

Kings County Local Agency Formation Commission's  
Policies and Procedures Manual and  
Municipal Service Reviews for Cities and Community Districts  
Need Updating  
January 1, 2024

## Summary

The Kings County Civil Grand Jury (Grand Jury) learned that the Policies and Procedures Manual for the Kings County Local Agency Formation Commission (LAFCO) is outdated. The Grand Jury also found that the LAFCO's Municipal Service Reviews for Cities and Community Districts (MSR) is outdated as well.

## Background

The Grand Jury operates as an investigative agency performing a two-fold function.

- 1) The Grand Jury has powers and duties with respect to the oversight of public offices, officers, and transactions. Designated State and all County and special District agencies that serve Kings County are routinely reviewed and critiqued by the Grand Jury in its annual and interim reports.
- 2) The Grand Jury has powers and duties with respect to inquiry into possible public offenses or misconduct in office by public officers.

During its normal investigative duties, the Grand Jury looks at local and county websites. It was discovered that the last time the LAFCO's Policies and Procedures Manual was revised or updated was on March 22, 2006. Additionally, the last time the MSR for Kings County was revised or updated was on October 24, 2007.

The stated purpose of LAFCO is to encourage the orderly formation of local government agencies, preserve agricultural land resources, discourage urban sprawl, and provide a sphere of influence (SOI) for each city and special district in the County of Kings.

- 1) Periodic review and maintenance are necessary. The adequacy of each adopted SOI will be reviewed every five years or as necessary following the initial SOI determination. This preliminary evaluation is conducted by staff who will recommend that the executive officer either 1) proceed with a sphere update restudy or 2) affirm the existing sphere. Changes in land use, planning policy, demographics, demand for public services or service capabilities may also justify the need to restudy or amend spheres of influence.

The purpose of a MSR is to evaluate the structure and operation of the local municipalities, service areas, and special districts. Possible areas for improvement and coordination are discussed in each MSR.

It would be beneficial to citizens of Kings County and the LAFCO staff if the Policies and Procedures Manual of LAFCO and the MSR were reviewed and/or updated every five years. If there is no update, an addendum or other means could identify the date of review. Having an up-to-date Policies and Procedures Manual aids in and assures that staff and citizens know what services are provided and that the services are consistent with any changes an organization has experienced.

When the Grand Jury interviewed staff, it was informed that staff members were aware as of February 6, 2024, that the LAFCO Policies and Procedures Manual and the MSR were outdated. It was reported that an update was in the works and expected to be completed by December 2023.

## Methodology

The Grand Jury interviewed members of several Kings County departments/commissions and reviewed various sources of information including:

- 1) The Kings County LAFCO website was reviewed.  
[www.countyofkings.com/departments/board-of-supervisors/boards-commissions/local-agency-formation-commission-lafco](http://www.countyofkings.com/departments/board-of-supervisors/boards-commissions/local-agency-formation-commission-lafco)
- 2) The Kings County Municipal Service Review for Cities and Community Districts was reviewed.  
[www.kingslafco.com/Documents/2007%20KC%20MSR%2010-24-07%20plus%20resolution.pdf](http://www.kingslafco.com/Documents/2007%20KC%20MSR%2010-24-07%20plus%20resolution.pdf)
- 3) The Cortese–Knox–Hertzberg Local Government Reorganization Act of 2000 was reviewed.  
[www.Calafco.org/sites/default/files/resources/CKH-Guides/CKH GUIDE-2003](http://www.Calafco.org/sites/default/files/resources/CKH-Guides/CKH GUIDE-2003)
- 4) A Citizens Guide to LAFCOs – Local Area Formation Commission’s  
[www.acgov.org/lafco/documents/CitizensGuideToLAFCO.pdf](http://www.acgov.org/lafco/documents/CitizensGuideToLAFCO.pdf)
- 5) San Joaquin Valley Regional Policy Council  
<https://sjvcogs.org/land-availability/annexations-spheres-of-influence-county-islands-and-municipal-service-reviews/>
- 6) County of Kings. Grand Jury <https://www.countyofkings.com/departments/grand-jury>
- 7) The following California Government Code sections were also reviewed:
  - 1) Assembly Bill (AB) 2838 (Local Agency Formation Commission)

- 2) Government Code § 56301 (Local Agency Formation Commission)
- 3) Government Code § 56375 (LAFCO Powers)
- 4) Government Codes § 56425 and § 56426.5 (Sphere of Influence)
- 5) Government Code § 56430 (Municipal Service Review-Spheres of Influence)

## Discussion

The California State Legislature has the constitutional power to control city and special district boundaries. Counties all have differing government institutions, geography, citizenry, and local needs so the Legislature authorizes a LAFCO in each county.

The objectives of LAFCO are as follows per the LAFCO website:

- 1) **Encourage the orderly formation of local governmental agencies.** LAFCOs review proposals for the formation of new local governmental agencies and changes of LAFCOs review proposals for the formation of new local governmental agencies and changes of organizations in existing agencies. In California, there are 58 LAFCOs working with nearly 4,000 governmental agencies in 58 counties, 500+ cities and 3,000+ special districts. Agency boundaries are often unrelated to one another and sometimes overlap, often leading to higher service costs to the taxpayer and general confusion regarding service area boundaries. LAFCO decisions strive to balance the competing needs in California for affordable housing, economic opportunity, and conservation of natural resources.
- 2) **Preserve Agricultural Land Resources.** LAFCO must consider the effects that any proposal will produce on existing agricultural lands. By guiding development toward vacant urban land and away from agricultural preserves, LAFCO assists with the preservation of our valuable agricultural resources. Section 56377 guides this objective by requiring that LAFCO must consider the following when reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses. The commission shall consider all of the following policies and priorities:
  - a. Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.
  - b. Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency.
- 3) **Discourage Urban Sprawl.** Urban sprawl can best be described as irregular and disorganized growth occurring without apparent design or plan. This pattern of development is characterized by the inefficient delivery of urban services (police, fire, water, and sanitation) and the unnecessary loss of agricultural land.

- 4) By discouraging sprawl, LAFCO limits the misuse of land resources and promotes a more efficient system of local governmental agencies.

LAFCOs were created in 1963 by the Knox-Nesbit Act and was amended by the District Reorganization Act of 1965, the Municipal Organization Act of 1977 and finally by the Cortese-Knox-Hertzberg (**Appendix A**) with the purpose of changing local government boundaries by annexing land in a logical and timely manner.

The Kings County LAFCO board consists of eleven members drawn from the following: two members of the Kings County Board of Supervisors, two City Council Members from the four incorporated cities (Avenal, Corcoran, Hanford, and Lemoore), and a public member who is chosen by the commissioners.

The commission is scheduled to meet on the fourth Wednesday of every month at 3:00 pm in the Board of Supervisors' Chambers located at 1400 West Lacey Boulevard in Hanford. However, the commission only meets when an application for reorganization is received. Property owners who wish to annex or be detached to a city or special district may apply by approaching the city or special district to have the council or board adopt a resolution of application or they may petition the commission directly. Commissioners cannot tell counties or cities what their planning goals should be. Rather, LAFCOs coordinate the orderly redevelopment of a community through reconciling differences between city and county plans, so the most efficient urban service arrangements are created for the benefit of area residents and property owners.

LAFCO has authority over the following:

- 1) **Boundary Changes.** LAFCO regulates boundary changes proposed by public agencies or individuals through approval or denial. LAFCO does not have the power to initiate boundary changes on their own, except for proposals involving small island annexation, the dissolution or consolidation of special districts, and the merging of subsidiary districts.
- 2) **Municipal Service Reviews (MSR) and Spheres of Influence Studies.** One of the most important charges given to LAFCO was the adoption of "Spheres of Influence" for local governments. (Appendix B) A "Sphere of Influence" is the physical boundary and service area that a governmental agency is expected to serve. Establishment of this boundary is based on the results of the Municipal Service Review Study (Appendix C) and is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The "Sphere of Influence" requirement also works to discourage urban sprawl by preventing overlapping jurisdictions and duplication of services.
- 3) **Special Studies.** Through special studies, LAFCO encourages governments to evaluate their current operations and options for reorganization. Local agencies often overlap and have the potential of duplicating services. LAFCOs conduct service studies and consolidation feasibility studies. These studies provide general information about local governments and present alternatives for improving services and reducing operational costs.

- 4) **Initiation of Special District Consolidations.** As of July 1, 1994, LAFCOs have had the authority to initiate proposals that include the dissolution or consolidation of special districts, or the merging of an existing subsidiary district (Section 56375(a)). A change in organization can mean any of the following:
- a. A city incorporation
  - b. A district formation
  - c. An annexation to, or detachment from, a city or district
  - d. A disincorporation of a city
  - e. A district dissolution
  - f. A consolidation of cities or special districts
  - g. A merger or establishment of a subsidiary district
  - h. An authorization of a special district to exercise one of its latent powers or to extend the area over which a latent power is exercised.
  - i. A reorganization involving two or more of the above-listed changes of organization. Prior to initiating such an action, LAFCO must determine that the district's customers would benefit from the proposal through adoption of a sphere of influence or other special study.
- 5) **Out of Agency Service Agreements.** Cities and districts are required to obtain LAFCOs approval prior to entering into contracts with private individuals to provide services outside of the agency's boundaries (Section 56133).

Specifically excluded from LAFCO's jurisdiction are the following local government agencies:

- a) A school district or community college district.
- b) A special assessment district.
- c) An improvement district.
- d) A community facilities district formed pursuant to the Mello-Roos Community facilities Act of 1982.
- e) A permanent road division formed pursuant to Section 1160 of the Street and Highways Code.
- f) An air pollution control district or an air quality maintenance district.
- g) A service zone of a fire protection district.

A Municipal Service Review (MSR) is a comprehensive study to determine the adequacy of governmental services being provided by the local agencies under LAFCO jurisdiction. This provides cities and special districts with an assessment on their provision of services, suggests recommendations regarding areas of improvement, and helps determine whether or not an agency is equipped to effectively provide services within its existing or expanded sphere of influence.

The Grand Jury compared information found on websites with the following LAFCO counties and found:

Tulare County last updated their LAFCO Policy and Procedures Manual on June 13, 2022.

Fresno County made changes on June 8, 2022.

Humboldt County made changes on July 17, 2013, and May 16, 2018.

Kern County made changes in June of 2011.

Napa County made changes on December 5, 2022.

## Findings

F1. The Kings County LAFCO Policies and Procedures Manual was last updated on March 22, 2006 **(18 years ago)**.

F2. The Kings County LAFCO MSR for Cities and Community Districts was last updated on October 24, 2007 **(17 years ago)**.

## Recommendations

R1. The Kings County LAFCO Policies and Procedures Manual should be reviewed and/or updated every five years.

R2. The Kings County LAFCO MSR should be reviewed and/or updated every five years.

## REQUIRED RESPONSE

Pursuant to Penal Code Section § 933 (c), provided in part: “No later than 90 days after the Grand Jury Submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the superior court on the findings and recommendations pertaining to matters under the control of the governing body and every elected county officer or agency head for which the Grand Jury had responsibility pursuant to Section § 914.1 shall comment within 60 days to the presiding judge of the superior court...”

Chuck Kinney, Executive Officer  
Kings County LAFCO  
1400 Lacey Boulevard  
Hanford, Ca 93230

## INVITED RESPONSE

Kings County Board of Supervisors  
1400 Lacey Boulevard  
Hanford, Ca 93230

### **Mail Original to:**

Judge Jennifer Giuliani, Presiding Judge  
Kings County Superior Court  
1640 Kings Court Drive  
Hanford, CA 93230

**Mail Copy to:**  
Kings County Civil Grand Jury  
P O Box #1562  
Hanford, CA 93230

## Appendix A

### Calafco.org

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act) requires LAFCo to review and update, as necessary, each local agency's Sphere of Influence (SOI) before January 1, 2008, and every five years thereafter. As part of the SOI update, the Commission must consider and prepare a written statement of its determinations which are summarized as follows:

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.
5. For 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.

Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a Municipal Service Review (MSR) for each agency. A MSR is a comprehensive review of an agency's ability to provide service(s) to those persons and businesses within its current boundaries. Per the Act, the Commission prepares written statements of its determinations with respect to each of the following factors:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

The Commission's Municipal Service Review Policy establishes the MSR Program's goal: "...To provide cities and special districts with an assessment on their provision of services, make recommendations regarding areas of improvement, and determine whether or not an agency is equipped to effectively provide services within its existing or expanded SOI."

The Commission determines the SOI boundary for local agencies under LAFCo's jurisdiction. The SOI is a planning boundary outside an agency's service area that means, a plan for the probable physical boundaries and service area of a local agency. The Commission adopts, updates, and evaluates an SOI using a 20-year planning horizon. An SOI is the Commission's best estimate of the probable service area for an agency over time, depending upon information collected during the MSR update process. (For text of the law, see the Government Code, Sections 56425; 56430; and Fresno LAFCo Policies, Standards and Procedures Manual - Policy 107.)

## **Appendix B**

### **Sphere of Influence**

#### **California Code, Government Code - GOV § 56425**

Current as of January 01, 2023 | Updated by [FindLaw Staff](#)

(a) 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 each special district, as defined by [Section 56036](#), within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

(b) Prior to a city submitting an application to the commission to update its sphere of influence, representatives from the city and representatives from the county shall meet to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere. If an agreement is reached between the city and county, the city shall forward the agreement in writing to the commission, along with the application to update the sphere of influence. The commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement to the extent that it is consistent with commission policies in its final determination of the city sphere.



(c) If the commission's final determination is consistent with the agreement reached between the city and county pursuant to subdivision (b), the agreement shall be adopted by both the city and county after a noticed public hearing. Once the agreement has been adopted by the affected local agencies and their respective general plans reflect that agreement, then any development approved by the county within the sphere shall be consistent with the terms of that agreement.

(d) If no agreement is reached pursuant to subdivision (b), the application may be submitted to the commission and the commission shall consider a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section.

(e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its 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.

(5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

(f) Upon determination of a sphere of influence, the commission shall adopt that sphere.

(g) On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence.

(h) In determining a sphere of influence, the commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

(i) When adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.

(j) When adopting, amending, or updating a sphere of influence for a special district, the commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

## Appendix C

### Municipal Service Review

#### **Cal. Gov. Code § 56430**

Current through the 2023 Legislative Session.

Section 56430 - Review of municipal services provided in order to prepare and update spheres of influence:

(a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- (4) Financial ability of agencies to provide services.
- (5) Status of, and opportunities for, shared facilities.
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

(b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.

(c) In conducting a service review, the commission may include a review of whether the agencies under review, including any public water system as defined in Section 116275, are in compliance with the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code). A public water system may satisfy any

request for information as to compliance with that act by submission of the consumer confidence or water quality report prepared by the public water system as provided by Section 116470 of the Health and Safety Code.

**(d)** The commission may request information, as part of a service review under this section, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code, and private utilities, as defined in Section 1502 of the Public Utilities Code.

**(e)** The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or 56426.5 or to update a sphere of influence pursuant to Section 56425. Ca. Gov. Code § 56430 Amended by Stats 2011 ch 513 (SB 244), s 6.5, eff. 1/1/2012. Amended by Stats 2011 ch 512 (AB 54), s 8, eff. 1/1/2012. Amended by Stats 2007 ch 244 (AB 1744), s 7, eff. 1/1/2008. Added by Stats 2000 ch 761 (AB 2838), s 81, eff. 1/1/2001.