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

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AGENDA REPORT
Public Hearing

November 6, 2023

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Michaela Peters, Analyst I

SUBJECT: **Proposed "Yerba Valley Road Reorganization" | Concurrent Annexations to Lakeside Water District, San Diego County Water Authority, and the Metropolitan Water District of Southern California and Related Actions (RO23-02)**

SUMMARY

The San Diego Local Agency Formation Commission (LAFCO) will consider a reorganization proposal filed by resolution from the Lakeside Water District (WD) with the principal action to annex approximately 80.34 unincorporated acres in the Lakeside community. Concurrent annexations to the San Diego County Water Authority (CWA) and Metropolitan Water District of Southern California (MET) are also proposed. The purpose of the proposal is to make available potable wholesale and retail water services to 17 developed parcels within the affected territory and in doing so remedy uncertain groundwater flows within the local basin. No new development is proposed as part of the reorganization. Staff recommends conditional approval of the proposal along with conforming sphere of influence amendments for all three subject agencies. It is also recommended the Commission waive protest proceedings assuming no written objections from landowners or registered voters with the affected territory are received through the close of the hearing. Exemption findings are also recommended under the California Environmental Quality Act.

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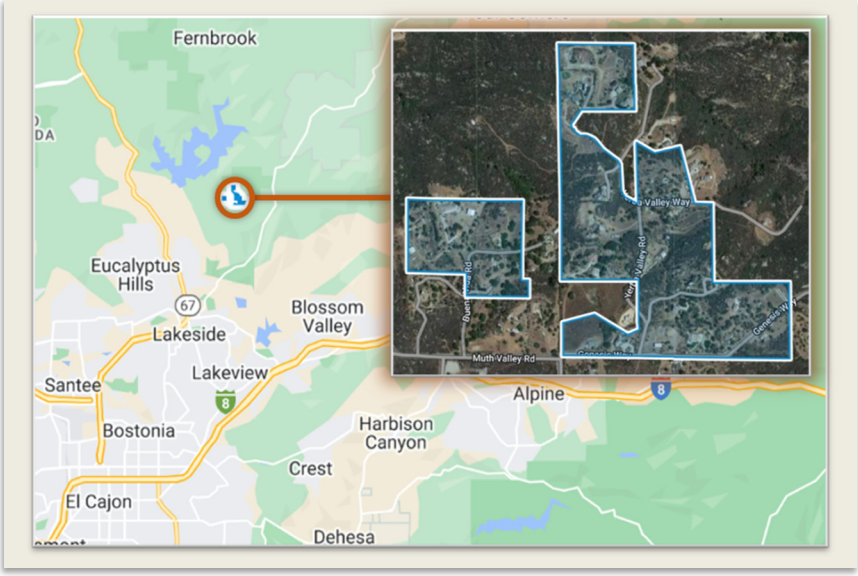
BACKGROUND

Applicant Request

San Diego LAFCO has received a resolution of application from the Lakeside WD requesting approval to reorganize 80.34 acres of unincorporated territory northeast of its current jurisdictional boundary along and/or near Yerba Valley Road. The principal action requested involves annexing the affected territory – which consists of 17 parcels divided into two non-contiguous areas that include private roads as well as the adjacent public right-of-ways to the centerline on Genesis Way and Buena Vita Road – to Lakeside WD as a retail provider in anticipation of formal connection to its public water system. Concurrent annexations of the affected territory are also requested to CWA and MET as the wholesaler providers in the region. The affected territory has an estimated resident population of 60 with 19 registered voters. The total assessed land value is $11,533,844. The County of San Diego Assessor's Office identifies the 17 subject parcels as 329-131 (-08, -09, -11, -33) & 329-132 (-02, -03, -04, -05, -09, -10, -13, -14, -15, -16, -42, -43, -48). Requested terms are footnoted.[1]

Regional Setting

The affected territory is located in eastern San Diego County within the unincorporated community of Lakeside, which generally lies east of State Route 67, north of the Interstate 8, and south of San Vicente Reservoir. Principal access to the affected territory is provided by Genesis Way & Muth Valley Road via Wildcat Canyon Road. The affected territory lies within County Supervisorial District No. 2 (Joel Anderson), Assembly District No. 75 (Marie Waldron), and Senate District No. 40 (Brian Jones). An aerial map of the affected territory and its regional setting follows with a more detailed map – including the existing parcel and jurisdictional boundaries – provided at Attachment One.



1 Requested terms are as follows. The reorganization be completed in accordance with the County water Authority Act and shall not conflict with Division III, Annexations, of the Metropolitan Water District of Southern California Administration Code. The facilities necessary to connect affected territory to the subject agencies shall be provided at the cost of the participating landowners.

Subject Agencies

The proposed reorganization filed with San Diego LAFCO involves three subject agencies: Lakeside WD; CWA; and MET.[2] Summaries of the three subject agencies in terms of governance, resident population, municipal functions, and financial standing follows.

- **Lakeside WD** is an independent special district governed by a five-member board of directors authorized to provide one municipal function: water (retail class). An appointed general manager – Brett Sanders – oversees day-to-day activities with a current full-time budgeted staff of 51. Lakeside WD was initially organized as the Lakeside Irrigation District in 1924 with water sourced to local groundwater and supplemented by surface supplies from the Cuyamaca Water Company. Lakeside transitioned to surface supplies imported from the Colorado River and later the State Water Project as an original CWA member at the time of the latter's formation in 1944. The current jurisdictional boundary totals approximately 12,800 acres, or 20 square miles, and includes the unincorporated communities of Lakeside, Eucalyptus Hills, Moreno Valley, Muth Valley, and Wintergardens. LAFCO estimates the current population at 33,999. LAFCO established a sphere of influence for Lakeside WD in 1985. The sphere was most recently reviewed and affirmed in 2007 with a larger-than-agency designation to include 201 non-jurisdictional acres. Lakeside WD's audited net position is $42.5 million as of June 30, 2022, with an undesignated balance of $20.9 million. This includes an ending cash balance of $0.544 million. Lakeside WD's total net position has changed by 10.2% over the prior three audited years.

- **CWA** is an independent special district governed by a 36-member board of directors that represent 24 local member agencies with authorization to provide one municipal function: water (wholesale class). An appointed general manager – Dan Denham – oversees day-to-day activities with a current full-time budgeted staff of 249.5. CWA was formed by special legislation in 1944 for the initial purpose of delivering wholesale supplies sourced to the Colorado River and later State Water Project via MET. CWA subsequently has expanded its wholesale water supplies to include desalinated water pulled from the Pacific Ocean. The current jurisdictional boundary totals 1,486 square miles and includes all 18 cities in San Diego County as well as most of the larger unincorporated areas – including Lakeside. LAFCO estimates the current population at 3,224,678. LAFCO established a sphere of influence for CWA in 2005. The sphere was most recently reviewed and affirmed in 2013 with a same-as-agency designation. CWA's audited net position at $1.625 billion as of June 30, 2022, with an undesignated balance of $318.2 million. This includes an ending cash balance of $147.2 million. CWA's total net position has changed by 1.9% over the prior three audited years.

- **MET** is an independent special district governed by a 38-member board of directors that represent 26 member agencies with authorization to prove one municipal function: water (wholesale class). An appointed general manager – Adel Hagekhalil –

2 State law defines "subject agency" to mean any district or city for which a change of organization or reorganization is proposed.

oversees day-to-day activities with a current full-time budgeted staff of 1,929. MET was formed by special legislation in 1928 to provide wholesale imported water to participating members throughout Southern California via the Colorado River and later the State Water Project. The jurisdictional boundary currently spans approximately 3.3 million acres, or 5,200 square miles, and includes significant portions of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties. LAFCO estimates the total resident population at approximately 19 million[3]. LAFCO established a sphere of influence for MET in 2005 with a same-as-agency designation (specific to only San Diego County). MET's audited net position is $7.5 billion as of June 30, 2022, with an unrestricted fund balance of $663.4 million. This includes an ending cash balance of $382.0 million. MET's total net position has changed by 1.2% over the prior three audited years.

Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and/or spheres of influence of six local agencies directly subject to San Diego LAFCO's planning and regulatory responsibilities. These agencies qualify as "affected agencies" relative to the proposed reorganization for noticing purposes and listed below.[4]

- CSA No. 135 (regional communications)
- Grossmont Healthcare District
- Lakeside Fire Protection District
- Resource Conservation District of Greater San Diego County
- San Diego County Street Lighting District
- San Diego County Flood Control District

The affected territory also lies within the following school and college districts, and accordingly has received notice: Lakeside Union Elementary School District; Grossmont Union High School District; and Grossmont-Cuyamaca Community College District.

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications to the physical footprint – the reorganization proposal and its principal action to annex the affected territory to the Lakeside WD with concurrent changes to the two local wholesalers – CWA and MET. The Commission may also consider applying conditions as allowed under statute so long as it does not directly regulate land use, property development, or subdivision requirements. Additional discussion with respect to proposal purpose, development opportunities, and Commission focus follows.

3 MET's 2021-2022 ACFR states it provides 40%- 60% of water used by nearly 19 million residents within its service area.
4 State law defines "affected 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.

Proposal Purpose

The primary purpose of the proposed reorganization before San Diego LAFCO is to facilitate extension of Lakeside WD's retail water service to support the existing 17 single-family residences within the affected territory and in doing so remedy uncertain groundwater flows. Concurrent annexations to CWA and MET and their supporting water wholesale services are relatedly requested with additional details footnoted.[5] The timing of the proposal follows an approximate six-year scoping process facilitated by Lakeside WD to explore interest in a shared-funding arrangement to construct the necessary infrastructure to serve area landowners interested in connecting to the public water system. The proposal scope was finalized in January 2023 and marked by 17 landowners agreeing to proportionally share in the financing of $1.335 million to extend the distribution main approximately 700 feet along with covering ancillary costs – like connection charges.

Current and Planned Development Opportunities

No development plans are associated with the reorganization proposal.

The affected territory is entirely unincorporated and under the land use authority of the County of San Diego and its adopted policies. Specific development policies for the affected territory are delegated in the County General Plan to the Lakeside Community Plan (2011), which is one of 22 designated communities identified by the Board of Supervisors meriting stand-alone land use provisions. The present zoning covering the affected territory is Semi-Rural (Sr-10), which prescribes a minimum lot size of 174,240 square feet or 4.0 acres. This assignment means the total maximum density potential within the affected territory based on current parcel configurations (sizes) is 19 parcels. Additional intensity would be separately permitted by the County with each single-family residence allowed one accessory dwelling unit. This latter allowance produces a total intensity potential of 38 residential units.

Commission Focus

Three central and sequential policy items underlie San Diego LAFCO's consideration for the proposed reorganization. These policy items ultimately take the form of determinations and orient the Commission to consider the interrelated merits of (a) accommodating sphere of influence actions for Lakeside WD, CWA, and MET, (b) timing of the reorganization, and (c) whether discretionary boundary modifications or approval terms are appropriate. The Commission must also consider other relevant statutes in and outside LAFCO law as detailed.

5 Lakeside WD is a retail water member agency of the wholesaler CWA, which receives the majority of its wholesale imported water supply from MET. All three subject agencies have agreed to the proposed reorganization.

ANALYSIS

San Diego LAFCO's analysis of the proposed reorganization is divided into two subsections. The first subsection pertains to evaluating the central policy issues referenced in the preceding section starting with the merits of the conforming sphere of influence amendments and the timing of the reorganization relative to the factor mandated for review by the Legislature and local policies. The second subsection considers other germane issues required for the LAFCO proposal consideration and this include complying with the California Environmental Quality Act (CEQA).

Central Policy Items

Item No. 1 |
Conforming Sphere of Influence Amendments

The proposed reorganization necessitates San Diego LAFCO to consider concurrent actions to all three subject agencies' spheres of influence to achieve consistency with the requested boundary changes required under statute. Consideration of the concurrent sphere actions are premised on the Commission's statutory responsibility to designate spheres to demark the affected agencies' appropriate future service areas relative to community needs and – among other features – to conform with proposed changes of organization or reorganization when warranted. To this end, staff believes the proposed sphere of influence actions to include the affected territory are appropriate and would serve to formalize Commission policy determinations that Lakeside WD (retail) – and by extension CWA and MET (wholesale) – are the appropriate providers now and going forward of public water service to the affected territory on a permanent basis.

Analysis of these three related amendments 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. Commission policy L-106 affirms this statutory direction while also providing waiver allowances based on Executive Officer recommendations. The most recent series of municipal service reviews prepared by LAFCO germane to the affected territory and subject agencies were completed in the late 2000s. Requiring one or more new municipal service reviews – however and specific to informing the proposed reorganization – does not appear warranted This conclusion ties to the relatively limited scope of the amendments and otherwise certainty in analyzing service impacts and related capacities as detailed further in this agenda report.

- 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 follows.

  - With respect to **present and planned land uses**, the affected territory as submitted comprises 17 rural residential parcels with private roads that collectively span 80.34 acres within the Lakeside community. These existing uses conform to the present County zoning assignment applied to all 17 parcels of Semi-Rural and its minimum lot size of 4.0 acres. The present and planned rural residential land uses serve as a buffer to the denser urban uses to the west and agricultural uses to the east. The present and planned uses are readily compatible with the proposal and conforming sphere amendments under consideration.

  - With respect to **present and probable need for one or more public services**, there is a pending need for a more reliable source of potable water supplies within the affected territory to accommodate the effects of uncertain groundwater flows. The pending need for a more reliable water supply is substantiated by the area landowners agreeing to proportionally fund a $1.335 million dollar expansion of Lakeside WD's distribution system. This present and probable service need is readily compatible with the proposal and conforming sphere amendments under consideration.

  - With respect to **overall adequacy of the agencies' public services**, no material deficiencies have been identified by LAFCO staff as part of the proposal review. Specifically, and as further detailed in the proceeding section, Lakeside WD – and by extension CWA and MET – has the supply and means to provide retail service to the affected territory. This adequacy provides sufficient compatibility with the proposal and conforming sphere amendments under consideration.

  - With respect to **social or economic communities of interest if relevant to the agencies**, the affected territory lies immediately outside all three subject agencies' spheres of influence and jurisdictional boundaries. These neighboring properties already within the jurisdictional boundaries and spheres of influence rely on the subject agencies for water supplies to support existing uses and consequently have a direct impact – socially and economically – on the quality of life within the affected territory. These social and economic ties are compatible with the proposal and confirming sphere amendments under consideration.

- 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 reorganization conforms with L-102. Most directly, the amendments would facilitate known and otherwise modest jurisdictional changes.

CONCLUSION |
MERITS OF CONFORMING SPHERE OF INFLUENCE AMENDMENTS

The conforming sphere of influence amendments necessary to accommodate the proposed reorganization is sufficiently justified under both statute and local policy. Justification is marked by the preceding analysis and largely premised on the following assumption. First, it is assumed the Commission determines a new municipal service review for the subject agencies is not necessary given the otherwise limited scope of service impacts associated with the jurisdictional changes and a waiver is appropriate. Second, it is assumed the Commission determines there is sufficient connectivity between the subject agencies' services and the communities of interest within and adjacent to the affected territory.

Item No. 2 |
Reorganization Timing

San Diego LAFCO's consideration of the proposed reorganization'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.[6] 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.

6 Reference to Government Code Section 56668.

- 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, register 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 agencies. A summary of key conclusions generated in reviewing these discretionary matters for the proposed reorganization with an emphasis on the receiving entity (Lakeside WD) 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 residential uses and uncertain groundwater flows merits organized public water service. Annexation of the affected territory to Lakeside WD for purpose of facilitating the extension of retail water service (through CWA & MET's wholesale supplies) accommodates this need and serves as a preferred alternative to depending on uncertain groundwater flows.

  - With respect to **service availability and capacities**, Lakeside WD has available and sufficient capacities to accommodate projected water demands in the affected territory at its current and planned maximum uses. Additional details follow.

    An existing Lakeside WD distribution main is located immediately south of the affected territory within the public rights-of-way of Muth Valley Road and Genesis Way. It is projected the maximum average day water flow generated within the affected territory based on current development is 4,471 gallons or 0.014 acre-feet. This projected amount can be readily accommodated by Lakeside WD and represents 0.048% of its available treatment capacity remaining within its water system.[7] Ultimate buildout would include 38 total residential units (19 single-family homes and 19 accessory dwelling units) and increases the projected average day water flow to 9,994 gallons. This latter projection would equal 0.086% of the existing available capacity.

  - With respect to **related financial considerations**, Lakeside WD has adequate financial resources and related administrative controls to provide retail water services to the affected territory in support of its present and planned development without adversely impacting current ratepayers. This comment is reflected in the staff analysis of recent audited statements, which shows the Lakeside WD having established favorable liquidity and capital levels and highlighted by a current ratio of 23 to 1 and debt ratio of 3.4%. Further, Lakeside

7 The average water demand for Lakeside WD over the last three full years has been 9.6 acre-feet daily or 3,511 acre-feet annually. Lakeside WD's total available daily supply (supply less infrastructure limitations) is 38.82 acre-feet. This results in Lakeside WD's have an estimated excess capacity amount of 29.22 acre-feet.

WD's has maintained positive year-end balances with an average total margin of 22.68% 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.[8] 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 the Lakeside WD, CWA, or MET. LAFCO staff, similarly, has not identified any disputes or related concerns involving other local agencies in the administrative review.

CONCLUSION |
MERITS OF REORGANIZATION TIMING

The timing of the reorganization to annex the affected territory to Lakeside WD – and by extension CWA and MET – to facilitate the establishment of public water service is warranted. Justification is marked by the preceding analysis and highlighted by appropriately responding to the need for public water service within the affected area paired with sufficient capacities to serve among all three subject agencies. Additional analysis supporting the conclusion is provided in Appendix A.

Item No. 3 |
Modifications and Terms

No modifications to the submitted reorganization 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. Further, the affected territory as it has been proposed reflects agreement by the landowners to proportionally fund the approximate $1.335 million in improvements and ancillary costs necessary to extend services. Standard approval terms appear appropriate.

8 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 between the County of San Diego and the subject agencies for the proposed reorganization before San Diego LAFCO. The associated statutes also empower the County of San Diego to make all related property tax exchange determination on behalf of the subject agencies given they are all special districts. LAFCO staff has confirmed the County Board of Supervisors has adopted a master enterprise district resolution applicable to the proposed reorganization. The exchange agreement specifies no transfer of property taxes would occur should the commission approve the concurrent annexations of the affected territory to Lakeside WD, CWA, and MET.

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 reorganization. Staff's analysis follows.

- San Diego LAFCO serves as lead agency under CEQA for the conforming sphere of influence amendments to Lakeside WD, CWA, and MET. It is recommended the Commission find these actions a project under CEQA but exempt from further review under State CEQA Guidelines Section 15061(b)(3). This exemption appropriately applies given it can be seen with certainty spheres are planning policies and any amendments do not make any changes to the environment or authorize any new uses.

- San Diego LAFCO serves as responsible agency under CEQA for the reorganization in deference to Lakeside WD as lead agency. Staff concurs Lakeside WD has correctly determined the activity (i.e., annexations) is a project under CEQA but exempt from further review under State CEQA Guidelines Section 15319 (a). This exemption appropriately applies given the affected territory contains existing structures subject to a Major Use Permit and the extension of water will only serve existing facilities.

Protest Proceedings

Protest proceedings for the proposed reorganization may be waived by San Diego LAFCO should the Commission proceed with an approval under Government Code Section 56663(a). This waiver appropriately applies given notice was provided to all landowners and voters within 300 feet of the affected territory and so long as no written objections are received from the landowners or registered voters at the close of the public hearing.

RECOMMENDATION

Staff recommends conditional approval of the reorganization proposal as submitted along with conforming sphere of influence amendments as detailed. This recommendation and ancillary actions are consistent with Alternative One 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 reorganization proposal as submitted (no modifications) and conforming sphere of influence amendments as detailed along with making required findings under CEQA. Protest would also be waived.

Alternative Two:
Continue consideration to the next regular meeting.

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

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda for action as part of a noticed public hearing. 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 item and consider the staff recommendation.

On behalf of the Executive Officer,

Michaela Peters

Michaela Peters
Analyst I

Appendices:

A) Analysis of Boundary Change Factors

Attachments:

1) Map of the Affected Territory
2) Draft LAFCO Resolution of Approval
3) Application Materials

APPENDIX A

Government Code Section 56668
Mandatory 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 populated areas; the likelihood of significant growth in the area, and adjacent areas, in the next 10 years.

The affected territory as submitted comprises two unincorporated areas in the rural residential community of Lakeside and collectively span 80.34 acres total. The 17 subject parcels within the affected territory are developed with single-family residences. The County of San Diego Assessor's Office identifies the 17 parcels as 329-131 (-08, -09, -11, -33) & 329-132 (-02, -03, -04, -05, -09, -10, -13, -14, -15, -16, -42, -43, -48) with a total land value of $11,533,844.

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 services include community planning, roads, street lighting, and law enforcement. Other pertinent service providers include Lakeside FPD (fire protection, emergency medical, and ambulance transport) and the Resource Conservation District of Greater San Diego County. The proposal affects only potable retail and wholesale water service functions and is the focus of the following analysis.

- **Retail and Wholesale Water Service**
  The affected territory presently relies on uncertain well water flows and annexation to Lakeside WD – and CWA & MET concurrently – would directly assume retail & wholesale water service responsibilities for the affected territory upon the reorganization. Connection to the Lakeside WD will become available through the addition of a 700-foot service lateral which will be located withing the public right-of-way on Muth Valley Road & Genesis Way. The projected average daily water flow for the affected territory at its maximum use under current zoning is 4,471 gallons. This projected amount can be readily accommodated by Lakeside WD and represents 0.048% of its available treatment capacity remaining within its potable water system. Ultimate buildout would include three additional units and increase the average day wastewater flow to 9,994 gallons per day or 0.086% 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 reorganization and annexations therein to Lakeside WD, CWA, and MET would formalize and strengthen economic and social ties between the Districts and the affected territory. These ties are relatedly reflected in the Commission's standing inclusion of the affected territory within the three Districts' 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 reorganization and annexations to Lakeside WD, CWA, and MET would facilitate the orderly expansion of the Districts' jurisdictional boundaries consistent with their spheres of influence. 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, 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 presently contain "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 the City of Escondido 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.

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

The recommended reorganization would not conflict with San Diego Forward, the regional transportation plan established by the San Diego Association of Governments (SANDAG).

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

The affected territory is entirely unincorporated and under the land use authority of the County of San Diego and its adopted policies. Specific development policies for the affected territory are delegated in the County General Plan to the Lakeside Community Plan and presently designated as Semi-Rural (Sr-10), which prescribes a minimum lot size of 174,240 square feet or 4.0 acres. This assignment means the total maximum density potential within the affected territory based on current parcel configurations (sizes) of 19 parcels. Additional intensity would be separately permitted by the County with each single-family residence allowed one accessory dwelling unit. This latter allowance produces a total intensity potential of 38 residential units.

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

See agenda report analysis.

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

Notice of the submitted reorganization 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 October 30, 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 the Lakeside WD has overall sufficient and available financial resources and administrative controls therein relative to serving the affected territory without adversely impacting existing constituents. This statement is supported by the following factors.

- Lakeside WD's last outside audit covers 2021-2022 and shows the District finished with sufficient liquidity levels with an agency-wide current ratio of 23.41 (i.e., $23.41 in current assets for every $100.00 in current liabilities).

- Lakeside WD finished 2020-2021 with good capital levels and marked by a debt ratio of 3.4% (i.e., only $3.40 out of every $100.00 in net assets are financed.)

- Lakeside WD finished 2020-2021 with an overall total margin of 22.68%.

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

The affected territory's existing residential uses are presently within and connected to Lakeside WD's retail potable water system with wholesale supplies provided by the San Diego County Water Authority and Metropolitan Water District of Southern California. Approval of the proposed reorganization would not affect these existing relationships and/or commitments. Further, Lakeside WD did not request any approval terms in the course of receiving a notice of review on the reorganization.

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.

The proposed reorganization would not impact any local agencies in accommodating their regional housing needs. All potential units tied to the lands are already assigned to the County of San Diego by the region's council of governments through the standing inclusion of the land within the Districts' spheres of influence.

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

The landowners support the proposed reorganization and have provided written consent to the proceedings as the petitioners.

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 reorganization is expected to aid and/or otherwise promote environmental justice by enhancing the availability of potable water service within the affected territory and transition from uncertain well water flows. This latter category – notably – includes low-income communities, communities of color, tribal nations, and other disadvantaged groups. 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. These rankings follow.

- The affected territory's **composite pollution burden ranking** falls in the thirty-third percentile with an internal range between 0 to 94 percentiles. Four pollution burden measurements exceed the 50 percentile and considered relatively high. These four measurements are relative to air quality, involving involve ozone, groundwater threats, impaired water, and solid waste.

- The affected territory's **composite susceptible population** ranking falls in the twenty-eighth percentile with an internal range between 14 to 74 percentiles. One of these at-risk groups exceeds the 50 percentile and involves low birth weight.

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

Census Tract 6073016902
Pollution Burdens and At-Risk Population
Table 2.6a (Source: California Environmental Protection Agency and SD LAFCO)

Factor	Census Tract 607301690
No. of Census Tracts	
Estimated Population	2,84
Pollution Burden	**Weighted Percentil**
... Percentile	**33.**
Indicator | Air Quality: Ozone	74.
Indicator | Air Quality: PM 2.5:	20.
Indicator | Air Quality: Diesel PM:	1.
Indicator |Pesticides:	0.
Indicator | Toxic Releases:	21.
Indicator |Traffic:	19.
Indicator | Drinking Water Contaminants:	46.
Indicator | Lead in Housing:	41.
Effects | Cleanup Sites:	40.
Effects | Groundwater Threats:	64.
Effects | Hazardous Waste:	1.
Effects | Impaired Water:	94.
Effects | Solid Waste:	70.
At Risk Population Characteristics	**Weighted Percentil**
... Percentile	**28.**
Sensitive Population | Asthma:	25.
Sensitive Population | Low Birth Weight:	74.
Sensitive Population | Cardiovascular Disease:	22.
Socioeconomic Factor | Education Attainment:	46.
Socioeconomic Factor | Linguistic Isolation:	14.
Socioeconomic Factor | Poverty:	37.
Socioeconomic Factor | Unemployment:	36.
Socioeconomic Factor | Housing Burden:	17.

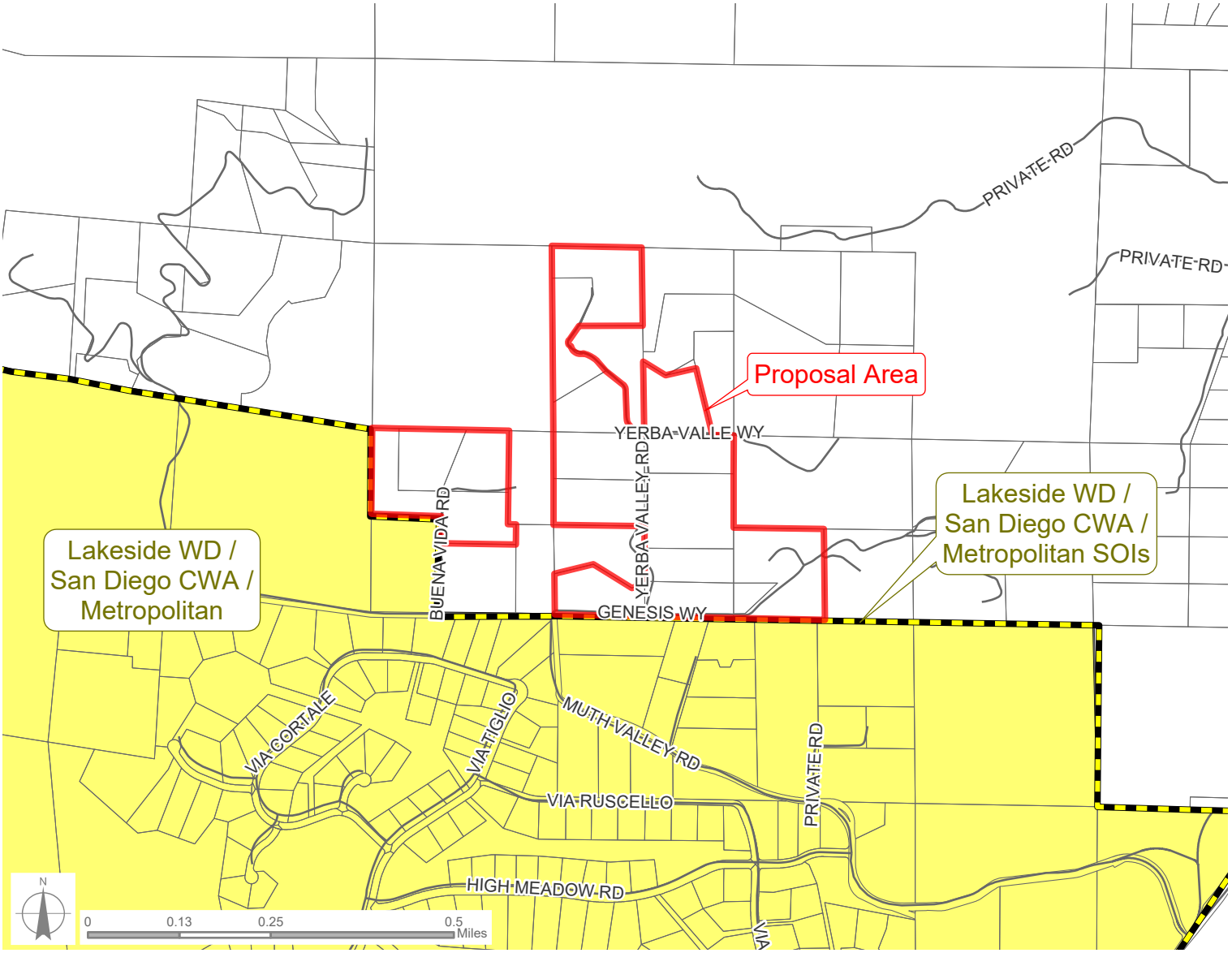
q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information is relevant to the affected territory.

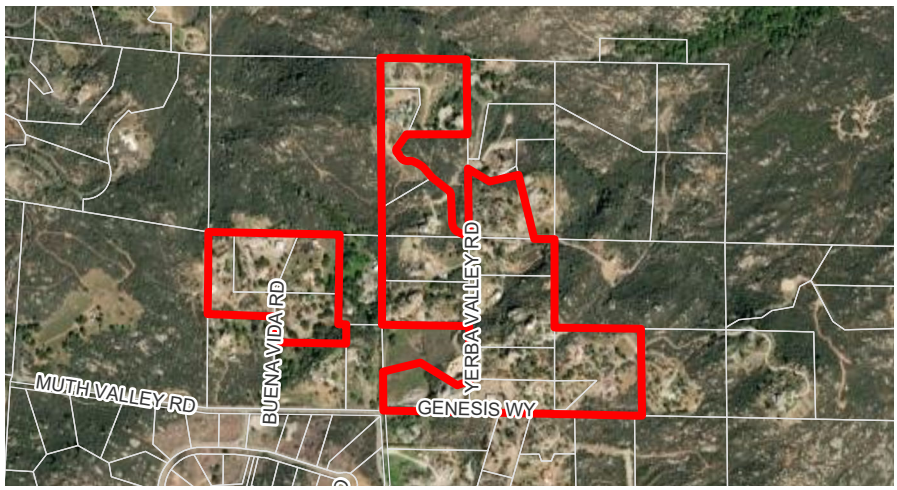
The County of San Diego General Plan contains a hazard mitigation plan for potential fire,

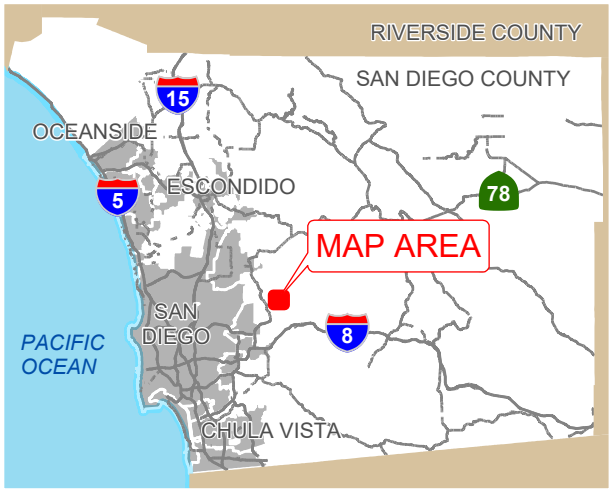
flooding, and earthquakes. The affected territory lies in a Very-High Fire Hazard Severity Zone as well as a moderate earthquake hazard area.

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 annexed to the district.

Approval of the reorganization would be in the best interest of the current and future landowners and/or residents of the affected territory by providing reliable water service going forward.







RO23-02

PROPOSED "YERBA VALLEY ROAD REORGANIZATION" | ANNEXATION TO LAKESIDE WD, SAN DIEGO COUNTY WATER AUTHORITY, AND METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

- Proposal Area
- Lakeside WD / SDCWA / MET SOIs
- Lakeside WD / SDCWA / MET

SOI = Sphere of Influence

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

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RESOLUTION NO._____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A REORGANIZATION

"YERBA VALLEY ROAD REORGANIZATION"
ANNEXATION TO THE LAKESIDE WATER DISTRICT, SAN DIEGO COUNTY WATER AUTHORITY, AND METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
LAFCO FILE NO: RO23-02

WHEREAS, on February 8, 2023, Lakeside Water District filed a reorganization proposal and resolution 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 filed seeks approval of a reorganization to annex approximately 80.34 acres of unincorporated territory to the Lakeside Water District (WD) as well as to the San Diego County Water Authority (CWA) and Metropolitan Water District of Southern California ("MET"); and

WHEREAS, the affected territory as proposed includes two non-contiguous areas involving 17 developed single-family residential parcels along with adjacent portions of the public right-of-ways along Genesis Way and Buena Vita Road; and

WHEREAS, the County of San Diego Assessor's Office identifies the 17 subject parcels within the proposed reorganization as 329-131 (-08, -09, -11, -33) & 329-132 (-02, -03, -04, -05, -09, -10, -13, -14, -15, -16, -42, -43, -48) with a total land value of $11,533,844; and

WHEREAS, an applicable master property tax transfer agreement applies to the proposed reorganization dated December 14, 1982 and provides a "no-exchange" formula; and

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

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

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public hearing on the proposal on November 6, 2023;

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 hearing 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 hearing, the Commission considered the Executive Officer's report.

3. With respect to considering the effects of the proposed reorganization under the California Environmental Quality Act (CEQA), the Commission's makes the following findings:

    a) LAFCO serves as lead agency under CEQA for the accommodating amendments to Lakeside WD, CWA, and MET's sphere of influences. The Commission determines the amendments are a project under CEQA but exempt from further review under the "general rule" provision per State CEQA Guidelines Section 15306. This exemption appropriately applies given it can be seen with certainty spheres are planning policies and any amendments do not make any changes to the environment or authorize and new uses or services.

    b) LAFCO serves as responsible agency under CEQA for the reorganization and in deference to Lakeside WD as lead agency. The Commission concurs Lakeside WD has correctly determined the annexations are a project under CEQA but exempt from further review under State CEQA Guidelines Section 15319(a). This exemption appropriately applies given the affected territory contains existing structures subject to a Major Use Permit and the extension of water service will only serve existing facilities.

4. The Commission CONDITIONALLY APPROVES the sphere of influence amendments for Lakeside WD, CWA, and MET to accommodate and otherwise match the reorganization as shown in Exhibit A and does so by making the determinative statements covering the factors under Government Code Section 56425 provided in the Executive Officer's written report.

    a) Approval of the above-stated sphere of influence amendments are contingent upon the approval and related issuance of a Certificate of Completion.

    b) Approval of the above-stated sphere of influence amendments include an enabling waiver by the Commission as recommended by the Executive Officer of the provision in L-106 that would otherwise require the preparation of one or more municipal service reviews.

5. The Commission CONDITIONALLY APPROVES the reorganization and associated annexations to Lakeside WD, CWA, and MET without modifications. Approval involves all the following:

    a) Concurrent annexation of the affected territory to the Lakeside WD, CWA, and MET as shown in "Exhibit A-1" and described in "Exhibit A-2".

6. The Commission CONDITIONS ALL APPROVALS on the following terms being satisfied by November 6, 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 Divisions.

c) Submittal to the Commission of the following payments:

- A check made payable to LAFCO in the amount of $100.00 for the County of San Diego-Clerk Recorder to reimburse for filing a CEQA Notice of Determination and Notice of Exemption consistent with the finding in the resolution.

- A check made payable to the State Board of Equalization for processing fees in the amount of $1,500.00.

d) Written confirmation from Lakeside WD, CWA, and MET that all terms required of their boards involving the reorganization are satisfied.

7. The Commission assigns the proposal the following short-term designation: "Yerba Valley Road Reorganization"

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

9. The Commission waives conducting authority proceedings under Government Code Section 56662. Protest proceedings are waived given all landowners and registered voters within the affected territory as well as and within 300 feet have been notified in a manner provided in stature and no written opposition was received from the affected voters or landowners before the conclusion of the noticed hearing.

10. The Lakeside WD, San Deigo CWA, and MET are registered-voter districts.

11. The Lakeside WD, San Diego CWA, and MET all utilize the County of San Diego assessment roll.

12. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the Lakeside WD, San Diego CWA, and MET as provided under Government Section 57328.

13. 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.

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

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

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 November 6, 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

**

ATTEST:

_____
Keene Simonds
Executive Officer

EXHIBIT A-1
MAP OF THE AFFECTED TERRITORY
CONCURRENT ANNEXATIONS TO LAKESIDE WD, CWA and MET

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EXHIBIT A-2
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY
CONCURRENT ANNEXATIONS TO LAKESIDE WD, CWA and MET

Placeholder

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RESOLUTION NO. 23-04

A RESOLUTION OF APPLICATION BY THE BOARD OF DIRECTORS OF LAKESIDE WATER DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO TAKE PROCEEDINGS FOR THE PROPOSED YERBA VALLEY ANNEXATION CHANGE OF ORGANIZATION

RESOLVED, by the Board of Directors of the Lakeside Water District, that

WHEREAS, the Board of Directors of the LAKESIDE WATER DISTRICT (LWD), San Diego County, State of California, desires to initiate proceedings pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with Section 56000 of the California Government Code for the proposed Yerba Valley Annexation; and

WHEREAS, the proposed Yerba Valley Change of Organization includes annexation of the Yerba Valley Community Facilities District territory ***(APN 329-131(08, -09, -11, -33) and 329-132-02, -03, -04, -05, -09, -10, -13, -14, -15, -16, -42, -43, -48)*** to Lakeside Water District; and

WHEREAS, the reasons for this proposed Change of Organization are as follows:

1. LWD is empowered to and is engaged in the service of potable water and has existing facilities to provide water service to the territory proposed to be annexed.
2. The owners of the territory desire to utilize the LWD facilities.
3. The territory to be annexed is within LWD's Sphere of Influence.

WHEREAS, the territory subject to the proposed Change of Organization is inhabited, and a description of the external boundary of the territory is set forth In Exhibit "A" and a map thereof is set forth in Exhibit "B", both attached hereto and by this reference Incorporated herein; and

WHEREAS, LWD requests that the proposed Change of Organization be subject to the following terms and conditions:

1. The annexed property is thereafter subject to capacity fees, water service fees, and all other district-wide Ordinances and Resolutions of LWD.

WHEREAS, LAFCO is authorized to approve this proposed Change of Organization without notice or hearing and without an election. If no express effective date Is indicated, the effective date of the Change of Organization shall be the date of recordation of the Certificate of Completion and Resolution ordering the change of organization by the County Recorder.

WHEREAS, the staff of LWD has reviewed this proposed Change of Organization under the California Environmental Quality Act (CEQA) and has found it to be categorically exempt from CEQA pursuant to Section 15319 (a) of the California Environmental Quality Act.

NOW, THEREFORE, this Resolution of Application is hereby approved and adopted by the Board of Directors of the LAKESIDE WATER DISTRICT. The Local Agency Formation Commission of San Diego County is hereby requested to take proceedings for the proposed Change of Organization that includes the territory as described in Exhibit "A" and shown in Exhibit "B", according to the terms and conditions stated above and, in a manner, provided by the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000.

PASSED AND ADOPTED at a Regular meeting of the Board of Directors held on February 7th, 2023 by the following vote:

AYES: **Hilliker, Robak, Nuemeister, Johnson, Jenkins**
NOES:
ABSTAIN:
ABSENT:

Frank Hilliker, President
Board of Director's

ATTEST:
Brett Sanders, Board Secretary
Lakeside Water District