



# LOCAL AGENCY FORMATION COMMISSIONS (LAFCOS): UNDERSTANDING THE BASICS

A Primer on LAFCOs for Special Districts

SAN BENITO  
LOCAL AGENCY  
FORMATION  
COMMISSION

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STAFF

TITLE

**Stephenson, Jennifer** Executive Officer

**Nelson, Joshua** Legal Counsel

**Vanessa Delgado** Clerk

COMMISSIONER	ORGANIZATION	TERM
<b>Gonzales, Bea</b>	Board of Supervisors	03/01/23-02/28/27
<b>Curro, Angela</b>	Board of Supervisors	03/01/23-02/28/27
<b>Sotelo, Mindy (Alternate)</b>	Board of Supervisors	03/01/23-02/28/27
<b>Jordan, Leslie (Chair)</b>	San Juan Bautista City Council	03/01/24-02/29/28
<b>Casey, Mia</b>	Hollister City Council	03/01/24-02/29/28
<b>Sabathia, EJ (Alternate)</b>	San Juan Bautista City Council	03/01/24-02/29/28
<b>Bettencourt, Richard (Vice-Chair)</b>	Public Member	03/01/24-02/29/28
<b>Salinas, Elia (Alternate)</b>	Public Member	03/01/24-02/29/28

**SAN BENITO LOCAL AGENCY  
FORMATION COMMISSION**

# WHAT IS A LOCAL AGENCY FORMATION COMMISSION?



Independent regulatory authority of the State of California



Created in 1963 to be the Legislature's "watchdog" to manage the orderly growth and development of cities and districts



Also known as the State's steward of "good government"

## LAFCO STATUTORY MISSION



Encourage  
orderly  
boundaries



Discourage  
urban sprawl



Preserve  
agriculture  
and open  
space



Promote  
efficient and  
sustainable  
public services

An isometric illustration of a city with various buildings, roads, and green spaces. A semi-transparent black box with white text is overlaid on the center of the image.

## WHAT DOES LAFCO DO?

- Forms new cities and special districts
- Changes city and district boundaries – annexations, consolidations, dissolutions, mergers, disincorporations
- Approves Spheres of Influence for cities and districts
- Approves the authorized services provided by districts and extends services outside of city and district boundaries
- Studies of municipal services of service providers; may recommend or initiate changes in boundaries, services and governance

Post World War II  
population and  
housing boom in  
California

Following streets  
and cars, there  
were suburbs and  
a scramble to  
finance and extend  
services

City annexation  
"wars,"  
proliferation of  
limited purpose  
special districts

Governor Pat  
Brown's  
Commission on  
Urban Problems  
focused on need  
to encourage  
orderly boundaries

WHY LAFCO  
WAS CREATED

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No state commission or statewide agency

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Local control – no state appointees or funding

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A LAFCo in every county

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Each LAFCo independent

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Local flexibility – local policies

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6 major revisions to State law over 60 years

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Unique to California

LEGISLATIVE  
SOLUTION IN  
1963 STATE LAW,  
LOCAL  
FLEXIBILITY



## INDEPENDENT LAFCOS

- Commissioners make final decisions
- Adopt local policies reflecting unique local circumstances
- Decisions cannot be appealed to other administrative bodies
- LAFCo Staff accountable to Commission and statutes

## LAFCO COMPOSITION

At the least:

2 County Supervisors

2 City Council members

1 public member

Alternate for each category

30 LAFCOs also include:

2 Special District members plus an alternate

Some LAFCOs have “special seats”



*All commission members shall exercise their independent judgment on behalf of the interests of residents, property owners and the public as a whole ...  
(Government Code §56325.1)*

REPRESENTATION  
OF SPECIAL  
DISTRICTS ON  
LAFCO

LOCAL AGENCY FORMATION COMMISSIONS



**Are you  
seated on  
LAFCo?**



***Govern with your peers. Claim your seat on LAFCo.***

## HOW IS LAFCO FUNDED?

- Must adopt a budget for each fiscal year by June 15 (per CKH)
- Funded by the county, cities, and special districts in equal shares depending on composition
- Local funding formulas are allowed
- Processing fees help offset expenses for proposals



# JURISDICTIONAL AUTHORITY

## Includes:

- Counties, cities, most special districts

## Does NOT include:

- JPAs
- Mutual Water Companies
- Community facilities or Mello-Roos districts
- School or college districts
- County boundaries
- Bridge and highway districts
- Improvement districts
- Zones of benefit
- Air Pollution/Quality Districts

## WHAT EXACTLY CAN LAFCO DO?

Incorporations

District  
Formations

Dissolutions

Disincorporations

Annexations

Detachments

Outside User  
Agreements

Spheres of  
Influence/Municipal  
Service Reviews

Activate Latent  
Powers

Divestiture of  
Powers

Consolidations

Mergers

## LAFCO'S PLANNING FUNCTION



Develop and update Spheres of Influence for cities and districts



Prepare Municipal Service Reviews for all local jurisdictions



Work cooperatively on growth, preservation, and service delivery issues



Administers modification of existing agencies and creation of new ones



Considers boundary changes



Controls extension of public services



Is prohibited from directly regulating land use

## LAFCO'S REGULATORY FUNCTION



Shared service models, studies and exchanges;  
information about other local service delivery  
options

Model inter-agency agreements

Models for tax sharing, revenue generation,  
governance options, social justice, etc.

Training and educational resources for compliance  
with State laws and best practices

Historical, current and trending info – 50+ year  
record of formations and boundary changes

Sphere of Influence studies since early '70s;  
municipal service reviews since early 2000s

AS A  
RESOURCE...

Cortese-Knox-Hertzberg Act

Brown Act / Public Records Act

CEQA

Revenue & Tax Code

Political Reform Act / Other Conflict  
of Interest Laws

Principal Acts

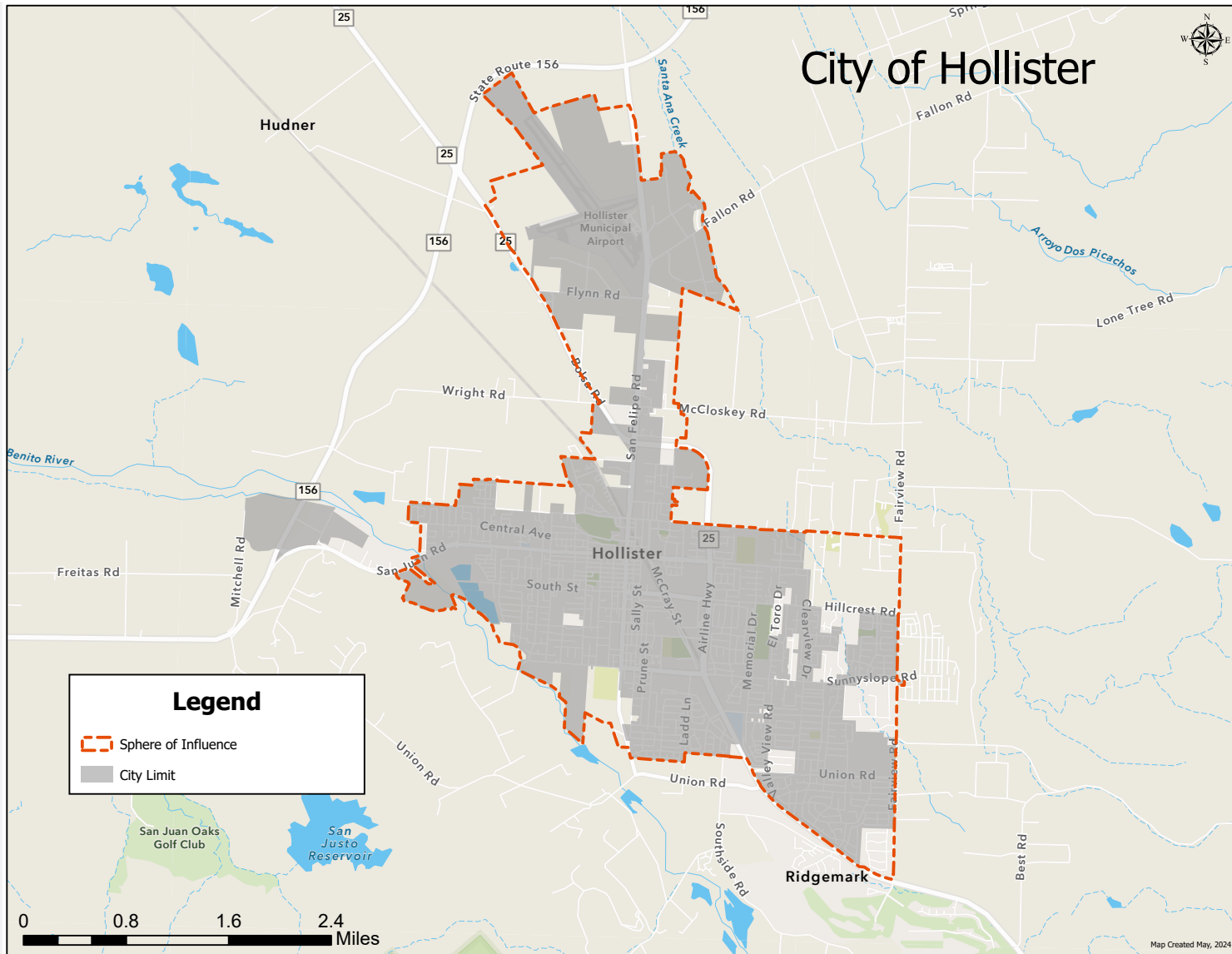
SUBJECT TO  
STATE LAWS



SPHERE OF  
INFLUENCE

“...plan for the probable physical boundaries and service area of a local agency, as determined by the commission.”

-Government Code Section 56076



*In order to prepare and update spheres of influence in accordance with Section 56425, the Commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission.*

*- Government Code §56430*



MUNICIPAL  
SERVICE  
REVIEWS  
(MSRS)



MSR  
REQUIREMENTS

GC Code Section 56430 requires LAFCo to make certain determinations:

1. Growth and population projections for the affected area
2. The Location and Characteristics of Disadvantaged Unincorporated Communities Within or Contiguous to the Agency's SOI
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the sphere of influence)
4. Financial ability of agencies to provide services
5. Status of, and opportunities for, shared facilities
6. Accountability for community service needs, including governmental structure and operational efficiencies
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

## MSRS IN SAN BENITO

<b>Agency</b>	<b>Most Recent MSR</b>
<b>City of Hollister</b>	2007
<b>City of San Juan Bautista</b>	2007
<b>Aromas Water District</b>	2007
<b>County Service Areas (CSAs)</b>	2007
<b>Pacheco Storm Water District</b>	2007
<b>Pacheco Pass Water District</b>	2007
<b>San Benito County Water District</b>	2007
<b>San Juan Bautista Cemetery District</b>	2007
<b>Tres Pinos County Water District</b>	2007
<b>Aromas Tri-County Fire Protection District</b>	2014
<b>San Benito Healthcare District</b>	2014
<b>San Benito Resource Conservation District</b>	2014
<b>Sunnyslope County Water District</b>	2014

# SAN BENITO LAFCO MSR WORKPLAN

LAFCO MSR Workplan  
2023-2028

Agency	2023	2024	2025	2026	2027	2028
City of Hollister	Red					
City of San Juan Bautista	Red					
Aromas Water District			Yellow			
County Service Areas (CSAs)					Green	
Pacheco Storm Water District			Yellow			
Pacheco Pass Water District			Yellow			
San Benito County Water District	Red					
San Juan Bautista Cemetery District					Green	
Tres Pinos County Water District	Red					
Aromas Tri-County Fire Protection District				Yellow		
San Benito Healthcare District				Yellow		
San Benito Resource Conservation District					Green	
Sunnyslope County Water District	Red					
Highest Priority	Red					
Medium High Priority	Yellow					
Medium Priority	Yellow					
Low Priority	Green					



## SPECIAL DISTRICTS ON LAFCO - WHY? HOW?

### Why be on LAFCO?

- To “gain a seat at the table”
- If you’re not at the table, then you are on the table
- Special districts would have 2 votes on deliberations that greatly affect them – annexations, detachments, reorganizations, consolidations, dissolutions, MSRs, SOIs, extension of powers
- Equal participation to cities and county
- Build better working relationships with cities and county



SPECIAL  
DISTRICTS  
ON LAFCO -  
WHY? HOW?

## Benefits to LAFCO

- Districts bring a perspective to LAFCO that is distinct from general government entities
- Districts are service-focused and bring a knowledge of infrastructure
- Districts on LAFCO often more in tune with the spirit and intent of LAFCO law
- Alter the dynamics between a County & the Cities in LAFCO deliberations

## SPECIAL DISTRICTS ON LAFCO WHY? HOW?

### Cost of Being on LAFCO

- Per 56381(1)(A), LAFCO is funded one-third each from the County, cities, and independent special districts. Can be negotiated...
- Cost of district one-third to each district is based on the ratio of the district's total revenues to combined revenues of all districts in the county

## ESTIMATED ANNUAL BUDGET CONTRIBUTION

<b>Independent Special District Name</b>	<b>Activity</b>	<b>Total Revenue</b>	<b>LAFCo Budget Apportionment FY 23-24 Budget</b>
Aromas Water District	Water Enterprise	\$1,650,257	\$737
Pacheco Pass Water District	Water Enterprise	\$40,405	\$18
Pacheco Storm Water District*			Unknown
San Benito County Water District	Water Enterprise	\$25,259,634	\$11,284
San Benito Health Care District	Hospital Enterprise	\$143,919,526	\$64,292
San Benito Resource Conservation District*	Resource Conservation	\$39	\$0
San Juan Bautista Cemetery District	Cemetery	\$247,052	\$110
Sunnyslope County Water District	Water/Sewer Enterprise	\$12,416,274	\$5,547
Tres Pinos County Water District	Water/Sewer Enterprise	\$173,978	\$78
<b>Total San Benito County Special District Revenues</b>		<b>\$183,533,187</b>	<b>\$81,988</b>

## SPECIAL DISTRICTS ON LAFCO WHY? HOW?

### Process

- Letter of invitation from LAFCO
- Adoption of resolutions by majority of special districts proposing representation
- LAFCO adopts a resolution of intention
- LAFCO gives notice and calls meeting of districts to select representation (consists of presiding officer of each special district and may be conducted in writing)



## QUESTIONS AND COMMENTS

*San Benito LAFCO would like to receive input from the special districts regarding thoughts on the potential to join LAFCO.*