

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION SPHERES OF INFLUENCE POLICIES AND GUIDELINES

Amended by Resolution No. 2011-1; February 2, 2011

I. Legislative Authority

The Knox-Nisbet Act of 1963 (former Government Code Section 54773 et seq.) established the Local Agency Formation Commission to promote the orderly development of local government agencies in the County and discourage urban sprawl. The law was subsequently combined with other laws regarding boundary changes and recodified as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000-57550).

Among its objectives, LAFCO is authorized to perform studies which will contribute to the logical and reasonable development of local governments to provide for the present and future needs of each county and its communities. (Government Code Section 56301). State law further provides that, in order to carry out its responsibilities for planning and shaping the logical and orderly development of local government agencies, the Local Agency Formation Commission shall develop and determine the sphere of influence of each local governmental agency within the county. (Government Code Section 56425). 'Sphere of Influence' means a plan for the probable physical boundaries and service area of a local government agency. (Government Code Section 56076).

In determining a sphere of influence, the Commission is required to consider and state its findings regarding at least eight factors, including:

- a. The maximum possible service area of the agency based upon present and possible service capabilities of the agency.
- b. The range of services the agency is providing or could provide.
- c. The projected future population growth of the area.
- d. The type of development occurring or planned for the area, including, but not limited to, residential,

commercial, and industrial development.

e. The present and probable future service needs of the area.

f. Local governmental agencies presently providing services to such area and the present level, range, and adequacy of services provided by such existing local governmental agencies.

g. The existence of social and economic interdependence and interaction between the area within the boundaries of a local governmental agency and the area which surrounds it and which could be considered within the agency's sphere of influence.

h. The existence of agricultural preserves in the area which could be considered within an agency's sphere of influence and the effect on maintaining the physical and economic integrity of such preserves in the event that such preserves are within a sphere of influence of a local governmental agency."

Spheres of influence are to be adopted by the Commission following a public hearing and are to be reviewed and updated every five years. After adoption, the sphere of influence "shall be used by the Commission as a factor in making regular decisions on proposals over which it has jurisdiction. The Commission may recommend governmental reorganizations to particular agencies in the county, using the sphere of influence as a basis for such recommendations... (Government Code Section 56425)."

The purpose of a sphere of influence study is to provide the Commission information needed to determine an agency's sphere of influence and to make recommendations for local government reorganizations.

II. Definitions

1. Sphere of Influence - "A plan for the probable physical boundaries and service area of a local government agency (Government Code Section 56076)." A sphere of influence will reflect the limits of probable future growth of an agency during the applicable general plan period or twenty years, whichever is more appropriate. A sphere "plan" may also include recommendations for:

- a. Annexation or detachment of territory, or both.
- b. Incorporation of a new city.
- c. Merger of a special district with a city.
- d. Consolidation of a special district with one or more districts.
- e. Formation of a new district.
- f. Dissolution of an agency.

2. Urban Services - Services necessary to support urban development, including such services as water, sewer, fire and police protection.

3. Urban Service Area - An area within a sphere of influence which is either (1) already urbanized and receiving a combination of urban services, or (2) designated by the applicable general plan for urban development and capable of being provided with urban services within the next five years. Such areas may be considered candidates for annexation within the next five years.

4. Urban Area - An area with residential development at a density which requires a combination of urban services, and commercial or industrial development which serves as a significant business or activity center.

5. Factors to Determine a Sphere of Influence - The eight factors enumerated in Government Code Section 56668, plus topography, street and road patterns, school and other jurisdictional boundaries, adopted policies to preserve agricultural lands and open space, and public comment from affected agencies, community groups, and interested citizens.

III. Policy Guidelines

1. The Local Agency Formation Commission will use spheres of influence to discourage inefficient development patterns and to encourage the orderly expansion of local government agencies. Spheres of influence will be used to:

- a. Provide long-range guidelines for the efficient provision of services and timely changes of governmental organization.
- b. Discourage duplication of services by two or more local government agencies.
- c. Guide the Commission in considering individual proposals for changes of organization.
- d. Identify the need for specific reorganization studies.

2. The Local Agency Formation Commission recognizes the planning accomplishments of local agencies in the County. In developing spheres of influence, the Local Agency Formation Commission will support those adopted plans, and policies of local governments which encourage staged, cost-effective development patterns and the efficient provision of services.

3. City and County general plans will be a significant factor in determining spheres of influence. Where a City's and the County's general plan for the same area are inconsistent, the Local Agency Formation Commission should encourage the affected agencies to resolve any inconsistencies. In the event the inconsistency cannot be resolved, by law the final decision for the Sphere of Influence must remain with LAFCO.

4. Because of the importance of general plans in determining a sphere of influence, the Local Agency Formation Commission will normally not allocate territory to a city sphere of influence which is not included in that city's adopted general plan. A Sphere of Influence may not include all territory within a city's general plan area which bears some relation to the city's planning but which at this time, is not anticipated to require a combination of urban services.

5. The Local Agency Formation Commission recognizes the limited usefulness of long-term projections. Spheres of influence will identify probable boundaries for an agency's expansion. Spheres will be periodically revised and updated to reflect changing conditions and circumstances.

6. LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere of influence adoptions and amendments, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

7. To assist in the review of Spheres of Influence and other LAFCO reports, the Local Agency Formation Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

a) The Public Water System Annual Reports filed by each public water agency with the California Department of Public Health

b) The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et.seq.

c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

8. Water resources and supplies are critical issues for many sphere of influence and application decisions made by the Local Agency Formation Commission. Public information and participation is an important component in the decisions of the Commission, the land use agencies, and the water agencies. To promote public education, at least every two years, the Local Agency Formation Commission will sponsor, or co-sponsor with the Regional Water Management Foundation, the County of Santa Cruz, and local water agencies, a public forum that provides the public with an overview of the state of the water supplies in Santa Cruz County.

9. Once established, an agency's sphere of influence will be a primary guide to the Commission in its decisions on individual proposals affecting that agency. Before the Commission may approve a change of organization inconsistent with the adopted sphere of influence, the Commission shall amend the sphere of influence.

10. Although an adopted sphere of influence is an important long-range guideline, annexation of territory within a sphere of influence is not automatic. The Commission will consider specific proposals for changes in organization on an individual basis as required by law.

11. The Local Agency Formation Commission will encourage the elimination or consolidation of small, single-purpose special districts when a more efficient alternative exists for providing the necessary services. Whenever a combination of urban services is required, general purpose governments or multi-services districts will be preferred to single-purpose districts.

12. When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.

13. An agency may be allocated a "zero sphere of influence" where the Local Agency Formation Commission determines that the service responsibilities and functions of the agency should be reassigned to another local government, and that the agency assigned a "zero sphere of influence" should be dissolved.

14. Proposals for urban development within a city's sphere of influence should first be considered for annexation to that city, unless such annexation would create a "leapfrog" pattern of expansion with respect to existing city boundaries.

15. In an effort to promote cooperation among the land use agencies with jurisdiction over lands in the Coastal Zone, any application to LAFCO for a sphere of influence amendment regarding land in the Coastal Zone shall contain the following information:

- 1) A statement that the staffs of the Coastal Commission and other land use agencies with jurisdiction over the land which is the subject of the application have reviewed and jointly discussed the sphere of influence amendment application with

respect to consistency with applicable general plans, the Coastal Act, and local coastal programs. The statement should also memorialize the results of the review.

- 2) Preliminary review and comments from the Coastal Commission staff as to potential issues of Coastal Act consistency.
- 3) Review and comments from any other land use agency with jurisdiction, through a Local Coastal Program or otherwise, over the land which is the subject of the application, including an analysis of consistency of the proposed amendment with its general plan.

LAFCO will consider consistency with the Coastal Act and the relevant general plans in making its Sphere of Influence determination.

16. It is preferable that the people who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

IV. Procedural Guidelines

1. The Local Agency Formation Commission will develop and determine a sphere of influence for each local governmental agency in the County.
2. Spheres of influence will be developed in the following order:
 - a. Incorporated cities.
 - b. Unincorporated, urbanized areas.
 - c. Special districts serving non-urbanized areas of the County.
3. Local government agencies will be requested to provide information which will permit the Commission to consider the factors for determining a sphere of influence. Such information will include:
 - a. The limits of the area viewed by the agency as its

"sphere of influence" and the rationale.

b. Information to identify and describe the agency's existing services and the agency's plans for providing services both within its existing boundaries and to any additional areas.

c. Information to establish a need for the agency's services in additional areas, based upon anticipated population growth, land use plans, or other factors.

d. Relationship of an agency's service plans to the applicable city or County general plan.

4. The Executive Officer will prepare a report to the Commission which provides the following:

a. Description of existing services and service capabilities.

b. Information on existing land uses, adopted land use plans and policies, and projected growth in the affected area.

c. An analysis of the anticipated need for services and capability of the affected agencies to provide those services.

d. Recommendations for spheres of influence.

e. Recommendations for specific reorganization studies or proposals.

5. The Local Agency Formation Commission will adopt or amend a sphere of influence following a public hearing. The Executive Officer will provide the notice of hearing required by law to each affected local agency and the County, and to any interested person who has requested such notice. Notice of hearing will also be published in a newspaper of general circulation in the area affected by the proposed sphere of influence.

6. The Local Agency Formation Commission will periodically review and update adopted spheres of influence. Spheres of influence may be amended by the Commission on its own initiative or at the request of an affected agency by resolution of its legislative body. In either case, the Commission will consider amendment of a sphere of influence following a noticed public hearing held for that purpose.

STANDARDS FOR EVALUATING PROPOSALS

Amended by Resolution No. 2011-1; February 2, 2011

Pursuant to Government Code Section 56375, Santa Cruz LAFCO has established standards for the evaluation of proposals. The Commission uses these standards when reviewing and acting upon proposals for annexations and other boundary changes.

Santa Cruz LAFCO Policy 1.1 - Consistency with Spheres

All changes of organization shall be consistent with adopted spheres of influence of affected agencies.

Standard 1.1.1

Consistency shall be determined by a LAFCO finding of consistency with the sphere of influence maps and policies adopted by LAFCO for the affected agencies.

Santa Cruz LAFCO Policy 1.2 - Need for Services

Any proposal involving annexations, incorporations, and formations shall not be approved unless it demonstrates a need for the additional services to be provided to the area; while all proposals involving detachments, disincorporations, and dissolutions shall not be approved unless the proponent demonstrates that the subject services are not needed or can be provided as well by another agency or private organization.

Standard 1.2.1

For proposals concerning cities, need shall be established by (a) an adopted rezoning, consistent with the city general plan, that shows current or future development at a density that will require urban services such as sanitary sewer and water, and (b) a city growth rate and pattern that the subject area will be developed within 5 years.

(Standard 1.2.2 Deleted)

Standard 1.2.3

For proposals concerning the extension of other services by annexation, incorporation, or district formation, need shall be established by the applicable general plan land use designations and the service levels specified for the subject area in the applicable general plan.

Standard 1.2.4

For proposals involving the discontinuation of services, lack of need shall be established by (a) no serious effects on the current users of the service due to discontinuation and (b) no projected serious effects on the uses that can be expected to occur in the next 5 years based upon the applicable general plan and projected growth rates and patterns.

Standard 1.2.5

In reviewing proposals, LAFCO shall consider: (1) the "population" in the proposal area to be the population recorded in the last biennial or special census unless the proponent or affected agency can present updated or more detailed information which LAFCO determines to be more accurate, (2) the "population density" to be the population divided by the acreage, and (3) the "per capita assessed valuation" to be the full cash value of all the property in a proposal area (as set by the last secured property tax roll) divided by the population.

Santa Cruz LAFCO Policy 1.3 - General Plans

In cases of overlapping plans, LAFCO shall make a determination of which general plan best carries out the policies of the Local Government Reorganization Act.

Standard 1.3.1

Generally, LAFCO will presume to favor a city's general plan inside the sphere of influence adopted for the city by LAFCO, and the county's general plan elsewhere. It is the proponent's responsibility to prove any exception by referring to the policies of the Local Government Reorganization Act.

Santa Cruz LAFCO Policy 1.4 - In-Fill Development

In order to avoid further urban sprawl, LAFCO shall encourage in-fill development in urban areas and annexations of areas inside the city sphere of influence.

Santa Cruz LAFCO Policy 1.5 - Provision of Services

In order for LAFCO to approve a change of organization, the proponent shall demonstrate that the subject services can be provided in a timely manner and at a reasonable cost.

(Standard 1.5.1 Deleted)

Standard 1.6.1

For proposals involving the extension of general municipal services to proposal areas greater than 50 acres, the proponent shall either (a) plan staged growth beginning closest to an existing urban area, or (b) demonstrate why such a plan does not promote urban sprawl and an inefficient pattern of services.

Santa Cruz LAFCO Policy 2.1 - Number of Agencies

Proposals, where feasible, should minimize the number of local agencies and promote the use of multi-purpose agencies.

Standard 2.1.1

New or consolidated service shall be provided by one of the following agencies in the descending order of preference:

- annexation to an existing city,
- annexation to an existing district of which the Board of Supervisors is the governing body,

- annexation to an existing multi-purpose district,
- annexation to another existing district
- formation of a new county service area,
- incorporation of a new city,
- formation of a new multi-purpose district,
- formation of a new single-purpose district.

Standard 2.1.2

The Commission will promote and approve district consolidations, where feasible.

Santa Cruz LAFCO Policy 2.2 - Logical Boundaries

LAFCO shall promote more logical agency boundaries.

Standard 2.2.1

To the greatest possible extent, boundaries shall follow existing political boundaries, natural features (such as ridges and watercourses), and constructed features (such as railroad tracks).

Standard 2.2.2

Boundary lines shall be located so that entire road rights-of-way are placed within the same jurisdiction as the properties fronting on the road.

Standard 2.2.3

Boundaries should avoid dividing an existing identifiable community, commercial district, or other area having social or economic homogeneity. Where such divisions are proposed, the proponents shall justify exceptions to this standard.

Standard 2.2.4

The creation of boundaries that divide assessment parcels shall be avoided whenever possible. If the proposed boundary divides assessment parcels, the proponents must justify to the Commission the necessity for such division. If the Commission approves the proposal, the Commission may condition the approval upon obtaining a boundary adjustment or lot split from a city or county.

Standard 2.2.5

Boundaries should not be drawn so as to create an island or strip either within the proposed territory or immediately adjacent to it. Where such an island or strip is proposed, the proponent must justify reasons for nonconformance with this standard.

Standard 2.2.6

Where feasible, city and related district boundary changes should occur concurrently to avoid an irregular pattern of boundaries.

Standard 2.2.7

A map of any proposed boundary change shall show the present and proposed boundaries of all affected agencies in the vicinity of the proposal site. The Commission shall assure that any approved boundary changes are definite and certain. The Commission may approve a proposal conditioned on the proponent preparing a new boundary map and description.

Standard 2.2.8

LAFCO will review each proposal and take actions needed to encourage timely annexations to discourage agencies from extending services by agreement without annexing to the agency.

Santa Cruz LAFCO Policy 2.3 - Financially Desirable Areas

The sole inclusion of financially desirable areas in a jurisdiction shall be avoided.

Standard 2.3.1

The Commission shall amend or reject any proposal that, in its estimation, appears to select principally revenue-producing properties for inclusion in a jurisdiction.

Santa Cruz LAFCO Policy 2.4 - Overall Effects

The Commission shall consider the effects of a proposed action on adjacent areas, mutual social and economic interests, and on local governmental structure.

Standard 2.4.1

For city annexation proposals, if the city has more jobs than places for workers to live (jobs to employed residents ratio greater than 1.00) then a proposal which will directly result in urban development including new permanent employment may only be approved if sufficient land is designated for residential uses in the city's general plan to create a jobs/ housing balance.

The Commission will consider and may grant waivers to this standard in cases where all of the following situations exist:

- 1) The territory being annexed is an island of incorporated territory and consistent with the definition of "island" in Government Code Section 56375,
- 2) The proposal is consistent with the spheres of influence of all affected agencies, and
- 3) The proposal has been initiated by resolution of the city which includes the subject property in its adopted sphere of influence.

Santa Cruz LAFCO Policy 2.5 - Rezoning

The Commission shall require rezoning for all city annexations so that the potential effects of the proposals can be evaluated by the Commission and known to the affected citizens.

Santa Cruz LAFCO Policy 3.1 - Prime Agricultural Lands

Urban growth shall be guided away from prime agricultural lands, unless such action would not promote planned, orderly, efficient development of an area.

Standard 3.1.1

A change of organization is considered to promote the planned, orderly, and efficient development of an area when:

- a) It is consistent with the spheres of influence maps and policies adopted by LAFCO for the affected agencies.
- b) It conforms to all other policies and standards contained herein.

Santa Cruz LAFCO Policy 3.2 - Infill

LAFCO shall encourage the urbanization of vacant lands and non-prime agricultural lands within an agency's jurisdiction and within an agency's sphere of influence before the urbanization of lands outside the jurisdiction and outside the sphere of influence, and shall encourage detachments of prime agricultural lands and other open space lands from cities, water districts, and sewer districts if consistent with the adopted sphere of influence of the affected agency.

Standard 3.2.1

The priorities for urbanization are:

- 1) open-space lands within existing boundaries,
- 2) open-space lands within an adopted sphere of influence,
- 3) prime agricultural lands within existing boundaries,
- 4) prime agricultural lands within an adopted sphere of influence.

Standard 3.2.2

Proposals involving urbanization of prime agricultural lands within adopted spheres of influence shall not be approved unless it can be demonstrated that (a) there is insufficient land in the market area for the type of land use proposed, (b) there is no vacant land in the subject jurisdiction available for that type of use.

Santa Cruz LAFCO Policy 4.1 – Water Resources

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing boundary change applications, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

Standard 4.1.1

In any proposal requiring water service, the Commission requires that the agency that will provide the water will need to demonstrate the availability of an adequate, reliable and sustainable supply of water.

- a. In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources.
- b. In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase.
- c. In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668 (k)).
- d. In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

Standard 4.1.2

It is the general policy of the Commission to disapprove annexations to water and sewer agencies (including cities that provide either service) while there is a connection moratorium or other similar service limitation involving the subject water or sewer service. The Commission will consider exceptions to this general policy on a case-by-case basis. The Commission may approve an annexation that meets one or more of the following criteria:

- 1) To replace a private water source that has failed, such as a well that has gone dry. New service connections shall not be sized to accommodate more intensive development.
- 2) To replace a septic system that has failed. New service connections shall not be sized to accommodate more intensive development.
- 3) To implement a transfer of service between two existing agencies in a manner that is consistent with the adopted Spheres of Influence of those agencies.
- 4) To change a boundary, in a manner consistent with an adopted Sphere of Influence, so that an agency boundary does not divide a property that could only be conveyed under a single deed.

Between January 1, 1986 and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986.

An additional criterion, not subject to the 1% cumulative impact limitation, is as follows:

- 5) To provide facilities or funding that will allow the agency to lift its service limitation.

Standard 4.2

For proposals concerning water and sewer district annexations, need shall be established by lack of services to existing urban land uses, or a building permit application or allocation for a single-family dwelling or, for a larger project, by (a) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water or sewer service and (b) a growth rate and pattern that the subject area will be developed within 5 years.

Standard 4.3

The Commission will only approve boundary change applications when the Commission determines that it is unlikely that water resources will be degraded. The Commission will review each application to assure that, by implementing project-specific mitigations, participating in agency water conservation programs, or both if applicable, the project will not adversely affect sustainable yields in groundwater basins, flows in rivers and streams, water quality in surface water bodies and groundwater basins, and endangered species.

Standard 4.4

When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.

POLICIES AND REGULATIONS FOR AGENCIES TO PROVIDE SERVICES TO PRIVATE PARTIES OUTSIDE AGENCY BOUNDARIES

Amended by Resolution 2011-1; February 2, 2011

1) AUTHORITY

These regulations are authorized by Government Code Sections §56375 (i) and (k).

2) PURPOSE

The purpose of these regulations is to explain to the public, cities, and districts the procedures by which the Commission will review requests to authorize a city or district in Santa Cruz County to provide one or more services outside its jurisdictional limits pursuant to Government Code Section §56133.

3) COMMISSION APPROVAL REQUIRED FOR NEW OR EXTENDED SERVICES

Except for the specific situations exempted by Government Code Section §56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from the Local Agency Formation Commission.

4) LIST OF PRE-EXISTING SERVICES

Upon adoption of these regulations, the executive Officer shall ask each city and district to provide a list or map of parcels to which it was providing extraterritorial service of the effective date of Government Code Section §56133. The Executive Officer subsequently shall file his report on these extraterritorial services with the Commission. The commission shall consider as a regularly agendized item and vote on confirming the list of “grandfathered” services. After confirmation, the Executive Officer shall maintain the list of “grandfathered” services as public information.

5) AREAWIDE APPROVALS

Upon the initiative of either a public agency or the Commission, the Commission shall consider an areawide approval as a regularly agendaized item and may grant approval for subsequent services to be provided by a city or district within a mapped area as specified by the Commission. The approval may include conditions. The Commission shall specify a time period not greater than ten years for which the areawide approval shall be valid. The Commission may, upon its own initiative or at the request of a public agency, renew with or without amendments, an areawide approval for a period not to exceed ten years.

Before granting an areawide approval, the Commission shall determine that the city or district is able to provide the service in a manner that does not negatively affect the services provided within the agency's boundaries and sphere of influence, and in a manner that does not negatively affect the resources in the area. Also, before granting an areawide approval, the Commission shall determine that the approval is consistent with the requirements of law and LAFCO policies.

6) INDIVIDUAL REQUESTS

Individual requests for extraterritorial service shall be filed with the Executive Officer on a prescribed application form. The applicant shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. Upon adoption of these regulations, the application deposit is \$500; the deposit may be subsequently changed in future revisions of the Schedule of Fees and Deposits.

The Executive Officer shall not file the application unless the affected public agency has submitted a written endorsement indicating its willingness to provide the service if the Commission approves the request.

The Commission shall consider the request after it has been placed on an agenda of a Commission meeting.

7) ENVIRONMENTAL REVIEW

All matters that are reviewable pursuant to these regulations are subject to the applicable provisions of the California Environmental Quality Act.

8) COMMISSION ACTION

The Executive Officer shall prepare a report and place the request for extraterritorial service on the Commission's agenda. The Commission shall provide an opportunity for any interested individual or party to address it. The Commission may call a subsequent public hearing in order to receive additional public testimony before acting upon a request. The Commission acts on the request by majority vote. Subsequently, the Executive Officer shall notify the applicant in writing of the Commission's action. If the Commission denies a request, a similar application cannot be re-filed for one year unless the Commission grants an exception to this rule.

9) POLICIES

9.1 The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and this Commission's adopted policies to implement that act stress the primacy of spheres of influence in coordinating services and protecting resources. Therefore, the Commission intends to reinforce that the standard manner in which services will be extended is by annexation (and sphere of influence amendment, if necessary). The Commission shall limit its extraterritorial service authorizations to public health emergencies and circumstances where:

- a) Facilities are already in place, and
- b) Annexation would not be practical, and
- c) Extraterritorial service is determined by the Commission to be consistent with the policies adopted in and pursuant to the Cortese-Knox-Hertzberg Act.

9.2 When the Commission authorizes the emergency provision of water or sanitary sewer services via extraterritorial service outside an agency's boundaries, and annexation is practical, the Commission will require annexation to be completed within two years.

9.3 LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing extraterritorial service applications, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.