Established by State law in 1963, the Local Agency Formation Commission is responsible for coordinating logical and timely changes in local governmental boundaries, including: annexations and detachments of territory; incorporations of cities; formations of special districts; and consolidations, mergers, and dissolutions of districts. LAFCO also reviews ways to reorganize, simplify, and streamline governmental structure. LAFCO also has the authority to initiate proposals involving district consolidation, mergers, and reorganizations. In addition, LAFCO is responsible for reviewing Out-of-Agency service agreements between property owners and service providers.

The Commission also is charged with developing and updating spheres of influence for each city and special district within the county. Spheres are planning tools used to provide guidance for individual proposals involving jurisdictional changes, and are intended to encourage efficient provision of community services and prevent duplication of service delivery. Territory must be within a city or district's sphere in order to be annexed.