SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION

REGULAR MEETING AGENDA
Monday, August 7, 2023

Doors Open: 8:00 A.M.

Meeting Starts: 8:15 A.M.

In-Person Participation
County Administration Center
1600 Pacific Highway, Room 302
San Diego, California

Video-Teleconference Participation
https://www.zoom.us/join
Meeting ID 895 6767 7168
Passcode 508649
(669) 900-9128

Video Viewing Only
YouTube Channel
@sandiegolafco9909

San Diego LAFCO		
Commissioner	**Appointing Authority**	**Affiliation**
Chair Jim Desmond	Board of Supervisors	County of San Diego
Vice Chair Stephen Whitburn	Mayor of the City of San Diego	City of San Diego
Joel Anderson	Board of Supervisors	County of San Diego
Kristi Becker	Cities Selection Committee	City of Solana Beach
Jo MacKenzie	Independent Special Districts	Vista ID
Andy Vanderlaan	Commission	General Public
Dane White	Cities Selection Committee	City of Escondido
Barry Willis	Independent Special Districts	Alpine FPD
Alternate David A. Drake	Independent Special Districts	Rincon del Diablo MWD
Alternate Harry Mathis	Commission	General Public
Alternative Nora Vargas	Board of Supervisors	County of San Diego
Alternate Marni von Wilpert	Mayor of the City of San Diego	City of San Diego
Alternate John McCann	Mayor of the City of Chula Vista	City of Chula Vista

Participation Instructions:

In person attendance by the public is welcomed. LAFCO meets in Room 302 in the County Administration Center (1600 Pacific Highway). Three-hour visitor parking is available using the Ash Street entrance. To provide comments on any item, please turn in a speakers slip to LAFCO staff before the item commences.

Remote participation by video or telephone is welcomed through Zoom by following these instructions.

Comments by Video	Comments by Telephone
1. Click or type the link found at the top of the agenda	1. Dial + 1-669-900-9128
2. Type the Meeting ID identified on the top of this agenda followed by the Passcode	2. Dial the Meeting ID identified at the top of the agenda followed by the Passcode
3. Click the raise hand icon	3. Dial *9 to raise your hand
4. LAFCO will announce your name as it appears when it is your turn to speak	4. LAFCO will call out the last 4 digits of your phone number when it is your turn to speak
5. Click the speaker icon to unmute to speak	5. Dial *6 to unmute yourself

Remote participation by e-mail is also welcomed by sending comments to Executive Assistant Erica Sellen at erica.sellen@sdcounty.ca.gov. All e-mails received before 4:00 P.M. one business day before the meeting will be forwarded to the Commission and posted online. These comments will also be referenced at the meeting. All e-mails received during the meeting and before the item concludes will be read into the record subject to standard time limitations and subsequently posted online.

All comments are limited to three minutes for individuals and five minutes for organizations.

The Chair may amend time allowances for public speakers at their discretion.

Public Accommodations:

Assistance for the disabled are available by contacting LAFCO staff. To the extent possible, accommodation requests should be submitted at least 72 hours in advance of the meeting.

Spanish language translation services are available at LAFCO meetings. Translation services covering other languages may be made available upon request at least 72 hours prior to the meeting.

Contact Information:

Erica Sellen
Executive Assistant
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T: 619-321-3380
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1. **8:15 A.M. – CALL TO ORDER BY CHAIR**

   a) **Roll Call of Commissioners Present**

   b) **Pledge of Allegiance**

2. **STATEMENT (JUST CAUSE) AND/OR CONSIDERATION OF A REQUEST TO PARTICIPATE REMOTELY (EMERGENCY CIRCUMSTANCES) BY A COMMISSIONER, IF APPLICABLE.**

3. **AGENDA REVIEW**
   The Executive Officer will summarize the agenda as well as to advise of any requested changes. The Chair will also consider requests from Commissioners.

4. **PUBLIC COMMENT AND RELATED REQUESTS**
   Opportunity for members of the public to speak to the Commission on any subject matter within the Commission's growth management duties/interests but not an item listed on the agenda. Three-minute limit. This is also an opportunity for the public to request the Commission pull an item listed on the consent calendar for discussion.

5. **SCHEDULED PRESENTATIONS**

   a) **Association to Incorporate La Jolla**
   The Commission will receive a presentation from representatives with the Association to Incorporate La Jolla to discuss their interests and related activities to date in exploring a future special reorganization filing with San Diego LAFCO. The presentation is for information only with the opportunity for Commissioners to ask general questions. Scheduled presenters are Trace Wilson and Janie Emerson.

6. **CONSENT ITEMS**
   All items calendared as consent are considered ministerial and subject to a single motion approval. The Chair will entertain requests by Commissioners to pull any items for discussion.

   a) **Approval of Meeting Minutes for June 5, 2023 (action)**
   The Commission will consider action minutes prepared by the Executive Assistant for the June 5, 2023 meeting. Recommendation to approve as presented. (Pages 7-18)

   b) **Approval of Meeting Minutes for June 14, 2023 (action)**
   The Commission will consider action minutes prepared by the Executive Assistant for the June 14, 2023 meeting. Recommendation to approve as presented. (Pages 19-26)

   c) **Approval of Meeting Minutes for July 10, 2023 (action)**
   The Commission will consider action minutes prepared by the Executive Assistant for the July 10, 2023 meeting. Recommendation to approve as presented. (Pages 27-34)

   d) **Commission Ratification | Recorded Payments for May and June 2023 (action)**
   The Commission will review a report identifying all payments made and received for May and June 2023. Recommendation to ratify payments as presented. (Pages 35-46)

CONSENT ITEMS CONTINUED…

e) **Budget Report on 2022-2023 |**
4th Quarter Actuals and Proposed Close-of-Year Budget Amendments (action)
The Commission will review a report comparing budgeted and actual transactions through the fourth quarter of 2022-2023 and related analysis to formally receive and file. Amendments are also proposed as part of the administrative close of the fiscal year. (Pages 47-52)

f) **Approval of Fund Balance Designations and Related Amendments to Fiscal Policy 101 (action)**
The Commission will perform its annual task under policy to review and make fund balance designations involving a total cash balance as of July 1, 2023 was $1,637,356. Staff recommendations are provided. Related amendments are proposed to Fiscal Policy 101 and its provisions governing the fund balance. (Pages 53-62)

g) **Proposed Memorandum of Understanding with County of San Diego |**
Setting Roles + Responsibilities for New Planning Grant: SALC 2.0 (action)
The Commission will consider approving a memorandum of understanding with the County of San Diego's Planning and Development Services in partnering and implementing the recently awarded two-year planning grant – in the amount of $500,000 – from the Department of Conservation as part of the Sustainable Agricultural Lands Conservation Program ("SALC"). Recommendation to approve as presented. (Pages 63-72)

h) **Proposed Temporary Appointment to a Higher Class |**
Temporary Assignment of Erica Sellen as Commission Clerk (action)
The Commission will consider the temporary appointment of Executive Assistant Erica Sellen as Commission Clerk retroactive to June 28, 2023. The proposed appointment provides a 10% compensation increase under adopted policy and recognizes several duties already undertaken by Ms. Sellen as a result of a leave of absence involving the incumbent. Recommendation to approve. (Pages 73-98)

i) **CALAFCO Annual Conference Items (action)**
The Commission will consider action items relating to the upcoming California Association of LAFCOs' (CALAFCO) Annual Conference scheduled for October 18th - 20th in Monterey. This includes authorizing the Chair to nominate Commissioner Jo MacKenzie to serve a new two-year term on the CALAFCO Board as special district representative for the southern region. (Pages 99-104)

j) **Report on Active Proposals and Related Activities (information)**
The Commission will receive a status report on active proposals currently on file with LAFCO. Information only. (Pages 105-118)

k) **Dissolution of the Advisory Committee Involving the Reorganization Proposals Filed by Fallbrook Public Utility District and Rainbow Municipal Water District (action)**
The Commission will consider approving formal dissolution of the Advisory Committee formed for the Fallbrook PUD and Rainbow MWD reorganization proposals. This item also requests Commission authorization for the Chair to issue commendations to all member in recognition of their service over the three-year period. (Pages 119-124)

7. PUBLIC HEARING ITEMS |
COMMISSIONER DISCLOSURE OF EX PARTE COMMUNICATIONS
Public hearing items require expanded public notification per provisions in State law or have been voluntarily scheduled by the Executive Officer to ensure opportunity for public input. All public hearing items require verbal disclosures by Commissions regarding any material communications.

a) PUBLIC HEARING |
Proposed "Camino de la Fuente-Wick Change of Organization" | Annexation to San Diego County Sanitation District and Conforming Sphere Change (CO22-20) (action) The Commission will consider a change of organization initiated by a landowner to annex approximately 35.32 acres of unincorporated territory to the San Diego County Sanitation District. The affected territory as submitted comprises two legal parcels presently undeveloped with surface improvements tied to an existing use waiting lot for trucks passing through the Otay Mesa Port of Entry. The proposal purpose is to extend public wastewater service to facilitate the construction of permanent restroom facilities. Staff recommends conditional approval of the proposal as submitted with a conforming sphere amendment. Staff also recommends waiver of protest proceedings and exemption findings under the California Environmental Quality Act. The affected parcels are identified by the County Assessor's Office as 604-040-42 and 648-040-40. (Pages 125-174)

b) Progress Report on the Annual Workplan Activities and Proposed Amendments to Advance Scheduled Municipal Service Reviews (action)
The Commission will receive a progress report on the commencement of the adopted workplan and the 30 special projects for 2023-2024. This includes outlining work on three projects that have advanced during the first month of the fiscal year and are now nearing their completion. This grouping is marked by developing supporting contractual agreements involving LAFCO's new planning grant to perform market and gap analysis in support of small farming operations. Proposed amendments are also proposed and involve internal adjustments to advance municipal service reviews involving the San Diego County Water Authority and healthcare districts as the highest workplan priorities in 2023-2024. It is recommended the Commission formally receive the progress report consistent with practice as well as approve the proposed amendments. (Pages 175-184)

8. BUSINESS CALENDAR
Business items involve regulatory, planning, or other items that do not require a noticed hearing.

a) Final Report on Ag Trends and Related Policy Opportunities |
Sustainable Agricultural Lands Conservation Grant Update (action)
The Commission will receive a final report tied to its two-year planning grant from the State of California and its Sustainable Agricultural Lands Conservation (SALC) program. The final report marks the completion of the Commission and its partner Resource Conservation District of Greater San Diego County's evaluation of agricultural trends in San Diego County and related preservation and enhancement considerations going forward. The report includes several recommendations for formal consideration by the Commission. (Pages 185-234)

BUSINESS ITEMS CONTINUED…

b) **Resource Conservation Districts Ad Hoc Committee | Report on Year One Tasks and Proposed Year Two Tasks and Related Actions (action)**
The Commission will receive a report on the first-year activities of the Resource Conservation Districts Ad Hoc Committee in addressing assigned tasks generated as part of a recent municipal service review. The first year concluded successfully with the Ad Hoc developing a master memorandum of understanding subsequently signed by all three RCDs to coordinate their service programs going forward as well as establish protocols to guide interagency projects whenever applicable. Staff recommends the Commission receive the report on the first year as well as authorize a scope of work for a second year to develop contemporary RCD service function and class designations as well facilitate coordinated boundary changes among all three local RCDs. It is also recommended the Commission revise the composition of the Ad Hoc from nine to six members through the reduction of the three at-large members. (Pages 235-248)

c) **Comprehensive Personnel Policy Update | Proposed Scope of Work (discussion)**
The Commission will receive a proposed scope of work involving is scheduled comprehensive personnel policy update. The scope of work has been developed by the Commission's contract human resources consultant – Regional Government Services Authority or "RGS" – and reflects their assessment of LAFCO needs with input from the Executive Officer and Assistant Executive Officer. The scope of work is being presented for discussion and input before RGS' proceeds with the drafting the update for future presentation to the Commission. (Pages 249-256)

d) **Outside Audit Report on Fiscal Year 2021-2022 (action)**
The Commission will receive an outside audit for the financial statements issued for 2021-2022. The outside audit concludes all tested transactions were accompanied by sufficient documentation and no material weaknesses were identified. The outside audit and accompanying management letter are being presented to the Commission to accept and file as well as to provide direction to staff on related matters going forward. (Pages 257-304)

9. EXECUTIVE OFFICER REPORT

10. COMMISSIONER ANNOUNCEMENTS & REQUESTS FOR FUTURE ITEMS

11. CLOSED SESSION

None

12. ADJOURNMENT

Attest to Posting:

Erica A. Sellen

Erica Sellen
Executive Assistant
Acting Commission Clerk

6a

AGENDA REPORT
Consent | Action

August 7, 2023

TO: Commissioners

FROM: Tamaron Luckett, Commission Clerk

SUBJECT: **Approval of Meeting Minutes | Special Meeting of June 5, 2023**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the special meeting held on June 5, 2023. The minutes are in action-form and being presented for formal Commission approval.

BACKGROUND

The Ralph M. Brown Act was enacted by the State Legislature in 1953 and – among other items – requires public agencies to maintain written minutes for qualifying meetings.

DISCUSSION

This item is for San Diego LAFCO to consider approving action minutes for the June 5, 2023, special meeting. The attendance record for the meeting follows.

- All regular Commissioners were present.
- All alternate Commissioners were present except Nora Vargas (County of San Diego) and Marni von Wilpert (City of San Diego).

Administration
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Chair Jim Desmond, County of San Diego
Joel Anderson, County of San Diego
Nora Vargas, Alt., County of San Diego
Kristi Becker, City of Solana Beach
Dane White, City of Escondido
John McCann Alt., City of Chula Vista
Vice Chair Stephen Whitburn, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
David Drake, Alt., Rincon del Diablo
Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

ANALYSIS

The attached draft minutes for the June 5, 2023, special meeting accurately reflect San Diego LAFCO's deliberations as recorded by the Commission Secretary. A video recording of the meeting has also been posted on the Commission's website (www.sdlafco.org).

RECOMMENDATION

It is recommended San Diego LAFCO approve the draft minutes prepared for the June 5, 2023, special meeting as presented. This recommendation is consistent with Alternative One outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):
Approve the attached draft minutes prepared for the June 5, 2023 with any requested corrections or clarifications.

Alternative Two:
Continue item to the next regular meeting and provide direction to staff as needed.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,



Tamaron Luckett
Commission Clerk

Attachment:

1) Draft Meeting Minutes for June 5, 2023

DRAFT MINUTES
SAN DIEGO LAFCO
June 5, 2023 SPECIAL MEETING

1. 8:05 A.M. – CALL TO ORDER BY CHAIR | ROLL CALL

The special meeting was called to order at 8:05 a.m. by Chair Desmond. The Commission Clerk performed the roll call with the following attendance recorded.

Regulars Present:	Joel Anderson, County of San Diego Kristi Becker, City of Solana Beach Jim Desmond, County of San Diego (CHAIR) Jo MacKenzie, Vista Irrigation District Andy Vanderlaan, Public Stephen Whitburn, City of San Diego (VICE CHAIR) Dane White, City of Escondido Barry Willis, Alpine Fire Protection
Alternates Present:	David Drake, Rincon del Diablo Municipal Water District Harry Mathis, Public John McCann, City of Chula Vista
Members Absent:	Nora Vargas, County of San Diego (alternate) Marni von Wilpert, City of San Diego (alternate)

The Commission Clerk confirmed a quorum with eight voting members present. Also present were the following LAFCO staff members: Executive Officer Keene Simonds; Commission Counsel Holly Whatley; Local Government Analyst II Priscilla Mumpower; Local Government Analyst I Carolanne Ieromnimon; Local Government Analyst I Michaela Peters; GIS/IT Analyst Dieu Ngu; Executive Assistant Erica Sellen; and Commission Clerk Tamaron Luckett.

2. PLEDGE OF ALLEGIANCE

Chair Desmond led the Pledge of Allegiance.

3. AGENDA REVIEW

Chair Desmond stated Items 6b and 7b will be taken out of order and proceed ahead of Item 6a. The Chair also stated Items 7a and 7c will be pulled from the agenda and return at later dates.

With no other requested changes, the Chair asked the Commission to proceed with the agenda as noted with all members confirming in the affirmative.

4. PUBLIC COMMENT AND RELATED REQUESTS

Item 4a
Public Comment
Chair Desmond invited anyone from the public to address the Commission on a matter not directly related to an agenda item. The Commission Clerk confirmed there were no registered speakers. The Executive Assistant confirmed there were no live email comments.

Item 4b
Public Requests to Discuss Consent Items
Chair Desmond invited the public to request discussion on any agenda item from the consent calendar. The Commission Clerk confirmed there were no requests.

5. CONSENT ITEMS

Item 5a
Approval of Meeting Minutes for May 1, 2023
Item presented to approve draft action minutes prepared for the Commission's May 1, 2023 regular meeting. Recommendation to approve.

Item 5b
Commission Ratification | Recorded Payments for April 2023
Item presented to ratify recorded payments made and received by the Executive Officer for the month of April 2023. Recommendation to ratify.

Item 5c
Proposed "For Giving LLC-Hymettus Avenue Change of Organization | Annexation to the Leucadia Wastewater District
Item presented to consider a change of organization proposal filed by the Leucadia Wastewater District to annex 1.2 acres of incorporated territory within its sphere of influence. The affected territory as submitted involves one legal parcel in the City of Encinitas presently developed with a single-family residence as well as a portion of the adjacent public right-of-way on Hymettus Avenue. The purpose of the proposal is to accommodate a pending subdivision to create two additional single-family residential parcels. Staff recommends conditional approval of the proposal as submitted along with related actions.

Item 5d
Revisions to Adopted Rule VI | Proposed Job Classification Changes to Assistant Executive Officer Position
Item presented to consider revisions to its adopted Rule No. VI to accommodate proposed job classification changes for the Assistant Executive Officer position. The proposed changes have been prepared in consultation with the Commission's contract human resources advisor – Regional Government Services Authority – and premised on modernizing the job specifications ahead of the budgeted filling. There are no fiscal impacts associated with the proposed changes. Recommendation to approve.

CONSENT ITEMS CONTINUED…

Item 5e
Changes to the Adopted Salary Range for the GIS Analyst Position
Item presented to consider proposed changes to the adopted salary range for the GIS Analyst position and raise the maximum annual pay from $90,501 to $97,489. The proposed changes purposefully aligns the GIS Analyst to match the Local Governmental Analyst II position and in doing so create compensation harmony between the two positions. There are no fiscal impacts associated with the proposed changes. Recommendation to approve.

Item 5f
Designation of Labor Negotiators
Item presented to consider designating its labor negotiators for purposes of evaluating potential salary and benefit changes for the Executive Officer as part of their upcoming annual performance review. It is recommended the Commission formally designate Chair Desmond, Vice Chair Whitburn, and Past Chair Vanderlaan as its negotiators in step with their role as the Executive Officer Compensation Committee. Recommendation to approve.

Item 5g
Report on Active Proposals and Related Activities
Item presented to receive a status report on the 30 active proposals currently on file with LAFCO. Information only.

Item 5h
Annual Report |
Sphere of Influence and Municipal Service Review Summary of Actions
Item presented to receive an annual report chronicling sphere of influence and municipal service review actions in San Diego County during the 2022 calendar year. Information only.

Item 5i
2023 Local Agency Directory
Item presented to receive an annual local agency directory covering all 102 local agencies – cities and special districts – in San Diego County subject to the Commission's oversight. Information only.

Item 5j
Final Calculations for 2023-2024 Apportionments
Item presented to receive a report identifying local agency apportionments for 2023-2024 based on the $2.034 million total contribution amount set by the Commission at May 1, 2023 meeting. Information only.

CONSENT ITEMS CONTINUED…

**

Commissioner Whitburn motioned with second from Commissioner Willis to approve the consent calendar items with staff recommendations (Alternative One) as presented.

Roll call requested:

AYES:	Anderson, Becker, Desmond, MacKenzie, Vanderlaan, Whitburn, White, and Willis
NOES:	None
ABSENT:	Vargas and von Wilpert
ABSTAINING:	None

The Commission Clerk confirmed the motion was approved 8-0.

6. PUBLIC HEARING ITEM |
COMMISSIONER DISCLOSURE OF EX PARTE COMMUNICATIONS

Item 6a
COMBINED PUBLIC HEARING SET FOR 8:30 A.M.
Proposed "Rainbow Municipal Water District and Fallbrook Public Utility District Reorganizations: Wholesale Water Services" | Concurrent Annexations to Eastern Municipal Water District and Detachments from San Diego County Water Authority with Related Actions (RO20-05 & RO20-04)
Item presented to consider two separate reorganization proposals filed by Fallbrook Public Utility District and Rainbow Municipal Water District that have been administratively combined for hearing purposes by the Executive Officer. The proposals seek LAFCO approvals to transfer wholesale water service responsibilities within the applicants' jurisdictional boundaries from the San Diego County Water Authority to Eastern Municipal Water District. The purpose of the proposals is to achieve cost-savings to the applicants and their retail ratepayers based on the difference in charges between the two wholesalers. Five distinct alternative actions are available to the Commission as detailed. Staff recommends Option Two to conditionally approve both proposals with special terms – including the payment of an exit fee to the County Water Authority divided over a five-year period. Ancillary recommendations include conforming sphere of influence actions involving Eastern Municipal Water District and County Water Authority as well as making exemption findings under the California Environmental Quality Act. Any proposal approvals would be subject to voter confirmation within the applicants' jurisdictional boundaries.

Chair Desmond invited any disclosures from Commissioners on material ex parte communications. Disclosures were reported by the following Commissioners:

- Anderson; Becker; Desmond; Drake; MacKenzie; McCann; Vanderlaan; Whitburn; White and Willis

PUBLIC HEARING ITEMS CONTINUED…

Item 6a Continued

Chair Desmond asked for the staff presentation. Executive Officer Keene Simonds provided opening comments with Local Government Analyst II Priscilla Mumpower proceeding with the formal presentation along with LAFCO Consultants Adam Wilson, Dr. Michael Hanemann, and Chris Cate.

At the conclusion of the staff presentation, and at the invitation of Chair Desmond, the Commission received formal presentations from the following agencies:

- Applicants Fallbrook Public Utility District (General Manager Jack Bebee) and Rainbow Municipal Water District (General Manager Tom Kennedy)

- San Diego County Water Authority (General Manager Sandy Kerl, Outside Counsel Mark Hattam, and Vice Chair Nick Serrano)

At Chair Desmond's invitation, the Commission proceeded to ask clarifying and/or technical questions of LAFCO staff, applicants, and/or the County Water Authority.

Chair Desmond proceeded to formally open the public hearing and invited comments from the following registered speakers:

In-Person Speakers:

- Jennifer Jefferies
- Suzanne Walton
- Eileen Delaney
- Duane Urquhakt
- Brian Olney
- Terry Decker
- Paula de Sousa
- Bill Pellman
- Jon Frandell
- Ken Melban
- Miguel Gasca
- Saleh Deval
- Kurt Bantle
- Commander Joe Deyer
- Adrian Granda
- Cindy Custer
- Dave Baxter
- Judy Willis
- Connie Fish
- Pete Gause
- Jason Kendall
- Stephanie Baxter

In-Person Speakers Continued:

- David Custer
- Jackie Heineman
- Tim O'Leary
- Dan Coxe
- Rick Carey
- Charley Wolk

Video-Teleconference Speakers:

- Bridgette Browning
- Gary Hurst
- Aldo Maciel
- Marcus Bush
- Susan Liebes
- Fernanda Flores
- Becca Taylor
- Jim Madaffer
- Carol Kim

PUBLIC HEARING ITEMS CONTINUED…

Item 6a Continued
The Executive Assistant confirmed there were five live e-mail comments which were read into the record from the following individuals:

- Gray Martin
- Johanna McLouth
- Kevin Grangetto
- Adan Ortega Jr.
- Ralph Gilbert

Chair Desmond thanked the speakers for their time and closed the public hearing.

Chair Desmond proceeded to address the proposals and staff's analysis of the key topics.

**

Commissioner Desmond motioned with a second from Commissioner Willis to approve the staff recommendation (Option Two) as listed in the agenda report.

Discussion on the motion followed.

Commissioner Anderson proceeded to make a substitute motion to continue the hearing to the August 7th meeting and provide the Commission additional time to consider all the information provided. Commissioner MacKenzie offered to second the motion with an amendment to request staff to return with additional options on exit fees and address comments from Chair Adán Ortega with Metropolitan Water District of Southern California. Commissioner Anderson accepted the amendments to the substitute motion.

Additional Commission discussion on the motion followed.

Roll call requested on the substitute motion as amended:

AYES:	Anderson, Becker, MacKenzie, Vanderlaan, and Whitburn
NOES:	Desmond, White, and Willis
ABSENT:	Vargas and von Wilpert
ABSTAINING:	None

The Commission Clerk confirmed the motion was approved 5-3.

PUBLIC HEARING ITEMS CONTINUED…

Item 6b
Proposed "Yung-La Presa Avenue Change of Organization" | Annexation to San Diego County Sanitation District and Conforming Sphere of Influence Action (CO22-17)
Item presented to consider a change of organization initiated by a landowner to annex approximately 0.16 acres of unincorporated territory to the San Diego County Sanitation District. The affected territory as submitted is presently undeveloped and located in the La Presa unincorporated community. The affected territory is also immediately adjacent to the existing San Diego County Sanitation District jurisdictional boundary and sphere of influence. The proposal purpose is to establish public wastewater service and in doing so accommodate the planned development of a 2,500 square-foot single family residence. Staff recommends conditional approval of the proposal as submitted with a conforming sphere amendment along with related actions.

Chair Desmond invited any disclosures from Commissioners on material ex parte communications. No disclosures reported.

Chair Desmond asked for the staff presentation. Local Government Analyst I Carolanne Ieromnimon provided the staff presentation.

Chair Desmond proceeded to open the public hearing and invited comments from members of the public.

The Commission Clerk confirmed there were no registered speakers. The Executive Assistant confirmed there were no live email comments.

Chair Desmond proceeded to close the public hearing.

**

Commissioner Willis motioned with second from Commissioner MacKenzie to approve the staff recommendation (Alternative One) as listed in the agenda report.

Roll call requested:

AYES:	Anderson, Becker, Desmond, MacKenzie, Vanderlaan, Whitburn, White, and Willis
NOES:	None
ABSENT:	Vargas and von Wilpert
ABSTAINING:	None

The Commission Clerk confirmed the motion passed 8-0.

7. BUSINESS ITEMS

Item 7a
Final Report on Ag Trends and Related Policy Opportunities | Sustainable Agricultural Lands Conservation Grant Update

Item pulled at the request of the Executive Officer. Staff will return with the item at a future meeting.

Item 7b
LAFCO Brochure: Diamond Anniversary Edition
Item presented to receive a draft update to an informational brochure on San Diego LAFCO . The draft update is part of a planned 60-year anniversary and incorporates several special features as part of the diamond anniversary – including a timeline of key events, historical commissioner, staff, and counsel rosters, and alumni profiles. Information only.

Chair Desmond asked for the staff presentation.

Local Government Analyst I Michaela Peters proceeded with the presentation and invited Commissioners to provide comments or suggestions in step with staff finalizing the document for subsequent distribution.

Commission discussion followed.

Item 7c
Recommendation to Oppose Assembly Bill 530 as Amended

Item pulled at the request of the Executive Officer. Staff will return with the item at a future meeting.

8. EXECUTIVE OFFICER REPORT

Executive Officer Keene Simonds advised staff would coordinate with Chair Desmond on the timing of returning Item 7c and noted one possibility involves holding a special meeting on July 10th. The Executive Officer accordingly asked Commissioners to keep the date open with Commissioner MacKenzie concurrently advising she would not be available.

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

None

10. CLOSED SESSION

None

11. ADJOURNMENT TO NEXT MEETING

With no further business the Chair adjourned the meeting at 3:27 p.m.

I hereby attest the minutes above accurately reflect the deliberations of the Commission at its June 5, 2023 meeting.

ATTEST,

Erica Sellen
Executive Assistant

for: Tamaron Luckett
Commission Clerk

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6b

AGENDA REPORT
Consent | Action

August 7, 2023

TO: Commissioners

FROM: Tamaron Luckett, Commission Clerk

SUBJECT: **Approval of Meeting Minutes | Special Meeting of June 14, 2023**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the special meeting held on June 14, 2023. The minutes are in action-form and being presented for formal Commission approval.

BACKGROUND

The Ralph M. Brown Act was enacted by the State Legislature in 1953 and – among other items – requires public agencies to maintain written minutes for qualifying meetings.

DISCUSSION

This item is for San Diego LAFCO to consider approving action minutes for the June 14, 2023, special meeting. The attendance record for the meeting follows.

- All regular Commissioners were present except Kristi Becker (City of Solana Beach) and Andy Vanderlaan (Public).
- All alternate Commissioners were present except Nora Vargas (County of San Diego) and Marni von Wilpert (City of San Diego).

Administration
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John McCann Alt., City of Chula Vista
Vice Chair Stephen Whitburn, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
David Drake, Alt., Rincon del Diablo
Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

ANALYSIS

The attached draft minutes for the June 14, 2023, special meeting accurately reflect San Diego LAFCO's deliberations as recorded by the Commission Secretary. A video recording of the meeting has also been posted on the Commission's website (www.sdlafco.org).

RECOMMENDATION

It is recommended San Diego LAFCO approve the draft minutes prepared for the June 14, 2023, special meeting as presented. This recommendation is consistent with Alternative One outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):
Approve the attached draft minutes prepared for the June 14, 2023 with any requested corrections or clarifications.

Alternative Two:
Continue item to the next regular meeting and provide direction to staff as needed.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,



Tamaron Luckett
Commission Clerk

Attachment:

1) Draft Meeting Minutes for June 14, 2023

DRAFT MINUTES
SAN DIEGO LAFCO
June 14, 2023 SPECIAL MEETING

1. 1:00 P.M. – CALL TO ORDER BY CHAIR | ROLL CALL

The special meeting was called to order at 1:00 p.m. by Chair Desmond. The Commission Clerk performed the roll call with the following attendance recorded.

Regulars Present:	Joel Anderson, County of San Diego Jim Desmond, County of San Diego (CHAIR) Jo MacKenzie, Vista Irrigation District Stephen Whitburn, City of San Diego (VICE CHAIR) Dane White, City of Escondido Barry Willis, Alpine Fire Protection District
Alternates Present:	David Drake, Rincon del Diablo Municipal Water District Harry Mathis, Public (voting) John McCann, City of Chula Vista (voting)
Members Absent:	Kristi Becker, City of Solana Beach (regular) Andy Vanderlaan, Public (regular) Nora Vargas, County of San Diego (alternate) Marni von Wilpert, City of San Diego (alternate)

The Commission Clerk confirmed a quorum was present with eight voting members with Alternate Commissioner McCann voting in absence of Commissioner Becker and Alternate Commissioner Mathis voting in absence of Commissioner Vanderlaan. Also present were the following LAFCO staff members: Executive Officer Keene Simonds; Commission Counsel Holly Whatley; Assistant Executive Officer Priscilla Mumpower; Local Government Analyst I Carolanne Ieromnimon; Local Government Analyst I Michaela Peters; GIS/IT Analyst Dieu Ngu; Executive Assistant Erica Sellen and Commission Clerk Tamaron Luckett.

Commissioner Whitburn arrived at 1:05 p.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Desmond led the Pledge of Allegiance.

3. STATEMENT (JUST CAUSE) AND/OR CONSIDERATION OF A REQUEST TO PARTICIPATE REMOTELY (EMERGENCY CIRCUMSTANCES) BY A COMMISSIONER, IF APPLICABLE

Commissioner Willis and Alternate Commissioner Drake both participated remotely and attested to their posted locations.

4. AGENDA REVIEW

Chair Desmond asked the Executive Officer if there were requests to remove or rearrange items on the agenda. Executive Officer Keene Simonds stated no changes were needed to the agenda. The Executive Officer also provided instructions for members of the public on how to participate and provide comments with reference to the agenda cover page.

5. CONSENT ITEMS

None

6. PUBLIC HEARING ITEM | COMMISSIONER DISCLOSURE OF EX PARTE COMMUNICATIONS

None

7. BUSINESS ITEMS

Item 7a
Recommendation to Oppose Assembly Bill 530 or any Related Legislation
Item presented to consider a staff recommendation to formally oppose Assembly Bill 530 as amended on May 15th or any other related legislation this session. The amended bill seeks to require an affirmative vote of the entire electorate of any County Water Authority, including the San Diego County Water Authority, as a statutory condition to any member agency receiving LAFCO approval to detach. The timing of the item follows confirmation from the author of their intent to proceed with the legislation this session as well as apply an urgency clause to enact the provisions as soon as possible.

Chair Desmond asked for the staff presentation.

Executive Officer Keene Simonds provided the staff presentation and noted the bill was currently being recast as AB 399.

Chair Desmond invited comments from the following registered speakers:

In-Person Speakers:

- Tom Kennedy
- Mel Katz
- Paula de Sousa
- Nick Serrano

Video-Teleconference Speakers:

- Becca Taylor
- Rob Charles
- Lila Hargrove
- Stephanie Baxter
- Lauren Cazares
- Jennifer Jefferies
- Adrian Granda
- Carol Kim

BUSINESS ITEMS CONTINUED…

Item 7a Continued
Commission discussion followed.

The Executive Assistant confirmed there was one live e-mail comment which was read into the record from the following individual:

- Ansermio Estrada

**

Commissioner Willis motioned with a second from Commissioner Desmond to approve the staff recommendation (Alternative One) as listed in the agenda report.

Roll call requested:

AYES:	Desmond, MacKenzie, Mathis (voting), McCann (voting), White, and Willis
NOES:	Anderson and Whitburn
ABSENT:	Becker, Vanderlaan, Vargas, and von Wilpert
ABSTAINING:	None

The Commission Clerk confirms the motion was approved 6-2.

Item 7b
Request to Re-Calendar Date of Continued Public Hearing Item |
Proposed "Rainbow Municipal Water District and Fallbrook Public Utility District Reorganizations: Wholesale Water Services" (RO20-05 & RO20-04)
Item presented to consider re-calendaring the continued hearing and the Commission's ongoing deliberations on the reorganization proposals filed by Fallbrook Public Utility District and Rainbow Municipal Water District. It is recommended the Commission advance the continued hearing from August 7, 2023 to July 10, 2023 and in doing so address new information separately detailed as part of Item No. 7a.

Chair Desmond asked for the staff presentation.

Assistant Executive Officer Priscilla Mumpower provided the staff presentation.

Chair Desmond invited comments from the following registered speakers:

<u>In-Person Speakers:</u>

- Sandy Kerl
- Tom Kennedy
- Nick Serrano
- Paula de Sousa

BUSINESS ITEMS CONTINUED…

Item 7b Continued
Video-Teleconference Speakers:

- Jeff Armstrong
- Cory Shoemaker
- Kelvin Barrios
- Kathy Kassel
- Ansermio Estrada
- Satomi Rash-Zeigler
- Lauren Cazares
- Adrian Granda
- Lila Hargrove
- Mark Hattam
- Stephanie Baxter
- Carol Kim

The Commission Clerk confirmed there were no other registered speakers. The Executive Assistant confirmed there were no live email comments.

Commission discussion followed.

**

Commissioner Willis motioned with a second from Commissioner Desmond to approve the staff recommendation (Alternative One) as listed in the agenda report.

Roll call requested:

AYES:	Desmond, Mathis (voting), McCann (voting), White, and Willis
NOES:	Anderson and Whitburn
ABSENT:	Becker, Vanderlaan, Vargas, and von Wilpert
ABSTAINING:	MacKenzie

The Commission Secretary confirmed the motion was approved 5-2 with 1 abstain.

8. EXECUTIVE OFFICER REPORT

Executive Officer Keene Simonds noted the promotion of Priscilla Mumpower from Local Government Analyst II to Assistant Executive Officer.

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

None

10. CLOSED SESSION

None

11. ADJOURNMENT TO NEXT MEETING

With no further business the Chair adjourned the meeting at 2:36 p.m.

I hereby attest the minutes above accurately reflect the deliberations of the Commission at its June 14, 2023 meeting.

ATTEST,

Erica Sellen
Executive Assistant

for: Tamaron Luckett
Commission Clerk

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6c

AGENDA REPORT
Consent | Action

August 7, 2023

TO: Commissioners

FROM: Erica Sellen, Executive Assistant

SUBJECT: **Approval of Meeting Minutes | Special Meeting of July 10, 2023**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the special meeting held on July 10, 2023. The minutes are in action-form and being presented for formal Commission approval.

BACKGROUND

The Ralph M. Brown Act was enacted by the State Legislature in 1953 and – among other items – requires public agencies to maintain written minutes for qualifying meetings.

DISCUSSION

This item is for San Diego LAFCO to consider approving action minutes for the July 10, 2023, special meeting. The attendance record for the meeting follows.

- All regular Commissioners were present except Jo MacKenzie (Vista Irrigation District).
- All alternate Commissioners were present except Nora Vargas (County of San Diego) and Marni von Wilpert (City of San Diego).

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Chair Jim Desmond, County of San Diego
Joel Anderson, County of San Diego
Nora Vargas, Alt., County of San Diego
Kristi Becker, City of Solana Beach
Dane White, City of Escondido
John McCann Alt., City of Chula Vista
Vice Chair Stephen Whitburn, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
David Drake, Alt., Rincon del Diablo
Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

ANALYSIS

The attached draft minutes for the July 10, 2023, special meeting accurately reflect San Diego LAFCO's deliberations as recorded by the Commission Secretary. A video recording of the meeting has also been posted on the Commission's website (www.sdlafco.org).

RECOMMENDATION

It is recommended San Diego LAFCO approve the draft minutes prepared for the July 10, 2023, special meeting as presented. This recommendation is consistent with Alternative One outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):
Approve the attached draft minutes prepared for the July 10, 2023 special meeting with any requested corrections or clarifications.

Alternative Two:
Continue item to the next regular meeting and provide direction to staff as needed.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,

Erica A. Sellen

Erica Sellen
Executive Assistant

Attachment:

1) Draft Meeting Minutes for July 10, 2023

DRAFT MINUTES
SAN DIEGO LAFCO
July 10, 2023 SPECIAL MEETING

1. 8:20 A.M. – CALL TO ORDER BY CHAIR | ROLL CALL

The special meeting was called to order at 8:21 a.m. by Chair Desmond. The Commission Secretary performed the roll call with the following attendance recorded.

Regulars Present:	Joel Anderson, County of San Diego Kristi Becker, City of Solana Beach Jim Desmond, County of San Diego (CHAIR) Andy Vanderlaan, Public Stephen Whitburn, City of San Diego (VICE CHAIR) Dane White, City of Escondido Barry Willis, Alpine Fire Protection District
Alternates Present:	David Drake, Rincon del Diablo Municipal Water District (voting) Harry Mathis, Public John McCann, City of Chula Vista
Members Absent:	Jo MacKenzie, Vista Irrigation District (regular) Nora Vargas, County of San Diego (alternate) Marni von Wilpert, City of San Diego (alternate)

The Commission Secretary confirmed a quorum was present with eight voting members with Alternate Commissioner Drake voting in absence of Commissioner MacKenzie. Also present were the following LAFCO staff members: Executive Officer Keene Simonds; Commission Counsel Holly Whatley; Assistant Executive Officer Priscilla Mumpower; Local Government Analyst II Carolanne Ieromnimon; Local Government Analyst I Michaela Peters; GIS/IT Analyst Dieu Ngu; and Executive Assistant Erica Sellen serving as the Commission Secretary.

2. PLEDGE OF ALLEGIANCE

Commissioner Whitburn led the Pledge of Allegiance.

3. STATEMENT (JUST CAUSE) AND/OR CONSIDERATION OF A REQUEST TO PARTICIPATE REMOTELY (EMERGENCY CIRCUMSTANCES) BY A COMMISSIONER, IF APPLICABLE

Not applicable. All Commissioners were present at the dais.

4. AGENDA REVIEW

Chair Desmond reviewed the agenda and asked the Executive Officer if there were requests to remove or rearrange items. Executive Officer Keene Simonds stated no changes were needed to the agenda.

Chair Desmond also accommodated a request from the public to address the Commission on a matter not directly related to an agenda item. Comments were received from the following attendee:

- Leticia Maldonado-Stamos

The Commission Secretary confirmed there were no other attendees – in person or remote – requesting to speak. It was also confirmed there were no live e-mail comments.

5. CONSENT ITEMS

None

6. PUBLIC HEARING ITEM | COMMISSIONER DISCLOSURE OF EX PARTE COMMUNICATIONS

Item 6a
Proposed "Fallbrook PUD & Rainbow MWD Wholesaler Reorganizations" | Concurrent Annexations to Eastern Municipal Water District and Detachments from San Diego County Water Authority with Related Actions (RO20-05 and RO20-04)
Item presented to consider a continued public hearing opened on June 5, 2023 involving two separate reorganization proposals filed by Fallbrook Public Utility District and Rainbow Municipal Water District. The two proposals have been administratively combined for hearing purposes by the Executive Officer. The proposals seek LAFCO approvals to transfer wholesale water service responsibilities within the applicants' jurisdictional boundaries from the San Diego County Water Authority to Eastern Municipal Water District. The purpose of the proposals is to achieve cost-savings to the applicants and their retail ratepayers based on the difference in charges between the two wholesalers. At the request of the Commission, additional information is being presented as part of the continued hearing and involves alternatives to the recommended exit fee as well as responses to written comments made by Chair Adán Ortega with the Metropolitan Water District of Southern California. Public testimony at the continued hearing is limited to this additional information. As set forth in the original agenda report, staff continues to recommend Option Two to conditionally approve both proposals with special terms – including the payment of an exit fee to the County Water Authority divided over a five-year period. Ancillary recommendations include conforming sphere of influence actions involving Eastern Municipal Water District and County Water Authority as well as making exemption findings under the California Environmental Quality Act. Any proposal approvals would be subject to protest proceedings (for the annexation portion only) and voter confirmation within the applicants' jurisdictional boundaries.

PUBLIC HEARING ITEMS CONTINUED…

Item 6a Continued

Chair Desmond invited any disclosures from Commissioners on material ex parte communications. Disclosures were reported by the following Commissioners:

- Anderson; Becker; Desmond; Drake; McCann; Vanderlaan; Whitburn; and Willis

Chair Desmond asked for the staff presentation. Executive Officer Keene Simonds provided opening comments with Assistant Executive Officer Priscilla Mumpower proceeding with the formal presentation with consultants Chris Cate and Adam Wilson.

At the conclusion of the staff presentation, and at the invitation of Chair Desmond, the Commission received formal presentations from the following agencies:

- Fallbrook Public Utility District (Jack Bebee)
- Rainbow Municipal Water District (Tom Kennedy)
- San Diego County Water Authority (Dan Denham, Mel Katz, and Pierce Rossum)

Chair Desmond proceeded to open the public hearing and invited comments from the following registered speakers with stated positions to the staff recommendation – Option Two – noted in parenthesis:

<u>In-Person Speakers:</u>

- Paula Coxe (support)
- Nick Serrano (oppose)
- Stephanie Baxter (support)
- Bill Pellman (support)
- Paula de Sousa (support)
- Dave Baxter (support)
- Frank Hilliker (oppose)
- Charley Wolk (support)
- Kurt Bantle (support)
- Rick Carey (support)
- Eileen Delaney (support)
- Jennifer Jefferies (support)
- Jon Frandell (support)
- Kathleen Hedberg (oppose)
- Jerri Patchett (support)
- Lila Hargrove (support)
- Duane Urquhakt (support)
- David Custer (support)
- Suzanne Walton (support)
- Leticia Stamos (support)
- Connie Fish (support)

<u>Video-Teleconference Speakers:</u>

- Bill Clenney (support)
- Tim Smith (oppose)
- Gary Hurst (oppose)
- Satomi Rash-Zeigler (oppose)
- Lauren Cazares (oppose)
- Mark Hattam (oppose)
- Adrian Granda (oppose)
- Eddie Grangetto (support)
- Jim Hickle (support)

PUBLIC HEARING ITEMS CONTINUED…

Item 6a Continued
The Commission Secretary confirmed there was one live e-mail comment which was read into the record from the following individual:

- Gregory Lehman (support)

Chair Desmond thanked the speakers for their time and closed the public hearing.

Chair Desmond proceeded to address the proposals and staff's analysis of the key topics.

**

Commissioner Desmond motioned with a second from Commissioner Willis to approve the staff recommendation (Option Two) as listed in the original agenda report.

Discussion on the motion followed.

Commissioner Vanderlaan requested amendments to the motion to concurrently direct staff to advance the priority placement of the scheduled municipal service review on the San Diego County Water Authority in the current workplan. Commissioner Vanderlaan relatedly asked for staff to begin providing quarterly updates on the municipal service review. Commissioners Desmond and Willis agreed to the requested amendments.

Commission Counsel Whatley suggested the Commission separate the two topics in terms of approvals and focus any actions today on the proposals while providing direction to staff to return at the next meeting to take up Commissioner Vanderlaan's requests. Commissioner Vanderlaan agreed and withdrew his amendment requests.

Additional Commission discussion on the motion followed.

Roll call requested with Chair Desmond clarifying the motion is to approve Option Two as recommended by LAFCO staff while directing staff to return in August with a separate item to take up Commissioner Vanderlaan's requests to modify the workplan to advance the priority placement of the municipal service review on the County Water Authority and provide quarterly updates to the Commission:

AYES:	Desmond, Drake (voting), Vanderlaan, Willis, and White
NOES:	Anderson, Becker, and Whitburn
ABSENT:	MacKenzie, Vargas, and von Wilpert
ABSTAINING:	None

The Commission Secretary confirmed the motion was approved 5-3.

7. BUSINESS ITEMS

None

8. EXECUTIVE OFFICER REPORT

None

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

None

10. CLOSED SESSION

None

11. ADJOURNMENT TO NEXT MEETING

With no further business the Chair adjourned the meeting at 11:29 a.m.

I hereby attest the minutes above accurately reflect the deliberations of the Commission at its July 10, 2023 meeting.

ATTEST,

Erica Sellen
Executive Assistant

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AGENDA REPORT
Consent | Action

August 7, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Erica Sellen, Executive Assistant

SUBJECT: **Commission Ratification | Recorded Payments for May and June 2023**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report identifying payments made and received for May and June 2023. The payments cover all recorded transactions for the two-month period and include $0.445 million in total distributions made by the Executive Officer. Close to one-half of the payments made tie to the County of San Diego for payroll reimbursements as well as charges for general overhead and information technology services. Most of the remaining payments made tie to grant work performed by contract vendors and various professional consultant services. The payments received total $0.105 million and include five new applicant filing fees.

BACKGROUND

Accounting Policies and Procedures

San Diego LAFCO's policies provide direction to the Executive Officer to maintain appropriate accounting controls for all financial transactions on behalf of the Commission. Spending allowances are specified and include bid procedures for financial transactions at or above $10,000 (unless waived due to unique circumstances) and separate Commission approval for any transactions at or above $125,000.

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Dane White, City of Escondido
John McCann Alt., City of Chula Vista
Stephen Whitburn, Vice Chair, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
David Drake, Alt., Rincon del Diablo
Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

DISCUSSION

This item is for San Diego LAFCO to consider ratification of all payments made and received by the Executive Officer during May and June 2023. A detailing of these transactions is provided in Attachments One (May) and Two (June). The item separately provides the Commission the opportunity to provide feedback and inform potential changes in accounting procedures going forward.

ANALYSIS

San Diego LAFCO's recorded payments made by the Executive Officer covering May and June 2023 total $444,681 with 47% – or $206,735 – tied to transactions with the County of San Diego. This includes payroll reimbursements covering four pay periods as well as expenses for general overhead and information technology services. All expenses are consistent with the adopted budget with the qualification additional consultant costs are being expended due to the extended vacancy in one of the analyst positions for the balance of the fiscal year. Revenues collected during the two-month period totals $105,044 and divided between grant reimbursements applicant payments.

RECOMMENDATION

It is recommended San Diego LAFCO ratify the payments made and received by the Executive Officer for May and June 2023 as presented. This recommendation is consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):
Ratify the recorded payments received and made by the Executive Officer in May and June 2023 as shown in Attachment One.

Alternative Two:
Continue to the next regular meeting and provide direction to staff as needed.

Alternative Three
Take no action.[1]

[1] Payment ratifications are not required under LAFCO policy but are presented to the Commission per practice.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

On behalf of the Executive Officer:

Erica Sellen
Executive Assistant

Attachments:

1) Recorded Transactions in May 2023
2) Recorded Transactions in June 2023

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SAN DIEGO LAFCO
Expenses by Vendor Detail
May 2023

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | 3MC Strategies LLC						
	5/5/2023	52370.F · Professional Services	4,485.00	Consultant Services | Financial Analysis	electronic	1000 · County Account (44595)
E | Ace Parking						
	5/4/2023	52610 · Non-Travel/In-County	20.00	Parking : Quarterly Staff Activity	debit card	3558 · SDCCU Checking
	5/12/2023	52530 · Office Lease	960.00	Monthly Parking Rent at 2550 Fifth	electronic	1000 · County Account (44595)
	5/31/2023	52610 · Non-Travel/In-County	10.00	Parking for EO	debit card	3558 · SDCCU Checking
			990.00			
E | ADW Consulting LLC						
	5/19/2023	52370.F · Professional Services	9,825.00	Consultant Services | Planning + Governance Analysis	electronic	1000 · County Account (44595)
E | After Effects (Adobe)						
	5/11/2023	52270 · Memberships	20.99	Monthly Video Editing Software Subscription	credit card	3558-60 · SDCCU Visa Credit Card
	5/15/2023	52270 · Memberships	19.99	Monthly Adobe DC Pro Upgrade	debit card	3558 · SDCCU Checking
			40.98			
E | Amazon						
	5/3/2023	52344 · Stores Unallocated	315.16	General Office Supplies	credit card	3558-60 · SDCCU Visa Credit Card
	5/9/2023	52330 · Office Expense	75.30	Office Supplies (KS)	debit card	3558 · SDCCU Checking
	5/11/2023	52344 · Stores Unallocated	41.32	Office Supplies (MP)	credit card	3558-60 · SDCCU Visa Credit Card
			431.78			
E | Ambius						
	5/17/2023	52344 · Stores Unallocated	109.94	Monthly Service for Office Plants	check	3558 · SDCCU Checking
E | Apple						
	5/15/2023	52330 · Office Expense	59.99	Annual Software for iPads	credit card	3558-60 · SDCCU Visa Credit Card
E | ARCC (Assessot Recording County)						
	5/8/2023	52490 · Publications	50.00	NOD Fee | Cumming Ranch (CO22-16)	check	3558 · SDCCU Checking
	5/8/2023	52490 · Publications	50.00	NOE Fee | Cumming Ranch (CO22-16)	check	3558 · SDCCU Checking
			100.00			
E | AT&T Mobility						
	5/17/2023	52074 · Telecommunications	461.73	Monthly Cell Phone | LAFCO Staff	check	3558 · SDCCU Checking
E | Blue Barn Creative LLC						
	5/10/2023	52370 · Professional Services	1,250.00	Video Recording Services	electronic	1000 · County Account (44595)
E | Brian J. Brady						
	5/12/2023	52370.F · Professional Services	5,145.00	Consultant Services | Water-Wastewater Analysis	electronic	1000 · County Account (44595)
E | Chase Design Inc						
	5/5/2023	52334 · Printing	225.00	Graphic Design Services | Workplan & Budget	electronic	1000 · County Account (44595)
	5/19/2023	52334 · Printing	675.00	Graphic Design Services | RMWD & FPUD Prospectus	electronic	1000 · County Account (44595)
			900.00			
E | Claim Jumper						
	5/3/2023	52610 · Non-Travel/In-County	56.17	EO + Counsel Debriefing	debit card	3558 · SDCCU Checking
E | Colantuono, Highsmith & Whatley						
	5/19/2023	52370.B · Professional Services	7,522.27	Commission Counsel Services	electronic	1000 · County Account (44595)
E | Corodata						
	5/17/2023	52330 · Office Expense	56.16	Document Storage	check	3558 · SDCCU Checking
E | County of San Diego						
	5/1/2023	52354 · Mail/Postage ISF	0.00	Mail/Postage Services	electronic	1000 · County Account (44595)
	5/1/2023	52178 · Vehicle Maintenance	118.90	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	5/1/2023	52182 · Vehicle Fuel	75.70	Vehicle Fuel	electronic	1000 · County Account (44595)
	5/1/2023	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	5/1/2023	52721 et al. · Communications (IT) Services	8,258.81	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	5/12/2023	51110 et al. · Employee Payroll	47,720.27	Payroll | Pay Period 2023-23	electronic	1000 · County Account (44595)
	5/26/2023	51110 et al. · Employee Payroll	44,269.04	Payroll | Pay Period 2023-24	electronic	1000 · County Account (44595)
	5/26/2023	52504 · Equipment Rental	4.17	County Surcharge | Xerox	electronic	1000 · County Account (44595)
			100,612.38			
E | CSDA						
	5/8/2023	52610 · Non-Travel/In-County	120.00	CSDA Dinner for EO & MP	check	3558 · SDCCU Checking
E | Dieu Ngu						
	5/17/2023	52610 · Non-Travel/In-County	20.00	Quarterly Staff Meeting | Lunch Reimbursement	check	3558 · SDCCU Checking

SAN DIEGO LAFCO
Expenses by Vendor Detail
May 2023

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | Erica Sellen						
	5/17/2023	52610 · Non-Travel/In-County	20.00	Quarterly Staff Meeting | Lunch Reimbursement	check	3558 · SDCCU Checking
E | Etsy						
	5/7/2023	52344 · Stores Unallocated	322.97	Office Wall Art (MP)	debit card	3558 · SDCCU Checking
E | Fallbrook Café						
	5/17/2023	52610 · Non-Travel/In-County	39.11	Meeting with EO & AV	debit card	3558 · SDCCU Checking
E | Fax Plus						
	5/8/2023	52330 · Office Expense	9.17	Monthly Fax Machine Payment	debit card	3558 · SDCCU Checking
E | Google						
	5/18/2023	52074 · Telecommunications	1.99	Social Media Services	debit card	3558 · SDCCU Checking
E | Granicus Inc.						
	5/5/2023	52610 · Non-Travel/In-County	1,000.00	Website Training Services (MP and PM)	electronic	1000 · County Account (44595)
E | Janie Emerson						
	5/17/2023	52610 · Non-Travel/In-County	33.58	La Jolla Proponent Meeting | Lunch Reimbursement	check	3558 · SDCCU Checking
E | Manchester Finaancial 5th Ave LP						
	5/5/2023	52530 · Office Lease	10,655.79	Office & Storage Rent	electronic	1000 · County Account (44595)
E | Michaela Peters						
	5/17/2023	52610 · Non-Travel/In-County	16.53	Quarterly Staff Meeting | Lunch Reimbursement	check	3558 · SDCCU Checking
E | Planwest Partners Inc						
	5/19/2023	52370.F · Professional Services	3,355.00	Consultant Services | Oceanside MSR	electronic	1000 · County Account (44595)
E | Price Self Storage						
	5/11/2023	52504 · Equipment Rental	122.00	Storage Unit Monthly Payment	credit card	3558-60 · SDCCU Visa Credit Card
E | Ready Refresh Water						
	5/24/2023	52330 · Office Expense	48.35	Monthly Water Service	credit card	3558-60 · SDCCU Visa Credit Card
E | Reeder Media						
	5/8/2023	52490 · Publications	400.00	PHN | RMWD & FPUD (RO20-04 & RO20-05)	check	3558 · SDCCU Checking
E | Renato Rodriguez						
	5/8/2023	52330 · Office Expense	50.00	Commission Meeting Refreshments	check	3558 · SDCCU Checking
E | RGS						
	5/5/2023	52370 · Professional Services	472.00	HR Support Services	electronic	1000 · County Account (44595)
E | San Diego History Center						
	5/21/2023	52490 · Publications	214.50	Photos for 60-Year Project	debit card	3558 · SDCCU Checking
E | San Diego Padres						
	5/4/2023	52610 · Non-Travel/In-County	31.50	Quarterly Staff Activity	debit card	3558 · SDCCU Checking
E | San Diego Union Tribune						
	5/17/2023	52490 · Publications	2,675.48	PHNs | CO22-17; RO20-04 & RO20-05	check	3558 · SDCCU Checking
E | Southwest Airlines						
	5/9/2023	52622 · Training/Registration Out-County	276.96	Airfare for Dr. Hanemann Commission Meeting	credit card	3558-60 · SDCCU Visa Credit Card
E | Stephen Abbott						
	5/5/2023	52370.F · Professional Services	640.00	Consultant Services | MSR & Fire	electronic	1000 · County Account (44595)
E | Tamaron Luckett						
	5/17/2023	52610 · Non-Travel/In-County	52.75	Quarterly Staff Meeting Lunch & Escondido Travel Reimbursement	check	3558 · SDCCU Checking
E | Thai One						
	5/4/2023	52610 · Non-Travel/In-County	38.19	EO Meeting with AW	debit card	3558 · SDCCU Checking
E | The Tolls Road						
	5/3/2023	52610 · Non-Travel/In-County	0.96	Tolls	debit card	3558 · SDCCU Checking
	5/7/2023	52610 · Non-Travel/In-County	3.51	Tolls	debit card	3558 · SDCCU Checking
	5/16/2023	52610 · Non-Travel/In-County	3.54	Tolls	debit card	3558 · SDCCU Checking
			8.01			
E | Trace Wilson						
	5/17/2023	52610 · Non-Travel/In-County	17.12	La Jolla Proponent Meeting | Lunch Reimbursement	check	3558 · SDCCU Checking
E | Wyndam Hotel						
	5/9/2023	52622 · Training/Registration Out-County	344.05	Accomodations for Dr. Hanemann Commission Meeting	credit card	3558-60 · SDCCU Visa Credit Card
	5/9/2023	52622 · Training/Registration Out-County	344.05	Accomodations for AV Commission Meeting	credit card	3558-60 · SDCCU Visa Credit Card
			688.10			

SAN DIEGO LAFCO
Expenses by Vendor Detail
May 2023

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | Xerox						
	5/10/2023	52504 · Equipment Rental	344.60	Xerox Rental	electronic	1000 · County Account (44595)
E | Zoom						
	5/4/2023	52270 · Memberships	15.99	Staff Monthly Video Conferencing Subscription	debit card	3558 · SDCCU Checking
	5/12/2023	52270 · Memberships	15.99	EO Monthly Video Conferencing Subscription	debit card	3558 · SDCCU Checking
			31.98			
EXPENSE TOTAL			153,752.08			
R | 805 Properties						
	5/25/2023	52490 · Publications	1,335.52	PHN & Recording Fees (CO22-16)	check	3558 · SDCCU Checking
R | Escondido North LLC						
	5/25/2023	46234 · Applications	11,625.08	Processing Fees (RO23-07)	check	3558 · SDCCU Checking
R | Zilacol Inc.						
	5/25/2023	52490 · Publications	50.00	Recording Fees (CO22-15)	check	3558 · SDCCU Checking
REVENUE TOTAL			13,010.60			

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SAN DIEGO LAFCO
Expenses by Vendor Detail
June 2023

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | 3MC Strategies LLC						
	6/9/2023	52370.F · Professional Services	11,155.00	Consultant Services | Financial Analysis	electronic	1000 · County Account (44595)
	6/30/2023	52370.F · Professional Services	8,625.00	Consultant Services | Financial Analysis	electronic	1000 · County Account (44595)
			19,780.00			
E | Ace Parking						
	5/4/2023	52530 · Office Lease	960.00	Monthly Parking Rent	electronic	1000 · County Account (44595)
E | ADW Consulting LLC						
	6/16/2023	52370.F · Professional Services	10,425.00	Consultant Services | Planning + Governance Analysis	electronic	1000 · County Account (44595)
	6/21/2023	52304 · Miscellaneous Expense	1,350.00	SALC Grant	electronic	1000 · County Account (44595)
	6/30/2023	52304 · Miscellaneous Expense	1,275.00	SALC Grant	electronic	1000 · County Account (44595)
	6/30/2023	52370.F · Professional Services	10,050.00	Consultant Services | Planning + Governance Analysis	electronic	1000 · County Account (44595)
			23,100.00			
E | After Effects (Adobe)						
	6/11/2023	52270 · Memberships	20.99	Monthly Video Editing Software Subscription	credit card	3558-60 · SDCCU Visa Credit Card
	6/22/2023	52270 · Memberships	19.99	Monthly Adobe DC Pro Upgrade	debit card	3558 · SDCCU Checking
			40.98			
E | Amazon						
	6/7/2023	52344 · Stores Unallocated	139.06	General Office Supplies	credit card	3558-60 · SDCCU Visa Credit Card
	6/26/2023	52344 · Stores Unallocated	783.64	New Monitors for CI	credit card	3558-60 · SDCCU Visa Credit Card
			922.70			
E | Ambius						
	6/15/2023	52344 · Stores Unallocated	109.94	Monthly Service for Office Plants	check	3558 · SDCCU Checking
	6/29/2023	52344 · Stores Unallocated	2,836.37	Installation of New Plants	check	3558 · SDCCU Checking
			2,946.31			
E | Apple						
	6/7/2023	52330 · Office Expense	1.99	Service Charge for iPads	credit card	3558-60 · SDCCU Visa Credit Card
E | ARCC (Assessot Recording County)						
	6/15/2023	52490 · Publications	50.00	NOE Fee | Borrego Springs FPD (RO22-19)	check	3558 · SDCCU Checking
	6/15/2023	52490 · Publications	50.00	NOE Fee | Borrego Springs FPD SOI (RO22-19)	check	3558 · SDCCU Checking
	6/15/2023	52490 · Publications	50.00	NOE Fee | Yung-La Presa (CO22-17)	check	3558 · SDCCU Checking
	6/15/2023	52490 · Publications	50.00	NOE Fee | Yung-La Presa SOI (CO22-17)	check	3558 · SDCCU Checking
			200.00			
E | AT&T Mobility						
	6/15/2023	52074 · Telecommunications	525.43	Monthly Cell Phone | LAFCO Staff	check	3558 · SDCCU Checking
	6/15/2023	52504 · Equipment Rental	1,049.15	Two New Cell Phones for KS & MP	check	3558 · SDCCU Checking
	6/29/2023	52074 · Telecommunications	544.78	Monthly Cell Phone | LAFCO Staff	check	3558 · SDCCU Checking
			2,119.36			
E | Blue Barn Creative LLC						
	6/16/2023	52370 · Professional Services	1,600.00	Video Recording Services + Extra Time	electronic	1000 · County Account (44595)
E | Brian J. Brady						
	6/16/2023	52370.F · Professional Services	2,327.50	Consultant Services | Water-Wastewater Analysis	electronic	1000 · County Account (44595)
E | Chase Design Inc						
	6/7/2023	52334 · Printing	1,275.00	Graphic Design Services | Directory Edits	electronic	1000 · County Account (44595)
	6/30/2023	52334 · Printing	7,250.00	Graphic Design Services | 60-Year & Property Tax Brochures	electronic	1000 · County Account (44595)
			8,525.00			
E | Colantuono, Highsmith & Whatley						
	6/30/2023	52370.B · Professional Services	24,283.15	Commission Counsel Services (Two Months)	electronic	1000 · County Account (44595)
E | Corodata						
	6/15/2023	52330 · Office Expense	56.16	Document Storage	check	3558 · SDCCU Checking
E | County of San Diego						
	6/1/2023	52354 · Mail/Postage ISF	3,110.10	Mail/Postage Services (Two Months)	electronic	1000 · County Account (44595)
	6/1/2023	52178 · Vehicle Maintenance	118.90	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	6/1/2023	52182 · Vehicle Fuel	93.41	Vehicle Fuel	electronic	1000 · County Account (44595)
	6/1/2023	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	6/1/2023	52721 et al. · Communications (IT) Services	8,228.23	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	6/9/2023	51110 et al. · Employee Payroll	44,922.55	Payroll | Pay Period 2023-25	electronic	1000 · County Account (44595)
	6/23/2023	51110 et al. · Employee Payroll	49,481.50	Payroll | Pay Period 2023-26	electronic	1000 · County Account (44595)
	6/30/2023	52504 · Equipment Rental	2.92	County Surcharge | Xerox	electronic	1000 · County Account (44595)
			106,123.10			

SAN DIEGO LAFCO
Expenses by Vendor Detail
June 2023

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | Dieu Ngu						
	6/29/2023	52610 · Non-Travel/In-County	37.99	Travel Reimbursement | RCD Escondido Meeting	check	3558 · SDCCU Checking
E | Erica Sellen						
	6/5/2023	52620 · Tuition Reimbursement	405.00	Tuition Reimbursement (GED216)	electronic	1000 · County Account (44595)
	6/30/2023	52620 · Tuition Reimbursement	405.00	Tuition Reimbursement (BAM350)	electronic	1000 · County Account (44595)
			810.00			
E | Fax Plus						
	6/8/2023	52330 · Office Expense	9.17	Monthly Fax Machine Payment	debit card	3558 · SDCCU Checking
E | Grubhub						
	6/2/2023	52610 · Non-Travel/In-County	92.30	Staff Meeting for RMWD/FPUD	debit card	3558 · SDCCU Checking
E | Leaf & Cole						
	6/2/2023	52370.H · Professional Services	1,140.00	Accounting & Audit Prep Services	electronic	1000 · County Account (44595)
	6/30/2023	52370.H · Professional Services	1,984.00	Accounting & Audit Prep Services	electronic	1000 · County Account (44595)
			3,124.00			
E | Manchester Finaancial 5th Ave LP						
	6/5/2023	52530 · Office Lease	14,825.70	Office & Storage Rent	electronic	1000 · County Account (44595)
	6/30/2023	52530 · Office Lease	11,122.52	Office & Storage Rent	electronic	1000 · County Account (44595)
			25,948.22			
E | Mission RCD						
	6/21/2023	52304 · Miscellaneous Expense	1,420.20	SALC Grant	electronic	1000 · County Account (44595)
	6/30/2023	52304 · Miscellaneous Expense	1,165.20	SALC Grant	electronic	1000 · County Account (44595)
			2,585.40			
E | O'Connor & Co.						
	6/16/2023	52370.H · Professional Services	2,205.00	Audit Services	electronic	1000 · County Account (44595)
	6/30/2023	52370.H · Professional Services	10,200.00	Audit Services	electronic	1000 · County Account (44595)
			12,405.00			
E | Peterson Donut						
	6/5/2023	52330 · Office Expense	43.95	Commission Meeting Refreshments	debit card	3558 · SDCCU Checking
E | Price Self Storage						
	6/16/2023	52504 · Equipment Rental	122.00	Storage Unit Monthly Payment	credit card	3558-60 · SDCCU Visa Credit Card
E | RCD of Greater SDC						
	6/21/2023	52304 · Miscellaneous Expense	12,689.17	SALC Grant	electronic	1000 · County Account (44595)
	6/30/2023	52304 · Miscellaneous Expense	24,491.61	SALC Grant	electronic	1000 · County Account (44595)
			37,180.78			
E | Ready Refresh Water						
	6/23/2023	52330 · Office Expense	54.91	Monthly Water Service	credit card	3558-60 · SDCCU Visa Credit Card
E | Renato Rodriguez						
	6/15/2023	52330 · Office Expense	33.50	Commission Meeting Refreshments	check	3558 · SDCCU Checking
E | Residence Inn						
	6/23/2023	52622 · Training/Registration Out-County	1,381.89	Event Space & Catering for Extreme Mindfulness w/ OC LAFCO	credit card	3558-60 · SDCCU Visa Credit Card
E | RGS						
	6/2/2023	52370 · Professional Services	1,073.50	HR Support Services	electronic	1000 · County Account (44595)
	6/30/2023	52370 · Professional Services	552.00	HR Support Services	electronic	1000 · County Account (44595)
			1,625.50			
E | SDSU						
	6/21/2023	52304 · Miscellaneous Expense	5,025.07	SALC Grant	electronic	1000 · County Account (44595)
	6/30/2023	52304 · Miscellaneous Expense	1,623.48	SALC Grant	electronic	1000 · County Account (44595)
			6,648.55			
E | Shutterstock						
	6/12/2023	52490 · Publications	49.00	Annual Subscription	credit card	3558-60 · SDCCU Visa Credit Card
E | Stephen Abbott						
	6/30/2023	52370.F · Professional Services	1,280.00	Consultant Services | MSR & Fire	electronic	1000 · County Account (44595)
E | The Market Place						
	6/14/2023	52610 · Non-Travel/In-County	26.52	KS & Legal Debriefing	debit card	3558 · SDCCU Checking
E | The Mejorando Group						
	6/30/2023	52622 · Training/Registration Out-County	3,300.33	SD & OC LAFCOs Training in Orange County	electronic	1000 · County Account (44595)

SAN DIEGO LAFCO
Expenses by Vendor Detail
June 2023

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | The Tolls Road						
	6/23/2023	52622 · Training/Registration Out-County	8.24	Tolls | TL Travel to OC	debit card	3558 · SDCCU Checking
E | Xerox						
	6/9/2023	52504 · Equipment Rental	672.42	Xerox Rental	electronic	1000 · County Account (44595)
	6/30/2023	52504 · Equipment Rental	471.52	Xerox Rental	electronic	1000 · County Account (44595)
			1,143.94			
E | Zoom						
	6/4/2023	52270 · Memberships	15.99	Staff Monthly Video Conferencing Subscription	debit card	3558 · SDCCU Checking
	6/12/2023	52270 · Memberships	15.99	EO Monthly Video Conferencing Subscription	debit card	3558 · SDCCU Checking
			31.98			
EXPENSE TOTAL			290,929.42			
R | AJX Homes LLC						
	6/12/2023	46234 · Applications	8,326.50	Processing Fees (RO22-04)	check	1000 · County Account (44595)
R | County of San Diego						
	6/30/2023	49200 · Interest & Dividends	28.73	Interest Payment to Account 46725	electronic	1001 · Committed - Stablization (min. balance of $250k)
	6/30/2023	49200 · Interest & Dividends	16.70	Interest Payment to Account 46726	electronic	1002 · Committed - Opportunity (min. balance of $300k)
	6/30/2023	49200 · Interest & Dividends	125.49	Interest Payment to Account 46727	electronic	1003 · Assigned - Executive Officer (up to $125k)
			170.92			
R | Leucadia WWD						
	6/30/2023	52490 · Publications	50.00	Recording Fees (CO22-18)	check	3558 · SDCCU Checking
R | Ocean Air Homes LLC						
	6/12/2023	46234 · Applications	10,984.58	Processing Fees (RO23-05)	check	1000 · County Account (44595)
R | Paul Yung (NJ Group LLC)						
	6/30/2023	52490 · Publications	1,335.52	PHN & Recording Fees (CO22-17)	check	3558 · SDCCU Checking
R | State of Califronia						
	6/12/2023	45281 · State Aid Agriculture	22,195.72	SALC Grant	check	1000 · County Account (44595)
	6/30/2023	45281 · State Aid Agriculture	30,075.78	SALC Grant	check	1000 · County Account (44595)
			52,271.50			
R | The Eckelman Living Trust						
	6/20/2023	46234 · Applications	18,894.75	Processing Fees (RO23-08)	check	1000 · County Account (44595)
REVENUE TOTAL			92,033.77			

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AGENDA REPORT
Consent | Action

August 7, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Erica Sellen, Executive Assistant

SUBJECT: **Budget Report for 2022-2023 |**
End of Year Actuals and Close of Year Amendment

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a report comparing budgeted and actual transactions through the fourth quarter as part of the administrative close of the fiscal year. The report identifies the Commission finished June 30th in positive standing with a net balance of $0.145 million or 6.2% and largely aided by the collection of additional applicant fees. This net surplus reduces – notably – fully recovers budgeted use of reserves in 2022-2023 and produces an overall increase in the unrestricted fund balance by 5.9% from $1.505 million to $1.594 million. The report is being presented to the Commission to accept and file as well as approve close-of-year budget amendments to provide all expenses units finish with positive balances.

BACKGROUND

San Diego LAFCO's adopted budget for 2022-2023 totals $2.261 million. This amount represents the total approved expenditures – operating and non-operating – for the fiscal year and divided between $1.254 million in employee costs and $1.006 million in non-employee costs. A matching revenue total was also budgeted with four-fifths of the funding tied to appropriations collected from local agencies. LAFCO's beginning audited unrestricted fund balance was $1.505 million.

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Joel Anderson, County of San Diego
Nora Vargas, Alt., County of San Diego
Kristi Becker, City of Solana Beach
Dane White, City of Escondido
John McCann, Alt., City of Chula Vista
Stephen Whitburn, Vice Chair, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
David Drake, Alt., Rincon del Diablo
Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

DISCUSSION

This item is for San Diego LAFCO to receive a comparison of(a) budget to (b) actual expenses and revenues as part of the administrative close of 2022-2023 and ahead of an outside audit review. The report provides the Commission the opportunity to review expense and revenue trends relative to recent years and provide follow up with staff as needed. The report is being presented to the Commission to formally accept and file as well as consider correcting amendments for accounting purposes as further discussed.

Summary of Expenses

San Diego LAFCO's budgeted expense total for 2022-2023 as of June 30th was $2.261 million and includes operating and non-operating units. Actual expenses totaled $2.191 million. This actual amount equals 96.9% of the budgeted total and produces an unexpended savings of $0.070 million or 3.1%. An expanded discussion on budgeted and actual expenses follows.

Expense Unit | Salaries and Benefits

LAFCO's budgeted expense total for salaries and benefits as of June 30th was $1.254 million with the proceeds largely tied to funding 8.0 fulltime equivalent positions.[1] Actual expenses were $1.139 million. This actual amount equals 90.8% of the budgeted total and produces an unexpended savings of $0.115 million or 9.2%. The actual savings is largely attributed to a prolonged vacancy in one of the four budgeted analyst positions.

Expense Unit | Services and Supplies

LAFCO's budgeted expense total for services and supplies as of June 30th was $0.753 million with the proceeds largely tied to payments to the County of San Diego for information technology and general support followed by a range of consultant services. Actual expenses were $0.887 million. This actual amount equals 117.7% of the budgeted total and produces an overrun in costs of ($0.134 million) or (17.7%). This shortfall is attributed to additional consultant services utilized during the fiscal year given the higher-than-expected volume in proposals paired with staff vacancies.

Expense Unit | Non-Operating

LAFCO's budgeted expense total for non-operating costs as of June 30th was $0.253 million with the proceeds tied to covering debt service and grant payments. Actual expenses were $0.164 million. This actual amount equals 64.9% of the budgeted total and produces an unexpended savings of $0.89 million or 35.1%. The actual savings is largely attributed to savings in performing grant work during fiscal year.

[1] Other expenses booked in the salaries account include per diems, intern pay, and performance awards.

Summary of Revenues

San Diego LAFCO's budgeted revenue total for 2022-2023 as of June 30th was $2.261 million and includes operating and non-operating units. Actual revenues totaled $2.335 million. This actual amount equals 103.3% of the budgeted total and produces a surplus of $0.075 million or 3.3%. An expanded discussion on budgeted and actual revenues follows.

Revenue Unit | Intergovernmental Fees

LAFCO's budgeted revenue total from local agency apportionments as of June 30th was $1.804 million. This total budgeted amount is divided between LAFCO's four agency membership categories based on statutory formula. All apportionments were received.

Revenue Unit | Service Charges

LAFCO's budgeted revenue from applicant fees as of June 30th was $0.170 million. Actual revenues were $0.310 million. This actual amount equals 182.4% of the budget expectation with a resulting surplus of $0.140 million or 82.4%.

Revenue Unit | Interest

LAFCO's budgeted revenue from interest earnings as of June 30th was $0.015 million. Actual revenues were $0.04 million. This actual amount equals 26.4% of the budgeted expectation with a resulting shortfall of ($0.011 million) or (73.7%).

Revenue Unit | Non-Operating

LAFCO's budgeted revenue involving non-operating sources as of June 30th was $0.271 million. Actual revenues were $0.217 million. This actual amount equals 80.0% of the budgeted expectation with a resulting shortfall of ($0.054 million) or ($20.0%).

ANALYSIS

San Diego LAFCO finished 2022-2023 favorably relative to budgeted expectations. The Commission generated a net surplus of $0.145 million or 6.2% and – among other outcomes – fully recovers the budgeted use of reserves while also increasing reserves by 5.9% from $1.505 to $1.594 million going into 2023-2024. A sizeable increase in application fees underlies the surplus and has helped to absorb an otherwise significant and related increase in consultation usage during the fiscal year given an extended vacancy in one of the four analyst positions. A copy of the general ledger showing budgeted to actual expenses and revenues before any closing amendments are made is shown in Attachment One.

With respect to closing the fiscal year, and as an internal true-up only, one amendment is needed to retroactively authorize the total overrun of ($0.134 million) in budgeted expenses in the Services and Supplies Unit. As referenced above, the overrun in this unit ties to a

significant rise in consultant use necessary during the fiscal year given the combination of high-volume of proposals and staff changes. The proposed amendment follows.

- Amend and increase the budgeted total for Account No. 52370 (Professional Services) within the Services and Supplies Unit from $270,960 to $404,476.

RECOMMENDATION

It is recommended San Diego LAFCO accept and file the budget report on 2022-and approve a correcting year-end amendment as proposed above to ensure all expense units finish with positive balances. This recommendation is consistent with Alternative One outlined below.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Accept and file the report and approve a closing budget amendment to increase the expense line for Account No. 52370 (Professional Services) from $270,960 to $404,476.

Alternative Two:
Continue to a future meeting and provide direction to staff as needed.

PROCEDURES

This item has been placed on the agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

1) 2022-2023 Budget with Actuals Through June 30, 2023

San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

		FY2021-2022			FY2022-2023				
EXPENSES		**Final**	**Amended**	**Actuals**	**Adopted**	**Amended**	**Actuals as of June 30th**	**% of Budget**	**$ Balance**
Salaries and Benefits Unit									
Account No.	Description								
51110-51310	Salaries and Wages	756,365	701,365	710,875	786,510	786,510	719,969	91.5%	66,541
51410	Retirement - SDCERA	301,077	241,077	238,521	275,694	275,694	257,963	93.6%	17,731
51415	Retirement - OPEB	9,164	9,164	7,744	9,030	9,030	8,190	90.7%	840
51421	Retirement - OPEB Bonds	37,655	37,655	31,780	-	-	-	0.0%	-
51450	Payroll Taxes	55,934	55,934	50,568	55,537	55,537	50,854	91.6%	4,683
51510-51550	Group Insurance	130,169	110,169	104,715	125,476	125,476	101,928	81.2%	23,548
51560	Unemployment Insurance	2,000	2,000	406	2,000	2,000	431	21.6%	1,569
		1,292,364	1,157,365	1,144,609	**1,254,248**	**1,254,248**	**1,139,335**	**90.8%**	**114,913**
Services and Supplies Unit									
Account No.	Description								
52074	Communications	6,336	6,336	7,562	12,961	12,961	5,759	44.4%	7,202
52138	General Liability Insurance	10,788	10,788	12,402	12,402	12,402	12,737	102.7%	(335)
52178	Vehicle - Maintenance	980	980	1,251	980	980	1,442	147.1%	(462)
52182	Vehicle - Fuel	500	500	128	500	500	467	93.4%	33
52270	Memberships	25,510	25,510	21,989	30,248	30,248	28,096	92.9%	2,152
52304	Miscellaneous	50	50	146	50	50	24	48.0%	26
52330	Office: General	6,420	6,420	13,519	8,211	8,211	10,006	121.9%	(1,795)
52332	Office: Postage	250	250	219	250	250	148	59.2%	102
52334	Office: Printing	8,000	8,000	20,124	15,000	15,000	23,499	156.7%	(8,499)
52336	Office: Books and Guidelines	2,000	2,000	-	2,000	2,000	42	2.1%	1,958
52338	Office: Drafting/Engineering	50	50	-	50	50	-	0.0%	50
52344	Office: Supplies and Furnishings	14,300	69,300	59,726	14,600	14,600	9,586	65.7%	5,014
52354	Office: County Mail Services	10,000	10,000	8,095	10,000	10,000	11,379	113.8%	(1,379)
52370	Professional Services: Consultants	199,740	321,740	326,659	270,960	270,960	432,234	159.5%	(161,274)
52490	Publications and Legal Notices	4,650	4,650	17,437	4,650	4,650	14,010	301.3%	(9,360)
52504	Leases: Equipment	6,600	6,600	6,520	6,600	6,600	7,281	110.3%	(681)
52530	Leases: Office Space	89,764	89,764	100,303	137,868	137,868	143,726	104.2%	(5,858)
52550	Special Expenses: County Overhead	75,346	75,346	36,865	72,466	72,466	31,431	43.4%	41,035
52562	Special Expenses: Backgrounds	-	-	49	-	-	469	0.0%	(469)
52566	Special Expenses: Minor Equipment	500	500	1,485	500	500	-	0.0%	500
52602	Computer Training	500	500	-	500	500	-	0.0%	500
52610	Travel and Training | In County	3,000	3,000	4,502	2,700	2,700	6,011	222.6%	(3,311)
52612	Employee Auto	8,700	8,700	7,766	8,700	8,700	8,124	93.4%	576
52622	Travel and Training | Out of County	5,000	5,000	-	16,050	16,050	19,177	119.5%	(3,127)
52721	IT Reimbursements: Network	30,000	30,000	36,411	26,553	26,553	17,389	65.5%	9,164
52723	IT Reimbursements: Data Center	40,000	40,000	27,761	29,015	29,015	27,294	94.1%	1,721
52725+28	IT Reimbursements: Financial Systems	20,000	20,000	18,973	40,146	40,146	23,765	59.2%	16,381
52732	IT Reimbursements: Desktop	25,000	25,000	71,257	21,488	21,488	25,765	119.9%	(4,277)
52734	IT Reimbursements: Help Desk	3,000	3,000	2,218	2,331	2,331	2,048	87.8%	283
52750	IT Reimbursements: Equipment	45,000	45,000	13,938	3,748	3,748	23,149	617.7%	(19,401)
52758	Fleet Reimbursements: Vehicle Lease	2,000	2,000	1,986	2,000	2,000	1,986	99.3%	14
		643,984	820,983	819,291	**753,528**	**753,528**	**887,044**	**117.7%**	**(133,516)**

EXPENSES CONTINUED...		FY2021-2022			FY2022-2023				
		Final	Amended	Actuals	Adopted	Amended	Actuals as of June 30th	% of Budget	$ Balance
Non Operating Unit									
Account No.	Description								
51421	Debt Service: OPEB Obligation Bonds	-	-	-	37,388	37,388	32,334	86.5%	5,054
53585	Equipment Depreciation	2,500	2,500	-	-	-	-	0.0%	-
TBD	Grant Award Payments	-	34,768	34,768	-	215,500	131,883	61.2%	83,617
54955-54961	Fixed Assets	2,500	2,500	-	-	-	-	0.0%	-
		5,000	39,768	34,768	**37,388**	**252,888**	**164,217**	**64.9%**	**88,671**
	TOTAL EXPENSES	**1,941,348**	**2,018,116**	**1,998,668**	**2,045,163**	**2,260,664**	**2,190,596**	**96.9%**	**70,068**

REVENUES		FY2021-2022			FY2022-2023				
		Final	Amended	Actuals	Adopted	Amended	Actuals as of June 30th	% of Budget	$ Balance
Intergovernmental Unit									
Account No.	Description								
45918.1	Apportionments | County	483,914	483,914	483,914	515,479	515,479	515,479	100.0%	-
45918.2	Apportionments | Cities (less SD)	483,914	483,914	483,914	515,479	515,479	515,479	100.0%	-
45918.3	Apportionments | City of San Diego	241,957	241,957	241,957	257,830	257,830	257,830	100.0%	-
45918.4	Apportionments | Special Districts	483,914	483,914	483,914	515,479	515,479	515,479	100.0%	-
		1,693,700	1,693,700	1,693,700	**1,804,265**	**1,804,266**	**1,804,267**	**100.0%**	**-**
Service Charges Unit									
Account No.	Description								
46234	Application Fees	150,000	150,000	222,221	170,000	170,000	310,014	182.4%	140,014
		150,000	150,000	222,221	**170,000**	**170,000**	**310,014**	**182.4%**	**140,014**
Earnings Unit									
Account No.	Description								
44105	Interest and Dividends	15,000	15,000	5,205	15,000	15,000	3,967	26.4%	(11,033)
		15,000	15,000	5,205	**15,000**	**15,000**	**3,967**	**26.4%**	**(11,033)**
Non-Operating Unit									
Account No.	Description								
TBD	Grant Awards	-	19,011	19,011	-	215,500	161,273	74.8%	(54,227)
47540	Transfer from Fund Balance	82,648	82,648	82,648	55,898	55,898	55,898	(1)	-
		82,648	101,659	101,659	**55,898**	**271,398**	**217,171**	**80.0%**	**(54,227)**
	REVENUE TOTALS	1,941,348	1,960,359	2,022,785	**2,045,163**	**2,260,664**	**2,335,419**	**103.3%**	**74,755**

OPERATING NET			**24,117**	**-**	**-**	**144,823**	
FUND BALANCE							
(unrestricted)			**(audited)**			**(unaudited)**	
Committed							
... Stabilization			250,000			250,000	
... Opportunity			300,000			300,000	
Assigned by EO			125,000			37,937	
Unassigned			829,941			1,005,929	
			1,504,941			1,593,866	

6f

AGENDA REPORT
Consent | Action

August 7, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Erica Sellen, Executive Assistant

SUBJECT: **Proposed Fund Balance Designations for 2023-2024 and Related Amendments to Fiscal Policy 101**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will perform its annual task under policy to review and make fund balance designations for the new fiscal year. The total spendable cash fund balance as of July 1, 2023 was $1,637,356. It is proposed the Commission reset the designations to largely match the preceding fiscal year and marked by setting $750,000 aside as committed monies for opportunity or stabilization uses. A change is proposed to assigned monies and double the amount available to the Executive Officer to cover specific and otherwise unique expenses beyond budgeted resources from $62,500 to $125,000. The remaining monies – totaling $762,356 – would be unassigned and meets the Commission's 33.3% reserve standard. Related amendments are proposed to Fiscal Policy 101 and its provisions governing the fund balance to expand allowance uses for assigned monies to include high-priority projects as set by the Commission in the annual workplans.

BACKGROUND

Policies on the Fund Balance

San Diego LAFCO's Fiscal Policy 101 was comprehensively updated in May 2019 to address the Commission's responsibilities to provide uniform reporting of fund balances consistent with

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the Government Accounting Standards Board's Statement 54 ("GASB 54"). This includes several discretionary standards to manage the fund balance relative to meeting statutory requirements to plan and regulate local agency boundaries and service areas in San Diego County. Compliance rests on the Commission annually reviewing and designating the spendable fund balance consistent with the following standards.

Committed Monies
These monies are divided between stabilization and opportunity uses and subject to first satisfying the minimum reserve requirement. Stabilization uses apply to absorbing unexpected costs or shortfalls. Opportunity use apply to long-term efficiencies and costs-savings.[1] Commission approval is needed to access committed funds.

Assigned Monies
These monies are available to the Executive Officer to cover special legal services as well as covering applicant fee reductions and/or waivers. These monies are subject to first satisfying the minimum reserve requirement and cannot exceed $125,000.[2]

Unassigned Monies
These monies serve as all-purpose reserves and must equal no less than 33.3% of budgeted operating expenses. The Commission shall similarly limit unassigned monies to no more than six months or 50.0% of budgeted operating expenses.

DISCUSSION

This item is for San Diego LAFCO to perform its annual review and make discretionary designations involving the spendable portion of the fund balance for 2023-2024 totaling $1,637,356. This review is premised on the Executive Officer attesting all fund balance monies are currently spendable and not subject to external constraints or purposes. Related amendments to Fiscal Policy 101 are also proposed. Additional details on both topics follow.

Proposed Designations in 2023-2024

Staff proposes San Diego LAFCO largely reset the fund balance designations from the preceding fiscal year and marked by setting $750,000 as committed monies. A change is proposed to increase assigned monies by double from $62,500 to $125,000. The remaining balance – $762,356 – would be unassigned and meets the 33.3% reserve standard. The following table shows the proposed designations along with past fiscal year approvals.

[1] Committed monies for stabilization and opportunity uses are deposited with the County Treasurer's Office in dedicated accounts.
[2] Assigned monies can be draw from the Executive Officer to cover authorized expenses by transferring monies from the fund balance into the operating budget and in doing so ensuring other budgeted expenses are funded.

LAFCO Fund Balance & Designations Balances as of July 1st				
Classification	2020-2021 Approved	2021-2022 Approved	2022-2023 Approved	2023-2024 Proposed
Committed				
… Opportunity	300,000	500,000	500,000	500,000
… Stabilization	250,000	250,000	250,000	250,000
Assigned	125,000	125,000	62,500	125,000
Unassigned *	1,015,769	762,178	735,065	762,356
… % of Operating Budget	60.0%	46.5%	35.9%	33.7%
TOTAL FUND BALANCE	1,690,769	1,637,178	1,547,565	1,637,356

* The amount of unassigned monies is based on totaling all accounts and does not adjust for payments made but not deposited as of the date.

* The designations for 2020-2021 were rolled over from 2019-2020 without Commission review due to an oversight by the Executive Officer. This oversight underlies why the unassigned portion of the fund balance exceeded the maximum amount of reserves – 50% - allowed in policy.

Proposed Amendments to Fiscal Policy 101

Staff proposes San Diego LAFCO amend Fiscal Policy 101 for the substantive purpose of expanding allowable uses by the Executive Officer involving assigned monies. The current policy limits the uses to legal expenses and costs associated with processing proposals with approved fee waivers. It is proposed the Commission expand the allowance to include high-priority projects as set by the Commission in the annual workplans and in doing so make available additional resources to advance time-sensitive projects – like high-priority municipal service reviews. Clarifying amendments are also proposed to specify the Commission is responsible for designating assigned monies with authorization thereafter for the Executive Officer to use for authorized purposes without further approvals.

ANALYSIS

San Diego LAFCO remains in good financial condition and marked by a healthy fund balance total of $1,637,356 as of the start of the new fiscal year. (The balance reflects an overall 5.8% increase over the prior fiscal year and ties to a corresponding net surplus of $0.088 million). This balance first and foremost ensures a sufficient amount of unassigned monies are available for cash-flow purposes under policy to meet no less than four months of budgeted operating costs. The balance and the remainder also – pertinently – allow the Commission to continue to set aside $750,000 in committed monies to invest in long-term cost-savings opportunities and/or stabilize against unexpected costs during the fiscal year. Relatedly, the proposed amendments' focus to expand assigned monies to cover high priority workplan projects provides staff an additional tool to navigate unexpected costs and/or events in accomplishing the most critical activities tasked by the Commission in the fiscal year. The other amendments serve as good clarifications and make certain the Commission sets designations for assigned monies each fiscal year with authorization thereafter for the Executive Officer to utilize the funds as appropriate.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed fund balance designations for 2023-2024 and amendments to Fiscal Policy 101 as described in the preceding sections. This recommendation is consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

(a) With respect to fund balance designations in 2023-2024:

i. Designate $500,000 in committed monies.
ii. Designate $250,000 in committed monies.
iii. Designate $125,000 in assigned monies.
iv. Designate all remaining monies as unassigned.

(b) Amend Fiscal Policy 101 as shown in Attachment One.

Alternative Two:
Continue to the next regular meeting and provide direction to staff as needed.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

1) Proposed Amendment to Fiscal Policy 101 (track-changes format)

FISCAL POLICY F–101

Subject

SAN DIEGO LAFCO FUND BALANCE

Purpose

This policy establishes guidelines and requirements for the classification of fund balances consistent with the Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Background

The term, "fund balance" is used to describe the difference between assets and liabilities reported within a fund. In the past, fund balances have been classified into three separate components: reserved, designated, and undersigned. Limitations were associated with these classifications with respect to the purpose and usage of funds. The force of these limitations could vary significantly, depending on the funding source.

The Governmental Accounting Standards Board (GASB) issued Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for implementation in 2011. This new standard does not affect the calculation of fund balance; however, it altered various components used to report it. There are also new categories and terminology reflected in an approach that focuses on the constraints placed on the specific purposes of the funds. GASB Statement Number 54 applies to governmental funds such as LAFCO's General Fund.

With the shift of focus of GASB Statement Number 54, emphasis is now placed on the extent to which the government agency (LAFCO) is bound to honor constraints on the specific purposes for which amounts in the fund can be spent, rather than availability of fund resources. Under this new GASB, fund balances are classified as "non-spendable" and "spendable". Spendable categories are further classified as *restricted, committed, assigned,* and *unassigned*. Definitions and LAFCO policies for non-spendable and spendable categories follow:

- *Non-Spendable*: Amounts that cannot be spent or are not in spendable form (i.e. prepaid items, land held for resale, long-term receivables), or are legally or contractually required to be maintained intact.

- *Restricted*: Amounts that are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments. They may also be internally imposed by enabling legislation. Examples are debt service reserves, gas tax funds and grants.
- *Committed*: Amounts committed for specific purposes by formal action of the governing body, such as enacted ordinances and resolutions, which prevent the amounts from being used for any other purpose without the governing body's formal action. These also include contractual obligations to the extent that existing resources have been specifically committed for us in satisfying those contractual requirements.
- *Assigned*: Amounts intended to be used for specific purposes without formal action by the governing body. This authority to determine the portions of a fund's balance that is to be assigned and reported as "assigned" in the agency's audited financial statements may be delegated to the Executive Officer or the Executive Officer's designee.
- *Unassigned*: Amounts in the General Fund in excess of non-spendable, restricted, committed, and assigned fund balances. For LAFCO, the General Fund Contingency Reserve and remaining spendable amounts which are not included in one of the other classifications would be classified as "unassigned" for presentation in the audited financial statements.

Policy

It is the policy of the San Diego Local Agency Formation Commission to:

1. Classify its fund balance in accordance with the Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Reporting of fund balance in LAFCO's audited financial statements will be based on the amounts and classifications made by the Commission or its delegate as provided in this policy. Classification of fund balance reflects the current plans of the Commission with respect to the use of fund balance. These plans represent current intention and are subject to change and assignment. Furthermore, the classification of funds (reflecting current plans for asset use) does not in any way limit the ability to use those funds for other purposes, as deemed necessary by the Commission.

2. Classify monies in the fund balances as *"non-spendable"* and *"spendable"* consistent with GASB Statement Number 54. Spendable categories will be further classified as *restricted, committed, assigned,* and *unassigned* as described below.

   a. Non-Spendable: The Commission shall designate fund balance monies as "non-spendable" for amounts that cannot be spent or are not in spendable form (i.e. prepaid items, land held for resale, long-term receivables), or are legally or contractually required to be maintained intact.

   b. Restricted (Spendable): The Commission shall designate fund balance monies as "restricted" for amounts that are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments. The Commission may also restrict fund balance if required by internally imposed enabling legislation or regulations.

   c. Committed (Spendable): The Commission shall designate fund balance monies as "committed" for amounts intended for specific purposes by formal action within the following two categories:

      i. Stabilization: these monies are committed to absorb unexpected costs incurred during the fiscal year and include – but not limited to – operating shortfalls, litigation, and controlling future increases in agency contributions.

      ii. Opportunity: these monies are committed to pursue long-term efficiencies and/or related costs savings and include – but not limited to – Commission initiated proposals, capital purchases, prepayments, and transitional costs involving organizational restructuring.

   d. Assigned (Spendable): The Commission shall designate fund balance monies as "assigned" up to ~~delegates to the Executive Officer the authority to designate fund balance monies as "assigned" for specific purposes without formal action. This delegation is limited to~~ $125,000 per fiscal year. Assigned monies are delegated for use by the Executive Officer without formal action thereafter and specific to legal expenses, ~~and~~ costs associated with processing proposals with approved fee waivers or reductions, and high-prority projects included in the annual workplan.

      ~~i. The designation of assigned monies in cumulative excess of~~

~~$125,000 per fiscal year requires formal Commission approval.~~

~~ii.~~i. The designation of assigned monies cannot result in unassigned monies falling below the minimum reserve level as described in this policy.

e. Unassigned (Spendable): The Commission shall designate fund balance monies as "unassigned" for amounts that are in excess of non-spendable, restricted, committed, and assigned fund balances. Additionally:

i. The Commission shall maintain a minimum reserve level of unassigned monies equal to four months or 33.3% of budgeted operating expenses. These monies are intended to protect against cash flow shortfalls related to the timing of the collection of agency apportionments in the fiscal year.

ii. Should unassigned monies equal less than the minimum reserve level described in this policy, the Executive Officer shall present a restoration plan to the Commission for approval. The restoration plan shall provide options with a recommendation to replenish unassigned monies to meet the minimum reserve level within three fiscal years.

iii. The Commission shall maintain a maximum reserve level of unassigned monies equal to six months or 50% of budgeted operating expenses. Should unassigned monies exceed this maximum reserve level the Commission shall proceed to either designate the excess monies for committed uses or return to the funding agencies in the form of agency credits consistent with the provisions outlined in (e)(iv).

iv. Commission may authorize credits to reduce new agency apportionments as part of the annual budget process. Individual credit amounts shall be equal to the affected agency's proportional share of overall invoiced apportionments in the current fiscal year.

3. Review the fund balance no less than once per fiscal year as part of the annual budget process and take action as appropriate under this policy.

Adopted: June 3, 2013
Amended: May 6, 2019

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AGENDA REPORT
Consent | Action

August 7, 2023

TO: Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer
Michaela Peters, Analyst I

SUBJECT: **Proposed Memorandum of Understanding with County of San Diego | Setting Roles + Responsibilities for New Planning Grant: SALC 2.0**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider approving a memorandum of understanding (MOU) with the County of San Diego's Planning and Development Services (PDS) in partnering on a new two-year planning grant. The MOU establishes roles and responsibilities in implementing a recent grant award of $500,000 from the Department of Conservation as part of the Sustainable Agricultural Lands Conservation Program ("SALC"). This is LAFCO's second SALC grant – i.e., "SALC 2.0" and will involve performing market and related gap analysis to help inform small farming operations. The MOU designates LAFCO as grant administrator and responsible to preform consultant selection and management, accounting and billing, and quarterly reporting. The MOU designates PDS as program manager and responsible for performing outreach and preparing educational and strategic plans. Both parties would be responsible for preparing the final report and making recommendations. The memorandum also addresses the 10% matching contribution requirement. The memorandum has been reviewed by Commission Counsel and presented to the Commission for approval.

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Andy Vanderlaan
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Harry Mathis, Alt.
General Public

BACKGROUND

Sustainable Agricultural Lands Conservation Program

SALC was created in 2014 as a component of the California Strategic Growth Council and administered by the Department of Conservation. The SALC program is primarily funded through the California Climate Investments, a statewide program that provides cap-and-trade funds through agricultural conservation acquisition and planning grants for programs intended to reduce greenhouse gas emissions. The principal goals of SALC are stated as:

- Protect at-risk agricultural lands from sprawl development to promote growth within existing jurisdictions, ensure open space remains available, and support a healthy agricultural economy.

- Further the purposes of Assembly Bill 32 by avoiding increases in the greenhouse gas emissions associated with the conversion of agricultural land to more greenhouse gas-intensive nonagricultural uses.

Grant Application and Approval | San Diego LAFCO and County of San Diego PDS

In September 2022, San Diego LAFCO and PDS collaborated in submitting a planning grant application under SALC to perform market analysis for existing and emerging crops – with focus on small-farms – while also identifying government opportunities to help bridge economic gaps. The Commission – notably – authorized the grant proposal as lead applicant. LAFCO was subsequently awarded a two-year grant in the full amount of $500,000 with work commencing in June 2023 and through September 2025.

DISCUSSION

This item is for San Diego LAFCO to enter into a memorandum of understanding with PDS to guide the implementation of the recently awarded SALC planning grant. The proposed memorandum has been prepared with the assistance of Commission Counsel and in consultation with PDS. Should the Commission proceed with approval, it is expected PDS will consider the memorandum at its next regular meeting.

ANALYSIS

Approval of the memorandum of understanding formalizes roles and responsibilities in proceeding with SALC 2.0. This is highlighted by bisecting and designating specific tasks to San Diego LAFCO and PDS. The memorandum of understanding as proposed commences retroactive to July 1, 2023 and terminates at the end of the grant funding period on September 30, 2023. A summary of key provisions included in the proposed memorandum of understanding follows and further detailed as part of Attachment One.

Roles and Responsibilities

1. LAFCO's primary responsibility is to act as the grant manager and involves:

    a. Assuming lead role for Task 1 (Grant Management) and involves fiduciary responsibilities including review, approval, and submittal of invoices and other report to the Department of Conservation as well as execution all professional services contracts for mutually selected consultants.

    b. Assuming lead role – in consultation and close coordination with PDS – on Task 2 (Market Analysis), and Task 3 (GAP Analysis).

    c. Co-lead the drafting, finalizing, and presenting the final report for Task 6 (Greening Agriculture | Final Report) with PDS.

    d. LAFCO also commits to assuming ½ of the required match contribution – or 5% - and equaling $25,000.

2. PDS's primary responsibility is to act as program manager and involves:

    a. Assuming lead role on Task 4 (Outreach and Educational Plan) and Task 5 (Strategic Plan) in consultation with LAFCO.

    b. Co-lead the drafting, finalizing, and presenting the final report for Task 6 (Greening Agriculture | Final Report) with LAFCO.

    c. PDS also commits to assuming ½ of the required match contribution – or 5% - and equaling $25,000.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed MOU as presented with any desired changes. This recommendation is consistent with Alternative One outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Approve the proposed memorandum of understanding provided as Attachment One with PDS with any specified changes.

Alternative Two:
Continue consideration to a future meeting and provide direction as needed.

Alternative Three:
Take no action.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

On behalf of the Executive Officer,

Michaela Peters
Analyst I

Attachment:

1) Proposed MOU

MEMORANDUM OF UNDERSTANDING

Administration of the State Department of Conservation's
Sustainable Agricultural Lands Conservation Program Grant

This Memorandum of Understanding (MOU) is for the purpose of administration of the State Department of Conservation's Sustainable Agricultural Lands Conservation Program (SALC) Grant Award and is entered into and effective July 1, 2023 between the San Diego County Local Agency Formation Commission ("LAFCO") and the County of San Diego Planning and Development Services ("PDS"). The LAFCO and PDS are each referred to herein as a "Party" and are collectively referred to herein as the "Parties".

RECITALS

WHEREAS, the Sustainable Agricultural Lands Conservation (SALC) program was created in 2014 as a component of the California Strategic Growth Council and administered by the Department of Conservation; and

WHEREAS, the SALC program is primarily funded through the California Climate Investments, a statewide program that provides cap-and-trade funds through agricultural conservation acquisition and planning grants for programs intended to reduce greenhouse gas emissions; and

WHEREAS, SALC seeks to protect at-risk agricultural lands from sprawl development to promote growth within existing jurisdictions, ensure open space remains available, and support a healthy agricultural economy; and

WHEREAS, SALC furthers the purposes of Assembly Bill 32 by avoiding increases in the greenhouse gas emissions associated with the conversion of agricultural land to more greenhouse gas-intensive nonagricultural uses; and

WHEREAS, LAFCO recently partnered with the Resource Conservation District of Greater San Diego in completing a grant award under SALC, referred to as "SALC 1.0," in assessing local agricultural trends in San Diego County; and

WHEREAS, the Parties collaborated on submitting a joint-grant proposal under the SALC program to implement a recommendation in SALC 1.0 to perform market and gap analysis to help inform and sustain small farming operations in San Diego County; and

WHEREAS, on December 16, 2022, the Department of Conservation formally awarded LAFCO as lead applicant $500,000.00 —less a 10% match contribution — to proceed with their proposal; and

WHEREAS, LAFCO and PDS entered into a Grant Agreement with the Department of Conservation to administer the $500,000 award ("Grant Agreement"), attached hereto as Attachment A and incorporated herein by reference; and

WHEREAS, the Parties wish to memorialize their respective roles, duties, and related expectations in implementing the grant award, hereafter referred as "SALC 2.0";

NOW, THEREFORE, in consideration of the promises, terms, conditions, and covenants contained herein, the LAFCO and PDS hereby agree as follows:

I. Purpose and Objectives

This MOU is entered into by the Parties for the purpose of partnering in SALC 2.0 to perform market analysis for existing and emerging crops – with focus on small-farms – in San Diego County while also identifying government opportunities to help bridge economic gaps. Specific objectives:

a. Generate good and timely market information to help smaller farmers – current, prospective, and under-represented – achieve sustained economic success in San Diego County.

b. General good and timely gap analysis to help local government – starting with the Parties as well as others – to take wise policy actions to support and facilitate sustained economic success for small famers in San Diego County.

All funding and related resources are based on the award of a $500,000 grant from the State Department of Conservation's SALC program.

II. Agreement

The Parties to this MOU agree that:

The Parties will work in good faith and coordinate all activities, both as individual and independent agencies and as Parties under this MOU, to meet the objectives of this MOU. The Parties shall cooperate with one another and work as efficiently as possible in the pursuit of all activities and decisions described in this MOU.

The LAFCO and PDS shall act as the program managers under this MOU, performing actions and responsibilities in close consultation.

III. Roles and Responsibilities

1. LAFCO shall serve as the grant manager of SALC 2.0.

   a. As grant manager, LAFCO will be responsible for the following duties:

      i. Assume lead role for **Task 1** and the administration of the grant and execute all professional services contracts for consultants and/or vendors in performance of SALC 2.0. All consultants and vendors shall be selected by LAFCO in consultation with PDS. LAFCO shall act in good faith to reasonably assure all consultants and vendors are agreeable to PDS with the authority, nonetheless, to proceed as LAFCO deems appropriate.

      ii. LAFCO shall review, approve, and submit all of the following documents – on behalf of the Parties and partners – to the Department of Conservation:

      - Invoices;

      - Regular progress reports; and

      - The final report signed by both Parties.

      iii. Maintaining an accounting system that accurately reflects all fiscal

transactions and provides accounting information, retaining all records and required documents as specified in Exhibit C of the Grant Agreement;

iv. Assume ½ of the required match contribution – or 5% - and equaling $25,000.

v. Assume lead role for **Task 2** and **Task 3**. LAFCO shall act in good faith to reasonably assure all market and gap analyses performed under these tasks – including setting scope, scale, and related implementing assumptions – are agreeable to PDS with the authority, nonetheless, to proceed as LAFCO deems appropriate.

vi. Share responsibility for **Task 6** with PDS with respect to drafting, finalizing, and presenting the final report to the LAFCO Commission and San Diego County Board of Supervisors among other stakeholder groups. This also includes providing a final report to the Department of Conservation in the form provided in Attachment 3 to the Grant Agreement.

vii. Complete work on time, as provided in Attachment 2 of the Grant Agreement, and within budget, as provided in Attachment 4 of the Grant Agreement;

viii. Comply with all terms and conditions of the Grant Agreement, including the General Terms and Conditions provided in Exhibit C and the Special Terms and Conditions provided in Exhibit D;

ix. Comply with all local, state, and federal law.

2. PDS shall serve as program manager of SALC 2.0.

a. As program manager, PDS will be responsible for the following duties:

i. Assume lead role for **Task 4** and **Task 5**. PDS shall act in good faith to reasonably assure all outreach as well as preparing the educational the strategic plans performed under these tasks – including setting scope, scale, and related implementing assumptions – are agreeable to LAFCO with the authority, nonetheless, to proceed as PDS deems appropriate.

ii. Share responsibility for **Task 6** with LAFCO with respect to drafting, finalizing, and presenting the final report to the San Diego County Board of Supervisors and LAFCO Commission among other stakeholder groups. This also includes providing a final report to the Department of Conservation in the form provided in Attachment 3 to the Grant Agreement.

iii. Assume ½ of the required match contribution – or 5% - and equaling $25,000.

iv. Drafting progress reports and invoices to support PDS expenses quarterly and in the form provided in Attachment 5 to the Grant Agreement;

v. Using grant funds only for the purposes provided in the Grant Agreement;

vi. Complete work on time, as provided in Attachment 2 of the Grant Agreement, and within budget, as provided in Attachment 4 of the Grant Agreement;

vii. Comply with all terms and conditions of the Grant Agreement, including the General Terms and Conditions provided in Exhibit C and the Special Terms and Conditions provided in Exhibit D;

viii. Comply with all local, state, and federal law.

IV. Term

1. This MOU will retroactively commence on July 1, 2023 and will terminate at the end of the grant funding period on September 30, 2025.

2. LAFCO and PDS may terminate this MOU for any reason on thirty calendar days' written notice to the other party. The parties are required to meet and confer during the thirty-day period before the effective date of the termination.

V. Indemnification

To the fullest extent permitted by law, PDS shall indemnify, hold harmless, and when LAFCO requests with respect to a claim, provide a deposit for the defense of, and defend LAFCO, its officers, agents, employees and volunteers from and against any and all claims, losses, costs and expenses for any (1) damage due to death or injury to any person, whether physical, emotional, consequential or otherwise, (2) injury to any property, or (3) claim alleging mismanagement of funds arising out of or in connection with PDS's alleged negligence, recklessness or willful misconduct or other wrongful acts, errors or omissions of PDS or any of its officers, employees, servants, agents, or subcontractors, or anyone directly or indirectly employed by either PDS or its subcontractors, in the performance of this MOU or Grant or its failure to comply with any of its obligations contained in this MOU or Grant, except such loss or damage which is caused by the sole active negligence or willful misconduct of the LAFCO. Such costs and expenses shall include reasonable attorneys' fees due to counsel of LAFCO's choice, expert fees and all other expenses of litigation. PDS shall not be entitled to any refund of attorneys' fees, defense costs or expenses in the event that it is adjudicated to have not been negligent.

VI. Insurance

1. During the term of this MOU, PDS shall carry, maintain, and keep in full force and effect (1) Comprehensive General Liability Insurance with coverage limits of not less than One Million Dollars ($1,000,000) including products and operations hazard, contractual insurance, broad form property damage, independent consultants, personal injury, underground hazard, and explosion and collapse hazard where applicable and (2) Professional Errors and Omissions Insurance with coverage limits of not less than One Million Dollars ($1,000,000).

2. Any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements or limits shall be available to LAFCO as an Additional Insured as provided below. Furthermore, the requirements for coverage and limits shall be the greater of (1) the minimum coverage and limits specified in this MOU, or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured.

3. At all times during the term of this MOU, PDS shall maintain on file with LAFCO's Risk Manager a certificate or certificates of insurance showing that the required coverages are in effect and naming LAFCO and its officers, employees, agents, and volunteers as Additional Insureds. Prior to commencement of work under this MOU, PDS shall file with LAFCO's Risk Manager such certificate(s) and Forms CG 20 10 07 04 and CG 20 37 07 04 or the substantial equivalent showing

LAFCO as an Additional Insured.

4. PDS shall require each of its subconsultants to maintain insurance coverage that meets all of the requirements of this MOU provided however, that LAFCO may waive the provision of Errors and Omissions Insurance by subconsultants in its sole discretion.

5. The general liability insurance required by this MOU shall contain an endorsement naming LAFCO and its officers, employees, agents, and volunteers as Additional Insureds. All of the policies required under this MOU shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty days' prior written notice to LAFCO. PDS agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.

VII. Books and Records

Each Party shall have access to and the right to examine any of the other Parties' pertinent books, documents, papers, or other records (including, without limitation, records contained on electronic media) relating to the performance of that Party's obligations pursuant to this MOU, providing that nothing in this paragraph shall be construed to operate as a waiver of any applicable privilege. Each Party shall keep this information confidential to the extent allowed by law.

VIII. Notice

All notices required by this MOU will be deemed to have been given when made in writing and electronically or physically mailed to the respective representatives of the Parties at their respective addresses as follows:

County of San Diego, Planning and Development Services Department
Dahvia Lynch
5510 Overland Ave. Suite 310
San Diego, CA 92123
dahvia.lynch@sdcounty.ca.gov

San Diego Local Agency Formation Commission
Keene Simonds
2550 Fifth Avenue, Suite 725
San Diego, California 92103-6624
Keene.Simonds@sdcounty.ca.gov

Any Party may change the address or facsimile number to which such communications are to be given by providing the other Parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change.

All notices will be effective upon receipt and will be deemed received through delivery if personally served or served using facsimile machines, or on the fifth (5th) day following deposit in the mail if sent by first class mail

IX. General Provisions

1. Severability. If any term or provision of this MOU or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be

amended to, and solely to the extent necessary to, cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this MOU, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this MOU shall be valid and be enforced to the fullest extent permitted by law.

2. Non-delegable. PDS shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without LAFCO's prior written consent, and any attempt to do so shall be void and of no effect. LAFCO shall not be obligated or liable under this MOU to any party other than PDS.

3. Waiver. The waiver by LAFCO or PDS of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this MOU shall be deemed to have been waived by LAFCO or PDS unless in writing signed by one authorized to bind the party to be charged with the waiver.

4. Entire Agreement. This MOU is the complete agreement between LAFCO and PDS and may be amended only by written agreement signed by each of the parties involved.

5. Recitals. The recitals stated at the beginning of this MOU shall be conclusive proof of the truthfulness thereof and the terms and conditions of the recitals shall be deemed binding terms and conditions of this MOU.

IN WITNESS THEREOF, the Parties hereto have executed this MOU regarding the implementation of the SALC grant on date first above written.

"LAFCO"

By_____
Keene Simonds
LAFCO Executive Officer

Date:_____

"PDS"

By:_____
Dahvia Lynch
PDS Director

Date:_____

Approved as to form:

By_____
Holly O. Whatley

6h

AGENDA REPORT
Consent | Action

August 7, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Proposed Temporary Appointment to a Higher Class | Temporary Assignment of Erica Sellen as Commission Clerk**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider the temporary appointment of Executive Assistant Erica Sellen as Commission Clerk retroactive to June 28, 2023. The proposed appointment provides a 10% compensation increase under adopted policy and recognizes several duties already undertaken by Ms. Sellen as a result of a leave of absence involving the incumbent. It is recommended the Commission relatedly authorize the continued temporary assignment as needed for up to 130 days while the incumbent either remains on leave and/or returns with modified duties. The proposed appointment – at the maximum potential length – would generate a total cost of $6,054 and can be readily accommodated under the adopted budgeted without amendments.

BACKGROUND

Commission Clerk Position

San Diego LAFCO currently budgets 9.0 full-time positions at a total expense of $1.436 million (salaries and benefits). One of these budgeted positions is the Commission Clerk with key duties involving records and filings management, public noticing, and clerking meetings.

Administration
Keene Simonds, Executive Officer
2550 Fifth Avenue, Suite 725
San Diego, California 92103
T 619-321-3380
www.sdlafco.org
lafco@sdcounty.ca.gov

Chair Jim Desmond, County of San Diego
Joel Anderson, County of San Diego
Nora Vargas, Alt., County of San Diego
Kristi Becker, City of Solana Beach
Dane White, City of Escondido
John McCann, Alt., City of Chula Vista
Vice Chair Stephen Whitburn, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
David A. Drake, Alt., Rincon del Diablo
Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

DISCUSSION

This item is for San Diego LAFCO to consider the temporary appointment of Executive Assistant Erica Sellen as Commission Clerk retroactive to June 28, 2023 with a corresponding 10% compensation increase as allowed under adopted policy (Rule 6.13). Authorization would extend up to 130 days to parallel the incumbent holder either remaining out on a leave of absence and/or returning with limited availability.

ANALYSIS

The proposed temporary assignment of Executive Assistant Erica Sellen as Commission Clerk accommodates a priority need to ensure day-to-day records management and public noticing duties are being exercised while the incumbent remains out and/or returns with limited availability. Productivity losses – nonetheless – will result given certain Executive Assistant tasks will go unaddressed and may require its own backfilling via a temporary hire.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed temporary placement of Erica Sellen to Commission Clerk with a 10% compensation increase. This recommendation is reflected in the proceeding section as Alternative Action One.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):

(a) Approve a temporary assignment for Erica Sellen to serve as Commission Clerk retroactive to June 28, 2023 for up to 130 days.

(b) Authorize a 10% increase in salary while Erica Sellen serves as Commission Clerk.

Alternative Two:
Continue the item to the next regular meeting and provide direction to staff as needed.

Alternative Three:
Take no action.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachments:

1) Commission Clerk Job Description
2) Rule No. 6.13

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LOCAL AGENCY FORMATION COMMISSION
SAN DIEGO COUNTY

POSITION SPECIFICATION

COMMISSION CLERK

Definition

With limited direction, to serve as clerk to the Commission and assist the Executive Officer in managing Commission meetings and all records therein; to perform support staff level work for the Executive Officer and to assist with administrative and other non-routine duties; to perform related work as required.

Typical Tasks

Works with the Executive Officer to schedule all Commission meetings and any standing or ad hoc committees therein; prepares related agenda materials; takes related official meeting minutes; notifies participants; reserves meeting rooms; ensures Commission meeting information is compiled and posted; arranges for Commission food and beverages as appropriate.

Prepare, post, and distribute public hearing notices of the Commission; prepare, publish, and distribute other legal notices in accordance with State of California, County of San Diego, and LAFCO requirements.

Receive, process, and monitor economic interest statements and election process for elected and appointed officials and employees.

Receive and coordinate responses pursuant to the State's Public Records Act.

Coordinate and oversee elections on behalf of the Special Districts Selection Committee; certify election results.

Coordinate with the Executive Officer and designated staff to file and/or record approved and completed jurisdictional changes with the County Clerk-Recorder's Office and State Board of Equalization.

Create, organize, and maintain official records of the Commission – including – but not limited to – applicant proposals, Commission meeting minutes, adopted resolutions, adopted policies and procedures, public records requests and response, and official correspondence.

Serve as direct supervisor to the Administrative Assistant and manage and delegate tasks accordingly.

Other tasks include: performing general support staff duties; screening and routing incoming correspondence; typing correspondence and reports; answering telephone and taking messages; maintaining files; retrieving and gathering information to assist staff members; meeting the public to answer inquiries or complaints regarding procedures.

Distinguishing Characteristics

Serve as Commission Clerk as provided under LAFCO law. Organize own work, coordinate projects, set priorities, and meet critical deadlines in fulfilling typical tasks. Report directly to the Executive Officer

Minimum Qualifications

Thorough Knowledge of:

- General role of local government and basic responsibilities and duties of LAFCO.
- A wide variety of word processing layouts and formats
- Filing systems, including alphabetical, chronological, numerical, subject area, and tickler.
- Record keeping and clerical monitoring procedures.
- Business English including spelling, punctuation, grammar, capitalization, and word usage.
- The operation and uses of common office equipment including office computers, typewriters, calculators, copiers, and dictaphone machines.
- Modern office procedures and practices.

Skills to:

- Possess strong interpersonal and public relations skills.
- Deal effectively and diplomatically with administrators, officials, and other individuals who transact business with the Executive Officer.
- Independently review and interpret relevant statutes.
- Take and transcribe dictation accurately.
- Possess relevant office/computer skills to use a variety of equipment such as computers, copy machines and software programs (i.e. Microsoft Office).
- Read, understand, follow, and explain policy and procedure.
- Compile and summarize statistical, financial, and other data.
- Compose routine correspondence and reports.
- Make arithmetic calculations.
- Maintain confidentiality.

Education/Experience:

- At least four years of relevant experience, two years of which must have been at a comparable level to the executive assistant or administrative assistant position as determined by the Executive Officer.
- Completion of no less than 60 units from an accredited college or university may be substituted for two years of relevant experience as described above.

- Graduation from an accredited four-year college or university within emphasis in administration, business, or other related fields may be substituted for all four years of the relevant experience as described above.

Established: June 1, 2020

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RULES
SAN DIEGO
LOCAL AGENCY FORMATION COMMISSION

ARTICLE VI
PERSONNEL RULES

6.1	Application
6.2	Definitions
6.3	Rest Periods
6.4	Holidays
6.5	Classification
6.6	Compensation
6.7	Performance Reports
6.8	Eligibility for Step Adjustments
6.9	Overtime
6.10	Leave
6.11	Vacation
6.12	Dismissal or Suspension
6.13	Temporary Appointment to a Higher Class
6.14	Employees Previously Employed by a County
6.15	Benefits
6.16	Compensation Plan
6.17	Recruitment
6.18	Suspension of Personnel Rules
6.19	Effective Dates
6.20	Executive Officer Compensation Plan
6.21	Telecommuting

6.1 APPLICATION -

Unless otherwise provided in the employment contract between the Commission and the Executive Officer, the foregoing personnel rules and the attached compensation / benefits summary shall apply to all employees who have been:

1. Appointed and serve at the pleasure of the Commission; or
2. Appointed by the Executive Officer.

6.2 DEFINITIONS -

1. "Biweekly Pay Period" means the 14-day period commencing on August 16, 1974 and ending at midnight of the second Thursday thereafter and each subsequent 14-day period.

2. "Commission" means the San Diego Local Agency Formation Commission.

3. "County" means the County of San Diego.

4. "Discipline" means an action or actions taken by the Executive Officer or Commission to reprimand, dismiss, demote or suspend an employee of LAFCO.

5. "Executive Officer" means the Executive Officer appointed by the Commission pursuant to Government Code Section 56038.

6. "Immediate Family" means husband, wife, child, stepchild, brother, stepbrother, sister, stepsister, parent, stepparent, any person serving or who has served as parent or any other person living in the same household as the employee.

7. "Overtime" means authorized or ordered work required of an employee which is in excess of the work week as set by the Executive Officer for that employee.

8. "Part-time Employee" means an employee whose biweekly work week is less than 80 hours.

9. "Professional Employee" means the Executive Officer, Assistant Executive Officer, Chief of Policy Research, Chief of Governmental Services, and Local Governmental, Geographic Information Systems (GIS) Analyst, Local Governmental Analysts I, II, and III for the purpose of these personnel rules only.

10. "Rate of Compensation" means the specific amount of compensation established for a specific period of work.

11. "Reprimand" means a written or verbal expression of disapproval related to the activities of an employee of LAFCO.

12. "Rules" mean the Rules of the Commission.

13. "Support Employee" means Administrative Assistant, Administrative Aide, Commission Clerk, Executive Assistant, Records Clerk, for the purpose of these personnel rules only.

14. "Temporary Employee" means an employee hired by the Commission for a period not to exceed six calendar months.

15. "Work week" means the number of hours authorized in a biweekly pay period by the Executive Officer for each employee.

6.3 REST PERIODS -

Each employee may take a 15-minute rest period at midmorning and at mid-afternoon.

6.4 HOLIDAYS -

Full-time, permanent employees shall be entitled to the same holidays on full pay as authorized for the employees of the County of comparable classes unless otherwise specified by the Commission. Part-time, permanent employees' pay for holidays shall be equivalent to one-tenth (1/10) the number of regularly scheduled hours in the employee's biweekly pay period in which the holiday occurred.

6.5 CLASSIFICATION -

The Commission, through the adoption of these Rules, shall provide for the classification of its employees per the position specifications included in Article VI of the Rules (Exhibit A).

6.6 COMPENSATION -

The compensation for each position shall be according to a schedule fixed by the Commission. To the extent each position is comparable to a similar position in the County of San Diego, compensation shall approximate that for the comparable county position. Wage and benefit adjustments given by the County to its employees will be applicable to the comparable Commission positions. The rate of compensation set forth in the pay schedule shall represent the total compensation in every form except for overtime compensation, health insurance benefits, compensation plans, retirement benefits and reimbursement for actual and necessary expenses for traveling subsistence and general expenses authorized and incurred incident to employment. With commission budgetary approval, the Executive Officer is authorized to implement the employee performance incentive program. The program is based on recognizing exemplary performance through providing bonuses and/or cash awards. The Executive Officer may provide a one-time annual exemplary performance bonus to qualified Commission staff, not to exceed 5% of the annual salary for employees deemed eligible by the Executive Officer. The annual cycle is based on the fiscal year. Commission employees may receive exemplary performance pay and/or recognition pay in one lump sum cash award or in incremental cash awards.

In addition to performance bonuses up to 5% of an employee's annual salary, the Executive Officer may also provide recognition pay to Commission staff not to exceed $1,000 per award. The criteria for the award will be based on cost-savings, service improvement, or other tangible benefits to LAFCO operations directly attributable to an individual member of the LAFCO staff. Multiple awards may be granted to Commission staff as long as the aggregate monetary total of the awards do not exceed $1,000 for each member of the staff during the fiscal year. The Executive Officer is also authorized to establish an office-wide performance recognition program and is authorized to allocate up to $1,250 annually to support this program.

Non-executive Commission employees with a minimum of 15 years of continuous LAFCO/County of San Diego employment are eligible for a 1-2% annual salary band increase, contingent on exemplary performance subject to a determination by the Executive Officer.

Further information about the wages and benefits are included in the Benefits / Compensation Summary attached to the Rules.

6.7 PERFORMANCE REPORTS -

For the purpose of determining the step adjustment to which each employee of the Commission may be entitled, the Executive Officer shall provide for a system of reporting the performance and progress of employees. Performance reports for each employee shall be prepared prior to the six-month anniversary appointment and at least once a year thereafter. Consistent with LAFCO budget policy and Commission direction, the Executive Officer may approve step adjustments after above standard performance reports of employees. The Executive Officer shall, upon completion of the performance report, review same with the affected employee. Employees who do not concur with the Executive Officer's performance report may, within 15 days following the review of the performance rating, file a written request for reconsideration with the Executive Officer, unless that person reports to the Executive Officer. Employees who report to the Executive Officer may, within 15 days following the review of the performance rating, file a written request for reconsideration to the Personnel Committee.

6.8 ELIGIBILITY FOR STEP ADJUSTMENTS -

Consistent with LAFCO budget policy and Commission direction, the Executive Officer may approve step adjustments after above standard employee performance evaluations. On the first day of the pay period immediately following the twelve month anniversary of the appointment of an employee to a position and after completion of each additional year of service in the same position, an employee may be eligible to receive step adjustments. Step adjustments are awarded upon the approval of the Executive Officer.

6.9 OVERTIME -

Any authorized time worked in excess of the employee's weekly work schedule as established by the Executive Officer (see Section 6.2) shall be considered overtime.

Cash payment in lieu of compensatory time-off shall be considered when, in the judgment of the Executive Officer, granting compensatory time-off would detrimentally affect the operations of the office. Overtime shall be recorded in units of hours and tenths of hours on a biweekly basis. All hourly (non-exempt) employees are allowed compensatory time-off on an hour and a half-for-hour basis. Employees' hourly (non-exempt) positions may receive cash payments for overtime worked in any work week only at the discretion of the Executive Officer.

Compensatory time-off to which employees are entitled shall be allowed and taken no later than the last day of the fiscal year following the end of the fiscal year in which the overtime was worked. In authorizing compensatory time-off, the Executive Officer shall give consideration to the desires of the employee as to the date of such time-off and to the needs of the office.

6.10 LEAVE -

Any employee returning from an approved leave shall return to the same position, at the same pay-step, and with the same rights, privileges and obligations as other employees of the same position.

1. Leave With Pay

   (a) Sick leave - Sick leave is paid time off that may be used when an employee is absent from duty for the reasons outlined below. Employees shall accrue sick leave at a rate of .05 x hours worked or of paid leave of absence (4 hours per 80-hour pay period) during each biweekly pay period. Unused sick leave may be accumulated from year to year. An employee may be authorized to use a maximum of eighty (80) hours of paid accrued sick leave in a twelve-month period for the purpose of caring for a member of the immediate family who is ill or injured. In addition, if the employee requests paid sick leave in excess of eighty (80) hours in order to care, or arrange care, for a member of the immediate family who is critically or terminally ill, additional accrued sick leave may be available to the employee when granted by the Executive Officer upon receipt of satisfactory verification from a physician.

   Sick leave is paid time off that may be used because of the employee's:

   (1) illness, injury, or exposure to contagious disease which incapacitates the employee for work;

   (2) receipt of medical or dental care or consultation, including prenatal and postnatal care, which is not available except during working hours;

   (3) requirements to care for an ill or injured immediate family member;

   (4) necessity to be present because of a critical or terminal illness of an immediate family member; or

   (5) need to discharge the required obligations that arise from the death of an immediate family member.

   Upon termination of employment, employees hired prior to March 3, 1980 shall be compensated in cash for sick leave credits accrued. This provision authorizing cash compensation for unused sick leave shall apply so long as an employee has unbroken service even though the employee may change classification as a Commission employee. Employees in all LAFCO classes may upon retirement, deferred retirement, disability retirement, or death, convert all or a portion of accrued sick leave balance into retirement service credits subject to the rules and regulations of the of the San Diego County Employees Retirement Association, provided: (a) the employee has completed five (5) or more years of continuous

service during that employee's present employment; and (b) the employee's sick leave balance totals one hundred (100) hours or more. In addition, upon retirement or termination of service with the Commission, employees within benefit designation 01 (Executive Officer) may also elect to receive cash payment for all or a portion of unused sick leave credits equal to 50% of its value. One hundred (100%) of all sick leave credits that are paid to the employee in cash at 50% will be removed from the employee's sick leave balance.

(b) Bereavement Leave - Employees shall be allowed up to five working days of leave with pay upon approval of the Executive Officer due to death in the immediate family.

(c) Military Leave - Military leave may be allowed an employee in the same manner and under the same conditions as granted by the Civil Service Rules of the County of San Diego.

(d) Disability Leave - Disability leave may be allowed an employee in the same manner and under the same conditions as provided by the County of San Diego in the Civil Service Rules.

(e) Absence due to Required Attendance in Court - Absence due to required attendance in court may be allowed an employee upon approval by the Executive Officer and in the same manner and under the same conditions as provided by the County of San Diego in the Civil Service Rules.

(f) Administration of Leave With Pay - The Executive Officer shall maintain records of leave with pay and shall require of the employee a statement of reasons for absence by the employee; sick leave taken for more than three consecutive work days shall be verified by the attending physician or dentist. If, after investigation, the Executive Officer is convinced that the employee is not entitled to paid sick leave, the Executive Officer shall notify the employee accordingly.

(g) Computation of Leaves With Pay - Authorized leaves with pay shall be recorded in units of one hour; pay shall be allowed at the rate the employee would be paid for working during the same period.

2. Leave Without Pay

An employee may be allowed up to one year of leave without pay upon approval by the Executive Officer when such leave is in the best interests of the Local Agency Formation Commission. Any such request shall be in writing, shall state the reason for requesting leave and shall specify the dates requested. Reasons for requesting leave without pay shall include, but are not limited to, military service, extended illness or maternity.

(a) Leaves of Absence on Account of Illness or Injury - Leaves of absence without pay on account of illness or injury, which are not job incurred, may be granted for a maximum period of 26 full biweekly pay periods. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, childbirth, and recovery therefrom. Such leaves will be granted only after all accrued sick leave credits have been used and shall be substantiated by a physician's statement.

(b) Leaves of Absence for Personal Reasons - Leaves of absence without pay for personal reasons may be granted for a maximum of 13 full biweekly pay periods. Such leaves shall only be granted after all accrued vacation, and holiday credits have been used.

(c) Family/Medical Leave (FML) - Family/Medical Leave shall be allowed in accordance with the provisions of the Moore-Brown-Roberti California Family Rights Act of 1993 (Government Code Sections 12945.1-12945.2, and relevant provisions within Section 4.3.12 of the County Compensation Ordinance notwithstanding minimum employee limits contained in the CFRA. Employees may use accrued sick and vacation leave balances during this time.

(d) The Executive Officer shall maintain records of such leave without pay. Any determination by the Executive Officer of a request for leave without pay shall be in writing. Only permanent or probationary employees occupying permanent positions are eligible for leaves of absence without pay under the provisions of this section.

6.11 VACATION -

1. All permanent professional employees hired prior to January 1, 2013 shall be entitled to vacation with pay in accordance with the schedule established for those positions. During the first five years of continuous service, professional employees shall be allowed 15 working days per calendar year of vacation time to be accumulated at a rate of 4.6 hours per biweekly pay period. After the completion of five years of continuous service, professional employees shall be allowed 20 working days of vacation time per calendar year to be accumulated at a rate of 6.1 hours per biweekly pay period. After completion of ten years of continuous service, professional employees shall be allowed 25 working days of vacation time per calendar year to be accumulated at a rate of 7.6 hours per biweekly pay period.

2. All permanent support employees hired prior to January 1, 2013 shall be entitled to vacation with pay in accordance with the schedule established for those positions. During the first three years of continuous service, support employees shall be allowed 10 working days of vacation time per calendar year to be accumulated at a rate of 3.1 hours per biweekly pay period. After completion of three years of continuous service, support employees shall be allowed 15 working days of vacation time per calendar year to be accumulated at a rate of 4.6 hours per biweekly pay period. After completion of nine years of continuous service, support employees shall be allowed 20

working days of vacation time per calendar year to be accumulated at a rate of 6.1 hours per biweekly pay period.

3. All permanent professional and support employees hired on or after January 1, 2013 shall be entitled to vacation with pay in accordance with the schedule established for those positions. During the first five years of continuous service, employees shall be allowed 10 working days of vacation time per calendar year to be accumulated at a rate of 3.1 hours per biweekly pay period. After completion of five years of continuous service, employees shall be allowed 15 working days of vacation time per calendar year to be accumulated at a rate of 4.6 hours per biweekly pay period. After completion of 10 years of continuous service, employees shall be allowed 20 working days of vacation time per calendar year to be accumulated at a rate of 6.1 hours per biweekly pay period. A summary of the vacation accrual rates applicable to LAFCO employees hired on or after January 1, 2013 follows:

0 to 5 years =	10 days/year*
5+ to 10 years =	15 days/year
10+ years =	20 days/year

**Vacation time credit shall accrue and may be taken during the first twelve calendar months of employment; however, 10 days of vacation time credit will take twelve calendar months to accrue.*

4. Vacation time for part-time professional or support employees shall be computed on the basis of the number of hours in the normal work week as established for that part-time employee by the Executive Officer.

5. No employee will be allowed to accumulate vacation time credits exceeding twice the amount allowed during any one calendar year. Employees who have reached 80% of their maximum balance of vacation leave (annual leave) will receive notification from the Commission payroll administrator about the excess leave balances. Employees whose vacation accruals reach the maximum accumulation limit shall cease to accrue vacation hours. An employee can only accrue additional vacation hours if the employee's vacation accumulation is below the maximum limit. Vacation time credit shall be accrued and may be taken during the first twelve calendar months of employment. The time at which each employee shall be granted vacation leave shall be at the discretion of the Executive Officer.

6. Upon termination of employment, an employee shall be compensated in cash for the unused vacation time, provided such employee has been in continuous service for more than six months. The cash compensation for unused vacation time shall be computed on the basis of the employee's rate of pay at the time of termination, but will not count toward the retirement benefit formula.

6.12 DISMISSAL OR SUSPENSION -

(a) Probationary Period. All employees appointed by the Executive Officer shall serve a one-year probationary period. During the probationary period, the Executive Officer

may dismiss the employee with or without cause. No appeal may be taken to the Personnel Committee from discipline imposed during the probationary period. In addition, any temporary employee may be dismissed by the Executive Officer, and the employee shall have no right of appeal.

(b) Discipline Subsequent to Probationary Period. The Executive Officer may dismiss, demote or suspend a permanent employee for cause after the employee has completed his or her probationary period. Rule VII of the San Diego County Civil Service Rules shall apply to any disciplinary action regarding a non-probationary permanent employee except that the Personnel Committee ("Committee") shall take the place of the Civil Service Commission. The Committee may appoint one of its members to hear the appeal and report back to the Committee with findings and a proposed decision. Any decision adopted by the Committee shall be final unless overturned by a court on appeal.

(c) No employee reprimanded by the Executive Officer shall have the right of appeal to the Personnel Committee.

6.13 TEMPORARY APPOINTMENT TO A HIGHER CLASS –

On the recommendation of the Executive Officer, the Commission may grant an employee a ten percent increase in compensation while such employee is assigned to perform the duties of a position which at the time is compensated at least ten percent higher than such employee's class; the assignment must be for a period exceeding 10 continuous working days but shall not exceed 130 working days.

6.14 EMPLOYEES PREVIOUSLY EMPLOYED BY A COUNTY -

The Commission shall accrue all sick leave, vacation, and retirement benefits of persons hired from counties pursuant to Section 56385 of the Government Code. For the purpose of calculating such benefits, the Commission may add previous county service to the tenure of service of employees, providing service has been continuous.

6.15 BENEFITS –

The Commission may contract for retirement, health and medical benefits for its employees pursuant to Section 56385 of the Government Code. LAFCO employees participate in the County of San Diego's Health and Medical Plans, Retirement System, Deferred Compensation Plan(s), Terminal Pay Plan, and other programs available to county employees.

6.16 COMPENSATION PLAN –

All employees are entitled to receive compensation plan benefits granted to personnel working in similar positions in the County of San Diego.

6.17 RECRUITMENT –

The Commission is an equal opportunity employer and in the recruitment and selection of

new employees directs the Executive Officer to apply similar principles as used by the Department of Human Resources of the County of San Diego.

6.18 SUSPENSION OF PERSONNEL RULES –

Upon good cause being shown and upon a finding of the public interest being served, the Commission reserves the right to waive, suspend, change or modify any of the foregoing rules.

6.19 EFFECTIVE DATES –

The Personnel Rules of the Commission shall become effective on August 5, 1974 and shall be amended thereafter by a majority vote of the Commission. Technical changes or updates to the Rules may be approved by the Executive Office subject to provision 1.12 of the Rules.

6.20 EXECUTIVE OFFICER COMPENSATION PLAN –

This Executive Officer Compensation Plan establishes the compensation for the Executive Officer, an Executive Management position. The plan provides for initial placement and subsequent adjustment of salary within the salary schedule fixed by the Commission. Any adjustment in rate of compensation pursuant to this plan shall be administered by the Commission.

1. Structure

   (a) The minimum, midpoint, and maximum rate of the designated range are set forth in the salary schedule. The salary band range for the Executive Officer classification will be aligned with and automatically adjusted from time to time with the same salary range as comparable classifications in the County (i.e., planning director, public works director, registrar of voters, etc.).

   (b) The midpoint rate of the designated range represents the job value of a fully competent employee and is the benchmark used to compare the class to other classes, internally and externally. The midpoint rate may be changed periodically by the Commission to reflect changes in internal and/or external factors. Any such change to the midpoint shall not automatically effect a change in the then current rate of the Executive Officer.

   (c) The relationship between the minimum and maximum rates of the designated range shall approximate a differential of 50%.

   (d) The range does not have steps. The Executive Officer may be paid an amount equal to or between the minimum and maximum rate of the designated range, according to the provisions of this plan.

   (e) The structure of the range shall be reviewed periodically, and may be changed by the Commission. The structure will be automatically adjusted based on salary band changes authorized by the County to its employees in comparable positions.

2. Appointment

The Executive Officer is appointed by the Commission and serves at the pleasure of the Commission. A person initially appointed as Executive Officer shall receive a salary determined by the Commission.

3. Adjustment Within Range up to Midpoint

For an employee whose salary is below midpoint of the designated range, adjustments up to the midpoint shall be governed by this subsection (3). No provision in this subsection (3) shall be construed to provide a guarantee of adjustment at any time during the employee's term of employment.

(a) Effective the first day of any pay period after each anniversary date of the employee's appointment as Executive Officer, the employee may receive a salary adjustment of 5% of current salary, not to exceed midpoint. Any adjustment shall be approved by the Commission and based upon the determination by the Executive Officer Compensation Committee that the employee's overall performance is rated at the level of "meritorious" or higher.

(b) No provision contained in this subsection (3) shall be construed to limit or deny the Commission's discretion to postpone an adjustment or reduce the compensation of an employee as a result of the employee's performance, as recommended by the Executive Officer Compensation Committee. However, any subsequent salary adjustment prior to the employee's next annual anniversary date must be based upon a mid-cycle Performance Evaluation. If such adjustment is an increase, the new salary rate shall not exceed that which the employee would have been eligible to receive on or after the immediately preceding anniversary date, pursuant to this subsection (3).

(c) Notwithstanding subdivisions (a) and (b) of subsection (3) above, the Commission may approve an adjustment of the Executive Officer's salary rate upon recommendation of the Executive Officer Compensation Committee.

4. Adjustment Within Range Above Midpoint

The Commission may adjust the Executive Officer's salary rate above midpoint if the employee's overall performance is rated at the level of "outstanding" by the Executive Officer Compensation Committee. This rating alone does not entitle the employee to a pay adjustment.

5. Exemplary Performance Compensation Adjustment

(a) Eligibility and Maximum. An Executive Officer may receive an exemplary performance compensation adjustment (e.g., cash award and/or bonus) in

increments of one percent (1%) not to exceed a total of (10%) of the employee's approximate annual salary at the time of approval of the adjustment.

(b) Approval. Adjustments shall be based upon the recommendation of the Executive Officer Compensation Committee following a performance evaluation, subject to the availability of funds within the budget.

(c) Term of Adjustment. An Executive Officer shall be limited to one exemplary compensation adjustment in a calendar year and shall be paid either in a lump sum or in incremental payments during the year.

(d) Compensation Unfixed. Payment of compensation adjustments shall not affect the Executive Officer's rate of compensation. Commencing the first day of the first full pay period of each calendar year, compensation of the Executive Officer shall be unfixed and indefinite for the year until such time as the Commission determines whether to authorize an exemplary performance compensation adjustment. That determination is to be based upon an evaluation of the employee's performance by the Executive Officer Compensation Committee.

6. Executive Officer Compensation Committee

Wherever this plan refers to the Executive Officer Compensation Committee, the following shall apply:

(a) The Executive Officer Compensation Committee shall consist of three members of the Personnel Committee as provided under Rule No. 1.11 with the option of the Chair to add a fourth member at his or her discretion.

(b) The Executive Officer Compensation Committee shall periodically review and rate the performance of the Executive Officer and make recommendations to the full Commission for any adjustments to the Executive Officer's compensation.

7. Relocation Allowance

Upon determination by the Commission that relocation allowance is appropriate to facilitate recruitment for and appointment of an Executive Officer, a relocation allowance in an amount not to exceed $12,000.00 may be authorized for the actual and reasonable relocation expenses incurred incidental to relocation of the appointee and his/her immediate family to San Diego County. Expenses may include, but are not limited to, personal transportation, moving expenses for household goods and temporary housing arrangements. Claims for expenses submitted pursuant to this provision shall be subject to review and determination by the Chairperson prior to reimbursement. Reimbursement for relocation expenses shall be subject to review of the full Commission.

8. Severance Pay

If an Executive Officer is terminated by the Commission, s/he may be eligible to receive up to six (6) months of their then annual salary upon approval of the Commission; provided, however, that no severance pay may be paid if termination is for reasons of malfeasance or misfeasance in office or conviction of a crime involving moral turpitude.

6.21 TELECOMMUTING –

Telecommuting is an arrangement that allows eligible LAFCO employees to work in a designated area outside the office. Telecommuting is a cooperative arrangement between employees and LAFCO. Telecommuting benefits employees, LAFCO, and the community, and as such is encouraged by the Commission to the extent applicable with these provisions.

Benefits include:

- Ability to function during an emergency when the regular worksite is inaccessible.
- Increased productivity.
- Efficient use of LAFCO resources, including office space.
- Recruitment and retention of highly qualified employees.
- Greater flexibility for employees.
- Improved employee morale and job satisfaction.
- Reduced employee absenteeism.
- Reduced employee commute time and costs.
- Decreased energy consumption, pollution, traffic, and related congestion.

1. Policy Guidelines

a) Telecommuting is a privilege, not a right. All LAFCO employees who telecommute must have an approved telecommuting agreement under this policy. In his/her discretion, the Executive Officer may have additional telecommuting requirements, guidelines, or procedures, provided they are consistent with the intent of this program.

b) Telecommuting does not change the duties, obligations, responsibilities, or terms and conditions of LAFCO employment. Telecommuting employees must comply with all LAFCO rules, policies, practices, and instructions.

c) A telecommuting employee must perform work during scheduled telecommuting hours. Employees may not engage in activities while telecommuting that would not be permitted at the regular worksite, such as child, elder, or other dependent care. Telecommuting employees may take care of personal business during unpaid lunch periods, as they would at the regular worksite.

d) Employees must read the telecommuting policy and any guidelines issued by the Executive Officer, obtain the Executive Officer's approval and execute the telecommuting agreement before telecommuting.

e) The Executive Officer may deny, modify, or terminate a telecommuting agreement for any business reason that is not arbitrary or capricious. Similarly, a telecommuting employee may end or request to change a telecommuting agreement at any time.

f) Telecommuting is intended to be cost neutral. LAFCO is not required to provide telecommuting employees with materials or supplies needed to establish an alternate worksite (desk, chair, computer, software, cell phone, etc.), and assumes no responsibility for set-up or operating costs at an alternate worksite.

g) The Executive Officer has the sole discretion to provide equipment, software, or supplies, or allow employees to use their personal equipment while telecommuting. The Executive Officer has the sole discretion to reimburse employees for the costs of using personal equipment while telecommuting. Any provision to reimburse costs should be addressed expressly in the telecommuting agreement.

h) All LAFCO rules regarding the use of computers, network, and the internet apply while an employee is telecommuting, regardless of whether the employee is using LAFCO-provided or personal equipment.

i) Telecommuting is distinguished between "regular" and "situational." Regular telecommuting involves an employee continually working specific days/times from an offsite location. Situational telecommuting involves an employee working specific days/times from an offsite location with defined start and ending periods and typically in response to temporary issues (daycare, schooling, transportation, etc.).

2. Eligibility

a) Eligibility for telecommuting is based on both the position and the employee. Not every job, or every employee, is well suited for telecommuting.

b) All professional positions as defined in Rule No. 6 are eligible for regular or situational telecommuting privileges.

c) All support positions as defined in Rule No. 6 are eligible for situational telecommuting privileges.

d) The determination of whether eligible employees are authorized for regular or situational telecommuting is the sole discretion of the Executive Officer.

e) Only employees with most recent satisfactory or above job performance evaluations are eligible to telecommute.

f) Notwithstanding eligibility under normal conditions, all employees shall automatically telecommute for the duration of any declared emergency by the County Health Officer unless otherwise required by the Executive Officer.

3. Agreement Options

a) Telecommuting agreements can be authorized by the Executive Officer on a regular or situational basis as defined in this policy.

b) Telecommuting agreements – whether regular or situational – shall follow the form approved by Commission Counsel and signed by both employee and Executive Officer.

c) All signed telecommuting agreements shall be filed with employees' personal records.

4. Work Hours

a) Under normal conditions, the percent of telecommuting hours for any authorized employee should not exceed 50% of their total workhours during the fiscal year.

b) All the rules applicable at the regular worksite are applicable while telecommuting.

This includes all of the following standards:

- Telecommuting employees must perform their designated duties and tasks during scheduled work hours.
- Employees must account for and report time spent telecommuting the same way they would at the regular worksite, or according to the terms of the agreement.
- Time accounting should be included in the telecommuting agreement.
- Employees may work overtime only when directed to do so and approved in advance by the Executive Officer or Assistant Executive Officer.
- Employees must obtain approval to use vacation, sick, or other leave in the same manner as departmental employees who do not telecommute
- Telecommuting employees who become ill must report the hours actually worked and use sick leave for hours not worked.

5. Offsite Work Area

a) A telecommuting employee must designate a work area suitable for performing official business. The employee must perform work in the designated area when telecommuting. Telecommuting employees must work in an environment that allows them to perform their duties safely and efficiently.

b) Employees are responsible for ensuring their work areas comply with the health and

safety requirements covered in the telecommute agreement. LAFCO may request photographs of the employee's designated work area to determine compliance with health and safety rules.

c) Employees are covered by workers' compensation laws when performing work duties at their designated alternate locations during regular work hours. Employees who suffer a work-related injury or illness while telecommuting must notify the Executive Officer or Assistant Executive Officer and complete any required forms immediately.

d) LAFCO is not liable for damages to an employee's personal or real property while the employee is working at an alternate worksite.

6. Equipment and Supplies

a) A telecommuting employee must identify the equipment, software, supplies, and support required to successfully work at an offsite location and must specify those items in the telecommute agreement. If LAFCO does not provide the needed equipment, software, supplies, or support, and the employee does not have them, the employee will not be eligible to telecommute.

b) Equipment, software, or supplies provided by the LAFCO are for LAFCO business only. A telecommuting employee does not obtain any rights to LAFCO equipment, software, or supplies provided in connection with telecommuting. The employee must immediately return all LAFCO equipment, software, and supplies at the conclusion of the telecommuting arrangement or at the Executive Officer's request.

c) A telecommuting employee must protect LAFCO equipment, software, and supplies from possible theft, loss, and damage. The telecommuting employee may be liable for replacement or repair of the equipment, software, or supplies in compliance with applicable laws on negligence or intentional conduct in the event of theft, loss, or damage.

d) Any equipment, software, files, and databases provided by the LAFCO shall remain the property of the LAFCO. A telecommuting employee must adhere to all software copyright laws and may not make unauthorized copies of any LAFCO-owned software.

e) Employees may not add hardware or software to LAFCO equipment without prior written approval.

f) Employees who use their personal equipment for telecommuting are responsible for the installation, repair, and maintenance of the equipment. Telecommuting employees must understand and agree that the LAFCO is entitled to, and may access, any personal equipment used while telecommuting, such as a personal computer, telephone, fax machine, monthly bills, and internet records. Employees must contact the Executive Officer or Assistant Executive Officer if equipment, connectivity, or other supply problems prevent them from working while telecommuting.

7. Security of Confidential Information

   a) All files, records, papers, or other materials created while telecommuting are LAFCO property. Telecommuting employees shall identify any confidential, private, or personal information and records to be accessed and ensure appropriate safeguards are used to protect them.

   b) LAFCO may require employees to work in private locations when handling confidential or sensitive material. Employees may not disclose confidential or private files, records, materials, or information, and may not allow access to LAFCO networks or databases to anyone who is not authorized to have access.

8. Sunshine Laws

   a) The California Public Records Act a regarding public information and public records apply to telecommuting employees. Public records include any writing containing information relating to the conduct of the public's business prepared, owned, used, or retained by the LAFCO regardless of physical form or characteristic. Public information means the contents of a public record.

   b) Upon receipt of an appropriate request, and subject to authorized exemptions, a telecommuting employee must permit inspection and examination of any public record or public information in the employee's custody, or any segregable portion of a public record, within required time limits. This requirement exists regardless of where the public record is located.

9. Procedures

   a) Employees must complete the following steps before telecommuting:

      - Talk with the Executive Officer to determine eligibility.
      - Complete the telecommute agreement as required by the Executive Officer.
      - Receive approval of the telecommute agreement by the Executive Officer.

10. Denial, Modification, or Termination

    a) Denial, modification, or termination of a telecommuting agreement is not subject to the grievance procedures in any Memorandum of Understanding, or to any other review or appeal procedures, except as noted in this section.

    b) An employee who believes their telecommute agreement has been denied, or whose previously approved agreement has been modified or terminated, for arbitrary or capricious reasons may appeal the decision to LAFCO's Personnel Committee or its designee. The decision of LAFCO'S Personnel Committee or its designee is final.

Adoption History: Article VI,Sections 6.1 to 6.21

Adopted April 14, 1975
Amended April 4, 1977
Amended October 2, 1978
Amended March 3, 1980
Amended July 12, 1982
Revised May 5, 1986
Amended September 11, 1989
Amended November 6, 1989
Amended August 2, 1993
Amended April 4, 1994
Re-affirmed and adopted December 4, 2000
Administratively revised and updated May 24, 2005
Amended August 7, 2006
Re-affirmed annually via adoption of LAFCO Budget
Comprehensively Updated and re-adopted March 3, 2008
Amended November 5, 2012 (Sections 6.1& 6.11)
Amended August 5, 2013 (Section 6.8)
Amended April 7, 2014
Amended June 5, 2017
Administratively revised and Updated August 5, 2019
Updated March 1, 2021 to include Section 6.21

6i

AGENDA REPORT
Consent | Action

August 7, 2023

TO: Commissioners

FROM: Erica Sellen, Executive Assistant

SUBJECT: **CALAFCO Annual Conference Items**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider action items relating to the upcoming California Association of LAFCOs' (CALAFCO) Annual Conference scheduled for October 18th–20th in Monterey. This includes a recommendation to formally nominate Commissioner MacKenzie for re-election to the CALAFCO Board as well as appoint Commissioners Willis and MacKenzie as voting delegate and alternate delegate, respectively.

BACKGROUND

2023 CALAFCO Annual Conference

CALAFCO is hosting its Annual Conference beginning Wednesday, October 18th through Friday, October 20th at the Hyatt Regency in Monterey. The Annual Conference typically draws approximately 300 participants with representation from most of the 58 members. Preconference activities are planned and include an introductory workshop on LAFCO geared for new Commissioners and a Monterey Bay coastal bike tour. General session topics include Government Code Section 56133, evolving MSRs, the future of LAFCOs, and collaboration with LAFCOs and special districts. A preliminary program is attached.

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Dane White, City of Escondido
John McCann Alt., City of Chula Vista
Vice Chair Stephen Whitburn, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
David Drake, Alt., Rincon del Diablo
Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

DISCUSSION

This item is for San Diego LAFCO to consider two separate actions tied to the upcoming CALAFCO Annual Conference scheduled in mid-October in Monterey. These actions involve (a) making nominations for open Board seats for county and special district members and (b) appointing voting delegates. An expanded discussion follows.

Board Nominations

San Diego LAFCO is assigned to CALAFCO's southern region with five other LAFCOs.[1] This region has one special district seat – currently held by Commissioner MacKenzie – and one county seat – currently held by Mike Kelly in Imperial – that are up for election in October. Terms are two years and nominations need to be signed by the respective LAFCO Chair and submitted to CALAFCO by September 18th.

Appointment of Voting Delegates

Each LAFCO is responsible under CALAFCO bylaws to appoint a voting delegate and alternate delegate to participate in the Board elections and the subsequent business meeting held on the second day of the Annual Conference. The Board elections will be conducted by regions while the business meeting provides an opportunity for the entire membership to hear from, and ask questions to, CALAFCO regarding organization activities. Delegates may be an alternate or staff. Appointments must be submitted by September 14th.

ANALYSIS

Commissioner MacKenzie has expressed interest in continuing to serve on the CALAFCO Board as the region's special district representative, and as such it would be appropriate for San Diego LAFCO to proceed in approving a formal nomination through the Chair. No other nominations appear needed given none of the other eligible Commissioner (Willis, Drake, Anderson, Desmond, and Vargas) for the two open board seats have expressed interest in serving on CALAFCO at this time. Separately, Commissioner Willis and MacKenzie are both expected to attend the Annual Conference, and accordingly it would be appropriate to appoint as delegate and alternate delegate, respectively.

RECOMMENDATION

It is recommended San Diego LAFCO nominate Commissioner MacKenzie for CALAFCO Board as the region's special district representative as well as appoint Commissioners Willis and MacKenzie as voting delegate and alternative delegate. These recommendations are provided as Alternative One in the proceeding section.

[1] The other LAFCOs assigned to the southern region are Los Angeles, Orange, Imperial, Riverside, and San Bernardino.

ALTERNATIVES FOR ACTION

The following alternatives are available to the Commission under a single motion:

Alternative One (recommended)

(a) Nominate Commissioner MacKenzie as special district representative for the Southern Region on the CALAFCO Board for 2024-2025 through the Chair.

(b) Appoint Commissioners Willis and MacKenzie as delegate and alternate delegate for the 2023 CALAFCO Annual Conference through the Chair.

(c) Authorize the Chair to make any other nominations as appropriate.

Alternative Two
Continue to a special meeting ahead of the September 18th deadline to submit formal nominations for the CALAFCO Board and provide additional direction to staff as needed.

Alternative Three
No action.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,

Erica A. Sellen

Erica Sellen
Executive Assistant

Attachment:

1) Preliminary 2023 Annual Conference Program

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Join Us at the
2023 CALAFCO ANNUAL CONFERENCE

OCTOBER 18 – 20, 2023

Hyatt Regency Monterey Hotel And Spa
On Del Monte Golf Course
1 Old Golf Course Road, Monterey, CA 93940

Conveniently located near the Monterey Regional Airport



Network with other CALAFCO members and participate in sessions covering policy issues related to growth, sustainability, and preservation.

A diverse assortment of speakers will explore current challenges and solutions on a broad range of topics. Together, they will make the Annual Conference an unmatched opportunity to leverage your role in bringing together community stakeholders.

No other event like this brings together such a diverse group of elected officials.

General Sessions include:

- A panel discussion on the application, scope, and exemptions under Government Code section 56133.
- Municipal Services in the 21st Century - LAFCo and Evolving Municipal Services
- The Future of LAFCos - Reimagining, Rebranding and Promoting LAFCos and Opportunities for Innovation
- LAFCos and Special Districts - Opportunities for Collaboration

Break Out Sessions:

- LAFCo Dynamics - EO & Commissioner leadership and partnerships
- Your Community's Fire Service: Top Notch or Ticking Time Bomb?
- Guiding Adrift Agencies Back on Course
- When the Crystal Ball Hits the Wall: LAFCo Future Shock

REGISTRATION IS NOW OPEN! Visit **https://bit.ly/23Conference** to register.

Hyatt Regency Monterey Hotel And Spa On Del Monte Golf Course *Near the Monterey Regional Airport*



Make your hotel reservations now at the special CALAFCO rate of $205 per night (excludes taxes and fees). Book before September 18, 2023.

TO MAKE HOTEL RESERVATIONS, PLEASE VISIT:
www.hyatt.com/en-US/group-booking/MRYDM/G-CL10 or call 877-803-7534 and reference the CALAFCO event.

Secure your spot today! You won't want to miss:

- ✓ Unique networking, collaboration and learning opportunities
- ✓ Meetings for regional representatives with elections
- ✓ CALAFCO Annual Business Meeting for member LAFCos
- ✓ Attorney and regional roundtables
- ✓ Luncheon keynotes
- ✓ Breakfast buffet and sponsor networking

CALAFCO, 1451 River Park Drive, Suite 185, Sacramento, CA 95815-4520
Phone: (916) 442-6536 | Email: info@calafco.org | www.calafco.org

Join Us at the

2023 CALAFCO ANNUAL CONFERENCE

Hyatt Regency Monterey Hotel And Spa On Del Monte Golf Course

1 Old Golf Course Road, Monterey, CA 93940

TUESDAY – OCTOBER 17 , 2023	
2:00 p.m.	Monterey Bay Coastal Bike Tour
WEDNESDAY – OCTOBER 18, 2023	
7:00 a.m.	Registration Opens
7:15 a.m.	Mobile Workshop
10:00 a.m.	LAFCo 101: Building on the Basics of LAFCo
1:30 p.m.	Conference Opening
2:00 p.m.	General Session: What's New with New Or Extended Services Outside Jurisdictional Boundaries?
3:15 p.m.	Break
3:30 p.m.	General Session: Reimagining LAFCo: Staying Relevant in Changing Times
5:30 p.m.	CALAFCO Reception
7:00 p.m.	Dinner on Your Own
THURSDAY – OCTOBER 19, 2023	
7:00 a.m.	Breakfast
8:00 a.m.	Regional Caucus Meetings and Elections
9:15 a.m.	CALAFCO Annual Business Meeting
10:30 a.m.	Break
10:45 a.m.	Attorney and Regional Roundtables
12:00 p.m.	Lunch
1:45 p.m.	**BREAKOUT SESSIONS**
	1) LAFCo Dynamics
	2) Your Community's Fire Service: Top Notch or Ticking Time Bomb?
3:15 p.m.	Break
3:30 p.m.	**BREAKOUT SESSIONS**
	1) When the Crystal Ball Hits the Wall
	2) Guiding Adrift Agencies Back on Course
6:00 p.m.	Pre-dinner Reception
7:00 p.m.	Dinner and Awards
FRIDAY – OCTOBER 20, 2023	
7:00 a.m.	Breakfast
7:30 a.m.	CALAFCO Board of Directors Meeting
9:00 a.m.	General Session: Municipal Services in the 21st Century
10:15 a.m.	Break
10:30 a.m.	General Session: LAFCOs and Special Districts: A Look at the History, Current Challenges, and Future Opportunities Among These Agencies
12:00 p.m.	Conference Adjourns

REGISTRATION IS NOW OPEN. Visit **https://bit.ly/23Conference** today!

6j

AGENDA REPORT
Consent | Information

August 7, 2023

TO: Commissioners

FROM: Michaela Peters, Analyst I

SUBJECT: **Report on Active Proposals and Related Activities**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a status report on the 31 active proposals currently on file as well as anticipated filings based on ongoing discussions with proponents. The item is for information and concurrently satisfies LAFCO's reporting requirement involving petition-initiated proposals.

BACKGROUND

Processing Procedures and Timelines

LAFCO proceedings for jurisdictional changes are generally initiated by outside applicants through petitions (landowners or voters), and to a lesser degree by resolutions (local agencies). LAFCOs may also initiate jurisdictional changes to form, consolidate, or dissolve special districts if consistent with the recommendations of approved municipal service reviews. Most jurisdictional change filings take three to five months before they are scheduled for hearing. Applications for outside-of-agency service approvals – which are subject to separate procedures – generally take two months to process.

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City of San Diego
Jo MacKenzie
Vista Irrigation
Barry Willis
Alpine Fire Protection
David A. Drake, Alt.
Rincon del Diablo
Andy Vanderlaan
General Public
Harry Mathis, Alt.
General Public

DISCUSSION

This item provides San Diego LAFCO with its regular update on active proposals on file. The item also – and for telegraphing purposes of future workload – identifies pending proposals staff anticipates being filed with LAFCO in the near term based on discussions with local agencies. It also serves to concurrently satisfy the Commission's reporting requirement to provide notice on agendas involving jurisdictional changes initiated by petitions.[1]

All active and pending proposals are outlined in Attachment One.

ANALYSIS

None.

RECOMMENDATION

This item is presented to San Diego LAFCO for information only.

ALTERNATIVES FOR ACTION

None.

PROCEDURES

This item has been placed on the San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

On behalf of staff,

Michaela Peters

Michaela Peters
Analyst I

Attachment:

1) Active and Pending Proposals as of July 31, 2023

[1] Government Code Section 56857 directs LAFCOs to provide notice on agendas of any proposal involving special districts that have been initiated by landowners or registered voters. The agenda notification starts a 60-day period in which the affected special districts may request termination of the proceedings due to financial or service-related concerns.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSAL APPLICATIONS | PENDING COMMISSION ACTION				
1	RO06-17	"Tobacco Road Reorganization" - City of Escondido: Annexation	Staff	Application submitted in March 2006 by landowner petition to annex six parcels to the City of Escondido. The affected territory comprises six parcels located along Tobacco Road. The application filing fulfilled an earlier Executive Officer approval in 2006 to authorize the City of Escondido to extend outside wastewater service to two of the six subject parcels due to failing septic systems. (The other four subject parcels are included in the proposal to provide connectivity to the existing City boundary.) The current number of residents within the affected territory is unknown. The application remains incomplete pending submittal of additional documentation and related information to complete the administrative review. The proposal is subject to formal abandonment pending the anticipated action by the Commission to approve authorizing policies.
2	RO08-09	"South Mollison Ave-Snyder Reorganization" - City of El Cajon: Annexation	Staff	Application submitted in May 2008 by landowner petition for a proposed annexation to the City of El Cajon. The affected territory includes approximately 1.25 acres and is subject to a proposed multi-family residential project. It is unknown whether there are any current residents within the affected territory. The application remains incomplete pending submittal of additional documentation and related information necessary to complete the administrative review. The proposal is subject to formal abandonment pending the anticipated action by the Commission to approve authorizing policies.
3	DA08-10	"Avocado Way-Potter Annexation" - Vallecitos WD: Annexation	Staff	Application submitted in March 2008 by landowner petition requesting annexation of to the Vallecitos Water District (WD) for purposes of receiving public wastewater services. The affected territory comprises two parcels developed with single-family residences located along Avocado Way. The number of current residents within the affected territory is unknown. The application remains incomplete pending submittal of additional documentation and related information necessary to complete the administrative review. The proposal is subject to formal abandonment pending the anticipated action by the Commission to approve authorizing policies.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
4	RO08-15 SA08-15	"Crestlake Estates Reorganization" - San Diego County SD: Annexation - Lakeside FPD: Annexation	Staff	Application submitted in May 2008 by landowner petition requesting a reorganization to accommodate wastewater, fire protection, and ambulance services for an approved Tentative Map allowing the development of 60 single-family residences. It is unknown if there are any current residents. The affected territory lies within all three subject agencies' spheres of influence: San Diego County Sanitation District (SD); Lakeside Fire Protection District (FPD); and County Service Area (CSA) No. 69. The application remains incomplete pending submittal of additional documentation and related information necessary to complete the administrative review. The proposal is subject to formal abandonment pending the anticipated action by the Commission to approve authorizing policies.
5	DA12-02	"Lorch Annexation" - Borrego WD: Annexation	Staff	Application submitted in March 2012 by landowner petition to annex approximately 9.4 acres to the Borrego Water District (WD) to provide water service to one parcel within the District's sphere. It is unknown how many residents are currently within the affected territory. Application deemed incomplete in an April 2012 status letter. A new status letter was sent in January 2018 stating the proposal will be considered abandoned unless notified otherwise. Borrego WD responded to the letter and has reinitiated discussions with the landowner regarding possible service terms. Discussions continue.
6	DA16-10	"CSA 17 Harmony Grove Annexation" - CSA 17: Annexation	Carolanne Ieromnimon	Application submitted in May 2016 by resolution from the County of San Diego to annex approximately 3,600 acres to County Service Area (CSA) No. 17 for ambulance service and done so as a cross-condition of the Commission dissolving CSA No. 107 in 2015. The affected territory is entirely unincorporated and comprises portions of the Elfin Forest and Harmony Grove communities with an estimated resident population of 29,995. The proposal remains incomplete due to a variety of reasons and marked by opposition from the CSA No. 17 Advisory Committee. Staff continues to engage the County, Advisory Committee, and other stakeholders with the objective of fulfilling the Commission's earlier directive.
7	RO16-11	"Rancho Hills Reorganization" - Rancho Santa Fe CSD: Annexation - Olivenhain MWD: Expansion of Latent Power Area - Olivenhain MWD: Latent Sphere Amendment	Priscilla Mumpower	Application submitted in October 2016 to annex a portion of a 37-lot residential subdivision titled "Rancho Hills" to Rancho Santa Fe CSD for wastewater service. A concurrent latent power expansion for Olivenhain MWD is needed to accommodate sewer to the remaining project site. The proposal was deemed incomplete in November 2016 status letter. Applicant has requested the proposal processing be placed on hold. The application is administratively paused due to incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis. Communications remain ongoing.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
8	RO19-04	"Ortega – Old Highway 80 Change of Organization" - San Diego County SD: Annexation	Carolanne Ieromnimon	Application submitted in February 2019 by landowner petition to annex approximately 5.07 acres to the San Diego County Sanitation District (SD) for wastewater service. The affected territory comprises two parcels presently developed with single-family residences with an unknown number of residents. The purpose of the proposal is to connect sewer services for a proposed office/warehouse building development. The submitted proposal application is incomplete pending receipt of additional documentation and related information to complete the administrative review.
9	SA19-26 RO19-26 OAS19-26	"Valiano - Eden Valley Reorganization" - City of Escondido: Extraterritorial Sewer - City of Escondido: Sphere Amendment - San Marcos FPD: Annexation - Rancho Fe FPD: Detachment - Rancho Fe FPD: Sphere Amendment	Priscilla Mumpower	Application submitted in November 2019 jointly by landowner petition and the City of Escondido and involves a reorganization and outside-of-agency service agreement as part of the "Valiano" planned development in Harmony Grove. The reorganization involves the concurrent annexation of approximately 10.8 unincorporated acres to San Marcos FPD and detachment from Rancho Santa Fe FPD and related sphere amendments. The outside-of-agency service agreement approval request involves the extension of wastewater from the City of Escondido for approximately 82.9 unincorporated acres with related sphere amendments to add to Escondido and remove from San Marcos. The application is administratively paused due to incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis. Communications remain ongoing.
10	CO21-09	"Otay Lakes Road Change of Organization" - City of Chula Vista: Annexation	Priscilla Mumpower	Application submitted in October 2022 by landowner petition to annex approximately 1,870 acres of unincorporated territory to the City of Chula Vista. (The petitioners originally filed an application in October 2021 seeking approval to annex into the San Diego County Sanitation District. This previous application has since been withdrawn.) The affected territory comprises 6 parcels within the Baldwin and Moller communities and are presently undeveloped with no residents. The proposal is intended to facilitate a conditional development approval to construct 1,938 residential units with various ancillary uses as part of the "Otay Ranch Resort Village 13" project. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
11	CO22-04	"AJX Homes - Carmichael Change of Organization" - City of La Mesa: Annexation - City of La Mesa: Sphere Amendment	Carolanne Ieromnimon	Application submitted in February 2022 by landowner petition and involves annexation of approximately 0.3 acres to City of La Mesa for wastewater service. The affected territory is developed with a single-family residence and the landowner intends to update the existing site from a septic system to public wastewater system. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
12	RO22-11	"Tummala-Rincon MWD Reorganization" - Rincon del Diablo MWD: Annexation - Metropolitan Water District: Annexation - San Diego CWA: Annexation	Priscilla Mumpower	Application submitted in October 2022 by landowner petition and involves annexation of approximately 20 acres of unincorporated territory to make available public water services. The affected territory is currently vacant and undeveloped. The proposal purpose is to position the landowner to proceed in the future with a development plan with the County of San Diego. The submitted proposal application is incomplete pending receipt of additional documentation and related information to complete the administrative review.
13	CO22-20	"Camino De La Fuente- Wick Change of Organization" -San Diego County SD: Annexation	Carolanne Ieromnimon	Application submitted in November 2022 by landowner petition and involves annexation of approximately 35.3 acres of unincorporated territory to the San Diego County Sanitation District to make available public water and wastewater services. The affected territory is currently vacant and undeveloped. The proposal purpose is to position the landowner to proceed in the future with a development plan to grade the land for future industrial and outdoor storage uses. The proposal is currently under administrative review and considered incomplete at this time.
14	RO23-01	"Tucker-Valley Road Reorganization" - National City: Annexation - South Bay ID: Detachment - Bonita FPD: Detachment - Bonita FPD: Sphere Amendment - CSA No. 135: Detachment	Carolanne Ieromnimon	Application submitted in November 2022 by landowner petition and involves annexation of approximately 35.3 acres of unincorporated territory to the San Diego County Sanitation District to make available public water and wastewater services. The affected territory is currently vacant and undeveloped. The proposal purpose is to position the landowner to proceed in the future with a development plan to grade the land for future industrial and outdoor storage uses. The submitted proposal application is incomplete pending receipt of additional documentation and related information to complete the administrative review.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
15	RO23-02	"Yerba Valley Road Reorganization" - Lakeside WD: Annexation - San Diego CWA: Annexation - MET: Annexation - Conforming sphere of Influence Amendments	Priscilla Mumpower	Application submitted in February 2023 by resolution from Lakeside Water District to concurrently annex approximately 80.4 acres of unincorporated territory to the Lakeside Water District, San Diego County Water Authority, and Metropolitan Water District of Southern California. The affected territory presently comprises 17 existing single-family residences with no additional planned development. The proposal purpose is to make available public water services given uncertain well water flows within the affected territory. The submitted proposal application is incomplete pending receipt of additional documentation and related information to complete the administrative review.
16	OAS23-03	"Bryant-Felicita Road Outside-of-Agency Service Agreement" - City of Escondido: OAS	Priscilla Mumpower	Application submitted in February 2023 by landowner petition and involves an outside-of-agency service agreement for wastewater services to a single-family residence totaling 0.4 acres as a remedy to a failing septic system. The Executive Officer administratively approved the service request on February 22, 2023. The proposal is currently under administrative review and considered incomplete at this time.
17	CO23-04	"Gutierrez-Montemar Drive Change of Organization" - San Diego County SD: Annexation	Michaela Peters	Application submitted in March 2023 by landowner petition and involves annexation of approximately 1.39 acres of unincorporated territory to the San Diego County Sanitation District to make available public wastewater services. The affected territory is currently undeveloped. The proposal purpose is to position the landowner to proceed in the future with a development plan to create one single-family residence. The proposal is currently under administrative review and considered incomplete at this time.
18	RO23-05	"Cambier-W. El Norte Parkway Reorganization" - Vista Irrigation District: Detachment - Vallecitos Water District: Annexation	Carolanne Ieromnimon	Application submitted in March 2023 by landowner petition and involves annexation of approximately 2.53 acres to the Vallecitos Water District to make available public water and wastewater services. The affected territory is currently vacant and undeveloped. The affected territory is presently vacant and undeveloped. The proposal purpose is to position the landowner to proceed in the future with a development plan to create one single-family residence. The proposal is currently under administrative review and considered incomplete at this time.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
19	RO23-06	"N. Iris Lane-Hallmark Development Reorganization" - City of Escondido: Annexation - CSA No. 135: Detachment - Rincon del Diablo FPD ID-E: Exclusion	Michaela Peters	Application submitted in April 2023 by landowner petition and involves annexation of approximately 7.7 acres to the City of Escondido for the primary purpose of establishing water and wastewater services. The affected territory is currently developed, with four single-family residences, each with an ADU with plans to redevelop the site to consist of 102 new condominiums units and associated infrastructure/streets. The proposal is currently under administrative review and considered incomplete at this time.
20	RO23-07	"Stanley Avenue Reorganization" - City of Escondido: Annexation - CSA No. 135: Detachment - Rincon del Diablo FPD ID-E: Exclusion	Michaela Peters	Application submitted in May 2023 by landowner petition and involves annexation of approximately 7.4 acres to the City of Escondido for the primary purpose of establishing wastewater services. The affected territory comprises 3 separate parcels; two are presently vacant with plans to develop a total of 76 single-family residences. The third parcel is currently developed with an existing single-family residence and included due to expressed interest by the landowners in annexation. The reorganization also includes concurrent detachments from County Service Area No. 135 as well as formal exclusion from Rincon Municipal Water District's ID-E wastewater function. The proposal is currently under administrative review and considered incomplete at this time.
21	RO23-08	"Colina Fuerte-Via Ascenso Reorganization" - Santa Fe ID: Annexation - Olivenhain MWD: Detachment	Michaela Peters	Application submitted in May 2023 by landowner petition and involves annexation of approximately 5.1 acres to the Santa Fe Irrigation District for the primary purpose of establishing potable water service. The affected territory as proposed includes one parcel presently undeveloped with plans to develop a single-family residence along with an accessory dwelling unit. The reorganization will also necessitate detachment from Olivenhain Municipal Water District. The proposal is currently under administrative review and considered incomplete at this time.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
22	CO23-09	"City of Carlsbad Change of Organization" - Leucadia WD: Detachment	Carolanne Ieromnimon	Application submitted in July 2023 by resolution from the City of Carlsbad to detach 99.0 acres of incorporated territory from the Leucadia Wastewater District. The affected territory is presently inhabited and developed with multiple residences with no plans for future development. The proposal purpose is to better utilize existing wastewater infrastructure provided by the City of Carlsbad. The proposal is currently under administrative review and considered incomplete at this time.
23	CO23-10	"Glen Abbey Drive-Bonita Road Change of Organization" -San Diego County SD: Annexation	Michaela Peters	Application Submitted in July 2023 by landowner petition and involves annexation of approximately 109.50 acres to the San Diego County Sanitation District to make available public wastewater services. The affected territory consists of a cemetery and funeral home as well as several mausoleums. The proposal purpose is to position the landowner in the future to proceed with the consolidation of the existing mausoleums into one mausoleum. The proposal is currently under administrative review and considered incomplete at this time.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSALS | POST COMMISSION ACTION				
24	SA16-20 LP16-20	"CSA 135 Islands Reorganization" - CSA 135 – LP Fire Area: Latent Powers Expansion - Bonita-Sunnyside FPD: Annexation - Lakeside FPD: Annexation - San Miguel FPD: Annexation - Ramona MWD: Annexation	Staff	Proposal submitted November 2016 by resolution of the San Diego County Fire Authority. Involved annexation of remaining unserved Islands 2, 3, and 4 via reorganization of local fire service territory among five local agencies: CSA 135; Bonita-Sunnyside FPD; Lakeside FPD; Ramona MWD; and San Miguel FPD. Reorganization involved annexation to the subject agencies and expansion of CSA No. 135's latent powers to provide fire protection and emergency medical services to three unincorporated and unserved island areas totaling approximately 21,048 acres. Conforming amendments to add the affected territory to the subject agencies' spheres of influence were also required. The reorganization proposal was approved February 4, 2018 and is now pending recordation once all terms are satisfied. A noticed protest hearing was held on March 13, 2019 at the LAFCO office. No protest was received by affected registered voters or landowners. Other terms remain pending.
25	LP(E)19-27	"Fallbrook PUD Latent Powers Expansion" - Activation: Park and Recreation - Activation: Street Lighting - Activation: Roads	Priscilla Mumpower	Application submitted in November 2019 by resolution from the Fallbrook Public Utility District (PUD) seeking approval to activate specified latent powers throughout its jurisdictional boundary and its 28,193 unincorporated acres. The estimated resident population within the affected territory is 33,986. Requested power activations involve park and recreation, street lighting, and roads with the former intended to supplement existing park and recreation services provided in the region by the County of San Diego via County Service Area No. 81. The proposal was approved by the Commission on April 4, 2022, and now pending recordation once all terms are satisfied. A noticed protest hearing was held on May 31, 2022 and continued to June 14, 2022 11, 2022 at the Fallbrook Public Utilities District. Not enough protest was received by affected registered voters or landowners. Other terms remain pending.
26	CO22-15	"Toidi-Jonel Way Change of Organization" - San Diego County SD: Annexation	Carolanne Ieromnimon	Application submitted in October 2022 by landowner petition and involves annexation of approximately 2.5 acres to the San Diego County Sanitation District for wastewater service. The affected territory is developed with a single-family residence and the landowner intends to update the existing site from a septic system to public wastewater system to accommodate a future development of an additional assessor dwelling unit. The proposal was approved by the Commission on November 7, 2022, and now pending completion of terms and conditions as set forth by the Commission.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
27	CO22-16	"Cumming Ranch Change of Organization" - Ramona Municipal Water District: Annexation - County Service Area 135: Detachment	Carolanne Ieromnimon	Application submitted in October 2022 by resolution of the Ramona Water District seeking approval for latent power expansion of Ramona MWD's activated wastewater service area by approximately 389 acres. The affected territory is currently vacant and undeveloped. The proposal purpose is to establish wastewater services for the future development of 125 single family residences as part of the "Cummings Ranch Subdivision" project. The proposal was approved by the Commission on May 1st, 2023 and now pending completion of terms and conditions as set forth by the Commission.
28	CO22-17	"Yung-La Presa Avenue Change of Organization" - San Diego County SD: Annexation	Carolanne Ieromnimon	Application submitted in October 2022 by landowner petition and involves annexation of approximately 0.16 acres of unincorporated territory to the San Diego County Sanitation District to make available public wastewater services. The affected territory is currently developed with 3 residents. The proposal purpose is to position the landowner to proceed in the future with a development plan to add an additional single-family residence. The proposal was approved by the Commission on June 5th, 2023 and now pending completion of terms and conditions as set forth by the Commission.
29	CO22-18	"For Giving LLC- Hymettus Avenue Change of Organization" - Leucadia WD: Annexation	Carolanne Ieromnimon	Application submitted in October 2022 by resolution of the Leucadia Wastewater District and involves annexation of approximately 1.20 acres of unincorporated territory to make available public wastewater services. The affected territory comprises one single family residence in Encinitas and presently vacant with no residents. The proposal purpose is to position the landowner to proceed in the future with a development plan to create two single-family residences. The proposal was approved by the Commission on June 5th, 2023 and now pending completion of terms and conditions as set forth by the Commission.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
30	RO20-04	"Rainbow MWD – Eastern MWD Reorganization" - San Diego CWA: Detachment - Eastern MWD: Annexation - Eastern MWD: Sphere Action	Priscilla Mumpower	Application submitted April 2020 by resolution from the Rainbow Municipal Water District (MWD) to concurrently detach from the San Diego County Water Authority (CWA) and annex to the Eastern Municipal Water District (MWD). The affected territory spans approximately 50,857 acres covering the Rainbow and Bonsall communities with an estimated resident population of 22,130. The purpose of the proposal is to transfer the wholesale water supply provider for cost-savings. The submitted proposal application is incomplete pending receipt of additional documentation and related information to complete the administrative review. A 10-member advisory committee has also been established by the Commission to assist staff in evaluating the proposal and its technical merits The proposal was approved by the Commission on July 10th, 2023 and now pending completion of terms and conditions as set forth by the Commission.
31	RO20-05	"Fallbrook PUD – Eastern MWD Reorganization" - San Diego CWA: Detachment - Eastern MWD: Annexation - Eastern MWD: Sphere Action	Priscilla Mumpower	Application submitted April 2020 by resolution from Fallbrook Public Utility District (PUD) to concurrently detach from the San Diego County Water Authority (CWA) and annex to the Eastern Municipal Water District (MWD). The affected territory spans approximately 28,193 acres covering the Fallbrook and De Luz communities with an estimated resident population of 33,986. The purpose of the proposal is to transfer the wholesale water supply provider for cost-savings. The submitted proposal application is incomplete pending receipt of additional documentation and related information to complete the administrative review. A 10-member advisory committee has also been established by the Commission to assist staff in evaluating the proposal and its technical merits. The proposal was approved by the Commission on July 10th, 2023 and now pending completion of terms and conditions as set forth by the Commission.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
PENDING PROPOSAL APPLICATION SUBMITTALS (No project manager; inquiries should be directed to Keene Simonds)				
32	Pending	"Harvest Hills Reorganization" - City of Escondido		This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido. Submittal to LAFCO anticipated for late 2020-2021 if approved by Escondido. The anticipated proposal involves annexation of approximately 1,098 acres to the City for the primary purpose of developing a 550-lot residential subdivision. All of the affected territory presently lies outside the adopted Escondido sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and other service-related issues have been communicated to the City and are currently under joint review with other local stakeholders. Project was originally titled as "Safari Highlands."
33	Pending	"Rancho Lomas Verde Reorganization" - City of Vista		This anticipated reorganization proposal is undergoing development and environmental review by the City of Vista. The proposal involves annexation of approximately 300 acres to the City of Vista and concurrent detachments from CSA 135 and the Vista FPD to facilitate a 153-lot residential development. Close to three-fourths of the project area lies outside the adopted Vista sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and other service-related issues have been communicated to the City and are currently under joint review with other local stakeholders.
34	Pending	"Sager Ranch Reorganization" - City of Escondido		This anticipated reorganization involves annexation of approximate 1,800 unincorporated acres to the City of Escondido and concurrent detachments from CSA 135 and the Valley Center FPD. The reorganization would facilitate the proposed development of approximately 200 acres to include 203 residential units and a 225-room resort. Portions of the project area lies outside the current City sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and other service-related issues have been communicated to the City and are currently under joint review with other local stakeholders.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
34	Pending	"Harmony Grove Village South" (TM-626)		This anticipated reorganization involves the unincorporated Harmony Grove Village South project and specific to accommodating sewer services (among a variety of options) for the planned development of approximately 111 acres to include 453 residential units. On January 27, 2020 the San Diego Superior Court overturned the County's development approvals for the project. Appeals are pending with no update as of this report.
35	Pending	"La Jolla Incorporation" - City of San Diego: Detachment		This anticipated special reorganization involves the detachment of 8,371 acres from the City of San Diego and the incorporation of the community of La Jolla. A draft fiscal impact analysis report is currently underway by the proponents - Association for the City of La Jolla (501c3) – to determine whether La Jolla could obtain cityhood and be economically sustainable on its own. Application is pending.

6k

AGENDA REPORT
Consent | Action

August 7, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Dissolution of the "Fallbrook-Rainbow" Advisory Committee and Related Commendation Actions**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider an action to formally dissolve the Advisory Committee tasked with informing the administrative reviews for the Fallbrook Public Utility District and Rainbow Municipal Water District's proposals to detach from the San Diego County Water Authority. The 10-member Advisory Committee was established by the Commission in June 2020 and held more than one dozen meetings through April 2023. The Commission will relatedly consider a recommendation to authorize the Chair to issue commendations to all members for their service.

BACKGROUND

Reorganization Filings & Establishment of an Advisory Committee

San Diego LAFCO received separate reorganization proposals in March 2020 from Fallbrook and Rainbow to concurrently (a) detach from the San Diego County Water Authority and (b) annex to Eastern Municipal Water District. The proposals were separately filed with LAFCO on the basis of providing the applicants' retail ratepayers cost-savings with respect to

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General Public

wholesale water supply costs. The Commission subsequently established the Fallbrook-Rainbow Advisory Committee in June 2020 to assist the Executive Officer in the administrative reviews of the reorganization proposals. This included – markedly – addressing several disputes among the affected agencies consistent with the provisions of the Commission's Legislative Policy 107. The Advisory Committee roster was subsequently finalized by the Executive Officer with consultant Adam Wilson contracted to serve as moderator as follows.

Advisory Committee
Moderator Adam Wilson

Member	Title	Agency	Representation
Jack Bebee	General Manager	Fallbrook PUD	Applicant
Tom Kennedy	General Manager	Rainbow MWD	Applicant
Nick Kanetis	Assistant General Manager	Eastern MWD	Subject Agency
Sandy Kerl	General Manager	County Water Authority	Subject Agency
Mel Katz *	Board Member	County Water Authority	CWA Appointee
Nick Serrano **	Board Member	County Water Authority	CWA Appointee
Lydia Romero	City Manger	City of Lemon Grove	Cities Committee
Kimberly Thorner	General Manager	Olivenhain MWD	Districts Committee
Brian Albright	Parks Director	County of San Diego	At-Large
Keith Greer ***	Regional Planner	SANDAG	At-Large

* Successor appointee following resignation of Gary Croucher
** Successor appointee following resignation of David Cherashore
*** Successor appointee following resignation of Rachel Cortes

Ad Hoc Meetings

The Fallbrook-Rainbow Advisory Committee held 13 public meetings between July 2020 and April 2023 that collectively spanned nearly 30 hours. Most of the meetings were dedicated to addressing three overlapping topics – (a) water supply reliability, (b) financial impacts, (c) potential exit fees – selected by the Advisory Committee with their related tasking of Dr. Michael Hanemann with Arizona State University to provide expert analysis. With regular input along the way from the Advisory Committee in scaling the analysis as well as applying assumptions, Dr. Hanemann ultimately presented a final report on all three topics in February 2022. In receiving the final report, each Advisory Committee member was asked to go on the record with respect to determining whether they believe Dr. Hanemann's analysis positions LAFCO to make informed decisions on each of the three topics. All members responded "yes." The final three Advisory Committee meetings held between April 2022 and April 2023 were spent providing input to LAFCO staff in completing the administrative reviews on both proposals – including direct feedback on potential recommendations.

DISCUSSION

This item is for San Diego LAFCO to consider approving formal dissolution of the Fallbrook-Rainbow Advisory Committee given the conclusion of the administrative review was reached in step with the Commission conditionally approving both proposals in July 2023. This item also requests Commission authorization for the Chair to issue commendations to all members for their service over the three-year period.

ANALYSIS

None.

RECOMMENDATION

It is recommended San Diego LAFCO proceed to formally dissolve the Fallbrook-Rainbow Advisory Committee and authorize commendations through the Chair. This recommendation is reflected in the proceeding section as Alternative Action One.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):

(a) Adopt the attached resolution approving the proposed dissolution of the Advisory Committee.

(b) Authorize the Chair provide commendations to Advisory Committee members.

Alternative Two:
Continue the item to the next regular meeting and provide direction to staff as needed.

Alternative Three:
Take no action.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachment: as stated

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RESOLUTION NO._____

A RESOLUTION OF THE SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION DISSOLVING THE ADVISORY COMMITTEE ESTABLISHED FOR AND INVOLVING THE FALLBROOK PUBLIC UTILITY DISTRICT & RAINBOW MUNICIPAL WATER DISTRICT REORGANIZATION PROPOSALS (LAFCO FILE NO. RO20-05 & RO20-04)

WHEREAS, on March 18, 2020 and March 19, 2020, the Rainbow Municipal Water District (MWD) and Fallbrook Public Utility District (PUD), respectively, filed a resolution of application to initiate proceedings with the San Diego County Local Agency Formation Commission, hereinafter referred to as "Commission," pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, on June 1, 2020, San Diego LAFCO approved the establishment of an advisory committee to directly assist the Executive Officer in the administrative review of the Combined Proposals; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on June 5, 2023 and took action on July 10, 2023; and

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The Recitals above are incorporated herein by reference.

2. DISSOLUTION. The Commission hereby dissolves the Advisory Committee established June 1, 2020 involving the Rainbow Municipal Water District (MWD) and Fallbrook Public Utility District (PUD) reorganization proposals.

3. RESCISSION. The Board hereby rescinds all prior resolutions in conflict with this Resolution.

4. EFFECTIVE DATE. This Resolution shall take effect retroactively to July 10, 2023 immediately upon adoption.

5. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defects, errors, irregularities, or omissions.

6. Under Government Code Sections 56880-56882, the Executive Officer is hereby authorized and directed to mail copies of this Resolution.

**

PASSED AND ADOPTED by the Commission on August 7, 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

_____
Keene Simonds
Executive Officer

San Diego County
Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

7a

AGENDA REPORT
Public Hearing | Action

August 7, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Carolanne Ieromnimon, Analyst II

SUBJECT: **Proposed "Camino de la Fuente-Wick Change of Organization" | Annexation to San Diego County Sanitation District and Conforming Sphere of Influence Action (CO22-20)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a change of organization initiated by a landowner to annex approximately 35.32 acres of unincorporated territory to the San Diego County Sanitation District (SD). The affected territory as submitted comprises two entire legal parcels (1.05 acres & 34.27 acres) presently undeveloped with limited surface and fencing improvements in the unincorporated community of East Otay Mesa. The subject parcels are currently used by a lessee as a short-term parking lot for commercial trucks associated with the Otay Mesa Port of Entry. The proposal purpose is to extend public wastewater service to the subject parcels and in doing so accommodate the future construction of on-site public restroom facilities in conjunction with the expected increase in short-term parking demands with the pending opening of the East Otay Port of Entry. Staff recommends conditional approval of the proposal as submitted with a conforming sphere amendment. Staff also recommends waiver of protest proceedings and exemption findings under the California Environmental Quality Act.

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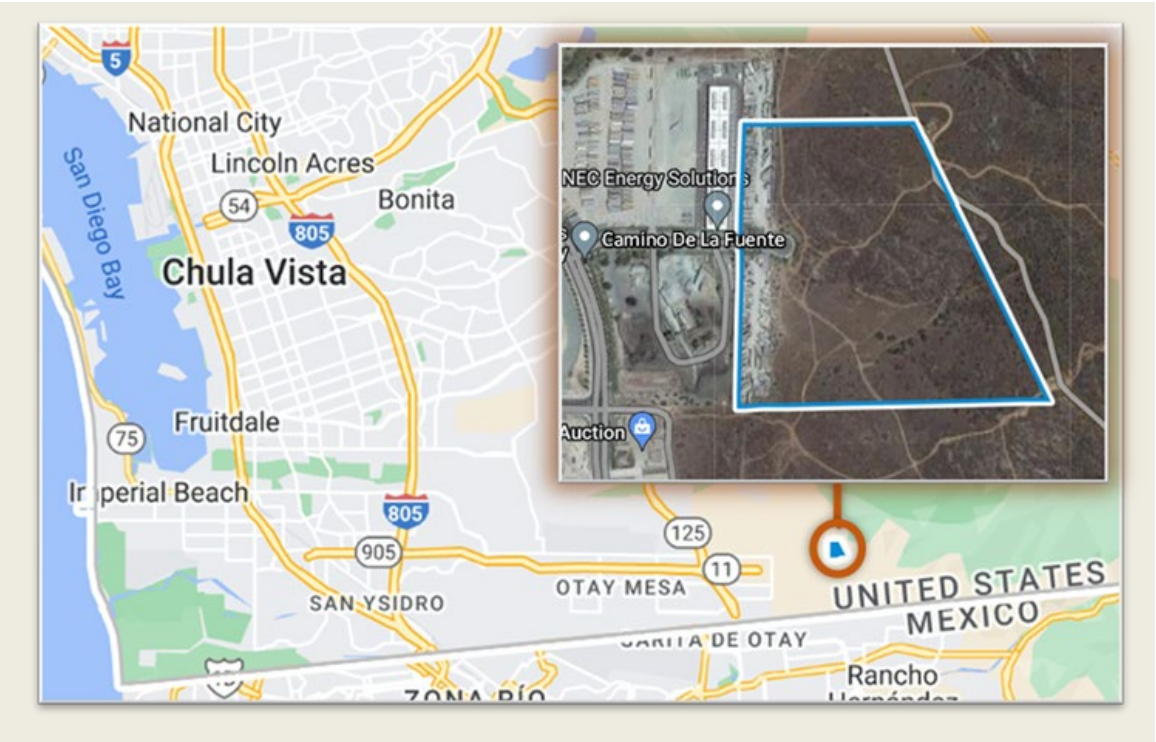
BACKGROUND

Applicant Request

San Diego LAFCO has received a change of organization proposal initiated by an interested landowner – D&D Landholdings and Alta Parcels, L.P (David Wick) – requesting approval to annex approximately 35.3 acres of unincorporated territory in East Otay Mesa to County SD. The affected territory as submitted comprises two entire legal parcels presently undeveloped with basic fencing and surface improvements. The affected territory is presently used by a lessee as a short-term parking lot for commercial trucks associated with the Otay Mesa Port of Entry. The County of San Diego Assessor's Office identifies the subject parcels as 648-040-42 and 648-040-40 with a common situs of 637 Camino de la Fuente.

Regional Setting

The affected territory lies in southern San Diego County within the unincorporated community of East Otay Mesa, east of State Highway 125, north of State Highway 905, and southwest of the Otay Open Space Preserve. Principal access to the affected territory is provided by Otay Mesa road via Paseo de la Fuente. Most of the surrounding area is under light industrial use and activities. The affected territory lies within County Supervisorial District No. 1 (Nora Vargas), Assembly District No. 75 (Marie Waldron), and Senate District No. 18 (Steve C. Padilla). An aerial map of the affected territory and its regional setting follows. Attachment One shows the affected territory relative to the proposed boundary change involving County SD.



Subject Agencies

The proposed change of organization filed with San Diego LAFCO involves one subject agency: County SD.[1] A summary of the subject agency in terms of governance, resident population, municipal functions, and financial standing follows.

- **County SD** is a dependent special district governed by the County of San Diego and serves as successor agency to a multi-agency consolidation completed in 2010. The lone active service function is wastewater (collection, treatment, and disposal classes). The jurisdictional boundary spans 46 square miles – or 29,571 acres – and is divided between seven distinct service areas with a combined LAFCO estimated resident population of 141,950. The affected territory lies in the greater "East Otay Mesa" service area. County SD convey flows to the City of San Diego's adjacent collection system and thereafter to the Point Loma Treatment Facility; the latter operated by the Metro Wastewater Joint Powers Authority with the District as one of the signatories. LAFCO established a sphere of influence for County SD in 2010 with an overall larger-than-agency designation. The sphere was most recently updated in 2019 and excludes 2,106 jurisdictional acres (mostly in the Bonita area) and includes 9,379 non-jurisdictional acres (mostly in Spring Valley area. The most recently prepared audit shows San Diego County SD's net position at $139.8 million as of June 30, 2022, and reflects an overall increase of 10.0% over the prior three fiscal years.

Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and/or spheres of influence of eight local agencies directly subject to San Diego LAFCO's planning and regulatory responsibilities. These agencies qualify as "affected agencies" relative to the proposed change of organization and listed below.[2]

- County Flood Control District
- County Service Area No. 122 (Otay Mesa)
- County Service Area No. 135 (Regional Communications)
- County Street Lighting District
- Metropolitan Water District of Southern California
- Otay Water District
- San Diego County Fire Protection District
- San Diego County Water Authority

The affected territory also lies within the following school and college districts, and accordingly receive notice of the proposal: San Ysidro Elementary School District; Sweetwater Union High School District; and Southwest Community College District.

[1] State law defines "subject agency" to mean any district or city for which a change of organization or reorganization is proposed.
[2] State law defines "affected local agency" as any entity that contains, or would contain, or whose sphere contains or would contain, any territory for which a change of organization is proposed or ordered. Notice of the proposal and hearing were provided to the agencies.

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the change of organization proposal to annex the affected territory to County SD for purposes of establishing wastewater services. The Commission may also consider applying conditions so long as it does not directly regulate land use, property development, or subdivision requirements. Additional discussion with respect to proposal purpose, development impacts, and Commission focus follows.

Proposal Purpose

The purpose of the proposed change of organization before San Diego LAFCO is to facilitate the extension of public wastewater service via County SD and accommodate the anticipated construction of on-site public restroom facilities. This anticipated improvement – notably – is expected in conjunction with the pending opening of the Otay Mesa East Port of Entry. Extension of wastewater would add to existing services to the affected territory that include community planning, law enforcement, and roads from the County of San Diego, fire protection and emergency medical from San Diego County Fire Protection District, and domestic water from Otay Water District.

Development Opportunities

The County of San Diego General Plan designates both subject parcels comprising the affected territory within Specific Planning Area Use Regulations (S88). Specific development policies are delegated to the Otay Subregional Community Plan or more specifically to the East Otay Mesa Specific Plan Area. The present zoning within the specific plan assigns the affected territory as Mixed Industrial Use (M56) with a focus on wholesale storage and distribution, research services, and general industrial uses. This latter assignment provides a minimum lot size of 15,000 square-feet or 0.34 acres.

Commission Focus

Three central and sequential policy items underlie San Diego LAFCO's consideration of the proposed change of organization. These policy items take the form of determinations and orient the Commission to consider the stand-alone merits of (a) sphere of influence amendment, (b) timing of the change of organization itself, and (c) whether modifications or approval terms are appropriate. The Commission must also consider other relevant statutes in, and outside LAFCO law as further detailed in the proceeding section.

ANALYSIS

San Diego LAFCO's analysis of the proposed change of organization is divided into two subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section relative to both statutory and local policy considerations. The second subsection considers other germane issues and highlighted by applicability under the

California Environmental Quality Act (CEQA).

Central Policy Items

Item No. 1 |
Conforming Sphere of Influence Amendment

The proposed change of organization necessitates San Diego LAFCO to consider a conforming sphere of influence action for the subject agency to achieve consistency with the requested jurisdictional changes as required under statute and practice as detailed. Consideration of the amendment is premised on LAFCO's statutory responsibility to designate spheres to demark the affected agencies' appropriate jurisdictional boundary and/or service areas now and into the immediate future as determined by the Commission. This includes demarking the Commission's expectation of exclusive responsibilities for one or more municipal services. The amendment prompted by the proposed change of organization involves County SD.

The proceeding analysis is organized to consider three related factors necessitated under statute and local policy. The statutory factors relate to an informing municipal service review along with addressing the general relationship between the agency and affected territory.[3] Local policies involve consideration of L-102 and its provisions to guide sphere actions in San Diego County. Analysis of these three sphere factors follow.

- Sphere Factor No. 1:
  Consideration of a Municipal Service Review

  Statute requires LAFCO to prepare municipal service reviews to inform its related task to regularly review and update all local agencies' spheres of influence. The statute further directs LAFCO perform sphere updates every five years as needed. The most recent municipal service review prepared by LAFCO germane to the proposal was completed in 2019. The information provided in this most recent municipal service review remains relevant and timely. Among other germane observations, the municipal service review includes the following conclusionary statements on County SD and highlights its overall macro service capacities:

  > *"County SD has adequate capacity in six of its seven service areas – Alpine- Lakeside, Campo, East Otay Mesa, Julian, Pine Valley, and Spring Valley – to accommodate current and projected near-term demands. This comment is substantiated given none of the systems' average demands generated during the five-year report period exceed 60% of their associated capacities. Capacity in the seventh service area – Winter Gardens – is more limited with average demand tallying 89%."*
  >
  > *"County SD has experienced a steady decline in its net position during the five-year report period with an overall decrease – and excluding pension obligations – of (1.4%) due to ongoing margin losses that underlie a (38.1%) change in its operating reserve*

[3] Reference to Government Codes 56430 and 56425, respectively.

ratio. This decline is largely attributed to San Diego County SD implementing a five-year rate restructure that draws down on reserves in phasing an ultimate 45.0% raise in customer wastewater rates by 2021-2022. Notwithstanding this recent draw down, San Diego County SD remains in good overall financial standing and finished the period with relatively healthy levels of liquidity and capital with the latter reflected by a debt ratio of less than 10%."

- Sphere Factor No. 2:
  Consideration of the Agency-Affected Territory Relationship

The Legislature prescribes consideration of five factors anytime LAFCOs act on spheres of influence. These factors parallel the macro topics in municipal service reviews with a generalized focus on the relationship with the affected territory – including service needs and adequacy of available services. The factors also orient the Commission to broadly consider the relationship between current and planned land uses in the affected territory plus – and as needed – effects on qualifying disadvantaged unincorporated communities. The factors and staff analysis follow.

- With respect to **present and planned land uses,** the affected territory as submitted comprises two unincorporated parcels within the community of East Otay Mesa. The two undeveloped parcels collectively span approximately 35.3 acres and presently used as a short-term parking lot for commercial trucks crossing the Otay Mesa Point of Entry. The sphere amendment and associated annexation is expected to facilitate the further improvement of the affected territory by providing on-site public restroom facilities consistent with current zoning. The current and planned uses are readily compatible with the proposal and conforming sphere amendment.

- With respect to **present and probable need for one or more public services,** there is pending need for public wastewater services within the affected territory to accommodate the anticipated increase in use as a short-term parking lot for commercial trailers tied to the pending opening of the East Otay Mesa Point of Entry. This pending need is readily compatible with the proposal and conforming sphere amendment.

- With respect to **overall adequacy of the agencies' public services,** a 2019 municipal service review on County SD attests to the overall sufficiency of resources (infrastructure, finances, etc.) to provide wastewater to the affected territory. Additional analysis on the ability to accommodate the underlying project is included in the proceeding section. No material deficiencies have been identified by LAFCO staff as part of the proposal review.

- With respect to **social or economic communities of interest if relevant to the agencies,** the affected territory lies immediately outside County SD's sphere of influence and jurisdictional boundary. Amendment to the sphere to include the affected territory would serve to establish direct social and economic ties

between the affected territory and County SD and mirror the interests within the immediate region and related nexus in accommodating growth and development.

- With respect to **present and probable need for services involving any disadvantaged unincorporated communities**, none of the affected territory qualifies under LAFCO statute.

- Sphere Factor No. 3:
  Consideration of Policy L-102

San Diego LAFCO's policies guiding sphere of influence actions are primarily codified under L-102. This policy was adopted in August 1990 and last substantively updated in June 2000. It directs the Commission to utilize spheres to guide deliberations on future changes of organizations and in doing so – and among other growth management objectives – help reflect and preserve community identities. The policy further directs LAFCO to use spheres to discourage duplication of municipal services and similarly encourages local agency consolidations, whether functional or political.

The sphere of influence amendments necessary to accommodate the proposed change of organization conforms with L-102. Most directly, the amendments would facilitate a known and otherwise modest jurisdictional change.

CONCLUSION |
MERITS OF A CONFORMING SPHERE OF INFLUENCE AMENDMENT

The conforming sphere of influence amendment to accommodate the proposed change of organization is sufficiently justified under both statute and local policy. Justification is marked by the preceding analysis and largely premised on the following two related assumptions. First, it is assumed the Commission determines the 2019 municipal service review completed on County SD adequately informs the membership in assessing County SD's *overall* abilities and resources to provide wastewater service to the affected territory (emphasis). Second, it is assumed the Commission agrees the transition of the affected territory into County SD's sphere is in the best interest of the community's economic and social well-being now and going forward irrespective of the merits of the actual timing of the proposed change of organization.

Item No. 2 |
Change of Organization Timing

San Diego LAFCO's consideration of the proposed change of organization's timing draws on analyzing baseline factors required in statute as well as applicable policies set by the Commission. Most of the baseline factors in statute focuses on disclosing and otherwise addressing compatibility issues with external goals and policies of other State, regional, and

local agencies as well as assessing the ability of subject agencies providing services going forward.[4] Applicable local policies prompted for consideration are headlined by L-107 and its attention to disclosing and/or addressing any known or perceived jurisdictional disputes.

Analysis of these two related timing factors follows.

- Timing Factor No. 1:
  Baseline Considerations: Regional Policies + Service Relationships

  State law prescribes the mandatory consideration of certain and multifaceted factors anytime LAFCOs consider jurisdictional changes. These factors range in substance from disclosures – such as the affected territory's current land uses, assessed values, registered voter counts, and so on – to discretionary analyses. This latter category is highlighted by evaluating the proposed annexation's relationship to community needs as well as the service capacities and related financial resources of the subject agency. A summary of key conclusions generated in reviewing these discretionary matters for the proposed change of organization regarding (a) service needs, (b) service availability and capacities, and (c) related financial considerations follow.

  - With respect to **service needs**, the affected territory's existing and planned light industrial use merits public wastewater. Annexation of the affected territory to County SD for purpose of facilitating the extension of public wastewater service accommodates this need and serves as a preferred alternative to the use of portable facilities as well as – if permissible – an onsite septic system.

  - With respect to **service availability and capacities** County SD has available and sufficient collection and contracted treatment capacities to accommodate projected service demands in the affected territory at its planned maximum uses. Additional details follow. An existing County SD wastewater main is located immediately south of the affected territory within the public right-of-way on Camino de la Fuente. It is projected the maximum average day wastewater flow generated within the affected territory is 576 gallons. This projected amount can be readily accommodated by County SD and represents 0.082% of its available treatment capacity remaining within its wastewater system.[5] Ultimate buildout would include two additional units and increase the average day wastewater flow to 1,152 gallons per day or 0.165% of the remaining available capacity.

  - With respect to **related financial considerations,** County SD has adequate financial resources and related administrative controls to provide wastewater services to the affected territory in support of its planned development without adversely impacting current ratepayers. This comment is reflected in the staff analysis of recent audited statements, which shows the County SD having established favorable liquidity and capital levels and highlighted by a current ratio

[4] Reference to Government Code Section 56668.

[5] San Diego County SD's existing average day wastewater flow is 0.3 million gallons, which equals 30% of overall capacity allowed within the Metropolitan Wastewater System for East Otay Mesa. The allowable maximum wastewater flow capacity of the San Diego County Sanitation District within METRO is 1 million gallons per day.

of 93 to 1 and debt ratio of less than 1.0%. These measurements provide reasonable assurances of the County SD's effective financial management and helps lessen concerns regarding recent – albeit minimal – losses marked by an average total margin of (0.05%) over the last 36 months.

- Timing Factor No. 2:
  Consideration of Policy L-107

San Diego LAFCO adopted L-107 in May 2010 to require all applicants to disclose jurisdictional disputes or related items that are associated with their proposal filings. If applicable, and unless waived by the Executive Officer, the policy requires applicants and/or their representatives to consult with opponents to resolve any known issues – concerns, disputes, etc. – before the item is formally considered by the Commission.[6] If an agreement is reached through the consultation process, the policy states the Commission shall consider the provisions as part of the application. If an agreement is not reached despite exhausting good-faith efforts, the policy states the Commission shall proceed to consider the application as submitted.

No jurisdictional disputes have been disclosed by County SD. LAFCO staff, similarly, has not identified any disputes or related concerns involving other local agencies in the administrative review.

CONCLUSION |
MERITS OF CHANGE OF ORGANIZATION TIMING

The timing of the change of organization to annex the affected territory to County SD to facilitate the extension of public wastewater service is warranted. Justification is marked by the preceding analysis and appropriately syncs the need for public wastewater service associated with a light industrial use in a developing area in a manner responsive to existing infrastructure. Additional analysis supporting the conclusion is provided in Appendix B..

Item No. 3 |
Modifications and Terms

No modifications to the submitted change of organization have been identified by San Diego LAFCO staff meriting Commission consideration at this time. This includes confirmation that the annexation of the affected territory would not generate any corridors and/or otherwise illogical jurisdictional features. Staff is recommending applying standard terms of approval.

[6] The Executive Officer retains discretion to determine the extent of consultation needed.

**CONCLUSION |
MODIFICATIONS AND TERMS**

No modifications appear warranted. Standard approval terms are recommended and include receipt of all remaining payments associated with the processing of the proposal by the Commission through recordation.

Other Statutory Considerations

Exchange of Property Tax Revenues

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before San Diego LAFCO can consider any jurisdictional change unless an applicable master agreement applies. The associated statutes also empower the County of San Diego to make all related property tax exchange determinations on behalf of special districts. Staff has confirmed the County Board of Supervisors has adopted a master agreement to govern the tax exchange for the proposed change of organization. The master agreement specifies no transfer of property taxes would occur following the annexation of the affected territory to County SD.

Environmental Review

San Diego LAFCO is obligated under CEQA to assess whether environmental impacts would result from activities approved under the Commission's authority, either as a lead or responsible agency. The Commission is tasked with making two distinct findings under CEQA in consideration of the proposed change of organization. Staff's analysis follows.

- San Diego LAFCO serves as lead agency under CEQA for the conforming sphere of influence action associated with accommodating the change of organization. It is recommended the Commission find this action – and specifically the amendment of the County SD's sphere to include the affected territory – is a project under CEQA but exempt from further review under State Guidelines 15061(b)(3). This exemption appropriately applies given it can be seen with certainty that spheres are planning policies and any associated actions (establishment, update, or amendment) in and of itself does not change the environment or authorize any new uses or services.

- San Diego LAFCO also serves as lead agency under CEQA for the change of organization itself given it has been initiated by landowner petition. Staff believes it would be appropriate for the Commission to find this action – and specifically the annexation of the affected territory to the County SD – as a project under CEQA but exempt from further review under State CEQA Guidelines Section 15319(a) and its cross-reference to Section 15303 (d). This exemption appropriately applies given the proposed change of organization involves the extension of public wastewater service

to accommodate the construction of small structures involving restroom facilities.

Protest Proceedings

Protest proceedings for the proposed change of organization may be waived by San Diego LAFCO should the Commission proceed with an approval under Government Code Section 56662. The recommended waiver appropriately applies under this statute given the affected territory is uninhabited as defined under LAFCO law; the subject agency has not filed an objection to the waiver; and the landowners have consented to the underlying action.[7]

RECOMMENDATION

Staff recommends conditional approval of the change of organization proposal as submitted along with a conforming sphere of influence amendment as detailed. This recommendation and ancillary actions are consistent with Alternative One as listed in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):
Adopt the attached draft resolution conditionally approving the proposal as submitted (without modifications) and conforming sphere of influence amendment along with making required findings under CEQA. Protest proceedings would also be waived.

Alternative Two:
Continue consideration to the next regular meeting.

Alternative Three:
Disapprove the change of organization proposal with direction to staff to return at the next regular meeting with a conforming resolution for adoption.

(continued)

[7] LAFCO law defines uninhabited as territory in which less than 12 registered voters reside.

VI. PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda for action as part of a noticed public hearing given the associated need for a sphere of influence amendment. The following procedures are suggested.

1. Commissioner disclosures, if any.
2. Receive verbal presentation from staff unless waived.
3. Open the public hearing and invite testimony beginning with the applicant.
4. Discuss the item and consider the staff recommendation.

On behalf of the Executive Officer,



Carolanne Ieromnimon
Analyst II

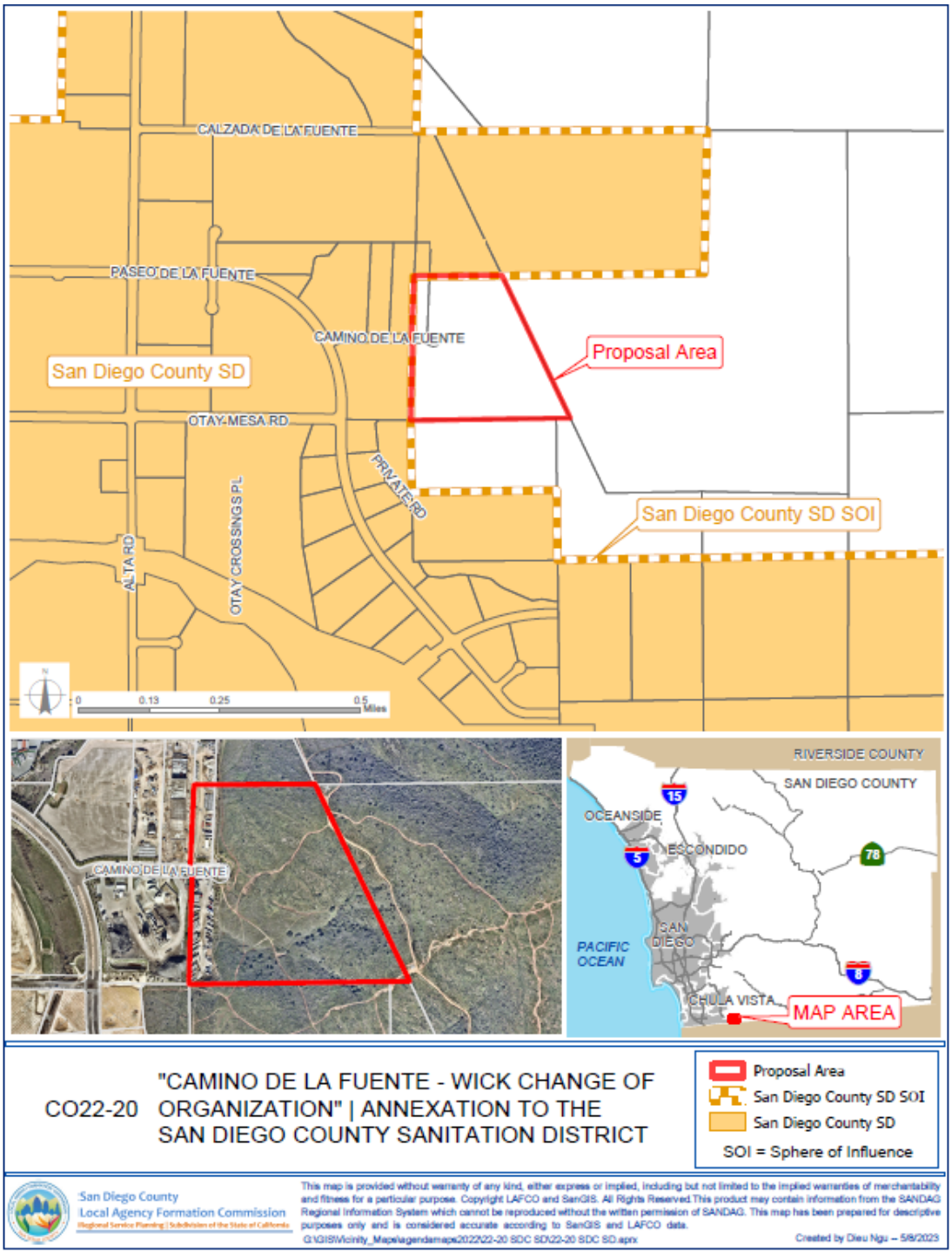
Appendices:

A) Map of the Affected Territory
B) Analysis Boundary Change Factors

Attachments:

1) Draft LAFCO Resolution of Approval
2) Application Materials

APPENDIX A
Vicinity Map of the Affected Territory



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APPENDIX B

Government Code Section 56668
Proposal Review Factors

a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, in the next 10 years.

The affected territory as submitted comprises two entire legal parcels presently undeveloped with basic fencing and surface improvements. The affected territory is presently used by a lessee as a short-term parking lot for commercial trucks associated with the Otay Mesa Port of Entry. The County of San Diego Assessor's Office assigns subject parcels as 648-040-40 and 648-040-42 with a total land value of $46,835. Additional – and potentially significant – industrial growth as planned in the County General Plan is anticipated in the surrounding area over the next 10 years.

b) The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

The County of San Diego serves as the primary purveyor of general governmental services to the affected territory. These governmental services include community planning, roads, and law enforcement. Other pertinent service providers include County Service Area No. 135 (regional communications), Otay WD (domestic water), and San Diego County Fire Protection District (fire protection and emergency medical). This proposal affects only wastewater and is the focus of the succeeding analysis.

- **Extending Public Wastewater to Affected Territory**
  Connection to County SD is readily available through an existing wastewater main located within public right-of-way on Camino de la Fuente. The projected average daily wastewater flow for the affected territory at its maximum use under current zoning is 576 gallons. This projected amount can be readily accommodated by County SD and represents 0.082% of its available treatment capacity remaining within its wastewater system. Ultimate buildout would include two additional units and increase the average day wastewater flow to 1,152 gallons per day or 0.165% of the remaining available capacity.

c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on local governmental structure.

Approving the change of organization and annexation therein to County SD would formalize and strengthen economic and social ties between the District and the affected territory. These ties were initially created in 2011 – at the time of formation – when the Commission included the most of the surrounding region within County SD's sphere of influence.

d) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies/priorities set forth in G.C. Section 56377.

Approving the proposed change of organization and annexation to County SD would facilitate the planned establishment of public wastewater services to the affected territory and the future construction of onsite public restroom facilities. Approval would be consistent with the Commission's adopted policies to sync urbanized uses with urbanized services. The affected territory does not contain "open-space" as defined under LAFCO law and no conflicts exists under Government Code Section 56377. Additional analysis concerning conformance with germane Commission policies follows.

- San Diego LAFCO Policy L-107 requires applicants to disclose and address potential jurisdictional issues associated with their proposals and if applicable requires a consultation process with affected agencies, interested parties, or organizations to help discuss and potentially remedy concerns unless waived by the Executive Officer. No jurisdictional disputes or related concerns were identified or disclosed by the applicant or by affected agencies or interested parties in the review of the proposal.

e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

The affected territory does not contain "prime agricultural land", or "agricultural land" as defined under LAFCO law. Specifically, the affected territory does not contain lands currently used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program. Approval of the proposal and annexation to County SD would have no effect on maintaining the physical and economic integrity of agricultural lands.

f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment, the creation of islands or corridors of unincorporated territory, and other similar matters.

LAFCO is in receipt of a draft map and geographic description of the affected territory that details metes and bounds that appears consistent with the standards of the State Board of Equalization and conforming with lines of assessment. LAFCO approval would be conditioned on approval of the map and geographic description by the County Assessor's Office and

address any modifications enacted by the Commission. No irregular or otherwise illogical boundary features would be generated from proposal approval.

g) A regional transportation plan adopted pursuant to Section 65080.

The proposed change of organization would facilitate the extension of public wastewater service to the affected territory and in doing so accommodate the current uses as a short-term parking lot for commercial trucks via the future construction of restroom facilities. The proposal and its anticipated outcomes do not generate any known conflicts with *San Diego Forward*, the regional transportation plan adopted by the San Diego Association of Governments.

h) Consistency with the city or county general and specific plans.

The County of San Diego General Plan designates the affected territory within Specific Planning Area Use Regulations (S88). Specific development policies are delegated to the Otay Subregional Community Plan or more specifically to the East Otay Mesa Specific Plan Area. The present zoning within the specific plan designates the affected territory as Mixed Industrial Use (M56) and provides a minimum lot size of 15,000 square-feet or 0.34 acres.

i) The sphere of influence of any local agency affected by the proposal.

See page 5 of the agenda report.

j) The comments of any affected local agency or other public agency.

Notice of the submitted change of organization proposal was distributed to all affected and subject agencies as required under LAFCO law. Notices were also provided to all local college and school districts. No written comments on the proposal were received ahead of preparing this agenda report for distribution on July 31, 2023.

k) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

Information collected and reviewed as part of this proposal indicates County SD has sufficient and available financial resources and administrative controls therein relative to providing public wastewater to the affected territory without adversely impacting existing ratepayers. This statement is supported by the following factors.

- San Diego County SD's last audit covers 2021-2022 and shows the District finished with ample liquidity levels with an agency-wide current ratio of 93 to 1 (i.e., $93.7 in current assets for every $1.00 in current liabilities).

- San Diego County SD finished 2021-2022 with high capital levels and marked by a low debt ratio of 0.30% (i.e., only $0.30 out of every $100.00 in net assets are financed.)

- San Diego County SD has experienced a downward trend in each of the last three audited fiscal years with an average total margin of (0.05%). The most recent year – 2021-2022 – the District finished with an overall total margin of 9.9%.

l) Timely availability of adequate water supplies for projected needs as specified in G.C. Section 65352.5.

The affected territory's existing light industrial uses are presently within and connected to Otay WD's retail potable water system with wholesale supplies provided by the San Diego County Water Authority. Approval of the proposed change of organization would not affect the timely availability of water supplies to the affected territory.

m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments.

The proposed change of organization would not impact any local agencies in accommodating their regional housing needs.

n) Any information or comments from the landowners, voters, or residents.

The affected territory is considered uninhabited as defined by LAFCO law (containing 11 registered voters or less). The landowners support the proposed change of organization and have provided written consent to the proceedings.

o) Any information relating to existing land use designations.

See above analysis for (h).

p) The extent to which the proposal will promote environmental justice.

The change of organization is expected to have a positive impact on environmental justice by further promoting the availability of public wastewater service within the affected territory and in doing so provide further protections within the watershed. Consideration of existing environmental justice factors within the affected territory draw on staff analyzing data available from the California Environmental Protection Agency through its online assessment tool (CalEnviroScreen 4.0). Two composite percentile rankings for the affected territory are generated within this analysis and involves (a) pollution burdens and (b) susceptible population to pollution burdens relative to all census tracts in California.

- The affected territory's **composite pollution burden ranking** falls in the 57 percentiles with an internal range between 0 to 99 percentiles Eight pollution burden measurements exceed the 50 percentile and considered relatively high. These eight measurements comprise (a) three indicators involving PM 2.5, toxic releases, and

traffic as well as (b) five environmental effects involving cleanup sites, groundwater threats, hazardous waste, solid waste, and impaired water.

- The affected territory's **composite susceptible population** ranking falls in the 31 percentiles with an internal range between 14 to 71 percentiles. Two of these at-risk groups exceed the 50 percentile and involves individuals with limited education and linguistic isolation. These two measurements also exceed the 70-percentile and are considered significant in magnitude.

A summary of all tracked pollution burdens and susceptible population follows.

APNs 648-040-40 & 648-040-42
Pollution Burdens and Susceptible Population
Table 2.6a (Source: California Environmental Protection Agency and SD LAFCO)

Factor	Affected Territory + Surrounding Lands
Census Tract No.	**6073010015**
Estimated Population	3,821
Pollution Burden	**Weighted Percentile**
... Composite Score	**92.77**
... Percentile	**57.27**
Indicator | Air Quality: Ozone	40.01
Indicator | Air Quality: PM 2.5:	92.98
Indicator | Air Quality: Diesel PM:	38.73
Indicator | Pesticides:	0.00
Indicator | Toxic Releases:	91.50
Indicator | Traffic:	99.74
Indicator | Drinking Water Contaminants:	24.47
Indicator | Lead in Housing:	24.70
Effects | Cleanup Sites:	61.38
Effects | Groundwater Threats:	72.49
Effects | Hazardous Waste:	89.11
Effects | Impaired Water:	98.43
Effects | Solid Waste:	86.51
Sensitive Population	**Weighted Percentile**
... Percentile	**31.19**
Population | Asthma:	37.76
Population | Low Birth Weight:	14.38
Population | Cardiovascular Disease:	27.33
Population | Education:	70.22
Population | Linguistic Isolation:	70.52
Population | Poverty:	38.33
Population | Unemployment:	36.44
Population | Housing Burden:	26.67

q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone

or maps that identify land determined to be in a state responsibility area, if it is determined that such information is relevant to the affected territory.

The County of San Diego General Plan contains a hazard mitigation plan for potential fire, flooding and earthquakes. The affected territory lies within a wildfire hazard area as well as a moderate earthquake hazard area.

r) Section 56668.3(a)(1) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annex to the district.

Approval of the change of organization would be in the best interest of the current and future landowners and/or visitors of the affected territory by providing access to reliable public wastewater service going forward.

RESOLUTION NO._____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A CHANGE OF ORGANIZATION

"CAMINO DE LA FUENTE- WICK CHANGE OF ORGANIZATION"
ANNEXATION TO THE SAN DIEGO COUNTY SANITATION DISTRICT AND
CONFORMING SPHERE OF INFLUENCE ACTION (CO22-20)
LAFCO FILE NO. CO22-20

WHEREAS, on November 7, 2022, an interested landowner – D &D Landholdings and Alta Parcels L.P. (David Wick) – filed a petition to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as "Commission," pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application seeks approval of a change of organization to annex approximately 35.3 acres of unincorporated territory within the East Otay Mesa community to the San Diego County Sanitation District; and

WHEREAS, the affected territory as proposed is currently undeveloped and identified by the County of San Diego Assessor's Office as 648-040-42 and 648-040-40; and

WHEREAS, an applicable master property tax transfer agreement applies to the proposed change of organization dated December 14, 1982; and

WHEREAS, the Commission's Executive Officer has reviewed the proposed change of organization and prepared a report with recommendations; and

WHEREAS, the proposed change of organization necessitates the Commission consider a conforming sphere of influence amendment to accommodate the jurisdictional change; and

WHEREAS, the Executive Officer's report and recommendations on the proposal and confirming sphere of influence amendment have been presented to the Commission in the manner provided by law; and

WHEREAS, staff published a notice of public hearing regarding this proposal in the San Diego Union Tribune on June 19, 2023;

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on August 7, 2023; and

WHEREAS, the Commission considered all the factors required by law under Government Code Sections 56425 and 56668 as well as adopted local policies and procedures.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The public meeting was held on the date set therefore, and due notice of said meeting was given in the manner required by law.

2. At the public meeting, the Commission considered the Executive Officer's report.

3. The Commission serves as responsible agency for environmental review of the proposed reorganization under the California Environmental Quality Act (CEQA) as detailed in the Executive Officer's report. The Commission's findings follow.

    a) San Diego LAFCO serves as lead agency under CEQA for the conforming sphere of influence action associated with accommodating the change of organization. It is recommended the Commission find this action – and specifically the amendment of the County SD's sphere to include the affected territory – is a project under CEQA but exempt from further review under State Guidelines 15061(b)(3). This exemption appropriately applies given it can be seen with certainty that spheres are planning policies and any associated actions (establishment, update, or amendment) in and of itself does not change the environment or authorize any new uses or services.

    b) San Diego LAFCO also serves as lead agency under CEQA for the change of organization itself given it has been initiated by landowner petition. Staff believes it would be appropriate for the Commission to find this action – and specifically the annexation of the affected territory to the County SD – as a project under CEQA but exempt from further review under State CEQA Guidelines Section 15319(a) and its cross-reference to Section 15303 (d). This exemption appropriately applies given the proposed change of organization involves the extension of public wastewater service to accommodate the construction of small structures involving restroom facilities.

4. The Commission <u>APPROVES</u> the change of organization without modification as described below and subject to conditions as provided. Approval involves all of the following:

    a) Annexation of the affected territory to the San Diego County Sanitation District as shown in "Exhibit A-1" and described in "Exhibit A-2."

5. The Commission <u>CONDITIONS</u> all approvals on the following terms being satisfied by August 7, 2024 unless an extension is requested in writing and approved by the Executive Officer:

a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.

b) Submittal to the Commission of final map and geographic description of the affected territory as approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Division.

c) Submittal to the Commission of the following payments:

- A check made payable to LAFCO in the amount of $100.00 to reimburse for filing two CEQA Notices of Exemption consistent with the findings in this resolution.

- A check made payable to LAFCO in the amount of $1,327.04 to reimburse for the public hearing notice publication.

- A check made payable to the State Board of Equalization for processing fees in the amount of $350.00.

d) Submittal to the Commission of the development approval by the County of San Diego for the future construction of the onsite public restroom facilities.

6. The Commission assigns the proposal the following short-term designation:
"Camino de la Fuente-Wick Change of Organization"

7. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.

8. The Commission waives conducting authority proceedings under Government Code Section 56662.

9. The San Diego County Sanitation District is a registered-voter districts.

10. The San Diego County District utilizes the County of San Diego assessment roll.

11. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the San Diego County Sanitation District as provided under Government Section 57328.

12. The effective date of the approval shall be the date of recordation but not before the completion of a 30-day reconsideration period and only after all terms have been completed as attested by the Executive Officer.

13. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defects, errors, irregularities, or omissions.

14. The Executive Officer is hereby authorized and directed to transmit copies of this resolution as provided in Sections 56880-56882 of the Government Code.

15. All general terms governing annexations authorized under Government Code Section 57300-57354 apply to this reorganization.

16. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

**

PASSED AND ADOPTED by the Commission on August 7, 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

_____
Keene Simonds
Executive Officer

EXHIBIT A-1
MAP OF THE AFFECTED TERRITORY

-Placeholder-

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EXHIBIT A-2
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

-Placeholder-

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RECEIVED
NOV 07 2022
SAN DIEGO LAFCO

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION

The **following information must be submitted** when filing a change of organization or reorganization proposal with the San Diego Local Agency Formation Commission (LAFCO); additional information may be requested during review of the proposal.

☐ 1. **Completed CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION.**

☐ 2. (a) A **certified resolution of application** from an affected city or district; **or**

(b) A **landowner or registered voter petition** making application to San Diego LAFCO (available from LAFCO or http://www.sdlafco.org/forms/petition.pdf).

☐ 3. A **metes-and-bounds legal description of the proposal territory perimeter** for the proposed boundary change(s), a **reproducible parcel/plat map**, and a **vicinity map.** For information about mapping requirements, refer to: http://www.sdlafco.org/forms/legal_description.pdf, and contact the County Assessor's Mapping Division at 619/531-5588. The Thomas Brother's Guide may be used for the vicinity map.

☐ 4. **Environmental documentation** to comply with the California Environmental Quality Act (CEQA); submit documents for applicable category only:

(a) INITIAL STUDY: Submit completed form (available from LAFCO) if no environmental review has been conducted;

(b) CATEGORICAL EXEMPTION: Submit document if an agency has certified that the project qualifies for a categorical exemption from CEQA;

(c) NEGATIVE DECLARATION (ND): Submit document with certifying resolution and Initial Study*;

(d) ENVIRONMENTAL IMPACT REPORT (EIR): Submit 15 copies of the Final EIR and certifying resolution, plus one copy of the EIR Appendix*.

* For an ND or EIR, a copy of the receipt for the fee paid to the California Department of Fish and Game must be submitted.

☐ 5. If annexation to a city is proposed, submit one copy of the **city resolution approving prezoning and general plan land-use designations** for the proposal territory.

☐ 6. **JURISDICTIONAL CONFLICTS:** If the response to question number 6 on page 3 is "Yes", complete and sign the Policy L-107 form at http://www.sdlafco.org/forms/Legislative_Policy_L_107.pdf.

☐ 7. **Completed CAMPAIGN CONTRIBUTION DISCLOSURE FORM AND EVALUATION CHECKLIST for DISCLOSURE OF POLITICAL EXPENDITURES** (pages 7 and 8 of application).

☐ 8. **PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY** (page 9 of application).

☐ 9. Completed **SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM** (pages 10-12 of application) from ***each*** subject agency.

☐ 10. **LAFCO processing fees.** The San Diego LAFCO FEE SCHEDULE is available at http://www.sdlafco.org/document/feeschedule.pdf, or contact LAFCO staff.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
9335 Hazard Way · Suite 200 · San Diego, CA 92123
(858) 614-7755 · www. sdlafco.org

Updated: September 3, 2019

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SAN DIEGO LAFCO

CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION

The information in this application is used by LAFCO staff to evaluate proposals for changes of government organization. Please respond to **all** items in this form, indicating "NA" when an item does *not* apply.

	SUBJECT AGENCY(IES) (City or Special District)		PROPOSED CHANGE OF ORGANIZATION/ACTION (Annexation, detachment, sphere amendment, etc.)
1.	San Diego County Sanitation District	1.	Annexation
2.		2.	
3.		3.	
4.		4.	

As part of this application, the City of _____ or the San Diego County Sanitation District, D&D Landholdings and Alta Parcels, L.P. (the applicant), and/or the _____ (real party in interest): subject landowner and/or registered voter agrees to defend, indemnify, hold harmless, and release the San Diego LAFCO, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any or all of them, the purpose of which is to attack, set aside, void, or annul San Diego LAFCO's review, approval or denial of this application or adoption of or refusal to adopt the environmental document which accompanies it or any other action San Diego LAFCO takes with respect to this application. This defense and indemnification obligation shall include, but not be limited to, attorneys' fees, expert witness fees and other costs of defense, damages, costs, and expenses, including attorney fees payable to another party. Applicant and/or real party in interest agree that San Diego LAFCO shall have the right to appoint its own counsel to defend it and conduct its own defense in the manner it deems in its best interest and that San Diego LAFCO's taking such action does not limit the obligations to indemnify and reimburse San Diego LAFCO's defense costs. This defense and indemnification obligation shall apply whether or not there is concurrent passive or active negligence on the part of the San Diego LAFCO, its agents, officers, attorneys, or employee. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. San Diego LAFCO's acceptance of this application is sufficient to make this agreement a binding, bilateral contract between us.

I acknowledge that annexation to the city of _____ or the San Diego County Sanitation district may result in the imposition of taxes, fees and assessments ***existing within the (city or district)*** on the effective date of annexation. I hereby waive any rights I may have under Articles XIIIC and XIIID of the State Constitution (Proposition 218) to a hearing, assessment ballot proceeding or an election on those ***existing taxes, fees and assessments.***

Agreed:

Signature: _____ Date: 7/26/22

Print/Type Name: David Wick, Secretary of General Partner

Address: 5440 Morehouse Drive, Suite 4000

San Diego, CA 9212 Telephone: (858) 623-9000

Property Address: 637 Camino de la Fuente, San Diego, CA 92154 - 0 access rd, San Diego, CA 92154

Cross Street(s): Paseo De La Fuente & Camino De La Fuente

Assessor Parcel Number(s): 648-040-42-00; portion of 648-040-40-00 Acres: 35.32

Indicate below if anyone, in addition to the person signing this application, is to receive notices of these proceedings.

Name: _____

Address: _____

_____ Telephone: ( )_____

A. PROPOSAL DESCRIPTION/JUSTIFICATION

1. Explain in detail why the proposal is necessary ***at this time*** (e.g., condition of an approved tentative map, an existing structure requires new services, etc.).
Annexation to the San Diego County Sanitation District: East Otay Mesa Service Area for Assessors Parcels 648-040-42-00 and 648-040-40-00 (portion) to receive Waste Discharge permits from the County of San Diego. Annexation will extend service to the end of Access Road (Camino De La Fuente).

2. Describe the use of ***developed*** property within the proposal territory, including details about existing structures. Describe anticipated development of ***vacant*** property, including types of buildings, number of units, supporting facilities, etc., and when development is scheduled to occur.
Graded land for future industrial, outdoor storage uses.

3. Describe the topography and physical features of the proposal territory, as well as its general location in relation to communities, major freeways/highways, roads, etc.
Graded industrial land located at the eastern end of Access Road (Camino De La Fuente). The property is within the East Otay Mesa Specific Plan area east of Paseo De La Fuente.

4. How many residents live within the proposal territory? 0

5. How many of these residents are registered voters? 0

6. Are there any jurisdictional issues associated with the LAFCO proposal or pending LAFCO action?

☑ NO ☐ YES (If yes, please complete the Policy L-107 form at http://www.sdlafco.org/forms/Legislative_Policy_L_107.pdf)

B. LAND USE INFORMATION

GENERAL PLAN AND ZONING:

If the proposal territory is ***not*** within an incorporated city, San Diego County General Plan and zoning information may be obtained by calling (858) 565-5981 or toll-free (888) 267-8770 with the Assessor Parcel Number(s) of the subject property. If the proposal territory is within a city, please call the appropriate city's planning department for General Plan and zoning information.

1. COUNTY:

(a) The territory is within the East Otay Mesa Specific Plan community plan.

(b) The County General Plan or community plan designation and allowed density:
County General Plan zoning S88.

(c) Current County zoning and allowed density: EOMSP Mixed Industrial Zoning. Floor Area Ratio 0.5.

2. CITY:

(a) The territory is within the general plan area for the City of N/A

(b) The City General Plan land use designation and allowed density: N/A

(c) Current City zoning and allowed density: N/A

(d) Current City prezoning and allowed density: N/A

3. Indicate below ***all*** permits or approvals that will be needed by the County or any city to complete the project. If already granted, please note the date of approval and attach a copy of each resolution of approval. If approval is pending, please note the anticipated approval date.

Type of Approval or Permit	File No.	Approval Date	Is Resolution Attached?
Tentative Subdivision Map			☐YES ☐NO
Tentative Parcel Map			☐YES ☐NO
Major Use Permit			☐YES ☐NO
City/County General Plan Amendment			☐YES ☐NO
City Prezoning			☐YES ☐NO
County Rezone			☐YES ☐NO
(Other)	DPW2020-WWSWCP-00054	09/25/2020	☑YES ☐NO

4. Describe the land uses surrounding the proposal territory (e.g., residential, commercial, agricultural, industrial, open space, etc.).

North: Industrial East: Industrial

South: Industrial West: Industrial

5. Indicate with a ✔ if any portion of the proposal territory contains the following:

☐ Agricultural land uses ☐ Agricultural Preserve

☐ Open Space Easement ☐ Slopes greater than 25%

☐ Sewer moratorium area ☐ Coastal Permit Zone

☐ Unusual features such as:

6. For city annexation proposals: Is any part of the proposal territory under a Williamson Act contract? If yes, please contact the LAFCO office for special instructions regarding petition/resolution of application requirements. ☐YES ☑NO

C. PUBLIC SERVICES INFORMATION

SEWER SERVICE:

1. (a) Is the proposal territory within a district or city that provides public sewer service? ☑YES ☐NO

   (b) ***If yes,*** which agency? San Diego County Sanitation District

2. (a) Is a developed parcel in need of annexation due to failed septic system? ☐YES ☑NO

   (b) ***If yes,*** include a copy of any letters from the San Diego County Department of Environmental Health or private septic-system company.

   (c) ***If no,*** is annexation for sewer service part of this application? ☑YES ☐NO

3. If annexation for sewer service is proposed, which district or city would serve the territory if this jurisdictional change is approved? San Diego County Sanitation District

4. (a) Has the agency that will be providing service issued a letter of sewer availability? ☐YES ☑NO

   (b) ***If yes,*** please provide a copy of the letter with this application. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

5. (a) Will the agency be prepared to furnish sewer service upon annexation? ☑YES ☐NO

   (b) ***If no,*** please explain:_____

WATER SERVICE:

1. (a) Is the proposal territory within a district or city that provides public water service? ☑YES ☐NO

   (b) ***If yes,*** which agency? Otay Water District

2. Is a well or other on-site water system currently used on the property? ☐YES ☑NO
3. Is an on-site system proposed to be used when the property is developed? ☑YES ☐NO
4. (a) Is annexation for water service part of this application? ☐YES ☑NO

   (b) ***If yes,*** which district or city would serve the territory if this jurisdictional change is approved? _____

   (c) Will the agency that will be providing service be prepared to furnish water service upon annexation? ☑YES ☐NO

5. (a) Has the agency that will be providing service issued a letter of water availability? ☐YES ☑NO

   (b) ***If yes,*** please provide a copy of the letter with this application. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

FIRE PROTECTION SERVICES: NOTE: Complete the following section ***only*** if annexation to a fire protection service provider is proposed—or if the current fire protection service provider is proposed to change.

1. (a) Is the proposal territory ***currently*** within an agency that provides fire protection? ☐YES ☐NO

   (b) ***If yes,*** provide name and address/location of current fire service provider

   _____

   _____

   (c) Provide estimated response times to the proposal territory:

   priority_____ minutes; non-priority_____ minutes

2. Is annexation for fire protection service part of this application? ☐YES ☐NO

3. Which city or district would serve the proposal territory if this jurisdictional change is approved?

   _____

   (a) Location/address of the proposed fire service provider: _____

   _____

   (b) Estimated response times to the proposal territory:

   Priority_____ minutes; non-priority_____ minutes

POLICE PROTECTION SERVICES: NOTE: Complete the following section ***only*** if the police protection provider is proposed to change.

1. Which police agency ***currently*** serves the proposal territory?

   _____

   (a) Location/address of nearest police station: _____

   _____

   (b) Estimated response times to the proposal territory: priority____ minutes; non-priority____ minutes

2. Which police agency would serve the proposal territory if this jurisdictional change is approved?

   _____

   (a) Location/address of nearest police station:_____

   _____

   (b) Estimated response times to the proposal territory:

   Priority_____ minutes; non-priority_____ minutes

CAMPAIGN CONTRIBUTION DISCLOSURE PROVISIONS

LAFCOs are subject to the campaign disclosure provisions detailed in Government Code Section 84308, and the Regulations of the Fair Political Practices Commission (FPPC), Section 18438.

Please carefully read the following information to determine if the provisions apply to you. If you determine that the provisions are applicable, the Campaign Disclosure Form must be completed and returned to San Diego LAFCO with your application.

1. No LAFCO commissioner shall accept, solicit, or direct a contribution of more than $250 from any party[1] or agent[2] while a change of organization proceeding is pending, and for three months subsequent to the date a final decision is rendered by LAFCO. This prohibition commences when your application has been filed, or the proceeding is otherwise initiated.

2. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than $250 made to any commissioner by the party, or agent, during the preceding 12 months. No party to a LAFCO proceeding, or agent, shall make a contribution to a commissioner during the proceeding and for three months following the date a final decision is rendered by LAFCO.

3. Prior to rendering a decision on a LAFCO proceeding, any commissioner who received contribution of more than $250 within the preceding 12 months from any party, or agent, to a proceeding shall disclose that fact on the record of the proceeding, and shall be disqualified from participating in the proceeding. However, if any commissioner receives a contribution that otherwise would require disqualification, and returns the contribution within 30 days of knowing about the contribution and the relevant proceeding, that commissioner shall be permitted to participate in the proceeding.

[1] "Party" is defined as any person who files an application for, or is the subject of, a proceeding.

[2] "Agent" is defined as a person who represents a party in connection with a proceeding. If an individual acting as an agent also is acting as an employee or member of a law, architectural, engineering, or consulting firm, or a similar entity or corporation, both the individual and the entity or corporation are agents. When a closed corporation is a party to a proceeding, the majority shareholder is subject to these provisions.

To determine whether a campaign contribution of more than $250 has been made by you or your agent to a commissioner within the preceding 12 months, all contributions made by you or your agent during that period must be aggregated.

Names of current LAFCO commissioners are available at http://www.sdlafco.org/document/CommRoster.pdf. If you have questions about Government Code Section 84308, FPPC regulations, or the Campaign Disclosure Form, please contact San Diego LAFCO at 9335 Hazard Way, Suite 200, San Diego, CA 92123, (858) 614-7755.

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

(a) Proposed change(s) of organization: _____

_____

_____

(b) Name and address of any party, or agent, who has contributed more than $250 to any commissioner within the preceding 12 months:

1. N/A

_____

_____

2. _____

_____

_____

(c) Date and amount of contribution:

Date _____ Amount $ _____

Date _____ Amount $ _____

(d) Name of commissioner to whom contribution was made:

1. _____

2. _____

(e) I certify that the above information is provided to the best of my knowledge.

Printed Name _____

Signature David Wick

Date 7/26/22 Phone (858) 623-9000 Ext. 720

To be completed by LAFCO:

Proposal:

Ref. No.

DISCLOSURE OF POLITICAL EXPENDITURES

Effective January 1, 2008, expenditures for political purposes, which are related to a change of organization or reorganization proposal that will be or has been submitted to LAFCO, are subject to the reporting and disclosure requirements of the Political Reform Act of 1974 and the Cortese-Knox-Hertzberg Act of 2000.

Please carefully read the following information to determine if reporting and disclosure provisions apply to you.

- Any person or combination of persons who, for political purposes, directly or indirectly contributes $1,000 or more, or expend $1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report to the Commission to the same extent and subject to the same requirements of the Political Reform Act of 1974 (Government Code Section 81000 et seq.) as provided for local initiative measures, and Section 56700.1 of the Cortese-Knox-Hertzberg Act of 2000.
- Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes $1,000 or more, or expends $1,000 or in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be filed with the Secretary of State and the appropriate city or county clerk. Copies of the report must also be filed with the Executive Officer of San Diego LAFCO.
- A roster of current San Diego LAFCO commissioners is available from the LAFCO office: 9335 Hazard Way, Suite 200, San Diego, CA 92123, (858) 614-7755, or from http://www.sdlafco.org/document/CommRoster.pdf

EVALUATION CHECKLIST FOR DISCLOSURE OF POLITICAL EXPENDITURES

The following checklist is provided to assist you in determining if the requirements of Government Code Sections 81000 et seq. apply to you. For further assistance contact the Fair Political Practices Commission at 428 J Street, Suite 450, Sacramento, CA 95814, (866) 275-3772 or at http://www.fppc.ca.gov.

1. **Have you directly or indirectly made a contribution or expenditure of $1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?**

   ☐ Yes

   ☑ No

   Date of contribution_____ Amount $ _____

   Name/Ref. No. of LAFCO proposal_____

   _____

   Date proposal submitted to LAFCO_____

2. **Have you, in combination with other person(s), directly or indirectly contributed or expended $1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?**

   ☐ Yes

   ☑ No

   Date of contribution_____ Amount $ _____

   Name/Ref. No. of LAFCO proposal_____

   _____

   Date proposal submitted to LAFCO_____

3. **If you have filed a report in accordance with FPPC requirements, has a copy of the report been filed with San Diego LAFCO?**

   ☐ Yes

   ☑ No

PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY

Note: Processing of jurisdictional boundary change proposals, which involve ***uninhabited***[1] territory, can be expedited by approximately 60 days if all affected landowners consent to the proposal. If you wish to take advantage of this option, please return the completed PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY to San Diego LAFCO with your application for a jurisdictional boundary change. If consenting signatures of ***100%*** of the affected property owners are affixed and LAFCO does not receive any opposition from subject agencies, the Commission may consider the proposal without public notice, public hearing and/or an election.

[1] Territory included within a proposed boundary change that includes less-than12 registered voters is considered ***uninhabited*** (Government Code 56045).

The undersigned owners(s) of property hereby consent(s) to inclusion of that property within a proposed change of organization or reorganization consisting of:

(Please list all proposed actions)

Annexation to: 1. San Diego County Sanitation Distrirct: East Otay Mesa Sewer Service Area

2. _____

3. _____

Detachment from: 1. _____

2. _____

3. _____

	Date	Signature	Assessor's Parcel Number(s)
1.	7/26/2022		648-040-42-00
2.	7/26/2022		648-040-40-00
3.			
4.			
5.			

Attach additional sheets if necessary

Part IVb: LANDOWNER PETITION

Petitions must meet minimum signature requirements (see Part V). Signatures must be secured within six months of the date on which the first signature was affixed. Petitions must be submitted to the LAFCO Executive Officer within 60 days after the last signature is affixed (Govt. Code § 56705).

Each of the undersigned states:

- I personally signed this petition.
- I am a landowner of the affected territory.
- I personally affixed hereto the date of my signing this petition and the Assessor's Parcel Number(s), or a description sufficient to identify the location of my land.

Name of Signer	Assessor's Parcel Number(s)	Date Signed	Official Use
Sign _____ Print David Wick, Secretary of General Partner	648-040-40-00	1/9/2023	
Sign _____ Print David Wick, President of General Partner	648-040-42-00	1/9/2023	
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			

SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM

NOTE: *A copy of this form must be completed and signed by **each** local agency that will gain or lose territory as a result of the proposed jurisdictional boundary change. Attach additional sheets if necessary.*

Samantha Mayer

Signature of agency representative

Samantha Mayer

Print name

Engineering Tech

Title

Telephone

10/19/2022

Date

A. JURISDICTIONAL INFORMATION:

Name of agency:
San Diego County Sanitation District

1. Is the proposal territory within the agency's sphere of influence? Yes☒ No☐
2. Upon annexation, will the proposal territory be included within an assessment district and be subject to assessment for new or extended services? Yes☐ No☒
3. Does the agency have plans to establish any new assessment district that would include the proposal territory? Yes☐ No☒
4. Will the proposal territory assume any existing bonded indebtedness? Yes☐ No☒

   If yes, indicate any taxpayer cost: $_____
5. Will the proposal territory be subject to any special taxes, benefit charges, or fees? Yes☒ No☐

   If yes, please provide details of all costs: Annexation Fees, Sewer Capacity fees, and Annual Sewer Service Charges
6. Is the agency requesting an exchange of property tax revenues as a result of this proposal? Yes☐ No☒
7. Is this proposed jurisdictional change subject to a master property tax agreement or master enterprise district resolution? Yes☐ No☒
8. FOR CITY ANNEXATIONS: Does the proposal territory contain existing commercial development that generates retail sales of ten million dollars or more per year? Yes☐ No☒
9. FOR CITY ANNEXATIONS: If any part of the proposal territory is under a Williamson Act contract, please contact the LAFCO office for special instructions regarding petition or resolution of application requirements.

EXPEDITED PROPOSAL PROCESSING: *Processing of jurisdictional boundary change proposals can be expedited by approximately 60 days if all affected landowners consent to the waiver of protest and termination (conducting authority) proceedings and subject agencies do not oppose the waiver. If you do NOT want to waive these proceedings, then attach a written statement to the subject agency information form containing a signature, date, and declaration of opposition to a waiver of such proceedings.*

B. SEWER SERVICE:

1. What is the agency's current wastewater treatment capacity (expressed in million gallons per day and equivalent dwelling units)? The San Diego County Sanitation District has a 1 MGD of conveyance and treatment capacity with Metropolitan Sewerage System for East Otay Mesa.

2. What is the average volume of influent currently being treated by the agency (expressed in million gallons per day and equivalent dwelling units)? 0.3 MGD

3. (a) What is the agency's peak flow volume (expressed in million gallons per day)? 1 MGD

   (b) What is the agency's peak flow capacity (expressed in million gallons per day)? 1 MGD

   (c) Has the agency exceeded the flow (peak) capacity within the past two years? ☐YES ☒NO

   (d) ***If yes,*** please describe the frequency and volume of incidents that exceeded the agency's peak capacity:

4. (a) Has the agency issued a letter of sewer availability for the proposal territory? ☐YES ☒NO

   (b) ***If yes,*** please provide a copy of the letter. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

5. (a) How many future equivalent dwelling units have been reserved or committed for proposed projects? 0 EDUs reserved or committed.

   (b) Can all projects that have received commitments of sewer availability (e.g., "will serve letters") be accommodated with planned capacity? ☒YES ☐NO

6. (a) Does the agency have the necessary contractual and/or operational treatment capacity to provide sewer service to the proposal territory? ☒YES ☐NO

   (b) ***If yes,*** please specify the proposal territory 's estimated sewer demand and the agency's available sewer capacity (expressed in million gallons per day and equivalent dwelling units):
   The San Diego County Sanitation District has 1 MGD of sewer capacity for East Otay Mesa.

   (c) ***If no,*** please describe the agency's plans to upgrade capacity to resolve any capacity related issues:

7. Will the proposal territory be annexed to a sewer improvement district? ☐YES ☐NO

8. (a) The distance for connection of the proposal territory to the agency's existing sewer system is N/A feet. DPW2020-WWSWCP-00054

   (b) Describe the location of the connection to the agency's existing sewer system:
   Sewer main already exist at the parcel.

C. WATER SERVICE:

1. (a) Does the subject agency have adequate water supply and sufficient contractual and/or operational capacity available to serve the proposal territory? ☑YES ☐NO

   (b) ***If yes,*** describe the proposal territory's estimated water demand and the agency's available water supply and capacity (expressed in acre-feet or million gallons per day):
   Properties are already part of the Otay Water District Service Area.

   (c) ***If no,*** what plans does the agency have to increase its water capacity?

2. Specify any improvements (on and off-site) that will be necessary to connect and serve the anticipated development. Indicate the total cost of these improvements and method of financing (e.g., general property tax, assessment district, landowner or developer fees): N/A. Properties are already part of the Otay Water District Service Area. ☐YES ☑NO

3. (a) Has the agency issued a letter of water availability for the proposal territory? ☐YES ☑NO

   (b) ***If yes,*** please provide a copy of the letter. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

4. (a) The distance for connection of the proposal territory to the agency's existing water system is _____feet.

   (b) Describe the location of the connection to the agency's existing water system:

5. (a) Is the agency currently under any drought-related conditions and/or restrictions? ☐YES ☑NO

   (b) ***If yes,*** describe the conditions and specify any related restrictions:

6. (a) Will the proposal territory utilize reclaimed water? ☐YES ☑NO

   (b) ***If yes,*** describe the proposal territory's reclaimed water use and the agency's available reclaimed water supply and capacity (expressed in acre-feet or million gallons per day):

   (c) The distance for connection of the proposal territory to the agency's existing reclaimed water system is _____feet.

   (d) Describe the location of the connection to the agency's existing reclaimed water system:

   (e) ***If no,*** has the agency considered availability of reclaimed water to the proposal territory? ☑YES ☐NO

   (f) What restrictions prevent use of reclaimed water? Otay Water District does not have any reclaimed water infrastructure.

7. Will the proposal territory be annexed to an improvement district? ☐YES ☑NO

PETITION FOR PROCEEDINGS PURSUANT TO THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT OF 2000

Part I: NOTICE OF INTENT TO CIRCULATE PETITION

Proponents are required to file a NOTICE OF INTENT TO CIRCULATE PETITION with the Executive Officer of the San Diego Local Agency Formation Commission before a petition to initiate a change of organization or reorganization can be circulated (Govt. Code § 56700.4).

1. Notice is hereby given to circulate a petition proposing to: annex 648-040-42-00 and 648-040-40-00 into the San Diego County Sanitation District: East Otay Mesa Service Area.

2. The reason(s) for the proposal are: bring sewer service to the remainder portion of Access Road/Camino De La Fuente that was initially not included the San Diego County Sanitation District East Otay Mesa Service Area. The properties are already included within Otay Water District's Service Area.

D&D Landholdings, Limited Partnership
Proponent's Name (print)

Signature of proponent or representative

5440 Morehouse Drive, Suite 4000
Proponent's Address

San Diego, CA 92121
City, State, Zip

Pursuant to Section 56700.4 of the California Government Code, this NOTICE OF INTENT TO CIRCULATE PETITION was filed with me on _____

Date

_____

Executive Officer (Print and Sign)

PART II: DISCLOSURE REQUIREMENTS

The Political Reform Act prohibits a person appointed to the Local Agency Formation Commission from soliciting or accepting campaign contributions of more than $250 within the preceding 12 months from parties, participants, or their agents while a proceeding is pending before LAFCO and for three months following the decision. LAFCO commissioners who receive such contributions are required to disqualify themselves from participating in the proceedings. Both commissioners and contributors who are parties to the proceeding are required to disclose the contributions received or made. Names of current LAFCO commissioners and LAFCO disclosure forms are available at HTTP://WWW.SDLAFCO.ORG or by calling 858/614-7755.

Pursuant to Government Code Section 56700.1, any person or combination of persons who, for political purposes, directly or indirectly contributes $1,000 or more, or expend $1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report to the Commission to the same extent and subject to the same requirements of the Political Reform Act (Title 9 [commencing with Section 81000]) as provided for local initiative measures.

Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes $1,000 or more, or expends $1,000 or in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be submitted to the Secretary of State and the appropriate city or county clerk. Copies of the reports must also be filed with the Executive Officer of San Diego LAFCO.

Part III: PETITION FOR CHANGE OF ORGANIZATION OR REORGANIZATION

This proposal is made pursuant to Part 3, Division 3, Title 5 of the California Government Code, Section 56000 et seq. of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

(a) The specific change(s) of organization proposed is/are: Annexation to the San Diego County Sanitation District: East Otay Mesa Service Area for Assessors Parcels 648-040-40-00 and 648-040-42-00.

(b) The boundary of the territory included in the proposal is as described in the attached legal description and map and is by this reference incorporated herein.

(c) The proposed action(s) will be subject to the following terms and conditions: _____

(d) The reason(s) for the proposal is/are: Annexation required for properties to receive Waste Discharge permits from the County of San Diego. Annexation will extend service to the end of Access Road (Camino De La Fuente).

(e) Signers of this petition have signed as (select one): ☑ landowner; ☐ registered voter.

(f) The name(s) and mailing address(s) of the chief petitioner(s) (not to exceed three) is/are:

1. D&D Landholdings, Limited Partnership — 5440 Morehouse Drive, Suite 4000, San Diego, CA 92121
   Name of chief proponent (print) — mailing address
2. Alta Parcels, L.P. — 5440 Morehouse Drive, Suite 4000, San Diego, CA 92121
   Name of chief proponent (print) — mailing address
3. _____
   Name of chief proponent (print) — mailing address

(g) It is requested that proceedings for this proposal be taken in accordance with Section 56000 et seq. of the Government Code.

(h) This proposed change of organization (select one) ☑ is ☐ is not consistent with the sphere-of-influence of any affected city or district.

(i) The territory included in the proposal is (select one) ☐ inhabited (12 or more registered voters) ☑ uninhabited (11 or less registered voters).

(j) If the formation of a new district(s) is included in the proposal:

1. The principal act under which said district(s) is/are proposed to be formed is/are: _____
2. The proposed name(s) of the new district(s) is/are: _____
3. The boundary(ies) of the proposed new district(s) is/are described in the attached legal description and map and are by this reference incorporated herein.

(k) If an incorporation is included in the proposal:

1. The name of the proposed city is: _____
2. Provisions are requested for appointment of: ☐ city manager ☐ city clerk ☐ city treasurer

(l) If the proposal includes a consolidation of special districts, the proposed name of the consolidated district is: _____

Part IVb: LANDOWNER PETITION

Petitions must meet minimum signature requirements (see Part V). Signatures must be secured within six months of the date on which the first signature was affixed. Petitions must be submitted to the LAFCO Executive Officer within 60 days after the last signature is affixed (Govt. Code § 56705).

Each of the undersigned states:

- I personally signed this petition.
- I am a landowner of the affected territory.
- I personally affixed hereto the date of my signing this petition and the Assessor's Parcel Number(s), or a description sufficient to identify the location of my land.

Name of Signer	Assessor's Parcel Number(s)	Date Signed	Official Use
Sign _____ Print David Wick, Secretary of General Partner	648-040-40-00		
Sign _____ Print David Wick, President of General Partner	648-040-42-00		
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			

All that portion of the Southwest Quarter of Section 29 Township 18 South Range 1 East, San Bernardino Meridian, in the County of San Diego, State of California, according to the Official Plat thereof, more particularly described as follows:

Beginning at the Southwest corner of said Section 29; thence (Course 1) North 1°35'53" East along the West line of said Section 29, a distance of 785.24 feet to the center line of that certain easement for public highway conveyed to the County of San Diego on June 10, 2004 as file/page No. 2004-0544590 Official Records, thence (Course 2) South 89°10'03" East along said center line 146.67 feet; thence (Course 3) North 1°7' 23" East 569.98 feet to a point on the North line of the South One Half of the Southwest Quarter of said Section 29; thence (Course 4) North 89°59'55" East along the North line of the South One Half of the Southwest Quarter of said Section 29, 676.74 feet to point on the Easterly boundary of the land described in deed to D & D Landholdings, a California Limited Partnership recorded July 16, 2010 as file/page No. 2010-0356979 Official Records; thence (Course 5) South 25°35'42" East along the Easterly boundary of the land conveyed to D & D Landholdings 1476.59 feet to a point on south boundary of said Section 29; thence (Course 6) South 89°11'42" West along the south boundary of said Section 29 1494.51 feet to the TRUE POINT OF BEGINNING.

Containing 33.82 Acres, more or less

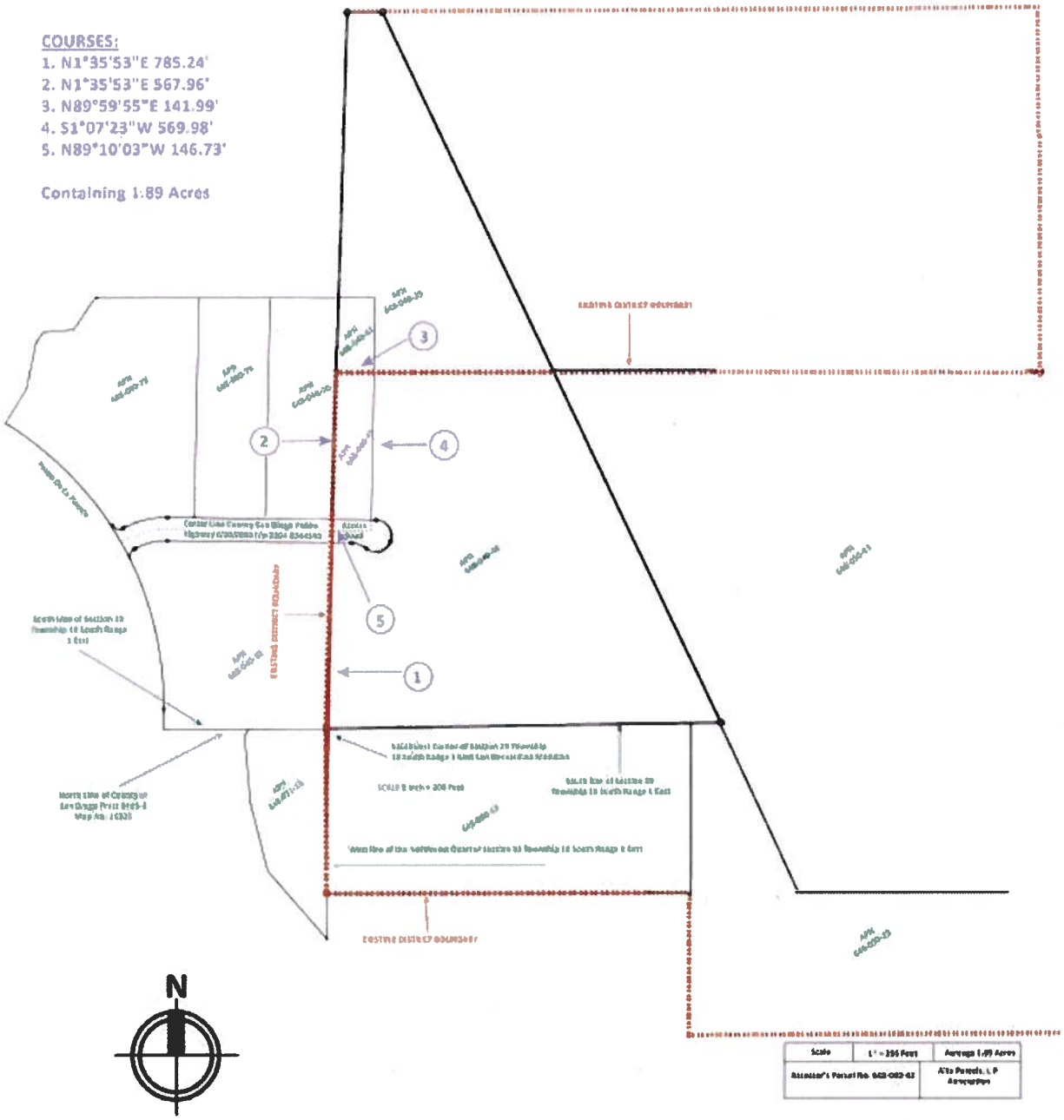
Assessor's Parcel No: 648-040-40

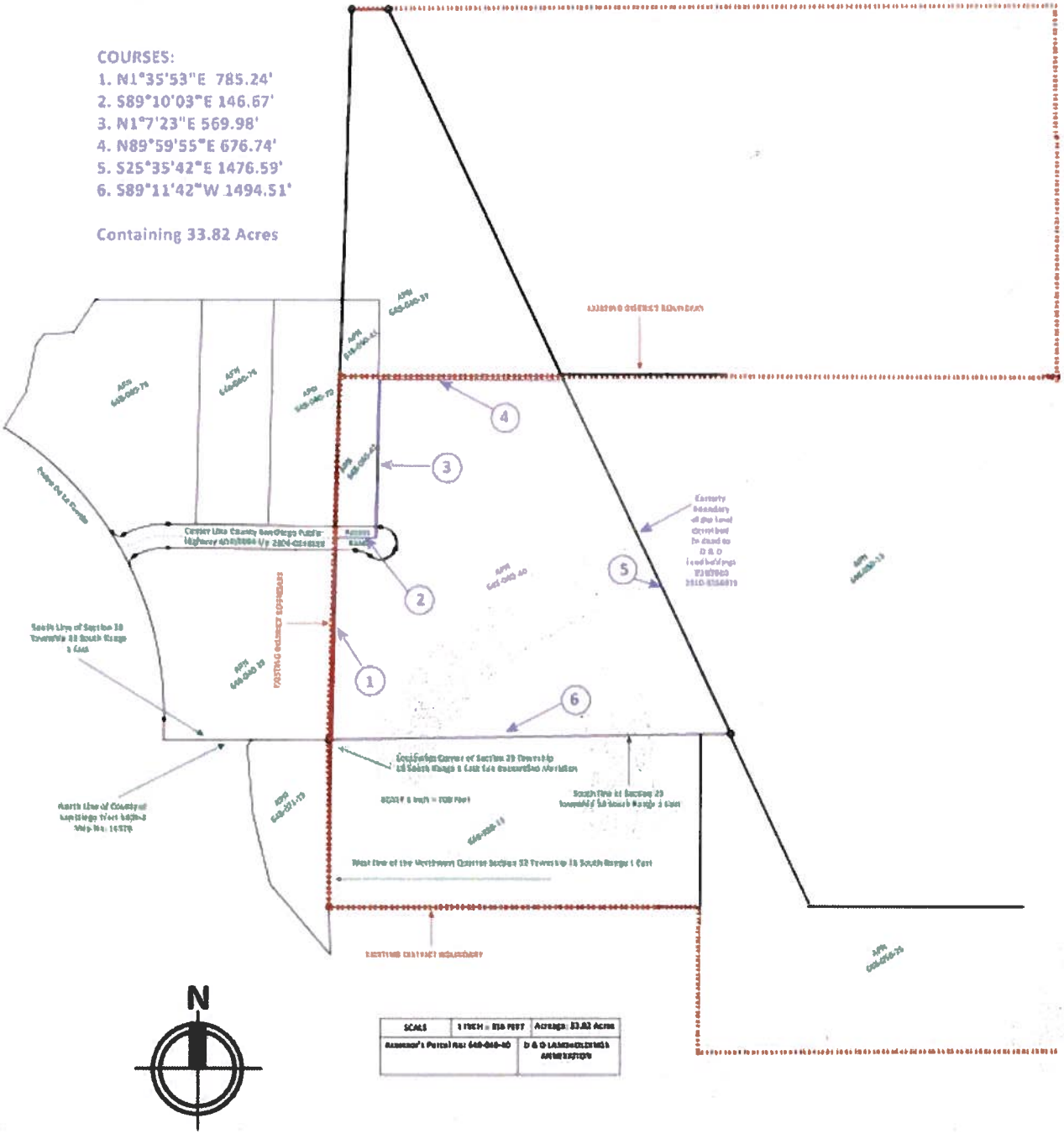
All that portion of the Southwest Quarter of Section 29 Township 18 South Range 1 East, San Bernardino Meridian, in the County of San Diego, State of California, according to the Official Plat thereof, more particularly described as follows:

Beginning at the Southwest corner of said Section 29; thence (Course 1) North 1°35'53" East along the West line of said Section 29, a distance of 785.24 feet to the center line of that certain easement for public highway conveyed to the County of San Diego on June 10, 2004 as file/page No. 2004-0544590 Official Records, being the TRUE POINT OF BEGINNING HEREIN; thence continuing along said West line of Section 29, (Course 2) North 1°35'53" East 567.96 feet to the Northwest corner of the South One Half of the Southwest Quarter of said Section 29; thence (Course 3) North 89°59'55" East along the North line of the South One Half of the Southwest Quarter of said Section 29, 141.99 feet; thence (Course 4) South 1°07'23" West 569.98 feet to a point on the center line of that certain public highway described above; thence (Course 5) North 89°10'03" West along the center line of said public highway a distance of 146.73 feet to the TRUE POINT OF BEGINNING.

Containing 1.89 Acres, more or less

Assessor's Parcel No: 648-040-42


COURSES:
1. N1°35'53"E 785.24'
2. N1°35'53"E 567.96'
3. N89°59'55"E 141.99'
4. S1°07'23"W 569.98'
5. N89°10'03"W 146.73'
Containing 1.89 Acres
N


COURSES:
1. N1°35'53"E 785.24'
2. S89°10'03"E 146.67'
3. N1°7'23"E 569.98'
4. N89°59'55"E 676.74'
5. S25°35'42"E 1476.59'
6. S89°11'42"W 1494.51'
Containing 33.82 Acres
N

COUNTY OF SAN DIEGO

LUEG
Land Use & Environment Group

DEPARTMENT OF PUBLIC WORKS
PRIVATE DEVELOPMENT
CONSTRUCTION INSPECTION

5510 OVERLAND SUITE 210
SAN DIEGO, CALIFORNIA 92123-1239
(858) 694-3165 (858) 694-2354

45

SEWER CONSTRUCTION PERMIT

DATE ISSUED: 09/25/2020 PERMIT NO: DPW2020-WWSWCP-00054

EXPIRATION DATE: 9/25/2023 TRUST ACCOUNT NO: 2008613-D-07106

PERMIT OWNER & ADDRESS	SITE ADDRESS/JOB LOCATION
D&D LANDHOLDINGS 5440 MOREHOUSE DR #4000*SAN DIEGO CA\ SAN DIEGO, CA 92121 PHONE:	NO ADDRESS , CA
APPLICANT NAME & ADDRESS D&D LANDHOLDINGS 5440 MOREHOUSE DR #4000 SAN DIEGO, CA 92121 PHONE: 858 362-8701	APN: 648-040-40-00 GPS COORD.:
ENGINEER OF WORK & ADDRESS Stevens Cresto Engineering 9665 Chesapeake Drive suite 200 San Diego, CA 92123 PHONE: 858 694-5660	CONTRACTOR & ADDRESS PHONE:

SAN DIEGO COUNTY SANITATION SERVICE AREA: East Otay Mesa

SEWER LENGTH(FEET): 123	NUMBER OF SEGMENTS: 1

DETAILED DESCRIPTION OF PROJECT: Area: East Otay Mesa
Sewer Main Extension and Lateral

THIS PERMIT IS VOID IF CAL/OSHA PERMIT FOR EXCAVATIONS EXCEEDING FIVE (5) FEET IS NOT OBTAINED BEFORE CONSTRUCTION BEGINS.

Before you dig, phone UNDERGROUND SERVICE ALERT at 811. Enter UNDERGROUND SERVICE ALERT Inquiry Identification Number here_____. This permit is not valid until an inquiry number is obtained.

Notify construction inspection at (858) 694-3165, 24 hours in advance of beginning any portion of the work, completion of work, backfill or concrete pour, and otherwise as required by the Director of Public Works.

The permit is granted under provisions of the San Diego County Uniform Sewer Ordinances.
County of San Diego, Director of Public Works By: Bataller, Travis Digitally signed by Bataller, Travis Date: 2020.09.29 15:11:33 -07'00'
Date Completed:_____ Inspector:_____

THIS PERMIT MUST BE KEPT ON THE JOB, TO BE SHOWN TO ANY AUTHORIZED AGENT OF THE COUNTY OF SAN DIEGO, PRESENTED UPON REQUEST.

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7b

AGENDA REPORT
Public Hearing

August 7, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Progress Report on the Annual Workplan Activities and Proposed Amendments to Advance Scheduled Municipal Service Reviews**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a progress report on the commencement of the adopted workplan and the 30 special projects for 2023-2024 as well as consider specific amendments. Three projects have advanced during the first month of the fiscal year and are now nearing their completion. This grouping is marked by developing supporting contractual agreements involving LAFCO's new planning grant to perform market and gap analysis in support of small farming operations. Proposed amendments involve internal adjustments and advance municipal service reviews involving the San Diego County Water Authority and healthcare districts as the highest workplan priorities in 2023-2024. It is recommended the Commission formally receive the progress report consistent with practice as well as approve the proposed amendments.

BACKGROUND

San Diego LAFCO's current fiscal year workplan was adopted at a noticed public hearing held in May 2023. The workplan is multi-year planning tool that is developed and updated annually. The current workplan includes 30 projects and is divided into two distinct categories – statutory and administrative – along with priority assignments set by the Commission.

Administration
Keene Simonds, Executive Officer
2550 Fifth Avenue, Suite 725
San Diego, California 92103-6624
T 619.321.3380
www.sdlafco.org
lafco@sdcounty.ca.gov

Chair Jim Desmond, County of San Diego
Joel Anderson, County of San Diego
Nora Vargas, Alt., County of San Diego
Kristi Becker, City of Solana Beach
Dane White, City of Escondido
John McCann, City of Chula Vista
Vice Chair Stephen Whitburn, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
David A. Drake, Alt., Rincon del Diablo
Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

DISCUSSION

This item provides San Diego LAFCO with its regular progress report on accomplishing projects calendared in the adopted workplan for 2023-2024. The report tracks the Commission's progress through the first month and shows more than one-third of all projects are underway. A full status detailing is provided as Attachment One. The Commission will also consider amendments to the workplan involving internal adjustments to accommodate the placement of the scheduled municipal service reviews on the San Diego County Water Authority and healthcare districts as the highest priorities for the fiscal year.

ANALYSIS

San Diego LAFCO is generally proceeding as planned in commencing the adopted workplan and this includes focusing on table-setting several higher priority projects. A prominent example involves developing multiple contract agreements necessary to initiate LAFCO's new planning grant ("SALC 2.0") to analyze invest returns and related gap opportunities to support small farming operations in San Diego County. Another example during the first month involves working with our contract human resource consultant – Regional Government Services Authority – in completing a scope of work ahead of formally proceeding with a comprehensive update to LAFCO's personnel policies.

Two separate sets of amendments are also proposed to the workplan as part of this regular update. Both amendments involve internal adjustments to advance two different projects to the top of the priority listing going forward this fiscal year as further described.

- The first amendment advances the priority placement of the scheduled municipal service review on the San Diego County Water Authority from No. 14 to No. 1 while concurrently moving back the placements of the other 13 projects.[1] This adjustment is consistent with the Commission's direction generated during the July 10th special meeting in deliberating over the Fallbrook and Rainbow's detachment proposals and concerns regarding County Water Authority's service and governance models. Additionally, and as communicated by most of the Commissioners, related direction involves providing specific updates on the status of the municipal service review on the County Water Authority no less than every quarter until the project is completed.

- The second amendment advances the priority placement of the scheduled municipal service review on healthcare districts in San Diego County from No. 8 to No. 2 while concurrently moving back the placements of the other six projects. This adjustment is proposed by the Executive Officer and responds to comments received over the last several weeks from various community leaders and service providers that collectively reflect increasing concerns with level of care in North County. Staff suspects similar timing concerns exist in other areas of San Diego County given the common denominator where demands are rising – especially with respect to mental health care – beyond proportional increases in available funding.

[1] This municipal service review includes an abbreviated evaluation involving the Metropolitan Water District of Southern California.

Proceeding now with the proposed amendments will serve to memorialize Commission priorities in 2023-2024 to focus LAFCO resources first-and-foremost in advancing the municipal service reviews on the County Water Authority and local healthcare districts beyond their current placements. The amendments relatedly position both projects to receive additional funding resources as needed from reserves under a proposed amendment to Fiscal Policy 101, which is separately addressed as part of Agenda Item No. 6f.

RECOMMENDATION

It is recommended San Diego LAFCO discuss the progress report on the adopted annual workplan in step with formally receiving as well as proceed with approving the above-detailed amendments. This recommendation would be accommodated by taking the actions outlined in the proceeding section as Alternative One.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

(a) Discuss and receive the progress report on the adopted annual workplan.

(b) Approve the amendments to the adopted annual workplan as described with direction to staff to provide quarterly updates on activities associated with the municipal service review on the San Diego County Water Authority.

Alternative Two:
Continue consideration of the item and provide direction as needed.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as a voluntarily noticed public hearing. The following procedures apply.

1) Disclose any material ex parte communications.
2) Receive verbal report from staff unless waived.
3) Open the hearing and invite public testimony.
4) Discuss item, close hearing, and consider the staff recommendation.

Respectfully,



Keene Simonds
Executive Officer

Attachments:

1) 2023-2024 Workplan with Status Notations
2) Related Communications
   a) Letter from Palomar HCD, dated July 7, 2023
   b) Letter from Palomar HCD, dated July 18, 2023

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ADOPTED WORKPLAN FOR FY2023-2024

Priority	Level	Type	Project	Description	Status
Ongoing	...	Statutory	Applicant Proposals and Requests	Prioritize resources to address all applicant proposals and related requests	
Ongoing	...	Administrative	Targeted LAFCO Presentations	Coordinate timely public outreach; emphasis on informing stakeholders ahead of MSR work	
Ongoing	...	Statutory	Workplan and Budget Management	Actively manage the workplan and budget resources with quarterly updates to the Commission	
1	High	Administrative	Recruit, Hire + Support Staff	Ensure all 9.0 budgeted positions are filled in a timely manner with ongoing resource support	
2	High	Administrative	Commissioner Onboarding	Create onboarding resources and related training for new and continuing Commissioners	
3	High	Administrative	Online Accounting	Transition QuickBooks accounting from desktop to online platform + make use of public-facing features	
4	High	Administrative	Policy | Personnel: Part I	Develop and approve scope of work to update personnel policies to reflect best practices	
5	High	Administrative	Policy | Personnel: Part II	Complete comprehensive update of personnel policies	
6	High	Statutory	MSR | Oceanside Region	Complete the scheduled reviews of the City of Oceanside, Oceanside SC Harbor District, and Moreno Hills CSD	
7	High	Statutory	MSR | Carlsbad Region	Complete the scheduled reviews of the City of Carlsbad, Carlsbad MWD, and Leucadia WWD	
8	High	Statutory	MSR | Healthcare Districts	Initiate a comprehensive study of the four healthcare districts in San Diego County	
9	High	Administrative	SALC Planning Grant 2.0	Initiate work on two-year grant to expand SALC 1.0 to establish ag costs/revenues with gap analysis	
10	High	Administrative	RCD Ad Hoc Committee: Year Two	Report on Year One activities and (b) initiate Year Two activities as determined by the Commission	
11	Medium	Statutory	Policy | Out-of-Agency Services	Complete policy establishment involving the approval process for out-of-agency services (G.C. 56133)	
12	Medium	Statutory	MSR | San Marcos Region	Complete the scheduled reviews of the City of San Marcos, Marcos FPD, & Vallecitos WD	
13	Medium	Statutory	MSR | Vista Region	Complete the scheduled reviews of the City of Vista, Vista ID, Vista FPD, & Buena SD	
14	Medium	Statutory	MSR | CWA-MET	Initiate scheduled review of wholesale water suppliers – CWA (comprehensive) and MET (abbreviated)	
15	Medium	Administrative	White Paper | Public Recreation Opportunities	Evaluate potential governance models involving San Diego-owned reservoirs in unincorporated areas	
16	Medium	Administrative	White Paper | Growth Management + Housing	Evaluate growth management policies + connectivity between LAFCO, County, and SANDAG	
17	Medium	Administrative	Special Districts Advisory Committee	Provide administrative support to Advisory Committee and hold no less than three formal meetings in FY	
18	Medium	Administrative	Cities Advisory Committee	Provide administrative support to Advisory Committee and hold no less than two formal meetings in FY	
19	Medium	Administrative	Website Content Expansion	Proceed with content expansion for newly redesigned LAFCO website with multi-media enhancements	
20	Medium	Administrative	2022-2023 Audit	Complete outside audit of financial statements for FY2023	

Priority	Level	Type	Project	Description	Status
21	Low	Statutory	Legislative Proposal | G.C. 56133	Continue work to support amendment clarifying authority to determine out-of-agency service exemptions	
22	Medium	Statutory	Policy | Applicant Procedures	Update and streamline application materials and establish protocols in terminating proposals	
23	Medium	Statutory	MSR | Encinitas Region	Initiate a regional study covering the City of Encinitas + San Dieguito WD et al.	
24	Low	Statutory	MSR | Del Mar-Solana Beach Region	Initiate a regional study covering the Cities of Del Mar and Solana Beach + Santa Fe ID et al.	
25	Low	Statutory	Legislative Proposal | G.C. 56430	Sponsor and/or facilitate amendment establishing community engagement enhancements in MSR statute	
26	Low	Administrative	Service + Fiscal Indicators	Develop online browser feature to depict service + fiscal indicators among local agencies in San Diego County	
27	Low	Administrative	White Paper | School Districts	Evaluate scope and scale of school districts + their baseline capacities for reference in MSRs	
28	Low	Administrative	Liaison with Local Tribes	Establish communication protocols with local tribes with respect to shared interests in regional services	
29	Low	Administrative	Annual Local Agency Directory	Update and publish an annual local agency directory subject to LAFCO oversight	
30	Low	Administrative	White Paper | Community Choice Aggregations	Evaluate scope and scale of CCAs and their operations in San Diego County and connectivity to LAFCO	
	Bullpen	Statutory	Policy Review | Island Annexations	Consider options to define "substantially surrounded" and provide related mapping services	
	Bullpen	Administrative	White Paper | Garbage Services	Evaluate the scope and scale of garbage collection services and possible governance alternatives	
	Bullpen	Administrative	White Paper | Homeless Services	Evaluate the scope and scale of homeless services and possible governance alternatives	
	Bullpen	Administrative	LAFCO Workshop	Organize a Commission Workshop to discuss core responsibilities + powers and implementing preferences	
	Bullpen	Administrative	Public Access Television	Broadcast LAFCO meetings on local government channels	
	Bullpen	Statutory	MSR | Pauma Valley Region	Initiate a regional study covering the north county special districts in the Pauma/Rincon communities	
	Bullpen	Administrative	SOI/MSR Annual Report	Update and publish an annual report documenting all recorded municipal service review and sphere of influence actions	
	Bullpen	Statutory	Policy | Fee Schedule	Review and update fee schedule to sync with current costs and related considerations	
	Bullpen	Statutory	Policy | CEQA Guidelines	Review and update existing implementing guidelines relative to current statute and best practices	
	Bullpen	Administrative	County Planning Groups	Monitor regular meetings of the County's 28 Planning and or Sponsor Groups and directly engage as appropriate	
	Bullpen	Statutory	Disadvantaged Unincorporated Communities	Update DUC mapping designations (DUC) in San Diego County based on current census information	
	Bullpen	Administrative	Local Agency Finder Tool	Develop online feature for users to enter address to identify all overlapping local jurisdictions (cities and districts)	
	Bullpen	Administrative	Southern California LAFCOs	Participate in quarterly meetings with other Southern California LAFCOs and related projects and/or trainings	
	Bullpen	Administrative	CALAFCO	Participate in CALAFCO sponsored programs and related trainings (conferences, workshops, committees, etc.)	
	Bullpen	Statutory	Policy | Commission Rule No. 4	Modernize Rule No. 4 and its provisions to regulate special districts' service functions and classes	
	Bullpen	Statutory	Escondido Region Governance Study	Study options to consolidate (functional and political) the City of Escondido and Rincon del Diablo MWD	
	Bullpen	Administrative	White Paper | JPAs	Evaluate the status of JPA filings in San Diego County relative to LAFCO's task in SB 1261	
	Bullpen	Statutory	Policy | Cities Advisory Committee	Coordinate with CAD in updating bylaws and related procedures to sync with current member interests/priorities	
	Bullpen	Statutory	Policy | Special Districts Advisory Committee	Coordinate with SDAC in updating bylaws and related procedures to sync with current member interests/priorities	

Complete | Near Complete | Underway | Pending

PALOMAR HEALTH
Reimagining Healthcare

Memorandum

To: Keene Simonds, Executive Officer, SD Local Agency Formation Commission

From: Diane Hansen, President & CEO, Palomar Health

Date: July 7, 2023

Subject: Update Regarding Delivery of Health Care Services in North County

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This is to update you on our existing out of agency services, inform you of our efforts to assure that the residents of North County have access to quality health care, and to alert you to the possibility that you may be contacted before the contemplated Municipal Service Review of health care districts is completed if anticipated health and safety threats do materialize.

Our services to patients from Vista Community and True Care Clinics continue as we requested of you on June 6, 2022 and approved by your Commission on October 3, 2022. Although your Commission acted on March 6, 2023 to confirm that these arrangements may continue through March 1, 2025, as it appears now those services may need to continue well beyond that date.

Although you and your staff will be undertaking a Municipal Service Review of all health care districts in San Diego County – and we support that effort and stand willing to provide you with whatever information you may need – we are, by necessity, in the process of trying to modify the existing circumstances to be able to assure that the residents of North County have access to quality health care. As we indicated at the time our contracts with the clinics were approved, we were engaged in discussions with Tri-City to explore ways to coordinate and collaborate to accomplish that goal. We continue those discussions to explore avenues to accomplish that whether it be through a joint powers agreement, any other contractual arrangement, or even a merger of the two districts.

As you may know the health care industry in general is experiencing many pressures and is very stressed. Here in North County the potential turmoil is even more acute. Regularly we are contacted by providers whose patients will ultimately need hospital care. At Palomar Health we need to be prepared to provide care for any patients whose needs cannot be met at Tri-City for any number of reasons: cessation of services, lack of physicians, etc. A sudden increasing demand for services cannot be satisfied overnight by flipping a switch. The provision of quality health care requires considerable planning both for facilities and for staff.

Although we will continue in our attempt to resolve the situation through discussions with officials of Tri-City, these efforts have gone on for over a year now without any definite resolution. Accordingly, we will proceed on multiple tracks by continuing discussions with officials of Tri-City, by preparing an application for annexation of the Tri-City area if necessary, and by preparing to seek approval of additional out of agency service agreements if a health and safety threat develops at any time.

Please contact me or my staff if you have any questions.

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PALOMAR HEALTH

Passion. People. Purpose.™

07.18.2023

Dear LAFCO Commissioners;

On the heels of the devastating and costly pandemic, health care providers throughout the state are struggling to maintain adequate levels of care. District hospitals are threatened now more than ever. While it is true that some private hospitals returned CARES Act funding, most district hospitals absorbed millions of dollars in losses due to shortfalls in relief funds. District hospitals fill a vital role in the community, treating low-income patients, and other underrepresented groups. Collectively, we are the safety net for San Diego.

To further escalate the financial crisis, pending Sacramento legislation through SB525, would increase costs for all healthcare providers in California by $8 billion per year by 2025. This comes at a time when many providers already are teetering on the brink from the impacts of the pandemic and soaring inflation. In May, Governor Newsom acknowledged the challenge before us by signing a $150M bill to provide loans to help struggling hospitals remain in operation, or to assist in the reopening of recently closed hospitals.

Right now, more than half of California's hospitals are operating at a loss. There are a handful of hospitals that have either closed or began bankruptcy proceedings this year. All serve a disproportionate share of low-income patients. Suffice it to say, this is a time of absolute crisis for California hospitals.

Municipal Service Reviews serve as a centerpiece to the work of LAFCO. We understand that the Board has established a five-year study schedule to guide its task to review and update the spheres of influence of cities and special districts under the Commission's oversight. While Palomar Health remains empathetic to the many competing priorities in the work plan, the purpose of this letter is to request an expedited municipal service review of district hospitals in the San Diego Region given the state of emergency California hospitals are facing.

Thank you in advance for your consideration,

Diane Hansen, CEO

Administration
Palomar Outpatient Center I, 2125 Citracado Parkway, Ste. 300, Escondido, CA 92029 | T 760.740.6385 | PalomarHealth.org

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AGENDA REPORT
Business | Action

August 7, 2023

TO: Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer
Michaela Peters, Analyst I

SUBJECT: **Final Report on State Planning Grant | Ag Trends and Related Policy Opportunities – SALC 1.0**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a final report tied to its two-year planning grant from the State of California and its Sustainable Agricultural Lands Conservation (SALC) program. The final report marks the completion of the Commission and its partner Resource Conservation District (RCD) of Greater San Diego County's evaluation of agricultural trends in San Diego County and related preservation and enhancement considerations going forward, and as detailed cited as "SALC 1.0". The report includes several recommendations for formal consideration by the Commission.

BACKGROUND

Sustainable Agricultural Lands Conservation Program

SALC was created in 2014 as a component of the California Strategic Growth Council and administered by the Department of Conservation. The SALC program is primarily funded through the California Climate Investments, a statewide program that provides cap-and-trade funds through agricultural conservation acquisition and planning grants for programs intended to reduce greenhouse gas emissions. The principal goals of SALC are stated as:

Administration:
Keene Simonds, Executive Officer
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Chair Jim Desmond, County of San Diego
Joel Anderson, County of San Diego
Nora Vargas, Alt., County of San Diego
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Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

- Protect at-risk agricultural lands from sprawl development to promote growth within existing jurisdictions, ensure open space remains available, and support a healthy agricultural economy.

- Further the purposes of Assembly Bill 32 by avoiding increases in the greenhouse gas emissions associated with the conversion of agricultural land to more greenhouse gas-intensive nonagricultural uses.

Grant Application and Approval | San Diego LAFCO and Resource Conservation District of Greater San Diego County

In August 2020, San Diego LAFCO and Resource Conservation District of Greater San Diego County collaborated in submitting a planning grant application under SALC to identify and track agricultural trends in San Diego County. The Commission – notably – authorized the grant proposal as lead applicant. LAFCO was subsequently awarded a two-year grant in the full amount of $250,000 with work commencing in June 2021 through June 2023.

DISCUSSION

This item is for San Diego LAFCO to receive a final report and related recommendations tied to work performed with partner RCD of Greater San Diego County to track agricultural trends in San Diego County. The analysis underlying the report and its recommendations is outreach-centric and ties together the expertise of multiple public, private, and non-profit collaborators. This includes addressing systemic structures to agricultural and commercial production and related factors contributing to trends. Pertinently, one of the key recommendations is the need for market analysis of individual commodities to help further assess and understand agricultural opportunities going forward. This recommendation – importantly – will be explored as part of a sperate two-year planning grant awarded to LAFCO and the County of San Diego as "SALC 2.0".

A summary of all recommendations follows and will be further detailed as part of the verbal presentation provided by RCD of Greater San Diego County.

1. Assign agricultural liaisons for city and county governments
2. Design lease agreements that invest in working lands
3. Create a regional land use plan to prioritize agriculture
4. Fund growers to transition to low water-use crops and more efficient irrigation
5. Equip and incentivize producers to adopt climate-smart practices
6. Streamline construction of farmworker housing
7. Develop advanced water treatment facilities with priority for agricultural use
8. Inform small farming opportunities through costs and benefits analysis of small farms
9. Expand technical assistance by providing more vocational training
10. Build capacity of farmers and farmworkers with training and services

A copy of the final report is provided as Attachment One.

ANALYSIS

See Attachment One.

RECOMMENDATION

This item is presented to San Diego LAFCO as part of a planned presentation with a request for the Commission to formally support the recommendations in the Final Report.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):
Support the recommendations as presented in the Final Report.

Alternative Two:
Continue consideration of the item to a future meeting.

Alternative Three:
Take no action.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for action as part of the business calendar. The following procedures are recommended in the consideration of this item:

1) Receive verbal presentation from RCD of Greater San Diego unless waived.
2) Invite comments from interested audience members.
3) Discuss item and provide any related feedback.

On behalf of the Executive Officer,

Priscilla Mumpower
Assistant Executive Officer

Attachment:

1) San Diego Agricultural Planning Program | Final Report

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San Diego Agricultural Planning Program

Sustainable Agricultural Lands Conservation Grant Program

Final Report

May 2023

Prepared by the Resource Conservation District of Greater San Diego County

On Behalf of the San Diego County Local Agency Formation Commission

With Generous Funding from the State of California Department of Conservation

Supported by our Partners in the San Diego Region

For more information, visit the program website:

https://www.rcdsandiego.org/san-diego-agricultural-planning-program

Contact the Resource Conservation District of Greater San Diego County at:

ag@rcdsandiego.org

(619) 562-0096

11769 Waterhill Rd., Lakeside, CA 92040

Table of Contents

Executive Summary 3
Grant Description 7
Background 12
Key Findings 17
Producer Profiles 24
Major Policy Impacts 28
Policy Working Groups 31
Proposed Policy Actions 35
Project Spotlights 39
Implementation Plan 41
References 44
Appendices 46

Executive Summary

This report serves as the culmination of work performed as part of a two-year planning project funded by the State of California's Sustainable Agricultural Lands Conservation (SALC) program to identify, map, and assess agricultural lands and key agricultural trends in San Diego County. The project team draws on the expertise of its public, private, and non-profit organization partners with a collective focus to determine effective methods to strengthen agricultural production and achieve policy reform where needed for the benefit of the agricultural industry specifically and the many co-benefits to the region as a whole. This regional analysis describes systemic structures and related barriers; meanwhile, market analysis of individual commodities is still needed. Subsequent efforts by the San Diego County Local Agency Formation Commission (SD LAFCO) will build on this planning process by quantitatively analyzing trends and opportunities for different commodity markets to summarize the key costs required to operate an agricultural business in the County.

The program methodology was outreach-centric and built on decades of previous research conducted by the many organizations supporting agriculture in San Diego County. This program was designed with a broad focus on industry viability while ensuring a demographic representation of producers in the region. Mapped lands compiled multiple sources of data, included slopes as arable and included state and federal grazing lands. Outreach efforts included in-person interviews and direct outreach to small-scale farmer associations with added value assigned to agricultural producers as paid professionals. Similarly, to encourage collaboration among stakeholders, contractors and partners, the program incorporated feedback from regional organizations representing agriculture at multiple scales. The program focused on land-based commercial cultivation, therefore major aspects of the agricultural industry were best represented through prior research, most notably: nursery and ornamental production, urban producers, indigenous land management, production in the desert region, and related issues in the food industry.

Regional Context

Agriculture has long been an important part of the local economy in San Diego County. As the region's fifth largest industry, direct economic output from agricultural production recently is $1.75 billion (County, 2021) with a total economic impact of $2.8 billion (County, 2015). San Diego leads the nation in nursery production, organic farming and the number of small farms, but significant challenges threaten long-term viability of the region's agricultural industry.

The moderate climate in San Diego permits production of 200 varieties of locally grown crops (UCCE, 2018) across approximately 219,874 acres or 8% of the County area (County, 2021). Nursery and ornamental production are the lead agricultural commodity, accounting for $1.3 billion, or 74%, of agricultural sales, despite representing only 5% (11,429 acres) of the total crop acreage (County, 2021). Subtropical fruits are another major source of sales, including citrus (8,812 acres, $114,746,057) and avocados (14,458 acres, $82,832,387). Other major commodities include wine grapes, vegetable production, livestock and egg production.

A source of pride for many San Diegans, the County boasts the highest concentration of United States Department of Agriculture (USDA) Certified Organic farmers in the Country with 376 registered growers generating $71.0 million per year in sales (County, 2021). A high number of uncertified producers use organic methods and practices but find the cost of certification to be an obstacle.

Land reserved for agriculture has fragmented and contracted with each passing decade (FMMP, 1986). For the last thirty years, San Diego consistently ranks in the top ten counties in California with the largest net loss of irrigated farmland (DOC, 2015). Currently, there are 219,874 acres in agricultural production (County, 2021). This has declined from a peak of 371,592 acres in 1986 (FMMP, 1986). The historical area of farms and ranches once exceeded 630,000 acres, however poor records of acreage are kept for extensive coastal dairies, dryland farming, row crops and the globally-renowned floral industry and montane pastures (FMMP, 1986). The cultivated acreage peaked most recently in 2006 and has declined by 30% in the past 15 years (County, 2006). More than two-thirds (69%) of San Diego farms now operate on less than ten acres (USDA, 2017).

Producer Concerns

Working with stakeholders through outreach efforts, policy meetings, and working groups identified ten policy recommendations which span multiple crop types, demographics, and regions of producers across San Diego. These recommendations include:

1. Assign agricultural liaisons for city and county governments
2. Design lease agreements that invest in working lands
3. Create a regional land use plan to prioritize agriculture
4. Fund growers to transition to low water-use crops and more efficient irrigation
5. Equip and incentivize producers to adopt climate-smart practices
6. Streamline construction of farmworker housing
7. Develop advanced water treatment facilities with priority for agricultural use
8. Inform small farming opportunities through analysis of costs and benefits of small farms
9. Expand technical assistance by providing more vocational training
10. Build capacity of farmers and farmworkers with training and services

Pressures on agricultural businesses are intensifying now more than ever. The high expense of imported water and rising land costs from urban encroachment are universal pressures (County, 2009; Appendix 4B). Most producers highlight extreme weather conditions as a major impact to production, with an increase in minimum temperature of >3°F in the last century (Appendix 4B, CA EPA 2018). Regulations for grading and development, environmental review, and labor rates complicate and add expense to production (Appendix 4B). For small farmers, high labor costs, pest management, and marketing are paramount (UCCE, 2018). Other concerns include access to capital, lack of training opportunities, and volatile markets.

As markets develop, producers need support adapting their business to new costs and opportunities. Labor costs continue to rise, while nearby urban markets provide higher premiums for high quality produce and meat (Appendix 4B). Existing regulations can be prohibitive to business, namely state restrictions on overtime and minimum wage laws which paralyze industries that employ seasonal workers or grazers. Environmental permitting is not streamlined, making it expensive to navigate and comply with local and state regulations. State grants provide opportunities to invest in on-farm climate solutions, but applications are too convoluted for producers to complete on their own, spotlighting a need for technical assistance. The local urban market presents a growing opportunity, but producers need additional support connecting to local businesses and institutions to take advantage of the available premium. Turning a weakness into a strength, water scarcity has driven local producers to adopt water conservation measures at a higher rate than most counties in the State (USDA, 2012). However, the rising cost of water has also forced some producers out of agriculture. The results of land conversion and rising water costs are most

visible in the subtropical orchard industry. San Diego was formerly the lead producer of avocados in the country, but total production value and acreage dropped by nearly half from a peak of $153 million to the current $82.8 million, and a peak of 26,000 acres in 2007 to 14,458 acres in 2021 (County, 2021). The decreased avocado yields may also be linked to the increase in hotter and dryer conditions (County, 2021).

Policy Goals

The agricultural stakeholders and supporting organizations involved in this collaborative grant process recommend policy goals at the local, regional, and state levels. Central to each policy proposal is the need for farmers to be actively involved in regional land use policies, and for agriculture to be valued as a critical element of the local culture and economy. Therefore, all levels of government should dedicate agency liaisons to provide direct representation to agricultural producers in order to navigate regulations and funding opportunities. To support this, industry leaders should draft a holistic assessment of the direct and indirect economic impact as well as the co-benefits of the agricultural industry in the region as a value analysis (Appendix 4C). SD LAFCO has taken the lead on this policy recommendation in collaboration with the County of San Diego by renewing this SALC grant for additional analysis of the costs of agricultural production at the farm scale and co-benefits of agricultural communities to the region. A concurrent goal is to help economically diversify production to support the agricultural industry.

To guide regional land use, an agricultural zoning plan is desperately needed. Land use planners should work with producers and other stakeholders to develop an agricultural land use plan interconnected across the entire County to guide future policy development, land use planning and to preserve working lands. Water is a limiting factor to the future of local agriculture. To help preserve San Diego agriculture, water districts should collaborate on future regional funding opportunities to incentivize producer participation in a local CropSWAP program which would support the transition from high water-demand subtropical groves and orchards to drought-tolerant perennials or crops with lower water usage. This model has shown to be successful elsewhere in Southern California. In order to preserve and invest in fertile agricultural lands, farmers and ranchers need access to agricultural reserves as was previously achieved through the Williamson Act. Public agencies should work with agricultural producers to place land in trusts, develop beneficial agreements to lease public lands with historic agricultural use, and incentivize climate-smart practices on those fields. These programs allow the preservation of agricultural lands while protecting farmers from further urban encroachment and drought risk.

Economic policies should be developed to support agricultural producers to adapt to a shifting market. The pipeline for the region's robust agricultural education programs tapers off after high school; training opportunities should support young farmers to learn, stay, and grow in San Diego. This could be accomplished by investing in more horticultural programs at local community colleges and with support from USDA Beginning Farmer and Rancher Development Program. Meanwhile, the workforce should be supplemented by a consistent system for providing permits to seasonal workers to contribute and benefit from the agricultural economy.

Regional agencies should address the formidable cost of living for vulnerable farmworker populations by simplifying permitting and incentivizing the construction of farmworker housing. Participants in the San Diego Food System Alliance (SDFSA) Food Vision 2030 highlighted the need for a pathway to land ownership, coupled with succession planning, mentorship, and marketing support (SDFSA, 2021A). County policy makers could work with local advocates to request a revision at the State level to make labor laws concerning overtime and wages more flexible based on seasonal needs.

Climate conditions have been trending toward extremes. Fortunately, carbon farming practices are available and in use at the farm level which helps to increase storage of carbon in soils, improve water holding capacity and help mitigate heat islands. To adapt to and mitigate climate change impacts, local governments should invest in capacity-building programs to reduce the cost of implementing climate-smart practices. Practices listed in the County's Climate Action Plan (2018) identify the need to increase carbon sequestration, promote sustainably and locally grown food, reduce emissions of equipment used in agriculture and should be supported by local incentives.

Above all, producers are under-represented and need designated staff at government agencies to advocate for them and help them navigate services. With strong representation in place, regional agencies and residents can build momentum and provide the agricultural community with the support that it has earned.

Grant Description

Unique Project Objective

The San Diego Agricultural Planning Program sought to identify, map, and quantify the ownership of active agricultural lands within the San Diego region to determine effective methods to strengthen agricultural production and the growing agricultural economy. To achieve policy reform on gridlocked issues, grant partners sought industry unity through a collaborative approach representing multiple angles of the local agricultural industry. Project methods were informed by the results of previous projects and the needs of the constituents served by the coordinating organizations.

The project design considered previous studies and took a unique approach on a variety of elements. While many SALC projects focus on conservation easements as the primary tool for agricultural preservation, program partners broadened the focus to industry viability in general. As such, agricultural producers were consulted and valued as paid professionals for the time and input they contributed. Contractors and partners included regional organizations representing agriculture at multiple scales, from individual farmworkers to the owners of established operations. This approach addressed gridlock on key issues such as water availability, climate adaptation, land accessibility and agricultural workforce by encouraging collaboration among critical players including agricultural industry associations, government agencies, and community organizations.

A broader definition of farmers and farming expanded the mapping and outreach processes. To better represent the full extent of agricultural lands, the mapping team engaged the ranching community to locate grazing lands, broadened the definition of arable land to include steeper slopes, and combined multiple sources of spatial data. In outreach and policy efforts, collaborators sought a wider demographic representation of producers in the region through in-person interviews and direct outreach to small-scale farmer associations. Outreach results focused on qualitative content to better understand systemic barriers, thus quantitative results lacked statistical strength. For statistical strength, outreach relied on existing studies and reports.

This project was not able to deeply explore all aspects of the agricultural industry, most notably nursery and ornamental production, urban producers, indigenous land management, production in the desert region, and related issues in the food industry. Collaborators instead relied on the results of previous reports which already explored these topics sufficiently.

The following report details how partners advanced the objective of strengthening the local agricultural economy.

Program Funder

This two-year planning grant was funded by the California Department of Conservation (DOC) through the Sustainable Agricultural Lands Conservation Program (SALC). The project is managed by the San Diego County Local Agency Formation Commission (SD LAFCO) and coordinated by the Resource Conservation District (RCD) of Greater San Diego County (RCDGSDC) with support from regional partners. The SALC Program was created in 2014 as a component of the California Strategic Growth Council and administered by the DOC. The SALC program is primarily funded through California Climate Investments, which is a statewide program that provides cap-and-trade funds through agricultural conservation acquisition and

planning grants for programs intended to reduce greenhouse gas emissions (GHG). The principal goals of the SALC Program are stated as:

> Protect at-risk agricultural lands from sprawl development to promote growth within existing jurisdictions, ensure open space remains available, and support a healthy agricultural economy.
>
> Further the purposes of Assembly Bill 32 by avoiding increases in the greenhouse gas emissions associated with the conversion of agricultural land to more greenhouse gas-intensive nonagricultural uses.

Beginning in 2019, SD LAFCO and RCDGSDC collaborated with regional partners at the County of San Diego, San Diego Association of Governments, and San Diego County Farm Bureau (Farm Bureau) to submit a SALC planning grant application. SD LAFCO was the lead applicant and was awarded a two-year grant in the full amount of $250,000 in April 2021 with work commencing in June 2021. Funding included administration, staff time, contractor fees and printing costs, with outreach expenses such as venues, travel and refreshments as match funds.

Tasks: Mapping, Outreach, and Policy

The grant included five primary tasks: (1) grant management; (2) mapping and greenhouse gas analysis; (3) collaborative outreach; (4) policy analysis; and (5) strategic planning. Grant management such as reporting and financial tracking was conducted by SD LAFCO throughout the duration of the program. The RCD developed specific outcomes for tasks (2) through (5) at the scale of San Diego County and as described below:

Mapping and Greenhouse Gas Analysis

- Map the extent of historical, current, and potential agricultural lands
- Model the greenhouse gas sequestration potential on agricultural lands

Collaborative Outreach

- Conduct needs assessment with 99 agricultural producers with a focus on under-represented operations in order to identify systemic issues
- Hold two listening sessions with producers representing a variety of crop types, demographics, and regions to discuss major policies which affect systemic issues

Policy

- Inventory policies at local, regional, and state level which affect agricultural operations
- Analyze potential for implementation of new agricultural policies at the local and regional level, prioritized by systemic issues identified in the outreach task
- Host public meetings to discuss existing policies for the prioritized issues including (1) Land Access, (2) Water Availability and Efficiency, and (3) Agricultural Workforce Development
- Host a strategic planning meeting to identify one project for each of the three policy topics, and form stakeholder working groups to be responsible for each project

Advocacy

- Coordinate Working Groups on three priority policy topics of (1) Land Access, (2) Water Availability and Efficiency, and (3) Agricultural Workforce Development

- Compose final report to inform regional policy development
- Design outreach materials for agricultural stakeholders to advocate for policy reform
- Advocate with agricultural stakeholders to the general public and to elected officials to implement prioritized policy reforms

Partners and Acknowledgements

This work is made possible only by the participation of agricultural producers. The Resource Conservation District of Greater San Diego County appreciates all of the time, input and expertise they shared and we dedicate our efforts to influencing positive regional changes that support them.

The original grant application was skillfully prepared by Dr. Chandra Richards, in coordination with Keene Simonds at SD LAFCO, Hannah Gbeh at the Farm Bureau, Meghan Kelly at the County of San Diego, Amie MacPhee and Serena Unger at the Cultivate Team and former RCDGSDC Executive Director, Sheryl Landrum. We are grateful for our grant manager, Priscilla Mumpower of SD LAFCO, who has gone above and beyond to stay engaged at each level of the project. We are also grateful to Darcy Cook and the Mission Resource Conservation District, for participating as both an outreach and strategic partner. With their support and engagement, we have been able to reach more producers outside of our jurisdiction to create a more holistic vision of what is needed for our regional agricultural community. Along with Mission Resource Conservation District, we had support from our outreach partners at Community Health Improvement Partners (CHIP) and Foodshed Inc. who actively contributed to the distribution of the Producer Needs Assessments across our very diverse county.

In addition to our partners, there were many regional contributors to this work.

Agricultural Stakeholders

- Agri Service, Inc
- California Farmlink
- Community Alliance with Family Farmers
- Escondido Growers for Agricultural Preservation
- Foodshed Inc.
- Ramona Valley Vineyard Association
- San Diego County Cattlemen's Association
- San Diego County Cattlewomen's Association
- San Diego County Farm Bureau
- San Diego Food System Alliance
- San Pasqual Valley Soils
- University of California Agricultural & Natural Resources
- Vista Community Clinic - Farmworker Care Coalition

Government Agencies

- California Department of Food & Agriculture
- City of Escondido
- City of San Diego, Council District 5
- City of Oceanside
- County Board of Supervisors District 2
- County of San Diego

    - Planning and Development
    - Agricultural Weights and Measures
    - Land Use and Environmental Group
- Mission Resource Conservation District
- Rainbow Municipal Water District
- Representative of State District 75
- Resource Conservation District of Greater San Diego County
- San Diego Association of Governments
- San Diego County Water Authority and key member agencies
- San Diego Local Agency Formation Commission
- Temecula Elsinore Anza Murrieta Resource Conservation District
- United States Forest Service
- United States Natural Resources Conservation Service
- Upper San Luis Rey Resource Conservation District

Supporting Organizations

- Adam Wilson – SD LAFCO Policy Consultant
- Community Health Improvement Partners - Farm to Institution Center
- Conservation Fund
- Dudek
- Palomar College
- Ramona Community Planning Group
- San Diego City College
- San Diego Irrigated Lands Group
- San Diego State University - School of Public Affairs
- Southwestern College
- University of California San Diego - Community Health

Summary of Other SALC Projects

RCDGSDC was inspired by the regional planning work of other organizations in California.

- Mendocino County Sustainable Agricultural Lands Strategy – In 2015, the Mendocino County Agricultural Commissioner's Office and the Mendocino County RCD (MCRCD) were funded by DOC and the Strategic Growth Council (SGC) to research their region's untapped and undeveloped agricultural potential. Noting the statewide pattern of land use conversion towards housing and commercial spaces, MCRCD focused on creating a plan that would advocate for the preservation of their agricultural lands. They worked on mapping their region's agricultural extent of lands, gauged the community's interest in identifying spaces for conservation easements, and increased their technical assistance for farmers and ranchers interested in adopting carbon farming practices. In 2020, MCRCD utilized funding from the Sustainable Agricultural Land Conservation (SALC) Program to expand upon this work. In addition, they are developing an agricultural component to the county Climate Action Plan, increasing capacity for carbon farm planning and soil health initiatives, and promoting further participation in the Williamson Act and conservation easement programs.

- 2018 Santa Clara Valley Agricultural Plan – Santa Clara was once known as "the Valley of Heart's Delight" for its abundant agricultural land, but with their proximity to the rapidly expanding Bay Area, land use priorities shifted to support the emerging technology industry. The County of Santa Clara, Santa Clara Valley Open Space Authority, and their partners developed the Santa Clara Valley Agricultural Plan to emphasize the cultural, ecological, environmental, and economic importance of preserving and protecting existing land for agricultural use. This group identified four focus areas to promote their vision, which were 1) Land Use Policy, 2) Regional Agricultural Conservation Easement Program and Other Financial Incentives, 3) Agricultural Economic Development Strategy, and 4) Branding Education and Awareness Strategy. The initiatives identified in the project are now being implemented, with a focus on agricultural conservation easements.

- 2020 Inland Empire Agricultural Plan – The Local Agency Formation Commission for San Bernardino County, the Inland Empire RCD (IERCD), and their partners received SALC funding during the same round as the San Diego Agricultural Planning Program. Partners are setting out to preserve the San Bernardino region from being entirely developed into industrial warehouses and manufacturing centers. The plan focuses on mapping out a corridor of preserved agricultural lands in the San Bernardino Valley, analyzing city and county policies that affect agriculture, developing an agricultural easement program, and creating a regional agricultural advisory committee. The project will be completed in the Spring of 2023.

Background

Geography and Industry Overview

San Diego County is renowned for its mild climate, beachfront and hilly terrain. The topography of the county varies widely from coastline to canyons, mountains to deserts. With a unique ability to enjoy a year-round growing season, San Diego County hosts over 5,000 farms operating mostly on less than ten acres (USDA, 2017). The various microclimates permit the production of 200 locally grown crops while fostering an active agricultural hub in Southern California (UCCE, 2018).

Before 1986, grazing lands and coastal areas were dominated by agriculture activity expanding over more than 630,000 acres, including land for dairies, dryland farming, row crops, orchards, and the historic nursery industry (FMMP 1986, SDSU Analysis). However, as San Diego County became more urbanized and sprawled, the area of land dedicated to food production declined. Until 2006, urban expansion was partially compensated for with the planting of new avocado orchards in East County, when total agricultural peaked at 315,296 acres (County, 2006). With the decline of the avocado industry, acreage devoted to commercial agriculture is steadily decreasing, with a loss of 4.2% or about 10,000 acres from 2019 to 2020 (County, 2021).

Water supply in the region developed in tandem with population growth. The San Diego County Water Authority (CWA) formed in the 1940's with the purpose of importing water from the Colorado River, linking earlier major investments made by the Metropolitan Water District of Southern California (MWDSC) in the Colorado River Aqueduct. Most of the industry is now dependent on an imported water supply, with rates among the highest in the country. The conservation efforts of local farmers have resulted in San Diego County leading the state with adoption of energy and water conservation measures (USDA, 2012). Despite these efforts, since 1994 San Diego County ranked in the top ten counties in California with the largest net loss of irrigated farmland (DOC, 2015).

Economic Impact

Proximity to the Central Valley and the U.S.-Mexico border provides an active market for export and trade. Direct economic output from agricultural production totaled $1.75 billion in 2021 (County, 2021), with a total economic impact of $2.8 billion (County, 2015); in the last census, San Diego County ranked in the 99th percentile (18th out of 3,073) for crop sales in the country (USDA, 2017). Approximately 12,335 farmworkers (County, 2015) are employed by regional operations and an additional 4,313 employees work in supporting businesses (County, 2015). More than 2,000 businesses related to the agriculture sector are within five miles of farms throughout the County (Appendix 4A). The food system in the County employs 217,000 San Diegans and generates more than $35.0 billion in direct sales, as well as indirect and induced outputs from agriculture, fisheries, manufacturing, retail wholesalers and food service (SDFSA, 2021A).

Nurseries are the fastest growing industry and the majority of agricultural income is earned through the sale of nursery products and ornamentals (County, 2021). Of the $1.75 billion in annual production revenue nursery and cut flower production accounts for 74%, even though it represents only 11,429 acres. Common perennial crops include subtropical fruits like avocados and citrus, in addition to vineyards; avocados represent the second largest land use for any agricultural product. Livestock and poultry income is dominated by egg production, while the largest land use is devoted to rangeland.

San Diego is home to 376 certified organic growers, the highest concentration of U.S. Department of Agriculture Certified Organic farmers in the United States (County, 2021). USDA Certified Organic farmers in San Diego generated over $71.0 million in product sales in 2021. Meanwhile, it is common for uncertified producers to use organic techniques to meet the demand of local markets. The USDA describes organic agriculture as the application of a set of cultural, biological, and mechanical practices that support the cycling of on-farm resources, promote ecological balance, and conserve biodiversity (USDA, 2015).

Social Context

Despite a robust high school agricultural education system, San Diego producers are aging. The average age of producers in the San Diego region in 2012 was 62 years old. Compared to 2007, fewer multi-generational families are continuing the farming and/or ranching professions, representing a 14% decrease in farms (USDA Census, 2012). Farm ownership and management is not exclusive to any one ethnicity. However, the majority of farms in San Diego are owned by Caucasians (USDA, 2017) while the majority of farmworkers in California are Latino (USDL, 2022). A higher proportion of producers are males (59%; USDA, 2017), with a 4-year college education or higher degrees, and those with an income outside of farming; however, San Diego women are leaders in farming and marked by the County ranking second statewide for the number of woman-run farms (UCCE, 2018). As the current farmers age and retire, there is a major opportunity for them to mentor the next generation of farmers in the County. Beginning farmers represent a wide range in ethnicities and income levels in the County and would benefit from training, access to land and capital, and marketing support.

Historically, farmland was easier to access, and the demographics of farm owners were therefore more representative of the population. Price inflation from urban encroachment and discriminatory policies for land ownership compounded to shift the profile of the average grower in the United States. Project New Village collaborated with San Diego State University to illustrate how the Good Food District in Southeast San Diego was and can be a center for food traditions based on its inherent diversity (Joassart-Marcelli, 2018). The Ito Family is of Japanese descent and raised celery and tomatoes in Southeast San Diego in the early 1900's under the label 'Encanto Hill', alongside neighboring farms owned by Mexican, African-American and Filipino families. In another example, Dr. Caroline Collins describes in the series 'We Are Not Strangers Here' how the growth and development of the agricultural community of Julian accelerated rapidly in the late 1800's as African-American settlers invested in local industries, building off of relationships with indigenous communities (Collins, 2022). The diversity of the agricultural industry is now represented by diversity of local crops, broad technical knowledge and variety of food traditions, but no longer in terms of farm ownership.

High San Diego land and water costs, the latter of which are rising faster here than anywhere else in Southern California, are driving many farmers to halt agricultural production and, in some cases, sell their lands. A shortage of labor and complex farming regulations on local, state, and federal levels also contributes significantly to financial stress for the local agricultural community and therefore significant loss of agricultural land. The high cost of land and competition for alternative land uses makes the cost of entry prohibitive for beginning farmers and ranchers. The San Diego County Food Vision 2030 explores how to achieve social equity in the local food system. One outcome has been a study on community wealth-building, which is supporting fledgling agricultural operations to develop business plans which share ownership while increasing access of fresh produce to local communities (SDFSA 2021b). Within the agricultural industry, investment in agricultural land trusts could increase access to farmland for beginning farmers and cooperatives.

Indigenous Land Management

San Diego County is home to 18 federally-recognized tribal reservations belonging to the Kumeyaay, Luiseño, Cahuilla and Cupeño people, whose members have stewarded the land since time immemorial. Tribal farmers actively produce food through large-scale agricultural operations throughout the County. A more applicable definition of agriculture should be broadened beyond export-oriented food production. Indigenous land management practices include managing food-bearing landscapes such as oak woodlands, grasslands and freshwater marshes which have sustained native people in this region for millennia. United States agencies are beginning to recognize the immense value of these indigenous land management practices including selective harvest, prescribed burning, and check dams with interest in supporting and expanding these traditional practices. While the focus of this program is conventional agriculture, many individuals and organizations involved actively support the leadership of native peoples and the reintroduction of traditional management practices to rejuvenate the land and the native people who are its stewards.

Regional Players

To achieve policy reform on gridlocked issues, program partners actively encouraged collaboration from multiple perspectives of the local agricultural industry. Agricultural stakeholders informed the core of the outreach and policy efforts, while government agencies and community organizations were involved to provide additional structure and resources. When this project began in 2021, the most active agricultural stakeholders in the region included the Farm Bureau, San Diego County Cattlemen's Association and Cattlewomen's Association, Escondido Growers for Agricultural Preservation (EGAP), Foodshed Inc., and Vista Community Clinic. Actively engaged government agencies included the County of San Diego Agricultural Weights and Measures (AWM), SD LAFCO, Natural Resources Conservation Service (NRCS), San Diego County Water Authority (CWA), Mission RCD, Upper San Luis Rey RCD, RCDGSDC, and Regional Water Quality Control Board Region 9. Actively engaged supporting organizations included UCCE, San Diego Food System Alliance, Community Health Improvement Partners, Community Alliance with Family Farmers, and UC San Diego Community Health.

Meanwhile, jurisdictions with the largest proportion of agricultural stakeholders included the County of San Diego, City of San Diego, City of Escondido, and the City of Oceanside. In addition to the CWA, the member agencies with the largest proportion of agricultural stakeholders include City of San Diego, Fallbrook Public Utilities District, Rainbow Municipal Water District (MWD), Yuima MWD, Valley Center MWD, Rincon Del Diablo MWD, Vista Irrigation District, and Ramona MWD, among others. Additional governments and agencies who own large tracts of farmland or rangeland include the County of San Diego, San Diego Gas and Electric Company, CA Department of Transportation, CA State Parks, CA Department of Fish and Wildlife (CDFW), US Bureau of Land Management (BLM), US Department of Defense, US Forest Service, US Fish and Wildlife Service and several tribal nations.

In the San Diego Agricultural Planning Program, program partners explored how a framework including each of these types of groups could advance a particular policy issue to demonstrate how progress can be made at a larger scale. Each of these organizations listed above plays a critical role in representing or serving the agricultural community. However, issues beyond the agricultural industry such as land use, water supply, and labor laws increased collaboration among these groups. For regional issues, discussion with these diverse groups will allow for more effective progress.

The involvement of private individuals and businesses is important to shape the future of agriculture; farms on the edge of urban centers, often referred to as peri-urban, can have a mutually beneficial

relationship with nearby cities. Private landowners affect environmental regulations, housing availability, and zoning for nearby farms through neighborhood policies, consumer choices and property sales. Individual businesses, developers and planners have a responsibility to consider the vital role of agriculture in the development and growth of urban planning. Similarly, local consumers have major buying power with unique access to a food system that provides a diverse selection of products year-round. By consuming local produce, San Diegans not only benefit from access to high quality local foods, but support beneficial land management practices, access to conserved lands and a historic cultural identity.

History of Regional Policies

The County of San Diego has taken the lead on assessing the status of agricultural policy in the County, with periodic reports and initiatives on a variety of topics. In 2005, the County held listening sessions in collaboration with the Farm Bureau and shared the results in a 2009 report, "San Diego County Farming Program Plan". The effectiveness of this process was mixed, with some current programs like the Purchase of Agricultural Conservation Easement (PACE) stemming from this effort, while proposed regulatory assistance and industry development programs have not been realized. An advocacy group took on the effort themselves in 2012 when EGAP analyzed the costs of production and the need for an affordable water supply to support the region's avocado industry (EGAP, 2012). The question of economic viability is at the core of most conversations about the future of agriculture, and the County of San Diego addressed this directly in their 2015 report on the direct and indirect economic impact of agriculture on the local economy (County, 2015).

Water supply has historically been the limiting factor for agriculture in the region, making water conservation a priority policy. Following a major drought in the early 1990's, the CWA shifted purchasing from the MWDSC based in Los Angeles to the Imperial Irrigation District in Imperial Valley by investing in conservation measures on Imperial Valley farms. Regional water agencies continue to invest in drought preparedness through the Agricultural Water Rate; 2,000 local producers are currently enrolled in this program (SDCWA, 2023). This program reduces the water rate by 25% for agricultural compared to water for residential and commercial customers by removing fees for infrastructure for surface storage, desalination or conveyance from Imperial Irrigation District. In exchange, the participating producer accepts a lower level of water supply reliability during drought conditions.

Policy implementation in support of agriculture gained a surge of energy in 2017, when the County developed the Agricultural Promotion Program (County, 2017). This effort streamlined existing regulations to make it easier and cheaper for supporting businesses like wineries, bee-keepers and cheese-makers to operate. During the course of this project, several new policies have been advanced by the County to deregulate and invest in agriculture, such as the Agricultural Pass Program for emergency events and the Organic Materials Ordinance for composting facilities. The County developed a Climate Action Plan (CAP) in 2018 which emphasized the importance of agriculture in the region, referenced the potential to sequester carbon on working lands and encouraged agricultural land easements, machinery electrification and tree planting as opportunities to reduce agricultural emissions. The County CAP is currently being revised to enforce the implementation of reduction measures and will emphasize the potential to sequester carbon on working lands through the implementation of specific "carbon farming" practices.

The impact of climate change on agriculture and the opportunity to mitigate its effects have been a major focus for regional study. California's Fourth Climate Change Assessment for the San Diego Region was conducted by UC San Diego in 2018 and projected the impacts and opportunities on working lands

(Kalansky et al., 2018). SDFSA led a study about the potential for carbon sequestration on San Diego agricultural land and the Climate Action Plan as a vehicle for its implementation (SDFSA, 2018). Climate Science Alliance and the California Department of Food and Agriculture (CDFA) analyzed the impact of climate change on Southern California specialty crops, including strategies needed to help farms adapt to new conditions (CSA, 2020). In 2022 the County of San Diego used the Regional Decarbonization Framework to analyze the opportunities for sequestering carbon on Working Lands (County, 2022A).

Community groups have filled the gap left by most of these institutional efforts by conducting a deeper analysis of equity and social justice within the agricultural industry. In 2018, Project New Village collaborated with San Diego State University to illustrate how the Good Food District in Southeast San Diego was and can be a center for food traditions based on its inherent diversity (Joassart-Marcelli, 2018). The most direct efforts by government institutions have included analyses of the Food System by UC Davis (2010) and the County of San Diego (2019). At the State level, the National Young Farmer's Coalition explored the policy concerns for beginning farmers statewide (NYFC, 2019). The Coalition concluded that land access was the most critical issue limiting beginning farmers from developing their farm businesses. SDFSA developed the San Diego County Food Vision 2030 which involved members from all strata of the food industry to explore how to address issues of environmental justice, climate change, and system resilience through an equity lens (SDFSA 2021A). This program now hosts annual gatherings to engage the community in workshops, panels and discussions as they develop a central resource hub for underserved farmers, fishers and restaurant owners in the region.

Municipalities across the County have adapted policies as the primary land use has transitioned from primarily agricultural to primarily urban, especially in the south and west of the County. The most popular farmland conservation program was the Williamson Act, which paid producers to keep their land in agriculture for a 10-year period, subject to renewal. Without continued State or local funding this program has been removed, replaced by conservation easement programs offered by the County PACE, State SALC and Federal NRCS. The City of San Diego implemented agricultural conservation on a major scale when it created the 14,000 acre San Pasqual Valley Agricultural Preserve in 1964 in order to achieve water management goals. The 1995 San Pasqual Valley Plan detailed specific measures to conserve natural resources and protect agricultural production such as groundwater management and farmworker housing (City, 1995). Current leases in the Preserve do not take into account the needs of agricultural producers, with leases stuck on a month-to-month renewal, lack of investment in farmworker housing, declining groundwater availability and no direct City representative with fluency on agricultural topics. These issues and others necessitate a revision and implementation of this plan.

The State of California has pioneered climate change legislation through regulations and incentives programs. To support soil health practices, CDFA launched the Healthy Soils Program in 2017 which is funded by uses Cap-and-Trade proceeds from California Climate Investments. The Healthy Soils Program incentivizes producers in San Diego and statewide to implement practices like compost application, hedgerow planting and prescribed grazing. Furthermore, California Senate Bill 1383 regarding Organic Waste Reductions went into effect on January 1, 2022 and intends to reduce the emission of greenhouse gases by diverting away from landfills at least 75% of the organic waste produced each year (County, 2022B). Agriculture is a major potential sink for the nearly 3.5 million tons of organic material produced each year and the proximity of farms to urban centers in San Diego could make this an efficient system. Building soil organic matter can help farmers both mitigate and adapt to climate change by sequestering carbon in the soil, while reducing the direct effects of climate change to the farm by improving soil health and retaining soil moisture (Libohava et al., 2018).

Key Findings

The initial tasks 2 through 4 of mapping and greenhouse gas analysis (Task 2), collaborative outreach (Task 3) and policy analysis (Task 4) produced key findings which informed strategic planning (Task 5). The findings for the extent of agricultural lands below describe the total historic, current and potential area of agricultural production, including breakdown by commodities. The current extent was used to estimate existing carbon sequestered on agricultural lands. The findings for the producer outreach describe the methodology for the producer needs assessment and two listening sessions. Major themes which affect producers are described separately, including the status of programs addressing climate-smart agriculture and the complexities of the relationship between agricultural producers and government agencies. The concerns of individual producers are grouped and explored through systemic issues. Finally, the policy analysis based on these concerns is analyzed for the jurisdictions with a high proportion of agricultural land, including an inventory of existing policies affecting agriculture and the degree of their adoption across different areas.

Extent of Agricultural Lands

RCDGSDC worked with graduate students and faculty from the School of Public Affairs at San Diego State University to map the historical, current and potential extent of agricultural lands. Spatial data for historical lands was limited to the mid-1980's, with the exception of historic ranches that extended further. Changes over time showed a near complete elimination of agricultural land along the coast, and a vast reduction in the amount of actively grazed rangeland (Farley et al., 2017).

The USDA Census has record of more than 5,000 principal operators in San Diego County, more than any county in the United States (USDA, 2017). Meanwhile, approximately 1,300 farmers are enrolled in the San Diego Irrigated Lands Group (comm. Farm Bureau). This mapping activity focused on mapping the spatial extent of agricultural lands, but did not rectify the discrepancy between reported numbers of producers. Regardless, the County ranks as one of the highest concentrations of principal farm and ranch operators in the state and the country.

Findings for current agricultural lands show 276,877 acres currently in production, based on combined data from County AWM, SANDAG, CA DOC and a variety of agencies and private owners of rangelands. These data sources were compared and combined to estimate the lands currently under cultivation; for comparison, the County of San Diego reports 219,874 acres in production (County, 2021). Rangelands are owned and managed by a multiplicity of public agencies and private owners, resulting in chronic under-reporting of total grazed acreage. Special effort was spent on mapping rangelands by actively seeking out and verifying spatial data for individual agencies and private owners of rangelands to include in the total. The largest current land use was rangeland (164,000 acres), followed by fruit and nuts (54,000 acres), vegetable crops (38,000 acres), nurseries, greenhouses and ornamentals (13,000 acres) and vineyards (1,560 acres); for comparison, the County of San Diego reports land use of rangeland and field crops (179,088 acres including 176,173 acres of rangeland), followed by fruit and nuts (26,014 acres), nurseries and cut flowers (11,429 acres), and vegetable and vine crops (3,342 acres including 986 acres of vineyards)(County, 2021). Agricultural lands were primarily located in the jurisdictions of the County of San Diego, followed by City of San Diego, Carlsbad, Encinitas, Escondido, Oceanside, Poway, San Marcos, Santee and Vista.

Historic cropland area was recorded beginning in 1986, when acres in production totaled 371,592 acres (FMMP, 1986), including 160,230 acres of rangeland and 211,362 acres of cropland. By 1986, massive

swaths of coastal farmland and backcountry rangeland had already been taken out of production. To estimate the extent prior to 1986, spatial analysts added maps of ranches active prior to 1986, expanding the area dedicated to agriculture to more than 630,000 acres; historic coastal production was not estimated due to a lack of available spatial data. To illustrate this reduction in agricultural land, 263,788 acres of rangeland that were grazed prior to 1986 were no longer active in 2018, including historic ranches and BLM lands. Peak acreage along the coast is not recorded nor mapped, but was highly significant for dairies, dryland farming, row crops, subtropical orchards and the globally-renowned floral industry (FMMP, 1986).

The refined understanding of the extent of current agricultural lands was used to create additional spatial products, including maps of potential agricultural land, agricultural businesses, and carbon sequestration potential. Potential agricultural lands considered non-urban lands not currently being cultivated, based on an analysis of land use, slopes, and soil types. These included non-urban lands on loamy soils throughout the County on slopes below 30-degrees, based on input from technical assistance providers and agricultural producers in the region. The dominant soil type in San Diego is a sandy loam, while soils dominated by clay or cobble are generally less productive for agriculture. The diverse topography in San Diego means that local producers regularly cultivate steep slopes for orchards or terrace vegetable production, while managed grazing is a common practice on slopes of up to 30-degrees. Whereas NRCS excludes any land for farming on greater than 15-degree slopes, this study expanded the definition. Slopes less than 15-degrees were deemed suitable for most agriculture including row crops and orchards, and slopes less than 30-degrees were deemed feasible for managed grazing. Results show that potential agricultural land represents the potential for expansion of more than 50% beyond the current cultivated area.

Urban lands were excluded for the purpose of the analysis because they are heavily fragmented and difficult to distinguish from landscape vegetation using spatial data. Instead, SDSU assessed the number of businesses related to the agricultural industry by mapping the addresses of North American Industry Classification System businesses within five miles of a current agricultural operation. The resulting more than 2,000 businesses demonstrated showed how ubiquitous the agricultural industry is and the vast support it provides to the regional economy, consumers, and culture.

The map of current extent was used to estimate the baseline stocks of carbon already sequestered on agricultural lands in the County. Dudek was contracted to employ a methodology from the San Diego Association of Governments Carbon Storage and Sequestration Study (SANDAG, 2022) which calculated the total non-soil and carbon stock values for defined commodity types and grazing land cover types; this was the same methodology used for the Terra Count model in San Diego. Grazing lands were then subdivided into categories based on vegetation and land cover types from the SANDAG 2022 study data. Total carbon stock values were assigned to each agricultural commodity type and each grazing land cover type in metric tons carbon per acre (MT C/acre). Carbon stock values included both soil values and non-soil values, where the latter was comprised of live plant material above ground, dead plant material above ground, and live organic matter below ground.

An estimated 6,510,894 Metric Tons CO2e (MTCO2e) is estimated to be stored on the existing approximately 246,369 acres. One MTCO2e equates to 113 gallons of gas consumed or 2,312 kilowatt hours of energy use (USEPA, 2023). Thus, this storage equates to 1,448,871 gas-powered vehicles being driven in one year (23 miles per gallon fuel economy driven 11,520 miles) or 820,592 homes' energy use for one year (USEPA, 2023). Grazing lands contain the greatest volume of stored carbon per acre, followed in net storage by orchards and field crops. SDFSA estimated the potential for carbon sequestration on agricultural lands to be 234,000 MTCO2e/year if conservation practices such as compost application,

hedgerow planting and cover cropping were fully implemented on all agricultural lands (SDFSA 2018). The calculated emissions of the local agricultural industry equal 163,696 MTCO2e/year; the SDFSA estimate indicates the potential to sequester 40% more than is currently emitted until potential storage is saturated. These estimates do not account for the potential to expand agricultural production as described above.

Producer Needs Assessment

Methodology

Outreach partners distributed a Producer Needs Assessment based on the 2018 Grower Needs Assessment, which was prepared and distributed by University of California Cooperative Extension (UCCE, 2018). Outreach partners included Darcy Cook at Mission RCD, Bea Alvarez and Hernan Cavazos at Foodshed Inc. and Toni Kraft at the CHIP Farm to Institution Center. UCCE and the County of San Diego Land Use and Environmental Group provided feedback on the assessment content created by the RCDGSDC prior to distribution. Three eligibility criteria were required for producers to take the assessment. Producers must have (1) owned, managed or worked for a commercial agricultural operation within the boundaries of San Diego County, (2) worked in agriculture within the last ten years, and (3) worked in agriculture for at least three consecutive years. Questions included demographics, a profile of the operation and business, ranked impacts and concerns, conservation practices and support needed. The qualitative format, availability of partners to conduct the assessment in-person, and translation services allowed for more substantive answers regarding the future of agriculture in San Diego.

Outreach partners distributed the assessment between January and March 2022. RCDGSDC staff coordinated the outreach effort, including Outreach Coordinator Codi Hale and Agricultural Specialist Joel Kramer, and RCDGSDC Intern Jessica Blasjo uploaded the assessment to an online format. To ensure a wide range of producers could participate, the assessment was offered in both English and Spanish, online, through a mailer, over the phone with program partners or in-person at a location of the producer's choice. Offering the assessment both remotely and in-person provided allowed for in-depth qualitative data about producer concerns and policy proposals. Producer contacts were primarily gathered from partner organizations and the County AWM registry of producers. A concerted effort was made to include demographics of the agricultural industry who were under-represented in the USDA Census (2017) and the UCCE Grower Needs Assessment (2018), such as beginning farmers, urban farmers, farm workers, producers who identified as an ethnic minority, and producers who did not possess a college degree.

Maintaining producers' privacy was a major priority for the assessment. All digital submissions were secured in a password-protected document with access restricted to RCDGSDC program staff. When Outreach Partners conducted a direct assessment, the hard copy was submitted directly to RCDGSDC and/or a copy uploaded to a password-protected folder. When reporting findings, any producer information shared is stripped of personal identifiers such as the name of the producer, their contact information or address.

Results

A variety of agricultural operations throughout the County were represented by the 99 producers who responded to the assessment (Appendix 4B). The typical farm size was less than ten acres (75% of participants), and more than two thirds were five acres or less (69%). Two thirds of participants were located in the North and Central portions of the County. Nearly half (46%) of participants produced

subtropical fruits such as avocados or citrus. In terms of age, two-thirds were 50 or older and nearly one third were between 30 and 50 years. About one third of participants were women. One quarter of producers identified as people of color.

The assessment suggested factors which could affect the productivity of agricultural operations, with insight from the UCCE Assessment (2018). These included soil fertility, water quality, water availability, pests or diseases, the need to convert to new crop types, or extreme weather such as frost, heat stress, fire, drought or flooding. Participants were asked to select three factors and could suggest a different topic affecting operation productivity. They then ranked the three factors in the order that affected them most severely. The primary factor affecting productivity was water availability (35.4%), followed by extreme weather (23.2%). More than 10% of participants reported their top productivity concern was water quality or was pests or diseases, at 11.1% of respondents each. Among the 64 producers who did not select water availability as their top concern, soil fertility was relatively important, selected by 10.9% of producers who responded.

The assessment also suggested factors which could affect the profitability of agricultural operations. These included input costs, market prices, water prices, land costs, labor management, access to capital, and laws and regulations. Participants were asked to select three factors and could suggest a different topic affecting operation profitability. They then ranked the three factors in the order that affected them most severely. The primary factor affecting profitability was high water prices (36.4%), followed by market prices (23.2%). More than 10% of participants reported their top profitability concern were laws and regulations, labor availability or land access, at 10.1% of respondents each. Input costs were relatively important for productivity, and were ranked second by 15.6% of 90 producers who responded.

Listening Sessions

Outreach partners conducted in-person listening sessions to explore the concerns presented in the assessment. Producers who took the assessment were invited to attend listening sessions, and outreach partners also invited select producers to ensure a diversity of operation types and demographics. At each session, producers were randomly placed in breakout groups facilitated by representatives from RCDGSDC, Mission RCD, Foodshed Inc. and CHIP Farm to Institution Center. Sixteen producers attended the February listening session in Lakeside; these were primarily small-scale farmers and mid-scale livestock producers. The first listening session focused on the issues affecting producers most severely and discussed examples of successful models for agricultural systems to guide the vision of an agricultural economy that is growing, adapting and integrated. Eleven producers attended the May listening session in Escondido, the majority of whom were subtropical fruit growers operating on over 15 acres. The second listening session focused on the issues affecting producers most severely and identified existing policies which exacerbate those issues.

The concerns which producers shared are described in a later section on systemic issues.

Relationship between Government and Producers

Producers have a complicated relationship with government agencies. For example, technical assistance providers, like NRCS, historically offered a faster response time to inquiries and had more topical experts available. Regulatory agencies like the County of San Diego previously provided more support programs such as equipment rental and seed subsidies, but site inspection and permitting have come to reshape this relationship in recent years. Meanwhile, many state programs are providing ample funding for

conservation practices, but grant applications are unnecessarily complicated and too time consuming for the average producer. Existing regulations can be prohibitive to business; these include environmental review for developing new structures, labor compliance for wages and overtime which do not match seasonal needs of the industry. Agency staff and regulatory bodies rarely have staff with experience of operating a farm or ranch, restricting communication about regulatory guidance and the potential impact of support programs. Producers strongly request dedicated agricultural liaisons throughout municipal and county departments to bridge these gaps in knowledge and communication.

These dynamics and potential solutions are explored more in the section on Proposed Policy Actions.

Systemic Issues

A diverse ecosystem of organizations is actively working to address these many issues. Most prominently, the Farm Bureau plays a critical role keeping local officials informed about the needs of the agricultural industry. The agricultural industry offers a variety of co-benefits to the economic, cultural and conservation goals of the region. Unfortunately, advocacy efforts for agriculture are often stymied as growers' concerns are often viewed by the general public as solely industry problems. In fact, most of these problems are symptoms of the growth and structure of the region. For local leaders to fully address these individual needs in a holistic manner, they must be characterized in the context of wider trends. During the assessment and listening sessions, producers expressed their concerns about impacts to their individual operations. These concerns are synthesized into systemic issues affecting the whole industry.

Communication of these issues is the first barrier. The agricultural community and support systems are fragmented among industry sectors, technical assistance providers, advocacy groups and government agencies, resulting in missing opportunities for collaboration and growth. Agricultural producers repeatedly commented during assessment interviews, listening sessions and policy planning meetings that feel that they lack a central voice to advocate for the needs of the farming community and also lack direct representation within local government.

The cost of production in today's economy is unrecognizable from the days when San Diego's avocado and citrus groves were first planted. Critical components like land, water and labor are now extremely expensive, driven by the cost for surrounding urban consumers and residents. Land prices are far too high for agricultural lease and for purchase, while limited capital is available to support the purchase of land for beginning farmers. Low wage labor is largely unavailable as agriculture cannot compete in terms of cost or work conditions with other industries. Educational programs are available for beginning farmers, but agricultural degrees are only offered outside of the County, driving most young agricultural professionals to leave the County for education and not return as they look for work elsewhere. Water costs in San Diego are among the highest in the nation; the expense is largely due to the cost of imported water as the MWDSC and the CWA must construct and maintenance infrastructure to convey, treat and store water for the region. Approximately 10% of this cost can be attributed to management by local water districts. Meanwhile, water sourced from by the Colorado River is decreasing in availability, while the high salt content requires additional treatment as it is conveyed downstream. Water efficiency is already implemented by many producers, but there is a need for more technical support and a dedicated water supply for agricultural use. Input costs are sporadically rising, such as fertilizer and fuel, and are influenced by global economic trends or supply chain interruptions. Producers have enough to concern themselves with to grow their commodities, and need support for sales, marketing, and business development to receive the full value for their goods.

Just two generations ago, the core culture in San Diego was agriculture. As urban areas sprawled into agricultural communities, residents largely lost their appreciation for the cultural value of agriculture. Consumers drive what producers grow, how they manage their land, and what policies affect production. Unfortunately, producers feel unsupported by residents and most resort to selling their products to wholesale or export markets at a minimal rate. Government regulators and policymakers who manage agricultural lands or enforce agricultural policies often lack farming fluency and struggle to communicate with producers or to understand the limitations of agricultural production. Poor communication has spin-off effects of impeding projects on agricultural lands, missing opportunities for state investment and building animosity between agricultural businesses and public servants. Decades ago, state and federal agency budgets allowed for enough employees to provide technical assistance upon request; today, a lack of technical assistance providers leaves producers waiting for weeks, or on their own altogether.

Agricultural businesses maneuver costly hurdles posed by regulations from multiple levels of government. Complying with record-keeping and procedures for environmental regulation can be rigorous, demanding too much time from a small farm business with limited staff. Furthermore, the permitting process is not consolidated among government departments, forcing producers to contact multiple departments to complete an individual project, such as building permitted farmworker housing. Without designated agricultural liaisons to help producers navigate the regulatory process across multiple agency departments, many farm projects stop short of being implemented. Large swaths of farmland and grazing land are owned by local, state, and federal agencies, but a lack of transparency makes the process for beginning farmers and ranchers to apply for a lease cumbersome or altogether inaccessible. State environmental regulations do not necessarily match other counties in California concerning development of land for agricultural use, given the unusually high biodiversity of the San Diego landscape. At the state and federal level, laws for overtime and wages attempt to match similar industries, but workers largely favor less demanding work and farm owners struggle to pay the higher rates for seasonal or year-round labor. Market prices greatly affect the already narrow margins of wholesale production; when local producers cannot meet prices for milk, avocados and other commodities set by national and international industry associations, San Diego loses the value that producers offer to the local economy through co-benefits of food production, employment, and land stewardship.

Looking to the future, a holistic agricultural system would have myriad of benefits for our society. During listening sessions, producers shared their motivations for working in agriculture and their vision for a thriving agricultural community. Motivations include a desire to communicate the appreciation of agriculture, heritage and lifestyle, health and increased access to food, business ownership and income generation, and environmentally sustainable land management practices. A thriving agricultural community which satisfies these motivations would have direct contributions to our region's wellbeing. Producers expressed the desire that neighboring communities would take interest in and care about their local farms. Growers would be connected to local consumers for wholesale use of local produce and direct purchase. The community would hire producers for essential services, such as using grazing of cattle, goats, or sheep as a tool for fire prevention and soil health management. The basic health of farm workers would be supported through comprehensive healthcare services, quality housing and safe working conditions. Producers would support one another by sharing labor and equipment, improved by access to centralized infrastructure. Agricultural vocational training would be available for specific in-demand skills, while San Diego colleges would offer degrees in agriculture to prevent brain drain. Regional and local governments would incentivize landowners to lease land to local farmers. Veteran farmers would have a platform to mentor the next generation of producers, while decision makers would reserve a seat at the table for farmers to share their essential perspective. Some of these aspirations are already in development today, but the agricultural community needs broad support to make them a full-fledged reality.

Climate Programs

Extreme weather was the second-highest ranked productivity concern, after water availability. Farmers operating on one to five acres were more concerned and affected by both water availability and extreme weather, like droughts and freezes, whereas farmers managing 30 acres or more were most concerned with having ample water supply to support their working land. Fortunately, several existing programs have already gained momentum with programs at the regional and state levels addressing climate impacts. Therefore, RCDGSDC chose not to focus proposed policy efforts on climate.

Several funding sources are available for local producers to implement carbon farming practices. The company Foodshed Inc. distributes local produce and offers an incentive to participating farmers to implement carbon farming practices. CDFA funds conservation practices which sequester carbon through the Healthy Soils Program. The 2022 Healthy Soils funding cycle funded four local organizations providing technical assistance for conservation practices, and 15 projects in San Diego County totaling nearly half a million dollars. In addition, Zero Foodprint is a private coalition of restaurants who offset the carbon footprint of meals by funding regenerative practices, primarily compost application. Each year for the past five years, UCCE has hosted a Climate Symposium in San Diego to showcase the most current research and projects addressing climate change in agriculture. NRCS provides cost-share incentives for conservation practices through the Environmental Quality Incentives Program. Regional programs supporting climate resilient practices are UCCE Agricultural Advisors, City of San Diego Climate Action Plan, County of San Diego Regional Decarbonization Framework, and the SDFSA Food Vision 2030.

Local RCDs have formed the Southern California Soil and Water Hub to enhance technical assistance. Services include Carbon Farm Planning to help producers to prioritize which conservation practices to implement; completed plans include sequestration potential of up to 7,400 metric tons of carbon dioxide equivalent per year. Since 2017, hub members have maintained CDFA Healthy Soils demonstration sites for practices including cover crops, compost application, mulch application, hedgerow installation, reduced tillage, and prescribed grazing. As part of demonstration projects, technical assistance providers monitor soil organic matter in treatment and control sites. Typical values or conventional soils are <2%, but organic matter can increase by at least 0.5% per year with frequent compost application, as documented since 2018 at several Incubator Farm Plots at the Tijuana River Valley Community Garden. Instead of being a net producer of greenhouse gases, organic waste can be used as an essential tool to reduce the impacts of climate change. Building soil organic matter mitigates the effects of climate change by sequestering carbon in the soil. Meanwhile agricultural soils with high levels of organic matter adapt to the effects of climate change by improving soil health and retaining soil moisture. For sandy soils in arid climates, every 1% increase in organic matter equates to an increase in 2,850 gallons per acre, which can be refilled multiple times by precipitation during the wet season (Libohava et al., 2018).

Producer Profiles

Orchard Entrepreneur – Papaw's Farm – James Harris

James Harris' great-grandfather owned a timber farm, which was not the norm for an African-American man in Louisiana in 1895. James grew up hearing stories of family members born on the farm and how empowering it was to own land and be self-sufficient. In the 1960s, there was a transition of ownership and the family lost an important connection to their heritage. When the COVID-19 pandemic hit in 2020, James began to think about his legacy and "decided to get land to return land ownership back to our family."

The Harris Family began hearing about the many neighboring farmers in Valley Center who could not afford to water their groves. They found an avocado grove that had been fallowed for six years and decided to invest in reinvigorating the operation. Their plan was to use climate-smart practices, efficient irrigation and diversify with coffee and other subtropical fruits. James named their farm for his grandfather – Papaw – who lived long enough to see James return agricultural land ownership back to the Harris family.

The process of restoration has been vigorous work that requires resilience and creativity. "If you continued to farm the way that you farmed for the last 100 years then there is no way you can sustain avocados or farming in that area, so we had to do things differently." They are working towards organic certification, but for James that is just the beginning of being a sustainable land steward. Some of the key management decisions they have made include moving to high density plantings, utilizing deep root irrigation, using soil moisture sensors, and installing solar panels to power their automated systems. He is pairing the knowledge passed down from his great-grandfather with his own passionate pursuit of new information. He has found that "the people who have been the most educational are farm workers and day laborers" and greatly appreciates these local mentors.

When asked how he is inspiring his own daughters to take interest in agriculture, he noted that his younger daughter helped design their solar system and their older daughter is taking interest in becoming an entrepreneur of value-added products made from farm grown produce. "It doesn't have to be the traditional hand in dirt farming to be involved in agriculture. It doesn't have to be the traditional overall wearing farmer – even though I wear overalls every day."

Ranching Family – John Austel – 4J Horse and Livestock

It all started with summertime in the Sierras. John Austel had moved to California and was grazing cattle in California's mightiest mountain range, honoring his grandfather who first taught him to ranch in the Ozark's of Arkansas. After working a few years for the Farm Credit System, John settled in San Diego and was inspired to follow a career providing technical support to cattlemen and selling Property & Casualty Insurance. But when John's sons started in 4-H Youth Development it all came full circle - they raised ten steers together as a family: John, Jake, Josh, Jesse and Liz - and 4J H & L was born. John knew then that the craft of cattle-ranching would only be preserved by inspiring the youth.

Having previously sold fire insurance for a living and going through two major wildfires, he now became focused on wildfire prevention. Rancho Jamul and Hollenbeck Canyon are grasslands in South San Diego County that had been cultivated and grazed for two centuries. The grasslands were fallowed in the late 1990's with the intention of restoring native vegetation, but with no wild or domesticated grazing animals, instead invasive weeds took over to the detriment of wildlife. 4J H & L applied for a grazing permit from

CDFA and saw immediate effects as a vulnerable burrowing owl population bounced back and began to follow the herd through the fields. When fire swept through neighboring fallow grasslands, the reserve remained unscathed and neighboring homeowners began asking John to graze near their properties as well. There was something to this – managed right, working lands could provide food while also protecting biodiversity.

Prescribed grazing is an approach to rangeland management that rotates cattle through pastures with careful observation and timing. This allows the grasses to provide their maximum year-to-year forage potential, without the problems of over-grazing. This story of success drew major attention, and researchers sought to verify the effects of the approach. John collaborated with RCDGSDC to install fencing for more pastures and monitor soil health. Certified Rangeland Manager Liz Kellogg created a Grazing Management Plan, while the San Diego Management and Monitoring Program hired US Berkeley researchers to study how grazing affected habitat quality and wildfire potential; results will inform efforts to re-introduce grazing on fallowed lands.

The 4J herd operates on a portion of 12,000 acres and John plans to continue grazing in this manner indefinitely, with studies planned to track the progress going forward. He will also carry on investing in the ranching community by supporting youth education, hosting annual gatherings, advocating for the need for regional grazing and wildfire infrastructure, and serving local ranchers as President of the San Diego & Imperial County Cattlemen's Association.

Urban Market Farmers – Pixca – Leonard Vargas and Erik Rodriguez

Pixca is a farming business co-owned and co-operated by farmers of color Leonard Vargas, a 3rd generation Latino farmer, and Erik Rodriguez. Since founding Pixca in 2017, Leonard has been joined by and mentored several Latino beginning farmers as they grow their career in agriculture. The farm is located on a half-acre plot in the Tijuana River Valley Community Garden, which is managed by RCDGSDC and owned by the County of San Diego. Pixca is driven by the desire to support their South Bay neighbors and advance food sovereignty, while using regenerative practices to tend the land. Healthy soil paves the way for a healthy community. It shows in the strong response from youth to learn from the farmers and from the community to support the business.

It is inspiring to see how productive their small farm is throughout the year, and how resilient they are in the face of challenges. In the winter of 2019 and again in 2022, seasonal flooding from the Tijuana River forced them to halt food production for months and in response they began their floral program. While they cultivate practical skills with young farmers, they also cultivate a sense of community with their customers. Chicano traditions are central to their mission and their busiest day of the year is Dia de los Muertos when the farm stand is a sea of marigold Cempasuchil flowers.

Pixca hosts a farm stand on Saturdays at the Tijuana River Valley Community Garden, as a way to bring people to where their food is grown and meet the humans who grew it. In addition, they provide plant starts and resources to encourage others to start growing their own food. Their hard work has not gone unrecognized, and they were named New Farmer of the Year by the Community Alliance for Family Farmers in 2022. New farms are growing in San Diego with the youthful spirit of Pixca.

Sustainable Winemaker – Ramona Ranch Vineyard & Winery – Teri Kerns and Micole Moore

Teri Kerns and Micole Moore, partners in life and business, moved to Ramona in 2004 with no plans to farm. A year later, they had made their first wine and joined the Ramona Valley Vineyard Association.

With sustainability as their top priority, they began to develop their experimental vineyard very intentionally. "We looked at what the climate really supported", and they took notes from what worked in similar Mediterranean climates, like Viognier, Grenache, Tempranillo and Sangiovese varietals. With these guiding principles, Ramona Ranch Vineyard & Winery has become the only certified Sustainable Winery in San Diego. They've installed a wind turbine, solar panels and Tesla battery to support off grid operations during times of peak use.

They are also very invested in supporting diverse habitat around and within their vines while simultaneously improving soil health. After trial and error using crimson clover as a cover crop in the alleys, Teri had a realization. "Wait a minute, we are spending all this energy to take out [these] plants to put in a commercial plant that really isn't suited to the environment, so why don't I learn more about [them] instead?" What started as learning about how naturalized plants support the soil turned into a deeper understanding about how they also support beneficial insects and birds. She planted an insectary that offers year-round blooms and no longer use neonicotinoids on the vines, a common class of pesticides used amongst growers, as they are lethal for pollinators. She and Micole also assist with pest management and welcome select predators by providing water for coyotes so they do not chew on the drip lines, and maintaining raptor perches and owl boxes.

Teri notes that what many wine enthusiasts envision as a picturesque winery, perfectly manicured and clean, in reality may reflect the use of chemicals and practices that are not supportive of the soil and ecosystem. "It's really detrimental to the environment, but it looks good." Through her role as the Programs Director for the Ramona Valley Vineyard association and at her tasting room, she uses her many platforms to educate people about the sustainable practices they implement at their vineyard. The passion shows in their wine, and in 2022 Micole won double gold at the Sunset Magazine International wine competition for an estate Sangiovese wine that he crafted. Teri and Michel invite everyone to discover the not-so-hidden gem that is Ramona, named an official American Viticultural Area in 2006, where she believes "everybody is really invested in doing it right".

Local Leader – Nagata Brothers Farms – Neil Nagata

Neil Nagata is President of Nagata Brothers Farms, which produces berries, fruits and seasonal vegetables in North San Diego County. Three generations have worked on the operation. The Nagata Family first began farming in California more than a century ago and has worked in county since the 1930's. Neil's mother's side, the Yasukochi family, has been farming in the county since 1906. Both families are early contributors to the agricultural industry in San Diego. The operation benefits from Neil's more than 30 years' experience in agriculture, hydroponic production, and expertise in agricultural research.

Contributing to the agricultural community is central to Neil's work. From 2017-2019, he served as President of the Farm Bureau and has served as a board member and chairman in the California Strawberry Commission. In support of farmworkers, Neil founded the California Strawberry Growers Scholarship Fund. The fund has provided more than $2 million in scholarships to the children of farmworkers over the last 26 years. For his leadership and efforts, Neil was named 2021 San Diego County Farmer of the Year by the Farm Bureau.

Each generation of the Nagata Family Farm has adapted to a different set of issues. For Neil, wise land use has been paramount. In 2018, the Save Open Space and Agricultural Resources initiative threatened local agriculture. The public proposition would have encouraged the development of 2.5 acre estates on existing agricultural land, fragmenting commercial farms out of use. Neil collaborated with other agricultural leaders including Mellano and Company to defeat the proposal with a more inspiring vision.

Agricultural lands can and should be an integral part of regional development. Nagata and neighboring farms in the Morro Hills Community are now working with the City of Oceanside to create a flexible land use plan that can evolve with changing market conditions. In this framework, farms can develop portions of their land in a coherent way that adds to the character of local communities and to the growth of local farms. While land owners maintain the right to sell some of the land, neighborhoods are clustered near existing developments. Homeowners benefit from having access to neighboring open space with trails running between rolling hills of extensive fields, and farm businesses can benefit from growing agritourism while shifting their crop mix to meet changing demand. In the wake of a changing economic climate, Neil's leadership is helping San Diego farms to continue to thrive.

Major Policy Impacts

Inventory of Existing Policies

Faculty and graduate students from the School of Public Affairs at San Diego State University (SDSU) inventoried existing agricultural policies by reviewing agricultural policy documents via internet searches between January and September 2022. Based on the results of the outreach effort, the review focused on policies related to water, land access and workforce as key factors that could influence agricultural outcomes in San Diego County. At the local level, cities in the County of San Diego were included in this assessment if they had agricultural land uses within its jurisdiction, including the governments of Carlsbad, City of San Diego, County of San Diego, Encinitas, Escondido, Oceanside, Poway, San Marcos, Santee and Vista. Water districts were also included as local agencies with potentially important influence over agricultural outcomes, with a focus on the City of San Diego Water Department, Fallbrook Public Utility District, Rainbow (MWD), Ramona (MWD), CWA, Valley Center (MWD), Vista Irrigation District and Yuima (MWD).

To assess the how widely each policy has been implemented across jurisdictions, SDSU grouped them into 23 themes. Next, they grouped the themes into four categories identified as policy priorities during the policy task, including Land Use, Water Availability, Workforce Housing, and Climate. Land Use policies included: agricultural conservation policies, agricultural conversion mitigation fee programs, agricultural land trusts, agricultural supportive zoning, agriculture permissible in flood zones, food systems planning policy, tax incentives for urban agriculture, transfer of development rights to land trusts for agriculture landowners, urban agricultural supportive policies, zoning to allow clearing on agricultural lands and zoning to allow renewable energy production on agricultural land. Water Availability policies included: local water quality and conservation, promotion of water efficient landscaping, rate reductions for producers, supply expansion policies and water recycling programs. Workforce Housing policies included: affordable housing for farmworkers, farmworker housing support programs and zoning for Farmworker housing on agricultural land. Lastly, Climate policies included: carbon farming, food waste promotion and reducing the carbon footprint of agriculture.

The appendix contains the full table of policies distributed across the ten local governments with agricultural land uses in the County of San Diego, as well as state and federal policies which affect local jurisdictions, producers and residents. Of the 23 different policy themes listed, 18 of these policies have only been adopted in three or fewer local agencies across the county. Five of these policies have been adopted in four to seven of the ten local agencies with agriculture across San Diego County.

Degree of Policy Adoption

Based on the Policy Inventory, SDSU School of Public Affairs prioritized which policies should and could be implemented most urgently, based on how widely they had been adopted across multiple agencies. Policies were selected from the existing list of local policies, as well as relevant policies from other regions of the state and country.

In terms of Land Use policy, there are strong adoption rates of agricultural conservation policies, but given the turnover rate of agricultural land in San Diego County, these policies may not be strong enough to be effective. Policies need to support off-setting development pressure on agricultural landowners, so they are financially able to retain their lands. Such policies include wider application of agricultural land trusts and easements, as well as wider application of transfer of development rights to land trusts and conservancies. Strong examples of such agricultural preservation programs are already in place with the

County Purchase of Agricultural Conservation Easement (PACE) Program and the City of Escondido. This type of program would offer the co-benefit of incentivizing new preservation development in existing urban areas or village centers.

Unfortunately, out of the ten agricultural jurisdictions in San Diego County, agricultural land trust policies were only implemented by the City of Escondido. Furthermore, conservation easement and land trust programs may be more effective when applied at the regional scale rather than by each jurisdiction. Applying these policies at the municipal-level results in fragmentation that weakens the overall effectiveness and outcomes for agricultural conservation. The benefits of strong coordination in multi-jurisdictional regional planning for agricultural conservation has been effectively modelled in the adoption of regional transportation plans, hazard mitigation plans, and multiple species conservation plans. The agricultural community could use these existing plan types as a prototype for a regional agricultural plan.

The inventory of Water Availability policies across the region identified supply expansion policies, rate reductions for producers, water recycling programs, promotion of water efficient landscaping and policies for non-imported water quality and conservation. Each local Water Availability policy was adopted by fewer than half of local municipalities, despite the critical importance of this topic. Consideration should be given to strengthening coordination between water districts and local government policy documents such as general plans by prioritizing essential industry needs for water use as population and infrastructure expenses continue to rise. The CWA incentivizes agricultural water availability through a Permanent Special Agricultural Water Rate, through which most member agencies offer a discount of approximately 25% to agricultural members in their water districts during non-drought conditions (SDCWA, 2023). Even so, the price of water remains among the highest in the country; agricultural producers cannot compete with other regions while paying rates for water set by urban consumers. In addition, the County and Water Authority work with local water districts and RCDs to provide subsidized technical assistance for water efficiency on farms. Furthermore, funding from NRCS through a Regional Conservation Partnership Program grant provides funding for on-farm efficiency upgrades, with a focus on orchards. However, more support is needed to make these programs accessible to the most vulnerable producers across the entire County. Water rates remain a primary factor for farm business viability when compared to other counties across the state and the country.

All of the Workforce Housing policies showed low adoption rates, which is reflected in the overall housing shortage across the region. Multiple agencies specified farmworkers as a vulnerable population in their Housing General Plans. Despite this, lack of affordable workforce housing undermines producers' ability to retain quality agricultural labor. Laborer wages are relatively low and housing across San Diego is in short supply and offered at exorbitant prices. To maintain the viability of the agriculture industry in San Diego County, housing for these laborers must be affordable and in close proximity to their work sites in order to reduce travel costs. More cities should adopt policies and modify zoning to allow construction of workforce housing onsite at agriculturally zoned lands. This not only benefits producers and laborers, but also the region in terms of lowering emissions and congestion generated by farm laborers' vehicle miles travelled. Property tax incentives and permit streamlining could also be employed to encourage construction of affordable housing on agricultural lands.

All Climate policies identified under this category had weak adoption rates across San Diego County, including programs for food waste, farmland carbon reductions, and carbon farming. Only the City of San Diego adopted all three Climate policies. Consideration should be given to stronger application of carbon reduction and carbon farming programs to take advantage of the very high potential for agricultural lands to aide in greenhouse gas reductions.

This inventory of existing policies helped to inform the major policy recommendations, which are described in detail in the ‘Proposed Policy Actions’ section of the report.

Policy Working Groups

Producers chose to participate in the assessment because they trusted that it would result in meaningful action. Participants painted the vision for a more sustainable, equitable and accessible agricultural community in San Diego. To ensure that the process of reforming policies and building a better system would continue beyond the grant, Policy Partners including SD LAFCO, RCDGSDC, Mission RCD, County of San Diego and SDSU worked to identify key issues to address with working groups. The needs of San Diego's agricultural community are very diverse, with a significant number of urban, beginning or second-career farmers and ranchers working alongside large-scale multigenerational operations. Diverse topography, crop types and farming practices further complicate the range of priorities among producers, with conventional and automated methods, as well as organic and regenerative practices. Recognizing these situational differences, Policy Partners held public meetings to find a common ground, in which stakeholders identified three key areas that affect all producers across the spectrum, regardless of size, experience, or methods. Policy Partners narrowed the many needs to three main categories which (1) required collaboration among regional players to make progress and (2) could be addressed by the Policy Partners during the remaining grant timeframe. The priority needs identified were:

- Water Availability and Efficiency
- Land Access
- Agricultural Workforce Development

To address the focus areas with a regional impact, Policy Partners created a list of actionable projects based on assessment results, listening sessions and direct feedback from producers. To assess public interest on which projects should be pursued, RCDGSDC hosted a series of three Policy Topic meetings at the Farm Bureau in July 2022. The goal of the meetings was to identify a menu of suggested projects for working groups to advance on each of the three policy topics. The full range of the agricultural community was invited: agricultural associations and producers, local and regional agencies and elected officials, supporting organizations, nonprofits, and educators. Each meeting began with a summary of the needs assessments results to frame the discussion on the common needs of the agricultural community and the existing programs available to support them.

Adam Wilson, an SD LAFCO consultant, facilitated the meetings, which benefited from his experience as a political and government consultant with a specialization in project planning and land management from 17 years of public service for San Diego County Supervisor Dianne Jacob. Under Supervisor Jacob, Wilson helped to create the Agricultural Promotion Program in 2017 which streamlined regulations for agricultural supporting industries (County, 2017).

Following the Policy Topic meetings, RCDGSDC proposed three options for tangible, achievable projects for each of the three topics, and presented them to regional stakeholders during the strategic planning meeting in September. Agricultural stakeholders, local agencies and supporting organizations were in attendance and formed the first working groups for each topic. Their first steps were to select a coordinator and identify steps to address the need. Each working group was formed with a balance of agricultural stakeholders, agency decision makers and supporting organizations.

Agricultural stakeholders are an essential element of the working groups as they are directly affected by policy and have the lived experience of regional challenges. Decisions made about a community without a member of that community at the table is unsustainable and sends the message that their input is not valuable. Supporting organizations, defined as nonprofit and community organizations, are crucial as advocates for the agricultural community and provide a perspective of intersectionality across multiple

demographics. Agency decision makers, defined as staff and elected representatives of municipal, regional, state and federal governing bodies, have the ability to affect change at the policy level and ensure that the needs of the agricultural community are being represented in their districts and jurisdictions. Agencies also have access to funding that individuals and non-profits may not.

Water Availability and Efficiency

The issue of Water Availability and Efficiency was the top priority for participating producers. Policy Partners were conscious of the limited ability to affect issues like water costs and availability, as even individual water districts do not control the largest portion of the water rates. The focus for water conservation and efficiency was instead through soil health and land management practices. The primary projects discussed for development were:

1. Create a CropSWAP pilot program, to incentivize the replacement of high-water demand subtropical groves with alternative perennials and/or avocado root stocks with lower water requirements per acre
2. Prepare a cost and demand analysis for recycled water in Escondido, where the city is piloting a recycled water program to supply local farms
3. Develop educational workshops in partnership with irrigation suppliers to implement new technologies

The project chosen by the working group was to design and identify funding sources for a San Diego County CropSWAP program. CropSWAP is a successful water conservation rebate program developed and offered by Rancho California Water District in Riverside County. Agriculture customers receive incentives to replace mature orchard trees, such as avocados, with high-density plantings or with new crops that have lower water requirements. The Rootstalk Swap program consists of replacing existing mature trees with improved root stalk hybrids that require less water and are more salt and disease tolerant. Growers are funded up to $15,000 per acre of crop conversion based on the amount of water saved.

The Water Availability and Efficiency working group was led by Darcy Cook, District Manager of Mission RCD. A diverse set of working group members discussed issues and constraints and gathered information about how to implement a regional CropSWAP program by learning more about eligibility requirements, logistics, administration, financial incentives, water savings per acre foot, and the crops which are most typically implemented with the CropSWAP program management team at Rancho California Water District. In late September 2022, RCDGSDC, in partnership with EGAP and the CA Association of Compost Producers, applied for CA Department of Food and Agriculture's Specialty Crop Block Grant to pilot this program, but were not awarded funding. The working group continues to look for funding sources and has generated interest from local water districts as well as Rancho California Water District, who has submitted a proposal for extending their future funding to include the San Diego region. In addition to program development, there has been discussion led by EGAP around how a comprehensive economic development program would be useful to determine specifically how agriculture contributes to the local economy with jobs, erosion control and carbon sequestration. The working group recommends that water districts collaborate on future regional funding opportunities with the support of product retailers like rootstock producers to incentivize producer participation in a local CropSWAP program and support a healthy agriculture industry.

Land Access

One of the greatest barriers to farmers is land access, specifically for beginning farmers and ranchers. Land conversion to residential and industrial development is also a very real threat to agriculture in the region. To address these complex issues, the Working Group focused on preserving existing open space for agricultural use and making land access more transparent for producers. The primary projects discussed for development were:

1. Using the County PACE program as a model, create a conservation easement pipeline to SALC for agricultural land easements, to permanently preserve specific parcels for agricultural use
2. Create a directory of public and private available land to facilitate matchmaking with farmers
3. Create a new farm plot program with City and/or County owned land to provide small-scale farmers space to farm on conserved land with supportive leases

For the working group project, program partners identified the need for a central database for matchmaking agricultural producers with public and private lands available for lease or sale. This database would support identification of available agricultural land, which is immediately helpful for producers looking to acquire land and also serves as a means to locate lands that could be transferred into conservation easements.

The Land Access working group was led by Stephanie Neal, Land Use and Environmental Planner of the County of San Diego's Sustainability Planning Division within Planning & Development Services. Together, the group developed a Request for Information (RFI) to obtain more information from the various companies that currently manage online databases to connect agricultural land holders and land seekers, such as California FarmLink. Nine companies were contacted for more information and invited to attend the working group to discuss further, however only one response to the RFI was received from California FarmLink. California FarmLink attended a working group meeting in December to answer any additional or clarifying questions from the group. The intent was to use the information gathered through the RFI and the subsequent meeting for the development of a Request for Proposals to solicit bids from these companies for potential partnership as a final product for the working group project. Because only one response was received, the working group is recommending a regional partnership with California FarmLink to host a central database to market both publicly and privately owned agricultural lands for sale or lease. Currently, their Land Portal is how they connect producers to available private parcels and is largely focused in Northern and Central California. In addition, they provide agreement building services, farm business education, and operate a Community Development Financial Institution certified by the Department of Treasury in 2013 with lending relationships with over 325 total borrowers in 37 California counties. Expanding their reach would require funding to sustain a regional position that serves San Diego, as well as potentially partnering with city and county offices to increase accessibility to publicly owned agricultural land.

Workforce Development

An industry is only as strong as its workforce, as seen firsthand how essential farm and food service workers are when COVID-19 ground food systems to a halt. As society continues to rebuild and readjust post-pandemic, labor shortages remain an issue for local producers. Producers also expressed the need for more technically skilled staff, access to equipment that would support more efficient operations and improved regional infrastructure to promote farmworker needs. There is also an agricultural education gap in the region that needs to be addressed. While there are strong 4-H and Future Farmers of America programs in more rural places like Ramona and Valley Center, there used to be more active branches in

suburban and urban communities. There are local higher education programs for people interested in pursuing agriculture as a career, but there is not a robust local pipeline for students to follow, and young people often leave the region to pursue their farming and ranching education.

The primary projects discussed for development were:

1. Creation of a model curriculum for San Diego agricultural education, with focus on short term classes and certifications to fill gaps in regional agricultural needs, and connecting farmers to students for internships and work trade programs
2. Subsidize equipment purchases for regional producers to reduce costs of operation
3. Development of streamlined permitting and subsidized farmworker housing

The Workforce Development working group, led by RCDGSDC, sought to increase the availability of farmworker housing by aligning existing regional programs which subsidize the cost and use of farmworker housing. This work addressed several issues, including the industry-wide labor shortage, regional housing shortage, and high startup cost for beginning farmers. Regional general plans consider farmworkers to be vulnerable populations eligible for affordable housing, but many farmworkers struggle to pay for or even to find housing. Most agricultural land in the County and municipalities is already zoned for at least one farmworker housing unit. However, the cost of construction and complex environmental permitting can make the process prohibitively slow and expensive. This working group gathered existing programs such as the County program for Accessory Dwelling Units, affordable housing incentives, grants programs and apprenticeships which have the potential to reduce the costs of permitting and construction. The project was modelled on the County of Ventura's Farmworker Housing program, which has consolidated and streamlined all processes for approving farmworker housing into a single department. This proof of concept can be used later on to develop a large-scale farmworker community that is fundable by state and federal grants. Co-benefits include ease of entry for beginning farmers, supporting vulnerable populations, and reducing vehicle miles travelled for climate action goals.

Proposed Policy Actions

The message is clear – local agencies need to develop policies to support the growth of the agricultural community in tandem with the growth of the region. Producers resoundingly asked for one deliverable to start the process: representation. Local agencies, districts and regional agencies need to designate qualified staff to provide direct representation to agricultural producers. Liaisons will help producers to navigate regulations among multiple layers of departments and jurisdictions. Liaisons will also support producers to benefit from local, state and federal funding opportunities which may be challenging to apply to, or which they may not even be aware of. To make this effective, government at all scales from districts to cities to County departments should coordinate on business development and climate change adaptation to better support agricultural needs. This agricultural planning program has demonstrated the potential for collaboration, which should now be directed toward policy reform.

Working with stakeholders through outreach efforts, policy meetings and working groups resulted in the ten policy recommendations which span multiple crop types, demographics, and regions of producers across the County. The top ten recommendations include:

1. Assign agricultural liaisons for city and county governments
2. Design lease agreements that invest in working lands
3. Create a regional land use plan to prioritize agriculture
4. Fund growers to transition to low water-use crops and irrigation
5. Equip and incentivize producers to adopt climate-smart practices
6. Streamline construction of farmworker housing
7. Develop advanced water treatment facilities with priority for agricultural use
8. Inform small farming opportunities through analysis of costs and benefits of small farms
9. Expand technical assistance by providing more vocational training
10. Build capacity of farmers and farmworkers with training and services

Each of these recommendations is most effective when led by a key player with relevant expertise and at the relevant scale of government. These recommendations are illustrated below with examples of ideal leaders for reform and implementation of each of the policy recommendations above at the local, regional, and state/federal scales.

Local Municipalities and Districts

First and foremost, local municipalities such as the cities of San Diego, Escondido and Oceanside and water suppliers including the County Water Authority should designate staff to provide direct representation to agricultural producers to navigate regulations and funding opportunities. With sufficient representation in place at all municipalities and water districts, the following three recommendations are possible.

Local municipalities should design lease agreements that invest in working lands, with the first step taken by the City of San Diego on the more than 5,000 acres of farmland in the San Pasqual Valley Agricultural Preserve. Development of beneficial lease agreements and incentives for agriculture on public lands with historic agricultural use can support additional incubator farms throughout the County, and in doing so promote the continued preservation and cultivation of agriculturally viable lands. Leases should balance multiple objectives of business viability, food production, natural resource conservation and community engagement. By designing long-term leases which benefit agricultural production, agencies gain an active partner to meet climate action goals with regenerative practices, protect existing carbon sinks and

manage the land for biological conservation objectives. In place of the Williamson Act, agencies should work with producers to make easement programs like PACE and SALC more accessible and incentivize regenerative practices on conserved lands [see Project Spotlight]. Land development rights can also be transferred to non-profit land trusts or conservancies to incentivize preservation of agricultural land.

As possible, local municipalities and water districts should develop advanced water treatment facilities adjacent to urban areas with priority for agricultural use wherever feasible, following the leadership of the City of Escondido [see Project Spotlight]. Reverse osmosis treated water provides an opportunity to augment supply and to improve water quality by mixing higher quality water with imported water or groundwater with higher concentrations of salts. MWDSC considers agricultural use to be interruptible, but the supply from treated water would be buffered against interruption during drought periods. Water districts with different customer bases have an opportunity to collaborate, as urban water districts will produce more wastewater while rural districts will have eager customers. Following the regional norm, one third of the water that is processed through reverse osmosis should be prioritized for agricultural use, and any savings in treatment and conveyance costs passed on to the agricultural producers. In addition, agencies can promote investment in water efficiency and groundwater recharge, supported with safeguards for local food producers through technical and financial assistance.

Local municipalities should streamline construction of farmworker housing in accordance with general housing plans for vulnerable populations, including cities with few farms but which neighbor agricultural areas. Pre-approved plans are already available at some agencies such as the County of San Diego. However, farmworker verification and centralized administration would allow for more extensive construction, broader enrollment, and access to rent subsidies. Streamlined permitting and incentivized construction of farmworker housing on agricultural lands will provide an example of a housing system that works as a model for the region.

Regional Agencies and Organizations

County-wide agencies such as the County of San Diego, San Diego Association of Governments (SANDAG) and the SD County Water Authority should designate qualified staff to provide direct representation to agricultural producers to navigate regulations and funding opportunities. The County of San Diego has led the way by staffing individuals or teams in various departments; but due to the immense scale of the County, more than one representative is needed to coordinate the many regulations and programs across all departments and serve as a contact for producer inquiries. With sufficient representation in place at all regional agencies, the following three recommendations are possible.

Regional agencies should collaborate to create a regional agricultural land use plan, where the County of San Diego can lead the process and involve SD LAFCO and SANDAG. The County has extensive land use planning efforts underway for working lands, and SANDAG is currently developing its most recent regional plan. These plans should be coordinated and specify agricultural needs to prepare the industry for projected pressures and opportunities, much like the 2018 Santa Clara Valley Agricultural Plan. Agencies should cooperate with the agricultural community to develop the content of the plan and could use existing plan types for transportation and species conservation as a prototype for a regional agricultural plan. Beyond land use, the plan should also consider supporting industries and organizations through the development of marketing support and food hubs across the region [see Project Spotlight], a persistent need that was identified in 2005 (County, 2009).

Regional agencies should fund growers to transition to low water use crops and irrigation, led by the San Diego County Water Authority in collaboration with member agencies with agricultural customers. Water

prices will continue to rise as the per capita supply decreases and as more municipalities convert to fully treated water. The regional opportunity for chronic drought adaptation is by shifting to more resilient crops. The CropSWAP program, pioneered by neighboring Rancho California Water District, incentivizes replacement of high-water demand subtropical groves with alternative varietals, rootstock, and perennials, such as wine grapes and olives, which have a lower water requirement [see Working Group]. This program benefits the region by allowing producers to continue to produce food and manage the land, while benefitting water agencies by stabilizing the demand for agricultural water. Participation in the program should also incentivize the planting of lower water use crops by providing reduced rates for advanced treatment water.

Regional agencies should gather information about small farming opportunities by analyzing the costs and benefits of small farms, led by SD LAFCO with support from researchers at University of California Cooperative Extension. Agriculture is often minimized to being solely a business, when in reality it provides a myriad of economic, social and environmental co-benefits from a local food supply and recreational space to species conservation and climate mitigation. Even so, most producers wrestle with unstable prices for their crops and are not fully compensated for the societal and ecosystem services they provide. A holistic assessment of direct and indirect economic impact which specifies the co-benefits of the agricultural industry in the region could create a funding base that subsidizes growers for the contributions they make to the community. SD LAFCO has initiated this process in collaboration with the County of San Diego with the award of a new SALC Planning grant, which will analyze the cost of running a small farm for various commodities and inform the diversification of crop production.

State and Federal Agencies

To represent and serve producers, state and federal agencies already have the structures in place to assign liaisons to the local agricultural community. Tragically, leadership at these agencies have divested from the region, reducing the number of agency representatives, technical assistance providers, and grant managers that serve San Diego. As a result, many state and federal lands have gone underutilized or even fallowed altogether. The United States Department of Agriculture should lead the way for related state and federal agencies by increasing the number and skill level of technical service providers who serve producers on the ground in San Diego. With sufficient representation in place at major state and federal agencies, the following three recommendations are possible.

State and federal agencies should expand technical assistance with more vocational training and should equip and incentivize producers to adopt climate-smart practices, led by the California Department of Food and Agriculture. This could be accomplished by investing in additional agricultural and horticultural programs at local community colleges, with support from USDA's Beginning Farmer and Rancher Development Program. Because grant applications for incentive programs are often overly complicated, San Diego producers cannot compete for funding to improve their operations without direct assistance. Grant applications for conservation practice implementation should be redesigned with producer input to increase accessibility. Agricultural producers should be included in the design of the applications, online forms should only ask information once, be contained within one form, and reduced in length so that busy small-scale producers can complete the application without assistance.

State and federal agencies should build the capacity of farmers and farmworkers with training and services, led by the California Department of Labor. Established producers are struggling with overtime and minimum wage laws which paralyze industries which use seasonal farmworkers or grazers. Meanwhile, beginning farmers struggle to break into the agricultural industry without sufficient training for the practicalities of running a farm business. Agencies and organizations should dedicate workforce

and career support services to agriculture to expand the labor pool and improve quality of life for farmworkers. Doing so will also open new opportunities for climate mitigation by building the capacity of producers to implement climate-smart practices more effectively.

State and federal agencies should design lease agreements that invest in working lands, led by the California Department of Fish and Wildlife. Most farmers are of retirement age and over the next ten years an unprecedented amount of land will change hands across the country. Meanwhile, historic farmland and grazing land has been fallowed in an effort to conserve biological resources. State demonstrations have shown that beginning farmers adopt conservation practices at a higher rate, and that working lands can be agriculturally productive while also enhancing habitat for wildlife. State and federal agencies should open fallow or underutilized lands to cultivation with the condition of strategic monitoring of critical environmental metrics. Veteran farmers should be engaged to provide mentorship to the next generation of farmers and land stewards. Land access for beginning farmers is a focus of the 2023 Farm Bill and has potential for nationwide implications.

Project Spotlights

WATER | City of Escondido - Membrane Filtration Reverse Osmosis (MFRO) Facility

There is a large concentration of farmers in the vicinity of the city of Escondido, many of which are subtropical fruit producers. Over the last decade as drought has intensified, many growers have had no choice but to abandon their groves due to high water costs. Escondido had an existing Title 22 recycled water supply through their Hale Avenue Resource Recovery station and sought a way to expand their support for growers, reduce the level of wastewater being discharged into the Pacific Ocean, and limit reliance on imported water.

According to their project design, “the MFRO product water will be blended with recycled water that has not been treated by the MFRO process to produce water with a salt concentration appropriate for agricultural irrigation”, as avocados are especially sensitive to salt. This newly blended water will then be made available to agricultural users at a reduced rate, recognizing the vital role of farmers in Escondido’s economy and land use.

This historical project was developed between the City of Escondido, environmental engineers from Brown and Caldwell, and J.R. Filanc Construction Company. They broke ground on the facility in March 2021 and expect to be completed in 2023.

WORKFORCE | Foodshed Inc. Farm Hub

Foodshed Inc. is a 100% farmer operated- and owned-organization dedicated to reconnecting people to their food system and appropriately valuing the farmers who tend the land. Founded in 2020 by members of Solidarity Farm in Pauma Valley on Pauma Tribal land, they developed a small farm distribution hub to make locally and sustainably grown food more accessible to communities of concern. Weekly harvests are aggregated from over 20 small-scale producers and made available to purchase at affordable prices, as well as covered by subsidies like CalFresh. Central to their mission is the notion that farmers need to be compensated fairly for their work. 80% of each “food dollar” spent at Foodshed Inc. goes to the farmer, rather than the national average of 15%. Foodshed Inc. also incentivizes their producers to use regenerative farming practices which sequester soil carbon rather than extract from the land, and 5% of all sales go towards regenerative agriculture research and project implementation. They are also supported by grant funding and donations.

This business model, which is centered on producers and serving the community, encourages the growth of new and small farmers because they can rely on a network of resources and a steady market.

LAND | Purchase of Agricultural Conservation Easement Program (PACE)

Since the mid-1990's, San Diego has been ranked in the top ten counties in California with the largest net loss of irrigated farmland (DOC, 2015). To combat this loss, the County of San Diego adopted the PACE program into their General Plan in 2011, which promotes the commitment of parcels in unincorporated areas for permanent agricultural use. The program includes a monitoring component to ensure proper land use and also counts working lands in easements towards environmental mitigation banks.

This program is an example of organized regional support for the agricultural industry. In 2021, updates to the PACE program allowed more properties to be considered for conservation easements in an effort to support the County’s investment in their Climate Action Plan. This expansion shows how the

preservation of viable working lands has not only economic and social value, but will also help to reach the region's conservation goals.

Implementation Plan

Regional Vision

Agriculture is under historic pressure. What was once a dominant profession in San Diego has become threatened by rising land and labor costs, water prices, and climate change impacts. Some of these challenges may seem insurmountable, but we strongly believe that the first step to improve the industry is to reinvigorate the cultural importance of agriculture in our region. The shift towards an economy which thrives on tourism and manufacturing has resulted in the conversion of agricultural land to warehouses, factories, and hotels. Farms are taken for granted, as the majority of the local food supply is grown outside of the County, further diminishing the cultural connection to land management through the food we eat. We need to rebuild the narrative that agriculture is as critical to our economy and our regional identity as are our beaches and sunny skies. Investing in local farmers and ranchers not only makes San Diego more financially resilient, but also brings educational, nutritional, land use, and ecological co-benefits. Together we seek to build a community that is invested in sourcing food locally from producers that tend the land with climate-smart practices for the public good. Agriculture is a tool we can use to achieve our state's goals of reducing carbon emissions, and in the process educate and empower our local youth to proudly embrace the responsibility of land stewardship.

Key Collaborators

The policies highlighted above are critical to strengthening the agricultural industry. To ensure that they are implemented, government agencies and support organizations must demonstrate buy-in by prioritizing agriculture in policy change and fiscal commitments. More active stakeholder involvement from the agricultural community will ensure that there is ample opportunity for regional collaboration to consolidate resources and work towards solutions. Agency liaisons are sorely needed and are recommended as the top priority in order to continue the channels of communication developed during this process. The agricultural industry would benefit greatly with this increased representation both at the local and regional levels, as jurisdictions navigate further to protect and promote agriculture in the region. Carbon farming and irrigation efficiency incentives are well-developed around the State and can be implemented rapidly; these programs and services need to remain elevated for their continued execution within agricultural communities in order to meet regional climate action goals. Agricultural land use planning can begin immediately, but will require several years to complete. However, these long-term commitments will provide agricultural producers the on-going incentive and assurance to adapt and develop the industry. Reform of immigration, labor and environmental regulation are federal and state-level efforts, respectively, and the time to complete these goals is uncertain. But, local government agencies shall provide sustained advocacy through their legislative programs for their state and federal delegations.

Collaboration is critical to achieving these policy reforms. Regional players include agricultural stakeholders as well as government agencies and community organizations. Examples of leaders for policy priorities are given above, but teams of key players will need to collaborate to achieve these goals. This process has shown that lasting progress is made when stakeholders, agencies and supporting organizations are all at the table and have a stake in the outcome. Every local resident and business is a critical contributor because as consumers they have the power to invest in and as neighbors they have the power to advocate for local farms. Some of the key stakeholders in the implementation of these policies will include:

Agricultural Stakeholders

- California Farmlink (Ex: Policy 2, Lease Agreements)
- Escondido Growers for Agricultural Preservation (Ex: Policy 4, CropSWAP Program)
- Foodshed Inc. (Ex: Policy 10, Farmer Training)
- San Diego County Cattlemen's Association and Cattlewomen's Association (Ex: Policy 2, Lease Agreements)
- San Diego County Farm Bureau (Ex: Policy 1, Agricultural Liaisons)
- Vista Community Clinic – Farmworker Care Coalition (Ex: Policy 6, Farmworker Housing)
- Ramona Valley Vineyard Association (Ex: Policy 5, Climate-smart Practices)

Government Agencies

- California Department of Fish and Wildlife (Ex: Policy 2, Lease Agreements)
- California Department of Labor (Ex: Policy 10, Farmer Training)
- California State Parks (Ex: Policy 2, Lease Agreements)
- Cities of Escondido, Oceanside and San Diego, among others (Ex: Policy 1, Agricultural Liaisons)
- County of San Diego Department of Agriculture Weights and Measures (Ex: Policy 8, Cost Assessment)
- County of San Diego Department of Planning and Development Services (Ex: Policy 5, Climate-smart Practices)
- Natural Resources Conservation Service – Escondido Service Center (Ex: Policy 9, Technical Assistance)
- Resource Conservation Districts including Mission RCD, RCD of Greater San Diego County and Upper San Luis Rey RCD (Ex: Policy 9, Technical Assistance)
- San Diego County Local Agency Formation Commission (Ex: Policy 3, Regional Plan)
- San Diego County Water Authority and key member agencies (Ex: Policy 7, Recycled Water)
- San Diego Housing Commission (Ex: Policy 6, Farmworker Housing)
- Tribal nations such as the Pauma Band of Luiseño Indians, Mesa Grande Band of Mission Indians among other Kumeyaay, Luiseño, Cahuilla and Cupeño bands (Ex: Policy 5, Climate-smart Practices)
- United States Bureau of Land Management (Ex: Policy 2, Lease Agreements)
- United States Forest Service (Ex: Policy 2, Lease Agreements)

Supporting Organizations

- 4-H Youth Development (Ex: Policy 10, Farmer Training)
- Community Health Improvement Partners (Ex: Policy 8, Cost Assessment)
- Community Planning and Advisory Groups (Ex: Policy 3, Regional Plan)
- Consumers in urban and rural communities (Ex: Policy 7, Recycled Water)
- Future Farmers of America (Ex: Policy 10, Farmer Training)
- Land Developers in rural communities (Ex: Policy 6, Farmworker Housing)
- San Diego Food System Alliance (Ex: Policy 1, Agricultural Liaisons)
- University of California Cooperative Extension (Ex: Policy 4, CropSWAP Program)

Funding these efforts can take the form of direct government programs, but can also take advantage of state and federal grant programs and consumer payment for services. Potential sources of grant funding include:

- California Department of Conservation
    - Sustainable Agricultural Lands Conservation
- California Department of Food and Agriculture
    - Healthy Soils Program
    - State Water Efficiency and Enhancement Program
    - Specialty Crop Block Grant
- California Department of Housing and Community Development
    - Affordable Housing and Sustainable Communities
    - Low-Income Weatherization Program Farmworker Housing
- California Department of Water Resources
    - Integrated Regional Water Management
    - Water Use Efficiency
- US Bureau of Reclamation
    - WaterSMART Water and Energy Efficiency
- US Department of Agriculture
    - Environmental Quality Incentives
    - Land, Capital and Market Access
    - Off Farm Labor Housing
- Western Sustainable Agriculture Research and Education
    - Professional and Producer

The next stages of the process have already begun. This planning process made clear the needs of farmers and ranchers to thrive, but also revealed new questions about the degree of support needed and the cost to implement new programs. SD LAFCO will continue the planning process in collaboration with the County of San Diego with renewed funding from DOC. The new grant will analyze the cost of running a small farm for various commodities and inform the diversification of crop production to help stabilize the local agricultural economy.

Closing Statement

We cannot achieve this cultural shift in a vacuum. Farmers and ranchers need to be invited to the table as key partners in regional land use decisions. Local, state, and federal agencies can collaborate and share resources on projects that bolster agricultural support. The community can commit to investing more of their dollars in locally-grown food on carefully stewarded land. Our local schools can incorporate nutritional and environmental education into the classroom and introduce their students to the land and people that grow their food. San Diego can transition to an economy, an educational system and a climate which recognizes local agriculture as a core element of its identity, and fully values the agricultural producers who make it possible.

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Appendices

1. Figures
2. Maps
    a. Historic Extent
    b. Current Extent
    c. Unutilized Lands
3. Graphs
    a. Needs Assessment Results
4. Reports
    a. Mapping Results
        i. Storymap
        ii. Emissions Analysis
    b. Outreach Report
        i. Needs Assessment Consent
        ii. Needs Assessment Form
        iii. Spanish Language Needs Assessment Consent
        iv. Spanish Language Needs Assessment Form
        v. Producer Needs Assessment Results Summary
    c. Policy Priorities
        i. Local Policy Appendix
        ii. Strategic Plan
5. Advocacy Materials
    a. Initiative Project Sheets
    b. Outreach Pamphlet

8b

AGENDA REPORT
Business | Action

August 7, 2023

TO: Commissioners

FROM: Michaela Peters, Analyst I
Adam Wilson, LAFCO Consultant
Aleks Giragosian, Deputy Commission Counsel

SUBJECT: **Resource Conservation Districts Ad Hoc Committee | Report on Year One Tasks and Proposed Year Two Tasks and Related Actions**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report on the first year activities of the Resource Conservation Districts (RCD) Ad Hoc Committee in addressing assigned tasks generated as part of a recent municipal service review. The Ad Hoc includes nine appointed members with representatives from all three RCDs and staffed by LAFCO Consultant Adam Wilson and Deputy Commission Counsel Aleks Giragosian. Most of the Ad Hoc's work to date has involved navigating historical conflicts among the three RCDs in step with exploring new shared service opportunities and complying with LAFCO statutes. The latter consideration involves ensuring otherwise common out-of-agency service practices among the two largest RCDs – Mission and Greater San Diego – are properly reviewed, approved, or exempted by LAFCO. The first year concluded successfully with the Ad Hoc developing a master memorandum of understanding subsequently signed by all three RCDs to coordinate their service programs going forward as well as establish protocols to guide interagency projects whenever applicable. This includes agreeing to partner on grants that necessitate work beyond individual RCD boundaries and divide activities – either as a co applicant or subcontractor – based on expertise rather than geography with proper compensation.

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Harry Mathis, Alt., General Public

Staff recommends the Commission receive the report on the first year and authorize a scope of work for a second year to develop contemporary RCD service function and class designations as well facilitate coordinated boundary changes among all three local RCDs. It is also recommended the Commission revise the composition of the Ad Hoc from nine to six members through the reduction of the three at-large members.

BACKGROUND

Recent Municipal Service Review on RCDs

San Diego LAFCO completed a countywide municipal service review (MSR) on RCDs in February 2021. The MSR concluded – and among other key items – the need for the RCDs to align their existing and future service practices to their jurisdictional boundaries with exceptions to be authorized through the LAFCO approval process outlined in Government Code Section 56133. The MSR relatedly recommended the Commission proceed with an advisory committee to help address this and other key conclusions – including serving as a format to explore possible consolidations – functional or political – opportunities. A prospectus summarizing the MSR and its key recommendations is provided as Attachment One.

Prior Fiscal Year Workplan
Establishing an Ad Hoc Committee & First Year Scope of Work

San Diego LAFCO's adopted workplan for 2022-2023 included direction to commence with addressing the recommendations included in the MSR beginning with the creation of an Ad Hoc Committee to help advise the Executive Officer on related topics. In August 2022, the Commission proceeded to establish a nine-member Ad Hoc with six seats dedicated equally among the three RCDs via their general managers and selected board members. The other three members are at-large and represent agricultural, water, and fire protection industries. An initial scope of work was also approved to focus on addressing compliance issues for out-of-agency service practices and associated disputes between the RCDs. Additional details on the Ad Hoc and activities undertaken as part of the initial scope of work is detailed by Consultant Adam Wilson and provided as Attachment Two.

Current Fiscal year Workplan
Direction to Proceed with Second Year and Consider Expanded Scope of Work

San Diego LAFCO's adopted workplan for the current fiscal year includes direction to continue the Ad Hoc Committee process. This includes receiving a report on completing the initial scope of work as well as considering expansions to address other related topics as recommended.

DISCUSSION

This item is for San Diego LAFCO to receive a report on the first-year activities of the Ad Hoc Committee and related accomplishments. The item is also for the Commission to consider a recommendation to expand the scope of work in the second year to transition towards two related and otherwise next-up topics. These proposed topics involve (a) developing contemporary RCD service function and class designations as required under LAFCO statute as well as (b) facilitating coordinated boundary changes among all three local RCDs. The Commission will relatedly consider modifying the Ad Hoc to no longer include the three at-large members.

ANALYSIS

As detailed in Consultant Adam Wilson's memorandum (Attachment Two), the first year of the Ad Hoc Committee has been a success and marked by achieving its primary focus via the initial scope of work to bring RCDs' out-of-agency service practices into statutory compliance. Continuing the Ad Hoc for a second year is contemplated under the current workplan and meritorious with respect to developing contemporary RCD service function and class designations and facilitating coordinated boundary changes among all three local RCDs. The more technical focus of the expanded scope of work in the second year similarly supports modifying the Ad Hoc composition from nine to six and include RCD representation.

RECOMMENDATION

It is recommended San Diego LAFCO receive the report on the first-year activities of the Ad Hoc Committee and specific recommendations for the second year as detailed in the proceeding section under Alternative One.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative Action One (recommended):
Receive and file the written report – including the memorandum from Consultant Adam Wilson – and proceed with all of the following:

a) Modify the Ad Hoc Composition to include the following six members:
   - General Manager and Board Member from Mission RCD
   - General Manager and Board Member from RCD of Greater San Diego
   - General Manager and Board Member from Upper San Luis Rey RCD

b) Task the Ad Hoc to work on the following items:
   - Advise LAFCO staff in developing a contemporary list of RCD service function and class designations
   - Advise LAFCO staff in identifying appropriate boundary changes for all three RCDs – including opportunities to replace out-of-agency service activities

Alternative Action Two:
Continue consideration of the item and provide direction to staff as needed.

Alternative Action Three:
No action.

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda for action as part of the business calendar. The following procedures are suggested.

1. Receive verbal presentation from staff and consultants unless waived.
2. Receive comments from Ad Hoc Committee members.
3. Consideration the alternative actions and the staff recommendation.

On behalf of the Executive Officer,

Michaela Peters

Michaela Peters
Analyst I

Attachments:

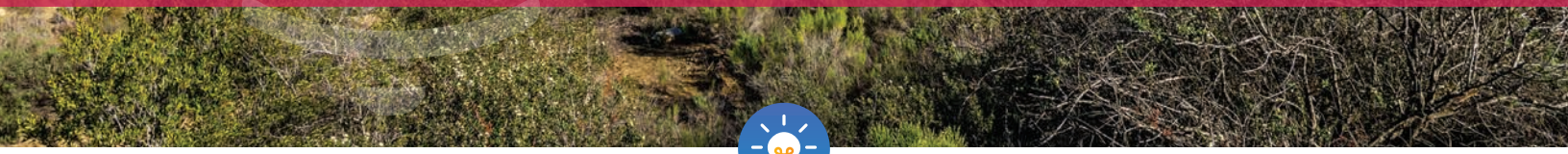
1) MSR Prospectus
2) Memorandum from LAFCO Consultant Adam Wilson

Municipal Service Review

RESOURCE CONSERVATION DISTRICTS

FINAL

REPORT SUMMARY | February 2021



General Themes and Conclusions

RCDs – originally known as Soil Conservation Districts – first emerged in California in the late 1930s and memorialized the State Legislature's interest to empower local landowners to proactively remedy soil erosion by water, wind, and other sources. RCDs' enabling legislation followed the Federal government's lead and the Soil Conservation Act of 1935, which responded to the "Dust Bowl" and created the Natural Resources Conservation Services to partner with states and local agencies to protect against soil erosion and loss of farmland. California's legislation, notably, initially focused RCDs in creating a local property tax base to supplement work by the Natural Resources Conservation Services through community engagement and technical expertise. Subsequent legislation through the early 1970s reoriented RCDs as stand-alone agencies with an expanded focus to also include wildlife.

An initial round of RCD formations in San Diego County started in the early 1940s with additional formations continuing through the 1960s. At the height, there were 15 RCDs operating throughout San Diego County. New restrictions in raising tax revenues tied to Proposition 13 coupled with land use changes beginning in the 1970s led to a course reverse and a trend in consolidations through the 1990s as smaller RCDs (Borrego, Julian, Lakeside, Penasquitos, Valley Center, etc.) folded into larger RCDs with greater economies of scale. Changes in land uses, pertinently, involved a significant expansion of urban development in step with San Diego County's population more than doubling between 1970 and 2000 from 1.357 million to 2.815 million; a difference translating to the average net addition of 135 new residents in San Diego County each day over a 30-year period. The substantive result was the methodical drawn-down in RCDs to the remaining three in operation

today along with the realignment of service activities to be largely guided by available grant funding.

A review of the three RCDs operating in San Diego County relative to San Diego LAFCO's growth management tasks and interests as prescribed under statute produces eight central themes or conclusions. These conclusions are in linear order and collectively address the availability, demand, and performance of RCD services as well as challenges and opportunities proceeding forward. The conclusions are independently drawn and sourced to information collected and analyzed between 2015 and 2019 and detailed in the agency profiles.

RCDs – originally known as Soil Conservation Districts – first emerged in California in the late 1930s and memorialized the State Legislature's interest to empower local landowners to proactively remedy soil erosion by water, wind, and other sources. RCDs' enabling legislation followed the Federal government's lead and the Soil Conservation Act of 1935, which responded to the "Dust Bowl".



No. 1
Introductory Municipal Service Review

This report marks San Diego LAFCO's first municipal service review on RCDs in San Diego County and in doing so serves as a substantive new introduction of the Commission to all three affected agencies. Marking this introduction is addressing relatively new LAFCO statutes and responsibilities to the affected agencies in real-time while proceeding with an otherwise unfamiliar and relatively detailed service review process. Similarly, this introduction for the Commission reorients this municipal service review to focus on establishing baseline information for all three affected agencies with the intention of expanding the analysis – and specifically providing more quantitative measurements – in future municipal service reviews.

No. 2
And Then There Were Three

Over the last 40 years the number of RCDs in San Diego County have gradually decreased from 15 to the three – Mission, Greater San Diego County, and Upper San Luis Rey – remain today. This draw-down reflects a statewide trend and follows multiple consolidations where smaller RCDs have voluntarily folded into larger RCDs. The underlying attributes to the draw-down involve restrictions in generating new tax revenues paired with changes in land uses and expansion of the urban footprint.

No. 3
Outdated Principal Act

RCDs' principal act has remained largely unchanged since the 1970s and has become increasingly antiquated in aligning service powers with current resource conservation practices and needs. The principal act – relatedly and pertinently – has also fallen out of step with LAFCOs' oversight role of RCDs and highlighted by creating ambiguity in the Commission's task in statute to establish and regulate functions and classes of services. The cumulative effect of the principal act's antiquation are higher levels of local discretion needing to be exercised by the affected agencies as well as the Commission that may or may not sync with legislative expectations.



Anza-Borrego Desert from Volcan Mountain Preserve view point in Julian, California

No. 4
Influence of Grant Funding

RCDs represent a unique outlier among special districts given their funding status and dependency on outside grants fall outside the traditional criteria of operating either as an enterprise (direct fees for services) or non-enterprise (tax supported) agency. Alternatively, and as illustrated locally, the three RCDs in San Diego County operate more similarly to non-profit organizations with grants more so than other factors guiding decision-making in delivering municipal services. This dynamic also further illuminates the antiquation of the RCD principal act given the nature of grant funding to address current interests and needs and increasingly prompts the affected agencies – and more specifically Mission RCD and RCD of Greater San Diego County – to take on service programs beyond the clear and/or explicit provision in statute.

No. 5
RCD Services Need to Reflect Boundaries

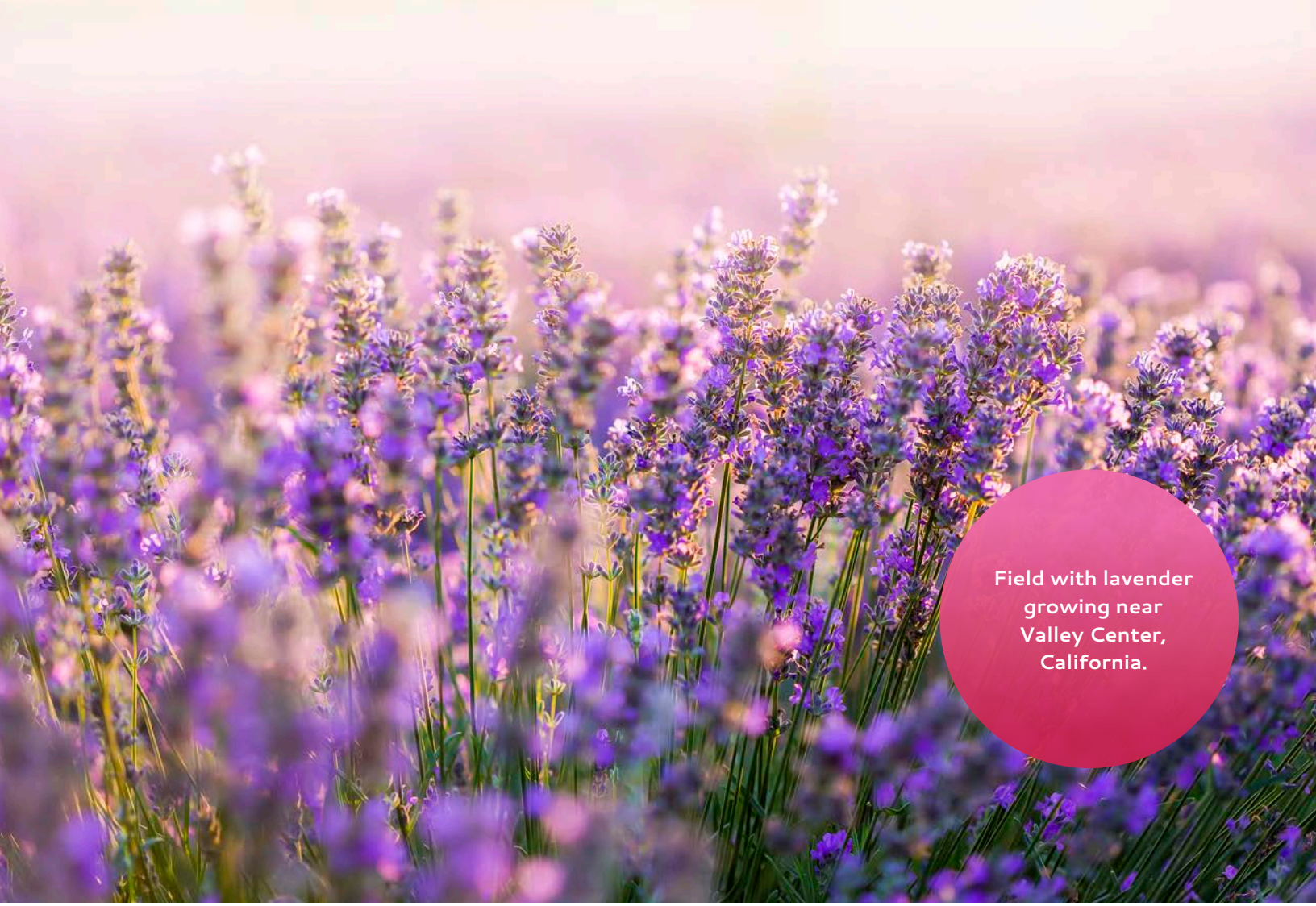
Two of the three affected agencies – Mission RCD and RCD of Greater San Diego County – have invested significant resources in providing services outside their jurisdictional boundaries without having received approval from San Diego LAFCO as required under statute. These irregular service activities – while premised on good intentions – diminish the function and role of jurisdictional boundaries and have contributed to conflict among the agencies. These conditions require correction and may lead to substantive changes in these agency operations and/or fiscal standing.

No. 6
Expanded – and Expanding – Role for RCDs

The three affected agencies' formations date to a period where constituency needs were focused on receiving water and soil expertise to protect and enhance farmland with the related assumption these interests were limited to unincorporated lands. Subsequent demographic and societal changes have measurably expanded these roles to be more holistic and now connect to wildlife habit, wildfire prevention, and climate change through technical, education, and advocacy services. These benefits, pertinently, also extend into the incorporated communities and merit expansion of RCD boundaries into adjacent cities lying in shared watersheds where appropriate.

No. 7
Recent Downward Fiscal Trends for Two RCDs

Two of the three affected agencies – Mission RCD and RCD of Greater San Diego RCD – finished the five-year report period trending negatively in standard measurements used by San Diego LAFCO in the municipal service review process. Both agencies finished with overall negative total margins over the 60-month period paired with double-digit percentage decreases in liquidity levels. These changes were most impactful Mission RCD as it finished the report period with only one month of unassigned monies in its General Fund to meet average operating costs.



Field with lavender growing near Valley Center, California.

No. 8
Clarifying Upper San Luis Rey RCD's Role in Managing Groundwater

Upper San Luis Rey RCD is a member of the Pauma Valley Groundwater Sustainable Agency (GSA) along with Yuima Municipal Water District and the Pauma Valley Community Services District and responsible for developing and implementing a plan to achieve long-term groundwater sustainability in the local basis. RCD's participation began in 2017 and ties to its water conservation powers under the RCD principal act and – notably – provides the GSA complete coverage of the subbasin as required under statute. However, and in response to stakeholder comments in preparing this report, additional review is needed to determine whether the RCD's water conservation powers were "active" at the time of joining the GSA or if the District should request and receive activation approval from LAFCO.

No. 9
Purposeful LAFCO Pause

The introductory role of this municipal service review coupled with other noted factors – including the more immediate need to sync services and boundaries – suggest a purposeful pause is merited before proceeding with next level analyses. Most notably, this includes deferring the Commission's evaluation of shared resource opportunities, such as functional and/or political consolidations, to the next municipal service review cycle.

Recommendations

The following recommendations call for specific action either from San Diego LAFCO and/or one or more of the affected agencies in the Fallbrook region based on information generated as part of this report and outlined below in order of their placement in Section 5.0 (Written Determinations). Recommendations for Commission action are dependent on a subsequent directive from the membership and through the annually adopted work plan.

1. San Diego LAFCO affirms resource conservation functions are explicit municipal services under CKH and support – both through direct and indirect means – orderly growth and development in San Diego County. LAFCO should accordingly incorporate regular reviews of RCD functions as part of future municipal service review cycles.
2. San Diego LAFCO should collaborate with the County of San Diego and SANDAG to develop buildout estimates specific to each affected agency and incorporate the information into the next scheduled municipal service review.
3. San Diego LAFCO should coordinate with all three affected agencies in developing performance measurements to help quantify capacity–demand relationships in each jurisdiction to appropriately inform future studies and/or reorganizations.
4. San Diego LAFCO should work with stakeholders and local legislators to propose a comprehensive rewrite of the RCD principal act and – among other benefits – clarify service function powers relative to current and anticipated community needs.
5. Irrespective of other efforts, San Diego LAFCO should proceed and address RCDs in the scheduled update to Rule No. 4 and the associated statutory directive for the Commission to formalize and regulate special districts' functions and classes.
6. All three affected agencies should voluntarily proceed in taking necessary corrective measures to ensure regulatory compliance with San Diego LAFCO and statutory emphasis therein to align municipal services with jurisdictional boundaries.
7. All three affected agencies are reminded to request and receive written approval or confirmation of exemption before entering contracts or agreements to provide municipal services outside their jurisdictional boundaries per G.C. Section 56133. None of the affected agencies are authorized to self–exempt under this statute.



Agricultural lands in Fallbrook, California.

8. San Diego LAFCO recently issued a cease and desist order to Mission RCD to terminate unauthorized out–of–agency services provided within the boundary and sphere of influence of RCD of Greater San Diego. It is unclear whether Mission RCD has complied with this order and accordingly additional action by LAFCO may be appropriate.
9. Upper San Luis Rey RCD should review the prescriptive requirements recently enacted (Assembly Bill 2257 and Senate Bill 929) and make conforming changes to their website and improve communication with constituents. Most urgently, this includes posting agendas and minutes online and in a timely manner as required under the Brown Act.



Recommendations

10. The County of San Diego should consider expanding their permit process to include erosion and sediment control plan reviews by applicable RCDs to enhance coordination among government agencies for the benefit of shared constituencies.
11. All three affected agencies can enhance their accountability to the public by providing video-recordings of board meetings online in step with their increasingly emphasized roles to educate and disseminate information on resource conservation best practices.
12. Notwithstanding other recommendations, San Diego LAFCO should immediately proceed with an addendum to determine if Upper San Luis Rey RCD has authority under LAFCO statute to provide water conservation and/or similar services under the principal act necessary to be a member of the Pauma Valley Subbasin GSA.
13. San Diego LAFCO should expand on the baseline information collected in this introductory municipal service review and provide a more quantified assessment of the three affected agencies services and related trends. The subsequent review should also – markedly – dutifully explore reorganization options, including functional and/or political consolidation opportunities.
14. San Diego LAFCO should proceed and update all three affected agencies' spheres with no changes and in doing so satisfy its planning requirement under G.C. Section 56425.

Memorandum to San Diego LAFCO

To: Mr. Keene Simonds, Executive Officer
From: Mr. Adam Wilson, Consultant
Date: July 28, 2023

RE: RESOURCE CONSERVATION DISTRICTS AD HOC COMMITTEE FIRST YEAR REPORT

OVERVIEW:
This memorandum serves to provide a first-year update to the Executive Officer and LAFCO Commission regarding the overall efforts and results of the Resource Conservation Districts (RCD) Ad Hoc Committee. Additionally, this report provides recommendations that would complement the recent accomplishments and facilitate next steps for San Diego LAFCO.

BACKGROUND:
On August 1, 2022, the LAFCO Commission approved agenda item 7c to establish an advisory committee to directly assist the Commission in implementing recommendations included in a recent municipal service review on RCD's. The purpose of this committee would be to align their existing and future service practices to their jurisdictional boundaries with exceptions as authorized through the LAFCO approval process outlined in Government Code Section 56133. Additionally, the committee would be tasked to resolve other jurisdictional matters and seek opportunities that would help promote independently and collectively a more effective and efficient delivery of RCD programs and services.

RCD AD HOC COMMITTEE:
The RCD Ad Hoc Committee met five (5) times commencing on October 11, 2022 and concluded their work on May 11, 2023. I served as moderator for each meeting and support was provided by LAFCO's administrative staff and Deputy General Counsel, Aleks Giragosian.

The Ad Hoc Committee's first task was to establish a working agenda (Attachment A) which served as their compass to the overall process and main objectives. The Committee was able to then define and detail how RCDs operate to better understand their purpose and function. Additionally, they each identified their current boundaries and provided a comprehensive list of the programs and services they deliver.

However, the issue that became most illuminated and with heavy interest involved the delivery of regional water audits through a San Diego County Water Authority program. In fact, this had historically been a major area of contention between RCDs due to services being provided outside of district boundaries. Ultimately, this led to a cease-and-desist action from one RCD to another. Furthermore, we received public comment from Valley Center Municipal Water District which requested immediate resolution to this issue so services to the community would

not be disrupted now and into the future. To find resolve to this matter in a more harmonious way, item 3 on our working agenda became the natural and principal focus of the Ad Hoc Committee's effort and specifically, to reconcile out-of-agency service delivery via three options:

1. LAFCO approval or exemption determination via Government Code 56133.
2. Expand organizational boundaries through the LAFCO process.
3. Develop a Memorandum of Understanding (MOU) between the 3 RCDs.

KEY ACCOMPLISHMENT:
The RCD Ad Hoc Committee determined the best and most appropriate option would be to develop a MOU amongst the 3 agencies. The MOU was developed collaboratively with participation by all 3 RCDs including key contributions from their legal representatives. The premise of the MOU is to serve as the guiding document which provides the terms and conditions on how the 3 RCDs perform services – both independently and cooperatively. The MOU also served to outline a mediation process to resolve any future disputes. The full RCD Ad Hoc Committee unanimously approved the MOU at their last meeting on May 11, 2023.

It was with great appreciation and pleasure to have had an engaged committee that was able to put their historic differences aside and focus on the future with the greater good in mind.

RECOMMENDATIONS:
Given the most recent MOU, it appears the most appropriate next step – and my recommendation – to transition into a second year of collaborative work and complete the following tasks relative to previous efforts.

1. LAFCO Commission should receive and file the MOU as a participatory party to the agreement.
2. Conduct a GIS mapping exercise to update and formally codify each RCD's boundaries.
3. Provide an overlay in the mapping that illustrates each RCD's programs and services.
4. Reconstitute the existing RCD Ad Hoc Committee from 9 members to 6 members (eliminating the at-large members).
5. Work with new RCD Ad Hoc Committee to advise LAFCO staff in developing a new contemporary list of RCD service functions and class designations to align with the updated Principal Act.
6. Work with new RCD Ad Hoc Committee to identify any appropriate boundary changes.
7. Work with new RCD Ad Hoc Committee to identify any future changes to RCD funding mechanisms.

Thank you for the opportunity over the last year and the Commission's consideration of the continuation of our collective effort to a more effective and efficient service delivery in the region.

RCD AD HOC COMMITTEE WORKING AGENDA

October 10, 2022

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1. Define and detail how RCD's are structured, financed and operated to better understand their purpose and function.

2. All 3 RCD's need to identify any inconsistencies between RCD boundaries and current service activities
    a) task them to provide LAFCO their known boundary and all the current services they provide / and where.

3. If any RCD wants to continue and/or start services beyond their boundaries they need to resolve via 3 potential solutions:
    a) LAFCO approval via Government Code 56133 (out of service contract with LAFCO approval to service or exemption)
    b) expand their boundaries through LAFCO process
    c) potential MOU's between organizations

4. LAFCO will work with the RCD's and other stakeholders in proposing rewrite to the RCD Principal Act.
    (This matter will be tabled but will be kept on our radar since issues that come up during our Ad Hoc efforts may warrant action on this item through other possible avenues).

5. Help define and establish appropriate listing of RCD's existing functions and applicable classes under LAFCO statues (i.e., latent powers / process)

6. Explore opportunities for shared service arrangements (i.e. grant writing, financial resources)

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8c

AGENDA REPORT
Business | Discussion

August 7, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Comprehensive Update to Personnel Policies | Proposed Scope of Work**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a proposed scope of work involving its scheduled comprehensive update to the personnel policies. The scope of work has been prepared by the Commission's contract human resources consultant – Regional Government Services Authority or "RGS" – and reflects their assessment of LAFCO's needs with input from the Executive Officer and Assistant Executive Officer. The scope of work is being presented for discussion and input before RGS' proceeds with the drafting the update for future presentation to the Commission.

BACKGROUND

Human Resources Support & Current Personnel Policies

Beginning in October 2022, San Diego LAFCO contracts with RGS to provide human resources support services. These support services are billed hourly and primarily focus on employee relationships ranging from benefit and leave administration to performance management. This relatedly includes reconciling the Commission's own policies on a limited number of personnel topics with more expansive cross-references to the County of San Diego's policies.

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Adopted Workplan & Comprehensive Update to Personnel Policies

San Diego LAFCO's current workplan was adopted at a noticed public hearing in May 2023 and includes 30 priority-listed projects for the fiscal year. This includes a two-part project tied to a comprehensive update to personnel policies and divided between setting a scope of work and proceeding with the drafting of the document itself in notional phases. The underlying intent to this two-part project is to scale LAFCO's personnel procedures as a stand-along document and reflect the employer-employee needs of a relatively small government agency.

DISCUSSION

This item is for San Diego LAFCO to receive a proposed scope of work prepared by RGS and done so as part of the first part of a two-part comprehensive update to LAFCO's personnel policies. The proposed scope of work is detailed in Attachment One and divides the update into four distinct and muti-content phases: introduction; working conditions; employment administration; and leave administration. Commission feedback – whether in the form of revisions and/or content suggestions – will be incorporated into the scope of work utilized by RGS in proceeding forward with drafting the update for future presentation.

ANALYSIS

The proposed scope of work before San Diego LAFCO has been scaled to the Commission's otherwise unique setting as a public agency with less than 10 fulltime employees. This includes addressing enduring workforce themes with respect to setting clear rules and expectations of employment, guidance for training and development opportunities, and fair and certain conflict resolution. This also includes addressing more modern themes ranging from post-pandemic work-life conditions (hybrid schedules, cybersecurity, remote risk-management, etc.) as well as evolving social norms (appearances, communications, etc.). Commission feedback is desired to help ensure the scope of work sufficiently captures the membership's collective interests and priorities as this project proceeds forward.

RECOMMENDATION

This item is presented to San Diego LAFCO for discussion only.

ALTERNATIVES FOR ACTION

None.

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda for discussion as part of the business calendar. The following procedures are recommended in the consideration of this item:

1) Receive verbal presentation from staff unless waived.
2) Invite comments from interested audience members if any.
3) Provide feedback to staff as requested.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachment:

1) Proposed Scope of Work to Update Personnel Policies

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Project Scope of Services

1. Provide a draft set of comprehensive personnel policy documents to the Agency. To accomplish this deliverable, RGS Advisor(s) will:

    a. Collect and review all existing personnel-related policy documents (i.e., existing Personnel Rules, MOU's, compensation resolutions, benefits resolutions, employee handbooks, administrative and payroll policies, and personnel-related sections of local government codes, etc.).
    b. Provide a recommended set of comprehensive personnel policies, which may incorporate unique local ordinances, resolutions and appropriate practices as described in existing documentation.
    c. Identify what supplemental documents and forms should be created and/or retained and referenced for correct administration. Provide information regarding existing policies or practices which should be eliminated entirely.
    d. Engage in problem-solving and project-planning meeting(s) with Agency project staff, and will develop action plans and timelines as needed for accomplishment of project activities.
2. Be reasonably available to perform the services during the normal work week. Provide project summary reporting as often as necessary for the purpose of consulting about the scope of work performed with the appropriate Agency project manager.

3. RGS will maintain open communication lines with Agency staff through written documentation, video conference calls, phone, and e-mail.

4. The Agency will only be invoiced for the actual hours worked. The work will be done remotely.

5. Projects and activities may be modified on request of the Agency.

A. GENERAL PROVISIONS

1. Introduction
2. Severability

B. WORKING CONDITIONS

1. Ethical/Legal Conduct
2. Equal Employment / Harassment, Discrimination and Retaliation
3. Outside Employment
4. Conflict of Interest
5. Confidential Information
6. Electronic and Computer Use
7. Use of Personal Vehicle
8. Teleworking
9. Employment of Relatives
10. Drug and Alcohol Free Workplace
11. Health and Safety
12. Workplace Violence
13. Travel and Expense Reimbursement
14. Lactation Policy
15. Whistleblower
16. Complaint Procedure

C. EMPLOYMENT ADMINISTRATION

1. Employee Standards
2. Discipline Procedures
3. At-Will Employment
4. Probationary Period
5. Background Checks
6. Work Week and/or Hours of Work
7. Overtime
8. Timekeeping Requirements
9. Compensation/Direct Deposits
10. Pay Days
11. Benefits
12. Tuition Reimbursement
13. San Diego County Employees Retirement Association
14. Attendance
15. Dress Code
16. Electronic File Management
17. Recruitment and Selection
18. Employee Records
19. Training
20. Reasonable Accommodation
21. Workers Compensation
22. Separation of Employment

D. LEAVE ADMINISTRATION

1. Holidays
2. Sick Leave
3. Vacation
4. FMLA and CFRA
5. Pregnancy Disability Leave (PDL)
6. Unpaid Leave of Absence
7. Victims of Violent Crimes
8. Military Leave
9. Bereavement Leave
10. Jury Duty / Court Appearances
11. Time Off to Vote

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AGENDA REPORT
Business | Action

August 7, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Erica Sellen, Executive Assistant

SUBJECT: **Outside Audit Report on Fiscal Year 2021-2022**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an outside audit report on the financial statements issued for 2021-2022. The outside audit has been prepared by O'Conner & Associates (Novato) and concludes all tested transactions were accompanied by sufficient documentation and no material weaknesses were identified. The audited fund balance finished at $1.505 million and reflects a year end change of ($0.074 million) or (4.7%) from the prior fiscal year and the result of a budgeted draw-down on reserves to limit new agency contributions. The outside audit and accompanying management letter are being presented to the Commission to formally accept and file as well as to provide direction to staff on related matters going forward.

BACKGROUND

Accounting Procedures

San Diego LAFCO's financial transactions are managed by the Executive Officer and divided between maintaining accounts with the County of San Diego and San Diego County Credit Union. Accounts with the County serve as the primary depository for the fund balance and used for most receivable/payable transactions. LAFCO maintains these accounts through a County issued PeopleSoft license via the Auditor-Controller's Office. An account with the San

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Diego County Credit Union is separately used to cover relatively small and/or time sensitive transactions and provides LAFCO access to its own credit line. Transactions within this account are maintained through QuickBooks. Management of all LAFCO accounts is also aided through a contract with Leaf and Cole LLP (San Diego) to provide monthly bookkeeping and reconciliation services.[1]

DISCUSSION

This item is for San Diego LAFCO to receive an outside audit prepared by O'Conner & Associates (Novato) on the financial statements prepared by staff for 2021-2022. The report is part of the adopted workplan and accompanied by a management letter addressed to the Commission summarizing O'Conner & Associates' findings with respect to compliance and internal controls. An outlining of key items drawn from the outside audit follow and further detailed in the management's discussion and analysis section included in the report.

- LAFCO finished June 30, 2022 with a fund balance of $1,504,941 and reflects a change over the prior fiscal year of ($74,145) or (4.7%). This change ties to a budgeted operating shortfall and associated use of reserves to limit agency contributions. (The budgeted draw down on reserves heading into 2021-2022 was $82,500.) The ending fund balance is entirely unrestricted with $829,941 unassigned.

- LAFCO's finished June 30, 2022 with a net position of ($30,764) and reflects a change over the prior fiscal year of ($5,489) or (2.2%).

  - LAFCO's adjusted net position less any accrued pension liabilities totaled $1,145,378 and reflects a change of ($1,184,745) or (50.8%). This change is attributed to booking LAFCO's new 10-year office space lease under GASB 87.

- No adjustments were necessitated during the audit process.

- The management letter makes two related recommendations to the Commission going forward – both involve best practices under GASB 87.

  - The first recommendation is for LAFCO to establish a capitalization policy for right-to-use lease liabilities over $40,000.

  - The second recommendation is to keep lease terms month to month or as annual leases whenever possible.

[1] San Diego LAFCO amended its fiscal policies in March 2009 to establish an annual outside audit process. Davis Farr (Irvine) prepared the first outside audit covering 2008-2009 and proceeded to prepare annual audits thereafter through 2017-2018. The Commission transitioned outside auditing services to R.J. Ricciardi (now O'Conner & Associates) beginning with 2018-2019.

ANALYSIS

The outside audit and accompanying management letter from O'Conner & Associates affirmatively attest San Diego LAFCO's financial statements accurately reflect the Commission's financial position as of June 30, 2022. It also attests LAFCO's accounting practices – including maintaining appropriate documentation and related records – is good, i.e., no material weaknesses and/or omissions were identified. Staff also agrees with the recommendation made to establish a capitalization policy for lease liabilities. Staff will work with our bookkeeper – Leaf and Cole – in assessing the appropriate threshold.

RECOMMENDATION

It is recommended San Diego LAFCO formally receive and accept the outside audit and associated management letter for 2021-2022 and provide any direction to staff going forward. This recommendation is provided as Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Receive and accept the audit report and accompanying management letter for 2021-2022 with any related direction going forward.

Alternative Two:
Continue the item to the next regular meeting and provide direction to staff for additional information as needed.

PROCEDURES

This item has been placed on the agenda for action as part of San Diego LAFCO's business calendar. The following procedures, accordingly, are recommended.

1) Receive verbal report from staff unless waived.
2) Commission discussion.
3) Consider the staff recommendation.

On behalf of staff,



Keene Simonds
Executive Officer

Attachments:

1) Audit Management Letter
2) Outside Audit for 2021-2022

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SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

SAN DIEGO, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2022

O'CONNOR & COMPANY

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1-2
Management's Discussion and Analysis – Required Supplementary Information (unaudited)	3-6
Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Fund	9
Reconciliation of the Governmental Fund - Balance Sheet with the Governmental Activities Statement of Net Position	10
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance	11
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance with the Statement of Activities	12
Notes to Basic Financial Statements	13-29
Required Supplementary Information – (unaudited)	
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	30
Notes to the Required Supplementary Information	31
Schedule of the Commission's Proportionate Share of Net Pension Liability	32
Schedule of Contributions	33
Schedule of Change in the Net OPEB Liability and Related Ratios	34
Schedule of Contributions - OPEB	35

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INDEPENDENT AUDITORS' REPORT

Commissioners
San Diego Local Agency Formation Commission
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the San Diego Local Agency Formation Commission as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise San Diego Local Agency Formation Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of San Diego Local Agency Formation Commission, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Diego Local Agency Formation Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

Implementation of New Accounting Standards

As discussed in Notes 2F, 2G, 5 and 6 to the financial statements, San Diego Local Agency Formation Commission implemented Governmental Accounting Standards Board Statement No. 87, *Leases,* which became effective for the year ended June 30, 2022 and had material effects on the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Local Agency Formation Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Unites States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the Unites States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Diego Local Agency Formation Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Local Agency Formation Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-6) and the required supplementary information (page 30-35), which follows this report letter, and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

O'Connor & Company

O'Connor & Company

Novato, California
July 31, 2023

This section of San Diego County Local Agency Formation Commission's (LAFCo's or the Commission's) basic financial statements presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2022. We encourage the reader to consider the information presented here in conjunction with the basic financial statements as a whole.

The required financial statements include the Statement of Net Position and Governmental Funds Balance Sheet; and the Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of LAFCo.

Financial Highlights

- LAFCo finished June 30, 2022 with a net position of $(30,764), which includes all pension, post-employment liabilities and GASB 87 lease implementation. This amount represents an overall change of $(5,489) from the prior fiscal year total of $(25,275). Additional details follow:
  - The change in the net position is largely attributed to actuarial calculations in long-term pension liabilities valuation to LAFCo by the San Diego County Employees Retirement Association from $2,305,366 on June 30, 2021 to $1,135,902 on June 30, 2022.

Fund Level

- LAFCo finished June 30, 2022 with a total fund balance of $1,504,941. The unassigned portion of the fund balance totaled $829,941 with the remainder - $675,000 - dedicated to specified uses as follows:
  - The committed portion of the LAFCo fund balance totaled $550,000 and was dedicated for opportunity and stabilization purposes.
  - The assigned portion of the LAFCo fund balance totaled $125,000 and was dedicated for special legal expenses and/or authorized fee waivers.
- LAFCo's fund balance on June 30, 2022 represents an overall change of (4.7%) – or ($74,145) – over the prior fiscal year. This change represents the overall difference between LAFCo's actual operating revenues and actual operating expenses during the fiscal year.

The Basic Financial Statements

The Basic Financial Statements comprise the Combined Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of LAFCo's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of LAFCo's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of LAFCo as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of LAFCo's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of LAFCo's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of LAFCo's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report LAFCo's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of LAFCo's Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of LAFCo and are presented individually. Major Funds are explained below.

The Government-wide Financial Statements

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of LAFCo as a whole. The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities – LAFCo's basic services are considered to be governmental activities. These services are supported by specific general revenues from local agencies.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of LAFCo's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Major Funds present the major activities of LAFCo for the year and may change from year-to-year as a result of changes in the pattern of LAFCo's activities. In LAFCo's case, there is only one Major Governmental Fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

Governmental Activities

Table 1
Governmental Net Position

	2022 Governmental Activities	2021 Governmental Activities
Current assets	$ 1,647,828	$ 1,637,506
Right to use assets, net of amortization	1,117,846	-
Total assets	2,765,674	1,637,506
Deferred outflows of resources	617,431	1,131,566
Current liabilities	142,887	58,420
Non-current liabilities	2,535,566	2,586,534
Total liabilities	2,678,453	2,644,954
Deferred inflows of resources	735,416	149,393
Net position		
Unrestricted	(30,764)	(25,275)
Total net position	$ (30,764)	$ (25,275)

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

Table 2
Changes in Governmental Net Position

	2022 Governmental Activities	2021 Governmental Activities
Expenses		
General government	$ 1,980,999	$ 2,167,938
Total expenses	1,980,999	2,167,938
Revenues		
Program revenues:		
Charges for services	196,351	223,585
Total program revenues	196,351	223,585
General revenues:		
Apportionment	1,693,700	1,693,700
Slate grants	80,372	-
Interest income	5,087	8,132
Total general revenues	1,779,159	1,701,832
Total revenues	1,975,510	1,925,417
Change in net position	$ (5,489)	$ (242,521)

Overview of Required Financial Statements
LAFCo's financial records are managed by the agency in combination with maintaining accounts with the County of San Diego (primary) and San Diego County Credit Union (secondary) as of June 30, 2022.

- The Condensed Statement of Net Position provides an overview of LAFCo's assets (or resources) and liabilities (or obligations).
- The Condensed Statement of Revenues, Expenditures and Changes in Net Position summarizes LAFCo's revenues, expenditures, and change in fund balance. The Supplemental Schedules of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual contained in the audit report provides detailed information regarding (a) budgeted revenues and expenses compared to (b) actual revenues and expenses.

Agency Assets
LAFCo's assets and deferred outflows at June 30, 2022 totaled $3,383,105. Current assets with the expectation they could be readily liquidated represent over 49% of the total amount and are tied to cash and investments. Non-current assets make up 51% of the total amount and are tied to the right to use assets and specifically office space lease.

Agency Liabilities
LAFCo's liabilities and deferred inflows at June 30, 2022 totaled $3,413,869. Current liabilities representing obligations owed in the near term represent 42% of the total amount and are largely attributed to covering accounts payable and accrued expenses. Non-current liabilities make up 58% of the total and are predominately tied to LAFCo's pension obligations through the San Diego County Employees' Retirement Association and office space lease liability.

Conditions Affecting Current Financial Position

LAFCo's current economic condition as it appears on the balance sheet reflects financial stability. The Commission and its Executive Officer will continue to maintain a watchful eye over expenditures and remain committed to sound and transparent fiscal management practices to deliver the highest quality service to the people of San Diego County. This includes utilizing the fund balance to offset and lower local agency apportionments so long as LAFCo maintains a minimum unassigned balance of no less than 33.3% of budgeted operating expenses. Towards this end, the Commission purposefully budgeted the use of ($93,965) in unassigned monies in the fiscal year. here are no known conditions adversely affecting the Commission's current financial condition.

Capital & Right to Use Assets

At June 30, 2022 LAFCo had $-0- in capitalized furniture and equipment. The Commission's capital assets are discussed in detail in Note 4.

At June 30, 2022 LAFCo had $1,117,846 in capitalized right to use assets consisting of LAFCo office space. The Commission's right to use assets are discussed in detail in Note 5.

Debt Administration

LAFCo made all scheduled repayments of existing debt. Each of LAFCo's debt issues is discussed in detail in Note 5 to the basic financial statements. As of June 30, 2022, LAFCo's debt comprised:

Net pension liability	$	1,135,902
Pension obligation bonds		157,606
Compensated absences		53,220
Other post-employment benefits		40,240
Lease liability		1,148,598
Total	$	2,535,566

Economic Outlook and Major Initiatives

LAFCo is responsible under statute to annually review its organizational needs and adopt an operating budget accordingly with mandatory funding drawn from local agencies. State law also specifies the operating budget shall be equal to the budget adopted for the previous fiscal year unless LAFCo formally finds any reduced costs will allow the Commission to nonetheless meet its prescribed regulatory and planning duties. These statutory provisions provide LAFCo full discretion in setting and collecting local agency apportionments to meet budgeted expenses with the latter aligned to support annual workplans.

It is anticipated near-term annual workplans will continue to focus LAFCo resources in preparing municipal service reviews and associated sphere of influence updates in the northern and coastal communities in San Diego County.

Contacting LAFCo's Financial Management

The basic financial statements are intended to provide citizens, local funding agencies, and creditors with a general overview of LAFCo's finances and accountability therein. If there are any questions or a need for additional financial information, the LAFCo Executive Officer can be reached at (619) 321-3380 or at San Diego Local Agency Formation Commission, 2550 Fifth Avenue, Suite 725, San Diego, CA 92103.

Additional financial information – including past fiscal year audits – are available online at www.sdlafco.org.

San Diego Local Agency Formation Commission
STATEMENT OF NET POSITION
June 30, 2022

ASSETS	
Cash and investments	$ 1,585,461
Interest receivable	62,367
Total current assets	1,647,828
Noncurrent assets:	
Right to use assets net accumulated amortization	1,117,846
Total noncurrent assets	1,117,846
Total assets	2,765,674
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow of resources - pension	609,688
Deferred outflow of resources - OPEB	7,743
Total deferred outflow of resources	617,431
LIABILITIES	
Accounts payable	120,108
Accrued expenses	22,779
Total current liabilities	142,887
Noncurrent liabilities:	
Lease liability	1,148,598
Compensated absences	53,220
Pension obligation bonds	157,606
Net OPEB liability	40,240
Net pension liability	1,135,902
Total noncurrent liabilities	2,535,566
Total liabilities	2,678,453
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources - pension	733,905
Deferred inflow of resources - OPEB	1,511
Total deferred inflow of resources	735,416
NET POSITION	
Unrestricted	(30,764)
Total net position	$ (30,764)

The accompanying notes are an integral part of these financial statements.

San Diego Local Agency Formation Commission
STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities:				
General government	$ 1,945,325	$ 196,351	$ -	$ (1,748,974)
Interest	35,674	-	-	(35,674)
Total governmental activities	$ 1,980,999	$ 196,351	$ -	(1,784,648)
General revenues:				
Apportionment				1,693,700
State grants				80,372
Investment income				5,087
Total general revenues				1,779,159
Change in net position				(5,489)
Net position beginning				(25,275)
Net position ending				$ (30,764)

The accompanying notes are an integral part of these financial statements.

San Diego Local Agency Formation Commission
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2022

	General
ASSETS	
Cash and investments	$ 1,585,461
Interest receivable	62,367
Total assets	$ 1,647,828
LIABILITIES	
Accounts payable	$ 120,108
Accrued expenses	22,779
Total liabilities	142,887
FUND BALANCE	
Committed:	
Stabilization	250,000
Opportunity	300,000
Assigned	125,000
Unassigned	829,941
Total fund balance	1,504,941
Total liabilities and fund balances	$ 1,647,828

The accompanying notes are an integral part of these financial statements.

San Diego Local Agency Formation Commission
Reconciliation of the
GOVERNMENTAL FUND - BALANCE SHEET
with the Governmental Activities
STATEMENT OF NET POSITION
For the year ended June 30, 2021

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	$	1,504,941
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:		
CAPITAL and RIGHT TO USE ASSETS		
Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		-
Right to use leased asset capital outlay expenditures which were capitalized, net of accumulated amortization.		1,117,846
LONG-TERM ASSETS AND LIABILITIES		
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:		
Deferred outflows		617,431
Deferred inflows		(735,416)
Net pension liability		(1,135,902)
OPEB		(40,240)
Pension obligation bonds		(157,606)
Compensated absences		(53,220)
Lease liability		(1,148,598)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(30,764)

The accompanying notes are an integral part of these financial statements.

San Diego Local Agency Formation Commission
GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the year ended June 30, 2022

	General
Revenues	
Apportionment	$ 1,693,700
State grants	80,372
Proposal fees	196,351
Investment income	5,087
Total revenues	1,975,510
Expenditures:	
Salaries and benefits	1,141,035
Services and supplies	1,994,686
Debt service:	
Principal	105,895
Interest	35,674
Total expenditures	3,277,290
Excess (deficiency) of revenues and transfer in over (under) expenditures and transfers out	(1,301,780)
Other financing sources (used):	
Lease liability	1,227,635
Total other financing sources (used)	1,227,635
Net change in fund balance	(74,145)
Fund balance beginning of period	1,579,086
Fund balance end of period	$ 1,504,941

The accompanying notes are an integral part of these financial statements.

San Diego Local Agency Formation Commission
Reconciliation of the
GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
with the
STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ (74,145)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Purchases of capital assets are added back to the fund balance	-
Depreciation expense is deducted from the fund balance	-
Governmental Funds report right to use assets as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as amortization expense.	
Purchases of right to use assets are added back to the fund balance	1,227,635
Amortization expense is deducted from the fund balance	(109,789)
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change).	
Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the Agency as a whole, however, the principal payments reduce the expense in the Statement of Activities. Liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.	
Net change in pension liability	655,329
Net change in pension obligation bonds	26,858
Net change in OPEB liability	(576,231)
Net change in compensated absences	(6,548)
Net change in lease liability	(1,148,598)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (5,489)

The accompanying notes are an integral part of these financial statements.

NOTE 1 - REPORTING ENTITY

Organization of LAFCo

San Diego Local Agency Formation Commission (LAFCo or the Commission) is a political subdivision of the State of California and responsible for regulating the formation and development of local governmental agencies and municipal service areas under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). This includes timing the establishment, expansion, and reorganization of local government agencies and their public services to meet current and future community needs. LAFCo informs their regulatory powers through various administrative and planning activities with an increasing emphasis on performance measurement. There are currently more than 100 local agencies - cities, towns, and special districts - under LAFCo's oversight in San Diego County.

State Law requires that County Auditors apportion the net operating cost of LAFCos among the membership categories represented on each Commission. Net operating costs for the San Diego LAFCo are apportioned based upon the following formula: two-sevenths to the County of San Diego; one-seventh to the City of San Diego; two-sevenths among the remaining seventeen cities within the County of San Diego; and two-sevenths among independent special districts. Formulas in State Law stipulate how apportionment within the city and special district classes are determined. State Law also authorizes LAFCo to establish a schedule of fees and service charges to recover the reasonable costs of providing the service for which fees are charged.

San Diego Local Agency Formation Commission is an independent agency and its budget is not subject to County approval.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

LAFCo's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

B. Basis of Accounting

The *basic financial statements* of the San Diego LAFCo are composed of the following:

(a) Government-wide financial statements
(b) Fund financial statements
(c) Notes to the basic financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of LAFCo.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or segment. Program revenues include charges for services that are restricted to meeting the operational or capital requirements of a particular function or segment. Apportionments, investment income, and other items not properly included among program revenues are reported instead as general revenues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resource's measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements

The fund financial statements provide information about the LAFCo funds. The underlying accounting system of LAFCo is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. LAFCo uses an availability period of 60 days for all revenues. Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received from the government.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Non-exchange transactions, in which LAFCo gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed.

LAFCo may fund programs with a combination of charges for services and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures.

Governmental Fund Balances
Fund balances are reported in the fund financial statements in the following classifications:

Non-spendable Fund Balance
Non-spendable Fund Balance - this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Spendable Fund Balance
Restricted Fund Balance - this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Commission action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance - this includes amounts that can be used only for the specific purposes determined by a formal action of the Commission. It includes legislation (Commission action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Commission action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The San Diego LAFCo considers a resolution to constitute a formal action of the Board of Commissioners for the purposes of establishing committed fund balance.

Assigned Fund Balance - this includes amounts that are designated or expressed by the Commission but does not require a formal action like a resolution or ordinance. The Commission has delegated the ability of the Executive Officer to assign up to $125,000, for specific purposes.

Unassigned Fund Balance - this includes the remaining spendable amounts which are not included in one of the other classifications.

Net Position Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (concluded)

Fund Balance Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position
Net Position is the excess of all LAFCo's assets over all its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position, which is determined only at the government-wide level, and are described below:

Net investment in capital assets describes the portion of Net Position that is represented by the current net book value of LAFCo's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that LAFCo cannot unilaterally alter.

Unrestricted describes the portion of Net Position that is not restricted to use.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as a separate column in the fund financial statements.

The San Diego LAFCo reports the following major governmental fund:

The General Fund is used to account for resources traditionally associated with the organization, which are not required legally or by sound financial management to be accounted for in another fund.

C. Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from the rental properties.

LAFCo did not have any investments subject to the recurring fair value measurements as of June 30, 2022.

E. Capital Assets

Capital assets are recorded at cost for purchases in excess of $7,500 that have an expected useful life of three years or more. Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The useful life used for depreciation purposes is as follows:

Machinery and equipment	3-10 years
Furniture and fixtures	5-7 years

F. Right to Use Assets

Right to use assets are recorded at the discounted cost, plus additional costs and fees, less incentives and credits for leases subject to GASB 87 guidance. This asset consists of the right to use office space. The related leases are discussed in the Lease subsection of Note 6. The right to use assets are amortized on a straight-line basis over the terms of the related leases.

G. Lease

LAFCo recognizes a right to use asset and a lease liability in the government-wide financial statements.

At the commencement of a lease, LAFCo initially measures the lease liability at the present value of the payments expected to be paid during the lease terms. Subsequently, the lease liability is reduced be the principal portion of lease payments paid. The right to use asset is initially measured as the initial amount of the lease payable, adjusted for lease payments paid at or before the lease commencement date. Subsequently, the right to use asset is amortized on a straight-line basis over the life of the lease term.

Key estimates and judgments include how LAFCo determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- LAFCo uses their incremental borrowing rate of 3.00% to discount leases.
- The lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability is composed of annual adjustments in the amount of 3.00% annually.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Lease (concluded)

LAFCo monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability and right to use asset if certain changes occur that are expected to significantly affect the amount of the lease receivable.

H. Compensated Absences

Permanent LAFCo employees earn from 10 to 25 vacation days a year, depending upon their length of employment, and 13 sick days a year. Employees can carry forward up to twice their annual allotment in earned but unused vacation days. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave.

I. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the San Diego County Employees Retirement Association (SDCERA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. SDCERA audited financial statements are publicly available reports that can be obtained at SDCERA's website under Forms and Publications.

GASB No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

J. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported of the San Diego County Employees Retirement Association (SDCERA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. SDCERA audited financial statements are publicly available reports that can be obtained at SDCERA's website under Forms and Publications. Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. LAFCo reports deferred outflows related to pensions and OPEB in this category and are on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. LAFCo reports deferred inflows related to pensions and OPEB in this category.

L. Estimates

The presentation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

M. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the San Diego LAFCo's prior year financial statements, from which this selected financial data was derived. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

N. LAFCo Budget

Pursuant to Section 56381, et seq of the Government Code, LAFCo adopts a proposed budget by May 1 and a final budget by June 15 of each year. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Budget/actual comparisons in this report use this budgetary basis. These budgeted amounts are as originally adopted or as amended by LAFCo. Individual amendments were not material in relation to the original appropriations that were amended. Expenditures exceeded appropriations by $1,334,979 for the fiscal year ending June 30, 2022.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2022, consisted of the following:

Demand deposits	$ 1,288
County of San Diego Investment Pool	1,584,173
Total cash and investments	$ 1,585,461

A. Investments Authorized by the San Diego LAFCo's Investment Policy

LAFCo's investment policy authorizes investments in the undermentioned agencies/institutions:

- State Local Agency Investment Fund (LAIF)
- County of San Diego Investment Pool

NOTE 3 - CASH AND INVESTMENTS (concluded)

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County of San Diego investment pool has a weighted average maturity of 398 days. For additional information see the County of San Diego's Comprehensive Annual Financial Report. This report can be obtained at the Auditor-Controller County of San Diego office located at the 1600 Pacific Highway, San Diego, California, 92101.

C. Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The San Diego County Investment Pool was rated AAA by Standards and Poor as of June 30, 2022.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code and the San Diego LAFCo's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure San Diego LAFCo deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial risk does not apply to an organization's indirect investment in securities through the use of mutual funds or government investment pools.

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 6/30/21	Additions	Retirements	Balance 6/30/22
Capital assets being depreciated:				
Furniture & equipment	$ 31,950	$ -	$ (4,848)	$ 27,102
Total capital assets	31,950	-	(4,848)	27,102
Less: accumulated depreciation				
Furniture & equipment	(31,950)	-	4,848	(27,102)
Total accumulated depreciation	(31,950)	-	4,848	(27,102)
Total capital assets being depreciated, net	$ -	$ -	$ -	$ -

The depreciation allocation for general government for the ending June 30, 2022 was $-0-.

NOTE 5 - RIGHT TO USE ASSETS

A summary of the changes in right to use assets follows:

	Balance 6/30/21	Additions	Retirements	Balance 6/30/22
Right to use assets being amortized:				
Office space lease	$ -	$ 1,227,635	$ -	$ 1,227,635
Total right to use assets	-	1,227,635	-	1,227,635
Less: accumulated amortization				
Office space lease	-	(109,789)	-	(109,789)
Total accumulated amortization	-	(109,789)	-	(109,789)
Total right to use assets being amortized, net	$ -	$ 1,117,846	$ -	$ 1,117,846

The amortization allocation for general government for the year ending June 30, 2022 was $109,789.

NOTE 6 - LEASES

LAFCo entered into a non-cancellable operating lease for approximately 3,279 rentable square feet for administrative facilities commencing August 1, 2021. Rental increases in the amount of 3.00% annually over the life of the 123-month lease agreement expiring October 31, 2031. The lease liability is measured at an incremental borrowing rate of 3.00%. This rate was determined using the historic 20-year treasury rate as well as current and expected market conditions. The book value of LAFCo's right to use asset for the year ending June 30, 2022 was $1,117,846, see Note 5 above for detail.

Future minimum rental payments required under the above lease agreement are as follows:

Year End June 30	Principal	Interest	Total
2023	$ 92,021	$ 33,204	$ 125,225
2024	98,776	30,351	129,127
2025	105,770	27,292	133,062
2026	112,976	24,020	136,996
2027	120,402	20,530	140,932
2028	128,419	16,808	145,227
2029	136,713	12,842	149,555
2030	145,259	8,624	153,883
2031	154,431	4,141	158,572
2032	53,831	338	54,168
Total	$ 1,148,598	$ 178,150	$ 1,326,748

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

	Balance 6/30/21	Additions	Deletions	Balance 6/30/22	Current Portion
Pension obligation bond	$ 184,464	$ -	$ 26,858	$ 157,606	$ 40,000
Net pension liability	2,305,366	-	1,169,464	1,135,902	-
Other Post-Employment Benefits	50,032	-	9,792	40,240	-
Compensated absences	46,672	29,834	23,286	53,220	-
Lease liability	-	1,227,635	79,037	1,148,598	92,021
Total	$ 2,586,534	$ 1,257,469	$ 1,308,437	$ 2,535,566	$ 132,021

NOTE 7 - LONG-TERM LIABILITIES (concluded)

The San Diego LAFCo participates in the County of San Diego County Employee Retirement Association's (SDCERA) pension plan as discussed further in Note 9. As such they are liable for a share of the County's Taxable Pension Obligation Bonds (POB). POBs are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the SDCERA pension plan. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of the proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis. The County of San Diego has issued a total of six series of Pension Obligation Bonds in 2002, 2004 and 2008, with maturities ranging from August 15, 2015 to August 15, 2026. All bonds were issued at variable interest rates ranging from 3.28-6.03%. Additional information on the bonds can be found in the County of San Diego's Comprehensive Annual Financial Report. The LAFCo's proportionate share of the County's total obligation is 0.034%. The amount collected per year for LAFCo fluctuates year to year because it is based on the respective payrolls, which is affected by a number of factors (i.e. pay raises, new hires, retires, etc.). This can result in an over or under collection from the agency. The County will not bill LAFCo for an under collection or refund LAFCo for an over collection. Whatever is over/under collected for LAFCo per year is applied to the outstanding principal balance so there is the likelihood that principal balance does not conform to the amortization schedule.

The following is a summary of debt service requirements to maturity for LAFCo's Share of the County's Pension Obligation Bonds:

Year Ending June 30	Principal	Interest	Total
2023	$ 40,000	$ 5,566	$ 45,566
2024	40,000	3,445	43,445
2025	45,000	2,253	47,253
2026	32,606	1,193	33,799
Total	$ 157,606	$ 12,457	$ 170,063

Compensated Absences
LAFCo's policies relating to compensated absences are described in Note 2. This liability, to be paid in future years from the general fund, is $53,220 on June 30, 2022.

NOTE 8 - INSURANCE

Insurance is provided on behalf of LAFCo by the County of San Diego Insurance Policy. LAFCo pays its pro-rata share of insurance costs to the County. For coverage limits see the County of San Diego's Comprehensive Annual Financial Report. This report can be obtained at the Auditor-Controller County of San Diego office located at 1600 Pacific Highway, San Diego, California, 92101. LAFCO also carries commercial insurance coverage for general liability and professional errors and omissions risks of loss.

NOTE 9 - RETIREMENT PLAN

Plan Description
LAFCo employees who work in a permanent position for at least 20 hours each week are eligible to participate in the San Diego County Employees Retirement Association (SDCERA) cost-sharing multiple employers defined benefit pension plan. All eligible LAFCo employees are considered General Members. The plan was established under the County Employees Retirement Law of 1937. A nine-member Board of Retirement oversees the plan for five employers. SDCERA issues a publicly available report that includes financial statements and required supplementary information. The SDCERA financial report may be obtained by writing to SDCERA: 227 Rio Bonito Way, Suite 2000, San Diego, California 92108.

NOTE 9 - RETIREMENT PLAN (continued)

Benefits Provided

SDCERA provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The Plans' provisions and benefits in effect on June 30, 2022, are summarized as follows:

	General Members			
Hire date	March 8, 2002 to August 28, 2009 (Tier A)	August 28, 2009 to December 31, 2012 (Tier B)	January 1, 2013 to June 30, 2018 (Tier C)	On or after July 1, 2018 (Tier D)
Benefit formula	3.00% @ 60	2.62% @ 62	2.50% @ 67	1.62% @ 65
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-65	50-65	55-67	52-65
Required employee contribution rates	10.63-18.40%	7.66-14.62%	9.19%	6.51%
Required employer contribution rates	44.32%	44.32%	37.66%	35.02%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the SDCERA annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. All members are required to make contributions to SDCERA regardless of the retirement plan in which they are included.

Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ending June 30, 2021 (the measurement date), the total pension liability was remeasured by revaluing the total pension liability as of June 30, 2020 (before the roll forward) to include the following actuarial assumptions that the Retirement Board has adopted for use in the pension funding valuation as of June 30, 2021 and using this revalued total pension liability in rolling forward the results from June 30, 2020 to June 30, 2021:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	7.00%
Inflation	2.75%
Payroll Growth	4.15% to 10.50%
Investment Rate of Return	7.00%, net of pension plan investment expense, incl. inflation

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and June 30, 2020, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included.

NOTE 9 - RETIREMENT PLAN (continued)

Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2020 and June 30, 2019.

The long-term expected rate of return on pension plan investments was determined in 2019 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	18.00%	5.44%
Small Cap Equity	2.00%	6.18%
Developed International Equity	15.00%	6.54%
Global Equity	5.80%	6.45%
Emerging Markets Equity	7.00%	8.73%
High Yield Bonds	6.00%	3.64%
Intermediate Bonds	19.20%	1.25%
Private Real Estate (Core)	7.20%	4.51%
Private Real Estate (Non-Core)	1.80%	5.82%
Private Equity	7.00%	9.00%
Infrastructure	4.50%	5.83%
Hedge Funds	4.00%	4.90%
Private Debt	1.00%	6.50%
Timber	0.75%	4.34%
Farmland	0.75%	5.63%
Total	100.000%	

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan Net Position. The Total Pension Liability for each membership class is obtained from internal valuation results. The Plan Net Position for each membership class was estimated by adjusting the value of assets for each membership class by the ratio of the total SDCERA Plan Net Position to total SDCERA value of assets.

The NPL is allocated based on the actual employer contributions within the membership class.

(1) First calculate the ratio of employer's contributions to the total contributions for the membership class. This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.

NOTE 9 - RETIREMENT PLAN (continued)

(2) The liability for Section 415(m) Replacement Benefit Program for each employer is added to the respective employers. San Diego LAFCo does not have a liability in this category.

(3) NPL is equal to NPL in (1) and NPL in (2) above.

The following table shows the Plan's proportionate share of the net pension liability over the measurement period:

	Net Pension Liability
Balance at: 6/30/2021	$ 1,135,902

LAFCo's proportionate share of the net pension liability as of June 30, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.048%
Proportion - June 30, 2021	0.048%
Change - Increase (Decrease)	0.000%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00 percent) or 1 percentage-point higher (8.00 percent) than the current rate:

	Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
Plan's Net Pension Liability	$ 2,359,623	$ 1,135,902	$ 135,000

Subsequent Events
There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses
Under GASB 68, deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings
All other amounts
5-year straight-line amortization

Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired as of the beginning of the measurement period).

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the Plan was 4.86 years, which was calculating each active employee's expected remaining service life as the present value of $1 per year of future service at zero percent interest, setting the remaining service life to zero for each nonactive or retired member, and then dividing the sum of the amounts by the total number of active employees, nonactive and retired members.

NOTE 9 - RETIREMENT PLAN (concluded)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions
For the measurement period ending June 30, 2021 (the measurement date), LAFCo recognized a pension expense of $165,387 for the Plan.

As of the June 30, 2021 measurement date, LAFCo reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 238,521	$ -
Differences between actual and expected experience	23,928	14,183
Changes in assumptions	94,266	-
Net difference between projected and actual earnings on pension plan investments	-	669,463
Change in proportion and differences between employer contributions and proportionate share of contributions	252,973	50,259
Total	$ 609,688	$ 733,905

$238,521 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows and inflows of resources in the previous chart, including the employer-specific item, will be recognized in future pension expense as follows:

Year ended June 30:	Deferred Outflows/Inflows of Resources
2023	$ (36,014)
2024	14,605
2025	(112,440)
2026	(228,889)
Thereafter	-

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description
Effective July 1, 2007, LAFCo commenced contributing to the SDCERA Retiree Health Plan, (SDCERA-RHP) a cost-sharing multiple-employer defined benefit health plan administered by SDCERA. The Retirement Act assigns LAFCo to establish and amend health allowance benefits to the SDCERA Board of Retirement. The retiree health plan provides a non-taxable health insurance allowance to Tier I and Tier II retirees. Health insurance allowances range from $200 per month to $400 per month based on members' service credits. SDCERA issues a publicly available report that includes financial statements and required supplementary information. The SDCERA financial report may be obtained by writing to SDCERA: 227 Rio Bonito Way, Suite 2000, San Diego, California 92108.

Benefits provided
SDCERA provides Health Insurance Allowance benefits to eligible employees after retirement. All General and Safety Tier I and Tier II members are in the membership classifications eligible for the HIA. The HIA Plan is closed to members in the other Tiers.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Employees Covered
As of the June 30, 2021 measurement date, the following current and former employees were covered by the benefit terms under the HIA:

Active employees	6
Inactive employees or beneficiaries currently receiving benefits	3
Total	9

Contributions
The SDCERA RHP and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between LAFCo and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2022, LAFCo's cash contributions were $9,947.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2022, LAFCo reported a liability of $40,240 for its proportionate share of the collective net OPEB liability.

The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2021. LAFCo's proportion of the collective net OPEB liability was based on a projection of the Commission's share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, LAFCo's proportion was 0.050% percent, which was equal to its proportion measure as of December 31, 2020 (0.050% percent). For the fiscal year ended June 30, 2022, LAFCo recognized OPEB expense of $2,132. As of fiscal year, ended June 30, 2022, LAFCo reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions subsequent to measurement date	$ 7,743	$ -
Differences between projected and actual earnings on investments	-	1,511
Total	$ 7,743	$ 1,511

$7,743 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year ended June 30:	Deferred Outflows/Inflows of Resources
2023	$ (356)
2024	(337)
2025	(355)
2026	(463)
Thereafter	-

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (concluded)

Actuarial Methods and Assumptions
The Total OPEB Liability as of June 30, 2021 and June 30, 2020 was determined by an actuarial valuation as of June 30, 2021 and June 30, 2020, respectively. The actuarial assumptions used in the valuation were based on the results of an experience study for the period from July 1, 2020 through June 30, 2021. They are the same as the assumptions used in the June 30, 2021 funding actuarial valuations for SDCERA HIA. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Level Percent of Pay Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases	General: 4.15% to 10.50%, including inflation
Health Care Trend	6.50% graded to ultimate 4.50% over 8 years
HIA subsidy increases	0.00%

Discount Rate
The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2021 and 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included.

Projected employer contributions that are intended to fund the service costs (if any) for future plan members and their beneficiaries, as well as projected contributions (if any) from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability as of both June 30, 2021 and 2020.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability of SDCERA as of June 30, 2020, calculated using the discount rate of 7.00%, as well as what SDCERA's NOL would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate:

	Healthcare Rate - 1% (6.00%)	Current Healthcare Rate (7.00%)	Healthcare Rate + 1% (8.00%)
Plan's Net OPEB Liability	$ 44,374	$ 40,240	$ 36,605

NOTE 11 - RELATED PARTY TRANSACTIONS

LAFCo reimburses the County for the annual cost of participating in County administered workers' compensation and liability insurance plans, employee benefit programs, and payroll and information technology support services. LAFCo also made lease payments to the County for their operating office space. Total lease payments including lease liability reduction and interest expenses made to San Diego County during fiscal year ended June 30, 2022 were $109,789. LAFCO completed its lease with the County of San Diego for office space in August 2021.

NOTE 12 - CONTINGENCIES

LAFCo may be involved from time to time in various claims and litigation arising in the ordinary course of business. LAFCo management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters should not have a material adverse effect on LAFCo's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

San Diego Local Agency Formation Commission
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Required Supplemental Information
Budget and Actual
General Fund (Unaudited)
For the period ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Apportionment	$ 1,693,700	$ 1,693,700	$ 1,693,700	$ -
State grants	82,648	82,648	80,372	(2,276)
Proposal fees	150,000	150,000	196,351	46,351
Investment and other income	15,000	15,000	5,087	(9,913)
Total revenue	1,941,348	1,941,348	1,975,510	34,162
Expenditures:				
Salaries and benefits	1,292,364	1,292,364	1,141,035	151,329
Services and supplies	644,947	644,947	1,994,686	(1,349,739)
Capital depreciation	5,000	5,000	-	5,000
Debt service				
Principal	-	-	105,895	(105,895)
Interest	-	-	35,674	(35,674)
Total expenditures and debt service	1,942,311	1,942,311	3,277,290	(1,334,979)
Excess (deficit) of revenue over expenditures	(963)	(963)	(1,301,780)	(1,300,817)
Other financing sources (used):				
Lease liability	-	-	1,227,635	(1,227,635)
Total other financing sources (used)	-	-	1,227,635	(1,227,635)
Net change in fund balance	$ (963)	$ (963)	(74,145)	$ (2,528,452)
Fund balance, beginning of period			1,579,086	
Fund balance, end of period			$ 1,504,941	

NOTE 1 - BUDGETARY REPORTING

San Diego LAFCo adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with generally accepted accounting principles (GAAP). The adopted budget can be amended by the San Diego LAFCo to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the San Diego LAFCo's approval. However, the Executive Officer may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the management to review the budget with the Commission on a quarterly basis and, if necessary, recommend changes.

San Diego Local Agency Formation Commission
As of June 30, 2022
Last 9 Years

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability	0.047%	0.048%	0.042%	0.032%	0.041%	0.039%	0.036%	0.042%	0.043%
Proportionate share of the net pension liability	$1,135,902	$2,305,366	$1,686,072	$1,091,200	$1,501,659	$1,661,381	$1,023,368	$ 893,715	$1,231,811
Covered - employee payroll	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984	$ 462,897	$ 411,232	$ 444,346	$ 446,796
Proportionate share of the net pension liability as a percentage of covered-employee payroll	160%	343%	274%	245%	296%	359%	249%	201%	276%
Plan fiduciary net position as a percentage of the total pension liability	87.15%	72.77%	75.99%	78.9%	76.1%	70.9%	78.3%	81.9%	75.5%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

San Diego Local Agency Formation Commission
As of June 30, 2022
Last 8 Years
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending June 30	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 238,521	$ 293,416	$ 209,786	$ 172,020	$ 166,680	$ 180,945	$ 135,423	$ 142,703
Contributions in relation to the actuarially determined contributions	(238,521)	(293,416)	(209,786)	(172,020)	(166,680)	(180,945)	(135,423)	(142,703)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll during the fiscal year	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984	$ 462,897	$ 411,232	$ 444,346
Contributions as a percentage of covered-employee payroll	33.65%	43.65%	34.09%	38.68%	32.81%	39.09%	32.93%	32.12%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

San Diego Local Agency Formation Commission
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the year ended June 30, 2022

Measurement Date	2021	2020	2019	2018	2017
Plan's Proportion of the Net OPEB Liability (Asset)	0.053%	0.050%	0.050%	0.037%	0.044%
Plan's Proportionate Share of the Net OPEB Liability (Asset)	$ 40,240	$ 50,032	$ 56,490	$ 47,526	$ 63,154
Plan's Covered Payroll	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984
Plan's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	5.677%	7.444%	9.178%	10.686%	12.432%
Plan's Proportion of the Fiduciary Net Position	31.570%	19.700%	14.730%	10.120%	6.920%
Plan's Proportionate Share of the Fiduciary net Position as a percentage of the Plan's Total OPEB Liability	3.167%	5.076%	14.730%	10.120%	6.920%
Plan's Proportionate Share of Aggregate Employer Contributions	0.053%	0.050%	0.050%	0.037%	0.044%

Notes to Schedule:
The schedules present information to illustrate the changes in San Diego LAFCO's net OPEB liability over a ten year period when the information is available. San Diego LAFCO adopted GASB 75 for the fiscal year ending June 30, 2018.

San Diego Local Agency Formation Commission
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB
For the year ended June 30, 2022

Measurement Date	2021	2020	2019	2018	2017
Actuarial Determined Contribution	$ 7,743	$ 9,946	$ 10,106	$ 7,282	$ 7,256
Contributions in relation to the actuarially determined contribution	(7,743)	(9,946)	(10,106)	(7,282)	(7,256)
	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984
Contributions as a percentage of covered payroll	1.09%	1.48%	1.64%	1.64%	1.43%

Notes to Schedule:
The schedules present information to illustrate changes in San Diego LAFCO's contributions over a ten year period when the information is available.

GASB 75 requires this information for plans funding with OPEB trusts to be reported in the employer's Required Supplemental Information for 10 years or as many years as are available upon implementation. The plan was not funded with an OPEB trust prior to June 30, 2018. San Diego LAFCO adopted GASB 75 for the fiscal year ending June 30, 2018.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

BOARD OF COMMISSIONERS & MANAGEMENT REPORT

For the Year Ended JUNE 30, 2022

O'CONNOR & COMPANY

TABLE OF CONTENTS

	PAGE
Report on Internal Controls	1
Required Communications	2-3
Management Observations	4

O'CONNOR & COMPANY

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Commissioners
San Diego Local Agency Formation Commission
San Diego, California

In planning and performing our audit of the basic financial statements of San Diego Local Agency Formation Commission (LAFCo) for the fiscal year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered San Diego Local Agency Formation Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of San Diego Local Agency Formation Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist San Diego Local Agency Formation Commission in implementing the recommendations.

This report is intended solely for the information and use of management, the Commissioners, and officials of the federal and state grantor agencies and should not be used by anyone other than these specified parties.

We thank San Diego Local Agency Formation Commission's staff for its cooperation during our audit.

O'Connor & Company

O'Connor & Company

Novato, California
July 31, 2023

O'CONNOR & COMPANY

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Commissioners
San Diego Local Agency Formation Commission
San Diego, California

We have audited the basic financial statements of the governmental activities and major fund of San Diego Local Agency Formation Commission (LAFCo) for the year ended June 30, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 15, 2022, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of LAFCo. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by LAFCo are described in Note 2 to the financial statements. GASB 87, accounting for lease policies was adopted and applicable during the fiscal year. We noted no transactions entered into by LAFCo during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The most sensitive estimate(s) affecting the financial statements were:

- Management's estimate of the Pension Obligation Bonds Payable is based on information provided by the County of San Diego. We evaluated the key factors and assumptions used to develop the Pension Obligation Bonds Payable in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of transactions related to net pension and OPEB liabilities is based on information provided by the County of San Diego based on actuarial reports. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Accrual and disclosure of leases.
- Capital asset lives and depreciation expense.
- Fair value of investments and financial instruments.
- Compensated absences calculations.
- Post-employment benefit and pension plan actuarial computations.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements (Audit Adjustments)
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, the 2 adjustments detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated July 31, 2023.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to LAFCo's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as LAFCo's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to Management's Discussion and Analysis, Schedule of the Plan's Proportionate Share of the Net Pension Liability, Schedule of Plan Contributions, Schedule of the Plan's Proportionate Share of the Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions, and Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This report is intended solely for the information and use of management and the Board of Commissioners of San Diego Local Agency Formation Commission and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Current Year Observations

1) Written Lease Policy Based on GASB 87 Guidance

Observation:

During the course of our audit, we noted that San Diego Local Agency Formation Commission does not have a formal policy for accounting for leases based on GASB 87 guidance. This policy would document LAFCo's internal controls and processes in determining whether GASB 87 guidance applies to potential lease arrangements and capitalization thresholds. This policy would also outline the procedures for estimating and recording lease and right to use asset entries.

Recommendation:

We recommend San Diego Local Agency Formation Commission consider formalizing a capitalization policy for lease liabilities and the right to use assets over $40,000. We also recommend keeping lease terms month to month or as annual leases whenever possible.

Prior Year Observations

Nothing came to our attention.