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

SPECIAL MEETING AGENDA
CITIES ADVISORY COMMITTEE

Thursday, March 20, 2025
10:00 A.M. to 11:30 A.M.

County of San Diego Administration Center
1600 Pacific Highway, Room 302
San Diego, California 92101

Moderator, LAFCO Executive Officer

Carlsbad	Chula Vista	Coronado	Del Mar	El Cajon	Encinitas
Escondido	Imperial Beach	La Mesa	Lemon Grove	National City	Oceanside
Poway	San Diego	San Marcos	Santee	Solana Beach	Vista

The Cities Advisory Committee is responsible for helping to inform the Commission and Executive Officer on all germane items relating to San Diego LAFCO's regulatory and planning responsibilities affecting cities. The current Committee has been called by the Executive Officer to review and provide ongoing feedback on LAFCO's FY2024-FY2025 adopted workplans. All 18 cities in San Diego County are represented on the Committee by the city manager or their designee and have one vote. Each city may also appoint one or more alternates. The Executive Officer is also a non-voting member and serves as moderator and is responsible for scheduling meetings.

The Committee will hold the March 20, 2025 special meeting in person at the County of San Diego Administration Center (1600 Pacific Highway, Room 302, in San Diego). Three-hour visitor parking is available using the Ash Street entrance. In person attendance by the public is welcomed. The public may also watch, listen, and otherwise participate in the meeting remotely by any of the following options.

1. The public may watch and listen to the meeting live on YouTube using the link provided on our website homepage (www.sdlafco.org).

2. The public may watch, listen, and participate in the meeting by Zoom (https://zoom.us/) or by telephone at (669) 900-9128 using Meeting/Webinar ID: 895 6767 7168 and Passcode 508649. Please use the "raise your hand" function in Zoom or push *9 by telephone if/when you wish to speak. Then wait until your name is called before speaking.

   a) The public may provide eComments on any item by emailing to erica.sellen@sdcounty.ca.gov

      - eComments received before 5:00 P.M. on Wednesday, March 19, 2025, will be forwarded to the Committee and posted online before the meeting. They will also be referenced during the meeting.
      - eComments received during the meeting and before the subject item is concluded will be read into the record by staff subject to the three-minute limit.

1. **10:00 A.M. – CALL TO ORDER BY MODERATOR**

   a) **Roll Call**
   b) **Pledge Of Allegiance**

2. **AGENDA REVIEW**

3. **COMMITTEE MEMBER REPORTS**

4. **CONSENT ITEMS**

   a) **Approval of Meeting Minutes for December 19, 2024 (action)**
   The Committee will consider draft summary minutes prepared for the last meeting held on December 19, 2024. Recommendation to approve as presented. (Pages 5-12)

   b) **Progress Report on 2024-2025 Workplan (information)**
   The Committee will receive an update on the adopted workplan and activities related to the 30 special projects scheduled for 2024-2025. Information only. (Pages 13-22)

   c) **Approved Policy on Public Member Appointments (information)**
   The Committee will receive an update on a new policy that establishes rules and procedures for appointing regular and alternate public members to the Commission. The policy ties to the adopted workplan and aims to create a standardized process for public member appointments as well as setting related consideration priorities. Notable provisions in the policy not included in the draft presented to the Committee at its last meeting includes requiring one member—whether regular or alternate—be selected from the unincorporated community and another from an incorporated community. Another late revision added to the approved policy allows the Commission to draw from a pool of candidates from a previous recruitment under certain conditions. The Commission also considered a recommendation by the Committee to establish term limits but deferred any action for future consideration. Information only. (Pages 23-30)

5. **BUSINESS ITEMS**

   a) **Adopted Draft Workplan and Budget for 2025-2026 (discussion + possible action)**
   The Committee will review a draft workplan and budget for 2025-2026, which were adopted by the Commission at its March 3, 2025 meeting. Both drafts largely represent the status quo with respect to continuing existing project activities and funding levels with targeted enhancements. The workplan identifies 30 special projects in priority order and headlined by forwarding active municipal service reviews on wholesale water service providers, healthcare districts, and local agencies within the Carlsbad-Encinitas region. New additions include commencing a municipal service review on the San Diego Unified Port District and establishing a pilot grant program to help fund special LAFCO projects. The budget draws on the workplan and totals $3.164 million in matching expenses and revenues and reflects an overall increase of 8.6% or $0.251 million. The budgeted increase in revenues to match expenses mostly involves raising local agency apportionments by 7.6% or $0.156 million with the balance covered by drawing from additional reserves. The item is for Committee review and feedback with the opportunity to forward specific recommendations for consideration by the Commission in taking up final approvals in May. (Pages 31-42)

   Contact: Priscilla Mumpower, Assistant Executive Officer

b) Update on Implementing Policy on Out-of-Agency Services (discussion)
The Committee will receive an update on the implementation of a new LAFCO policy governing out-of-agency services in San Diego County. The policy was established in May 2024 and provides rules for administering Government Code Section 56133 and its provisions requiring cities and special districts to obtain LAFCOs approval before providing out-of-agency services. LAFCO has processed several requests under the new policy and implemented related provisions including delegating authority to the Executive Officer for no-cost determinations on exemption eligibility. The update is being presented for discussion as part of a scheduled check-in to revisit implementation and identify potential amendments. (Pages 43-56)

Contact: Michaela Peters, Analyst II

c) Implementing Report Recommendations from University of California Berkeley to Expand LAFCOs' Effectiveness (information)
The Committee will receive a presentation on recent staff activities to advance critical recommendations involving LAFCOs' effectiveness in meeting statutory objectives from a report published by the University of California, Berkeley. The report outlines strategies to strengthen the relationship between State regulators, LAFCOs, and local communities in addressing the delivery of safe drinking water, with a focus on elevating municipal service reviews (MSRs) and facilitating water system consolidations. Consistent with feedback from the Commission, staff has been collaborating with the U.C. Berkeley author and other stakeholders in developing legislative amendments addressing the report's recommendations. This includes exploring legislation to expand LAFCOs authority to initiate annexations under certain circumstances to address public health considerations involving water and wastewater services. This update is being presented for informational purposes with an opportunity to provide input on staff activities going forward. (Pages 57-82)

Contact: Joelle Burila, Analyst I

6. LAFCO EXECUTIVE OFFICER REPORT

7. OPEN EXPRESSION
This time is reserved for any member of the public to address the Committee on germane topics that are not directly part of the agenda. This includes requests for future Committee topics. Individuals are limited to three minutes.

8. ADJOURNMENT

Attest to Posting:



Erica Sellen
Committee Secretary

Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or a copy of all the documents constituting the agenda packet for a meeting upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting.

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4a

AGENDA REPORT
Consent | Action

March 20, 2025

TO: Cities Advisory Committee

FROM: Erica Sellen, Commission Clerk

SUBJECT: **Approval of Meeting Minutes for December 19, 2024**

SUMMARY

The Cities Advisory Committee ("Committee") will receive action minutes prepared for the last meeting held on Thursday, December 19, 2024. The minutes are in draft-form and being presented for formal approval with any corrections identified by the Committee.

BACKGROUND

The Ralph M. Brown Act was enacted in 1953 and establishes standards for the public to attend and participate in meetings of local government bodies. The "Brown Act" requires – and among other items – public agencies to maintain written minutes for qualifying meetings.

DISCUSSION

This item is for the Committee to consider approving action minutes prepared by the Committee Secretary for the December 19, 2024 meeting consistent with the Brown Act.

ANALYSIS

The attached action minutes for the December 19, 2024 meeting accurately reflect the Committee's deliberations as recorded by the Committee Secretary. A video recording of the meeting has also been posted online at www.sdlafco.org/meetings.

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

RECOMMENDATION

It is recommended the Committee approve the draft action minutes prepared for the December 19, 2024 2024 meeting as presented and consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to the Committee through a single motion:

Alternative One (recommended):
Approve the draft action minutes prepared for the December 19, 2024 meeting with any desired corrections or clarifications.

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

PROCEDURES

This item has been placed on the Committee'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 Committee.

Respectfully,

Erica A. Sellen

Erica Sellen
Commission Clerk

Attachment: as stated

DRAFT
SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
AD HOC CITIES ADVISORY COMMITTEE SPECIAL MEETING

DECEMBER 19, 2024

San Diego County Administration Center
1600 Pacific Highway, Room 302
San Diego, California 92101

1. 1:30 P.M. – CALL TO ORDER

Executive Officer Keene Simonds called the meeting to order at 1:37 p.m.

Item 1a
ROLL CALL

Committee Secretary Erica Sellen performed the roll call with the following attendance recorded. Ten cities were represented.

Regular Members Present:

Carlsbad | Paz Gomez (regular)
Chula Vista | Tiffany Allen (regular)
Coronado | Tina Friend (regular)
Escondido | Sean McGlynn (regular)
Imperial Beach | Tyler Foltz (regular)
Lemon Grove | Lydia Romero (regular)
National City | Martin Reeder (regular)
San Diego | Dion Akers (regular)
Santee | Marlene Best (regular)
Solana Beach | Alyssa Muto (regular)

Alternate Members Present:

None

Regular Members Absent:

Del Mar | Ashley Jones (regular)
El Cajon | Vince DiMaggio (regular)
Encinitas | Pamela Antil (regular)
La Mesa | Lynnette Santos (regular)
Oceanside | Jonathan Borrego (regular)
Poway | Chris Hazeltine (regular)
San Marcos | Michelle Bender (regular)
Vista | John Conley (regular)

The following members of San Diego LAFCO staff were present at roll call: Executive Officer Keene Simonds; Assistant Executive Officer Priscilla Mumpower; Commission Counsel Aleks Giragosian; Local Government Analyst II Michaela Peters; Local Government Analyst I Joelle Burila; Local Government Analyst I Meghan Traynor; Communications Associate Aiden Velasquez; GIS Analyst Dieu Ngu; and Commission Clerk Erica Sellen. LAFCO Consultants Chris Cate and Adam Wilson were also present at the meeting.

Item 1b
PLEDGE OF ALLEGIANCE

LAFCO Consultant Chris Cate led the Pledge of Allegiance.

2. AGENDA REVIEW

Executive Officer Keene Simonds outlined the meeting agenda and had LAFCO staff proceed with self-introductions. Simonds also stated Agenda Item 4c will be pulled from Consent and moved to the beginning of Business.

3. COMMITTEE MEMBER REPORTS

Executive Officer Keene Simonds noted the meeting had a stop-time of 3:00 p.m. and stated this Agenda Item will be moved in front of Agenda Item 6, EO Report.

No member reports provided.

4. CONSENT ITEMS

a) Approval of Meeting Minutes for March 14, 2024 (action)
The Committee considered draft summary minutes prepared for the last meeting held on March 14, 2024. Recommendation to approve.

b) Update on 2024-2025 Workplan (information)
The Committee received an update on the adopted workplan and activities associated with the 30 special projects set for 2024-2025. Information only.

**

On motion by Dion Akers (San Diego), seconded by Lydia Romero (Lemon Grove), the Committee unanimously approved the Consent Calendar.

5. BUSINESS ITEMS

Item 4c (moved from Consent)
Approved Policy on Conducting Municipal Service Reviews (L-106) (discussion)
The Committee received an update on the recently approved Legislative Policy 106 and its governing provisions related to conducting municipal service reviews. The policy – approved by the Commission in November 2024 – formalizes existing practice to provide all subject agencies an opportunity to review complete draft reports on municipal service reviews prior to their public presentation. Information only.

Staff presentation provided by Assistant Executive Officer Priscilla Mumpower followed by additional comments from the Executive Officer.

BUSINESS ITEMS CONTINUED

Item 4c (moved from Consent) Continued…

Comments were received from the following members:

- Tyler Foltz, Imperial Beach
- Alyssa Muto, Solana Beach
- Sean McGlynn, Escondido
- Dion Akers, San Diego

Committee discussion followed. No action.

a) Draft Policy on Public Member Appointments (discussion + possible action)

The Committee reviewed a draft policy to establish rules and procedures in making regular and alternate public member appointments. The item ties to the adopted workplan and presented in advance of the current regular public member's four-year term expiring in May 2025. The draft builds on recent practice and feedback provided by the Commission at its December 2, 2024 meeting and collectively aims to create a clear and known process. Staff anticipates drawing on the Committee feedback in presenting a final draft version to the Commission for action in February 2025.

Staff presentation provided by Assistant Executive Officer Priscilla Mumpower.

Comments were received from the following members:

- Lydia Romero, Lemon Grove
- Marlene Best, Santee

**

On motion by Lydia Romero (Lemon Grove), seconded by Tyler Foltz (Imperial Beach), with Tina Friend (Coronado) voting no, the Committee made a formal recommendation to establish term limits.

b) Current Workplan Update on High Priority Project | MSR on Wholesale Water Agencies: San Diego County Water Authority and Metropolitan Water District of Southern California (information)

The Committee received an update on the status of the scheduled municipal service review on wholesale water agencies covering a comprehensive evaluation of the San Diego County Water Authority and a limited evaluation of the Metropolitan Water District of Southern California. The update is provided for information with an opportunity for Committee members to provide feedback on work to date as well as pending steps. Information only.

Staff presentation provided by LAFCO Consultants Chris Cate.

No Committee comments or discussion.

c) Current Workplan Update on High Priority Project | MSR Update on San Diego Association of Governments (information)

The Committee received an update on the status of the scheduled municipal service review on San Diego Association of Governments (SANDAG) and its transportation, housing, and climate adaptation functions. The update is provided for information with an opportunity for Committee members to provide feedback on work to date as well as pending steps. Information only.

Staff presentation provided by Local Government Analyst I Joelle Burila.

Comments were received from the following members:

- Marlene Best, Santee
- Lydia Romero, Lemon Grove
- Paz Gomez, Carlsbad
- Tiffany Alle, Chula Vista
- Tina Fried, Coronado
- Alyssa Muto, Solana Beach
- Tyler Foltz, Imperial Beach
- Dion Akers, San Diego

Committee discussion followed. No action.

d) Current Workplan Update on High Priority Project | MSR Update on Healthcare Districts in San Diego County (information)

The Committee received an update on the status of the scheduled municipal service review on healthcare districts in San Diego County and core functions provided by Fallbrook, Palomar, Grossmont, and Tri-City. The update is provided for information with an opportunity for Committee members to provide feedback on work to date as well as pending steps. Information only.

Staff presentation provided by Local Government Analyst II Michaela Peters.

No Committee comments or discussion.

5. LAFCO EXECUTIVE OFFICER REPORT

At the request of Dion Akers (San Diego), staff provided an update on the status of the petitions filed to incorporate La Jolla.

6. OPEN EXPRESSION

Executive Officer Keene Simonds asked if there were any members of the public who wished to address the Committee on a germane topic that is not directly part of the agenda. The Committee Secretary confirmed there were no pre-registered speakers and no live email comments.

7. ADJOURNMENT

The Cities Advisory Committee meeting was adjourned at 2:45 p.m.

Attest:

Erica Sellen
Committee Secretary

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4b

AGENDA REPORT
Consent | Information

March 20, 2025

TO: Cities Advisory Committee

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

SUBJECT: **Progress Report on 2024-2025 Workplan**

SUMMARY

The Cities Advisory Committee ("Committee") will receive an update on the adopted workplan and activities related to the 30 special projects scheduled for 2024-2025. Four projects have been completed to date and headlined by a municipal service review on the Oceanside region and establishment of a policy guiding public member appointments. Another 18 projects are underway with five nearing their completion as detailed. The item is provided to the Committee for information only.

BACKGROUND

San Diego LAFCO's current fiscal year workplan was adopted at a noticed public hearing held in May 2024. It includes 30 special projects that are divided into two distinct categories – statutory and administrative – along with priority assignments set by the Commission.

DISCUSSION

This item provides the Committee with an update on work performed on special projects approved as part of the 2024-2025 workplan. This includes noting almost three-fourths of all projects have been initiated with nine complete or nearing completion with the former category headlined by a comprehensive municipal service review on the Oceanside region.

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Jo MacKenzie, Vista Irrigation
David Drake, Alt., Rincon del Diablo
Vacant, General Public
Brigette Browning, Alt., General Public

A detailed listing is provided status listing is provided as Attachment One.

ANALYSIS

None.

RECOMMENDATION

This item is presented to the Committee for information only.

ALTERNATIVES FOR ACTION

None.

PROCEDURES

This item has been placed on the Committee's agenda for information as part of the consent Calendar.

On behalf of the Executive Officer,

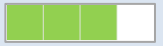


Priscilla Mumpower
Assistant Executive Officer

Attachments:

1) 2024-2025 Workplan Status
2) Five-Year Rolling Study Schedule

ADOPTED WORKPLAN FOR FY2024-2025
Status as of March 14, 2025

Priority	Level	Type	Project	Description	Status
Ongoing	…	Statutory	Applicant Proposals and Requests	Prioritize resources to address 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 regular updates to the Commission	
1a	High	Statutory	MSR | Wholesale Water Service Providers	Service-specific MSR on wholesale water suppliers – CWA (comprehensive) + MET (abbreviated)	
1b	High	Statutory	MSR | Healthcare Districts: Part I	Service-specific MSR of the four healthcare districts in San Diego County	
3	High	Statutory	MSR | SANDAG	Agency-specific MSR of SANDAG (housing, transportation, + climate adaption)	
4	High	Administrative	Transition to Online Accounting	Complete transition to QuickBooks accounting from desktop to online platform	
5	High	Statutory	MSR | North Coast Region – Part I	Regional-specific MSR for north coast – cities phase (Carlsbad and Encinitas)	
6	High	Administrative	SALC Planning Grant 2.0	Complete multi-year grant to inform + enhance small farming operations in San Diego County	
7	High	Administrative	RCD Ad Hoc Committee: Part II	Complete second part of RCD true ups; boundaries	
8	High	Statutory	MSR | Central 78 Corridor Region: Part I	Regional-specific MSR for central 78 corridor – cities phase (San Marcos + Vista)	
9	High	Statutory	MSR | Central 78 Corridor Region: Part II	Regional-specific MSR for central 78 corridor – districts phase (San Marcos and Vista FPDs, Vista ID, etc.)	
10	High	Administrative	Policy Review | Audit and Accounting	Prepare update to modernize and expand audit + accounting policies; address auditor recommendations	
11	High	Statutory	MSR | Oceanside Region MSR	Complete regional MSR on Oceanside (City of Oceanside, Oceanside SCHD + Morro Hills CSD)	
12	Medium	Administrative	Staffing and Professional Development	Fill all 8.0 budgeted positions + establish ongoing training	
13	Medium	Administrative	Policy Review | Personnel: Part III	Prepare update to modernize and harmonize all LAFCO job descriptions	
14	Medium	Administrative	Custom Project Management Tracker	Work with outside consultant to develop and implement custom online project tracking platform	
15	Medium	Statutory	Special Districts Advisory Committee	Provide administrative support to the SDAC and hold no less than three formal meetings in FY	
16	Medium	Administrative	White Paper | Homeless Services	Evaluate the scope-scale of governmental homeless services in SD County + potential governance options	
17	Medium	Statutory	Cities Advisory Committee	Provide administrative support to the CAC and hold no less than two formal meetings in FY	
18	Medium	Statutory	MSR | North Coast Region – Part II	Regional-specific MSR for north coast – Part II cover districts (Carlsbad MWD, Leucadia WD, et al.)	
19	Medium	Administrative	Prepare Outside Audit + Enhancements	Complete outside audit of financial statements for FY24 with supplemental information for added value	
20	Medium	Statutory	MSR | Del Mar-Solana Beach Region	Complete regional MSR covering the Cities of Del Mar and Solana Beach + Santa Fe ID et al.	

Priority	Level	Type	Project	Description	Status
21	Low	Administrative	Website Refresh + Content Expansion	Proceed with a website refresh and context expansion with multi-media adds	
22	Low	Administrative	Annual Local Agency Directory	Update and publish annual local agency directory subject to LAFCO oversight	
23	Low	Statutory	Policy | Applicant Procedures	Update and streamline application materials and establish related protocols	
24	Low	Administrative	Establish Credit Card Payments	Establish processes and related rules to accept card payments for applicant proposals	
25	Low	Statutory	Legislative Proposal | G.C. 56133	Sponsor/facilitate amendment to clarify LAFCOs' authority to determine out-of-agency exemptions in (e)	
26	Low	Administrative	Policy Review | SDAC Bylaws	Coordinate with SDAC in updating bylaws to sync with current member interests/priorities	
27	Low	Administrative	White Paper | Public Recreation Opportunities	Evaluate potential governance models involving San Diego-owned reservoirs in unincorporated areas	
28	Low	Administrative	Liaison with Local Tribes	Establish communication protocols with local tribes with respect to shared interests in regional services	
29	Low	Administrative	Service + Fiscal Indicators	Develop online browser feature to depict service + fiscal indicators among local agencies in SD County	
30	Low	Administrative	Policy Review | Public Member Appointments	Establish local policies and procedures to guide recruitment, vetting, and selection of public members	
Bullpen		Statutory	Legislative Proposal | G.C. 56430	Sponsor and/or facilitate amendment establishing community engagement enhancements in MSR statute	
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	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	White Paper | School Districts	Evaluate scope and scale of school districts and their baseline capacities for reference in municipal service reviews	
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		Administrative	White Paper | Community Choice	Evaluate the scope and scale of CCAs and their operations in San Diego County and connectivity to LAFCO	
Bullpen		Statutory	Policy | Cities Advisory Committee	Coordinate with CAD in updating bylaws and related procedures to sync with current member interests/priorities	

Complete | Near Complete | Underway | Pending

Commission Rolling Study Schedule 5-YEAR PLAN

FY2025 Through FY2029

Regional Service Planning
Subdivision of the State of California



Study Directive

State law directs San Diego LAFCO to review spheres of influence for all cities and special districts and update as needed (affirm, expand, reduce, etc.) every five years and by extension mark the agencies' appropriate current and future boundaries and service areas. Pertinently, local agencies cannot annex and/or extend services outside their spheres with limited exceptions. State law also specifies San Diego LAFCO must inform the sphere updates by preparing comprehensive evaluations – titled municipal service reviews – to determine the availability and adequacy of local governmental services as well as governance responsiveness relative to community needs.

Study Schedule

San Diego LAFCO has established a five-year rolling Study Schedule to guide its statutory task to review and update as appropriate the spheres of influence of cities and special districts under the Commission's oversight. The rolling Study Schedule is premised on the Commission's policy interest to proactively calendar municipal service reviews and use these documents to determine the subsequent scope of any related sphere of influence updates for the affected agencies. The Commission also regularly draws on the municipal service reviews to inform its' decision-making on boundary changes.

Rolling Study Schedule Format

The Study Schedule is a living or rolling document that the Commission resets yearly in concert with the annual budget and workplan adoptions. The rolling study schedule spans 5 fiscal years with only the first year being set. The second through fifth years are tentatively calendared, and done so to help guide and telegraph future decision-making. This approach allows the Commission the flexibility to redirect staff resources where needed should calendar studies extend beyond one year while also granting staff the ability to prioritize applicant proposals.

THE COMMISSIONERS »



Otay Lakes in Chula Vista ▶

San Diego LAFCO's Commission

San Diego LAFCO is governed by a 13-member "Commission" comprising county, city, special district, and public members. All Commissioners are appointed elected officials with the exception of the two public members. Commissioners serve four–year terms and divided between "regulars" and "alternates" and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. Commissioners are subject to standard disclosure requirements and must file annual statements of economic interests. The Commission has sole authority in administering its legislative responsibilities and decisions therein are not subject to an outside appeal process.



Stephen Whitburn
Chair
City of San Diego



Baron Willis
Vice Chair
Alpine Fire Protection



Joel Anderson
Commissioner
County of San Diego



Kristi Becker
Commissioner
City of Solana Beach



Jim Desmond
Commissioner
County of San Diego



Jo MacKenzie
Commissioner
Vista Irrigation



Harry Mathis
Commissioner
Public Member



Dane White
Commissioner
City of Escondido



Brigette Browning
Alternate
Public Member



David Drake
Alternate
Special District Member



John McCann
Alternate
City of Chula Vista



Nora Vargas
Alternate
County of San Diego



Marni von Wilpert
Alternate
City of San Diego

2024-2025 + 2025-2026: SET

NORTH COUNTY FOCUS

Carlsbad + Encinitas Region

- **Part I: Cities**
  - City of Carlsbad
  - City of Encinitas
- **Part II: Special Districts**
  - Carlsbad MWD
  - Leucadia WWD
  - Olivenhain WD
  - San Dieguito WD

Central 78 Corridor Region

- **Part I: Cities**
  - City of San Marcos
  - City of Vista
- **Part II: Special Districts**
  - Vista ID
  - Buena SD
  - Vallecitos WD
  - San Marcos FPD
  - Vista FPD

San Diego County Healthcare Districts

- **Part I: Macro + Part II: Micro**
  - Palomar HD
  - Tri-City HD
  - Fallbrook HD
  - Grossmont HD

Del Mar + Solana Beach Region

- **Part I: Cities**
  - City of Del Mar
  - City of Solana Beach
- **Part II: Special Districts**
  - Santa Fe ID
  - CSA 17 – Ambulance*

Oceanside Region

- City of Oceanside
- Morro Hills CSD
- Oceanside Harbor District

Wholesale Water Services

- San Diego County Water Authority
- Metropolitan Water District

Council of Governments

- San Diego Association of Governments (SANDAG)

*Denotes a special district included in more than one study.

Oceanside State Beach ▶





Chula Vista is the second largest city in the San Diego metropolitan area.

2026-2027: TENTATIVE

SOUTHWEST COUNTY FOCUS

Macro Fire Service Study

- State: CAL FIRE
- Cities
- Special Districts
- Tribes

Metro San Diego Region

- City of San Diego
- San Diego Unified PD

Rancho Santa Fe Region

- Fairbanks Ranch CSD
- Questhaven MWD
- Rancho Santa Fe CSD
- Rancho Santa Fe FPD
- Whispering Palms CSD
- CSA No. 17 – Ambulance*
- CSA No. 83 – San Dieguito Parks

Silver Strand Region

- City of Coronado
- City of Imperial Beach

South Coast Region

- City of Chula Vista
- City of National City
- Bonita-Sunnyside FPD
- Lower Sweetwater FPD
- Otay WD*
- San Diego County SD*
- South Bay ID
- CSA No. 122 – Planning

Transit Services

- North County TD
- Metropolitan Transit System

*Denotes a special district included in more than one study.



East County Hiking Trails

2027-2028: TENTATIVE

EAST COUNTY FOCUS

Alpine – Lakeside Region

- Alpine FPD
- Lakeside FPD
- Lakeside WD
- Padre Dam MWD*
- San Diego County SD*
- CSA No. 69 – Ambulance
- CSA No. 136 – Sundance Basin

El Cajon – Santee Region

- City of El Cajon
- City of Santee
- Helix WD*
- Padre Dam MWD*

Pauma Valley Region

- Mootamai MWD
- Rincon Ranch CSD
- Pauma CSD
- San Luis Rey MWD
- Yuima MWD

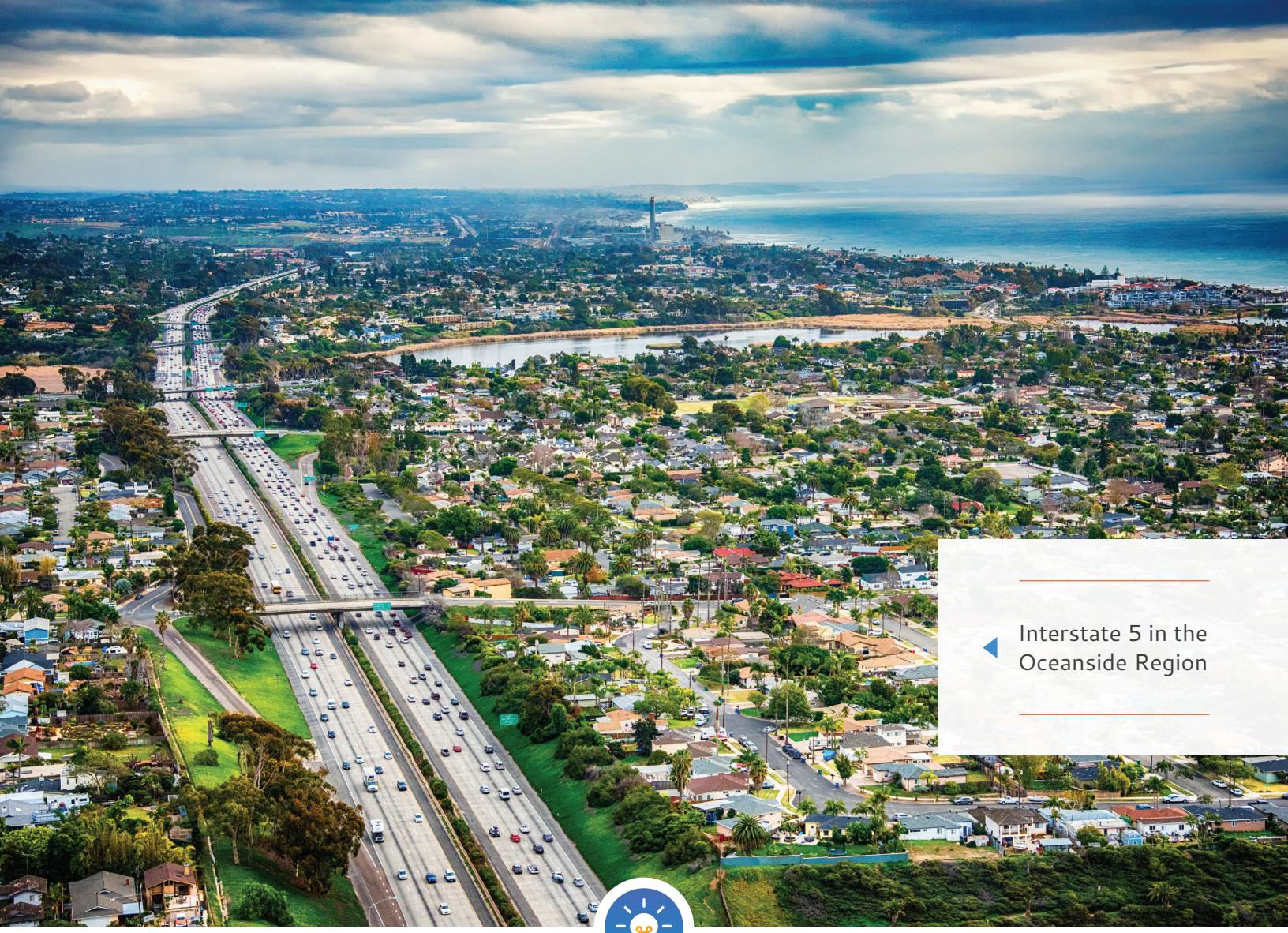
La Mesa – Lemon Grove Region

- City of La Mesa
- City of Lemon Grove
- Helix WD*
- Lemon Grove Roadway LD
- Lemon Grove SD
- San Diego County SD*

Spring Valley Region

- Otay MWD*
- San Miguel FPD
- San Diego County SD*
- CSA No. 69 – Ambulance*
- CSA No. 128 – Parks

*Denotes a special district included in more than one study.



Interstate 5 in the Oceanside Region

2028-2029: TENTATIVE

MISCELLANEOUS

Borrego Region
- Borrego WD
- Coachella Valley WD

Cemetery Services
- North County CD
- Pomerado CD
- Ramona CD
- Valley Center CD

Flood Control Services
- San Diego County FCD
- Cities
- Special Districts

Alpine – Lakeside Region
- Alpine FPD
- Lakeside FPD
- Lakeside WD
- Padre Dam MWD*
- San Diego County SD
- CSA No. 69 – Ambulance
- CSA No. 136 – Sundance Basin

East Laguna Summit Region
- Canebrake WD
- Descanso WD
- Jacumba CSD
- San Diego County SD*
- CSA No. 137 – Live Oak Springs

San Diego County Airports

4c

AGENDA REPORT
Consent | Information

March 20, 2025

TO: Cities Advisory Committee

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

SUBJECT: **Approved Policy on Public Member Appointments**

SUMMARY

The Cities Advisory Committee ("Committee") will receive an update on a new policy that establishes rules and procedures for appointing regular and alternate public members to the Commission. The policy ties to the adopted workplan and aims to create a standardized process for public member appointments as well as setting related consideration priorities. Notable provisions in the policy that were not included in the draft presented to the Committee at its last meeting includes requiring one member—whether regular or alternate—be selected from the unincorporated community and another from an incorporated community. Another late revision added to the approved policy allows the Commission to draw from a pool of candidates from a previous recruitment under certain conditions. The Commission also considered a recommendation by the Committee to establish term limits but deferred any action for future consideration. Information only.

BACKGROUND

Membership Composition + Terms

San Diego LAFCO's membership is prescribed under State law to include 13 appointed Commissioners. Commissioners are divided between five distinct categories – County of San Diego, cities less City of San Diego, City of San Diego, special districts, and the public – and

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Marni von Wilpert, Alt., City of San Diego
Vice Chair Barry Willis, Alpine Fire Protection
Jo MacKenzie, Vista Irrigation
David A. Drake, Alt., Rincon del Diablo
Vacant, General Public
Brigette Browning, Alt., General Public

further distinguished between regular and alternate members. Only appointees from the public member category (regular and alternate) are made by LAFCO; appointments for the other four categories are externally determined under statute. All terms are four-years and commence on the first Monday in May in the affected year. There are no term limits involving LAFCO appointments in statute or under local policy.

Annual Workplan & Direction to Prepare Policy on Public Member Appointments

LAFCO's current annual workplan was adopted at a noticed public hearing in May 2024 and includes 30 special priority projects. This includes scheduling a policy project to establish protocols with respect to rules and procedures involving public member appointments.

Initial Draft Policy on Public Member Appointments and Public Comment Period + Committee Presentations

LAFCO staff prepared an initial draft policy on public member appointments for Commission discussion in December 2024. The draft formalized recent practice applied in conducting the appointment of the alternate public member in August 2024 and related Commission feedback. Following the draft presentation, staff incorporated comments from the Commission and initiated a published public review and comment period.[1] Staff also made presentations to both the Special Districts and Cities Advisory Committees in December 2024. Key feedback from these committees included a request from the Special Districts for clarifying language on eligibility for advisory planning group appointees and a recommendation from the Cities to include term limits at the Commission's discretion.

The Commission approved the final version of the policy, with an effective date of May 5, 2025, aligning with the vacancy of the Regular Public Member seat. In doing so, the Commission directed the adoption of a provision requiring one member to be from the unincorporated area and one from an incorporated area, as the current position holders were both from incorporated areas.

DISCUSSION

This item is for the Committee to receive an update on the policy establishing Commission protocols with respect to rules and procedures involving public member appointments for information only. The approved policy is structured around five key sections with summary of all key provisions reflected in the approved policy as follows.

- **Goals and Priorities:**
    - Clarify the Commission's policy preference to ensure balanced and inclusive outreach in making public member appointments.

[1] The public review and comment period was initiated and noticed in the San Diego Union Tribune on December 16, 2024, and a deadline of January 10, 2025.

- Prioritizes candidates with experience in local government or community advocacy along with lived diversities relative to existing Commission members to ensure balanced decision-making.

- Prioritizes geographic diversity by dividing the two positions – regular and alternative – to ensure representation from the incorporated communities and unincorporated communities.

- **Candidate Eligibility:**

  - Requires appointees to be residents of San Diego County, excluding current officers or employees of the County, cities, or special districts.

  - Allows elected officials serving on County advisory planning groups, or public members appointed to positions within the County or local jurisdictions may concurrently serve as public members on LAFCO

- **Options for Full Term Appointments:**

  - Specifies the process for appointments, including options for open recruitment, expedited reappointments, or limited recruitment from a prior candidate pool within the last six months.

  - Appointments are subject to a majority vote and must include affirmative votes from each of the four membership categories.

- **Options for Mid Term Appointments:**

  - Specifies if a mid-term vacancy occurs in the regular public member position, the Commission may appoint the alternate, proceed with open recruitment, or conduct a limited recruitment using a prior candidate pool within six months of the last recruitment.

The complete copy of the approved policy is provided as Attachment One.

ANALYSIS

None.

RECOMMENDATION

This item is presented to the Committee for information only.

ALTERNATIVES FOR ACTION

None.

PROCEDURES

This item has been placed on the Committee's agenda for information as part of the consent calendar.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachment:

1) Approved Policy on Making Public Member Appointments

Subject:
PUBLIC MEMBERS APPOINTMENTS

Purpose:
Provide rules and procedures to guide the appointment of public members to the Commission in an inclusive, clear, and fair process.

Background:
State law specifies the composition of the Commission shall include one member representing the general public with the option to also designate an alternate (Government Code Section 56325).

Policy:
It is the policy of the Commission:

A. Goals and Priorities:

1) The Commission shall appoint both regular and alternate public members. One member shall reside in the unincorporated area and the other member shall reside in the incorporated area.

2) The Commission shall prioritize experience in local government and/or community advocacy in considering public member appointments.

3) The Commission shall consider geographic and other lived diversities in appointing public members to help advance balanced decision-making.

4) The Commission tasks the Executive Officer to exercise their best judgement in ensuring robust and inclusive outreach is performed anytime an open recruitment is conducted under this policy.

B. Appointment Eligibility:

1) As required under State law, public member appointees shall be residents of San Diego County. Appointees shall not be current officers or employees of the County of San Diego or local cities and special districts.

2) Elected officials serving on any of the County of San Diego advisory planning groups retain appointment eligibility to concurrently serve as public members on LAFCO.

3) Appointees may concurrently hold other appointed positions with the County of San Diego or local cities and special districts (e.g., art commissions, measure oversight committees, advisory planning groups).

C. Appointment Terms:

1) All public member terms are four years and begin on the first Monday of May in the year appointed. Any mid-term vacancies shall be filled with appointees assuming the unexpired terms.

2) There are no term limits for public members.

D. Full Term Appointments

1) No less than 90 days in advance, the Executive Officer shall provide notice to the Commission on the agenda advising of any pending term expirations involving the public member positions – regular or alternate.

2) At the time of receiving notice of a pending term expiration involving a public member position, the Commission shall provide direction to LAFCO staff to proceed either with an open recruitment, an expedited reappointment, or when applicable, conduct a limited recruitment wherein the Commission draws from a pool of candidates from a prior recruitment, provided it has occurred within the past six (6) months to expedite the filling of the vacancy.

3) The following appointment procedures are specific to Commission direction to proceed with an open recruitment process.

a) LAFCO staff shall perform outreach on the open recruitment and prepare an advertisement for local publication (print and media) and posting inviting eligible applicants to submit a letter of interest.

b) The application period shall extend to no less than 30 days and may be extended as needed until two or more letters of interests are submitted by eligible applicants.

c) All submitted letters of interests received by the close of the application period shall be immediately transmitted to the full Commission.

d) The Executive Committee (Chair, Vice Chair, and Immediate Past Chair) will screen all applicants, select applicants to interview, and conduct interviews of selected applicants at a noticed special meeting.

e) The Executive Committee will nominate two or more applicants for consideration by the full Commission at a future meeting for which LAFCO staff can provide legally required notice. The list of the nominations from the Executive Committee shall be provided to all Commissioners no less than 10 days prior to the noticed meeting.

f) Any Commissioner may also nominate an applicant for consideration by the full Commission at the noticed meeting no later than five (5) days prior to the noticed meeting. Notice shall be given to the Executive Officer.

g) At a noticed meeting, with the opportunity to continue, the full Commission will consider all nominated applicants, and at the discretion of the Chair this may include inviting presentations and/or conducting interviews.

h) A successful appointment shall achieve no less than four (4) affirmative votes from voting Commissioners and include therein at least one affirmative vote from each of the following four membership categories:

- County of San Diego
- Cities Less San Diego
- Special Districts
- City of San Diego

i) In the event no candidate receives both a majority vote and an affirmative vote from each of the four membership categories, the Commission shall conduct a run-off vote of two candidates receiving the most votes. In the event that neither candidate receives a majority vote and an affirmative vote from all four membership categories, the Chair shall either continue consideration to a future meeting or provide direction to restart the recruitment process in the manner prescribed under this policy.

4) The following procedures are specific to Commission direction to proceed with an expedited reappointment of the incumbent.

a) The Commission will take up the expedited reappointment at the next regular meeting for which LAFCO staff can provide legally required notice.

b) A successful reappointment is subject to the same voting thresholds identified in the preceding subsection.

5) The following procedures are specific to Commission direction to proceed with a limited recruitment wherein the Commission draws from a pool of candidates from a prior recruitment, provided that the recruitment occurred within the past six (6) months.

a) LAFCO staff shall conduct outreach to candidates who were not selected during the prior recruitment but remain eligible for reconsideration at the discretion of the Commission.

b) The recruitment shall follow the same procedures as outlined in Section D (Full Term Appointments), subsection 3, paragraphs d through i.

E. Mid Term Vacancy Appointments

1) If the regular public member position becomes vacant prior to the term expiration, the Executive Officer shall provide notice to the Commission on the agenda at the next regular meeting. The Commission may proceed thereafter in providing direction to LAFCO staff of its intentions to either appoint the alternate, proceed with an open recruitment, or when applicable, conduct a limited recruitment wherein the Commission draws from a pool of candidates from a prior recruitment, provided it has occurred within the past six (6) months to expedite the filling of the vacancy.

a) Any direction to proceed with appointing the alternate to fill a mid-term vacancy shall be considered for action at the next regular meeting in which LAFCO staff can provide legal notice.

b) Any direction to proceed with an <u>open</u> recruitment to fill a mid-term vacancy shall follow the same procedures for full term appointments.

c) Any direction to proceed with a <u>limited</u> recruitment to fill a mid-term vacancy shall follow the same procedures outlined for full term appointments.

5a

AGENDA REPORT
Business | Discussion + Possible Action

March 20, 2025

TO: Cities Advisory Committee

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

SUBJECT: **Adopted Draft Workplan and Budget for 2025-2026**

SUMMARY

The Cities Advisory Committee ("Committee") will review a draft workplan and budget for 2025-2026, which were adopted by the Commission at its March 3, 2025 meeting. Both drafts largely represent the status quo with respect to continuing existing project activities and funding levels with targeted enhancements. The workplan identifies 30 special projects in priority order and headlined by forwarding active municipal service reviews on wholesale water service providers, healthcare districts, and local agencies within the Carlsbad-Encinitas region. New additions include commencing a municipal service review on the San Diego Unified Port District and establishing a pilot grant program to help fund special LAFCO projects. The budget draws on the workplan and totals $3.164 million in matching expenses and revenues and reflects an overall increase of 8.6% or $0.251 million. The budgeted increase in revenues to match expenses mostly involves raising local agency apportionments by 7.6% or $0.156 million with the balance covered by drawing from additional reserves. The item is for Committee review and feedback with the opportunity to forward specific recommendations for consideration by the Commission in taking up final approvals in May.

BACKGROUND

San Diego LAFCO is responsible under State law to adopt a draft budget by May 1st and a final budget by June 15th. A mandatory review by all local funding agencies is required between the two adoption periods. State law also specifies the proposed and final budgets must be

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equal to the budget adopted for the previous fiscal year unless LAFCO formally finds any reduced costs will allow the membership to meet its regulatory and planning duties.[1]

DISCUSSION

This agenda item is for the Committee to review and provide feedback on a draft (a) workplan and (b) budget adopted by the Commission for the upcoming fiscal year. The item is for Committee review and feedback with the opportunity to forward specific recommendations for consideration by the Commission in taking up final approvals in May.

A user-friendly public guide on the proposed workplan and budget is available as Attachment One. Additional discussion on both items follows.

Adopted Draft Workplan

The workplan builds on the existing fiscal year workplan and refined by ongoing feedback by the Commission as well as referencing the rolling five-year study schedule. These considerations produce a workplan reset with 30 special projects organized among six priority categories ranging from highest to low. Priority placements in the workplan generally follows a queuing order with active and new projects largely divided between the top-half and bottom-half, respectively. Twenty additional projects are also listed as bullpen and represent otherwise merited activities the Commission may choose to consider now and/or telegraph towards future workplans. A full listing of all projects is provided as Attachment Two.

Adopted Draft Budget

The budget has been developed in conjunction with funding the referenced workplan and sets total matching expenses and revenues at $3.164 million. These matching amounts are divided between operating and non-operating units and represents a total increase of 8.6% – or $0.251 million – over the current fiscal year. A full listing is provided as Attachment Three.

ANALYSIS

San Diego LAFCO's adopted draft workplan and budget for 2025-2026 largely reflects the status quo in continuing existing and telegraphed projects as well as funding levels with limited and targeted enhancements as detailed above. The status quo is reflected in the workplan by continuing the Commission's practice to set a full and otherwise proactive workplan with 30 special projects over the 12-month period with an emphasis on advancing LAFCO's municipal service review program. The status quo is similarly reflected in the budget by maintaining staff at 8.0 fulltime positions while keeping with practice in providing a cost-of-living adjustment based on the most recent inflation marker as well as relatively modest merit advancements for eligible employees. Funding additional consultant usage also underlies the change to the budget and merits attention given the contribution in raising

1 This statutory prohibition on reducing the LAFCO budget without special findings ties to the State of California agreeing to negotiated legislation in 1962 to delegate oversight of jurisdictional boundary and service area issues from the State to LAFCOs in all 58 counties.

overall expenses. Staff believes the increase in consultant usage is merited given the need for technical expertise in advancing several active and pending municipal service reviews that involve relatively unique functions – like healthcare and transportation. Staff also believes this funding enhancement concurrently serves as a long-term savings by avoiding costs associated with expanding staffing levels that would otherwise be prompted to meet the Commission's statutory tasks in regularly preparing municipal service reviews and other studies to inform its regulatory duties. Cost-savings in other non-labor accounts help to reduce the overall expense increase and lowers the corresponding impact to local agencies by drawing on additional reserves without falling under prescribed policy thresholds.

RECOMMENDATION

Consider the adopted workplan and budget and provide feedback to staff as well as any formal recommendations and/or requests to the Commission.

ALTERNATIVES FOR ACTION

The following alternatives are available to the Committee:

Alternative One (recommended):
Take no action other than providing feedback to LAFCO staff.

Alternative Two:
Provide specific recommendations and/or requests directly to the Commission.

PROCEDURES FOR CONSIDERATION

This item has been placed on the agenda under the business calendar with the potential to take actions as described above. The following procedures are suggested.

1) Receive verbal report from staff unless waived.
2) Consider the Committee's preferences.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachments:

1) Guide to the Adopted Draft Workplan and Budget for FY2026
2) Adopted Draft Workplan
3) Adopted Draft Budget

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Adopted

DRAFT WORKPLAN & BUDGET GUIDE

FY 2025-2026

Local Agency Formation Commissions – or LAFCOs – are boundary makers that oversee the creation and expansion of cities and special districts in all 58 counties of California. LAFCOs exercise regulatory and planning powers to coordinate publicly provided services, such as water or fire protection, and match them with community needs. The goal of every LAFCO is to facilitate smart growth while avoiding urban sprawl.

A summary of San Diego LAFCO's adopted draft workplan and budget for 2025-2026 follows.

2025-2026 Draft Workplan Guide

High Priority

1a - MSR | Wholesale Water Services
Service-specific study on principal wholesale water services in SD County (CWA -comprehensive + MET - abbreviated)

1b - MSR | Healthcare Districts
Service-specific study on healthcare districts in SD County (Grossmont, Fallbrook, Palomar + Tri Cities); addendum expected

3 - MSR | SANDAG
Agency-specific study on SANDAG and core municipal functions (transportation, housing + climate adaption functions)

4a - MSR | Carlsbad-Encinitas Region I: Cities
Region-specific study on north coast I-5 municipalities (Carlsbad and Encinitas)

4b - MSR | Carlsbad-Encinitas Region II: Districts
Region-specific study on north coast I-5 districts (Carlsbad MWD, Leucadia WWD, Olivenhain MWD, + San Dieguito WD)

6a - MSR | Vista-San Marcos Region I: Cities
Regional MSR on central S-78 corridor municipalities (San Marcos + Vista)

6b - MSR | Vista-San Marcos Region II: Districts
Regional MSR on central S-78 corridor districts (San Marcos FPD, Vista FPD, Vista, ID, Buena SD, + Vallecitos WD)

8 - White Paper | Homeless Services
Evaluate the scope-scale of governmental homeless services in SD County + potential governance options

9 - White Paper | Public Recreation @ City Reservoirs
Assess public recreation opportunities at City of SD's unincorporated reservoirs + potential governance alternatives

10 - SALC Planning Grant 2.0
Complete multi-year grant to inform + enhance small farming operations in SD County

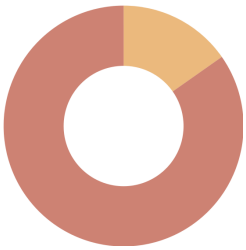
Medium Priority	Lower Priority
11a - MSR | Solana Beach - Del Mar Region I: Cities	**21** - RCD Ad Hoc Committee: Part II
11b - MSR | Solana Beach - Del Mar Region II: Districts	**22** - MSR | South Coast Region I: Cities
13 - Website Refresh + Content Expansion	**23** - MSR | Healthcare Districts: Addendum
14 - MSR | San Diego Unified Port District	**24** - Alternative Membership Organization
15 - Legislative Proposal | UC Berkeley Report	**25** - Annual Local Agency Directory
16 - Outside Audit | RFP + Selection	**26** - Special Study | Oceanside SCHD
17 - Outside Audit | FY2025	**27** - Commissioner Onboarding
18 - Pilot Grant Program	**28** - Annual SOI-MSR Registry
19 - Special Districts Advisory Committee	**29** - Applicant Procedures
20 - Cities Advisory Committee	**30** - Featured Work + Tutorial Videos

2025-2026 Draft Budget Guide

Total Expenses: $3.163 Million

Increase of 8.6% or $0.251 million

divided between operating and non-operating costs



Operating Costs - 84.7%

- totals $2.681 million, an increase of 10.4% or $0.252 million
- 60% goes to salaries + benefits for 8.0 ftes
- 40% goes to services + supplies

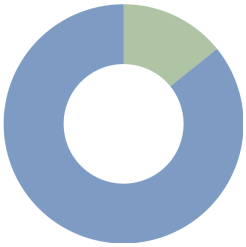
Non-Operating Expenses - 15.3%

- totals $0.483 million, a decrease of 0.2% or >$1k
- divided between grant and debt payments

Total Revenues: $3.163 Million

Increase of 8.6% or $0.251 million

divided between operating and non-operating resources



Operating Revenues - 85.8%

- totals $2.713 million, an increase of 10.2% or $0.252 million
- 87% comes from local agencies
- 7% comes from applications
- 6% comes from reserves + earnings

Non-Operating Revenues - 14.2%

- $0.450 million, no change
- grant awards + miscellaneous

Inside the Budget...

The adopted draft budget provides a matching expense and revenue total at $3.2 million, which is 8.6% over the current year – or $251k. Nearly all of the increase in costs covers the following (approximations):

- $57k – or 4% - goes to salaries-benefits to cover COLA for all 8.0 FTEs

- $57k – or 4% - goes to salaries-benefits to accommodate FTE merit steps

- $6k – or 1% - goes to salaries-benefits for various true-ups in benefits

- $120k – or 25% - goes to services-supplies to cover additional consultant use to advance MSR program

Cost-savings are incorporated into the adopted budget by reducing other consultant usage – including graphic design, video production, and outreach.

The $251k increase in revenues involves increasing agency apportionments by 7.6% - or $165k – with the balance covered by using additional reserves.

LAFCO COMMISSION

San Diego LAFCO is governed by a Commission consisting of county, city, special district, and public members. Commissioners are appointed elected officials with the exception of the two public members. Commissioners serve four-year terms and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. Commissioners are subject to standard disclosure requirements and must file annual statements of economic interests. The Commission has sole authority in administering its legislative responsibilities and its decisions therein are not subject to an outside appeal process.



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City of San Diego



Barry Willis
Vice Chair
Alpine Fire Protection



Jim Desmond
Past Chair
County of San Diego



Joel Anderson
Commissioner
County of San Diego



Kristi Becker
Commissioner
City of Solana Beach



Dane White
Commissioner
City of Escondido



Jo Mackenzie
Commissioner
Vista Irrigation



Harry Mathis
Commissioner
General Public



Bridgette Browning
Alternate
Public Member



David Drake
Alternate
Rincon Del Diablo



John McCann
Alternate
City of Chula Vista



Marni von Wilpert
Alternate
City of San Diego

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Priority	Tier	Type	Project	Description
Ongoing	Highest	Statutory	Applicant Proposals and Service Requests	Prioritize resources to address applicant proposals and related service requests
Ongoing	Highest	Administrative	Targeted LAFCO Presentations	Coordinate timely public outreach; emphasis on informing stakeholders ahead of MSR work
Ongoing	Highest	Administrative	Workplan and Budget Management	Actively manage the workplan and budget resources with regular updates to the Commission
Priority	**Tier**	**Type**	**Project**	**Description**
1a	Highest	Statutory	MSR | Wholesale Water Services	Service-specific study on principal wholesale water services in SD County (CWA -comprehensive + MET - abbreviated)
1b	Highest	Statutory	MSR | Healthcare Districts	Service-specific study on healthcare districts in SD County (Grossmont, Fallbrook, Palomar + Tri Cities); addendum expected
3	Highest	Statutory	MSR | SANDAG	Agency-specific study on SANDAG and core municipal functions (transportation, housing + climate adaption functions)
4a	Highest	Statutory	MSR | Carlsbad-Encinitas Region I: Cities	Region-specific study on north coast I-5 municipalities (Carlsbad and Encinitas)
4b	Highest	Statutory	MSR | Carlsbad-Encinitas Region II: Districts	Region-specific study on north coast I-5 districts (Carlsbad MWD, Leucadia WWD, Olivenhain MWD, + San Dieguito WD)
6a	High	Statutory	MSR | Vista-San Marcos Region I: Cities	Regional MSR on central S-78 corridor municipalities (San Marcos + Vista)
6b	High	Statutory	MSR | Vista-San Marcos Region II: Districts	Regional MSR on central S-78 corridor districts (San Marcos FPD, Vista FPD, Vista, ID, Buena SD, + Vallecitos WD)
8	High	Administrative	White Paper | Homeless Services	Evaluate the scope-scale of governmental homeless services in SD County + potential governance options
9	High	Administrative	White Paper | Public Recreation @ City Reservoirs	Assess public recreation opportunities at City of SD's unincorporated reservoirs + potential governance alternatives
10	High	Administrative	SALC Planning Grant 2.0	Complete multi-year grant to inform + enhance small farming operations in SD County
11a	High-Mid	Statutory	MSR | Solana Beach – Del Mar Region I: Cities	Region-specific study on mid coast I-5 municipalities (Solana Beach and Del Mar)
11b	High-Mid	Statutory	MSR | Solana Beach – Del Mar Region II: Districts	Regional MSR on mid coast I-5 districts (Santa Fe ID)
13	High-Mid	Administrative	Website Refresh + Content Expansion	Work with outside consultant to design and launch website refresh w/enhanced end-user features
14	High-Mid	Statutory	MSR | San Diego Unified Port District	Agency-specific study and core municipal-facing functions (harbor, recreation, public safety, + community development)
15	High-Mid	Administrative	Legislative Proposal | UC Berkeley Report	Sponsor/facilitate legislation implementing UC report recommendations to improve LAFCO efficiencies
16	Mid	Administrative	Outside Audit | RFP + Selection	Prepare and circulate RFP and select new outside auditor beginning with FY2025 statements
17	Mid	Administrative	Outside Audit | FY2025	Complete outside audit of financial statements for FY2025 with supplemental information for added value
18	Mid	Administrative	Pilot Grant Program	Establish pilot program to explore grant opportunities to help fund special projects at LAFCO – studies, etc.
19	Mid	Administrative	Special Districts Advisory Committee	Provide administrative support to the SDAC and hold no less than three meetings in FY2026
20	Mid	Administrative	Cities Advisory Committee	Provide administrative support to the CAC and hold no less than two meetings in FY2026

Priority	Level	Type	Project	Description
21	Mid-Low	Statutory	RCD Ad Hoc Committee: Part II	Complete second part of RCD boundary true ups to inform comprehensive sphere updates for local RCDs
22	Mid-Low	Statutory	MSR | South Coast Region I – Cities	Region-specific study on south coast I-5 municipalities (Chula Vista, Coronado, Imperial Beach and National City)
23	Mid-Low	Statutory	MSR | Healthcare Districts: Addendum	Address community healthcare needs and related resources (public + private) + potential governance alternatives
24	Mid-Low	Administrative	Alternative Membership Organization	Work with other LAFCOs to receive/provide ongoing education and legislative advocacy services (post CALAFCO)
25	Mid-Low	Administrative	Annual Local Agency Directory	Update and publish annual local agency directory subject to LAFCO oversight
26	Low	Statutory	Special Study | Oceanside SCHD	Prepare special study on SCHD detailing revenues/expenses + potential merits to governance alternatives
27	Low	Administrative	Commissioner Onboarding	Create a digital toolkit for new Commissioners to help acclimatize to agency duties, structure, and activities
28	Low	Administrative	Annual SOI-MSR Registry	Update and publish annual registry showing all recorded sphere of influence and municipal service review actions
29	Low	Statutory	Applicant Procedures	Update and streamline LAFCO application materials + establish related protocols – including addressing stale proposals
30	Low	Administrative	Featured Work + Tutorial Videos	Produce videos featuring special projects as well as primers on LAFCO duties for online distribution
	Bullpen	Statutory	MSR | City of San Diego	Agency-specific study and core municipal service functions (water, wastewater, public safety, etc.)
	Bullpen	Statutory	White Paper | Community Choice	Evaluate the scope and scale of CCAs in SD County and connectivity to LAFCO duties and interests
	Bullpen	Statutory	Outreach to Sunset/Melrose "Island"	Perform targeted outreach to the island between Oceanside + Vista to assess service needs + possible annexation interests
	Bullpen	Administrative	Service + Fiscal Indicators	Develop online browser feature to depict service + fiscal indicators among local agencies in SD County
	Bullpen	Administrative	Liaison with Local Tribes	Establish communication protocols with local tribes with respect to shared interests in regional services + CEQA consultations
	Bullpen	Statutory	Morro Hills CSD Follow Up	Coordinate and/or otherwise facilitate discussions with County Sherrif to enhance traffic enforcement within the CSD
	Bullpen	Statutory	Policy Review | Health + Safety Fee Reductions	Review options to revise existing fee reductions for proposals/requests involving public health or safety threats
	Bullpen	Administrative	LAFCO Meeting Room	Explore opportunities to secure a dedicated LAFCO meeting room with scaled dais and A/V enhancements
	Bullpen	Statutory	White Paper | Garbage + Landfill Services	Evaluate the scope and scale of garbage collection and disposal services in SD County
	Bullpen	Statutory	Legislative Proposal | G.C. 56430	Sponsor and/or facilitate amendments establishing community engagement enhancements in MSR statute
	Bullpen	Statutory	White Paper | School Districts	Evaluate scope and scale of school districts and their baseline capacities for reference in municipal service reviews
	Bullpen	Statutory	Policy Review | Island Annexations	Consider options to define "substantially surrounded" and provide related mapping services
	Bullpen	Administrative	LAFCO Workshop	Organize a special workshop for the Commission to discuss strategic objectives over the next five year period
	Bullpen	Administrative	Public Access Television	Establish public broadcasting LAFCO meetings on local government channels
	Bullpen	Administrative	Procedural Flow Charts	Create user friendly flow charts for various LAFCO statutory processes for online publication
	Bullpen	Statutory	Policy | Fee Schedule Update	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	Statutory	Disadvantaged Unincorporated Communities	Update DUC mapping designations (DUC) in San Diego County based on current census information
	Bullpen	Administrative	County Planning Groups	Monitor regular meetings of the County's 28 Planning and or Sponsor Groups and directly engage as appropriate
	Bullpen	Administrative	Local Agency Finder Tool	Develop online feature for users to enter address to identify all overlapping local jurisdictions (cities and districts)
	Bullpen	Statutory	Policy | Commission Rule No. 4	Modernize Rule No. 4 and its provisions to regulate special districts' service functions and classes
	Bullpen	Statutory	Special Study | Escondido + Rincon	Study options to consolidate (functional and political) the City of Escondido and Rincon del Diablo MWD
	Bullpen	Statutory	White Paper | JPAs	Evaluate the status of JPA filings in SD County relative to LAFCO's task in SB 1261
	Bullpen	Administrative	Policy | Cities Advisory Committee	Coordinate with CAD in updating bylaws and related procedures to sync with current interests/priorities
	Bullpen	Statutory	Legislative Proposal | G.C. 56133	Sponsor/facilitate amendments to clarify LAFCOs' authority to determine out-of-agency exemptions in (e)

San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

EXPENSES		FY2023 Adopted	FY2023 Actuals	FY2024 Adopted	FY2024 Actuals	FY2025 Adopted	FY2025 Estimates	FY2026 Proposed	FY2026 Difference $	FY2026 Difference %
Salaries and Benefits Unit										
Account	Description									
51110 +	Salaries and Per Diems	786,510	715,968	891,455	715,861	898,906	884,533	986,200	87,294	9.7%
51410	Retirement - SDCERA	275,694	255,990	318,295	303,876	350,146	348,738	384,503	34,357	9.8%
51415	Retirement - OPEB	9,030	8,190	10,273	8,779	10,196	9,521	11,112	917	9.0%
51450	Payroll Taxes	55,537	49,377	64,840	51,279	65,044	61,226	71,457	6,413	9.9%
51510 +	Group Insurance	125,476	102,010	150,033	96,389	143,481	120,217	134,394	(9,087)	-6.3%
51560	Unemployment Insurance	2,000	1,000	1,000	258	1,000	336	1,000	-	0.0%
		1,254,248	1,132,535	1,435,895	1,176,442	1,468,773	1,424,571	1,588,667	119,894	8.2%
Services and Supplies Unit										
Account	Description									
52074	Communications	12,961	6,327	43,824	37,385	42,299	42,264	50,726	8,427	19.9%
52138	General Liability Insurance	12,402	12,737	12,737	14,194	14,194	15,599	15,599	1,405	9.9%
52178	Vehicle - Maintenance	980	1,051	980	2,580	1,000	2,101	1,000	-	0.0%
52182	Vehicle - Fuel	500	497	500	539	500	581	500	-	0.0%
52270	Memberships	30,248	27,037	28,994	23,077	38,736	24,993	34,807	(3,929)	-10.1%
52304	Miscellaneous	50	50	50	30	50	20	50	-	0.0%
52330	Office: General Support	8,211	11,461	8,211	9,636	12,380	11,476	13,217	837	6.8%
52332	Office: Postage USPS	250	200	250	314	250	250	250	-	0.0%
52334	Office: Design + Printing	15,000	15,000	22,500	17,211	23,000	18,367	22,500	(500)	-2.2%
52336	Office: Books and Guidelines	2,050	42	-	-	-	-	-	-	0.0%
52344	Office: Supplies + Furnishings	14,600	11,318	14,600	8,348	12,100	12,100	10,300	(1,800)	-14.9%
52354	Office: County Mail Services	10,000	9,201	10,000	12,401	10,000	7,989	10,000	-	0.0%
52370	Professional Services	270,960	379,047	296,170	518,671	445,767	495,830	566,600	120,833	27.1%
52490	Publications + Legal Notices	4,650	12,500	8,150	11,221	8,500	8,143	7,000	(1,500)	-17.6%
52504	Leases: Equipment	6,600	6,600	6,600	3,955	4,500	3,841	4,000	(500)	-11.1%
52530	Leases: Office Space	137,868	142,239	144,743	149,217	154,308	154,308	158,688	4,380	2.8%
52550	Special Expenses: County Overhead	72,466	30,624	40,000	32,366	33,000	57,293	58,000	25,000	75.8%
52562	Special Expenses: New Hire Checks	-	469	-	198	-	215	-	-	0.0%
52566	Special Expenses: Minor Equipment	500	-	-	413	-	2,472	-	-	0.0%
52610	Travel-Training | In County	2,700	4,500	2,700	5,930	2,700	10,000	2,700	-	0.0%
52612	Employee Auto + Reimbursements	8,700	7,890	8,700	8,201	8,700	12,944	8,700	-	0.0%
52622	Travel-Training | Out of County	16,050	13,436	15,050	18,038	15,050	27,649	15,050	-	0.0%
52721	IT Reimbursements: Network	26,553	16,748	20,000	15,553	18,000	18,003	18,000	-	0.0%
52723	IT Reimbursements: Data Center	29,015	26,621	33,000	24,254	30,000	11,922	27,000	(3,000)	-10.0%
52725 +	IT Reimbursements: Financial Systems	40,146	23,881	35,000	23,984	25,000	17,623	23,000	(2,000)	-8.0%
52732	IT Reimbursements: Desktop Computing	21,488	24,382	28,000	26,759	30,000	25,901	30,000	-	0.0%
52734	IT Reimbursements: Help Desk	2,331	2,002	2,331	1,632	2,331	1,601	2,331	-	0.0%
52750	IT Reimbursements: Catalog Equipment	3,748	25,937	40,000	5,498	25,000	3,110	10,000	(15,000)	-60.0%
52758	Fleet Reimbursements: Lease	2,000	2,000	2,000	1,986	2,000	1,986	2,000	-	0.0%
		753,528	813,798	825,091	973,591	959,364	988,579	1,092,017	132,653	13.8%
	OPERATING EXEPENSE TOTAL	2,007,776	1,946,333	2,260,986	2,150,033	2,428,138	2,413,150	2,680,685	252,547	10.4%

EXPENSES CONTINUED...		FY2023		FY2024		FY2025		FY2026		
		Adopted	Actuals	Adopted	Actuals	Adopted	Estimates	Proposed	Difference $	Difference %
Non Operating Unit										
Account No.	Description									
51421	Debt Service: OPEB Bonds	37,388	32,781	34,092	30,780	34,092	32,122	33,000	(1,092)	-3.2%
85000	Grant Award Payments	-	215,500	450,000	150,462	450,000	450,000	450,000	-	0.0%
		37,388	248,281	484,092	181,242	484,092	482,122	483,000	(1,092)	-0.2%
	EXPENSE TOTALS	2,045,163	2,194,614	2,745,078	2,331,275	2,912,230	2,895,272	3,163,685	251,455	8.6%

REVENUES		FY2023		FY2024		FY2025		FY2026		
		Adopted	Actuals	Adopted	Actuals	Adopted	Estimates	Proposed	Difference $	Difference %
Intergovernmental Unit										
Account No.	Description									
45918.1	Apportionments | County	515,479	515,479	581,074	581,074	623,997	623,997	671,300	47,303	7.6%
45918.2	Apportionments | Cities (less SD)	515,479	515,479	581,074	581,074	623,997	623,997	671,300	47,303	7.6%
45918.3	Apportionments | San Diego	257,830	257,830	290,639	290,639	312,108	312,108	335,767	23,660	7.6%
45918.4	Apportionments | Special Districts	515,479	515,479	581,074	581,074	623,997	734,786	671,300	47,303	7.6%
		1,804,265	1,804,266	2,033,861	2,033,861	2,184,098	2,294,887	2,349,668	165,569	7.6%
Service Charges Unit										
Account No.	Description									
46234	Application Fees	170,000	250,000	200,000	194,596	200,000	157,406	200,000	-	0.0%
		170,000	250,000	200,000	194,596	200,000	157,406	200,000	-	0.0%
Miscellaneous										
Account No.	Description									
44105	Interest and Dividends	15,000	5,000	15,000	19,321	15,000	16,420	15,000	-	0.0%
47540	Reserves	55,898	55,898	46,218	46,218	63,132	63,132	149,017	85,886	136.0%
		70,898	60,898	61,218	65,539	78,132	79,552	164,017	85,886	109.9%
	OPERATING REVENUE TOTAL	2,045,163	2,115,164	2,295,079	2,293,996	2,462,230	2,531,845	2,713,685	251,455	10.2%
Non-Operating Unit										
Account No.	Description									
85000	Grant Awards	-	215,500	450,000	68,882	450,000	450,000	450,000	-	0.0%
		-	215,500	450,000	68,882	450,000	450,000	450,000	-	0.0%
	REVENUE TOTALS	2,045,163	2,330,664	2,745,079	2,362,878	2,912,230	2,981,845	3,163,685	251,455	8.6%
TOTAL NET		**-**	**136,050**	**-**	**31,603**	**-**	**86,573**	**-**	**-**	

FUND BALANCE (spendable - unrestricted)	**June 30th**	**June 30th**	**Estimate June 30th**	**Projected June 30th**
Committed				
… Stabilization	250,000	250,000	250,000	250,000
… Opportunity	300,000	500,000	500,000	300,000
Assigned by EO	62,500	125,000	125,000	-
Unassigned	1,000,810	723,695	747,136	923,119
	1,613,310	1,598,695	1,622,136	1,473,119

5b

AGENDA REPORT
Business | Discussion

March 20, 2025

TO: Cities Advisory Committee

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

SUBJECT: **Update on Implementing Policy on Out-of-Agency Services**

SUMMARY

The Cities Advisory Committee ("Committee") will receive an update on the implementation of a new LAFCO policy governing out-of-agency services in San Diego County. The policy was established in May 2024 and premised on providing clear rules of engagement in administering Government Code Section 56133 and its provisions requiring cities and special districts to first request and receive approval from LAFCOs before providing out-of-agency services by contracts. As detailed, LAFCO has processed several requests under the new policy as well as implementing related provisions marked by the delegation to the Executive Officer to provide no-cost determinations to cities and districts on exemption eligibility. The update is being presented to the Committee for discussion as part of a scheduled check-in to revisit implementation and identify potential cleanup amendments going forward.

BACKGROUND

Statutory Requirement

State law was expanded in January 2001 to require cities and special districts to request and receive approval from LAFCOs before providing new or extended services outside their jurisdictions by contracts or agreements. The addition is codified in Government Code Section 56133 and includes a limited number of exemptions. The includes agreements between two or more public agencies where the contract service is an equal substitute for

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Marni von Wilpert, Alt., City of San Diego
Vice Chair Barry Willis, Alpine Fire Protection
Jo MacKenzie, Vista Irrigation
David A. Drake, Alt., Rincon del Diablo
Vacant, General Public
Bridgette Browning, Alt., General Public

services already provided. The statute also specifies any out-of-agency services local agencies were providing before January 1, 2001 are "grandfathered.

Local Policy Establishment

In May 2024, and consistent with its adopted workplan, LAFCO approved a policy establishing rules and related procedures in receiving, evaluating, and acting on local agencies' requests to provide new or extended services other than fire protection outside their jurisdictions.[1] The motivation to establish a local policy tied to increasing awareness of the scope and scale of local agencies' out-of-agency service practices in step with advancing LAFCO's municipal service review program. Key provisions within the policy follows.

- Establish local definitions for "new" and "extended" services and in doing so, frame the overall extent of the Commission's regulation of out-of-agency services.

- Establish local exemptions in which Commission review and approval – which is separate from determining eligibility – is not required.

- Make explicit LAFCO via the Executive Officer determines exemption eligibility with related no-cost request procedures.

- Delegate to the Executive Officer authority to approve out-of-agency service requests tied to public health or safety threats to only water and wastewater functions. All other requests are redirected to the full Commission.

A prospectus on the policy paired with a full detailing is attached.

DISCUSSION

This item is for the Committee to receive a scheduled update on LAFCO's ongoing implementation of its new policies governing out-of-agency services under statute with context to local conditions and circumstances in San Diego County. The accompanying staff presentation will detail the scope of requests processed under the new policy as well as related observations – including material themes emerging over the first year of implementation. Committee discussion will help inform clean-up amendments staff anticipates forwarding to the Commission for future consideration.

ANALYSIS

LAFCO staff believes the policy on out-of-agency services has been successful in meeting its underlying goal of creating clear rules of engagement for cities and special districts to proactively comply with Government Code Section 56133. Markedly, and since establishing the policy In May 2024, LAFCO has processed nine out-of-agency service requests will all resulting in approvals – whether directly by the Commission or via delegation through the Executive Officer. This 10-month tally equals the total number of out-of-agency service

[1] Out-of-agency fire protection services are subject to separate statutory direction under Government Code Section 56134.

requests processed over the preceding three-year period and suggests the policy is effectively illuminating the need for cities and districts to request and receive approval by LAFCO before establishing out-of-agency services. Separately, four of the nine requests processed and approved by LAFCO over the last 10 months have qualified for delegation with the Executive Officer determining these requests reasonably address existing or impending public health and safety threats. This includes the Executive Officer citing the need for additional housing as a material consideration – among others - in substantiating a public health and safety finding. LAFCO also considered four formal no-cost requests for exemption eligibility with responsposes provided to the agencies within the one-week period provided in policy. These otherwise positive observations notwithstanding, certain challenges have emerged in implementing the policy and include – but not limited to – the following:

- Determining *impending* public health and/or safety threats and allowance therein to accommodate services beyond spheres of influence (emphasis).

- Applicants may be potentially gaming the system (fee schedule) to induce an otherwise reasonable existing public health and/or safety threat to expedite approval and/or secure a reduced service fee.

- Conditioning out-of-agency approvals – including when to require annexation.

RECOMMENDATION

Review and discuss as requested.

ALTERNATIVES FOR ACTION

None.

PROCEDURES

This item has been placed on the Committee'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.
2) Invite comments from interested audience members.
3) Discuss item and provide feedback as requested.

Respectfully,

Michaela Peters

Michaela Peters
Analyst II

Attachments:

1) Prospectus on Policy L-113 - OSAs
2) Policy L-113 – OSAs

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Out-of-Agency Services

POLICY L-113

(EXCLUSIVE OF FIRE PROTECTION SERVICES)

BACKGROUND

State law was expanded in January 2001 to require cities and special districts to request and receive approval from LAFCOs before providing new or extended services outside their jurisdictions by contracts or agreements – "out-of-agency" services. The addition is codified in Government Code Section 56133 and includes a limited number of exemptions where LAFCOs' formal approval is not needed. Most notably, this includes agreements between two or more public agencies where the contract service is an equal substitute for services already provided. Contracts involving fire protection services are separately addressed under Government Code Section 56134 and are not covered under this policy.

PURPOSE

This policy was adopted by San Diego LAFCO in May 2024 and serves as a guide to the Commission in receiving, evaluating, and acting on requests by cities and special districts to provide new or extended services other than fire protection outside their jurisdictional boundaries. The policy appropriately balances the dual interest of the Commission to encourage local agencies to cost share and pursue creative partnerships while also ensuring out of agency activities do not undermine jurisdictional boundaries or dampen local accountability.

POLICY HIGHLIGHTS

Goals and Priorities

1

The Commission will consider out-of-agency service requests whenever otherwise merited new or extended services cannot be reasonably accommodated through annexations or other jurisdictional changes.

2

The Commission will not unilaterally seek out and review out-of-agency service agreements for compliance with Government Code Section 56133.

3

The Commission shall only approve out-of-agency service requests for cities and special districts involving territory within their spheres of influence in anticipation of future jurisdictional changes.

The Commission will exercise independent discretion in potentially prescribing the timing of future jurisdictional changes through its authority to condition out-of-agency service approvals.

4

The Commission shall only approve out-of-agency service requests for cities and special districts involving territory outside their spheres of influence in response to efficient utilization of regional government resources and existing or impending public health and safety threats.

The Commission will exercise its independent discretion in determining efficient utilization of government resources and when existing or impending public health and safety threats exist with consideration of State Water Resources Control Board Division of Drinking Water, Regional Water Quality Control Board, California Department of Public Health and San Diego County Department of Public Health regulatory guidance and based on available documentation and analysis provided by LAFCO staff.

An out-of-agency service agreement was approved by the Commission in March 2023 for Palomar HCD to provide laborist and OB/GYN medical services to two clinics – Vista Community and TrueCare.



Establishing Local Definitions

New Services:

The actual delivery of municipal functions or classes to previously unserved non-jurisdictional lands and/or the re-commencement of functions or classes after a discontinuous period of one or more years.

Extended Services:

The intensification of municipal functions or classes to serve (actual) non-jurisdictional lands facilitated by a zoning change.

Additional definitions found within the full policy.

» Continued

Defining Applicability

- The Commission determines exemption eligibility of all statutory exemptions under 56133(e) as well as local exemptions.
- Cities and special districts may request a no-cost determination as to whether any proposed out-of-agency services are eligible for exemption.
- The Commission shall emphasize the "point of delivery" in assessing the applicability of Section 56133.

Creating Local Exemptions

In addition to those provided by the Legislature under Section 56133(e), which includes agreements established prior to 2001, the Commission has established local exemptions in which approvals are not required. Exemption eligibility is determined by the commission and is delegated to the Executive Officer. Local exemptions include:

- Advisory or automatic aid services provided by a city and/or special district where no monetary compensation other than reimbursements are exchanged.
- Temporary access to cities and/or special districts' potable water supplies due to an interruption – planned or otherwise; wastewater collection, treatment, or discharge facilities; potable, raw, or recycled water when deemed the best and most efficient use of resources.
- Shared services between cities and/or special districts where monetary compensation is exchanged beyond reimbursements.
  - Abandoned Vehicle Abatement
  - Accounting, Billing, and Payroll
  - Animal Care and Control
  - Building and Code Enforcement
  - Customer Service
  - Dispatch
  - Grant Writing
  - Heavy Equipment Exchange and/or operation
  - Human Resources
  - Information Technology
  - Laboratory Services
  - Legal
  - Pooled Equipment Purchasing and Use
  - Pooled Materials Purchasing and Use
  - Pooled Services Purchasing and Use
  - Public Affairs/Outreach
  - Training
  - Water, Wastewater, Recycled Water, Stormwater and Advanced Purification Plant Operations
- Agreements solely involving two or more public agencies where the public service to be provided (by Agency A) is an alternative to, or substitute for, public services already being provided by an existing public service provider (by Agency B) and where the level of service to be provided by (Agency A) is consistent with the level of service contemplated by the existing service provider (Agency B).
- Service agreements between cities and/or special districts for the use, installations, and maintenance of meter or operational technology (OT) communications infrastructure similar to wireless Ethernet, cellular towers, fiber optic, etc.
- Agreements involving Cathodic protection of pipelines.

No-cost exemption consults are outlined in policy. Please refer to San Diego LAFCO's Policy L-113 for a complete listing of local exemptions.



LAFCO staff assisted with the development and execution of an Memorandum of Understanding between the three RCD's in the region – RCD of Greater San Diego, Mission RCD, and Upper San Luis Rey RCD – to bring their out of agency service practices into statutory compliance.

» Continued



Proceeding with Formal Request

Initial Request

All approval requests for out-of-agency services shall be made in writing by cities and special districts and filed with the Executive Officer. Requests shall be made in letter form by the city or special district manager and include information as required by policy.

Consideration Procedures

- The Commission shall consider all requests for out-of-agency service approvals at a public meeting unless otherwise provided in this policy.
- Should requests involve purported public health or safety threats, the Commission delegates approval authority to the Executive Officer for water and/or wastewater services only.
- All other requests involving purported public health or safety threats shall be considered by the Commission at the earliest time possible.

Reconsideration

Should an out-of-agency service request be approved with conditions or denied, the applicant or any other city or special district whose sphere of influence or jurisdictional boundary contains the affected territory, may request reconsideration consistent with Rule 3.4(2).

This prospectus serves as an abbreviated guide.
Please refer to Policy L-113 for a complete and specific detailing of all items summarized above.

For the full policy please visit www.sdlafco.org/resources/policies

Subject:
OUT-OF-AGENCY SERVICES
(Exclusive of Fire Protection Services)

Purpose:
Serve as a guide to the Commission in receiving, evaluating, and acting on requests by cities and special districts to provide new or extended services other than fire protection outside their jurisdictional boundaries.

Background:
State law requires cities and special districts to request and receive Commission approval before providing new or extended outside services by contracts or agreements with limited exemptions (Government Code Section 56133).[1]

Policy:
It is the policy of the Commission:

1. Goals and Priorities:

    a) The Commission will consider out-of-agency service requests whenever otherwise merited new or extended services cannot be reasonably accommodated through annexations or other jurisdictional changes.

    b) The Commission will review out-of-agency service agreements not previously considered by the Commission in conjunction with future applications for related changes to organization and not unilaterally seek out and review out-of-agency service agreements for compliance with Government Code Section 56133.

    b) The Commission shall only approve out-of-agency service requests for cities and special districts involving territory within their spheres of influence in anticipation of future jurisdictional changes.

        i. The Commission will exercise independent discretion in potentially prescribing the timing of future jurisdictional changes through its authority to condition out-of-agency service approvals.

[1] Contracts involving fire protection services are separately addressed under Government Code Section 56134 and are not covered under this policy.

c) The Commission shall only approve out-of-agency service requests for cities and special districts involving territory outside their spheres of influence in response to efficient utilization of regional government resources and existing or impending public health and safety threats.

   i. The Commission will exercise its independent discretion in determining efficient utilization of government resources and when existing or impending public health and safety threats exist with consideration of State Water Resources Control Board Division of Drinking Water, Regional Water Quality Control Board, California Department of Public Health and San Diego County Department of Public Health regulatory guidance and based on available documentation and analysis provided by LAFCO staff.

2. Definitions:

a) "Agreement" and/or "contract" shall mean a formal written arrangement contemplated under Section 56133.

b) "Service" shall mean any authorized municipal service functions and/or classes provided by cities and special districts other than fire protection as well as those exempted by the Commission within Section 4 of this policy.

c) "New service" shall mean the actual provision of municipal service functions or classes to previously unserved non-jurisdictional lands.

   i. New service shall also mean the re-commencement of actual services after a discontinuous period of 12 months or more.

d) "Extended service" shall mean the intensification of municipal service functions and/or classes to served (actual) non-jurisdictional lands that require a zoning change by the land use authority.

3. Applicability:

a) The Commission determines exemption eligibility of all statutory exemptions under 56133(e) as well as local exemptions provided under Section 4 of this policy.

b) The Commission shall emphasize the "point of delivery" in assessing the applicability of Section 56133.

c) Cities and special districts may request a no-cost determination from the Commission as to whether any proposed out-of-agency services are eligible for exemption under 56133 (e) and/or Section 4 of this policy.

i. The Commission delegates all inquiries for exemption eligibility under 56133(e) and/or Section 3 of this policy to the Executive Officer. The Executive Officer shall provide written notice of their determination to the city or special district to either accept, deny, or deny pending additional information all exemption inquiries within five business days.

ii. Should the Executive Officer determine an inquiry does not qualify for exemption, the city or special district may appeal directly to the full Commission. The appeal request must be made in writing and signed by the city manager or special district manager. The Executive Officer shall include the appeal request at the next available meeting.

iii. Should the Executive Officer determine an inquiry does qualify for exemption, any city or special district that contains – whether the sphere of influence or jurisdictional boundary – the affected territory shall be given immediate written notice and may appeal directly to the full Commission. The appeal request must be made in writing and signed by the city manager or special district manager. The appeal must be received within three business days of receiving the original notice from the Executive Officer. The Executive Officer shall include the appeal request at the next available meeting and provide notice to all interested parties.

4. Exemptions

a) In addition to those provided by the Legislature under Section 56133(e), which includes agreements established prior to 2001, the Commission establishes the following local exemptions in which approvals are not required:

i. Advisory or automatic aid services provided by a city and/or special district where no monetary compensation other than reimbursements are exchanged.

ii. Agreements solely involving two or more public agencies where the public service to be provided (by Agency A) is an alternative to, or substitute for, public services already being provided by an existing public service provider (by Agency B) and where the level of service

to be provided by (Agency A) is consistent with the level of service contemplated by the existing service provider (Agency B).

a. For the purposes of this section, "already being provided" means the services are within the agency's (Agency B) jurisdictional boundary and an established service area wherein services are being actively provided by the agency (Agency B).

b. For the purposes if this section, "contemplated" means:

i. The service level is anticipated in a master plan or some long-range planning document of Agency B.

ii. Sufficient infrastructure and capacity exist (by Agency A) to provide the service.

iii. Service agreements between cities and/or special districts for the use, installations, and maintenance of meter or operational technology (OT) communications infrastructure similar to wireless ethernet, cellular towers, fiber optic, etc.

iv. Agreements involving Cathodic protection of pipelines.

v. Temporary access to cities and/or special districts' potable water supplies due to an interruption – planned or otherwise.

vi. Temporary access to cities and/or special districts' wastewater collection, treatment, or discharge facilities.

vii. Temporary access to cities and/or special districts' potable, raw, or recycled water when deemed the best and most efficient use of resources.

viii. Shared services between cities and/or special districts where monetary compensation is exchanged beyond reimbursements for any of the following activities:

- Abandoned Vehicle Abatement
- Accounting, Billing, and Payroll
- Animal Care and Control
- Building and Code Enforcement
- Customer Service
- Dispatch

- Grant Writing
- Heavy Equipment Exchange and/or operation
- Human Resources
- Information Technology
- Laboratory Services
- Legal
- Pooled Equipment Purchasing and Use
- Pooled Materials Purchasing and Use
- Pooled Services Purchasing and Use
- Public Affairs/Outreach
- Training
- Water, Wastewater, Recycled Water, Stormwater and Advanced Purification Plant Operations

5. Request Procedures:

   a) All approval requests for out-of-agency services shall be made in writing by cities and special districts and filed with the Executive Officer. Requests shall be made in letter form by the city or special district manager and include all of the following information:

      i. Identification of the affected territory by parcel number or another appropriate geographic marker.

      ii. Description of the ability of the agency to provide the contract service and relationship – including impacts – on existing and/or planned infrastructure and resources.

      iii. Application fee.

      iv. Any other information required by the Executive Officer.

   b) All approval requests for out-of-agency services received under this part shall immediately be forwarded by LAFCO to any other city or special district whose sphere of influence or jurisdictional boundary contains the affected territory.

6. Consideration Procedures:

   a) The Commission shall consider all requests for out-of-agency service approvals at a public meeting unless otherwise provided in this policy.

b) The Executive Officer shall ensure all procedures under Section 56133 are completed and responsible for placing the request on the first available meeting agenda thereafter. The Executive Officer shall include his or her written recommendation on the request to the Commission.

c) Should requests involve purported public health or safety threats, the Commission delegates approval authority to the Executive Officer under the following circumstances.

    i. The request involves water and/or wastewater services only. If approved, the Executive Officer shall provide notice to the Commission at the next public meeting for information only.

d) All other requests involving purported public health or safety threats shall be considered by the Commission at the earliest time possible – including the scheduling of a special meeting with no less than 24-hour notice.

7. Reconsideration:

a) Should an out-of-agency service request be approved with conditions or denied, the applicant may request reconsideration consistent with Rule 3.4(2)

b) Should an out-of-agency service request be approved, any other city or special district whose sphere of influence or jurisdictional boundary contains the affected territory may request reconsideration consistent with Rule 3.4(2).

8. CEQA

a) All out-of-agency service request approvals shall be subject to concurrent review under the California Environmental Quality Act (CEQA).

b) The Commission assigns all functions and related responsibilities provided under CEQA Guidelines Section 15025 to the Executive Officer – including, but limited to, making exemption findings and related fillings.

5c

AGENDA REPORT
Business | Information

March 20, 2025

TO: Cities Advisory Committee

FROM: Priscilla Mumpower, Assistant Executive Officer
Joelle Burila, Analyst I

SUBJECT: **Implementing Report Recommendations from University of California Berkeley to Expand LAFCOs' Effectiveness**

SUMMARY

The Cities Advisory Committee ("Committee") will receive a presentation on recent staff activities to advance critical recommendations involving LAFCOs' effectiveness in meeting statutory objectives from a report published by the University of California, Berkeley. The report was presented to the Commission in March 2024 and outlines strategies to strengthen the relationship between State regulators, LAFCOs, and local communities in addressing the delivery of safe drinking water, with recommendations focused on elevating municipal service reviews (MSRs) and facilitating water system consolidations. Consistent with feedback from the Commission, staff has been collaborating with the U.C. Berkeley author and other stakeholders – including other LAFCOs – in developing legislative amendments to address the report's core recommendations and related themes. Most notably, this includes exploring legislation to expand LAFCOs authority to initiate annexations to cities and special districts under certain circumstances to address public health considerations involving water and wastewater services. This update is being presented to the Committee for informational purposes with an opportunity to provide input on staff activities going forward.

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BACKGROUND

University of California Berkley Report | LAFCo and Water System Consolidation

In January 2024, a report published by UC Berkeley's Agriculture and National Resources Department (Professor Kristin Dobbin and PhD Candidate Justin McBride) examined the relationship between State regulators and LAFCOs in advancing certain State objectives. This includes a primary objective to economize and improve public water systems through notional consolidations and in doing so ensure safe and dependable drinking water with additional emphasis on helping the most vulnerable communities. Key report conclusions and recommendations follow.

- The report emphasizes the importance of effective communication between LAFCOs and State water regulators, recommending regular meetings to address failing water systems and explore collaboration.

- Recommends integrating information from MSRs and state water assessments through formal channels or legislation, along with providing guidance on MSR development.

- Highlights the need for well-funded MSRs to identify consolidation opportunities, with LAFCOs assessing shared facilities and recommending consolidations.

- Recommends LAFCOs prioritize consolidations, create effective pathways for merging small private water systems, and seek authority to initiate annexations for greater service efficiency.

The report and a summary of observations and recommendations was initially presented to the Commission at its March 2024 meeting with a follow-up provided in March 2025.

The full report is provided as Attachment One.

DISCUSSION

This item provides the Committee an opportunity to provide input on staff's ongoing efforts to advance recommendations from the U.C. Berkely report to LAFCO statute. These activities are part of a joint legislative effort with the report authors, other LAFCOs (Orange, Napa, Sacramento, Alameda, Butte and Santa Cruz), and community organizations (Community Water Center, and Leadership Counsel for Justice and Accountability). The amendments total three at this time and aim to offer legislative solutions to advance LAFCO's ability to help ensure the timely and sustainable extension of municipal water and wastewater services to all Californians with the following legislative proposals.

1) **Expand LAFCOs ability to initiate change of organizations or reorganizations under certain circumstances**
   Amend California Government Code 56375(a) and its enumeration of LAFCO initiating powers to include change of organizations or reorganizations necessary to provide timely water or wastewater services consistent with community needs and in response to public health or safety concerns.

2) **Amplify MSRs Role in Communicating Community Needs**
   Amend California Government Code 56430 and its provisions on preparing municipal service reviews to require LAFCOs to take up these studies at noticed hearings as well as require the affected agencies to formally receive the studies at their own noticed hearing and provide confirmation in doing so back to LAFCOs.

3) **Address Service Barriers for Mutual Water Companies and Mobile Home Parks**
   Amend California Government Code 56430 to include mobile home parks and mutual water companies in its list of agencies that supply vital services, and who should be evaluated as part of MSRs. This change would also importantly make public health information from mobile home parks available to LAFCO. Pursue a concurrent change to make explicit mobile home parks' water systems qualify as mutual water companies.

The group continues to make significant progress on these above efforts and is currently finalizing a one-page fact sheet, a joint interest letter, amended language to the LAFCO statute, and a synthesized memorandum for efficient sharing.

The initial letter of joint legislative interest is provided as Attachment Two.

ANALYSIS

The proposed legislative amendments as described under development by San Diego LAFCO and other stakeholders advance LAFCOs ability to meet its standing directive by the Legislature to match municipal services with community needs. Most pertinently, providing LAFCOs the authority in statute to initiate annexations to facilitate water and wastewater delivery to areas in need and remedy public health and safety concerns serves to concretely meet desired State outcomes – whether in the form of serving as applicant or motivate local agencies to initiate their own proposals. Similarly, establishing an explicit feedback loop where local agencies are taking up MSRs and their recommendations on their public meeting agendas helps to ensure local decision-makers are directly addressing MSRs with their constituents as they see fit. Last, making clear in statute – CKH and Corporations Code – that mobile home parks with their own water systems qualify as mutual water companies would – among other benefits – make clear LAFCOs' authority to readily receive requested service information as part of the MSR statutes.

With respect to next steps, San Diego LAFCO and other stakeholders are working to meet with key state legislators to identify an author for the proposed amendments.

RECOMMENDATION

Information only.

ALTERNATIVES FOR ACTION

No action proposed, information only with the opportunity to provide feedback on LAFCO staff activities proceeding forward.

PROCEDURES FOR CONSIDERATION

This item has been placed on the Committee's agenda for information part of the business calendar. It will include a verbal presentation by staff paired with the opportunity for the Committee to discuss and provide feedback as it chooses.

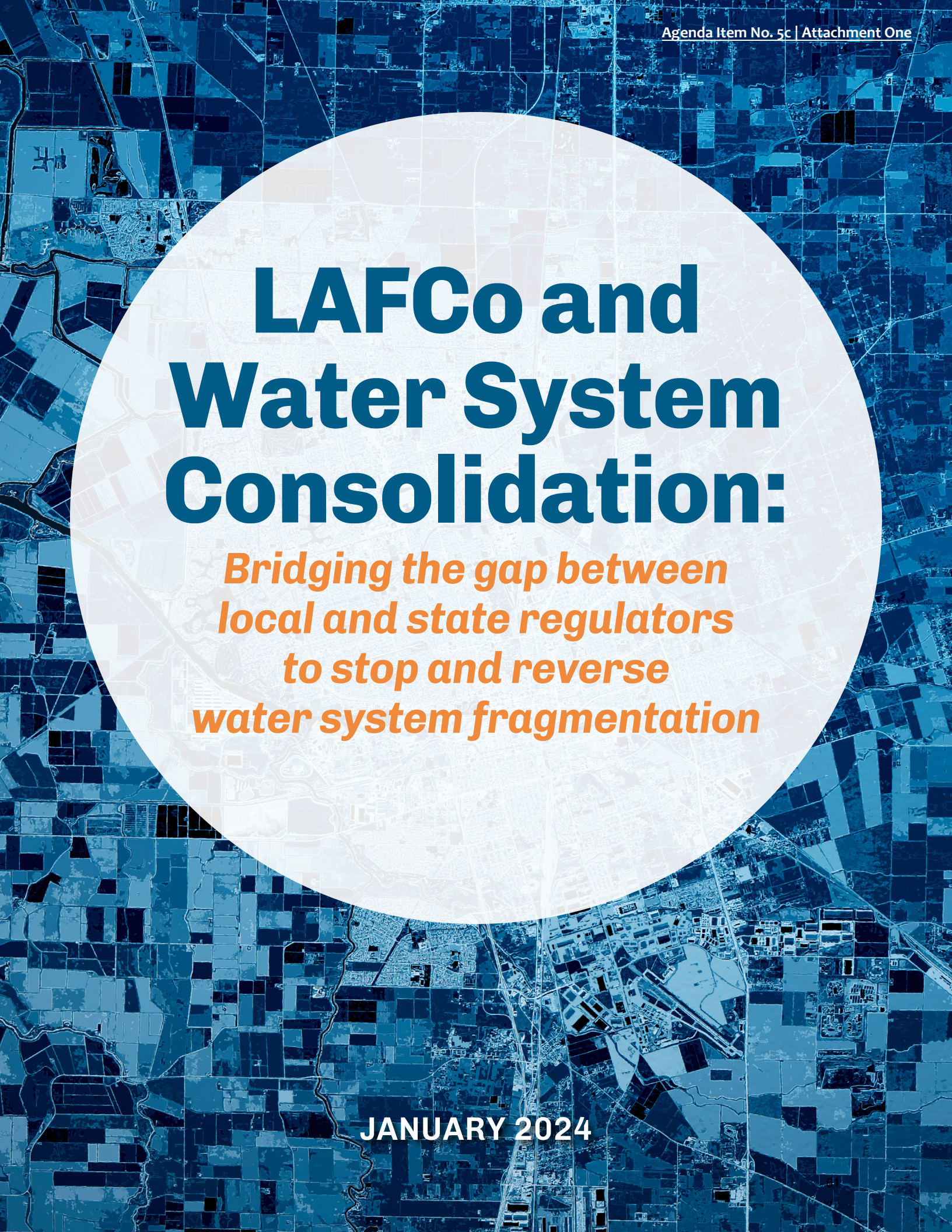
On behalf of staff,

Joelle Burila

Joelle Burila
Analyst I

Attachments:

1) LAFCO and Water System Consolidation – Full Report (January 2024)
2) CALAFCO Initial Letter – Opportunity to Coordinate on Joint Legislative Interest



LAFCo and Water System Consolidation:

Bridging the gap between local and state regulators to stop and reverse water system fragmentation

JANUARY 2024

UNIVERSITY OF CALIFORNIA
Agriculture and Natural Resources

Berkeley
UNIVERSITY OF CALIFORNIA

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Acknowledgements

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Introduction

In 2012, California passed AB 685 enshrining the human right to water into state law. Achieving this vision is not a simple task, instead it requires ongoing commitment and investment by state legislators and regulators. Water system consolidation, or the merging of two or more water systems, has increasingly become a focus of these efforts due to a wide array of potential benefits. This is particularly true for the state's very small water systems, many of which struggle to achieve consistent regulatory compliance. In the hopes of halting and reversing the proliferation of small water systems, California has implemented policy changes including developing financial incentives for larger water systems to consolidate small systems, introducing new powers to mandate consolidation under specific circumstances, and working to limit permits for new water systems in favor of extending existing systems. With these efforts as well as unprecedented financial investments in consolidation through the new Safe and Affordable Funding for Equity and Resilience (SAFER) program, the state has reduced the total number of public water systems by more than 3% in the last 9 years.[1]

Despite these successes, implementing consolidations in an efficient and equitable manner continues to be a difficult task. A large array of challenges from local politics to funding regularly delay and sometimes prevent consolidations, both between existing systems and for systems intended to serve new industrial or residential development. This report focuses on one such challenge, the need to coordinate and align actions by state and local regulators. Under the Federal Safe Drinking Water Act, the state of California is responsible for ensuring compliance among public water systems. This role has put the State Water Resources Control Board (SWRCB) at the forefront of efforts to reduce the number of small water systems. Nonetheless, changes to drinking water services often implicate changes to local government, thus requiring consultation with, and sometimes the approval of, local regulators.

In particular, in California, county Local Agency Formation Commissions, known as LAFCos, are regional planning and regulatory agencies tasked with "coordinating logical and timely changes in local government boundaries, conducting special studies that review ways to reorganize, simplify and streamline governmental structure and preparing a sphere of influence for each city and special district within each county."[2] In this capacity, they have a critical role to play in promoting and implementing water system consolidations for existing and proposed water systems. Because LAFCos regulate boundaries between most public agencies, they often have the final say over water system consolidation projects that involve a local government entity including special districts and cities. Yet in practice, many water system consolidations are conceived of and planned without input from local planners and may only come before LAFCo for formal review after significant resources have already been invested in the project. Much the same can be said for local development plans. To the extent a new development relies on a new public water system, local project proponents may find themselves at odds with state regulators who wish to avoid the creation of additional small water systems they perceive as unsustainable. In these cases, there is significant potential for frustration on all sides when plans are delayed or must be changed due to inadequate coordination, conflicting policies and/or competing priorities.

These examples highlight what can be a wide gulf between drinking water regulators and LAFCos when implementing water system consolidations, whether for existing or new systems. Though intertwined in practice, the two often approach questions of water system fragmentation with distinct perspectives and priorities. Such differences can reverberate beyond individual projects, impacting broader efforts to rationalize drinking water services, increase equitable access, and ensure sustainability under a changing climate. Overwhelmingly LAFCos and state drinking water regulators share goals for promoting equitable,

efficient, and sustainable local drinking water service. Yet we are a long way from the policy alignment necessary to stop, let alone reverse, the proliferation of small water systems.

Drawing on interviews with state regulators and LAFCo representatives, input from state technical assistance providers, and a survey of county LAFCo Executive Officers, this report aims to: 1) Highlight important intersections between LAFCos' local planning and regulatory roles and state policies and programs that prioritize water system consolidation as a safe drinking water solution; 2) Identify challenges at these intersections that limit progress on shared goals; and 3) Provide recommendations to begin to address these challenges.

Section I: Understanding LAFCos and Their Role in Water System Consolidation

About LAFCos

Local Agency Formation Commissions (LAFCos) are county-specific independent governmental agencies charged with conducting studies to evaluate, reorganize, and streamline local government functions and services. LAFCos were first created by the State of California in 1963 to manage sprawl. Subsequent legislative updates have gradually increased the scope of LAFCo powers and authorities over time. The most important of these updates occurred in 2000 with the passage of the Cortese-Knox-Hertzberg Act (CKH).[3] Though amended periodically, the CKH Act remains the most important reference for understanding LAFCo powers and processes.

Each LAFCo is governed by a commission comprised of elected and appointed individuals. Every LAFCo includes representatives of the county's Board of Supervisors and city councils from cities within the county boundaries along with one appointed member of the general public. Many LAFCos also include board members from special districts within the county. The exact structure of individual LAFCo commissions varies, but a typical commission has at least five, and up to seven, members who serve four-year terms. Though geographically coterminous with every county, LAFCos are politically independent from the county government where they operate. Commission decisions are not subject to oversight, review, or approval by the County Board of Supervisors.

LAFCo commission meetings are public meetings, and as such must be regularly held, open to the public, and are subject to the Ralph M. Brown Act.[4] The work of the commission is carried out by staff, led by an Executive Officer. Staffing levels vary substantially between counties. Some have full-time Executive Officers and up to eight additional full-time staff members, and others have only part-time Executive Officers and minimal, or even no, additional staff *(See Appendix)*.

The Cortese-Knox-Hertzberg Act of 2000

The Cortese-Knox-Hertzberg Act of 2000 was the most recent major overhaul of LAFCo powers. It establishes procedures for local government changes of organization, including city incorporations, annexations to a city or special district, and city and special district consolidations. In carrying out these functions, the Act specifically directs LAFCos to:

- Limit urban sprawl;
- Ensure orderly boundaries between governmental agencies;
- Preserve open space and agricultural lands.

Though LAFCos may have other priorities related to local political preferences, these three mandates are shared to some extent by all LAFCos in accordance with state law.

LAFCos are funded from two primary sources. First, all LAFCos receive annual funding from the local governments represented on the commission (county, cities, and sometimes special districts). The size of these contributions varies by county, as each LAFCo sets its own budget. Second, LAFCos may charge fees for some types of applications or services. These fees are typically borne by the relevant agencies or other applicants (such as landowners) applying for the action in question, for example, an adjustment to a district's jurisdictional boundary.

LAFCos and water system consolidations

To avoid the duplication of services and ensure that growth occurs in an orderly fashion, one of LAFCos' primary roles is to regulate and approve changes to the jurisdictional boundaries and planning boundaries of all cities and most special districts (the most notable exception is school districts). As a result, LAFCo will be involved in any consolidation project if one or more of the systems — either consolidating or receiving — is a public agency, specifically a city or a special district.[5] If a consolidation project involves no such water systems, there is no formal role for LAFCo, although if the consolidation involves one or more Investor-Owned Utilities, the California Public Utilities Commission (CPUC) will play a similar oversight role. If a project involves both public and private water systems, LAFCo may only be involved in certain components. For example, if an Investor-Owned Utility takes over water provision in a community previously served by a local agency (as in the case of the Sativa Water District in Los Angeles County), LAFCo would be involved in the dissolution of the public district but not in the "annexation" by the Investor-Owned Utility of the new service area which would instead be approved by the CPUC.

It is important to keep in mind that while a LAFCo's purview includes districts that provide drinking water, LAFCos do not primarily regulate drinking water providers or their day-to-day operations. Rather, their role is to ensure that drinking water provision happens in an orderly manner that does not create additional burdens on residents, does not conflict with established local policies or encourage unwanted urban sprawl, and does not create wasteful duplication of services. In other words, in many cases LAFCos will be concerned with the question: How will this consolidation fit into our broader planning priorities for the county?

The answer to this question will largely depend on the structure of the proposed consolidation. Water system consolidation can be accomplished in many ways including not only district or city consolidation but also through extensions of service, annexations, etc. *(See 'Bridging differences in terminology' box)*. Any one of these procedures may also trigger reorganizations or dissolutions, all of which may have distinct procedures and requirements for implementation. In some cases, LAFCos have a preferred pathway for how to accomplish consolidations that will need to be adhered to in order to receive the necessary approvals. However, in other cases, LAFCos may prefer to make recommendations or determinations based on the specifics of an individual project. We recently surveyed LAFCos across the state and received responses from 23 of the state's 58 LAFCos. Nearly 40% of respondents indicated they preferred outright annexation to extraterritorial service agreements whereas 52% reported having no pre-set preference.

Even when a LAFCo has a preference, however, they may still approve exceptions based on specific circumstances. For example, under California law, LAFCos may (but are not required to) approve a request for a service extension outside of a service providers' jurisdictional boundary and sphere of influence to respond to an "existing or impending threat to the health and safety of the public or the residents of the affected territory".[6] More than two thirds of survey respondents indicated they had approved such a request in their county. Notably the requirements for doing so vary between counties. Some counties require only a letter from an affected local government body, while others require expert documentation of the threat.

Beyond the need to coordinate with LAFCo on the structure of a proposed consolidation, LAFCo involvement has another important implication: Fees. Given that LAFCos are authorized to collect

Bridging Differences In Terminology

This report uses the term "consolidation" in a broad sense to mean the formal merging of some or all functions of drinking water provision between two or more water providers or communities. Consolidation, in this drinking-water focused sense, can happen through a variety of different pathways that vary in not only their implementation but also outcomes (for more information see the 2022 guide Designing Water System Consolidations). Under this definition, consolidation can include the physical interconnection of existing water system infrastructure (physical consolidation) but it does not have to. Consolidation may instead entail merging only the governance and management functions of two pre-existing systems (managerial consolidation) or extending a water system to serve a domestic well community or new development. This inclusive definition is informed by, and aligned with, the definition state drinking water regulators and community water advocates employ.

However, for a LAFCo, the term consolidation refers to a narrowly defined legal process, closely constrained by state law. The CKH Act defines consolidation as "the uniting or joining of two or more cities located in the same county into a single new successor city or two or more districts into a single new successor district." Consolidation in a LAFCo sense always entails the creation of an entirely new district.

While largely semantic, this difference can cause confusion. Projects such as the extension of a community water system to serve residents previously reliant on a state small water system or where a special district like a County Service Area is absorbed into a neighboring city would both be commonly referred to as consolidations among drinking water stakeholders. To a LAFCo representative, however, many such "consolidations" are instead understood as extensions of service, annexations, reorganizations, and/or dissolutions.

fees for services and studies and that some rely on these fees to cover the associated costs of those additional reviews, those seeking to consolidate drinking water services may have to bear the cost of any related study required by state law. LAFCos have some degree of autonomy in setting fees to compensate for staff time. As such, relevant fees vary significantly between counties. Of the 23 LAFCos that responded to our survey, estimated total fees associated with a consolidation project ranged from $0 to $50,000, depending on the LAFCo and the complexity of the project. Seventy percent of survey respondents said that they waive fees under specific circumstances, the remainder indicated that fee waivers were not available.

Municipal Service Reviews

Beyond regulating local government boundaries, LAFCos also play an important role in evaluating municipal services within their county and making recommendations for improvements. The CKH Act mandates that every five years, as necessary, LAFCos review and update the designated sphere of influence for each city and special district under their jurisdiction.[7] Prior to establishing or updating a sphere of influence, LAFCos must perform a special study called a Municipal Service Review (MSR). MSRs are comprehensive studies designed to better inform LAFCo, local agencies, and the community about the provision of municipal services. MSRs can be conducted individually for specific cities or districts, covering all services, or on a county-wide or regional basis focused on specific services.

Based on these requirements, some LAFCos conduct regular MSRs while others do so only when necessary, such as when a sphere of influence issues arise. Budget and capacity constraints are a major factor influencing how frequently MSRs are conducted. Some LAFCos reported in interviews that they did not conduct MSRs as frequently as they would like due to high costs.

The requirements related to MSR contents are also loosely bounded, meaning that in practice, the content and level of detail varies by county. Ideally an MSR will have insights into the kinds of things those pursuing consolidation would likely be interested in — water quality, water source reliability, fiscal stability, managerial capacity, and technical expertise. Take for example the recent Countywide Water Service and Sphere Review by Santa Cruz County which provides significant detail

on system finances, water rates, transparency and local accountability among other items.[8] In other cases, MSRs may have few of these details and thus provide little in the way of local insights either supporting or challenging consolidation efforts (capacity can also be a factor here). By statute, LAFCos are authorized to request information from privately owned water systems as part of their reviews including from mutual water companies.[9] Notably, very few LAFCos currently do so and some LAFCos report mutual water companies have failed to respond to requests for information when they have attempted to include them in MSRs.

Approval of new public water systems

Recognizing the importance of stopping the further proliferation of potentially unsustainable small water systems throughout the state, recent regulatory changes now require that all applications for new public water systems[10] must be approved by the SWRCB. Applicants wishing to construct a new system must apply at least six months before initiating water-related development with an accompanying "preliminary technical report." The preliminary technical report must analyze the feasibility of connecting to any public water systems within three miles, assess the twenty-year costs of operating the proposed system, and evaluate the sustainability and resilience of the proposed system long-term. As part of the assessment of consolidation feasibility, an applicant needs to document contact with LAFCo regarding the identified existing water systems. Approval of non-water system related development (e.g., a warehouse facility to be served by the proposed water system), however, remains a local decision and LAFCos retain final authority on areas where services can be provided by the existing water systems of cities and special districts. Thus, there is potential for inconsistent determinations between state and local authorities, which could cause delays and/or lead to potential litigation. These changes increase the need for coordination between state drinking water regulators and local authorities regarding when and where the creation of new water systems is appropriate.

38% of LAFCos report that they evaluate the feasibility of consolidation as part of their MSR process and 61% report that they recommend consolidation in MSR findings where warranted.

Section II: Challenges

Based on our interviews and survey results, in this section we describe seven key challenges that limit effective coordination between state and local regulators with respect to water system consolidation, both among existing and new systems.

Lack of communication and information sharing between LAFCos and drinking water regulators

Although LAFCos, the State Water Resources Control Board (SWRCB), and the California Public Utilities Commission (CPUC) all play key roles relevant to drinking water system consolidations, each has a unique niche in the enforcement patchwork, and communication between these agencies is limited.

While, in many cases, LAFCos rely on publicly available SWRCB data in developing their MSRs for water services, the MSR process also often generates new information about the status of local water providers, especially regarding the state of system governance and finances. This information can be highly relevant to understanding the potential of a system to encounter future challenges. Yet only 30% of surveyed LAFCos report sharing their MSR findings with drinking water regulators. And while some SWRCB staff do independently seek out and use MSRs when working with a system, not all MSRs are publicly available online.

This lack of information sharing mirrors a general lack of communication between local planners and state drinking water regulators. Nearly all LAFCo Executive Officers we interviewed reported only infrequent contact with state drinking water regulators. The lack of communication creates issues in both directions. On the one hand, the SWRCB may have information about the challenges of local agencies unavailable to LAFCos who often only have infrequent communications with the small water providers under their jurisdiction. Similarly, a LAFCo might be aware of issues which could merit consolidation in the future. These systems might be good candidates for SWRCB intervention, but intervention is unlikely if information does not flow between agencies. On the other hand, the SWRCB may pursue solutions such as consolidation without a clear understanding of locally specific challenges such as conflicting policies, or potential political barriers.

California's other key water agency, the CPUC, regulates Investor-Owned Utilities. The CPUC communicates even less frequently with LAFCos than the SWRCB. This is not surprising, given that LAFCos do not regulate private utilities. But in some cases, LAFCos might be ignorant of potential privately-owned consolidation partners for troubled local government systems or vice-versa, of struggling private systems where governmental systems could expand their service area. Additionally, consolidations involving Investor-Owned Utilities (referred to by the CPUC as acquisitions) can significantly impact local development. Currently there are no specific mechanisms for LAFCos to provide feedback to the CPUC on these matters except to file a motion for party status in an acquisition proceeding which is subject to approval and conditions by a judge.

Lack of shared language and vision

Sometimes, when drinking water stakeholders interested in water system consolidations encounter LAFCos, they find the experience to be frustrating. Often, part of the problem is that LAFCos do not share a common vision or even use the same language to talk about consolidations. As previously mentioned, for LAFCo staff the term "consolidation" refers to a specific legal process, not a broad suite of options. Conversations that casually use the term consolidation can thus create confusion, since many water system consolidation projects fall under LAFCo descriptions for annexations, dissolutions, extraterritorial service agreements, or other arrangements.

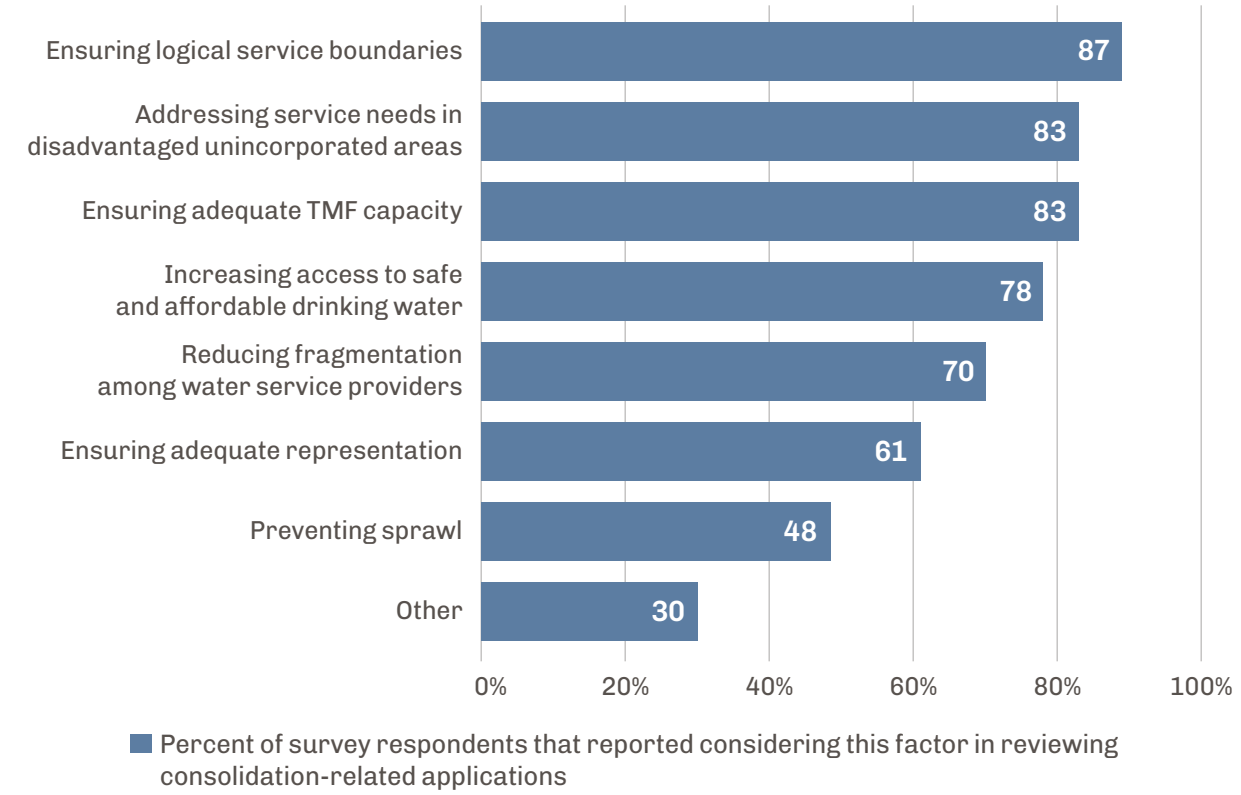
But this challenge is not only semantic. While all parties share a commitment to ensuring efficient, equitable local services, the goals that motivate system consolidation and the metrics by which "success" is assessed in these projects can also vary. State regulators tend to prioritize projects on the basis of Safe Drinking Water Act compliance, cost, and improving system sustainability (i.e., targeting "at-risk" systems). Overall LAFCos take a broader perspective, including considering impacts to different community services as well as county-wide impacts and consistency in long-term planning. This is well demonstrated by the fact that surveyed LAFCos reported considering, on average, more than five different factors when reviewing consolidation-related applications *(Figure 1)*. Among these considerations, 30% of LAFCos reported that ensuring adequate Technical, Managerial, and Financial (TMF) capacity was the most important, followed by ensuring logical service boundaries and increasing access to safe and affordable drinking water, each of which was voted most important 26% of respondents. Notably, whereas preventing and reversing water system fragmentation is a top priority of the SWRCB, this consideration did not rise to the top among LAFCOs, only 70% of which said they consider system fragmentation when reviewing consolidation-related applications.

Diversity in local implementation

All LAFCos are governed by the CKH Act, but policy occurs just as much in implementation as in statute. Because the CKH leaves substantial autonomy for local LAFCos to tailor their operations to local conditions, implementation varies substantially from LAFCo to LAFCo. The state's rules have few hard guidelines except when it comes to specific procedural actions.

For example, according to statute, LAFCos are supposed to interpret any requests to

Figure 1. LAFCo considerations in reviewing consolidation related applications by frequency.



accommodate a system consolidation based on the potential costs and savings, as well as other impacts to local residents. This open-ended set of criteria leaves room for interpretation leading LAFCos to review a wide range of factors as mentioned above. This statute language also allows for LAFCos to have different local policies leading some LAFCos to prioritize specific planning goals, like the prevention of urban sprawl or addressing service needs in unincorporated areas.

LAFCos vary substantially in their preferences regarding consolidation pathways. Technical assistance providers may select a consolidation pathway which they think will best suit the needs of the community they work with. LAFCos will tend to take a more holistic view and measure the proposed benefits of any consolidation project against the potential impact on development and services county-wide. For example, if a consolidation of private wells into a nearby municipal system would extend that city's sphere of influence into an area slated for non-development purposes, the LAFCo may oppose the project for fear of losing open space. In many cases there are workable compromises that can be found if these goals and constraints are clearly communicated, for example pursuing an Extraterritorial Service Agreement (also called Out-of-Agency, Out-of-Boundary or Outside Service Agreements depending on the county).[11]

Unclear roles and responsibilities

While the SWRCB is committed to stopping and reversing the proliferation of small water systems as part of advancing the Human Right to Water (AB 685), precisely because of the planning and local government implications, there are practical and political limits to their ability to do this work on their own. Yet there is ambiguity, and even disagreement, regarding what the role and responsibilities of local planners such as LAFCos is, or should be, with respect to advancing the same mission.

Generally, LAFCos rely on the SWRCB to flag struggling systems and initiate consolidation processes rather than do so themselves (although in certain counties, LAFCos do sometimes play a more central role in promoting projects). However, LAFCos do not necessarily view this as a positive from a local policy standpoint. Several LAFCos indicated that state-level policymakers and agencies generally lacked an understanding of the intricacies of local implementation of consolidations. Some also regarded state-initiated projects without adequate state financial support as unfunded burdens for the affected communities and for LAFCos themselves.

But locally initiating projects has its own challenges. California state law is clear that, in some circumstances, LAFCos have the power to initiate water system consolidations through district dissolution, even without the consent of targeted district.[12] These types of consolidations are rare, however, for several reasons. Perhaps unsurprisingly, LAFCo commissioners are often reluctant to go against locally elected political leaders — some of whom may even sit on the LAFCo commission themselves. Second, such actions are subject to public hearings and can be blocked by formal protests from residents, an outcome which is more likely because the threshold for popular motions to block the action is lower in LAFCo-initiated proceedings. Third, LAFCos are generally reluctant to force other systems to take on new customers, even if the receiving system is best suited to serve those communities. LAFCos generally operate under tight budgets and with limited staff, and thus generally require a project proponent to fund any necessary studies to proceed with a dissolution rather than take on the cost from their own budget. Additionally, LAFCos are prohibited from initiating certain consolidation pathways, such as annexations. Thus, even if a LAFCo knows consolidation is the best choice, they rarely act as proponents. An exception to this trend is when a local scandal erupts, either around system governance or water quality.

Nearly 40% of LAFCos report facilitating or supporting local consolidation projects whereas less than 9% report initiating consolidation projects.

This does not mean, however, that LAFCos do not view themselves as having any role in consolidations. For some LAFCos, considering consolidation options is already a part of their standard operations. Thirty-two percent of surveyed LAFCos reported assessing the feasibility of consolidations as part of MSRs for drinking water service providers. Sixty percent reported recommending system consolidation as part of

Consolidating Sativa County Water District Post-Scandal

When some Compton residents began to notice discolored water in their taps in the spring of 2018, popular protests erupted. One entity was not surprised. Los Angeles (LA) LAFCo had flagged the water provider, the Sativa County Water District, as struggling in multiple categories as early as 2005, and staff had recommended outright dissolution of the agency to the commission in 2012. However, despite these red flags, the agency continued to operate, and no consolidation efforts were formally initiated, either locally or by the SWRCB. When the protests began, however, LA LAFCo was prepared to spring into action. With the changed political winds following the fallout from the scandal, the commission was able to initiate a dissolution process for Sativa just two months after complaints first arose and soon thereafter work with the state to allow the county to temporarily takeover operations while all parties looked for a new permanent provider.

The case of Sativa highlights just how effective a well-resourced LAFCo can be in dealing with a local crisis. But the case also provides an example of how a lack of coordination around system dissolution priorities and political inertia can led to a crisis in the first place. A more aggressive approach locally, or better coordination from the SWRCB, might have dealt with the issues at Sativa before brown water flowed out of residents' taps. Nonetheless, LA LAFCo's quick response and effective collaboration between local and state regulators headed off the problem before things got worse.

MSRs based on assessments of water supply, governance, proximity to other systems, or other factors. In these cases, our interviews reveal that most LAFCos view the initiative to then fall on the individual system boards to explore possible options for consolidations or alternatively, for the SWRCB to intervene if a system is underperforming to such a degree to require consolidation.

As a result, most consolidation projects in California are initiated by, or in partnership with, the SWRCB. Due to the SWRCB's responsibilities under the Safe Drinking Water Act, these consolidations tend to target existing or imminent health and safety concerns. A more proactive approach to other types of potentially challenged systems — such as small systems with governance issues, those unable to raise capital or with retiring staff or those particularly vulnerable to climate disasters — has so far not been on the agenda for lack of a clear responsible party or champion.

Gaps in relevant authorities

In addition to ambiguity about the role of LAFCos in reversing water system fragmentation, the fact that not all water systems are subject to the jurisdiction of LAFCos limits even the potential for LAFCos to support consolidation projects. Water systems are regulated by a patchwork of state and local agencies, depending on the structure of the system and other key factors. Because of this, some of the systems most suitable for consolidation fall between the cracks.

LAFCos only regulate and review cities and special districts, not private firms. Yet many struggling water systems are private systems, like mobile home parks or mutual water companies, which unlike Investor-Owned Utilities, are not regulated by the CPUC. State policymakers have noticed this oversight and granted LAFCos the ability to include information for private water systems operating in their county in MSRs. However, doing so is optional, and often inhibited by resource and information constraints. Because most LAFCos have their hands full performing MSRs for the public agencies under their jurisdiction, very few have included mutual water companies, mobile home parks, or other small systems in their MSR cycles, and most do not anticipate doing so in the future. While LAFCos might seem to be natural agencies to promote consolidation for these types of systems, they ultimately do not have either the statutory mandate, funding, or powers to do so.

Competing local priorities

LAFCos are political organizations primarily composed of elected officials. As such, local politics matter a lot. If a local agency's board does not favor consolidation, even for a consolidation that is logical and feasible, LAFCo commissioners may be reluctant to force the issue to avoid controversy or protect local relationships. The same can be true for supporting new development. To the extent that a new water system is tied to a politically favored development project or powerful local interests, LAFCos may be subject to significant political pressure to support the preliminary technical report required by the SWRCB.

County specific priorities and policies can also impede consolidation efforts. One such example is the issue of limiting urban sprawl. If a consolidation project is seen to have the potential for increasing development in an area the county has earmarked for light or no development, a LAFCo might be unlikely to approve the consolidation. Notably, such concerns are county specific. Only 48% of survey respondents listed preventing sprawl as a factor for approving consolidation-related

Resident Support Is Often Non-Negotiable

Most LAFCo actions, such as district dissolutions and annexations, are subject to protest by registered voters and landowners in the affected territory. Generally, if more than 25% of the voters or landowners representing 25% of the assessed value of land in the area submit written protests, the change must then be approved by voters in an election which is a costly and time-consuming undertaking. In some instances, namely if LAFCo initiates the boundary change itself, this threshold is lowered to 10%. Moreover, some LAFCo actions that can be needed for a consolidation project, like the creation of new special district, always require a local election. This means that regardless of whether a consolidation project is initiated by the state or a local proponent, resident support is usually critical to successful implementation.

applications. However, it is increasingly common for municipalities or special districts to implement their own moratoriums on new connections. Such moratoriums serve to arrest new development, but they can also prevent the consolidation of water services for existing peripheral residents.

Importantly, local priorities and interests can also have positive effects on efforts to increase water system consolidation. When locals identify system fragmentation as a major concern, LAFCo staff can work effectively to foster consolidation in unique ways. Tulare County, for example, has completed more than 16 consolidations since 2015, in part due to the active involvement and support from the Board of Supervisors.

Limited and uneven LAFCo resources

LAFCos have uneven funding levels across the state. Because represented agencies are a primary source of funds, counties with small numbers of cities, special districts, or both, typically have small LAFCo budgets. In some of these counties, LAFCo work may be handled on a contract basis by the county planning department or be contracted out to a private firm. By contrast, counties with large amounts of regulated agencies, like San Diego or Los Angeles, often have relatively large LAFCo budgets.

In many cases, funding levels can directly correspond to staffing levels. LAFCos in counties with low staffing levels may be harder to contact and necessary procedures may take longer, especially if there is no full-time staff. MSRs in such counties may also be updated less frequently than would be preferred if local capacity was higher. Limited resources can also lead to over-reliance on fees associated with studies and applications, which can in turn increase costs and impede a county's ability to offer fee waivers. As previously mentioned, only about two-thirds of the 23 LAFCos who responded to our survey offered fee waivers for studies.

Section III: Recommendations

Based on the challenges outlined in the previous section, the following recommendations highlight potential pathways for addressing the existing gaps and improving alignment between local and state regulators organized around three key themes: Improving information sharing and communication between regulators; Identifying consolidation opportunities; and Advancing locally-driven consolidation projects.

Improving information sharing and communication between regulators

- ***Ensure regular, sustained communication between LAFCos and state drinking water regulators:*** Locally, LAFCo, the SWRCB, and the CPUC (as applicable) should routinely meet to discuss failing and at-risk systems within each county. Such meetings would present the opportunity for each party to share the information on specific systems as well as identify promising partnerships across a range of system types that are consistent with local plans and policies. When distinct from LAFCo staff, county planners should also be included. At the state-level, biannual LAFCo conferences and SWRCB's internal staff training programs present opportunities for cross-learning on relevant topics with the potential to increase collaboration. Regular communication would go a long way to increasing mutual understanding of relevant priorities and limitations as well as overcoming terminology and other barriers.
- ***Transmit and connect information from MSRs and the annual state drinking water needs assessment:*** Currently, both MSRs and the annual SWRCB drinking water needs assessments contain information helpful for assessing the functioning and sustainability of community water systems operated by cities and special districts. Systematically sharing these findings would help connect relevant knowledge from the local and state agencies and align with the Open and Transparent Water Data Act. At a minimum, MSRs should be readily accessible online and county-level meetings can support their use by the SWRCB. Most LAFCos that responded to the

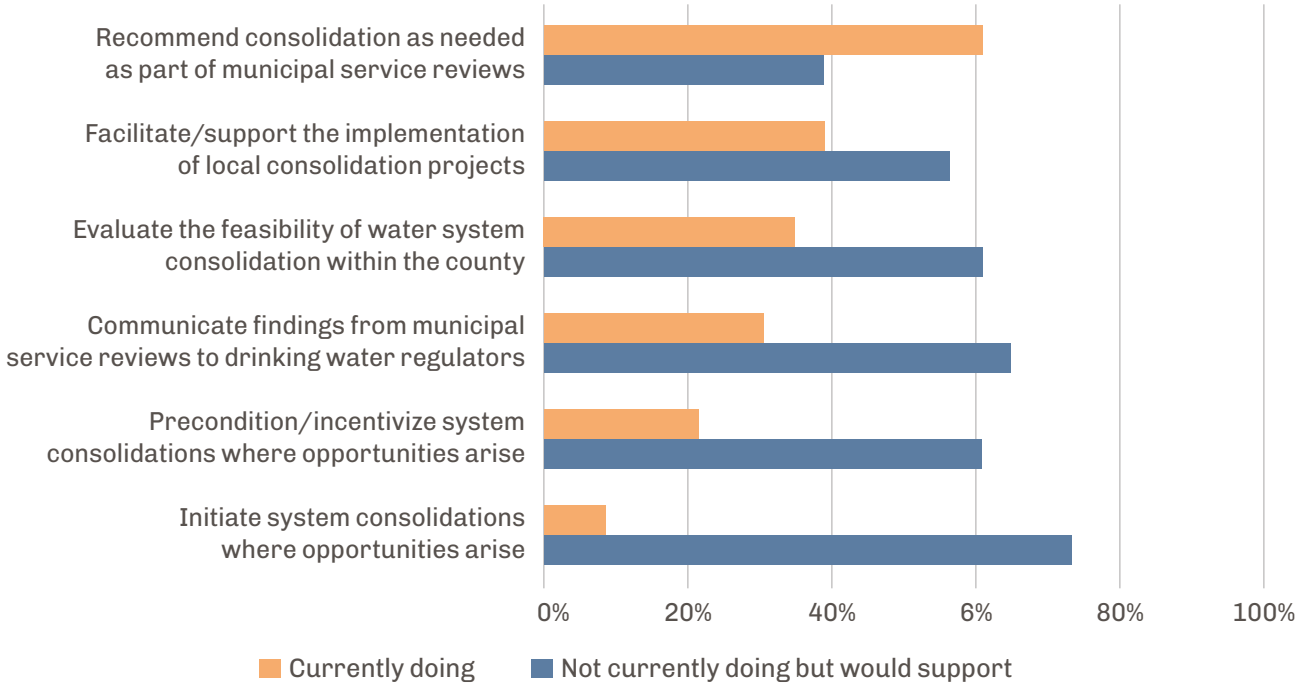
survey support this type of information sharing *(See Figure 2)*. In the future, the SWRCB could create formal pathways for integrating MSR data and/or the state legislature could consider changes to require information sharing and coordination.

- ***Clarify and message relevant state goals:*** Many LAFCos are eager to support state efforts for advancing safe, accessible, and affordable drinking water and climate resilience but do not have a clear understanding of state priorities on these topics nor the type of performance metrics they could use to assess and advance these goals locally. The state should develop clear resources that can guide LAFCos in the development of MSRs and inform local decision-making about service boundaries.
- ***Ensure early coordination on system consolidation projects:*** For project proponents, ensuring early coordination between communities, the SWRCB, technical assistance providers and LAFCo staff is essential. Consolidation can be accomplished through many potential pathways that must be matched with local conditions. It is therefore important to learn what pathways are preferred or even possible locally and why. If a LAFCo has formal or informal policies related to consolidation, they should be shared as soon as possible. Having this information as a project is developed will help ensure alignment with local planning and promote success. Early communication can also help avoid unnecessary delays in planning or implementation by anticipating fees, processing times, etc.
- ***Ensure early coordination on proposals that implicate new public water systems:*** State regulators, LAFCos, and counties should communicate as early as possible about development proposals that explicitly or implicitly could lead to the creation of a new public water system. Early coordination on priorities and limitations at both levels will help prevent inconsistencies that could lead to conflict and delay.

Identifying consolidation opportunities

- ***Ensure robust and regular MSRs for drinking water service providers:*** Municipal Service Reviews (MSRs) are a valuable opportunity to both assess the functioning of local service providers and make recommendations for improvements. Ensuring that thorough MSRs are conducted regularly throughout the state could go a long way towards identifying and advancing consolidations. Importantly, identifying funding sources to support this work is likely key to achieving this goal.
- ***Standardize assessment of consolidation feasibility as a part of the MSR process and recommend consolidation, as appropriate, in the findings:*** California state law requires that LAFCos explore "opportunities for shared facilities" for public water systems as a part of their MSR process. Some LAFCos go beyond this requirement to assess consolidation opportunities for some or all systems under their jurisdiction. All LAFCos should do so with an eye not only for physical consolidations but also managerial consolidations and water system partnerships (e.g., shared staff). Where appropriate based on these findings, LAFCos should make formal recommendations for consolidation as part of their MSR findings. While not all counties responded to our survey, the results demonstrate unanimously support for both actions among those who did.
- ***Fill data and oversight gaps for under-regulated water systems:*** LAFCos collect and maintain important information about the water systems operated by municipalities and special districts in their jurisdictions. The CPUC maintains similar information for the state's Investor-Owned Utilities. For other private water systems like mutual water companies and mobile home parks data collection is limited to the drinking water needs assessment which necessarily provides very limited insights on system governance and management. Figuring out how to fill this gap should be a state priority. For example, these systems could be subject to reporting and oversight by the CPUC or included in MSRs.
- ***Proactively identify priority consolidations and tie these into other opportunities for boundary expansion:*** Some systems are reluctant to receive

Figure 2. Existing practices and policy preferences among surveyed LAFCos for addressing local water challenges.



customers from struggling systems but are happy to expand with greenfield development. Working with both state drinking water regulators and local water managers (e.g. Groundwater Sustainability Agencies), LAFCos should develop and maintain a list of priority consolidation projects in their county. LAFCos should then use their existing authorities to tie these projects to locally promoted boundary changes, for example, annexations or sphere of influence updates, when feasible. More than 80% of LAFCos that responded to the survey support this type of approach.

- *Clarify roles for identifying and promoting potential consolidations:* Currently the SWRCB is the primary entity identifying potential consolidation projects and initiating conversations with a particular focus on "failing systems" with pressing health and safety concerns and those at-risk of failing. There is a need to clarify who else, if anyone, should take responsibility for identifying and initiating potential consolidations among different subsets of systems such as privately-owned non-Investor-Owned Utilities and low-hanging fruit consolidations (e.g., based on proximity or where system managers wish to retire).

Advancing locally-driven consolidation projects

- *Reduce financial impediments to locally-driven consolidations:* Proposed consolidations entail LAFCo related costs to be borne by a project proponent and/or the LAFCo itself. As such, promising projects can languish if they are not financially supported by the SWRCB and/or a local government proponent. Establishing a funding source to support LAFCos or other local proponents to advance consolidation projects could help increase the number of locally initiated projects. Similarly, state and federal funding and technical assistance is often essential to make consolidation feasible. Creating clear pathways for accessing these resources for locally-initiated projects could similarly increase local leadership on the issue.

- *Reduce administrative and procedural hurdles to implementing consolidations:* Consolidation is a complicated and difficult process constrained by convoluted statutes with significant limitations and even contradictions. Often a single consolidation project may trigger several concurrent actions which only further increases the administrative burden and associated costs. To every extent possible, the associated statutory requirements should be clarified and streamlined.
- *Create local pathways for consolidation of mutual water companies, mobile home park systems, and other small private systems:* LAFCos do not have authority over private water systems and therefore cannot initiate consolidation among them. Thus, the state must explore possibilities to promote the consolidation of small private systems that are not Investor-Owned Utilities.
- *Allow LAFCos to initiate annexations:* Currently LAFCos can initiate dissolutions but not annexations. Given that annexation is a common and often preferred mechanism for consolidating water systems, granting LAFCos the ability to initiate annexations could increase the number of projects advanced locally.
- *Ensure technical assistance providers working on consolidations have a clear understanding of work plan elements and project requirements related to LAFCo:* The SWRCB should provide technical assistance providers clear guidance for addressing the local planning dimensions of consolidations including working with LAFCo. Ensuring that LAFCo tasks and expenses are accounted for in work plans and budgets will streamline implementation.

Resources and Further Reading

Assembly Committee on Local Government. (2023). Guide to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. https://alcl.assembly.ca.gov/system/files/2024-01/ckh-local-goverment-reorganization-act-of-2000-2023.pdf

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US Water Alliance. (2022). Catalyzing Community-Driven Utility Consolidations and Partnerships. https://uswateralliance.org/wp-content/uploads/2023/09/Catalyzing-Community-Driven-Utility-Consolidations-and-Partnerships-PAGES_0.pdf

Appendix

LAFCo information and select survey results by county

County	# of Staff	Offers Fee Wavers?	Approx. Range for Consolidation-Related Fees
Alameda	2	N	$6,500 - $13,000
Alpine	1	Did not respond to survey	Did not respond to survey
Amador	4	Did not respond to survey	Did not respond to survey
Butte	4	Y	$1,000 – $25,000
Calaveras	2	Did not respond to survey	Did not respond to survey
Colusa	2	Did not respond to survey	Did not respond to survey
Contra Costa	2	Y	$4,000 - $8,500
Del Norte	2	Did not respond to survey	Did not respond to survey
El Dorado	2	Y	$1,000 – $50,000
Fresno	5	Did not respond to survey	Did not respond to survey
Glenn	1	Did not respond to survey	Did not respond to survey
Humboldt	3	Did not respond to survey	Did not respond to survey
Imperial	4	Did not respond to survey	Did not respond to survey
Inyo	2	Did not respond to survey	Did not respond to survey
Kern	3	Did not respond to survey	Did not respond to survey
Kings	2	Did not respond to survey	Did not respond to survey
Lake	2	Did not respond to survey	Did not respond to survey
Lassen	3	Did not respond to survey	Did not respond to survey
Los Angeles	7	Y	$6,000 - $30,000
Madera	2	N	$3,000 - $6,000
Marin	2	Did not respond to survey	Did not respond to survey
Mariposa	1	Did not respond to survey	Did not respond to survey
Mendocino	2	Did not respond to survey	Did not respond to survey
Merced	2	N	$2,000 - $5,000
Modoc	2	Did not respond to survey	Did not respond to survey
Mono	1	Did not respond to survey	Did not respond to survey
Monterey	4	Did not respond to survey	Did not respond to survey
Napa	2	Y	$8,500 - $34,000

County	# of Staff	Offers Fee Wavers?	Approx. Range for Consolidation-Related Fees
Nevada	2	Did not respond to survey	Did not respond to survey
Orange	5	N	$10,000 - $30,000
Placer	2	Y	$20,000 - $40,000
Plumas	2	Did not respond to survey	Did not respond to survey
Riverside	5	Did not respond to survey	Did not respond to survey
Sacramento	2	Y	$3,000 - $10,000
San Benito	2	Did not respond to survey	Did not respond to survey
San Bernardino	4	Did not respond to survey	Did not respond to survey
San Diego	10	Y	$6,500 - $25,000
San Francisco	1	Did not respond to survey	Did not respond to survey
San Joaquin	3	N	$2,000 - $2,500
San Luis Obispo	3	Y	$3,000 - $7,500
San Mateo	3	Y	$2,000 - $10,000
Santa Barbara	2	Y	$2,000 - $6,000
Santa Clara	2	Y	$4,000 - $8,500
Santa Cruz	2	Y	$1,000 - $2,000
Shasta	2	Did not respond to survey	Did not respond to survey
Sierra	1	Did not respond to survey	Did not respond to survey
Siskiyou	2	Did not respond to survey	Did not respond to survey
Solano	3	N	$7,500 - $35,000
Sonoma	3	Y	$4,000 - $6,000
Stanislaus	3	Y	$500 - $3,500
Sutter	3	Did not respond to survey	Did not respond to survey
Tehama	1	Did not respond to survey	Did not respond to survey
Trinity	2	Did not respond to survey	Did not respond to survey
Tulare	3	Y	$3,500 - $4,000
Tuolumne	2	Did not respond to survey	Did not respond to survey
Ventura	3	Did not respond to survey	Did not respond to survey
Yolo	2	Y	$1,500 - $6,500
Yuba	2	Did not respond to survey	Did not respond to survey

References and Notes

1 Dobbin, K. B., McBride, J., & Pierce, G. (2023). Panacea or placebo? The diverse pathways and implications of drinking water system consolidation. Water Resources Research, 59(12), https://doi.org/10.1029/2023WR035179.

2 CALAFCo website, What Are LAFCos responsibilities? Accessed 11/6/23. https://caLAFCo.org/LAFCo-law/faq/what-are-LAFCos-responsibilities

3 CA Government Code §56000 et seq.

4 CA Government Code §54950 et seq.

5 A consolidating water system is a system that will stop providing drinking water service after a consolidation is completed. In contrast, a receiving water system is a system that continues to provide drinking water service including to new customers/territory added through the consolidation.

6 CA Government Code §56133(c)

7 CA Government Code §56425(g); A sphere of influence or SOI is a planning boundary outside of an agency's jurisdictional boundary (such as the city limit line or water service area) that designates the agency's probable future boundary and service area.

8 Countywide Water Service and Sphere Review. Local Agency Formation Commission of Santa Cruz County. Accessed 01/22/24. https://santacruzlafco.org/wp-content/uploads/2022/09/Countywide-Water-MSR-Adopted-Version.pdf

9 CA Government Code §56430(7)(d)

10 A public water system is a water system serving at least 15 connections or 25 people for a minimum of 60 days per year. This is the body of water systems that is regulated by the SWRCB under the Federal Safe Drinking Water Act.

11 Extraterritorial, Out-of-Agency, Out-of-Boundary or Outside service agreements all refer to situations where a city or special district extend services outside of their jurisdictional boundaries. For drinking water service this means outside of their approved service area. Prior to 1994 service extensions only required LAFCo approval if they involved annexation. Since 1994 service extensions always require approval by LAFCo (with some exceptions such as the transfer of non-treated water).

12 CA Government Code §56035; For a LAFCo, a dissolution entails the "disincorporation, extinguishment, or termination of the existence of a district and the cessation of all its corporate powers."

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December 5, 2024

Delivered by Electronic Mail
Ms. René LaRoche, Executive Director
California Association of LAFCOs
ATTN: Legislative Committee
rlaroche@calafco.org

SUBJECT: Opportunity to Coordinate on Joint Legislative Interest

Ms. LaRoche:

In January 2024, with funding from the University of California Agriculture and Natural Resources, a report published by U.C. Berkeley (authors Kristin Dobbin (UC Berkeley) and Justin McBride (UCLA)) was published addressing the relationship between State regulators and Local Agency Formation Commissions (LAFCOs) in achieving the State's interest in consolidating and otherwise remedying problems with small public water systems. The report draws on surveys and related analysis showing priority deviations and communication barriers that underlie the overall malaise in advancing the State's interest in making public water systems more resilient through consolidations with specific focus on disadvantaged and otherwise underserved communities. A copy of the report is available online at bit.ly/LAFCO_systemconsolidation.

The six signatory LAFCO Executive Officers to this letter jointly believe the time is now to put the report's recommendations into action. Specifically, and in partnership with the Community Water Center and Leadership Counsel for Justice and Accountability, we believe now is the time to propose common sense legislative solutions to advance LAFCOs ability to primarily help ensure the timely and sustainable extension of municipal water and wastewater services – as well as other interrelated core urban services – to all Californians. This includes pursuing all of the following legislative proposals:

- **Empower LAFCOs to Initiate Annexations**
  Amend California Government Code 56375(a) and its enumeration of LAFCO initiating powers to include change of organizations or reorganizations necessary to provide timely water or wastewater services consistent with community needs.

- **Amplify MSRs Role in Communicating Community Needs**
  Amend California Government Code 56430 and its provisions on preparing municipal service reviews to require LAFCOs to take up these studies at noticed hearings as well as require the affected agencies to formally receive the studies at their own noticed hearing an provide confirmation in doing so back to LAFCOs.

- **Address Service Barriers for Mutual Water Companies and Mobile Home Parks**
  Amend California Government Code 56036 and its definition of "special district" for LAFCO purposes to include mutual water companies. Similarly, amend California Corporations Code Section 14300 to expand the definition of mutual water companies to capture mobile homes.

The signatories welcome your interest and support in this important effort and anyone of us are available to meet with you at your earliest convenience.

With appreciation,

Carolyn Emery, Executive Officer – Orange County LAFCO
Brendon Freeman, Executive Officer – Napa LAFCO
José Henríquez, Executive Officer – Sacramento LAFCO
Rachel Jones, Executive Officer – Alameda LAFCO
Steve Lucas, Executive Officer – Butte County LAFCO
Keene Simonds, Executive Officer – San Diego County LAFCO

cc: Kristin Dobbin, UC Berkeley
Janaki Anagha, Community Water Center
Nataly Escobedo Garcia, Leadership Counsel
Michael Claiborne, Leadership Counsel