SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION

REGULAR MEETING AGENDA
Monday, March 3, 2025

Doors Open: 8:00 A.M.
Meeting Starts: 8:15 A.M.

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

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

Video Viewing Only
@sandiegolafco9909

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

Participation Instructions:

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

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

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

All comments – whether provided in person or remotely (video and telephone) – are limited to three minutes for individuals and five minutes for agencies and community organizations. The Chair may adjust the time allowance as they deem appropriate in managing the Commission's business.

Remote participation by e-mail is also welcomed by sending comments to Commission Clerk Erica Sellen at erica.sellen@sdcounty.ca.gov.

- All e-mails received before 3:00 P.M. one business day before the meeting will be forwarded to the Commission and posted online prior to the start of the meeting.

- All e-mails received after 3:00 P.M. one business day before the meeting and up until the conclusion of the item by the Commission will be noted for the record by LAFCO staff with a good-faith summary and subsequently posted online.

Public Accommodations:

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

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

Contact Information:

Erica Sellen
Commission Clerk
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1. **8:15 A.M. – CALL TO ORDER BY CHAIR**

   a) **Roll Call of Commissioners Present**

   b) **Pledge of Allegiance**

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

3. **AGENDA REVIEW**
   The Executive Officer will summarize the agenda as well as to advise of any requested changes. Any supplemental communications received will also be addressed. The Chair will also consider requests from Commissioners to rearrange any agenda items.

4. **PUBLIC COMMENT AND**
   OPPORTUNITY FOR PUBLIC TO REQUEST DISCUSSION ON CONSENT ITEMS
   Opportunity for members of the public to speak to the Commission on any subject matter within the Commission's growth management duties/interests but not on the agenda. Three-minute limit. This is also an opportunity for the public to request discussion on a consent calendar item.

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

   a) **Approval of Meeting Minutes for February 3, 2025 (action)**
   The Commission will consider action minutes prepared by the Commission Clerk for the February 3, 2025 meeting. Recommendation to approve as presented. (Pages 7-18)

   b) **Commission Ratification | Recorded Payments for January 2025 (action)**
   The Commission will review a report identifying all payments made and received for January 2025. Recommendation to ratify payments as presented. (Pages 19-26)

   c) **Budget Update for 2024-2025 | Second Quarter Actuals + Year-End Projections (action)**
   The Commission will review a report comparing budgeted and actual amounts for the second quarter of 2024-2025 and related end-year projections. No amendments are proposed. The report is presented for formal acceptance and filing. (Pages 27-32)

   d) **Progress Report on 2024-2025 Workplan (action)**
   The Commission will receive a progress report on the adopted workplan, and activities associated with the 30 special projects set for 2024-2025. Recommendation to formally receive the item. (Pages 33-44)

   e) **Notice of Administrative Approval | "Lopez – Bear Valley Parkway Out-of-Agency Wastewater Services with the City of Escondido" (OAS25-03) (information)**
   The Commission will receive notice of an administrative approval by the Executive Officer authorizing Escondido to provide out-of-agency wastewater services to an unincorporated property at 455 Bear Valley Parkway due to a failing septic system. The approval is for an existing single-family residence and accessory dwelling unit. Approval is termed on the landowner submitting an annexation proposal within one year. The project is exempt from further environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15269(c). Information only. (Pages 45-72)

f) Report on Active Proposals and Related Activities (information)
The Commission will receive a status report on active proposals currently on file as well as anticipated filings based on ongoing discussions with proponents. The item is for information and satisfies LAFCO's reporting requirement. (Pages 73-86)

g) Support Services Provided by the County of San Diego and Recent Costs (information)
The Commission will receive an informational report on support services provided by the County of San Diego and associated reimbursement costs made over the last five fiscal years. The report responds to an earlier request by the Commission. The report is for information only with the opportunity for the Commission to pull for discussion as needed. (Pages 87-104)

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

a) Proposed Draft Workplan and Budget for 2025-2026 (action)
The Commission will consider the Executive Officer's recommendations for a proposed draft workplan and budget for 2025-2026. The workplan continues to list 30 special projects in priority order with several continuing from the current workplan - including municipal service reviews of wholesale water service providers and healthcare districts. Proposed additions include commencing a new municipal service review on the San Diego Unified Port District and launching a pilot grant program. The draft budget totals $3.164 million, reflecting an 8.6% increase and accommodate targeted enhancements in both salaries/benefits and services/supplies. Local agency apportionments are proposed to increase by 7.6%, with the balance covered by reserves. Commission approval will begin a public review period, with final proposed versions presented in May. (Pages 105-120)

b) Proposed "Huang-Mt. Whitney Road Change of Organization" | Expansion of Rincon del Diablo MWD's Activated Wastewater Service Area and Conforming Sphere of Influence Action (CO24-09) (action)
The Commission will consider a change of organization proposal initiated by landowner petition to expand Rincon del Diablo MWD's activated wastewater service area to include 0.91 acres of unincorporated land in the Harmony Grove community. The territory is within Rincon MWD's jurisdiction and primary sphere but outside the activated wastewater service area and secondary sphere. The proposal aims to establish wastewater service for a planned single-family residence. Staff recommends conditional approval, including a conforming amendment to the secondary sphere and waivers for a new municipal service review and protest proceedings as detailed. It is separately recommended the Commission make exemption findings under the under the CEQA. (Pages 121-154)

7. BUSINESS CALENDAR

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

a) Draft Proposed Policy | Financial Accounting and Internal Controls (discussion)

The Commission will review a draft proposed policy to establish rules and procedures for financial accounting and reporting. The draft, prepared as part of the adopted workplan, incorporates recommendations from LAFCO's outside auditor. It draws on best practices from similarly sized local agencies and addresses reporting roles, account management, capitalization thresholds, and fraud prevention. The draft is being presented for Commission review and discussion with staff incorporating feedback in finalizing a version for formal consideration at a future meeting. (Pages 155-164)

b) Proposed "Lank – Poinsettia Avenue Out-of-Agency Wastewater Services" | Buena Sanitation District (OAS25-04) (action)

The Commission will consider a request by the Buena Sanitation District to provide out-of-agency wastewater services to a 0.51-acre parcel within the City of San Marcos, located at 806 Poinsettia Avenue. The request to extend wastewater services is to support the construction of an additional single-family residence and two accessory dwelling units. Staff recommends approval with standard terms and waiving the common requirement for the landowner to file an annexation proposal with LAFCO given local conditions. A categorical exemption is also recommended to ensure compliance with CEQA. (Pages 165-178)

c) Update on Implementing Report Recommendations from University of California Berkeley to Expand LAFCOs' Effectiveness (discussion)

The Commission will receive an update on staff activities advancing recommendations from a UC Berkeley report on LAFCOs' effectiveness. Presented in March 2024, the report focuses on strengthening relationships between State regulators, LAFCOs, and local communities to ensure safe drinking water, particularly through municipal service reviews and water system consolidations. Staff, in collaboration with the author and other stakeholders, is developing legislative amendments to address key recommendations, including expanding LAFCOs' authority to initiate annexations for public health-related water and wastewater services. The update is for informational with an opportunity for Commission input. (Pages 179-204)

d) Support for Assembly Bill 259 | Remote Participation for Local Agencies (discussion)

The Commission will consider supporting Assembly Bill (AB) 259, introduced by Assemblywoman Blanca Rubio, which seeks to remove the January 1, 2026, sunset date from provisions in the Ralph M. Brown Act (AB 2449). AB 259 would allow local agencies to continue using alternative teleconferencing procedures for remote participation during emergencies or for "just cause." (Pages 205-212)

8. EXECUTIVE OFFICER REPORT

9. COMMISSIONER ANNOUNCEMENTS & REQUESTS FOR FUTURE ITEMS

10. ADJOURNMENT

Attest to Posting:

Erica Sellen
Commission Clerk

Blank for Photocopying

5a

AGENDA REPORT
Consent | Action

March 3, 2025

TO: Chair Whitburn and Commissioners

FROM: Erica Sellen, Commission Clerk

SUBJECT: **Approval of Meeting Minutes | Regular Meeting of February 3, 2025**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the regular meeting held on February 3, 2025. The minutes are in action form and being presented for formal Commission approval.

BACKGROUND

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

DISCUSSION

This item is for San Diego LAFCO to consider approving action minutes for the February 3, 2025. The attendance record for the meeting follows.

- All regular Commissioners were present.
- All alternate Commissioners were present with the exception of Marni von Wilpert (City of San Diego).

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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 Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

ANALYSIS

The attached draft minutes for the February 3, 2025 regular meeting accurately reflect San Diego LAFCO's deliberations as recorded by the Commission Clerk. A video recording of the meeting has also been posted on the Commission's website (www.sdlafco.org).

RECOMMENDATION

It is recommended San Diego LAFCO approve the draft minutes prepared for the February 3, 2025 regular meeting as presented. This recommendation is consistent with Alternative One outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):
Approve the attached draft minutes prepared for the February 3, 2025 regular meeting with any requested corrections or clarifications.

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

PROCEDURES

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

Respectfully,

Erica A. Sellen

Erica Sellen
Commission Clerk

Attachment:

1) Draft Meeting Minutes for February 3, 2025

DRAFT MINUTES
SAN DIEGO LAFCO
February 3, 2025 Regular Meeting

1. 8:15 A.M. – CALL TO ORDER BY CHAIR

Item 1a
ROLL CALL

The regular meeting was called to order at 8:16 a.m. by Chair Whitburn. The Commission Clerk performed the roll call with the following attendance recorded.

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

The Commission Clerk confirmed a quorum with eight voting members present.

Also present at the time of roll call were the following LAFCO staff: Executive Officer Keene Simonds; Assistant Executive Officer Priscilla Mumpower; Commission Counsel Holly Whatley; 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, Tom Kennedy, Mike Stein, and Adam Wilson were also present.

Commissioner McCann arrived at 8:17 a.m.; Commissioner Anderson arrived at 8:18 a.m.; and Commissioner White arrived at 8:19 a.m.

Item 1b
PLEDGE OF ALLEGIANCE

Commissioner Mathis led the Pledge of Allegiance.

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

None.

3. AGENDA REVIEW

Chair Whitburn asked Executive Officer Simonds if there were any requests to remove or rearrange items on the agenda. Executive Officer Simonds stated no changes to the agenda were needed while noting there were two supplemental correspondence items for Agenda Item 6a and Agenda Item 7c.

4. PUBLIC COMMENT AND OPPORTUNITY FOR PUBLIC TO REQUEST DISCUSSION ON CONSENT ITEMS

Chair Whitburn invited anyone from the public to address the Commission on a matter not directly related to an agenda item and proceeded to receive comments from the following:

- Trace Wilson, Association for the City of La Jolla
- Alisha Morrison, Lincoln Acres resident (spoke at the end of the meeting)

The Commission Clerk confirmed there were no other speakers or e-mail comments.

5. CONSENT ITEMS

Item 5a
Approval of Meeting Minutes for December 2, 2024
Item presented to approve draft action minutes prepared for the Commission's December 2, 2024 meeting. Recommendation to approve.

Item 5b
Commission Ratification | Recorded Payments for November and December 2024
Item presented to ratify recorded payments made and received by the Executive Officer for the months of November and December 2024. Recommendation to ratify.

Item 5c
Progress Report on 2024-2025 Workplan + Proposed Amendments
Item presented to receive a progress report on the adopted workplan, and activities associated with the 30 special projects set for 2024-2025. Recommendation to formally receive the item and approve the proposed amendments.

* Commissioner Anderson received confirmation from the Executive Officer that the proposed amendment to the workplan involved adding back the previously scheduled white paper evaluating public recreation opportunities involving City of San Diego owned reservoirs in the unincorporated area.

Item 5d
Biennial Report | 2023 & 2024
Sphere of Influence and Municipal Service Review Summary of Actions
Item presented to receive a biennial report chronicling sphere of influence and municipal service review actions in San Diego County. The report covers calendar years 2023 and 2024 and marks the Commission approving 26 distinct sphere actions as well as two municipal service reviews. Recommendation to receive and file.

CONSENT ITEMS CONTINUED…

Item 5e
Proposed "Ortega – Olde Highway 80 Change of Organization" | Annexation to the San Diego County Sanitation District (CO19-04)
Item presented to consider a change of organization proposal initiated by landowner petition (Ortega). The proposal seeks Commission approval to annex two partially developed parcels comprising 5.1 acres of unincorporated territory within Lakeside to the San Diego County Sanitation District. Recommendation to approve with standard conditions and waive protest proceedings. A categorical exemption finding was separately recommended under CEQA. Approval subject to a 30-day reconsideration period under statute.

Item 5f
Proposed "Dragovic – Sunset Drive Out-of-Agency Wastewater Services" | City of Vista and 1678 Sunset Drive (OAS24-10b)
Item presented to consider a request by the City of Vista to authorize the extension of out-of-agency wastewater services to an unincorporated parcel within its sphere of influence. The 1.25-acre parcel is developed with a single-family residence. Recommendation to approve the request and related legal allowance to maintain the current wastewater service agreement along with standard terms as well as waive the special condition typically requiring the landowner to file an annexation proposal with LAFCO, based on local conditions. A categorical exemption finding was separately recommended to comply with CEQA.

Item 5g
Notice of Administrative Approval "Hallam-Lovely Lane Out-of-Agency Wastewater Services" | Buena Sanitation District (OAS25-01)
Item presented to receive formal notice of an administrative approval by the Executive Officer for the Buena Sanitation District to provide out-of-agency services to an unincorporated parcel. The authorization is specific to wastewater service to an existing single-family residence at 1515 Lovely Lane and premised on abating a public health and safety threat. The approval is limited to the existing primary residential dwelling unit and is termed on the landowner submitting an annexation proposal within one year. Information only.

Item 5h
Report on Active Proposals and Related Activities
Item presented to receive a status report on active proposals currently on file as well as anticipated filings based on ongoing discussions with proponents. Information only.

**

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

Roll call requested:

AYES:	Anderson, Becker, Desmond, MacKenzie, Mathis, Whitburn, White, & Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

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

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

Item 6a
Establishment of an Interim Sphere of Influence
San Diego Unified Port District (Port of San Diego)
Item presented to consider establishing an interim sphere of influence (SOI) for the San Diego Unified Port District. The item follows the Commission's March 2024 determination that the Port is an independent special district under LAFCO oversight as well as the December 2024 approval of a memorandum of understanding with the Port outlining next steps. The interim SOI matches the existing sphere designations of the Port's five member cities – Chula Vista, Coronado, Imperial Beach, San Diego, and National City – and other territory conveyed to the Port under the Port Act. A permanent SOI will be considered following an inaugural municipal service review covering the Port. Recommendation to approve establishment of an interim SOI as presented and make a categorical exemption finding under CEQA. Approval subject to a 30-day reconsideration period under statute.

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

Local Government Analyst II Peters provided the staff presentation.

Chair Whitburn proceeded to open the hearing and invited comments from the public. The Commission Clerk confirmed there were no registered speakers (audience or remote) or live e-mail comments.

Chair Whitburn proceeded to invite questions and comments from the Commissioners. Commissioner Desmond thanked Chair Whitburn and staff for working together with the Port.

The Chair thanked Commissioner Desmond for the comments and extended his appreciation to the Port's Job Nelson, Vice President of Strategy & Policy and Scott Chadwick, President and Chief Executive Officer who were present in the audience.

The Chair proceeded to close the hearing and made a motion to approve.

**

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

Roll call requested:

AYES:	Anderson, Becker, Desmond, MacKenzie, Mathis, Whitburn, White, & Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

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

7. BUSINESS ITEMS

Item 7a
Proposed Policy on Public Member Appointments
Item presented to consider approving a policy to establish rules and procedures for making regular and alternate public member appointments. This item ties to the adopted workplan and returns to the Commission with revisions following its draft presentation in December 2024 and a public review and comment period. The proposed policy aims to create a clear, transparent process for appointments with limited revisions to expand candidate eligibility as well as allow the Commission to draw from a prior recruitment pool under certain conditions. Staff also forwarded a recommendation by the Cities Advisory Committee for the Commission to consider term limits for public members. Recommendation to approve the proposed policy with any revisions as identified.

Assistant Executive Officer Mumpower provided the staff presentation.

Chair Whitburn invited public comments. The Commission Clerk confirmed there were no registered speakers and no live e-mail comments.

Chair Whitburn proceeded to invite questions and comments from the Commissioners.

Commissioner Desmond suggested the appointees be geographically balanced with one from the unincorporated area and the other from an incorporated area. Commissioner Becker suggested discussing the potential term limits. Commissioner Mathis expressed hesitation towards establishing term limits given it can take time to understand the LAFCO process. Commission discussion followed with consensus to proceed with adding a geographic requirement to divide appointments between an unincorporated and incorporated member.

On behalf of the Chair, Executive Officer Simonds suggested a May 5, 2025 effective date.

**

Commissioner Desmond motioned with a second from Commissioner White to approve the staff recommendation (Alternative One) as listed in the agenda report with the addition of requiring the public members be from each an incorporated area and unincorporated area, with an effective date of May 5, 2025.

Roll call requested:

AYES:	Anderson, Becker, Desmond, Mathis, MacKenzie, Whitburn, White, & Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

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

BUSINESS ITEMS CONTINUED…

Item 7b
Proposed Amendments to Rule No. 6 |
Changes to Employee Leave Allowances

Item presented to consider approving proposed amendments to Rule No. 6 involving sick and vacation leave accruals to align with comparable job classifications with the County of San Diego. The amendments follow internal discussions aimed at creating administrative consistency with other benefits, such as group insurance, provided to LAFCO employees through the County. Amendments headlined by increasing the entry vacation accrual rate by two days per year, from 10 to 12 days, for most filled positions at LAFCO. Recommendation to approve with any revisions.

Assistant Executive Officer Mumpower provided the staff presentation.

Chair Whitburn invited public comments. The Commission Clerk confirmed there were no registered speakers and no live e-mail comments.

Chair Whitburn proceeded to invite questions and comments from the Commissioners.

Commissioner MacKenzie asked what the effective date would be. Executive Officer Simonds stated it would be effective starting at the next pay period on February 7, 2025.

Commissioner Browning suggested making the amendments for all employees and not limited to the management employee classification. Executive Officer noted the amendments are to align with the County and their labor negotiations. Commission discussion followed.

Chair Whitburn made a request for information at a later date on what it would take to expand the amendments to include the non-management class.

**

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

Roll call requested:

AYES:	Anderson, Becker, Desmond, Mathis, MacKenzie, Whitburn, White, & Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

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

BUSINESS ITEMS CONTINUED…

Item 7c
CALAFCO Update and Non-Renewal of Membership in FY2026
Item presented to receive an update on CALAFCO regarding previously reported governance and administrative concerns. The update substantiates these concerns in greater depth and are marked by increasing Board underperformance and – by direct extension – diminishing membership services. As a result, and consistent with policy delegations and earlier telegraphing, staff intends to provide notice that LAFCO will not renew its annual CALAFCO membership for the upcoming fiscal year. The expected savings totals $30,000, which staff will redirect towards partnering with other LAFCOs that have and/or expected to take similar actions to leave CALAFCO. Information only.

Local Government Analyst I Burila provided the staff presentation.

Chair Whitburn invited public comments. The Commission Clerk confirmed there were no registered speakers and no live e-mail comments.

Chair Whitburn asked if there would still be educational opportunities and a presence in Sacramento if San Diego LAFCO left CALAFCO. Analyst Burila confirmed that San Diego LAFCO could attend CALAFCO trainings as a non-member. Assistant Executive Officer Mumpower added that CALAFCO's educational offerings and Sacramento presence have declined. Chair Whitburn inquired about alternative options, and Executive Officer Simonds explained that San Diego LAFCO is working with other like-minded LAFCOs to provide similar opportunities.

Commissioner White asked about the process for rejoining CALAFCO. Executive Officer Simonds responded that it is staff's expectation to continue to monitor CALAFCO activities and would be interested in rejoining the organization should they follow through on the changes already requested by many members and return to bottom-up policy prioritization.

Commissioner MacKenzie acknowledged CALAFCO's board dysfunction but suggested it would be better for San Diego to stay with the organization and advocate for changes as a member rather than as an outsider.

Commissioner Becker supported staff's recommendation to not renew CALAFCO membership, noting that San Diego LAFCO had already raised its concerns and the Board's inaction at its most recent meeting suggest the organization is not listening.

Commissioner Willis agreed with Commissioner Becker and commented the membership dues could be better spent serving San Diego LAFCO's needs.

Commissioner Desmond asked for specific examples of concerns with CALAFCO with responses provided by Executive Officer Simonds and Assistant Executive Officer Mumpower.

In closing the discussion, Chair Whitburn stated his support for staff proceeding as planned with a request for future updates on developing alternative education and legislative advocacy services be provided going forward.

BUSINESS ITEMS CONTINUED…

Item 7d
Update on Current Grant Activities + Related Opportunities | Sustainable Agricultural Lands Conservation Planning Grant 2.0
Item presented to receive an update on its ongoing SALC planning grant – "SALC 2.0" – in partnership with the County of San Diego's Planning and Development Services (PDS). Since the last update provided in May 2024, LAFCO's consultant, Agricultural Impact Associates, has completed draft reports for Task 2 (Market Analysis) and Task 3 (Gap Analysis). The focus is now on Tasks 4 (Outreach) and 5 (Strategic Planning), with support from RICK Engineering. The final report is expected by September 2025, in line with the original timeline. Staff is also exploring the possibility of submitting a third grant application to advance a recommendation from the SALC 1.0 report to fund an agricultural liaison position to assist farmers with grant writing and regulatory compliance. Information only.

Local Government Analyst I Traynor provided the staff presentation.

Chair Whitburn invited public comments. The Commission Clerk confirmed there were no registered speakers and no live e-mail comments.

Chair Whitburn proceeded to invite questions and comments from the Commissioners.

Commissioner Willis expressed appreciation with the direction LAFCO is heading by helping San Diego County farmers.

Commissioner Desmond inquired about the merits of proceeding with a new grant and asked if the agricultural liaison position is mission creep for LAFCO and whether the position would be better suited for a different type of organization – such as the Farm Bureau. Executive Officer Simonds responded the Commission collectively determines LAFCO's mission in meeting its statutory duties and staff believes a liaison position is a reasonable extension of LAFCO's interests in balancing thriving urban and non-urban uses. Executive Officer Simonds added staff has been in contact with the Farm Bureau and the actual placement of a liaison position remains open-ended.

Chair Whitburn thanked the Commission for the feedback and asked staff to proceed accordingly.

Item 7e
Notice of Administrative Approval of "Benter - Alto Drive Out-of-Agency Services: Wastewater" | City of La Mesa (OAS24-04)
Item presented to receive notice of an administrative approval by the Executive Officer for the City of La Mesa to provide out-of-agency wastewater services to the unincorporated property at 9365 Alto Drive. The approval is limited to serving an existing 1,783 square-foot single-family residence and a planned accessory dwelling unit (ADU). This decision addresses a public health and safety threat, as the current septic system is near the end of its lifespan, unable to support the ADU, and the existing collection system can accommodate the connection without new infrastructure. Information only with a request for discussion to ensure the administrative approval and associated public health and safety determination is appropriate going forward.

BUSINESS ITEMS CONTINUED…

Continued Item 7e
Notice of Administrative Approval of "Benter - Alto Drive Out-of-Agency Services: Wastewater" | City of La Mesa (OAS24-04)

Local Government Analyst II Peters provided the staff presentation.

Chair Whitburn invited public comments. The Commission Clerk confirmed there were no registered speakers and no live e-mail comments.

Chair Whitburn proceeded to invite questions and comments from the Commissioners.

Commission discussion followed with no objections raised with staff's decision-making.

Item 7f
Chair and Vice Chair Appointments
Item presented to consider making officer appointments and select a chair and vice chair consistent with adopted policy. The appointees will serve the balance of 2025 consistent with policy unless otherwise specified.

Chair Whitburn invited public comments. The Commission Clerk confirmed there were no registered speakers and no live e-mail comments.

Commissioner Desmond nominated reappointments for Chair Whitburn and Vice Chair Willis to continue in their roles for another year.

Chair Whitburn proceeded to invite discussion from the Commissioners.

Commission Anderson thanked the current Chair and Vice Chair for their work on the Port of San Diego, and noted he is looking forward to their leadership throughout the year.

Chair Whitburn thanked the Commission for the opportunity.

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

Roll call requested:

AYES:	Anderson, Becker, Desmond, Mathis, MacKenzie, Whitburn, White, & Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

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

8. EXECUTIVE OFFICER REPORT

Executive Officer Keene Simonds noted the following items:

- Recent meetings of the Cities and Special Districts Advisory Committees
- Introduced new LAFCO Consultants Mike Stein and Tom Kennedy.

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

Commissioner Drake announced that Tom Kennedy was appointed to the Rincon del Diablo MWD board. Commissioner Drake also noted that a presentation he made at the last Palomar Healthcare District meeting made the newspaper.

10. ADJOURNMENT TO NEXT MEETING

With no further business, Chair Whitburn adjourned the meeting at 9:42 a.m.

I hereby attest the minutes above accurately reflect the deliberations of the Commission at its February 3, 2025 meeting.

ATTEST,

Erica Sellen
Commission Clerk

5b

AGENDA REPORT
Consent | Action

March 3, 2025

TO: Chair Whitburn and Commissioners

FROM: Keene Simonds, Executive Officer
Erica Sellen, Commission Clerk

SUBJECT: **Commission Ratification | Recorded Payments for January 2025**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report identifying payments made and received in January 2025. The payments cover all recorded transactions and include $0.304 million in total distributions made by the Executive Officer. Three-fifths of all payments made tie to the County of San Diego for payroll reimbursements as well as charges for general overhead and information technology services. Payments received total $0.069 million and primarily involve receipt of two new applications as well as grant reimbursements. Recommendation to ratify the payments as presented.

BACKGROUND

Accounting Policies and Procedures

San Diego LAFCO's policies provide direction to the Executive Officer to maintain appropriate accounting controls for all financial transactions. Spending allowances are specified and include bid procedures for financial transactions at or above $10,000 unless waived due to unique circumstances. Commission approval is needed for any purchase above $124,999.

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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 Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

DISCUSSION

This item is for San Diego LAFCO to consider ratification of all payments made and received by the Executive Officer for January 2025 as detailed in Attachment One. The item separately provides the Commission the opportunity to pull the item for questions or comments.

ANALYSIS

San Diego LAFCO's recorded payments made by the Executive Officer covering January 2025 total $304,366 with 61% – or $185,535 – tied to transactions with the County of San Diego. This includes payroll reimbursements covering three pay periods as well as expenses for general overhead and information technology services. The balance of expenses involves consultant and legal usage. All expenses are consistent with the adopted budget. Revenues collected total $68,822 and primarily involve receipt of two new applications as well as grant reimbursements from the State involving "SALC 2.0."

RECOMMENDATION

It is recommended San Diego LAFCO ratify the payments made and received by the Executive Officer for January 2025 as presented. This recommendation is consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):
Ratify the recorded payments received and made by the Executive Officer for January 2025 as shown in Attachment One.

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

Alternative Three
Take no action.[1]

(continued)

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

PROCEDURES

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

On behalf of the Executive Officer,

Erica Sellen
Commission Clerk

Attachment:

1) Recorded Transactions in January 2025

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SAN DIEGO LAFCO
Expenses by Vendor Detail
January 2025

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | 3MC Strategies						
	1/29/2025	52370.F · Professional Services	6,670.00	Consultant Services | Intergovernmental	electronic	1000 · County Account (44595)
E | Ace Parking						
	1/3/2025	52530 · Office Lease	976.00	Monthly Parking Rent & Parking Validations (Dec)	electronic	1000 · County Account (44595)
	1/29/2025	52610 · Non-Travel/In-County	10.00	AEO Parking | Grand Jury	credit card	3558-60 · SDCCU Visa Credit Card
	1/29/2025	52530 · Office Lease	1,008.00	Monthly Parking Rent & Parking Validations (Jan)	electronic	1000 · County Account (44595)
			1,994.00			
E | ADW Consulting LLC						
	1/3/2025	52370.F · Professional Services	10,875.00	Consultant Services | Intergovernmental (Dec)	electronic	1000 · County Account (44595)
	1/29/2025	52370.F · Professional Services	9,825.00	Consultant Services | Intergovernmental (Jan)	electronic	1000 · County Account (44595)
			20,700.00			
E | After Effects (Adobe)						
	1/10/2025	52270 · Memberships	22.99	Monthly Video Editing Software Subscription	credit card	3558-60 · SDCCU Visa Credit Card
	1/15/2025	52270 · Memberships	19.99	Monthly Adobe DC Pro Upgrade	debit card	3558 · SDCCU Checking
			42.98			
E | Amazon						
	1/7/2025	52344 · Stores Unallocated	89.40	General Office Supplies	credit card	3558-60 · SDCCU Visa Credit Card
	1/24/2025	52344 · Stores Unallocated	37.94	General Office Supplies	credit card	3558-60 · SDCCU Visa Credit Card
			127.34			
E | Ambius						
	1/14/2025	52344 · Stores Unallocated	434.23	Monthly Service for Office Plants	check	3558 · SDCCU Checking
E | Assura Software						
	1/13/2025	52074 · Telecommunications	750.00	Project Manager System	electronic	1000 · County Account (44595)
E | AT&T Mobility						
	1/14/2025	52074 · Telecommunications	615.15	Monthly Cell Phone | LAFCO Staff (Nov)	check	3558 · SDCCU Checking
	1/28/2025	52074 · Telecommunications	605.90	Monthly Cell Phone | LAFCO Staff (Dec)	check	3558 · SDCCU Checking
			1,221.05			
E | Burgers & Brews SMF						
	11/12/2025	52622 · Training/Registration Out-County	10.10	CALAFCO Board Meeting - Water | EO & AEO	debit card	3558 · SDCCU Checking
E | Canva						
	1/7/2025	52270 · Memberships	30.00	Monthly Subscription	credit card	3558-60 · SDCCU Visa Credit Card
E | Chase Design Inc						
	1/10/2025	52334 · Printing	1,537.50	Local Agency Directory & Oceanside Region MSR	electronic	1000 · County Account (44595)
E | CMT Sacramento Taxi						
	1/12/2025	52622 · Training/Registration Out-County	60.70	CALAFCO Board Meeting | Transportation for EO & AEO	debit card	3558 · SDCCU Checking
E | Colantuono, Highsmith & Whatley						
	1/3/2025	52370.B · Professional Services	5,386.57	Commission Counsel Services (Dec)	electronic	1000 · County Account (44595)
	1/29/2025	52370.B · Professional Services	5,571.00	Commission Counsel Services (Jan)	electronic	1000 · County Account (44595)
			10,957.57			
E | Copy 2 Copy						
	1/28/2025	52334 · Printing	3,073.78	Local Agency Directory & Oceanside Region MSR	check	3558 · SDCCU Checking
E | County of San Diego						
	1/1/2025	52354 · Mail/Postage ISF	512.50	Mail/Postage Services	electronic	1000 · County Account (44595)
	1/1/2025	52178 · Vehicle Maintenance	143.20	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	1/1/2025	52182 · Vehicle Fuel	0.00	Vehicle Fuel	electronic	1000 · County Account (44595)
	1/1/2025	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	1/1/2025	52721 et al. · Communications (IT) Services	6,623.94	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	1/3/2025	51110 et al. · Employee Payroll	57,731.12	Payroll | Pay Period 2025-14	electronic	1000 · County Account (44595)
	1/17/2025	51110 et al. · Employee Payroll	56,734.80	Payroll | Pay Period 2025-15	electronic	1000 · County Account (44595)
	1/31/2025	51110 et al. · Employee Payroll	52,646.92	Payroll | Pay Period 2025-16	electronic	1000 · County Account (44595)
	1/31/2025	52504 · Equipment Rental	1.85	County Surcharge | Xerox	electronic	1000 · County Account (44595)
	1/31/2025	52304 · Miscellaneous	10,975.45	SALC Grant Payment to County DPS	electronic	1000 · County Account (44595)
			185,535.27			
E | CSDA						
	1/14/2025	52270 · Memberships	1,809.00	FY24-25 Membership Fee	check	3558 · SDCCU Checking
E | Fax Plus						
	1/8/2025	52330 · Office Expense	9.26	Monthly Fax Machine Payment	debit card	3558 · SDCCU Checking

SAN DIEGO LAFCO
Expenses by Vendor Detail
January 2025

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | In Taxi Cab						
	1/12/2025	52622 · Training/Registration Out-County	35.00	CALAFCO Board Meeting | Transportation for EO & AEO	debit card	3558 · SDCCU Checking
E | Kennedy Water Consulting LLC						
	1/13/2025	52370.F · Professional Services	4,193.75	Consultant Services | Utilities	electronic	1000 · County Account (44595)
E | Lazy Dog						
	1/24/2025	52610 · Non-Travel/In-County	154.92	EO, AEO, JB, MT & BW LAFCO Briefing	debit card	3558 · SDCCU Checking
E | Lyft						
	1/10/2025	52622 · Training/Registration Out-County	22.68	CALAFCO Board Meeting | Transportation for EO & AEO	debit card	3558 · SDCCU Checking
	1/12/2025	52622 · Training/Registration Out-County	38.45	CALAFCO Board Meeting | Transportation for EO & AEO	debit card	3558 · SDCCU Checking
			61.13			
E | Manchester Financial 5th Ave LP						
	1/3/2025	52530 · Office Lease	11,834.47	Office Space & In-Building Storage Rent	electronic	1000 · County Account (44595)
E | McDonald's						
	1/30/2025	52610 · Non-Travel/In-County	9.03	County Homeless Count | Coffee - AEO, MT & AV	credit card	3558-60 · SDCCU Visa Credit Card
E | Meghan Traynor						
	1/14/2025	52610 · Non-Travel/In-County	72.00	Reimbursement | MTS Pass	check	3558 · SDCCU Checking
E | Michaela Peters						
	1/28/2025	52610 · Non-Travel/In-County	22.51	Reimbursement | Lunch - Solana Beach Briefing	check	3558 · SDCCU Checking
E | News Library						
	1/8/2025	52270 · Memberships	25.95	SD Tribune Archives Monthly Service	debit card	3558 · SDCCU Checking
E | Nothing Bundt Cakes						
	1/9/2025	52610 · Non-Travel/In-County	39.64	Office Bonding	credit card	3558-60 · SDCCU Visa Credit Card
E | Peet's Coffee						
	1/2/2025	52622 · Training/Registration Out-County	19.52	CALAFCO Board Meeting | Coffee - EO & AEO	debit card	3558 · SDCCU Checking
E | Postal Annex						
	1/24/2025	52332 · Postage	215.62	Mailing Agenda Packet to DD, HM, JM & BW	credit card	3558-60 · SDCCU Visa Credit Card
E | Pottery Barn						
	1/16/2025	52344 · Stores Unallocated	1,915.80	Conference Table	credit card	3558-60 · SDCCU Visa Credit Card
E | QuickBooks						
	1/5/2025	52330 · Office Expense	99.00	Monthly Service for Online QuickBooks	debit card	3558 · SDCCU Checking
E | Ready Refresh						
	1/8/2025	52330 · Office Expense	71.95	Monthly Water Service	credit card	3558-60 · SDCCU Visa Credit Card
E | RGS						
	1/10/2025	52370 · Professional Services	570.28	HR Services to AEO	electronic	1000 · County Account (44595)
E | Sammy's Woodfire Pizza						
	1/9/2025	52610 · Non-Travel/In-County	122.06	EO, AEO, GC & MB Lunch Meeting: Southy County Topics	debit card	3558 · SDCCU Checking
	1/19/2025	52610 · Non-Travel/In-County	182.79	EO, AEO, CC, AW + JM Lunch Meeting: Chula Vista Topics	debit card	3558 · SDCCU Checking
			304.85			
E | San Diego Union Tribune						
	1/13/2025	52490 · Publications	1,339.94	PHN | Public Member	check	3558 · SDCCU Checking
E| Sloan Sakai Yeung & Wong LLP						
	1/13/2025	52370.B · Professional Services	19,006.22	Special Counsel Services (Two Months)	electronic	1000 · County Account (44595)
E | The Corner Drafthouse						
	1/16/2025	52610 · Non-Travel/In-County	77.59	EO, AEO & Intern Interview Lunch Meeting	debit card	3558 · SDCCU Checking
E | The Market Place						
	1/9/2025	52330 · Office Expense	4.08	Office Supplies	debit card	3558 · SDCCU Checking
E | The Sandwich Shop						
	1/12/2025	52622 · Training/Registration Out-County	35.01	CALAFCO Board Meeting | Lunch - EO & AEO	debit card	3558 · SDCCU Checking
E | W. Michael Hanemann						
	1/15/2025	52370.F · Professional Services	29,000.00	Consultant Services | SDCWA MSR	electronic	1000 · County Account (44595)
E | Xerox						
	1/8/2025	52504 · Equipment Rental	272.34	Xerox Rental	electronic	1000 · County Account (44595)
E | YouTube						
	1/7/2025	52270 · Memberships	22.99	Monthly Streaming Support Services	debit card	3558 · SDCCU Checking
EXPENSE TOTAL			304,366.37			

SAN DIEGO LAFCO
Payments Recieved
January 2025

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
R | Benter						
	1/30/2025	52490 · Publications	50.00	Recording Fees (OAS24-04)	check	3558 · SDCCU Checking
R | County of San Diego						
	1/31/2025	49200 · Interest & Dividends	45.95	Interest Payment to Account 46725	electronic	1000 · County Account (44595)
	1/31/2025	49200 · Interest & Dividends	69.35	Interest Payment to Account 46726	electronic	1000 · County Account (44595)
	1/31/2025	49200 · Interest & Dividends	96.41	Interest Payment to Account 46727	electronic	1000 · County Account (44595)
			211.71			
R | Hallam						
	1/30/2025	46234 · Applications	480.38	Processing Fees (OAS25-01)	check	3558 · SDCCU Checking
R | State of California						
	1/27/2025	45281 · State Aid Agriculture	37,882.17	SALC Grant	check	1000 · County Account (44595)
R | The Eden Hills Project Owner LLC						
	1/27/2025	46234 · Applications	28,277.10	Processing Fees (OAS19-26)	check	1000 · County Account (44595)
R | Touchstone Communities, LLC						
	1/30/2025	46234 · Applications	1,921.50	Processing Fees (OAS25-02)	check	3558 · SDCCU Checking
REVENUE TOTAL			68,822.86			

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AGENDA REPORT
Consent | Action

March 3, 2025

TO: Chair Whitburn and Commissioners

FROM: Keene Simonds, Executive Officer
Erica Sellen, Commission Clerk

SUBJECT: **Budget Update for 2024-2025 |**
Second Quarter Actuals with Year-End Projections

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a report comparing budgeted and actual amounts through the second quarter of 2024-2025 and related end-year projections. The total budget for the fiscal year – operating and non-operating – is $2.912 million in matching expenses and revenues. The Commission finished the second quarter expending 40% of total budgeted expenses while collecting 77% of total budgeted revenues. The report projects the Commission will finish the fiscal year generally as expected with a net surplus of $0.087 million or 3%. No amendments are proposed at this time. The report is being presented to the Commission to formally accept and file.

BACKGROUND

San Diego LAFCO's adopted budget for 2024-2025 totals $2.912 million in matching expenses and revenues. These matching amounts are divided into operating and non-operating units. The total unrestricted balance as of July 1st was $1.613 million with $0.738 million unassigned.

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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 Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

DISCUSSION

This item is for San Diego LAFCO to receive an updated comparison of budget to actual expenses and revenues through the close of the second quarter (December 31, 2024). A detailing of actual expenses and revenues along with projected year-end totals is provided in general ledger format as Attachment One and further discussed below. The item also provides the Commission the opportunity to pull the item for questions or comments.

Expenses

San Diego LAFCO's budgeted expense total for 2024-2025 is $2.912 million. This amount is divided between $2.428 million in operating and $0.484 million in non-operating units. Total actuals booked through the second quarter total $1.157 million and represents 40% of the budget with 50% of the fiscal year complete. Actuals paired with staff analysis suggests LAFCO is on pace to finish with $2.895 million in total expenses and generate an unexpended savings of $0.017 million or 1%.

An expanded discussion on budgeted and actuals through the second quarter follows.

Operating: Salaries and Benefits

LAFCO has budgeted $1.468 million in salaries and benefits with the proceeds largely tied to funding 8.0 fulltime equivalent positions.[1] Actuals through the second quarter total $0.682 million or 46% of the budget with 50% of the fiscal year complete. It is expected year-end actuals will total $1.425 million and generate a unit surplus of $0.044 million or 3% less any amendments.

Operating: Services and Supplies

LAFCO has budgeted $0.959 million in services and supplies with the proceeds largely tied to payments to the County of San Diego for information technology and general support followed by a range of professional services. Actuals through the second quarter total $0.443 million or 46% of the budget with 50% of the fiscal year complete. It is expected year-end actuals will total $0.989 million and generate a unit deficit of ($0.030 million) or (3%) less any amendments.

Non-Operating

LAFCO has budgeted $0.484 million in non-operating costs to cover debt service and grant payments. Actuals through the second quarter total $0.031 million with 50% of the fiscal year complete. It is expected year-end actuals will total $0.482 million and generate a unit surplus of $0.002 million or 1% less any amendments.

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

Revenues

San Diego LAFCO's budgeted revenue total for 2024-2025 is $2.912 million. This amount is divided between $2.399 million in operating and $0.513 million in non-operating units. Actual revenues collected through the second quarter totals $2.230 million. This amount represents 77% of the budgeted total with 50% of the fiscal year complete. These actuals paired with staff analysis suggest the year-end revenue will total $2.982 million. Should this projection hold, LAFCO will experience an overall budgeted surplus of $0.070 million or 2%.

An expanded discussion on budgeted and actual revenues follows.

Operating: Intergovernmental Fees

LAFCO has budgeted $2.184 million in intergovernmental fees divided between four membership categories based on statutory formula. All budgeted fees have been collected. An additional $0.111 million is expected to be collected before the end of the fiscal year involving an inaugural apportionment from the San Diego Unified Port District and result in a corresponding unit surplus of 5%.

Operating: Application Charges

LAFCO has budgeted $0.200 million in application charges. Actuals through the second quarter totals $0.037 million and represents 19% of the budgeted amount with 50% of the fiscal year complete. Staff anticipates application charges will pick up but fall short of budgeted expectations and result in a unit deficit of ($0.043 million) or (21%).

Operating: Interest Earnings

LAFCO has budgeted $0.015 million in interest earnings. Actuals through the second quarter totals $0.008 million and represents 55% of the budgeted amount with 50% of the fiscal year complete. Staff anticipates interest earnings will near the budgeted total and result in an overall unit surplus of $0.001 million or 10%.

Non-Operating

LAFCO has budgeted $0.513 million in non-operating revenues that involve fund balance usage and anticipated grant payments. No monies have been booked through the second quarter. Staff anticipates the full budgeted amount will be collected.

ANALYSIS

Activity through the second quarter shows San Diego LAFCO is generally proceeding as planned relative to budgeted expectations. Most notably, there are also no significant outliers in actual expenses or revenues through the first six months. Staff anticipates an overall net surplus with actual revenues exceeding actual expenses by $0.087 million or 3%

and largely the result of collecting an inaugural and otherwise unbudgeted apportionment from the San Diego Unified Port District.

RECOMMENDATION

It is recommended San Diego LAFCO accept and file the report. This recommendation is consistent with Alternative One outlined below.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):
Accept and file the report.

Alternative Two:
Continue to a future meeting and provide direction to staff with respect to any additional analysis or information requested.

PROCEDURES

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

Respectfully,



Keene Simonds
Executive Officer

Attachment:

1) Second Quarter Budget Ledger with Year-End Projections

San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

EXPENSES		FY2023-2024 Adopted	Amended	Actuals	FY2024-2025 Adopted	Actuals 2nd Quarter	% of Budget	Projected Year End $	Projected Year End %
Salaries and Benefits Unit									
51110-51310	Salaries and Per Diems	891,455	742,955	715,861	898,906	426,025	0.47	884,533	0.98
51410	Retirement - SDCERA	318,295	318,295	303,876	350,146	168,391	0.48	348,738	1.00
51415	Retirement - OPEB	10,273	10,273	8,779	10,196	4,324	0.42	9,521	0.93
51450	Payroll Taxes	64,840	64,840	51,279	65,044	27,782	0.43	61,226	0.94
51510-51550	Group Insurance	150,033	150,033	96,389	143,481	56,211	0.39	120,217	0.84
51560	Unemployment Insurance	1,000	1,000	258	1,000	168	0.17	336	0.34
		1,435,895	1,287,395	1,176,442	1,468,773	682,901	0.46	1,424,571	0.97
Services and Supplies Unit									
52074	Communications	43,824	43,824	37,385	42,299	19,211	0.45	42,264	1.00
52138	General Liability Insurance	12,737	12,737	14,194	14,194	15,599	1.10	15,599	1.10
52178	Vehicle - Maintenance	980	980	2,580	1,000	955	0.96	2,101	2.10
52182	Vehicle - Fuel	500	500	539	500	264	0.53	581	1.16
52270	Memberships	28,994	28,994	23,077	38,736	22,993	0.59	24,993	0.65
52304	Miscellaneous	50	50	30	50	10	0.20	20	0.40
52330	Office: General Support	8,211	8,211	9,636	12,380	6,558	0.53	11,476	0.93
52332	Office: Postage USPS	250	250	314	250	136	0.54	250	1.00
52334	Office: Design + Printing	22,500	22,500	17,211	23,000	7,347	0.32	18,367	0.80
52336	Office: Books and Guidelines	-	-	-	-	-	-	-	-
52338	Office: Drafting/Engineering	-	-	-	-	-	-	-	-
52344	Office: Supplies and Furnishings	14,600	14,600	8,348	12,100	7,798	0.64	12,100	1.00
52354	Office: County Mail Services	10,000	10,000	12,401	10,000	3,631	0.36	7,989	0.80
52370	Professional Services	296,170	444,670	518,671	445,767	180,598	0.41	495,830	1.11
52490	Publications and Legal Notices	8,150	8,150	11,221	8,500	3,701	0.44	8,143	0.96
52504	Leases: Equipment	6,600	6,600	3,955	4,500	1,536	0.34	3,841	0.85
52530	Leases: Office Space	144,743	144,743	149,217	154,308	64,016	0.41	154,308	1.00
52550	Special Expenses: County Overhead	40,000	40,000	32,366	33,000	28,647	0.87	57,293	1.74
52562	Special Expenses: New Hire Checks	-	-	198	-	215	-	215	-
52566	Special Expenses: Minor Equipment	-	-	413	-	2,472	-	2,472	-
52602	Computer Training	-	-	-	-	-	-	-	-
52610	Travel and Training | In County	2,700	2,700	5,930	2,700	7,975	2.95	10,000	3.70
52612	Employee Auto	8,700	8,700	8,201	8,700	6,472	0.74	12,944	1.49
52622	Travel and Training | Out of County	15,050	15,050	18,038	15,050	23,041	1.53	27,649	1.84
52721	IT Reimbursements: Network	20,000	20,000	15,553	18,000	9,001	0.50	18,003	1.00
52723	IT Reimbursements: Data Center	33,000	33,000	24,254	30,000	5,961	0.20	11,922	0.40
52725+28	IT Reimbursements: Financial Systems	35,000	35,000	23,984	25,000	8,811	0.35	17,623	0.70
52732	IT Reimbursements: Desktop Computing	28,000	28,000	26,759	30,000	12,951	0.43	25,901	0.86
52734	IT Reimbursements: Help Desk	2,331	2,331	1,632	2,331	800	0.34	1,601	0.69
52750	IT Reimbursements: Catalog Equipment	40,000	40,000	5,498	25,000	1,244	0.05	3,110	0.12
52758	Fleet Reimbursements: Vehicle Lease	2,000	2,000	1,986	2,000	993	0.50	1,986	0.99
		825,091	973,591	973,591	959,364	442,936	0.46	988,579	1.03
	OPERATING EXEPENSE TOTAL	2,260,986	2,260,986	2,150,033	2,428,138	1,125,837	0.46	2,413,150	0.99

EXPENSES CONTINUED...

		FY2023-2024			FY2024-2025				
		Adopted	Amended	Actuals	Adopted Final	Actuals 2nd Quarter	% of Budget	Projected Year End $	Projected Year End %
Non Operating Unit									
51421	Debt Service: OPEB Obligation Bonds	34,092	34,092	30,780	34,092	16,061	0.47	32,122	0.94
53585	Equipment Depreciation	-	-	-	-	-	-	-	-
TBD	Grant Award Payments	450,000	450,000	150,462	450,000	14,805	-	450,000	1.00
54955-54961	Fixed Assets	-	-	-	-	-	-	-	-
		484,092	484,092	181,242	484,092	30,866	0.064	482,122	1.00
	EXPENSE TOTALS	2,745,078	2,745,078	2,331,275	2,912,230	1,156,703	0.40	2,895,272	0.99

REVENUES

		FY2023-2024			FY2024-2025				
		Adopted	Amended	Estimate	Adopted Final	Actuals 2nd Quarter	% of Budget	Projected Year End $	Projected Year End %
Intergovernmental Unit									
45918.1	Apportionments | County	581,074	581,074	581,074	623,997	623,997	1.00	623,997	1.00
45918.2	Apportionments | Cities (less SD)	581,074	581,074	581,074	623,997	623,997	1.00	623,997	1.00
45918.3	Apportionments | City of San Diego	290,639	290,639	290,639	312,108	312,108	1.00	312,108	1.00
45918.4	Apportionments | Special Districts	581,074	581,074	581,074	623,997	623,997	1.00	734,786	1.18
		2,033,861	2,033,861	2,033,861	2,184,098	2,184,098	1.00	2,294,887	1.05
Service Charges Unit									
46234	Application Fees	200,000	200,000	194,596	200,000	37,406	0.19	157,406	0.79
		200,000	200,000	194,596	200,000	37,406	0.19	157,406	0.79
Earnings Unit									
44105	Interest and Dividends	15,000	15,000	19,321	15,000	8,210	0.55	16,420	1.09
		15,000	15,000	19,321	15,000	8,210	0.55	16,420	1.09
	OPERATING REVENUE TOTAL	2,248,861	2,248,861	2,247,777	2,399,098	2,229,714	0.93	2,468,713	1.03
Non-Operating Unit									
TBD	Grant Awards	450,000	450,000	68,882	450,000	-	-	450,000	1.00
47540	Transfer from Fund Balance	46,218	46,218	46,218	63,132	-	-	63,132	1.00
		496,218	496,218	115,100	513,132	-	-	513,132	1.00
	REVENUE TOTALS	2,745,079	2,745,079	2,362,877	2,912,230	2,229,714	0.77	2,981,845	1.02
OPERATING NET				97,744	-	1,103,876		55,563	
TOTAL NET				31,602	-	1,073,011		86,572.86	

LAFCO FUND BALANCE
(unrestricted)

Committed	
… Stabilization	250,000
… Opportunity	500,000
Assigned by EO	125,000
Unassigned	738,310
	1,613,310

5d

AGENDA REPORT
Consent | Action

March 3, 2025

TO: Chair Whitburn and Commissioners

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

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

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a progress report 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. It is recommended that the Commission formally receive this progress report.

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 San Diego LAFCO with a regular progress report on special projects approved as part of the 2024-2025 workplan for formal filing with the opportunity to pull for discussion. As of date, almost three-fourths of all projects have been initiated with nine complete or nearing completion. These two latter categories involve all of the following:

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Jim Desmond, County of San Diego
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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 Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

- **Projects Completed to Date**
  Municipal Service Review on the Oceanside Region
  Filling Budgeted Staff Openings
  Annual Local Agencies Directory
  Policy Establishment on Public Member Appointments

- **Projects Nearing Completion**
  Transition to Online-Cloud Accounting Software
  Policy Establishment on Accounting Procedures
  Custom Project Management Tracker
  Special Districts Advisory Committee
  Cities Advisory Committee

A full listing of all projects, along with their current statuses — ranging from pending to complete — is detailed in Attachment One. A copy of the five-year rolling study schedule is also provided for reference purposes as Attachment Two.

ANALYSIS

None.

RECOMMENDATION

It is recommended San Diego LAFCO receive and file the progress report. This recommendation is consistent with Alternative Action One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):
Receive and file the progress report on the adopted workplan.

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

Alternative Three:
Take no action.

(continue)

PROCEDURES

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

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachments:

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

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ADOPTED WORKPLAN FOR FY2024-2025
Status as of February 21, 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

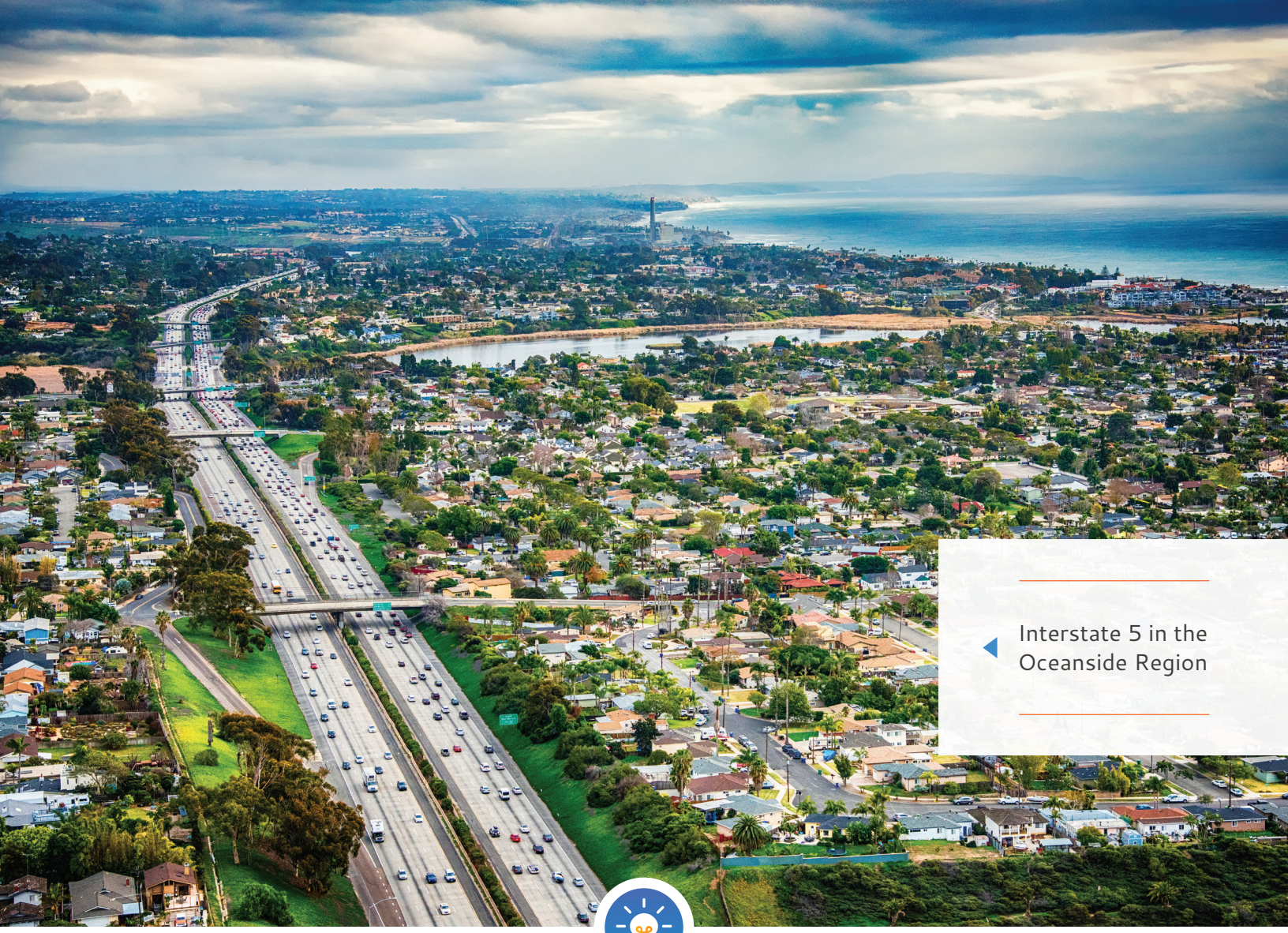
La Mesa – Lemon Grove Region

- 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

5e

AGENDA REPORT
Consent | Information

March 3, 2025

TO: Chair Whitburn and Commissioners

FROM: Keene Simonds, Executive Officer
Joelle Burila, Analyst I

SUBJECT: **Notice of Administrative Approval | "Lopez – Bear Valley Parkway Out-of-Agency Wastewater Services with the City of Escondido" (LAFCO File No. OAS25-03)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive notice of an administrative approval by the Executive Officer authorizing the City of Escondido to provide out-of-agency services to an unincorporated property. Authorization is specific to wastewater service to an existing single-family residence and accessory dwelling unit located at 455 Bear Valley Parkway and premised on abating a public health and safety threat given documentation of a failing septic system. Approval is limited to existing development with any new uses requiring additional authorizations. Approval is also termed on the landowner submitting a complete annexation proposal within one calendar year unless a time extension is authorized. The Executive Officer has separately determined the project is exempt from further environmental review under State California Environmental Quality Act (CEQA) Guidelines Section 15269(c) as it addresses a public health and safety threat due to a failing septic system. This notice is being provided for information consistent with adopted policy.

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

BACKGROUND

Overseeing Out-of-Agency Services

Government Code Section 56133 delegates LAFCOs the responsibility to authorize cities and special districts to provide new or extended services outside their jurisdictional boundaries. The statute specifies cities, and special districts must request and receive formal written approval from LAFCOs to provide "out-of-agency" services by contract or agreement less certain and limited exemptions. The statute further specifies cities, and special districts may only be authorized to provide out-of-agency services within their spheres of influence in anticipation of later annexations. If the affected territory lies beyond the subject agencies' spheres, out-of-agency services may only be authorized in response to documented threats to public health and/or safety as determined by LAFCO.

Delegation to the Executive Officer

San Diego LAFCO's current policies authorize the Executive Officer to approve outside-of-agency services – involving water and/or wastewater services only – in response to documented health, safety, or welfare impacts. The Executive Officer is required to inform the Commission of all administrative approvals at the next available meeting for information only. Otherwise, all out-of-agency approvals require formal Commission action.[1]

Applicant Request and Administrative Approval

San Diego LAFCO received a request from the City of Escondido on behalf of an interested landowner (Eliud Lopez) on January 27, 2025 for approval to receive out-of-agency wastewater service from the City of Escondido and involving a 1.37-acre unincorporated parcel. The subject parcel is developed with an approximate 1,786 square foot single-family residence and one accessory dwelling unit with a situs of 455 Bear Valley Parkway (239-051-03). The subject parcel lies within Escondido's sphere of influence. The request ties to the residence's existing septic system no longer functioning without continual pumping.

Upon receipt of the request and related application materials, LAFCO staff coordinated with the City of Escondido to assess the need and availability of public wastewater service for the affected territory. This includes confirming Escondido is readily positioned to extend wastewater services using an existing collection line located on the southwest corner of the property, adjacent to Bear Valley Parkway. The estimated average daily flow is 200 gallons per day and represents less than 0.009% of the existing available capacity at Escondido's Hale Avenue Resource Recovery Facility.

Capacity considerations aside, staff also confirmed with the County of San Diego's Department of Environmental Health and Quality attesting their recommendation the out-of-agency service proceed to protect against the potential of a public health and safety

[1] These policies also delegate discretion to the Executive Officer in determining whether public health, safety, or welfare threats exists on a case-by-case basis. Reference to Policy L-113.

threat. This recommendation ties to space limitations on the parcel and the unlikely case a new septic system would be able to support the residence based on current standards. The Executive Officer proceeded to issue a conditioned approval on February 7, 2025 and is attached for Commission review.

DISCUSSION

This item is for San Diego LAFCO to receive notice of the Executive Officer's administrative approval authorizing the City of Escondido to provide wastewater service outside its jurisdictional boundary to 455 Bear Valley Parkway as described above. The Executive Officer's approval and conditions are final under policy. However, and as needed, the Commission is invited to pull the item for discussion to inform future actions.

ANALYSIS

San Diego LAFCO's administrative approval allowing the City of Escondido to provide out-of-agency wastewater services to the subject parcel at 455 Bear Valley Parkway conforms to statute and Commission policies. This includes the Executive Officer taking action to proceed with an immediate solution to abate a reasonably documented threat to public health and safety and done so in step with confirming the availability and adequacy of City of Escondido's wastewater system. The administrative approval has been conditioned on limiting wastewater service to only the existing single-family residence and accessory dwelling unit with no additional development being accommodated at this time. The approval has also been conditioned on the landowner submitting a complete annexation proposal within one calendar year unless a time extension is authorized. The Executive Officer has also determined the project is statutorily exempt from additional environmental review under State CEQA Guidelines Section 15269(c) given the underlying activities help prevent and/or otherwise mitigate a public health and safety threat given documentation of a failing septic system within the affected territory.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

None.

(over)

PROCEDURES

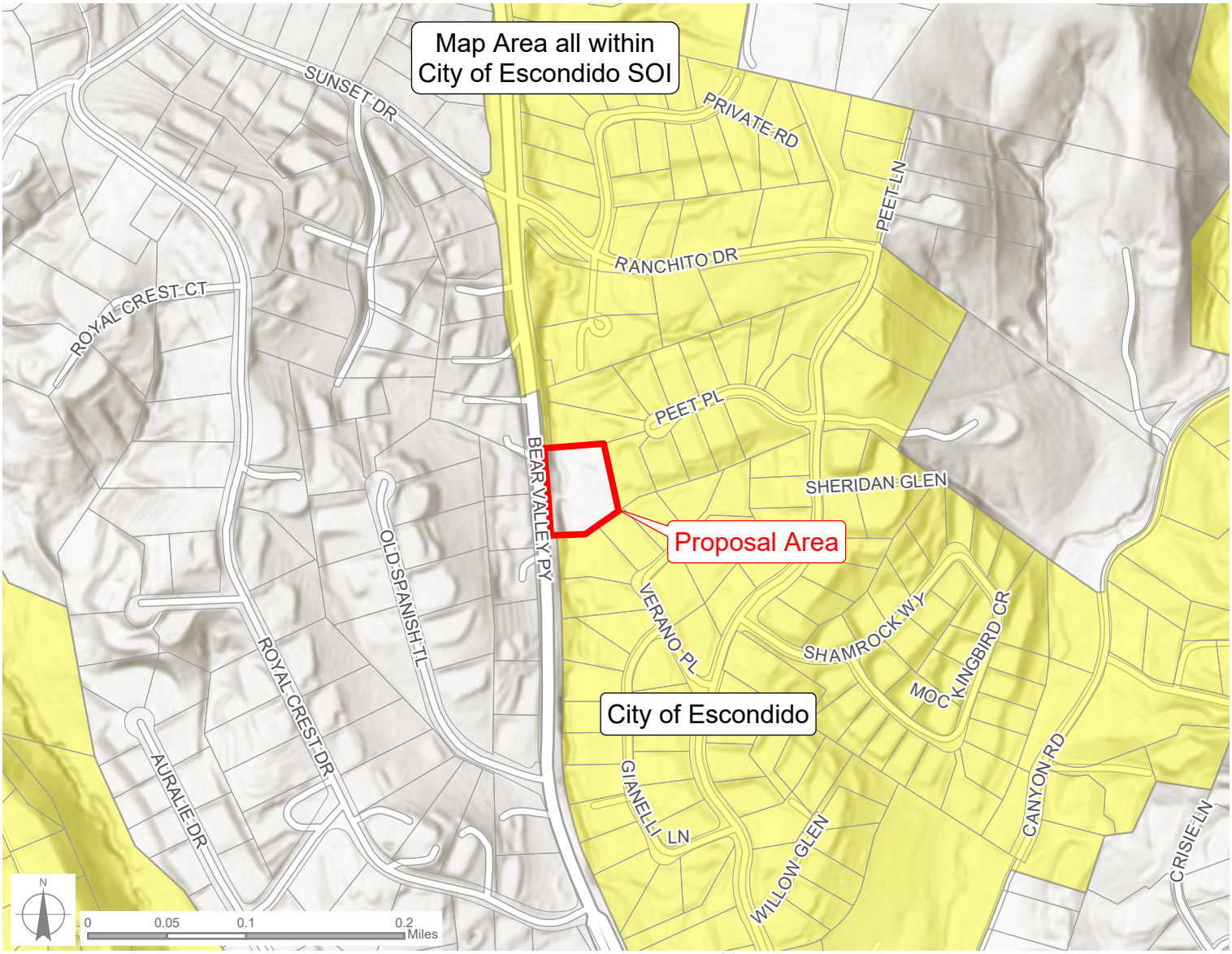
This item has been placed on the San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified.

On behalf of the Executive Officer,

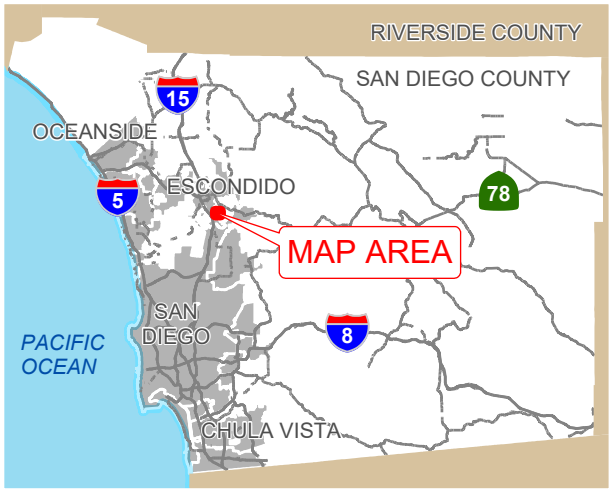
Joelle Burila
Analyst I

Attachments:

1) Map of the Affected Territory
2) Certificate of Administrative Approval
3) Related Request Documents







OAS25-03

"LOPEZ - BEAR VALLEY PARKWAY OUT-OF-AGENCY WASTEWATER SERVICES" | CITY OF ESCONDIDO

Proposal Area
City of Escondido

SOI = Sphere of Influence

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

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Created by Dieu Ngu -- 2/7/2025

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

February 7, 2025

Delivered Electronically:
Eliud Lopez
Property Owner
455 Bear Valley Parkway
Escondido, CA 92025
eliudvlopez@yahoo.com

SUBJECT: **Notice of Administrative Approval:**
"Lopez – Bear Valley Parkway Out-of-Agency Wastewater Services" – Contractual Wastewater Service Agreement for the City of Escondido
Assessor Parcel Number 239-051-03-00 | (LAFCO File No. OAS25-03)

Mr. Lopez:

This letter serves as formal notice of San Diego County Local Agency Formation Commission's (LAFCO) conditional approval for the City of Escondido to establish contractual wastewater service to the property located at 455 Bear Valley Parkway. This conditional approval is authorized under my powers pursuant to Government Code Section 56133, adopted LAFCO policy, and substantiated based on a review of written documentation showing the existing septic system has failed and poses a threat to public health. The conditional approval extends one calendar year and follows a written recommendation and request from the County of San Diego Department of Environmental Health & Quality to immediately transition the property to public wastewater.

The conditional approval is limited to authorizing the City of Escondido to enter into an outside wastewater service agreement for the existing residential dwelling unit and accessory dwelling unit comprising the affected territory. A Certificate of Administrative Approval is attached for your records.

At the conclusion of the one-year authorization, and unless a time extension is requested and approved, it is LAFCO's expectation that you – as the landowner – will have completed and submitted an application to annex the affected territory into the City of Escondido. Application materials are available online at www.sdlafco.org. This includes

Administration
Keene Simonds, Executive Officer
2550 Fifth Avenue, Suite 725
San Diego, California 92103
T 619.321.3380
E lafco@sdcounty.ca.gov
www.sdlafco.org

Joel Anderson, County of San Diego
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 Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

providing LAFCO with an application fee in the amount of $2,642.06. This amount includes a related boundary action involving detachment from County Service Area No. 135 and reflects a 75% fee reduction given documentation of a public health threat.

Should you have any questions, please contact me by telephone at (858) 833-4020 or email at joelle.burila@sdcounty.ca.gov.

On behalf of the Executive Officer,

Joelle Burila

Joelle Burila
Local Government Analyst I

cc: Robert Barry, City of Escondido
Veronica Morones, City of Escondido
Christopher McKinney, City of Escondido
Conner Jordan, County of San Diego – DEHQ
Keene Simonds, San Diego LAFCO
Priscilla Mumpower, San Diego LAFCO
Erica Sellen, San Diego LAFCO

CERTIFICATE OF ADMINISTRATIVE APPROVAL OF A CONTRACTUAL WASTEWATER SERVICE AGREEMENT

City of Escondido / Eliud Lopez
(LAFCO File No. OAS25-03)

February 7, 2025

In accordance with California Government Code Section 56133, the San Diego County Local Agency Formation Commission (LAFCO) authorizes the City of Escondido to immediately provide extraterritorial wastewater service by contract to 455 Bear Valley Parkway. The subject property is owned by Eliud Lopez and comprises one unincorporated parcel identified by the County of San Diego Assessor's Office as 239-051-03-00. The authorized service is limited to supporting the approximate 1,786 square foot single-family residence and an accessory dwelling unit currently developed on the subject property.

The contracted wastewater service agreement authorization terms in one year – February 7, 2026 – from the date of its administrative approval by the LAFCO Executive Officer unless an extension is approved. In the interim, the landowner of the subject property shall proceed with filing an annexation with LAFCO as the permanent means for the City of Escondido to provide wastewater service.

Confirmation:



KEENE SIMONDS
Executive Officer

February 7, 2025

Administration
Keene Simonds, Executive Officer
2550 Fifth Avenue, Suite 725
San Diego, California 92103
T 619.321.3380
E lafco@sdcounty.ca.gov
www.sdlafco.org

Joel Anderson, County of San Diego
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 Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

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CONTRACTUAL SERVICE AGREEMENT APPLICATION FORM

In addition to the materials required for any change(s) of organization, submit the following items:

1. One copy of either an approved Resolution of the City Council/District Board of Directors or a letter from the City Manager/District General Manager requesting approval for a contractual service agreement.

2. One copy of the contract or agreement stipulating the terms and conditions of extending service to the property signed by the property owner(s) and the agency that is to provide the service.

3. LAFCO processing fee. Contact the LAFCO office or refer to fee schedule.

Print/Type Name: Eliud Lopez

Property Address: 455 Bear Valley Parkway

Phone #: 760-855-036 Date: 1-21-2025

This application is used by LAFCO staff to provide supplemental information for contractual service agreement requests.

1. What type or types of public service(s) will be provided? Sewer Services

2. Why is the service needed? If the service agreement is in response to an emergency health and safety situation, such as a failed septic system, provide information documenting the circumstances (e.g., letter from the County Department of Environmental Health).

3. If a jurisdictional change, such as annexation, is not possible at this time, explain the circumstances that prevent annexation and when the jurisdictional change is anticipated. emergency health and safety situation, I will be signing a OAS agreement

4. Are there any jurisdictional issues associated with the proposed contractual service agreement? ☐ YES ☑ NO
(If yes, please complete the LAFCO Policy L-107 form)

San Diego Local Agency Formation Commission
2550 Fifth Ave., Suite 725
San Diego, CA 92103
(619) 321-3380

Revised November 2022

RECEIVED

JAN 27 2025

SAN DIEGO LAFCO

ESCONDIDO
City of Choice

Sean McGlynn, City Manager
201 North Broadway, Escondido, CA 92025
Phone: 760-839-4631
E-mail: Smcglynn@escondido.org

January 24, 2025

Keene Simonds, Executive Officer
San Diego LAFCO
2550 Fifth Ave, Suite 725
San Diego, CA 92103

MR

RE: Request for LAFCO Approval of an Out-of-Agency Service Agreement
455 Bear Valley Parkway, Escondido CA 92025

Mr. Simonds:

The City of Escondido has received a request from an affected landowner for an extension of City sewer service to unincorporated territory outside of the City's boundaries and within the City's sphere of influence in anticipation of a later change of organization to annex the property. Your Commission's approval is requested for the proposed out-of-agency sewer service agreement and extension of sewer service outside the City's boundaries.

The affected property is located at 455 Bear Valley Parkway and includes one unincorporated parcel (APN 239-051-03-00) developed with one single-family residence and one accessory dwelling unit. In a letter dated November 4, 2024, the San Diego County Department of Environmental Heath (DEH) confirmed that the property's existing underground septic disposal system has failed and requested connection of the property to public sewer to minimize possible environmental and public health risks.

The City of Escondido has sewer service available to the subject property from adjacent infrastructure located on the southwest corner of the property. The property owner would be responsible for all connection costs and fees. Attached to this request letter is a copy of Escondido's standard Out-of-Agency Service Agreement template which specifies all terms and conditions for proposed extensions of City sewer service.

After receiving LAFCO's Certificate of Approval for an Out of Agency Service Agreement, the sewer service agreement for the subject property would proceed to the Escondido City Council for consideration. Following Council approval, the executed sewer service agreement would be recorded by the County Recorder and connection of the property to the City's sewer collection system would be allowed per the terms and conditions of the service agreement. A copy of the recorded service agreement would be forwarded to the LAFCO office.

Please contact Robert Barry with the City of Escondido at 760-839-4537 or Robert.Barry@Escondido.gov should you have any questions or require additional information regarding this request.

Sincerely,

Sean McGlynn
City Manager

Enclosures
cc: Christopher W. McKinney, Deputy City Manager
Veronica Morones, City Planner

County of San Diego

AMY HARBERT
DIRECTOR

DEPARTMENT OF ENVIRONMENTAL HEALTH AND QUALITY
P.O. BOX 129261, SAN DIEGO, CA 92112-9261
Phone: (858) 505-6700 or (800) 253-9933 Fax: (858) 505-6786
www.sdcdeh.org

HEATHER BUONOMO, REHS
DIRECTOR OF ENVIRONMENTAL HEALTH

November 04, 2024

Robert Barry
Senior Planner
City of Escondido
1521 S. Hale Ave.
Escondido, CA 92025

Eliud Lopez
Property Owner
455 Bear Valley Rd..
San Diego, CA 92025

Site Address: 455 Bear Valley Pkwy. Escondido, CA. 92025 APN: 239-051-03-00

Dear Mr. Barry,
On October 31, 2024, staff from the San Diego County Department of Environmental Health and Quality (DEHQ), conducted a site consultation at the parcel listed above to evaluate the feasibility of upgrading the existing septic vs. connecting the residence to the public sewer system.

DEHQ has no records to indicate the current size or location of the existing septic system; Mr. Lopez reports that the system is frequently backing up/failing. The property has an occupied ADU in addition to the SFD resulting in the system being over burdened.

The parcel includes a major creek at the front abutting Bear Valley pkwy. Supplemental treatment would likely be the only way to meet current setbacks, and ground water separation requirements. Existing grading on the property has limited the available space to a very small corner; if a septic system were to be installed in the available space it would likely not be able to support both dwellings based on current L.A.M.P standards.

Mr. Lopez reports that there is an existing easement on his property with a stub-out for the sewer. Given that the current septic system has failed, and there is virtually no way to replace it DEHQ requests that the parcel be annexed into the City of Escondido's wastewater district. Facilitating a sewer connection as soon as possible will minimize possible environmental and public health risks.

Thank you for your time, if you have any questions I can be reached at 619-366-1590, or conner.jordan@sdcounty.ca.gov

Sincerely,

C. Jordan
Environmental Health Specialist II
Dept. of Environmental Health & Quality
P.O. BOX 129261, San Diego, Ca. 92112-9261

EXEMPT FROM FEES pursuant to Gov't Code §§ 6103, 27383, and 27388.1 (filing requested/executed by municipality)

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

Planning Division
City of Escondido
201 North Broadway
Escondido, CA 92025-2798

This Space for Recorder's Use Only

APN: 239-051-03-00

OUT-OF-AGENCY SERVICE AGREEMENT

This OUT-OF-AGENCY SERVICE AGREEMENT ("**Agreement**") is made and entered into as of the last signature date set forth below ("**Effective Date**"), by and between the City of Escondido, a California municipal corporation ("**City**") and Eliud Vicente Lopez and Consuelo Lopez (collectively referred to herein as "**Owner**"). (The City and Owner may each be referred to herein as a "**Party**" and collectively as the "**Parties**.")

RECITALS

A. Owner possesses and owns that certain real property located at 455 Bear Valley Pkwy, Escondido, CA 92025, which is outside the jurisdictional boundary of the City, and within the unincorporated County of San Diego, as further described in Exhibit A to this Agreement, attached hereto and incorporated herein by this reference ("**Property**").

B. Pursuant to California Government Code section 56133(a), the City may provide new or extended services outside its jurisdictional boundary only if it first requests and receives written approval from the San Diego County Local Agency Formation Commission ("**LAFCO**").

C. Pursuant to California Government Code section 56133(b), LAFCO may authorize the City to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization.

D. In accordance with California Government Code section 56133 and LAFCO's local policies, in a letter dated _____, which is attached hereto as Exhibit B and incorporated herein by this reference ("**Conditional Approval Letter**"), LAFCO provided a conditional approval for the City to establish contract wastewater service for the Property, limited to the existing one dwelling unit and one accessory dwelling unit on the Property and subject to the LAFCO conditions stated therein.

E. The City and the Owner desire to enter into this Agreement so the City may provide wastewater service to the existing one dwelling unit and one accessory dwelling unit on the Property, subject to Owner meeting all of the LAFCO conditions and any conditions otherwise expressed in

this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises, terms, and conditions set forth herein, the Parties hereby mutually agree as follows:

1. Recitals. The Recitals set forth above are included herein by reference as part of this Agreement and the Parties agree that said Recitals are essential facts to this Agreement.

2. Applicability of Government Code. This Agreement is made pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (California Government Code section 56000 et seq.) ("**Act**") and is subject to all of the provisions of the Act, including but not limited to Government Code section 56133.

3. Authority to Connect. Upon the Parties' execution of this Agreement and Owner's recordation of this Agreement in the County Recorder's Office for San Diego County, and subject to all other terms and conditions of this Agreement, Owner may connect to the City's sewer system ("**Improvements**"). Owner agrees to construct the Improvements in conformance with all applicable federal, state, and local laws and regulations. No construction of the Improvements shall occur without first securing all required permits and approvals from the City, County, or any other local agency or regulatory authority, and without first completing environmental review pursuant to the California Environmental Quality Act ("**CEQA**").

4. Irrevocable Offer of Annexation. Owner hereby makes an irrevocable offer of annexation of the Property to the City. Owner waives any right of protest in the annexation of the Property to the City provided for under the Act or any other law or policy. Such waiver shall be binding on Owner and its heirs, successors in interests, and assigns.

5. Conditions of Approval. This Agreement shall be subject to all LAFCO conditions:

a. Owner agrees to meet all LAFCO conditions, including each of the following:

(i.) Owner shall provide LAFCO a completed contractual service agreement form along with the required application filing fee.

(ii.) Owner shall provide LAFCO a landowner-petition application to annex the Property to the City ("**Annexation Petition**"), along with the required filing fee.

(iii.) Owner shall provide LAFCO a signed copy of this Agreement.

b. Within 10 days after execution of this Agreement by all Parties, Owner shall record this Agreement with the Office of the County Recorder for San Diego County.

c. Owner shall execute and record an agreement approved by LAFCO that consents to annexation of the Property into the City, which Agreement shall run with the land and inure to and bind all successors in interest to the Property. Owner shall undertake all prezoning and associated environmental review and pay all associated City and LAFCO fees related to the annexation of the Property.

d. As a condition to annexation, Owner shall apply to the City to have the Property prezoned, a discretionary act that will require environmental review. At the time Owner files an Annexation Petition, Owner shall file a formal application for prezoning with the City and shall diligently and in good faith prosecute such application to completion.

e. Owner shall be responsible for all LAFCO and City fees and charges in relation to the application for prezoning, application for annexation, Improvements, future wastewater service connection, or otherwise in relation to this Agreement.

f. This Agreement is limited to the provision of wastewater service to the existing one dwelling unit and one accessory dwelling unit on the Property and shall not be construed to provide authority for the City's provision of any additional service in relation to the Property.

6. No Pre-Commitment; Final Action Subject to Environmental Review.

a. Notwithstanding any other provision of this Agreement, nothing herein shall commit or otherwise require the City, or be interpreted as requiring the City, to issue any permit, entitlement, or other approval in relation to the Improvements. Rather, the City and Owner acknowledge and agree that the City retains full discretionary authority with respect to the Improvements, and may approve, disapprove, modify, or condition the Improvements, or any portion thereof, as otherwise authorized by law. Owner acknowledges and agrees that it is proceeding at its own risk and expense until such time as all required permits, entitlements, or other approvals are approved and without assurance that any required permits, entitlements, or other approvals will be approved.

b. The City shall not enter into any agreement that will allow for the construction of the Improvements until there has been appropriate compliance with CEQA. The City, through the planning process with Owner as to the Improvements, will identify the actions and activities that would be necessary to construct the Improvements and thereby facilitate meaningful environmental review.

7. Term. This Agreement shall commence on the Effective Date and shall remain in effect until the earlier of any of the following: (i) the Property is annexed into the City; or (ii) the Agreement is terminated by the City if Owner fails to meet any condition stated herein.

8. Indemnification. Owner (including Owner's agents, employees, contractors, and subcontractors, if any) shall hold harmless, defend (with counsel reasonably acceptable to the City), and indemnify the City, its boards, commissions, departments, officials, officers, agents, employees, and volunteers from and against any and all claims, demands, actions, causes of action, proceedings (including but not limited to legal and administrative proceedings of any kind), suits, fines, penalties, judgments, orders, levies, costs, expenses, liabilities, losses, damages, or injuries, in law or equity, including without limitation the payment of all consequential damages and attorney's fees and other related litigation costs and expenses (collectively, "**Claims**"), and any attorney's, consultant, or expert fees and City staff costs for investigating or responding to any Claims, incurred in connection with or arising in whole or in part from this Agreement, the use of the Improvements by the Owner (including Owner's agents, employees, invitees, contractors, and subcontractors, if any), the condition of the Improvements, or any related construction or other work undertaken on the Property, including without limitation (i) any death or bodily injury to a person; (ii) any injury to, loss, or theft of tangible or intangible property, including economic loss; or (iii) any other loss, damage, or expense

sustained by the Owner in connection with any work or obligations performed in connection with this Agreement, except for any liability resulting from the active negligence, sole negligence, or willful misconduct of the City. The duty to defend the City as described in this Paragraph 10 shall apply regardless of whether any Claims are groundless, fraudulent, or false. All obligations under this Paragraph 10 shall survive the termination of this Agreement.

9. Miscellaneous.

12.1 *Governing Law*. This Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California. Any litigation arising out of this Agreement shall be conducted only in the state or federal courts of San Diego County, California.

12.2 *Entire Agreement*. This Agreement, together with its attachments or other documents, if any, described or incorporated herein, contains the entire agreement and understanding concerning the subject of this Agreement and supersedes and replaces all prior negotiations, understandings, or proposed agreements, written or oral, except as otherwise provided herein. Each of the Parties hereto acknowledges that no other Party, nor the agents nor the attorneys for any Party, has made any promise, representation or warranty whatsoever, express or implied, not contained herein, to induce the execution of this Agreement and acknowledges that this Agreement has not been executed in reliance upon any promise, representation, or warranty not contained herein.

12.3 *Amendment*. This Agreement may not be amended except in a writing signed by all of the Parties hereto, and then only in the specific instance and for the specific purpose given. Any such amendment shall be recorded with the Office of the County Recorder for the County of San Diego.

12.4 *Independent Investigation*. The Parties acknowledge that they have conducted an independent investigation of the facts concerning the subject matter of this Agreement. The Parties agree that the factual recitals are correct and expressly assume the risk that the true facts concerning the foregoing may differ from those currently understood by them.

12.5 *Advice of Counsel*. The Parties hereby acknowledge that they have executed this Agreement after having the opportunity to consult with, and receive the advice of, their own counsel.

12.6 *Capacity*. Each individual signing this Agreement represents and warrants that he or she has been authorized to do so by proper action of the Party on whose behalf he or she has signed.

12.7 *Headings*. Section headings are for reference purposes only and shall not be used for interpreting the meaning of any provisions of this Agreement.

12.8 *Attorney's Fees*. In any action to enforce the terms of this Agreement, the Parties agree that the prevailing party shall be entitled to its reasonable attorney's fees and all costs, fees, and expenses, including the fees of expert witnesses and consultants, whether or not such costs, fees, and expenses are recoverable or allowed as costs under section 1033.5 of the California Code of Civil Procedure. In addition to the foregoing award of attorney's fees and costs, the prevailing party shall be entitled to its attorney's fees and costs incurred in any post-judgment proceedings to

collect or enforce any judgment. This provision is separate and shall survive the merger of this provision into any judgment on this Agreement.

12.9 *Counterparts*. This Agreement may be executed on separate counterparts that, upon completion, may be assembled into and shall be construed as one document.

12.10 *Severability*. This Agreement shall be performed and shall be enforceable to the full extent allowed by applicable law, and the illegality, invalidity, waiver, or unenforceability of any provision of this Agreement shall not affect the legality, validity, applicability, or enforceability of the remaining provisions of this Agreement.

12.11 *Notice*. All notices, demands, approvals, or consents provided for in this Agreement shall be in writing and delivered to the appropriate Party at its address as follows:

If to the City:

Director of Development Services
City of Escondido
201 N. Broadway
Escondido, CA 92025

If to Owner:

Eliud Vicente Lopez and Consuelo Lopez
455 Bear Valley Pkwy
Escondido, CA 92025

Any notice, delivery, or other communication shall be effective and shall be deemed to be received by the other Party within five business days after the notice has been deposited in the U.S. Mail, duly registered or certified, with postage prepaid, and addressed as set forth above. Any Party may change the address information provided above by giving written notice to the other Party in the manner provided in this Agreement.

12.12 *Covenants Run with Land*. So long as this Agreement remains in effect, the obligations and benefits provided for in this Agreement shall run with the land obligated and benefited, respectively, and shall be binding on all parties having or acquiring any right, title, or interest in the Property or any part thereof. As such, it is the intent of the Parties that this Agreement and the promises, covenants, rights, and obligations set forth herein (i) shall be and are covenants running with the Property, encumbering the Property for the term of this Agreement, binding upon the Owner's successors in title and all subsequent owners and operators of the Property; (ii) are not merely personal covenants of the Owner; and (iii) shall bind the Owner and its respective successors and assigns during the term of this Agreement. Further, the Owner shall ensure that any future transfer of interest in the Property is made subject to the terms of this Agreement, such that any future successor in title or owner or operator of the Property shall be bound by the terms herein.

12.13 *Effective Date*. Unless a different date is provided in this Agreement, the effective date of this Agreement shall be the latest date of execution set forth by the names of the signatories below.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, this Agreement is executed by the Parties or their duly authorized representatives as of the Effective Date:

CITY OF ESCONDIDO

Date: _____ By_____
Dane White, Mayor

OWNER(s)

Date: _____ By_____
Eliud Vicente Lopez

Date: _____ By_____
Consuelo Lopez

(ABOVE SIGNATURES MUST BE NOTARIZED; ACKNOWLEDGMENT PAGES FOLLOW)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
Michael R. McGuinness, City Attorney

_____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA]

COUNTY OF _____]

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (Seal)

City of Escondido

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA]

COUNTY OF _____]

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (Seal)

(OWNER)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA]

COUNTY OF _____]

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (Seal)

(OWNER)

Exhibit A

Legal Description of Property

Exhibit B

Conditional Approval Letter

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AGENDA REPORT
Consent | Information

March 3, 2025

TO: Chair Whitburn and Commissioners

FROM: Meghan Traynor, Local Government Analyst I
Priscilla Mumpower, Assistant Executive Officer

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

SUMMARY

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

BACKGROUND

Processing Procedures and Timelines

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

Administration
Keene Simonds, Executive Officer
2550 Fifth Avenue, Suite 725
San Diego, California 92103
T 619.321.3380
E lafco@sdcounty.ca.gov
www.sdlafco.org

Joel Anderson, County of San Diego
Jim Desmond, County of San Diego
Vacant, 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 Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

DISCUSSION

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

With respect to current activities, there are 33 active proposals on file with LAFCO. This amount is divided between 25 proposals in administrative review and pending Commission hearing with the remaining eight involving conditional approvals that are awaiting recordation. Staff also identifies seven pending and otherwise substantive proposals based on ongoing communications with their proponents. All active and pending proposals are detailed as part of Attachment One.

ANALYSIS

None.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

None.

PROCEDURES

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

On behalf of the staff,

Meghan Traynor
Local Government Analyst I

Attachment:

1) Active and Pending Proposals as of February 24, 2025

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

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

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

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
8	SA19-26 RO19-26 OAS19-26	"Valiano - Eden Valley Reorganization" - City of Escondido: Extraterritorial Sewer - City of Escondido: Sphere Amendment (+) - San Marcos FPD: Annexation - Rancho Santa Fe FPD: Detachment - Rancho Santa Fe FPD: Sphere Amendment (-) - Rancho Santa Fe FPD: Extraterritorial Fire	Michaela Peters	New application jointly submitted January 2025 by landowner petition and the City of Escondido involving a reorganization and out-of-agency service agreement as part of the "Valiano" planned development in Harmony Grove. The reorganization involves the concurrent annexation of approximately 9.2 unincorporated acres to San Marcos FPD with detachment from Rancho Santa Fe FPD and related sphere amendments. The out-of-agency service agreement approval request involves the extension of wastewater from the City of Escondido for approximately 80.7 unincorporated acres with related sphere amendments to add to Escondido and remove from San Marcos. The proposal is currently under administrative review with discussions remaining active.
9	CO21-09	"Otay Lakes Road Change of Organization" - City of Chula Vista: Annexation	Michaela Peters	Application submitted in October 2022 by landowner petition to annex approximately 1,870 acres of unincorporated territory to the City of Chula Vista. (The petitioners originally filed an application in October 2021 seeking approval to annex into the San Diego County Sanitation District. This previous application has since been withdrawn.) The affected territory comprises 6 parcels within the Baldwin and Moller communities and is presently undeveloped. The proposal is intended to facilitate the development of a 1,938 residential subdivision with various ancillary uses as part of the "Otay Ranch Resort Village 13" project. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant – including an agreement with LAFCO to proceed with a targeted/informing municipal service review. Discussions remain active.
10	CO22-04	"AJX Homes - Carmichael Change of Organization" - City of La Mesa: Annexation - City of La Mesa: Sphere Amendment (+) - San Miguel FPD: detachment - San Miguel FPD: Sphere Amendment (-)	Michaela Peters	Application submitted in February 2022 by landowner petition and involves annexation of approximately 0.3 acres to City of La Mesa for wastewater service. The affected territory is developed with a single-family residence and the landowner intends to update the existing site from a septic system to a public wastewater system. The application is incomplete pending receipt of additional documentation from the proponent. Discussions remain active.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
11	CO22-08	"Martinez - North Avenue Reorganization" - City of Escondido: Annexation - County Service Area No. 135: Detachment - Deer Springs Fire Protection District: Detachment	Joelle Burila	Application submitted in April 2022 by landowner petition and involves an outside-of-agency service agreement for wastewater services to a single-family residence totaling 0.25 acres as a remedy to a failing septic system. The Executive Officer administratively approved the service request on May 3, 2022 with a conditional approval to annex into the City of Escondido. The application is incomplete pending receipt of additional documentation and related information. Discussions remain active.
12	RO22-11	"Tummala - Rincon MWD Reorganization" - Rincon del Diablo MWD: Annexation - Metropolitan Water District: Annexation - San Diego CWA: Annexation	Michaela Peters	Application submitted in October 2022 by landowner petition and involves annexation of approximately 20 acres of unincorporated territory to make available public water services. The affected territory is currently vacant and undeveloped. The proposal's purpose is to position the landowner to proceed in the future with a development plan with the County of San Diego. The submitted proposal application is incomplete pending receipt of additional documentation and related information. Discussions remain active.
13	CO23-11	"Nencini Associates Change of Organization" - San Diego County SD: Annexation	Michaela Peters	Application submitted in July 2023 by landowner petition and involves annexation of approximately 20.6 acres to the San Diego County Sanitation District (SD) for the primary purpose of establishing wastewater service. The affected territory is partially developed with one single-family residence, with plans to develop an additional 7 single-family residences through subdivision. Conditional approval for future annexation to the City of Chula Vista is recommended. The proposal is currently under administrative review and is considered incomplete at this time. Discussions remain active.
14	RO23-12	"Twin Oaks Valley Winery Reorganization" - Vallecitos WD: Annexation - Vista ID: Detachment	Michaela Peters	Application submitted in September 2023 by landowner petition and involves annexation of approximately 4.35 acres to the Vallecitos Water District to establish both potable water and wastewater services. The affected territory is developed with one single-family residence, with plans to develop a full-service winery – including a tasting room, wine production space, restroom(s), etc. The proposal is currently under administrative review with the expectation of expanding the scope to include detachment from Vista ID. Discussions remain active.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
15	CO23-15	"Maclachlan - Old Highway 80 Change of Organization" - San Diego County SD: Annexation	Michaela Peters	Application submitted in December 2023 by landowner petition and involves annexation of approximately 0.60 acres to the San Diego County Sanitation District for the primary purpose of establishing wastewater service. The affected territory is currently undeveloped with plans of developing a commercial building and parking lot. The proposal is currently under administrative review with discussions remaining active.
16	OAS24-06	"Iannacone - La Cruz Drive Contractual Service Agreement" - City of La Mesa: OAS	Michaela Peters	Fee submitted in March 2024 with an intent to file an application involving an out of agency service agreement to establish wastewater services to a single-family residence to remedy to a failing septic system. The proposal application is incomplete pending receipt of a complete application and related information. Discussions remain active.
17	RO24-07	"Lake Wohlford Resort Reorganization" - Valley Center MWD: Annexation	Meghan Traynor	Fee submitted in March 2024 for an anticipated reorganization application involving annexation of approximately 127 acres to the Valley Center Municipal Water District for the purpose of receiving potable water service. The affected territory is presently developed with 137 mobile homes and one restaurant currently served by an onsite water system. The proposal application is incomplete pending receipt of a complete application and related information. Discussions remain active.
18	CO24-09	"Huang – Mt. Whitney Road Change of Organization" -Rincon MWD | Wastewater Service Area: Annexation -Rincon MWD | Wastewater Service Area: Sphere Action (+)	Meghan Traynor	Application submitted in August 2024 by landowner petition and involves annexation of approximately 0.91 acres to the Rincon del Diablo Municipal Water District for the primary purpose of establishing public wastewater service. The affected territory is presently undeveloped with plans to develop a single-family residence. The proposal is scheduled for consideration by the Commission at its March 3, 2025 meeting.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
19	RO24-13	"Cavanaugh – Linda Vista Drive Reorganization" - Vallecitos WD: Annexatoin - Vallecitos WD: Sphere Action (+)	Joelle Burila	Application submitted in August 2024 by landowner petition and involves annexation of an approximate one-acre parcel in the City of San Marcos to the Vallecitos Water District for the primary purpose of establishing wastewater service. The affected territory is presently undeveloped with plans to develop both a single-family residence and detached garage. The proposal is currently under administrative review with discussions remaining active.
20	CO24-14	"Quarry Road LLC Change of Organization" - San Diego County SD: Annexation	Meghan Traynor	Application submitted in September 2024 by landowner petition and involves annexation of approximately 10.7 acres to the San Diego County Sanitation District for the primary purpose of establishing wastewater services. The affected territory is currently undeveloped with plans of developing a commercial storage facility. The proposal is currently under administrative review with discussions remaining active.
21	SRO24-15	"La Jolla Incorporation" - La Jolla: Incorporation - City of San Diego: Detachment - City of San Diego: Sphere Action (-)	Priscilla Mumpower	Notice of Intent to Circulate Petition was submitted May 2024 in anticipation of a special reorganization application filing. The proposal will involve the detachment of 8,371 acres from the City of San Diego and the incorporation of the community of La Jolla along with conforming sphere of influence amendments. A draft fiscal impact analysis report is currently underway by the proponents – Association for the City of La Jolla (501c3) – to determine whether La Jolla could obtain cityhood and be economically sustainable on its own. Proponents met their December 2024 deadline and successfully collected 25% of registered voters. Proponents submitted petition for validation along with other application materials – including an initial deposit. Submitted signatures are being verified at the Registrar of Voters as of February 10, 2025.
22	CO24-17	"Biermann – N Ash Street Change of Organization" - City of Escondido: Annexation	Meghan Traynor	Application submitted in October 2024 by landowner petition and involves annexation of 0.74-acre parcel in unincorporated territory to the City of Escondido for the purpose of receiving wastewater service. The subject parcel is currently developed with one single-family residence. The request for public wastewater is to accommodate a lot split with a proposed development of an additional SFR and two ADUs. The proposal is currently under administrative review with discussions remaining active.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
23	OAS25-02	"Garza – Touchstone Communities Out-of-Agency Wastewater Services" - City of Escondido: OAS	Michaela Peters	Application submitted in January 2025 by the City of Escondido for an out-of-agency service agreement involving a 10.35-acre unincorporated parcel currently developed with one single family residence. The proposal is intended to facilitate the development of a 42-unit single-family residential subdivision by "Touchstone Communities" and abate an impending public health and safety threat given the size of the proposed development. The proposal is currently under administrative review with discussions remaining active.
24	OAS25-03	"Lopez – Bear Valley Parkway Out-of-Agency Wastewater Services" - City of Escondido: OAS	Joelle Burila	Application submitted in January 2025 by the City of Escondido on behalf of the landowner requesting an out of agency service agreement to establish wastewater services to a property developed with a single-family residence and ADU totaling 1.37 acres to remedy to a failing septic system. The Executive Officer administratively approved the service request on February 7, 2025. The proposal is scheduled for consideration as a consent item as part of the Commission's March 3, 2025 meeting.
25	OAS25-04	"Lank – Poinsettia Avenue Out-of-Agency Wastewater Services" - Buena SD: OAS	Meghan Traynor	Application submitted in January 2025 by the Buena Sanitation District on behalf of the landowner requesting an out-of-agency service request for wastewater services to a single-family residence on 0.51 acres to support the development of an additional single-family residence (800 sq ft) and two ADUs (each 1000 sq ft). The proposal is scheduled for consideration as a business item as part of the Commission's March 3, 2025 meeting.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSALS | POST COMMISSION ACTION				
26	SA16-20 LP16-20	"CSA 135 Islands Reorganization" - CSA 135 – LP Fire Area: Latent Powers Expansion - Bonita-Sunnyside FPD: Annexation - Lakeside FPD: Annexation - San Miguel FPD: Annexation - Ramona MWD: Annexation	Staff	Proposal submitted November 2016 by resolution of the San Diego County Fire Authority. Involved annexation of remaining unserved Islands 2, 3, and 4 via reorganization of local fire service territory among five local agencies: CSA 135; Bonita-Sunnyside FPD; Lakeside FPD; Ramona MWD; and San Miguel FPD. Reorganization involved annexation to the subject agencies and expansion of CSA No. 135's latent powers to provide fire protection and emergency medical services to three unincorporated and unserved island areas totaling approximately 21,048 acres. Conforming amendments to add the affected territory to the subject agencies' spheres of influence were also required. The reorganization proposal was approved February 4, 2018 and is now pending recordation once all terms are satisfied. A noticed protest hearing was held on March 13, 2019 at the LAFCO office. No protest was received by affected registered voters or landowners. Other terms remain pending.
27	LP(E)19-27	"Fallbrook PUD Latent Powers Expansion" - Activation: Park and Recreation - Activation: Street Lighting - Activation: Roads	Priscilla Mumpower	Application submitted in November 2019 by resolution from the Fallbrook Public Utility District (PUD) seeking approval to activate specified latent powers throughout its jurisdictional boundary (28,193 unincorporated acres). Requested power activations involve park and recreation, street lighting, and roads with the former intended to supplement existing park and recreation services provided in the region by the County of San Diego via County Service Area No. 81. The proposal was approved by the Commission on April 4, 2022, and now pending recordation once all terms are satisfied. A noticed protest hearing was held on May 31, 2022 and continued to June 14, 2022 at the Fallbrook PUD. Not enough protest was received by affected registered voters or landowners. Other terms remain pending.
28	CO22-20	"Camino De La Fuente - Wick Change of Organization" - San Diego County SD: Annexation	Michaela Peters	Application submitted in November 2022 by landowner petition and involves annexation of approximately 35.3 acres of unincorporated territory to the San Diego County Sanitation District to make available public water and wastewater services. The affected territory is currently vacant and undeveloped. The proposal's purpose is to position the landowner to proceed in the future with a development plan to grade the land for future industrial and outdoor storage uses. The proposal was approved by the Commission on October 2nd, 2023. The applicant has requested a formal extension to September 18th, 2025 in order to satisfy the necessary terms and conditions outlined in the adopted resolution.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
29	CO24-05	"O'Ryan – Calavo Drive Change of Organization" - Otay WD: Annexation - Otay WD: Sphere Action (+)	Michaela Peters	Application submitted in February 2024 by landowner petition and involves annexation of approximately 0.30 acres to the Otay Water District for the primary purpose of establishing public wastewater service. The affected territory is presently undeveloped with plans to develop a single-family residence and an accompanying accessory dwelling unit (ADU) in addition to a proposed 8.11-acre modification to include the public right-of-way along Avocado Blvd. The proposal was approved by the Commission on October 7, 2024 and now pending completion of terms and conditions as set forth by the Commission.
30	OAS 24-08	"Shen – Pinecrest Ave Out-of-Agency Service Agreement" - City of Escondido: OAS	Meghan Traynor	Application submitted in August 2024 by landowner petition involving an out of agency service agreement to establish wastewater services to a single-family residence totaling 1.09 acres to remedy to a failing septic system. The Executive Officer administratively approved the service request on September 6, 2024. The proposal was approved as a consent (information only) item as part of the Commission's October 7, 2024 and now pending completion of terms and conditions as set forth by the Commission.
31	OAS24-12	"Delgado-Andrade – 24th Street Outside-of-Agency Service Agreement" - City of National City: OAS	Joelle Burila	Application submitted in August 2024 by landowner petition involving an out-of agency service request for wastewater services to a single-family residence on less than an acre as a remedy to a failing septic system. The Executive Officer administratively approved the service request on October 23, 2024. The proposal was approved as a consent (information only) item as part of the Commission's November 4, 2024 meeting and now pending completion of terms and conditions as set forth by the Commission.
32	OAS25-01	"Hallam – Lovely Lane Out-of-Agency Service Agreement" - Buena Sanitation District: OAS	Meghan Traynor	Application submitted in January 2025 by landowner petition involving an out of agency service agreement to establish wastewater services to a single-family residence totaling 0.67 acres to remedy a failing septic system. The Executive Officer administratively approved the service request on January 22, 2025. The proposal was approved as a consent (information only) item as part of the Commission's February 3, 2025 meeting and now pending completion of terms and conditions as set forth by the Commission.
33	RO19-04	"Ortega – Olde Highway 80 Change of Organization" - San Diego County SD: Annexation	Michaela Peters	*New application submitted in May 2024* by landowner petition to annex approximately 11.2 acres to the San Diego County Sanitation District for wastewater service. The affected territory comprises three parcels – two presently developed with existing office structures, parking spaces, and other accessory structures. The purpose of the proposal is to connect sewer services for a proposed office/warehouse building development. The proposal was approved by the Commission on February 3, 2025 and now pending completion of terms and conditions as set forth by the Commission.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
PENDING PROPOSAL APPLICATION SUBMITTALS (No project manager; inquiries should be directed to Keene Simonds)				
	Pending	"Harvest Hills Reorganization" - City of Escondido: Annexation		This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido. Submittal to LAFCO anticipated for late 2020-2021 if approved by Escondido. The anticipated proposal involves annexation of approximately 1,098 acres to the City for the primary purpose of developing a 550-lot residential subdivision. All the affected territory presently lies outside the adopted Escondido sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and other service-related issues have been communicated to the City and are currently under joint review with other local stakeholders. Project was originally titled as "Safari Highlands".
	Pending	"Rancho Lomas Verde Reorganization" - City of Vista: Annexation		This anticipated reorganization proposal is undergoing development and environmental review by the City of Vista. The proposal involves annexation of approximately 300 acres to the City of Vista and concurrent detachments from CSA 135 and the Vista FPD to facilitate a 153-lot residential development. Close to three-fourths of the project area lies outside the adopted Vista sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and other service-related issues have been communicated to the City and are currently under joint review with other local stakeholders.
	Pending	"Sager Ranch Reorganization" - City of Escondido: Annexation		This anticipated reorganization involves annexation of approximately 1,800 unincorporated acres to the City of Escondido and concurrent detachments from CSA 135 and the Valley Center FPD. The reorganization would facilitate the proposed development of approximately 200 acres to include 203 residential units and a 225-room resort. Portions of the project area lie outside the current City sphere. Fire protection service remains a key discussion point and the source of ongoing discussions with the proponents.
	Pending	"Harmony Grove Village South" (TM-626) - Rincon del Diablo MWD: Annexation		This anticipated reorganization involves the unincorporated Harmony Grove Village South project and specific to accommodating sewer services (among a variety of options) for the planned development of approximately 111 acres to include 453 residential units. On January 27, 2020 the San Diego Superior Court overturned the County's development approvals for the project. Appeals are pending with no update as of this report.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
	Pending	"Escondido Village – Unison Communities" - City of Escondido: Annexation		This anticipated reorganization involves annexation of approximately 17 unincorporated acres to the City of Escondido. The reorganization would facilitate connectivity to public wastewater service and in doing so accommodate the proposed development of approximately 200 residential units on the affected territory. The entire project lies within the City of Escondido sphere of influence. Complete application is pending.
	Pending	"Pasqual Heights – Touchstone Communities" - City of Escondido: Annexation		This anticipated out-of-agency service agreement involves approximately 10.4 unincorporated acres to the City of Escondido. The OAS would facilitate connectivity to public wastewater service and in doing so accommodate the proposed development of a 42-Single- Family unit subdivision within the affected territory. The entire project lies within the City of Escondido sphere of influence although not contiguous to the establish service area boundary. Complete application and letter of request via the City is pending.
	Pending	"Troy St. Sleeping Cabins" - Lemon Grove SD: Detachment - San Diego County SD: Annexation		The anticipated reorganization involves detaching from the Lemon Grove Sanitation District and annexing into the County of San Diego Sanitation District. The reorganization would accommodate a proposed project development and construction of approximately 80 sleeping cabins for use as emergency shelters for people experiencing homelessness. Discussions remain active.

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AGENDA REPORT
Consent | Information

March 3, 2025

TO: Chair Whitburn and Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer
Joelle Burila, Analyst I
Erica Sellen, Commission Clerk

SUBJECT: **Support Services Provided by the County of San Diego and Recent Costs**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an informational report on support services provided by the County of San Diego and associated reimbursement costs made over the last five fiscal years. The report responds to an earlier request by the Commission to detail the scope of support services contractually provided by the County to LAFCO and associated costs. As detailed, LAFCO annually budgets nine expense accounts dedicated to providing reimbursements to the County for various back-office support services that are broadly categorized as information technology (IT) and administrative overhead. The actual five-year average expense charged by the County has been $186,590 and equals approximately 10% of LAFCO's annual budget. The report is for information only with the opportunity for the Commission to pull for discussion as needed.

BACKGROUND

San Diego LAFCO's current agreement for support services with the County of San Diego was separately approved by the Commission and Board of Supervisors in June 2020. The agreement proceeds an earlier 1974 contract and establishes reimbursement terms for the County to provide certain services that collectively enable LAFCO's regular business activities. These support services are divided into two billing categories – IT and administrative overhead – 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 Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

largely recovered as part of a cost-allocation plan that charges LAFCO similarly to County Departments. The Superior Court and San Diego County Employees Retirement Association have similar support services agreements with the County.

A copy of the support services agreement is provided as Attachment One.

DISCUSSION

This item summarizes San Diego LAFCO's contracted support services from the County of San Diego and their associated reimbursement costs over the last five completed fiscal years. The item responds to a request made by Commissioner MacKenzie with concurrence from the rest of the Commission at the October 2024 meeting for staff to return with a future item detailing the agreement and associated costs. Staff has organized the proceeding discussion accordingly to summarize core services received by LAFCO and the actual costs – including detailing all nine expense accounts associated with transacting the support services agreement.

Summary of Services

San Diego LAFCO contracts with the County of San Diego to leverage resources and ensure access to specialized services that would be otherwise be costly and/or challenging to develop independently given current staffing levels. IT related services underlie a sizeable portion of LAFCO's work activities and include furnishing computers and ancillary equipment, software licensing, network communications, email, records management, and financial accounts management. These IT related services include 24/7 support and extend to LAFCO's customized electronic document management system (Application Xtender or AX) and geographic information system (GIS). Administrative overhead similarly supports LAFCO's day-to-day activities and include coordinating with Assessor and Auditor's Offices in processing proposals as well as holding regular Commission and Committee meetings at the County Administrative Center. LAFCO staff has not performed any cost-comparisons involving alternative services. Any meaningful comparison would presumably require considerable attention and merit placement on the workplan.

Summary of Expenses

The average annual actual reimbursement paid to the County over the last five completed fiscal years for IT and administrative overhead has been $186,590 and spread out over nine expense accounts.[1] This actual amount equals approximately 10% of the overall LAFCO budget during the same period. Close to three-fourths of the actual average – or $139,055 – involves IT reimbursements paid out of seven expense accounts that range in type from help desk calls to network usage. The remaining one-fourth of the period average – or $47,535 – involves administrative overhead reimbursements and paid out of two expense accounts covering

[1] This budget does not include additional County charges related to the use of a government vehicle, which is billed separately on a monthly basis per County policies.

general and mail services. With respect to trends, all but two of the nine total expense accounts have experienced reductions ranging from (21%) to (86%) over the five-year period. The two exceptions involve charges for desktop computing and mail services, which have increased by 5% and 47%, respectively. Overall, reimbursement expenses have decreased by (40%) – or ($95,299) – over the five-year period. A table tracking actual reimbursements over the last five years in all nine expense accounts follows along with summarizing details:

San Diego LAFCO |
Actual Reimbursements Paid to the County of San Diego

No.	Account	FY2020	FY2021	FY2022	FY2023	FY2024	Average	Change
52550	Overhead: General Services	$ 48,613	$ 40,739	$ 36,865	$ 31,431	$ 32,336	$ 37,997	-33.5%
52354	Overhead: Mail Services	$ 8,514	$ 7,747	$ 7,484	$ 11,448	$ 12,497	$ 9,538	46.8%
52721	IT Reimbursements: Network	$ 29,481	$ 30,983	$ 35,263	$ 17,519	$ 15,461	$ 25,742	-47.6%
52723	IT Reimbursements: Data Center	$ 29,173	$ 28,561	$ 27,780	$ 27,233	$ 22,936	$ 27,137	-21.4%
52725+ 52728	IT Reimbursements: Financial Systems	$ 51,838	$ 37,517	$ 72,731	$ 21,830	$ 23,405	$ 41,464	-54.8%
52732	IT Reimbursements: Desktop Computing	$ 24,941	$ 25,822	$ 19,076	$ 26,536	$ 26,256	$ 24,526	5.3%
52734	IT Reimbursements: Help Desk	$ 2,644	$ 2,240	$ 2,216	$ 2,033	$ 1,590	$ 2,145	-39.9%
52750	IT Reimbursements: Catalog Equipment	$ 40,278	$ 7,102	$ 22,401	$ 14,725	$ 5,703	$ 18,042	-85.8%
		$235,483	$ 180,710	$ 223,815	$ 152,756	$ 140,184	$ 186,590	-40.5%

- **Overhead: General Services (52550)**
  This expense account covers general overhead provided to LAFCO by any of the following County Departments: Auditor and Controller; Human Resources; Treasurer-Tax Collector; General Services; Public Works; Planning and Development Services; Assessor/Recorder/County Clerk; Registrar of Voters; and Information Technology. Actual annual expenses charged to this account have averaged $37,997 during the five-year report period with an overall change of (33.5%) from $48,613 to $32,336. This reduction is attributed to changes in the County's allocation of services across all Departments and contractors like LAFCO.[2]

- **Overhead: Mail Services (52354)**
  This expense account covers metered postage, registered mail, special delivery, and County mailstop services at the LAFCO office at 2550 Fifth Avenue. This also includes managing bulk mailouts associated with notices. Actual annual expenses charged to this account have averaged $9,538 during the five-year report period with an overall

[2] Allocation costs are determined by first identifying the allowable expenses of each department, which are then offset by any applicable grants or revenues received. After this adjustment, the remaining costs are distributed using a defined allocation base.

change of 46.8% from $8,514 to $12,497. This increase is primarily due to a higher volume of noticed hearings as well as distributing completed municipal service review prospectuses and other special publications.

- **IT: Network (52721)**
  This expense account covers a suite of related IT and telecommunication services. This includes cloud security tools, domain management, mobile device support, wired and wireless connectivity, VPN access, traditional telephone lines, voicemail, multi-line setups, and new site installations involving network cabling, infrastructure setup, and management oversight. Actual annual expenses charged to this account have averaged $25,742 during the five-year report period with an overall change of (47.6%) from $29,481 to $15,461. The account did experience a mid-point rise from FY2021 to FY2022 due to the installation of new IT infrastructure when LAFCO moved its office from the County Operations Center to Bankers Hill. The overall reduction in costs is attributed to a decrease in network services.

- **IT: Data Center (52723)**
  This expense account provides various IT support services covering remote work, software development and testing, and emails as well as providing data storage – including providing daily backups. Actual annual expenses charged to this account have averaged $27,137 during the five-year report period with an overall change of (21.4%) from $29,173 to $22,936. The overall reduction is attributed to a decrease in infrastructure services.

- **IT: Financial Systems (52725 & 52728)**
  This expense account provides various IT support services covering licensed third-party software programs like Oracle, SharePoint[3] and Application Xtender (AX). The former – Oracle – is continually used by LAFCO in managing accounts payable/receivable while the latter – AX – is a searchable database that stores all historical LAFCO documents with the County responsible for maintenance and security. Actual annual expenses charged to this account have averaged $41,464 during the five-year report period with an overall change of (54.8%) from $51,838 to $23,405. The overall reduction is attributed to a decline in maintenance services for AX after its comprehensive update in 2022.

- **IT: Desktop Computing (52732)**
  This expense account covers all device services. This includes providing LAFCO with desktop workstations, laptops, and printers as well as ancillary equipment. All devises issued to LAFCO remain under the ownership of the County. Actual annual expenses charged to this account have averaged $24,526 during the five-year report period with

[3] SharePoint is a Microsoft web-based platform for website design, document management, collaboration, and workflow automation that enables secure data sharing, intranet development, and streamlined operations.

an overall change of 5.3% from $24,941 to $26,256. The increase is largely attributed to an additional LAFCO employees and corresponding need for additional devises.

- **IT: Help Desk (52734)**
  The expense account provides technical support as needed for all related network, data and backup, licensed software, and devises. These services are available on a 24/7 basis and can be initiated by phone, email, or an online portal. Actual annual expenses charged to this account have averaged $2,145 during the five-year report period with an overall change of (39.9%) from $2,644 to $1,590. The reduction in expenses indicates a lower demand for helpdesk services during this period.

- **IT: Catalog Equipment (52750)**
  This expense account covers subscription purchases and related fees for third-party services, including hardware, software, maintenance, upgrades, and licenses. Actual annual expenses charged to this account have averaged $18,042 during the five-year report period with an overall change of (85.8%) from $40,278 to $5,703. This reduction is mainly due to a decrease in office equipment following the LAFCO office move, which resulted in fewer printers, desktop stations, and phones.

In summary, over the past five fiscal years, most County support service expenses have declined, with notable reductions in Financial Systems (54.8%), Catalog Equipment (85.8%), Network (47.6%), and General Overhead (33.5%). These decreases are primarily due to reduced service needs and changes in how resources are allocated across County Departments. Costs for the Help Desk (39.9%) and Data Center (21.4%) have also declined, reflecting a reduction in infrastructure services and support requests. However, Desktop Computing expenses increased by 5.3%, driven by changes in employee numbers and necessary equipment inventory. County Mail Services saw a 46.8% rise, largely due to an increase in mailing volume. Overall, County support service expenses have decreased by (40%).

ANALYSIS

None.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

None.

PROCEDURES

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

On behalf of the Assistant Executive Officer,

Joelle Burila

Joelle Burila
Analyst I

Attachment:
1) Support Services Agreement with County of San Diego, June 2020

AGREEMENT BETWEEN THE COUNTY OF SAN DIEGO AND SAN DIEGO LOCAL AGENCY FORMATION COMMISSION REGARDING THE PROVISION OF SERVICES AND PAYMENT OF COSTS

This Agreement is made and entered into effective as of the date of the last signature on the signature page by and between the County of San Diego, a political subdivision of the State of California ("COUNTY") and the San Diego Local Agency Formation Commission, a subdivision of the State of California ("LAFCO"), with reference to the following facts:

RECITALS

WHEREAS, the COUNTY is a political subdivision of the State;

WHEREAS, LAFCO is a body corporate and politic and a subdivision of the State pursuant to California Government Code section 56000 et seq.;

WHEREAS, on June 21, 1974 LAFCO and the COUNTY, through their respective executive officers, entered into a Memorandum of Understanding ("1974 MOU") outlining certain services the COUNTY would provide LAFCO;

WHEREAS, on or around February 8, 1994 LAFCO and the COUNTY entered into a Letter of Agreement ("Letter Agreement") for the purpose of underwriting and administering workers' compensation benefits by the COUNTY for employees of LAFCO;

WHEREAS, the COUNTY provides numerous services to LAFCO which are not articulated in either the 1974 MOU and Letter Agreement described above; and

WHEREAS, LAFCO and the COUNTY desire to memorialize the services the COUNTY currently provides to LAFCO and set forth the terms and conditions for those services to be provided in the future;

NOW, THEREFORE, the COUNTY and LAFCO agree as follows:

I. PURPOSE

This Agreement is entered into by the COUNTY and LAFCO to establish the provision of services and payment of costs of services as allowed under Government Code section 56380.

II. CONTROLLING AGREEMENT

The 1974 MOU, Letter Agreement and any other previous agreement entered into by the Parties for the COUNTY services expressly articulated in this Agreement are terminated and this Agreement shall control.

III. COUNTY SERVICES PROVIDED

Except as expressly provided, COUNTY services performed pursuant to this Agreement will be performed pursuant to and in compliance with all COUNTY rules and policies, including but not limited to San Diego County Administrative Code, San Diego County Regulatory Code, San Diego County Board Policies, and the CAO Administrative Manual.

A. Auditor and Controller shall provide the following services:

1. Process biweekly payroll that includes, but is not limited to, managing Kronos timecards, benefits, lump sum/one-time payments, payroll adjustments, remit payroll taxes and deductions, W-4/DE4 cards, garnishments, direct deposits, and advices/warrants.

2. Issue year-end W-2/W-2c forms.

3. Prepare the annual State Controller's Office Government Compensation in California (combined with the COUNTY).

4. Respond to and produce Public Records Act requests which may include or pertain to LAFCO records.

5. Produce annual payroll data for LAFCO's internal/external auditor to comply with GASB 68 ("Covered Payroll and Employee/Employer Retirement Contributions") and GASB 75 reporting ("OPEB data").

6. Assist LAFCO's outside CPA firm as needed for accounting procedures and payroll billing.

7. Process DART – Deposits.

8. Support ERP systems and access for LAFCO employees.

B. Department of Human Resources ("DHR") shall provide the following services:

1. Ad Hoc reports regarding personnel issues (i.e., retirement eligibility, seniority point lists, HR/MIS reports).

2. Employee Benefit administration and related services pursuant to the COUNTY's current benefits program.

3. Medical Standard services including pre/post-employment and fitness for duty medical exams.

4. Employee Assistance Program services.

5. Workers' Compensation claims administration and related services pursuant to the COUNTY's workers' compensation program. LAFCO shall pay all claims costs attributable to LAFCO employees at the Cost Commission approved rate for administration of those claims.

C. Treasurer-Tax Collector ("TTC") shall provide treasury and deferred compensation services.

D. Office of County Counsel may, but is not legally required, upon request of the Executive Director, to provide:

1. Ongoing legal consultation, e.g., review and approval of memos and resolutions, contracts.

2. Initial and on-going consultation with LAFCO staff regarding LAFCO functions.

3. Review of documents and procedures.

4. Any other legal services that may otherwise be requested and agreed to be performed.

E. Department of General Services ("DGS") shall, upon request of designated LAFCO staff, in accordance with COUNTY policies, provide various facilities and fleet management services, to be charged in accordance with Section II. General Terms and Conditions, unless otherwise noted. With written notice to LAFCO, DGS may contract these services out. LAFCO agrees to pay the actual cost for performance of the services that are contracted out. These services include, but are not limited to:

1. Providing real estate services.

2. Providing construction, renovation, repair, operations, and maintenance of facilities, including access to buildings and mail services.

3. Providing fleet management provided that the COUNTY is named on the title of the vehicles, including vehicle procurement and disposal, vehicle accident repairs, commercial repairs, vehicle repairs and preventative maintenance, and fueling.

F. Department of Public Works ("DPW") shall provide cartographic services including production of facilities signs of various types (identification, directional, etc.), as requested by LAFCO.

G. Planning & Development Services ("PDS") shall provide Geographic Information Systems ("GIS") services including maps, as requested by LAFCO.

H. Assessor/Recorder/County Clerk ("ARCC") when performing services requested by LAFCO shall charge at the rates charged to any other public agency.

I. Registrar of Voters ("ROV") shall provide work, as requested by LAFCO at the rates charged to any other public agency.

J. Information Technology ("IT") Services shall be provided by the COUNTY through the COUNTY's Information Technology Outsourcing Contractor as authorized by COUNTY staff processing approval authority for IT services. The cost for these services, including all overhead costs shared by all participating COUNTY departments, will be charged to LAFCO via the iTrack billing system. LAFCO shall follow all current and future COUNTY IT policies, governance, and policies and processes as set forth by the COUNTY.

IV. GENERAL TERMS AND CONDITIONS

A. Payment for Services shall be provided as follows:

1. Except as otherwise provided, charges for services to LAFCO will be billed monthly and shall include estimated annual services billed based on the Cost Allocation Plan including the roll forward computation as set forth in the annual Cost Allocation Billing spreadsheet. Services provided that are not allocated via the Cost Allocation Plan will be directly billed using a method agreed upon by both parties.

i. Internal Service Funds

The LAFCO will pay the COUNTY for its services from COUNTY Internal Service Fund Departments at the normal and customary rate which is the sum total of the LAFCO's payment obligation.

ii. San Diego County Employees Retirement Association ("SDCERA")

If applicable, administrative costs charged by the SDCERA will be apportioned to the LAFCO based on the number of LAFCO employees.

iii. County Counsel

LAFCO agrees to pay for services it receives pursuant to the adopted rates in effect at the time the services are performed. LAFCO agrees to pay actual costs of any outside counsel services rendered specifically for any LAFCO business.

iv. PDS

LAFCO agrees to pay for services it receives pursuant to the adopted rates in effect at the time the services are performed. LAFCO agrees to pay actual costs of any GIS services rendered specifically for any LAFCO business.

B. LAFCO's responsibilities shall be as follows:

1. LAFCO and the COUNTY agree that the foundation of this Agreement is that the LAFCO will pay a fair and equitable amount for the services provided by the COUNTY to LAFCO. The parties agree that payment arrangements which support this foundation include direct billing, agreements based on set amounts for services, or billing through A-87 methodologies. The LAFCO and the COUNTY agree that all costs for services provided to LAFCO by the COUNTY shall be fairly and equitably determined in a manner consistent with this Agreement.

2. LAFCO shall be responsible for LAFCO's share of pension obligation bond ("POB") payments, the LAFCO's share of retirement system contributions, LAFCO's share of the annual required contribution ("ARC") (pursuant to GASB 45) and to the SDCERA 401(h) account to fund post-employment healthcare. LAFCO's share of retirement system contributions shall be based on LAFCO's "retirement gross" payroll, the retirement system contribution rates adopted on an annual basis by the Board of Supervisors, and employee contribution offset rates as established in the COUNTY's compensation ordinance for LAFCO employees. LAFCO's share of the post-employment health care ARC shall be a function of LAFCO's permanent employees' salary costs and a post-employment health care payroll charge rate set by the Auditor and Controller on an annual basis for non-safety COUNTY employees. Such charge rate may be adjusted during the year to ensure that the ARC is met.

3. Pension Obligation Bonds: LAFCO shall continue to be responsible for LAFCO's share of existing POB payments. The COUNTY shall provide the POB charge rate to LAFCO ten (10) business days prior to the payday in which it will be effective. If there is a proposed change to the methodology used to determine LAFCO's share of pension obligation bond payments (described in the POB Payroll Rate Methodology section below), the COUNTY will work reasonably with the LAFCO to determine its share of the obligation payments.

    i. LAFCO shall make the POB payment for each payroll cycle on LAFCO paydays.

    ii. If LAFCO provides a third party payroll, the third party payroll shall report in Microsoft Excel format for all permanent employees including all employee names, employee ID, paid actual hours worked, paid time off, premium pay, overtime pay, retirement compensable earnings, and POB contribution. This report shall be provided to the LAFCO for each payroll cycle no later than two (2) business days after LAFCO paydays. Except as required by law, all information contained in this report is to be kept confidential. Except as required by law, COUNTY agrees to maintain the confidentiality of information received from LAFCO or its designated third party during and after the performance of this Agreement, including but not limited to personal information, such as social security numbers. Except as required by law, COUNTY and its employees and representatives shall not disclose, disseminate, transmit, publish, distribute, make available, or otherwise convey confidential information contained in these reports

without LAFCO's prior written consent, for any purpose other than the performance of this Agreement. Except as required by law means the COUNTY is required to disclose records or portions thereof due to federal or state laws, regulations, judicial, or administrative process, including subpoenas. COUNTY will give LAFCO notice of any requests for disclosure prior to releasing any confidential information to a third party.

iii. The COUNTY reserves the right to make reasonably necessary changes to the required file format and the information requested in the payroll report until POB obligation has been paid off.

iv. POB PAYROLL RATE METHODOLOGY

a. LAFCO's share of pension obligation bond payments shall be a function of the LAFCO's permanent employees' salary costs and the POB payroll charge rate set by the Office of Financial Planning on an annual basis for non-safety COUNTY employees. There is no separate rate established for LAFCO only, the rate to the LAFCO is the same as the rate charged for non-safety COUNTY employees. The objective of the payroll charge rate is to collect amounts required to fund annual debt service payments. Therefore, the payroll charge rate may be adjusted during the year based on actual payroll trends to ensure that the budgeted contribution is met and not exceeded.

b. Due to the potential for changes in payroll each pay-period; there is an inherent possibility that there will be a balance remaining or due to the POB fund at year end. The balance in the POB fund from all sources shall be appropriated in the following fiscal year's POB obligation budget. Remaining balances or amounts due to the POB fund shall be incorporated to either discount or increase the subsequent fiscal year payroll charge rate. The amount to be credited in the event of an over-collection or collected in the event of an under-collection will be calculated based on the weighted average of the required contribution from each entity and shall be applied to the POB fund as a whole and not separately. In addition, in order to account for the overlapping payroll periods at COUNTY's fiscal year-end, an accrual basis accounting shall be used. When the POBs have completely matured, any balances remaining or due to the POB fund shall be either returned to or due from contributing entities based on the weighted average of the required contribution of each entity.

4. State Unemployment Insurance ("SUI")

i. Claims

a. Claims for SUI submitted by LAFCO employees that are accepted and paid by the Employment Development Department ("EDD") will be applied to the COUNTY'S account. The COUNTY will then be obligated to make the

payments as these employees' payroll information was submitted under the COUNTY'S EDD/SUI account number.

b. LAFCO shall reimburse the COUNTY for the actual amount and A-87 costs billed to the COUNTY by EDD for each LAFCO employee.

ii. Reimbursement

a. The COUNTY shall invoice LAFCO on a quarterly basis and the invoice will include copies of the claim documents payment was based on. LAFCO shall reimburse the COUNTY within 30 days of the invoice and supporting documentation being received. The supporting documentation must include actual costs, recipient names, and all documentation relating to the payments that the COUNTY receives from the EDD.

b. Reimbursement of A-87 costs shall not be duplicative of A-87 costs already being charged to LAFCO by the COUNTY.

C. Billings from both parties shall be accompanied by sufficient expenditure detail to confirm the validity of the cost charges, and each party shall cooperate in clarifying any billing issues. Both parties shall provide with each billing an invoice for the billing amount. Unless otherwise specified, the services set forth in this Agreement shall be billed quarterly and paid for on or before the 10th business day following the billing.

D. In the event that either party disputes charges billed, the disputing party shall provide written notice to the coordinator designated in section IX of this Agreement within fifteen (15) business days of the receipt of the bill. The disputing party shall pay the undisputed portion of the bill in accordance with the payment terms described in the attached appendices.

E. Fiscal year-end overpayment refunds due to a party shall be credited during the first quarter payment for the succeeding fiscal year, if any, or otherwise refunded by a party no later than August 15 of the subsequent fiscal year. Any underpayment balance due to a party shall be paid no later than August 15 of the subsequent fiscal year.

F. Both parties shall be in conformity with all applicable federal, state, COUNTY and local laws, rules, and regulations, current and hereinafter enacted.

V. INDEMNIFICATION

A. LAFCO shall indemnify the COUNTY, its officers, directors, employees and agents ("Indemnified Parties") for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the COUNTY's acceptance or administration of the COUNTY's performance of services provided in this Agreement, except any loss, liability or expense as may be adjudged by a court of competent jurisdiction to be attributable to the COUNTY's negligence or willful misconduct,

including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

B. The duty of LAFCO to indemnify and save harmless as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code and survive the termination of this Agreement.

VI. TERM

This Agreement shall be effective on the date on which the last of the Parties sign it, and shall remain in effect until amended by the parties, in writing, or terminated by either party subject to the following notice provisions:

A. This Agreement may be terminated by either Party without cause by providing a one-year written notice of termination to the other Party.

VII. SEVERABILITY.

Should any part of this Agreement be held to be invalid by a court of competent jurisdiction, the remainder of the Agreement shall be considered as the whole Agreement and shall be binding on the parties to the Agreement.

VIII. AMENDMENTS

Amendments to the Agreement may be made at any time only upon written approval of all parties.

IX. DESIGNATION OF CONTRACT REPRESENTATIVES

The COUNTY hereby designates its Deputy Chief Administrative Officer, Finance and Government Group, as Contract Representative for the COUNTY under this Agreement. LAFCO hereby designates LAFCO's Executive Officer as the Contract Representative for LAFCO under this Agreement.

X. NOTICES

Unless specifically stated to the contrary, any notices required or permitted hereunder shall be in writing and may be personally delivered; or delivered by mail by depositing such notice in the United States mail, first-class postage prepaid; or delivered by reputable overnight delivery service (such as Federal Express, UPS or DHL); addressed as follows or to such other place as each party may designate by subsequent written notice to each other.

To the LAFCO: LAFCO
9335 Hazard Way, Suite 200
San Diego, California 92123

To the COUNTY: Deputy Chief Administrative Officer, Finance and General Government Group
1600 Pacific Highway, Suite 166
San Diego, California 92101

A notice shall be effective on the date of personal delivery, if personally delivered before 5:00 p.m. on a business day, or otherwise on the business day following personal delivery; or two (2) business days following the date the notice is postmarked, if mailed; or on the day following delivery to the applicable overnight courier, if sent by overnight courier for next business day delivery; and otherwise when received.

XI. TIME OF PERFORMANCE

Unless specifically stated to the contrary, all references to days herein shall be deemed to refer to calendar days. If the final date for payment of any amount or performance of any act falls on a Saturday, Sunday or holiday, such payment shall be made or act performed on the next succeeding business day. Unless specifically stated to the contrary, all references to business days herein do not include LAFCO or COUNTY holidays.

XII. COMPLETE AGREEMENT AND WAIVER

This Agreement contains all the terms and conditions agreed upon by the COUNTY and LAFCO and no other understanding, oral or otherwise, regarding this Agreement shall be deemed to exist or to bind any of the parties of this Agreement.

XIII. APPROVALS AND AUTHORITY

This Agreement must be approved by the Board of Supervisors of the COUNTY and by the LAFCO Board to be effective. The COUNTY and LAFCO each has all requisite power and authority to conduct its respective obligations and to execute, deliver and perform under this Agreement. Each party warrants that these individuals who sign this Agreement on behalf of each party have the legal power, right and authority to make this Agreement and to bind each respective party.

XIV. MISCELLANEOUS PROVISIONS

A. Obligations: This Agreement shall be binding upon the successor of the Members of the LAFCO's Board, and the Members of the COUNTY's Board of Supervisors.

B. Review: The parties hereto, by their due execution of this Agreement, represent to the other party that they have reviewed each term of this Agreement with their counsel, or have had the opportunity for such review with their counsel, and that hereinafter no party shall deny the validity of this Agreement on the ground that the party did not have the advice of counsel generally or advice of their counsel in the aforementioned dispute. Each party has had the opportunity to receive legal advice with respect to the advisability of this Agreement.

C. Construction: Each party has had the opportunity to participate in drafting and preparing this Agreement. The headings and captions used in this Agreement are for convenience and ease of reference only, and shall not be used to construe, interpret or limit the terms of this Agreement and shall not be construed against any one party.

D. Invalid Material Term: In the event that any material term, covenant, condition, or provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or against public policy, the parties shall use their best efforts and good faith to negotiate and implement amendments to the Agreement that are necessary to and consistent with the purpose of this Agreement and the intent of the parties. In the event the parties are not able to reach agreement on a material provision after good faith efforts to negotiate and implement such amendments within ninety (90) days following the final judgment of the court's ruling, this Agreement shall terminate by operation of this provision at close of business on the ninetieth (90th) day.

E. Governing Law: This Agreement is made, executed and delivered within the State of California and the rights and obligations of the parties hereto shall be construed, interpreted and enforced in accordance with, and governed by the laws of the State of California.

F. Force Majeure: Neither party will be liable for a delay or failure in its performance caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party that delays or fails to perform under this Agreement. Force Majeure shall include, but not be limited to, the following: acts of God, threats or acts of terrorism or similar acts, natural disasters, war, strikes, civil disorder, or any other cause not reasonably within the control of such party.

G. Good Faith: COUNTY and LAFCO will cooperate in good faith to implement this Agreement.

H. Legislative Changes: If any changes are made to the California Government Code sections or California Health and Safety Code sections referenced herein, or to any successor legislation or regulations regarding the provision of services or payment of costs covered by this Agreement, or if the State imposes any budget requirements or limitations applicable to such, then (1) to the extent any of the changes are of mandatory application, such change(s) shall apply to the parties and this Agreement, and this Agreement shall be deemed to be amended to be consistent with such change(s) except to the extent that such change(s) alter(s) a material provision of this Agreement in which

case such material provision shall be voidable and the parties will use their best efforts and negotiate in good faith to amend the Agreement as necessary; and (2) to the extent any of the changes are not of mandatory application, such change(s) shall not affect this Agreement or the rights or obligations of the parties under this Agreement unless the parties mutually agree to subject themselves to such change(s) pursuant to section VIII of this Agreement.

I. Confidentiality: Both parties agree to maintain the confidentiality of any information from LAFCO or COUNTY records that COUNTY or LAFCO, its officers, employees or agents may have contact with in the context of providing services to the LAFCO or COUNTY under this Agreement that is privileged or confidential under all applicable federal, state, COUNTY, LAFCO, and local laws, rules, and regulations, current and hereinafter enacted.

IN WITNESS THEREOF, the signatory parties hereby approve and agree to the terms of this Agreement on this _____ day of _____, 2020.

COUNTY OF SAN DIEGO

By _____ Date: _____
HELEN ROBBINS-MEYER
Chief Administrative Officer

Approved as to form and legality:
THOMAS E. MONTGOMERY, County Counsel

By: _____
Rachel H. Witt, Chief Deputy

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

By _____ Date: _____
KEENE SIMONDS
Executive Officer

Approved as to form and legality:

By: _____
[Insert Name] General Counsel

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6a

AGENDA REPORT
Public Hearing | Action

March 3, 2025

TO: Chair Whitburn and Commissioners

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

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

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider recommendations from the Executive Officer in approving a proposed draft workplan and budget for 2025-2026. Both items largely represent the status quo with respect to continuing existing project activities and funding levels with targeted enhancements. The draft 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 draft 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. Budgeted increases in expenses are mostly sourced to accommodating salary and benefit changes (cost-of-living and/or merit increases) as well as funding additional consultant usage to continue to advance the municipal service review program with technical expertise. 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 reserves. Commission approval will precede initiating a formal public review period – including presentations to the Cities and Special Districts Advisory Committees – with staff to return with final proposed versions of both items at the May meeting.

Administration:
Keene Simonds, Executive Officer
2550 Fifth Avenue, Suite 725
San Diego, California 92103
T 619.321.3380
E lafco@sdcounty.ca.gov
www.sdlafco.org

Joel Anderson, County of San Diego
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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
Barry Willis, Alpine Fire Protection
Jo MacKenzie, Vista Irrigation
David A. Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

BACKGROUND

San Diego LAFCO is responsible under State law to adopt a proposed 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 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 San Diego LAFCO to consider recommendations by the Executive Officer in approving a coordinated proposed draft (a) workplan and (b) budget for 2025-2026. Approving these items – with any changes made by the Commission – will immediately precede a formal public review and comment period with final actions scheduled for the May meeting. Additional discussion on both items follows.

Proposed Draft Workplan

The draft workplan as proposed 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.

Summaries of all five highest priority projects follows.

- No. 1a | MSR: Wholesale Water Providers
  This continued project draws on the rolling study schedule and involves a service-specific municipal service review on principal wholesale water service providers in San Diego County (County Water Authority and Metropolitan Water District).[2] An administrative draft is nearing readiness with the assistance of an Ad Hoc Committee with the tentative expectation of presenting a complete draft to the Commission by the end of the current fiscal year. Substantive work is expected to continue into 2025-2026.

- No. 1b | MSR: Healthcare Districts
  This continued project draws on the rolling study schedule and involves a service specific municipal service review on healthcare districts in San Diego County (Fallbrook, Palomar, Grossmont, and Tri-City.) An administrative draft is nearing readiness with the tentative expectation of presenting a complete draft to the Commission by the end of the current fiscal year. Substantive work is expected to continue into 2025-2026 with the additional

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.
2 Eastern MWD also now provides wholesales water services in northern San Diego County, but was recently evaluated by LAFCO as part of an agency-specific municipal service review completed in 2023.

anticipation of preparing an addendum to further detail community needs before taking any sphere of influence actions for the affected agencies.

- No. 3 | MSR: San Diego Association of Governments (SANDAG)
  This continued project draws on the rolling study schedule as amended in the current fiscal year and involves an agency-specific municipal service review on SANDAG and its foremost public-facing municipal functions involving transportation, housing, and climate adaptation. An administrative draft is under preparation with the tentative expectation of a complete draft being presented to the Commission during the second quarter of 2025-2026.

- Nos. 4a + 4b | MSR: Carlsbad-Encinitas Region I and II
  This continued two-part project draws on the rolling study schedule and combines two previously scheduled municipal service reviews covering local agencies within the Carlsbad and Encinitas regions. The two-part project is being prepared in phases with the former covering the two cities (Carlsbad and Encinitas) and latter covering several special districts (Carlsbad Municipal Water District, Leucadia Wastewater District, Olivenhain Municipal Water District, and San Dieguito Water District). Administrative drafts are approaching their readiness with the tentative expectation of complete drafts being presented to the Commission during the first quarter of 2025-2026.

A full listing of all workplan projects is provided as Exhibit A to the attached draft resolution.

Proposed Draft Budget

The draft budget as proposed 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. Notable components underlying the proposed matching increases follow.

- The proposed increase in **total expenses** involves operating units (salaries and benefits + services and supplies) and budgeted to collectively rise by 10.4% – or $252,547 – from $2.428 to $2.681 million. This includes raising the salaries and benefits unit by $119,894 – or 8.2% – and in doing so maintain current staffing levels at 8.0 fulltime positions while accommodating a 3.8% cost-of-living adjustment placeholder and step merits for eligible employees.[3] [4] This also includes raising the services and supplies unit by $132,653 or 13.8% for the primary need of accommodating additional consultant uses to provide specialized expertise in accomplishing several planned workplan projects. The balance of total expenses involves non-operating costs (debt payments and grant transactions) and budgeted to slightly decrease by ($1,092) or (0.2%).

[3] The referenced cost-of-living adjustment represents the most recent annual inflation change published by the U.S. Bureau of Labor.
[4] The salaries and benefits unit also covers Commissioner per diems. Relatedly, and consistent with current practice, the proposed draft budget provides for an approximate 5% increase in per diems from $291 to $305.

- The proposed increase in **total revenues** similarly involves operating units (intergovernmental fees, service charges, and miscellaneous) and budgeted to collectively rise by 10.2% – or $251,455 – from $2.462 to $2.714 million. The majority of the increase would be accommodated by raising intergovernmental fees invoiced to local agencies by 7.6% – or $165,569 – from $2.184 to $2.350 million. An expanded use of reserves within the miscellaneous unit is budgeted from $63,132 to $149,017 and cuts in half the overall increase in local agency apportionments that would otherwise apply under statute. The balance of total revenues involves non-operating costs specific to grant transactions with minimal budgeted changes.

A full ledger listing of the draft budget is provided as Exhibit B to the attached draft resolution.

ANALYSIS

San Diego LAFCO's proposed 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 draft 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 draft 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 draft budget and merits attention by the Commission given the contribution in raising 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.

A public guide summarizing the draft workplan and budget is available as Attachment One.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed draft workplan and budget as presented with any desired changes. This recommendation is consistent with taking the actions identified in the proceeding section as Alternate One.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):
Adopt the attached resolution provided as Attachment Two approving the proposed draft workplan (Exhibit A) and budget (Exhibit B) for 2025-2026 with any desired changes and direct staff to circulate for public review and comment.

Alternative Two:
Continue consideration of the item to its next regular meeting.

PROCEDURES FOR CONSIDERATION

This item has been placed on the agenda for action as part of a noticed public hearing. The following procedures, accordingly, are recommended in the Commission's consideration.

1) Disclose any ex-parte communications.
2) Receive verbal report from staff unless waived.
3) Open the hearing and invite comments from the public.
4) Close the public hearing, discuss item, and consider recommendation.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachments:

1) Guide to the Proposed Draft Workplan and Budget for FY2026
2) Draft Resolution Approving a Proposed Workplan and Budget for FY2026
   - Exhibit A: Proposed Draft Workplan
   - Exhibit B: Proposed Draft Budget

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Proposed

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 proposed 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

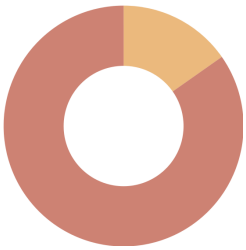
Medium Priority	Lower Priority
11a - MSR | Solana Beach - Del Mar Region I: Cities	**21** - RCD Ad Hoc Committee: Part II
11b - MSR | Solana Beach - Del Mar Region II: Districts	**22** - MSR | South Coast Region I: Cities
13 - Website Refresh + Content Expansion	**23** - MSR | Healthcare Districts: Addendum
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

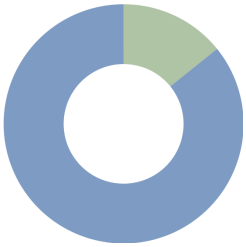
Non-Operating Expenses - 15.3%

- 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 draft proposed 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 proposed 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 proposed 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.



Stephen Whitburn
Chair
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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RESOLUTION No. ___

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
ADOPTING A PROPOSED DRAFT WORKPLAN AND BUDGET
FISCAL YEAR 2025-2026

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the San Diego County Local Agency Formation Commission ("Commission") to perform certain regulatory and planning duties to facilitate orderly and accountable local government; and

WHEREAS, the Commission is required to annually adopt proposed and final budgets by May 1st and June 15th, respectively; and

WHEREAS, the Executive Officer has prepared a written report and recommendations on a proposed draft workplan and budget for 2025-2026; and

WHEREAS, the Commission has heard and fully considered all the evidence on a proposed draft workplan and budget for 2025-2026 presented at a public hearing held on March 3, 2025;

WHEREAS, the adoption of a workplan and budget are not projects under the California Environmental Quality Act.

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

1. The proposed draft workplan for 2025-2026 shown as Exhibit A is APPROVED.

2. The proposed draft budget for 2025-2026 shown as Exhibit B is APPROVED.

3. The Executive Officer is directed to circulate copies of the approved workplan and budget for public review and comment – including notice to all LAFCO funding agencies – and return with a final workplan and budget no later than June 15, 2025.

The foregoing resolution was duly and regularly adopted by the Commission at a public hearing held on March 3, 2025 by the following vote:

Yes: _____

No: _____

Abstain: _____

Attest:

_____
KEENE SIMONDS
Executive Officer

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PROPOSED DRAFT WORKPLAN FOR FY2025-2026

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		FY2024		FY2025		FY2026		
		Adopted	Actuals	Adopted	Actuals	Adopted	Estimates	Proposed	Difference $	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

6b

AGENDA REPORT
Public Hearing | Action

March 3, 2025

TO: Chair Whitburn and Commissioners

FROM: Keene Simonds, Executive Officer
Meghan Traynor, Local Government Analyst I

SUBJECT: **Proposed "Huang-Mt. Whitney Road Change of Organization" | Expansion of Rincon del Diablo MWD's Activated Wastewater Service Area and Conforming Sphere of Influence Action (CO24-09)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a change of organization proposal initiated by landowner petition. The proposal seeks Commission approval to expand Rincon del Diablo Municipal Water District's (Rincon MWD) activated wastewater service area to include 0.91 acres of unincorporated territory within the Harmony Grove Community. The affected territory comprises one undeveloped legal parcel entirely within Rincon MWD's jurisdictional boundary and primary sphere of influence but outside the District's activated wastewater service area and associated secondary sphere of influence. The proposal's purpose is to establish wastewater service to facilitate the planned development of one single-family residence. Staff recommends conditional approval of the proposal along with a conforming amendment to Rincon del Diablo MWD's secondary sphere. Waivers are also recommended. This includes proceeding without a new municipal service review that would otherwise be required under LAFCO Policy L-106 and dismissing protest proceedings. It is separately recommended the Commission find that the project is exempt under CEQA Guidelines Section 15061(b)(3) for the sphere of influence amendment as well as CEQA Guidelines Section 15319(b) for the change of organization itself.

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Vice Chair Barry Willis, Alpine Fire Protection
Jo MacKenzie, Vista Irrigation
David Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
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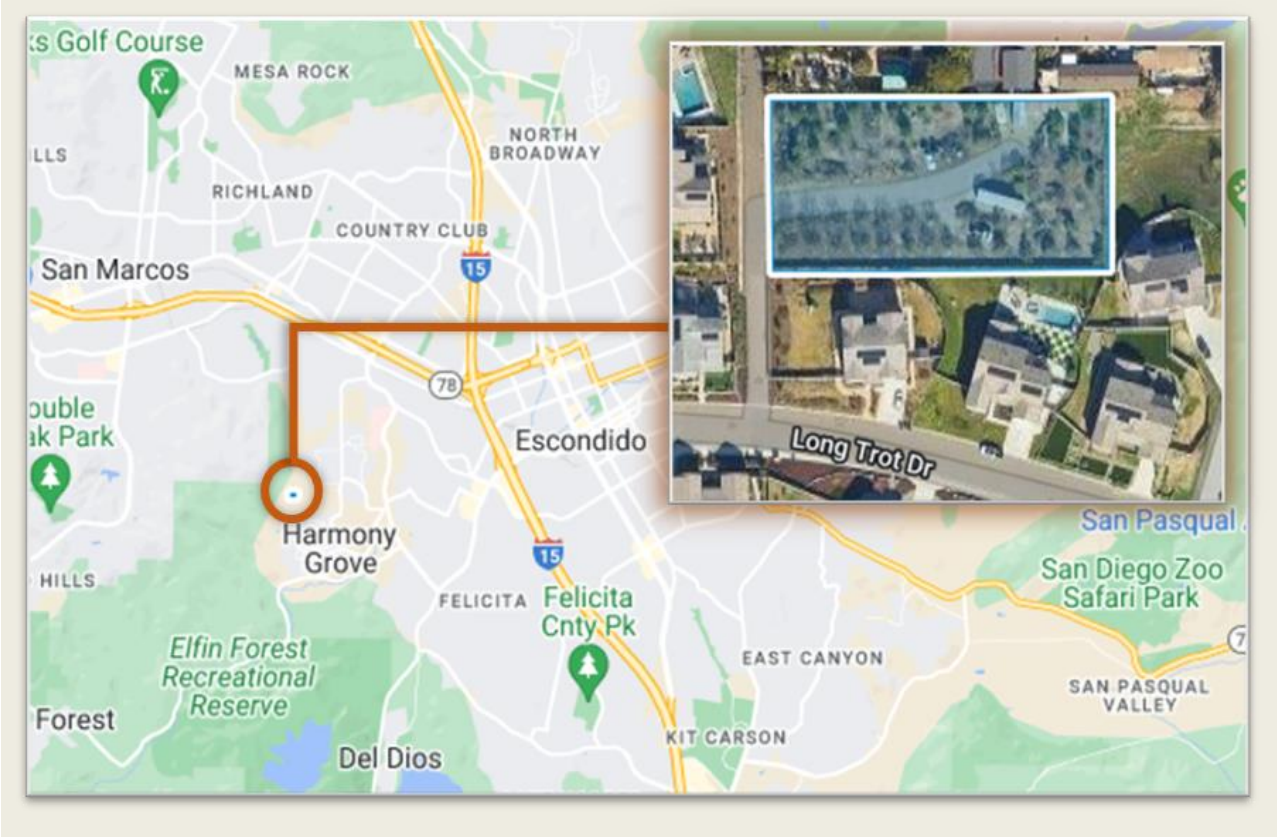
BACKGROUND

Applicant Request

San Diego LAFCO has received a change of organization proposal initiated by landowner petition (Shuwei Huang and Rong Zhang) requesting approval to expand Rincon del Diablo MWD's previously activated wastewater service area by approximately 0.91 acres. The affected territory as submitted includes one undeveloped unincorporated parcel within the community of Harmony Grove identified by the County of San Diego Assessor's Office as 232-500-10 with an unassigned situs address on Mt. Whitney Road with an Escondido zip code. The affected territory lies entirely within Rincon MWD's jurisdictional boundary and primary sphere of influence but outside the District's activated wastewater service area and associated secondary sphere of influence.

Regional Setting

The affected territory lies in central San Diego County within the north end of the developing unincorporated community of Harmony Grove and south of the City of Escondido's extended sphere of influence. The affected territory lies within County Supervisorial District No. 3 (Terra Lawson-Remer), Assembly District No. 65 (Darshana Patel), and Senate District No. 40 (Brian W. Jones). An aerial map of the affected territory and its regional setting follows with a more detailed map – including showing the subject parcel and Rincon del Diablo MWD's jurisdictional boundary – provided as Attachment One.



Subject Agency

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

- **Rincon del Diablo MWD** is an independent special district formed in 1954. The jurisdictional boundary spans 42 square miles and includes most – but not all – of the City of Escondido as well as surrounding unincorporated lands. Staff estimates Rincon del Diablo MWD's resident population currently at 130,526. A five-member Board of Directors oversees Rincon MWD's principal function of water plus three other functions that are provided on a more limited geographic basis involving wastewater, recycled water, and consolidated fire protection and emergency medical.[2] LAFCO established a sphere of influence for Rincon MWD in 1985 followed by a secondary sphere specific to its wastewater function in 2018. The primary sphere (water, wastewater, and fire/EMS functions) and secondary sphere (wastewater function) were both updated by LAFCO in 2022 following the completion of a regional municipal service review and shown as attachment two. Rincon MWD operates as a dual governmental-business operation with water, wastewater, and recycled water functions organized as enterprises with user fees expected to cover day-to-day operations. Rincon MWD's audited total net position is $98.6 million as of June 30, 2023 with an unrestricted balance of $48.4 million. This includes an ending cash balance of $21.4 million. The ending net position reflects an overall change of 3.7% during the last three audited years.

Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and/or spheres of influence of eleven local agencies directly subject to San Diego LAFCO's planning and regulatory responsibilities. These agencies qualify as "affected agencies" relative to the proposed change of organization and are listed below.[3]

- County Service Area No. 135 (Regional Communications)
- Metroppolitan Water District of Southern California
- North County Cemetery District
- North County Transit District
- Palomar Healthcare District
- Resource Conservation District of Greater San Diego
- Rincon Municipal Water District
- San Diego County Flood Control District

[1] State law defines "subject agency" to mean any district or city for which a change of organization or reorganization is proposed.
[2] Rincon del Diablo MWD's fire protection and emergency medical services are limited to approximately one-third of its jurisdictional boundary with the majority of responsibility tied to its southern perimeter. Wastewater services were activated by LAFCO in 2018 and limited to the Harmony Grove Village development area west of Escondido.
[3] State law defines "affected local agency" as any entity that contains, or would contain, or whose sphere contains or would contain, any territory for which a change of organization is proposed or ordered. Notice of the proposal and hearing were provided to the agencies.

- San Diego County Street Lighting District
- San Diego County Water Authority
- San Marcos Fire Protection District

The affected territory also lies within the following school and college districts, and accordingly have received notice of the proposal as part of the administrative review: Escondido Union Elementary School District; Escondido Union High School District; Palomar Community College District.

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the change of organization proposal to expand Rincon MWD's activated wastewater service area to include the affected territory. The Commission may also consider applying approval conditions so long as it does not directly regulate land use, property development, or subdivision requirements. Additional discussion on purpose, current and planned land uses, and Commission focus follows.

Proposal Purpose

The purpose of the proposed change of organization before San Diego LAFCO is to establish public wastewater to the affected territory and in doing so accommodate the planned development of a single-family residence as allowed under County zoning. The change of organization would make explicit under State Law via LAFCO that Rincon del Diablo MWD is the designated wastewater service provider for the affected territory going forward.

Current and Planned Land Uses

The affected territory is entirely unincorporated and under the land use authority of the County of San Diego and its adopted policies. Specific development policies for the affected territory are delegated in the County General Plan to the San Dieguito Community Plan (2011). The present land use designation applied to the affected territory is Semi-Rural Residential (SR-2), which provides up to one dwelling unit per every two acres. The affected territory is zoned Limited Agriculture (A70) with a minimum parcel size prescription of four acres. This zoning assignment produces a maximum density of two dwelling units divided between the legal parcel having a single-family residence and an accessory dwelling unit.

Commission Focus

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

ANALYSIS

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

Central Policy Items

Item No. 1 |
Conforming Sphere of Influence Amendment

The proposed change of organization necessitates San Diego LAFCO consider a conforming sphere of influence action to achieve consistency with the requested jurisdictional change as required under statute and practice. The action involves amendment to the secondary sphere of influence established by LAFCO for Rincon MWD's wastewater service function. This amendment is premised on LAFCO's overall statutory responsibility to designate spheres to demark the affected agencies' appropriate jurisdictional boundary and/or service areas now and into the immediate future as determined by the Commission.

With the above scope in mind, the proceeding analysis is organized to consider three related factors necessitated under statute and local policy. The statutory factors relate to an informing municipal service review along with addressing the general relationship between the subject agency and the affected territory.[4] Local policies involve consideration of L-102 and its provisions to guide sphere actions in San Diego County.

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

  Statute requires LAFCO to prepare municipal service reviews to inform its related task to regularly review and update all local agencies' spheres of influence. The statute further directs LAFCO to perform sphere updates every five years as needed. The most recent municipal service review prepared by LAFCO germane to the affected territory and subject agency was completed in 2019. Requiring a new municipal service review – and specific to informing the proposed change of organization (i.e., latent power service area expansion) – does not appear warranted. This conclusion ties to the relative timeliness of the last municipal service review paired with the relatively limited scope of the amendment (i.e., amendment to Rincon MWD's activated wastewater-specific sphere of influence to achieve connectivity between the affected territory and the District's activated wastewater service area).

4 Reference to Government Codes 56430 and 56425, respectively.

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

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

  - With respect to **present and planned land uses,** the affected territory as submitted comprises 0.91 acres of unincorporated territory within the community of Harmony Grove. The affected territory is presently undeveloped and pre-zoned by the County as Semi-Rural Residential (SR-2), allowing for one single-family residence and accessory dwelling unit (ADU). These present and planned residential uses are readily compatible with the conforming amendment.

  - With respect to the **present and probable need for one or more public services,** there is pending need for public wastewater services within the affected territory to accommodate the otherwise planned development of a single-family residence and avoid the use of an onsite septic system. The present and continued need for public wastewater is readily compatible with the conforming sphere amendment.

  - With respect to the **overall adequacy of the agencies' public services,** a 2019 municipal service review on the Rincon MWD attests to the overall sufficiency of resources (infrastructure, finances, etc.) to continue to provide wastewater throughout its existing service area. Additional analysis on the ability to accommodate the underlying project is included in the proceeding section. No material deficiencies have been identified by LAFCO staff as part of the proposal review process. The overall adequacy of the wastewater system is readily compatible with the conforming amendment.

  - With respect to **social or economic communities of interest if relevant to the agencies,** the affected territory maintains social and economic ties with Rincon MWD in step with being already within the District's primary sphere and jurisdictional boundary as well as its immediate proximity to the Harmony Grove subdivision – the latter being also served by Rincon MWD's wastewater system. Amending the secondary sphere for wastewater services to include the subject parcel syncs and strengthens these existing social and economic ties.

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

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

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

CONCLUSION |
MERITS OF A CONFORMING SPHERE OF INFLUENCE AMENDMENT

The conforming action to amend Rincon MWD's secondary sphere of influence for wastewater to include the affected territory and accommodate the proposed change of organization is sufficiently justified under both statute and local policy. Justification is marked by the preceding analysis and largely premised on the following policy factors. First, it is assumed the Commission determines a new municipal service review is not necessary given the otherwise timeliness of the last document (2019) paired with the limited scope of service impacts associated with the expansion and a wavier is appropriate. Second, it is assumed the Commission determines there is sufficient connectivity between Rincon MWD warranting inclusion in the secondary sphere and in doing so designate the District as the appropriate service provider going forward.

Item No. 2 |
Change of Organization Timing

San Diego LAFCO's consideration of the proposed change of organization's timing draws on analyzing baseline factors required in statute as well as applicable policies set by the Commission.[5] Applicable local policies prompted for consideration are headlined by L-107 and its attention to disclosing and/or addressing any known or perceived jurisdictional disputes.

An analysis of these two related timing factors follows.

[5] Most of the baseline factors in statute focus on disclosing and otherwise addressing compatibility issues with external goals and policies of other state, regional, and local agencies as well as assessing the ability of subject agencies to provide services going forward. (Reference to Government Code Section 56668).

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

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

  - With respect to **service needs**, the affected territory's planned uses and specifically the development of one single-family residence merits public wastewater services. Expansion of Rincon MWD's wastewater service area to include the affected territory for the purpose of making available public wastewater service accommodates this known need and serves as a preferred alternative to operating an onsite septic system.

  - With respect to **service availability and capacities,** Rincon MWD has available and sufficient wastewater capacities to accommodate the projected service demands in the affected territory at its planned uses. Specifically, Rincon MWD has existing wastewater infrastructure via an easement on Long Trot Drive – within the Harmony Grove Village Development – and can readily serve the affected territory through the extension of an approximate 150-foot private lateral connection. Based on the planned development of one single family residence, it is projected the average day wastewater flow generated within the affected territory is 250 gallons.[6] This projected amount can be readily accommodated by Rincon MWD and represents 0.26% of its available treatment and discharge capacity remaining within its wastewater system.[7] The maximum density development via an accessory dwelling unit doubles this consumption usage to 0.52% of available capacity and not considered substantive.

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

[6] Based on a per unit daily wastewater demand estimate of 250 gallons.
[7] Rincon del Diablo MWD's current average day wastewater flow at the Harmony Grove Village Water Reclamation Facility is 0.083 million gallons while its overall capacity is 0.18 million gallons.
[8] The Executive Officer retains discretion to determine the extent of consultation needed.

ratio of 18.4 to 1 and a debt ratio of 15.0%, respectively, as of June 30, 2023. These measurements provide reasonable assurances of Rincon MWD's overall favorable short and long-term financial outlook.

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

  San Diego LAFCO adopted L-107 in May 2010 to require all applicants to disclose jurisdictional disputes or related items that are associated with their proposal filings with additional details footnoted.[8] No jurisdictional disputes have been disclosed by Rincon MWD in filing the change of organization proposal. LAFCO staff, similarly, has not identified any disputes or related concerns in the administrative review.

CONCLUSION |
MERITS OF CHANGE OF ORGANIZATION TIMING

The timing of the change of organization involving the expansion of Rincon MWD's wastewater service area to include the affected territory is sufficiently warranted. Justification is marked by the preceding analysis and highlighted by appropriately syncing a planned need with available public facilities and capacities. Additional analysis supporting the conclusion is provided in Appendix A.

Item No. 3 |
Modifications and Terms

No modifications to the submitted change of organization have been identified by San Diego LAFCO staff meriting Commission consideration at this time. This includes confirmation the expansion of Rincon MWD's activated wastewater service area to cover the affected territory would not generate any corridors or otherwise illogical jurisdictional features.

CONCLUSION |
MODIFICATIONS AND TERMS

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

Other Statutory Considerations

Exchange of Property Tax Revenues

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

Environmental Review

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

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

- San Diego LAFCO serves as lead agency under CEQA for assessing potential impacts of the proposed change of organization and expansion therein of Rincon MWD's activated wastewater service area to include the affected territory. Staff believes the proposal qualifies as a project but is exempt from further review under State CEQA Guidelines Section 15319(b) and its cross-reference to Section 15303. This exemption appropriately applies given its accommodation of new construction of a single-family residence, or a second dwelling unit in a residential zone.

Protest Proceedings

Protest proceedings for the proposed change of organization may be waived by LAFCO should the Commission proceed with an approval under Government Code Section 56662. The waiver appropriately applies under this statute given the affected territory is uninhabited as defined under LAFCO law (i.e., less than 11 voters); the subject agency has not filed an objection to the waiver; and the landowners have consented to the underlying action.[9]

[9] LAFCO law defines uninhabited as territory in which less than 11 registered voters reside.

RECOMMENDATION

Staff recommends conditional approval of the change of organization proposal as submitted along with standard terms. This recommendation is consistent with the action outlined as Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):
Adopt the attached draft resolution conditionally approving the change of organization proposal along with a conforming sphere of influence amendment. Approval would also include all of the following: waive protest proceedings; waive LAFCO Policy L-106 and the requirement of a new municipal service review to inform a sphere amendment; and make exemption findings as detailed under CEQA.

Alternative Two:
Continue consideration to the next regular meeting.

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

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda for action as part of a noticed public hearing. The following procedures are recommended in the consideration of this item:

1. Disclose any material ex parte communications.
2. Receive verbal presentation from staff unless waived.
3. Open the public hearing and invite comments from the applicant and general public.
4. Discuss item and consider the staff recommendation.

On behalf of the Executive Officer,



Meghan Traynor
Analyst I

Appendices:

A) Analysis Proposal Review Factors

Attachments:

1) Vicinity Map of the Affected Territory as Submitted
2) Map of Rincon MWD's Jurisdictional Boundary
3) Draft Resolution of Approval
4) Application Materials

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APPENDIX A
Government Code Section 56668
Mandatory Proposal Review Factors

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

The affected territory as submitted comprises a 0.91-acre area within the unincorporated community of Harmony Grove. The subject parcel is currently undeveloped with plans of developing a single-family residence. The County of San Diego Assessor's Office identifies the parcel as 232-500-10 with a current assessed *land* value (land and structures) of $260,100 with the last transaction recorded in February 2023.

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

The County of San Diego serves as the primary purveyor of general governmental services to the affected territory, and include community planning, roads, and law enforcement. San Marcos Fire Protection District provides fire protection and emergency medical services. Rincon MWD is the authorized potable water service provider for the affected territory. This proposal affects only wastewater via the proposed expansion of Rincon MWD's activated wastewater service area and is the focus of the succeeding analysis.

- **Extending Public Wastewater to Affected Territory**
  Connection to Rincon del Diablo MWD's activated wastewater service area can be made readily available through the extension of an approximate 150-foot private lateral connection within an existing wastewater easement on Long Trot Drive. The projected average daily wastewater flow for the affected territory at its maximum use and planned development is 250 gallons. This projected amount can be readily accommodated by Rincon MWD and represents 0.26% of its available wastewater treatment capacity. The maximum density development and addition of one accessory dwelling unit doubles this consumption usage to 0.52% of available capacity.

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

Approving the change of organization proposal and expansion of the activated wastewater service area to include the affected territory would strengthen economic and social interests between the District and the subject parcel. These ties exist via the current inclusion of the affected territory within the Rincon MWD jurisdictional boundary and access therein to its

potable water function. Approval would further consolidate Rincon MWD's role in supporting the subject parcel's planned uses to include access to its wastewater function.

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

Approving the proposed change of organization and expansion of Rincon del Diablo MWD's activated wastewater service area would be consistent with the Commission's adopted policies to sync urbanized uses with urbanized services. The affected territory does not contain "open space" as defined under LAFCO law and no conflicts exist under Government Code Section 56377.

Additional analysis concerning conformance with germane Commission policies follows.

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

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

The affected territory does not contain "prime agricultural land", or "agricultural land" as defined under LAFCO law. Specifically, the affected territory does not contain lands currently used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program. Approval of the proposal to expand Rincon MWD's wastewater service area would not adversely affect the physical or economic well-being of agricultural lands.

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

LAFCO is in receipt of a draft map and geographic description of the affected territory that details metes and bounds that appear consistent with the standards of the State Board of Equalization and conforming with lines of assessment. LAFCO approval would be conditioned on approval of the map and geographic description by the County Assessor's Office and address any modifications enacted by the Commission. No irregular or otherwise illogical boundary features would be generated from proposal approval.

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

The proposed change of organization would extend wastewater service to accommodate the planned construction of a single-family residence consistent with current zoning. The proposal and its anticipated outcomes do not generate any known conflicts with *San Diego Forward*, the regional transportation plan adopted by the San Diego Association of Governments.

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

See the agenda report.

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

See the agenda report.

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

Notice of the submitted change of organization proposal was distributed to all affected and subject agencies as required under LAFCO law. Notices were also provided to all local college and school districts. No written comments on the proposal were received ahead of preparing this agenda report for distribution on February 21, 2025.

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

Information collected and reviewed as part of this proposal indicates Rincon MWD has overall sufficient and available financial resources and administrative controls therein relative to serving the affected territory without adversely impacting existing constituents. This statement is supported by the following factors.

- Rincon MWD's last audit covers 2022-2023 and shows the District finished with moderate liquidity levels with an agency-wide current ratio of 18.4 (i.e., $18.40 in current assets for every $1.00 in current liabilities).

- Rincon MWD finished 2022-2023 with good capital levels and marked by a low debt ratio of 15.0% (i.e., only $15.00 out of every $100.00 in net assets are financed).

- Rincon MWD finished 2022-2023 with an overall total margin of 6.89%.

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

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

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

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

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

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

o) Any information relating to existing land use designations.

See above analysis for (h).

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

The change of organization is expected to have a positive impact on environmental justice by enhancing wastewater services within the affected territory and for any groups that are susceptible to pollution burdens and their effects. Consideration of existing environmental justice factors within the affected territory draws on staff analyzing data available from the California Environmental Protection Agency through its online assessment tool (CalEnviroScreen 4.0).

Two composite percentile rankings for the affected territory are generated within this analysis and involve (a) pollution burdens and (b) susceptible population to pollution burdens relative to all census tracts in California.

- The affected territory's **composite pollution burden ranking** falls in the 59th percentile with an internal range between 8 and 96 percentiles. Four pollution burden measurements exceed the 50th percentile and are considered relatively high and include Cleanup Sites, Groundwater Threats, Hazardous Waste and Impaired Water with the latter two meriting additional attention given rankings of 89 and 96%.

- The affected territory's **composite susceptible population** ranking falls in the 23rd percentile with an internal range between 4 and 75 percentiles. Two of these at-risk groups exceed the 50th percentile and are considered significant in magnitude and include Low Birth Rate and Housing Burden.

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

Census Tract No. 6073013605
Pollution Burdens and Susceptible Population
(Source: California Environmental Protection Agency and SD LAFCO)

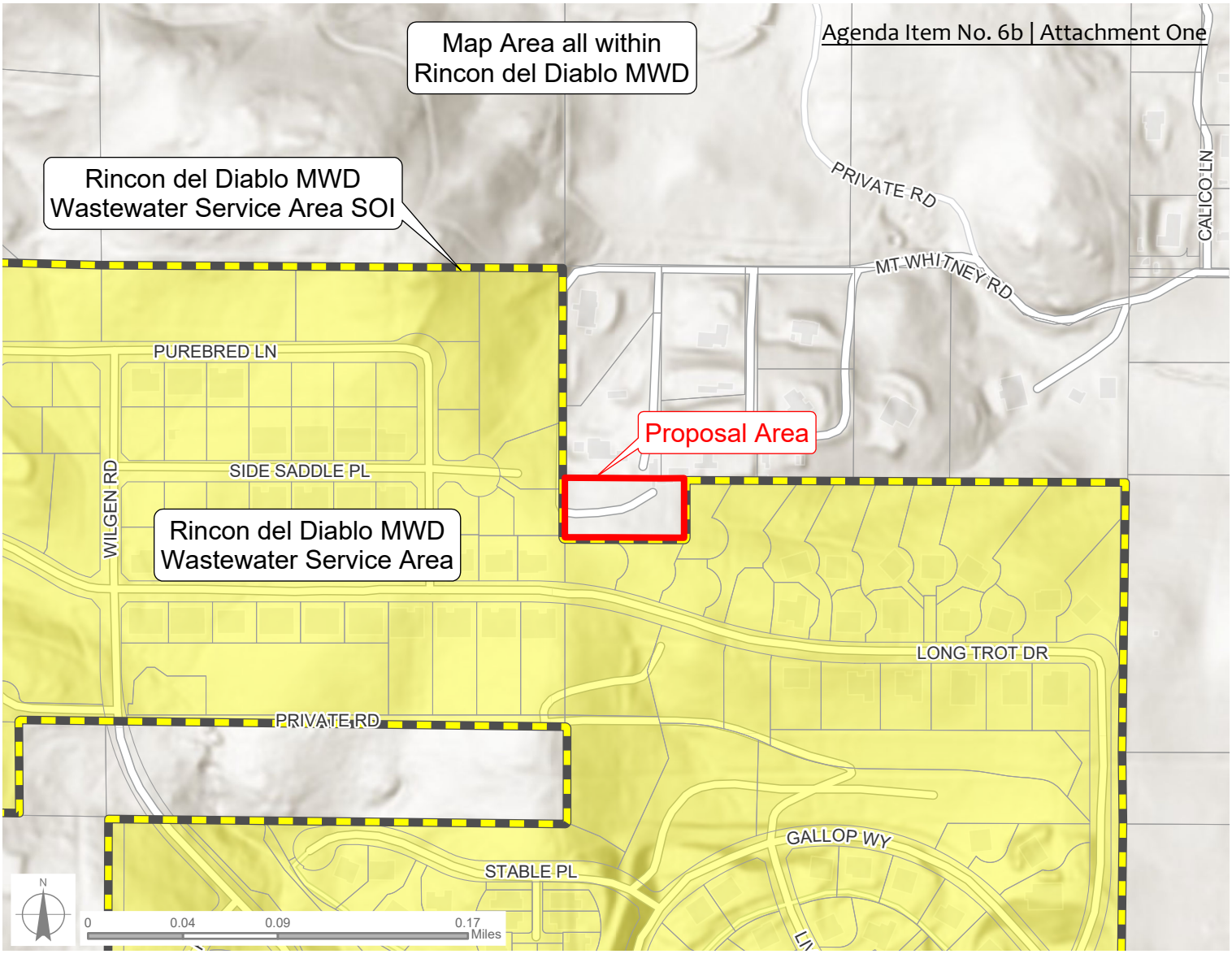
	Affected Territory + Surrounding Lands
Census Tract No.	6073020306
Estimated Population	9,659
Pollution Burden	Weighted Percentile
… Percentile	**58.66**
Indicator | Air Quality: Ozone	44.98
Indicator | Air Quality: PM 2.5:	13.01
Indicator | Air Quality: Diesel PM:	26.62
Indicator |Pesticides:	45.52
Indicator | Toxic Releases:	15.17
Indicator |Traffic:	47.59
Indicator | Drinking Water Contaminants:	42.50
Indicator | Lead in Housing:	8.67
Effects | Cleanup Sites:	**64.67**
Effects | Groundwater Threats:	**64.22**
Effects | Hazardous Waste:	**89.16**
Effects | Impaired Water:	**96.26**
Effects | Solid Waste:	66.69
Sensitive Population	Weighted Percentile
… Percentile	22.98
Population | Asthma:	4.85
Population | Low Birth Weight:	**51.31**
Population | Cardiovascular Disease:	24.89
Population | Education:	15.78
Population | Linguistic Isolation:	24.77
Population | Poverty:	42.61
Population | Unemployment:	26.86
Population | Housing Burden:	**75.98**

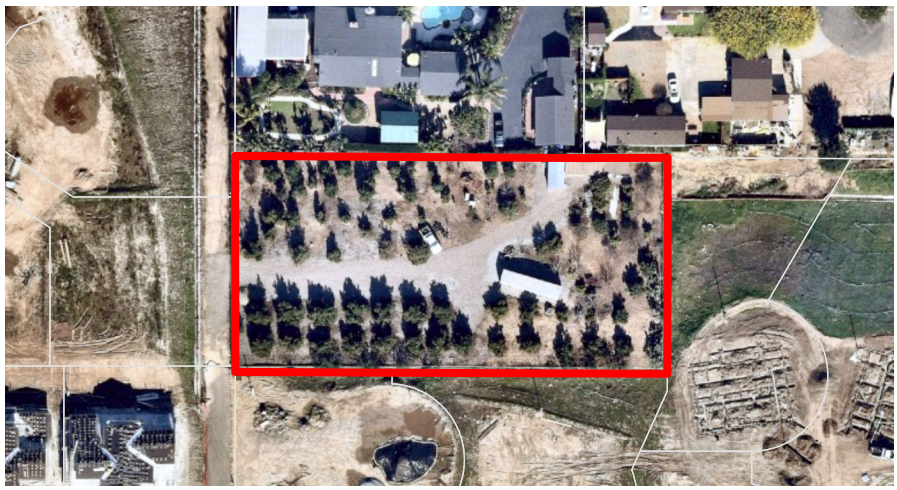
q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information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

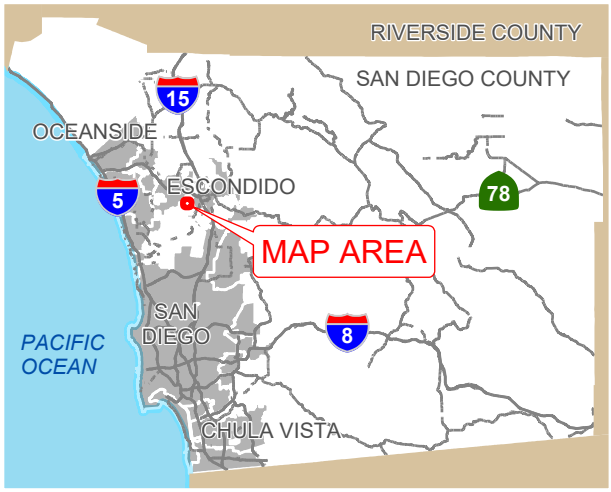
The County of San Diego General Plan contains a hazard mitigation plan for potential fire, flooding, and earthquakes. The affected territory lies within a "High Designation" fire hazard zone and a "Low-Level' earthquake zone.

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

Approval of the change of organization would be in the best interest of the current and future landowners and/or residents of the affected territory. Specifically, approval would provide access to reliable public wastewater service to the affected territory and adjacent landowners and/residents by eliminating the operation of a private septic system and potential failures.







CO24-09 "HUANG - MT. WHITNEY ROAD CHANGE OF ORGANIZATION" | RINCON DEL DIABLO MWD - EXPANSION OF ACTIVATED WASTEWATER SERVICE AREA AND RELATED SPHERE OF INFLUENCE ACTION

SOI = Sphere of Influence

- Proposal Area
- Rincon del Diablo MWD Wastewater SOI
- Rincon del Diablo MWD Wastewater Service Area

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

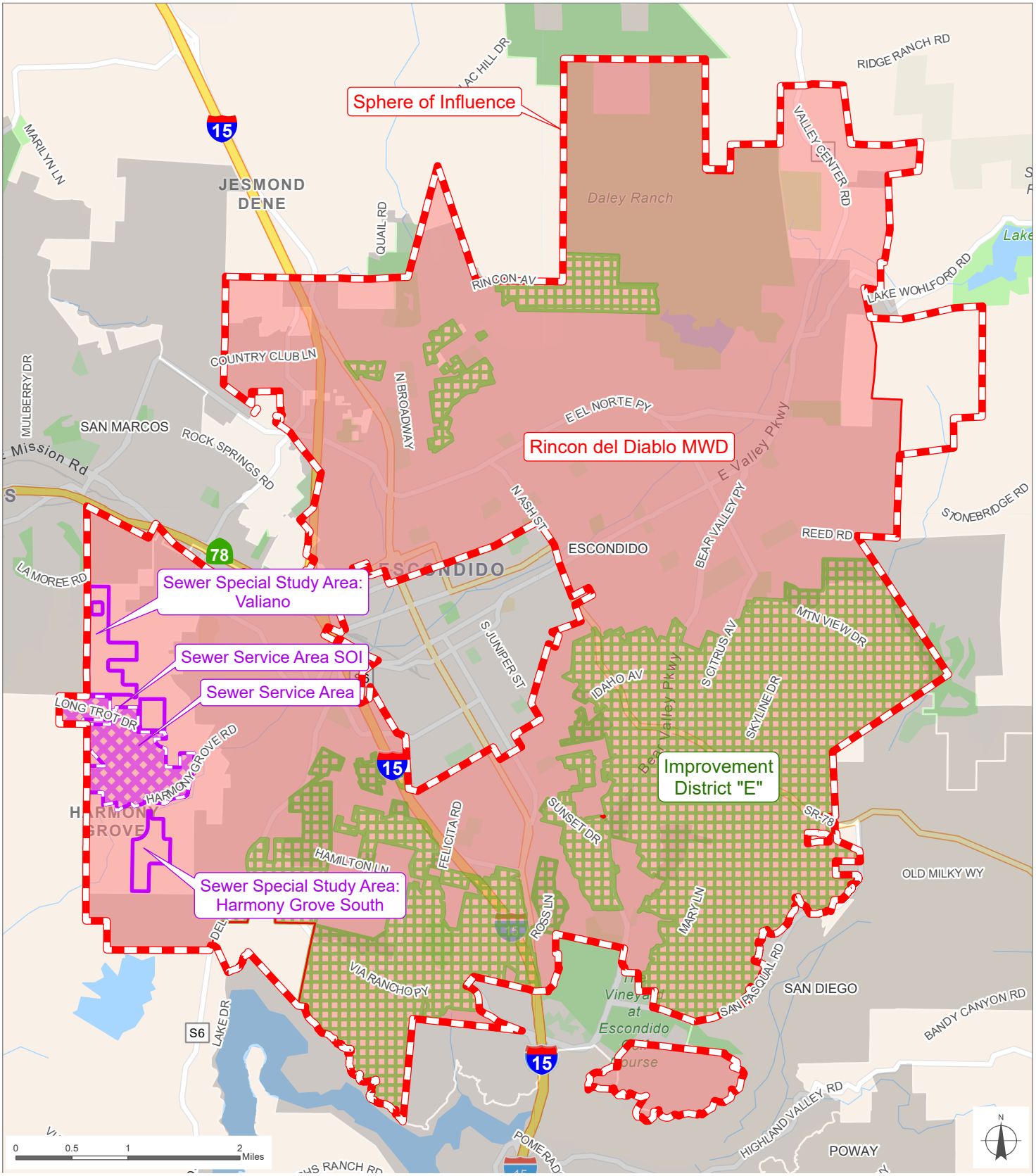
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Rincon del Diablo MWD



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

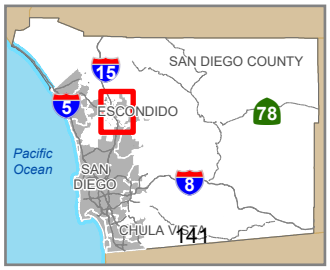
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G:\GIS\PROJECTS\Profile_maps\2025 maps\Districts\MWD_Rincon.aprx

SOI Adopted: 4 / 1 / 1985
SOI Affirmed: 9 / 8 / 2003
SOI Affirmed: 2 / 7 / 2005
SOI Affirmed: 5 / 7 / 2007
SOI Reaffirmed: 8 / 6 / 2007
SOI Affirmed: 12 / 5 / 2022

SOI = Sphere of Influence



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RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A CHANGE OF ORGANIZATION

"HUANG – MT. WHITNEY ROAD CHANGE OF ORGANIZATION"
EXPANSION OF RINCON DEL DIABLO MWD'S ACTIVATED WASTEWATER SERVICE AREA AND CONFORMING SPHERE OF INFLUENCE ACTION
LAFCO FILE NO: CO24-09

WHEREAS, on August 10, 2024, interested landowners – Shuwei Huang and Rong Zhang – filed a landowner petition to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as "Commission", pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application seeks approval of a change of organization to expand Rincon del Diablo Municipal Water District's (MWD) previously activated wastewater service area by approximately 0.91 acres of unincorporated territory in the County of San Diego;

WHEREAS, Rincon del Diablo MWD has provided its written support for the change of organization as submitted;

WHERAS, the affected territory as proposed includes one legal undeveloped parcel identified by the County of San Diego's Assessor's Office as 232-500-10 with an unassigned situs on Mt. Whitney Road with an Escondido zip code; and

WHEREAS, on December 14, 1982, the County of San Diego and Rincon del Diablo MWD approved a Master Property Tax Transfer Agreement that will govern the property tax exchange associated with the change of organization of the affected territory to Rincon MWD; and

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

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

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on March 3, 2025;

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

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

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

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

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

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

    - San Diego LAFCO serves as lead agency under CEQA for assessing potential impacts of the proposed change of organization and expansion therein of Rincon MWD's activated wastewater service area to include the affected territory. The Commission finds the proposal qualifies as a project but is exempt from further review under State CEQA Guidelines Section 15319(b) and its cross-reference to Section 15303. This exemption appropriately applies given its accommodation of new construction of a single-family residence, or a second dwelling unit in a residential zone.

4. The Commission CONDITIONALLY APPROVES the sphere of influence amendment for Rincon MWD's secondary wastewater-specific sphere of influence to accommodate and otherwise match the change of organization as shown in the vicinity map and provided as Exhibit A.

    a) Approval includes the Commission making findings under Government Code Section 56425 consistent with the statements provided in the accompanying Executive Officer's written report.

    b) Approval is contingent upon the approval and related issuance of a Certificate of Completion for the change of organization.

5. The Commission CONDITIONALLY APPROVES the change of organization without modifications subject to conditions as provided. Approval involves all the following:

    a) Expansion of Rincon MWD's wastewater service area to the affected territory as shown in "Exhibit A-1" and described in "Exhibit A-2".

    b) The sphere of influence for Rincon MWD's wastewater service area is amended to include the affected territory as shown in "Exhibit A-1."

6. The Commission CONDITIONS all approvals on the following terms being satisfied by March 3, 2026 unless an extension is requested in writing and approved by the Executive Officer:

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

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

   c) Submittal to the Commission of the following payments:

      - A check made payable to LAFCO in the amount of $100.00 for the County of San Diego-Clerk Recorder to reimburse for filing two CEQA Notice of Exemptions consistent with the findings in the resolution.

      - A check made payable to the State Board of Equalization for processing fees in the amount of $300.00.

      - A check made payable to San Diego LAFCO in the amount of $658.50 to reimburse the public hearing notice published in the San Diego Union Tribune.

7. Approval of the above-stated sphere of influence amendment includes an enabling waiver by the Commission – as recommended by the Executive Officer – of the provision in San Diego LAFCO's Policy L-106 that would otherwise require the preparation of one or more municipal service reviews.

8. The Commission assigns the proposal the following short-term designation:

   "Huang – Mt. Whitney Road Change of Organization".

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

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

11. The County Service Area 135 is a registered-voter district.

12. Rincon del Diablo MWD utilizes the County of San Diego assessment roll.

13. The affected territory will be liable for any existing bonds, contracts, and/or obligations of Rincon del Diablo Municipal Water District as provided under Government Section 57328, and will be subject to any previously authorized taxes, benefit assessments, fees or

charges of Rincon del Diablo Municipal Water District as provided under Government Code Section 57330.

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

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

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

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

**

PASSED AND ADOPTED by the Commission on March 3, 2025 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

**

ATTEST:

_____
Keene Simonds
Executive Officer

EXHIBIT A-1

MAP OF AFFECTED TERRITORY

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EXHIBIT A-2
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

-Placeholder-

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PETITION FOR PROCEEDINGS PURSUANT TO THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT OF 2000

Part I: NOTICE OF INTENT TO CIRCULATE PETITION

Proponents are required to file a **NOTICE OF INTENT TO CIRCULATE PETITION** with the Executive Officer of the San Diego Local Agency Formation Commission before a petition to initiate a change of organization or reorganization can be circulated (Govt. Code § 56700.4).

1. Notice is hereby given to circulate a petition proposing to: annex to Rincon del Diablo Municipal Water And Sewer Service District

2. The reason(s) for the proposal are:

An anticipated development of vacant property, the new residential building requires new service.

Shuwei Huang
Proponent's Name (print)

Signature of proponent or representative

21462 Trail Ridge Dr
Proponent's Address

Escondido, CA 92029
City, State, Zip

Pursuant to Section 56700.4 of the California Government Code, this **NOTICE OF INTENT TO CIRCULATE PETITION** was filed with me on

Date

Executive Officer (Print and Sign)

PART II: DISCLOSURE REQUIREMENTS

The Political Reform Act prohibits a person appointed to the Local Agency Formation Commission from soliciting or accepting campaign contributions of more than $250 within the preceding 12 months from parties, participants, or their agents while a proceeding is pending before LAFCO and for three months following the decision. LAFCO commissioners who receive such contributions are required to disqualify themselves from participating in the proceedings. Both commissioners and contributors who are parties to the proceeding are required to disclose the contributions received or made. Names of current LAFCO commissioners and LAFCO disclosure forms are available at HTTP://WWW.SDLAFCO.ORG or by calling 858/614-7755.

Pursuant to Government Code Section 56700.1, any person or combination of persons who, for political purposes, directly or indirectly contributes $1,000 or more, or expend $1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report to the Commission to the same extent and subject to the same requirements of the Political Reform Act (Title 9 [commencing with Section 81000]) as provided for local initiative measures.

Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes $1,000 or more, or expends $1,000 or in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be submitted to the Secretary of State and the appropriate city or county clerk. Copies of the reports must also be filed with the Executive Officer of San Diego LAFCO.

Part III: PETITION FOR CHANGE OF ORGANIZATION OR REORGANIZATION

This proposal is made pursuant to Part 3, Division 3, Title 5 of the California Government Code, Section 56000 et seq. of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

(a) The specific change(s) of organization proposed is/are: Annexation to Rincon del Diablo Municipal Water And Sewer Service District

(b) The boundary of the territory included in the proposal is as described in the attached legal description and map and is by this reference incorporated herein.

(c) The proposed action(s) will be subject to the following terms and conditions: _____

(d) The reason(s) for the proposal is/are: An anticipated development of vacant property, the new residential building requires new service.

(e) Signers of this petition have signed as (select one): ☑ landowner; ☐ registered voter.

(f) The name(s) and mailing address(s) of the chief petitioner(s) (not to exceed three) is/are:

1. Shuwei Huang, 21462 Trail Ridge Dr, Escondido, CA 92029
   Name of chief proponent (print) mailing address

2. Rong Zhang, 21462 Trail Ridge Dr, Escondido, CA 92029
   Name of chief proponent (print) mailing address

3. _____
   Name of chief proponent (print) mailing address

(g) It is requested that proceedings for this proposal be taken in accordance with Section 56000 et seq. of the Government Code.

(h) This proposed change of organization (select one) ☑ is ☐ is not consistent with the sphere-of-influence of any affected city or district.

(i) The territory included in the proposal is (select one) ☐ inhabited (12 or more registered voters) ☑ uninhabited (11 or less registered voters).

(j) If the formation of a new district(s) is included in the proposal:

1. The principal act under which said district(s) is/are proposed to be formed is/are: _____

2. The proposed name(s) of the new district(s) is/are: _____

3. The boundary(ies) of the proposed new district(s) is/are described in the attached legal description and map and are by this reference incorporated herein.

(k) If an incorporation is included in the proposal:

1. The name of the proposed city is: _____

2. Provisions are requested for appointment of: ☐ city manager ☐ city clerk ☐ city treasurer

(l) If the proposal includes a consolidation of special districts, the proposed name of the consolidated district is: _____

Part IVb: LANDOWNER PETITION

Petitions must meet minimum signature requirements (see Part V). Signatures must be secured within six months of the date on which the first signature was affixed. Petitions must be submitted to the LAFCO Executive Officer within 60 days after the last signature is affixed (Govt. Code § 56705).

Each of the undersigned states:

- I personally signed this petition.
- I am a landowner of the affected territory.
- I personally affixed hereto the date of my signing this petition and the Assessor's Parcel Number(s), or a description sufficient to identify the location of my land.

Name of Signer	Assessor's Parcel Number(s)	Date Signed	Official Use
Sign  Print Shuwei Huang	232-500-10-00	08/11/24	
Sign Rong Zhang Print Rong Zhang	232-500-10-00	08/11/24	
Sign Print			
Sign Print			
Sign Print			
Sign Print			

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7a

AGENDA REPORT
Business | Discussion

March 3, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Draft Proposed Policy |**
Financial Accounting and Internal Controls

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a draft proposed policy to establish rules and procedures covering financial accounting and related reporting. The draft has been prepared as part of the adopted workplan and incorporates recent observations and recommendations made by LAFCO's outside auditor as detailed. The preparation of the draft draws on reviewing best practices by similarly sized local agencies and includes addressing reporting roles and responsibilities, account management and related allowances, capitalization thresholds, and fraud prevention. The draft is being presented for Commission review and discussion with staff incorporating feedback in finalizing a version for formal consideration at a future meeting.

BACKGROUND

Current Workplan &
Direction to Develop Formal Accounting Policies + Related Prompts

San Diego LAFCO's current workplan was adopted at a noticed public hearing in May 2024 and includes 30 specific projects for the fiscal year. One of the workplan projects involves the establishment of formal accounting policies and related procedures and in doing so address

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Joel Anderson, County of San Diego
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
Harry Mathis, General Public
Brigette Browning, Alt., General Public

two recent recommendations made by LAFCO's current outside auditor – O'Conner and Associates (San Rafael). The prompting observations and recommendations follow.

- **FY2020-2021 Audit Observation + Recommendation:**

  "During the course of our audit, we noted that LAFCO does not have a formal accounting, administrative, and fraud procedures manual. This manual would document LAFCO's internal controls to safeguard assets and accounting records. This manual would also note LAFCO's policies regarding prevention, detection, and deterrence of fraud and would serve as a training guide for new employees."

  "We recommend LAFCO develop and maintain an up-to-date accounting, administrative, and fraud procedures manual."

- **FY2021-2022 Audit Observation + Recommendation:**

  "During our audit, we noted that LAFCO does not have a formal policy for accounting for leases based on GASB 87 guidance. This policy would document LAFCO's internal controls and processes in determining whether GASB 87 guidance applies to potential lease arrangements and capitalization thresholds. This policy would also outline the process for estimating and recording leases and right to use assets.

  "We recommend LAFCO consider formalizing a capitalization policy for lease liabilities and the right to use assets over $40,000. We also recommend keeping lease terms month to month or as annual leases whenever possible."

DISCUSSION

This item is for San Diego LAFCO to review a draft policy establishing rules and procedures for financial accounting and related reporting – including addressing recent recommendations made by the Commission's outside auditor as summarized above. The draft largely formalizes and expands upon existing LAFCO practices. It also draws on reviewing best practices by similarly sized agencies that maintain financial relationships with their respective county governments. The draft is attached for review with additional discussion on structure and key provisions as follows.

Structure and Key Provisions

The draft is organized consistent with LAFCO policy formatting and proposed to be formally assigned as Fiscal Policy 102 – or F-102. Notable provisions include all of the following.

- Delegate financial management to the Executive Officer. Prescribe other roles and responsibilities in managing financial accounting records to Commission Clerk.

- Specify LAFCO will maintain and use accounts held with the County of San Diego via the Treasurer's Office as its central depository. Also specify LAFCO shall transact most day-to-day accounting activities with County accounts.

- Reference and reinforce fund balance management consistent with F-101.

- Specify LAFCO may open and maintain accounts with commercial banks as needed. Set the maximum balance of all combined accounts with commercial banks to be no more than 15% of the combined balances held with the County.

- Require any individual payment made by LAFCO at $15,000 or above to be paid out of accounts held by the County of San Diego via the Auditor-Controller's Office. Any individual payments below this threshold can be made directly by LAFCO staff using accounts held with commercial banks.

- Designate capital asset thresholds at $7,500 if useful life is three or more years. Qualifying capital assets would be subject to annual depreciation. Any other assets purchased or contributed would be expensed in the year acquired.

- Use straight-line depreciation of all capital assets over their estimated useful life as determined by the Executive Officer.

- Establish a lease and right-of-use capitalization threshold of $40,000.

- Address fraud prevention – including broad examples – and assign investigation duties to Executive Officer or Commission Counsel. Should the suspicion be deemed creditable, a report shall be made to the Chair.

The draft includes a placeholder for investments and commits the Commission to revisit the topic and set specific policies and procedures at a future time.

ANALYSIS

The proposed draft policy before San Diego LAFCO has been scaled to reflect and amplify the Commission's existing financial relationship (banking and reporting) with the County of San Diego. This includes making explicit LAFCO will continue to use the County Treasurer's Office as its principal depository as well as transact most payments with accounts via processing with the County Auditor-Controller's Office. The draft policy also addresses existing policy unknowns – i.e., staff practices that have not been formally addressed by the Commission – and include setting balance and payment thresholds involving commercial bank accounts. Last, in developing policies and procedures – including setting capitalization thresholds for lease liabilities and right-to-use assets – the Commission is affirmatively addressing earlier recommendations from its outside auditor.

Staff is seeking input from the Commission on the draft policy in step with finalizing the document for formal consideration at a future meeting.

RECOMMENDATION

Review and discuss the draft policy and provide feedback as appropriate.

ALTERNATIVES FOR ACTION

No action; discussion only.

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda for discussion as part of the business calendar. The following procedures are recommended in the consideration of this item:

1) Receive verbal presentation from staff unless waived.
2) Commission discussion.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachment:

1) Draft Proposed Policy on Financial Accounting and Internal Controls

Subject:

FINANCIAL ACCOUNTING AND INTERNAL CONTROLS

Purpose:

Serve as rules and procedures to ensure accurate and consistent financial accounting records as well as related roles and responsibilities.

Background:

The Commission is responsible under State law to establish its own provisions for necessary quarters, equipment, supplies, and personnel as an extension of the California Legislature. The Commission may also choose to contract with any public agency or private party in carrying out its statutory and administrative duties (Government Code Section 56380).

Policy:

It is the policy of the Commission:

1. Goals and Objectives:

    a) Apply these rules and procedures with the following objectives in mind:

        - Balance efficiencies and risks to ensure long-term financial stability.
        - Foster accountability by clearly defining roles and responsibilities.

2. Administration:

    a) The Commission shall be solely responsible for the financial management and accounting of its funds with day-to-day responsibilities delegated to the Executive Officer.

    b) Notwithstanding the above delegation, the Commission may contract with other public agencies and private parties to assist with managing financial accounting tasks identified in this policy – including, but not limited to – bookkeeping.

3. Fund Type:

   a) The Commission exclusively utilizes governmental funds at this time, and accordingly is only responsible for the preparation and issuance of government-wide financial statements.

   b) Fund balance classifications are separately addressed in Policy F-101.

4. Reconciliations and Reporting:

   a) The Commission Clerk or other designee shall reconcile account statements provided by the County of San Diego and any commercial banking institution on a monthly basis using a professional accounting software system.

   b) The Executive Officer shall report all payments made and received to the Commission at the next available meeting for formal ratification.

   c) The Executive Officer shall provide quarterly financial updates to the Commission identifying actual year-to-date expenses and revenues relative to adopted budgeted amounts.

   d) Unless otherwise directed by the Commission, the Executive Officer shall arrange for an annual or biennial audit of its financial statements by an independent accounting firm. The resulting audit report – including the firm's opinion – shall be presented to the Commission for formal receipt.

5. Payroll and Benefits Administration:

   a) The Commission determines pay and related benefits for all employees.

   b) All employees shall submit biweekly timesheets for approval by the Executive Officer and subsequent payroll processing.

   c) At the present time, the Commission contracts the County of San Diego and its surrogate – San Diego County Employee Retirement Association – to administer biweekly payroll and benefits.

6. Payments Received and Made:

a) The Commission shall use the County of San Diego and its Treasurer's Office to serve as a central depository for all payments received – including all local agency apportionments. The Commission shall relatedly use accounts held with the County to transact most day-to-day payments as well as manage reserves consistent with Policy F-101.

b) The Commission may also establish and use one or more local banking institutions for the primary purpose of transacting expedited payments. The combined account balances with all commercial banks shall not exceed 15% of the total balance held with the County of San Diego.

c) Biweekly payroll payment shall be distributed by electronic transfer or check using accounts maintained with the County of San Diego. All employees are responsible for providing proof of identification and any other forms as requested by the County necessary to receive paychecks.

d) All Commission vendors and contractors must provide the Commission Clerk a completed "Request for Taxpayer Identification Number and Certification (W-9)" unless their total payment over a calendar year is below $600. The Commission Clerk will provide Form 1099s to all qualifying vendors and contractors as early as possible each calendar year.

e) All vendor and contractor payments at or above $15,000 shall be paid by the Commission using accounts held with the County of San Diego – whether by check or electronic transfer.

f) Any vendor and contractor payments less than $15,000 may be paid either using accounts held with the County of San Diego or with commercial banking institutions – whether by check, electronic transfer, or credit card.

g) Any check stock associated with the Commission's commercial banking institutions shall be kept in a secure location by the Commission Clerk, within the San Diego LAFCO office, accessible only to authorized personnel. The Executive Officer and Assistant Executive Officer are authorized signatories.

h) With the prior approval of the Commission, the Executive Officer may open credit lines (e.g., credit cards). No credit payment shall exceed $15,000. The Executive Officer and Assistant Executive Officer shall be authorized users of any approved lines of credit.

7. Documentation:

   a) All payments made by the Commission – whether through the County of San Diego, commercial banking institution, or credit line – shall include original documentation. Should original documentation be unavailable, the Executive Officer shall use their discretion in approving.

8. Asset and Liability Management:

   a) Physical assets acquired through purchase or contribution with unit costs or fair market values at or above $7,500 – respectively – and with useful life expectations of three or more years shall be capitalized assets on the financial statements. All other assets shall be expensed in the year purchased.

   b) Capitalized assets, with the exception of land, are subject to a straight-line depreciation method over their estimated useful lives.

   c) Repairs of capitalized assets shall be expensed as incurred so long as the repairs do not add value and/or extend their useful life.

   d) The Commission Clerk or designee shall ensure an inventory log listing all capitalized assets is maintained and updated annually. The inventory log shall include date of acquisition, cost, repairs (if applicable), and estimated useful life.

9. Lease and Right to Use Capitalization:

   a) The Commission should avoid entering leases and right to use asset agreements with a duration of more than one year unless such lease or agreement provides preferred pricing or another significant business advantage.

   b) Leases liabilities and right to use assets that are not classified as short-term and whose aggregate payments made or received exceed $40,000 will be capitalized in compliance with GASB 87.

10. Investments:

    a) The Commission shall establish policies and procedures on investments at a later date.

11. Fraud Prevention:

a) The Commission defines fraud as the intentional, false representation or concealment of a material fact(s) for the purpose of personal gain or for the purpose of inducing another to act upon it to his or her injury. This includes any of the following circumstances involving employees, contractors, vendors, and/or members:

- Forgery or alteration of any Commission document(s).
- Forgery or alteration of any reimbursement claim.
- Forgery or alternation of any employee timecard.
- Misappropriation of Commission funds, supplies, or other assets.
- Impropriety reporting of Commission funds or financial transactions.
- Unauthorized disclosure of confidential or proprietary Commission information.
- Acceptance or solicitation of material value from Commission contractors, vendors, or persons providing goods or services.
- Destruction, removal or inappropriate use of Commission records or property – including but not limited to, furniture, fixtures or equipment.
- Personal use of any Commission lines of credit.

b) Any fraud that is suspected or detected shall be reported to the Executive Officer and, alternatively, to Commission Counsel.

c) If the suspicion is deemed credible, responsibility for investigating suspected fraudulent acts shall be conducted by the Executive Officer or Commission Counsel and reported immediately to the Commission Chair.

d) The Chair shall use reasonable discretion in assessing intent when evaluating potential fraudulent actions and determining whether corrective action shall also include reporting to the full Commission.

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7b

AGENDA REPORT
Business | Action

March 3, 2025

TO: Chair Whitburn and Commissioners

FROM: Keene Simonds, Executive Officer
Meghan Traynor, Analyst I

SUBJECT: **Proposed "Lank – Poinsettia Avenue Out-of-Agency Wastewater Services" | Buena Sanitation District (OAS25-04)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a request by the Buena Sanitation District (Buena SD) involving new out-of-agency wastewater services to an incorporated parcel located within the City of San Marcos. The affected territory is presently part of a 0.5-acre parcel with a single-family residence at 806 Poinsettia Avenue. The purpose of the request is to facilitate a lot split and construction of an additional single-family residence plus two accessory units – one for the existing residence and one for the new residence. Staff recommends approval of the request with standard terms. Staff is relatedly recommending the Commission waive the otherwise special condition commonly applied to require the landowner to file an annexation proposal with LAFCO for future processing given local conditions as detailed. A categorical exemption is separately recommended to ensure compliance with the California Environmental Quality Act (CEQA).

BACKGROUND

Statute and Local Policies

Government Code Section 56133 prohibits cities or special districts from providing new or extended services by contracts outside of their jurisdictional boundaries without prior LAFCO

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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 Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

review and approval less certain and limited exemptions. In addition, cities or districts may only provide services by contract outside of their boundaries and within their spheres of influence in anticipation of later annexations. If the affected territory lies outside the subject agencies' spheres, outside-of-agency services may only be extended in response to documented threats to public health and/or safety as determined by LAFCO.

San Diego LAFCO's current policies authorize the Executive Officer to approve outside-of-agency services in response to documented health, safety, or welfare impacts.[1] Otherwise, all out-of-agency approvals require formal Commission action.

Buena Sanitation District: Transitional Sphere & Policy Expectations

The affected territory lies outside Buena SD's transitional sphere – also referred to as a zero sphere.[2] LAFCO approved a transitional sphere for the Buena SD in 1984, recognizing that the District's service responsibility should ultimately be assumed by the City of Vista. This sphere designation includes provisions allowing *unincorporated* parcels in need of wastewater services to annex to the District until Buena SD merges with the City of Vista (emphasis added). Given the affected territory is located within the City of San Marcos, and a land swap between the two cities is unlikely, an out-of-agency service extension is requested.

Applicant Request

San Diego LAFCO received a request from the Buena SD on behalf of an interested landowner (Myles Lank) in January 2025 for approval to provide new wastewater services outside its jurisdictional boundary by contract to a 0.51-acre parcel comprising 806 Poinsettia Avenue (217-231-16). The subject parcel is currently developed with a 1,318 square-foot single-family residence built in 1970 and is presently serviced wastewater by Buena SD under a grandfathered 1970 agreement. The request seeks approval to make available wastewater services for a planned lot split and construction of an additional single-family residence and two ADUs for both residences (existing and planned). A map showing the affected territory is provided as Attachment One.

* The Executive Officer has determined existing wastewater service to the residence at 806 Poinsettia does not require action by LAFCO given service commenced before Government Code Section 56133 was enacted and set January 1, 2001 as the effective date. However, because the original agreement associated with the existing residence was not previously approved by the Commission, the Executive Officer has determined the proposed service accommodation for the new development qualifies as "new" as opposed to "extended" and therefore requires LAFCO approval.

[2] Transitional spheres – or zero spheres – are absent any territory and may be designated for an agency, usually a special district when it is assumed the public service responsibility and function of the agency should ultimately be reassigned to another agency.

DISCUSSION

This item is for San Diego LAFCO to consider approving Buena SD's request under Government Code Section 56133 to provide new out-of-agency wastewater services (collection, treatment, and disposal classes) to facilitate a planned lot split involving 806 Poinsettia Avenue. The Commission maintains discretion to approve the request with or without terms so long as the latter does not directly regulate land use, property development, or subdivision requirements. Additional discussion on proposal purpose, land use policies, and Commission focus follows.

Proposal Purpose

The purpose of the request is to extend out-of-agency wastewater service in support of the landowner's planned lot-split and construction of an additional single-family residence and two accessory dwelling units per residence.

Current and Planned Land Uses

The affected territory consists of a single parcel, developed with a single-family residence built in 1970. The City of San Marcos designates the subject parcel with a Residential Low zoning assignment, which sets the minimum lot size at 10,000 square feet or 0.23 acres and allows a maximum density of four units per acre. The planned development would comply with these allowed uses, maximizing the permissible density.

Commission Focus

Staff has identified two central and sequential policy items for San Diego LAFCO in considering the merits of the requested approval for the Buena SD to provide new out-of-agency wastewater services to the affected territory. These items involve the stand-alone merits of the (a) timing of the requested service extension itself and (b) whether discretionary terms are appropriate. The Commission must also consider other relevant statutes as detailed.

ANALYSIS

The following analysis address the two policy considerations outlined in the preceding section most relevant to San Diego LAFCO consideration of the requested authorized – timing of the out-of-agency service and whether terms are appropriate.

Policy Consideration | Timing of the Out-of-Agency Wastewater Service

Underlying San Diego LAFCO's consideration of the request is the timing and whether the membership believes the extension of municipal wastewater service is merited and – if yes – whether it is readily available. Should the preceding determinations be in the affirmative the Commission is tasked with proceeding to consider most appropriate delivery means, annexation or outside service extension. Staff's analysis of these two related factors follows.

- Need and Availability of Service
  The affected territory, located within an urbanized area of the City of San Marcos, is presently part of a 0.51 acre-parcel developed with a single-family residence. The Buena SD is currently providing wastewater service to the existing residence via an 1970s out-of-agency service agreement. The landowner seeks approval to provide new wastewater services in support of a planned lot-split and construction of an additional single-family residence along with two accessory dwelling units – one for each residence. The extension of Buena SD's wastewater service to the affected territory is readily available. It is projected the new maximum average day wastewater demand generated within the affected territory post development is 750 gallons per day based on accommodating three additional planned units (one single-family residence and two ADUs). This projected amount can be readily accommodated without adverse impacts given it represents 0.021% of the existing available capacity of the wastewater system.[3]

- Out-of-Agency Service v. Annexation
  Annexations are the preferred method under LAFCO law for implementing boundary changes that formalize the relationship between land and service providers unless local conditions suggest otherwise. In this case, local conditions justify an out-of-agency service extension as the most effective means to provide wastewater services to the affected territory given annexation would not be orderly or efficient at this time. Most notably, the Commission's prior designation of Buena SD transitional sphere suggests the current request for out-of-agency services is appropriate, as it supports the short-term development and aligns with the Commission's long-term planning goals. Buena SD's transitional sphere was established in 1984 with the expectation of annexation to the City of Vista when the timing is appropriate. Given the affected territory lies within the City of San Marcos, and a land swap between the cities is improbable, the out-of-agency service extension is the most practical and effective solution to meet the immediate service needs while remaining in alignment with the Commission's long-term planning goals.

Policy Consideration | Potential Terms

Staff believes it would be appropriate for San Diego LAFCO to condition approval to accommodate the allowance for three residential units (one additional single-family residence and two accessory dwelling units). The application of standard approval terms also appears sufficient. This includes the applicant paying any outstanding fees necessary to complete the approval per the San Diego LAFCO fee schedule. Conversely, consideration has been given consistent with practice to require the landowner to file an annexation proposal with LAFCO for future processing in conjunction with expediting the anticipated annexation under statute. Staff believes it is appropriate to proceed without this term given local conditions and the impracticability of timing a future annexation given the preceding considerations.

[3] One single-family residence and two accessory dwelling units use a total of 750 gallons per day, while Buena Sanitation District's capacity at Encina Wastewater Authority is 5.89 million gallons per day (MGD) and its average daily flow at the same facility is 2.03 MGD.

RECOMMENDATION

It is recommended San Diego LAFCO conditionally approve the requested out-of-agency wastewater service authorization allowing Buena SD to provide new service within the undeveloped portion of the affected territory to accommodate a planned lot split and construction of three new units (single-family residence and two accessory dwelling units) This recommendation is consistent with Alternative One below.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO and can be accomplished through a single-approved motion.

Alternative One (recommended):

(a) Approve the requested out-of-agency wastewater service authorization between the Buena SD and landowner at 806 Poinsettia Avenue subject to the scope and terms as provided in the preceding sections.

(b) Authorize the Executive Officer to file a Notice of Exemption consistent with the finding the request qualifies as a "project" under the California Environmental Quality Act but exempt from further review under State CEQA Guidelines Section 15319(b) given no more than 4 dwelling units are planned for development.

Alternative Two:
Continue item to a future meeting.

Alternative Three:
Disapprove the request.

PROCEDURES

This item has been placed on the agenda for action as part of San Diego LAFCO's business calendar. The following procedures are suggested in the consideration of this item:

1) Receive verbal report from staff unless waived.
2) Discuss item and consider recommendation.

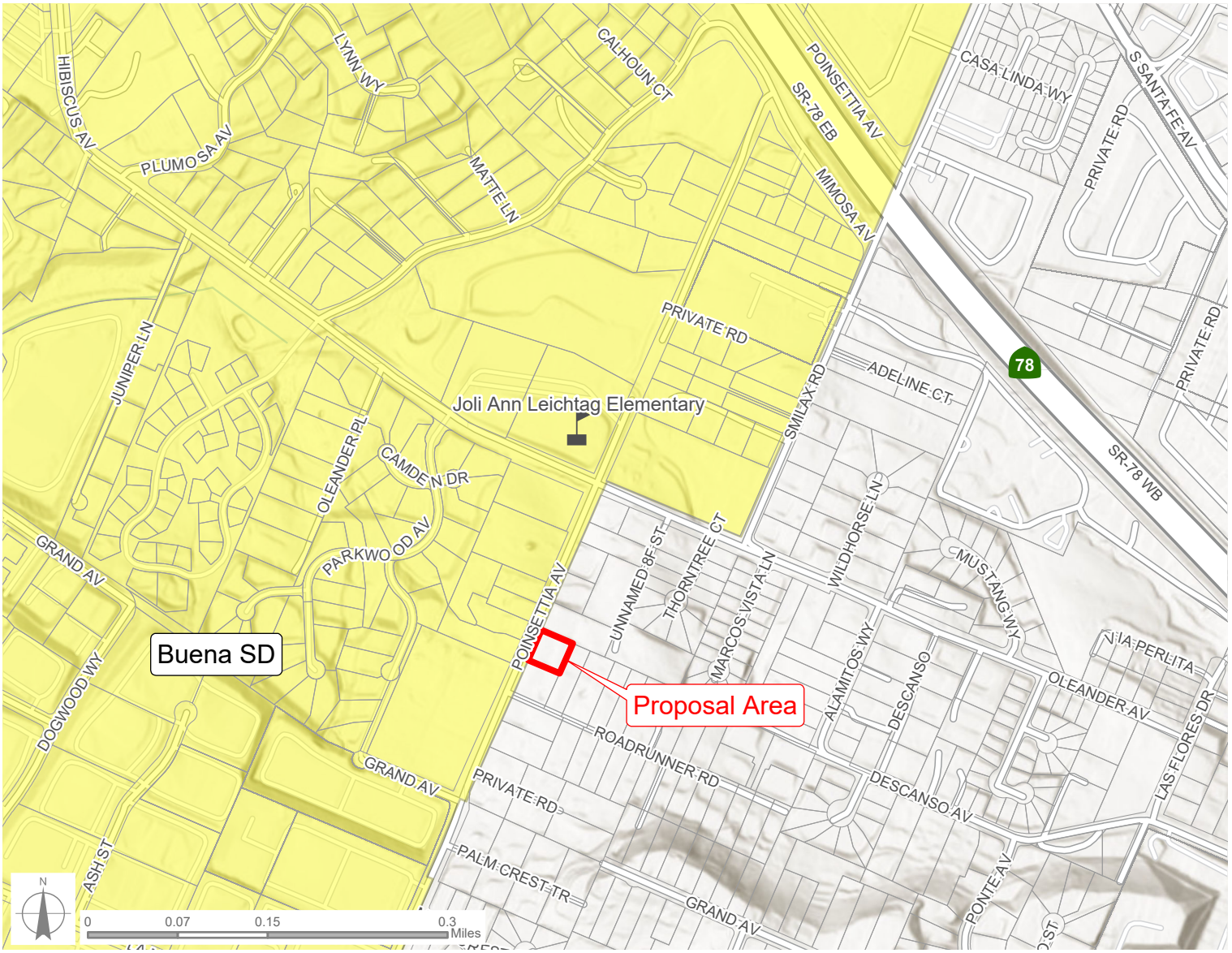
On behalf of the Executive Officer,

Meghan Traynor
Analyst I

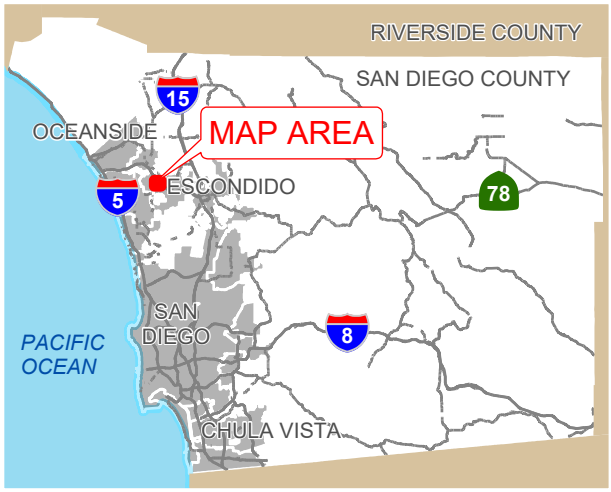
Attachments:

1) Map of the Affected Territory
2) Related Requested Documents

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OAS25-04

"LANK - POINSETTIA AVENUE OUT-OF-AGENCY WASTEWATER SERVICES" | BUENA SANITATION DISTRICT

Proposal Area
Buena SD

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

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Created by Dieu Ngu -- 2/7/2025

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CONTRACTUAL SERVICE AGREEMENT APPLICATION FORM

In addition to the materials required for any change(s) of organization, submit the following items:

1. One copy of either an approved Resolution of the City Council/District Board of Directors or a letter from the City Manager/District General Manager requesting approval for a contractual service agreement.

2. One copy of the contract or agreement stipulating the terms and conditions of extending service to the property signed by the property owner(s) and the agency that is to provide the service.

3. LAFCO processing fee. Contact the LAFCO office or refer to fee schedule.

Print/Type Name: Myles Lank

Property Address: 806 Poinsettia Ave, San Marcos, CA 92078

Phone #: 310-902-8631 Date: 1/23/25

This application is used by LAFCO staff to provide supplemental information for contractual service agreement requests.

1. What type or types of public service(s) will be provided? Sewer

2. Why is the service needed? If the service agreement is in response to an emergency health and safety situation, such as a failed septic system, provide information documenting the circumstances (e.g., letter from the County Department of Environmental Health). Building of 1 SFR and 1 ADU.

3. If a jurisdictional change, such as annexation, is not possible at this time, explain the circumstances that prevent annexation and when the jurisdictional change is anticipated. n/a

4. Are there any jurisdictional issues associated with the proposed contractual service agreement? ☐ YES ☒ NO
(If yes, please complete the LAFCO Policy L-107 form)

1/23/25

San Diego Local Agency Formation Commission
2550 Fifth Ave., Suite 725
San Diego, CA 92103
(619) 321-3380

Revised November 2022

CITY OF VISTA
CALIFORNIA
BUENA SANITATION DISTRICT

January 28, 2025

San Diego County LAFCO
Attn: Keene Simonds
2550 Fifth Avenue, Suite 725
San Diego, California 92103

Re: Out of Area Service Agreement Request – 806 Poinsettia Ave., San Marcos, CA

Dear Mr. Simonds,

The Buena Sanitation District is requesting approval from San Diego LAFCO to provide wastewater services to an existing single-family residence, a second new single-family residence, and two new accessory dwelling units at 806 Poinsettia Ave., San Marcos, CA (APN 217-231-16) which is outside of the Buena Sanitation District boundary.

Buena Sanitation District public sewer infrastructure is readily available and has adequate capacity to provide service to the property. Pursuant to the August 1989 Agreement between the City of San Marcos and Buena Sanitation District, and the 2007 Amendment, BSD is willing to offer sewer service to this property. The agreement will be memorialized with an Out-of-Area Sewer Service Agreement, recorded in the office of the County Recorder.

Pursuant to direction received from your office, a check for $1,921.50 is included with this request.

I appreciate your consideration in this manner. Please feel free to reach out to Steve Nowak at 760-643-5403 or snowak@vista.gov with any questions you may have.

Sincerely,

John Conley
District Manager

RECORDING REQUESTED BY:

BUENA SANITATION DISTRICT

WHEN RECORDED MAIL TO:

BUENA SANITATION DISTRICT
200 CIVIC CENTER DRIVE
VISTA, CA 92084-6275
ATTN: DISTRICT CLERK

Fee Exempt: Government Code Section 27383

APN: 217-231-16-00

OUT OF AREA SEWER SERVICE AGREEMENT
806 Poinsettia Ave., San Marcos, CA

THIS AGREEMENT is entered into as of 28, 2025 ("Agreement Date"), by and between the **BUENA SANITATION DISTRICT,** a county sanitation district, ("District") and**, Myles J. Lank and D'Lynn M. Lank, Trustees, or their successors in interest, of the Myles J. Lank and D'Lynn M. Lank Living Trust dated June 9, 2017, and any amendment thereto** ("Owner/Developer").

RECITALS

1. Owner/Developer has applied to District for sewer service for the real property hereinafter described ("Property") now under Owner/Developer's ownership to facilitate construction of a new single-family residence and two accessory dwelling units.

2. The Property is outside the District limits.

3. It has been determined to be in the public interest to provide sewer service to this Property.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

SECTION 1. Owner/Developer shall acquire any necessary off-site easements, shall construct the mainline sewer and lateral to a point on the Property as determined by District's Department of Engineering, and shall be responsible for all costs including engineering, permits, inspection and any other costs related to the physical construction of the sewer. Owner/Developer shall comply will all rules, regulations, ordinances or statutes currently in effect or as may be amended from time to time. Owner/Developer agrees to indemnify, defend and hold harmless District for any loss, damage, or claim of damage resulting from an alleged or actual failure of the domestic sewer lateral or the District sewer main.

SECTION 2. Owner/Developer shall pay sewer capacity fees, sewer service fees, and permit fees to District as required by District from time to time. Sewer service charges will be billed as determined by District and shall be paid within thirty (30) days of the billing date. If within that 30 day period, such charges have not been paid, Owner/Developer and its successors in interest hereby authorize the filing of a law suit in a court of competent jurisdiction by District. Parties refusing to pay their sewer service charge within the specified time shall, in addition be liable for any and all cost of suit and reasonable attorney's fees incurred by District in initiating any legal action pursuant to the terms of this Agreement.

SECTION 3. Owner/Developer irrevocably agrees to grant to District, without compensation, an on-site sanitary sewer easement, if necessary in the sole discretion of District, for the future extension of the sewer.

SECTION 4. Subdivision and/or development shall be compatible with District's General Plan and shall be in

conformance with District development standards, including District review and approval of the site development plan and payment of any development fees not required by the County but required by District, such as drainage fees and traffic mitigation fees.

SECTION 5. District will provide sewer service upon satisfaction of the conditions set forth in this Agreement, applicable law, and other requirements which are standard preconditions to the provision of sewer service.

SECTION 6. A description of the Property upon which Out of Area Service Agreement is imposed is described in Exhibit A, attached hereto and incorporated herein by reference.

SECTION 7. The obligations of this Agreement shall constitute covenants or servitudes which shall run with the land comprising the Property and shall be binding on the successors and assigns of Owner/Developer, including all estates and interests in the Property. Notwithstanding the foregoing, the decision to initiate or support an application for annexation to the Local Agency Formation Commission ("LAFCO") is reserved to the sole discretion of District, and this Agreement does not contain any representation or commitment that District will initiate or support such an application in the future. LAFCO must approve any annexation to District.

SECTION 8. This Agreement shall continue in perpetuity or until this Agreement is terminated as hereinafter specified, whichever occurs first.

SECTION 9. This Agreement may be terminated by the District by giving Owner/Developer, its heirs, successors or assigns, five (5) days advance written notice if [1] Owner/Developer fails to pay the fees described in paragraphs One (1), Two (2), Three (3) or Five (5) above, or [2] the annexation is not approved for any reason.

[Continued on page 3.]

SECTION 10. This Agreement is subject to the LAFCO review and approval. It shall be effective following execution by the parties and upon approval by LAFCO. Should LAFCO fail to approve this Agreement it shall be of no further force or effect.

SECTION 11. This Agreement contains the entire agreement between the parties, and neither party relies upon any warranty or representation made by either party if not contained in this Agreement.

IN WITNESS, **WHEREOF**, the parties hereto have executed this Agreement as of the Agreement Date.

"DISTRICT"

BUENA SANITATION DISTRICT, a county sanitation district

By:_____
JOHN CONLEY, DISTRICT MANAGER

"OWNER/DEVELOPER"

Myles J. Lank and D'Lynn M. Lank, Trustees, or their successors in interest, of the Myles J. Lank and D'Lynn M. Lank Living Trust dated June 9, 2017, and any amendment thereto

By:_____

_____
NAME/TITLE

BY:_____

_____
Name/Title

(When signing as Corporation necessary signatures are President OR Vice President AND Secretary OR Assistant Secretary.)

NOTE: A CALIFORNIA ALL PURPOSE NOTARY ACKNOWLEDGMENT MUST BE ATTACHED FOR ALL SIGNATURES ABOVE

ATTEST:
KATHY VALDEZ, DISTRICT CLERK

By:_____

APPROVED AS TO FORM:
WALTER CHUNG, DISTRICT ATTORNEY

By:_____

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7c

AGENDA REPORT
Business | Discussion

March 3, 2025

TO: Chair Whitburn and Commissioners

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

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

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an update 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 Commission for informational purposes with an opportunity for the Commission to provide input on staff activities going forward.

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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
Harry Mathis, General Public
Brigette Browning, Alt., General Public

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) examining 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.

The full report is provided as Attachment One.

DISCUSSION

This item provides San Diego LAFCO with 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. The three key legislative amendments follow.

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. These materials will be provided to the Commission once finalized.

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

This item is presented to San Diego LAFCO for discussion and feedback only.

ALTERNATIVES FOR ACTION

None.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for information as part of the business calendar. The following procedures are recommended in consideration of this item:

1) Receive verbal presentation from staff unless waived.
2) Invite comments from interested audience members, if any.
3) Discuss the item.

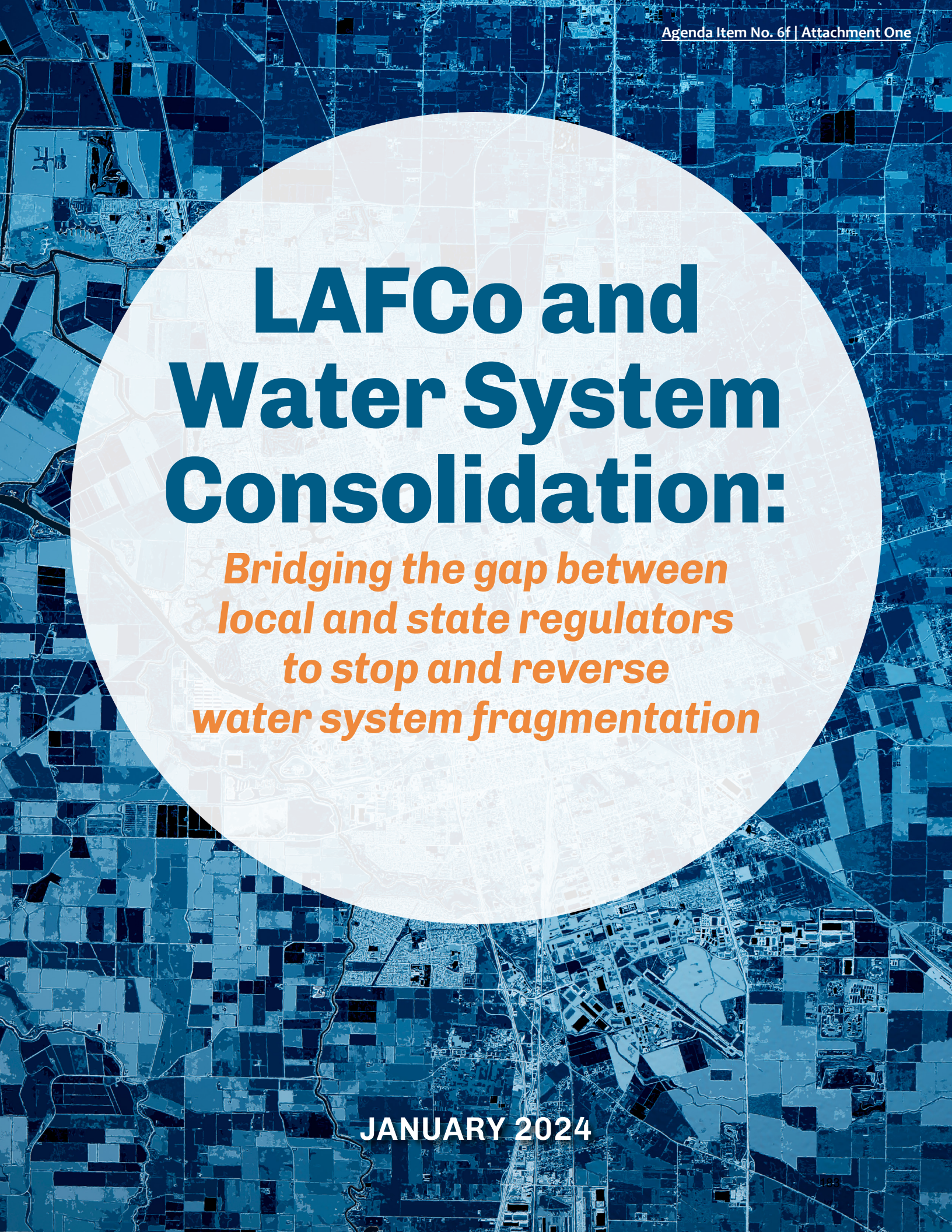
On behalf of staff,

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

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UNIVERSITY OF CALIFORNIA
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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.

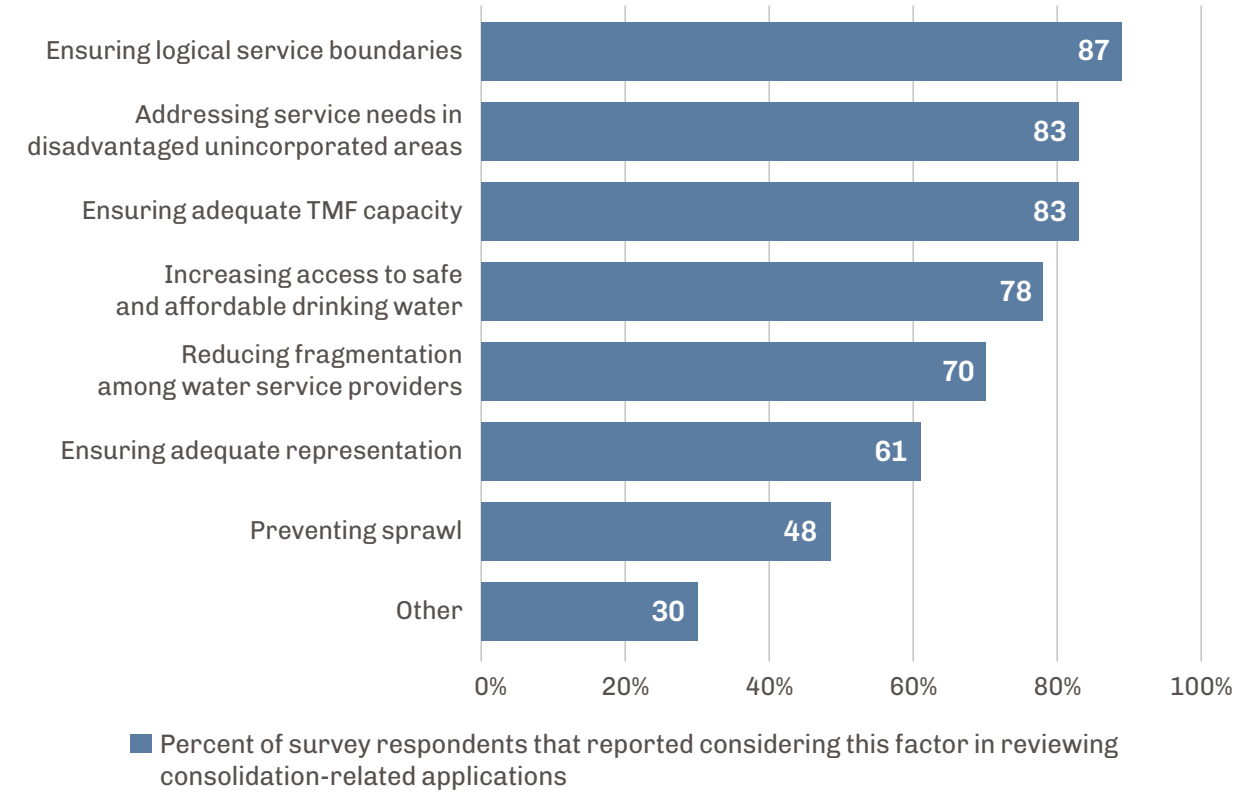
But this challenge is not only semantic. While all parties share a commitment to ensuring efficient, equitable local services, the goals that motivate system consolidation and the metrics by which "success" is assessed in these projects can also vary. State regulators tend to prioritize projects on the 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.

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.

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

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

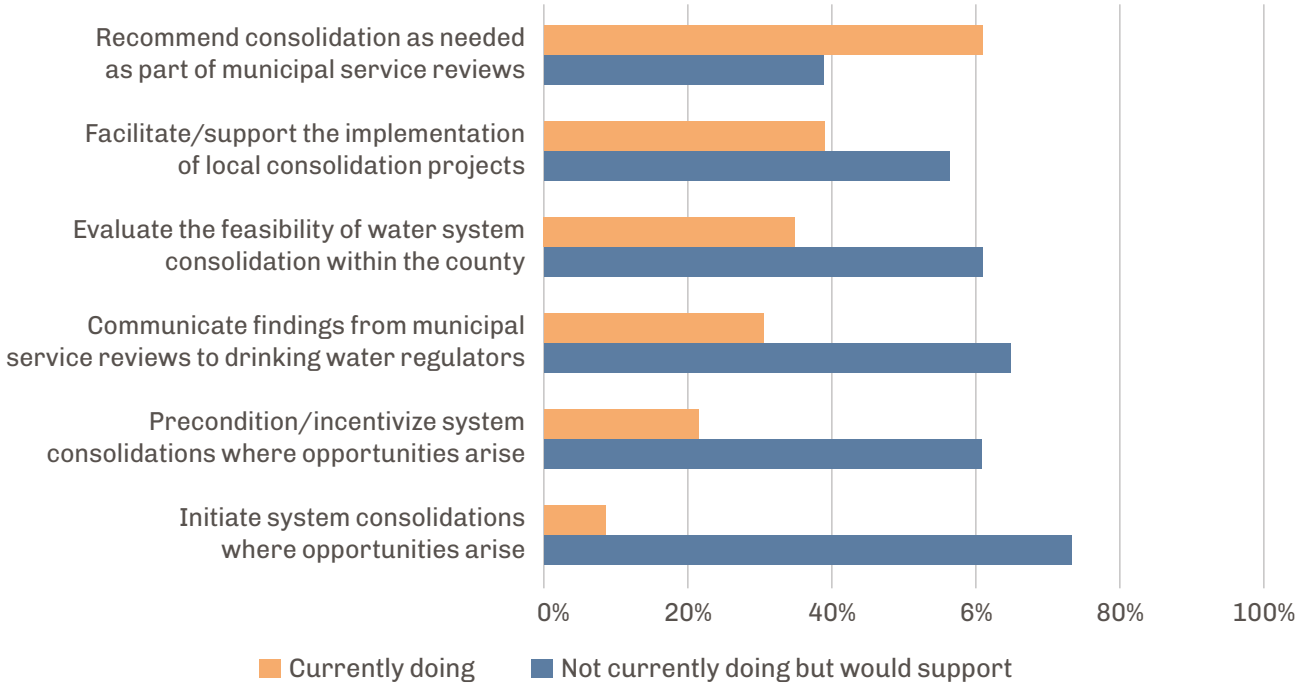
survey support this type of information sharing *(See Figure 2)*. In the future, the SWRCB could create formal pathways for integrating MSR data and/or the state legislature could consider changes to require information sharing and coordination.

- ***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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Senate Governance and Finance Committee. (2013). 50 Years of LAFCos: A guide to LAFCos. https://caLAFCo.org/sites/default/files/resources/50%20Years%20of%20LAFCos%20%282013%29%20-%20A%20guide%20to%20LAFCos_0.pdf

State Water Resources Control Board (SWRCB). (2021). Permits for Water Systems. https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/Permits.html

State Water Resources Control Board (SWRCB). (2023). Drinking water system partnerships and consolidations. https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/waterpartnership.html

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

7d

AGENDA REPORT
Business | Discussion

March 3, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Support for Assembly Bill 259 | Remote Participation for Local Agencies**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a recommendation to formally support Assembly Bill (AB) 259. Introduced by Assemblywoman Blanca Rubio for the 2025-2026 legislative session, AB 259 seeks to remove the January 1, 2026, sunset date from provisions in the Ralph M. Brown Act—enacted by AB 2449—that allow local agencies to utilize alternative teleconferencing procedures during meetings. This bill would extend these provisions indefinitely, allowing remote participation during emergencies or for other "just cause." The bill is sponsored by the California Special Districts Association (CSDA) and Three Valleys Municipal Water District and would allow the Commission to continue to allow its members to participate remotely under specific circumstances.

BACKGROUND

AB 2449, introduced in 2022 by Assemblywoman Rubio (California's 48th Assembly District, West Covina), establishes a sunset provision in the Ralph M. Brown Act ("Brown Act") to allow local agency members to participate remotely in meetings. This provision is set to sunset at the end of 2025. Assemblymember Rubio seeks to eliminate the sunset clause via AB 259 and allow local agency legislative bodies to use teleconferencing for meetings indefinitely, ensuring that the flexibility introduced by AB 2449 remains.

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David A. Drake, Alt., Rincon del Diablo
Harry Mathis, General Public
Brigette Browning, Alt., General Public

DISCUSSION

This item is for San Diego LAFCO to consider a recommendation to formally support AB259. This legislation would allow local agencies to continue to use alternative teleconferencing procedures in conducting business, provided that a quorum of members participates in person at a designated public location within the agency's jurisdiction. The author asserts the legislation would provide local agencies with continued flexibility in their operations, while still adhering to public access requirements outlined in the California Constitution and the Brown Act.

A fact sheet for AB 259 is provided as Attachment One, and a draft letter of support is provided as Attachment Two.

ANALYSIS

AB 259 is byproduct of COVID-19 and need to revision how local governments can continue to openly conduct business while providing basic protections against the spread of viruses. This involves removing the sunset provision previously established in AB 2449 and in doing so ensuring that remote participation in local agency meetings remains in effect beyond 2025. The provisions of AB 2449, which were negotiated by civil society groups and local government stakeholders, included safeguards such as the requirement for an in-person quorum at the meeting location. AB 259 seeks to extend this flexibility indefinitely, which aligns with San Diego LAFCO's current use of remote participation during "just cause" or emergency circumstances — a practice made possible by AB 2449. This flexibility has enhanced accessibility and efficiency in LAFCO's governance, enabling board members to participate despite geographic or personal constraints.

RECOMMENDATION

It is recommended that the San Diego LAFCO approve a support position on AB 259, consistent with Alternative Action One as outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):
Approve a support position for AB 259 and authorize the Executive Officer to provide a letter to the author on behalf of the Commission.

Alternative Two:
Continue consideration of the item to a future meeting and provide direction to staff for additional information as needed.

Alternative Three:
Take no action.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for action as part of the business calendar. The following procedures are recommended in the consideration of this item:

1) Receive verbal presentation from staff unless waived.
2) Invite comments from interested audience members.
3) Discuss and provide feedback, as requested.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachment:

1) AB 259 (Rubio) Fact Sheet
2) San Diego LAFCO Draft Letter of Support for AB 259

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Assembly Bill 259 (Rubio)

Sunset Elimination for Modified Brown Act Meeting Procedures

Bill Summary

Assembly Bill 259 (Rubio) eliminates the sunset on provisions added to the Brown Act by Assembly Bill 2449 (Rubio, 2022), a bill that provided additional flexibility with alternative Brown Act meeting procedures able to be observed in the event of a board member's absence in connection with a "just cause" or "emergency circumstances," allowing for those members so-affected to participate in the meeting remotely consistent with the process detailed in the bill. The provisions of AB 2449 include restrictions on how often its provisions may be invoked and require that a majority of the board be present in-person in order to constitute a quorum.

Problem

Several special districts and other local agencies have utilized the procedures established by AB 2449, successfully facilitating remote participation for legislative policymakers that would otherwise been encumbered by illness, official travel, or medical emergency. Though the terms of AB 2449 have been amended since their passage, the sunset date associated with its terms has not been changed; the alternative Brown Act meeting procedures established by the bill expire at the end of 2025.

Solution

By removing the sunset, AB 259 preserves the additional flexibility for individual board members of local agencies looking to meet remotely to continue providing the public with essential services.

Background

In support of the original legislation, AB 2449, author Assembly Member Blanca Rubio remarked that remote meetings held over the last few years "demonstrated the value of remote participation options when individuals are unable to attend a physical gathering. The Brown Act ensures that officials and their constituents can have open and transparent meetings, which we now know can occur using modern technology. […] AB 2449 would provide an avenue for constituents to interact with their representatives in situations where they might have not previously been able to."

AB 2449 followed other legislation like Assembly Bill 361 (R. Rivas, 2021) related to the Brown Act. However, while bills like AB 361 were concerned with entire agencies and disaster emergency scenarios posing a threat to the general health and welfare of all attendees, AB 2449 is more limited in scope. AB 2449 is applicable to individual board members – rather than the entire agency – and is concerned with the specific "just cause" and "emergency circumstances" enumerated within the bill.

Support

- California Special Districts Association
- Three Valleys Municipal Water District
- Various local government associations
- Various counties, cities, special districts, and other local agencies

For More Information

Marcus Detwiler
California Special Districts Association
marcusd@csda.net

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February 25, 2025

The Honorable Blanca Rubio
California State Assembly
1021 O Street, Suite 5250
Sacramento, California 95814

RE: Assembly Bill 259 (Rubio) – Support [As Introduced]

Dear Assembly Member Rubio:

The San Diego County Local Agency Formation Commission (LAFCO) is pleased to support Assembly Bill 259, related to the Ralph M. Brown Act. Established in 1963, LAFCOs are political subdivisions of the State of California responsible for providing regional growth management services across all 58 counties. LAFCOs' authority is codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), with oversight provided by the Assembly Committee on Local Government.

In response to the evolving needs of public meetings and the increasing demand for remote participation, your office introduced Assembly Bill 2449 in 2022, which amended the Ralph M. Brown Act. This bill allowed local agencies to implement remote participation procedures starting in 2023 with a January 1, 2026 sunset date, providing an effective solution for officials unable to attend in person due to illness, official travel, or medical emergencies. AB 2449, which was shaped by collaboration among civil society groups and local government stakeholders, included important safeguards, such as ensuring a quorum in person at the official meeting location. AB 259 would remove the sunset provision, ensuring that the remote participation provisions of AB 2449 continue beyond 2025. Importantly, AB 259 does not alter any other elements of the remote meeting procedures established under AB 2449.

For these reasons, San Diego LAFCO is pleased to support AB 259.

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Vice Chair Barry Willis, Alpine Fire Protection
Jo MacKenzie, Vista Irrigation
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Harry Mathis, General Public
Brigette Browning, Alt., General Public

Sincerely,



Keene Simonds
Executive Officer
San Diego LAFCO

CC:
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Assembly Member Tasha Boerner
Assembly Member Laurie Davies
Assembly Member Carl DeMaio
Assembly Member Dr. Darshana R. Patel
Assembly Member Dr. LaShae Sharp-Collins
Assembly Member Chris Ward
Senator Catherine Blakespear
Senator Brian W. Jones
Senator Kelly Seyarto
Senator Akilah Weber Pierson
Marcus Detwiler, Legislative Representative, California Special Districts Association
José Henriquez, Interim Director, CALAFCO