



LOCAL AGENCY FORMATION COMMISSION

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January 10, 2018

To: LAFCo Commissioners

From: Martha Poyatos, Executive Officer

M. Poyatos

Subject: Consideration of Legislative and Policy Committee Recommendation on Possible Measures and Policy to Encourage Annexation of Unincorporated Islands

Recommendation

Receive the report and provide direction to staff regarding development of island annexation policies, potential amendment of LAFCo policies for extension of service outside jurisdictional boundaries, and an action plan for implementation.

Background

A primary purpose of LAFCo is to encourage annexation of unincorporated areas in city spheres of influence. LAFCo is also responsible for reviewing applications for extension of municipal sewer or water service outside city or district boundaries in anticipation of annexation. Government Code Section 56133 and the attached San Mateo LAFCo policies permit LAFCo approval of service extension by a city or district in anticipation of annexation. The most common applications come from the City of Redwood City for parcels in unincorporated Emerald Lake Hills in cases where new homes are constructed on a vacant parcel or as a result of a subdivision.¹ In these cases, building permits require LAFCo approval of water extension prior to issuance of the building permit. According to the LAFCo extension of service policies, staff works with applicants, the City of Redwood City, and the County Planning and Building Department on the feasibility of annexation. (It should also be noted that LAFCo may approve a sewer or water extension outside a city's sphere of influence if it mitigates a threat to public health safety such as failed septic.) While the City of Redwood City does not have a plan for annexation of these areas, staff has initiated discussions with City staff following the November

¹ Redwood City is a member agency of the Bay Area Water Supply and Conservation Agency (BAWSCA), which represents all member entities that purchase wholesale water from the San Francisco Public Utility Commission (SFPUC) under the Raker Act. Under the water supply agreement, Redwood City has a service area that includes City territory, unincorporated areas in in the City's sphere, and portions of the Town of Woodside and the City of San Carlos.

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LAFCo meeting at which the Commission discussed the issue of approving water extensions without an annexation plan.

Other cases in which cities are the water or sewer provider to unincorporated areas include Burlingame Hills, Devonshire, Palomar Park, and Country Club Park.

Burlingame Hills

The City of Burlingame applied to LAFCo and received approval for a master agreement to provide water service to all of unincorporated Burlingame Hills following enactment of Section 56133 in 1994.

Devonshire and Palomar Park

A portion of the Devonshire area is served by the County-governed Devonshire Canyon Sanitation District and septic systems. Palomar Park is served by septic systems. In both areas, the City of San Carlos has applied to LAFCo on a case-by-case basis for extension of sewer service to homes with failing septic systems or for limited new development for parcels that were not eligible for annexation because they were not contiguous. The City of San Carlos has general plan policies that require development to City standards and annexation policies that require that all roadways accessing annexed territory be brought up to City standards. The City also requires property owners to enter into irrevocable agreements for annexation.

Country Club Park

Country Club Park is a residential neighborhood with some institutional uses (churches, board-and-care homes) wholly surrounded by the City of South San Francisco. With the exception of a few parcels that have received sewer service from the City, the neighborhood is served by septic systems.

Other unincorporated areas on the attached map are either served by a County-governed sewer or sanitation district or independent special district. Overall, on San Mateo County's Bayside, there are 23 unincorporated areas that qualify as unincorporated islands. The attached map and table show the location and service delivery patterns for these areas.

Possible Measures and Policies to Encourage Annexation:

Island Annexation Program

The Commission's Legislative and Policy Committee reviewed Santa Clara LAFCo's "Making Your City Whole," a policy document on the island annexation program that Santa Clara LAFCo implemented in conjunction with Santa Clara County. This program focused on annexation of numerous small unincorporated pockets. The program included collaboration with the County of Santa Clara in which LAFCo waived annexation fees and the County committed to covering

annexation and mapping costs, State Board of Equalization filing fees, and budgeting for needed road improvements for island areas approved for annexation. A key feature of this program was the County's willingness to partner with LAFCo. Before implementing such a plan in San Mateo County, the first step would be to discuss with County representatives the County's interest and ability to participate in such a program.

Amendment of Commission Policies for Extension of Service Outside Jurisdictional Boundaries

Some cities in the state, including the City of San Carlos, include provisions for extension of sewer service that require the property owner to enter into an irrevocable agreement to annex at such time that the property becomes contiguous or when a majority of the parcels in the area have connected to sewer. The majority of requests for outside sewer or water extension have typically involved infill development in unincorporated areas under the County's land use jurisdiction.

In recent years as a result of the economic recovery and increased demand for housing on the Peninsula, there has been an increase of new development on vacant parcels that are not contiguous to city boundaries. Staff recommends that amending Commission policies on service extension take into consideration the demand for new housing. It is recommended that the Legislative and Policy Committee and staff review the Commission's Policy for Extension of Service outside Jurisdictional Boundaries for potential amendments that would encourage the likelihood of annexation without prohibiting infill development.

Recommended Actions

1. Consider the report and direct staff to enter into discussions with the County of San Mateo regarding the feasibility of County participation in an island annexation program.
2. Request the Legislative and Policy Committee to review the Policy and Procedure for Extension of Service Outside Jurisdictional Boundaries for possible amendments that would encourage annexation.

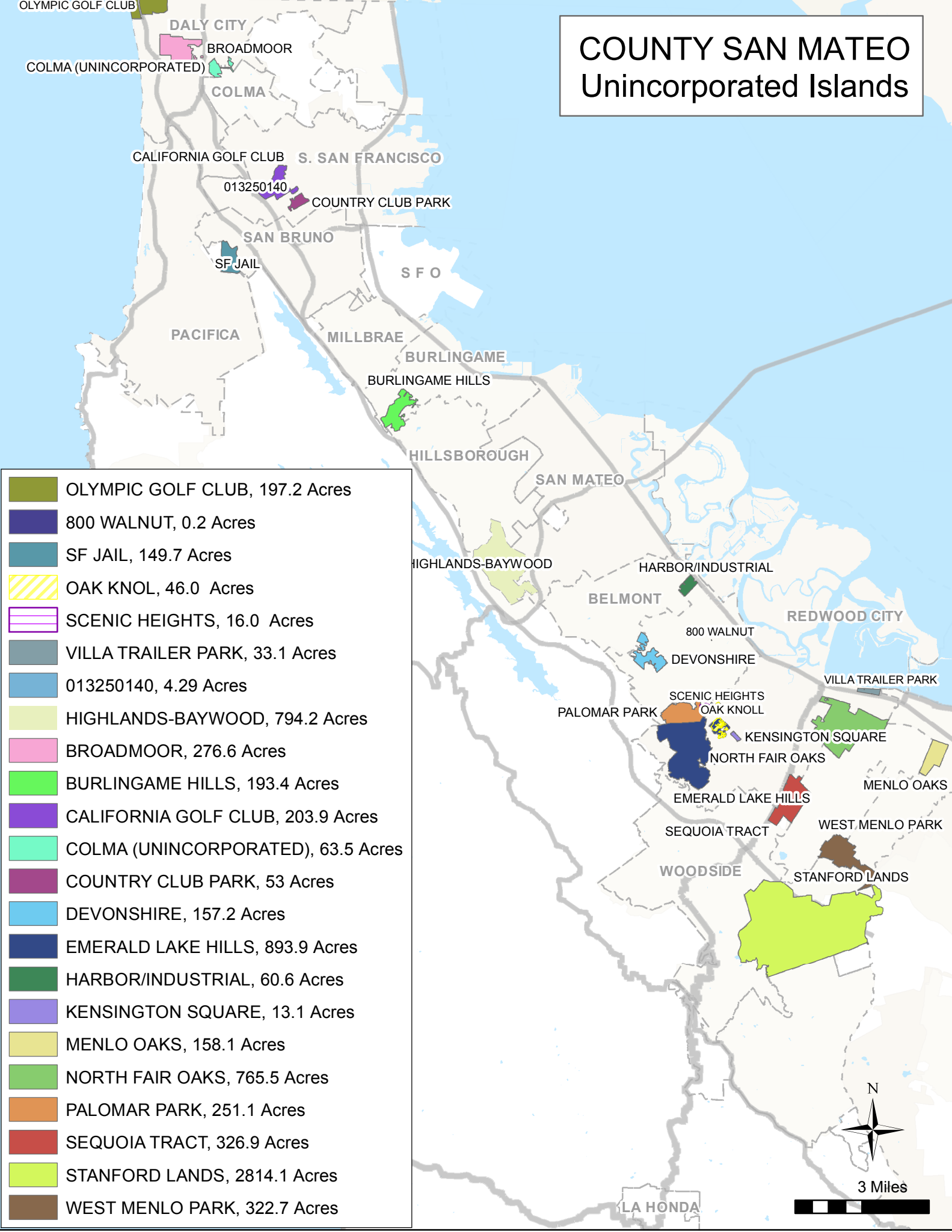
Attachments: Map of Unincorporated Islands

Table of Unincorporated Area Service Delivery Patterns

Policy and Procedure for Review of Requests for Service Extension Outside Jurisdictional Boundaries

COUNTY SAN MATEO

Unincorporated Islands



Unincorporated Communities – Service Providers

Sphere/City	Law Enforcement	Sewer	Water	Fire Protection Responder
Unincorporated Communities Within a City Sphere				
Broadmoor/Daly City	Broadmoor Police Protection District	North SMC Sanitation District (City of Daly City)	California Water Service Co. (Cal Water)	Colma FPD
Colma Unincorporated/Daly City	Broadmoor Police Protection District	North SMC Sanitation District (City of Daly City)	California Water Service Co. (Cal Water)	Colma FPD
Country Club Park/South San Francisco	Sheriff	Septic systems or South San Francisco	California Water Service Co. (Cal Water)	South San Francisco
SF County Jail	San Bruno			
800 Walnut	San Bruno			San Bruno City
Burlingame Hills/Burlingame	Sheriff	Burlingame Hills SMD (County)	City of Burlingame	Burlingame City
Highlands-Baywood Park/San Mateo	Sheriff	Crystal Springs County Sanitation District (County)	California Water Service Co. (Cal Water)	Cal Fire (contracted by CSA-1)
Harbor Industrial/Belmont	Sheriff	Harbor Industrial SMD (County)	Belmont County Water	Belmont FPD
Devonshire/San Carlos	Sheriff	Devonshire County Sanitary District (County) & septic	California Water Service Co. (Cal Water)	CalFire/County Fire
Palomar Park/San Carlos	Sheriff	Scenic Heights County Sanitation District or septic systems	California Water Service Co. (Cal Water)	CalFire/County Fire
Emerald Lake Hills/Redwood City	Sheriff	Emerald Lake Heights SMD, (county)	Redwood City	Woodside FPD, County Fire
Oak Knoll/Redwood City	Sheriff	Oak Knoll SMD (county)	Redwood City Municipal Water Dept.	Redwood City FD, Woodside FPD,
Kensington Square/Redwood City	Sheriff	Kensington Square SMD (County)	Redwood City	Redwood City FD, Woodside FPD,
Sequoia/Redwood City	Sheriff	Fair Oaks SMD (County)	California Water Service Co. (Cal Water)	Menlo Park FPD, Woodside FPD
North Fair Oaks/Redwood City	Sheriff	Fair Oaks SMD (County)	California Water Service Co. (Cal Water)	Menlo Park FPD, Redwood City FD (via CSA-8)
West Menlo Park/Menlo Park	Sheriff	West Bay Sanitary District	Menlo Park Municipal Water District	Menlo Park FPD,
University Heights/Menlo Park	Sheriff	West Bay Sanitary District	Menlo Park Municipal Water District	Menlo Park FPD

Sphere/City	Law Enforcement	Sewer	Water	Fire Protection Responder
Menlo Oaks /Menlo Park	Sheriff	West Bay Sanitary District	California Water Service Co. (Cal Water)	Menlo Park FPD
Stanford Lands (Linear Accelerator, Webb Ranch, Guernsey Field) /Various (Menlo Park, Portola Valley, Woodside)	Sheriff	West Bay Sanitary District	Menlo Park, California Water Service Co. (Cal Water)	Woodside FPD
Ladera /Portola Valley	Sheriff	West Bay Sanitary District	California Water Service Co. (Cal Water)	Woodside FPD
Los Trancos Woods /Portola Valley	Sheriff	Septic systems	Los Trancos County Maintenance District	Woodside FPD
Unincorporated Communities Outside of a City Sphere				

SMD = Sewer Maintenance or Sanitation District

FPD = Fire Protection District

FD = Fire Department

(In many cases, automatic aid results in nearest fire agency response)

SAN MATEO LOCAL AGENCY FORMATION COMMISSION
POLICY AND PROCEDURE FOR REVIEW OF REQUESTS
FOR EXTENSION OF SERVICE OUTSIDE JURISDICTIONAL BOUNDARIES

1. Legislative Authority

Government Code Section 56133 provides that a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the local agency formation commission in the affected county. Paragraph (b) of Section 56133 further states that LAFCo may approve extension of service outside an agency's boundaries and within its sphere of influence in anticipation of future annexation. The Commission may also approve extension of service outside boundaries and outside its sphere of influence to respond to an existing or impending threat to the public health or safety if both of the following requirements are met:

- a. The agency applying for the contract approval has provided the commission with documentation of a threat to health and safety, and
- b. The commission has notified any alternate service provider, including any water or sewer system corporation, which has filed a map and a statement of its service capabilities with the commission.

The following agreements/contracts between public agencies are not subject to LAFCo approval under Section 56133: agreements for services solely between public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided; 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.

2. Procedure for Processing Applications for Extension of Service Outside Jurisdictional Boundaries

In implementing Government Code Section 56133, the Commission shall process applications for extension of service outside agency boundaries in the following manner:

- a. LAFCo staff shall encourage pre-application consultation and assist the applicant in investigating annexation prior to submitting a formal application for extension of services outside jurisdictional boundaries.
- b. The agency proposing to extend service shall submit a resolution of application, a completed application form, applicable fees and the agency's form of agreement with the property owner for extension of service to the Executive Officer. LAFCo shall consider the form of agreement between the service provider and property owner to the extent that it is consistent with the Cortese Knox Hertzberg Act.
- c. Once submitted, the Executive Officer shall deem the application acceptable for filing within 30 days of receipt, or if the application is incomplete, transmit a letter to the applicant stating the reasons the application is incomplete. Upon determination that an application is acceptable for filing, the application shall be placed on the Commission's agenda within 90 days.

- d. LAFCo shall process the application in the manner it processes applications for organizational change to the extent that the application shall be referred for comment to affected county, city(ies), district(s).
- e. Upon review and consideration of the application materials specified in b above, the Commission shall approve, approve conditionally or deny the application for extension of service outside jurisdictional boundaries. If the application is denied or approved with the conditions, the applicant may request reconsideration, citing the reasons for reconsideration.
- f. The Commission shall transmit its decision in writing to the affected city or district.
- g. If at the time of the Commission's meeting, an application for extension of service to a single-family residence to mitigate an existing or impending health and safety risk is scheduled for action by the subject City Council or District Board too late to be noticed and placed on the agenda of the next LAFCo meeting for formal action, and delay until the subsequent Commission agenda would cause undue hardship, the Executive Officer shall provide a report to the Commission describing the proposed extension and terms of the proposed agreement which is pending action by the city council or district board. Pursuant to Section 56133, the Commission may consider delegation to the Executive Officer the authority to consider and approve the application following formal action by the legislative body of the city or district if the action taken does not vary from the report provided to the Commission and if the proposed extension meets all of the following conditions:
 - 1) Service/infrastructure extension is exempt from the California Environmental Quality Act (CEQA);
 - 2) Certification is provided by the Director of Environmental Health of an impending or existing public health threat;
 - 3) Form of agreement to be executed between public agency and property owner does not set any conditions beyond payment terms, fees or improvements directly related to provision of service to the property.

Adopted January 17, 2001

Revised November 21, 2001