

Guidelines for Establishing and Updating Spheres of Influence

I. POLICY

To identify the guidelines for establishing and updating local agency spheres of influence in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.; the “Act”).

Nothing in these guidelines shall be interpreted to affect vested entitlements or to impair contracts. These guidelines reflect a recognition that each sphere of influence is unique and requires site-specific planning and flexibility.

II. BACKGROUND

In 1972, the State Legislature directed LAFCOs to adopt spheres of influence (SOIs) to identify the probable physical boundaries and service areas for each local government agency. Specifically, the Government Code §56425(a) states:

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city and special district, as defined by Government Code Section 56036, within the county and enact policies designed to promote the logical and order development of areas within the sphere.

State law further requires the spheres of influence to be reviewed every five years and updated as conditions warrant. (Government Code §56425(g))

Pursuant to this statutory mandate, OC LAFCO has established a sphere of influence for each Orange County, city, and special district to encourage the efficient, effective, and equitable delivery of local and regional services to existing and future residents. Further, OC LAFCO’s process for establishing spheres of influence includes a collaborative approach involving affected stakeholders.

III. DEFINITIONS

Except as otherwise provided specifically below, the terms and phrases used herein shall have the meanings they have in the Act.

- A. **“Sphere of Influence”** means a plan for the probable physical boundaries and service area of a local agency as determined by the Commission (Government Code §56076).
- B. **“New Communities”** means areas designated by OC LAFCO as potential new cities as demonstrated through a municipal service review or other special study.
- C. **“Special Study Areas”** identify territory that includes undeveloped areas or areas with limited development not requiring a high level of municipal services.
- D. **“Change of Organization or Reorganization”** is defined by Government Code Section 56021 to mean any of the following:
 - a. A city incorporation.
 - b. A district formation.
 - c. An annexation to a city.
 - d. An annexation to a district.
 - e. A detachment from a city.
 - f. A detachment from a district.
 - g. A disincorporation of a city.
 - h. A district dissolution.
 - i. A consolidation of cities.
 - j. A consolidation of special districts.
 - k. A merger of a city and a district.
 - l. Establishment of a subsidiary district.
 - m. The exercise of new or different function or classes of services, or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district.

IV. PURPOSE OF SPHERES

A. Planning Tool for LAFCO and Local Agencies

A sphere of influence is a long-range planning tool that guides future OC LAFCO decisions on changes of organization or reorganization. Spheres of influence shall be used to assist each public agency in planning the logical extension of its facilities and services through the designation of potential areas of annexation. Generally, OC LAFCO requires territory to be included within a sphere of influence if that area will need urban services within the next 10 to 15 years.

B. Coordinate Logical Extension of Public Services and Agency Boundaries

Adoption and update of spheres of influence should promote cooperative planning efforts among the county, cities, and districts and facilitate the logical and economical extensions of all their facilities and services. As such, spheres of influence should be conducted in conjunction with or after a municipal service review.

C. Assist Property Owners and Agencies in Planning Comprehensively

Spheres of influence provide information to the property owner as to the area's ultimate service provider. By identifying the future service areas of cities and special districts, OC LAFCO can help facilitate good planning decisions by these agencies for undeveloped, uninhabited, agricultural and permanent open space lands.

V. TYPES OF SPHERES

There are several types of spheres of influence that the Commission can adopt:

- A sphere of influence may be **coterminous**, or identical, with the city or district boundary.
- A sphere of influence may be **larger or smaller** than the agency's current boundaries.
- A sphere of influence may be **transitional** if OC LAFCO has determined that the service provider should pursue options for restructuring or reorganization or should examine innovative service provision alternatives with adjacent service providers. The transitional sphere designation will be based on a Municipal Service Review (MRS), other studies and/or an OC LAFCO staff analysis.
 - OC LAFCO encourages agencies with a transitional sphere of influence designation to discuss alternatives to existing service provision or reorganization options and return to OC LAFCO with the results of their discussions and/or studies.
 - If, based on those discussions and/or studies, any change of organization or reorganization is determined to be warranted, the subject agency, and affected agency, or OC LAFCO, if appropriate, should consider initiation of such proceedings.

Proposed annexations to an agency with a transitional sphere are discouraged by the Commission.

A transitional sphere designated should be reconsidered if the Commission determines that the agency has adequately addressed the deficiencies or issues that led to the designation. Removal of the transitional sphere designation may occur:

- a. During the MSR review of the agency's sphere; or
- b. At the request of the agency's legislative body; or
- c. At any time, the Commission deems it to be warranted.

VI. SPHERE STATEMENT OF DETERMINATIONS

As part of a SOI review, and as outlined in state law, OC LAFCO is required to consider and prepare a written statement of its determination with respect to each of the following (Government Code §56425(e)):

- 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, including the funding of capital debt service, and operations.
- 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 a SOI of a city or special district that provides public facilities or services related to sewers, municipal and 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 sphere of influence.

None of the factors by themselves shall be deemed to be a determining factor in the establishment or revision of a SOI for a city or district but shall be reviewed as part of the total project.

VII. POLICY GUIDELINES

A. Municipal Service Reviews

In accordance with state law, spheres of influence shall be reviewed and/or updated every five years (Government Code §56425). Additionally, state law mandates that spheres be prepared or updated in conjunction with or after completion of a related Municipal Service Review (Government Code §56430).

OC LAFCO will combine MSRs and sphere reviews wherever practical and efficient to encourage agency input and an open and inclusive process. The Commission may re-affirm previously adopted spheres and related MSRs if there are no significant changes in existing or anticipated circumstances. (Refer to *Guidelines for Preparing Municipal Service Reviews* for additional details on MSRs.)

B. Encourage Logical Annexations

OC LAFCO recognizes that phased urban development contributes to the orderly growth of urban areas. The following guidelines are designed to encourage logical annexations:

- Territory placed within an agency's sphere indicates that the agency is the most logical provider of municipal services.
- Annexation of developing territory that is currently within a city's sphere to that city is given priority over annexation to one or more single purpose special districts. LAFCO discourages the formation of special districts while recognizing that responsibility shall be given to the agency or agencies that can best accommodate and provide necessary services in the most efficient manner feasible. (Government Code §56001).
- The formation of special districts within a city's sphere is discouraged.
- Annexation to an agency with a transitional sphere is discouraged.

C. Overlapping Spheres

To promote efficient and coordinated planning among the County's various agencies, city's spheres shall not overlap, and districts that provide the same type of service shall not have overlapping spheres.

D. Sphere Designations and Annexation

Before territory can be annexed to a city or district, it must be within the agency's sphere (Government Code §56375.5). However, a sphere is only one of several factors OC LAFCO considers when evaluating changes of organization.

E. Consistency with General Plans and Pre-Zoning

OC LAFCO must review the existing and future land uses of territory prior to including it within a city's sphere (Government Code §56425) in order to determine the logical extension of municipal services and the probable future boundary of a city or district. OC LAFCO strongly encourages each city to include all territory within its sphere of influence within the city's General Plan and each special district to address all territory within its sphere of influence in its infrastructure, facilities and operational planning documents.

Further, as a condition of annexation, a city is required to pre-zone the territory to be annexed. However, the Commission shall not specify how, or in what manner, the territory shall be pre-zoned. (Government Code §56375 (a)(7))

F. Encourage Annexation of Unincorporated Islands

The Commission acknowledges that unincorporated islands are generally costly for County government to serve and often have service impacts on the surrounding city or district. Cities and special districts (where applicable) shall be encouraged to annex unincorporated islands within their sphere of influence. Further, OC LAFCO discourages the formation of special districts within unincorporated islands for services that are readily available from the surrounding city or an existing special district. (Refer to *Policy and Procedural Guidelines for the Annexation of Small Islands* and *Community Identity Policy* for additional information on annexing unincorporated islands.)

G. Encourage Annexation of Developed Unincorporated Communities

OC LAFCO shall encourage fully developed unincorporated communities, when feasible, to pursue government structure options which will ultimately result in annexation to a city.

H. Designation of Special Study Areas

Undeveloped territory identified by the Commission as a “special study area” will not be included within a city sphere of influence. Should urban level development occur (e.g., issuance of development permits such a tentative tract maps), the area shall be removed from a “special study area” designation and placed within an appropriate sphere upon completion of an MSR or other special study. However, fully developed unincorporated communities that are currently within a City’s sphere of influence may be designated withing “special study areas” for purposes of analyzing short and long -term governance alternatives.

I. Designation of New Communities

The Commission may designate developed unincorporated communities with the potential for “self-governance” (as demonstrated by an MSR or other special study) as “new communities.” New communities should have the fiscal potential to be self-sustaining and capable of providing a level of service equal to or above those provided by the County. To demonstrate fiscal feasibility, a detailed fiscal analysis is required.

Developed communities already located within a city sphere of influence shall not be designated as “new communities.”

To foster long-range planning of local service provision in developing areas, the Commission may designate a sphere of influence for a “new community.” A new community sphere of influence should be used to designate those unincorporated areas which can be more efficiently and economically served in the future by a designated new community.

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