

Notice of Public Hearing and Request for Comments

DATE: October 2, 2024
TO: Affected Agencies and Interested Parties
FROM: Sara Lytle-Pinhey, Executive Officer
SUBJECT: **PROPOSED AMENDMENT TO POLICY 15 – OUT-OF-BOUNDARY SERVICE CONTRACTS OR AGREEMENTS**

NOTICE IS HEREBY GIVEN that the Stanislaus Local Agency Formation Commission (LAFCO) will hold a public hearing on **Wednesday, October 23, 2024**, at a meeting starting at **6:00 P.M.** in the Basement Chambers at Tenth Street Place (1010 10th Street, Modesto) for the following:

Stanislaus LAFCO will consider an amendment to its existing policy related to processing requests to extend services outside a city or district's jurisdictional boundaries, known as Policy 15. Policy 15 currently delegates review and approval of certain requests to the Executive Officer. The amendment clarifies that the Executive Officer's approval authority is applicable to those proposals within an agency's sphere of influence when the services are intended to remedy a health and safety concern for existing development. It additionally allows the Executive Officer to approve extensions in cases where the extension will not facilitate development or will provide water and/or sewer service to accessory dwelling units. The amendment encourages agencies to verify with Staff regarding potential exemptions or prior approvals.

The proposed changes are attached to this notice for your review and are also available on Stanislaus LAFCO's website at: https://www.stanislauslafco.org/current_projects.shtm

The proposed amendment being made in accordance with the Cortese-Knox-Hertzberg Act (Government Code Section 56000 et. seq.), which requires LAFCOs to adopt written Policies and Procedures. Staff regularly updates the Policies and Procedures to make minor clarifications and reflect current State law. The adoption of this Policies and Procedures amendment is considered to be a continuing administrative or maintenance activity and is therefore not a "project" for the purposes of the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(2).

Stanislaus LAFCO is soliciting comments from all affected agencies and interested parties. Your comments should emphasize potential impacts in areas which your agency has expertise and/or jurisdictional responsibilities.

Comments will be accepted prior to and at the public hearing on **October 23, 2024**. All interested parties are invited to attend the public hearing. The staff report for the item will be available online at least five (5) days before the hearing date at: www.stanislauslafco.org

Comments may be sent to Stanislaus LAFCO, 1010 10th Street, 3rd Floor, Modesto, CA 95354 or by e-mail to lafco@stancounty.com. If you have any questions, please call (209) 525-7660.

POLICY 15 - OUT-OF-BOUNDARY SERVICE CONTRACTS OR AGREEMENTS

(Amended ~~July 24~~October 23, 2024)

Government Code Section 56133 (Cortese-Knox-Hertzberg Act) specifies that a city or special district must apply for and obtain LAFCO approval before providing new or extended services outside its jurisdictional boundaries. The Commission will consider this policy in addition to the provisions of Government Code Section 56133 when reviewing out-of-boundary service extension requests.

- A. Pursuant to Government Code Section 56133(b), the Commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries, but within its sphere of influence, in anticipation of a later change of organization. The Commission may authorize a city or district to provide new or extended services outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory in accordance with Government Code Section 56133(c).

- B. The Commission has determined that the Executive Officer shall have the authority to approve, or conditionally approve, proposals to extend services outside a city or district's jurisdictional boundaries but within its sphere of influence in cases where the service extension is proposed to remedy a clear health and safety concern for existing development. In addition, the Executive Officer shall have the authority to approve or conditionally approve service extensions where the services will not facilitate development or will provide water and/or sewer service to accessory dwelling units being created on lots where a single-family or multifamily dwelling unit already exists.

In cases where the Executive Officer recommends denial of such a proposed service extension or where the proposal will facilitate new development, that proposal shall be placed on the next agenda for which notice can be provided so that it may be considered by the Commission. After the public hearing, the Commission may approve, conditionally approve, or deny the proposal.

- C. Considerations for Approving Agreements: Annexations to cities and special districts are generally preferred for providing public services; however, out-of-boundary service extensions can be an appropriate alternative. While each proposal must be decided on its own merits, the Commission may favorably consider such service extensions in the following situations:
 - 1. Services will be provided to a small portion of a larger parcel and annexation of the entire parcel would be inappropriate in terms of orderly boundaries, adopted land use plans, open space/greenbelt agreements or other relevant factors.
 - 2. Lack of contiguity makes annexation infeasible given current boundaries and the requested public service is justified based on adopted land use plans or other entitlements for use.
 - 3. Where public agencies have a formal agreement defining service areas provided LAFCO has formally recognized the boundaries of the area.
 - 4. Emergency or health related conditions mitigate against waiting for annexation.

5. Other circumstances which are consistent with the statutory purposes and the policies and standards of the Stanislaus LAFCO.
- D. Health or Safety Concerns: The requirements contained in Section 56133(c) of the Government Code will be followed in the review of proposals to serve territory with municipal services outside the local agency's sphere of influence. Service extensions outside a local agency's sphere of influence will not be approved unless there is a documented existing or impending threat to public health and safety, and the request meets one or more of the following criteria as outlined below:
1. The lack of the service being requested constitutes an existing or impending health and safety concern.
 2. The property is currently developed.
 3. No future expansion of service will be permitted without approval from the LAFCO.
- E. Agreements Consenting to Annex: Whenever the affected property may ultimately be annexed to the service agency, a standard condition for approval of an out-of-boundary service extension is recordation of an agreement by the landowner consenting to annex the territory, which agreement shall inure to future owners of the property.
1. The Commission may waive this requirement on a case-by-case basis upon concurrence of the agency proposing to provide out-of-boundary services.
 2. The Commission has determined, pursuant to Government Code Section 56133(b) that the Beard Industrial Area shall not be subject to the requirement for consent-to-annex agreements, based on the historical land use of the area and its location within the Sphere of Influence of the City of Modesto.
- F. Area-wide Approvals: The Commission has recognized and approved extensions of sewer and/or water services to specific unincorporated areas, including the Bret Harte Neighborhood, Robertson Road Neighborhood, and the Beard Industrial Area. New development in these delineated unincorporated areas is considered infill and does not require further Commission review for the provision of extended sewer and/or water services. The Commission may consider similar approvals for area-wide service extensions on a case-by-case basis when it determines each of the following exists:
1. There is substantial existing development in the area, consistent with adopted land use plans or entitlements.
 2. The area is currently located within the agency's sphere of influence.
 3. The agency is capable of providing extended services to the area without negatively impacting existing users.
 4. The proposal meets one of the situations outlined in Section C of this Policy where extension of services is an appropriate alternative to annexation.
- G. In the case where a city or district has acquired the system of a private or mutual water company prior to January 1, 2001, those agencies shall be authorized to continue such

service and provide additional connections within the certificated service area of the private or mutual water company, as defined by the Public Utilities Commission or other appropriate agency at the time of acquisition, without LAFCO review or approval as outlined in Government Code Section 56133. The continuation of service connections under this policy shall not be constrained by the sphere of influence of that local agency at that time. Proposals to extend service outside this previously defined certificated area would come under the provisions of Government Code Section 56133 for the review and approval by the Commission prior to the signing of a contract/agreement for the provision of the service.

H. Exemptions: ~~Consistent with Government Code Section 56133, this policy does not apply to:~~Commission approval is not required for cities or districts to provide new or extended services outside their jurisdictional boundaries if any of the following exemptions apply in accordance with Government Code Section 56133(e). The Commission encourages cities and districts to verify with the Executive Officer to determine whether statutory exemptions apply or whether the proposed extension falls within a prior approval by the Commission.

1. Two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.
2. The transfer of non-potable or non-treated water;
3. The provision of surplus water to agricultural lands and facilities, including but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.
4. An extended service that a city or district was providing on or before January 1, 2001.
5. A local publicly owned electrical utility, as defined by Section 224.3 of the Public Utilities Code, providing electrical services that do not involve the acquisition, construction, or installation of electrical distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.
6. A fire protection contract, as defined in Section 56134 and Policy 15a.