



**Local Agency
Formation Commission
of Santa Clara County**
777 North First Street
Suite 410
San Jose, CA 95112
SantaClaraLAFCO.org

Commissioners
Sylvia Arenas
Jim Beall
Rosemary Kamei
Yoriko Kishimoto
Otto Lee
Russ Melton
Terry Trumbull

Alternate Commissioners
Domingo Candelas
Helen Chapman
Cindy Chavez
Teresa O'Neill
Mark Turner
Executive Officer
Neelima Palacherla

REGULAR MEETING

Board of Supervisors' Chambers, 70 West Hedding Street, First Floor, San Jose

October 2, 2024 • 1:15 PM

AGENDA

Chairperson: Russ Melton ▪ Vice-Chairperson: Sylvia Arenas

PUBLIC ACCESS AND PARTICIPATION

This meeting will be held in person at the location listed above. As a courtesy, and technology permitting, members of the public may also attend by virtual teleconference. However, LAFCO cannot guarantee that the public's access to teleconferencing technology will be uninterrupted, and technical difficulties may occur from time to time. Unless required by the Brown Act, the meeting will continue despite technical difficulties for participants using the teleconferencing option. To attend the meeting by virtual teleconference, access the meeting at <https://sccgov-org.zoom.us/j/94017906547> or by dialing **(669) 900-6833** and entering **Meeting ID 94145593411#** when prompted.

PUBLIC COMMENT INSTRUCTIONS

Written Public Comments may be submitted by email to LAFCO@ceo.sccgov.org. Written comments will be distributed to the Commission and posted to the agenda on the LAFCO website as quickly as possible but may take up to 24 hours.

Spoken public comments may be provided in-person at the meeting. Persons who wish to address the Commission on an item are requested to complete a Request to Speak Form and place it in the designated tray near the dais. Request to Speak Forms must be submitted prior to the start of public comment for the desired item. For items on the Consent Calendar or items added to the Consent Calendar, Request to Speak Forms must be submitted prior to the call for public comment on the Consent Calendar. Individual speakers will be called to speak in turn. Speakers are requested to limit their comments to the time limit allotted.

Spoken public comments may also be provided through the teleconference meeting. To address the Commission virtually, click on the link <https://sccgov-org.zoom.us/j/94017906547> to access the meeting and follow the instructions below:

- You will be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you when it is your turn to speak.
- When the Chairperson calls for the item on which you wish to speak, click on "raise hand" icon. The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak. Call-in attendees press *9 to request to speak, and *6 to unmute when prompted.
- When called to speak, please limit your remarks to the time limit allotted.

NOTICE TO THE PUBLIC

- Pursuant to Government Code §84308, no LAFCO commissioner shall accept, solicit, or direct a contribution of more than \$250 from any party, or a party's agent; or any participant or the participant's agent if the commission knows or has reason to know that the participant has a financial interest, while a LAFCO proceeding is pending, and for 12 months following the date a final decision is rendered by LAFCO. Prior to rendering a decision on a LAFCO proceeding, any LAFCO commissioner who received a contribution of more than \$250 within the preceding 12 months from a party or participant shall disclose that fact on the record of the proceeding. If a commissioner receives a contribution which would otherwise require disqualification returns the contribution within 30 days from the time the commissioner knows or should have known, about the contribution and the proceeding, the commissioner shall be permitted to participate in the proceeding. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than \$250 within the preceding 12 months by the party, or the party's agent, to a LAFCO commissioner. For forms, visit the LAFCO website at www.santaclaralafco.org. No party, or the party's agent and no participant, or the participant's agent, shall make a contribution of more than \$250 to any LAFCO commissioner during the proceeding or for 12 months following the date a final decision is rendered by LAFCO.
- Pursuant to Government Code Sections 56100.1, 56300, 56700.1, 57009 and 81000 et seq., any person or combination of persons who directly or indirectly contribute(s) a total of \$1,000 or more or expend(s) a total of \$1,000 or more in support of or in opposition to specified LAFCO proposals or proceedings, which generally include proposed reorganizations or changes of organization, may be required to comply with the disclosure requirements of the Political Reform Act (See also, Section 84250 et seq.). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. More information on the scope of the required disclosures is available at the web site of the FPPC: www.fppc.ca.gov. Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275- 3772).
- Pursuant to Government Code §56300(c), LAFCO adopted lobbying disclosure requirements which require that any person or entity lobbying the Commission or Executive Officer in regard to an application before LAFCO must file a declaration prior to the hearing on the LAFCO application or at the time of the hearing if that is the initial contact. In addition to submitting a declaration, any lobbyist speaking at the LAFCO hearing must so identify themselves as lobbyists and identify on the record the name of the person or entity making payment to them. Additionally, every applicant shall file a declaration under penalty of perjury listing all lobbyists that they have hired to influence the action taken by LAFCO on their application. For forms, visit the LAFCO website at www.santaclaralafco.org.
- Any disclosable public records related to an open session item on the agenda and distributed to all or a majority of the Commissioners less than 72 hours prior to that meeting are available for public inspection at the LAFCO Office, 777 North First Street, Suite 410, San Jose, California, during normal business hours. (Government Code §54957.5.)
- In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the LAFCO Clerk 24 hours prior to meeting at (408) 993- 4705.

1. ROLL CALL

2. PUBLIC COMMENTS

This portion of the meeting provides an opportunity for members of the public to address the Commission on matters not on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No action may be taken on off- agenda items unless authorized by law. Speakers are limited to THREE minutes. All statements that require a response will be referred to staff for reply in writing.

3. APPROVE CONSENT CALENDAR

The Consent Calendar includes Agenda Items marked with an asterisk (*). The Commission may add to or remove agenda items from the Consent Calendar.

All items that remain on the Consent Calendar are voted on in one motion. If an item is approved on the Consent Calendar, the specific action recommended by staff is adopted. Members of the public who wish to address the Commission on Consent Calendar items should comment under this item.

***4. APPROVE MINUTES OF JUNE 5, 2024 LAFCO MEETING**

PUBLIC HEARING

5. COMPREHENSIVE REVIEW AND UPDATE OF LAFCO POLICIES

Recommended Action:

- a. Receive a presentation on the Comprehensive Review and Update of LAFCO Policies – Phase 1.
- b. Accept public comments on the proposed LAFCO policy revisions. No final action will be taken on the proposed LAFCO policy revisions at this meeting.

ITEMS FOR ACTION / INFORMATION

***6. PROFESSIONAL SERVICES AGREEMENT WITH ASSURA SOFTWARE, LLC FOR THE DEVELOPMENT OF A CUSTOMIZED DATABASE AND FOR PROVIDING ONGOING LICENSING AND ANCILLARY SUPPORT SERVICES**

Recommended Action: Approve a professional services agreement with Assura Software, LLC, for the design and development of a customized database to process LAFCO applications, track public inquiries, and manage the LAFCO contacts directory; and for providing ongoing licensing and ancillary support services, including, hosting, and technical support.

7. FY 2023-2024 LAFCO ANNUAL REPORT

Recommended Action: Accept the FY 2023-2024 LAFCO Annual Report.

8. COMMISSIONER REPORTS

9. NEWSPAPER ARTICLES / NEWSLETTERS

10. WRITTEN CORRESPONDENCE

11. ADJOURN

Adjourn to the regular LAFCO meeting on December 4, 2024 at 1:15 PM in the Board of Supervisors' Chambers, 70 West Hedding Street, San Jose.



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ITEM #4

Alternate Commissioners

Domingo Candelas
Helen Chapman
Cindy Chavez
Teresa O'Neill
Mark Turner

Executive Officer

Neelima Palacherla

**LAFCO MEETING MINUTES
WEDNESDAY, JUNE 5, 2024**

CALL TO ORDER

The meeting was called to order at 1:21 p.m.

1. ROLL CALL

Commissioners

- Russ Melton, Chairperson
- Sylvia Arenas, Vice Chairperson (Absent)
- Jim Beall (Arrived at 1:20 p.m.)
- Rosemary Kamei (Arrived at 1:22 p.m.)
- Yoriko Kishimoto (Absent)
- Otto Lee (Absent)
- Terry Trumbull (Absent)

Alternate Commissioners

- Domingo Candelas (Absent)
- Helen Chapman (Voting for Yoriko Kishimoto)
- Cindy Chavez (Absent)
- Teresa O'Neill (Voting for Terry Trumbull)
- Mark Turner

Staff

- Neelima Palacherla, Executive Officer
- Dunia Noel, Assistant Executive Officer
- Emmanuel Abello, Associate Analyst
- Sonia Humphrey, Clerk
- Mala Subramanian, Counsel

2. PUBLIC COMMENTS

There were none.

3. APPROVE CONSENT CALENDAR

MOTION: Beall	SECOND: Kamei	
AYES: Beall, Chapman, Kamei, Melton, O'Neill		
NOES: None	ABSTAIN: None	ABSENT: Arenas, Lee

Commission Action: Chairperson Melton added Agenda Item #9.1 to the Consent Calendar and the Commission approved the Consent Calendar, including items #4, #6, #7, and #9.1.

***4. TAKEN ON CONSENT: APPROVE MINUTES OF APRIL 3, 2024 LAFCO MEETING**

The Commission approved the minutes of the April 3, 2024 meeting.

PUBLIC HEARINGS

5. FINAL WORK PLAN AND BUDGET FOR FY 2025

MOTION: Beall	SECOND: Kamei	
AYES: Beall, Chapman, Kamei, Melton, O'Neill		
NOES: None	ABSTAIN: None	ABSENT: Arenas, Lee

Commission Action:

1. The Commission adopted the Work Plan for Fiscal Year 2024-2025, as revised by the Commission at its April 3, 2024 meeting.
2. The Commission adopted the Final Budget for Fiscal Year 2024-2025.
3. The Commission found that the Final Budget for Fiscal Year 2025 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
4. The Commission authorized staff to transmit the Final Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association of Santa Clara County, and the Santa Clara County Special Districts Association.
5. The Commission directed the County Auditor-Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

ITEMS FOR ACTION / INFORMATION

***6. TAKEN ON CONSENT: WEST VALLEY SANITATION DISTRICT 2024-01 (BIG BASIN)**

Commission Action:

CEQA Action

1. As Lead Agency under CEQA, determined that the proposal is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines §15319 (a) & (b), and §15303(d).

Project Action

2. Approved the annexation of approximately 1.23 acres of land (APN 503-48-029) located within the City of Saratoga, to the West Valley Sanitation District.
3. Waived protest proceedings pursuant to Government Code §56662(a).

***7. TAKEN ON CONSENT: WEST VALLEY SANITATION DISTRICT 2024-02 (HIGH STREET)**

Commission Action:

CEQA Action

1. As Lead Agency under CEQA, determined that the proposal is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines §15319 (a) & (b), and §15303(d).

Project Action

2. Approved the annexation of approximately 0.66 acres of land (APN 532-23-034) located within the Town of Los Gatos, to the West Valley Sanitation District.
3. Waived protest proceedings pursuant to Government Code §56662(a).

8. IMPLEMENTATION OF RECOMMENDATIONS FROM LAFCO'S COUNTYWIDE FIRE SERVICE REVIEW

MOTION: Chapman	SECOND: Kamei
AYES: Beall, Chapman, Kamei, Melton, O'Neill	
NOES: None	ABSTAIN: None
ABSENT: Arenas, Lee	

Commission Action: The Commission accepted the report.

9. CALAFCO RELATED ACTIVITIES

***9.1 *Approved on Consent:* Report on the 2024 CALAFCO Staff Workshop (April 24 – 26, 2024)**

For Information Only.

9.2 2024 CALAFCO Annual Conference (October 16 – 18, 2024)

MOTION: Kamei SECOND: O'Neill

AYES: Beall, Chapman, Kamei, Melton, O'Neill

NOES: None

ABSTAIN: None

ABSENT: Arenas, Lee

Commission Action: The commission authorized commissioners and staff to attend the Annual Conference and directed that associated travel expenses be funded by the LAFCO Budget for Fiscal Year 2025.

9.3 Nominations to the CALAFCO Board of Directors

Commission Action: The commission nominated Vice Chairperson Arenas, and Commissioner Kishimoto (in their absence) if they would be interested in serving on the CALAFCO Board, with a decision to be finalized by the Chair before the September 16 deadline.

9.4 Designate Voting Delegate and Alternate for 2024 CALAFCO Board of Directors Election

Commission Action: The commission delegated to the Chairperson, the appointment of a voting delegate and an alternate voting delegate.

10. COMMISSIONER REPORTS

11. NEWSPAPER ARTICLES / NEWSLETTERS

11.1 CALAFCO Quarterly Newsletter (May 2024)

11.2 Article from Mercury News, "It's not just skyscrapers and high-density—'builder's remedy' is also bringing more urban sprawl" (April 22, 2024)

12. WRITTEN CORRESPONDENCE

13. ADJOURN

The Commission adjourned at 1:50 p.m., to the next regular LAFCO meeting on August 7, 2024, at 1:15 p.m., in the Board of Supervisors' Chambers, 70 West Hedding Street, San Jose.

Approved on October 2, 2024

Russ Melton, Chairperson

Local Agency Formation Commission of Santa Clara County

Prepared by: _____

Sonia Humphrey, LAFCO Clerk



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ITEM #5
Alternate Commissioners Domingo Candelas Helen Chapman Cindy Chavez Teresa O'Neill Mark Turner Executive Officer Neelima Palacherla

LAFCO MEETING: October 2, 2024

TO: LAFCO

**FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Asst. Executive Officer
Emmanuel Abello, Analyst**

**SUBJECT: COMPREHENSIVE REVIEW AND UPDATE OF LAFCO
POLICIES**

STAFF RECOMMENDATIONS

1. Receive a presentation on the Comprehensive Review and Update of LAFCO Policies – Phase 1.
2. Accept public comments on the proposed LAFCO policy revisions. No final action will be taken on the proposed LAFCO policy revisions at this meeting.

PROJECT OVERVIEW

Purpose of this LAFCO Hearing

The purpose of this public hearing is to accept public comments on the proposed policy revisions. **No final action on the policy revisions will be taken at this hearing.**

All written comments received by 5:00 PM September 25, 2024, are included as **Attachment I**. LAFCO staff, working closely with the Ad-Hoc Committee, will compile all written comments received by 5:00 PM on October 2, prepare a response to all the comments received, and propose revisions as necessary to address the comments.

It is anticipated that the responses to public comments and any policy revisions will be published for additional public review and comment in early November 2024.

Scope and Purpose of the Comprehensive Review and Update of LAFCO's Policies

The purpose of the comprehensive review and update of the current LAFCO policies is to:

- Better enable LAFCO to meet its legislative mandate,
- Make the policies consistent with recent changes to the CKH Act,

- Better document current/historic practices, and
- Provide ease of use and better guidance to affected agencies, public, and potential applicants; and increase clarity and transparency of LAFCO's policies and expectations.

Policies Reviewed under Phase 1

The first phase of the Comprehensive Review and Update of LAFCO Policies focused on reviewing and updating, as necessary, the key policies that apply to processing typical LAFCO applications. Phase 1 includes 7 chapters, specifically:

- [Sphere of Influence \(SOI\) Policies \(Chapter 2\)](#)
- [Urban Service Area \(USA\) Policies \(Chapter 3\)](#)
- [Annexation, Detachment, and Reorganization Policies \(Chapter 4\)](#)
- [Out-of-Agency Service by Contract \(OASC\) Policies \(Chapter 5\)](#)
- [Island Annexation Policies \(Chapter 6\)](#)
- [Agricultural Land Preservation and Mitigation Policies \(Chapter 7\)](#)
- [Urban Growth Boundaries Policies \(Chapter 8\)](#)

Chapter 1 is the Countywide Urban Development Policies (reaffirmed by LAFCO Resolution No. 2022-07 on April 6, 2022)

Phase 2 to Begin in Early 2025

Phase 2 of this project will focus on the review and update of LAFCO's remaining policies, including service review policies, other policies such as incorporation policies used less frequently, and policies and procedures that are related to administrative functions. Phase 2 is anticipated to begin in January 2025.

Type of Revisions Proposed to the Current LAFCO Policies

The proposed policy revisions include the following types of changes:

Overall Organization and Structure

Each of the current policies has been restructured as individual numbered chapters with corresponding numbered policies and subtitles, to be part of a single comprehensive document.

Each chapter is reformatted to begin with an introduction section that includes historical context and legislative background; followed by any key definition(s) where appropriate; followed by procedural policies (if any); and then policies on evaluation criteria, distinguishing policies for city proposals from policies for special district proposals, where appropriate.

References to State law

Incorrect and/or expired references to State law in the current policies are removed and replaced with the correct/current references.

New references to relevant code sections of State law have been added, where appropriate.

Text changes

New language has been added to the current policies to reflect recent changes in State law.

New language has been added to document current and longstanding Santa Clara LAFCO practices and procedures, including a more detailed explanation of new procedures and criteria for evaluating proposals.

New language has been added to provide key background information and historical context, and to explain goals/intent/purpose of policies.

New Policies

New policy has been added to the USA policies that allows a city to prepare an additional alternate vacant lands analysis for LAFCO's consideration, when a city has special conditions that do not align with LAFCO's vacant land methodology.

New policies have been added to specifically address agricultural worker housing needs, which can be found in the proposed revisions to the USA Policies (Chapter 3), OASC Policies (Chapter 5), and Agricultural Land Preservation and Mitigation Policies (Chapter 7).

Organization of Proposed LAFCO Policy Revisions

The nature of the proposed revisions to Chapters 2, 3, 4, & 5 resulted in a complete reformatting and rewriting of current LAFCO policies. As such, a tracked change version of these current policies would have resulted in a document that is difficult to read and review. Instead, a set of documents have been prepared for each of the Chapters 2, 3, 4, & 5 as follows:

- **Proposed policies**
- **Reference tables** showing the proposed policies in relation to the current policies and the reason(s) for the proposed revisions
- Corresponding **current policies**

Chapters 6, 7, & 8 required only minor reformatting and text revisions. Therefore, only a tracked change version of each of these current policies has been prepared for review.

PROPOSED POLICY REVISIONS RECOMMENDED BY THE AD-HOC COMMITTEE

On October 4, 2023, the Commission established an Ad-Hoc Committee comprised of LAFCO Chair Russ Melton, Vice Chair Sylvia Arenas, and Alternate Commissioner Helen Chapman.

The Ad-Hoc Committee was tasked with assisting LAFCO staff in conducting a comprehensive review and update of LAFCO policies and enabling public review and comment prior to the full commission's consideration and adoption of the policies.

The Ad-Hoc Committee established a work plan and timeline and met multiple times over the last year to review, discuss and recommend revisions to the current policies. For Phase 1, the Ad-Hoc Committee prioritized key policies related to processing typical LAFCO applications, aiming for full commission consideration and adoption of the updated policies at the December 2024 LAFCO meeting.

The proposed revisions to the current LAFCO policies are recommended by the LAFCO Ad-Hoc Committee.

CHAPTER 2: SPHERE OF INFLUENCE POLICIES

Background

On December 7, 1977, LAFCO adopted/reaffirmed its first sphere of influence policies for cities and special districts to meet a new requirement in State law. The current "Sphere of Influence Policies" were last revised by the Commission on December 11, 2002, following the enactment of the Cortese Knox Hertzberg Act in 2001, the last major overhaul of LAFCO law.

Proposed Revisions

The current Sphere of Influence (SOI) Policies have been rewritten, reformatted, and reorganized as the proposed "[Chapter 2: Sphere of Influence Policies](#)."

The first section (2.1) of the proposed SOI policies includes definitions and an explanation of the differences in Santa Clara County, between SOIs for special districts and SOIs for cities.

Section 2.2 includes a brief legislative history of SOI requirements in State law.

Section 2.3 includes the history of the development of city and special district SOIs in Santa Clara County.

Section 2.4 outlines the purposes and role of SOIs in Santa Clara County.

Section 2.5 includes policies and evaluation criteria related to the adoption, and amendment of SOIs for both cities and special districts which have been updated to be consistent with recent changes in State law, including references to relevant code sections in State law, and to document and explain current Santa Clara LAFCO practice.

Please see **Attachment A** for the [proposed SOI Policies](#), the [reference table](#), and the [current SOI policies](#)

CHAPTER 3: URBAN SERVICE AREA POLICIES

Background

On December 1, 1971, LAFCO adopted its first policies on Urban Service Areas (USAs), as part of its adoption of the Countywide Urban Development Policies. On February 8, 1973, LAFCO adopted criteria for cities to use in preparing and submitting their first urban service USA maps and data for LAFCO's consideration and approval. Since that time, LAFCO has updated these policies as necessary to address changes in State law, reflect current practices, and to provide greater clarity and transparency. The current "Urban Service Area Policies" were last amended by LAFCO on December 11, 2002, following the enactment of the Cortese Knox Hertzberg Act in 2001.

Proposed Revisions

The current Urban Service Area Policies have been rewritten, reformatted, and reorganized as the proposed "[Chapter 3: Urban Service Area Policies](#)."

The first section (3.1) of the proposed policies includes a brief history of adoption of the first Urban Service Areas (USAs) in Santa Clara County and outlines the purpose and role of the USAs in Santa Clara County. Section 3.2 includes the definition of USAs – a boundary unique to Santa Clara County.

Section 3.2 includes the definition of USAs – a boundary unique to Santa Clara County. For ease of use, the remaining policies are reorganized into two distinct sections: (1) procedural policies, and (2) policies and evaluation criteria.

Section 3.3 includes proposed procedural policies related to the initiation, frequency, timing, etc. of USA applications.

Section 3.4 includes proposed USA amendment policies and evaluation criteria, which have been updated to be consistent with recent changes in State law, including references to relevant code sections in State law, and to document and explain current Santa Clara LAFCO practice. Section 3.4 also includes new language that allows a city to prepare an additional alternate vacant lands analysis for LAFCO's consideration, when a city has special conditions that do not align with LAFCO's vacant land methodology.

A major substantive change proposed in this section is the inclusion of a new policy addressing agricultural worker housing needs. This proposed policy states that LAFCO will give special consideration to USA amendment proposals that are for agricultural worker housing and will consider certain factors. Please see Policy 3.4.15 for specifics.

The proposed USA Policies also include two exhibits. Exhibit A is "Santa Clara LAFCO's Methodology for Preparing a Vacant Lands Inventory (VLI)," a new document explaining the purpose of the VLI and LAFCO's methodology for preparing a VLI. This document reflects both historic and current Santa Clara LAFCO practice, used since 2008 for multiple USA amendment applications. Exhibit B is "Santa Clara LAFCO's Guide for Preparing a Plan for Services," an update of the

current guidelines to provide greater clarity, transparency, and more specific guidance to applicants.

Please see **Attachment B** for the [proposed USA policies](#), the corresponding [reference table](#), and the [current USA policies](#).

CHAPTER 4: ANNEXATION, DETACHMENT, AND REORGANIZATION POLICIES

Background

On April 1, 1970, LAFCO adopted its first annexation/detachment policies designating criteria and principles for LAFCO to use in the evaluation of such proposals based on LAFCO law at that time. The current “Policies on Annexation – Reorganization for Cities and Special Districts” were last revised by the Commission on December 11, 2002, following the enactment of the Cortese Knox Hertzberg Act in 2001.

Proposed Revisions

The current “Policies on Annexation – Reorganization for Cities and Special Districts” have been rewritten, reformatted, and reorganized as the proposed [“Chapter 4: Annexation, Detachment and Reorganization Policies.”](#)

The first section (4.1) of the proposed policies is an introduction which includes a summary of the annexation regulations unique to Santa Clara County and relevant definitions.

The current policies are reorganized into two new sections one pertinent to cities and the other pertinent to special districts.

Section 4.2 includes requirements, policies, and evaluation criteria for city annexations, detachments, and reorganizations.

Section 4.3 includes policies and evaluation criteria for special district annexations, detachments, and reorganizations. These two sections include revised policy language to be consistent with recent changes in State law, include correct references to relevant code section in State law, and better document current Santa Clara LAFCO practice.

Please see **Attachment C** for the [proposed Annexation, Detachment and Reorganization Policies](#), the corresponding [reference table](#), and the [current Annexation Policies](#).

CHAPTER 5: OUT-OF-AGENCY SERVICE BY CONTRACT POLICIES

Background

In January 1994, State law was changed to give LAFCO the authority over a city or special district’s service extensions outside jurisdictional boundaries. On December 11, 1996, LAFCO adopted “Policies for Out-of-Agency Contract for Services”, as a few proposals were anticipated to come before the Commission in early 1997. The

current policies were last revised by the Commission on December 11, 2002, following the enactment of the Cortese Knox Hertzberg Act in 2001.

Proposed Revisions

The current Policies for “Out of Agency Contract for Services” Proposals have been edited, reformatted, and reorganized as “[Chapter 5: Out-of-Agency Service by Contract Policies](#).”

The first section (5.1) of the proposed policies is an introduction with an explanation of the term “out-of-agency service by contract” (OASC) and includes a brief history of LAFCO’s evolving role and legislative authority in regulating OASCs.

The current policies intertwine procedures and evaluation criteria, resulting in a lack of clarity for the reader. For ease of use, the proposed policies separate procedural policies from policies and evaluation criteria.

Section 5.2 includes procedural policies for the approval, initiation, determination of exemptions including establishing a process for appeal of staff determinations to the Commission, and administrative approval of OASC proposals.

Section 5.3 includes OASC proposal policies and evaluation criteria, which have been updated to be consistent with recent changes in State law, including references to relevant code sections in State law, and to document and explain current Santa Clara LAFCO practice.

A major substantive change proposed to the current policies is the inclusion of a new policy addressing agricultural worker housing needs. This proposed policy states that LAFCO will give special consideration to OASC proposals that are for agricultural worker housing and will consider certain factors. Please see Policy #5.3.3b for specifics.

Please see **Attachment D** for the [proposed OASC Policies](#), the [reference table](#), and the [current OACS Policies](#).

CHAPTER 6: ISLAND ANNEXATION POLICIES

Background

On February 9, 2005, LAFCO adopted “Island Annexation Policies” to facilitate island annexations and encourage the cities to take advantage of the then recent change in legislation (GC 56375.3) that provided an opportunity for cities to annex urban unincorporated islands through a streamlined process that does not require protest proceedings or elections, provided the island meets specific criteria and is 150 acres or less in size. On October 14, 2009, LAFCO revised the Island Annexation Policies to reflect a new sunset date of January 1, 2014 for certain provisions that streamline the island annexation process and to make permanent LAFCO’s new fee waiver for annexations that result in the elimination of islands.

Proposed Revisions

The current Island Annexation Policies have been edited, reformatted, and reorganized as proposed "[Chapter 6: Island Annexation Policies](#)."

To provide a broader context, the proposed policies include three new background sections (Sections 6.1, 6.2, and 6.3).

The first background section (6.1) of the proposed policies explains the term "island," the various ways in which islands have been annexed to cities over the years, and that island annexations are a fundamental part of the growth management policy framework in Santa Clara County.

Section 6.2 is a brief history of how unincorporated islands were created in Santa Clara County and the ongoing service efficiencies and planning issues associated with the existence of unincorporated islands.

Section 6.3 includes a brief legislative history on island annexations, including legislation which currently streamlines the annexation process for islands that meet specific criteria.

Section 6.4 includes minor edits to the current policies, (shown in tracked changes) to provide greater clarity and consistency and to include new subtitles and reordering of current policies for ease of use.

Please see **Attachment E** for the [current Island Annexation Policies with proposed revisions](#) shown as tracked changes.

CHAPTER 7: AGRICULTURAL LAND PRESERVATION AND MITIGATION POLICIES

Background

On April 4, 2007, LAFCO adopted "Agricultural Preservation and Mitigation Policies" following an extensive stakeholder outreach process, to provide guidance to property owners, potential applicants and cities on how to address agricultural mitigation for LAFCO proposals and to provide a framework for LAFCO to evaluate and process in a consistent manner proposals that involve or impact agricultural lands.

Proposed Revisions

The current Agricultural Mitigation Policies have been edited, reformatted and reorganized as the proposed "[Chapter 7: Agricultural Land Preservation and Mitigation Policies](#)."

The first section (7.1) is a new introduction with information on LAFCO's legislative mandate as it pertains to discouraging the premature conversion of agricultural lands, and Santa Clara LAFCO's "hierarchy of agricultural land preservation strategies of 1) avoidance, 2) minimizing, and then 3) mitigating impacts to agricultural lands as a last resort where conversions or other impacts cannot be avoided."

Sections 7.2 through 7.7 are current policies that are simply renumbered and reformatted to fit into the new structure. Two new policies (#7.2.1 and #7.2.2) are added to the current policies. Policy #7.2.1 is added to explain that Santa Clara LAFCO promotes avoidance and/or minimization of potential impacts to agricultural lands in preference to mitigation. This policy reflects Santa Clara LAFCO's historic and current practice and is consistent with state law and LAFCO's mission to preserve agricultural lands and open space. Policy #7.2.2 is added for greater clarity and transparency to inform that Santa Clara LAFCO will give special consideration to proposals that are for agricultural worker housing, as referenced in LAFCO's USA Policies and OASC Policies.

Please see **Attachment F** for the [current Agricultural Land Preservation and Mitigation Policies with proposed revisions](#) shown in tracked changes.

CHAPTER 8: URBAN GROWTH BOUNDARIES POLICIES

Background

On April 12, 1999, LAFCO adopted "Policies on Urban Growth Boundaries and Other Long-Term Boundaries" in recognition that several cities at that time (San Jose, Cupertino, Los Gatos, Monte Sereno, Morgan Hill, Gilroy, Milpitas and Saratoga) had adopted urban growth boundaries (UGBs) or partial UGBs to define long term limits of growth and that these types of boundaries had become important long term planning tools for many cities. Although UGBs are not adopted or regulated by LAFCO, LAFCO will consider UGBs and other long-term boundaries when reviewing relevant proposals.

Proposed Revisions

The current Policies on UGBs and Other Long-Term Boundaries have been edited, reformatted and reorganized as the proposed "[Chapter 8: Urban Growth Boundaries Policies](#)."

The first section (8.1) is a new introduction with information on the different types of UGBs, similarities and differences between UGBs and USAs, and how UGBs have been used in Santa Clara County.

Section 8.2 includes minor edits to the current policies for greater clarity and consistency and the addition of one new policy (Policy #8.2.1.), (shown in tracked changes), clarifying that Santa Clara LAFCO supports the adoption of UGBs that are consistent with LAFCO's goals, but that an USA remains the definitive Santa Clara LAFCO-adopted planning boundary indicating whether an area will be potentially annexed and provided with urban services.

Please see **Attachment G** for the [current Urban Growth Boundaries Policies with proposed revisions](#) shown in tracked changes.

PROJECT BACKGROUND

Cortese Knox Hertzberg Act & the Santa Clara LAFCO Policies

The [Cortese Knox Hertzberg Local Government Reorganization Act of 2000](#) (CKH Act), the enabling legislation for LAFCOs, requires that each LAFCO establish written policies and procedures and exercise its powers in a manner consistent with those policies and procedures and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. [Government Code §56300]

Consistent with the CKH Act, LAFCO has adopted written policies and procedures over the years as necessary. These policies are based on the CKH Act and reflect the unique circumstances and conditions in Santa Clara County. Since the early 1970s, LAFCO, the County, and the 15 cities have operated under a unique growth management framework, known as the [Countywide Urban Development Policies](#) (CUDPs) These Policies established important mutual agreements between the cities, the County, and LAFCO regarding timing and location of urban development. These long-standing policies are the foundation for LAFCO policies and are also reflected, to a certain extent, in the General Plan policies of the County and many cities in Santa Clara County. These agreements vested an increased and unique responsibility in Santa Clara LAFCO to enforce the CUDPs and to reconcile often-competing interests in pursuit of a more efficient, more livable, and more sustainable growth pattern.

Over the years, LAFCO has reviewed, revised, and developed new policies as needed to provide further clarity on the Commission's practices and procedures. However, a comprehensive review and update of LAFCO's policies has been a goal for several years (repeatedly deferred due to competing workload demands).

Consultant Reviews and Prepares Initial Revisions to LAFCO Policies

In February 2020, LAFCO retained Bill Shoe, consultant and former Principal Planner at the County of Santa Clara, for consulting services to assist with the comprehensive review and update of LAFCO policies. As requested, Mr. Shoe prepared text revisions to provide key background information and historical context, explain the long-standing mutual connections that exist between LAFCO policies, and the jointly adopted CUDPs, articulate the relationship between LAFCO's policies and relevant emerging issues, and improve the overall organization and structure of the LAFCO policies and procedures. Mr. Shoe completed his contractual obligations, and his contract ended on December 30, 2021.

In April 2022, as a first step in its comprehensive review and revision of policies, LAFCO affirmed the Countywide Urban Development Policies.

The Comprehensive Review and Update of LAFCO Policies project was then paused until October 2023 due to competing workload demands.

Countywide Urban Development Policies

On April 6, 2022, LAFCO affirmed the Countywide Urban Development Policies (CUDPs) by [resolution](#). These fundamental policies were originally adopted by Santa Clara LAFCO on December 1, 1971, by the Santa Clara County Board of Supervisors on January 12, 1972; and by the 15 cities in the county between December 1971 and April 1972. These policies were incorporated and interwoven into various LAFCO policies over the years, forming an inseparable part of LAFCO law and policy for Santa Clara County. The policies established jurisdictional roles, responsibilities, and regulatory systems for the timing and location of urban development in Santa Clara County. The CUDP's central policy requires urban growth and development to be located within cities and for unincorporated lands outside cities to remain rural. Under the CUDPs, LAFCO became responsible for decision-making regarding future modifications to the cities' USA boundaries in order to achieve the mutual goals that these policies established, such as agricultural land preservation, hillside preservation, and orderly, efficient and sustainable growth patterns. LAFCO's role in this regard is unique to Santa Clara County and is codified in State law. Please see **Attachment H** for [Chapter 1: Countywide Urban Development Policies](#).

PUBLIC HEARING NOTICE AND OUTREACH TO LOCAL AGENCY STAFF

Staff created a [project webpage for the Comprehensive Review and Update of LAFCO Policies](#) with information on the proposed revisions including related documents / resources, and the public review process.

On August 30, 2024, staff distributed a [Notice of Availability and Notice of LAFCO Public Hearing](#) for the Phase 1 of LAFCO Policies Comprehensive Review and Update and provided a link to the project webpage. The Notice was provided to all the recipients of the LAFCO Agenda Packet including LAFCO commissioners, County, city and district staff/officials, interested parties, and members of the public who have requested notice on LAFCO matters. A one-eighth page notice was also published in the Gilroy Dispatch, the Morgan Hill Times and the San Jose Post Record.

Staff has also conducted outreach to the following agencies / associations at their meetings or in one-on-one meetings, or upon request:

- Santa Clara County Association of Planning Officials
- Quarterly meeting of the Santa Clara County Special Districts Association
- Special Meeting of the Special Districts Association to discuss proposed LAFCO policy revisions
- County of Santa Clara (County Executive's Office, Planning Department)
- City of San Jose
- Santa Clara Valley Open Space Authority

Written Comments

As indicated in the Notice of Availability, all written comments received by 5:00 PM on September 25, 2024, are included in **Attachment I**.

Written comments will continue to be accepted until 5:00 pm on October 2.

NEXT STEPS

Following the October 2 LAFCO public hearing, LAFCO staff, working closely with the Ad-Hoc Committee, will compile all written comments received by 5:00 PM on October 2, prepare responses to the comments received, and propose revisions to the policies as necessary.

It is anticipated that the responses to public comments and any revisions to the recommended policies will be published for additional public review and comment in early November 2024. A Notice of Availability will be sent to all affected agencies and organizations, LAFCO commissioners, and other interested parties to announce the availability of the responses to comments and proposed policy revisions.

Finally, LAFCO will hold a second public hearing on December 4, 2024, to consider adoption of the proposed Phase 1 policy revisions.

ATTACHMENTS

Attachment A:	Chapter 2: Sphere of Influence (SOI) Policies A-1: Proposed SOI Policies A-2: Reference Table A-3: Current SOI Policies
Attachment B:	Chapter 3: Urban Service Area (USA) Policies B-1: Proposed USA Policies B-2: Reference Table B-3: Current USA Policies
Attachment C:	Chapter 4: Annexation, Detachment and Reorganization Policies C-1: Proposed Annexation Policies C-2: Reference Table C-3: Current Annexation Policies
Attachment D:	Chapter 5: Out of Agency Services by Contract (OASC) Policies D-1: Proposed OASC Policies D-2: Reference Table D-3: Current OASC Policies
Attachment E:	Chapter 6: Island Annexation Policies (tracked changes)
Attachment F:	Chapter 7: Agricultural Land Preservation and Mitigation Policies (tracked changes)

- Attachment G: Chapter 8: Urban Growth Boundaries Policies (tracked changes)
- Attachment H: Chapter 1: Countywide Urban Development Policies (Affirmed by LAFCO on April 6, 2022)
- Attachment I: Written Comments Received by 5:00 PM on September 25, 2024

CHAPTER 2
SPHERE OF INFLUENCE (SOI) POLICIES

CHAPTER 2. SPHERE OF INFLUENCE POLICIES

2.1 SPHERE OF INFLUENCE (SOI) DEFINED

State law (GC §56076) defines a Sphere of Influence as “a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission.” Local agency includes special districts and cities. In other words, a SOI boundary under State law represents the outermost possible extent of a local agency’s territorial jurisdiction and service area.

Consistent with State law, a SOI should be based on a number of factors, including sound planning principles related to a local agency’s physical geography, its anticipated and desired growth, its ability to accommodate land uses and development in a safe and appropriate manner consistent with state goals and policies, and its ability to plan for and provide services in a cost effective and efficient manner.

In Santa Clara County, the SOI is of critical importance to special districts as it delineates their potential physical boundaries and service area. However, the inclusion of an area within a city’s SOI boundary is not an indication that the city will either ultimately annex or provide services in the area. The critical boundary for cities is the Urban Service Area (USA), which is the definitive, Santa Clara LAFCO-adopted planning boundary indicating whether an area will be potentially annexed and provided with urban services. Santa Clara LAFCO-approved USAs serve the objectives of the Cortese-Knox-Hertzberg Act, such as directing the location of urban development to prevent urban sprawl, ensuring an agency’s ability to provide efficient services, and preserving agricultural and open space lands. Therefore, for cities in Santa Clara County, USAs serve the objectives of SOIs as defined in state law.

To summarize, in Santa Clara County, the following definitions are maintained:

Special Districts SOI: SOI for a special district, means a plan for the probable physical boundaries and service area of the district, as determined by Santa Clara LAFCO.

Cities SOI: For cities in Santa Clara County, a SOI generally delineates areas where the city and County have shared interests in preserving non-urban levels of land use and does not necessarily indicate areas that a city will annex or provide with urban services.

The role of USAs and the Countywide Urban Development Policies (CUDPs), both unique to Santa Clara County, are further defined and articulated in two separate chapters of the Santa Clara LAFCO policies. To fully understand how the use and application of SOI boundaries currently function in Santa Clara County, it is important to understand both the legislative history and local evolution of SOIs as a planning concept.

2.2 LEGISLATIVE HISTORY

Since 1963, State legislation has provided LAFCOs with authority to initiate and conduct studies on the structure of local government and the provision of services within the county. The intent of this permissive authority was to encourage LAFCOs to establish long range, comprehensive goals and plans for implementing their mandated purpose of

"discouraging urban sprawl and encouraging the orderly formation and development of local agencies."

The State Legislature declared in 1972 that LAFCOs must perform studies if they are to meaningfully carry out their "purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities". With this declaration, the Legislature amended the Knox-Nisbet Act to mandate LAFCOs to develop and determine the "sphere of influence" of each local agency within the county.

In 1983, the Cortese-Knox Act was amended to require LAFCOs to determine the SOI of each local agency by January 1, 1985, and to mandate that all changes of organization must be consistent with adopted SOIs.

The laws were further amended with the Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH Act) of 2000, which requires LAFCOs to conduct a service review prior to or in conjunction with the establishment or amendment of a local agency's SOI. Furthermore, the CKH Act requires LAFCOs to review and update, as necessary, each local agency's SOI before January 1, 2008, and every five years thereafter, as needed.

These successive changes to State law reflect the evolution of state policy for SOIs to secure the purposes of state LAFCO laws and ensure proper functioning of local agencies in the delivery of services. The evolution of SOI boundaries and policies in Santa Clara County follows the evolution of SOIs in state law, as well as reflecting the unique circumstances of Santa Clara County as it responded to the challenges of rapid, unplanned, uncontrolled sprawl in the decades immediately following World War II.

2.3 DEVELOPMENT OF CITY AND SPECIAL DISTRICT SPHERES OF INFLUENCE IN SANTA CLARA COUNTY

One of the first matters that the Santa Clara LAFCO addressed upon its creation in 1963 was to establish "sphere of influence" boundaries to prevent further annexation wars. These original SOIs (later to be known as boundary agreement lines) divided the county into 15 parts and were nothing more than boundaries between each of the fifteen cities to prevent a city from annexing territory in the area of interest of another. This process of establishing SOIs (or boundary agreement lines) was essentially completed in 1967.

These boundaries put a temporary halt to the annexation wars, and their adoption set the stage for the collaborative development and adoption of the CUDPs by Santa Clara LAFCO, the County and the 15 cities, including the establishment of USA boundaries for each of the 15 cities.

These original SOI boundaries in many cases extended from city limits outward to the county boundary, well beyond any interest of the cities regarding annexation, much less a city's ability to serve such an expansive area. In this regard, they furthermore did not meet the intent of the subsequent 1972 SOI mandates as prescribed in the Knox Nisbet Act.

Consequently, in June 1976, Santa Clara LAFCO renamed the SOI boundaries as the 'boundary agreement lines' and established new SOI boundaries for cities in a manner

more closely related to the state requirements. These new SOI boundaries for cities generally corresponded to the outer limits of a city's planning interest, as shown on the land use diagrams of a city general plan, and inherently included areas where both the County and the city had shared interests. It is important to note that by 1973, the County and cities had mutually agreed to the CUDPs whereby urban development would henceforth be confined to lands in city jurisdiction, and lands outside city USAs would be primarily conserved for agriculture, open space, natural resource protection, and related goals of environmental stewardship.

In 1985, Santa Clara LAFCO completed its efforts in fulfillment of state laws and formally adopted SOI boundaries for all special districts, after completing a comprehensive review and analysis necessary to make the determinations required in state law.

Between 2005 and 2010, Santa Clara LAFCO conducted its first round of service reviews and comprehensively reviewed and updated the spheres of influence of the 15 cities and 28 special districts in the county. Since that time, Santa Clara LAFCO has continued to conduct service reviews and to review and update, as necessary, the spheres of influence of cities and special districts.

2.4 CURRENT ROLE AND PURPOSES OF SOI BOUNDARIES

Sphere of Influence boundaries serve multiple purposes and may be used to:

- Promote orderly urban development
- Promote cooperative planning efforts among cities, the county and special districts to address concerns regarding land use and development standards, premature conversion of agricultural and open space lands and efficient provision of public services
- Serve as a master plan for future local government reorganization by providing long range guidance for efficient provision of public services; shaping logical governmental entities able to provide services in the most economic manner, avoiding expensive duplication of services or facilities
- Guide consideration of proposals and studies for changes of organization or reorganization

2.5 SOI ADOPTION AND AMENDMENT POLICIES

Santa Clara LAFCO's policies for SOIs reflect the fundamental mandates of state law, the specific roles of SOIs within Santa Clara County, and appropriate procedural considerations for future changes to SOIs. The following are Santa Clara LAFCO's policies regarding the adoption, updating, and amendment of spheres of influence:

1. **Mandate.** Consistent with GC §56425(a), LAFCO must adopt and maintain a SOI for each city and special district.
2. **Consistency with SOI:** Pursuant to GC §56375.5, LAFCO cannot take actions that are inconsistent with a SOI.

3. **Timing of Initial Adoption.** State law (GC §56426.5) directs LAFCOs to establish SOIs within one year of the effective date of formation of a special district or incorporation of a new city.
4. **Review and Updates.** Consistent with GC §56425(g), LAFCO shall review and update as necessary, each sphere of influence every five years.
5. **Initiation.** Pursuant to GC §56428(a), any person or local agency may file a written request and application with the LAFCO Executive Officer requesting LAFCO to amend an adopted SOI. Although determination of the SOI is a LAFCO responsibility, LAFCO encourages the participation of the subject city or special district and other stakeholders.
6. **Statement of Determinations.** Pursuant to GC §56425(e), in determining a SOI for a city or special district, LAFCO must consider and prepare a written statement of determinations regarding 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 the SOI of a city or special district that provides public facilities or services related to sewers, municipal or industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing SOI
7. **Establishment of Special District Function and Classes of Service.** Additionally, when adopting, amending, or updating the SOI for a special district, LAFCO shall establish the nature, location, and extent of any functions or classes of services provided by existing districts and may require existing districts to file written statements with LAFCO specifying the functions or classes of service provided by the districts. (GC §56425 (i), (j))
8. **Service Review Requirement.** Consistent with GC §56430, LAFCO will prepare a service review prior to or in conjunction with the establishment or update of the SOI unless LAFCO determines that a prior service review is adequate. A SOI amendment that does not have any adverse regional, planning, economic, service, or environmental impacts will not require a service review.
9. **Consistency with Service Reviews.** LAFCO will consider applicable service reviews when rendering SOI determinations and discourage SOI amendments that undermine service review determinations and recommendations.

10. **City SOIs and Annexation.** Inclusion of territory within a city SOI should not necessarily be seen as an indication that the city will either annex or develop such territory to urban levels. The USA boundary shall serve as an indication of a city's intent for annexation, urban development and provision of urban services.
11. **Overlapping SOIs.** Spheres of Influence for cities and special districts may overlap when both agencies expect to provide different services to the area.
12. **Special Districts Providing Urban Services Outside City USAs.** Consistent with the intent of the CUDPs that urban development should occur within city USAs, and that urban services necessary for urban development should only be provided within adopted USAs, SOIs for special districts which provide urban services outside USAs shall be aligned as closely as possible with existing city USAs. LAFCO shall discourage expansion of the SOI of a special district that would extend urban services for purposes of promoting new development in unincorporated areas outside city USAs.
13. **Service Duplication.** LAFCO will discourage duplications in service provision when establishing a new SOI or amending an existing SOI.
14. **Special District "Zero SOIs."** Where a special district is coterminous with or lies substantially within the boundary or SOI of a city or another district which is capable of providing the service, the special district may be given a zero sphere of influence which encompasses no territory. The zero sphere of influence designation indicates LAFCO's determination that after consideration of all factors in GC §56425, the agency should cease to exist and that its public service responsibilities should be re-allocated to another agency, as necessary, through consolidation, merger, dissolution or establishment as a subsidiary district.
15. **City SOI Updates and Required Meeting with County.** Prior to a city submitting an application to LAFCO to update its SOI, the city shall complete the requirement contained in GC §56425(b) to meet with the County to discuss the proposed new SOI boundary and explore methods to reach agreement on development standards and planning and zoning requirements within the SOI. The purpose of this requirement is to consider city and County concerns and promote logical and orderly development within the SOI.

Pursuant to GC §56425(b) & (c), if an agreement is reached between the city and the County, the city must forward the agreement to LAFCO along with its application to update the SOI. LAFCO shall consider the agreement when determining the city's SOI and give it great weight, to the extent that it is consistent with LAFCO policies. If LAFCO's final SOI determinations are consistent with the agreement, the city and the County must adopt the agreement at noticed public hearings. After the agreement is adopted by the city and county and reflected in their respective General Plans, any County-approved development within the SOI must be consistent with the agreement terms.

Pursuant to GC §56425(d), if no agreement is reached between the city and the County, the application may be submitted to LAFCO and LAFCO shall consider a SOI for the city consistent with LAFCO policies.

PROPOSED SPHERE OF INFLUENCE POLICIES WITH NOTES AND REFERENCES TO CURRENT POLICIES

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
2.1	SPHERE OF INFLUENCE (SOI) DEFINED	State law (GC §56076) defines a Sphere of Influence as “a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission.” Local agency includes special districts and cities. In other words, a SOI boundary under State law represents the outermost possible extent of a local agency’s territorial jurisdiction and service area. Consistent with State law, a SOI should be based on a number of factors, including sound planning principles related to a local agency’s physical geography, its anticipated and desired growth, its ability to accommodate land uses and development in a safe and appropriate manner consistent with state goals and policies, and its ability to plan for and provide services in a cost effective and efficient manner. In Santa Clara County, the SOI is of critical importance to special districts as it delineates their potential physical boundaries and service area. However, the inclusion of an area within a city’s SOI boundary is not an indication that the city will either ultimately annex or provide services in the area. The critical boundary for cities is the Urban Service Area (USA), which is the definitive, Santa Clara LAFCO-adopted planning boundary indicating whether an area will be potentially annexed and provided with urban services. Santa Clara LAFCO-approved USAs serve the objectives of the Cortese-Knox-Hertzberg Act, such as directing the location of urban development to prevent urban sprawl, ensuring an agency’s ability to provide efficient services, and preserving agricultural and open space lands. Therefore, for cities in Santa Clara County, USAs serve the objectives of SOIs as defined in State law. To summarize, in Santa Clara County, the following definitions are maintained: Special Districts SOI: SOI for a special district, means a plan for the probable physical boundaries and service area of the district, as determined by Santa Clara LAFCO. Cities SOI: For cities in Santa Clara County, a SOI generally delineates areas where the city and County have shared interests in preserving non-urban levels of land use and does not necessarily indicate areas that a city will annex or provide with urban services. The role of USAs and the Countywide Urban Development Policies (CUDPs), both unique to Santa Clara County, are further defined and articulated in two separate chapters of the Santa Clara	This concept is presented in SOI Policies A(3)	• To provide greater clarity and transparency, added this new section on definitions to explain the differences between SOIs for special districts and cities which are unique to Santa Clara County.

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		LAFCO policies. To fully understand how the use and application of SOI boundaries currently function in Santa Clara County, it is important to understand both the legislative history and local evolution of SOIs as a planning concept.		
2.2	LEGISLATIVE HISTORY	Since 1963, State legislation has provided LAFCOs with authority to initiate and conduct studies on the structure of local government and the provision of services within the county. The intent of this permissive authority was to encourage LAFCOs to establish long range, comprehensive goals and plans for implementing their mandated purpose of "discouraging urban sprawl and encouraging the orderly formation and development of local agencies." The State Legislature declared in 1972 that LAFCOs must perform studies if they are to meaningfully carry out their "purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities". With this declaration, the Legislature amended the Knox-Nisbet Act to mandate LAFCOs to develop and determine the "sphere of influence" of each local agency within the county. In 1983, the Cortese-Knox Act was amended to require LAFCOs to determine the SOI of each local agency by January 1, 1985, and to mandate that all changes of organization must be consistent with adopted SOIs. The laws were further amended with the Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH Act) of 2000, which requires LAFCOs to conduct a service review prior to or in conjunction with the establishment or amendment of a local agency's SOI. Furthermore, the CKH Act requires LAFCOs to review and update, as necessary, each local agency's SOI before January 1, 2008, and every five years thereafter, as needed. These successive changes to State law reflect the evolution of state policy for SOIs to secure the purposes of state LAFCO laws and ensure proper functioning of local agencies in the delivery of services. The evolution of SOI boundaries and policies in Santa Clara County follows the evolution of SOIs in State law, as well as reflecting the unique circumstances of Santa Clara County as it responded to the challenges of rapid, unplanned, uncontrolled sprawl in the decades immediately following World War II.		To provide context, added this new section on a brief legislative history of SOI requirements in State law

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
2.3	DEVELOPMENT OF CITY AND SPECIAL DISTRICT SPHERES OF INFLUENCE IN SANTA CLARA COUNTY	One of the first matters that the Santa Clara LAFCO addressed upon its creation in 1963 was to establish "sphere of influence" boundaries to prevent further annexation wars. These original SOIs (later to be known as boundary agreement lines) divided the county into 15 parts and were nothing more than boundaries between each of the fifteen cities to prevent a city from annexing territory in the area of interest of another. This process of establishing SOIs (or boundary agreement lines) was essentially completed in 1967. These boundaries put a temporary halt to the annexation wars, and their adoption set the stage for the collaborative development and adoption of the CUDPs by Santa Clara LAFCO, the County and the 15 cities, including the establishment of USA boundaries for each of the 15 cities. These original SOI boundaries in many cases extended from city limits outward to the county boundary, well beyond any interest of the cities regarding annexation, much less a city's ability to serve such an expansive area. In this regard, they furthermore did not meet the intent of the subsequent 1972 SOI mandates as prescribed in the Knox Nisbet Act. Consequently, in June 1976, Santa Clara LAFCO renamed the SOI boundaries as the 'boundary agreement lines' and established new SOI boundaries for cities in a manner more closely related to the state requirements. These new SOI boundaries for cities generally corresponded to the outer limits of a city's planning interest, as shown on the land use diagrams of a city general plan, and inherently included areas where both the County and the city had shared interests. It is important to note that by 1973, the County and cities had mutually agreed to the CUDPs whereby urban development would henceforth be confined to lands in city jurisdiction, and lands outside city USAs would be primarily conserved for agriculture, open space, natural resource protection, and related goals of environmental stewardship. In 1985, Santa Clara LAFCO completed its efforts in fulfilment of state laws and formally adopted SOI boundaries for all special districts, after completing a comprehensive review and analysis necessary to make the determinations required in State law. Between 2005 and 2010, Santa Clara LAFCO conducted its first round of service reviews and comprehensively reviewed and updated the spheres of influence of the 15 cities and 28 special districts in the county. Since that time, Santa Clara LAFCO has continued to conduct service reviews and to review and update, as necessary, the spheres of influence of cities and special districts.		• To provide context, added this new section on the history of the development of city and special district SOIs in Santa Clara County

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
2.4	CURRENT ROLE AND PURPOSES OF SOI BOUNDARIES	Sphere of Influence boundaries serve multiple purposes and may be used to: - Promote orderly urban development - Promote cooperative planning efforts among cities, the county and special districts to address concerns regarding land use and development standards, premature conversion of agricultural and open space lands and efficient provision of public services - Serve as a master plan for future local government reorganization by providing long range guidance for efficient provision of public services; shaping logical governmental entities able to provide services in the most economic manner, avoiding expensive duplication of services or facilities - Guide consideration of proposals and studies for changes of organization or reorganization	Same as SOI Policies A(2)	
2.5	SOI ADOPTION AND AMENDMENT POLICIES	Santa Clara LAFCO's policies for SOIs reflect the fundamental mandates of State law, the specific roles of SOIs within Santa Clara County, and appropriate procedural considerations for future changes to SOIs. The following are Santa Clara LAFCO's policies regarding the adoption, updating, and amendment of spheres of influence:		- To provide better guidance and ease of use, the current policies are reorganized in this section with descriptive subtitles. - Updated to reflect recent changes in State law and include correct references to relevant code sections. - Updated to document and explain current LAFCO practice to provide greater clarity and transparency.
		1. Mandate. Consistent with GC §56425(a), LAFCO must adopt and maintain a SOI for each city and special district.	Same as SOI Policies A(1)	
		2 Consistency with SOI: Pursuant to GC §56375.5, LAFCO cannot take actions that are inconsistent with a SOI.		Added to provide greater clarity, transparency, and guidance, with the relevant code section in State law

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		3. Timing of Initial Adoption. State law (GC §56426.5) directs LAFCOs to establish SOIs within one year of the effective date of formation of a special district or incorporation of a new city.		Added to provide greater clarity on exactly when LAFCO must establish a SOI for a new special district or a new city, and the relevant code section in State law
		4. Review and Updates. Consistent with GC §56425(g), LAFCO shall review and update as necessary, each sphere of influence every five years.	Same as SOI Policies A(4)	Added reference to relevant code section in State law
		5. Initiation. Pursuant to GC §56428(a), any person or local agency may file a written request and application with the LAFCO Executive Officer requesting LAFCO to amend an adopted SOI. Although determination of the SOI is a LAFCO responsibility, LAFCO encourages the participation of the subject city or special district and other stakeholders.	Restated A(7)	Added to provide greater clarity, transparency, and guidance on how an individual or a local agency may request an SOI amendment.
		6. Statement of Determinations. Pursuant to GC §56425(e), in determining a SOI for a local agency, LAFCO must consider and prepare a written statement of determinations regarding the following: - The present and planned land uses in the area, including agricultural and open space lands - The present and probable need for public facilities and services in the area - The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide - The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency - For an update of the SOI of a local agency that provides public facilities or services related to sewers, municipal or industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing SOI.	Same as SOI Policies B(2), and added 2.5.6(e) to reflect recent changes to State law	Updated to be consistent with current State law. Since 2012, State law requires LAFCO to make a determination concerning services to disadvantaged unincorporated communities (DUCs). Proposed policy 2.5.5(e) reflects this change in State law

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		7. Establishment of Special District Function and Classes of Service. Additionally, when adopting, amending, or updating the SOI for a special district, LAFCO shall establish the nature, location, and extent of any functions or classes of services provided by existing districts and may require existing districts to file written statements with LAFCO specifying the functions or classes of service provided by the districts. (GC §56425 (i), (j))	Substantially the same as SOI Policies D(1), reworded to be consistent with State law	• Restated to be consistent with State law, and added reference to the relevant code sections
		8. Service Review Requirement. Consistent with GC §56430, LAFCO will prepare a service review prior to or in conjunction with the establishment or update of the SOI unless LAFCO determines that a prior service review is adequate. A SOI amendment that does not have any adverse regional, planning, economic, service, or environmental impacts will not require a service review.	Same as SOI Policies A(5)	• Added reference to the relevant code section in State law
		9. Consistency with Service Reviews. LAFCO will consider applicable service reviews when rendering SOI determinations and discourage SOI amendments that undermine service review determinations and recommendations.	Substantially similar to SOI Policies A(6), with additional clarification	• Provides clarification on how LAFCO uses service reviews when considering SOI amendment requests
		10. City SOIs and Annexation. Inclusion of territory within a city SOI should not necessarily be seen as an indication that the city will either annex or develop such territory to urban levels. The USA boundary shall serve as an indication of a city's intent for annexation, urban development and provision of urban services.	Substantially the same as SOI Policies A(3), minor rewording	• Reworded to provide greater clarity
		11. Overlapping SOIs. Spheres of Influence for cities and special districts may overlap when both agencies expect to provide different services to the area.	Same as SOI Policies B(5)	

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		12. Special Districts Providing Urban Services Outside City USAs. Consistent with the intent of the CUDPs that urban development should occur within city USAs, and that urban services necessary for urban development should only be provided within adopted USAs, SOIs for special districts which provide urban services outside USAs shall be aligned as closely as possible with existing city USAs. LAFCO shall discourage expansion of the SOI of a special district that would extend urban services for purposes of promoting new development in unincorporated areas outside city USAs.	Reworded for greater clarity, conceptually similar to SOI Policies B(6) Policy consistent with CUDP Policies 1.4	• To provide context, added language to document this policy's direct connection to the CUDPs. • Added language to provide better guidance on how LAFCO would apply this policy when considering such SOI amendment requests • This policy is reflected in LAFCO's 1983 "Master Sphere of Influence Plan for Special Districts in Santa Clara County" which established SOIs for several special districts including the Cupertino Sanitary District and West Valley Sanitation District. These districts adhere to the policy to this day.
		13. Service Duplication. LAFCO will discourage duplications in service provision when considering establishment of a new SOI or amendment of an existing SOI.	Same as SOI Policies B(7)	
		14. Special District "Zero SOIs." Where a special district is coterminous with or lies substantially within the boundary or SOI of a city or another district which is capable of providing the service, the special district may be given a zero sphere of influence which encompasses no territory. The zero sphere of influence designation indicates LAFCO's determination that after consideration of all factors in GC §56425, the agency should cease to exist and that its public service responsibilities should be re-allocated to another agency, as necessary, through consolidation, merger, dissolution or establishment as a subsidiary district.	Substantially similar to SOI Policies B(7), with additional clarification	• To provide greater clarity, added language to explain what the "Zero SOI" designation implies • The "Zero SOI" term dates back to LAFCO's 1983 "Master Sphere of Influence Plan for Special Districts in Santa Clara County" • In 1983, LAFCO adopted a "Zero SOI" for the Burbank Sanitary District, County Sanitation District

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				No. 2-3, and Rancho Rinconada Recreation and Park District • In 2010, LAFCO adopted a “Zero SOI” for the Saratoga Fire Protection District
		15. City SOI Updates and Required Meeting with County. Prior to a city submitting an application to LAFCO to update its SOI, the city shall complete the requirement contained in GC §56425(b) to meet with the County to discuss the proposed new SOI boundary and explore methods to reach agreement on development standards and planning and zoning requirements within the SOI. The purpose of this requirement is to consider city and County concerns and promote logical and orderly development within the SOI. Pursuant to GC §56425(b) & (c), if an agreement is reached between the city and the County, the city must forward the agreement to LAFCO along with its application to update the SOI. LAFCO shall consider the agreement when determining the city’s SOI and give it great weight, to the extent that it is consistent with LAFCO policies. If LAFCO’s final SOI determinations are consistent with the agreement, the city and the County must adopt the agreement at noticed public hearings. After the agreement is adopted by the city and county and reflected in their respective General Plans, any County-approved development within the SOI must be consistent with the agreement terms. Pursuant to GC §56425(d), if no agreement is reached between the city and the County, the application may be submitted to LAFCO and LAFCO shall consider a SOI for the city consistent with LAFCO policies.	Substantially the same as SOI Policies C(1)	• Restated to make consistent with recent changes in State law and added references to the relevant code sections

SPHERE OF INFLUENCE POLICIES

A. GENERAL GUIDELINES

1. Pursuant to Government Code Section 56425, LAFCO must adopt and maintain a Sphere of Influence (SOI) for each local governmental agency.
2. Santa Clara LAFCO shall use SOIs to:
 - a. Promote orderly urban development
 - b. Promote cooperative planning efforts among cities, the county and special districts to address concerns regarding land use and development standards, premature conversion of agriculture and open space lands and efficient provision of services.
 - c. Serve as a master plan for future local government reorganization by providing long range guidelines for efficient provision of public services; shaping logical government entities able to provide services in the most economical manner, avoiding expensive duplication of services or facilities.
 - d. Guide consideration of proposals and studies for changes of organization or reorganization
3. Inclusion of territory within a SOI should not necessarily be seen as an indication that the city will either annex or develop to urban levels such territory. The Urban Service Area boundary will serve as LAFCO's primary means of indicating a city's intention of development and provision of urban services.
4. Each adopted SOI will be reviewed as necessary, but not less than once every five years.
5. A service review pertaining to the SOI will be prepared prior to, or in conjunction with each SOI adoption, update or amendment unless LAFCO determines that a prior service review is adequate. A minor SOI amendment will not require a service review. A minor SOI amendment is one that does not have any adverse regional, planning, economic or environmental impacts.
6. LAFCO will consider service review determinations and recommendations when rendering SOI findings.
7. While LAFCO encourages the participation and cooperation of the subject agency, the determination of the SOI is a LAFCO responsibility.

B. ADOPTION AND AMENDMENT POLICIES FOR SOI

1. LAFCO will require consistency with city / county general plans and SOIs of affected local agencies when adopting or amending a SOI. Joint City/County Specific Plans and factors such as density policies, development standards, geology, and future use will be considered by the Commission when establishing Spheres of Influence.
2. Pursuant to Government Code Section 56425, LAFCO will consider and make a written finding regarding the following, in adopting or amending a SOI for a local agency:
 - 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, which 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.
3. LAFCO will consider fiscal impacts of proposed SOI amendments upon the County, affected cities, special districts and school districts. Where such amendments may have negative fiscal impacts upon the County or other local agencies, LAFCO may require mitigations thereof from the city / district proposing the amendment.
4. LAFCO will consider city annexation proposals outside the Urban Service Areas, but within the Sphere of Influence, only if such annexations will promote LAFCO's mandate to preserve open space areas, including agricultural open space and greenbelts.
5. Spheres of Influence for cities and special districts may overlap when both agencies expect to provide different service to the area.
6. Spheres of Influence for special districts which provide urban services will generally be tied to city growth plans.
7. LAFCO will discourage duplications in service provision in reviewing new or amended SOI proposals. Where a special district is coterminous with, or lies substantially within, the boundary or SOI of a city which is capable of providing the service, the special district may be given a zero sphere of influence which encompasses no territory.

C. ADDITIONAL REQUIREMENT FOR A CITY SOI ADOPTION / UPDATE / AMENDMENT**

1. At least thirty days prior to submitting an application for a new city SOI or a city SOI update, city 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 and county concerns and ensure orderly development within the SOI. Discussions may continue an additional 30 days, but no longer than 60 days.

If an agreement is reached, it must be forwarded to LAFCO. LAFCO will seriously consider the agreement when determining the city's SOI. If LAFCO's final SOI determinations are consistent with a city/County agreement, the city 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.

If no agreement is reached, LAFCO will render determinations and enact policies consistent with its policies and the Cortese Knox Hertzberg Act.

- ** This requirement pursuant to Government Code section 56425 expires on January 1, 2007.

D. ADDITIONAL REQUIREMENT FOR A SPECIAL DISTRICT SOI ADOPTION / UPDATE / AMENDMENT

1. LAFCO shall require the special districts to provide written statements specifying the functions or classes of service provided and establish the nature, location, and extent of any functions or classes of services provided.

Amended December 11, 2002

CHAPTER 3
URBAN SERVICE AREA (USA) POLICIES

CHAPTER 3. URBAN SERVICE AREA POLICIES

3.1 INTRODUCTION

In Santa Clara County, Urban Service Areas (USAs) are geographic planning areas that encompass all lands, incorporated or unincorporated, intended to be urbanized and provided with urban services and infrastructure upon annexation to a city.

The definition and application of USAs in Santa Clara County are unique and are part of a long-standing countywide growth management framework referred to as the Countywide Urban Development Policies (CUDPs). Under these policies, urban expansion is to occur in an orderly, efficient, and planned manner within cities, which are solely responsible for planning and accommodating urban development within explicitly adopted USA boundaries whose location and expansion is subject to Santa Clara LAFCO approval.

The USAs were first proposed by each of the 15 cities and adopted by Santa Clara LAFCO in 1972-1973 as further documented in the Countywide Urban Development Policy # 1.4. With the continued implementation of the CUDPs since the early 1970s, Santa Clara LAFCO assumed a critical role as the arbiter of urban area expansion through the review and amendment of USAs. This role gives Santa Clara LAFCO the responsibility to protect natural resource lands while facilitating the development of vibrant, more sustainable communities. Santa Clara LAFCO's ongoing mission creates public value across Santa Clara County, limiting unnecessary urban expansion, promoting appropriate infill and redevelopment, minimizing public service costs, and preserving the remaining vital natural and open space resources from which the county as a whole benefits.

Because of its advance review and determination of USA boundaries, Santa Clara LAFCO does not review proposals for city annexation of unincorporated lands located within a city's USA. State law [Government Code (GC) §56757] gives cities in Santa Clara County the authority to conduct and approve such annexations within their USA boundaries if the proposals are initiated by city resolution and meet certain conditions.

3.2 URBAN SERVICE AREAS DEFINED

In Santa Clara County, USA boundaries delineate and differentiate those areas intended to be urbanized from those areas not intended to be urbanized. USAs include lands currently urbanized and annexed to cities and provided with urban services, as well as unincorporated lands that a city intends to annex in order to develop those lands and provide them with urban services within five years.

USAs intentionally exclude natural resource lands, such as agricultural and open space lands; and lands deemed generally unsuited for urban development, such as bay lands, floodplains, wetlands, hillsides and mountainous lands, seismic and/or geologic hazard areas, and very high fire hazard areas.

3.3 URBAN SERVICE AREA AMENDMENT PROCEDURAL POLICIES

The following procedures apply for processing of urban service area amendment proposals:

1. **Initiation.** USA amendments require Santa Clara LAFCO approval. An USA amendment request must be initiated by city council resolution and application to LAFCO.
2. **City Evaluation.** While a city may process requests for USA amendments on behalf of property owners, it is the city's responsibility as the LAFCO applicant to first evaluate whether the request is consistent with the applicable city, county, and LAFCO policies and determine whether the city supports the request.
3. **Pre-Application Meeting.** In order to aid the city's evaluation of an USA amendment request, LAFCO encourages the city to have a pre-application meeting with LAFCO staff as early as possible to discuss its USA amendment plans and obtain more information on the LAFCO policies and procedures that may apply to the specific proposal.
4. **Major General Plan Updates.** LAFCO requires that a city establish a stable baseline of its service plans and land use designations for LAFCO's evaluation of its USA amendment request. Therefore, LAFCO will not accept an USA amendment request from a city that is in the process of conducting a major General Plan update which involves changes to land use designations and service plans. LAFCO staff may consider limited exceptions on a case-by-case basis.
5. **USA Amendment Request Frequency.** Each city may submit an USA amendment request to LAFCO once in a calendar year. The date the application is heard by LAFCO shall determine the calendar year. USA amendment requests shall be limited to once a year in order to encourage a city to consider and understand the comprehensive impacts of USA amendments on its services, facilities / infrastructure, fiscal health, and the environment; and to ensure that LAFCO considers such requests in a similarly comprehensive manner. Until a city's application has been heard and acted upon by LAFCO, no further USA amendment requests will be accepted for filing from that city.
6. **Exception to Once-a-Year Rule.** The Commission may make an exception to the once-a-year limitation for USA amendment requests when such amendment is needed to carry out some special institutional development or activity that is in the public interest. Such exceptions shall not normally be extended in connection with proposed residential, commercial, or industrial development.
7. **CEQA.** An USA amendment proposal is considered a project under the California Environmental Quality Act (CEQA). Pursuant to CEQA, a city would be the Lead Agency for such a proposal and LAFCO would be a Responsible Agency. Therefore, LAFCO is required to rely on the city's CEQA documentation (initial study, negative/mitigated negative declaration, environmental impact report, etc.), with few exceptions. Cities must consult with LAFCO on the scoping of CEQA documentation for the potential proposal.

3.4 URBAN SERVICE AREA AMENDMENT POLICIES AND EVALUATION CRITERIA

Review and amendment of USA boundaries is Santa Clara LAFCO's primary vehicle for ensuring orderly city growth. Therefore, Santa Clara LAFCO shall carefully consider all USA amendment requests, consistent with LAFCO policies and State law.

USA amendment proposals may involve expansion of an USA to accommodate future growth; retraction of an USA to better align with city's growth and open space / agricultural land preservation plans, and adjustments between cities' USA boundaries to facilitate island annexations and logical boundaries; and enhance service delivery and governance efficiencies.

Consistent with the CUDPs, it is the goal of Santa Clara LAFCO that future urban development and other necessary public facilities such as schools and recreational facilities should be planned and accommodated within existing urban areas, through infill and redevelopment, rather than through the expansion of USA boundaries. Such city-centered, climate-smart growth policies play a critical role in preventing sprawl, ensuring efficient delivery of services, promoting more efficient use of existing urbanized areas, and preserving open space and agricultural lands.

A complementary goal is that where expansion is necessary, it should be done to accommodate the demonstrated need for urban growth in as compact and efficient manner as possible, supportive of the above goal and rationale.

To further these goals and in accordance with GC §56668, Santa Clara LAFCO must take into account many factors when considering an USA amendment proposal. Certain factors may be more applicable or more critical than others, depending on the specific proposal and circumstances. The following are Santa Clara LAFCO's policies and evaluative criteria for considering USA amendment proposals:

1. **Infill and Efficient Development Patterns.** In order to promote efficient development patterns and compact infill development and prevent the premature conversion of agricultural land in accordance with GC §56377, Santa Clara LAFCO shall discourage amendment proposals that seek to expand the USA when a city has a more than 5-year supply of vacant land within its existing USA or when a city does not clearly demonstrate the need for the USA amendment. LAFCO will consider the following evaluative criteria:
 - a. The city's explanation for why the USA amendment is necessary, why infill development is not undertaken first, and how an orderly, efficient growth pattern, consistent with LAFCO mandates will be maintained
 - b. The city's current vacant lands inventory for the same or similar proposed uses prepared in accordance with Santa Clara LAFCO's Vacant Lands Methodology included as Exhibit A. The vacant lands inventory is an informational tool to help evaluate the availability of vacant lands within the city. If a city has special conditions that do not align with LAFCO's methodology, it may also prepare an alternate vacant lands inventory and explain why the alternate analysis is more appropriate, for LAFCO's consideration.

- c. Whether the city has a more than 5-years supply of vacant lands that can be developed for the same or similar proposed uses as determined by the LAFCO Vacant Lands Methodology. If the city has more than 5-years supply, LAFCO shall consider the city's explanation for the need for more lands at this time, along with all the other factors for considering USA amendment proposals.
 - d. Whether and to what extent the city has developed and successfully implemented targeted strategies such as fiscal and regulatory incentives to generate active and more efficient use of vacant and underutilized lands within its existing boundaries
 - e. Whether the city has planned for and implemented policies for encouraging higher density development in order to use land more efficiently
 - f. Whether the City has applied an appropriate general plan and pre-zoning designation to the proposal area
 - g. Whether the proposed urban development is imminent or is likely to occur within the proposal area within the next 5 years
 - h. Whether the city has planned for locating its community's facility needs such as schools, and recreational facilities, within its existing boundaries
2. **Impacts to Agricultural and Open Space Lands.** In order to preserve agricultural and open space lands, Santa Clara LAFCO shall discourage amendment proposals that include or adversely impact agricultural lands and open space, consistent with GC §56377(a). LAFCO will consider:
- a. Whether the proposal will result in the premature conversion of prime agricultural lands. As defined in GC §56064, "prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:
 - i. Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible
 - ii. Land that qualifies for rating 80 through 100 Storie Index Rating
 - iii. Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003
 - iv. Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre

- v. Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years
- b. Pursuant to GC §56668(e), whether the proposal will adversely impact the continued productivity and viability of proposal area, and/or adjacent/surrounding agricultural lands, including but not limited to the following factors:
 - i. Whether the proposal area, and/or adjacent/surrounding lands are located within an Agricultural Resource Area or Agricultural Preservation Area designated by the County, a city, or another public land conservation entity
 - ii. Whether the proposal area, and/or adjacent/surrounding lands are located within a designated Agricultural Zoning District in an adopted County and/or City Zoning Ordinance
 - iii. Whether the proposal area, and/or adjacent/surrounding lands are designated “Agriculture” in an adopted County and/or City General Plan
 - iv. Whether the proposal would introduce incompatible land uses into an agricultural area, generate urban/agricultural conflicts, or promote land speculation and disinvestment in agriculture – disrupting the conditions necessary for agriculture to thrive
 - v. Whether public facilities or infrastructure (e.g. such as roads, sanitary sewers, water lines, stormwater drainage facilities) related to the proposal would be sized or situated as to facilitate conversion of agricultural lands located outside of the proposal area, or will be extended through adjacent/surrounding agricultural lands
 - vi. Whether natural or man-made barriers serve to buffer agricultural or existing open space lands outside of the proposal area from the effects of the proposal
 - vii. Whether the proposal area, and/or adjacent/surrounding lands include lands that are subject to a Williamson Act contract or Farmland Security Zone contract
 - viii. Whether the proposal area, and/or adjacent/surrounding lands are under an agricultural or open space conservation easement
- c. The city’s explanation for why the conversion of agricultural lands and/or open space is necessary to promote the planned, orderly, efficient development of the city
- d. Whether the city has developed and successfully implemented measures/plans to first avoid and minimize the conversion of agricultural or open space lands prior to bringing forward a proposal that involves conversion of agricultural or open space lands; and in instances where it is not possible to avoid or minimize conversion, whether the proposal contains

mitigation for the conversion of any such lands consistent with LAFCO policies

- e. If an amendment proposal includes agricultural or open space lands for the purpose of preservation, LAFCO will require an explanation of why the inclusion of agricultural or open space lands is necessary and a demonstration that effective measures have been adopted for permanently protecting the agricultural or open space status of the affected territory. Such measures may include:
 - i. Acquisition and transfer of ownership of agricultural land or transfer of agricultural conservation easements to an agricultural conservation entity for permanent protection of the agricultural land
 - ii. Acquisition and transfer of ownership of open space or transfer of open space easements to a conservation entity for permanent protection of the open space land
3. **Logical, Orderly Boundaries.** LAFCO shall discourage amendment proposals that will not result in logical and orderly boundaries. LAFCO will consider:
 - a. Whether the boundaries of the proposal are contiguous with the current USA [GC §56757(c)(6) and GC §56668(f)]
 - b. Whether the proposal will result in islands, flags, peninsulas, corridors or other irregular boundary configurations which are illogical and/or difficult to serve [GC §56757(c)(4)]
 - c. Whether the boundaries of the proposal follow natural and man-made features, such as ridge lines, drainage areas, watercourses, edges of right-of-way, and lines of assessment or ownership [GC §56668(a)]
 - d. Whether the proposed boundaries would result in a premature intrusion of urbanization into a predominantly agricultural or rural area [GC §56668(d)]
4. **Avoid Natural Hazard Lands.** In order to minimize public exposure to risks associated with natural hazards and limit unplanned public costs to maintain and repair public infrastructure, LAFCO shall discourage USA expansions into lands designated very high fire hazard zones and into lands subject to other natural hazards such as geologic / seismic hazards, flood hazards, and fire hazards, Pursuant to GC §56668(q), LAFCO will consider:
 - a. Information contained in a local hazard mitigation plan
 - b. Information contained in a safety element of a general plan
 - c. Any maps that identify land as a very high fire hazard severity zone pursuant to GC §51178 or maps that identify land determined to be in a state responsibility area pursuant to §4102 of the Public Resources Code
5. **Availability of Adequate Water Supply.** In order to ensure timely availability of water supplies adequate for existing and planned future needs, LAFCO shall discourage amendment proposals that do not clearly demonstrate that an adequate water supply is available to the proposal area(s) and that water

proposed to be provided to new areas does not include supplies needed for unserved properties already within the city, the city's USA or other properties already charged for city water services. In determining water availability pursuant to GC §56668(l), LAFCO will consider the following:

- a. The city's plan for providing water service to the area and its statement of existing water supply including:
 - i. The current version of the city's or water supplier's urban water management plan and capital improvement program or plan, and the current version of the groundwater management agency's groundwater sustainability plan
 - ii. A description of the source or sources of the water supply currently available to the city taking into account historical data concerning wet, normal, and dry runoff years
 - iii. The quantity of surface and groundwater that was purveyed by the city / water supplier in each of the previous five years including a description of the number of service units available; number of service units currently allocated; number of service units that are anticipating future service within the city and its current USA boundary and number of service units needed for the proposal area
 - b. Whether the city is able to provide adequate water supply to the proposal area in the next 5 years, including drought years, while reserving capacity for areas within the city and USA that have not yet developed
 - c. Whether the city is capable of providing adequate services when needed to areas already in the city, in the city's USA or to other properties entitled to service
 - d. If capacity is not reserved for unserved property within the city and its USA, the current estimate of potential unserved properties and related water supply needs
 - e. Whether additional infrastructure and or new water supplies are necessary to accommodate future development or increases in service demand. If so, whether plans, permits and financing plans are in place to ensure that infrastructure and supply are available when necessary, including compliance with required administrative and legislated processes, such as CEQA review, CEQA mitigation monitoring plans, or State Water Resources Board allocation permits. If permits are not current or in process, or allocations approved, whether approval is expected
 - f. Whether facilities or services comply with environmental and safety standards so as to permit acquisition, treatment, and distribution of necessary water
6. **Ability to Provide and Fund Public Services and Infrastructure.** In order to ensure efficient service provision, LAFCO shall discourage amendment proposals that do not clearly demonstrate that the city has the ability to provide and fund

services to the proposal area without detracting from current service levels within the city, and in areas that the city has already committed to serve. Consistent with GC §56668(b) and (k), LAFCO will consider:

- a. The city's plan for providing services (such as sewer, water, police, fire, stormwater, garbage disposal, library, lighting, parks, and street maintenance) within the proposal area prepared in accordance with LAFCO's Guide for preparing a Plan for Service included as Exhibit B, and which pursuant to GC §56653 shall include:
 - i. An enumeration and description of services currently provided and/or to be provided and the corresponding service provider
 - ii. The level and range of those services as well as detailed information on the size, location, and capacity of infrastructure both existing and required
 - iii. Estimated time frame for service delivery
 - iv. A statement indicating capital improvements, or upgrading of structures, roads, sewers, water facilities or other conditions that the city would require in the affected territory prior to providing service
 - v. A description of how the services will be financed
 - b. Whether the proposal is expected to result in any significant increase in service needs and/or new facilities, personnel, apparatus or equipment as a result of adding the proposal area
 - c. Whether the anticipated increase in service needs (e.g. increase in calls for fire and police services) and/or new facilities are likely to result in an increase in service costs and how the city plans to finance the anticipated increase in service costs
 - d. Whether the proposal will require the construction of new infrastructure (e.g. sanitary sewers, water mains, stormwater drainage facilities) and/or expansion of existing infrastructure (e.g. wastewater treatment plant, water treatment plant) and how the city plans to address the associated fiscal impacts
 - e. The ability of school districts to provide school facilities and whether there would be sufficient school capacity available to serve the affected territory at the time of development
7. **Fiscal Sustainability.** In order to ensure fiscal sustainability, LAFCO shall discourage amendment proposals that would have adverse financial impacts on the provision of government services. Consistent with GC §56668(c) & (k), LAFCO will consider the following:
- a. Financial impacts to the County, and to the affected city, special districts, and school districts and the feasibility of measures identified to mitigate any adverse impacts

- b. Existence of any significant citywide infrastructure maintenance funding gaps and feasibility of the measures identified by the city to address such gaps
 - c. The city's anticipated need for major capital improvement projects related to water, wastewater, stormwater, roads, fire, and police services, and the feasibility of funding measures to address these needs
 - d. City's reliance on reserves to address financial impacts and consistency with the city's adopted reserve policy
8. **Island Annexations.** In order to ensure efficient service provision and orderly growth and development, LAFCO shall discourage USA amendment proposals that seek to add new lands to a city's USA when a city has unincorporated islands existing within its current USA. LAFCO will consider:
- a. Whether the city has initiated and completed annexation proceedings and / or adopted annexation plans and taken appropriate actions to annex its islands as recommended in LAFCO's Island Annexation Policies
 - b. The city's explanation of why annexation of the island(s) is not undertaken first
9. **Conformance with Service Reviews and Spheres of Influence.** In accordance with GC §56668(i), LAFCO shall consider the applicable service reviews and shall discourage amendment proposals that are inconsistent with adopted service review determinations and recommendations, or that are inconsistent with the LAFCO adopted sphere of influence for an affected local agency.
10. **Conformance with City and County General Plans.** In accordance with GC §56668(h), LAFCO shall consider whether the proposed USA amendment is consistent with the current city and county general plans and policies.
11. **Conformance with Regional Transportation Plan.** Consistent with GC §56668(g), LAFCO shall discourage USA amendment proposals that undermine the goals of the Regional Transportation Plan and Sustainable Communities Strategy prepared by the Metropolitan Transportation Commission (MTC) for the nine-county San Francisco Bay Area.
12. **Impacts on Housing.** LAFCO shall discourage USA amendment proposals that undermine Regional Housing Needs Allocation plans, reduce affordable housing stock, or propose additional urbanization without attention to affordable housing needs. LAFCO will consider:
- a. The extent to which the proposal will affect a city or county in achieving their respective Regional Housing Needs Allocation plans as determined by Association of Bay Area Governments (ABAG), consistent with GC §56668(m)
 - b. Whether the proposal introduces urban uses into rural areas thus increasing the value of currently affordable rural area housing and reducing regional affordable housing supply
 - c. Whether the proposal directs growth away from agricultural/open space lands towards infill areas and encourages development of vacant land within

existing urban areas thus decreasing infrastructure costs and potentially housing construction costs

- d. Whether funding of infrastructure to support development in the proposal area imposes an unfair burden on residents or customers within the existing boundaries thus impacting housing construction costs in the proposal area and within existing boundaries
- 13. **Environmental Justice.** In accordance with GC §56668(p), LAFCO will consider the extent to which the amendment proposal will promote environmental justice, specifically the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins with respect to the location of public facilities and the provision of public services in order to ensure a healthy environment for all people such that the effects of pollution are not disproportionately borne by any particular populations or communities.
- 14. **Public Comments.** In accordance with GC §56668(j) and (n), LAFCO shall consider comments from any affected public agencies or other public agency, proponents, landowners, voters, interested parties and members of the public.
- 15. **Agricultural Worker Housing Needs.** In order to promote efficient development patterns and compact infill development and prevent the premature conversion of agricultural land in accordance with GC §56377, Santa Clara LAFCO shall encourage, to the extent possible, agricultural worker housing to be located within cities or their urban service areas, where necessary infrastructure, services, support resources, and the broader community already exists.

However, given that agricultural workers are an essential component of Santa Clara County's agricultural industry, Santa Clara LAFCO will give special consideration to USA amendment proposals that are for agricultural worker housing which supports the preservation of open space and agricultural lands, continued sustainability of agriculture, delivery of agricultural produce, and continued viability of Santa Clara County's food system, and shall consider the following:

- a. Whether the proposal fulfills the established need for agricultural worker housing and whether it is consistent with the city and/or County's long-term agricultural land conservation plans
- b. Whether the proposed development of agricultural worker housing is imminent or is likely to occur within the proposal area within the next 5 years in accordance with Policy #3.4.1(g)
- c. Whether the proposal will result in logical and orderly boundaries in accordance with Policy #3.4.3, and whether the city has the ability to provide and fund necessary public services and infrastructure in accordance with Policy #3.4.6
- d. Whether the city has methods currently in place (e.g., deed restrictions and/or affordability covenants) to ensure that the proposed agricultural worker housing remains affordable and occupied by eligible agricultural workers at affordable rents and sales prices over the long term

- e. Whether the proposed agricultural worker housing will be maintained and operated by a qualified and certified affordable housing organization pursuant to Health & Safety Code §17030.10, including a public agency, or an employee housing provider

Exhibit A

SANTA CLARA LAFCO's METHODOLOGY FOR PREPARING A VACANT LANDS INVENTORY

Policy objective that LAFCO seeks to achieve through the Vacant Lands Inventory

LAFCO will use the information contained in a Vacant Lands Inventory to promote efficient use of land within a city's current boundaries prior to expanding its boundaries.

What should a Vacant Lands Inventory Include?

A vacant lands inventory provides information on the rate of development within the city and the amount of vacant land located within the city's USA.

The vacant lands inventory is a one-time snapshot of vacant and underutilized lands for the same or similar land uses within the city's urban service area and it must include the following:

- A map showing the location of vacant lands. In terms of scale, a city's general plan land-use diagram or map is appropriate.
- A corresponding table listing the vacant lands with APNs, parcel sizes, current general plan designation, allowed density etc.

Methodology for Preparing the Inventory

The following definitions and methodology shall apply for the preparation of a vacant lands inventory:

- Vacant lands are undeveloped and/or underutilized lands (i.e., lands developed to less than their maximum development potential) located within the city's Urban Service Area, that have no active building permit.
- The city's current general plan/zoning designations shall define the maximum development potential for the vacant lands.
- The calculation of the rate of absorption of vacant lands within a city shall be based on the average number of building permits issued by the city in the previous 10 years.

Sample Table of Residential Vacant lands Inventory for City XYZ

RESIDENTIAL LAND USES	VACANT ACREAGE (ACRES)	ALLOWED DENSITY (UNITS/ACRE)	MAX. POTENTIAL UNITS
Rural Residential	150	1-2	300
Residential Neighborhood	115	3-8	920
Medium Density Residential	30	8-20	600
High Density Residential	25	21-40	1,000
Mixed Use Neighborhood	12	30-50	600
Specific Plan	52	500 units	500
TOTALS	384		3,920 (A)

Sample Table of # of Residential Building permits issued by City XYZ in the last 10 years

Years	# of Building Permits
Year 1	290
Year 2	277
Year 3	301
Year 4	329
Year 5	297
Year 6	318
Year 7	320
Year 8	412
Year 9	422
Year 10	450
Average # of Building Permits	341.6 (B)

Sample Calculation of the Rate of Absorption of Vacant Land

Years of residential development that City XYZ
can accommodate within its existing vacant land = A/B

$$= 3,920/341.6$$

$$= \underline{\underline{11.5 \text{ years}}}$$

Exhibit B

SANTA CLARA LAFCO's GUIDE FOR PREPARING A PLAN FOR SERVICES

Policy objective that LAFCO seeks to achieve through the Plan for Services

LAFCO will use the information contained in a Plan for Services to ensure that the proposed service provider is able to adequately provide services to the proposal area without detracting from current service levels within the service providers' current service area or in the areas the service provider has already committed to serve.

What should a Plan for Service Contain?

A Plan for Service describes the services that would be provided to the proposal area upon LAFCO approval of the proposal. It explains how and when the service provider would provide the services, how much the services would cost and how those costs would be financed and whether the services and costs are considered in the service providers' long range master plans, Capital Improvement Plans, and budgets. The Plan for Service should also include information on whether the service provider is able to adequately meet its current service demand, and describe any ongoing service or infrastructure deficiencies and the service provider's plan for addressing the deficiencies as specified in its master plans, Capital Improvement Plans, and budgets.

GC §56653 outlines the information that a Plan for Service must contain. Further clarification of the specific requirements are provided below:

1. An enumeration of current and proposed services (including but not limited to water, sewer, storm drainage, solid waste collection, fire, police, lighting, parks, library services, roads and schools) in the proposal area. A description of who currently provides the service and who would provide the service to the proposal area upon LAFCO's approval.
2. The level and range of the service provider's existing services/facilities/ infrastructure that will be used to provide the desired services to the proposal area including detailed information on the extent, size, location and capacity of existing facilities and infrastructure that will be used to provide desired services to the proposal area.
 - 2.a. For each service, the capacity analysis should include:
 - The total capacity / service units of the current system
 - Number of service units already allocated
 - Number of service units within current boundaries anticipating future service
 - Number of service units within the system available after providing service to areas within current boundaries that anticipate future service
 - Number of service units required to serve the proposed project and whether there is enough capacity within the current system
 - Number of service units proposed to be added to meet the demand

- 2.b. In the event there is a need to add service units to serve the proposed project, the applicant shall provide a plan for obtaining the capacity necessary to provide the service which must include the following information:
- Number of service units proposed to be added to meet the demand from the proposal area
 - A description of the required facility or infrastructure (new or expansions), or additional personnel or equipment
 - The viability and likely schedule for completion of the expanded capacity project, its viability, and its relation to the proposal and the proposal timeline
 - A list of required administrative and legislated processes, such as CEQA review or State Water Resources Board allocation permits, including assessment of likelihood of approval of any permits and existence of pending or threatened legal or administrative challenges if known
 - The planned total additional capacity
 - The size and location of needed capital improvements
 - The proposed project cost, financing plan and financing mechanisms including a description of the persons or properties who will be expected to bear project costs, and how much the costs will be
 - Any proposed alternative projects if the preferred project cannot be completed.
3. The estimated time frame for service delivery to the proposal area
4. A statement indicating any capital improvements, or upgrading of structures, roads, sewer or water treatment facilities or other conditions the agency would impose or require within the affected territory prior to providing service if proposal is approved
5. A description of the cost of services and how the services will be financed
6. Agency's general statement of intent to provide services to the affected territory, indicating the agency's capability of providing the necessary services in a timely manner to the affected territory while being able to serve all areas within its current boundaries and without lowering the level of service provided to areas currently being served by the agency

PROPOSED URBAN SERVICE AREA POLICIES WITH NOTES AND REFERENCES TO CURRENT POLICIES

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
3.1	INTRODUCTION	In Santa Clara County, Urban Service Areas (USAs) are geographic planning areas that encompass all lands, incorporated or unincorporated, intended to be urbanized and provided with urban services and infrastructure upon annexation to a city. The definition and application of USAs in Santa Clara County are unique and are part of a long-standing countywide growth management framework referred to as the Countywide Urban Development Policies (CUDPs). Under these policies, urban expansion is to occur in an orderly, efficient, and planned manner within cities, which are solely responsible for planning and accommodating urban development within explicitly adopted USA boundaries whose location and expansion is subject to Santa Clara LAFCO approval. The USAs were first proposed by each of the 15 cities and adopted by Santa Clara LAFCO in 1972-1973 as further documented in the Countywide Urban Development Policy # 1.4. With the continued implementation of the CUDPs since the early 1970s, Santa Clara LAFCO assumed a critical role as the arbiter of urban area expansion through the review and amendment of USAs. This role gives Santa Clara LAFCO the responsibility to protect natural resource lands while facilitating the development of vibrant, more sustainable communities. Santa Clara LAFCO's ongoing mission creates public value across Santa Clara County, limiting unnecessary urban expansion, promoting appropriate infill and redevelopment, minimizing public service costs, and preserving the remaining vital natural and open space resources from which the county as a whole benefits. Because of its advance review and determination of USA boundaries, Santa Clara LAFCO does not review proposals for city annexation of unincorporated lands located within a city's USA. State law [Government Code (GC) §56757] gives cities in Santa Clara County the authority to conduct and approve such annexations within their USA boundaries if the proposals are initiated by city resolution and meet certain conditions.	Restated CUDP Policies 1.3 Restated CUDP Policies 1.4 Restated USA Policies A(3), with additional clarification	• To provide context, added this new section on a brief history of the development of CUDPs and the adoption of USA boundaries and their unique use in Santa Clara County • Added reference to the relevant code section in State law

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
3.2	URBAN SERVICE AREAS DEFINED	In Santa Clara County, USA boundaries delineate and differentiate those areas intended to be urbanized from those areas not intended to be urbanized. USAs include lands currently urbanized and annexed to cities and provided with urban services, as well as unincorporated lands that a city intends to annex in order to develop those lands and provide them with urban services within five years. USAs intentionally exclude natural resource lands, such as agricultural and open space lands; and lands deemed generally unsuited for urban development, such as bay lands, floodplains, wetlands, hillsides and mountainous lands, seismic and/or geologic hazard areas, and very high fire hazard areas.	Based on the description in the CUDP Policies 1.4, with additional clarification re. lands that are typically excluded from USAs	To provide greater clarity and transparency, added this new section on the definition of an USA consistent with GC §56080, which is a key planning boundary that is unique to Santa Clara County
3.3	URBAN SERVICE AMENDMENT PROCEDURAL POLICIES	The following procedures apply for processing of urban service area amendment proposals:		- Created this new section to separate the procedural policies from the more substantive policies. - For ease of use, the current policies are reorganized in this section with descriptive subtitles for clarity - Added new language to document and explain current LAFCO practice, and clarify issues of concern that have come up in recent applications in order to provide greater guidance and transparency
		1. Initiation. USA amendments require Santa Clara LAFCO approval. An USA amendment request must be initiated by city council resolution and application to LAFCO.	Restated USA Policies A(2)	
		2. City Evaluation: While a city may process requests for USA amendments on behalf of property owners, it is the city's responsibility as the LAFCO applicant to first evaluate		Added new language to provide greater clarity, transparency, and guidance on the city's

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		whether the request is consistent with the applicable city, county, and LAFCO policies and determine whether the city supports the request.		responsibility to first evaluate whether the USA request is consistent with the applicable local policies and whether the city should support the request
		3. Pre-application Meeting: In order to aid the city's evaluation of an USA amendment request, LAFCO encourages the city to have a pre-application meeting with LAFCO staff as early as possible to discuss its USA amendment plans and obtain more information on the LAFCO policies and procedures that may apply to the specific proposal.		• Pre-application meetings are a current practice and are an important part of the USA amendment request process • Added new language to provide clarity, transparency, and guidance to cities that are considering whether to request a USA amendment
		4. Major General Plan Updates. LAFCO requires that a city establish a stable baseline of its service plans and land use designations for LAFCO's evaluation of its USA amendment request. Therefore, LAFCO will not accept an USA amendment request from a city that is in the process of conducting a major General Plan update which involves changes to land use designations and service plans. LAFCO staff may consider limited exceptions on a case-by-case basis.		• Added new language to clarify an issue of concern that has come up in recent applications and to provide advance notice to cities for greater transparency
		5. USA Amendment Request Frequency. Each city may submit an USA amendment request to LAFCO once in a calendar year. The date the application is heard by LAFCO shall determine the calendar year. USA amendment requests shall be limited to once a year in order to encourage a city to consider and understand the comprehensive impacts of USA amendments on its services, facilities / infrastructure, fiscal health, and the environment; and to ensure that LAFCO considers such requests in a similarly comprehensive manner. Until a city's application has been heard and acted upon by LAFCO, no further USA amendment requests will be accepted for filing from that city.	Restated USA Policies A(2), with additional clarification	• For transparency added an explanation of why there are restrictions

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		6. Exception to Once-a-Year Rule. The Commission may make an exception to the once-a-year limitation for USA amendment requests when such amendment is needed to carry out some special institutional development or activity that is in the public interest. Such exceptions shall not normally be extended in connection with proposed residential, commercial, or industrial development.	Same as USA Policies A(2) (third and fourth sentences)	
		7. CEQA. An USA amendment proposal is considered a project under the California Environmental Quality Act (CEQA). Pursuant to CEQA, a city would be the Lead Agency for such a proposal and LAFCO would be a Responsible Agency. Therefore, LAFCO is required to rely on the city's CEQA documentation (initial study, negative/mitigated negative declaration, environmental impact report, etc.), with few exceptions. Cities must consult with LAFCO on the scoping of CEQA documentation for the potential proposal.		Added new language to provide greater clarity, transparency, and guidance on the different CEQA responsibilities that apply to a city and to LAFCO specific to USA amendment requests
3.4	URBAN SERVICE AREA AMENDMENT POLICIES AND EVALUATION CRITERIA	Review and amendment of USA boundaries is Santa Clara LAFCO's primary vehicle for ensuring orderly city growth. Therefore, Santa Clara LAFCO shall carefully consider all USA amendment requests, consistent with LAFCO policies and State law. USA amendment proposals may involve expansion of an USA to accommodate future growth; retraction of an USA to better align with city's growth and open space / agricultural land preservation plans, and adjustments between cities' USA boundaries to facilitate island annexations and logical boundaries; and enhance service delivery and governance efficiencies. Consistent with the CUDPs, it is the goal of Santa Clara LAFCO that future urban development and other necessary public facilities such as schools and recreational facilities should be planned and accommodated within existing urban areas, through infill and redevelopment, rather than through the expansion of USA boundaries. Such city-centered, climate-smart growth policies play a critical role in preventing sprawl, ensuring efficient delivery of services, promoting more efficient use of existing urbanized areas, and preserving open space and agricultural lands. A complementary goal is that where expansion is necessary, it should be done to accommodate the demonstrated need for urban growth in as compact and efficient manner as possible, supportive of the above goal and rationale. To further these goals and in accordance with GC §56668, Santa Clara LAFCO must take into account many factors when considering an USA amendment proposal. Certain factors may be more applicable or more critical than others, depending on the specific proposal and	First sentence is same as USA Policies A(1), with additional clarification.	- Added an introductory paragraph to outline the various types of USA amendment proposals - Added new language to explain LAFCO's goals with regard to accommodating urban development within existing urban areas and LAFCO's expectations with regard to USA expansion - To provide better guidance on how LAFCO would evaluate an USA amendment proposal: - Reorganized current policies by subject matter in this section. For each topic, added a policy statement and a descriptive subtitle for ease of use.

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		circumstances. The following are Santa Clara LAFCO's policies and evaluative criteria for considering USA amendment proposals:		• Added new factors required to be considered by LAFCO due to recent changes in State Law and included correct references to the relevant code sections in State law • Explained some of the factors in greater detail to provide greater clarity, transparency, and guidance
		1. Infill and Efficient Development Patterns. In order to promote efficient development patterns and compact infill development and prevent the premature conversion of agricultural land in accordance with GC §56377, Santa Clara LAFCO shall discourage amendment proposals that seek to expand the USA when a city has a more than 5-years supply of vacant land within its existing USA or when a city does not clearly demonstrate the need for the USA amendment. LAFCO will consider the following evaluative criteria:	Consolidating USA Policies B(3)(e) and B(5), with additional clarification	• Added new language to clarify LAFCO's policy based on GC §56377 in State law • The concept of including land needed for only 5 years of development in the USA is consistent with the definition of an USA in GC §56080 and dates back to the creation of USAs in Santa Clara County (1972-73) • The original criteria for cities to prepare and submit urban service area maps and data to LAFCO in the early 1970s required a vacant lands analysis. The criteria stated that "In determining the amount of land in the USA, the city should keep in mind the USA concept which suggests that five times the amount of land normally expected to be developed during the next year be provided within the boundaries of the USA". The

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				criteria also stated that the “city should clearly demonstrate its ability and intention to provide the USA with all necessary utilities and services within the next five years.” • Added criteria to provide greater clarity, transparency, and guidance on how LAFCO would apply this policy when considering an USA amendment request • Added Sidebar 1 (see below at the end of the table) to describe what we mean by infill development
		a. The city’s explanation for why the USA amendment is necessary, why infill development is not undertaken first, and how an orderly, efficient growth pattern, consistent with LAFCO mandates will be maintained	Same as USA Policies B(5)	
		b. The city’s current vacant lands inventory for the same or similar proposed uses prepared in accordance with Santa Clara LAFCO’s Vacant Lands Methodology included as Exhibit A. The vacant lands inventory is an informational tool to help evaluate the availability of vacant lands within the city. If a city has special conditions that do not align with LAFCO’s methodology, it may also prepare an alternative vacant lands inventory and explain why the alternate analysis is more appropriate, for LAFCO’s consideration.		• References the LAFCO Vacant Lands Inventory Methodology, a new separate document prepared to provide clarity, transparency, and specific guidance to applicants (see attached Exhibit A) • Methodology documents historic and current LAFCO practice used since 2008 for multiple USA amendment applications

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				To address a city's potential concerns with LAFCO's vacant lands methodology, this policy allows for a city to prepare an additional alternative vacant lands analysis and explain that analysis, for LAFCO's consideration
		c. Whether the city has a more than 5-years supply of vacant lands that can be developed for the same or similar proposed uses as determined by the LAFCO Vacant Lands Methodology. If the city has more than 5-years supply, LAFCO shall consider the city's explanation for the need for more lands at this time, along with all other factors for considering USA amendment proposals.	Restated USA Policies B(5), with additional clarification that a substantial supply is more than 5-years supply	
		d. Whether and to what extent the city has developed and successfully implemented targeted strategies such as fiscal and regulatory incentives to generate active and more efficient use of vacant and underutilized lands within its existing boundaries		Added new language to document current practice and to provide guidance on what LAFCO will consider when evaluating whether a city is implementing efficient development patterns and compact infill development
		e. Whether the city has planned for and implemented policies for encouraging higher density development in order to use land more efficiently		“
		f. Whether the City has applied an appropriate general plan and pre-zoning designation to the proposal area		Required in GC §56375(a)(7) of State law and added for clarity, transparency, and guidance

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		g. Whether the proposed urban development is imminent or is likely to occur within the proposal area within the next 5 years		• Added new language based on GC §56375(a)(7) of State law concerning intent to develop upon inclusion in the USA • The reference to 5 years is consistent with historic and current LAFCO practice, as an USA includes lands a city intends to annex in order to develop and provide urban services within 5 years • Also consistent with criteria used to create the first USAs. See Notes for Policy 3.4.1 (b). • Also, similarly referenced in the Santa Clara County General Plan. "Delineates areas currently provided with urban services, facilities, and utilities or proposed to receive such services within 5 years"
		h. Whether the city has planned for locating its community's facility needs such as schools, and recreational facilities, within its existing boundaries		• Added new language to document and explain current LAFCO practice, and to clarify an issue of concern that has come up in recent applications in order to provide greater guidance and transparency

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		2. Impacts to Agricultural and Open Space Lands. In order to preserve agricultural and open space lands, Santa Clara LAFCO shall discourage amendment proposals that include or adversely impact agricultural lands and open space, consistent with GC §56377(a). LAFCO will consider:	Similar to USA Policies #6 and #7, with additional clarification	• Added criteria to provide greater clarity, transparency, and guidance on how LAFCO would apply this policy when considering an USA amendment request • Added language to clarify LAFCO's policy based on GC §56377
		a. Whether the proposal will result in the premature conversion of prime agricultural lands. As defined in GC §56064, "prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:		• Added language to quote the definition of "prime agricultural land" in State law GC §56064
		i. Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible		"
		ii. Land that qualifies for rating 80 through 100 Storie Index Rating		"
		iii. Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003		"
		iv. Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre		"
		v. Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years		"

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		b. Pursuant to GC §56668(e), whether the proposal will adversely impact the continued productivity and viability of proposal area, and/or adjacent/surrounding agricultural lands, including but not limited to the following factors:	Restated and expanded on USA Policies B(7), with additional clarification	Added language to provide greater clarity, transparency, and guidance on the factors that LAFCO would consider in determining impacts to agricultural and open space lands
		i. Whether the proposal area, and/or adjacent/surrounding lands are located within an Agricultural Resource Area or Agricultural Preservation Area designated by the County, a city, or another public land conservation entity	Substantially similar to USA Policies B(7)(a), with additional clarification	
		ii. Whether the proposal area, and/or adjacent/surrounding lands are located within a designated Agricultural Zoning District in an adopted County and/or City Zoning Ordinance	Substantially similar to USA Policies B(7)(a), with additional clarification	
		iii. Whether the proposal area, and/or adjacent/surrounding lands are designated "Agriculture" in an adopted County and/or City General Plan	Substantially similar to USA Policies B(7)(a), with additional clarification	
		iv. Whether the proposal would introduce incompatible land uses into an agricultural area, generate urban/agricultural conflicts, or promote land speculation and disinvestment in agriculture – disrupting the conditions necessary for agriculture to thrive		Added to provide greater clarity, transparency, and guidance on the factors that LAFCO would consider in determining impacts to agricultural and open space lands
		v. Whether public facilities or infrastructure (e.g. such as roads, sanitary sewers, water lines, stormwater drainage facilities) related to the proposal would be sized or situated as to facilitate conversion of agricultural lands located outside of the proposal area, or will be extended through adjacent/surrounding agricultural lands	Restated USA Policies B(7)(c), with additional clarification	Added additional examples of "public facilities or infrastructure"

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		vi. Whether natural or man-made barriers serve to buffer agricultural or existing open space lands outside of the proposal area from the effects of the proposal		Added to provide greater clarity, transparency, and guidance on the factors that LAFCO would consider in determining impacts to agricultural and open space lands
		vii. Whether the proposal area, and/or adjacent/surrounding lands include lands that are subject to a Williamson Act contract or Farmland Security Zone contract	Substantially similar to USA Policies B(7)(a) & (b), with additional clarification	
		viii. Whether the proposal area, and/or adjacent/surrounding lands are under an agricultural or open space conservation easement	Substantially similar to USA Policies B(7)(a) & (b), with additional clarification	
		c. The city's explanation for why the conversion of agricultural lands and/or open space is necessary to promote the planned, orderly, efficient development of the city	Same as USA Policies B(6)(b)	
		d. Whether the city has developed and successfully implemented measures/plans to first avoid and minimize the conversion of agricultural or open space lands prior to bringing forward a proposal that involves conversion of agricultural or open space lands; and in instances where it is not possible to avoid or minimize conversion, whether the proposal contains mitigation for the conversion of any such lands consistent with LAFCO policies	Conceptually similar to Agricultural Mitigation Policies	Added to provide greater clarity, transparency, and guidance on the factors that LAFCO would consider in determining impacts to agricultural and open space lands
		e. If an amendment proposal includes agricultural or open space lands for the purpose of preservation, LAFCO will require an explanation of why the inclusion of agricultural or open space lands is necessary and a demonstration that effective measures have been adopted for permanently protecting the agricultural or open space status of the affected territory. Such measures may include:	Conceptually similar to USA Policies B(6)(a), but reworded for greater clarity, transparency, and guidance	Added to provide greater clarity, transparency, and guidance on the specific examples of what LAFCO would consider as effective measures

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		i. Acquisition and transfer of ownership of agricultural land or transfer of agricultural conservation easements to an agricultural conservation entity for permanent protection of the agricultural land	"	
		ii. Acquisition and transfer of ownership of open space or transfer of open space easements to a conservation entity for permanent protection of the open space land	"	
		3. Logical, Orderly Boundaries. LAFCO shall discourage amendment proposals that will not result in logical and orderly boundaries. LAFCO will consider:		• Added new language to clarify LAFCO's policy based on GC §56668(f) in State law • Added criteria to provide greater clarity, transparency, and guidance on how LAFCO would apply this policy when considering an USA amendment request
		a. Whether the boundaries of the proposal are contiguous with the current USA GC [§56757(c)(6) and GC §56668(f)]		• Added new language to provide greater clarity, transparency, and guidance on a factor that LAFCO would consider based on GC §56668(d) and §56757(c)(6)
		b. Whether the proposal will result in islands, flags, peninsulas, corridors or other irregular boundary configurations which are illogical and/or difficult to serve [GC §56757(c)(4)]	Substantially similar to Policies on Annexation – Reorganization for Cities and Special Districts B(5), with additional clarification	• Added to provide greater clarity, transparency, and guidance on the factors that LAFCO would consider based on GC §56668(f) and GC§56757(c)(4)
		c. Whether the boundaries of the proposal follow natural and man-made features, such as ridge lines, drainage areas, watercourses, edges of right-of-way, and lines of assessment or ownership		• Added new language to provide greater clarity, transparency, and guidance on the factors that

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				LAFCO would consider based on GC §56668(a) & (f)
		d. Whether the proposed boundaries would result in a premature intrusion of urbanization into a predominantly agricultural or rural area [GC §56668(d)]	Substantially similar to USA Policies B(7), with added reference to relevant code section	
		4. Avoid Natural Hazard Lands. In order to minimize public exposure to risks associated with natural hazards and limit unplanned public costs to maintain and repair public infrastructure, LAFCO shall discourage USA expansions into lands designated very high fire hazard zones and into lands subject to other natural hazards such as geologic / seismic hazards, flood hazards, and fire hazards, Pursuant to GC §56668(q), LAFCO will consider:		• Added new language to clarify LAFCO's policy based on GC §56668(q) • Since 2019, State law requires LAFCO to consider information contained in a local hazard mitigation plan, safety element, and maps that identify land as very high fire hazard zone when it reviews proposals
		a. Information contained in a local hazard mitigation plan		“
		b. Information contained in a safety element of a general plan		“
		c. Any maps that identify land as a very high fire hazard severity zone pursuant to GC §51178 or maps that identify land determined to be in a state responsibility area pursuant to §4102 of the Public Resources Code		“
		5. Availability of Adequate Water Supply. In order to ensure timely availability of water supplies adequate for existing and planned future needs, LAFCO shall discourage amendment proposals that do not clearly demonstrate that an adequate water supply is available to the proposal area(s) and that water proposed to be provided to new areas does not include supplies needed for unserved properties already within the city, the city's USA or other	Substantially similar to USA Policies B(3)(k) and B(10), with additional clarification	• Added new language to clarify LAFCO's policy based on GC §56668(l) in State law • Added language to provide greater clarity, transparency, and guidance on the information that

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		properties already charged for city water services. In determining water availability pursuant to GC §56668(l), LAFCO will consider the following:		LAFCO will need in order to consider whether there is an adequate water supply available, and added reference to the relevant code section
		a. The city's plan for providing water service to the area and its statement of existing water supply including:	Reworded for greater clarity, conceptually similar to USA Policies B(10)(a)	Added language to provide greater clarity, transparency, and guidance on the specific information that LAFCO will need in order to consider whether there is an adequate water supply available
		i. The current version of the city's or water supplier's urban water management plan and capital improvement program or plan, and the current version of the groundwater management agency's groundwater sustainability plan	"	"
		ii. A description of the source or sources of the water supply currently available to the city taking into account historical data concerning wet, normal, and dry runoff years	"	"
		iii. The quantity of surface and groundwater that was purveyed by the city / water supplier in each of the previous five years including a description of the number of service units available; number of service units currently allocated; number of service units that are anticipating future service within city and current USA boundaries and number of service units needed for the proposal area	"	"
		b. Whether the city is able to provide adequate water supply to the proposal area in the next 5 years, including drought years, while reserving capacity for areas within the city and USA that have not yet developed	Same as USA Policies B(10)(b)	
		c. Whether the city is capable of providing adequate services when needed to areas already in the city, in the city's USA or to other properties entitled to service	Same as USA Policies B(10)(c)	

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		d. If capacity is not reserved for unserved property within the city and its USA, the current estimate of potential unserved properties and related water supply needs	Same as USA Policies B(10)(d)	
		e. Whether additional infrastructure and or new water supplies are necessary to accommodate future development or increases in service demand. If so, whether plans, permits and financing plans are in place to ensure that infrastructure and supply are available when necessary, including compliance with required administrative and legislated processes, such as CEQA review, CEQA mitigation monitoring plans, or State Water Resources Board allocation permits. If permits are not current or in process, or allocations approved, whether approval is expected	Same as USA Policies B(10)(e)	
		f. Whether facilities or services comply with environmental and safety standards so as to permit acquisition, treatment, and distribution of necessary water	Same as USA Policies B(10)(f)	
		6. Ability to Provide and Fund Public Services and Infrastructure. In order to ensure efficient service provision, LAFCO shall discourage amendment proposals that do not clearly demonstrate that the city has the ability to provide and fund services to the proposal area without detracting from current service levels within the city, and in areas that the city has already committed to serve. Consistent with GC §56668(b) and (k), LAFCO will consider:	Substantially similar to USA Policies B(3)(c), with additional clarification	• Added new language to clarify LAFCO's policy based on GC §56668(k) in State law. • Added language to provide clarity, transparency, and better guidance on how LAFCO would apply this policy when considering USA amendment requests, and added reference to the relevant code sections
		a. The city's plan for providing services (such as sewer, water, police, fire, stormwater, garbage disposal, library, lighting, parks, and street maintenance) within the proposal area prepared in accordance with LAFCO's Guide for preparing a Plan for Service included as Exhibit B, and which pursuant to GC §56653 shall include:		• Added new language to directly reference the requirement for preparation of a plan for services in GC §56653 of State law. • Also references LAFCO's Guide to Preparing a Plan for Services (see attached Exhibit B), an updated separate document prepared to

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				provide clarity, transparency, and specific guidance to applicants
		i. An enumeration and description of services currently provided and/or to be provided and the corresponding service provider		Added new language to quote GC §56653 in State law on the type of information that must be included in a Plan for Providing Services in order to provide greater clarity, transparency, and guidance to applicants
		ii. The level and range of those services as well as detailed information on the size, location, and capacity of infrastructure both existing and required		“
		iii. Estimated time frame for service delivery		“
		iv. A statement indicating capital improvements, or upgrading of structures, roads, sewers, water facilities or other conditions that the city would require in the affected territory prior to providing service		“
		v. A description of how the services will be financed		“
		b. Whether the proposal is expected to result in any significant increase in service needs and/or new facilities, personnel, apparatus or equipment as a result of adding the proposal area		- Added new language to provide clarity, transparency, and better guidance on how LAFCO would apply this policy when considering USA amendment requests per GC §56653 - Documents current LAFCO practice

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		c. Whether the anticipated increase in service needs (e.g. increase in calls for fire and police services) and/or new facilities are likely to result in an increase in service costs and how the city plans to finance the anticipated increase in service costs		“
		d. Whether the proposal will require the construction of new infrastructure (e.g. sanitary sewers, water mains, stormwater drainage facilities) and/or expansion of existing infrastructure (e.g. wastewater treatment plant, water treatment plant) and how the city plans to address the associated fiscal impacts		“
		e. The ability of school districts to provide school facilities and whether there would be sufficient school capacity available to serve the affected territory at the time of development	Substantially the same as USA Policies B(3)(d), with additional clarification	
		7. Fiscal Sustainability. In order to ensure fiscal sustainability, LAFCO shall discourage amendment proposals that would have adverse financial impacts on the provision of government services. Consistent with GC §56668(c) & (k), LAFCO will consider the following:	Reworded for greater clarity, conceptually similar to USA Policies B(3)(i), with additional clarification	• Added new language to clarify LAFCO's policy based on GC §56668(c) & (k) in State law, and • Added language to provide clarity, transparency, and better guidance on how LAFCO would apply this policy when considering USA amendment requests; and added reference to the relevant code sections
		a. Financial impacts to the County, and to the affected city, special districts, and school districts and the feasibility of measures identified to mitigate any adverse impacts	Consolidated USA Policies B(3)(c), (d), (f), (h), and (i)	
		b. Existence of any significant citywide infrastructure maintenance funding gaps and feasibility of the measures identified by the city to address such gaps		• Added new language to document and explain current LAFCO practice, and clarify issues of concern that have come up in

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				recent applications to provide greater guidance and transparency
		c. The city's anticipated need for major capital improvement projects related to water, wastewater, stormwater, roads, fire, and police services, and the feasibility of funding measures to address these needs	Expanded USA Policies B(10)(e) to apply to all services	
		d. City's reliance on reserves to address financial impacts and consistency with the city's adopted reserve policy		Added new language to document and explain current LAFCO practice, and clarify issues of concern that have come up in recent applications to provide greater guidance and transparency
		8. Island Annexations. In order to ensure efficient service provision and orderly growth and development, LAFCO shall discourage USA amendment proposals that seek to add new lands to a city's USA when a city has unincorporated islands existing within its current USA. LAFCO will consider:	Substantially similar to Island Annexation Policies #5	
		a. Whether the city has initiated and completed annexation proceedings and / or adopted annexation plans and taken appropriate actions to annex its islands as recommended in LAFCO's Island Annexation Policies	References Island Annexation Policies #6(a) and (b)	
		b. The city's explanation of why annexation of the island(s) is not undertaken first		Added new language to allow LAFCO to consider any exceptional circumstances
		9. Conformance with Service Reviews and Spheres of Influence. In accordance with GC §56668(i), LAFCO shall consider the applicable service reviews and shall discourage amendment proposals that are inconsistent with adopted service review determinations and	Substantially similar to USA Policies B(4), with additional clarification	

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		recommendations, or that are inconsistent with the LAFCO adopted sphere of influence for an affected local agency.		
		10. Conformance with City and County General Plans. In accordance with GC §56668(h), LAFCO shall consider whether the proposed USA amendment is consistent with the current city and county general plans and policies.	Substantially the same as USA Policies B(3)(l), with added reference to the relevant code section in State law	
		11. Conformance with Regional Transportation Plan. Consistent with GC §56668(g), LAFCO shall discourage USA amendment proposals that undermine the goals of the Regional Transportation Plan and Sustainable Communities Strategy prepared by the Metropolitan Transportation Commission (MTC) for the nine-county San Francisco Bay Area.	Similar to USA Policies B(3)(b)	• Restated to be consistent with State law, and added reference to the relevant code section in State law
		12. Impacts on Housing. LAFCO shall discourage USA amendment proposals that undermine Regional Housing Needs Allocation plans, reduce affordable housing stock, or propose additional urbanization without attention to affordable housing needs. LAFCO will consider:	Substantially the same as USA Policies B(11), with additional clarification	• Added reference to the relevant code section in State law
		a. The extent to which the proposal will affect a city or county in achieving their respective Regional Housing Needs Allocation plans as determined by Association of Bay Area Governments (ABAG), consistent with GC §56668(m)	Similar to USA Policies B(11)(a)	• Restated to be consistent with State law, and added reference to the relevant code section in State law
		b. Whether the proposal introduces urban uses into rural areas thus increasing the value of currently affordable rural area housing and reducing regional affordable housing supply	Same as USA Policies B(11)(b)	
		c. Whether the proposal directs growth away from agricultural/open space lands towards infill areas and encourages development of vacant land within existing urban areas thus decreasing infrastructure costs and potentially housing construction costs	Same as USA Policies B(11)(c)	
		d. Whether funding of infrastructure to support development in the proposal area imposes an unfair burden on residents or customers within the existing boundaries thus impacting housing construction costs in the proposal area and within existing boundaries	Same as USA Policies B(11)(d)	

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		13. Environmental Justice. In accordance with GC §56668(p), LAFCO will consider the extent to which the amendment proposal will promote environmental justice, specifically the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins with respect to the location of public facilities and the provision of public services in order to ensure a healthy environment for all people such that the effects of pollution are not disproportionately borne by any particular populations or communities.		Added new language to be consistent with current State law. Since 2008, State law requires LAFCO to consider environmental justice when it reviews proposals. Proposed Policy 3.4.13 reflects this change in State law
		14. Public Comments. In accordance with GC §56668(j) and (n), LAFCO shall consider comments from any affected public agencies or other public agency, proponents, landowners, voters, interested parties and members of the public.		Added new language to be consistent with current State law. Since 2008, GC §56668(n) of State law requires LAFCO to consider comments from the “voters or residents of the affected territory” when it reviews proposals. Proposed Policy 3.4.14 reflects this change in State law
		15. Agricultural Worker Housing Needs. In order to promote efficient development patterns and compact infill development and prevent the premature conversion of agricultural land in accordance with GC §56377, Santa Clara LAFCO shall encourage, to the extent possible, agricultural worker housing to be located within cities or their urban service areas, where necessary infrastructure, services, support resources, and the broader community already exists. However, given that agricultural workers are an essential component of Santa Clara County’s agricultural industry, Santa Clara LAFCO will give special consideration to USA amendment proposals that are for agricultural worker housing which supports the preservation of open space and agricultural lands, continued sustainability of agriculture, delivery of agricultural produce, and continued viability of Santa Clara County’s food system and shall consider the following:	Similar to CUDP Policies 1.3	- Added new policy to address agricultural worker housing needs as directed by Commission on April 3, 2024 - The ABAG Farmworker Housing Toolkit recommends prioritizing ag worker housing within the city core, consistent with CUDP policies - Added new language to acknowledge the vital connection between agricultural worker housing needs and the long-term sustainability of agriculture in Santa Clara County

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				Added criteria to provide greater clarity, transparency, and guidance on how LAFCO would apply this policy when considering an USA amendment that is for the purpose of developing agricultural worker housing
		a. Whether the proposal fulfills the established need for agricultural worker housing and whether it is consistent with the city and/or County's long-term agricultural land conservation plans		- Added new language to encourage cities and the County to comprehensively plan for agricultural worker housing based on documented needs and consistent with long-term agricultural land conservation plans - The ABAG Farmworker Housing Toolkit recommends development of a farmworker housing needs assessment and development of targeted programs and strategies to address the identified needs
		b. Whether the proposed development of agricultural worker housing is imminent or is likely to occur within the proposal area within the next 5 years in accordance with Policy #3.4.1(g)		Added reference to policy re. intent to develop upon inclusion of land in the USA
		c. Whether the proposal will result in logical and orderly boundaries in accordance with Policy #3.4.3, and whether the city has the ability to provide and fund necessary public services and infrastructure in accordance with Policy #3.4.6		Added language to specify which other key factors LAFCO must consider for an USA proposal that

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				is for the purpose of developing agricultural worker housing
		d. Whether the city has methods currently in place (e.g. deed restrictions and/or affordability covenants) to ensure that the proposed agricultural worker housing remains affordable and occupied by eligible agricultural workers at affordable rents and sales prices over the long term		• Added new language consistent with the Employee Housing Act [Health and Safety Code §17021.8 (i)(3)(C)]
		e. Whether the proposed agricultural worker housing will be maintained and operated by a qualified and certified affordable housing organization pursuant to Health & Safety Code §17030.10, including a public agency, or an employee housing provider.		• Added new language consistent with the Employee Housing Act [Health and Safety Code §17021.8 (i)(3)(A)] to provide a satisfactory living environment

Sidebar 1	Infill development refers to building on unused or underutilized lands within existing city limits or urban service areas, consistent with the city's General Plan.
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URBAN SERVICE AREA POLICIES

A. General Guidelines

1. Review and amendment of Urban Service Area (USA) boundaries is the Commission's primary vehicle for encouraging orderly city growth.
2. LAFCO will review/amend a city's Urban Service Area once a year, if such review is desired by the city and initiated by city resolution and application. Until a city's application has been heard and acted upon by the Commission, no further Urban Service Area amendments will be accepted for filing from that city. LAFCO may make an exception to the once a year limitation upon Urban Service Area amendment requests where amendment is needed to carry out some special institutional development or activity that is in the public interest. Such exceptions shall not normally be extended in connection with proposed residential, commercial, or industrial development.
3. Within the Urban Service Areas, LAFCO does not review city annexations and reorganizations if the proposals are initiated by city resolution and meet certain conditions. State law gives cities in Santa Clara County the authority to approve such reorganizations.

B. Urban Service Area Amendment Policies

1. LAFCO will require application of an appropriate general plan designation to territory proposed for inclusion in an Urban Service Area.
2. LAFCO encourages contractual agreements and/or plans between the cities and the County which define:
 - a. Growth at the urban fringe; and
 - b. Potential new growth areas.
3. LAFCO will consider factors included in Government Code section 56668 as well as factors such as the following to determine the local and regional impacts of a proposed Urban Service Area amendment:
 - a. The ratio of lands planned for residential use to lands planned for employment-producing use
 - b. The existence of adequate regional and local transportation capabilities to support the planned city growth;

- c. Ability of the city to provide urban services to the growth areas without detracting from current service levels;
 - d. The ability of school districts to provide school facilities;
 - e. Whether the conversion of agricultural and other open space lands is premature, or if there are other areas into which to channel growth;
 - f. The role of special districts in providing services;
 - g. Environmental considerations which may apply;
 - h. The impacts of proposed city expansion upon the County as a provider of services;
 - i. Fiscal impacts on other agencies;
 - j. Regional housing needs;
 - k. Availability of adequate water supply; and
 - l. Consistency with city or county general and specific plans.
- 4. LAFCO will consider the applicable service reviews and discourage urban service area amendments that undermine adopted service review determinations or recommendations.
 - 5. When a city with a substantial supply of vacant land within its Urban Service Area applies for an Urban Service Area expansion, LAFCO will require an explanation of why the expansion is necessary, why infill development is not undertaken first, and how an orderly, efficient growth pattern, consistent with LAFCO mandates, will be maintained.
 - 6. The Commission will discourage Urban Service Area expansions which include agricultural or other open space land unless the city has accomplished one of the following:
 - a. Demonstrated to LAFCO that effective measures have been adopted for protecting the open space or agricultural status of the land. Such measures may include, but not limited to, the establishment of agricultural preserves pursuant to the California Land Conservation Act, the adoption of city/County use agreements or applicable specific plans, the implementation of clustering or transfer-of-development-rights policies; evidence of public acquisition; or
 - b. Demonstrated to LAFCO that conversion of such lands to other than open space uses is necessary to promote the planned, orderly, efficient development of the city.

7. The Commission will consider whether an Urban Service Area amendment leading to the conversion of agricultural or other open space land, will adversely affect the agricultural or open space resources of the County. Factors to be studied include, but are not limited to:
 - a. The agricultural significance of the amendment area relative to other agricultural lands in the region (soil, climate, water-related problems, parcel size, current land use, crop value, Williamson Act contracts, etc.)
 - b. The economic viability of use of the land for agriculture;
 - c. Whether public facilities, such as roads, would be extended through or adjacent to other agricultural lands in order to provide services to anticipated development in the amendment area or whether the public facilities would be sized or situated to impact other agricultural lands in the area
 - d. Whether the amendment area is adjacent to or surrounded by existing urban or residential development.
8. If an Urban Service Area proposal includes the conversion of open space lands or agricultural lands, LAFCO strongly encourages the city to develop effective mitigation measures to address the loss of the agricultural and open space lands. LAFCO will require an explanation of why the inclusion of agricultural and open space lands is necessary and how the loss of such lands will be mitigated.

Mitigation measures include, but are not limited to: the acquisition and dedication of farmland, development rights, open space and conservation easements to permanently protect adjacent and other agricultural lands within the county, participation in other development programs such as transfer or purchase of development rights, payments to recognized government and non-profit organizations for such purposes, and establishment of buffers to shield agricultural operations from the effects of development.

9. Where appropriate, LAFCO will consider adopted policies advocating maintenance of greenbelts or other open space around cities in reviewing Urban Service Area amendments.
10. LAFCO will require evidence that an adequate water supply is available to the amendment areas and that water proposed to be provided to new areas does not include supplies needed for unserved properties already within the city, the city's Urban Service Area or other properties already charged for city water services. In

determining water availability, LAFCO will evaluate, review and consider:

- a. The city's plan for water service to the area and statement of existing water supply in terms of number of service units available; service units currently allocated; number of service units within city (and current USA) boundaries that are anticipating future service and service units needed for amendment area.
 - b. Whether the city is able to provide adequate water supply to the amendment area in the next 5 years, including drought years, while reserving capacity for areas within the city and Urban Service Area that have not yet developed.
 - c. Whether the city is capable of providing adequate services when needed to areas already in the city, in the city's Urban Service Area or to other properties entitled to service.
 - d. If capacity is not reserved for unserved property within the city and its Urban Service Area boundary, the current estimate of potential unserved properties and related water supply needs
 - e. Whether additional infrastructure and or new water supplies are necessary to accommodate future development or increases in service demand. If so, whether plans, permits and financing plans are in place to ensure that infrastructure and supply are available when necessary including compliance with required administrative and legislated processes, such as CEQA review, CEQA mitigation monitoring plans, or State Water Resources Board allocation permits. If permits are not current or in process, or allocations approved, whether approval is expected.
 - f. Whether facilities or services comply with environmental and safety standards so as to permit acquisition, treatment, and distribution of necessary water.
11. LAFCO will discourage proposals that undermine regional housing needs plans, reduce affordable housing stock, or propose additional urbanization without attention to affordable housing needs. LAFCO will consider:
- a. Whether the proposal creates conditions that promote local and regional policies and programs intended to remove or minimize impediments to fair housing including city/ county general plan housing elements, Analysis of Impediments to Fair Housing or Consolidated Plans for Housing and Community Development and ABAG's regional housing needs assessment and related policies.

- b. Whether the proposal introduces urban uses into rural areas thus increasing the value of currently affordable rural area housing and reducing regional affordable housing supply.
- c. Whether the proposal directs growth away from agricultural / open space lands towards infill areas and encourages development of vacant land adjacent to existing urban areas thus decreasing infrastructure costs and potentially housing construction costs.
- d. Whether funding of infrastructure to support development in the amendment area imposes an unfair burden on residents or customers within the existing boundaries thus impacting housing construction costs in the area.

Amended December 11, 2002

CHAPTER 4
ANNEXATION, DETACHMENT AND
REORGANIZATION POLICIES

CHAPTER 4. ANNEXATION, DETACHMENT, AND REORGANIZATION POLICIES

4.1 INTRODUCTION

Under generally applicable provisions of state law, Local Agency Formation Commissions (LAFCOs) for each county are designated as the sole approval authority for annexations, detachments, other changes of organization, and reorganizations of local agencies.

However, in Santa Clara County, a city annexation or reorganization (e.g., annexation to a city and detachment from one or more special districts) proposed within a city's Urban Service Area (USA) may qualify for a "city-conducted" process, pursuant to Government Code (GC) §56757. Such proposals are not heard by LAFCO, but by the City Council of the appropriate city as described further below.

The policies and procedures for annexation to cities are thus differentiated from those applicable to special districts in Santa Clara County.

The State law definitions of the types of boundary changes addressed in this chapter include the following:

- **Annexation** is a change of organization involving "the inclusion, attachment, or addition of territory to a city or special district." [GC §56017]
- **Detachment** is a change of organization involving "the exclusion, deletion, or removal from a city or district of any portion of the territory of that city or special district." [GC §56033]
- **Reorganization** is the term used for two or more concurrent changes of organizations (e.g. annexation/detachment from a city, and annexation/detachment from a special district) contained in a single proposal. [GC §56073]

4.2 CITY ANNEXATIONS, DETACHMENTS AND REORGANIZATIONS

The Countywide Urban Development Policies (CUDPs), jointly adopted by LAFCO, the County and the 15 cities, stipulate that urban development is to occur within cities, rather than in the unincorporated areas; and that development that requires urban services should annex to cities. LAFCO has adopted USAs for each of the cities that include lands currently urbanized and annexed to cities and provided with urban services, as well as unincorporated lands that a city intends to annex in order to develop those lands and provide them with urban services within five years. Therefore, lands that a city intends to annex must first be located within the city's USA, as approved by LAFCO.

Annexation of any remaining unincorporated lands within adopted USAs (i.e. islands) has been a shared goal for the cities, County, and LAFCO. LAFCO policy encourages cities to annex such unincorporated lands in order to accommodate needed growth. (Chapter 6: Island Annexation Policies). The special allowance for "city-conducted" annexations as defined below is also intended to encourage and facilitate annexation of unincorporated lands within USAs.

The following are policies, and evaluative criteria and/or requirements for city annexations.

1. **City-Conducted Annexation.** Pursuant to GC §56757, in Santa Clara County, an annexation or a reorganization proposal that includes city annexation of unincorporated lands located within the USA of a city is not reviewed by LAFCO if the annexation or reorganization proposal is initiated by city council resolution. Further, the city council is required to conduct and approve the annexation or reorganization proposal after making all the following findings:
 - a. The unincorporated territory is located within the USA of the city as adopted by LAFCO.
 - b. The County Surveyor has determined the boundaries of the proposal to be definite and certain, and in compliance with LAFCO's Road Annexation Policies as listed in Policy #4.2.4. The city shall reimburse the county for the actual costs incurred by the County Surveyor in making this determination.
 - c. The proposal does not split lines of assessment or ownership.
 - d. The proposal does not create islands or areas in which it would be difficult to provide municipal services.
 - e. The proposal is consistent with the adopted general plan of the city.
 - f. The territory is contiguous to existing city limits
 - g. The city has complied with all conditions imposed by LAFCO for inclusion of the territory in the USA of the city.
2. **Pre-Zoning.** Consistent with GC §56375(a)(7), Santa Clara LAFCO requires pre-zoning of lands proposed for city annexation. Pre-zoning must be consistent with the city general plan designation for the lands. Both the pre-zoning and the general plan designation shall be considered in reviewing a city annexation proposal.
3. **Change of Pre-Zoning Limitation.** Pursuant to GC §56375(e), no subsequent change may be made to the city general plan or the zoning designations of the annexed territory that is not in conformance to the pre-zoning designations for a period of two years after the completion of the annexation, unless the city council makes a finding at a public hearing that a substantial change has occurred in the circumstances that necessitate the change.
4. **Annexation of Roads.** Cities shall annex appropriate segments of roads, freeways, highways, expressways, private roads or railroad rights-of-way, adjacent to or within the proposed annexation boundaries to ensure logical boundaries and efficient provision of public services. A city annexation proposal shall be designed to include:
 - a. A continuous section of roadway sufficient in length to allow road maintenance, and provision of other services such as policing of the street, fire protection, street maintenance, solid waste collection/disposal, by a single jurisdiction in an efficient manner without service duplication.

- b. Full-width sections of the street right-of-way to provide single-agency oversight, except that when a street is the boundary line between two cities, the centerline of the street may be used as the boundary.
 - c. Full-width street sections in increments of not less than one thousand linear feet, or the distance between two consecutive intersections, where 50 percent or more of the frontage on both sides of the street in said increment has been or is to be included in the city.
 - d. Existing short segments of county-maintained road to provide single-agency oversight of a full-width section of the road.
- 5. **Ability to Provide Public Services / Infrastructure.** Cities shall assume responsibility for ensuring that the annexed territory receives a full range of city services, and the city must clearly demonstrate its ability to provide services to the area proposed for annexation without detracting from current service levels within the city.
- 6. **Concurrent Detachment from Special Districts.** Cities shall concurrently detach the affected territory from special districts that will no longer provide service upon annexation to the city.
- 7. **Annexation to Special Districts for Services.** Where city annexations necessitate annexation to a special district in order to meet service needs, annexation of territory to the special district is required with consent from the special district. If the annexation territory is located outside the sphere of influence of the special district, LAFCO approval for an amendment of the special district sphere of influence and for annexation must be obtained.
- 8. **Annexation of Lands Under Williamson Act.** Pursuant to GC §56856.5, annexation of territory under Williamson Act Contract to a city or special district that would provide facilities or services related to sewers, nonagricultural water, or streets or roads shall be prohibited unless these facilities and services benefit land uses that are allowed under the Williamson Act Contract.
 - a. In evaluating such annexation proposals that involve Williamson Act lands, LAFCO will consider:
 - i. Whether the city or special district will limit the provision of urban services or facilities related to sewer, non-agricultural water or streets and roads to the proposal area.
 - ii. Whether the city that would administer the contract after annexation has adopted policies and feasible implementation measures applicable to the affected territory ensuring the continuation of agricultural use and other uses allowable under the contract on a long-term basis.
 - iii. Whether the proposal encourages or is necessary to provide planned, well-ordered, and efficient urban development patterns that include appropriate consideration of the preservation of open-space lands within those urban development patterns.

- b. In approving city annexation of land subject to a Williamson Act Contract, pursuant to GC §56754, LAFCO shall, based on substantial evidence, determine one of the following:
 - i. That the city shall succeed to the rights, duties, and powers of the county pursuant to GC §51243; or
 - ii. That the city may exercise its options to not succeed to the rights, duties, and powers of the county pursuant to GC §51243.5.
- 9. **Conformance with Service Reviews and Spheres of Influence.** City annexations shall be consistent with city Spheres of Influence (SOI) and shall not undermine adopted service review determinations or recommendations.
- 10. **Annexation of Lands Outside a City's USA for Permanent Preservation of Open Space.** In general, cities are precluded from annexing lands outside adopted USA boundaries. If such annexation is to be considered, LAFCO is the approval authority. LAFCO strongly discourages city annexation of territory located outside a city's USA, unless consistent with the mission and policies of LAFCO.

 LAFCO recognizes that in some limited circumstances, city annexations outside USAs may be appropriate, such as annexations that help promote permanent preservation of open space lands. Such annexation proposals outside city USAs will be considered on their merits on a case-by-case basis, and LAFCO shall reconsider allowance of exceptions to the general rule if it appears a pattern of such requests is developing.

 In evaluating such annexation proposals, LAFCO shall consider, among other things, the following:
 - a. The city's explanation for why the annexation is necessary, why an USA expansion is not appropriate prior to annexation, and how the annexation will result in the permanent preservation of open space.
 - b. Whether effective measures have been adopted for permanently protecting the open space status of the affected territory. Such measures may include acquisition and transfer of ownership of open space or transfer of open space conservation easements to a conservation entity for permanent preservation of the open space.
 - c. Whether the city has applied an appropriate general plan and pre-zoning designation to the proposal area indicating the open space status of the lands.
- 11. **City Detachments subject to City Support.** Detachment of territory from a city requires LAFCO approval and pursuant to GC §56751, LAFCO may not approve a city detachment proposal if the city adopts and transmits a resolution seeking termination of the proposal.

4.3 SPECIAL DISTRICT ANNEXATIONS, DETACHMENTS, AND REORGANIZATIONS

LAFCO is the approval authority for all boundary changes for special districts. State law precludes LAFCO from approving a proposal to annex territory located outside the SOI of the affected special district. Therefore, territory proposed for annexation to a special district must first be located within the affected special district's SOI as approved by LAFCO.

If an annexation proposal includes territory that is located outside the affected special district's SOI, the proposal must include a request to LAFCO for an amendment to the SOI. LAFCO has adopted policies to help guide its consideration of SOI amendment proposals. Please see "Chapter 2. Sphere of Influence Policies" for further information.

In accordance with GC §56668, LAFCO must take into account many factors when considering special district annexation/detachment proposals. Certain factors may be more applicable or relevant than others, depending on the specific proposal and circumstances. The following are LAFCO's policies and evaluative criteria for special district annexation, detachment, and reorganization proposals:

1. **Consistency with Spheres of Influence** In order to promote orderly growth and development, and efficient service provision, and pursuant to GC §56375.5, LAFCO shall not approve a special district annexation proposal located outside of the affected special district's SOI.
2. **Conformance with Service Reviews.** LAFCO shall consider the applicable service reviews and shall discourage proposals that undermine adopted service review determinations or recommendations.
3. **Impacts to Agricultural and Open Space Lands.** In order to preserve agricultural lands and open space, LAFCO shall discourage proposals that include or adversely impact agricultural lands and open space, consistent with GC §56377(a) and GC §56668(e).
4. **Logical, Orderly Boundaries.** LAFCO shall discourage proposals that will not result in logical and orderly boundaries. LAFCO will consider:
 - a. Whether the boundaries of the proposal are contiguous with the existing district boundary [GC §56668(d) & (f)]
 - b. Whether the boundaries of the proposal are definite and certain, and whether the boundaries conform with lines of assessment or ownership [§56668(f)]
 - c. Whether the proposal will result in islands, flags, peninsulas, corridors or other irregular boundary configurations which are illogical and/or difficult to serve [GC §56668(f)]
 - d. Whether the boundaries of the proposal follow natural and man-made features, such as ridge lines, drainage areas, watercourses, and edges of right-of-way [GC §56668(a)]
5. **Special District Annexations to Provide Urban Services outside City USAs.** Consistent with the intent of the Countywide Urban Development Policies (CUDPs) and the County General Plan that prohibit urban development and the provision of

urban services in unincorporated areas outside city USAs; and in order to promote efficient development patterns, and prevent the premature conversion of agricultural land, LAFCO shall discourage special district annexation proposals that would extend urban services such as sewer and water to unincorporated lands outside existing city USAs.

However, LAFCO recognizes that in some limited circumstances, a special district annexation proposal may be in response to an existing threat to public health and safety (e.g., existing septic system failures, well contaminations, or well failures) in the rural unincorporated area, outside city USAs. LAFCO shall consider the following criteria in evaluating such proposals on a case-by-case basis:

- a. Whether the property is currently developed.
- b. Whether the threat to public health and safety is substantial and immediate as documented by the County Department of Environmental Health and whether there are no other feasible means of addressing the situation.
- c. Whether the proposed boundaries would result in a premature intrusion of urbanization into a predominantly agricultural or rural area.
- d. Whether public facilities or infrastructure related to the proposal would be sized to exceed the capacity needed to address the situation and/or the development.
- e. Whether a pattern of such requests is developing, and if so, the cumulative impact of such requests. If a pattern of such requests is developing, LAFCO shall encourage affected agencies to develop and successfully implement measures/plans to first avoid and minimize such requests which may be growth inducing.

6. **Ability to Provide and Fund Public Services and Infrastructure.** In order to ensure efficient service provision, LAFCO shall discourage proposals that do not clearly demonstrate that the special district has the ability to provide services to the proposal area without detracting from current service levels within the special district, and in areas that the special district has already committed to serve. Consistent with GC §56668(b) and (k), LAFCO will consider:

- a. The special district's plan for providing services within the proposal area prepared in accordance with LAFCO's Guide for preparing a Plan for Services included as Exhibit B, and which pursuant to GC §56653, shall include:
 - i. An enumeration and description of services currently provided and/or to be provided and the corresponding service provider
 - ii. The level and range of those services as well as detailed information on the size, location, and capacity of infrastructure both existing and required
 - iii. Estimated time frame for service delivery
 - iv. A statement indicating capital improvements, or upgrading of structures, roads, sewers, water facilities or other conditions that the

special district would require in the affected territory prior to providing service

- v. A description of how the services will be financed
- b. Whether the proposal is expected to result in any significant increase in service needs and/or new facilities, personnel, apparatus or equipment as a result of adding the proposal area.
- c. Whether the anticipated increase in service needs (e.g. increase in calls for fire and police services) and/or new facilities are likely to result in an increase in service costs and how the special district plans to finance the anticipated increase in service costs.
- d. Whether the proposal will require the construction of new infrastructure and/or expansion of existing infrastructure and how the special district plans to address the associated fiscal impacts.

PROPOSED ANNEXATION, DETACHMENT AND REORGANIZATION POLICIES WITH NOTES AND REFERENCES TO CURRENT POLICIES

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
4.1	INTRODUCTION	Under generally applicable provisions of state law, Local Agency Formation Commissions (LAFCOs) for each county are designated as the sole approval authority for annexations, detachments, other changes of organization, and reorganizations of local agencies. However, in Santa Clara County, a city annexation or reorganization (e.g., annexation to a city and detachment from one or more special districts) proposed within a city's Urban Service Area (USA) may qualify for a "city-conducted" process, pursuant to Government Code (GC) §56757. Such proposals are not heard by LAFCO, but by the City Council of the appropriate city as described further below. The policies and procedures for annexation to cities are thus differentiated from those applicable to special districts in Santa Clara County. The State law definitions of the types of boundary changes addressed in this chapter include the following: • Annexation is a change of organization involving "the inclusion, attachment, or addition of territory to a city or special district." [GC §56017] • Detachment is a change of organization involving "the exclusion, deletion, or removal from a city or district of any portion of the territory of that city or special district." [GC §56033] • Reorganization is the term used for two or more concurrent changes of organizations (e.g. annexation/detachment from a city, and annexation/detachment from a special district) contained in a single proposal. [GC §56073]		• To provide greater clarity and transparency, added this new section which includes a brief summary of the annexation regulations unique to Santa Clara County • For ease of use and greater clarity, added definitions for three types of boundary changes consistent with State law

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
4.2	CITY ANNEXATIONS, DETACHMENTS, AND REORGANIZATIONS	The Countywide Urban Development Policies (CUDPs), jointly adopted by LAFCO, the County and the 15 cities, stipulate that urban development is to occur within cities, rather than in the unincorporated areas; and that development that requires urban services should annex to cities. LAFCO has adopted USAs for each of the cities that include lands currently urbanized and annexed to cities and provided with urban services, as well as unincorporated lands that a city intends to annex in order to develop those lands and provide them with urban services within five years. Therefore, lands that a city intends to annex must first be located within the city's USA, as approved by LAFCO. Annexation of any remaining unincorporated lands within adopted USAs has been a shared goal for the cities, County, and LAFCO. Annexation of any remaining unincorporated lands within adopted USAs (i.e. islands) has been a shared goal for the cities, County, and LAFCO. LAFCO policy encourages cities to annex such unincorporated lands in order to accommodate needed growth. (Chapter 6: Island Annexation Policies). The special allowance for “city-conducted” annexations as defined below is also intended to encourage and facilitate annexation of unincorporated lands within USAs. The following are policies, and evaluative criteria and/or requirements for city annexations.	Restated CUDP Policies	- Given the unique provisions in State law that apply only to city annexations in Santa Clara County, the current policies are reorganized into two new sections. Section 4.2 is specific to city boundary changes and Section 4.3 is specific to special district boundary changes - To provide the necessary context for city annexations, added this introductory section on the CUDPs, USA boundaries, and their relation to city annexations within the USAs in Santa Clara County - To provide clarity and guidance, added a reference to “Chapter 6: Island Annexation Policies,” as an island annexation is a specific type of city annexation and LAFCO has also adopted policies that apply specifically to island annexations
		1. City-Conducted Annexation. Pursuant to GC §56757, in Santa Clara County, an annexation or a reorganization proposal that includes city annexation of unincorporated lands located within the USA of a city is not reviewed by LAFCO if the annexation or reorganization proposal is initiated by city council resolution. Further, the city council is required to conduct and approve the annexation or reorganization proposal after making all the following findings:	Similar to Annexation/Reorganization Policy A1, with additional clarifications	To provide clarity, transparency, and guidance, added new section on the qualifying requirements, and the findings that cities must make in order to conduct an annexation/reorganization within

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				a city's USA, consistent with State law
		a. The unincorporated territory is located within the USA of the city as adopted by LAFCO.	Similar to Annexation/Reorganization Policy A1	• Reworded for consistency with GC §56757(c)(1) in State law
		b. The County Surveyor has determined the boundaries of the proposal to be definite and certain, and in compliance with LAFCO's Road Annexation Policies as listed in Policy #4.2.4. The city shall reimburse the county for the actual costs incurred by the County Surveyor in making this determination.	Similar to Annexation/Reorganization Policy B4, with additional clarifications	• Added clarifications consistent with GC §56757(c)(2) in State law that the County Surveyor must make the determinations and must be reimbursed for the costs
		c. The proposal does not split lines of assessment or ownership.	Same as Annexation/Reorganization Policy B4	
		d. The proposal does not create islands or areas in which it would be difficult to provide municipal services.	Same as Annexation/Reorganization Policy B5, with additional clarification	• Added clarification consistent with GC §56757(c)(4) in State law
		e. The proposal is consistent with the adopted general plan of the city.		• Added new language consistent with GC §56757(c)(5) in State law
		f. The territory is contiguous to existing city limits		• Added new language consistent with GC §56757(c)(6) in State law

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		g. The city has complied with all conditions imposed by LAFCO for inclusion of the territory in the USA of the city.		Added new language consistent with GC §56757(c)(7) in State law
		2. Pre-Zoning. Consistent with §56375(a)(7), LAFCO requires pre-zoning of lands proposed for city annexation. Pre-zoning must be consistent with the city general plan designation for the lands. Both the pre-zoning and the general plan designation shall be considered in reviewing a city annexation proposal.	Substantially similar to Annexation/Reorganization Policy B6, with additional clarification	Added new language consistent with GC §56375(a)(7) in State law
		3. Change of Pre-Zoning Limitation. Pursuant to GC §56375(e), no subsequent change may be made to the city general plan or the zoning designations of the annexed territory that is not in conformance to the pre-zoning designations for a period of two years after the completion of the annexation, unless the city council makes a finding at a public hearing that a substantial change has occurred in the circumstances that necessitate the change.	Substantially similar to Annexation/Reorganization Policy B7, with additional reference to state law	
		4. Annexation of Roads. Cities shall annex appropriate segments of roads, freeways, highways, expressways, private roads or railroad rights-of-way, adjacent to or within the proposed annexation boundaries to ensure logical boundaries and efficient provision of public services. A city annexation proposal shall be designed to include:	Substantially similar to Annexation/Reorganization Policy C4	
		a. A continuous section of roadway sufficient in length to allow road maintenance, and provision of other services such as policing of the street, fire protection, street maintenance, solid waste collection/disposal, by a single jurisdiction in an efficient manner without service duplication.	Substantially similar to Annexation/Reorganization Policy C2	
		b. Full-width sections of the street right-of-way to provide single-agency oversight, except that when a street is the boundary line between two cities, the centerline of the street may be used as the boundary.	Substantially similar to Annexation/Reorganization Policy C5	
		c. Full-width street sections in increments of not less than one thousand linear feet, or the distance between two consecutive intersections, where 50 percent or more of the frontage on both sides of the street in said increment has been or is to be included in the city.	Substantially similar to Annexation/Reorganization Policy C2	

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		d. Existing short segments of county-maintained road to provide single-agency oversight of a full-width section of the road.	Substantially similar to Annexation/Reorganization Policy C3	
		5. Ability to Provide Public Services / Infrastructure. Cities shall assume responsibility for ensuring that the annexed territory receives a full range of city services, and the city must clearly demonstrate its ability to provide services to the area proposed for annexation without detracting from current service levels within the city.	Substantially similar to Annexation/Reorganization Policy B3	
		6. Concurrent Detachment from Special Districts. Cities shall concurrently detach the affected territory from special districts that will no longer provide service upon annexation to the city.	Substantially similar to Annexation/Reorganization Policy B11	
		7. Annexation to Special Districts for Services. Where city annexations necessitate annexation to a special district in order to meet service needs, annexation of territory to the special district is required with consent from the special district. If the annexation territory is located outside the sphere of influence of the special district, LAFCO approval for an amendment of the special district sphere of influence and for annexation must be obtained.	Similar to Annexation/Reorganization Policy A4, with additional clarifications	Added language to better explain the current policy based on current and historic LAFCO practice
		8. Annexation of Lands Under Williamson Act. Pursuant to GC §56856.5, annexation of territory under Williamson Act Contract to a city or special district that would provide facilities or services related to sewers, nonagricultural water, or streets or roads shall be prohibited unless these facilities and services benefit land uses that are allowed under the Williamson Act Contract.		Added this section to provide clarity, transparency, and guidance consistent with State law
		a. In evaluating such annexation proposals that involve Williamson Act lands, LAFCO will consider:		“
		i. Whether the city or special district will limit the provision of urban services or facilities related to sewer, non-agricultural water or streets and roads to the proposal area.		Added new language consistent with GC §56856.5(a) in State law

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		ii. Whether the city that would administer the contract after annexation has adopted policies and feasible implementation measures applicable to the affected territory ensuring the continuation of agricultural use and other uses allowable under the contract on a long-term basis.		Added new language consistent with GC §56856.5(c)(1) in State law
		iii. Whether the proposal encourages or is necessary to provide planned, well-ordered, and efficient urban development patterns that include appropriate consideration of the preservation of open-space lands within those urban development patterns.		Added new language consistent with GC §56856.5(c)(2) and (3) in State law
		b. In approving city annexation of land subject to a Williamson Act Contract, pursuant to GC §56754, LAFCO shall, based on substantial evidence, determine one of the following:		Added new language consistent with State law to provide guidance
		i. That the city shall succeed to the rights, duties, and powers of the county pursuant to GC §51243; or		“
		ii. That the city may exercise its options to not succeed to the rights, duties, and powers of the county pursuant to GC §51243.5.		“
		9. Conformance with Service Reviews and Spheres of Influence. City annexations shall be consistent with city Spheres of Influence (SOI) and shall not undermine adopted service review determinations or recommendations.	Similar to Annexation/Reorganization Policy B12, with additional clarification	Added new language consistent with GC §56375.5 in State law and current LAFCO practice
		10. Annexation of Lands Outside a City's USA for Permanent Preservation of Open Space. In general, cities are precluded from annexing lands outside adopted USA boundaries. If such annexation is to be considered, LAFCO is the approval authority. LAFCO strongly discourages city annexation of territory located outside a city's USA, unless consistent with the mission and policies of LAFCO. LAFCO recognizes that in some limited circumstances, city annexations outside USAs may be appropriate, such as annexations that help promote permanent preservation of open space lands. Such annexation proposals outside city USAs will be considered on their merits	Similar to Annexation/Reorganization Policy B1, with additional clarification	Reworded for greater clarity and consistency with the CUDPs, and to provide better guidance to cities on what LAFCO will consider in such cases

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		on a case-by-case basis, and LAFCO shall reconsider allowance of exceptions to the general rule if it appears a pattern of such requests is developing. In evaluating such annexation proposals, LAFCO shall consider, among other things, the following:		
		a. The city's explanation for why the annexation is necessary, why an USA expansion is not appropriate prior to annexation, and how the annexation will result in the permanent preservation of open space.	"	"
		b. Whether effective measures have been adopted for permanently protecting the open space status of the affected territory. Such measures may include acquisition and transfer of ownership of open space or transfer of open space conservation easements to a conservation entity for permanent preservation of the open space.	"	"
		c. Whether the city has applied an appropriate general plan and pre-zoning designation to the proposal area indicating the open space status of the lands.	"	"
		11. City Detachments subject to City Support. Detachment of territory from a city requires LAFCO approval and pursuant to GC §56751, LAFCO may not approve a city detachment proposal if the city adopts and transmits a resolution seeking termination of the proposal.		Added new language consistent with GC §56751 in State law
4.3	SPECIAL DISTRICT ANNEXATIONS, DETACHMENTS, AND REORGANIZATIONS	LAFCO is the approval authority for all boundary changes for special districts. State law precludes LAFCO from approving a proposal to annex territory located outside the SOI of the affected special district. Therefore, territory proposed for annexation to a special district must first be located within the affected special district's SOI as approved by LAFCO. If an annexation proposal includes territory that is located outside the affected special district's SOI, the proposal must include a request to LAFCO for an amendment to the SOI. LAFCO has adopted policies to help guide its consideration of SOI amendment proposals. Please see "Chapter 2. Sphere of Influence Policies" for further information. In accordance with GC §56668, LAFCO must take into account many factors when considering special district annexation/detachment proposals. Certain factors may be more applicable or relevant than others, depending on the specific proposal and circumstances. The following are		- Given the unique provisions in State law that apply only to city annexations in Santa Clara County, the current policies are reorganized into two new sections. Section 4.2 is specific to city boundary changes and this Section 4.3 is specific to special district boundary changes - To provide clarity, transparency and guidance, added new section

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		LAFCO's policies and evaluative criteria for special district annexation, detachment, and reorganization proposals:		on LAFCO's authority as it relates to boundary changes for special districts, and the limitations and requirements under State law To provide clarity, transparency, and guidance, added new section on the factors that LAFCO must take into account when considering a special district annexation/detachment proposal, based on State law and current LAFCO practice
		1. Conformance with Spheres of Influence. In order to promote orderly growth and development, and efficient service provision, and pursuant to GC §56375.5, LAFCO shall not approve a special district annexation proposal located outside of the affected special district's SOI.		Added new language consistent with GC §56375.5 in State law and current LAFCO practice
		2. Conformance with Service Reviews. LAFCO shall consider the applicable service reviews and shall discourage proposals that undermine adopted service review determinations or recommendations.	Restated Annexation/Reorganization Policy B12	
		3. Impacts to Agricultural and Open Space Lands. In order to preserve agricultural lands and open space, LAFCO shall discourage proposals that include or adversely impact agricultural lands and open space, consistent with GC §56377(a) and GC §56668(e).		Added new language consistent with GC §56377(a) and GC §56668(e) in State law and current LAFCO practice
		4. Logical, Orderly Boundaries. LAFCO shall discourage proposals that will not result in logical and orderly boundaries. LAFCO will consider:	Similar to Annexation/Reorganization Policy A4, with additional explanation of criteria	- Added new language to clarify LAFCO's policy based on GC §56668(f) in State law. - Added criteria to provide greater clarify, transparency, and

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				guidance on how LAFCO would apply this policy when considering a special district annexation/reorganization request
		a. Whether the boundaries of the proposal are contiguous with the existing district boundary [GC §56668(d) & (f)]		Added to provide greater clarity, transparency, and guidance on the criteria that LAFCO would consider based on GC §56668(d) & (f)
		b. Whether the boundaries of the proposal are definite and certain, and whether the boundaries conform with lines of assessment or ownership [§56668(f)]	Substantially similar to Annexation/Reorganization Policy B4, with added reference to relevant code section in State law	
		c. Whether the proposal will result in islands, flags, peninsulas, corridors or other irregular boundary configurations which are illogical and/or difficult to serve [GC §56668(f)]	Similar to Annexation/Reorganization Policy B5, with additional clarification	Reworded to provide greater clarity, transparency, and guidance consistent with GC §56668(d)& (f)
		d. Whether the boundaries of the proposal follow natural and man-made features, such as ridge lines, drainage areas, watercourses, and edges of right-of-way [GC §56668(a)]		Added new language to provide greater clarity, transparency, and guidance based on GC §56668(a)
		5. Special District Annexation to Provide Urban Services outside City USAs. Consistent with the intent of the Countywide Urban Development Policies (CUDPs) and the County General Plan that prohibit urban development and the provision of urban services in unincorporated areas outside city USAs; and in order to promote efficient development patterns, and prevent the premature conversion of agricultural land, LAFCO shall	Similar to Annexation/Reorganization Policy A2 and A4, with additional clarification	Added new language to provide greater clarity, transparency, and guidance on how LAFCO would apply special consideration for proposals that address an existing threat to public health and safety

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		discourage special district annexation proposals that would extend urban services such as sewer and water to unincorporated lands outside existing city USAs. However, LAFCO recognizes that in some limited circumstances, a special district annexation proposal may be in response to an existing threat to public health and safety (e.g., existing septic system failures, well contaminations, or well failures) in the rural unincorporated area, outside city USAs. LAFCO shall consider the following criteria in evaluating such proposals on a case-by-case basis:		
		a. Whether the property is currently developed.		“
		b. Whether the threat to public health and safety is substantial and immediate as documented by the County Department of Environmental Health and whether there are no other feasible means of addressing the situation.		“
		c. Whether the proposed boundaries would result in a premature intrusion of urbanization into a predominantly agricultural or rural area.		“
		d. Whether public facilities or infrastructure related to the proposal would be sized to exceed the capacity needed to address the situation and/or the development.		“
		e. Whether a pattern of such requests is developing, and if so, the cumulative impact of such requests. If a pattern of such requests is developing, LAFCO shall encourage affected agencies to develop and successfully implement measures/plans to first avoid and minimize such requests which may be growth inducing.		“
		6. Ability to Provide and Fund Public Services and Infrastructure. In order to ensure efficient service provision, LAFCO shall discourage proposals that do not clearly demonstrate that the special district has the ability to provide services to the proposal area without detracting from current service levels within the special district, and in areas that the special district has already committed to serve. Consistent with GC §56668(b) and (k), LAFCO will consider:	Similar to Annexation/Reorganization Policy B3, with additional clarification	• Added new language to clarify LAFCO's policy based on GC §56668(k) in State law. • Added language to provide clarity, transparency, and better guidance on how LAFCO would apply this policy when considering special district

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				annexation/reorganization requests, and added reference to the relevant code sections
		a. The special district's plan for providing services within the proposal area prepared in accordance with LAFCO's Guide for preparing a Plan for Services included as Exhibit B, and which pursuant to GC §56653, shall include:		Added new language to directly reference the requirement for preparation of a Plan for Services per GC §56653 of State law; and LAFCO's Guide for preparing a Plan for Services, an updated separate document, prepared to provide clarity, transparency, and specific guidance to applicants.
		i. An enumeration and description of services currently provided and/or to be provided and the corresponding service provider		Added new language to quote GC §56653 in State law on the type of information that must be included in a Plan for Providing Services
		ii. The level and range of those services as well as detailed information on the size, location, and capacity of infrastructure both existing and required		”
		iii. Estimated time frame for service delivery		“
		iv. A statement indicating capital improvements, or upgrading of structures, roads, sewers, water facilities or other conditions that the special district would require in the affected territory prior to providing service		“
		v. A description of how the services will be financed		“

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		b. Whether the proposal is expected to result in any significant increase in service needs and/or new facilities, personnel, apparatus or equipment as a result of adding the proposal area.		• Added new language to provide clarity, transparency, and better guidance to applicants consistent with GC §56653 and current LAFCO practice
		c. Whether the anticipated increase in service needs (e.g. increase in calls for fire and police services) and/or new facilities are likely to result in an increase in service costs and how the special district plans to finance the anticipated increase in service costs.		”
		d. Whether the proposal will require the construction of new infrastructure and/or expansion of existing infrastructure and how the special district plans to address the associated fiscal impacts.		“

**POLICIES RELATIVE TO ANNEXATION/REORGANIZATIONS
FOR CITIES AND SPECIAL DISTRICTS**

A. GENERAL GUIDELINES

1. The Commission will encourage city processing of annexations and reorganizations within Urban Service Areas without LAFCO review. Pursuant to Government Code Section 56757, reorganizations within a city's urban service area may be approved by the city council without LAFCO review if the proposal meets certain conditions.
2. Urban development should take place in cities rather than in unincorporated territory.
3. Whenever possible, cities should pursue development of vacant incorporated land before annexation of fringe areas.
4. Annexations and reorganizations should result in logical and reasonable expansions for cities and special districts.
5. Cities are encouraged to pursue annexation of unincorporated islands.
6. Cities are encouraged to exchange territory between them to improve illogical boundary or service situations.
7. The Commission encourages local agencies to seek means for increasing governmental efficiency and reducing overlaps of service provisions. Specifically:
 - a. Annexation to an existing agency is favored over creation of a new agency.
 - b. Creation of subsidiary districts, and mergers or consolidation of special districts, are encouraged whenever possible.

B. ANNEXATION/REORGANIZATION POLICIES

1. LAFCO will strongly discourage city annexations of land outside Urban Service Areas until inclusion into the Urban Service Area is appropriate. However, the Commission recognizes that in some circumstances, city annexations outside Urban Service Areas will help promote preservation of agriculture, open space, and/or greenbelts. Such cases will be considered on their merits on a case-by-case basis. LAFCO will reconsider allowance of exceptions if it appears a pattern of such requests is developing.
2. Where development outside Urban Service Areas will necessitate annexations to special districts, LAFCO will consider city general plans, joint city/county plans, and land use studies, such as the South County Plan and Preservation 2020, in reviewing proposals.

3. Proponents must clearly demonstrate that the city or special district is capable of meeting the need for services.
4. Boundaries of proposals must be definite and certain, and split lines of assessment must be avoided wherever possible.
5. The boundaries of a proposed annexation or reorganization must not create or result in areas that are difficult to serve.
6. Pre-zoning is a requirement for city annexation. Where territory is pre-zoned agricultural, but has an urban use designation on the city's general plan, the applicant will be required to demonstrate why such an annexation is not in violation of the Cortese-Knox Local Government Reorganization Act, which requires LAFCO to:
 - a. Steer growth away from agricultural areas; and
 - b. Determine that annexation and development of land for non-agricultural purposes is not premature.
7. No subsequent change may be made to the general plan or the zoning of the annexed territory that is not in conformance to the pre-zoning designations for a period of two years after the completion of the annexation unless the city council makes a finding at a public hearing that a substantial change has occurred in the circumstances that necessitate the change.
8. For annexations for residential development of five acres or more, a copy of the application shall be sent to the appropriate school district(s) for the purpose of ascertaining the impact the proposal may have on the district's ability to provide educational services.
9. All applications for annexations where pre-zoning indicates that land development could cause the number of vehicle trips per day to exceed 2,000, shall be sent by the LAFCO Executive Officer to the Congestion Management Agency with the Valley Transportation Authority for comment as to impact on regional transportation facilities and services.
10. Where service providers other than the reorganizing agencies may be substantively impacted by a proposed reorganization, LAFCO shall request comments on the proposal from the affected service providers. Comments received will be a factor considered in reviewing the proposal.
11. Concurrent detachment of territory from special districts which will no longer provide service is a required condition of city annexation.
12. LAFCO will consider the applicable service reviews and discourage changes in organization that undermine adopted service review determinations or recommendations.

C. STREET ANNEXATION POLICIES

1. Cities will be required to annex entire street sections whenever possible.
2. When streets are used as a boundary for an annexation, the annexation proposal shall be designed to include a continuous section of roadway sufficient in length to allow maintenance and policing of the street by a single jurisdiction. Annexation of full-width sections normally shall be made in increments of not less than one thousand feet, or the distance between two consecutive intersections, where 50 percent or more of the frontage on both sides of the street in said increment has been or is to be included in the city. This policy shall not supercede other provisions in State law.
3. Pursuant to Government Code Section 57329, annexation of existing short segments of county maintained road to provide single-agency oversight of a full-width section of the road shall be accomplished in the most practical manner.
4. Appropriate segments of roads, freeways, highways, expressways, private roads or railroad rights-of-way, adjacent to or within the proposed annexation should be included in the city boundaries to ensure logical boundaries and efficient provision of public services.
5. When a street is the boundary line between two cities, the centerline of the street may be used as the boundary. Such street annexations shall occur in increments as described in Policy 2, above.
6. Half-street annexations will not be approved except as provided in Policies 3 and 4, above, unless otherwise provided by State law.

CHAPTER 5
OUT OF AGENCY SERVICES BY CONTRACT (OASC)
POLICIES

CHAPTER 5. OUT-OF-AGENCY SERVICE BY CONTRACT POLICIES

5.1 INTRODUCTION

The term “out-of-agency service by contract” (OASC) refers to an agency such as a city or special district providing new or extended services by contract or agreement outside its jurisdictional boundaries.

Prior to 1994, cities and special districts in California could avoid a LAFCO’s review process for annexation and provide services by contract outside their boundaries without obtaining LAFCO approval. This circumvented the Legislature’s intent for LAFCOs to regulate city and special district boundaries which generally determine where a city or special district provides services; furthermore, it undermined a LAFCO’s ability to guide growth, and ensure orderly development and good planning of infrastructure and services.

To prevent such circumvention and strengthen LAFCO’s position to better address issues concerning growth and sprawl, the Legislature added Government Code (GC) §56133 which requires cities and special districts to first request and receive written approval from LAFCO before providing new or extended services by contract outside their jurisdictional boundaries. GC §56133 was enacted in 1993 as part of Assembly Bill No. 1335 and became effective on January 1, 1994. Over subsequent years, GC §56133 has been amended several times to clarify a LAFCO’s role in regulating service provision outside jurisdictional boundaries. In 2003, the law was revised to state that GC §56133 does not apply to service extensions that occurred on or before January 1, 2001.

5.2 PROCEDURAL POLICIES FOR OUT-OF-AGENCY SERVICE BY CONTRACT PROPOSALS

The following procedures apply for processing of OASC proposals:

1. **LAFCO approval.** Government Code §56133 requires that a city or special district must apply for and obtain LAFCO approval before providing new or extended services by contract or agreement outside its jurisdictional boundaries, unless exempt pursuant to GC §56133(e).
2. **Initiation.** An OASC application to Santa Clara LAFCO must be initiated by resolution of the city or special district that is proposing to provide the service beyond its jurisdictional boundaries.
3. **Pre-Application Meeting.** A city or special district that seeks to or receives a request to provide service outside its jurisdictional boundaries must first evaluate whether the OASC request is consistent with applicable local and Santa Clara LAFCO policies and determine whether it supports the request. In order to aid such evaluation, Santa Clara LAFCO encourages a city/special district to schedule a pre-application meeting with LAFCO staff as early as possible to discuss their OASC plans and obtain more information on the policies and procedures that may apply to the specific proposal. LAFCO staff shall also assist the city/special district in investigating annexation as an alternative to submitting a formal OASC application.

4. **LAFCO Determination of Exemptions.** Santa Clara LAFCO, and not the city or special district that would provide the service, shall determine if a proposed OASC is exempt from the requirement for LAFCO approval pursuant to exemptions in GC §56133(e).

The city or special district shall contact LAFCO staff for a determination on whether an OASC proposal would be eligible for an exemption under GC §56133(e). The Executive Officer in consultation with LAFCO Counsel, shall provide a determination on whether or not the OASC proposal is exempt (such determination shall be appealable to LAFCO as described below) and inform the Commission of the determination at the next available meeting.

The city or special district, at no cost, may appeal the Executive Officer's determination on the exemption to LAFCO. The appeal must include specific substantiation for the exemption and must be made within 10 business days of receiving the EO determination. The appeal shall be heard by LAFCO at its next available meeting that permits adequate public notification. If LAFCO determines that the exemption does not apply, the city or special district must apply for and obtain LAFCO approval before providing services by contract outside boundaries.

5. **Administrative Approval.** An administrative approval of an OASC, without consideration by LAFCO, may be allowed in situations that pose an urgent public health or safety concern. The administrative approval shall be made jointly by the LAFCO Chairperson (or Vice Chairperson if the Chair is not available) and the Executive Officer. Both must agree that an administrative approval of the OASC proposal is appropriate, based upon the following criteria:
 - a. The lack of service being requested constitutes an immediate threat to public health and safety as documented by the County Department of Environmental Health.
 - b. The property is currently developed.
 - c. There are physical constraints on the property that prohibit a conventional service delivery method typically suited to the unincorporated area (e.g., septic system, private well, etc.), and there are no other feasible means or solutions available for addressing the situation.

The Executive Officer shall inform the Commission on the administrative approval of a OASC proposal at the next regularly scheduled LAFCO meeting.

6. **CEQA.** An OASC proposal is considered a project under the California Environmental Quality Act (CEQA). The Lead Agency for an OASC proposal shall be either 1.) the city or the county with the land use approval authority for the development that would receive the service; or 2.) the city or the special district that would provide the service. Santa Clara LAFCO would be a Responsible Agency and is required to rely on the lead agency's CEQA documentation. The Lead Agencies must consult with LAFCO on the scoping of CEQA documentation for the potential proposal.
7. **Recordation of Agreement for Services.** OASC applications shall include a service agreement signed by all relevant parties including the agency that would

provide the service and the property owner. Upon Santa Clara LAFCO approval of an OASC proposal and within 3 months of the date of approval, the signed service agreement must be recorded with the Santa Clara County Recorder and submitted to LAFCO staff.

5.3 POLICIES AND EVALUATION CRITERIA FOR OUT OF AGENCY SERVICE BY CONTRACT PROPOSALS

Consistent with State law and the Countywide Urban Development policies (CUDPs) jointly adopted by LAFCO, the County and the 15 cities, it is Santa Clara LAFCO's goal that local agencies provide services within their jurisdictional boundaries and not extend services outside jurisdictional boundaries if annexation is a feasible alternative, unless it is in response to an existing public health and safety threat. Furthermore, in order to prevent sprawl, ensure efficient delivery of services, promote more efficient use of existing urbanized areas, and preserve open space and agricultural lands, LAFCO discourages OACS proposals that support new development in the unincorporated areas, outside city Urban Service Areas (USAs).

To further these goals, Santa Clara LAFCO shall carefully consider and evaluate OASC proposals consistent with its policies and the CKH Act. In addition to any other applicable factors enumerated in GC §56668, Santa Clara LAFCO shall consider the following policies and factors in evaluating the impacts of an OASC proposal:

1. **Conformance with Spheres of Influence.**
 - a. Pursuant to GC §56133(b), Santa Clara LAFCO may authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence, in anticipation of a later annexation.
 - b. Santa Clara LAFCO may authorize a city or district to provide new or extended services outside its SOI to respond to an existing or impending threat to public health and safety (as documented by the County Environmental Health Department) in accordance with GC §56133(c)(1), and after notification to any alternate service provider in accordance with GC §56133(c)(2).
2. **Annexation as Alternative to OASC.** Where feasible and within Santa Clara LAFCO policy, annexation to the city or the special district that would provide the service is generally preferred to service extension outside its jurisdictional boundaries. Santa Clara LAFCO will consider whether annexation is a logical alternative to extending services beyond the jurisdictional boundaries of a local agency. An OASC proposal may be appropriate in certain limited cases where immediate annexation is not a feasible alternative due to lack of contiguity or other unique local circumstances.

In accordance with GC § 56133(b), Santa Clara LAFCO may approve a OASC proposal in anticipation of a future annexation if the agency is able to provide LAFCO with a resolution of intent to annex and with appropriate assurances which demonstrate that the OASC is an intermediate step toward eventual annexation. Such assurances will be evaluated on a case-by-case basis and should include all appropriate actions including and not limited to application of a pre-zoning

designation, preparation of a plan for annexation, a provision in the service contract for the property owner to consent-to-a future annexation and/or to waive protest rights.

3. **Service Extensions into Unincorporated Area.** Consistent with the CUDPs and the County General Plan that prohibit urban development and the provision of urban services in unincorporated rural areas outside city USAs, Santa Clara LAFCO shall discourage OASC proposals that are intended to support new development in the unincorporated county, with the following two exceptions.

- a. **Extensions to Address Existing Public Health and Safety Threat.** Santa Clara LAFCO recognizes that in some limited circumstances, an OASC proposal into the rural unincorporated area may be appropriate if it is the only way to resolve an existing threat to public health and safety (e.g., existing septic system failures, well contaminations, or well failures). Consistent with §56133(c), Santa Clara LAFCO shall consider the following criteria in evaluating such proposals on a case-by-case basis:

- i. Whether the property is currently developed
- ii. Whether the threat to public health and safety is substantial and immediate, as documented by the County Department of Environmental Health and whether there are any other feasible means of addressing the situation
- iii. Whether the proposal would result in a premature intrusion of urbanization into a predominantly agricultural or rural area [GC §56668(d)]
- iv. Whether a pattern of such requests is developing, and if so, the cumulative impact of such requests. If a pattern of such requests is developing, LAFCO shall encourage affected agencies to develop and successfully implement measures/plans to first avoid and minimize such requests which may be growth inducing

- b. **Service Extensions to Agricultural Worker Housing.**

Given that agricultural workers are an essential component of Santa Clara County's agricultural industry, Santa Clara LAFCO will give special consideration to OASC proposals that are for agricultural worker housing which supports the preservation of open space and agricultural lands, continued sustainability of agriculture, delivery of agricultural produce, and continued viability of Santa Clara County's food system and shall consider the following, in accordance with OASC Policy #5.3.2:

- i. Whether the proposed housing is consistent with the County General Plan, Zoning ordinance and its policies/plans for agricultural land preservation
- ii. Whether the proposal fulfills the established need for agricultural worker housing and whether it is consistent with the city and /or County's long-term agricultural land conservation plans

- iii. Whether the proposed agricultural worker housing development is imminent or is likely to occur with the next 5 years
 - iv. Whether the County has methods currently in place (e.g., deed restrictions and / or affordability covenants) to ensure that the proposed agricultural worker housing remains affordable and occupied by eligible agricultural workers at affordable rents and sales prices over the long term
 - v. Whether the proposed agricultural worker housing will be maintained and operated by a qualified and certified affordable housing organization pursuant to Health & Safety Code §17030.10, including a public agency, or an employee housing provider
 - vi. Whether the proposal minimizes the conversion of and/or impacts to agricultural lands, for example, by designating building envelopes, siting on lands of lesser agricultural value, etc.
- 4. **Public Health and Safety.** Pursuant to GC § 56133(c)(1), Santa Clara LAFCO shall consider whether the OASC proposal is in response to an existing or impending threat to public health and safety as determined and documented by the County Environmental Health Department.
- 5. **Ability to provide Public Services.** Consistent with GC §56668(k), Santa Clara LAFCO shall require OASC proposals to clearly demonstrate that the city/special district has the ability to provide the proposed service without detracting from current service levels within its existing service area.
- 6. **Conformance with General Plans and Policies.** Consistent with GC §56668(h), Santa Clara LAFCO shall consider whether the OASC proposal is consistent with the policies and general plans of all affected local agencies, including cities, special districts and the county.
- 7. **Growth Inducing Impacts.** Consistent with GC §56668(d), Santa Clara, LAFCO shall consider the growth-inducing impacts of the OASC proposal and discourage proposals that contribute to premature development of fringe areas or intrusion of urbanization into areas designated for non-urban uses. To limit growth inducing impacts, LAFCO shall consider whether public facilities or infrastructure related to the proposal would be sized to exceed the capacity needed for the proposed development and/or, extended through agricultural, open space lands, or non-urban areas.
- 8. **Impacts to Agricultural and Open Space Lands.** Consistent with GC §56377(a), Santa Clara LAFCO shall discourage proposals that result in premature conversion of or have adverse impacts on agricultural or open space land.
- 9. **Conformance with Service Reviews.** Consistent with GC §56668(i), Santa Clara LAFCO shall consider the applicable service reviews and shall discourage OASC proposals that undermine adopted service review determinations or recommendations.
- 10. **Fire Protection Contracts.** Effective January 1, 2016, GC §56134 requires LAFCO approval of a fire protection contract or agreement that provides new or extended

fire protection services outside a public agency's jurisdictional boundaries and meets either of the following thresholds: (1) transfers responsibility for providing services in more than 25 percent of the area within the jurisdictional boundaries of any public agency affected by the contract; or (2) changes the employment status of more than 25 percent of the employees of any public agency affected by the contract. Santa Clara LAFCO shall consider such OASC proposals for fire protection contracts pursuant to GC §56134.

The Commission will review such proposals for consistency with the required findings of GC §56134(h)(2)(i) and (j), as well as the overall purposes of LAFCO that encourage the efficient provision of government services.

PROPOSED OUT-OF-AGENCY SERVICE BY CONTRACT POLICIES WITH NOTES AND REFERENCES TO CURRENT POLICIES

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
5.1	INTRODUCTION	The term “out-of-agency service by contract” (OASC) refers to an agency such as a city or special district providing new or extended services by contract or agreement outside its jurisdictional boundaries. Prior to 1994, cities and special districts in California could avoid a LAFCO’s review process for annexation and provide services by contract outside their boundaries without obtaining LAFCO approval. This circumvented the Legislature’s intent for LAFCOs to regulate city and special district boundaries which generally determine where a city or special district provides services; furthermore, it undermined a LAFCO’s ability to guide growth, and ensure orderly development and good planning of infrastructure and services. To prevent such circumvention and strengthen LAFCO’s position to better address issues concerning growth and sprawl, the Legislature added Government Code (GC) §56133 which requires cities and special districts to first request and receive written approval from LAFCO before providing new or extended services by contract outside their jurisdictional boundaries. GC §56133 was enacted in 1993 as part of Assembly Bill No. 1335 and became effective on January 1, 1994. Over subsequent years, GC §56133 has been amended several times to clarify a LAFCO’s role in regulating service provision outside jurisdictional boundaries. In 2003, the law was revised to state that GC §56133 does not apply to service extensions that occurred on or before January 1, 2001.		• To provide context, added this new section on a brief legislative history and purpose of OASC requirements in State law, and the relevant code section
5.2	PROCEDURAL POLICIES FOR OUT-OF-AGENCY SERVICE BY CONTRACT PROPOSALS	The following procedures apply for processing of OASC proposals:		• Created this new section to separate the procedural policies from the more substantive policies. • For ease of use, the current procedural policies are reorganized in this section with descriptive subtitles for clarity

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				Added new language to document and explain current LAFCO practice, and clarify issues of concern that have come up in recent applications to provide guidance and greater transparency
		1. LAFCO approval. Government Code §56133 requires that a city or special district must apply for and obtain LAFCO approval before providing new or extended services by contract or agreement outside its jurisdictional boundaries, unless exempt pursuant to GC §56133(e).	Similar to OASC Policy #1, with added reference to relevant code section in State law	To provide greater clarity and transparency, separated current OASC Policy #1 into two separate policies (see proposed OASC Policy #5.2.4 addressing rest of current OACS Policy #1)
		2. Initiation. An OASC application to Santa Clara LAFCO must be initiated by resolution of the city or special district that is proposing to provide the service beyond its jurisdictional boundaries.		Added new language to document current practice and to provide greater clarity, transparency, and guidance
		3. Pre-application Meeting: A city or special district that seeks to or receives a request to provide service outside its jurisdictional boundaries must first evaluate whether the OASC request is consistent with applicable local and Santa Clara LAFCO policies and determine whether it supports the request. In order to aid such evaluation, Santa Clara LAFCO encourages a city/special district to schedule a pre-application meeting with LAFCO staff as early as possible to discuss their OASC plans and obtain more information on the policies and procedures that may apply to the specific proposal. LAFCO staff shall also assist the city/special district in investigating annexation as an alternative to submitting a formal OASC application.		- Pre-application meetings are a current practice and are an important part of the OASC request process - Added new language to provide guidance to cities and special districts that are considering whether to request an OASC

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		4. LAFCO Determination of Exemptions. Santa Clara LAFCO, and not the city or special district that would provide the service, shall determine if a proposed OASC is exempt from the requirement for LAFCO approval pursuant to exemptions in GC §56133(e). The city or special district shall contact LAFCO staff for a determination on whether an OASC proposal would be eligible for an exemption under GC §56133(e). The Executive Officer in consultation with LAFCO Counsel shall provide a determination on whether or not the OASC proposal is exempt (such determination shall be appealable to LAFCO as described below) and inform the Commission of the determination at the next available meeting. The city or special district, at no cost, may appeal the Executive Officer's determination on the exemption to LAFCO. The appeal must include specific substantiation for the exemption and must be made within 10 business days of receiving the EO determination. The appeal shall be heard by LAFCO at its next available meeting that permits adequate public notification. If LAFCO determines that the exemption does not apply, the city or special district must apply for and obtain LAFCO approval before providing services by contract outside boundaries.		For greater transparency and to provide clear guidance to affected agencies, added new language to document current practice, establish a clear process for determining 56133 exemption eligibility and timely inform the Commission, and enable staff determinations to be appealed to the commission for final decision
		5. Administrative Approval. An administrative approval of an OASC, without consideration by LAFCO, may be allowed in situations that pose an urgent public health or safety concern. The administrative approval shall be made jointly by the LAFCO Chairperson (or Vice Chairperson if the Chair is not available) and the Executive Officer. Both must agree that an administrative approval of the OASC proposal is appropriate, based upon the following criteria: - The lack of service being requested constitutes an immediate threat to public health and safety as documented by the County Department of Environmental Health. - The property is currently developed. - There are physical constraints on the property that prohibit a conventional service delivery method typically suited to the unincorporated area (e.g., septic system, private well, etc.), and there are no other feasible means or solutions available for addressing the situation. The Executive Officer shall inform the Commission on the administrative approval of a OASC proposal at the next regularly scheduled LAFCO meeting.	Restated OACS Policy #8, with additional clarification	For greater transparency, added new language to clarify that LAFCO staff will inform the Commission of any administrative approval of an OASC at the next available LAFCO meeting for informational purposes

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		6. CEQA. An OASC proposal is considered a project under the California Environmental Quality Act (CEQA). The Lead Agency for an OASC proposal shall be either 1.) the city or the county with the land use approval authority for the development that would receive the service; or 2.) the city or the special district that would provide the service. Santa Clara LAFCO would be a Responsible Agency and is required to rely on the lead agency's CEQA documentation. The Lead Agencies must consult with LAFCO on the scoping of CEQA documentation for the potential proposal.		Added new language to provide greater clarity, transparency, and guidance on the different CEQA responsibilities that apply to a city or special district and to LAFCO, specific to OASC proposals
		7. Recordation of Agreement for Services. OASC applications shall include a service agreement signed by all relevant parties including the agency that would provide the service and the property owner. Upon Santa Clara LAFCO approval of an OASC proposal and within 3 months of the date of approval, the signed service agreement must be recorded with the Santa Clara County Recorder and submitted to LAFCO staff.		Added new language to document current requirements and provide greater clarity, transparency, and guidance
5.3	POLICIES AND EVALUATION CRITERIA FOR OUT OF AGENCY SERVICE BY CONTRACT PROPOSAL	Consistent with State law and the Countywide Urban Development policies (CUDPs) jointly adopted by LAFCO, the County, and the 15 cities, it is Santa Clara LAFCO's goal that local agencies provide services within their jurisdictional boundaries and not extend services outside jurisdictional boundaries if annexation is a feasible alternative, unless it is in response to an existing public health and safety threat. Furthermore, in order to prevent sprawl, ensure efficient delivery of services, promote more efficient use of existing urbanized areas, and preserve open space and agricultural lands, LAFCO discourages OACS proposals that support new development in the unincorporated areas, outside city Urban Service Areas (USAs).. To further these goals, Santa Clara LAFCO shall carefully consider and evaluate OASC proposals consistent with its policies and the CKH Act. In addition to any other applicable factors enumerated in GC §56668, Santa Clara LAFCO shall consider the following policies and factors in evaluating the impacts of an OASC proposal:		- Added new language to explain LAFCO's goals with regards to OASC proposals - Added new language to provide better guidance on how LAFCO would evaluate an OASC proposal - Reorganized current policies by subject matter in this section. For each topic, added a policy statement and a descriptive subtitle for ease of use - Added new language to address more recent changes in State law and new policy priorities set by the Commission (i.e. agricultural worker housing needs)

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
				• Added references to the relevant code sections in State law • Explained some of the factors in more detail to provide greater clarity, transparency, and guidance
		1. Conformance with Spheres of Influence.	Consolidating OACS Policies #2, #4 and #5, with additional clarification	• Reworded to provide greater clarity and for consistency with state law and, added references to the relevant code sections in State law
		a. Pursuant to GC §56133(b), Santa Clara LAFCO may authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence, in anticipation of a later annexation.		“
		b. Santa Clara LAFCO may authorize a city or district to provide new or extended services outside its SOI to respond to an existing or impending threat to public health and safety (as documented by the County Environmental Health Department) in accordance with GC §56133(c)(1), and after notification to any alternate service provider in accordance with GC §56133(c)(2).		“
		2. Annexation as Alternative to OASC. Where feasible and within Santa Clara LAFCO policy, annexation to the city or the special district that would provide the service is generally preferred to service extension outside its jurisdictional boundaries. Santa Clara LAFCO will consider whether annexation is a logical alternative to extending services beyond the jurisdictional boundaries of a local agency. An OASC proposal may be appropriate in certain limited cases where immediate annexation is not a feasible alternative due to lack of contiguity or other unique local circumstances. In accordance with GC § 56133(b), Santa Clara LAFCO may approve a OASC proposal in anticipation of a future annexation if the agency is able to provide LAFCO with a resolution of intent to annex and with appropriate assurances which demonstrate that the OASC is an intermediate step toward eventual annexation. Such assurances will be evaluated on a case-	Consolidating OACS Policies #3 and #4, with additional clarification	• Added criteria to provide greater clarity, transparency, and guidance on how LAFCO would apply this policy, and added a reference to the relevant code section in State law

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		by-case basis and should include all appropriate actions including and not limited to application of a pre-zoning designation, preparation of a plan for annexation, a provision in the service contract for the property owner to consent-to-a future annexation and/or to waive protest rights.		
		3. Service Extensions into Unincorporated Area. Consistent with the CUDPs and the County General Plan that prohibit urban development and the provision of urban services in unincorporated rural areas outside city USAs, Santa Clara LAFCO shall discourage OASC proposals that are intended to support new development in the unincorporated county, with the following two exceptions.	Similar to OACS Policy #6, with additional clarification	• Consistent with County General Plan Policy R-GD 6. Added specific exceptions to address public health and safety threats and flexibility for ag worker housing providing greater clarity, transparency and guidance to applicants.
		a. Extensions to Address Existing Public Health and Safety Threat. Santa Clara LAFCO recognizes that in some limited circumstances, an OASC proposal into the rural unincorporated area may be appropriate if it is the only way to resolve an existing threat to public health and safety (e.g., existing septic system failures, well contaminations, or well failures). Consistent with §56133(c), Santa Clara LAFCO shall consider the following criteria in evaluating such proposals on a case-by-case basis:	Similar to OACS Policy #5, with additional clarification	• Added new language to provide greater clarity, transparency, and guidance on the factors that LAFCO would consider based on GC §56133(c)
		i. Whether the property is currently developed	Similar to OACS Policies #6a and #8b	,
		ii. Whether the threat to public health and safety is substantial and immediate, as documented by the County Department of Environmental Health and whether there are any other feasible means of addressing the situation	Similar to OACS Policies #5 and #8a, with additional clarification	• Added new language to provide greater clarity, transparency on how LAFCO determines whether a proposal addresses a public health and safety issue
		iii. Whether the proposal would result in a premature intrusion of urbanization into a predominantly agricultural or rural area [GC §56668(d)]	Substantially similar to OACS Policy #6d, with added reference to	

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
			relevant code section in State law	
		iv. Whether a pattern of such requests is developing, and if so, the cumulative impact of such requests. If a pattern of such requests is developing, LAFCO shall encourage affected agencies to develop and successfully implement measures/plans to first avoid and minimize such requests which may be growth inducing		Added new language to provide greater clarity, transparency and guidance on minimizing requests due to cumulative impact concerns
		b. Service Extensions to Agricultural Worker Housing. Given that agricultural workers are an essential component of Santa Clara County's agricultural industry, Santa Clara LAFCO will give special consideration to OASC proposals that are for agricultural worker housing which supports the preservation of open space and agricultural lands, continued sustainability of agriculture, delivery of agricultural produce, and continued viability of Santa Clara County's food system and shall consider the following, in accordance with OASC Policy #5.3.2:		- Added new policy to address agricultural worker housing needs as directed by Commission on April 3, 2024 - Added new language to acknowledge the vital connection between agricultural worker housing needs and the long-term sustainability of agriculture in Santa Clara County - Added criteria to provide greater clarity, transparency, and guidance on how LAFCO would apply this policy when considering an OASC proposal that is for the purpose of developing agricultural worker housing in accordance with State law (i.e. GC § 56133(b))
		i. Whether the proposed housing is consistent with the County General Plan, Zoning ordinance and its policies/plans for agricultural land preservation		Added new language to clarify LAFCO's policy based on GC §56668(h) in State law

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		ii. Whether the proposal fulfills the established need for agricultural worker housing and whether it is consistent with the city and /or County's long-term agricultural land conservation plans		Added new language to clarify LAFCO's policy based on GC §56668(e) in State law
		iii. Whether the proposed agricultural worker housing development is imminent or is likely to occur with the next 5 years		Added new language re. intent to develop upon approval of OASC
		iv. Whether the County has methods currently in place (e.g., deed restrictions and / or affordability covenants) to ensure that the proposed agricultural worker housing remains affordable and occupied by eligible agricultural workers at affordable rents and sales prices over the long term		Added new language consistent with the Employee Housing Act [Health and Safety Code §17021.8(i)(3)(c)]
		v. Whether the proposed agricultural worker housing will be maintained and operated by a qualified and certified affordable housing organization pursuant to Health & Safety Code §17030.10, including a public agency, or an employee housing provider		Added new language consistent with the Employee Housing Act [Health and Safety Code §17021.8(i)(3)(A)] to provide a satisfactory living environment
		vi. Whether the proposal minimizes the conversion of and/or impacts to agricultural lands, for example, by designating building envelopes, siting on lands of lesser agricultural value, etc.		Added new language to minimize impacts to agricultural lands
		4. Public Health and Safety. Pursuant to GC § 56133(c)(1), Santa Clara LAFCO shall consider whether the OASC proposal is in response to an existing or impending threat to public health and safety as determined and documented by the County Environmental Health Department.	Substantially similar to OACS Policy #5, with additional clarification	- Added language to provide clarity, transparency, and guidance on how LAFCO determines whether a proposal is in response to a public health and safety issue - Added reference to the relevant code section in State law

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		5. Ability to provide Public Services. Consistent with GC §56668(k), Santa Clara LAFCO shall require OASC proposals to clearly demonstrate that the city/special district has the ability to provide the proposed service without detracting from current service levels within its existing service area.	Substantially similar to OACS Policy #6c, with additional clarification	- Added new language to clarify LAFCO's policy based on GC §56668(k) in State law - Added reference to the relevant code section in State law
		6. Conformance with General Plans and Policies. Consistent with GC §56668(h), Santa Clara LAFCO shall consider whether the OASC proposal is consistent with the policies and general plans of all affected local agencies, including cities, special districts and the county.	Substantially similar to OACS Policy #6b, with added reference to relevant code section in State law	
		7. Growth Inducing Impacts. Consistent with GC §56668(d), Santa Clara, LAFCO shall consider the growth-inducing impacts of the OASC proposal and discourage proposals that contribute to premature development of fringe areas or intrusion of urbanization into areas designated for non-urban uses. To limit growth inducing impacts, LAFCO shall consider whether public facilities or infrastructure related to the proposal would be sized to exceed the capacity needed for the proposed development and/or, extended through agricultural, open space lands, or non-urban areas.	Substantially similar to OACS Policy #6a, with additional clarification	- Added new language to clarify LAFCO's policy based on GC §56668(d) in State law - Added reference to the relevant code section in State law
		8. Impacts to Agricultural and Open Space Lands. Consistent with GC §56377(a), Santa Clara LAFCO shall discourage proposals that result in premature conversion of or have adverse impacts on agricultural or open space land.	Substantially similar to OACS Policy #6d, with additional clarification	- Added new language to clarify LAFCO's policy based on GC §56377(a) in State law - Added reference to the relevant code section in State law
		9. Conformance with Service Reviews. Consistent with GC §56668(i), Santa Clara LAFCO shall consider the applicable service reviews and shall discourage OASC proposals that undermine adopted service review determinations or recommendations.	Substantially similar to OACS Policy #7, with added reference to relevant code section in State law	

POLICY SECTIONS		PROPOSED POLICIES LANGUAGE UPDATE	WHERE LOCATED IN LAFCO'S CURRENT POLICIES	NOTES
		10. Fire Protection Contracts. Effective January 1, 2016, GC §56134 requires LAFCO approval of a fire protection contract or agreement that provides new or extended fire protection services outside a public agency's jurisdictional boundaries and meets either of the following thresholds: (1) transfers responsibility for providing services in more than 25 percent of the area within the jurisdictional boundaries of any public agency affected by the contract; or (2) changes the employment status of more than 25 percent of the employees of any public agency affected by the contract. Santa Clara LAFCO shall consider such OASC proposals for fire protection contracts pursuant to GC §56134. The Commission will review such proposals for consistency with the required findings of GC §56134(h)(2)(i) and (j), as well as the overall purposes of LAFCO that encourage the efficient provision of government services.		• Added new language consistent with current State law. Since 2016, new State law requires LAFCO approval of certain fire service contracts • Added reference to the relevant code sections in State law

POLICIES FOR "OUT-OF-AGENCY CONTRACT FOR SERVICES" PROPOSALS

1. A city or special district may provide new or extended services by contract or agreement outside its jurisdiction only upon LAFCO approval.

Agreements for services solely between public agencies are exempt from LAFCO approval, ONLY where the service to be provided is an alternative to, or substitute for, services already being provided by an existing public service provider and where the level of service is consistent with the level of service contemplated by the existing service provider.

Agreements for the transfer of non-potable or non-treated water, or for the provision of surplus water to agricultural lands for projects which serve conservation purposes or directly support agricultural industries, in accordance with the provisions of Government Code section 56133, do not need LAFCO approval.

2. LAFCO shall not accept for review any proposal, which is outside of the agency's sphere of influence except as provided under § 56133 (c) of the Government Code.
3. LAFCO will consider whether annexation is a logical alternative to extending services beyond the jurisdictional boundaries of a local agency.
4. If immediate annexation is not a feasible alternative, then an extension of services may be approved in anticipation of a future annexation if the agency is able to provide LAFCO with a resolution of intent to annex as well as appropriate assurances. Such assurances will be evaluated on a case by case basis and will include all appropriate actions such as pre-zoning` the area, preparing a plan for annexation of the area, requiring deferred annexation agreements and waiver of protest rights from property owners in the area, and requiring that the property owners submit in advance the legal map, description and fees for the future annexation of the area.
5. LAFCO will consider the public benefit of the proposal, including the resolution of an existing health and safety hazard.
6. LAFCO will consider factors such as the following to determine the local and regional impacts of an out-of-agency contract for services:
 - a. The growth inducing impacts of any proposal.
 - b. The proposal's consistency with the policies and general plans of all affected local agencies.
 - c. The ability of the local agency to provide service to the proposal area without detracting from current service levels.
 - d. Whether the proposal contributes to the premature conversion of agricultural land or other open space land.

7. LAFCO will consider the applicable service reviews and discourage service extensions that undermine adopted service review determinations or recommendations.
8. An administrative approval may be allowed for those projects which pose an urgent health or safety concern, without consideration by LAFCO. The administrative approval shall be made jointly by the LAFCO Chairperson (or Vice Chairperson if the Chair is not available) and the Executive Officer. Both must agree that an administrative approval is appropriate, based upon the criteria outlined below:
 - a. The lack of service being requested constitutes an immediate health and safety concern.
 - b. The property is currently developed.
 - c. There are physical restrictions on the property that prohibit a conventional service delivery method typically suited to the unincorporated area (i.e., septic tank, private well, etc.)

Adopted on December 11, 1996
Amended on December 11, 2002

CHAPTER 6. ISLAND ANNEXATION POLICIES

6.1 INTRODUCTION

In Santa Clara County, unincorporated land that is located within a city's Urban Service Area (USA) is considered an island. Unincorporated islands, once also referred to colloquially as 'pockets,' are surrounded by the city limits of a city or a combination of city limits and USA boundaries. Over time, the cities have largely annexed most of the lands now within the USAs, through a combination of resident-initiated efforts, County and city programmatic efforts to annex whole islands, or on a parcel-by-parcel basis as a pre-requisite to new development or new land uses. However, some islands persist, large and small, which continue to be the subject of ongoing policy matters and annexation efforts.

The Countywide Urban Development Policies (CUDPs) stipulate that urban unincorporated islands within USAs should ultimately be annexed into their surrounding cities, so that cities have responsibility for urban services and land use authority over all lands within their USA boundaries. LAFCO has adopted USAs for cities, that include lands currently urbanized and annexed to cities and provided with urban services, as well as unincorporated lands (i.e. unincorporated urban islands) that a city intends to annex in order to develop those lands and provide them with urban services within five years.

6.2 HISTORY OF UNINCORPORATED URBAN ISLANDS

The USAs of many cities contain unincorporated islands. These islands are largely a result of development that occurred in the County in the 1950s and 1960s (prior to the adoption of the CUDPs). Immediately after World War II, most of the North Valley was unincorporated, agricultural, and cities had just begun to expand and develop. During this time, rapid urban development was often scattered, discontinuous, and not necessarily required to be within cities. This resulted in some unincorporated areas being developed, while city boundaries became more sprawling and irregular. Furthermore, as urban development and city annexation continued outward, some unincorporated areas were leapfrogged over and left under County jurisdiction, some remaining agricultural, some partly developed.

Historically, it has not been the role of the County government to provide urban services and infrastructure. As a result, the County has few mechanisms or resources for providing and maintaining urban infrastructure and services. The issue is further complicated by the inefficiencies of having to ensure that services are provided for many small, widely scattered developed areas that are surrounded or substantially surrounded by cities.

Specific services in some unincorporated urban islands are provided by special districts. Residents of these areas generally receive urban levels of service for the specialized services that are provided by the districts. However, the districts do not provide a full range of services, and it is similarly inefficient to have multiple special districts providing one or two specific services to small, scattered areas.

In other cases, residents of urban unincorporated islands may utilize city-provided services for which they pay no property taxes to the city. To minimize the complexities and inequities of urban service provision and to provide more regular and logical city

boundaries, the islands within USAs should be annexed to cities. In fulfillment of that fundamental policy, over the past 50 years, the vast majority of the urban unincorporated islands that existed in the 1970s have been annexed into cities, with the assistance of LAFCO and the County.

Nonetheless, at present, there still remain many unincorporated islands in the county, the majority of which are 150 acres or smaller. They are scattered across the county, from Gilroy to Mountain View, and from Los Gatos to the eastern edges of San Jose.

6.3 LEGISLATIVE HISTORY

LAFCO law includes various provisions that encourage the annexation of existing islands and discourage the creation of new islands. Moreover, since the late 1970s, State law has been amended numerous times to create additional provisions to encourage and facilitate the annexation of unincorporated islands into cities. In so doing, the state legislature has progressively and increasingly recognized the importance of island annexation to well-functioning urban areas and the relationship of such policies to other related planning goals of the state, such as curbing sprawl and preserving farmland.

In 2001, the State Legislature enacted the Cortese Knox Hertzberg Local Government Reorganization Act. One of the provisions of the Act allowed island annexations to occur through a streamlined process that does not require protest proceedings or elections, provided that the island meets specific criteria. In 2001, this provision applied to unincorporated islands up to 75 acres in size. In 2004 this provision was further amended to apply to islands up to 150 acres in size. This provision was originally set to expire on December 31, 2014. However, effective January 1, 2014, the State legislature removed the sunset date and made the streamlined island annexation provision permanent.

Currently, State law requires LAFCO to approve island annexations and waive protest proceedings, after notice and hearing, if the island annexation meets all the criteria outlined in Government Code (GC) §56375.3. This provision is limited to islands that do not exceed 150 acres in size as of January 1, 2014 pursuant to GC §56375.4. However, in Santa Clara County, pursuant to GC §56757, city annexations, including island annexations, are not decided by LAFCO, but by the City Council of the applicable city, as explained in LAFCO Policy #4.2.1 (Annexation, Detachment, and Reorganization Policies).

6.4 ISLAND ANNEXATION POLICIES

1.—In order to fulfill the intent of the ~~S~~state ~~L~~egislature, ~~and~~ implement the ~~joint urban~~ development policies of the cities, County and LAFCO CUDPs, and the interests ~~of~~ encourage efficient service provision and orderly growth and development, LAFCO supports and encourages the cities ~~should to~~ annex unincorporated ~~urban~~ islands within their USAs.

LAFCO has adopted the following policies to encourage the timely annexation of islands:

21. **Encourage Island Annexation.** LAFCO will encourage island annexations to cities and collaborate with the cities and the County in facilitating annexation of ~~unincorporated urban~~ islands.

32. **Annex Entire Islands.** Where feasible, and in furtherance of goals to support orderly growth and development, cities are encouraged to annex entire islands, rather than to conduct single parcel annexations. State law provides a streamlined process for annexation of entire islands that do not exceed 150 acres in size (as of January 1, 2014) and that meet all of the criteria outlined in GC §56375.3. ~~LAFCO will provide a fee waiver for annexations that result in elimination of entire unincorporated islands. This fee waiver will remain effective until rescinded by the commission.~~
3. **LAFCO Island Annexation Program.** In order to encourage cities to annex entire islands, LAFCO offers the following assistance:
- a. LAFCO will provide a fee waiver for annexations that result in elimination of entire unincorporated islands. This fee waiver will remain effective until rescinded by the commission.
 - b. LAFCO will provide information and expertise on the island annexation procedures to each of the cities. LAFCO will develop and provide process flow charts, and templates for public hearing notices and / annexation resolutions templates for to cities to use. LAFCO staff will conduct workshops for cities staff or meet with individual cities to provide information on the island annexation process for city staff.
 - c. LAFCO will work with the County, the cities and other interested parties / agencies to find ways to reduce or share the cost of processing unincorporated island annexations.
54. **Island Annexations Before Seeking USA Expansion.** In the interest of orderly growth and development, cities should annex urban unincorporated islands existing within their current USAs (~~urban service areas~~), before seeking to add new lands to their USAs.
6. Prior to seeking any USA amendment, except if the USA amendment is to resolve a significant, demonstrable public health and safety issue or if the USA amendment is a minor corrective action, the city should:
- a. Initiate and complete annexation proceedings pursuant to ~~Government Code §Section~~ 56375.3(a)(1), for all unincorporated islands that meet the provisions of ~~Government Code §Section~~ 56375.3, unless the island constitutes publicly owned land, and,
 - b. For any city that has unincorporated islands larger than 150 acres, the city is strongly encouraged to adopt an annexation plan for each of the islands after holding community meetings, to apply a pre-zoning designation ~~(s)~~; and to adopt resolutions to initiate annexation, as appropriate.
57. **Align Development Standards.** LAFCO encourages the cities and the County to ameliorate differences between major development standards that potentially affect or hinder island annexation efforts. The County should to consider efforts to remove incentives for property owners in the unincorporated islands to remain in the County, by making development standards in the unincorporated islands comparable to development standards in the surrounding city.

- ~~8. LAFCO will provide information on the island annexation procedures to each of the cities. LAFCO will develop process flow charts and public hearing notice / resolution templates for cities to use. LAFCO staff will conduct workshops on island annexation process for city staff.~~
- ~~9. LAFCO will work with the County, the cities and other interested parties / agencies to find ways to reduce or share the cost of processing unincorporated island annexations.~~
- 106. Status Report to Commission.** LAFCO staff will report to the Commission **at each LAFCO meeting** on the status of each city's island annexation efforts, **as necessary.**

CHAPTER 7. AGRICULTURAL LAND PRESERVATION AND MITIGATION POLICIES

7.1 INTRODUCTION~~Background~~

Government Code (GC) §56377 requires LAFCO to discourage premature conversion of agricultural lands, guide development away from existing agricultural lands and promote the development of existing vacant lands within city boundaries prior to conversion of additional agricultural lands.

Consistent with GC §56377 it is LAFCO's goal to avoid or substantially minimize potential impacts to agricultural lands. Mitigation of impacts to agricultural lands cannot be viewed as the equivalent of avoidance of impacts or as an acceptable means of facilitating urban encroachment into agricultural lands where viable alternatives are available that meet the overall objectives of state law and LAFCO's mission.

The hierarchy of agricultural land preservation strategies of 1) avoidance, 2) minimizing, and then 3) mitigating impacts to agricultural lands as a last resort where conversion or other impacts cannot be avoided has been reinforced in CALAFCO's 2018 White Paper "State of the Art on Agricultural Preservation [Feb. 2018] to address the need for more effective preservation strategies, particularly on the urban fringe where agricultural land is most at risk.

Pursuant to its Urban Service Area Policies in Chapter 2, LAFCO will consider whether a city has developed and successfully implemented measures to first avoid and minimize the conversion of agricultural lands or open space prior to bringing forward a proposal that involves conversion of agricultural lands or open space; and whether the proposal contains mitigation for the conversion of any such lands consistent with LAFCO policies.

~~LAFCO's mission is to encourage orderly growth and development, discourage urban sprawl, preserve open space and prime agricultural lands, promote the efficient provision of government services and encourage the orderly formation of local agencies. LAFCO will consider impacts to agricultural lands along with other factors in its evaluation of proposals. LAFCO's Urban Service Area (USA) Amendment Policies discourage premature conversion of agricultural lands, guide development away from existing agricultural lands and require the development of existing vacant lands within city boundaries prior to conversion of additional agricultural lands. In those cases where LAFCO proposals involve conversion of agricultural lands, LAFCO's USA Amendment Policies require an explanation of why the inclusion of agricultural lands is necessary and how such loss will be mitigated.~~

Purpose of Policies

The purpose of these policies is to provide guidance to property owners, potential applicants and cities on how to address agricultural mitigation for LAFCO proposals and to provide a framework for LAFCO to evaluate and process in a consistent manner, LAFCO proposals that involve or impact agricultural lands.

7.2 GENERAL POLICIES

1. LAFCO promotes the agricultural preservation strategies of avoiding and/or minimizing potential impacts to agricultural lands in preference to mitigation, consistent with GC §56377. In reviewing proposals involving potential impacts to agricultural lands, LAFCO will strongly weigh the feasibility of avoiding and minimizing impacts prior to considering the effectiveness and utility of mitigation.
2. Given that agricultural workers are an essential component of Santa Clara County's agricultural industry, Santa Clara LAFCO will give special consideration to proposals that are for agricultural worker housing as referenced in Urban Service Area Policy #3.4.15 and Out of Agency Service by Contract Policy #5.3.3(b).
31. LAFCO recommends provision of agricultural mitigation as specified herein for all LAFCO applications that impact or result in a loss of prime agricultural lands as defined in Policy #67.3.1. Variation from these policies should be accompanied by information explaining the adequacy of the proposed mitigation.
42. LAFCO encourages cities with potential LAFCO applications involving or impacting agricultural lands to adopt citywide agricultural preservation and mitigation policies and programs that are consistent with these policies.
53. When a LAFCO proposal impacts or involves a loss of prime agricultural lands, LAFCO encourages property owners, cities and agricultural conservation agencies to work together as early in the process as possible to initiate and execute agricultural mitigation plans, in a manner that is consistent with these policies.
64. LAFCO will work with agricultural entities, the County, cities and other stakeholders to develop a program and public education materials to improve the community's understanding of the importance of agriculture in creating sustainable communities within Santa Clara County.
75. LAFCO will review and revise these policies as necessary.

7.3 DEFINITION OF PRIME AGRICULTURAL LANDS

61. "Prime agricultural land" as defined in GC §56064 means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:
 - a. Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.
 - b. Land that qualifies for rating 80 through 100 Storie Index Rating.
 - c. Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

- d. Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.
- e. Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

7.4 MITIGATION RECOMMENDATIONS

71. Proposals involving the conversion of prime agricultural lands should provide one of the following mitigations at a not less than 1:1 ratio (1 acre preserved for every acre converted) along with the payment of funds as determined by the city / agricultural conservation entity (whichever applies) to cover the costs of program administration, land management, monitoring, enforcement and maintenance of agriculture on the mitigation lands:

- a. The acquisition and transfer of ownership of agricultural land to an agricultural conservation entity for permanent protection of the agricultural land.
- b. The acquisition and transfer of agricultural conservation easements to an agricultural conservation entity for permanent protection of the agricultural land.
- c. The payment of in-lieu fees to an agricultural conservation entity that are sufficient to fully fund, with provisions for adjustment of in-lieu fees to reflect potential changes in land values at the time of actual payment

1i. The cost of acquisition of agricultural lands or agricultural conservation easements for permanent protection, and

2ii. The cost of administering, managing, monitoring and enforcing the agricultural lands or agricultural conservation easements, as well as the costs of maintaining agriculture on the mitigation lands.

~~*with provisions for adjustment of in-lieu fees to reflect potential changes in land values at the time of actual payment~~

82. Agricultural lands or conservation easements acquired and transferred to an agricultural conservation entity should be located in Santa Clara County and be lands deemed acceptable to the city and entity.

9. a. The agricultural mitigation should result in preservation of land that would be:

ai. Prime agricultural land of substantially similar quality and character as measured by the Average Storie Index rating and the Land Capability Classification rating, and

bii. Located within cities' spheres of influence in an area planned/envisioned for agriculture, and

eiii. That would preferably promote the definition and creation of a permanent urban/agricultural edge.

103. Because urban/non-agricultural uses affect adjacent agricultural practices and introduce development pressures on adjacent agricultural lands, LAFCO encourages cities with LAFCO proposals impacting agricultural lands to adopt measures to protect adjoining agricultural lands, to prevent their premature conversion to other uses, and to minimize potential conflicts between the proposed urban development and adjacent agricultural uses. Examples of such measures include, but are not limited to:

- a. Establishment of an agricultural buffer on the land proposed for development. The buffer's size, location and allowed uses must be sufficient to minimize conflicts between the adjacent urban and agricultural uses.
- b. Adoption of protections such as a Right to Farm Ordinance, to ensure that the new urban residents shall recognize the rights of adjacent property owners conducting agricultural operations and practices in compliance with established standards.
- c. Development of programs to promote the continued viability of surrounding agricultural land.

7.5 AGRICULTURAL CONSERVATION ENTITY QUALIFICATIONS

11. The agricultural conservation entity should be a city or a public or non-profit agency. LAFCO encourages consideration of agricultural conservation entities that:

- a. Are committed to preserving local agriculture and have a clear mission along with strategic goals or programs for promoting agriculture in the areas that would be preserved through mitigation,
- b. Have the legal and technical ability to hold and administer agricultural lands and agricultural conservation easements and in-lieu fees for the purposes of conserving and maintaining lands in agricultural production and preferably have an established record for doing so, and
- c. Have adopted written standards, policies and practices (such as the Land Trust Alliance's "Standards and Practices") for holding and administering agricultural lands, agricultural conservation easements and in-lieu fees and are operating in compliance with those standards.

7.6 TIMING AND FULFILLMENT OF MITIGATION

121. LAFCO prefers that agricultural mitigation be in place at the time of LAFCO approval or as soon as possible after LAFCO approval. The mitigation (as detailed in the Plan for Mitigation) should be fulfilled no later than at the time of city's approval of the final map, or issuance of a grading permit or building permit, whichever occurs first.

132. Cities should provide LAFCO with information on how the city will ensure that the agricultural mitigation is provided at the appropriate time.

- 143. Cities should provide LAFCO with a report on the status of agricultural mitigation fulfillment every year following LAFCO approval of the proposal until the agricultural mitigation commitments are fulfilled.
- 154. The agricultural conservation entity should report annually to LAFCO on the use of the in-lieu fees until the fees have been fully expended.

7.7 PLAN FOR MITIGATION

- 161. A plan for agricultural mitigation that is consistent with these policies should be submitted at the time that a proposal impacting agricultural lands is filed with LAFCO. The plan for mitigation should include all of the following:
 - a. An agreement between the property owner, city and agricultural conservation entity (if such an entity is involved) that commits the property owner(s) to provide the mitigation for the loss of prime agricultural lands and establishes the specifics of the mitigation. Upon LAFCO approval of the proposal, the agreement should be recorded with the County Recorder's office against the property to be developed. The agreement should specify:
 - 1i. The type of mitigation that will be provided in order to mitigate for conversion of agricultural lands. (purchase of fee title or easement or payment of in-lieu fees)
 - 2ii. The agricultural conservation entity that will be involved in holding the lands, easements, or in-lieu fees.
 - 3iii. The acreage that would be preserved through mitigation and /or the amount of in-lieu fees that would be paid (with provisions to adjust fees to reflect land values at time of payment) along with the methodology adopted by the entity for calculating the in-lieu fees.
 - 4iv. The location of the mitigation lands, when possible.
 - 5v. Information on the specific measures adopted by the city as encouraged in Policy #10 (mitigation for impacts to adjacent agricultural lands)
 - 6vi. The timeframe within which the mitigation will be fulfilled, which should be no later than at the time of city's approval of the final map, or issuance of the grading permit or building permit, whichever occurs first.
 - 7vii. The mitigation agreement is to be contingent on LAFCO approval of the proposal.
- b2. Applicant should provide all other supporting documents and information to demonstrate compliance with these policies.

**CHAPTER 8. POLICIES ON URBAN GROWTH BOUNDARIES POLICIES AND
OTHER LONG-TERM BOUNDARIES**

8.1 INTRODUCTION

Urban Growth Boundaries (UGBs) are- planning boundaries adopted to establish very long term or permanent limits on potential urban expansion. UGBs have a similar overall purpose as Urban Service Areas (USAs) in that they include lands intended for urban development and protect surrounding natural resource lands. In some cases, an UGB may be adopted solely by act of the legislative body such as a city council or by means of a voter initiative, and in some cases, by a combination of the two. UGBs are not adopted or regulated by LAFCO. UGBs are intended to be amended very infrequently, within the context of a comprehensive general plan update, or by vote of the public, if adopted in that manner.

UGBs have been adopted by some of the cities of Santa Clara County, in conjunction with the County or unilaterally. Some UGBs are essentially coterminous with existing city USAs, while others may include some additional lands deemed appropriate for future consideration of urban growth. Inclusion of additional lands outside a city's USA within an UGB is not meant to convey that such lands are necessarily to be urbanized within a particular time frame, only that such lands may be considered for a city's long-term growth needs if approved for inclusion in a city's USA by LAFCO, in accordance with established LAFCO policy.

UGBs could reduce speculation about the direction and extent of potential urban expansion, helping to promote certainty, urban infill, more stable growth expectations and land use patterns, and better preservation of agricultural and other natural resource lands. Cities such as San Jose and Milpitas, were early adopters of UGBs. Both cities adopted UGBs with a reduced urban footprint and requested corresponding USA retraction to prevent sprawl and curb hillside urban development, promote viewshed preservation, and conserve valley agricultural lands.

8.2 POLICIES

1. LAFCO supports adoption of UGBs that are consistent with LAFCO's goals to prevent sprawl, protect open space and agricultural lands and promote efficient delivery of services. However, an USA remains the definitive, Santa Clara LAFCO-adopted planning boundary indicating whether an area will be potentially annexed and provided with urban services.
21. LAFCO shall recognize any urban growth boundary, urban limit line, "greenline", greenbelt boundary, or other boundary adopted by a city and/or approved by voter initiative ~~to that~~ defines the limits of ~~its a city's~~ urban development on a long term or permanent basis.

32. LAFCO shall consider these boundaries when reviewing relevant proposals, including: ~~city~~ annexations or reorganizations over which LAFCO retains review and approval ~~the~~ authority, ~~to review pursuant to Government Code Section 56826,~~ urban service area amendments proposals, sphere of influence amendments proposals, and “out-of-agency service by contract” proposals ~~extension services~~.
43. LAFCO shall discourage proposals which are inconsistent with an adopted urban growth boundary.

COUNTYWIDE URBAN DEVELOPMENT POLICIES

1.1 INTRODUCTION

In the early 1970s, LAFCO, the County, and the 15 cities adopted¹ a set of fundamental growth management policies known as the Countywide Urban Development Policies (CUDPs). This pioneering and cooperative effort to guide future growth and development in Santa Clara County established jurisdictional roles, responsibilities, and regulatory systems for the timing and location of urban development. Its most central policy required urban growth and development to be located within cities and for unincorporated lands outside cities to remain rural.

Today, the CUDPs remain the foundation of all LAFCO policies, and of the cities' and County general plans. Furthermore, they serve as a living example of how collaboration between LAFCO, the County, and the cities, built on sound planning and growth management principles, help to discourage urban sprawl, preserve agricultural and open space lands, and promote efficient urban services delivery.

In the years immediately following their adoption, the CUDPs were documented in various adopted plans. These included the County's 1973 Urban Development/Open Space Plan, a countywide element of its general plan, and various general plans of the cities. The CUDPs formed the fundamental basis for the County's first consolidated 1980 County General Plan, and today, these policies are carried forward in the current Santa Clara County General Plan, the Envision San Jose 2040 General Plan, and are reflected in portions of most other cities' general plans.

These fundamental policies were incorporated and interwoven into various LAFCO policies over the years, forming an inseparable part of LAFCO law and policy for Santa Clara County. Given their long-term significance and ongoing applicability to planning and decision making in the future, this chapter provides an authoritative definition of the oft-referenced CUDPs, and comprehensively documents their history and their ongoing beneficial impacts.

1.2 HISTORY

When LAFCO was created in 1963, Santa Clara County was experiencing dramatic growth in population and economic development; however, it lacked a system to plan for the needs of the rapidly growing population and to manage the unbridled competition between the cities and County for territory and tax base. Annexation wars raged as cities competed with each other for land to meet growth needs exclusively by means of expansion, while the County, which still had a major percentage of the territorial jurisdiction of the North Valley, also allowed subdivisions and commercial development wherever possible. Cities

¹ LAFCO adopted the CUDPs on December 1, 1971; the County Board of Supervisors adopted them on January 12, 1972; and the cities adopted them between December 1971 and April 1972.

leapfrogged over undeveloped lands and annexed long, narrow strips of land along public roads in order to annex farmlands whose owners were seeking to develop.

This period of the county's history caused significant jurisdictional fragmentation and transformed the natural landscape. Some cities pursued defensive annexations in order to block other cities from annexing lands in their vicinity. Seeking to avoid annexation by nearby cities, many landowners and residents incorporated as new cities. In the decade leading up to 1963, seven new cities were formed, and by 1963 there were 63 special districts in existence (not including school districts). The proliferation of special districts provided specialized municipal services (e.g. sewer/sanitation, water, fire protection) to new urban development, with resultant fragmentation and duplication of utilities and urban services.

This disorderly, unmanaged growth also resulted in rapid conversion of productive farmland to urban and suburban land uses, and by the early 1960s much of the farmland in the northern part of the county was urbanized. The county once known as the "Valley of Heart's Delight," with fruit orchards and farms spanning the valley floor, could best be described as a sprawling patchwork of development, with fragmented services and illogical jurisdictional boundaries that were difficult and costly to serve.

As the economic and environmental costs of sprawl began to be better understood, a cooperative, solution-oriented approach was sought. LAFCO took the lead, and in 1967 adopted "boundary agreement lines" that served as a "cease fire" solution to the annexation wars. These boundary agreement lines, (originally called Spheres of Influence) as agreed to by the cities, divided the entire county into 15 separate areas and defined which lands could potentially be annexed into each of the cities. These agreements, now superseded by the function of Urban Service Areas (USA) and Spheres of Influence, provided a stable foundation for LAFCO, the 15 cities and the County to then discuss how to manage urban development in the county for the long term. Those discussions soon led to the development of a countywide policy framework through an unprecedented system of intergovernmental planning and cooperation, when LAFCO, the County and the 15 cities jointly adopted the Countywide Urban Development Policies.

1.3 COUNTYWIDE URBAN DEVELOPMENT POLICIES

The intent of adopting the CUDPs was for LAFCO, the County, and cities to establish a mutually agreed upon and long-term system to sustainably manage growth on a countywide basis. The CUDPs identify the distinct roles and expectations regarding the service responsibilities of the cities versus the county. They allow for urbanization in a manner that will accommodate the development goals of individual communities while conserving the natural resources of the county as a whole. They promote efficient and effective delivery of community services for existing and future residents/taxpayers, and they provide a stable and predictable foundation that allows for cooperative intergovernmental relations.

In brief, the fundamental CUDPs are stated as follows:

1. Urban development should occur, and urban services should be provided only on lands annexed to cities – and not within unincorporated areas, urban or rural.
2. Urban expansion should occur in an orderly, and planned manner – with cities responsible for planning and providing services to urban development within

explicitly adopted Urban Service Areas (USA) whose location and expansion is subject to LAFCO approval authority.

3. Urban unincorporated islands within USAs should eventually be annexed into their surrounding cities, so that cities have the responsibility for urban services and land use authority over all lands within their USA boundaries.

1.4 IMPLEMENTATION OF THE COUNTYWIDE URBAN DEVELOPMENT POLICIES

The CUDPs established important mutual commitments between the County and the 15 cities regarding timing and location of urban development. Implementation of these policies occurred by means of an evolving collaborative partnership between cities, the County, and LAFCO.

The **County** agreed to no longer compete with the cities for new urban development and undertook a series of actions to fulfill its commitment to the CUDPs. For lands outside city USAs, the County adopted its 1980 General Plan with land use plan designations and zoning districts that significantly limited allowable uses and densities of development, typically with minimum lot sizes of 20 acres per parcel up to 160 acres per parcel.

For lands within USAs, as early as in 1975, the County approved ordinances and adopted referral procedures that provided the opportunity for a city to annex lands within unincorporated islands as a pre-requisite to proposed new urban development. The County also amended its development ordinances and policies to require that discretionary land use approvals such as subdivisions, zone changes, and use permits within city USAs conform to the general plans of the cities.

The **cities** assumed full responsibility to plan for and accommodate needed urban growth and prepared USA maps identifying lands they intended to annex in order to develop and provide urban services within 5 years. The cities submitted their proposed USA boundaries to LAFCO for approval and committed to annex lands within the USA, including unincorporated islands, which were generally the result of past annexation practices and the annexation wars.

LAFCO conducted hearings and adopted the USA boundaries for each of the 15 cities on the following dates.

Campbell	November 1, 1972
Cupertino	March 4, 1973
Gilroy	December 6, 1972
Los Altos	June 6, 1973
Los Altos Hills	January 3, 1973
Los Gatos	April 4, 1973
Milpitas	December 6, 1972
Monte Sereno	December 6, 1972
Morgan Hill	October 4, 1972
Mountain View	February 7, 1973
Palo Alto	April 4, 1973

San Jose	October 4, 1972
Santa Clara	November 1, 1972
Saratoga	March 4, 1973
Sunnyvale	December 6, 1972

LAFCO then became responsible for decision-making regarding future modifications to the cities' USA boundaries, in order to achieve the mutual goals that these policies established, such as agricultural land preservation, hillside preservation, and orderly, efficient and sustainable growth patterns. LAFCO's role in this regard is unique to Santa Clara County and is codified in state law.

From their inception to today, the CUDPs are essential and integral to all other LAFCO goals and policies. Therefore, LAFCO formally recognizes and affirms the CUDPs as the foundation of land use planning in Santa Clara County and all related policy and decision-making.

1.5 LASTING BENEFITS OF THE COUNTYWIDE URBAN DEVELOPMENT POLICIES

Collaborative implementation of and steadfast commitment to these policies have made Santa Clara County a much more livable, sustainable place than it would otherwise have become. The CUDPs and their systematic approach to managing urban growth have benefited the county as a whole and all its residents in multiple and mutually-reinforcing ways to promote:

- **Sustainable Growth:** ensuring sustainability and livability of communities by ensuring quality of life is not sacrificed to disorderly growth;
- **Fiscal Responsibility and Resiliency:** minimizing costs to taxpayers for public infrastructure and services through compact growth;
- **Environmental Stewardship:** safeguarding air and water quality, wildlife habitat, and water supply reservoir watersheds, and preventing loss of public open space assets critical to ecological balance;
- **Affordable and Responsibly-Located Housing:** promoting complete and efficient use of existing urbanized lands within cities, building within rather than outward, resulting in more cost efficient housing opportunities close to transit and services;
- **Transportation Options:** reducing sprawl and promoting compact development to reduce traffic demand generated by outward growth, emissions and pollution from vehicles, reduce longer commute distances, and encouraging urban densities supportive of transit solutions;
- **Open Space and Farmland Preservation:** protecting open space, parklands, hillsides and farmlands from premature and/or unwarranted development.

Taken together, all of these beneficial outcomes are part of the future-oriented approach recognized as being necessary to address the potentially disastrous effects of increasing greenhouse gas emissions and climate change.

For example, the CUDP's framework focuses urban development within cities, while preserving non-urban, open space areas such as the mountains that ring the north and

south valley, as well as the remaining agricultural lands outside cities. In the last few decades, many cities' policies have evolved to accommodate tens of thousands in population growth within their existing boundaries rather than covering vast areas of land with low density sprawl. As a result, even with substantial growth in the county's population and economy since the CUDPs were adopted, the county's urban footprint has remained largely unchanged.

The CUDPs have been critical to the county's ability to protect and preserve open space. Only 23% of the county's total land area is within cities' USAs, while accounting for an overwhelming majority (95%) of the county's 2 million residents. This growth pattern has allowed open space districts and conservation agencies to better protect open space lands outside the urbanized areas. Nearly 30% of the county's land area is now comprised of protected open space lands or land that is under conservation easements.

Implementing the CUDPs has significantly contributed to fiscal efficiency and cost savings to taxpayers. Over the years, LAFCO, the cities, and the County have facilitated the annexation of hundreds of unincorporated islands to their surrounding cities. Today there are far fewer islands and far fewer special districts providing services, reducing the inefficiencies of fragmented service and land use responsibilities, and resulting in more efficient delivery of public services at lower costs to taxpayers.

Furthermore, the CUDPs form the foundation of the plans and functions of many local and regional agencies working to create sustainable communities and landscapes. For example, the CUDP concepts continue to inform countywide climate resiliency and sustainability planning, as well as the work of the following:

- the land acquisition and preservation strategies of many agencies involved in open space and farmland preservation, such as the Santa Clara Valley Open Space Authority, Midpeninsula Regional Open Space District, Peninsula Open Space Trust, and others;
- the transportation planning and investment strategies of the Metropolitan Transportation Commission and the County's Valley Transportation Authority;
- the regional housing needs allocations made by the Association of Bay Area Governments;
- the Santa Clara Valley Water District's water supply planning; and
- the work of many non-profit organizations to promote social equity, affordable housing, and environmental justice.

When created nearly five decades ago, Santa Clara County's growth management system was recognized widely as a national pioneer and paradigm of cooperative regional planning for growth management, and its policies and successes have been adopted elsewhere with local variations. Today, the CUDP's systematic planning principles are crucial to and consistent with climate-smart growth policy and climate resiliency concepts that have taken shape in the last 20 to 30 years. They form the critical foundation of most regional planning and decision-making in Santa Clara County, not just for today but into the foreseeable future, as originally intended.

From: [D. Muirhead](#)
To: [LAFCO](#)
Subject: [EXTERNAL] Comments - LAFCO Policies Update
Date: Tuesday, September 24, 2024 5:08:55 PM

Greetings LAFCO Commissioners and LAFCO Staff,
Some thoughts on your review/update of LAFCO policies
for your October 2 meeting.
Doug Muirhead, Morgan Hill.

1) Island Annexation Policies (Chapter 6)

[Policy excerpts]

Countywide Urban Development Policies (CUDPs) stipulate that urban
unincorporated islands within USAs should ultimately be annexed
into their surrounding cities

In Santa Clara County, city annexations, including island annexations,
are not decided by LAFCO, but by the City Council of the applicable city
LAFCO has adopted the following policies to encourage the timely
annexation of islands:

Encourage Island Annexation. LAFCO will encourage island annexations
to cities and collaborate with the cities and the County in facilitating
annexation of islands

Annex Entire Islands. cities are encouraged to annex entire islands,
rather than to conduct single parcel annexations

Island Annexations Before Seeking USA Expansion. cities should annex
urban unincorporated islands existing within their current urban
service areas, before seeking to add new lands to their USAs.

[see also USA Policies (Chapter 3) Island Annexations]

[end Policy excerpts]

[comment]

The City of Morgan Hill has two unincorporated islands. The Holiday
Lakes Subdivision has an issue with aging septic systems.

[LAFCO City Services Review of August 2006 5.3 WASTEWATER SERVICES]

The status of island annexations was reported in LAFCO December 12, 2012

EO REPORT 7.4 UPDATE ON ISLAND ANNEXATIONS

Holiday Lakes is not planned since a funding mechanism for improving
and expanding sewer infrastructure in the area would have to be approved
by the residents and they have been unwilling to pay for an assessment
district to fund the necessary sewer upgrades.

Regarding the other unincorporated island, annexation would result in
several properties having a portion of their lots within the City,
and a portion of the same lots would also be within the unincorporated
County.

2) Agricultural Land Preservation and Mitigation Policies (Chapter 7)

[Policy excerpts]

MITIGATION RECOMMENDATIONS

Urban/non-agricultural uses affect adjacent agricultural practices
and introduce development pressures on adjacent agricultural lands

Adoption of protections such as a Right to Farm Ordinance, to ensure

that the new urban residents shall recognize the rights of adjacent property owners conducting agricultural operations and practices
[end Policy excerpts]
[comment]

This is aspirational. In practice, the presence of "sensitive receptors" tends to tip the balance towards urban residents.

3) Urban Service Area (USA) Policies (Chapter 3)

Methodology for Preparing a Vacant Lands Inventory

[Policy excerpts]

Santa Clara LAFCO shall discourage amendment proposals that seek to expand the USA when a city has a more than 5-years supply of vacant land within its existing USA

Infill and Efficient Development Patterns.

The vacant lands inventory is an informational tool to help evaluate the availability of vacant lands within the city. If a city has special conditions that do not align with LAFCO's methodology, it may also prepare an alternate vacant lands inventory and explain why the alternate analysis is more appropriate, for LAFCO's consideration.

[end Policy excerpts]

[comment]

- a) I have watched LAFCO and Morgan Hill argue multiple times over the amount of vacant land. How will the alternative vacant lands analysis be evaluated? For example, I agree with City that a parcel of bare land where the owner is not interested in either developing or sale of the land is not 100% available.
- b) Had not two MH senior planners moved on, I had hoped to develop a GIS layer as a tool to show where some sites show agreement between City and LAFCO and others show disagreement, perhaps also using probabilities.

4) Out-of-Agency Service by Contract (OASC) Policies (Chapter 5)

Agricultural Worker Housing

[Policy excerpts]

Annexation as Alternative to OASC. annexation to the city or the special district that would provide the service is generally preferred to service extension outside its jurisdictional boundaries

Service Extensions into Unincorporated Area. LAFCO shall discourage OASC proposals that are intended to support new development in the unincorporated county, with two exceptions.

Service Extensions to Agricultural Worker Housing. LAFCO will give special consideration to OASC proposals that are for agricultural worker housing which supports the preservation of open space and agricultural lands ... and continued viability of County's food system

Multiple conditions specified in Employee Housing Act

Impacts to Agricultural and Open Space Lands. discourage proposals that result in premature conversion of or have adverse impacts on agricultural or open space land.

[see also Agricultural Land Preservation and Mitigation Policies (Chapter 7)]

Given that agricultural workers are an essential component of Santa Clara County's agricultural industry, LAFCO will give special consideration to proposals that are for agricultural worker housing as referenced in Urban Service Area Policy #3.4.15 and Out of Agency Service by Contract Policy #5.3.3(b)]

[see also Urban Service Area (USA) Policies (Chapter 3)

Agricultural Worker Housing Needs. agricultural worker housing to be located within cities or their urban service areas, where necessary infrastructure, services, support resources, and the broader community already exists.]

[end Policy excerpts]

[comment]

Agricultural worker housing appears in multiple policies as an exception to discouraging proposals that are intended to support new development in the unincorporated County. So what are these "special considerations" and how are they to be evaluated?

5) Out-of-Agency Service by Contract (OASC) Policies (Chapter 5)

Public Health and Safety Threat

[Policy excerpts]

Annexation as Alternative to OASC. annexation to the city or the special district that would provide the service is generally preferred to service extension outside its jurisdictional boundaries

Service Extensions into Unincorporated Area. LAFCO shall discourage OASC proposals that are intended to support new development in the unincorporated county, with two exceptions.

Extensions to Address Existing Public Health and Safety Threat.

Whether the proposal would result in a premature intrusion of urbanization into a predominantly agricultural or rural area

Growth Inducing Impacts. discourage proposals that contribute to premature development of fringe areas or intrusion of urbanization into areas designated for non-urban uses.

LAFCO shall consider whether public facilities or infrastructure related to the proposal would be sized to exceed the capacity needed for the proposed development

[end Policy excerpts]

[comment]

This item addresses provision of water service.

a) How to address State Water Board desire to consolidate/eliminate small water system providers?

b) I advocated without success in South County to create small local distribution systems in unincorporated County where one well would provide water to multiple nearby properties whose wells would be retired to create areas to be used for groundwater recharge.

6) Annexation, Detachment, and Reorganization Policies (Chapter 4)

[Policy excerpts]

Annexation of Roads.

A city annexation proposal shall be designed to include:

Full-width sections of the street right-of-way to provide single-agency

oversight, except that when a street is the boundary line between two cities, the centerline of the street may be used as the boundary
A continuous section of roadway sufficient in length to allow road maintenance, and provision of other services

[end Policy excerpts]

[comment]

a) "centerline okay if boundary line between two cities"

Suggest "two jurisdictions" so as to include City/County (Morgan Hill)

b) Perhaps address maintenance swaps of segments in alternating jurisdictions (Morgan Hill and County Roads)

7) Annexation, Detachment, and Reorganization Policies (Chapter 4)

Williamson Act

[Policy excerpts]

Annexation of Lands Under Williamson Act. facilities or services related to sewers, nonagricultural water, or streets or roads shall be prohibited unless these facilities and services benefit land uses that are allowed under the Williamson Act Contract

[end Policy excerpts]

[comment]

Are "land uses that are allowed" defined in the Act or specific to a particular Contract?

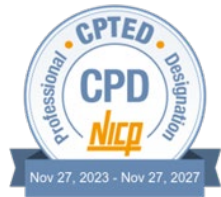
From: [Adam Paszkowski](#)
To: [LAFCO](#)
Cc: edith.ramirez@morganhill.ca.gov; [Jennifer Carman](#)
Subject: [EXTERNAL] Morgan Hill comment letter regarding Comprehensive Review and Update of LAFCO Policies
Date: Wednesday, September 25, 2024 11:34:12 AM
Attachments: [image001.png](#)
[MH Comment Letter on Update of LAFCO Policies.pdf](#)

Attach please find the City of Morgan Hill's comment letter regarding the proposed Phase 1 LAFCO policy revisions for the Comprehensive Review and Update of LAFCO Policies scheduled for a Public Hearing on Wednesday, October 2, 2024.

Please confirm receipt of the attached letter.

Thank you,

Adam Paszkowski, CPD
Principal Planner



City of Morgan Hill
Development Services Department
17575 Peak Avenue, Morgan Hill, CA 95037

TEL: 408.778.6480

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September 19, 2024

Neelima Palacheria, Executive Officer
Santa Clara LAFCO
777 North First Street, Suite 410
San Jose, CA 95112

VIA EMAIL

Re: Comprehensive Review and Update of LAFCO Policies

Ms. Palacheria,

The City of Morgan Hill acknowledges receipt of the Notice of Availability and Notice of Public Hearing regarding the Comprehensive Review and Update of LAFCO Policies, dated August 30, 2024.

With a population of 46,000 residents, Morgan Hill is committed to sustainable growth. The City is currently processing approximately 4,000 residential units within its city limits and is dedicated to addressing the housing shortfall and will continue to work collaboratively to build housing across all income levels. However, as the City grows, a key goal for the City is to grow in a sustainable way and to build a balance of uses that support the community, like jobs and amenities, and attract transportation services.

As Santa Clara LAFCO completes the Comprehensive Review and Update of LAFCO Policies, the City of Morgan Hill seeks to understand LAFCO's approach to handling Builder's Remedy applications and the annexations related to these applications. The City respectfully requests that LAFCO provide guidance through updated proposed LAFCO Policies to address these annexations. Consequently, the City is keen to collaborate with the County and LAFCO in developing a comprehensive policy and is eager to engage in planning along the City's boundary.

In addition to the above, the City respectfully submits the following comments and requests for modifications to the proposed LAFCO Policies prior to their adoption.

- On page 1 of 2 of Exhibit A (Santa Clara LAFCO's Methodology for Preparing a Vacant Lands Inventory) within Chapter 3: Urban Service Area Policies states, *underutilized lands* are defined as *lands developed to less than their maximum development potential*.
 - Comment: Underutilized lands should be defined as "lands developed to less than their minimum development density". Jurisdictions within Santa Clara County have established density minimums or density ranges; therefore, classifying a project as underutilized based on its maximum development potential is not an objective standard that cities can utilize or require under State laws (i.e. SB330).

- On page 1 of 4 of Chapter 6: Island Annexation Policies, Section 6.1: Introduction states, *unincorporated land that is located within a city's Urban Service Area (USA) is considered an island. Unincorporated islands... are surrounded by the city limits of a city or a combination of city limits and USA boundaries.*
 - Comment: The description of "Islands" in the proposed text is confusing and appears to not be consistent with Government Code Section 56375.3 which states unincorporated islands are surrounded, or substantially surrounded, by the city. Therefore, the City recommends that the proposed LAFCO policies text for Islands be updated to include "substantially surrounded". In addition, substantially surrounded should be defined as "being within the sphere of influence of the affected city and two-thirds (66 2/3%) of its boundary is surrounded by the city limits of a city or a combination of city limits and USA boundaries".
- On page 2 of 4 of Chapter 6: Island Annexation Policies, Section 6.3.1: Legislative History states, *pursuant to GC (Section) 56757, city annexations, including island annexations, are not decided by LAFCO, but by the City Council of the applicable city, as explained in LAFCO Policy #4.2.1 (Annexation, Detachment, and Reorganization Policies).*
 - Comment: Clear and separate guidelines need to be provided for Annexations versus Island Annexations. Proposed LAFCO Policy #4.2.1 states that an annexation proposal must be within an existing USA boundary; however, Chapter 6 references Island Annexations, which has different rules and exemptions in which an unincorporated island may be surrounded, or substantially surrounded, by the city. Therefore, this section needs further clarification.

Recently, the City of Morgan Hill has received public inquiries regarding USA boundary expansions. According to both current and proposed LAFCO policies, USA amendments require approval from Santa Clara LAFCO (e.g., proposed Policy #3.3.1), with no exemptions listed in the proposed policies. The City of Morgan Hill, similar to other cities within Santa Clara County, has a USA boundary that is smaller than its city limits. Historically, it has been understood that LAFCO must approve USA boundary expansions within city limits. However, recent email communications from LAFCO staff, forwarded by members of the public, suggest that if a property lies within city limits but outside the USA boundary, LAFCO approval for the USA expansion is not necessary. Therefore, the City submits the following additional comment and request for modification to the proposed LAFCO policies.

- Comment: Within Chapter 3: Urban Service Area Policies, a policy should be added (similar to Policy #4.2.1) for City-Conducted USA expansions, stating, "USA boundary expansions within existing city limits are not reviewed by LAFCO if the USA expansion proposal is initiated by city council resolution".

The City of Morgan Hill appreciates the opportunity to contribute to the Comprehensive Review and Update of LAFCO Policies. As your staff knows, the City is interested in advancing the annexation of some of the City-owned properties to advance the City's

recreational master plan and we look forward to collaborating with your office on this effort in the near future.

Thank you for your consideration.

Respectfully,

A handwritten signature in black ink, appearing to read 'Adam Paszkowski', with a stylized flourish at the end.

Adam Paszkowski, CPD
Principal Planner

From: [Cindy McCormick](#)
To: [Palacherla, Neelima](#)
Cc: LAFCO@ceo.sccgov.org; [Sharon Goei](#)
Subject: [EXTERNAL] comment on the draft Comprehensive Review and Update of LAFCO Policies
Date: Wednesday, September 25, 2024 3:52:20 PM
Attachments: [image001.png](#)
[Gilroy comment letter on LAFCO policy, 9-25-24.pdf](#)

Good afternoon Neelima –

Thank you for the opportunity to comment on the draft Comprehensive Review and Update of LAFCO Policies, dated August 30, 2024. We have attached a letter for the Commission's consideration and appreciate you including it in the meeting packet.

I am not available to attend the meeting, but I am available in the meantime if you or any Commissioners have questions.

Respectfully,

CINDY MCCORMICK
PLANNING MANAGER
Direct 408.846.0253 | Cindy.McCormick@cityofgilroy.org
Main 408.846.0440 | www.cityofgilroy.org/planning
7351 Rosanna Street | Gilroy | CA 95020





Community Development Department

Sharon Goei
DIRECTOR

7351 Rosanna Street, Gilroy, California 95020-6197
Telephone: (408) 846-0451 Fax: (408) 846-0429
<http://www.cityofgilroy.org>

September 25, 2024

Neelima Palacheria, Executive Officer
Santa Clara LAFCO
777 North First Street, Suite 410
San Jose, CA 95112

VIA LAFCO@ceo.sccgov.org

RE: Comprehensive Review and Update of LAFCO Policies

Dear Commissioners,

Thank you for the opportunity to comment on the draft Comprehensive Review and Update of LAFCO Policies, dated August 30, 2024. The City of Gilroy and LAFCO share many of the same goals and policies with respect to preserving agricultural lands, orderly growth and development, efficient delivery of services, and fiscal sustainability.

With this in mind, the City respectfully submits the following comments and requests for modifications to the proposed LAFCO Policies prior to their adoption:

3.4 Urban Service Area Amendment Policies and Evaluation Criteria

2. Impacts to Agricultural and Open Space Lands:

LAFCO should **consider a City's Urban Growth Boundary** when reviewing an USA expansion request. For example, Gilroy's Urban Growth Boundary protects open space and agricultural uses where it is most viable, and significantly limits Gilroy's expansion potential. In 1996, a joint effort between the City, County, and LAFCO was created to "identify ways to ensure the long-term maintenance of agriculture as a viable land use in the area south and east of Gilroy". This joint effort resulted in the *Strategies to Balance Planned Growth and Agricultural Viability in the areas south and east of Gilroy*. These *Strategies* recognized that the City's 20-year growth boundary "is one tool that the City of Gilroy uses to plan the timing and location of new development in a responsible and sustainable way" and recommended that "*if the City of Gilroy strengthens its 20-year boundary*" ..., "*LAFCO should re-examine its policies regarding requests for expansions to Gilroy's USA*".¹ In 2016, a more restrictive Urban Growth Boundary ("UGB") was approved in Gilroy to protect agriculture and open space, drawing a line between planned urban development and land preservation. Gilroy's UGB reflects a commitment to prevent development into the agriculturally and environmentally important areas surrounding the City, while allowing development where it makes most sense.

¹ *Strategies to Balance Planned Growth and Agricultural Viability in the areas south and east of Gilroy*, Page 5 of 12

We ask that LAFCO define the following terms using an objective standard that involves no personal or subjective judgment and is uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the applicant and LAFCO prior to submittal.

- agricultural land (noting that “prime” farmland is the threshold for consideration)
- “premature” conversion of agricultural lands
- “adequacy” of urban services
- “infill” development
- “substantially” surrounded (e.g., two-thirds)

In defining vacant land, we also ask that LAFCO consider the California Department of Housing and Community Development’s [*Housing Element Site Inventory Guidebook Government Code Section 65583.2*](#) (page 24) definition of vacant land as “a site without any houses, offices, buildings, or other significant improvements on it. Improvements are generally defined as development of the land (such as a paved parking lot, or income production improvements such as crops, high voltage power lines, oil-wells, etc.) or structures on a property that are permanent and add significantly to the value of the property.” It is noteworthy that the [*HCD Guidebook*](#) (page 24) also states that “underutilized sites are not vacant sites”.

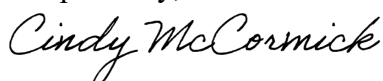
Santa Clara LAFCO’s Methodology for Preparing a Vacant Lands Inventory

In developing the Methodology for Preparing a Vacant Land Inventory, we ask that LAFCO consider the minimum density permitted in a City’s General Plan, given that minimum density is within City control, while maximum density is not. Alternatively, we ask that LAFCO consider the average density of land developed in a City over the past five years (consistent with LAFCO’s 5-year inventory threshold). The average density is a realistic benchmark because the actual (or net) density of development may be less than the allowed density due to the need to provide roads, public facilities, utility easements, site amenities, open space, and/or right-of-way dedication and improvements.

In determining a City’s five year supply of vacant land, we also ask that LAFCO exclude (or decrease the density of) land that is located in a City’s designated WUI area, or has been identified in an environmental technical study as having constraints that limit the number of dwelling units that can be accommodated on the site (e.g., due to habitat preservation or steep slopes).

Thank you again for the opportunity to comment on the draft Comprehensive Review and Update of LAFCO Policies, dated August 30, 2024.

Respectfully,



Cindy McCormick
City of Gilroy



**Local Agency
Formation Commission
of Santa Clara County**

777 North First Street
Suite 410
San Jose, CA 95112

SantaClaraLAFCO.org

Commissioners
Sylvia Arenas
Jim Beall
Rosemary Kamei
Yoriko Kishimoto
Otto Lee
Russ Melton
Terry Trumbull

ITEM # 6

Alternate Commissioners
Domingo Candelas
Helen Chapman
Cindy Chavez
Teresa O'Neill
Mark Turner

Executive Officer
Neelima Palacherla

LAFCO MEETING: October 2, 2024

TO: LAFCO

**FROM: Neelima Palacherla, Executive Officer
Emmanuel Abello, LAFCO Analyst**

**SUBJECT: PROFESSIONAL SERVICES AGREEMENT WITH ASSURA
SOFTWARE, LLC FOR THE DEVELOPMENT OF A
CUSTOMIZED DATABASE AND FOR PROVIDING
ONGOING LICENSING AND ANCILLARY SUPPORT
SERVICES**

STAFF RECOMMENDATION

1. Approve a professional services agreement with Assura Software, LLC, for the design and development of a customized database to process LAFCO applications, track public inquiries, and manage the LAFCO contacts directory; and for providing ongoing licensing and ancillary support services, including, hosting, and technical support.

BACKGROUND

In 2008, Santa Clara LAFCO created a FileMaker Pro database to easily maintain contact information for public notification purposes and automate the processing and tracking of applications for boundary changes of cities and special districts in Santa Clara County. The database is essential to LAFCO's day-to-day operations.

However, there have been many technological advances since 2008, including the introduction of new database software, designs, and functionalities. LAFCO's current database runs on software that is increasingly out of favor and difficult to use or adapt for LAFCO's changing needs. Further, there are few vendors that can provide technical support for this outdated system; the County is currently unable to provide in-house technical support for the upkeep of the database and LAFCO has had to hire outside vendors for server upgrades and new installations.

It is recommended that rather than continue to maintain the existing database, LAFCO develop a new platform to improve overall functionality and ease of maintenance.

Assura Software, LLC provided a demonstration of a prototype for a new database to LAFCO staff based on a platform that they have created for San Diego LAFCO. LAFCO staff has carefully reviewed the model and found that it is of the functionality and quality that we require, and that it would be beneficial for Santa Clara LAFCO to build on Assura Software's work completed for San Diego LAFCO. Due to their recent LAFCO experience, Assura Software's development process will be more cost-effective and efficient. San Diego LAFCO is possibly the only other LAFCO in the state that has developed such a cloud-based platform for processing LAFCO applications. While there are other firms with cloud-based development expertise, Assura Software, LLC is uniquely qualified, with a team that is familiar with LAFCO and its processes and therefore instead of seeking competitive solicitations, staff recommends that Santa Clara LAFCO enter into an agreement with Assura Software, LLC for the design and development of the customized database.

PROPOSED SERVICES AGREEMENT WITH ASSURA SOFTWARE, LLC

Staff recommends that the Commission enter into a services agreement (**Attachment A**) with Assura Software, LLC for the development of a customized database to process LAFCO applications, track public inquiries, and manage the LAFCO contacts directory; and for providing ongoing licensing and ancillary support services, including, hosting, and technical support.

The proposed new services agreement is structured as an ongoing contract with the annual costs not to exceed an amount of \$25,000. Compensation would be based on the scope of services (Exhibits A and A-1), and the rate schedule presented in Exhibit A-2 of the proposed service agreement.

The LAFCO Budget for Fiscal Year 2024-2025 includes sufficient funding (under "Consultant Services") for the services.

ATTACHMENTS

Attachment A:	Proposed services agreement between the Local Agency Formation Commission of Santa Clara County and Assura Software, LLC to develop a customized database and provide ongoing licensing and ancillary support services
---------------	--

**SERVICES AGREEMENT BETWEEN THE LOCAL AGENCY FORMATION
COMMISSION OF SANTA CLARA COUNTY AND ASSURA SOFTWARE, LLC TO
DEVELOP A CUSTOMIZED DATABASE AND PROVIDE ONGOING LICENSING AND
ANCILLARY SUPPORT SERVICES**

This Agreement ("Agreement") is made effective October 2, 2024 by and between the Local Agency Formation Commission of Santa Clara County ("LAFCO") and ASSURA SOFTWARE, LLC, a Delaware limited liability company ("Contractor" or "Consultant") to develop a customized database and provide ongoing licensing and ancillary support services;

WHEREAS, pursuant to the Cortese-Knox-Hertzberg Act, Government Code section 56000 et seq., LAFCO is an independent agency; and

WHEREAS, LAFCO needs assistance with the design and development of a customized database for processing LAFCO applications, tracking public inquiries and managing its contacts directory; and

WHEREAS, Contractor has experience and expertise necessary to provide such services; and

THEREFORE, the parties agree as follows:

1. Nature of Services.

Contractor will provide to LAFCO a customized database and ongoing licensing access and ancillary services, as described in Exhibits A and A-1, which are attached hereto and incorporated herein by this reference.

2. Term of Agreement.

This Agreement is effective from the date of final execution and shall continue, unless terminated in accordance with Section 4.

3. Compensation.

A. Contractor will be compensated for services provided under this Agreement in accordance with the rate schedule included in Exhibit A-2, which is attached hereto and incorporated herein by this reference. Contractor will complete all the work and tasks described in Exhibits A and A-1. The Contractor shall be paid based on the rates indicated in Exhibit A-2.

B. Contractor will provide LAFCO with task-specific invoices based on estimated costs in Contractor's proposal, which shall be accompanied by a detailed summary of activities undertaken over the course of completing the task.

4. Termination.

A. Termination Without Cause. Either party may terminate this Agreement without cause by giving the other party thirty (30) days written notice.

B. Termination for Cause. LAFCO may terminate this Agreement for cause upon written notice to Contractor. For purposes of this Agreement, cause includes, but is not limited to, any of the following: (1) material breach of this Agreement by Contractor, (b) violation by Contractor of any applicable laws, (c) assignment by Contractor of this

Agreement without the written consent of LAFCO pursuant to Section 13, or (d) failure to provide services in a satisfactory manner. Such notice shall specify the reason for termination and shall indicate the effective date of such termination.

C. In the event of termination, Contractor will deliver to LAFCO copies of all reports and other work performed by Contractor under this Agreement whether complete or incomplete, and upon receipt thereof, Contractor will be compensated based on the completion of services provided, as solely and reasonably determined by LAFCO.

5. Project Managers; Substitution

A. Contractor designates Hamish Howard as the Contractor's Project Manager for the purpose of performing the services under this Agreement. Hamish Howard will serve as day-to-day contact for LAFCO and work directly with staff.

B. LAFCO designates the LAFCO Executive Officer as its Project Manager for the purpose of managing the services performed under this Agreement.

C. Contractor may not substitute anyone other than Hamish Howard to serve as Project Manager without the written permission of the LAFCO Executive Officer or her authorized representative. Any such substitution shall be with a person or firm of commensurate experience and knowledge necessary for the tasks to be undertaken.

6. Conflicts of Interest.

In accepting this Agreement, Contractor covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial, or otherwise, which would conflict in any manner or degree with the performance of the Services.

Contractor further covenants that, in the performance of this Agreement, it will not employ any contractor or person having such an interest.

7. Indemnification/Insurance.

Contractor's indemnification and insurance obligations with respect to this Agreement are set forth in Exhibit B, attached hereto and incorporated herein by this reference.

8. Compliance with all Laws.

Contractor shall, during the term of this contract, comply with all applicable federal, state, and local rules, regulations, and laws.

9. Maintenance of Records.

Contractor shall maintain financial records adequate to show that LAFCO funds paid under the contract were used for purposes consistent with the terms of the contract. These records shall be maintained during the term of this contract and for a period of three (3) years from termination of this contract or until all claims, if any, have been resolved, whichever period is longer, or longer if otherwise required under other provisions of this contract.

10. Nondiscrimination.

Contractor will comply with all applicable Federal, State, and local laws and regulations including Santa Clara County's equal opportunity requirements. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans

with Disabilities Act of 1990; The Rehabilitation Act of 1973 (Sections 503 and 504); California Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101 and 1102. Contractor will not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay or other forms of compensation. Nor will Contractor discriminate in provision of services provided under this contract because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status.

11. Notices.

All notices required by this Agreement will be deemed given when in writing and delivered personally or deposited in the United States mail, postage prepaid, return receipt requested, addressed to the other party at the address set forth below or at such other address as the party may designate in writing in accordance with this section:

To Contractor: Hamish Howard, Managing Director/CEO
Assura Software, LLC
Hamish.Howard@AssuraSoftware.com

To LAFCO: LAFCO Executive Officer
777 North First Street, Suite 410
San Jose, CA 95112

12. Governing Law.

This Agreement has been executed and delivered in, and will be construed and enforced in accordance with, the laws of the State of California. Venue shall be in Santa Clara County.

13. Assignment.

Contractor has been selected to perform services under this Agreement based upon the qualifications and experience of Contractor's personnel. Contractor may not assign this Agreement or the rights and obligations hereunder without the specific written consent of LAFCO. Any attempted assignment or subcontract without prior written consent will be null and void and will be cause, in LAFCO's sole and absolute discretion, for immediate termination of the Agreement.

14. Relationships of Parties; Independent Contractor.

Contractor will perform all work and services described herein as an independent contractor and not as an officer, agent, servant, or employee of LAFCO. None of the provisions of this Agreement is intended to create, nor shall be deemed or construed to create, any relationship between the parties other than that of independent parties contracting with each other for purpose of effecting the provisions of this Agreement. The parties are not and will not be construed to be in a relationship of joint venture, partnership, or employer-employee. Neither party has the authority to make any statements, representations or commitments of any kind on behalf of the other party, or to use the name of the other party in any publications or advertisements, except with the written consent of

the other party or as is explicitly provided herein. Contractor will be solely responsible for the acts and omissions of its officers, agents, employees, contractors, and subcontractors, if any.

15. Entire Agreement.

This document represents the entire Agreement between the parties with respect to the subject matter hereof. All prior negotiations and written and/or oral agreements between the parties with respect to the subject matter of this Agreement are merged into this Agreement.

16. Amendments.

This Agreement may be amended only by an instrument signed by the parties.

17. Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

18. Severability.

If any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid or unenforceable, the same will either be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

19. Waiver.

No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a party must be in writing and shall apply to the specific instance expressly stated.

20. Ownership of Materials and Confidentiality.

A. Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for LAFCO to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Contractor under this Agreement ("Documents & Data"). Contractor shall require all sub consultants to agree in writing that LAFCO is granted a non-exclusive and perpetual license for any Documents & Data the sub consultant prepares under this Agreement. Contractor represents and warrants that Contractor has the legal right to license any and all Documents & Data. Contractor makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Contractor or provided to Contractor by LAFCO. LAFCO shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at LAFCO's sole risk.

B. Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Contractor in connection with the performance of this Agreement shall be held confidential by Contractor. Such materials

shall not, without the prior written consent of Contractor, be used by Contractor for any purposes other than the performance of the Agreement. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Agreement. Nothing furnished to Contractor which is otherwise known to Contractor or is generally known, or has become known, to the related industry shall be deemed confidential. Contractor shall not use LAFCO's name or insignia, photographs of the Services, or any publicity pertaining to the Services in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of LAFCO.

C. Confidential Information. LAFCO shall refrain from releasing Contractor's proprietary information ("Proprietary Information") unless LAFCO's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case LAFCO shall notify Contractor of its intention to release Proprietary Information. Contractor shall have five (5) working days after receipt of the Release Notice to give LAFCO written notice of Contractor's objection to LAFCO's release of Proprietary Information. Contractor shall indemnify, defend, and hold harmless LAFCO, and its officers, directors, employees, and agents from and against all liability, loss, cost, or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. LAFCO shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Contractor fails to fully indemnify, defend (with LAFCO's choice of legal counsel), and hold LAFCO harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that LAFCO release such information.

IN WITNESS WHEREOF, LAFCO and Contractor have executed this Agreement for Web Hosting and Maintenance as follows:

LAFCO

Contractor

Russ Melton
LAFCO Chairperson

Hamish Howard
Managing Director/CEO

APPROVED AS TO FORM:

Malathy Subramanian, LAFCO Counsel

Exhibits to this Agreement:

Exhibit A & A-1	Scope of Services
Exhibit A-2	Rate Schedule
Exhibit B	Insurance Requirements

EXHIBIT A SCOPE OF WORK

DEVELOPMENT OF A CUSTOMIZED DATABASE AND ONGOING LICENSING AND ANCILLARY SUPPORT SERVICES

DESIGN AND DEVELOPMENT OF DATABASE

- a. Consultant shall work with LAFCO staff to design and develop a customized database to meet the requirements as identified in Exhibit A-1, and shall include the following:
 - 1. Make changes to the Consultant's existing LAFCO application processing platform to cater to Santa Clara LAFCO's terminology and process
 - 2. Incorporate Santa Clara LAFCO's annual public hearing and notice schedules into the processing platform to generate and track related deadlines
 - 3. Generate and populate forms and reports required for processing Santa Clara LAFCO applications (e.g., BOE Form 400-TA, Certificate of Completion, etc.)
 - 4. Incorporate Santa Clara LAFCO's workflow for tracking and documenting public inquiries
 - 5. Enable sorting / filtering of Santa Clara LAFCO contacts to create specific mailing lists
 - 6. Create Excel based export files for use as mailing lists
- b. Consultant shall conduct a workshop for the LAFCO Analyst and provide training on how to make changes to the LAFCO applications workflow on the platform

TESTING

LAFCO staff will utilize the database on a trial basis and provide Consultant with feedback

DATA MIGRATION

Consultant shall assist with migration of existing Santa Clara LAFCO data (contacts and applications data) into the new database

TRAINING OF USERS

Consultant shall provide training to LAFCO end users

LICENSE, HOSTING, UPDATES AND SUPPORT

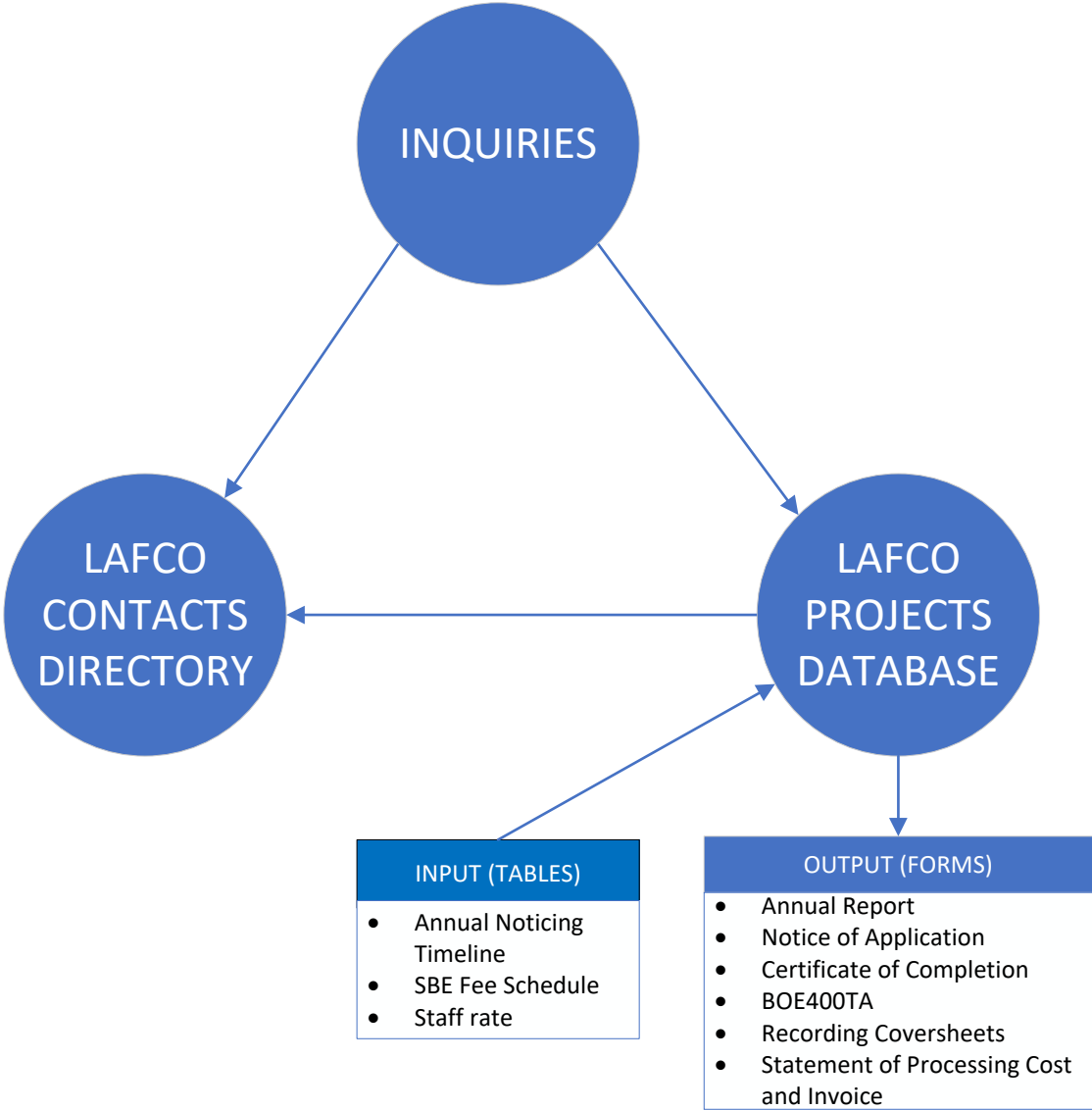
Consultant will provide licensing access for up to 10 accounts and provide operational upkeep, including ongoing software upgrades, security patching, hosting and support.

PROJECT TIMEFRAME

The estimated timeframe for completion of the project is **16 weeks**.

EXHIBIT A-1
**SPECIFICATIONS FOR THE DESIGN AND DEVELOPMENT OF A
CUSTOMIZED LAFCO DATABASE**

SANTA CLARA LAFCO DATABASE OVERVIEW



INQUIRY TRACKING

Fields on the demo, except for fees and CEQA information.

PROPOSAL TYPES AND PROCESSING OVERVIEW

		PROPOSAL TYPE		
		City-Conducted Applications	LAFCO Heard Change of Organization 100% Consent	LAFCO Heard Change of Organization Non-100% Consent, OACS, USA & SOI Amendments
PROCESS	Proposal Details			
	Pre-Administrative Review			
	Administrative Review			
	Pre-Agenda Meeting			
	Certificate of Filing and Sufficiency			
	Public Hearing Notice			
	Post-Meeting Activities			
	Protest Hearing			
	Certificate of Completion			
	Digital Imaging and Archival			

PROCESS	PROPOSAL TYPE & PROCESS AND REQUIRED FIELDS/AUTOMATION			
	City-Conducted Applications	LAFCO Heard Change of Organization 100% Consent	Non-100% Change of Organization, USA and SOI Amendments, and OACS	
	Proposal Details	- Date Received - Received by - Name of Application - Applicant - Contact Information (Email and Phone)		
	Pre-Administrative Review	Application Checklist - Certified copy of City Council Resolution - City’s copy of Surveyor’s Report - City’s copy of Assessor Report - LAFCO Fee (Value Table A) - SBE Fee (Value Table B) - Is this an Island Annexation? - Notes/Comments - Date Received - Surveyor’s Report - Date Received - Assessor’s Report PRINT completed Application Checklist	Application Checklist - Change of Organization Application Form - Certified Resolution from local agency - Map and legal description - Environmental Information Form, Negative Declaration or Mitigated Negative Declaration - APN list (for each property - County General Plan designation, and for cities, current and proposed land use designation) - Plan for Services - Fiscal Impact Reports (if outside USA) - Staff reports from proponent agencies - Party Disclosure Form - Lobbying Disclosure Form - Indemnification Agreement - LAFCO Fee Payment and display of the correct fee (Value Table A) - SBE Fee Payment and display of correct fee (Value Table B) - Notes/Comments PRINT completed Application Checklist	Application Checklist - OACS/USA/SOI or Application Form - Detailed letter stating reason for the request - Certified resolution from agency requesting LAFCO action - Signed services agreement between proponent and public service provider (OACS) - Map (City USA, SOI, street ROW) - APN list, city/county GP designation, zoning, existing and proposed land use - EIR, NegDec or MND - Vacant land inventory (USA/SOI) - Plan for Services - Fiscal Impact Reports (if outside USA/SOI) - Staff reports from proponent agencies - Party Disclosure Form - Lobbying Disclosure Form - Indemnification Agreement - LAFCO Fee Payment and display of the correct fee (Value Table A) - Notes/Comments PRINT completed Application Checklist
	Data Entry and Administrative Review	Data Entry - Type of Application (List Values, # 1) - Type of Change of Organization (#2) - Acreage - No. of parcels - No. of areas - Population - Inhabited/Uninhabited - Developed/Undeveloped - Value - Principal Agency (#3) - Conducting Authority (#3) - Detachments (#3) – 5 fields - Conducting Authority Resolution - Date of Resolution Administrative Review <i>To be determined</i>	Data Entry - Type of Application - Type of Change of Organization - Target LAFCO Hearing Date (Value Table C) 100% or Non-100% Consent - Acreage - No. of parcels - No. of areas - Population - Inhabited/Uninhabited - Developed/Undeveloped - Value - Principal Agency - Conducting Authority - Detachments - Conducting Authority Resolution - Date of Resolution COMPUTE Annual Noticing Timeline Administrative Review <i>To be determined</i>	Data Entry - Type of Application - Type of Change of Organization - Target LAFCO Hearing Date (Value Table C) 100% or Non-100% Consent - Acreage - No. of parcels - No. of areas - Population - Inhabited/Uninhabited - Developed/Undeveloped - Value - Principal Agency - Conducting Authority - Detachments - Conducting Authority Resolution - Date of Resolution COMPUTE Annual Noticing Timeline Administrative Review <i>To be determined</i> Actual Processing Cost Tracking - Staff Name - Staff Time Log: Date, Activity, Rate
	Pre-Agenda Meeting	- Date of Pre-Agenda Meeting (computed from Value Table C) - Notes/Comments - TRA-Affected Agencies (checkboxes) - Notice of Application Due Date (computed from Value Table C) EMAIL Notice of Application		
	Certificate of Filing and Sufficiency	- Certificate of Filing Due Date (computed from Value Table C) - Date Surveyor Report Received (GIS map only for USA and SOI amendments) - Date Assessor Report Received (for LAFCO heard change of organization only) - Date Registrar of Voters Report Received (for LAFCO heard change of organization only) - Support resolution No. and Date of Adoption from annexing agency - Certificate of Filing Date Sent EMAIL Certificate of Filing & Sufficiency		
	Public Hearing Notice	- Hearing Notices Due Date (computed from Value Table C) - Notice applicant, affected agencies, and property owners and registered voters in the proposal area and 300 feet around - Notes/Comments EMAIL Notice of Application		
	Protest Hearing	- Protests received - Protests verified by Assessor and ROV - Protest Hearing held - Protest received at Protest Hearing - EO Determination		
	Post-Meeting Activities	- LAFCO Resolution No. - Date of LAFCO Resolution	LAFCO Resolution & Approval Conditions - LAFCO Resolution No. - Date of LAFCO Resolution - Conditions for Approval Actual Cost Invoice - Review and finalize data entries - Add other costs (e.g., postage, mailed notice printing costs, newspaper publication etc.) - Date Sent to Applicant GENERATE Invoice and Summary of Costs Actual Cost Payment - Actual processing cost invoice paid - All conditions have been met	
	Certificate of Completion	PRINT Certificate of Completion PRINT Clerk Recorder Coversheets PRINT BOE 400TA - Date of Recording - Clerk Recorder Doc. Number PRINT GIS Update Form EMAIL Completion to all affected agencies EMAIL Completion to Controller - Date TRA Assignment Received EMAIL Completion to GIS/Planning Dept. - Date of GIS Form Sent - Date GIS Update Confirmed - Date Packet Mailed to SBE - Date of SBE Receipt		
	Digital Imaging and Archival	- Date Imaged to Laserfische - Date Transferred to County Records Retention - Retention Box Number		

PROJECT LIST VALUES

1. Type of Application

- City Conducted Annexation
- LAFCO Heard Change of Organization
- USA Amendment
- SOI Amendment
- Out of Agency Contract for Services
- Out of Agency Administrative Approval
- Reconsideration

2. Type of Change of Organization

- Annexation to District
- Annexation to City
- City Incorporation
- Consolidation of District
- Detachment from District
- Dissolution of District
- Formation of District
- Reorganization
- Detachment from City

3. Agencies

- LAFCO
- --- *Cities* ---
- Campbell
- Cupertino
- Gilroy
- Los Altos
- Los Altos Hills
- Los Gatos
- Milpitas
- Monte Sereno
- Morgan Hill
- Mountain View
- Palo Alto
- San Jose
- Santa Clara
- Sunnyvale
- Saratoga
- --- *Independent Special Districts* ---
- Aldercroft Height County Water District
- Burbank Sanitary District
- Cupertino Sanitary District
- El Camino Hospital District
- Guadalupe-Coyote Resource Conservation District
- Lake Canyon Community Services District
- Lion's Gate Community Services District
- Loma Prieta Resource Conservation District
- Midpeninsula Regional Open Space District
- Purissima Hills Water District
- Rancho Rinconada Recreation and Park District
- San Martin County Water District

3. Agencies (Continued)

- Santa Clara Valley Open Space Authority
- Santa Clara Valley Water District
- Saratoga Cemetery District
- Saratoga Fire Protection District
- South Santa Clara Valley Memorial District
- West Bay Sanitary District
- --- *Dependent Special Districts* ---
- County Sanitation District No. 2-3
- County Lighting Service Area
- Los Altos Hills Fire Protection District
- Santa Clara County Central Fire Protection District
- South Santa Clara County Fire Protection District
- Santa Clara Valley Transportation Authority
- West Valley Sanitation District
- --- *Other* ---
- San Mateo LAFCO

PROJECT VALUE TABLES

TABLE A - FEE SCHEDULE

City Conducted Annexations	\$1,367
100% Consent LAFCO Heard Change of Organizations	\$6,218
Non-100% Consent LAFCO Heard Change of Organizations	\$12,122
USA/SOI Boundary Amendments	\$13,758
Out of Agency Contract for Services	\$11,912
District Formations, City Incorporations and complex Dissolutions, Consolidations, Mergers	\$12,122
Reconsideration Requests	\$5,563

TABLE B - STATE BOARD OF EQUALIZATION FEE

Less than 1 acre	\$300
1.00 – 5.99	\$350
6.00 – 10.99	\$500
11.00 – 20.99	\$800
21.00 – 50.99	\$1,200
51.00 – 100.00	\$1,500
101.00 – 500.99	\$2,000
501.00-1,000.99	\$2,500
1,001.00 – 2,000.99	\$3,000
2,001.00 and above	\$3,500

TABLE C - ANNUAL MEETING AND NOTICING SCHEDULE

See attachment on next page.

TABLE C – ANNUAL MEETING AND NOTICING SCHEDULE

xx INDEX xx LAFCO HEARING	FILING DEADLINE	PRE-AGENDA STAFF MEETING	NOTICE OF APPLICATION¹	CERTIFICATE OF FILING²	PUBLIC HEARING NOTICE³	AGENDA PACKETS⁴
Feb 7 Wednesday	Dec 7, 2023 Thursday	Dec 12, 2023 Tuesday	Dec 14, 2023 Thursday	Jan 4 Thursday	Jan 16 Monday	Jan 31 Wednesday
April 3 Wednesday	Feb 8 Thursday	Feb 13 Tuesday	Feb 15 Thursday	Mar 7 Thursday	Mar 11 Monday	Mar 27 Wednesday
Jun 5 Wednesday	April 4 Thursday	April 9 Tuesday	April 11 Thursday	May 2 Thursday	May 13 Monday	May 29 Wednesday
Aug 7 Wednesday	Jun 6 Thursday	Jun 11 Tuesday	Jun 13 Thursday	July 3 Wednesday	Jul 15 Monday	Jul 31 Wednesday
Oct 2 Wednesday	Aug 8 Thursday	Aug 13 Tuesday	Aug 15 Thursday	Sep 5 Thursday	Sep 9 Monday	Sep 25 Wednesday
Dec 4 Wednesday	Oct 3 Thursday	Oct 15 Tuesday	Oct 17 Thursday	Oct 30 Thursday	Nov 7 Monday	Nov 27 Wednesday

¹ Notice to Subject and Interested Parties - within ten (10) days after the filing deadline.

² Within thirty (30) days of the filing deadline.

³ Twenty-one (21) days prior to the LAFCO Hearing; also includes publication, posting & mailing. Dates set 3 days early for newspaper cut-off time.

⁴ Five days prior to the LAFCO Hearing. (California Government Code 56665)

CONTACTS DIRECTORY OVERVIEW



CONTACTS DATA FIELDS

CONTACT INFORMATION

- First Name
- Last Name
- Title
- Agency
- Street Address
- City, State, Zip
- Email Address
- Phone
- Cell Phone

ADMINISTRATIVE FIELDS

Grouping Hierarchy (See [Grouping Hierarchy Values](#))

- Level 1
- Level 2
- Level 3

Permanent Lists

- Agenda Packet (Commissioners, all others)
 - Commissioners, Aides and Staff
 - All others
- LAFCO Budget Notices
 - Clerks – Cities, Districts, County
 - All others
- Annexations/Reorganizations
- USA / SOI Amendments
- San Jose Reorganizations

Projects/Applications Lists

- Boundary Change Application/Project
- Service Reviews
- Requests for Proposals

Notes

- Notes
- Add/Revision Log (Staff and Data)

GROUPING HIERARCHY VALUES

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
COMMISSION	• Alternate Commissioners • Commissioner Aides • Commissioners • LAFCO Staff • Schedulers		
CITIES	• City Attorneys • City Clerks • City Engineers • City Managers • Comm. Development Directors • Councilmembers • Other City Staff • Planning Commission • Planning Managers • Public Works Directors		
SPECIAL DISTRICTS	• Advisory Committees • Board Members • District Attorneys • District Clerks • District Managers • Other District Staff	• Fire Protection Districts • Sewer Districts • Water Districts • Resource Conservation Districts • Open Space Districts • Community Services Districts • Miscellaneous Special Districts	• Independent or Dependent Special District
COUNTY	• Board Aides • Board of Supervisors • County Planning Manager • County Executive • County Staff • Planning Commission		
STAKEHOLDERS	• Agriculture Groups • Applicant/Agent • Business Community • Countywide Local Government Associations • Development Community • Environmental Organizations • Interested Individuals • Media • Non-Government Organization • Open Space Groups		
REGIONAL, STATE, FEDERAL	• Civil Grand Jury • Federal Agencies • Neighboring LAFCOs • Regional Agencies • State Agencies		
SCHOOL DISTRICTS	• Committee on School District Organization • School Superintendents		
VENDORS	• Catering Services • Consultants • Insurance Providers • Legal Services • Other Services • Printing Services • Records Retention		
SERVICE PROVIDERS	• Fire Agencies • Water Services • Hospital Services • Volunteer Fire		

CONTACTS GROUPING HIERARCHY

COMMISSION

- Alternate Commissioners
- Commissioner Aides
- Commissioners
- LAFCO Staff
- Schedulers

CITIES

- City Attorneys
- City Clerks
- City Engineers
- City Managers
- Comm. Development Directors
- Councilmembers
- Other City Staff
- Planning Commission
- Planning Managers
- Public Works Directors

SPECIAL DISTRICTS

- Advisory Committees
- Board Members
- District Attorneys
- District Clerks
- District Managers
- Other District Staff

SPECIAL DISTRICTS SUB-CATEGORY

- Fire Protection Districts
- Sewer Districts
- Water Districts
- Resource Conservation Districts
- Open Space Districts
- Community Services Districts
- Miscellaneous Special Districts

SCHOOL DISTRICTS

- Committee on School District Organization
- School Superintendents

STAKEHOLDERS

- Agriculture Groups
- Applicant/Agent
- Business Community
- Countywide Local Government Associations
- Development Community
- Environmental Organizations
- Interested Individuals
- Media
- Non-Government Organization
- Open Space Groups

COUNTY

- Board Aides
- Board of Supervisors
- County Planning Manager
- County Staff
- Planning Commission

VENDORS

- Catering Services
- Consultants
- Insurance Providers
- Legal Services
- Other Services
- Printing Services
- Records Retention

REGIONAL, STATE, FEDERAL

- Civil Grand Jury
- Federal Agencies
- Neighboring LAFCOs
- Regional Agencies
- State Agencies

SERVICE PROVIDERS

- Fire Agencies
- Water Services
- Hospital Services
- Volunteer Fire

**EXHIBIT A-2
RATE SCHEDULE**

**DEVELOPMENT OF A CUSTOMIZED DATABASE AND ONGOING LICENSING AND
ANCILLARY SUPPORT SERVICES**

There are two costs: (1.) for configuring the database platform to work as detailed in the Scope of Work (Exhibits A and A1), and (2.) an ongoing monthly fee to cover the license, hosting, updates and support.

1. The cost of developing the custom database platform prior to the launch shall not exceed \$7,800 as detailed below, at a rate of \$200 per hour.

Deliverable	Hours	Rate USD	Amount
Project Management	5	200	\$ 1,000.00
Environment Setup and Branding	4	200	\$ 800.00
Development and Testing	24	200	\$ 4,800.00
Data Migration	4	200	\$ 800.00
User Training	2	200	\$ 400.00
Total Services			\$ 7,800.00

2. Licensing access and operational upkeep including hosting, updates and support will be billed at a rate of \$750 per month for 36 months, following the launch date. After the initial 36-month period the monthly rate may be increased by the percentage increase in the Consumer Price Index, All Urban Consumers, San Francisco-Oakland-San Jose for the previous calendar year.
3. Any live support and consultation beyond 2 hours per month will be billed at a rate of \$200 per hour.
4. The total cost shall not exceed \$25,000 per year.

**INSURANCE REQUIREMENTS FOR STANDARD SERVICE CONTRACTS
BETWEEN \$10,001 AND \$50,000**

Indemnity

During the term of this contract, the Contractor shall indemnify, defend, and hold harmless the Local Agency Formation Commission of Santa Clara County (hereinafter "LAFCO"), its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by Contractor and/or its agents, employees or sub-contractors, excepting only loss, injury or damage caused by the sole negligence or willful misconduct of personnel employed by LAFCO. It is the intent of the parties to this Agreement to provide the broadest possible coverage for LAFCO. The Contractor shall reimburse LAFCO for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which the Contractor contests its obligation to indemnify, defend and/or hold harmless the LAFCO under this Agreement and does not prevail in that contest.

Insurance

Without limiting the Contractor's indemnification of LAFCO, the Contractor shall provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverages and provisions:

A. Evidence of Coverage

Prior to commencement of this Agreement, the Contractor shall provide a Certificate of Insurance certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, a copy of the policy or policies shall be provided by the Contractor upon request.

This verification of coverage shall be sent to the LAFCO Executive Officer, unless otherwise directed. The Contractor shall not receive a Notice to Proceed with the work under the Agreement until it has obtained all insurance required and such insurance has been approved by LAFCO Executive Officer. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

B. Qualifying Insurers

All coverages, except surety, shall be issued by companies which hold a current policyholder's alphabetic and financial size category rating of not less than A- V, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by the LAFCO Executive Officer.

C. Notice of Cancellation

All coverage as required herein shall not be canceled or changed so as to no longer meet the specified insurance requirements without 30 days' prior written notice of such cancellation or change being delivered to the LAFCO Executive Officer.

D. Insurance Required

1. Commercial General Liability Insurance

Coverage at least as broad as Insurance Services Office ("ISO") Form CG 00 01 covering commercial general liability on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal and

advertising injury with limits no less than \$1,000,000.00 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability Insurance

Coverage at least as broad as ISO Form Number CA 0001 covering, Code 1 (any auto), of if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limits no less than \$1,000,000.00 combined single limit for bodily injury and property damage.

3. Workers' Compensation and Employer's Liability Insurance

Workers' Compensation Insurance as required by the State of California, with statutory limits, and Employer's Liability Insurance with limit of no less than \$1,000,000.00 per accident for bodily injury or disease. *(Not required if Contractor provides written verification it has no employees)*

E. Special Provisions

The following provisions shall apply to this Agreement:

1. The foregoing requirements as to the types and limits of insurance coverage to be maintained by the Contractor and any approval of said insurance by the LAFCO Executive Officer or insurance consultant(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Contractor pursuant to this Agreement, including but not limited to the provisions concerning indemnification.
2. LAFCO acknowledges that some insurance requirements contained in this Agreement may be fulfilled by self-insurance on the part of the Contractor. However, this shall not in any way limit liabilities assumed by the Contractor under this Agreement. Any self-insurance shall be approved in writing by LAFCO upon satisfactory evidence of financial capacity. Contractor's obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insurance retentions.
3. Contractor's general liability and automobile liability policies shall be primary and shall not seek contribution from the LAFCO's coverage and be endorsed to add the LAFCO and its officers, officials, employees, and agents as additional insureds under such policies using Insurance Services Office form CG 20 10 (or equivalent) on the general liability policy.
4. Contractor hereby grants to LAFCO a waiver of any right to subrogation which any insurer of said Contractor may acquire against the LAFCO by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the LAFCO has received a waiver of subrogation endorsement from the insurer. The Workers' Compensation Policy shall be endorsed with a waiver of subrogation in favor of the LAFCO for all work performed by Contractor, its employees, agents and subcontractors.
5. Should any of the work under this Agreement be sublet, the Contractor shall require each of its subcontractors of any tier to carry the aforementioned coverages, or Contractor may insure subcontractors under its own policies.

6. LAFCO reserves the right to withhold payments to the Contractor in the event of material noncompliance with the insurance requirements outlined above.

F. Fidelity Bonds (Required only if contractor will be receiving advanced funds or payments)

Before receiving compensation under this Agreement, Contractor will furnish LAFCO with evidence that all officials, employees, and agents handling or having access to funds received or disbursed under this Agreement, or authorized to sign or countersign checks, are covered by a BLANKET FIDELITY BOND in an amount of AT LEAST fifteen percent (15%) of the maximum financial obligation of the LAFCO cited herein. If such bond is canceled or reduced, Contractor will notify LAFCO immediately, and LAFCO may withhold further payment to Contractor until proper coverage has been obtained. Failure to give such notice may be cause for termination of this Agreement, at the option of LAFCO.

ANNUAL REPORT 2023-2024

SANTA
CLARA
LAFCO



MISSION

The Local Agency Formation Commission (LAFCO) is a state mandated local agency established to oversee the boundaries of cities and special districts.

The mission of LAFCO is to promote sustainable growth and good governance in Santa Clara County by:

- » preserving agricultural lands and open space,
- » curbing urban sprawl,
- » encouraging efficient delivery of services,
- » exploring and facilitating regional opportunities for fiscal sustainability, and
- » promoting accountability and transparency of local agencies.

LAFCO will be proactive in raising awareness and building partnerships to accomplish this through its special studies, programs and actions.

COMMISSIONERS

Russ Melton, Chairperson
Sylvia Arenas, Vice Chairperson
Jim Beall
Rosemary Kamei
Yoriko Kishimoto
Otto Lee
Terry Trumbull

ALTERNATE COMMISSIONERS

Domingo Candelas
Helen Chapman
Cindy Chavez
Teresa O'Neill
Mark Turner

STAFF

Emmanuel Abello
Sonia Humphrey
Dunia Noel
Neelima Palacherla

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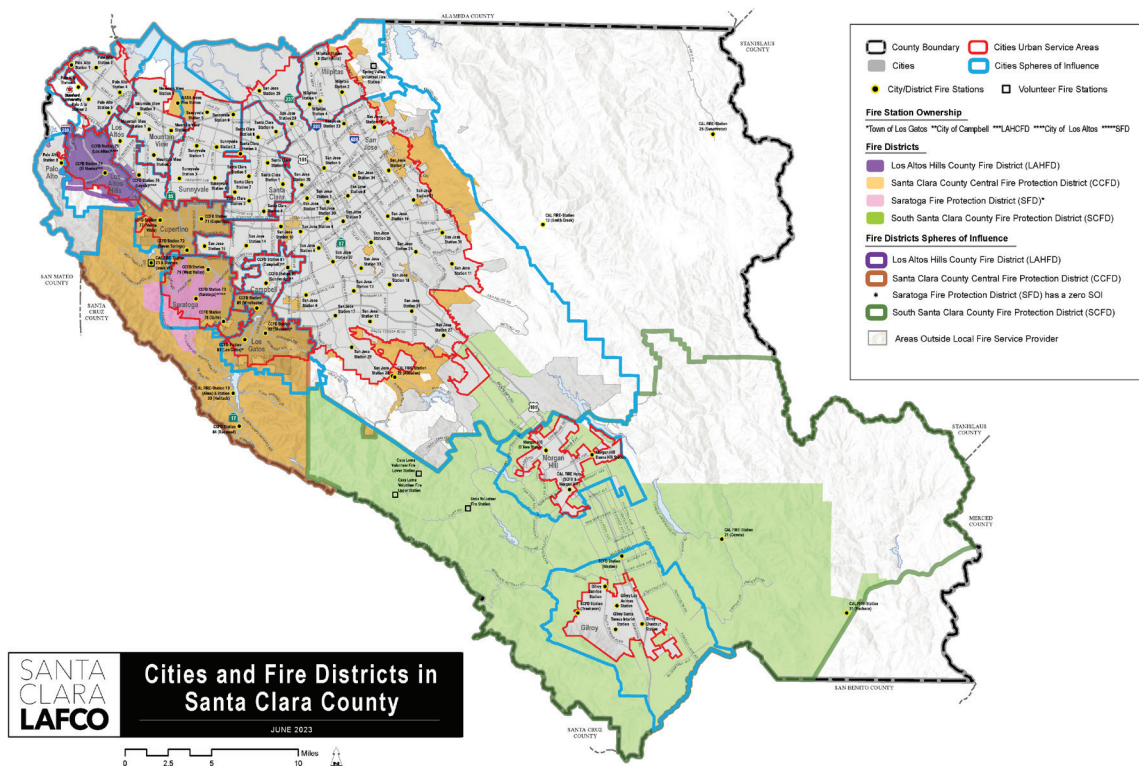
- » Application Processing Record FY 2023-2024

MAJOR ACCOMPLISHMENTS

COUNTYWIDE FIRE SERVICE REVIEW COMPLETED

In October 2023, LAFCO adopted its [Countywide Fire Service Review Report](#), including service review determinations for city fire departments and fire districts. LAFCO also reaffirmed the spheres of influence and adopted the required determinations for each of the four fire districts.

This project culminated more than two years of tireless work done by LAFCO Commissioners and staff, LAFCO's consultants, fire districts, city fire departments, cities that contract for fire services, and other providers, specifically CAL FIRE, the County of Santa Clara (EMS, Office of Emergency Services, Communications), volunteer fire companies, Santa Clara County FireSafe Council, Midpeninsula Regional Open Space District, other interested parties, and the public. We thank everyone for their time and support.



Map of Cities and Fire Districts in Santa Clara County ([Download in 11" x 17" PDF](#))

PROGRAM HIGHLIGHTS

ONGOING IMPLEMENTATION OF SERVICE REVIEW RECOMMENDATIONS

The Countywide Fire Service Review contains over one hundred recommendations. Some of the recommendations apply to multiple agencies where each agency may have a different response to the recommendation. Some recommendations require inter-agency support or coordination for implementation.

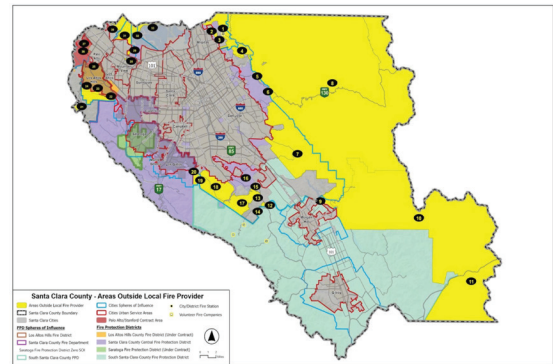
The majority of the recommendations concern service delivery and response capabilities including performance standards, seismic protection and maintenance of fire stations, capacity issues, rising expenditures outpacing increased general fund revenues, interoperability challenges, and coordination among agencies to enhance service delivery and response capabilities. Other recommendations address the 27 identified geographic areas in the unincorporated Santa Clara County that currently lack an identified local fire service provider.

Following the adoption of the Report by LAFCO, staff contacted each of the identified agencies / organizations to request a response on their plans for implementing the recommendations.

Staff provided a summary of the agencies' responses to LAFCO at the [April Meeting](#) and at the [June Meeting](#). For the most part,

agencies received the recommendations favorably, some reported the need for additional analysis to evaluate feasibility of implementation, some reported funding concerns to pursue implementation, and a few explained why they would not implement the recommendations.

In April and May 2024, staff held initial meetings with fire chiefs for three fire districts to confirm their support for and discuss next steps related to recommendations for addressing the areas that lack an identified local fire service provider. Staff will continue to work with these agencies to provide information and facilitate the recommended boundary changes. With their support, LAFCO hopes to finally be able to address one of the long-standing fire service issues in Santa Clara County.



Map of Areas Outside Local Fire Provider

[\(Download in 11" x 17" PDF\)](#)

PROGRAM HIGHLIGHTS

COMPREHENSIVE REVIEW AND UPDATE OF LAFCO POLICIES IS UNDERWAY

A comprehensive review and update of LAFCO Policies in order to better enable LAFCO to meet its legislative mandate, make the policies consistent with recent changes to the CKH Act, better document current/historic practices, provide better guidance to affected agencies, public, and potential applicants; and increase clarity and transparency of LAFCO's policies and expectations, has been an ongoing workplan item over the last few years with progress occurring intermittently. However, in October 2023 LAFCO reprioritized this project and established an Ad-Hoc Committee of three commissioners to assist staff in conducting a comprehensive review and update of LAFCO policies and enable public review and comment prior to the full commission's consideration and adoption.

The Ad-Hoc Committee established a work plan/timeline for the project and then began meeting regularly to review, discuss and recommend revisions to LAFCO's current policies. For [Phase 1 of its work](#), the Ad-Hoc Committee is prioritizing the key policies that apply to processing typical LAFCO applications with the goal of bringing the policies to the full commission for consideration and adoption at its December 2024 meeting.

APPLICATIONS REVIEW AND PROCESSING

The number of applications LAFCO processes varies each year.

LAFCO staff processed two city-conducted annexations: two annexations to the Town of Los Gatos totaling 2.62 acres.

In June 2024, LAFCO approved two annexations to the West Valley Sanitation District.

In August 2023, LAFCO considered and partially approved an Urban Service Area Amendment request from the City of Gilroy for ten parcels and denied the remainder of the request.

PUBLIC INFORMATION AND CUSTOMER SERVICE

Staff routinely responds to numerous inquiries from the general public, property owners, developers, real estate agents, and attorneys about a variety of topics, including location of boundaries, annexation date and records, property tax bills and special assessments, nearest or appropriate service providers, LAFCO policies and procedures, etc.

Staff also responds to Public Records Act (PRA) Requests, most of which require a significant amount of research and records gathering.

PROGRAM HIGHLIGHTS

PRE-APPLICATION MEETINGS

Staff conducts pre-application meetings to inform prospective applicants of the LAFCO policies and procedures that apply to the anticipated projects and to discuss any potential concerns. This allows the applicant to consider and address these concerns before applying to LAFCO. Pre-application meetings were held with:

- Midpeninsula Regional Open Space District staff regarding anticipated annexation of lands within the District's SOI (July 2023)
- Landowner and consultant, regarding potential options for a proposed cemetery in the unincorporated area to receive water service from the City of Morgan Hill (August 2023)
- City of Cupertino staff, regarding potential boundary changes associated with the closure of Lehigh Cement Plant which is partially located with the City's USA and SOI boundaries (August 2023)
- County of Santa Clara staff, regarding the process for annexing unincorporated islands and individual parcels to a city (August 2023)
- City of San Jose staff, regarding time limits for recording a certificate of completion for annexations/reorganizations (August 2023)

OTHER MEETINGS

LAFCO staff has participated in discussions regarding the issue of failing and consolidation of small water systems with:

- State Water Resources Control Board staff and County staff, regarding failed water systems in the state and strategies to support all of the affected agencies' missions and potential future housing development in the unincorporated Santa Clara County (September 2023)
- University of California researchers, regarding the role that LAFCOs play in the water system consolidation process and related topics (June 2023)

COLLABORATION AND PARTNERSHIP EFFORTS

COUNTYWIDE ASSOCIATIONS AND WORKING GROUPS

Staff attends the meetings of pertinent countywide associations to provide updates on LAFCO activities that are of interest to local agencies, including special districts, cities and the County. Staff regularly attend and participate in the following:

- Santa Clara County Special Districts Association quarterly meetings

PROGRAM HIGHLIGHTS

- Santa Clara County Association of Planning Officials monthly meetings, as feasible
- Interjurisdictional GIS Working Group meetings, as appropriate

OUTREACH AND EDUCATION EFFORTS

COMMISSIONER ONGOING EDUCATION: STUDY SESSION ON LAFCO LAW

As part of LAFCO's ongoing education program and the comprehensive review and update of LAFCO policies, Mala Subramanian, LAFCO Counsel, gave a [presentation on the key provisions of LAFCO's enabling legislation](#) - Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000(CKH Act) as pertinent to Santa Clara LAFCO. Santa Clara LAFCO has special provisions within the CKH Act that reflect the long standing Countywide Urban Development Policies adopted jointly by LAFCO, the County and the 15 cities in Santa Clara County in the early 1970s.

PRESENTATIONS ON LAFCO

As part of LAFCO's ongoing outreach efforts, staff conducts presentations on LAFCO to increase awareness about LAFCO's goals and actions. Staff made

presentations providing an overview of LAFCO to the following:

- Leadership Sunnyvale, as part of their program curriculum on special districts and LAFCO (December 2023)
- County of Santa Clara Planning Commission (February 2024)
- Leadership Morgan Hill, as part of its "Regional Government Day 2024" (March 2024)
- San Martin Planning Advisory Committee (June 2024)

PROGRAM HIGHLIGHTS

CALAFCO ACTIVITIES

Santa Clara LAFCO participates in CALAFCO activities, time permitting.

In October 2023, Commissioners Arenas, Kamei, Kishimoto, Lee, Melton, and Alternate Commissioner O'Neill; and EO Palacherla and Assistant EO Noel, attended the Annual CALAFCO Conference in Monterey.



Chair Melton was a panelist for one session, "LAFCO Dynamics" which focused on five keys to success for your LAFCO Commission where he discussed the importance of commissioners' understanding LAFCO's mission, purpose, and role in the community and the powers of a commissioner.

Commissioner Kishimoto was a panelist for one session, "Your Community's Fire Service: Top Notch or Ticking Time Bomb?" where she discussed what commissioners expect from service reviews, how technical advisory committees can help with service reviews, strategies for identifying and engaging stakeholders and the public effectively, and common misconceptions about service review requirements.



In April 2024, LAFCO staff attended the Annual CALAFCO Staff Workshop in Pleasanton. This Workshop provided practical and hands-on courses, as well as roundtable discussions and professional development sessions.



PROGRAM HIGHLIGHTS

LAFCO LEGISLATIVE POSITIONS & CALAFCO LEGISLATIVE COMMITTEE

In Fiscal Year 2023-2024, Santa Clara LAFCO took a position on the following bills:

- Oppose: AB 399 (Water Ratepayers Protections Act of 2023: County Water Authority Act: Exclusion of Territory: Procedure)
- Support: AB 3277 (Assembly Local Government Committee) CALAFCO Omnibus Bill
- Support: SB 1209 (Cortese) Cortese-Knox-Hertzberg Act of 2000: Indemnification



PROGRAM HIGHLIGHTS

ADMINISTRATIVE ACTIVITIES

INDEPENDENT ANNUAL FINANCIAL AUDIT & CONTRACT EXTENSION

LAFCO accepted its sixth [Annual Financial Audit for FY 2023](#) ending on June 30, 2023. The audit was conducted by Chavan & Associates, LLP (C&A) in accordance with the generally accepted auditing standards as specified in the report accepted by the Commission on December 6, 2023. The auditors found LAFCO's financial statements to present fairly, in all material aspects, the financial position of LAFCO.

In February 2024, LAFCO extended its service agreement with C&A to January 1, 2027 under a different C&A auditor as project manager, and included an additional \$38,250 in the contract.

NEW SERVICES AGREEMENT FOR WEBSITE HOSTING AND MAINTENANCE

In October 2023, LAFCO approved a renewed contract with Covive, LLC for website hosting and maintenance which is structured as an ongoing contract without a termination date and without a not to exceed amount. Compensation is based on the scope of services and the rates presented in the service agreement.



STAFFING CHANGES: NEW LAFCO CLERK

In early September 2023, we welcomed Sonia Humphrey (new LAFCO Clerk) and immediately introduced her to many of LAFCO's key administrative duties.

LAFCO staff has developed and is implementing a comprehensive hands-on-training plan for Ms. Humphrey, who has proven to be a quick study.

UPCOMING PROJECTS

COMPREHENSIVE REVIEW AND UPDATE OF LAFCO POLICIES

Upon completion of Phase 1 policy revisions, LAFCO is anticipated to begin its Phase 2 policy revisions in January 2025. Phase 2 will include a review and update of LAFCO's remaining policies, including service review policies, other policies such as incorporation policies which are used less frequently, and policies and procedures that are related to administrative functions.

THIRD ROUND SERVICE REVIEWS

It is anticipated that LAFCO will begin a countywide water service and wastewater service review in spring of 2025, as part of its third round of service reviews.

TECHNOLOGY PROJECTS

REDESIGN AND DEVELOPEMENT OF A NEW LAFCO DATABASE

In 2008, LAFCO created a FileMaker Pro database to easily maintain contact information for public notification purposes; and automate the processing and tracking of applications for boundary changes of cities and special districts in Santa Clara County. The database is essential to LAFCO's day-to-day operations. However, there have been many technological advances since 2008, including the introduction of new database software, designs, and functionalities. LAFCO's current database runs on software

that is increasingly out of favor and difficult to use and adapt. It is anticipated that LAFCO staff, working with a consultant, will begin a comprehensive redesign of LAFCO's databases in Fall 2024 to improve overall workflow and ease of maintenance.

CONTINUED IMPLEMENTATION OF LAFCO'S ELECTRONIC DOCUMENTS MANAGEMENT SYSTEM

Since 2010, LAFCO has maintained and utilized an electronic documents management system in Laserfiche which contains LAFCO's official records/files from 1963 to 2009, including but not limited to city conducted annexations/reorganizations, special districts annexations, urban service area/sphere of influence amendments, out of agency service agreements, LAFCO meeting agendas and minutes, LAFCO resolutions, and various other documents. The files are digitally imaged, indexed and text searchable, allowing LAFCO staff to more efficiently research and locate historical files and information.

It is anticipated LAFCO staff will review its remaining official records/files and begin working with a consultant to scan and load these documents in LAFCO's electronic documents management system in the spring of 2025. Upon completion, original paper copies of these official records will be archived offsite.

CHANGES IN LAFCO MEMBERSHIP

COMMISSION REAPPOINTMENTS

This year saw no changes in LAFCO membership.

On February 8, 2024, the City Selection Committee of Santa Clara County reappointed Russ Melton (Councilmember, City of Sunnyvale) as Commissioner and Mark Turner (Mayor, City of Morgan Hill) as Alternate Commissioner on LAFCO. Their terms on LAFCO will expire on May 31, 2028.

LAFCO APPLICATION PROCESSING RECORD

JULY 1, 2023 TO JUNE 30, 2024

CITY-CONDUCTED ANNEXATIONS

CITY	PROPOSAL NAME	DATE RECORDED	DOCUMENT #	ACREAGE
Los Gatos	Blackberry Hill Road No. 6	03/25/2024	25613766	2.1
	Los Gatos Boulevard No. 20	01/24/2024	2559053	0.52
	City Total			2.62

City Conducted Annexations Total Acreage 2.62

ANNEXATIONS TO SPECIAL DISTRICTS

AGENCY	PROPOSAL NAME	LAFCO ACTION	DOCUMENT # DATE RECORDED	ACREAGE APPROVED
West Valley Sanitation District	West Valley Sanitation District 2024-01 (Big Basin)	Approved 06/05/2024	25655916 06/27/24	1.23
	West Valley Sanitation District 2024-02 (High Street)	Approved 06/05/2024	25655917 06/27/24	0.66
			District Total	1.89
<i>SOI Amendment & Annexations to Special Districts Total Acreage</i>				1.89

URBAN SERVICE AREA AMENDMENT

AGENCY	PROPOSAL NAME	LAFCO ACTION	DOCUMENT # DATE RECORDED	ACREAGE APPROVED
Gilroy	Gilroy Urban Service Area Amendment 2021 (Wren Investor & Hewell)	Partially Approved 08/02/2023	25613771 03/25/2024	25.4

Total USA Amendment Acreage 25.4

An aerial photograph of Santa Clara County, California. The foreground shows a dense residential area with many trees and houses. In the middle ground, there's a city skyline with various buildings. The background features rolling hills and mountains under a clear sky.

SANTA CLARA LAFCO

FOR THE GOOD OF THE WHOLE

Local Agency Formation Commission
of Santa Clara County

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