

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 97-S

On the motion of Commissioner Wormhoudt
duly seconded by Commissioner Garcia
the following resolution is adopted:

RESOLUTION OF THE SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION
ADOPTING FEASIBILITY STUDY GUIDELINES
FOR CITY INCORPORATION PROPOSALS

The Santa Cruz Local Agency Formation Commission does hereby RESOLVE, DETERMINE,
AND ORDER as follows:

1. The Commission has held a noticed, public hearing regarding the Feasibility Study Guidelines for City Incorporation Proposals on February 1, 1989, March 1, 1989, and April 5, 1989.
2. No such guidelines have been adopted previously by the Commission.
3. Guidelines would assist the public in determining the contents of any feasibility study to be prepared as part of an incorporation application to the Commission.
4. Adoption of these guidelines is statutorily exempt from further compliance with the California Environmental Quality Act pursuant to Section §15262 of the State CEQA Guidelines.
5. The attached "Feasibility Study Guidelines for City Incorporation Proposals" are hereby adopted by the Commission.
6. The Commission's staff is hereby directed to include the guidelines in Chapter 13 of the LAFCO Handbook.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Cruz this fifth day of April, 1989, by the following vote:

AYES: Commissioners Garcia, Levy, Wormhoudt, Patton
NOES: Commissioner Murphy
ABSENT: None

/signed/ROBLEY LEVY, CHAIRPERSON
Santa Cruz Local Agency Formation Commission

Attest: Patrick M. McCormick, Executive Officer

SANTA CRUZ LAFCO FEASIBILITY STUDY GUIDELINES FOR CITY INCORPORATION PROPOSALS

In each county, a Local Agency Formation Commission (LAFCO) has been set up by the State of California to regulate city incorporations and other boundary changes to cities and districts. LAFCO's charter is to promote the orderly formation and development of local governments through its enforcement of state-mandated procedures, State policies, and local LAFCO policies.

The purpose of these guidelines is to provide guidance to citizens who are considering and proposing the incorporations of a new city within the County of Santa Cruz. These guidelines do not supercede State law or local policies. Local policies include "Spheres of Influence Policies and Guidelines" and "Standards for Evaluating Proposals." In order to make a final decision on a particular proposal, LAFCO may need additional information not specified in these guidelines. While LAFCO will assist in obtaining any additional information that is needed, the proponents may also have to prepare additional information.

PURPOSE OF FEASIBILITY STUDY

The preparation of an incorporation feasibility study is the responsibility of the proponents of a city incorporation. It is an important step in the process. It allows the proponents to understand and, in turn, explain to the citizenry how the new city would operate. Major topics include boundaries, functions, revenues, and expenditures. The feasibility study allows LAFCO to review the effects of the proposal on the entire structure of governmental services. Two of LAFCO's major duties are to make sure that the new city would have sufficient funds with which to operate and would not negatively impact the provision of services by other governmental agencies.

STATUTORY BASIS

Incorporation proceedings are set up by the Cortese-Knox Local Government Reorganization Act of 1985 (Government Code Sections §56000-57550). Under the act, LAFCO has the responsibility to review applications and to approve; approve subject to amendments, conditions or modifications; or deny applications. If the proposal is rejected by LAFCO, the law specifies a one-year waiting period before the proponents may initiate another incorporation proposal. If a proposal is approved, LAFCO will forward it to the County Board of Supervisors, which is responsible for calling an election

within the authorized incorporation boundaries. If a majority of registered voters in the proposed city petition the Board of Supervisors to terminate the incorporation process, it is terminated and cannot be resubmitted for two years. If a majority of the citizens in the incorporation area vote for the incorporation, then the new city is incorporated. If the proposal is defeated at the election, then there is a two-year waiting period.

CONTENTS OF FEASIBILITY STUDY

In order for LAFCO to make its decision, sufficient information needs to be put on record and analyzed by the citizens, the affected governmental agencies, and LAFCO staff. The basic elements of a feasibility study are:

- 1) Reason for proposal.
- 2) Proposed boundary map at a scale that allows the identification of individual assessor's parcels.
- 3) The population and number of registered voters in the incorporation area. Projection of population growth for the next ten years.
- 4) The assessed value of the property in incorporation area.
- 5) A description of the local agencies which presently serve the community, with a discussion of the range and level of services currently provided.
- 6) A list and discussion of the functions that the new city would assume.
- 7) A discussion and supporting data on the financial and service efficiency impacts that the proposal would have on all governmental agencies that would give up service responsibility as a result of this proposal. This discussion should include the effects of the incorporation on adjacent communities, special districts, and the County.
- 8)
 - a. A list and descriptions of the county and special district functions that the new city is not proposed to assume.
 - b. A list of the special districts that are proposed to continue services to the new city and a discussion of the foreseeable level of services in the community after incorporation. If the proposal

would have any impacts on these districts (including economic or level of service impacts), the feasibility study should discuss the impacts and quantify them, where possible. A clear and compelling rationale must be provided if the continued overlap of any special district (e.g., water, fire, parks, sanitation, or storm drainage) is proposed.

There should be a special emphasis on the impact of incorporation on the County or any special districts which are currently providing services to the area immediately surrounding the proposed city.

- 9) A map showing a proposed sphere of influence of the new city, including the existing sphere of influence of any city that overlaps or comes within two miles of the proposed city sphere.
- 10) A ten-year forecast of revenues and expenditures for the new city broken out by revenue and expenditure categories. The forecast should include the applicable categories in the same order. Where fees will be set by municipality, include projection of fee levels and anticipated volume.

Revenue

- a. Property Tax
- b. Sales and Use Taxes
- c. Transportation Taxes
- d. Transient Lodging Taxes
- e. Franchise
- f. Business License Taxes
- g. Real Property Transfer Taxes
- h. Utility Users Tax
- i. Construction Permits
- j. Vehicle Code Fines and Forfeitures
- k. Investment Earnings
- l. State Motor Vehicle In-Lieu Tax
- m. State Cigarette Tax
- n. State Homeowners Relief Tax
- o. State Gasoline Tax and SB 325 Funds
- p. Federal Aid for Urban Streets
- q. Zoning and Subdivision Fees
- r. Plan Checking Fees
- s. Animal Shelter Fees
- t. Engineering Fees

- u. Weed and Lot Cleaning
- v. Sewer Service Charges and Connection Fees
- w. Solid Waste Revenues
- x. Library Fines and Fees
- y. Park and Recreation Fees
- z. Water Service Charges and Connection Fees
- aa. Other
- bb. Total Revenue above

Expenses

- a. Legislative
- b. Management and Support
- c. Capital Improvements (Municipal Buildings, etc.)
- d. Police
- e. Fire
- f. Animal Regulation
- g. Weed Abatement
- h. Street Lighting
- i. Disaster Preparedness
- j. Streets, Highways, and Storm Drains
- k. Street Trees and Landscaping
- l. Public Transit
- m. Planning
- n. Construction and Engineering Regulations Enforcement
- o. Housing and Community Development
- p. Community Promotion
- q. Physical and Mental Health
- r. Solid Waste
- s. Sewers
- t. Parks and Recreation
- u. Libraries
- v. Water
- w. Child Care
- x. Senior Services
- y. Other
- z. Total Expenses Above

The above list is not meant to be all-inclusive. Additional items may be added. When appropriate, any additions should be included in the same category as outlined in the State Controller's Annual Report of the Financial Transactions Concerning Cities of California.

The expenditure chart should summarize the level of service and basis for each expenditure. Projected staffing levels should be included. The background information should be included in the report and based on prevailing staffing patterns and wage rates in comparable communities.

- 11) A map of any agricultural or other open space lands in the incorporation boundaries, or the proposed sphere of influence. A discussion of the effect of the proposal on maintaining or converting these lands to other uses.
- 12) A justification of the proposed boundaries explaining why certain sub-areas were included and why adjoining sub-areas were excluded.
- 13) Based upon existing master plans and capital improvement programs of the County and affected districts, the feasibility study shall include a list of planned capital improvements related to city responsibilities, their costs, an indication of which projects would likely be funded, and the source of the funds.

EARLY DISTRIBUTION OF FORECAST OF LOCAL REVENUES

Upon learning that a community group has been formed to sponsor an incorporation effort and after receiving an appropriate street map of the proposed city from the proponents, LAFCO staff will request a FORECAST OF LOCAL REVENUES from the proper State and/or County agencies to determine what funds would be available to the new city.

FURTHER ASSISTANCE

LAFCO staff is available incorporation proponents, opponents, affected public agencies, and the general citizenry to provide further assistance. This assistance includes explanations of the incorporation process, copies of the incorporation laws and LAFCO policies, and notices of LAFCO's hearing on the incorporation proposal.