Open Space Element

Noise Element

Safety Element

Each of these elements has policy implications that should be considered by LAFCo during its deliberations.

- The **Land Use Element** designates the type, intensity, and general distribution of uses of the land for housing, business, industry, agriculture and open-space.
- The **Circulation Element** is correlated with the Land Use Element and identifies the general location and extent of existing and proposed major thoroughfares, transportation routes, terminals, and other local public utilities and facilities.

- The **Housing Element** is a comprehensive assessment of current and projected housing needs for all segments of the jurisdiction and all economic groups.
- The **Conservation Element** addresses the conservation, development, and the use of natural resources.
- The **Open-Space Element** details plans and measures for preserving open space for natural resources, the managed production of resources, outdoor recreation, public health and safety, and the identification of agricultural land.
- The **Noise Element** identifies and appraises the noise environment and influences the basis for land use distribution.
- The **Safety Element** establishes policies and programs to protect the community from risks associated with seismic, geologic, flood, and wildfire hazards.

The General Plan should be updated as local circumstances warrant, in order to maintain a contemporary policy framework. The Housing Element must be updated every five years.

The General Plan of every city and county is unique. It reflects local preferences and community identity. This distinction results from many factors. General Plans are based on local natural features (water, geography, topography); conditions for their preservation (environmental mitigation factors); community character (urban, suburban, rural); as well as the need to make available territory which can accommodate new growth (employment, immigration, births, demographic shifts) from the perspective of current as well as new infrastructure, the cost of its development, and the effect of any single factor on all of the factors cited above.

These issues influence the type of development the jurisdiction ultimately determines to be in the public interest, and its consistency with the General Plan. The planning process is based on a public hearing process open to comment and information from individuals, businesses, community and neighborhood groups, environmental groups and other interested parties. The final authority for land use decisions rests with the elected city council or board of supervisors.

Consequently, each city has different land use patterns, development standards and trends, open space requirements, land use intensities and/or densities, service levels, and growth pressures.

Land use decisions are local choices made in light of local circumstances by local officials. However, their decisions impact the quality of life and life styles not only of the territory within their jurisdiction, but also of the entire region. It is the responsibility of LAFCo to review requests for changes within boundaries in the context of regional implications to the capacity and efficiency of service delivery, impacts to air quality, public safety (floodplain management, fire suppression resources) transportation, open space and prime agricultural resources.

## **Sphere of Influence**

A Sphere of Influence means a plan for the probable physical boundaries and service area of a local agency as determined by the Commission.

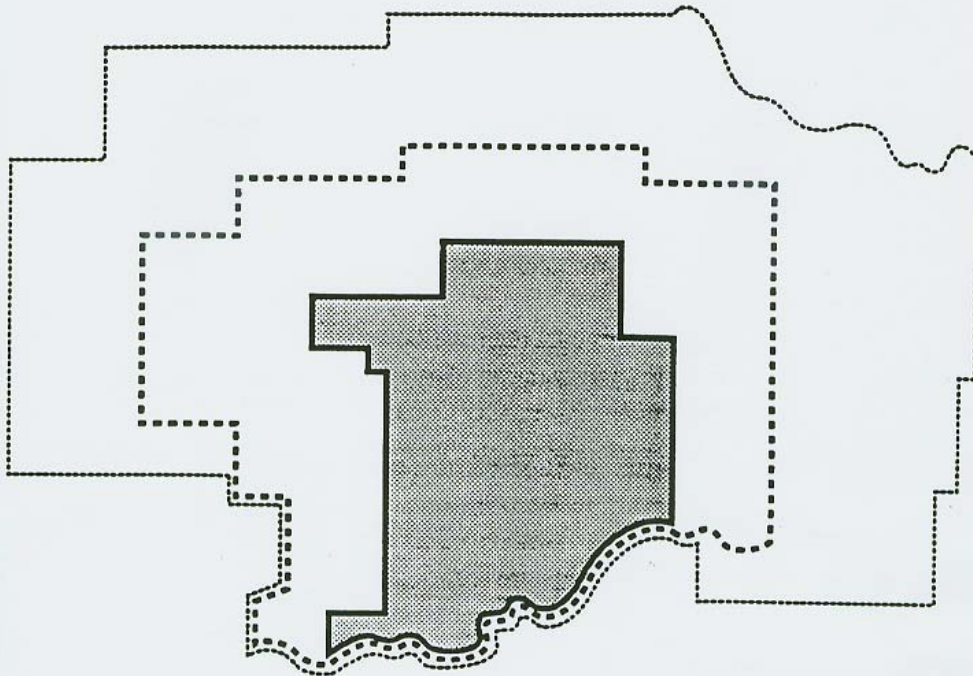
A city's Sphere of Influence<sup>2</sup> describes its probable physical boundary and service territory and thus, can be used as a benchmark for the minimum extent of the planning area. A city may choose to plan for land uses beyond its Sphere of Influence when coordinating plans with those of other jurisdictions (Governor's Office of Planning and Research).

The Sphere of Influence process defines the primary area within which urban development should be encouraged. In a 1977 opinion, the California Attorney General stated that Spheres of Influence should serve as "General Plans." Although there is no direct requirement that a city Sphere of Influence and planning area match, the following diagram illustrates the theoretical relationship between a city's planning area and its Sphere of Influence.

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<sup>2</sup> Unlike a General Plan, adopted by a local jurisdiction, a Sphere of Influence for a city or a special district is adopted by an outside agency, the Local Agency Formation Commission. A county is not subject to a LAFCo adopted Sphere of Influence.

## Theoretical Relationship Between a City's Planning Area and Sphere of Influence



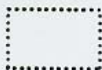
**Current City Limits:**

Encompasses incorporated territory where land use is controlled by the city.



**City's "Sphere-of-Influence" adopted by the LAFCO:**

Encompasses incorporated and unincorporated territory which is the city's service area.



**City's Planning Area Boundary:**

Encompasses incorporated and unincorporated territory bearing a relation to the city's planning. Where desirable the planning area may extend beyond the sphere-of-influence.

Viewing the local General Plan in its regional context is important. Growing interdependence of local governmental agencies will likely impact regional issues such as:

- Preservation of open space and agricultural land
- Preservation of habitat
- Transportation
- Air quality
- Flood and drainage issues
- Sustainable water supply and water quality
- Affordable housing

These types of issues transcend local boundaries and create the need for jurisdictions to think in terms of regional zones or belts and to define and determine logical benefit zones wherein cross-jurisdictional land use decisions can be made cooperatively to serve mutual interests.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to analyze and evaluate the following issues in its review, findings and determinations of a jurisdiction's Sphere of Influence:

- (1) The present and planned land uses in the area, including agricultural and open-space lands.
- (2) The present and probable need for future public facilities and services in the area.
- (3) The present capacity of public facilities and adequacy of public services that an agency provides or is authorized to provide.
- (4) The existence of any social or economic communities of interest in the area if the Commission determines that such communities of interest are relevant to the agency.

A city Sphere of Influence is a very broad brush overview of **probable** issues and impacts related to future development. The Commission must be able to step back and view a proposal from a regional perspective and ultimately make determinations that are in the best interest of the region in the absence of specific details regarding how the proposal area will develop. The city's prezone designation discloses details; however, rezoning is not required until the city proposes annexation.

A Sphere of Influence is difficult to analyze because detailed information related to future development has not yet been determined. Also, in light of the length of time needed for implementation, community expectations may change. Thus, LAFCo must make many assumptions based on a probable development scenario.

Therefore, LAFCo must look at a city's current General Plan and extrapolate what type of development is necessary to meet its projected growth. For example, what ratio of residential, industrial, and commercial development is required for the creation of healthy economic growth? What impacts will this have on the environment? However, since LAFCo has no authority to make land use decisions, the city determines the type as well as density and intensity of development. LAFCo can utilize assumptions regarding planned growth and development based on a city's General Plan. Therefore, it appears to be appropriate to update a city's SOI after it has updated its General Plan. LAFCo would have the benefit of using the most relevant contemporary data and the city's most current long range planning to determine an appropriate Sphere of Influence.

LAFCo is required to update Spheres of Influence every five years. However, LAFCo has limited resources to adequately review Spheres of Influence every five years without the assistance and information from the local agencies whose Spheres they are analyzing. Many times, cities do not have adequate staff familiarity with LAFCo criteria. Therefore, it may be beneficial for LAFCo to partner with cities when they update their General Plans to process SOI updates and Municipal Service Reviews.

Such a partnership would not eliminate LAFCo's responsibility in determining a local jurisdiction's Sphere of Influence; however, it may eliminate a potentially duplicative process while streamlining the process. The LAFCo role is to exercise independent judgment and conduct its own review and public hearing process.

LAFCo's crystal ball is no better than a city's, a county's, a special district's, or the Legislature's crystal ball. OPR Guidelines confirm that cities can plan beyond their corporate boundaries for a number of reasons. LAFCo would likely use this information to evaluate a city's Sphere of Influence.

### **Proposal**

Based on recent discussions with the City of Sacramento, the City of Galt, and the City of Rancho Cordova (these cities are in the process of updating their General Plans), I believe it would be mutually beneficial for LAFCo staff to work directly with city staff as they address their General Plan issues so that LAFCo can also address Sphere of Influence and Municipal Service Review issues.

In addition, I am proposing that LAFCo could possibly utilize CEQA review conducted by the cities for their respective General Plan Updates. The attached flow chart depicts the proposed process and illustrates three distinct steps. This process preserves the LAFCo lead agency role and would allow LAFCo staff to prepare its own environmental document if it is necessary to do so.

This proposal attempts to avoid a "Catch-22" situation. Such a situation occurred during the Folsom Sphere of Influence Amendment. The City of Folsom requested a Sphere of Influence Amendment. LAFCo staff made certain assumptions about development scenarios in the proposal territory. The Folsom City Council reviewed the draft EIR and chose to amend LAFCo's assumptions. As a result, LAFCo staff prepared two



Environmental Impact Reports and the adoption of the Sphere of Influence Amendment took many years to finalize.

In addition, the City of Folsom is currently implementing the Measure W Planning Process<sup>3</sup> for rezoning its Sphere of Influence territory. The development assumptions under exploration in the survey are different from the LAFCo approved Sphere of Influence Amendment development assumptions. Thus, there is a benefit for your staff to work more closely upfront with a city so that a focused effort can be made rather than waste time and limited resources in an analysis of speculative assumptions.

Recently, Yolo LAFCo and Placer LAFCo appear to have used this coordinated model. In 1996, the City of Woodland updated its General Plan and adopted several planning areas. The City of Woodland prepared an EIR. In 2002, Yolo LAFCo prepared a Municipal Service Review and prepared a Sphere of Influence Update which used the 1996 General Plan Amendment and EIR. The timing of the General Plan Amendment and Sphere of Influence Amendment can be sequential. Generally, it would appear to be preferable to update a city's Sphere of Influence as soon as possible after it adopts its General Plan.

LAFCo policies indicate that LAFCo should be the lead agency in the preparation of the CEQA Review for a Sphere of Influence Amendment. The process outlined above would allow LAFCo to use the General Plan EIR certified by the city if it found this document to be adequate to meet LAFCo requirements. If LAFCo could not make this finding, LAFCo could tier off of the General Plan EIR, or would prepare an Addendum to the EIR, Supplemental EIR, or a new EIR. LAFCo staff would act proactively in partnering with the city to identify issues and impacts related to Sphere of Influence Amendments.

The following list identifies the key issues LAFCo must address in its review of Spheres of Influence. This list and other comments that may be unique to each proposal will be provided to the city so that the EIR scope will identify and discuss LAFCo's requirements for the analysis of a Sphere of Influence.

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<sup>3</sup> The Measure W Planning Process is an outreach effort (workshops, public hearings, mailings) to gather information from residents regarding water supply, transportation, open space, schools and development scenarios prior to rezoning the City's Sphere of Influence territory.

## **Factors to be Reviewed for Sphere of Influence Proposals**

### **Market Analysis**

Population Growth  
Housing Needs  
Supply and Demand Information – Projected Timing of Build Out  
Land Use Absorption  
Why does the city need to amend its Sphere of Influence?

### **Regional Impacts (Cumulative Impacts)**

Air Quality  
Traffic  
Flood  
Water  
Affordable Housing

### **Infrastructure Capacity Evaluation**

Sewer  
Water  
Solid Waste  
Flood/Drainage  
Roads  
Parks

### **Service Capacity Evaluation**

Police	Fire
Parks	Water
Utilities	Libraries
Animal Control	

### **Impacts to Natural Resources**

Loss of Agricultural Land  
Loss of Habitat  
Loss of other natural resources (mining, timber fisheries, wetlands, vernal pools, etc.)

### **Impact to the county, special districts, and other agencies**

There may be a need for joint planning and coordination between cities, the county and special districts for areas considered to be placed in a city Sphere of Influence. The long term impacts vary depending if a city proposes to detach the special district

service area upon annexation. Therefore, these agencies should coordinate service delivery plans prior to annexation.

**Option No. 1**

**City Initiated SOI Process**

- Step 1: General Plan Amendment Designates Planning Area/SOI area preferred by city.
- City conducts CEQA review as Lead Agency
- City prepares Municipal Service Review for city services to be provided with assistance and review by LAFCo
- Step 2: Sphere of Influence Amendment processed by LAFCo
- LAFCo uses City CEQA Document if possible
- LAFCo evaluates what areas should be included in City Sphere of Influence based on LAFCo factors and analysis
- LAFCo evaluates Municipal Service Review of all service providers including city services

**Option No. 2**

**LAFCo Initiated SOI Process**

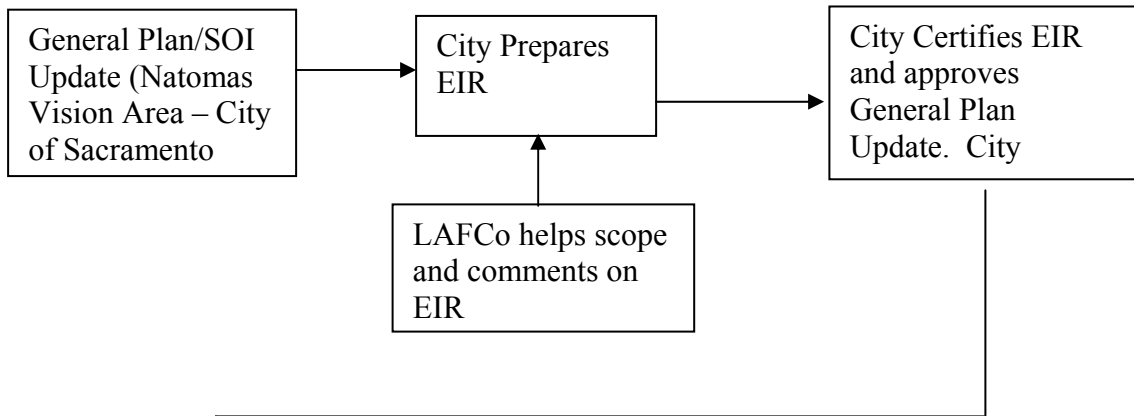
- Step 1: Sphere of Influence Amendment (LAFCo)  
LAFCo conducts CEQA review as Lead Agency
- LAFCo prepares Municipal Service Review
- LAFCo evaluates city SOI

**Annexation Process:**

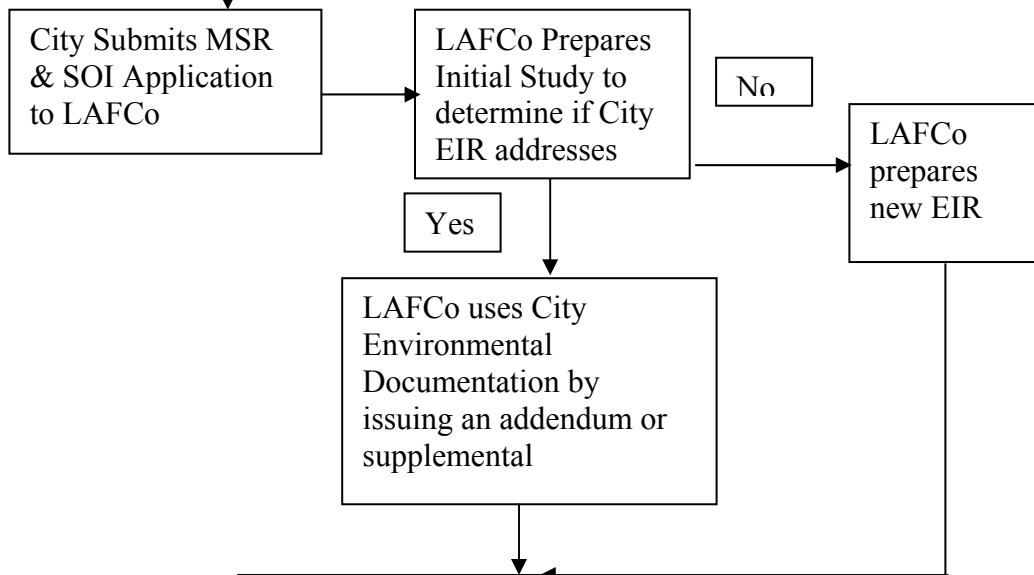
- City prezones area to be annexed.
- City prepares CEQA Document as Lead Agency. LAFCo is a responsible agency
- City submits application to annex to LAFCo
- LAFCo utilizes city's CEQA document
- LAFCo updates & reviews MSR of service providers

# City Sphere of Influence and Municipal Service Review Process

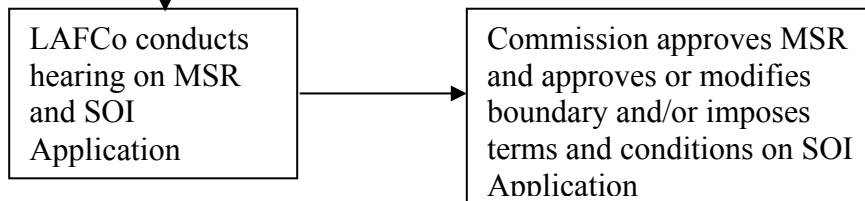
## STEP 1:



## STEP 2:



## STEP 3:



PB:Maf  
(SOI & EIR Process)