

## Chairman

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March 6, 2017

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TO: Local Agency Formation Commission

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County Board of  
Supervisors

FROM: Executive Officer  
Chief Analyst, Policy Research

Dianne Jacob  
County Board of  
Supervisors

SUBJECT: Draft Unincorporated Islands Work Program

Andrew Vanderlaan  
Public Member

## EXECUTIVE SUMMARY

Lorie Zapf  
Councilmember  
City of San Diego

At the December 6, 2016 LAFCO meeting, your Commission directed LAFCO staff to develop a work program for FY 2017-18 to inventory existing unincorporated islands and other illogically configured areas near municipalities. The following draft Unincorporated Islands Work Program has accordingly been developed for the Commission's review and consideration. The draft Work Program describes the applicable LAFCO statutes and local Commission policies related to city annexations of unincorporated islands or other illogically configured areas, and identifies the goals of the Unincorporated Islands Program, including the following staff tasks to be conducted over the next fiscal year:

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City Member

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Olivenhain Municipal  
Water District

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County Board of  
Supervisors

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District

## Executive Officer

Michael D. Ott

## Legal Counsel

Michael G. Colantuono

- Identify existing unincorporated islands, partially surrounded unincorporated areas, and other illogically configured areas within San Diego County;
- Conduct analysis of the identified unincorporated islands and *substantially surrounded* areas for conformance with the required conditions for the streamlined LAFCO city annexation procedures (geographic size, availability of urban services, etc.);
- Identify the affected agencies and local stakeholders associated with the qualifying unincorporated islands and substantially surrounded areas (e.g.: the County, cities, special districts, local community planning groups and residents);
- Develop and implement a schedule of outreach with the affected agencies and identified local stakeholders, including: local agency island questionnaires, participation in community meetings or workshops, and coordination with local agency staff.

- Receive and analyze responses from the Commission, affected agencies, and stakeholders regarding local island policies and priorities, local island annexation opportunities and constraints, and level of local agency and LAFCO interest for initiation of annexations of islands or other illogically configured areas;
- Return to the Commission with a report on the Unincorporated Islands Program outreach analysis for additional input and staff direction;
- With the Commission's direction, develop a ranking system with interested cities to prioritize annexation opportunities for local unincorporated islands, substantially surrounded areas, and other illogically configured areas;
- Identify any potential jurisdictional issues, local agency island annexation ranking priorities, and potential policy development needs; and,
- Integrate the Unincorporated Island Inventory with subsequent local agency service and sphere review programs.

Your Commission is requested to review, discuss, and approve the draft Unincorporated Islands Work Program, or provide additional direction to staff. A key feature of the Work Program is a feedback loop to allow the Commission to curtail any or all tasks based on local agency support/opposition and interest in the Unincorporated Islands Program.

Background discussion of the draft Work Program, including LAFCO statutes and local Commission policies; the goals of the Unincorporated Islands Program; and the identified LAFCO staff tasks for FY2017-2018 follows below.

## **Background**

### *Government Code Sections 56375 (a)(4) & 56375.3*

The California Legislature has recognized that unincorporated islands create inefficiencies in the delivery of municipal services, support incompatible land use planning, and increase jurisdictional confusion and costs in the local delivery of services. Accordingly, the Cortese-Knox-Hertzberg Act of 2001 includes specific provisions [Government Code Sections 56375 (a)(4) & 56375.3] that require LAFCO to approve annexations to cities of qualifying unincorporated islands or substantially surrounded areas, without protest or election, when initiated by resolution of the annexing city, if certain conditions are met.

The unincorporated island annexation provisions were amended in 2005 to increase the maximum size of qualifying unincorporated islands that could be annexed by a city without formal protest to 150 acres. Under the island annexation provisions, LAFCO is required to: conduct a noticed public hearing on the proposal; approve the annexation of the qualifying unincorporated island or substantially surrounded areas; and waive protest proceedings, if the Commission determines that **all** of the following conditions are met:

- The annexation or reorganization of the unincorporated island is proposed by resolution of the annexing city.

- The unincorporated island does not exceed 150 acres in area, and that area constitutes the entire unincorporated island.
- The annexation territory constitutes an entire unincorporated island located within the limits of a city or constitutes a reorganization containing a number of individual unincorporated islands.
- The unincorporated island is surrounded or substantially surrounded by the annexing city or by the annexing city and adjacent cities, or by the annexing city and a county boundary or the Pacific Ocean.
- The unincorporated island is substantially developed or developing based on the availability of public utilities, presence of public improvements or the presence of physical improvements on the parcels within the area.
- The unincorporated island is not prime agricultural land as defined in the Cortese-Knox-Hertzberg Act (Government Code Section 56064).
- The unincorporated island will benefit from the annexation or reorganization or is receiving benefits from the annexing city.
- The unincorporated island is not a gated community where services are currently provided by a community services district.

### ***San Diego LAFCO Policies***

San Diego LAFCO has several adopted local policies that would be applicable when the Commission considers proposals for city annexations of qualifying unincorporated islands and substantially surrounded areas or other illogically configured areas. The following is a summary of the applicable local policies and their factors of consideration for the Commission.

#### *Legislative Policy L-105 (Unincorporated Islands)*

Following enactment of the island annexation streamlining provisions in 2000, San Diego LAFCO adopted Legislative Policy L-105 (Unincorporated Islands) which established a local policy to consider the creation of unincorporated islands on a case-by-case basis and to promote infill development and discourage urban sprawl.

The Policy is intended to balance the negative implications of unincorporated islands with the need to promote orderly development, the efficient provision of public services, and the reduction of the size of existing islands or other illogically configured areas. Legislative Policy L-105 requires the following factors to be considered by the Commission:

1. The consistency of the annexation proposal with the spheres of influence of all affected agencies.
2. Whether an unincorporated island that would be created is already substantially surrounded by the annexing city.
3. Whether the size of existing islands and other illogically configured areas will be reduced.

4. The effect of island prohibition provisions on creating secondary impacts, such as urban sprawl, inefficient service delivery, etc.
5. The ability to facilitate infill development within the annexation area.
6. The ancillary benefits associated with annexation that may offset disadvantages associated with the creation of unincorporated islands.
7. The environmental impacts that could be addressed through annexation of territory to a subject agency.
8. The existing or potential health or safety concerns that may be resolved through the annexation of island areas or other similar areas.
9. The need for essential city services within the annexation area.
10. The ability to consolidate and simplify the provision of public services.
11. The effect on the provision of public services within existing and newly created island area(s).
12. The completion of a survey of residents within the potential island or other illogically configured area to determine their willingness to be added to the annexation proposal.

The factors of consideration within Legislative Policy L-105 were primarily intended to be used by the Commission when considering the potential creation of an unincorporated island resulting from a proposed jurisdictional change. While Government Code Section 56744 prohibits LAFCO from creating unincorporated islands from city annexations or incorporation, Government Code Section 56375(m) allows the Commission to waive the prohibition and allow the creation of an unincorporated island if specific findings are made that the prohibition would be detrimental to the orderly development of the community and that the island area could not be annexed to another city or be incorporated as a new city.

Following outreach to the affected agencies and stakeholders, the draft Unincorporated Islands Work Program includes tasks for additional policy development to revise and expand Legislative Policy L-105 for the Commission's use when considering city annexations of qualifying unincorporated islands and substantially surrounded areas, and to provide additional policy direction for determining qualifications for "substantially surrounded" areas.

*Legislative Policy L-100 (City Annexation of Unincorporated Territory within Special Districts)*

Legislative Policy L-100 is intended to provide guidance to the Commission when considering the effects upon special districts resulting from proposed city annexations if the Commission finds that one or more of the following conditions exist:

- A city annexation would seriously impair the financial base of a special district;
- The annexation would result in the double taxation of property owners for a single service;
- Annexation would prevent a special district from providing services to the remaining area of the district on an efficient basis; or

- Annexation would, in any other way, have a detrimental effect upon a special district's service capability.

Legislative Policy L-100 will be addressed within the Unincorporated Islands Work Program as part of the outreach to affected special district service providers for the qualifying unincorporated islands and substantially surrounded areas. The responses from the affected special districts will be utilized when ranking or prioritizing the potential for city annexation of qualifying unincorporated islands and substantially surrounded areas.

#### *Legislative Policy L-102 (Spheres of Influence of Cities and Special Districts)*

Legislative Policy L-102 is intended to establish a local procedure for the Commission when establishing and/or updating spheres of influence for cities and special districts. Policy L-102 requires the Commission to cooperate closely with the affected agencies and local communities when designating spheres of influence.

Policy L-102 will be used within the Unincorporated Islands Work Program when identifying potentially qualifying unincorporated islands and substantially surrounded areas within and contiguous to the adopted spheres of cities and special districts. These identified island and substantially surrounded areas would then be addressed in subsequent service and sphere reviews for the affected agencies, as necessary.

#### *Legislative Policy L-103 (Recognition of Unincorporated Communities)*

Legislative Policy L-103 is intended to provide guidance to the Commission in recognizing and preserving unincorporated communities during incorporation and city sphere of influence update proceedings. Policy L-103 acknowledges that special efforts should be made to recognize unincorporated communities and, when appropriate, preserve their cohesive identity. The Policy includes the following factors of consideration for the Commission:

- The sphere of influence of any neighboring city;
- Whether affected territory is surrounded or substantially surrounded by a city;
- The present and planned land uses in the area and if public services are adequately provided by special districts, county departments or private entities;
- The cohesiveness of a community; whether it is separated from neighboring jurisdictions by distinct geographic, political, economic or social characteristics or community plan boundaries, service provision, or historical development patterns; and
- An evaluation of impacts on an existing or proposed city's plans to improve or consolidate services.

Legislative Policy L-103 will be used within the Unincorporated Islands Work Program when considering the potential effects of city annexations of qualifying unincorporated islands and substantially surrounded areas on the integrity and cohesiveness of recognized unincorporated communities.

The Unincorporated Islands Work Program will include identification and outreach to the local stakeholders, including unincorporated Community Planning and Sponsor Groups, neighborhood and community associations, and other local residential groups. The responses from the affected local stakeholders will be considered when ranking or prioritizing the potential for annexation of qualifying unincorporated islands and substantially surrounded areas.

*Legislative Policy L-107 (Jurisdictional Issues Associated with Proposed or Pending Changes of Organization or Reorganization)*

Legislative Policy L-107 is intended to establish a procedure for cities, special districts, the County of San Diego, and other interested parties and organizations to identify and discuss potential jurisdictional issues associated with proposed or pending LAFCO discretionary actions.

Proposal-related jurisdictional issues may involve questions about community character and/or cohesion; the ability of an agency to extend public services; potential environmental impacts; appropriate transitional areas between jurisdictions; special district detachment issues; or other local community or governmental concerns.

Legislative Policy L-107 requires the proposal applicant or proponent to engage the interested parties and/or jurisdictions, to address the concerns associated with the proposal, and to determine if the identified issues have been resolved, or if additional discussions would allow for resolution. Policy L-107 will be used within the Unincorporated Islands Work Program to identify potential local issues regarding proposed city annexations of qualifying unincorporated islands and substantially surrounded areas.

**Draft Unincorporated Islands Work Program (FY17-18)**

***Goals***

The primary goal of the Unincorporated Island Program is to provide assistance in coordination with local cities and stakeholders in the identification of existing unincorporated islands and partially-surrounded unincorporated areas that may qualify for annexation, without protest or election, when initiated by resolution of the annexing city.

Additional goals of the Unincorporated Island Program include identification of the existing unincorporated islands, partially-surrounded areas, and other illogically configured areas in San Diego County; education and outreach to and with the affected agencies and stakeholders; determination of city interest in annexations of unincorporated island and substantially surrounded areas; and, development of a ranking system with the affected agencies and stakeholders to prioritize local unincorporated island and substantially surrounded area annexation opportunities.

*Produce County-Wide Island and Substantially Surrounded Area Inventory*

The Unincorporated Island Program will produce a county-wide inventory of all existing unincorporated islands and partially surrounded unincorporated areas that will identify

the unincorporated islands and substantially surrounded areas within and contiguous to the adopted spheres of influence of the affected agencies, and help the affected agencies and stakeholders to prioritize or rank the island annexation opportunities for the surrounding cities.

#### *Conduct Educational Outreach in Coordination with Cities and Stakeholders*

An important goal of the Unincorporated Island Program is to raise city and local stakeholder awareness of the existing unincorporated islands and partially surrounded unincorporated areas, and to educate the affected agencies, public and other organizations regarding the associated island annexation provisions and requirements.

#### *Provide Opportunities for Agency and Public Input*

The Unincorporated Island Program's educational outreach to the affected agencies and local stakeholders is also intended to identify local agency island policies and priorities; identify local island annexation opportunities and constraints, and to determine the level of city interest for initiation of local island annexations. The Unincorporated Island Program outreach will provide multiple opportunities for input from the affected agencies and local stakeholders at the various steps of the program's development and implementation.

#### **Tasks**

*1. Identify existing unincorporated islands, partially-surrounded unincorporated areas, and other illogically configured areas within San Diego County.*

LAFCO staff will produce Geographic Information System (GIS) maps of the county and the affected agencies that will identify all existing islands of unincorporated territory that are 100% surrounded by incorporated city territory. The GIS maps will also reflect all partially-surrounded unincorporated territory that is within and contiguous to the adopted spheres of influence of the incorporated cities.

It should be noted that many of the existing unincorporated islands in the county include longstanding and established unincorporated communities, as well as unincorporated islands that do not qualify for the streamlined LAFCO annexation procedures because of their geographic size or other constraints. The existing unincorporated community planning areas and non-qualifying unincorporated islands will be identified within the GIS maps; however, the focus of the Unincorporated Island Program will be to identify and prioritize the unincorporated islands and partially-surrounded unincorporated areas that qualify for the city annexation provisions, to identify local city annexation opportunities and constraints, and to survey the cities to better understand their interest in utilization of the provisions for annexations of unincorporated islands and substantially surrounded areas, and other illogically configured areas.

*2. Conduct analysis of the identified unincorporated islands and substantially surrounded areas.*

LAFCO staff will analyze the identified unincorporated islands and partially-surrounded unincorporated areas for conformance with the required statutory conditions for

applicability of the streamlined LAFCO city annexation procedures (150-acres or less in size, availability of urban services, determination of prime agricultural land status, quantification of partially-surrounded status, etc.).

*3. Identify the affected agencies and local stakeholders (e.g.: the County, cities, special districts, local community planning groups and residents).*

The analysis of the identified unincorporated islands and partially-surrounded unincorporated areas will also include identification of affected agencies and local stakeholders associated with each unincorporated island and partially-surrounded unincorporated area.

The affected agencies to be identified will include the County, cities, and special district service providers. Local stakeholders will include community planning groups and sponsor groups, community and neighborhood associations, adjacent residents, and other interested parties. Additional stakeholders to be included in the outreach will include regional/subregional agencies and groups, such as SANDAG and the San Diego County Water Authority (CWA).

*4. Develop and implement a schedule of outreach with the affected agencies and identified local stakeholders.*

Following the identification and analysis of the unincorporated islands and partially-surrounded unincorporated areas, LAFCO staff will develop and implement a schedule of outreach with the affected agencies and identified local stakeholders. The LAFCO outreach will provide the GIS maps of the identified unincorporated islands and partially-surrounded unincorporated areas to the affected agencies and local stakeholders and include copies of the applicable Government Code Sections for city annexations of islands or substantially-surrounded areas.

The LAFCO outreach will also include a brief questionnaire for the cities to complete and return regarding the city's level of interest in utilizing the island annexation provisions, local island annexation opportunities and constraints, and the city's recommendations for ranking or prioritizing the identified islands and partially-surrounded areas or other illogically configured areas. Additional outreach activities may include participation in local community meetings or workshops in coordination with local agency staff and residents.

*5. Receive and analyze responses from the affected agencies and stakeholders.*

Once the questionnaires are returned from the cities, LAFCO staff will analyze the responses regarding local island policies and priorities, local island annexation opportunities and constraints, and level of city interest for initiation of local island annexations or annexations of other illogically configured areas. The cities that indicate interest for annexation of identified unincorporated islands or substantially-surrounded areas will be consulted for additional outreach activities and other needs for assistance in implementation of the island annexation provisions.

The city questionnaire responses will also be cumulatively evaluated to determine the level of support in the region for continued implementation of the Unincorporated Island



Program. If the responses from the cities indicate little interest for initiation of the island annexation procedures, the GIS maps and city questionnaire responses will be integrated into subsequent service and sphere reviews involving the affected agencies.

*6. Return to Commission with a report on the outreach analysis for additional direction.*

The results of the affected agency and stakeholder analysis will be referred to the Commission for review and direction. The Commission's direction will be incorporated into a ranking system for prioritizing the local unincorporated islands and substantially surrounded areas (Task 7).

*7. Develop a ranking system to prioritize annexation opportunities for local unincorporated islands and substantially surrounded areas.*

The city questionnaire responses that indicate interest for annexation of identified unincorporated islands or substantially-surrounded areas will be used to develop a ranking system for prioritizing the local unincorporated islands and substantially surrounded areas. The ranking system will consider local island annexation opportunities in relation to local policies and constraints, potential jurisdictional issues, and local agency priorities. The highest-ranked local unincorporated islands and substantially surrounded areas would be prioritized for the city's initiation of annexation proceedings under the island annexation provisions.

The Commission's input and direction to staff provided in Task 6 will be incorporated into the ranking system. The Commission may decide to curtail any component of the Unincorporated Island Program, or the entire Program as part of its consideration of Task 6.

*8. Integrate the Unincorporated Island Program with LAFCO Service and Sphere Review Programs and Policies.*

The final stages of the Unincorporated Island Program will include integration of the GIS island inventory and the collected city questionnaire responses with subsequent service and sphere reviews for the affected agencies. Additional tasks include addressing potential island annexation policy needs with updates or revisions to the related LAFCO policies, and/or development of new policies related to city annexations of unincorporated islands and substantially surrounded areas or other illogically configured areas.

## **Conclusion**

The draft Unincorporated Island Work Program for FY2017-18 has been prepared to provide a framework of tasks that will enable and encourage local cities to address the service provision inefficiencies and illogical planning areas that are represented by unincorporated islands and partially-surrounded unincorporated areas within and contiguous to the cities' adopted spheres of influence. The Unincorporated Island Work Program will involve identification of and outreach to the affected agencies and local stakeholders to determine local island policies and priorities, local island annexation opportunities and constraints, and the level of city interest for initiation of local island annexations or annexations of other illogically configured areas.

If the Commission and cities indicate interest in utilization of the island annexation provisions, the Unincorporated Island Work Program includes development of a ranking system with the interested cities to prioritize annexation opportunities for local unincorporated islands and substantially surrounded areas; identify any potential jurisdictional issues or other illogically configured areas, and to determine local agency island annexation ranking priorities.

If the cities do not indicate interest in utilization of the island annexation provisions, or if the Commission decides to curtail any individual component of the Program, it may do so. The maps and data produced by the Unincorporated Island Work Program will then be used to identify potential policy development needs, and be integrated for use with subsequent local agency service and sphere review programs. Therefore it is

**RECOMMENDED:**

That your Commission

1. Review and approve the draft Unincorporated Island Work Program; or,
2. Provide additional direction, if necessary.

Respectfully submitted,



MICHAEL D. OTT  
Executive Officer



ROBERT BARRY, AICP  
Chief Analyst, Policy and Research

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