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

7b

AGENDA REPORT
Business | Action

December 2, 2024

TO: Commissioners

FROM: Michaela Peters, Analyst II
Adam Wilson, LAFCO Consultant
Aleks Giragosian, Deputy Commission Counsel

SUBJECT: **Quarterly Update on High Priority Project and Related Actions | Ad Hoc on Resource Conservation Districts –2.0**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a scheduled update on a high priority workplan project involving all three local resource conservation districts (RCDs) – Greater San Diego, Mission, and Upper San Luis Rey – in San Diego County. The workplan project is termed "RCDs' 2.0" and builds on the successful completion of a prior year project to bring out-of-agency service practices into compliance with LAFCO statute while remedying ongoing disputes among the three subject agencies. As detailed, and after an extended pause, 2.0 activities have recently resumed and currently focus on mapping potential and otherwise orderly boundary changes covering all three subject agencies. The update provides the Commission the opportunity to revisit the project and provide real-time input to LAFCO staff in proceeding forward. The update also – pertinently – includes a recommendation for the Commission to transition 2.0 from its current six-member Ad Hoc format to a less informal working group to provide more flexibility in advancing the project. All six Ad Hoc members have communicated their support for the recommendation.

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BACKGROUND

Municipal Service Review on RCDs

San Diego LAFCO completed a two-year countywide municipal service review (MSR) on RCDs in February 2021. The MSR included several statements directed towards all RCDs to align their out-of-agency service practices to comply with LAFCO review and approval processes required under Government Code Section 56133. The MSR relatedly recommended the Commission proceed with establishing an advisory committee to help address this and other key governance and accountability topics – including serving as a format to explore possible consolidations – functional or political – opportunities.

A prospectus summarizing the MSR and its key recommendations is attached.

FY 2023 and FY2024 Adopted Workplans | Establishing an Ad Hoc Committee & 1.0 Activities

San Diego LAFCO's adopted workplans in FY2023 and FY2024 established and continued, respectively, RCDs' 1.0 activities to address the most time-sensitive recommendations in the earlier MSR involving compliance issues for out-of-agency service practices and associated RCD disputes. 1.0 activities involved the establishment of a nine-member Ad Hoc and concluded with all three subject agencies ultimately approving a master memorandum of understanding (MOU) to coordinate their out-of-agency services going forward as well as establish protocols to guide interagency projects whenever applicable. Other MOU provisions are footnoted.[1]

Current FY 2025 Workplan | Proceeding with Ad Hoc Committee & 2.0 Activities

San Diego LAFCO's adopted workplan for the current fiscal year continues the Ad Hoc work via RCDs' 2.0 and advancing recommendations in the earlier MSR. This involves focus on two core objectives: (a) developing contemporary RCD service function and class designations as required under LAFCO statute and (b) facilitating coordinated boundary changes – including opportunities to replace out-of-agency service activities. The Commission also approved modifying the Ad Hoc composition for purposes of 2.0 down to six to no longer include three at-large members. The current composition includes the General Manager and one board member from each of the three RCDs.

DISCUSSION

This item is for San Diego LAFCO to receive a scheduled update on RCDs' 2.0 activities in working with the Ad Hoc to develop contemporary service function and class designations under LAFCO statute as well as gameplan coordinated boundary changes. The Ad Hoc has

[1] Other key MOU provisions involve 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.

largely been inactive to date during this fiscal year given the combination of scheduling challenges coupled with other LAFCO projects taking on more resource precedence. Nonetheless, 2.0 activities have recently resumed with a focus on informing the scope of potential boundary changes through digital mapping and developing implementation options. The update provides Commissioners the opportunity to provide feedback to staff to sync 2.0 activities going forward as well as consider a recommendation to dissolve the Ad Hoc and transition to a working group format.

ANALYSIS

San Diego LAFCO's scheduled RCDs' 2.0 activities have recently resumed after an extended pause attributed to challenges in scheduling Ad Hoc meetings as well as redirecting budgeted staff and consulting resources to advance other high-priority projects. Consequently, progress to date on 2.0 has been modest and largely involves recent digital mapping as described in the preceding section. Going forward staff believes transitioning away from the Ad Hoc to a working group should help advance 2.0 activities with added flexibility among LAFCO and RCD staffers and in doing so avoid the challenges to date in calendaring Brown Act compliant meetings. Staff has communicated the recommendation with all members of the Ad Hoc and no opposition has been received.

RECOMMENDATION

It is recommended San Diego LAFCO receive an update from staff on activities underway as part of RCDs' 2.0 and proceed to formally dissolve the current Ad Hoc. 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) Provide general feedback to LAFCO staff on RCDs' 2.0 activities.

b) Adopt the attached resolution to dissolve the Ad Hoc.

c) Authorize the Executive Officer to establish and maintain a working group to ensure an appropriate level of continuous input from all three subject agencies.

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

Alternative Three:
Take 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 recommended:

1. Receive verbal presentation from staff and consultants unless waived.
2. Invite comments from interested audience members if any.
3. Consider the recommendation or alternatives.

Respectfully,



Michaela Peters
Analyst II

Attachments:

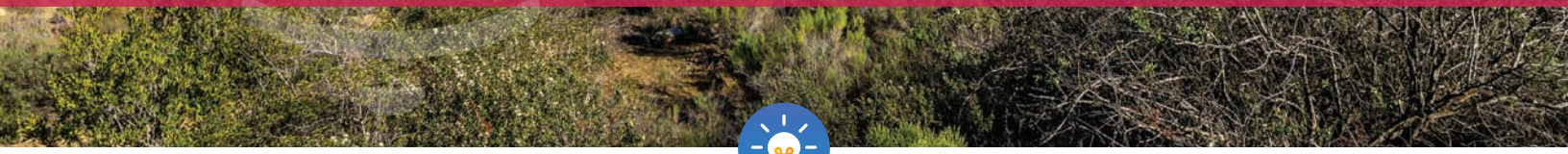
1) Prospectus on Resource Conservation Districts
2) Resolution Dissolving the RCD Advisory Committee

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.

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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

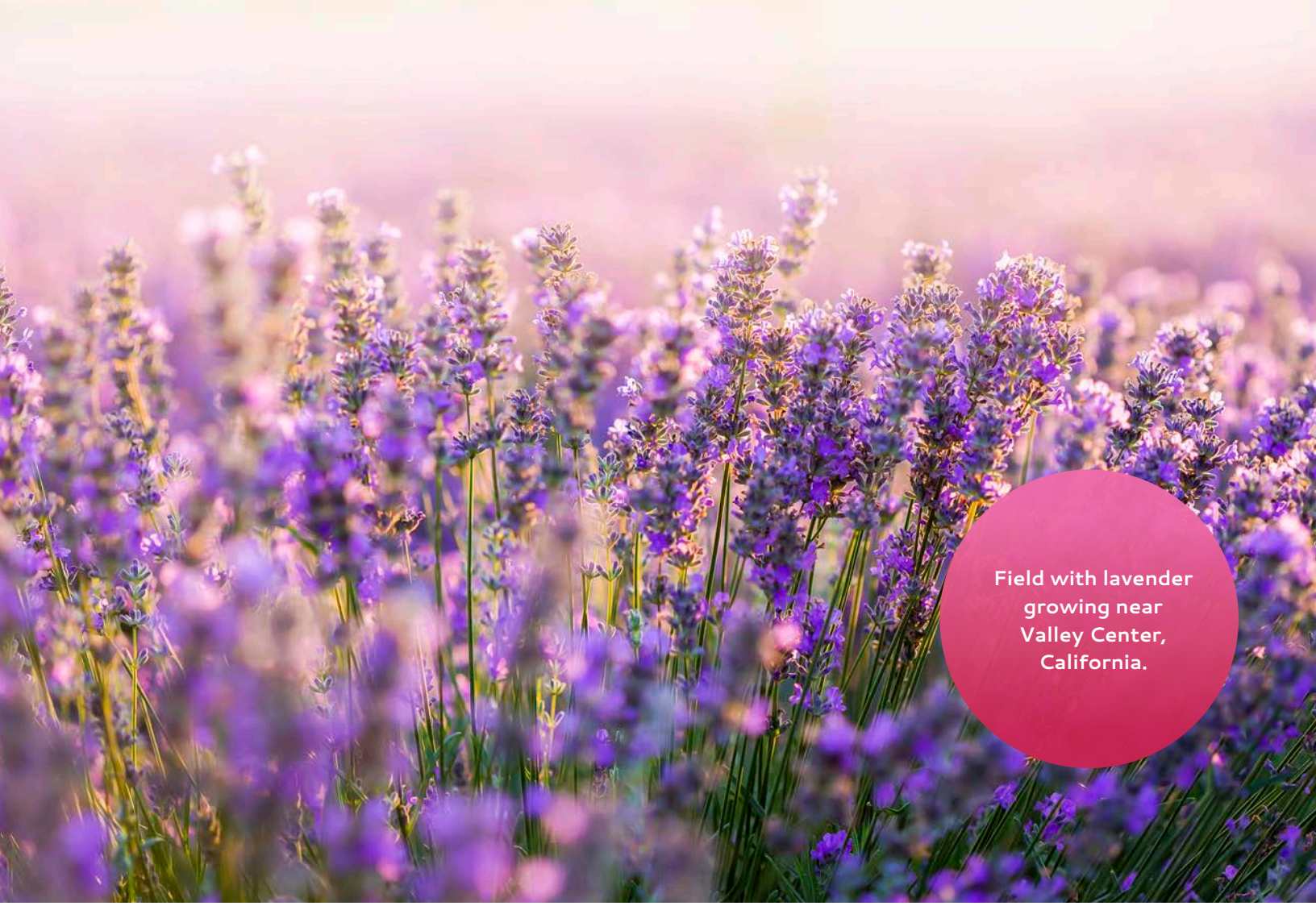
Two of the three affected agencies – Mission RCD and RCD of Greater San Diego County – have invested significant resources in providing services outside their jurisdictional boundaries without having received approval from San Diego LAFCO as required under statute. These irregular service activities – 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.

RESOLUTION NO._____

A RESOLUTION OF THE SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION DISSOLVING THE ADVISORY COMMITTEE ESTABLISHED FOR AND INVOLVING THE RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY, MISSION RESOURCE CONSERVATION DISTRICT, AND UPPER SAN LUIS REY RESOURCE CONSERVATION DISTRICT

WHEREAS, on February 1, 2021, a Municipal Service Review containing fourteen recommendations involving the three Resource Conservation Districts (RCDs) in San Diego County was approved by 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 August 1, 2022, the Commission approved the establishment of an Ad Hoc Advisory Committee to directly assist the Commission in implementing the recommendations included within the municipal service review; and

WHEREAS, the Ad Hoc consisted of nine members including three Executive Directors from each respective District; one board or staff member assigned from each District; and one subject matter expert representing each of the agricultural, water, and fire industries; and

WHEREAS, the Ad Hoc's responsibilities were to align their existing and future service practices to their jurisdictional boundaries to be authorized through the LAFCO approval process as outlined in government code section 56133; define latent powers; revise Division 9 and the Principal Act; explore financial partnerships; and create a Memorandum of Understanding (MOU) between the three RCD's to assist in regional services; and

WHEREAS, the Ad Hoc commenced its duties on October 11, 2022, and held a total of five meetings completing each task, including the creation of a formal Master MOU between the three RCDs – Resource Conservation District of Greater San Diego County, Mission Resource Conservation District, and Upper San Luis Rey Resource Conservation District; and

WHEREAS, the Commission desires to dissolve the Ad Hoc now that its initial tasks are complete.

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

1. RECITALS. The Recitals above are true and correct and incorporated herein by reference.

2. DISSOLUTION. The Commission hereby dissolves the RCD Advisory Committee established August 1, 2022.

3. EFFECTIVE DATE. This Resolution shall take effect immediately upon adoption.

4. CORRECTIONS. 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.

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

**

PASSED AND ADOPTED by the Commission on December 2, 2024 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Attest:

_____
Keene Simonds
Executive Officer