

## **1.0 INTRODUCTION**

### **1.1 NORTHWEST SERVICE REVIEW OF SANTA CLARA COUNTY INCLUDING SPHERE OF INFLUENCE REVIEW/UPDATE RECOMMENDATIONS**

The Northwest Santa Clara County Service Review includes a comprehensive review of services (with the exception of fire and water services, which were covered in recently completed service review reports) provided by cities and special districts located within the Northwest region of the County as well as recommendations for sphere of influence (SOI) updates for the agencies included in this study. The agencies covered in this report include the following 10 cities and 9 special districts:

- City of Campbell
- City of Cupertino
- City of Los Altos
- Town of Los Altos Hills
- Town of Los Gatos
- City of Monte Sereno
- City of Mountain View
- City of Palo Alto
- City of Saratoga
- City of Sunnyvale
- Cupertino Sanitary District
- El Camino Hospital District
- Lake Canyon Community Services District
- Midpeninsula Regional Open Space District
- Rancho Rinconada Recreation and Open Space District
- Santa Clara Valley Transportation Authority
- Saratoga Cemetery District
- West Bay Sanitary District
- West Valley Sanitation District

This report utilizes the information presented in the recently completed countywide fire protection service review and the countywide water service review in its analysis and recommendations for the cities.

This report will be used by the Local Agency Formation Commission of Santa Clara County (LAFCO) to update the spheres influence of individual agencies. Although this report may include a discussion of various alternative government structures for efficient service provision, LAFCO is NOT required to initiate boundary changes as part of this service review. LAFCO, local agencies (including cities, special districts, and the County), or the public may subsequently use the service reviews together with additional research and analysis, where necessary, to pursue changes in jurisdictional boundaries (see figure on next page).

LAFCO may also use the information in this report in reviewing future proposals, and other entities as well as the public may use this report as a foundation for further study and analysis of issues relating to services and governance within this County.

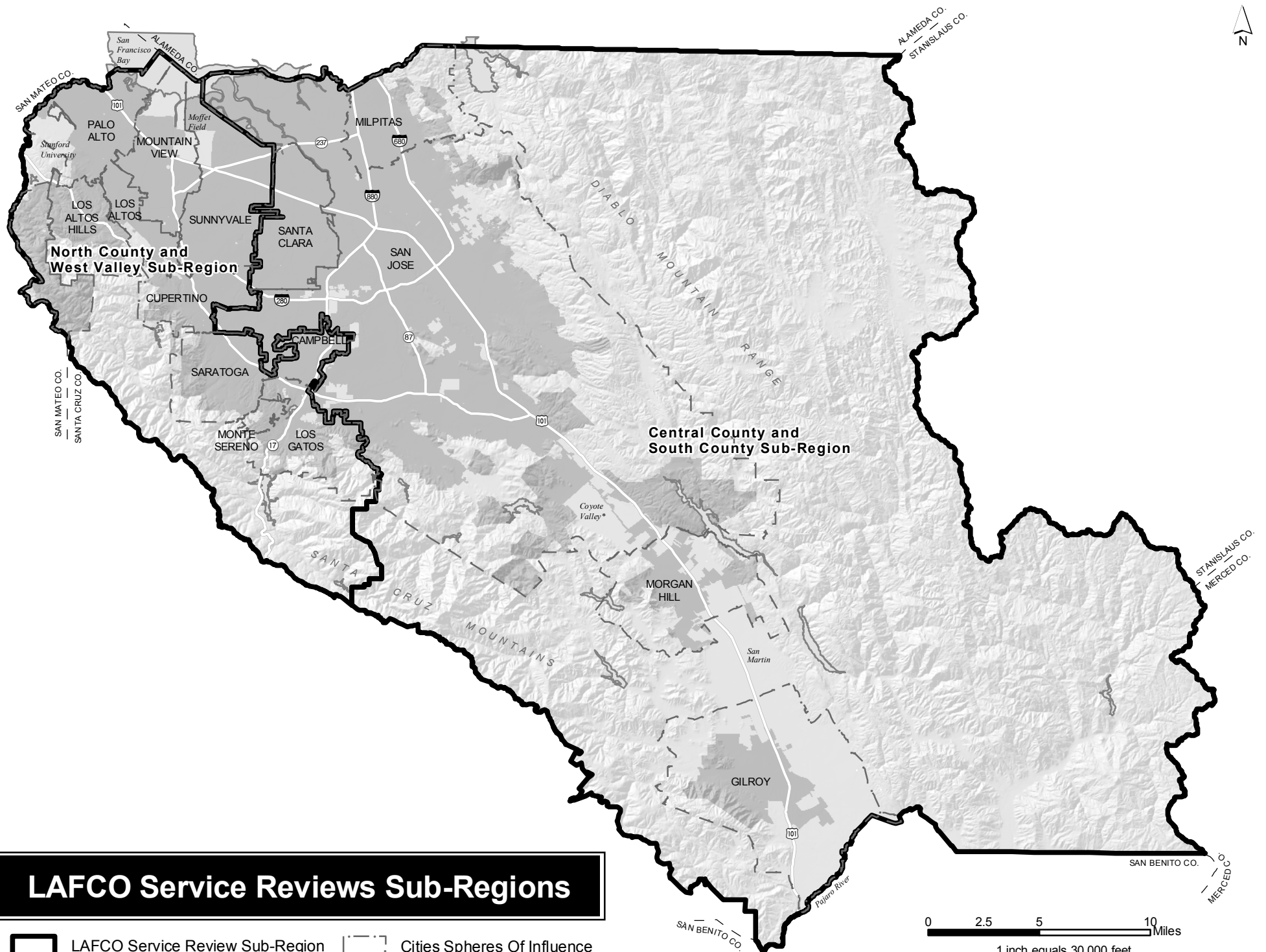
### **The Commission on Local Governance for the 21st Century Recommends Service Reviews**

In 1997, the State Legislature enacted Assembly Bill (AB) 1484, which established the Commission on Local Governance for the 21st Century. The Commission was responsible for assessing governance issues and making appropriate recommendations regarding the Cortese-Knox-Hertzberg Local Government Reorganization Act of 1985 (CKH). Among other recommendations, the Commission suggested that each LAFCO should have knowledge of the services available within its county. This knowledge would assist in decision-making regarding city and district boundaries. The Commission stated that this knowledge should include the current efficiency of providing service, future service needs, and expansion capacity of the service providers. AB 2838, authored by Assembly Speaker Robert M. Hertzberg, which included this requirement as well as several other major changes to LAFCO authority, was signed into law. This legislation, the CKH Local Government Reorganization Act of 2000, which became effective on January 1, 2001, marked the most significant reform to local government reorganization law since the 1963 statute that created a local agency formation commission in each California county.

### **Service Review and Sphere of Influence Requirements**

The CKH Act requires LAFCO to update the SOI for all agencies under its jurisdiction by January 1, 2008. The CKH Act further requires that a service review be conducted prior to or in conjunction with the update of a SOI. Since the law requires SOIs to be updated every 5 years and service reviews must be completed for SOI updates, service reviews should be updated at least every 5 years. Government Code Section 56430 requires the service reviews to include an analysis and a written statement of determinations for each of the following categories:

1. Infrastructure needs or deficiencies
2. Growth and population projections for the affected area
3. Financing constraints and opportunities
4. Cost-avoidance opportunities
5. Opportunities for rate restructuring
6. Opportunities for shared facilities



7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers
8. Evaluation of management efficiencies
9. Local accountability and governance

A description of each of these factors is included in LAFCO's service review policies in Appendix B.

In determining the SOI of local agencies, Government Code Section 56425 requires LAFCO to prepare a written statement of determinations with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands
2. The present and probable need for public facilities and services in the area
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
4. The existence of any social or economic communities of interest in the area, if the Commission determines that they are relevant to the agency

In addition, State law requires that special districts provide written statements specifying the functions or classes of service provided and establish the nature, location, and extent of any function or classes of services provided.

Aside from these factors, the State law allows each LAFCO to determine the procedure, criteria, and policies to be utilized in developing and adopting SOIs. LAFCO's SOI policies are included in Appendix C.

### **LAFCO's Service Review/SOI Work Plan**

Pursuant to this requirement, LAFCO adopted a work plan and priorities in August 2002. LAFCO conducted and adopted a countywide service review of fire protection services in April 2004 and a countywide service review for water provision services in June 2005. For review of the remaining services, LAFCO has divided the County into two different geographic regions (south-central and northwest). This service review includes services (with the exception of fire and water) that are provided by the cities and special districts located in the northwest region of the County.

This service review has been prepared in accordance with Section 56430 of the California Government Code, the Service Review Guidelines prepared by the State Office of Planning and Research, and the policies adopted by LAFCO.

## **1.2 HISTORY OF URBAN DEVELOPMENT POLICIES AND BOUNDARIES IN SANTA CLARA COUNTY**

Over the years, the cities, County, and LAFCO have adopted a series of planning tools and strategies to manage growth in Santa Clara County. The following is a historical overview of the development and use of various planning boundaries and policies in Santa Clara County.

## Boundary Agreement Lines

In 1967, LAFCO adopted “boundary agreement lines.” These lines were intended to end the “annexation wars” in which cities were competing among themselves to annex additional lands. These boundary agreement lines divided the County into 15 pieces, indicating the maximum geographic extent to which each city could potentially annex. (These boundaries were initially labeled as SOI boundaries but later re-named “boundary agreement lines” when other SOI boundaries were adopted in the 1970s.)

## Urban Service Areas

In April 1970, LAFCO adopted its “Guidelines” consisting of policies and criteria, which it proposed to use in reviewing proposals for annexations of land to cities and special districts, incorporation of new cities, and formation of new special districts. Included in these “guidelines” were policies encouraging cities and special districts that provide municipal-type services to “establish urban development areas within their sphere of influence” and “define and establish staged urban development plans for these urban development areas.” In order to implement these concepts of staged urban development, LAFCO adopted its “Urban Development Policies for Santa Clara County” in December 1971, which were subsequently adopted by the County and the 15 cities. Working collaboratively with the County and the cities, LAFCO adopted “urban service area” (USA) boundaries for the 15 cities between 1972 and 1973. The USAs are the areas in which the cities (with LAFCO approval) designate where and when urban development should occur based on the concept that cities should plan for the provision of urban service and facilities within a 5-year time span. The USAs may be updated by LAFCO annually if requested by a city. LAFCO approval is based on the need for urban expansion and the city’s ability to provide services in addition to other considerations.

Together, the USAs and the joint urban development policies have formed the foundation of land use planning in this County since then and include the following key principles:

- Cities, not the County, are responsible for managing and accommodating urban population growth and development.
- Urban forms and densities of development may occur only within cities’ USAs.
- Outside USAs, the County will prohibit urban forms, densities, and intensities of development.
- Inside USAs, development occurring on unincorporated lands will be according to a city’s general plan regarding type of use and density of development allowed.
- Inside USAs, islands or pockets of unincorporated lands should be annexed by the surrounding city.

## Spheres of Influence

In 1972, State law was amended to require that LAFCOs adopt SOI boundaries for all agencies within its jurisdiction, indicating the physical boundary and service area each agency is expected to serve. Since Santa Clara LAFCO’s SOIs were lines that divided the County into 15 pieces, one for each city, these lines were renamed “boundary agreement lines” and new SOI were adopted, which corresponded generally to the outer boundaries of a city’s General Plan area. In 1985, LAFCO

formally adopted spheres of influence for the cities and special districts after completing comprehensive review and analysis necessary to make the required findings in State law. State law defines spheres of influence as the probable physical boundaries and service areas of a local agency. In Santa Clara County, this definition is relevant for special districts; however, for cities, the inclusion of an area within a city's SOI should not necessarily be seen as an indication that the city will either annex or allow urban development and services in the areas. The USA boundary is the more critical factor considered by LAFCO and serves as the primary means of indicating whether an area will be annexed and provided with urban services. The USA boundary also serves many of the objectives of the Government Code and LAFCO policies such as directing the location of urban development, ensuring an agency's ability to provide services, and preserving agricultural and open space lands. SOIs for cities in Santa Clara County serve multiple purposes, including serving as:

- A long-range planning tool to help LAFCO evaluate USA boundary changes and annexation requests,
- The area designated as a city's planning area or area covered by a city's General Plan
- Areas that will not necessarily be annexed by a city or will not necessarily receive services from the city, but areas in which the County and a city may have shared interests in preserving nonurban levels of land use
- Areas where a city and a county have significant interaction
- Areas that contain social or economic communities of interest to a city

The manner in which Santa Clara County LAFCO utilizes USAs also fulfills many SOI objectives of the Government Code and LAFCO policies such as directing the location of urban development, ensuring an agency's ability to provide services, and preserving agricultural and open space lands. Hence, in many respects, the USAs within Santa Clara County function in the same manner as SOIs. When evaluating proposed urban expansions, LAFCO utilizes the agency's existing USA as a more important factor than the agency's existing SOI, because the USA is a shorter-term growth boundary that is directly linked to the ability to provide services. Due to this, SOIs have a broader objective within the County, which includes planning for long-term growth and the ultimate service boundary of the agency.

### **City Urban Growth Boundaries and City General Plan Boundaries**

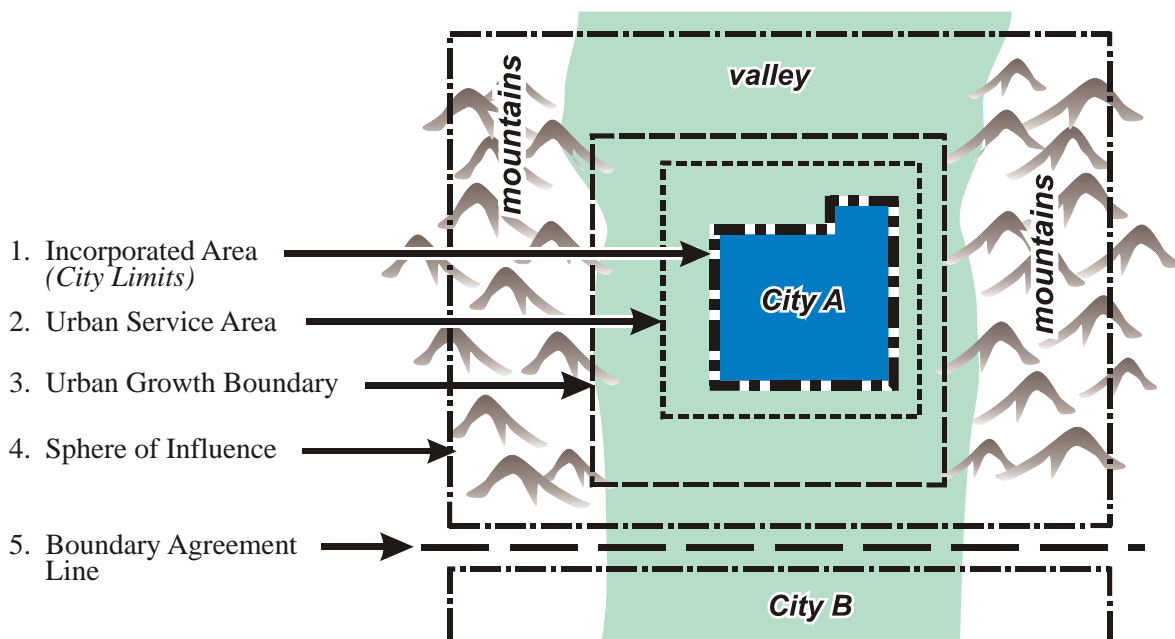
In addition to SOIs and USAs, some cities in Santa Clara County have also adopted Urban Growth Boundaries (UGBs). These are long-term growth boundaries that delineate areas intended for future urbanization. Because UGBs are adopted individually by cities and do not require County or LAFCO approval, cities define and utilize the UGBs differently.

Table 1.A and the Figure below it provide a summary and visual description of the relationship between the different boundary lines that are utilized within Santa Clara County.

**Table 1.A: Santa Clara County Boundary Terms**

Boundary	General Description
Incorporated City—City Limits	Delineates lands currently within or annexed to a city
Urban Service Area (USA)	Delineates incorporated and unincorporated areas authorized to receive urban services or proposed to receive urban services within 5 years
Urban Growth Boundary (UGB)	Areas delineated by the city that are appropriate for and likely to be needed for urban purposes within a city-designated time frame
Sphere of Influence (SOI)	Defined by the California Government Code as the probable physical boundaries and service area of an agency. In Santa Clara County, inclusion of an area in a city's SOI is not necessarily an indication that the area would be annexed to the City or receive urban services. Specific uses are detailed in Section 1.2.
Boundary Agreement Line	Delineates limits beyond which a city will not be allowed to annex territory

### Hypothetical Relationships Among Boundaries Within Santa Clara County



## **Urban Unincorporated Pockets**

The USAs of many cities contain urbanized unincorporated areas that are surrounded by city lands. These areas are referred to as urban pockets or islands. The pockets are a result of development that occurred in the County in the 1950s and 1960s (prior to the adoption of County urban development policies). During this time, urban development was often scattered and not necessarily required to be within cities. This resulted in some unincorporated areas being fully developed. Likewise, as urban development and city annexations continued outward, some unincorporated areas were “leapfrogged” and left in County land use.

Historically, it has not been the role of the County government to provide urban services and infrastructure. As a result, the County has very few mechanisms or resources for providing and maintaining urban infrastructure and services. The picture is further complicated by the inefficiencies of having to ensure that services are provided for the many small, widely scattered areas that are surrounded or substantially surrounded by cities. Consequently, it is common that the residents of such areas generally receive lower levels of urban services than the surrounding city residents.

Specific services in some pockets are provided by special districts. Residents of these areas generally receive urban service levels for the specific services that are provided by the district. However, the districts do not provide a full range of services, and it is similarly inefficient to have multiple special districts providing one or two specific services to small scattered areas.

In other cases, residents of urban unincorporated pockets may utilize city-provided services for which they pay no property taxes to the city. To minimize the complexities and inequities of urban service provision, the adopted policies of the County and LAFCO state that urban islands and pockets should be annexed.

Recent changes in State law provide an opportunity for cities to annex urban unincorporated islands through a streamlined process that does not require protest proceedings or elections, provided that the island meets specific criteria. In 2001, when the legislation was first passed, the changes applied to islands up to 75 acres. In 2004, the legislation was expanded to include islands up to 150 acres or less. To encourage cities to take advantage of this opportunity, LAFCO adopted Island Annexation Policies in February 2005. The policies include additional fee waivers, collaborative efforts, and city workshops. The existence of the unincorporated pockets and current annexation efforts is discussed within each City’s section of this service review.