

Policy and Procedural Guidelines for Addressing Unincorporated Small Islands

I. BACKGROUND

Addressing service-related issues in unincorporated islands through annexation has been an ongoing commitment of OC LAFCO. In 2000, the Commission established an Unincorporated Islands Program with the County of Orange and the League of Cities. The Program's goal was to annex 50 small, unincorporated islands within a three-year period.

In 2010, the Commission formed an Islands Task Force (ITF) consisting of city, County and OC LAFCO representatives to re-evaluate the Unincorporated Islands Program. While the Islands Program was successful in annexing 37 small islands, annexation of the remaining islands was slow due to politics, finances, resident opposition, and/or infrastructure issues. The goal of the ITF was to develop ways to address municipal service deficiencies within unincorporated islands and to facilitate annexation.

The key conclusions of the ITF included:

- All Orange County residents, whether residing in cities or unincorporated areas, should enjoy a similar level of municipal services.
- Over time, equity in municipal services can be achieved through a coordinated effort of OC LAFCO, cities and the County to align capital improvements and municipal services.
- Annexation remains an important tool to achieve equity in municipal services between cities and unincorporated areas, but other tools can also be used such as municipal service agreements.

II. PURPOSE

To establish Commission guidelines for transitioning unincorporated islands to “whole and healthy” communities from a municipal services perspective.

III. DEFINITIONS

Community: a city and the unincorporated area within that city's sphere of influence.

Whole and Healthy Community: a community in which all residents, both incorporated and unincorporated, have similar levels of municipal services.

IV. UNINCORPORATED SMALL ISLANDS POLICY

Recognizing that there are disparities in municipal services and their associated costs between cities and unincorporated islands, OC LAFCO is committed to helping make unincorporated islands whole and healthy from a municipal services perspective. To achieve this, OC LAFCO supports an alignment of municipal services and capital improvements among the County, cities and the unincorporated islands within the cities' spheres of influence.

V. UNINCORPORATED SMALL ISLANDS GUIDING PRINCIPLES, BEST PRACTICES, AND MUNICIPAL SERVICES ALIGNMENT PROCESS

Guiding Principles:

- A. All communities, both incorporated and unincorporated, need to be whole and healthy in terms of municipal services.
- B. It is the role of government to provide municipal services that make communities whole and healthy.
- C. In most cases, there are differences in the quality, cost and level of municipal services received by city residents and residents of unincorporated islands.
- D. The goal for OC LAFCO, the County and Orange County cities is to align municipal services, capital improvements, and their associated costs between cities and the unincorporated islands.

Best Practices:

- A. An inventory of County Costs associated with unincorporated islands should be completed to provide standardized, objective data that all affected parties can rely on for decision-making.
- B. Specific Plans, Municipal Service Agreements, Affordable Housing Alignment Agreements (including development of mutually agreed upon parking and traffic standards), and Pre-Annexation Agreements, if feasible, should be developed to address land use, service and fiscal issues.
- C. Pilot projects should be used to provide a "safe" environment for participants and an opportunity to test and refine the alignment process.

- D. Annexation remains an important tool for the Commission to realign municipal services between cities and unincorporated islands.
- The Commission may approve small island annexations and order the annexation of territory without protest or an election, if it determines that the proposal meets the requirements of Government Code §56375.3.
 - The proposed island annexation must be surrounded, or substantially surrounded, by the annexing city.
 - “Substantially surrounded” means that: 1) more than 50 percent of the island’s boundary is contiguous to the annexing city, or 2) more than 50 percent of the island’s boundary is contiguous to the annexing city and the Pacific Ocean.
 - The Commission has the authority to continue consideration of an annexation, including small islands, for 30 days.
 - The Commission may offer financial incentives (e.g., reduced fees) for cities annexing small islands.

Alignment Practices:

- A. The County Supervisor should affirm that he/she wants their island communities (in his/her respective districts) to be aligned from a municipal service and cost perspective and provide OC LAFCO with a list of prioritized islands.
- B. OC LAFCO notifies affected cities, explains the process, and addresses any city concerns. If agreeable, the City Manager recommends to the City Council that informal alignment discussions begin.
- C. If the City Council is agreeable, the City Manager, County CEO and OC LAFCO design a plan to align municipal services and costs. Plans are designed on a case-by-case basis and may include any, all, or a combination of alignment practices.
- D. The County Supervisor initiates the following:
- CEO’s Office prepares cost inventory for priority islands.
 - Specific Plans, Municipal Service Agreements, Affordable Housing Alignment Agreements, and Pre-Annexation Agreements are initiated, if feasible, for priority islands.
- E. OC LAFCO convenes meeting with County and City to review/discuss cost inventory to serve island and island infrastructure inventory.
- F. The City Council and County agree on plan to align municipal services and costs.
- G. Alignment plan is implemented and completed.

Original Adoption Date: 11/19/2001

Date of Last Review: 3/8/2023

Date of Last Revision: 10/10/2012