SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION

REGULAR MEETING AGENDA
Monday, August 4, 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
Paloma Aguirre	Board of Supervisors	County of San Diego
Joel Anderson	Board of Supervisors	County of San Diego
Kristi Becker	Cities Selection Committee	City of Solana Beach
Jo MacKenzie	Independent Special Districts	Vista Irrigation
Vacant	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 Monica Montgomery Steppe	Board of Supervisors	County of San Diego
Alternate Marni von Wilpert	Mayor of the City of San Diego	City 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.

The Commission may proceed with the meeting, even where there is a disruption that prevents the Commission from broadcasting the meeting to members of the public or from receiving public comment from members of the public using a call-in option or internet-based service option, unless such disruption prevents a member of the Commission is participating under Government Code Section 54953, subdivision (e) or (f).

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 disclosed. The Chair will also consider requests from Commissioners to rearrange any agenda items.

4. **PUBLIC EXPRESSION 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 June 2, 2025 (action)**
   The Commission will consider action minutes prepared by the Commission Clerk for the June 2, 2025 meeting. Recommendation to approve as presented. (Pages 9-22)

   b) **Commission Ratification | Recorded Payments for May and June 2025 (action)**
   The Commission will review a report identifying all payments made and received for May and June 2025. Recommendation to ratify payments as presented. (Pages 23-34)

   c) **Approval of Independent Audit Expense for 2024-2025 (action)**
   The Commission will consider approval of an independent audit expense of $12,950 with Davis Farr, LLP for financial statement auditing services covering the 2024-2025 fiscal year. The proposed one-year audit services contract with Davis Farr is intended to serve as a bridge arrangement allowing LAFCO to proceed with a planned competitive bidding process later this year to establish a multi-year contract beginning with fiscal year 2025-2026 consistent with the adopted workplan. Recommendation to approve. (Pages 35-44)

   d) **2025-2026 Workplan Status (action)**
   The Commission will receive its first update on the adopted 2025-2026 workplan. One month into the fiscal year, 10 of the 30 special projects are substantively underway, with the majority focusing on high-priority items carried over from the previous fiscal year. Status updates on all 30 projects are provided. Recommendation to receive and file. (Pages 45-50)

   e) **Report on Applicant Proposals (information)**
   The Commission will receive a status report on active applicant proposals and requests 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 51-66)

CONSENT ITEMS CONTINUED…

f) **Notice of Administrative Approval | "Goodwin–Pine Valley Improvement Club Out-of-Agency Wastewater Services" with the San Diego County Sanitation District (OAS25-13) (information)**
The Commission will receive notice of an administrative approval authorizing San Diego County Sanitation District to provide out-of-agency wastewater service to an unincorporated property located within its sphere of influence at 28890 Old Highway 80 (APN 410-120-07) in Pine Valley. The approval includes a public health finding and is conditioned 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). This is an informational item only, as required under policy. (Pages 67-80)

g) **Proposed "Balazs-Artesian Breeze Way Change of Organization" | Annexation to Rancho Santa Fe CSD and Related Actions (CO25-07) (action)**
The Commission will consider a change of organization proposal initiated by landowner petition to annex 2.4 acres to the Rancho Santa Fe Community Services District (CSD). The affected territory as submitted consists of one undeveloped parcel located within the unincorporated community of Del Sur and lies entirely within the agency's existing sphere of influence (APN 267-147-06). The purpose of the proposal is to make public wastewater service available to the affected territory to accommodate the planned development of a single-family residence; other CSD services – including security and underground utilities – are not part of the proposal. Staff recommends conditional approval of the proposal as submitted without modifications. It is also recommended the Commission waive protest proceedings and find the project exempt from under State CEQA Guidelines Section 15319. (Pages 81-110)

h) **Report on Recent Committee Meeting | Special Districts Advisory Committee's July 18, 2025 Meeting (information)**
The Commission will receive a report on the most recent meeting of its Special Districts Advisory Committee held on July 18th. The report is in the form of draft minutes and is being presented consistent with an earlier request by Commissioner MacKenzie. Information only. (Pages 111-120)

i) **Legislative Report (information)**
The Commission will receive an update on active legislation relevant to the agency's regulatory and planning responsibilities. The item is being presented for information with the opportunity for the Commission to pull for discussion and provide additional feedback. Information only. (Pages 121-142)

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.

PUBLIC HEARING ITEMS CONTINUED…

a) **Appointment of a Public Member and Other Possible Actions (action)**
The Commission will revisit consideration of filling the vacant regular public member position. This item has been placed on the agenda at the request of Vice Chair Willis for the specific purpose of reconsidering an unsuccessful motion from the June meeting to appoint Brigette Browning to the regular seat and fill the resulting alternate seat vacancy with Eileen Delany. A successful appointment to any public member seat on LAFCO requires meeting two thresholds: a majority vote among the four membership categories (County of San Diego, City of San Diego, cities, and special districts) and at least one affirmative vote from each category. (Pages 143-174)

b) **Proposed "Nakano Development Project Reorganization" | Annexation to the City of San Diego with Concurrent Detachment from City of Chula Vista and Otay Water District with Related Actions (RO25-08) (action)**
The Commission will consider a reorganization proposal initiated by resolution of the City of San Diego as part of a negotiated boundary change with the City of Chula Vista. The principal request involves annexing approximately 23.8 acres to San Diego with concurrent detachments from Chula Vista and the Otay Water District. The affected territory consists of one undeveloped legal parcel located along the southern boundary of Chula Vista immediately north of San Diego near the I-805 crossing at Palm Avenue (624-071-02). The reorganization's purpose is to facilitate a planned 221-unit residential subdivision ("Nakano") that has been entitled by both municipalities with San Diego identified as the preferred service provider due to Chula Vista's access limitations. Staff recommends conditional approval of the proposal as submitted with conforming sphere of influence amendments for all three affected agencies. Staff further recommends the Commission waive protest proceedings and Policy L-106 (municipal service reviews) as well as adopt findings paralleling the EIR adopted by Chula Vista. (Pages 175-266)

c) **Proposed "Valiano – Eden Hills LLC Project: Out-of-Agency Wastewater Services" and Related Actions | City of Escondido (OAS19-26) (action)**
The Commission will consider the first of two requested approvals associated with the planned 243-unit "Valiano" residential development in the Harmony Grove unincorporated community. The first requested approval is to authorize the City of Escondido to extend out-of-agency wastewater service covering the entire 239.0-acre project site. Staff recommends approval of the request along with conforming sphere of influence amendments to the City of Escondido (addition) and City of San Marcos (removal). Staff also recommends the Commission apply standard approval conditions except for the otherwise standard practice of requiring the landowner to submit an annexation proposal based on local conditions as detailed. Staff further recommends the Commission waive Policy L-106 and adopt parallel findings to the Environmental Impact Report adopted by the County of San Diego in approving the underlying development project. A list of affected parcel numbers is on file. (Pages 267-318)

* The second requested approval involves a reorganization involving an approximate 10 acre portion of the affected territory to detach from the Rancho Santa Fe Fire Protection District and concurrently annex to the San Marcos Fire Protection District. This second request will be taken up by the Commission at a future meeting with new noticing.

7. BUSINESS CALENDAR

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

a) Outside Audit Report on Fiscal Year 2023-2024 (action)

The Commission will receive an outside audit report on the financial statements for fiscal year 2023-2024. The audit was performed by O'Connor & Associates (Novato) and concludes all tested transactions were accompanied by sufficient documentation and no material weaknesses were identified. The audit report and accompanying management letter are presented to the Commission for formal acceptance and filing and to provide direction to staff on related matters moving forward. (Pages 319-366)

b) Proposed "450 and 452 Bear Valley Parkway Out-of-Agency Wastewater Services" | City of Escondido (OAS24-16) (action)

The Commission will consider a request from the City of Escondido to extend out-of-agency wastewater service to an unincorporated 0.6-acre parcel located entirely within the agency's sphere of influence. The affected territory is currently developed with two single-family residences – each assigned its own street address at 450 and 452 Bear Valley Parkway (APN 269-060-05). This request relates to a prior administrative approval granted by the Executive Officer in August 2021 authorizing a wastewater connection to the original residence at 450 Bear Valley Parkway. The current request seeks to authorize out-of-agency wastewater service to a new second single-family residence at 452 Bear Valley Parkway and in doing so facilitate a pending Senate Bill 9 lot split. Staff recommends approval of the request and related service allowances to accommodate accessory dwelling units for both single-family residences. Staff further recommends the Commission forgo the practiced condition requiring the landowner to submit an annexation proposal based on local conditions as detailed. A categorical exemption from environmental review is also recommended pursuant to the CEQA. (Pages 367-390)

c) Update on High Priority Project | Municipal Service Review on the San Diego Association of Governments (discussion)

The Commission will receive an update on its scheduled municipal service review of the San Diego Association of Governments (SANDAG) – one of 10 high-priority projects included in the approved work plan. This item is being provided consistent with earlier Commission direction to receive regular updates on the status of high-priority projects during the administrative process and in doing so help ensure the scope of work and planned deliverables align with Commission expectations. The update is provided for information with an opportunity to provide feedback to staff with the current expectation of delivering a complete draft report as early as April 2026. (Pages 391-394)

8. EXECUTIVE OFFICER REPORT

9. COMMISSIONER ANNOUNCEMENTS & REQUESTS FOR FUTURE ITEMS

10. CLOSED SESSION

a) Conference with Legal Counsel – Existing Litigation:

Government Code section 54956.9(d)(1)
Case name: *City of San Diego v. San Diego County LAFCO et al*
(San Diego Superior Court Case No. 25CU031043C).

11. ADJOURNMENT

Attest to Posting:

Erica Sellen
Commission Clerk

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5a

AGENDA REPORT
Consent | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

FROM: Erica Sellen, Commission Clerk

SUBJECT: **Approval of Meeting Minutes | Regular Meeting of June 2, 2025**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the regular meeting held on June 2, 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 June 2, 2025 regular meeting. The attendance record for the meeting follows.

- All regular Commissioners were present.
- All alternate Commissioners were present except John McCann (City of Chula Vista) and Marni von Wilpert (City of San Diego).

Administration
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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
Vacant, General Public
Brigette Browning, Alt., General Public

ANALYSIS

The attached draft minutes for the June 2, 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 June 2, 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 June 2, 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 June 2, 2025

DRAFT MINUTES
SAN DIEGO LAFCO
June 2, 2025 REGULAR MEETING

1. 8:15 A.M. – CALL TO ORDER BY CHAIR

Item 1a
ROLL CALL OF COMMISSIONERS PRESENT

The regular meeting was called to order at 8:19 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 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 (voting) David Drake, Rincon Municipal Water District
Members Absent:	John McCann, City of Chula Vista (alternate) Marni von Wilpert, City of San Diego (alternate)

The Commission Clerk confirmed a quorum with eight voting members present – including Alternate Browning voting as Public Member.

Also present at the time of roll call were the following LAFCO staff members: 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 Consultant Adam Wilson was also present.

Item 1b
PLEDGE OF ALLEGIANCE

Vice Chair Willis 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 separately addressing the receipt and distribution of late supplemental correspondence involving Agenda Item 5g.

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

Chair Whitburn invited members of the public to speak to the Commission on any subject matter within the agency's growth management duties and interests but not on the agenda.

The following registered speakers addressed the Commission:

- Shahrokh Saadat Nejad, San Diego Resident

The Commission Clerk confirmed there were no other registered speakers (audience or remote) or live e-mail comments.

5. CONSENT ITEMS

Item 5a
Approval of Meeting Minutes for May 5, 2025
Item presented to approve draft action minutes prepared for the Commission's May 5, 2025 meeting. Recommendation to approve.

Item 5b
Commission Ratification | Recorded Payments for April 2025
Item presented to ratify recorded payments made and received by the Executive Officer for the month of April 2025. Recommendation to ratify.

Item 5c
Progress Report on 2024-2025 Workplan
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.

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

CONSENT ITEMS CONTINUED…

Item 5e
Notice of Administrative Approval | "Halstead – Olivewood Lane Out-of-Agency Wastewater Services with the San Diego County Sanitation District" (OAS25-11)
Item presented to receive notice of an administrative approval by the Executive Officer authorizing San Diego County Sanitation District to provide out-of-agency wastewater services to an unincorporated property at 1545 Olivewood Lane (APN 403-360-53-00) due to a failing septic system. 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 Guidelines Section 15269(c). Information only.

Item 5f
Commissioner Request |
Expenses within the Professional Services Account
Item presented to receive an informational report summarizing professional service expenses over the past five fiscal years consistent with an earlier request made by Commissioner MacKenzie. Information only.

Item 5g
Update on La Jolla Incorporation Proposal
Item presented to receive an update on the proposed "City of La Jolla Special Reorganization" and concurrent request by proponents to detach the community of La Jolla from the City of San Diego and incorporate it as an independent municipality. The update addresses two recent developments involving a May 12th action by the City Council to initiate litigation as well as the status of a conflict waiver for Commission Counsel. Information only.

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

**

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

Roll call requested:

AYES:	Anderson, Becker, Browning (voting), Desmond, MacKenzie, Whitburn, White, & Willis
NOES:	None
ABSENT:	McCann & 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
Appointment of a Public Member and Other Possible Actions
Item presented to consider candidate recommendations from the Commission's Executive Committee (Chair Whitburn, Vice Chair Willis, and Past Chair Desmond) to fill the vacant Regular Public Member seat with a term extending through April 2029. Recommendation for the Commission to interview the three candidates advanced by the Executive Committee with any successful appointment requiring both a majority vote and at least one affirmative vote from each of the four membership categories represented on the Commission.

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

Assistant Executive Officer Mumpower provided the staff presentation.

Following the staff presentation, Chair Whitburn opened the floor for Commission nominations for other candidates among the applicant pool. No nominations.

Chair Whitburn invited presentations from the following candidates advanced by the Executive Committee:

- Brigette Browning
- Greg Cox
- Eileen Delaney

Chair Whitburn invited follow-up questions from Commissioners. No questions.

Chair Whitburn opened the hearing and invited public comments from the following registered speakers with stated positions to the staff recommendation noted in parenthesis:

- David Leyva – opposition to policy procedures associated with appointment.
- Luisa McCarthy (opposition)
- Doyle Morrison (opposition)
- Alisha Morrison (opposition)

* All above speakers provided opposition specific to waiving A-109 provision that otherwise requires one public member reside in the unincorporated area and the other resides in the incorporated area.

The Commission Clerk confirmed there were no other registered speakers and no live e-mail comments.

PUBLIC HEARING ITEMS CONTINUED…

Item 6a Continued…
Chair Whitburn thanked all participants and proceeded to invite questions and comments from the Commissioners.

Commissioner Becker thanked all participants, and with reasons given nominated Brigette Browning as the regular public member. Motion seconded by Chair Whitburn.

Chair Whitburn asked the Commission if there was any discussion on the motion.

Vice Chair Willis made a substitute motion to nominate Eileen Delaney as the regular public member. The substitute motion was seconded by Commissioner Desmond.

Chair Whitburn asked the Commission if there was any discussion on the substitute motion. Commissioner Desmond noted he appreciates Commissioner Browning's contributions but would like to see a board member with land use experience.

Commissioner Anderson requested clarification of the voting requirements. Executive Officer Simonds stated there are four distinct funding agencies on LAFCO (County of San Diego, City of San Diego, Cities, and Special Districts) and at least one affirmative vote is needed from each, along with the majority vote.

Chair Whitburn proceeded to close the public hearing and asked the Commission to vote on the substitute motion.

**

Commissioner Willis motioned with a second from Commissioner Desmond to nominate Eileen Delaney as the regular public member.

Roll call requested:

AYES:	Anderson, Desmond, MacKenzie, White, & Willis
NOES:	Becker, Browning (voting), & Whitburn
ABSENT:	McCann & von Wilpert
ABSTAINING:	None

The Executive Officer confirmed the substitute motion met the majority vote of 5-3 but failed due to lack of at least one affirmative vote from each membership category (City of San Diego).

Chair Whitburn proceeded to ask the Commission to vote on the original motion.

PUBLIC HEARING ITEMS CONTINUED…

Item 6a Continued…
Commissioner Anderson asked for an amendment to the original motion to include Eileen Delany as the alternate. Commissioner Becker and Chair Whitburn agreed to the amendment.

Roll call requested:

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AYES:	Anderson, Becker, Browning (voting), & Whitburn
NOES:	Desmond, MacKenzie, White, & Willis
ABSENT:	McCann & von Wilpert
ABSTAINING:	None

The Commission Clerk confirmed the motion was 4-4 and failed due to lack of both a majority and at least one affirmative vote from each membership category (Special Districts).

Chair Whitburn invited further motions from Commissioners. No further motions.

Chair Whitburn thanked all three candidates and stated that Commissioner Browning will continue to serve as the alternate (voting) public member.

7. BUSINESS ITEMS

Item 7a
Proposed Policy Amendments |
Special Districts Advisory Committee Rules
Item presented to consider approving proposed amendments to the governing rules of the Special Districts Advisory Committee (Committee). This item aligns with a current fiscal year workplan objective to modernize the Committee in advising the Commission on its activities and responsibilities. The proposed amendments have been developed by the Committee and provide clarification on the Committee's purpose and core functions, refine membership composition and election procedures, adjust meeting scheduling, and update various administrative provisions. Recommendation to approve.

Local Government Analyst I Burila provided the staff presentation and supplemented the recommendation with two additional revisions consistent with feedback from Commissioner MacKenzie.

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

BUSINESS ITEMS CONTINUED…

Item 7a Continued…
Chair Whitburn proceeded to invite questions and comments from the Commissioners. Commissioner MacKenzie asked if the Committee's meeting schedule could sync with the Commission's meeting schedule to get timely discussion results. Executive Officer Simonds stated the Committee's schedule is firm, but staff can provide draft Committee minutes at the next Commission meeting.

Chair Whitburn invited Special Districts Advisory Committee Chair Kimberly Thorner to address the Commission. Committee Chair Thorner thanked LAFCO staff for their work and guidance and noted her availability should the Commission have questions.

**

Commissioner Willis motioned with a second from Commissioner MacKenzie to approve the staff recommendation (Alternative One) as listed in the agenda report with the supplemental revisions addressed by Analyst Burila.

Roll call requested:

AYES:	Anderson, Becker, Browning (voting), Desmond, MacKenzie, Whitburn, White, & Willis
NOES:	None
ABSENT:	McCann & von Wilpert
ABSTAINING:	None

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

Item 7b
Proposed "Moody – Lemon Avenue Out-of-Agency Wastewater Services" | City of La Mesa (OAS26-05)
Item presented to consider a request from the City of La Mesa to extend out-of-agency wastewater service to an approximately 0.3-acre unincorporated parcel located within the Valle de Oro community. The affected territory consists of one undeveloped legal parcel with no assigned situs address and is immediately adjacent to both the City's incorporated boundary and its sphere of influence. The request is intended to facilitate the provision of public wastewater service to support the planned development of one single-family residence and one accessory dwelling unit as allowed under County of San Diego zoning regulations. Approval of the request requires the Commission to make two separate policy determinations: the proposed out-of-agency service extension is preferable to annexation given local conditions, and the extension reasonably addresses an impending threat to public health and safety. Recommendation to approve and find the project categorically exempt from environmental review under State CEQA Guidelines Section 15319(b).

Local Government Analyst II Peters provided the staff presentation.

BUSINESS ITEMS CONTINUED…

Item 7b Continued…
Chair Whitburn 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.

Vice Chair Willis asked if there was any opposition to the proposed out-of-agency service agreement. Analyst Peters confirmed there was none. No discussion proceeded.

**

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

Roll call requested:

AYES:	Anderson, Becker, Browning (voting), Desmond, MacKenzie, Whitburn, White, & Willis
NOES:	None
ABSENT:	McCann & von Wilpert
ABSTAINING:	None

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

Item 7c
Legislative Report
Item presented to receive a report summarizing legislative items of interest related to the Commission's regulatory and planning responsibilities. The report specifically highlights seven bills with potential material implications for LAFCOs, including two measures - AB 356 and AB 448 - that directly involve an agency under the Commission's oversight - Palomar Healthcare District. This item is presented for discussion and potential action, including the option to approve formal positions on one or more of the proposed bills.

Local Government Analyst I Burila provided the staff presentation.

Chair Whitburn 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.

Commission Becker thanked staff for tracking the bills.

Commissioner MacKenzie asked staff to monitor SB339 (Ortega).

BUSINESS ITEMS CONTINUED…

Item 7c Continued…
Commissioner Anderson expressed concern about supporting AB 448 and stated he appreciates staff's hard work but will not support to avoid perception that LAFCO is weighing into topics beyond its direct responsibilities.

**

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:	Becker, Browning (voting), MacKenzie, Whitburn, White, & Willis
NOES:	Anderson
ABSENT:	McCann & von Wilpert
ABSTAINING:	Desmond

The Commission Clerk confirmed the motion was approved 6-1-1.

Item 7d
Fee Waiver Request and Related Actions |
"Proposed Pauma Valley Community Services District Island Annexation"
Item presented to consider a request from the Pauma Valley CSD to waive all fees associated with its anticipated application to annex nine unincorporated parcels, collectively totaling approximately 19 acres. The subject parcels are fully enclosed within Pauma Valley CSD's boundary and adopted sphere of influence. Pauma Valley CSD provides two primary municipal service functions – wastewater and security – and asserts these parcels currently receive such services despite being located outside the agency's formal boundary. The estimated value of the requested fee waiver is $6,405 based on the assumption the annexation would proceed without requiring a protest proceeding and qualifies as categorically exempt under the California Environmental Quality Act. Staff recommends the Commission consider the waiver request and potential alternatives and take action as deemed appropriate.

Local Government Analyst I Traynor provided the staff presentation before deferring to Vice Chair Willis for additional opening comments.

Chair Whitburn invited comments from the public.

The Commission Clerk confirmed there was one remote speaker:

- Eric Steinlicht, General Manager, Pauma Valley CSD

BUSINESS ITEMS CONTINUED…

Item 7d Continued…
Chair Whitburn proceeded to invite questions and comments from the Commissioners.

Commissioner Becker expressed concern about approving the fee waiver given precedent-setting and will not be in support.

Commissioner MacKenzie agreed with Commissioner Becker and suggested a payment plan.

Additional discussion from several Commissioners followed.

**

Commissioner MacKenzie motioned with a second from Commissioner Desmond to direct staff to work with Pauma Valley CSD on a payment plan based on full cost recovery.

Roll call requested:

AYES:	Anderson, Becker, Browning (voting), Desmond, MacKenzie, Whitburn, & White
NOES:	Willis
ABSENT:	McCann & von Wilpert
ABSTAINING:	None

The Commission Clerk confirmed the motion was approved 7-1.

Item 7e
Authorization to Serve as Grant Co-Applicant with RCD of Greater San Diego | Proposed Partnership to Fund an Agricultural Liaison Position
Item presented to consider a resolution to serve as co-applicant with the Resource Conservation District (RCD) of Greater San Diego County on a proposed agricultural conservation capacity grant of up to $250,000. The grant would be awarded by the California Department of Conservation through its Sustainable Agricultural Lands Conservation (SALC) Program. This proposal aligns with a key recommendation from the SALC 1.0 planning grant and incorporates feedback previously provided by Commissioners. Specifically, the grant would help fund an agricultural liaison position to enhance the RCD's capacity to hold conservation easements and deliver outreach and technical assistance to local farmers. Recommendation to approve the resolution and, if awarded, authorize the Executive Officer to enter into a memorandum of understanding (MOU) with the RCD of Greater San Diego County to define roles, responsibilities, and deliverables.

Local Government Analyst I Traynor provided the staff presentation.

BUSINESS ITEMS CONTINUED…

Item 7e Continued…
Chair Whitburn 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 MacKenzie asked for clarification on LAFCO's role. Executive Officer Simonds stated that LAFCO will serve in a support role for the RCD.

General discussion followed.

**

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

Roll call requested:

AYES:	Anderson, Becker, Browning (voting), Desmond, MacKenzie, Whitburn, White, & Willis
NOES:	None
ABSENT:	McCann & von Wilpert
ABSTAINING:	None

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

Item 7f
Report on the 2025 CALAFCO Staff Workshop
Item presented to receive an informational update following staff's participation in the California Association of LAFCOs' (CALAFCO) Annual Staff Workshop, held April 30–May 2 in Temecula. The program featured presentations led by LAFCO practitioners, subject matter experts, and consultants. San Diego LAFCO staff attended one day of the three-day event and participated in seven sessions. Staff also contributed to two sessions: a general session titled *"Tips to Improve the MSR Process"* and a breakout session, *"Balancing Growth and Green: LAFCO's Role in the Future of Agriculture."* Information only.

Local Government Analyst II Peters provided a verbal staff presentation.

Chair Whitburn 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. No discussion.

8. EXECUTIVE OFFICER REPORT

Executive Officer Simonds made the following comments:

- Commission Clerk Erica Sellen is celebrating 10 years with LAFCO.

- The April meeting was LAFCO Consultant Chris Cate's last meeting, and his duties have been transitioned to new LAFCO Consultant Pat Bouteller.

- Local Government Analyst I Joelle Burila will be going on maternity leave and staff looks forward to her return towards the end of the calendar year.

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

Commissioners made the following comments:

- Commissioner MacKenzie noted CSDA approved funding mechanisms for RCDs.

- Commissioner Drake said the San Diego Union Tribune reported Sharp Healthcare has absorbed the assets and debts of Tri-City Healthcare. (LAFCO Consultant Adam Wilson said LAFCO is working on the healthcare MSRs.)

- Commissioner Desmond commented on the LAFCO voting procedures for the public member position and the deference assigned to the City of San Diego.

10. ADJOURNMENT TO NEXT MEETING

With no further business, Chair Whitburn adjourned the meeting at 10:04 a.m.

I hereby attest the minutes above accurately reflect the deliberations of the Commission at its June 2, 2025 meeting.

ATTEST,

Erica Sellen
Commission Clerk

5b

AGENDA REPORT
Consent | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Commission Ratification | Recorded Payments for May and June 2025**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report detailing payments made and received during May and June 2025. The report covers all recorded transactions and includes $591,141 in total distributions authorized by the Executive Officer. Approximately half of all expenditures went to the County of San Diego for payroll reimbursements, general overhead, and information technology charges. Most remaining payments involved professional services with detailed consultant costs provided in the report. Total payments received were $47,351 and primarily sourced to four new applications and grant reimbursements. Staff recommends the Commission ratify these payments with the option to pull the item for additional discussion if needed.

BACKGROUND

Accounting Policies and Procedures

San Diego LAFCO's policies direct the Executive Officer to maintain appropriate accounting controls for all financial transactions conducted on behalf of the Commission. These policies specify spending allowances and require competitive bidding procedures for transactions

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Paloma Aguirre, County of San Diego
Joel Anderson, County of San Diego
Monica M. Steppe, 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
Vacant, General Public
Brigette Browning, Alt., General Public

between $10,000 and $124,999 unless waived due to unique circumstances. Any financial transaction of $125,000 or more requires formal Commission approval.

DISCUSSION

This item is presented for San Diego LAFCO to consider ratification of all payments made and received by the Executive Officer during May and June 2025. A detailed listing of these transactions is provided in Attachment One (May) and Attachment Two (June). The item also provides the Commission an opportunity to pull it for discussion and offer feedback on potential modifications to purchasing practices and accounting procedures moving forward.

ANALYSIS

San Diego LAFCO's recorded payments made by the Executive Officer during May and June 2025 total $591,141, with 49% – or $286,856 – associated with transactions involving the County of San Diego. These include payroll reimbursements for four pay periods plus charges for general overhead and information technology services. Most of the remaining expenses involve professional services with all consultant charges detailed in Appendix A. All expenditures are consistent with the adopted budget. Revenues collected total $47,351 and include four new application filings along with grant reimbursements from the State of California as part of the SALC 2.0 project.

RECOMMENDATION

It is recommended San Diego LAFCO ratify the payments made and received by the Executive Officer for May and June 2025 as presented. 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 May and June 2025 as shown in Attachments One and Two.

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

Alternative Three
Take no action.[1]

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

PROCEDURES

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

On behalf of the Executive Officer:

Erica Sellen
Commission Clerk

Appendix:

A) Consultant Expenses in May and June 2025

Attachments:

1) Transactions in May 2025
2) Transactions in June 2025

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Appendix A
Consultant Expenses

Executive Officer Contracts

May and June 2025

Consultant	Projects	Total Charges
3MC Strategies (Chris Cate, Principal)	General Liaison SANDAG MSR CWA-MET MSR	24,370
ADW Consulting LLC (Adam Wilson, Principal)	General Liaison CWA-MET MSR HCD MSR RCD 2.0 Working Group	29,250
Christine O'Rourke	Climate + EJ Analysis Proposals and MSR Work	9,698
Michael Stein	Fire Services Analysis Proposals and MSR Work	6,960
Arena Public Affairs, LLC (Patrick Bouteller, Principal)	General Liaison SANDAG MSR CWA-MET MSR	7,781
Kennedy Water Consulting, LLC (Tom Kennedy, Principal)	Utilities Analysis Proposals and MSR Work	23,650
Progressive Healthcare, Inc. (Rick Buchsbaum, Principal)	HCD MSR	17,100
William Fulton Group (Bill Fulton, Principal)	SANDAG MSR	28,500
Michael Haneman	CWA-MET MSR	21,500
		168,809

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SAN DIEGO LAFCO
Expenses by Vendor Detail
May 2025

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | 3MC Strategies						
	5/9/2025	52370.F · Professional Services	11,270.00	Consultant Services | Intergovernmental	electronic	1000 · County Account (44595)
E | Ace Parking						
	5/14/2025	52530 · Office Lease	1,080.00	Monthly Parking Rent	electronic	1000 · County Account (44595)
	5/14/2025	52530 · Office Lease	614.00	Parking Validations	electronic	1000 · County Account (44595)
			1,694.00			
E | ADW Consulting LLC						
	5/21/2025	52370.F · Professional Services	12,600.00	Consultant Services | Intergovernmental	electronic	1000 · County Account (44595)
E | After Effects (Adobe)						
	5/21/2025	52270 · Memberships	19.99	Monthly Adobe DC Pro Upgrade	debit card	3558 · SDCCU Checking
E | Aiden Velasquez						
	5/7/2025	52330 · Office Expense	40.75	Reimbursement | Commission Meeting Donuts	check	3558 · SDCCU Checking
	5/29/2025	52330 · Office Expense	20.80	Reimbursement | Office Water	check	3558 · SDCCU Checking
			61.55			
E | Ambius						
	5/7/2025	52344 · Stores Unallocated	434.23	Monthly Service for Office Plants	check	3558 · SDCCU Checking
E | Apple						
	5/15/2025	52330 · Office Expense	59.99	PDF Reader Software	credit card	3558-60 · SDCCU Visa Credit Card
E | ARCC (Assessor Recording County)						
	5/7/2025	52490 · Publications	50.00	NOE Fee | Bierman-N. Ash St. Reorg. (RO24-17)	check	3558 · SDCCU Checking
	5/7/2025	52490 · Publications	50.00	NOE Fee | Cavanaugh-Linda Vista Dr. (CO24-13)	check	3558 · SDCCU Checking
	5/12/2025	52490 · Publications	50.00	NOE Fee | Bierman-N. Ash St. Reorg. Detachment (RO24-17)	check	3558 · SDCCU Checking
	5/12/2025	52490 · Publications	50.00	NOE Fee | Cavanaugh-Linda Vista Dr. SOI (CO24-13)	check	3558 · SDCCU Checking
			200.00			
E | Assura Software						
	5/15/2025	52074 · Telecommunications	750.00	Website Hosting Support Services	electronic	1000 · County Account (44595)
E | AT&T Mobility						
	5/29/2025	52074 · Telecommunications	695.18	Monthly Cell Phone | LAFCO Staff	check	3558 · SDCCU Checking
E | Blue Barn LLC						
	5/21/2025	52074 · Telecommunications	3,000.00	Video Recording Services	electronic	1000 · County Account (44595)
E | CALAFCO						
	5/2/2025	52610 · Non-Travel/In-County	475.00	Staff Workshop Registration (AV)	credit card	3558-60 · SDCCU Visa Credit Card
E | Canva						
	5/7/2025	52270 · Memberships	30.00	Monthly Subscription	credit card	3558-60 · SDCCU Visa Credit Card
E | Christine O'Rourke						
	5/9/2025	52370.F · Professional Services	5,377.50	Consultant Services | Climate + Environmental Justice	electronic	1000 · County Account (44595)
E | City SD Parking						
	5/31/2025	52610 · Non-Travel/In-County	2.50	EO Parking for City of San Diego Meeting	debit card	3558 · SDCCU Checking
E | Claim Jumper						
	5/5/2025	52610 · Non-Travel/In-County	76.71	Debriefing | EO, AEO, & Legal Counsel	credit card	3558-60 · SDCCU Visa Credit Card
E | Colantuono, Highsmith & Whatley						
	5/21/2025	52370.B · Professional Services	4,639.00	Commission Counsel Services	electronic	1000 · County Account (44595)
E | Corodata						
	5/29/2025	52330 · Office Expense	60.45	Monthly Document Storage	check	3558 · SDCCU Checking
E | County of San Diego						
	5/1/2025	52354 · Mail/Postage ISF	521.89	Mail/Postage Services	electronic	1000 · County Account (44595)
	5/1/2025	52178 · Vehicle Maintenance	143.20	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	5/1/2025	52182 · Vehicle Fuel	0.00	Vehicle Fuel	electronic	1000 · County Account (44595)
	5/1/2025	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	5/1/2025	52721 et al. · Communications (IT) Services	11,571.98	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	5/9/2025	51110 et al. · Employee Payroll	58,583.32	Payroll | Pay Period 2025-23	electronic	1000 · County Account (44595)
	5/23/2025	51110 et al. · Employee Payroll	61,534.39	Payroll | Pay Period 2025-24	electronic	1000 · County Account (44595)
	5/31/2025	52550.B · County Overhead Costs	14,307.47	A-87 4th Quarter	electronic	1000 · County Account (44595)
	5/31/2025	52550.B · County Overhead Costs	15.88	County Surcharge | A-87 4th Quarter	electronic	1000 · County Account (44595)
			146,843.62			

SAN DIEGO LAFCO
Expenses by Vendor Detail
May 2025

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | Dieu Ngu						
	5/29/2025	52330 · Office Expense	8.99	Reimbursement | Monthly Fax Machine Payment	check	3558 · SDCCU Checking
	5/29/2025	52270 · Memberships	22.99	Reimbursement | Monthly Streaming Support Services	check	3558 · SDCCU Checking
			31.98			
E | Klatch Coffee						
	5/22/2025	52610 · Non-Travel/In-County	20.05	Office Coffee	debit card	3558 · SDCCU Checking
E | Leaf & Cole LLP						
	5/21/2025	52370.H · Professional Services	9,020.00	Accounting Services	electronic	1000 · County Account (44595)
E | Manchester Financial 5th Ave LP						
	5/9/2025	52530 · Office Lease	13,246.61	Office & Storage Rent	electronic	1000 · County Account (44595)
E | Michaela Peters						
	5/7/2025	52330 · Office Expense	44.00	Reimbursement | Commission Meeting Coffee	check	3558 · SDCCU Checking
E | Michael Stein						
	5/9/2025	52370.F · Professional Services	2,080.00	Consultant Services | Fire	electronic	1000 · County Account (44595)
E | News Library						
	5/20/2025	52270 · Memberships	25.95	SD Tribune Archives Monthly Service	debit card	3558 · SDCCU Checking
E | QuickBooks						
	5/5/2025	52330 · Office Expense	99.00	Monthly Service for Online QuickBooks	credit card	3558-60 · SDCCU Visa Credit Card
E | San Diego Union Tribune						
	5/7/2025	52490 · Publications	4,134.42	PHNs | CO24-13 & Public Member (English & Spanish)	check	3558 · SDCCU Checking
E | SDCCU						
	5/31/2025	52304 · Miscellaneous	8.00	Account Service Charge	electronic	3558 · SDCCU Checking
E | Starbucks						
	5/14/2025	52330 · Office Expense	22.00	Public Member Interview Refreshments	credit card	3558-60 · SDCCU Visa Credit Card
	5/15/2025	52610 · Non-Travel/In-County	11.00	AEO + Consultant Meeting	credit card	3558-60 · SDCCU Visa Credit Card
			33.00			
E | The Market Place						
	5/7/2025	52610 · Non-Travel/In-County	98.02	EO, AEO & PB - New Consultant Onboarding	credit card	3558-60 · SDCCU Visa Credit Card
	5/9/2025	52610 · Non-Travel/In-County	100.24	EO, AEO & MW - Briefing	credit card	3558-60 · SDCCU Visa Credit Card
			198.26			
E | The Toll Roads						
	5/29/2025	52610 · Non-Travel/In-County	16.60	Quarterly Fast-Trak Toll Charges	debit card	3558 · SDCCU Checking
E | Xerox						
	5/9/2025	52504 · Equipment Rental	230.77	Xerox Rental	electronic	1000 · County Account (44595)
EXPENSE TOTAL			217,478.36			
R | Dhillon						
	5/29/2025	52490 · Publications	100.00	Recording Fees (CO24-13)	check	3558 · SDCCU Checking
	5/29/2025	52490 · Publications	3,116.47	PHN Fees (CO24-13)	check	3558 · SDCCU Checking
			3,216.47			
R | Fares						
	5/29/2025	46234 · Applications	1,921.50	Processing Fees (OAS24-16)	check	3558 · SDCCU Checking
R | Moody						
	5/29/2025	46234 · Applications	1,921.50	Processing Fees (OAS25-06)	check	3558 · SDCCU Checking
R | Pinnalce at Santa Fe Valley, LLC						
	5/16/2025	46234 · Applications	7,686.00	Processing Fees (RO16-11)	check	1000 · County Account (44595)
REVENUE TOTAL			14,745.47			

SAN DIEGO LAFCO
Expenses by Vendor Detail
June 2025

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | 3MC Strategies						
	6/16/2025	52370.F · Professional Services	13,100.00	Consultant Services | Intergovernmental	electronic	1000 · County Account (44595)
E | Ace Parking						
	6/16/2025	52530 · Office Lease	1,125.00	Monthly Parking Rent	electronic	1000 · County Account (44595)
	6/25/2025	52530 · Office Lease	12.00	Parking Validations	electronic	1000 · County Account (44595)
			1,137.00			
E | ADW Consulting LLC						
	6/25/2025	52370.F · Professional Services	11,850.00	Consultant Services | Intergovernmental	electronic	1000 · County Account (44595)
	6/30/2025	52370.F · Professional Services	4,800.00	Consultant Services | Intergovernmental	electronic	1000 · County Account (44595)
			16,650.00			
E | After Effects (Adobe)						
	6/15/2025	52270 · Memberships	19.99	Monthly Adobe DC Pro Upgrade	debit card	3558 · SDCCU Checking
E | Agricultural Impact Associates LLC						
	6/30/2025	52304 · Miscellaneous	7,450.10	SALC Grant Payment	electronic	1000 · County Account (44595)
E |Aiden Velasquez						
	6/10/2025	52330 · Office Expense	45.00	Reimbursement | Commission Meeting Refreshments	check	3558 · SDCCU Checking
E | Amazon						
	6/4/2025	52344 · Stores Unallocated	581.64	General Office Supplies	credit card	3558-60 · SDCCU Visa Credit Card
	6/25/2025	52610 · Non-Travel/In-County	28.75	AEO Special Expense (JB)	credit card	3558-60 · SDCCU Visa Credit Card
			610.39			
E | Ambius						
	6/10/2025	52344 · Stores Unallocated	434.23	Monthly Service for Office Plants	check	3558 · SDCCU Checking
E | ARCC (Assessor Recording County)						
	6/10/2025	52490 · Publications	50.00	NOE Fee | Halstead-Olivewood Lane (OAS25-11)	check	3558 · SDCCU Checking
	6/10/2025	52490 · Publications	50.00	NOE Fee | Moody-Lemon Avenue (OAS25-06)	check	3558 · SDCCU Checking
			100.00			
E | Arco Gas						
	6/8/2025	52622 · Training/Registration Out-County	18.90	EO Travel | Butte LAFCO	debit card	3558 · SDCCU Checking
E | Arena Public Affairs LLC						
	6/30/2025	52370.F · Professional Services	7,780.50	Consultant Services | Intergovernmental	electronic	1000 · County Account (44595)
E | Assura Software						
	6/9/2025	52074 · Telecommunications	750.00	Website Hosting Support Services	electronic	1000 · County Account (44595)
E | AT&T Mobilty						
	6/30/2025	52074 · Telecommunications	629.97	Monthly Cell Phone | LAFCO Staff	check	3558 · SDCCU Checking
E | Big Oven Pizza						
	6/27/2025	52610 · Non-Travel/In-County	70.12	EO Special Expense (JB)	credit card	3558-60 · SDCCU Visa Credit Card
E | Blue Barn Creative LLC						
	6/16/2025	52074 · Telecommunications	3,000.00	Video Recording Services	electronic	1000 · County Account (44595)
E | Canva						
	6/7/2025	52270 · Memberships	30.00	Monthly Subscription	credit card	3558-60 · SDCCU Visa Credit Card
E | Colantuono, Highsmith & Whatley						
	4/16/2025	52370.B · Professional Services	6,668.53	Commission Counsel Services	electronic	1000 · County Account (44595)
E | Christine O'Rourke						
	6/16/2025	52370.F · Professional Services	4,320.00	Consultant Services | Climate and Environmental Justice	electronic	1000 · County Account (44595)
E | Claim Jumper						
	6/4/2025	52610 · Non-Travel/In-County	85.92	Debriefing (EO, AW & Counsel)	debit card	3558 · SDCCU Checking
	6/15/2025	52610 · Non-Travel/In-County	63.07	Debriefing (EO, AW & Counsel)	debit card	3558 · SDCCU Checking
			148.99			
E | Colantuono, Highsmith & Whatley						
	6/25/2025	52370.B · Professional Services	7,199.50	Commission Counsel Services	electronic	1000 · County Account (44595)
	6/30/2025	52370.B · Professional Services	5,771.90	Commission Counsel Services	electronic	1000 · County Account (44595)
			12,971.40			
E | County of San Diego						
	6/1/2025	52354 · Mail/Postage ISF	623.36	Mail/Postage Services	electronic	1000 · County Account (44595)
	6/1/2025	52178 · Vehicle Maintenance	143.20	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	6/1/2025	52182 · Vehicle Fuel	77.13	Vehicle Fuel	electronic	1000 · County Account (44595)

SAN DIEGO LAFCO
Expenses by Vendor Detail
June 2025

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
	6/1/2025	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	6/1/2025	52721 et al. · Communications (IT) Services	6,769.39	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	6/1/2025	52504 · Equipment Rental	1.73	County Surcharge | Xerox	electronic	1000 · County Account (44595)
	6/6/2025	51110 et al. · Employee Payroll	58,631.31	Payroll | Pay Period 2025-25	electronic	1000 · County Account (44595)
	6/20/2025	51110 et al. · Employee Payroll	71,115.98	Payroll | Pay Period 2025-26	electronic	1000 · County Account (44595)
	6/30/2025	52504 · Equipment Rental	1.70	County Surcharge | Xerox	electronic	1000 · County Account (44595)
	6/30/2025	52304 · Miscellaneous	2,483.29	SALC Grant Payment to County DPS	electronic	1000 · County Account (44595)
			140,012.58			
E | Courtyard						
	6/8/2025	52622 · Training/Registration Out-County	18.93	EO Travel | Butte LAFCO	debit card	3558 · SDCCU Checking
E | CSDA San Diego Chapter						
	6/8/2025	52610 · Non-Travel/In-County	62.00	Council of Water Utilities Meeting Registration (MP)	credit card	3558-60 · SDCCU Visa Credit Card
E | Einstein Bagels						
	6/13/2025	52610 · Non-Travel/In-County	26.48	EO Special Expense (ES)	debit card	3558 · SDCCU Checking
E | Etsy						
	6/3/2025	52330 · Office Expense	52.71	AEO Special Expense (ES)	credit card	3558-60 · SDCCU Visa Credit Card
E | Fax Plus						
	6/8/2025	52330 · Office Expense	9.26	Monthly Fax Machine Payment	debit card	3558 · SDCCU Checking
E | Forever Balboa Park						
	6/6/2025	52330 · Office Expense	259.27	EO Special Expense (HM)	credit card	3558-60 · SDCCU Visa Credit Card
E | Keene Simonds						
	6/30/2025	52622 · Training/Registration Out-County	461.12	Reimbursement | EO Travel for Butte LAFCO	check	3558 · SDCCU Checking
	6/30/2025	52610 · Non-Travel/In-County	60.00	EO Special Expense (JB)	check	3558 · SDCCU Checking
			521.12			
E | Kennedy Water Consulting LLC						
	6/6/2025	52370.F · Professional Services	8,387.50	Consultant Services | Utilities	electronic	1000 · County Account (44595)
	6/25/2025	52370.F · Professional Services	15,262.50	Consultant Services | Utilities (Two Months)	electronic	1000 · County Account (44595)
			23,650.00			
E | Lazy Dog						
	6/2/2025	52610 · Non-Travel/In-County	96.97	EO, AEO & BW LAFCO Briefing	credit card	3558-60 · SDCCU Visa Credit Card
E | Leaf & Cole LLP						
	6/30/2025	52370.H · Professional Services	3,420.00	Accounting Services (Two Months)	electronic	1000 · County Account (44595)
E | Manchester Financial 5th Ave LP						
	6/2/2025	52530 · Office Lease	12,085.82	Office & Storage Rent	electronic	1000 · County Account (44595)
	6/30/2025	52530 · Office Lease	12,085.82	Office & Storage Rent	electronic	1000 · County Account (44595)
			24,171.64			
E | Michaela Peters						
	6/10/2025	52330 · Office Expense	44.00	Reimbursement | Commission Meeting Refreshments	check	3558 · SDCCU Checking
E | Michael Stein						
	6/6/2025	52370.F · Professional Services	2,880.00	Consultant Services | Fire	electronic	1000 · County Account (44595)
	6/30/2025	52370.F · Professional Services	2,000.00	Consultant Services | Fire	electronic	1000 · County Account (44595)
			4,880.00			
E | News Library						
	6/26/2025	52270 · Memberships	25.95	SD Tribune Archives Monthly Service	debit card	3558 · SDCCU Checking
E | Nothing Bundt Cakes						
	6/26/2025	52610 · Non-Travel/In-County	83.03	EO Special Expense (JB & AV)	credit card	3558-60 · SDCCU Visa Credit Card
E | O'Connor & Company						
	6/16/2025	52370.H · Professional Services	4,540.00	Audit Services	electronic	1000 · County Account (44595)
	6/30/2025	52370.H · Professional Services	6,410.00	Audit Services	electronic	1000 · County Account (44595)
			10,950.00			
E | Progressive Healthcare Inc						
	6/6/2025	52370 · Professional Services	2,100.00	Consultant Services | Healthcare MSR	electronic	1000 · County Account (44595)
	6/30/2025	52370 · Professional Services	15,000.00	Consultant Services | Healthcare MSR	electronic	1000 · County Account (44595)
			17,100.00			
E | QuickBooks						
	6/3/2025	52330 · Office Expense	99.00	Monthly Service for Online QuickBooks	credit card	3558-60 · SDCCU Visa Credit Card
E | Ready Refresh Water						
	6/4/2025	52330 · Office Expense	104.58	Monthly Water Services	credit card	3558-60 · SDCCU Visa Credit Card

SAN DIEGO LAFCO
Expenses by Vendor Detail
June 2025

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | RGS						
	6/6/2025	52370 · Professional Services	3,128.32	HR Services to AEO	electronic	1000 · County Account (44595)
	6/25/2025	52370 · Professional Services	1,643.66	HR Services to AEO	electronic	1000 · County Account (44595)
			4,771.98			
E | Rick Engineering Co						
	6/30/2025	52304 · Miscellaneous	13,977.00	SALC Grant Payment	electronic	1000 · County Account (44595)
E | San Diego Union Tribune						
	6/10/2025	52490 · Publications	2,253.24	PHN | Public Member (English & Spanish)	check	3558 · SDCCU Checking
E | State Board of Equalization						
	6/17/2025	52490 · Publications	500.00	SBE Fees | CO24-05	check	3558 · SDCCU Checking
E | The Corner Drafthouse						
	6/15/2025	52610 · Non-Travel/In-County	99.99	Debreifing | EO, PB & MV	debit card	3558 · SDCCU Checking
E | Travel + Well						
	6/8/2025	52622 · Training/Registration Out-County	10.42	EO Travel | Butte LAFCO	debit card	3558 · SDCCU Checking
E | William Fulton Group						
	6/6/2025	52370.F · Professional Services	18,000.00	Consultant Services | Planning	electronic	1000 · County Account (44595)
	6/16/2025	52370.F · Professional Services	10,500.00	Consultant Services | Planning	electronic	1000 · County Account (44595)
			28,500.00			
E | W. Michael Hanemann						
	6/30/2025	52370.F · Professional Services	21,500.00	Consultant Services | SDCWA MSR	electronic	1000 · County Account (44595)
E | Xerox						
	6/11/2025	52504 · Equipment Rental	253.95	Xerox Rental	electronic	1000 · County Account (44595)
	6/30/2025	52504 · Equipment Rental	250.15	Xerox Rental	electronic	1000 · County Account (44595)
			504.10			
E | YouTube						
	6/8/2025	52270 · Memberships	22.99	Monthly Streaming Support Services	debit card	3558 · SDCCU Checking
EXPENSE TOTAL			373,662.36			
R | County of San Diego						
	6/30/2025	49200 · Interest & Dividends	51.28	Interest Payment to Account 46725	electronic	1001 · Committed - Stabilization (min. balance of $250k)
	6/30/2025	49200 · Interest & Dividends	79.04	Interest Payment to Account 46726	electronic	1002 · Committed - Opportunity (min. balance of $300k)
	6/30/2025	49200 · Interest & Dividends	103.59	Interest Payment to Account 46727	electronic	1003 · Assigned - Executive Officer (up to $125k)
			233.91			
R | Lopez						
	6/26/2025	52490 · Publications	50.00	Recording Fees (OAS25-03)	check	3558 · SDCCU Checking
R | Moody						
	6/26/2025	52490 · Publications	50.00	Recording Fees (OAS25-06)	check	3558 · SDCCU Checking
R | Tarimo						
	6/26/2025	52490 · Publications	50.00	Recording Fees (CO25-11)	check	3558 · SDCCU Checking
	6/26/2025	46234 · Applications	5,924.60	Processing Fees (CO25-11)	check	3558 · SDCCU Checking
			5,974.60			
R | State of California						
	6/27/2025	45281 · State Aid Agriculture	26,297.89	SALC Grant	check	1000 · County Account (44595)
REVENUE TOTAL			32,606.40			

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AGENDA REPORT
Consent | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Approval of Independent Audit Expense for 2024-2025**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider approval of an independent audit expense of $12,950 with Davis Farr, LLP for financial statement auditing services covering the 2024-2025 fiscal year. The expense has been negotiated by LAFCO staff and represents the prior fiscal year audit cost plus a reasonable inflation adjustment. The proposed one-year audit services contract with Davis Farr will serve as a bridge arrangement allowing LAFCO to proceed with a planned competitive bidding process later this year to establish a multi-year contract beginning with fiscal year 2025-2026 consistent with the adopted workplan. Davis Farr previously provided audit services to LAFCO as late as 2018-2019 and is familiar with the agency's financial structure and operations.

BACKGROUND

Adopted Policies | Selection of Independent Auditor and Audit Expense Approval

San Diego LAFCO's adopted policies authorize the Executive Officer to engage the services of an outside accounting firm to audit the Commission's financial statements on an annual basis with discretion on the selection process. These policies require all audit expenses be approved by the Commission irrespective of amount.

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Joel Anderson, County of San Diego
Monica M. Steppe, 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
Vacant, General Public
Brigette Browning, Alt., General Public

DISCUSSION

This item is for San Diego LAFCO to consider a recommendation to approve an independent audit expense for Davis Farr (Irvine) and their supervising partner Shannon Ayala to review the Commission's financial statements for 2024-2025. The negotiated expense totals $12,950 and covers the preparation of an audit report and accompanying management letter. Out-of-pocket expenses incurred by Davis Farr will be billed as reimbursements.

ANALYSIS

The recommended expense for independent audit services to review San Diego LAFCO's financial statements in 2024-2025 can be readily accommodated through the adopted budget. Davis Farr previously performed outside auditing services for LAFCO before the current consultant – O'Connor and Associates (Novato) – assumed duties as part of a six-year contract award starting with 2018-2019. Davis Farr's familiarity with LAFCO's financial structure and operations is advantageous in serving as a bridge arrangement and allowing LAFCO to proceed with a planned competitive bidding process later this year to establish a multi-year contract beginning with fiscal year 2025-2026 consistent with the workplan.

RECOMMENDATION

It is recommended San Diego LAFCO approve the independent audit expense with Davis Farr in the amount of $12,950 to provide an audit report for 2024-2025.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO.

Alternative One (recommended):
Approve the independent audit expense with Davis Farr for 2024-2025.

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

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 Executive Officer,

Erica A. Sellen

Erica Sellen
Commission Clerk

Attachment:

1) Davis Farr, Audit Engagement Letter

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

July 24, 2025

San Diego Local Agency Formation Commission
2550 Fifth Avenue, Suite 725
San Diego, CA 92103

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide San Diego Local Agency Formation Commission (the "Entity").

You have requested that we audit the Entity, as of June 30, 2025 and for the year then ended and the related notes, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with Government Auditing Standards will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information ("RSI") such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
3. Schedule of the Commission's Proportionate Share of Net Pension Liability
4. Schedule of Contributions
5. Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios
6. Schedule of Contributions – OPEB

Auditor Responsibilities

We will conduct our audit in accordance with GAAS and in accordance with Government Auditing Standards. As part of an audit in accordance with GAAS and in accordance with Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with Government Auditing Standards.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Entity's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;

b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
c. To provide us with:
    i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
    ii. Additional information that we may request from management for the purpose of the audit;
    iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
    iv. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
    v. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
g. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
i. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
j. For the accuracy and completeness of all information provided.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

With respect to any nonattest services we perform:

At the end of the year, we agree to perform the following:

- Propose adjusting or correcting journal entries detected during the audit, if applicable, to be reviewed and approved by the Entity's management.
- Word process the financial statements using information provided by management.

We will not assume management responsibilities on behalf of the Entity. However, we will provide advice and recommendations to assist management of the Entity in performing its responsibilities.

The Entity's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards

- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the Entity with regard to tax positions taken in the preparation of the tax return, but the Entity must make all decisions with regard to those matters.

Reporting

We will issue a written report upon completion of our audit of the Entity's basic financial statements. Our report will be addressed to the Commission of the Entity. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Engagement Fees

We estimate that our fixed fees for the services previously outlined will be $12,950. Should the audit exceed the 100 hours we have budgeted, we will bill you $150 per hour, based on actual hours incurred.

Additionally, our fees are dependent on the availability, quality, and completeness of the Entity's records and, where applicable, upon the Entity's personnel providing the level of assistance identified in the "prepared by client" request list distributed at the end of our planning work (e.g., Entity employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.). Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with you and bill you at a flat rate of $150 per hour, based on additional hours incurred..

Other Engagement Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

The undersigned is the engagement partner responsible for supervising the engagement and signing the report.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

At the conclusion of our audit engagement, we will communicate to the Commission the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Davis Farr LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Davis Farr LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,



Shannon Ayala, Partner
Davis Farr LLP

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

San Diego Local Agency Formation Commission

By_____
Keene Simonds, Executive Director

Date_____

Date Contract was approved by the Commission: _____

Report on the Firm's System of Quality Control

Davis Farr LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Davis Farr LLP (the firm) in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and examination of a service organization (SOC 1 engagement).

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Davis Farr LLP in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Davis Farr LLP has received a peer review rating of *pass*.

GYL LLP

Ontario, California
August 8, 2022

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AGENDA REPORT
Consent | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **2025-2026 Workplan Status**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive its first update on the adopted 2025-2026 workplan. One month into the fiscal year, 10 of the 30 special projects are substantively underway with the majority focusing on high-priority items carried over from the previous fiscal year. These ongoing projects include municipal service reviews of wholesale water service providers, local healthcare districts, and the San Diego Association of Governments (SANDAG). Staff recommends the Commission formally receive and file update with the opportunity to pull the item for discussion and feedback.

BACKGROUND

San Diego LAFCO adopted its current fiscal year workplan at a public hearing in May 2025. The workplan includes 30 special projects divided into two distinct categories – statutory and administrative – with priority assignments established by the Commission.

DISCUSSION

This item provides San Diego LAFCO with its first update on special projects approved as part of the 2025-2026 workplan. The attached status report lists all 30 projects and shows – among other things – that eight of the ten high-priority projects are substantively underway.

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Joel Anderson, County of San Diego
Monica M. Steppe, 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
Vacant, General Public
Brigette Browning, Alt., General Public

LAFCO staff is currently focusing resources on advancing the first five priority projects – all of which involve municipal service reviews – with additional details below.

- **Priority No. 1a | Municipal Service Review of Wholesale Water Providers**
  This project involves a comprehensive study of the region's two principal wholesale water providers: San Diego County Water Authority (comprehensive review) and the Metropolitan Water District of Southern California (limited review). This study represents the first municipal service review covering both agencies and is being prepared by LAFCO staff with assistance from lead consultant Professor Michael Hanemann. Staff anticipates sharing an administrative draft with the subject agencies for technical review and comment by October 2025 with a complete draft presented to the Commission as early as March 2026.

- **Priority No. 1b | Municipal Service Review of Local Healthcare Districts**
  This project involves a comprehensive study of the four local healthcare districts serving San Diego County: Fallbrook, Grossmont, Tri-City, and Palomar. This study follows and builds on a limited municipal service review completed in 2015 and focuses on evaluating the subject agencies' service, governance, and financial capacities relative to best practices. The study is being prepared by LAFCO staff with assistance from lead consultant Progressive Healthcare. Staff anticipates sharing an administrative draft with the subject agencies for technical review and comment by October 2025 with a complete draft presented to the Commission as early as February 2026.

- **Priority No. 3 | Municipal Service Review of SANDAG**
  This project involves a comprehensive study of SANDAG focused on its core municipal functions, including transportation (planning, design, and construction), housing planning, and climate adaptation planning. The study represents a hybrid evaluation of SANDAG drawing on LAFCO's special study and municipal service review duties and is being prepared by LAFCO staff with assistance from lead consultant Bill Fulton. Staff anticipates sharing an administrative draft with SANDAG for technical review and comment by December 2025 with a complete draft presented to the Commission as early as April 2026. Additional details on this project are provided as part of Agenda Item No. 7c.

- **Priority Nos. 4a & 4b | Municipal Service Review of the North Coast I-5 Corridor**
  This paired project involves a comprehensive study of the Carlsbad-Encinitas region covering six local agencies and is divided for administrative purposes into two deliverable parts: the first covering the two cities and the second covering the special districts. The study follows and builds on limited municipal service reviews performed in the early 2010s with work being performed by LAFCO staff with assistance from consultants Mike Stein (fire services) and Tom Kennedy (utilities). Administrative drafts are now being shared with the subject agencies for technical review and comments with complete drafts to be presented to the Commission as early as December 2025.

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 directions to staff as needed.

Alternative Three:
Take no action.

PROCEDURES

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

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

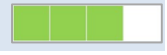
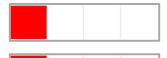
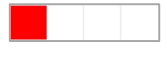
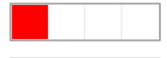
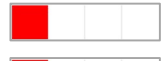
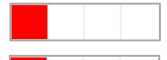
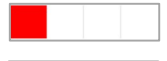
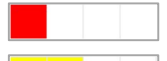
Attachment:

1) 2025-2026 Workplan Status

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ADOPTED WORKPLAN FOR FY2025-2026
Status as of July 25, 2025

Priority	Tier	Type	Project	Description
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

Priority	Tier	Type	Project	Description	Status
1a	Highest	Statutory	MSR | Wholesale Water Service Providers	Service-specific study on principal wholesale water suppliers – CWA (comprehensive) + MET (abbreviated)	
1b	Highest	Statutory	MSR | Healthcare Districts	Service-specific study of the four healthcare districts in San Diego County; addendum expected	
3	Highest	Statutory	MSR | SANDAG	Agency-specific study of SANDAG (transportation, housing planning, + climate adaption planning)	
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, Olivenhain, Leucadia, et al.)	
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 (Vallecitos, Vista ID, FPDs, et al.)	
8	High	Administrative	White Paper | Homeless Services	Evaluate the scope-scale of homeless services in SD County + potential governance options	
9	High	Administrative	White Paper | Public Recreation @ City Reservoirs	Assess public recreation 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 + CSA 17)	
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 of the Port (harbor, recreation, public safety, + community development)	
15	High-Mid	Statutory	Special Study | Oceanside SCHD	Prepare special study on SCHD detailing revenues/expenses + potential governance alternatives	
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 FY25 with supplemental information	
18	Mid	Administrative	Pilot Grant Program	Establish pilot program to explore grant opportunities to help fund special projects at LAFCO	
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	Status
21	Mid-Low	Statutory	RCD Ad Hoc Committee: Part II	Complete part II of RCD boundary true ups to inform sphere updates for local RCDs	
22	Mid-Low	Statutory	MSR | South Coast Region I – Cities	Region-specific study on south coast Cities (Chula Vista, Coronado, Imperial Beach and National City)	
23	Mid-Low	Statutory	MSR | Healthcare Districts: Addendum	Address community healthcare needs and related resources + potential governance alternatives	
24	Mid-Low	Administrative	Alternative Membership Organization	Work with other LAFCOs to receive/provide ongoing education and legislative advocacy services	
25	Mid-Low	Administrative	Annual Local Agency Directory	Update and publish annual local agency directory subject to LAFCO oversight	
26	Low	Administrative	Legislative Proposal | UC Berkeley Report	Sponsor/facilitate legislation implementing UC report recommendations on LAFCO efficiencies	
27	Low	Administrative	Commissioner Onboarding	Create a digital toolkit for new Commissioners to help acclimatize to LAFCO	
28	Low	Administrative	Annual SOI-MSR Registry	Update and publish annual registry showing all recorded SOI and MSR actions	
29	Low	Statutory	Applicant Procedures	Update and streamline LAFCO application materials + establish related protocols	
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)	

Complete | Near Complete | Underway | Pending

5e

AGENDA REPORT
Consent | Information

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Report on Applicant Proposals**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a status report on active applicant 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

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 to process before they are scheduled for a hearing. Requests for out-of-agency service approvals – which are subject to separate procedures – generally take two months to process.

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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
Vacant, General Public
Brigette Browning, Alt., General Public

DISCUSSION

This item provides San Diego LAFCO with its regular update on active applicant proposals currently on file. It also serves to preview anticipated future workload by identifying pending proposals that staff expect to be formally submitted in the near term based on ongoing discussions with local agencies. Additionally, the item fulfills the Commission's statutory obligation to provide agenda notice for jurisdictional changes initiated by petition. Commissioners are invited to pull the item for discussion as needed.

As of this reporting period, thirty-five (35) active proposals are on file with LAFCO. Of these, thirty-two (32) are under administrative review and pending formal Commission hearing, while the remaining three (3) involve conditionally approved proposals awaiting recordation. Staff also identifies six (6) substantive and pending proposals based on communications with prospective applicants. A complete listing of all active and pending proposals is attached.

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 July 25, 2025

	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.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
7	RO16-11	"Rancho Hills Reorganization" - Rancho Santa Fe CSD: Annexation - Olivenhain MWD: Expansion of Latent Power Area - Olivenhain MWD: Latent Sphere Action (+)	Meghan Traynor	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 was administratively paused due to the pending receipt of additional documentation. A new application was submitted in May 2025 and is currently under administrative review. Discussions remain active.
8	SA19-26 RO19-26 OAS19-26	"Valiano - Eden Valley Reorganization" - City of Escondido: Extraterritorial Sewer - City of Escondido: Sphere Action (+) - San Marcos FPD: Annexation - Rancho Santa Fe FPD: Detachment - Rancho Santa Fe FPD: Sphere Action (-) - 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 10.8 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 Commission is scheduled to consider the proposal as part of a publicly noticed hearing at its August 4, 2025 meeting.
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.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
10	CO22-04	"AJX Homes - Carmichael Change of Organization" - City of La Mesa: Annexation - City of La Mesa: Sphere Action (+) - San Miguel FPD: detachment - San Miguel FPD: Sphere Action (-)	Michaela Peters	Application submitted in February 2022 by landowner petition involving 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 proposal is currently under administrative review. Discussions remain active.
11	OAS22-08 CO22-08	"Martinez - North Avenue Reorganization" - City of Escondido: Annexation - County Service Area No. 135: Detachment - Deer Springs Fire Protection District: Detachment	Meghan Traynor	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 to remedy 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 involving 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 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 application is incomplete pending receipt of additional documentation and related information. Discussions remain active.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
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 the 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 receiving a letter of formal withdrawal of application from the landowner. Discussions remain active.
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 to develop a commercial building and parking lot. The application is incomplete pending receipt of CEQA documentation and related information. Discussions remain 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 outside-of-agency service agreement to establish wastewater services to a single-family residence to remedy to a failing septic system. The application is incomplete pending receipt of additional documentation from the City. 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 application is incomplete pending receipt of a complete application and related information. Discussions remain active.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
18	RO24-08 OAS 24-08	"Shen – Pinecrest Ave Out-of-Agency Service Agreement" - City of Escondido: Annexation - County Service Area No. 135: Detachment	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. The administrative approval is conditioned on the landowner submitting a complete change of organization application to LAFCO for formal annexation into the City of Escondido within one calendar year unless a time extension is authorized. The application is incomplete pending receipt of a complete application and related information. Discussions remain active.
19	RO24-12 OAS24-12	"Delgado-Andrade – 24th Street Outside-of-Agency Service Agreement" - City of National City: Annexation - City of National City: Sphere Action (+) - County Service Area No. 135: Detachment - Lower Sweetwater Fire Protection District: Detachment - South Bay Irrigation District: Detachment	Meghan Traynor	Application submitted in August 2024 by landowner petition involving an out-of-agency service request for wastewater services to a developed single-family residence on less than an acre to remedy a failing septic system. The Executive Officer administratively approved the service request on October 23, 2024 and the proposal was approved as a consent (information only) item as part of the Commission's November 4, 2024 meeting. The administrative approval is conditioned on the landowner submitting a complete change of organization application to LAFCO for formal annexation into the City of National City within one calendar year unless a time extension is authorized. The application is incomplete pending receipt of a complete application and related information. Discussions remain 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 involving an 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 to develop a commercial storage facility. The proposal is currently under administrative review. Discussions remain active.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
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 involves the detachment of approximately 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. LAFCO staff has confirmed the proponents have collected enough valid petitions equal to no less than 25% of all registered voters within the proposed municipal boundary, which covers the entirety of the 92037 zip code with an estimated population of 47,000. LAFCO staff will now proceed in initiating the administrative review on the proposal and headlined by selecting an outside consultant to prepare a comprehensive fiscal analysis evaluating the ability of La Jolla to fund a sufficient level of municipal services while assessing monetary impacts to the City of San Diego.
22	OAS24-16	"450 and 452 Bear Valley Parkway Out-of-Agency Wastewater Services" - City of Escondido: OAS	Meghan Traynor	Application submitted in May 2025 by a landowner requesting out-of-agency wastewater services to accommodate a second single-family residence at 452 Bear Valley Parkway and in doing so facilitate a pending Senate Bill (SB) 9 lot split. This request relates to a prior administrative approval granted by the Executive Officer in August 2021 authorizing a wastewater connection to the original residence located at 450 Bear Valley Parkway due to a failed septic system and related public health threats. The proposal is scheduled for consideration as a business item at the Commission's meeting on August 4, 2025.
23	CO25-01 OAS25-01	"Hallam – Lovely Lane Out-of-Agency Service Agreement" - Buena Sanitation District: Annexation	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 and the proposal was approved as a consent item as part of the Commission's February 3, 2025 meeting. The administrative approval is conditioned on the landowner submitting a complete change of organization application to annex to the Buena Sanitation District within one calendar year unless a time extension is authorized. The application is incomplete pending receipt of a complete application and related information. Discussions remain active.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
24	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 application is incomplete pending receipt of CEQA documentation and related information. Discussions remain active.
25	RO25-03 OAS25-03	"Lopez – Bear Valley Parkway Out-of-Agency Wastewater Services" - City of Escondido: Annexation - County Service Area No. 135: Detachment	Michaela Peters	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 remedy a failing septic system. The affected territory spans 1.37 acres and is developed with a single-family residence and ADU. The Executive Officer administratively approved the service request on February 7, 2025 and the proposal was approved as a consent item as part of the Commission's March 3, 2025 meeting. The administrative approval is conditioned on the landowner submitting a complete change of organization application to LAFCO for formal annexation into the City of Escondido within one calendar year unless a time extension is authorized. The application is incomplete pending receipt of a complete application and related information. Discussions remain active.
26	CO25-07	"Balazs – Artesian Breeze Way Change of Organization" - Rancho Santa Fe CSD: Annexation	Meghan Traynor	Application submitted in March 2025 by landowner petition involving an annexation of approximately 2.41 acres to the Rancho Santa Fe Community Services District for the primary purpose of establishing wastewater services. The affected territory is currently undeveloped with plans to develop one 10,000 square-foot single-family residence. The proposal is scheduled for consideration by the Commission as part of the consent calendar at its August 4, 2025 meeting.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
27	RO25-08	"Nakano Development Project Reorganization" - City of Chula Vista: Detachment - City of Chula Vista: Sphere Action (-) - Otay Water District: Detachment - Otay Water District: Sphere Action (-) - City of San Diego: Annexation - City of San Diego: Sphere Action (+)	Michaela Peters	Application submitted in March 2025 by resolution of the City of San Diego requesting the detachment of approximately 23.8 acres from the City of Chula Vista and the Otay Water District (WD), with a concurrent annexation to the City of San Diego. The proposal also includes related sphere of influence amendments. The affected territory consists of a single assessor parcel located off Dennery Road, between Regatta Lane and Golden Sky Way. The parcel is currently undeveloped, and the proposed boundary change is intended to facilitate the extension of public services to support the planned development of up to 221 residential units, including condominiums, duplexes, and townhomes. The Commission is scheduled to consider the proposal as part of a publicly noticed hearing at its August 4, 2025 meeting.
28	OAS25-09	"Mayer – Santa Fe Avenue Out-of-Agency Wastewater Services" - Buena Sanitation District: OAS	Michaela Peters	Application submitted in March 2025 by the Buena Sanitation District on behalf of the landowner requesting out-of-agency wastewater services to facilitate the development of a 46-unit townhouse development on approximately 2.91-acres. The affected territory includes three APNs located in the City of San Marcos. The application is incomplete pending receipt of a complete application and related information. Discussions remain active.
29	CO25-10	"Miller & Hall – Vulcan Avenue Change of Organization" - Leucadia Wastewater District: Annexation	Michaela Peters	Application submitted in April 2025 by resolution of the Leucadia Wastewater District. The affected territory comprises one parcel approximately 0.23-acres in size with an existing single-family residence. The proposal requests the establishment of public wastewater services intended to facilitate the development of an ADU. The proposal is currently under administrative review. Discussions remain active.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
30	RO25-11 OAS25-11	"Halstead – Olivewood Lane OAS Wastewater Services" - San Diego County Sanitation District: OAS	Meghan Traynor	Application submitted in April 2025 by the San Diego County Sanitation District on behalf of the landowner requesting out-of-agency wastewater services to accommodate an existing single-family residence to remedy a failing septic system. The Executive Officer administratively approved the service request on April 23, 2025. The administrative approval is conditioned on the landowner submitting a complete change of organization application to LAFCO for formal annexation into the City of Escondido within one calendar year unless a time extension is authorized. The Commission conditionally approved the out-of-agency wastewater service agreement on June 2, 2025. The application is incomplete pending receipt of a complete application and related information. Discussions remain active.
31	OAS25-13	"Goodwin – Pine Valley Improvement Club Out-of-Agency Wastewater Services" - San Diego County Sanitation District: OAS	Meghan Traynor	Application submitted in July 2025 on behalf of the Pine Valley Improvement Club requesting out-of-agency wastewater services to accommodate an existing commercial building to remedy a public health risk posed by the proximity of the existing septic system to a non-conforming well on-site. The Executive Officer administratively approved the service request on July 22, 2025. The administrative approval is conditioned on the landowner submitting a complete change of organization application to LAFCO for formal annexation into the San Diego County Sanitation District within one calendar year unless a time extension is authorized. The proposal is scheduled as an information item under the consent calendar at the Commission's meeting on August 4, 2025.
32	OAS25-14	"Bowles– North Broadway Out-of-Agency Wastewater Services" - City of Escondido: OAS	Meghan Traynor	Application submitted in July 2025 by a landowner requesting out-of-agency wastewater services to accommodate the demolition and reconstruction of an existing single-family residence on a 1.23-acre parcel. The County Department of Environmental Health and Quality determined sanitary sewer service for the subject property is necessary based on the subject parcel's size and high groundwater level in the surrounding area. The proposal is currently under administrative review. Discussions remain active.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSALS | POST COMMISSION ACTION				
33	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.
34	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 and undeveloped territory to the San Diego County Sanitation District to make available public water and wastewater services. 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.
35	RO24-17	"Biermann – N Ash Street Change of Organization" - City of Escondido: Annexation - County Service Area No. 135: Detachment	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 single-family residence and two ADUs. The proposal was approved by the Commission on May 2, 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.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
	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.
	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 established service area boundary. Complete application and letter of request via the City is pending.

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AGENDA REPORT
Consent | Information

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Notice of Administrative Approval | "Goodwin–Pine Valley Improvement Club Out-of-Agency Wastewater Services" with the San Diego County Sanitation District (OAS25-13)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive notice of an administrative approval by the Executive Officer authorizing the San Diego County Sanitation District (County SD) to provide out-of-agency wastewater service to an unincorporated property located within its sphere of influence at 28890 Old Highway 80 in Pine Valley. The authorization applies to an existing commercial facility – Pine Valley Clubhouse – and is based on documentation of a public health and safety threat arising from the existing septic system's proximity to a non-conforming well on-site. Approval is limited to the existing commercial facility and is conditioned on the landowner submitting a complete annexation application within one calendar year, unless a time extension is granted. The Executive Officer has determined the project is exempt from further environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15269(c), which applies to emergency projects necessary to prevent or mitigate health and safety threats. This notice is provided for informational purposes in accordance with adopted Commission policy. The Commission may also pull the item for discussion and provide related feedback.

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

Paloma Aguirre, County of San Diego
Joel Anderson, County of San Diego
Monica M. Steppe, 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
Vacant, General Public
Brigette Browning, Alt., General Public

BACKGROUND

Overseeing Out-of-Agency Services

State statute requires all cities and special districts to request and receive written approval from LAFCOs to provide "out-of-agency" services by contract except for certain limited exemptions. The statute also provides 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 spheres, out-of-agency services may only be authorized in response to documented threats to public health and safety.

Delegation to the Executive Officer

San Diego LAFCO's policies authorize the Executive Officer to approve out-of-agency service requests involving water and wastewater in response to documented threats to public health, safety, or welfare. In such cases, the Executive Officer is required to inform the Commission of any administrative approvals at the next available meeting for informational purposes only. All other out-of-agency service requests require Commission approval.

Applicant Request and Administrative Approval

LAFCO received a request from County SD on July 21, 2025 for authorization to provide out-of-agency wastewater service to the Pine Valley Club and its commercial facility located at 28890 Old Highway 80. The subject territory comprises one legal parcel of approximately 0.7 acres developed with a 2,500-square-foot community clubhouse. The subject parcel is identified by the County Assessor as 410-120-07 and shown below.



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County SD has requested authorization in coordination with the landowner (Pine Valley Improvement Club) to make clubhouse improvements and remedy restrictions caused by the septic system's proximity to a non-conforming well site and incompatibility with the County's 150-foot setback requirement. Upon receipt of the request, LAFCO staff coordinated with County SD and confirmed the agency is readily positioned to extend service utilizing existing on-site public infrastructure with the only improvement required being construction of a new sewer lateral to connect the clubhouse to the main line. The estimated average daily flow is 250 gallons per day and represents 0.83% of the existing available capacity at the Pine Valley Water Pollution Control Facility.[1] LAFCO staff also consulted with the County's Department of Environmental Health and Quality (DEHQ), which recommended the out-of-agency service request proceed to mitigate an ongoing threat to public health and safety involving the proximity of the existing septic system and on-site well. DEHQ further advised replacing the septic system is infeasible due to site constraints and any attempted repairs would likely be difficult and require use of a supplemental treatment system. Based on these considerations, the Executive Officer issued a conditional out-of-agency service approval on July 22, 2025.

DISCUSSION

This item is for San Diego LAFCO to receive notice of the Executive Officer's administrative approval authorizing County SD to provide wastewater service outside its jurisdictional boundary to 28890 Old Highway 80 on a contract basis 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 authorizing County SD to provide out-of-agency wastewater service to the subject parcel at 28890 Old Highway 80 is consistent with applicable statutes and Commission policies. This includes the Executive Officer's authority to act in response to a reasonably documented and imminent threat to public health and safety, following confirmation of the availability and adequacy of the District's wastewater system. Approval is conditioned to limit service solely to the existing commercial building with no accommodation for additional structures. It is further conditioned on the landowner submitting a complete annexation application within one calendar year, unless a time extension is formally granted. The Executive Officer has also determined that the project qualifies as statutorily exempt from additional environmental review under State CEQA Guidelines Section 15269(c), as the activity is intended to prevent or mitigate a verified threat to public health and safety associated with the failed septic system on the property.

RECOMMENDATION

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

[1] County SD's existing average day wastewater flow is .01 million gallons and equals 25% of overall capacity at its Pine Valley Water Pollution Control Facility.

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.

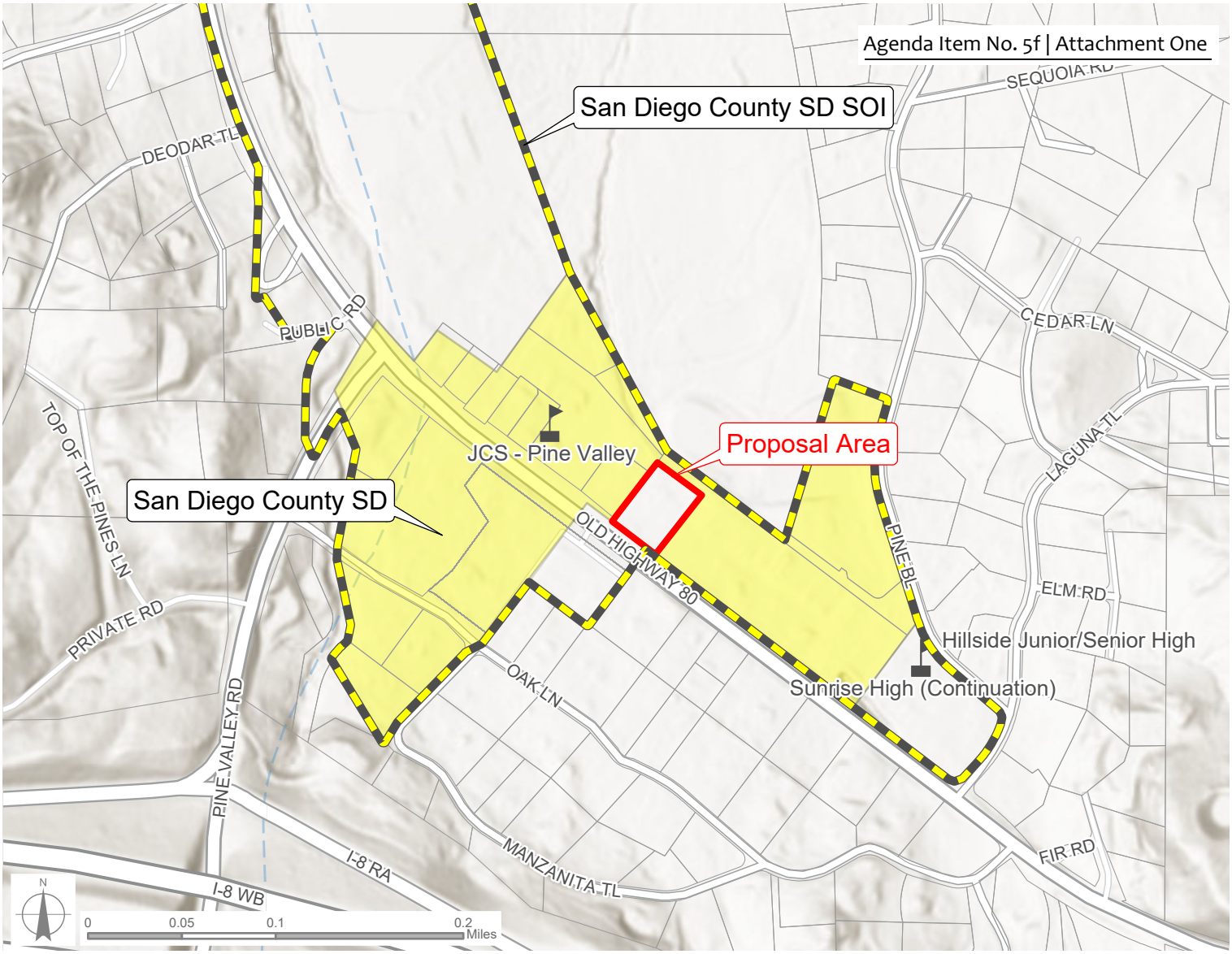
On behalf of the Executive Officer,



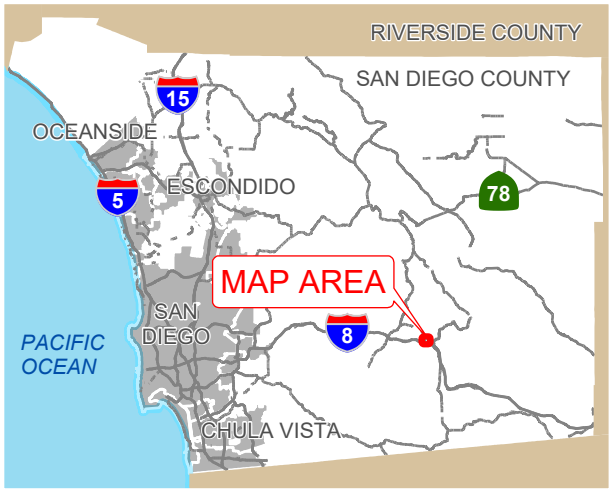
Meghan Traynor
Analyst I

Attachments:

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







OAS25-13 "PINE VALLEY IMPROVEMENT CLUB OUT-OF-AGENCY WASTEWATER SERVICES" | SAN DIEGO COUNTY SANITATION DISTRICT

- Proposal Area
- San Diego County SD
- San Diego County SD SOI

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 -- 7/11/2025

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

CERTIFICATE OF ADMINISTRATIVE APPROVAL OF A CONTRACTUAL WASTEWATER SERVICE AGREEMENT

San Diego County Sanitation District / Pine Valley Improvement Club (LAFCO File No. OAS25-13)

July 22, 2025

In accordance with California Government Code Section 56133, the San Diego County Local Agency Formation Commission (LAFCO) authorizes the San Diego County Sanitation District to immediately provide extraterritorial wastewater service by contract to 28890 Old Highway 80, Pine Valley, CA 91962. The subject property is owned by the Pine Valley Improvement Club and comprises one unincorporated parcel identified by the County of San Diego Assessor's Office as 410-120-07-00. The authorized service is limited to supporting the approximate 2,500 square foot commercial building – comprising the Pine Valley Clubhouse – currently developed on the subject property.

The contracted wastewater service agreement authorization terms in one year – July 22, 2026 – from the date of its administrative approval by the LAFCO Executive Officer unless an extension is approved. In the interim, the Pine Valley Improvement Club shall proceed with filing an annexation with LAFCO as the permanent means for the San Diego County Sanitation District to provide wastewater service.

Confirmation:

KEENE SIMONDS
Executive Officer

July 22, 2025

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

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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
Vacant
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: Pine Valley Improvement Club

Property Address: 28890 Old Hwy 80 Pine Valley, CA 91962

Phone #: [redacted] Date: 6/16/2025

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? Community Center Meeting Hall/Rental

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 DAS Public Safety Theater

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
JUL 21 2025
SAN DIEGO LAFCO

PUBLIC WORKS
5510 OVERLAND AVENUE, SUITE 410, SAN DIEGO, CALIFORNIA 92123-1237
(858) 694-2212

MARISA K. BARRIE, PE
DIRECTOR

June 17, 2025

To: Keene Simonds, Executive Officer
Local Agency Formation Commission (MS 216)

From: Anthony Hooper, LUEG Program Manager
San Diego County Sanitation District
Department of Public Works (MS O384)

REQUEST FOR ADMINISTRATIVE APPROVAL OF A TEMPORARY CONNECTION AGREEMENT FOR MIKE GOODWIN VICE PRESIDENT OF PINE VALLEY IMPROVEMENT CLUB, SAN DIEGO COUNTY SANITATION DISTRICT (PINE VALLEY SERVICE AREA), APN 410-120-07-00

In accordance with Government Code section 56133(c), the San Diego County Sanitation District (District) seeks approval of the San Diego Local Agency Formation Commission (LAFCO) of a Temporary Connection Agreement (Agreement), to provide sewer service to a Commercial property located at 28890 Old Highway 80, Pine Valley, CA 91962-4400 and more particularly identified by APN 410-120-07-00 (Property) with an impending threat to the health or safety of the public with existing onsite wastewater treatment system. This letter will serve to provide LAFCO with documentation of a threat to the health and safety of the public or affected residents justifying the approval of the Agreement by LAFCO.

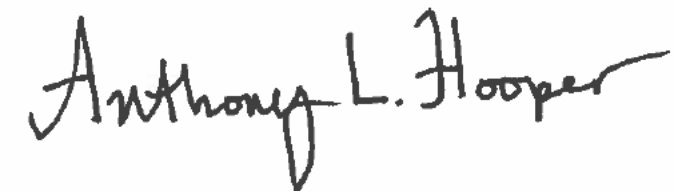
As detailed in the attached letter from the Department of Environmental Health dated May 24th, 2025, the existing onsite wastewater treatment system on the Property was encountered during the site visit and is not up to code. The property has a supply well (DEH1991-LWELL-9245 records attached) for the Pine Valley Mutual Water Company (PVMWC) located in the NE corner of the property. PVMWC provides potable water to 691 metered connections within Pine Valley. This well requires a minimum 150' setback, per the current Local Agency Management program, for any portion of the onsite wastewater treatment system and any future repairs. This setback is not currently being met, as previous setback requirements differed from current setback requirements. In the event of a failure of the existing onsite wastewater treatment system it would be difficult and costly to install a compliant repair to the onsite wastewater treatment system. The repair would almost certainly require the use of a supplemental treatment system.

Pine Valley Improvement Club, owner of the Property has requested that the District enter into the attached Agreement to allow for the provision of sewer service by the District. The District believes and requests that service be approved without first requiring annexation pursuant to Government Code section 56133(c). Nevertheless, the Property owner is requesting annexation of the Property to the District so that service may also be authorized under Government Code section 56133(b). The Property is within the Sphere of Influence of the San Diego County Sanitation District in Pine Valley. The public sewer main (PV0008) and private sewer mains (PV0013, PV0012) are near the Property. The public and private sewer mains do not have a sewer lateral and will have to be installed by a contractor.

The District has received an annexation application, checks, and legal description from the Property owner to process the annexation. It is the District's intent to proceed with this process so that the Property can at some point be served without relying on an out-of-agency agreement. If this process were for any reason not to be completed, service could continue pursuant to the Agreement.

The Distric is requesting immediate administrative approval of the Agreement in order to expeditiously connect this Property to the sewer system prior to any formal annexation into the District. If you have any questions, or need further information, please call Mike Ngo at (858) 694-3359 and he will assist you.

Sincerely,



ANTHONY HOOPER, LUEG Program Manager
San Diego County Sanitation District
County of San Diego, Department of Public Works

Attachments
1. Contractual Service Agreement
2. DEH Letter
3. DEH1991-LWELL-9245 Records

County of San Diego

DEPARTMENT OF ENVIRONMENTAL HEALTH & QUALITY
LAND AND WATER QUALITY DIVISION
P.O. BOX 129261, SAN DIEGO, CA 92112-9261
Phone: (858) 565-5173 Fax: (858) 694-3670
www.sdcdeh.org

May 24, 2025

Pine Valley Improvement Club
C/O Mike Goodwin, Vice-President
28890 Old Highway 80
Pine Valley, CA 91962-4400

Dear Mr. Goodwin,

I am writing this letter in response to your request, on 5/21/25, that our office provide details regarding the onsite wastewater treatment systems at 28890 Old Highway 80, Pine Valley (APN:410-120-07). I met onsite with you on 5/21/25, to observe the site conditions and discuss potential connection to the nearby sanitary sewer, including the abandonment of the existing onsite wastewater treatment system. The property has a supply well (DEH1991-LWELL-9245 records attached) for the Pine Valley Mutual Water Company (PVMWC) located in the NE corner of the property. PVMWC provides potable water to 691 metered connections within Pine Valley. This well requires a minimum 150' setback, per the current Local Agency Management program, for any portion of the onsite wastewater treatment system and any future repairs. This setback is not currently being met, as previous setback requirements differed from current setback requirements. In the event of a failure of the existing onsite wastewater treatment system it would be difficult and costly to install a compliant repair to the onsite wastewater treatment system. The repair would almost certainly require the use of a supplemental treatment system.

The situation suggests that connection to sanitary sewer, located in Old Highway 80 directly south of the property, would be a more an improved means of dealing with the wastewater discharges from this property.

DEHQ would support/recommend that this property be allowed to annex and/or connect to sanitary sewer for the following reasons:

1. Mitigates the potential for the contamination of the existing public water supply well, located less than 150' from the existing onsite wastewater treatment system.
2. Avoids future repair expenses which could be significant and could result in significant loss of use of the property until such repairs could be completed.
3. Eliminates the potential for future onsite wastewater treatment system failures and any odors or nuisances associated with such an occurrence.
4. Allows for future uses of the property that would not be allowed currently due to the limited capacity of the existing onsite wastewater treatment system.

If you or anyone else has questions regarding this letter, please feel free to contact me.

Sincerely,

Scott Rosecrans
EHS III, REHS
619-208-0337

CONTRACTUAL SERVICE AGREEMENT

The San Diego County Sanitation District, an independent sewer agency formed and operating under the County Sanitation District Act, Health & Safety Code § 4700 et seq., hereinafter called the "District", and Pine Valley Improvement Club, hereinafter called the "Owner(s)", agree as of June 20, 2025, as follows:

1. The Owner(s) represent that they hold title to that certain real property located in the County of San Diego, State of California, commonly referred to as 28890 Old Highway 80, Pine Valley, CA 91962-4400 and also identified by Assessor's Parcel Number 410-120-07-00.

2. That said real property is located outside of the District, but with the approval of the San Diego Local Agency Formation Commission ("LAFCO") may be connected to the District's facilities pursuant to Government Code § 56133 to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory. There is an existing and impending threat to public health and safety because the septic system serving the property is unable to reliably receive wastewater for treatment. This threat will be eliminated if the property is connected to District sewer facilities

3. That subject to the approval of LAFCO of this Contractual Service Agreement and payment of all applicable District fees and charges the Owner(s) shall have the privilege of connecting a sewer line from the structure located on said real property to the District's sanitary sewer system

4. That the connection to the District's sanitary sewer shall occur under the direction of the Director, Department of Public Works of the County of San Diego ("Director"), acting on behalf of the District, in accordance with the ordinances and regulations of the District, and shall be made at such place on the District's sanitary sewer and in such manner as the Director shall specify. The cost of such connection shall be paid by the Owner(s).

5. Owner(s) shall pay all fees and costs incurred by the District to process this Contractual Services Agreement, including without limitation any LAFCO fees. In addition, Owner(s) shall obtain a Wastewater Discharge Permit from District and pay all fees and charges required by District to connect the real property to the District's facilities and for the District to provide ongoing wastewater service to the real property.

6. The Owner(s), Owners' executors, administrators, heirs, successors and assigns shall pay to the District through the Department of Public Works of the County of San Diego, and prior to the connection of the property defined in this Agreement, an annual sewer service fee at the prevailing rate, prorated at time of permit issuance. Said fee shall be paid pursuant

Dated this 25 day of June, 2025.

Marisa Barrie Digitally signed by Marisa Barrie Date: 2025.07.03 08:46:59 -07'00'

Director, Department of Public Works
San Diego County Sanitation District

Executive Officer, LAFCO Date

Vice Pres.

Applicant's Signature

5g

AGENDA REPORT
Consent | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Proposed "Balazs-Artesian Breeze Way Change of Organization" | Annexation to Rancho Santa Fe Community Services District and Related Actions (CO25-07)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a change of organization proposal initiated by landowner petition to annex 2.4 acres to the Rancho Santa Fe Community Services District (CSD). The affected territory as submitted consists of one undeveloped parcel located within the unincorporated community of Del Sur and lies entirely within the agency's existing sphere of influence. The purpose of the proposal is to make public wastewater service available to the affected territory and in doing so accommodate the planned development of a single-family residence; other CSD services – including security and underground utilities – are not part of the proposal. Staff recommends conditional approval of the proposal as submitted without modifications. It is also recommended the Commission waive protest proceedings and find the project exempt from additional environmental review under State Guidelines Section 15319.

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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
Vacant, General Public
Brigette Browning, Alt., General Public

BACKGROUND

Applicant Request

San Diego LAFCO has received a change of organization proposal initiated by an interested landowner – Alex Balazs – requesting approval to annex 2.4 acres of unincorporated territory in the Del Sur community to the Rancho Santa Fe CSD. The affected territory as submitted comprises one entire legal parcel presently undeveloped with no physical improvements. The parcel has been pre-assigned a situs of 16785 Artesian Breeze Way and identified by the County Assessor's Office as Assessor Parcel Number (APN) 267-147-06. The subject parcel lies entirely within the existing sphere of influence of the Rancho Santa Fe CSD.

Regional Setting

The affected territory is located in north-central San Diego County within the unincorporated community of Del Sur near its eastern border with the 4S Ranch planned development. Principal access to the affected territory is provided by Camino del Sur via Artesian Road. The surrounding area is predominantly characterized by rural residential use. The subject parcel lies within County Supervisorial District No. 3 (Terra Lawson-Remer), Assembly District No. 76 (Darshana Patel), and Senate District No. 40 (Brian W. Jones). An aerial map illustrating the affected territory and its regional setting follows with a more detailed map – including the existing parcel and relationship to Rancho Santa Fe CSD's jurisdictional boundaries – provided as Attachment One.



Google Earth

Subject Agencies

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

- **Rancho Santa Fe CSD** is an independent special district formed in 1981 as a biproduct of the reorganization of the Rancho Santa Fe Sanitation District. The active service functions are wastewater (collection, treatment, and disposal classes), landscape maintenance, security, and utility undergrounding services. Wastewater serves as Rancho Santa Fe CSD's main function. Landscaping services are authorized district-wide but currently limited to the "Village" and contracted with the Rancho Santa Fe Association (HOA) and funded through a voter-approved improvement district. Security and utility undergrounding services are organized with their own internal latent power zones. The jurisdictional boundary spans 16.4 square miles – or 10,483.2 acres – with a LAFCO estimated resident population of 8,617. LAFCO most recently updated Rancho Santa Fe CSD's sphere of influence in 2013 with a larger-than-agency designation with the inclusion of 1,814 non-jurisdictional acres (mostly in 4S Ranch and Black Mountain Ranch areas). Rancho Santa Fe CSD's audited total net position is $33.4 million as of June 30, 2023 with an unrestricted balance of $4.8 million. This includes an ending cash balance of $3.3 million. The ending net position reflects an overall change of (8.1%) 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.[2]

- County Service Area No. 17 (San Dieguito EMS Ambulance Transport)
- County Service Area No. 83 (San Dieguito Local Parks)
- County Service Area No. 135 (Regional Communications)
- Metropolitan Water District of Southern California
- Olivenhain Municipal Water District
- Resource Conservation District of Greater San Diego
- Rancho Santa Fe Community Service District (sphere only)
- Rancho Santa Fe Fire Protection District
- San Diego County Flood Control District
- San Diego County Street Lighting District
- San Diego County Water Authority

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

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:

- Solana Beach Elementary
- San Dieguito Union High
- MiraCosta Community College

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the change of organization proposal to annex the affected territory to the Rancho Santa Fe CSD for purposes of establishing wastewater services. Rancho Santa Fe CSD's security and underground utilities are separately organized as internal latent power zones and would require separate proposal consideration by LAFCO. The District's landscape services are agency-wide but currently limited to the "Village" while security and underground utilities are separately organized as internal latent power zones, thereby requiring separate proposal consideration by LAFCO. 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 follows.

Proposal Purpose

The purpose of the proposed change of organization before San Diego LAFCO is to establish public wastewater service to the affected territory to support the planned development of a single-family residence, consistent with County zoning regulations. The timing of the proposal filing with LAFCO ties to a condition set by the County requiring confirmation of wastewater service prior to the issuance of grading and building permits. No other municipal service establishments are proposed given the affected territory already lies within the Olivenhain Municipal Water District for its potable water service function as well as Rancho Santa Fe Fire Protection District for its fire protection and emergency medical functions.

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 with specific development standards delegated to the San Dieguito Community Plan (2011). The County designates the affected territory as Semi-Rural Residential with a conforming zoning assignment of Rural Residential, which provides a minimum lot size of 2.0 acres. This latter requirement precludes any additional density based on the subject parcel's total size is 2.4 acres.[3] Additional intensity – however – is permissible to include building one accessory dwelling unit up to 1,200 square feet and one junior accessory dwelling unit up to 500 square feet.[4]

[3] Additional development may be permitted via a lot split under the application of Senate Bill 9. Only potential development under local land use policies are addressed in this report.

[4] Accessory dwelling units may be detached from the "sponsoring" single-family residence. Junior accessory dwelling units must be attached to the single-family residence.

ANALYSIS

San Diego LAFCO's current sphere of influence designation for the Rancho Santa Fe CSD includes the affected territory and can readily accommodate the proposed annexation. This narrows the analysis of the proposed change of organization with respect to the stand-alone merits of the (a) timing of boundary change and (b) whether discretionary modifications or terms are appropriate. The Commission must also consider (c) other relevant statutes in and outside LAFCO law. The staff analysis of these three items follows.

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 attention to disclosing and/or addressing any known or perceived jurisdictional disputes.

An analysis of these two related timing factors follows.

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

  State law prescribes the mandatory consideration of certain and multifaceted factors anytime LAFCOs consider jurisdictional changes. These factors range in substance from disclosures – such as the affected territory's current land uses, assessed values, registered voter counts, and so on – to discretionary analyses. This latter category is highlighted by evaluating the proposed 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 annexation of the affected territory to Rancho Santa Fe CSD would represent a modest and orderly expansion of the agency and its wastewater services – marked by accommodating a planned and known development. Proceeding with the annexation to Rancho Santa Fe CSD parallels the expressed interest of the landowner as the initiating party and similarly responds to the County conditioning the issuance of a building permit on the landowner providing a will-serve letter from Rancho Santa Fe CSD. These factors help quantify the need and timing of the proposed change of organization.

[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).

- With respect to **service availability and capacities,** Rancho Santa Fe CSD has available and sufficient wastewater capacities to accommodate the projected service demands in the affected territory at both its planned and maximum potential use. An existing Rancho Santa Fe CSD wastewater main is located north of the site within the public right-of-way along Top of the Morning Way and accessible via private connection to a sewer stub approximately 30 feet from its northwest corner.[6] It is projected the average day wastewater flow generated within the affected territory post change of organization is 250 gallons with the development of one single-family residence. This projected amount can be readily accommodated by Rancho Santa Fe CSD and represents 0.076% of its available treatment capacity remaining within its sewer system.[7] The addition of an allowable accessory dwelling unit would double this consumption usage to 0.152% of available capacity and not considered substantive.

- With respect to **related financial considerations,** Rancho Santa Fe CSD has adequate financial resources and administrative controls to provide wastewater services to the affected territory in support of its planned development without adversely impacting current ratepayers. The agency's most recent audited statements reflect sufficient liquidity and capital levels and highlighted by a current ratio of 10:1 and low debt ratio of 3.0%. These measurements provide reasonable assurances of the agency's effective financial management and help lessen concerns related to recent operating losses, which have averaged a total margin of (29.7%) over the last three fiscal years.[8] Establishing actual wastewater service is premised on the landowner paying a connection fee of $10,085 to Rancho Santa Fe CSD. Ongoing service will be subject to annual service charges, which will be collected through the County tax roll. These charges are estimated at $1,400 for FY 2025-26 and $1,500 for FY 2026-27.

- 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.[9] No jurisdictional disputes have been disclosed by Rancho Santa Fe CSD through the administrative review with LAFCO. Similarly, LAFCO staff has not identified any disputes or related concerns in the administrative review.

[6] The landowner will be responsible for extending the existing sewer main located along Top of the Morning Way. The proposed extension must be constructed within a dedicated sewer easement, which must be granted to the Rancho Santa Fe CSD.
[7] Rancho Santa Fe CSD's existing average day wastewater flow is .156 million gallons, which equals 32.1% of overall capacity at its Santa Fe Valley Reclamation Facility.
[8] In 2023, a $257,965 increase in sewer management expenses more than doubled the $102,757 increase in property tax revenues. A $205,169 decline in sales of recycled water also impacted overall revenue.
[9] The Executive Officer retains discretion to determine the extent of consultation needed.

CONCLUSION |
MERITS OF CHANGE OF ORGANIZATION TIMING

The timing of the change of organization to annex the affected territory to the Rancho Santa Fe CSD and its wastewater function is sufficiently warranted. Justification is demonstrated by the preceding analysis and highlighted by the opportunity to utilize existing public infrastructure to make wastewater services available for an otherwise planned and orderly housing development. Additional analysis supporting this conclusion is provided in Appendix A.

Potential Modifications and Terms

No modifications to the submitted change of organization have been identified by San Diego LAFCO staff as meriting Commission consideration at this time. This includes confirmation annexation of the affected territory as proposed to Rancho Santa Fe CSD would not generate any corridors or otherwise illogical jurisdictional features going forward. Terms appear appropriate and include an otherwise special condition requiring the landowner to secure a necessary easement with one of their northern-facing neighbors to allow physical access to the wastewater collection main located within the public right-of-way on Top of the Morning Way. This condition ensures Rancho Santa Fe CSD can provide wastewater service to the affected territory immediately following annexation, and prevents a scenario in which the District collects wastewater charges via the property tax roll before service commences. Other standard terms are also recommended to ensure payment of any charges necessary to complete the proposal processing under the LAFCO fee schedule.

CONCLUSION |
MERITS OF MODIFICATIONS AND TERMS

No modifications to the proposal appear warranted. Approval terms are appropriate and marked by requiring the landowner to secure an easement with a neighboring property to access the Rancho Santa Fe CSD's collection main along Top of the Morning Way. Other standard payment terms are also appropriate and incorporated into the attached draft resolution.

Other Statutory Considerations

Exchange of Property Tax Revenues

San Diego LAFCO has confirmed the County of San Diego has adopted a master agreement applicable to govern the tax exchange for the proposed change of organization.[10] The master agreement specifies no transfer of property taxes would occur following the annexation of the affected territory to Rancho Santa Fe CSD given the underlying service – wastewater – is not presently provided.

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. Accordingly, the Commission is tasked with making findings under CEQA in consideration of the proposed change of organization. Staff analysis follows.

- San Diego LAFCO serves as lead agency for assessing potential environmental impacts of the proposed change of organization proceedings to annex the affected territory to the Rancho Santa Fe CSD given it has been initiated by a landowner. Staff believes the requested annexation qualifies as a project under CEQA but is categorically exempt from further review under State CEQA Guidelines Section 15319(b) and its cross-reference to Section 15303. This exemption appropriately applies given the associated development does not exceed the creation of three new residential units.

Protest Proceedings

Protest proceedings for the proposed change of organization may be waived by LAFCO should the Commission proceed with approval under Government Code Section 56662. The waiver appropriately applies under this statute given all of the following: the affected territory is uninhabited as defined under LAFCO law, the subject agency has not filed an objection to the waiver, and the landowner has provided written consent.[11]

RECOMMENDATION

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

[10] 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 involving an annexation and/or detachment 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.

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

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 as submitted. Adoption of the draft resolution as presented would also include waiving protest proceedings and making an exemption finding 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 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,



Meghan Traynor
Analyst I

Appendix:

A) Analysis Proposal Review Factors

Attachments:

1) Vicinity Map of the Affected Territory
2) Draft Resolution of Approval
3) 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 2.41-acre unincorporated parcel in the community of Del Sure. The subject parcel is currently undeveloped and located at 16785 Artesian Breeze Way and identified by the County of San Diego Assessor's Office as 267-147-06 with a current assessed *land* value (land and structures) of $1,538,751 with the last transaction recorded in May 2021.

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 a primary purveyor of general governmental services to the affected territory. These governmental services include community planning, roads, drainage, and law enforcement. Other pertinent service providers include Olivenhain Municipal Water District (domestic water) and Rancho Santa Fe Fire Protection District (fire protection and emergency medical). This proposal affects only wastewater and is the focus of the succeeding analysis.

- **Extending Public Wastewater to Affected Territory**
  The affected territory is undeveloped with no active wastewater system. Connection to the Rancho Santa Fe Community Service District's wastewater infrastructure can be achieved through the extension of a private lateral through a neighboring property to the existing sewer main located along Top of the Morning Way. The projected average daily wastewater flow for the affected territory post change of organization is 250 gallons. The projected amount can be readily accommodated by Rancho Santa Fe CSD and represents 0.076% of their available wastewater treatment capacity. The maximum density development via an accessory dwelling unit doubles this consumption usage to 0.152% of available capacity and not considered substantive.

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.

Approval of the proposed change of organization and annexation to Rancho Santa Fe CSD would establish economic and social ties between the District and the affected territory.

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

Approving the proposed change of organization and annexation to Rancho Santa Fe CSD would facilitate the establishment of public wastewater services for the planned development of one single-family residence and in doing so support the County of San Diego's community planning policies. Similarly, approval would be consistent with the Commission's adopted policies to sync urban uses with urban services. The affected territory does not contain "open space" as defined under LAFCO law and no conflicts exists under Government Code Section 56377.

Additional analysis concerning conformance with germane Commission policies follows.

- San Diego LAFCO Policy L-107 requires applicants to disclose and address potential jurisdictional issues associated with their proposals, and if applicable, requires a consultation process with affected agencies, interested parties, or organizations to help discuss and potentially remedy concerns, unless waived by the Executive Officer. No jurisdictional disputes or related concerns were identified or disclosed by the applicant, 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 land 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 change of organization proposal would not adversely affect the physical or economic integrity of agricultural lands.

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

LAFCO is in receipt of a draft map and geographic description of the affected territory that details metes and bounds that 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 final 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 provide wastewater services 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.

The affected unincorporated territory is presently designated for semi-rural residential use under the adopted land use policies of the County of San Diego. The affected territory is zoned as Semi-Rural Residential (SR-2), which prescribes a minimum parcel size of 2.0 acres. The existing and planned residential uses are consistent with the proposal's purpose to provide public wastewater to the affected territory and the development of a single-family residence.

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

The affected territory lies entirely within the existing sphere of influence established for the Rancho Santa Fe Community Services District.

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

Notice of the submitted change of organization proposal was distributed to all affected and subject agencies as required under LAFCO law. Notices were also provided to all local college and school districts. No written comments on the proposal were received ahead of preparing this agenda report for distribution on July 25, 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 Rancho Santa Fe CSD has 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.

- Rancho Santa Fe CSD's last audit covers FY 2022-2023 and shows the District finished with strong liquidity levels with an agency-wide current ratio of 9.7 (i.e. $9.70 in current assets for every $1.00 in current liabilities).

- Rancho Santa Fe CSD finished FY 2022-2023 with strong capital levels and highlighted by a low debt ratio of 3% (i.e. only $3.00 out of every $100.00 in net assets are financed).

- Rancho Santa Fe CSD finished FY 2022-2023 with an overall total margin of (29.7%).[12]

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

The affected territory already lies within Olivenhain MWD's jurisdictional boundary, and as such is eligible to proceed with a connection to the potable water system at any time. Similarly, the affected territory lies within the two regional wholesale providers boundaries: San Diego County Water Authority and Metropolitan Water District of Southern California.

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 and integrated public safety 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).

[12] In 2023, a $257,965 increase in sewer management expenses more than doubled the $102,757 increase in property tax revenues. A $205,169 decline in sales of recycled water also impacted overall revenue.

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 29th percentile. Five specific pollution burden indicators exceed the 50th percentile and are considered noteworthy and otherwise high: ozone levels, diesel particulate matter (PM), traffic density, groundwater threats, and hazardous waste presence.
- The affected territory's **composite susceptible population** ranking falls in the 3rd percentile. None of the indicators exceed the 50th percentile threshold used in this report to identify high impairments.

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

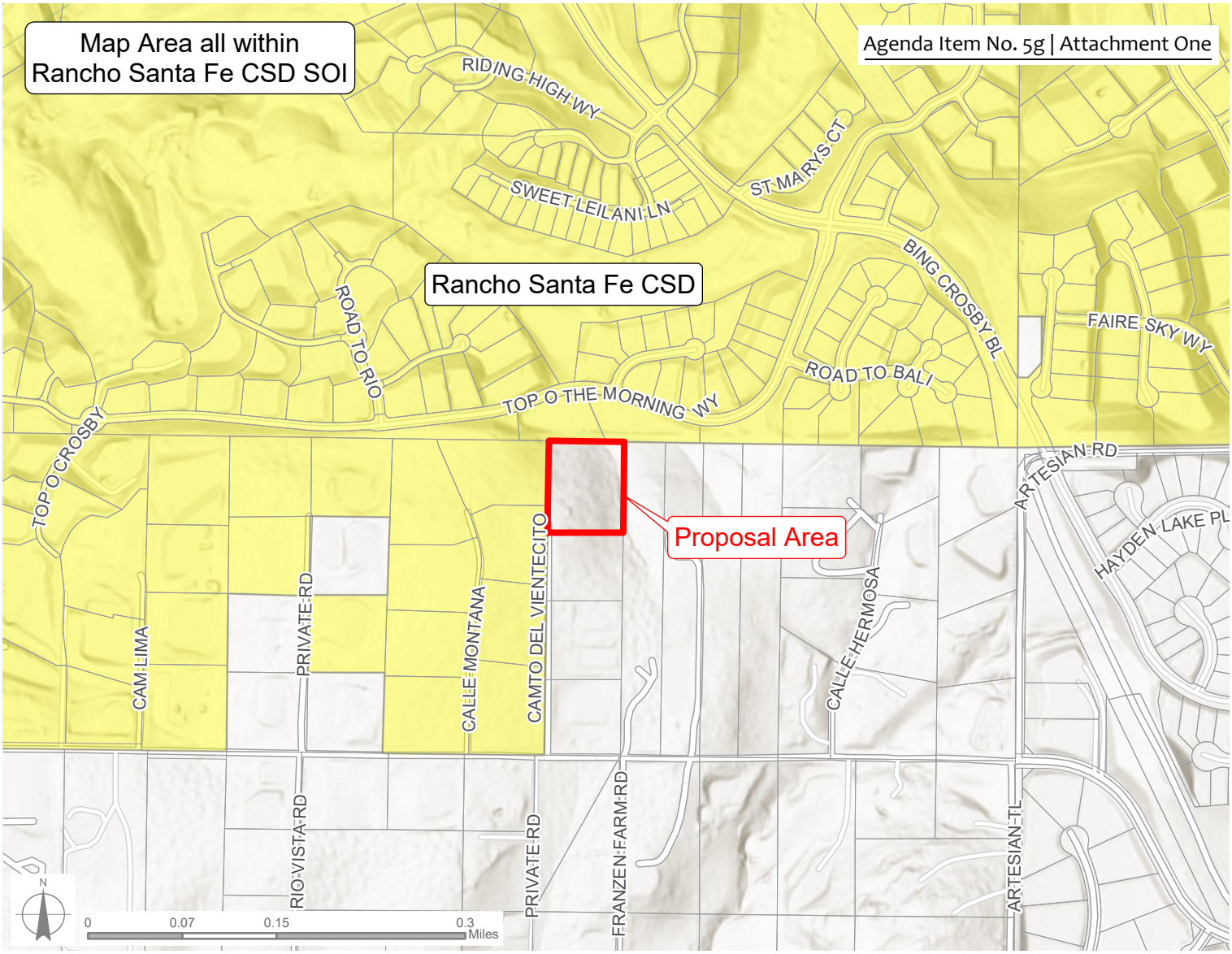
Census Tract No. 6073017066
Pollution Burdens and Susceptible Population
(Source: California Environmental Protection Agency and SD LAFCO)

	Affected Territory + Surrounding Lands
Census Tract No.	6073017066
Estimated Population	4,486
Pollution Burden	Weighted Percentile
… Percentile	28.61
Indicator | Air Quality: Ozone	**55.38**
Indicator | Air Quality: PM 2.5:	45.79
Indicator | Air Quality: Diesel PM:	**74.62**
Indicator |Pesticides:	0.00
Indicator | Toxic Releases:	9.26
Indicator |Traffic:	**83.63**
Indicator | Drinking Water Contaminants:	28.99
Indicator | Lead in Housing:	4.47
Effects | Cleanup Sites:	9.59
Effects | Groundwater Threats:	**59.60**
Effects | Hazardous Waste:	**75.83**
Effects | Impaired Water:	0.00
Effects | Solid Waste:	0.00
Sensitive Population	Weighted Percentile
… Percentile	2.61
Population | Asthma:	5.42
Population | Low Birth Weight:	19.59
Population | Cardiovascular Disease:	9.38
Population | Education:	14.17
Population | Linguistic Isolation:	28.80
Population | Poverty:	1.52
Population | Unemployment:	1.90
Population | Housing Burden:	28.24

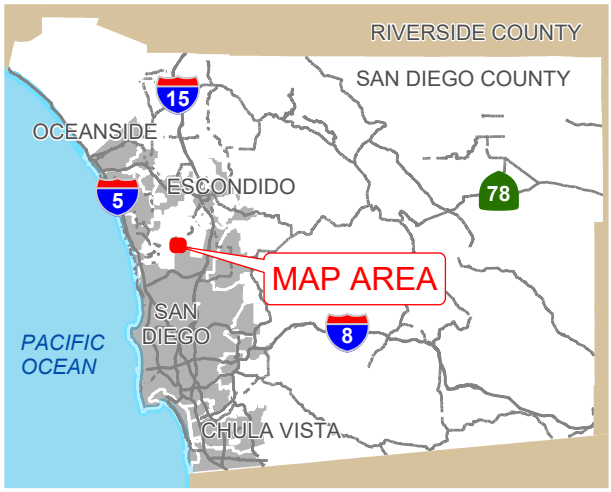
q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information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

The County of San Diego General Plan includes a hazard mitigation plan addressing risks related to wildfire, flooding, and seismic activity. The affected territory is designated a "Very High" fire hazard severity zone and a "Low" earthquake hazard zone.

Map Area all within Rancho Santa Fe CSD SOI







CO25-07

"BALAZS - ARTESIAN BREEZE WAY CHANGE OF ORGANIZATION" | ANNEXATION TO RANCHO SANTA FE CSD

Proposal Area
Rancho Santa Fe CSD

SOI = Sphere of Influence

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

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G:\GIS\Vicinity_Maps\agendamaps2025\25-07 Balazs RanchoSF CSD.aprx

Created by Dieu Ngu -- 3/28/2025

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RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A CHANGE OF ORGANIZATION

"BALAZS-ARTESIAN BREEZE WAY CHANGE OF ORGANIZATION"
ANNEXATION TO THE RANCHO SANTA FE COMMUNITY SERVICES DISTRICT
AND RELATED ACTIONS (LAFCO FILE NO: CO25-07)

WHEREAS, on March 17, 2025, interested landowner – Alex Balazs – filed a petition to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as "Commission", pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application seeks approval of a change of organization to annex 2.41 acres of unincorporated territory in the County of San Diego to the Rancho Santa Fe Community Services District (CSD);

WHEREAS, the affected territory as submitted comprises one vacant, undeveloped, unincorporated parcel identified by the County of San Diego's Assessor's Office as 267-147-06 with an assigned situs of 16785 Artesian Breeze Way; and

WHEREAS, on December 14, 1982, the County of San Diego and Rancho Santa Fe CSD 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 the Rancho Santa Fe CSD; 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 August 4, 2025;

WHEREAS, the Commission considered all the factors required by law under Government Code Section 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 makes the following finding:

   - San Diego LAFCO serves as lead agency under CEQA for assessing potential environmental impacts of the proposed change of organization proceedings to annex the affected territory to the Rancho Santa Fe CSD given it has been initiated by a landowner. Staff believes the change of organization proposal qualifies as a project under CEQA but is categorically exempt from further review under State CEQA Guidelines Section 15319(b) and its cross-reference to Section 15303. Staff believe this exemption appropriately applies given the associated development does not exceed the creation of three new residential units.

4. The Commission CONDITIONALLY APPROVES the change of organization without modifications subject to conditions as provided subject to recordation of a certificate of completion for the proposal. Approval involves all the following:

   a) Annexation of the affected territory to the Rancho Santa Fe CSD as shown in "Exhibit A-1" and described in "Exhibit A-2".

   b) Approval is specific only to Rancho Santa Fe CSD's activated wastewater and landscaping functions; all other functions – whether active or latent – are expressly omitted from this approval.

5. The Commission CONDITIONS all approvals on the following terms being satisfied by August 4, 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 $50.00 for the County of San Diego-Clerk Recorder to reimburse for filing one CEQA Notice of Exemption 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.

   d) Written confirmation from Rancho Santa Fe CSD that the landowner has secured a legal easement providing physical access to the wastewater collection main off of Top of the Morning Way.

6. The Commission assigns the proposal the following short-term designation:
   "Balazs-Artesian Breeze Way Change of Organization".

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

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

9. The Rancho Santa Fe CSD is a registered-voter district.

10. Rancho Santa Fe CSD utilizes the County of San Diego assessment roll.

11. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the Rancho Santa Fe CSD as provided under Government Section 57328, and will be subject to any previously authorized taxes, benefit assessments, fees or charges of the Rancho Santa Fe CSD as provided under Government Code Section 57330.

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

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

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

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

**

PASSED AND ADOPTED by the Commission on August 4, 2025 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

**

ATTEST:

_____
Keene Simonds
Executive Officer

EXHIBIT A-1
MAP OF AFFECTED TERRITORY

-Placeholder-

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EXHIBIT A-2
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

-Placeholder-

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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 Alex G Balazs Print Alex G. Balazs	APN: 267-147-06-00	03/19/2025	
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			

RANCHO SANTA FE
COMMUNITY SERVICES DISTRICT

GENERAL MANAGER
Chuck Duffy

BOARD OF DIRECTORS
Bill Hinchy
Lorraine Kent
Laurel Lemarié
Deborah Plummer
John Tanner

February 19, 2025

Mr. Ricardo Ramirez
County of San Diego

Re: Sewer Connection for APN 267-147-06

Mr. Ramirez,

Please accept this letter as confirmation that the Rancho Santa Fe Community Services District will provide sewer service to APN 267-147-06 subject to payment of all fees at the time of sewer permit issuance.

Sincerely,

Chuck Duffy, General Manager
Rancho Santa Fe Community Services District

Tel: 760-479-4125
Email: cduffy@dudek.com

ANNEXATION NO.

ANNEXATION TO RANCHO SANTA FE COMMUNITY SERVICES DISTRICT

GEOGRAPHIC DESCRIPTION

ALL OF PARCEL 4 OF PARCEL MAP NO. 15646, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY APRIL 21, 1989, BEING SITUATED IN A PORTION OF SECTION 26, TOWNSHIP 13 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 26; THENCE ALONG THE NORTHERLY LINE OF SAID SECTION 26, NORTH 89°38'26" WEST 1639.95 FEET TO THE **TRUE POINT OF BEGINNING;**

THENCE, (1) SOUTH 00°17'43" WEST 319.84 FEET;

THENCE, (2) NORTH 89°38'10" WEST 328.29 FEET;

THENCE, (3) NORTH 00°21'50" EAST 319.81 FEET;

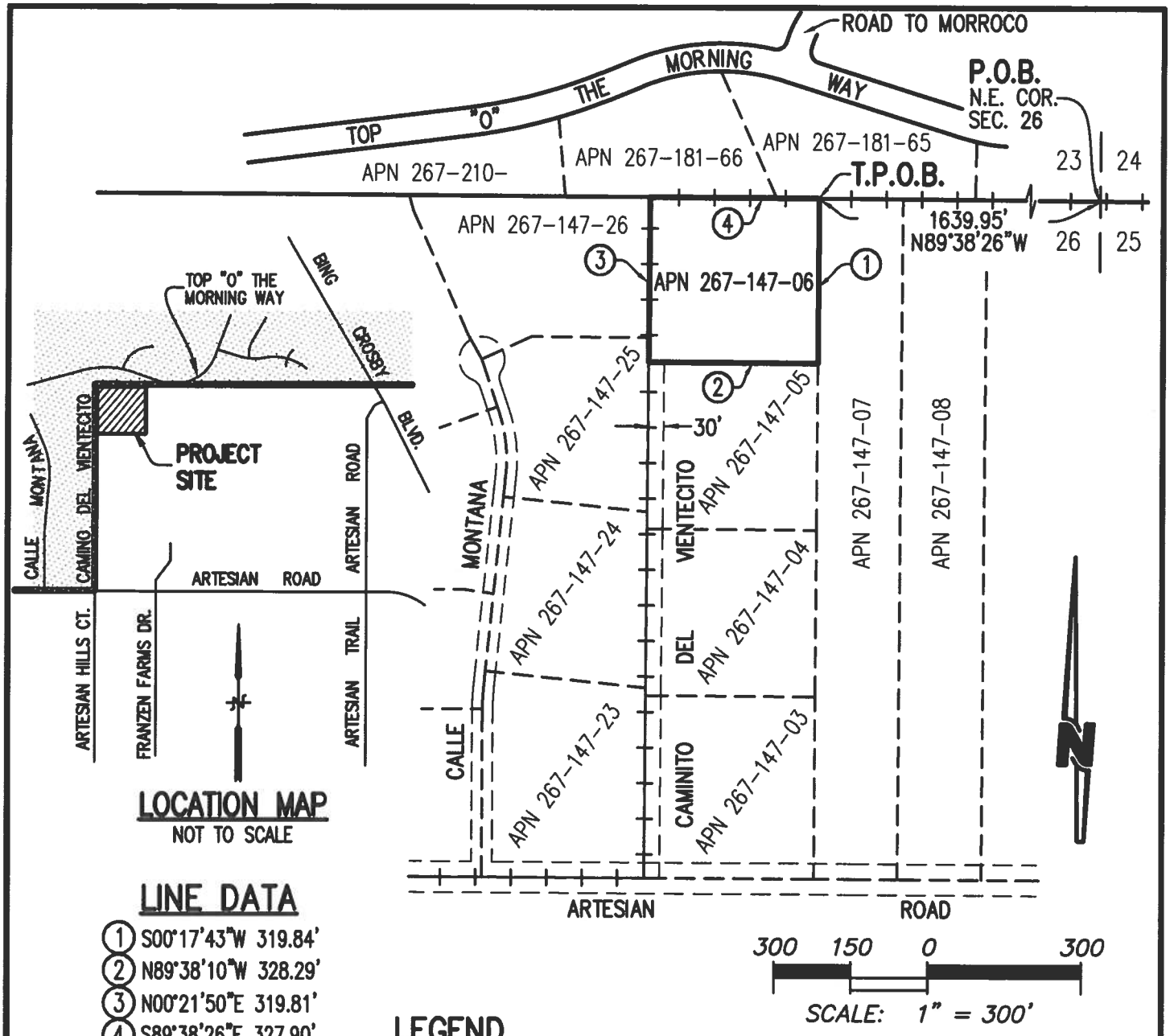
THENCE, (4) SOUTH 89°38'26" EAST 327.90 FEET TO THE **TRUE POINT OF BEGINNING** AND CONTAINING **2.410** ACRES OF LAND MORE OR LESS.

3-4-2025

RAMON J. SPEAR, PLS 6404 DATE



FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.



LOCATION MAP
NOT TO SCALE

LINE DATA

1. S00°17'43"W 319.84'
2. N89°38'10"W 328.29'
3. N00°21'50"E 319.81'
4. S89°38'26"E 327.90'

2.410 ACRES

LEGEND

- RANCHO SANTA FE COMMUNITY SERVICES DISTRICT (APPROXIMATE LIMITS SHOWN ON LOCATION MAP)
- EXISTING RANCHO SANTA FE COMMUNITY SERVICES DISTRICT BOUNDARY
- PROPOSED RANCHO SANTA FE COMMUNITY SERVICES DISTRICT ANNEXATION BOUNDARY

LICENSED LAND SURVEYOR
RAMON J. SPEAR
NO. 6404
STATE OF CALIFORNIA

MARCH 5, 2025
DATE

DISCLAIMER:
"FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED".

ASSESSOR'S PARCEL NUMBER(S):	LAFCO RESOLUTION NO.	ACREAGE:	DATE:	SCALE:
267-147-06-00		2.410	2-28-25	1"=300'

RANCHO SANTA FE COMMUNITY SERVICES DISTRICT
ANNEXATION NO.

SPEAR & ASSOCIATES, INC.
475 PRODUCTION STREET
SAN MARCOS, CA. 92078
PHONE (760) 736-2040

24-173LAFCO.DWG

5h

AGENDA REPORT
Consent | Information

August 4, 2025

TO: Chair Whitburn and Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Report on Recent Committee Meeting | Special Districts Advisory Committee's July 18, 2025 Meeting**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report on the most recent meeting of its Special Districts Advisory Committee held on July 18th. The report is in the form of draft minutes and is being presented for information only consistent with an earlier request by Commissioner MacKenzie.

BACKGROUND

Special Districts' Advisory Committee

The Special Districts Advisory Committee (SDAC) was established in 1971 to help inform and advise the Commission on related topics. SDAC's role has actively evolved from its initial focus on just jurisdictional changes affecting special districts to now expand into LAFCO's planning duties, highlighted by the Commission's municipal service review program. The Committee includes 15 elected members drawn from the 57 eligible independent special districts in San Diego County. The current Chair and Vice Chair are Kim Thorner (Olivenhain Municipal Water District) and Jack Beebe (Fallbrook Public Utility District), respectively.

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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
Vacant, General Public
Brigette Browning, Alt., General Public

DISCUSSION

San Diego LAFCO will receive a report on the most recent meeting of its Special Districts Advisory Committee held on July 18th and hosted by the Rancho Santa Fe Fire Protection District. The report is in the form of the attached draft minutes and comports with a recent request by Commissioner MacKenzie for the Commission to receive timely updates on deliberations of its two standing agency committees—Special Districts and Cities.

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

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachments:

1) SDAC Roster
2) DRAFT: SDAC Meeting Minutes – July 18, 2025

LAFCO
SPECIAL DISTRICTS ADVISORY COMMITTEE

The Special Districts Advisory Committee was created in August 1971 by San Diego LAFCO. The 16 members committee provides feedback (including recommendations) on germane topics to assist LAFCO in fulfilling its regulatory and planning functions.



Kimberly Thorner
Chair
Olivenhain MWD



Jack Bebee
Vice Chair
Fallbrook PUD



Ann Baldridge
RCD of
Greater San Diego



Paul Bushee
Leucadia
MWD



Jeff Egkan
North County
FPD



James Gordon
Deer Springs
FPD



Rachel Mason
Fallbrook Regional
Health District



Albert Lau
Santa Fe Irrigation
District



Hector Martinez
South Bay Water
District



Dave McQuead
Rancho Santa Fe
FPD



Marty Miller
Vista Irrigation
District



Mark Robak
Otay Water
District



Joel Scalzitti
Helix Water
District



Mike Sims
Bonita-Sunnyside
FPD



Oliver Smith
Valley Center
MWD

For more information visit:

https://www.sdlafco.org/about/advisory-committees/special-districts-advisory-committee

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DRAFT
SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
SPECIAL DISTRICTS ADVISORY COMMITTEE
SPECIAL MEETING
July 18, 2025

Rancho Santa Fe Fire Protection District
18027 Calle Ambiente, Suite 101, Cielo Boardroom
Rancho Santa Fe, California 92067

1. 9:30 A.M. – CALL TO ORDER BY CHAIR

Chair Kimberly Thorner called the meeting to order at 9:32 a.m.

Item 1a
ROLL CALL

Chair Kimberly Thorner requested a roll call from the Committee Secretary.

Members Present:	Members Absent:
Chair Kimberly Thorner (Olivenhain MWD)	Paul Bushee (Leucadia WWD)
Vice Chair Jack Bebee (Fallbrook PUD)	Jeff Egkan (North County FPD)
Ann Baldridge (RCD Greater San Diego County)	Hector Martinez (South Bay ID)
James Gordon (Deer Springs FPD)	Marty Miller (Vista ID)
Albert Lau (Santa Fe ID) (arrived at 9:43 a.m.)	Joel Scalzitti (Helix WD)
Rachel Mason (Fallbrook Regional HD)	Oliver Smith (Valley Center MWD)
Dave McQuead (Rancho Santa Fe FPD)	
Mark Robak (Otay WD)	
Mike Sims (Bonita-Sunnyside FPD)	

The Committee Secretary confirmed a quorum with nine members present. The following members of San Diego LAFCO staff were present at roll call: Executive Officer Keene Simonds; Assistant Executive Officer Priscilla Mumpower; Local Government Analyst II Michaela Peters; Local Government Analyst I Meghan Traynor; Communications Associate Aiden Velasquez; GIS Analyst Dieu Ngu; and Commission Clerk Erica Sellen serving as Committee Secretary. LAFCO Consultants Pat Bouteller, Mike Stein, and Tom Kennedy were also present.

Item 1b
PLEDGE OF ALLEGIANCE

Dave McQuead (Rancho Santa Fe FPD) led the Pledge of Allegiance.

2. AGENDA REVIEW BY CHAIR

Chair Kimberly Thorner asked the Assistant Executive Officer if there were requests to remove or rearrange items on the agenda. The Assistant Executive Officer stated no changes were needed to the agenda.

Chair Thorner invited Chief Dave McQuead to go over house rules and discuss the option of taking a tour after the meeting.

3. OPEN EXPRESSION

Chair Kimberly Thorner asked if there were any members of the public who wished to address the Committee on a germane topic that is not directly part of the agenda.

The Committee Secretary confirmed there were no pre-registered speakers and no live email comments.

4. CONSENT ITEMS

a) Approval of Meeting Minutes for April 18, 2025 (action)
The Committee considered draft summary minutes prepared for the last meeting held on April 18, 2025. Recommendation to approve as presented.

b) Progress Report on 2025-2026 Workplan (information)
The Committee received an update on LAFCO's adopted workplan and activities related to the 30 special projects scheduled for 2025-2026. Information only.

c) Policy Amendments |
Commission Approved Special Districts Advisory Committee Rules (information)
The Committee received an update on the recently approved amendments to its formal rules. These amendments were presented to the Commission at its June 2, 2025 meeting – following the Committee's approval in April – and received approval with a few modifications. Information only.

**

On motion by Mike Sims (Bonita-Sunnyside FPD) and seconded by Dave McQuead (Rancho Santa Fe FPD), the Committee unanimously approved the Consent Calendar.

(continued…)

5. BUSINESS ITEMS

a) Legislative Report (information)

The Committee received a report summarizing legislative items of interest related to LAFCO's regulatory and planning responsibilities. The report specifically highlights seven bills with potential material implications for LAFCOs, including two measures – AB 356 (Patel) and AB 448 (Patel) – that directly involve the Palomar Healthcare District. During the June 2, 2025 LAFCO meeting, the Commission formally voted to adopt a support position for AB 356, if amended, and AB 448. Information only.

Staff presentation provided by Local Government Analyst I Meghan Traynor.

Chair Thorner proceeded to invite questions and/or comments from the Committee.

General discussion followed. No action.

b) Current Workplan Update on High Priority Project | Municipal Service Review on Healthcare Districts in San Diego County (information)

The Committee received an update on LAFCO's scheduled municipal service review on the four healthcare districts in San Diego County including: Fallbrook, Palomar, Grossmont, and Tri-City. The review will be divided into two parts and will encompass an overarching analysis of the agencies' services, followed by a detailed examination. The update was provided for information with an opportunity for Committee members to provide feedback to staff on behalf of special districts in San Diego County.

Staff presentation provided by Local Government Analyst II Michaela Peters.

Chair Thorner proceeded to invite questions and/or comments from the Committee.

General discussion followed. No action.

c) Current Workplan Update on High Priority Project | Municipal Service Review on Wholesale Water Agencies in San Diego County (information)

The Committee received an update on LAFCO's scheduled municipal service review of wholesale water agencies operating within San Diego County. This study includes a comprehensive review of the San Diego County Water Authority and a proportional review of the Metropolitan Water District of Southern California. The update was provided for information with an opportunity for Committee members to provide feedback to staff on behalf of special districts in San Diego County.

Staff presentation provided by Assistant Executive Officer Priscilla Mumpower.

Chair Thorner proceeded to invite questions and/or comments from the Committee.

General discussion followed covering topics including CWA rates, financial matters, the recent settlement with MWD, and governance issues. No action.

BUSINESS ITEMS CONTINUED…

d) Special Governance Study on the Oceanside Small Craft Harbor District (discussion)
The Committee reviewed a preliminary scope of work involving a special governance study approved as part of the new workplan involving the Oceanside Small Craft Harbor District. This study ties to a formal recommendation adopted as part of the recently completed municipal service review on the Oceanside region and supported by several community members. This item was presented to the Committee for discussion with an opportunity to offer input prior to staff finalizing the scope of work.

Staff presentation provided by Local Government Analyst II Michaela Peters.

Chair Thorner proceeded to invite questions and/or comments from the Committee.

General discussion followed. The Executive Officer then invited members to form a working group to help inform the progression of the governance study. No action.

6. COMMITTEE MEMBER REPORTS

Committee members made the following comments:

- Mike Sims noted that the SDCWA will provide a "Water 101" presentation to the Fire Chiefs Association on August 7th at 9:30am.

- Dave McQuead thanked Albert Lau and Kimberly Thorner for their collaboration at a recent town hall meeting held on July 16th to discuss emergency preparedness and coordination between utility and fire service providers.

- Ann Baldridge provided a final SALC 1.0 bounded report.

- Chair Kimberly Thorner provided an update on a recent presentation she delivered at the State Senate.

7. EXECUTIVE OFFICER REPORT

Executive Officer Keene Simonds noted the following items:

- Introduced new LAFCO Consultant Pat Bouteller.

- Local Government Analyst I Joelle Burila welcomed a baby girl and will be on maternity leave through the balance of the calendar year.

- A regular public member is expected to be appointed at LAFCO's August 4th meeting.

8. ADJOURNMENT

With no further business, the Special Districts Advisory Committee meeting was adjourned at 10:47 a.m.

Attest:

Erica Sellen
Committee Secretary

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AGENDA REPORT
Consent | Information

August 4, 2025

TO: Chair Whitburn and Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Legislative Report**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an update on active legislation relevant to the agency's regulatory and planning responsibilities. The item is being presented for information with the opportunity for the Commission to pull for discussion and provide additional feedback.

BACKGROUND

Legislative Resources and Deadlines

San Diego LAFCO staff actively monitors pending and proposed legislation affecting the Commission's regulatory and planning responsibilities consistent with the workplan. Staff resources are supplemented through coordination with other agency members of the Alliance of California LAFCOs (ACL) on legislative inquiries, proposals, and positions. Notable approaching dates for the current year follows.

- August 18th – Legislature reconvenes from summer recess
- August 29th – Last day for fiscal committees to meet and report bills to the floor
- September 5th – Last day to amend bills on the floor
- September 12th – Last day for each house to pass bills (final passage deadline)

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Vice Chair Barry Willis, Alpine Fire Protection
Jo MacKenzie, Vista Irrigation
David A. Drake, Alt., Rincon del Diablo
Vacant, General Public
Brigette Browning, Alt., General Public

DISCUSSION

San Diego LAFCO will receive a legislative update on bills of interest to the agency's regulatory and planning responsibilities. Over 2,300 legislative proposals were introduced during the first year of the current two-year session with eight bills emerging as priorities for LAFCO due to their potential direct and indirect impacts on the Commission and/or local agencies under its oversight. These bills are summarized below with their status.

- **AB 259 (Rubio, Blanca)**
  Open Meetings and Continued Access to Teleconferences
  This bill is of statewide interest and would extend the authorization for legislative bodies of local agencies – including LAFCOs – to use modified teleconferencing procedures during declared emergencies through January 1, 2030. It preserves existing requirements related to public notice and agenda posting while allowing remote participation under defined emergency conditions. San Diego LAFCO adopted a support position on March 2nd. The bill passed the Assembly and currently awaiting hearing in the Senate Local Government Committee as of June 27, 2025.

- **AB 339 (Ortega, Liz)**
  Local Public Employee Organizations: Notice Requirements
  This bill is of statewide interest and would require public agencies regulated by the Meyers-Milias-Brown Act to provide recognized employee organizations or unions with at least 60 days' written notice before issuing requests for proposals or quotes, or before renewing or extending existing contracts that cover services within the scope of job classifications represented by the recognized employee organization. San Diego LAFCO employees are not presently represented by a recognized employee organization by most of the agencies under its oversight have labor organizations. The bill has passed the Assembly and scheduled for hearing next with the Senate Appropriations Committee on August 18th.

- **AB 351 (McKinnor, Tina)**
  Campaign Contributions Involving Agency Officers
  This bill is of statewide interest and proposes to raise the contribution limit for agency officers involved in permit or license proceedings under the Political Reform Act from $500 to $1,500. It also provides for future adjustments tied to inflation, based on changes in the Consumer Price Index. Although not the target of the bill, it is possible certain LAFCO actions - such as out-of-agency service approvals - could apply. The bill failed to pass out of committee in the Assembly on April 30, 2025; however, a motion for reconsideration was granted and bill remains active for the second year.

- **AB 356 (Patel, Darshana)**
  Healthcare Districts in Northern San Diego County
  This bill is of local interest and was initially introduced to establish a state-directed working group to assess healthcare access in northern San Diego County and focusing on the Palomar Healthcare District's service area. In response to the Commission taking a support-if-amended position, the bill has been updated to include LAFCO as one of the listed stakeholders and in doing so providing connectivity to the

Commission's oversight of Palomar and current municipal service review activities. LAFCO Consultant Adam Wilson provided supportive testimony for the author in conjunction with her accepting the Commission's amendments. Although the bill passed through the Assembly, amendments requested by other stakeholders are currently under review, with the author agreeing to transition to a two-year bill.

- **AB 448 (Patel, Darshana)**
  Extend Loan Repayment for Palomar Healthcare District
  This bill is of local interest and authorizes the State Treasurer's Office to extend and, if necessary, restructure a previously issued bridge loan to Palomar Healthcare District. The Commission took a support position on this bill in June given the extension provides administrative flexibility for Palomar to meet repayment obligations while continuing to provide essential healthcare services – including operating the only emergency room within the Escondido-Valley Center region. No substantive amendments have been made to date with the author agreeing to transition to a two-year bill to parallel AB 356.

- **AB 810 (Irwin, Jacqui)**
  Government Website and Email Address Domains
  Existing law requires that a local agency that maintains an internet website for use by the public to ensure that the internet website uses a .gov top-level domain or a .ca.gov second-level domain no later than January 1, 2029. This bill is of statewide interest and would extend the due date for compliance with this law for special districts, joint powers authorities (including San Diego LAFCO) to January 1, 2031, while maintaining the January 1, 2029, deadline for cities and counties. The bill is pending a hearing by the Assembly Appropriations Committee.

- **SB 740 (Rubio, Susan)**
  Municipal Wastewater Filings with LAFCOs
  This bill is of statewide interest and proposes extending the deadline for municipal wastewater agencies to notify LAFCOs of new or amended agreements related to stormwater management services from 30 days to 40 days. The intent is to provide agencies with additional administrative flexibility in meeting statutory reporting requirements. The bill did not pass out of the Senate by the June 6th deadline.

- **SB 777 (Richardson, Laura)**
  Expanding LAFCOs Role to Include Endowment-Funded Cemeteries
  This bill is of statewide interest and was initially introduced to require LAFCOs to identify local agencies to assume ownership and long-term maintenance responsibilities for abandoned (private) endowment-funded cemeteries, including title and fund transfers coordinated with the Cemetery and Funeral Bureau's procedures. In response to stakeholder feedback, the bill has been amended to remove direct mandates on LAFCOs and instead establish a state-convened working group with LAFCO participation - set to convene by March 1, 2026 - to evaluate the issue and develop policy recommendations. The bill passed the Senate and is currently awaiting hearing with the Assembly Appropriations Committee.

ANALYSIS

All eight bills outlined in the preceding section warrant monitoring by San Diego LAFCO. Staff believes three bills – AB 356, AB 448 and SB 777 – stand out in terms of significance with two having merited formal positions. At its June 2, 2025 meeting, the Commission adopted formal positions on two bills: "support if amended" for AB 356 and "support" for AB 448, with no position taken on SB 777. Following amendments to AB 356 that – among other changes – included San Diego LAFCO in the proposed working group, staff amended its position to full support and submitted a revised letter. The author has also since indicated intent to transition AB 356 to a two-year bill, allowing San Diego LAFCO to complete its municipal service review on healthcare districts, and in doing so directly inform the working group's scope. No substantive amendments have been made to date on AB 448, however the author has agreed to transition to a two-year bill in parallel to AB 356. With respect to SB 777, originally opposed by LA LAFCO, recent amendments removed direct mandates on LAFCOs and have instead established a working group including CALAFCO. As a result, LA LAFCO has amended its position from oppose to neutral along with a request to include ACL representation in the proposed working group.

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 Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachments:

1) Letter from LA LAFCO to Senator Richardson (Neutral Position) + Amended Bill Text (SB777)
2) AB 356, Amended Letter of Support

LAFCO
Local Agency Formation Commission
for the County of Los Angeles

Voting Members
Donald Dear
Chair

Gerard McCallum
1st Vice-Chair

Margaret Finlay
2nd Vice-Chair

John Lee
John Mirisch
Kathryn Barger
Lindsey Horvath
Robert Lewis

San Fernando Valley
(Vacant)

Alternate Members
Angie Reyes English
Anthony Bell
Hilda Solis
Imelda Padilla
Micah Ali
Wendy Celaya

Staff
Paul Novak
Executive Officer

Adriana Romo
Deputy Executive Officer

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July 9, 2025

The Honorable Laura Richardson California
State Senate
10210 Street, Suite 7340
Sacramento, CA 95814

Re: **SB 777 (Richardson): NEUTRAL**

Dear Senator Richardson:

The Local Agency Formation Commission for the County of Los Angeles ("LA LAFCO" or "Commission") previously opposed an earlier version of SB 777.

At its July 9th Meeting, and given the Senator's amendments, the Commission voted to remove its "Oppose" position and take a "Neutral" position.

LA LAFCO requests that a representative of the "Alliance of California LAFCOs" ("ACL" or "Alliance") be added to the workgroup established by SB 777. This request is for the following reasons:

- The workgroup established by SB 777 includes a representative of the California Association of Local Agency Formation Commissions, an organization which represents most, but not all, LAFCOs.

- Given that two (2) of the six (6) existing "abandoned endowment cemeteries" are in Los Angeles County (the Lincoln Cemetery in the City of Carson, and the Verdugo Hills Cemetery in the City of Los Angeles), the Commission believes it would be prudent to include a representative of the "Alliance of California LAFCOs" ("ACL" or "Alliance") be added.

The Alliance of the "Alliance of California LAFCOs" ("ACL" or "Alliance") is an association of the LAFCOs of Los Angeles, Orange, San Bernardino, and San Diego Counties.

Should you have any questions or concerns, please feel free to contact LAFCO Executive Officer Paul Novak via e-mail *(pnovak@lalafco.org)* or telephone (626/204-6500).

Sincerely,

Donald L. Dear
Chair

Copy to: Assembly Local Government Committee
LAFCO Commissioners
Jose Henriquez, Interim Executive Director, California Association of Local Agency Formation Commissions (CALAFCO)

AMENDED IN ASSEMBLY JULY 9, 2025

AMENDED IN ASSEMBLY JUNE 16, 2025

AMENDED IN SENATE MARCH 26, 2025

SENATE BILL No. 777

Introduced by Senator Richardson

February 21, 2025

An act to amend ~~Sections 7612.6, 7653, 7712.5, 7729, 7729.11, 7730.3, 7730.8, 7730.10, 7730.11, and 7731.4 of the Business and Professions Code, and to amend the heading of Chapter 7 (commencing with Section 8825) of Part 3 of Division 8 of, and to add Chapter 6 (commencing with Section 8800) to Part 3 of Division 8 of, the Health and Safety Code, relating to cemeteries, and making an appropriation therefor.~~ *Section 7612.12 of the Business and Professions Code, relating to cemeteries.*

LEGISLATIVE COUNSEL'S DIGEST

SB 777, as amended, Richardson. ~~Cemeteries.~~ *Abandoned cemeteries: report.*

~~(1) Existing~~

Existing law, the Cemetery and Funeral Act, establishes the Cemetery and Funeral Bureau within the Department of Consumer Affairs and sets forth its powers and duties relating to the licensure and regulation ~~of, among others, cemeteries and cemetery authorities, which includes cemetery associations, corporations, limited liability companies, and other persons owning or controlling cemetery lands or property. A violation of the act is a crime.~~ *of cemeteries, crematories, funeral establishments, and their personnel. Existing law requires the bureau, on or before July 1, 2027, to convene a workgroup composed of*

representatives from the cemetery, county government, and other interested stakeholders to discuss options for ensuring continued care, maintenance, and embellishment of abandoned cemeteries, including the possibility of requiring counties to assume responsibility for abandoned cemeteries. Existing law requires the bureau to submit a report to the Legislature summarizing the workgroup's discussions and its recommendations by January 1, 2028. Existing law repeals those provisions on January 1, 2029.

This bill would instead require the bureau to convene the workgroup on or before March 1, 2026, would revise the list of representatives required to be included in the workgroup, and would instead require the workgroup to discuss the possibility of requiring counties to assume responsibility for maintenance, irrigation, public works, and burial services for abandoned cemeteries. The bill would require the board to submit the report on June 1, 2026, and would repeal those provisions on January 1, 2027.

~~Existing law requires a cemetery authority to file with the bureau an annual written report that includes, among other things, the amount collected and deposited in endowment care funds segregated as to the amounts for crypts, niches, and grave space, as specified. Existing law requires that information to be accompanied by an annual audit report, prepared in accordance with generally accepted accounting principles, of the endowment care fund and special care fund signed by a certified public accountant or public accountant. Existing law requires the scope of the audit to include the inspection, review, and audit of the general purpose financial statements of the endowment care fund and special care fund, including the balance sheet, statement of revenues, expenditures, and changes in fund balance.~~

~~This bill would require the annual audit report to include a cemetery's 4th quarter bank statement. The bill would require the cemetery authority's financial institution to provide the bank statement electronically, and directly, to the bureau. The bill would require the above-described annual written report to include a map of the deceased and their location by parcel. The bill would require the bureau to submit the map to the applicable county recorder.~~

~~By expanding the crime of violating the Cemetery and Funeral Act, and to the extent the bill would impose a higher level of service on counties, the bill would impose a state-mandated local program.~~

~~(2) Existing law authorizes a cemetery authority that maintains a cemetery to place its cemetery under endowment care and to establish,~~

maintain, and operate an endowment care fund. Ninety days following the cancellation, surrender, or revocation of a certificate of authority, existing law gives the bureau title to any endowment care funds of a cemetery authority and possession of all necessary books, records, property, real and personal, and assets, and requires the bureau to act as conservator over the management of the endowment care funds.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides for the formation and change of organization of cities and special districts and establishes a local agency formation commission (LAFCO) in each county. Existing law, the Public Cemetery District Law, provides for the formation of public cemetery districts, and authorizes those districts to own, operate, improve, and maintain cemeteries and provide interment services within their boundaries.

This bill would require the bureau to notify the applicable city, county, or city and county with jurisdiction over Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery, or cemeteries that become abandoned endowment care cemeteries, as defined, after January 1, 2026. Upon receipt of notice, the bill would require the city, county, or city and county, within 120 days, to adopt and submit a resolution of application to the LAFCO in the applicable county for a change of organization to form a new public cemetery district or reorganize an existing public cemetery district for the purpose of maintaining the abandoned endowment care cemetery. The bill would require the bureau to cover the costs for creating a new public cemetery district or reorganizing an existing public cemetery district pursuant to these provisions, and would require the bureau to provide the necessary resources to the city, county, or city and county to facilitate the LAFCO process, as specified. The bill would require the LAFCO to determine whether to form a new public cemetery district or reorganize an existing public cemetery district within one year of receiving an application for a change of organization pursuant to these provisions. Upon that determination being made, the bill would require the bureau to work with the vacated owner or the county assessor to secure the title of the abandoned cemetery to ensure that fee title of the abandoned endowment care cemetery ultimately vests in the public cemetery district.

By imposing new duties on cities and counties, the bill would impose a state-mandated local program.

~~Existing law imposes various fees under the Cemetery and Funeral Act, including, among others, the application and renewal fees for a funeral director's, embalmer's, or cemetery manager's license, regulatory charges for cemetery authorities, timely filing fees for specified annual reports, and fees to obtain or renew a hydrolysis facility license. Existing law creates the Cemetery and Funeral Fund, a continuously appropriated fund, in the State Treasury for the deposit of those fees. Existing law requires moneys in the fund to be expended on actual and necessary expenses incurred in implementing the act.~~

~~This bill would increase those fees by 150%. The bill would require the bureau to establish and administer the Abandonment Grant Funding Program (program) to provide long-term viability to ensure services are maintained for abandoned endowment care cemeteries. The bill would require the program to be funded by 50% of moneys assessed from the increased fees, and would expand the purposes of the Cemetery and Funeral Fund to include the program. Because additional moneys would be deposited into a continuously appropriated fund, and by expanding the purposes of a continuously appropriated fund, the bill would make an appropriation.~~

~~This bill would authorize a private entity, as specified, to acquire title to an abandoned endowment care cemetery. The bill would require a public cemetery district or a private entity that takes over an abandoned endowment care cemetery to have access to the endowment fund, including principal and interest, of the applicable abandoned endowment care cemetery, and program funding to manage cemetery maintenance, burial services, and security items, and to address issues, including, but not limited to, prior repairs, deferred maintenance, or vandalism of property or gravesites, as necessary.~~

~~By imposing new duties on public cemetery districts, this bill would impose a state-mandated local program.~~

~~(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.~~

~~With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.~~

~~This bill would make legislative findings and declarations as to the necessity of a special statute for Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery.~~

Vote: ~~⅔~~ *majority*. Appropriation: ~~yes~~ *no*. Fiscal committee: yes. State-mandated local program: ~~yes~~ *no*.

The people of the State of California do enact as follows:

SECTION 1. Section 7612.12 of the Business and Professions Code is amended to read:

7612.12. (a) On or before ~~July 1, 2027,~~ *March 1, 2026,* the bureau shall convene a workgroup ~~comprised of representatives from the cemetery industry, county government, and other~~ *composed of* interested stakeholders *including, but not limited to, representatives from the cemetery industry, the California Association of Local Agency Formation Commissions, the League of California Cities, the California State Association of Counties, the Urban Counties of California, the Rural County Representatives of California, public cemeteries, and legislative staff for the appropriate committees of the Legislature,* to discuss options for ensuring continued care, maintenance, and embellishment of abandoned cemeteries, including the possibility of requiring counties to assume responsibility for *maintenance, irrigation, public works, and burial services for* cemeteries located within their boundaries that become abandoned.

(b) In accordance with Section 9795 of the Government Code, the bureau shall submit a report to the Legislature summarizing the discussions of the ~~workgroup, along with any recommendations,~~ *workgroup and its recommendations* no later than ~~January 1, 2028.~~ *June 1, 2026.*

(c) This section shall remain in effect only until January 1, ~~2029,~~ *2027,* and as of that date is repealed.

~~SECTION 1. Section 7612.6 of the Business and Professions Code is amended to read:~~

~~7612.6. (a) Each cemetery authority shall file with the bureau annually, on or before June 1, or within five months after close of their fiscal year provided approval has been granted by the bureau~~

~~as provided for in Section 7612.7, a written report in a form prescribed by the bureau setting forth the following:~~

~~(1) The number of square feet of grave space and the number of crypts and niches sold or disposed of under endowment care by specific periods as set forth in the form prescribed.~~

~~(2) The amount collected and deposited in both the general and special endowment care funds segregated as to the amounts for crypts, niches, and grave space by specific periods as set forth either on the accrual or cash basis at the option of the cemetery authority.~~

~~(3) A statement showing separately the total amount of the general and special endowment care funds invested in each of the investments authorized by law and the amount of cash on hand not invested, which statement shall actually show the financial condition of the funds.~~

~~(4) A statement showing separately the location, description, and character of the investments in which the special endowment care funds are invested. The statement shall show the valuations of any securities held in the endowment care fund as valued pursuant to Section 7614.7.~~

~~(5) A statement showing the transactions entered into between the corporation or any officer, employee, or stockholder thereof and the trustees of the endowment care funds with respect to those endowment care funds. The statement shall show the dates, amounts of the transactions, and shall contain a statement of the reasons for those transactions.~~

~~(6) (A) A map of the deceased and their location by parcel.~~

~~(B) The bureau shall submit the map described in subparagraph (A) to the applicable county recorder.~~

~~(b) (1) The report shall be verified by the president or vice president and one other officer of the cemetery corporation. The information submitted pursuant to paragraphs (2), (3), (4), (5), and (6) of subdivision (a) shall be accompanied by an annual audit report, prepared in accordance with generally accepted accounting principles, of the endowment care fund and special care fund signed by a certified public accountant or public accountant. The scope of the audit shall include the inspection, review, and audit of the general purpose financial statements of the endowment care fund and special care fund, which shall include the balance sheet, the statement of revenues, expenditures, and changes in fund balance.~~

~~(2) The annual audit report described in paragraph (1) shall include a cemetery's fourth quarter bank statement. The cemetery authority's financial institution shall provide the bank statement electronically, and directly, to the bureau.~~

~~(c) If a cemetery authority files a written request prior to the date the report is due, the bureau may, in its discretion, grant an extension for no more than an additional nine months within which to file the report.~~

~~SEC. 2. Section 7653 of the Business and Professions Code is amended to read:~~

~~7653. (a) The bureau shall adopt, and may from time to time amend, rules and regulations prescribing standards of knowledge and experience and financial responsibility for applicants for certificates of authority. In reviewing an application for a certificate of authority, the bureau may consider acts of incorporators, officers, directors, and stockholders of the applicant, which shall constitute grounds for the denial of a certificate of authority under Division 1.5 (commencing with Section 475).~~

~~(b) Upon receipt of an application for a certificate of authority, the bureau may cause an investigation to be made of the physical status, plans, specifications, and financing of the proposed cemetery, and any other qualifications required of the applicant under this act, and for this purpose may subpoena witnesses, administer oaths, and take testimony.~~

~~(c) At the time of the filing of the application required by this section, the applicant shall pay to the Cemetery and Funeral Fund the sum of one thousand eight hundred seventy-five dollars ($1,875) to defray the expenses of investigation. In the event the sum shall be insufficient to defray all of the expenses, the applicant shall, within five days after request, deposit an additional sum sufficient to defray those expenses, provided that the total sum shall not exceed two thousand two hundred fifty dollars ($2,250).~~

~~SEC. 3. Section 7712.5 of the Business and Professions Code is amended to read:~~

~~7712.5. (a) The bureau shall adopt, and may from time to time amend, rules and regulations prescribing standards of knowledge and experience and financial responsibility for applicants for a crematory license. In reviewing an application for a crematory license, the bureau may consider acts of the applicant, including acts of incorporators, officers, directors, and stockholders of the~~

~~applicant, which shall constitute grounds for the denial of a crematory license under Division 1.5 (commencing with Section 475).~~

~~(b) Upon receipt of an application for a crematory license, the bureau may cause an investigation to be made of the physical status, plans, specifications, and financing of the proposed crematory, the character of the applicant, including, if applicable, its officers, directors, shareholders, or members, and any other qualifications required of the applicant under this article, and for this purpose may subpoena witnesses, administer oaths, and take testimony.~~

~~(c) At the time of the filing of the application required by this article, the applicant shall pay to the Cemetery and Funeral Fund the sum of one thousand eight hundred seventy-five dollars ($1,875) to defray the expenses of investigation. In the event the sum shall be insufficient to defray all of the expenses, the applicant shall, within five days after request therefor, deposit an additional sum sufficient to defray such expenses, provided that the total sum shall not exceed two thousand two hundred fifty dollars ($2,250).~~

~~SEC. 4. Section 7729 of the Business and Professions Code is amended to read:~~

~~7729. The amount of the fees prescribed by this chapter shall be fixed according to the following schedule:~~

~~(a) The application fee for a funeral director's license shall be nine hundred fifty dollars ($950).~~

~~(b) The application fee for change of location of a funeral establishment's license shall be one thousand one hundred seventy-five dollars ($1,175).~~

~~(c) The application fee for permission to assign a funeral establishment's license shall be one thousand four hundred dollars ($1,400).~~

~~(d) The license renewal fee payable by a licensed funeral director shall be nine hundred fifty dollars ($950). The fee for a delinquent renewal of a funeral director's license shall be 150 percent of the timely renewal fee.~~

~~(e) The application fee for an embalmer's license and the examination on the state's laws required under paragraph (2) of subdivision (a) of Section 7646 for the license shall be seven hundred dollars ($700).~~

~~(f) The renewal fee payable by a licensed embalmer shall be four hundred seventy-five dollars ($475). The fee for a delinquent renewal of an embalmer's license shall be 150 percent of the timely renewal fee.~~

~~(g) The application fee for a certificate of registration as an apprentice embalmer shall be three hundred dollars ($300).~~

~~(h) The fee for an application by a funeral establishment for approval to train apprentice embalmers and for renewal of that approval shall be four hundred seventy-five dollars ($475).~~

~~(i) The application fee for a funeral director's examination shall be four hundred seventy-five dollars ($475).~~

~~(j) The fee for a timely filing of an individual report or a combined report on preneed trust funds shall be one thousand two hundred fifty dollars ($1,250). The fee for a late filing of any report on preneed trust funds shall be 150 percent of the applicable timely fee.~~

~~(k) The application fee for permission to change the name appearing on a funeral establishment's license shall be seven hundred fifty dollars ($750), and for permission to change the name on any other license or certificate, shall be sixty-two dollars and fifty cents ($62.50).~~

~~(*l*) The application fee for a duplicate funeral director's license, a duplicate funeral establishment's license, a duplicate embalmer's license, or a duplicate certificate of registration as an apprentice embalmer, shall be one hundred twenty-five dollars ($125).~~

~~(m) The fee for filing a report of a change of corporate officers, managers, or preneed trust fund trustees shall be one hundred twenty-five dollars ($125).~~

~~(n) The application fee for a funeral establishment license shall be one thousand eight hundred seventy-five dollars ($1875).~~

~~(o) The license renewal fee for a licensed funeral establishment shall be one thousand eight hundred seventy-five dollars ($1,875). The fee for a delinquent renewal of a funeral establishment license shall be 150 percent of the timely renewal fee.~~

~~SEC. 5. Section 7729.11 of the Business and Professions Code is amended to read:~~

~~7729.11. The fee for a timely filing of an annual report on the endowment care fund and special care fund by a certificate of authority shall be one thousand two hundred fifty dollars ($1,250). The fee for a late filing of an annual report on the endowment care~~

~~fund and special care fund shall be 150 percent of the applicable timely fee.~~

~~SEC. 6. Section 7730.3 of the Business and Professions Code is amended to read:~~

~~7730.3. For change of name or of address of licensee on the records of the bureau, the fee shall be sixty-two dollars and fifty cents ($62.50).~~

~~SEC. 7. Section 7730.8 of the Business and Professions Code is amended to read:~~

~~7730.8. (a) The fee for a cemetery manager examination shall be two thousand dollars ($2,000).~~

~~(b) The license fee to obtain a cemetery manager license shall be three hundred twenty-five dollars ($325).~~

~~(c) The renewal fee for a cemetery manager license shall be three hundred seventy-five dollars ($375).~~

~~SEC. 8. Section 7730.10 of the Business and Professions Code is amended to read:~~

~~7730.10. Every cemetery authority operating a cemetery shall pay an annual regulatory charge for each cemetery of one thousand eight hundred seventy-five dollars ($1,875). In addition to an annual regulatory charge for each cemetery, an additional quarterly charge of twenty-eight dollars and seventy-five cents ($28.75) for each burial, entombment, or inurnment made during the preceding quarter shall be paid to the bureau and these charges shall be deposited in the Cemetery and Funeral Fund. If the cemetery authority performs a burial, entombment, or inurnment, and the cremation was performed at a crematory located on the grounds of the cemetery and under common ownership with the cemetery authority, the total of all additional charges shall be not more than twenty-eight dollars and seventy-five cents ($28.75).~~

~~SEC. 9. Section 7730.11 of the Business and Professions Code is amended to read:~~

~~7730.11. (a) The bureau shall establish the fee to obtain or renew a hydrolysis facility license, which shall not exceed the reasonable cost of license administration.~~

~~(b) Every licensee operating a hydrolysis facility pursuant to a license issued pursuant to this article shall pay an additional charge of twenty-eight dollars and seventy-five cents ($28.75) per hydrolysis made during the preceding quarter, which charges shall be deposited into the Cemetery and Funeral Fund.~~

~~SEC. 10. Section 7731.4 of the Business and Professions Code is amended to read:~~

~~7731.4. (a) All moneys paid into the State Treasury and credited to the Cemetery and Funeral Fund shall be expended in accordance with law for both of the following:~~

~~(1) The payment of all actual and necessary expenses incurred in carrying out the provisions of this act.~~

~~(2) The Abandonment Grant Funding Program, as described in Section 8803 of the Health and Safety Code.~~

~~(b) This section shall become operative on July 1, 2016.~~

~~SEC. 11. Chapter 6 (commencing with Section 8800) is added to Part 3 of Division 8 of the Health and Safety Code, to read:~~

~~CHAPTER 6. ABANDONMENT OF ENDOWMENT CARE CEMETERIES~~

~~8800. For purposes of this chapter, the following definitions apply:~~

~~(a) "Abandoned endowment care cemetery" means a cemetery for which an endowment care fund was maintained, that was formerly licensed by the bureau, and for which the certificate of authority has been canceled, surrendered, or revoked and ownership has not been transferred pursuant to Section 8585 within one year of the cancellation, surrender, or revocation.~~

~~(b) "Private entity" means a non-public entity that acquires title to an abandoned endowment care cemetery pursuant to this chapter. "Private entity" includes, but is not limited to, a corporation, LLC , or individual.~~

~~(c) "Public cemetery district" means a public cemetery district, as described in Part 4 (commencing with Section 9000), that is formed or reorganized and acquires title to an abandoned endowment care cemetery pursuant to this chapter.~~

~~8801. (a) Upon the expiration of the one-year period described in Section 8800, the bureau shall notify the applicable city, county, or city and county with jurisdiction over each of the following abandoned endowment care cemeteries:~~

~~(1) Lincoln Memorial Park Cemetery.~~

~~(2) Dambacher Mountain Memorial Cemetery.~~

~~(3) Verdugo Hills Cemetery.~~

~~(4) Chapel of the Light.~~

~~(5) Evergreen Cemetery.~~

~~(6) Mount Tamalpais Cemetery.~~

~~(b) Upon the expiration of the one-year period described in Section 8800, the bureau shall review, and shall subsequently notify the applicable city, county, or city and county of, other cemeteries that are not listed in subdivision (a) and that become an abandoned endowment care cemetery after January 1, 2026.~~

~~(c) (1) Upon receipt of notice pursuant to subdivision (a) or (b), a city, county, or city and county shall, within 120 days, adopt and submit a resolution of application to the local agency formation commission (LAFCO) in the applicable county for a change of organization to form a new public cemetery district or reorganize an existing public cemetery district pursuant to Part 3 (commencing with Section 56650) of Division 3 of Title 5 of the Government Code and Chapter 2 (commencing with Section 9010) of Part 4 of this division for the purpose of maintaining the abandoned endowment care cemetery.~~

~~(2) (A) For an application for a change of organization required by this subdivision, the bureau shall provide the information required by Section 56652 of the Government Code.~~

~~(B) The bureau shall ensure that a resolution of application prepared pursuant to this section establishes long-term viability for the public cemetery district.~~

~~8802. (a) (1) When a LAFCO receives an application for a change of organization pursuant to Section 8801, the bureau shall provide the necessary resources to the city, county, or city and county to facilitate the LAFCO process, including resources for preparing documents required by the California Environmental Quality Act (CEQA).~~

~~(2) The bureau shall cover the costs for creating a new public cemetery district or reorganizing an existing public cemetery district pursuant to this chapter, including costs associated with all of the following:~~

~~(A) The LAFCO process.~~

~~(B) The Department of Fish and Wildlife.~~

~~(C) The county clerk and recorder.~~

~~(D) The State Board of Equalization.~~

~~(b) Within one year of receiving an application for a change of organization pursuant to Section 8810, the LAFCO shall determine whether to form a new public cemetery district or reorganize an~~

~~existing public cemetery district to maintain the abandoned endowment care cemetery.~~

~~(c) After a determination is made pursuant to subdivision (b), the bureau shall work with the vacated owner or the county assessor to secure the title of the abandoned cemetery to ensure that fee title of the abandoned endowment care cemetery ultimately vests in the public cemetery district.~~

~~8803. (a) The bureau shall establish and administer the Abandonment Grant Funding Program to provide long-term viability to ensure services are maintained for abandoned endowment care cemeteries.~~

~~(b) Commencing January 1, 2026, the program shall be funded by 50 percent of moneys from the assessed fees described in Sections 7653, 7712.5, 7729, 7729.11, 7730.3, 7730.8, 7730.10, and 7730.11 of the Business and Professions Code.~~

~~(c) The bureau shall have discretion over the disbursement of program funds and shall disburse those funds in accordance with the purpose described in subdivision (a).~~

~~(d) The bureau may use program funds to cover the reasonable costs of administering the program.~~

~~8804. (a) The public cemetery district formed or reorganized pursuant to Section 8802 shall have access to the endowment fund, including principal and interest, of the applicable abandoned endowment care cemetery, and Abandonment Grant Funding Program funding to manage cemetery maintenance, burial services, and security items, and to address issues, including, but not limited to, prior repairs, deferred maintenance, or vandalism of property or gravesites, as necessary.~~

~~(b) The public cemetery district shall determine the hours of operation, maintenance schedules, embellishment, and modicum of security, including gate locks, cameras, or alarms.~~

~~8805. (a) A private entity that is licensed and regulated pursuant to the Cemetery and Funeral Act may acquire title to an abandoned endowment care cemetery.~~

~~(b) If eligible, a private entity that acquires title to an abandoned endowment care cemetery shall manage the cemetery's endowment care trust fund, including principal and interest, in accordance with Chapter 5 (commencing with Section 8700).~~

~~(c) The bureau may provide funds from the Abandonment Grant Funding Program to a private entity that acquires title to an~~

abandoned endowment care cemetery. Use of program funds shall be limited to the purposes described in Section 8804.

8806. (a) A public cemetery district or private entity that acquires title to an abandoned endowment care cemetery shall keep a record of, and honor, all remaining contracts for burial executed by the prior cemetery authority.

(b) (1) A public cemetery district or a private entity that acquires title to an abandoned endowment care cemetery shall not be responsible for any actions of the vacated owner, including, but not limited to, mismanagement of the endowment fund or cemetery.

(2) This subdivision shall not be applied to impair the obligation of any contract that is in effect as of January 1, 2026, in a manner that would violate either Section 9 of Article I of the California Constitution or Section 10 of Article I of the United States Constitution.

SEC. 12. The heading of Chapter 7 (commencing with Section 8825) of Part 3 of Division 8 of the Health and Safety Code is amended to read:

CHAPTER 7. ABANDONED NONENDOWMENT CARE CEMETERIES

SEC. 13. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because, due to unique circumstances, Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery are abandoned and not being maintained.

SEC. 14. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement

~~to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.~~

O

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

June 26, 2025

The Honorable Caroline Menjivar, Chair
Senate Committee on Health, California State Senate
1021 O Street, Room 3310
Sacramento, CA 95814

Re: ***Support for AB 356, if amended*** *(Patel) – Health care districts: County of San Diego.*

Dear Chair Menjivar and Members of the Committee:

The San Diego County Local Agency Formation Commission (LAFCO) respectfully submits this letter **in support of AB 356, if amended**, a measure authored by Assemblymember Darshana Patel (District 76). The bill aims to address healthcare access in northern San Diego County by establishing a state-directed working group to report on current healthcare service needs with particular focus within the service area of the Palomar Health District.

San Diego LAFCO supports the bill's intent to bring together state, regional, and local stakeholders to explore long-term strategies for effective and equitable healthcare service delivery in north county. However, to avoid duplication and to strengthen local coordination, LAFCO respectfully requests the bill be amended to explicitly include a LAFCO representative as a member of the working group. Most notably, this amendment would readily sync with LAFCO's existing responsibility to prepare Municipal Service Reviews (MSR) on all local agencies, which offer independent, data-driven evaluations of the level, range, and adequacy of municipal services provided by subject agencies as well as related accountability issues.

San Diego LAFCO's current workplan includes completing an active MSR of the four healthcare districts in San Diego County, including Palomar Health. A complete MSR draft is expected to be released for public review by October 2025. Proceeding with the requested amendment will – among other benefits – provide a legislative bridge for LAFCO to connect the MSR and its recommendations to the working group, and in doing so provide stakeholders with relevant and timely information in proceeding in greater detail as it sees fit.

With appreciation,

Keene Simonds
Executive Officer

cc: The Honorable Darshana Patel, Assemblymember, District 76
Tasha Boerner, Assemblymember, District 77
Members, Senate Committee on Health
José Henriquez, Interim Executive Director, CALAFCO

Administration
Keene Simonds, Executive Officer
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July 7, 2025

The Honorable Caroline Menjivar, Chair
Senate Committee on Health, California State Senate
1021 O Street, Room 3310
Sacramento, CA 95814

Re: ***Support for AB 356*** *(Patel) – Health care districts: County of San Diego.*

Dear Chair Menjivar and Members of the Committee:

The San Diego County Local Agency Formation Commission (LAFCO) respectfully submits this letter **in support of AB 356** authored by Assemblymember Darshana Patel (District 76). The bill aims to address healthcare access in northern San Diego County by establishing a state-directed working group to report on current healthcare service needs with particular focus within the service area of the Palomar Health District.

San Diego LAFCO supports the bill's intent to bring together state, regional, and local stakeholders to explore long-term strategies for effective and equitable healthcare service delivery in northern San Diego County. Most notably, to avoid duplication and strengthen local coordination, we strongly support the recent amendment to include San Diego LAFCO as a member of the working group, which readily syncs with LAFCO's existing responsibility to prepare Municipal Service Reviews (MSR) on all local agencies, which offer independent, data-driven evaluations of the level, range, and adequacy of municipal services provided by subject agencies as well as related accountability issues.

San Diego LAFCO's current workplan includes completing an active MSR of the four healthcare districts in San Diego County, including Palomar Health. A complete MSR draft is expected to be released for public review by October 2025. Formally integrating LAFCO into the working group provides a legislative bridge for LAFCO to connect the MSR and its recommendations to the working group, and in doing so provides stakeholders with relevant and timely information to proceed in greater detail as it sees fit.

With appreciation,

Keene Simonds
Executive Officer

cc: The Honorable Darshana Patel, Assemblymember, District 76
Tasha Boerner, Assemblymember, District 77
Members, Senate Committee on Health
José Henriquez, Interim Executive Director, CALAFCO

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6a

AGENDA REPORT
Public Hearing | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

FROM: Vice Chair Willis
Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Appointment of Regular Public Member and Other Possible Actions**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will revisit consideration to fill the vacant regular public member position. The item has been placed on the agenda at the request of Vice Chair Willis and follows unsuccessful motions to fill the position at the last meeting held on June 2nd. Vice Chair Willis has requested the item be revisited for the specific purpose of reconsidering the failed motion to appoint Brigette Browning to fill the regular seat and fill the resulting vacancy in the alternate seat with Eileen Delany. A successful appointment to any public member seat on LAFCO requires meeting two thresholds: a majority vote among the four membership categories (County of San Diego, City of San Diego, cities, and special districts) and at least one affirmative vote from each category.

BACKGROUND

Membership Composition

San Diego LAFCO's membership structure is prescribed by State law and consists of 13 positions. These positions are divided into five distinct categories: County of San Diego, cities less the City of San Diego, City of San Diego, independent special districts, and the general public. Each position includes both regular and alternate members. Only the public member category - including both the regular and alternate positions - is appointed directly by LAFCO.

Additional background materials to this item – including germane local policy considerations as well as recruitment efforts to fill the current vacancy in the regular public member position – was included in the agenda report provided on June 2nd and provided as Attachment One.

DISCUSSION

This item is for San Diego LAFCO to revisit and make a possible appointment to fill the vacant regular public member position to an active four-year term through April 2029. The item has been placed on the agenda at the request of Vice Chair Willis for the specific purpose of reconsidering an unsuccessful motion at the June 2nd meeting to appoint Brigette Browning to fill the regular seat and fill the resulting vacancy in the alternate seat with Eileen Delany. (The alternate seat has an active term extending through April 2027.)

ANALYSIS

None.

RECOMMENDATION

It is recommended San Diego LAFCO proceed with the steps outlined as Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One:

(a) Make an appointment of a public member by majority vote along with at least one affirmative vote from each membership category.

(b) If needed, make an appointment of an alternate public member by majority vote along with at least one affirmative vote from each membership category.

Alternative Two:
Continue the item to a future meeting.

Alternative Three:
Take no action. (Under this alternative, alternate Brigette Browning would continue to vote in lieu of a regular appointee.)

PROCEDURES FOR CONSIDERATION

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

1) Disclose any material ex-parte communications.
2) Open the hearing and invite public testimony.
3) Discuss the item and consider the recommendation or alternatives.

Respectfully,



Priscilla Mumpower
Assistant Executive Officer

Attachment:

1) Item No. 6a Agenda Report for June 2, 2025 Meeting

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

6a

AGENDA REPORT
Public Hearing | Action

June 2, 2025

TO: Chair Whitburn and Commissioners

FROM: Executive Committee
- Chair Stephen Whitburn
- Vice Chair Barry Willis
- Immediate Past Chair Jim Desmond

Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Appointment of a Public Member and Other Possible Actions**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider candidate recommendations from its Executive Committee to fill a vacant Regular Public Member seat with a term extending through April 2029. The Committee — comprised of Chair Stephen Whitburn, Vice Chair Barry Willis, and Immediate Past Chair Jim Desmond — interviewed several finalists selected from a pool of 20 eligible applicants. Following deliberation, the Committee voted unanimously to nominate and advance three candidates for consideration by the full Commission. While the Commission retains discretion in determining its approach for considering candidates, staff has advised all three candidates to be prepared to deliver a brief verbal summary of their interests and qualifications as well as to respond to any specific questions. Appointment to the Regular Public Member seat requires a majority vote from the other four membership categories (County of San Diego, City of San Diego, cities, and special districts); it also requires at least one affirmative vote from each category. Additionally, and as a contingency allowed under policy, the item notice allows for the Commission to make an appointment to the Alternate Public Member position if it becomes vacated as a result of the Regular Member appointment.

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Brigette Browning, Alt., General Public

BACKGROUND

Membership Composition

San Diego LAFCO's membership structure is prescribed by State law and consists of 13 appointed Commissioners. These Commissioners are divided into five distinct categories: County of San Diego, cities less the City of San Diego, City of San Diego, independent special districts, and the general public. Each category includes both regular and alternate members. Only the public member category - including both the regular and alternate positions - is appointed directly by LAFCO. Appointments to the other four categories are made externally consistent with statutory provisions.

Administrative Policy 109 (A-109) | Public Member Appointments: Objectives and Procedures

San Diego LAFCO adopted a formal policy guiding public member appointments in February 2025. The policy establishes both procedural steps and selection criteria along with articulating broader goals and objectives for public representation. Among policy priorities are demonstrated experience in local government or community advocacy and prioritizing diversity, including geographic representation. To this end, the policy specifies that one public member must reside in an incorporated area and the other in an unincorporated area, unless this requirement is formally waived. Candidate eligibility is defined by State law and requires applicants to be residents of San Diego County who are not officers or employees of the County, any city, or any independent special district.

With respect to the selection process, the policy delegates authority to the Executive Committee to oversee the noticing, recruitment, screening, and interviewing of candidates. However, the policy requires the Committee - by majority vote - to advance no fewer than two candidates for full Commission consideration at a publicly noticed hearing. In addition, the policy provides all Commissioners with the opportunity to review the list of eligible applicants and submit individual nominations for concurrent consideration by the Commission. In accordance with State law, any appointment to the public member position must receive a majority vote from the other four membership categories (County of San Diego, City of San Diego, other cities, and special districts), including at least one affirmative vote from each category. A copy of the policy is provided as Attachment One.

DISCUSSION

This item is for San Diego LAFCO to consider three candidates recommended by the Executive Committee for possible appointment to the Regular Public Member seat involving an active term extending through April 2029. The three candidates are Brigette Browning, Greg Cox, and Eileen Delany.[1] While the Commission retains discretion in considering candidates, staff has advised all three candidates to be prepared to deliver a brief verbal summary of their interests and qualifications as well as to respond to any specific questions. If necessary, this item also allows the Commission to draw from the candidate pool to make an appointment to the Alternate Public Member seat should it become available.

[1] No other candidates have been nominated as allowed under policy by individual Commissioners.

Additional details regarding the recruitment and screening process preceding today's noticed hearing are provided in Appendix A.

ANALYSIS

None.

RECOMMENDATION

It is recommended San Diego LAFCO proceed with the steps outlined as Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):

(a) Make an appointment of a public member by majority vote along with at least one affirmative vote from each membership category.

(b) If needed, waive A-109 provision that otherwise requires one public member reside in the unincorporated area and the other resides in the incorporated area.

(c) If needed, make an appointment of an alternate public member by majority vote along with at least one affirmative vote from each membership category.

Alternative Two (recommended):
Continue the item to the next regular meeting.

PROCEDURES FOR CONSIDERATION

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

1) Disclose any material ex-parte communications.
2) Invite each candidate to present.
3) Open the hearing and invite public testimony.
4) Discuss the item and consider the recommendation or alternatives.

On behalf of the Executive Committee,

Priscilla Mumpower
Assistant Executive Officer

Appendices:
A) Executive Committee Procedures + Deliberations

Attachments:
1) Policy A-109 (Public Member Appointments)
2) Public Announcement in UT Inviting Applications
3) Public Notices | Intent to Appoint Regular Public Member
4) Recommended Candidate's Letters of Interest and Resumes
   a. Brigette Browning
   b. Greg Cox
   c. Eileen Delaney

Appendix A
Executive Committee Procedures + Deliberations

Recruitment |
Staff Outreach & Candidate Pool

An open recruitment process was conducted in accordance with the Commission's recently adopted Public Member Appointment Policy (Policy A-109). Recruitment efforts included posting announcements online and publishing a notice of vacancy in the San Diego Union-Tribune on March 12, 2025, inviting interested San Diego County residents to apply. A total of 20 eligible applications were received during the 30-day filing period, including one from current Alternate Public Member Brigette Browning. Two additional applicants were deemed ineligible due to employment or office with a local agency under LAFCO jurisdiction.

Recruitment |
Executive Committee Deliberations

The Executive Committee convened on April 17 to review all eligible applications and, by consensus, invited four candidates to participate in interviews. These individuals were: Brigette Browning (current Alternate Commissioner), Greg Cox (former Commissioner and County Supervisor), Ed Sprague (former Commissioner and retired Fire Chief), and Eileen Delaney (Chair of the Fallbrook Community Planning Group). Interviews were conducted at a noticed meeting held on May 14. Following deliberation, the Committee nominated the following three candidates for consideration by the full Commission (alphabetical order):

1. Brigette Browning
2. Greg Cox
3. Eileen Delaney

A full list of applicants was provided to Commissioners along with the Executive Committee's nominations and notice of the opportunity for individual Commissioners to submit additional nominations. The deadline to submit individual nominations was May 26, 2025. No individual nominations were received by this deadline.

ADMINISTRATIVE POLICY A–109

Subject

PUBLIC MEMBERS APPOINTMENTS

Purpose

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

Background

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

Policy

It is the policy of the Commission:

A. Goals and Priorities:

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

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

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

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

B. Appointment Eligibility:

1) As required under State law, public member appointees shall be residents of San Diego County. Appointees shall not be current officers

or employees of the County of San Diego or local cities and special districts.

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

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

C. Appointment Terms:

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

2) There are no term limits for public members.

D. Full Term Appointments

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

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

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

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

b) The application period shall extend to no less than 30 days and may be extended as needed until two or more letters of interests are submitted by eligible applicants.
c) All submitted letters of interests received by the close of the application period shall be immediately transmitted to the full Commission.
d) The Executive Committee (Chair, Vice Chair, and Immediate Past Chair) will screen all applicants, select applicants to interview, and conduct interviews of selected applicants at a noticed special meeting.
e) The Executive Committee will nominate two or more applicants for consideration by the full Commission at a future meeting for which LAFCO staff can provide legally required notice. The list of the nominations from the Executive Committee shall be provided to all Commissioners no less than 10 days prior to the noticed meeting.
f) Any Commissioner may also nominate an applicant for consideration by the full Commission at the noticed meeting no later than five (5) days prior to the noticed meeting. Notice shall be given to the Executive Officer.
g) At a noticed meeting, with the opportunity to continue, the full Commission will consider all nominated applicants, and at the discretion of the Chair this may include inviting presentations and/or conducting interviews.
h) A successful appointment shall achieve no less than four (4) affirmative votes from voting Commissioners and include therein at least one affirmative vote from each of the following four membership categories:
   - County of San Diego
   - Cities Less San Diego
   - Special Districts
   - City of San Diego
i) In the event no candidate receives both a majority vote and an affirmative vote from each of the four membership categories, the Commission shall conduct a run-off vote of two candidates receiving the most votes. In the event that neither candidate receives a majority vote and an affirmative vote from all four membership categories, the Chair shall either continue consideration to a future meeting or provide direction to restart the recruitment process in the manner prescribed under this policy.

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

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

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

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

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

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

E. Mid Term Vacancy Appointments

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

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

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

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

Adopted: February 3, 2025

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

SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION

NOTICE ON REGULAR PUBLIC MEMBER VACANCY

The San Diego County Local Agency Formation Commission ("LAFCO") welcomes all interested residents in San Diego County to apply for the regular public member position with a four-year term commencing in May 2025 and running through April 2029. The position – which is one of 13 seats on the LAFCO Commission – is currently vacant with the most recent incumbent retiring in March 2025. The position holder is expected to attend all regular monthly meetings and actively contribute to the Commission's deliberations in meeting the Legislature's prescribed regional growth management tasks. Most commonly, this includes overseeing local cities and special districts' boundaries and municipal service areas as well as preparing periodic studies to assess their performance relative to community needs. All Commissioners receive a per diem for each regular and special meeting attended.

How to Apply: All interested candidates who are residents of San Diego County and not employees or officers of cities or special districts should submit a resume and brief cover letter summarizing their interest and qualifications in serving as the regular public member. These materials should be e-mailed to Assistant Executive Officer Priscilla Mumpower at priscilla.mumpower@sdcounty.ca.gov **no later than April 9, 2025.**

Selection Process: All candidate applications received by this date will be transmitted and screened by the Commission's Executive Committee comprising the Chair, Vice Chair, and Immediate Past Chair at a noticed special meeting. The Executive Committee will interview selected candidates and invite no less than two finalist candidates to be interviewed by the full Commission at a noticed hearing with a formal selection to follow.

Additional information about LAFCO and the role of the Commission is available online at www.sdlafco.org. Interested candidates are also invited to discuss the position with Priscilla Mumpower either by email or telephone at (619) 321-3380.

PUBLISHED: March 12, 2025

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CONDADO DE SAN DIEGO
COMISIÓN DE FORMACIÓN DE AGENCIAS LOCALES

AVISO SOBRE VACANTE DE MIEMBRO PÚBLICO REGULAR

La Comisión de Formación de Agencias Locales del Condado de San Diego ("LAFCO") invita a todos los residentes interesados del Condado de San Diego a postularse para el puesto de miembro público regular con un mandato de cuatro años que comienza en mayo de 2025 y se extenderá hasta abril de 2029. El puesto, que es uno de los 13 puestos de la Comisión LAFCO, está vacante actualmente y el titular más reciente se jubilará en marzo de 2025. Se espera que el titular del puesto asista a todas las reuniones mensuales regulares y contribuya activamente a las deliberaciones de la Comisión para cumplir con las tareas de gestión del crecimiento regional prescritas por la Legislatura. Por lo general, esto incluye supervisar los límites de las ciudades locales y los distritos especiales y las áreas de servicio municipal, así como preparar estudios periódicos para evaluar su desempeño en relación con las necesidades de la comunidad. Todos los comisionados reciben un viático por cada reunión regular y especial a la que asistan.

Cómo postularse: Todos los candidatos interesados que sean residentes del condado de San Diego y no sean empleados o funcionarios de ciudades o distritos especiales deben presentar un currículum y una breve carta de presentación que resuma su interés y sus calificaciones para desempeñarse como miembro público regular. Estos materiales deben enviarse por correo electrónico a la directora ejecutiva adjunta Priscilla Mumpower a priscilla.mumpower@sdcounty.ca.gov a más tardar el **9 de abril de 2025**.

Proceso de selección: Todas las solicitudes de candidatos recibidas hasta esta fecha serán transmitidas y evaluadas por el Comité Ejecutivo de la Comisión, compuesto por el Presidente, el Vicepresidente y el Presidente saliente, en una reunión especial convocada. El Comité Ejecutivo entrevistará a los candidatos seleccionados e invitará a no menos de dos candidatos finalistas a ser entrevistados por la Comisión en pleno en una audiencia convocada, seguida de una selección formal.

Información adicional sobre LAFCO y la Comisión está disponible en línea en www.sdlafco.org. Los candidatos interesados pueden a hablar sobre el puesto con Priscilla Mumpower, ya sea por correo electrónico o por teléfono al (619) 321-3380.

PUBLICADO: 12 de marzo de 2025

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

SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION

Notice is given the San Diego County Local Agency Formation Commission ("LAFCO") will hold a public meeting on **Monday, June 2, 2025 starting at 8:15 a.m.** at the County of San Diego Administration Center at 1600 Pacific Highway, Board Room 302, San Diego, California. At the public meeting, LAFCO will consider the following public hearing matter:

NOTICE ON REGULAR PUBLIC MEMBER APPOINTMENT

LAFCO will interview and consider candidates at its Monday, June 2, 2025 meeting with respect to making a new Regular Public Member appointment to serve a four-year term set to expire in April 2029. The position – which is one of 13 seats on the LAFCO Commission – is currently vacant with the most recent incumbent retiring in March 2025. The position holder is expected to attend all regular monthly meetings and actively contribute to the Commission's deliberations in meeting the Legislature's prescribed regional growth management tasks. Most commonly, this includes overseeing local cities and special districts' boundaries and municipal service areas as well as preparing periodic studies to assess their performance relative to community needs. All Commissioners receive a per diem for each regular and special meeting attended.

An agenda report on this item will be posted online at www.sdlafco.org approximately one week ahead of the noticed meeting. Comments on this item are welcomed and should be submitted no later than Friday, May 30th to Commission Clerk Erica Sellen by email erica.sellen@sdcounty.ca.gov or telephone at (619) 321-3380.

PUBLISHED: May 13, 2025

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EL CONDADO DE SAN DIEGO
COMISIÓN DE FORMACIÓN DE LA AGENCIA LOCAL

La Comisión de Formación de la Agencia Local del Condado de San Diego ("LAFCO") llevará a cabo una reunión pública el lunes 2 de junio de 2025 a partir de las 8:15 a.m. en el Centro de Administración del Condado de San Diego en 1600 Pacific Highway, Sala de Junta 302, San Diego, California. En la reunión pública, LAFCO considerará el siguiente asunto de audiencia pública:

AVISO SOBRE EL NOMBRAMIENTO DE UN MIEMBRO PÚBLICO REGULAR

LAFCO entrevistará y considerará a los candidatos en su reunión del lunes 2 de junio de 2025 con respecto a la designación de un nuevo Miembro Público Regular para servir un período de cuatro años que expirará en abril de 2029. El puesto, que es uno de los 13 puestos de la Comisión LAFCO, está actualmente vacante y el titular más reciente se jubila en marzo de 2025. Se espera que el titular del cargo asista a todas las reuniones mensuales regulares y contribuya activamente a las deliberaciones de la Comisión para cumplir con las tareas prescritas de la Legislatura del regulamiento de crecimento regional. Por lo general, esto incluye la supervisión de los límites de las ciudades locales y los distritos especiales y las áreas de servicio municipal, así como la preparación de estudios periódicos para evaluar su desempeño en relación con las necesidades de la comunidad. Todos los miembros de la comisión reciben un viático por cada reunión ordinaria y especial a la que asisten.

Un informe de agenda sobre este tema se publicará en línea a www.sdlafco.org aproximadamente una semana antes de la reunión anunciada. Comentarios sobre este tema son bienvenidos y se deben enviarse a más tardar el viernes 30 de mayo a la Secretaria de la Comisión Erica Sellen por correo electrónico erica.sellen@sdcounty.ca.gov o por teléfono al (619) 321-3380.

PUBLICADO: El 13 de Mayo 2025

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SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION

NOTICE OF POTENITAL APPOINTMENTS TO PUBLIC MEMBER POSITIONS
- REGULAR AND ALTERNATE -

May 13, 2025

- Members of the General Public
- County of San Diego
- Cities of San Diego County
- Independent Special Districts of San Diego County

The San Diego County Local Agency Formation Commission (LAFCO) hereby announces its intent to consider appointments at its meeting on **Monday, June 2, 2025** in Room 302 at the County of San Diego Administration Building starting at 8:15 a.m. for the following positions:

1. **Regular Public Member Seat**
   - Currently vacant with term to May 2029
   - One of 8 voting seats on the Commission

2. **Alternate Public Member Seat (*Contingent*)**
   - Currently held by Brigette Browning with term to May 2027
   - One of 5 non-voting seats on the Commission
     - Alternates vote in the absence of a regular seat holder

The County Administration Building is located at 1600 Pacific Highway in downtown San Diego. Free visitor parking for up to three hours is available in the building's underground garage, accessible via Ash Street.

Any questions should be directed to Assistant Executive Officer Priscilla Mumpower by e-mail at priscilla.mumpower@sdcounty.ca.gov or telephone at 619-321-3380.

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

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
Vacant, General Public
Brigette Browning, Alt., General Public

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March 20, 2025

Dear Commissioners,

I respectfully submit my candidacy for your consideration as the next regular public member. My current role as the alternate public member uniquely positions me with immediate familiarity with present and planned Commission activities and the crucial function of the position as the lone voting member specifically tasked with representing the general public. I also can draw on my two decades of professional labor experience to help identify and address community needs for a large portion of the general public – the middle class- that is often underrepresented when it comes to LAFCO's role in facilitating orderly growth in the form of jobs, housing and municipal services. I am a native San Diegan and currently reside in Chula Vista with my father, husband and two children. I welcome the opportunity to continue to serve my community in this new role with the Commission.

Sincerely,

Brigette Browning

BRIGETTE BROWNING

BBROWNING@UNIONYES.ORG

6199813009

OBJECTIVE

To help raise the voice of working people into decisions made by LAFCO

SKILLS

I am an astute listener who thrives in environments where I need to resolve conflicts. I have worked for 25 years with workers predominately in the Southern part of our County and I feel like their voice is so important in regional decisions.

EXPERIENCE

SAN DIEGO & IMPERIAL COUNTIES LABOR COUNCIL, CEO

5/21- Present

In charge of the federation of labor unions. We have more than 100,000 members and I am responsible for representing their diverse interests and promoting a more robust middle class.

UNITE HERE LOCAL 30 - PRESIDENT

2005-present

The top elected leader of a diverse union of more than 6000 workers. In charge of staff development, negotiating contracts, managing health and welfare funds.

EDUCATION

BA 6/1996 UCSD

Environmental Chemistry and Spanish Literature

GREG COX
647 WINDSOR CIRCLE, CHULA VISTA, CA 91910
GREGCOX.CA@GMAIL.COM

April 4,2025

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

Dear Mr. Simonds,

I would like to submit my name for consideration for the Local Agency Formation Commission's Public Member vacancy. I served on LAFCO over the years as both a voting member and as an alternate. As an elected official, I worked with LAFCO on several LAFCO-related issues and problems.

Serving for 5 ½ years as a Chula Vista City Councilmember, nine years as Chula Vista Mayor and 26 years as a San Diego County Board of Supervisors member gave me strong insight into the needs of our communities. Serving for 1 ½ years as Deputy Director of the Governor's Office of Planning and Research, Director of Local Government in Sacramento, and as President of the League of California Cities, California State Association of Counties and National Association of Counties provided valuable experience in the relationships among local, regional, state, and national government.

Over the years, I have built upon my interest in and respect for local government. I have always strived to reach consensus as difficult issues arose. I believe I could serve a positive role on LAFCO as a Public Member.

My biography highlighting some accomplishments over the years is attached. I look forward to meeting with you and appreciation your consideration of my interest in this position.

Respectfully,

Greg Cox

Greg Cox

GREG COX

PROFILE

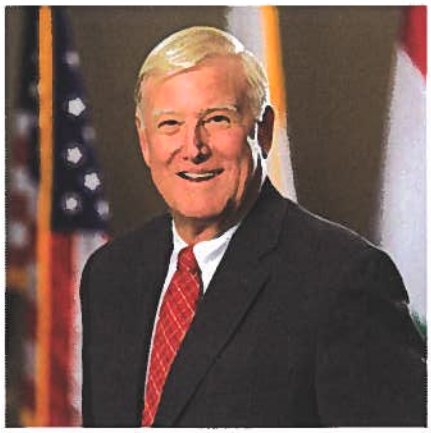
After more than 45 years in public service, Greg Cox's last day as an elected official was January 4, 2021.

During his time in office, Greg worked on projects, programs, and community services that brought him great joy and deep satisfaction. His career in public service began as an educator in the Sweetwater Union High School District. He was elected to the Chula Vista City Council in 1976, and then served two terms as Mayor. He was President of the League of California Cities and when he left the city of Chula Vista, the Governor appointed him Director of Local Government for the Office of Planning and Research.

Greg joined the San Diego County Board of Supervisors in 1995. He served 26 years as County Supervisor, during which he was elected President of the California State Association of Counties and President of the National Association of Counties. Along the way, Greg also served on the California Coastal Commission, San Diego Regional Airport Authority, and several other boards and commissions, including the Policy Board of San Diego Workforce Partnership, San Diego Association of Governments' Public Safety and Borders Committees, and the U.S./Mexico Border Counties Coalition.

As a member of the Board of Supervisors until his retirement in January 2021, Supervisor Cox oversaw a regional government with an over $5 billion budget, providing services for more than 3 million people. The County of San Diego received numerous awards during his tenure, including national recognition as one of the best-run county governments in the United States.

Greg treasured people and sought commonality as they worked together to improve quality of life in our local communities. In retirement, he has assisted the Boy Scouts of America in building a campsite in the County Park near Otay Lakes. As a founding member of the Bonita Optimist Club, he has worked to renovate the Provence House in Rohr Park as a meeting place for members and for members of the public seeking a hospitality venue.



GREG COX RESUME

EDUCATION

San Diego State University, M.A., 1977; B.A. 1970

EXPERIENCE

Supervisor, First District, San Diego County Board of Supervisors, 1995-2021
President, Cox & Associates, 1992-1995
Deputy Director for Local Government, Governor's Office of Planning and Research, 1991-1992
Executive Director, South County Economic Development Council, 1990-1991
Councilmember and Mayor, City of Chula Vista, 1976-1990

COUNTY GOVERNMENT

Member and President, California State Association of Counties (CSAC) , 1998-2021. CSAC Finance Corp.
Member, California Coastal Commission, 2013-2016
Member and President, National Association of Counties (NaCO), 2006-2021
Member, San Diego County Regional Airport Authority, 2010-2021
San Diego Association of Governments (SANDAG), Bayshore Bikeway, Borders, Public Safety and Transportation Committees, 1995-2021
Member, Otay Valley Regional Park Policy Committee, 1988-1990, 1995-2021

PREVIOUS GOVERNMENT SERVICE

Boardmember, Committee Chair and President, League of California Cities (LCC), 1981-1990
Boardmember, Committee Chair, San Diego Association of Governments (SANDAG), 1981-1990
Member, National Ocean Council Governance Coordinating Committee, 2015-2017
Chair, San Diego Unified Disaster Council, 1998, 2013, 2020

COMMUNITY ACTIVITIES

Member, Maritime Museum San Diego, 2021-present
Member, Bonita Optimist Club, 1975-present
Boardmember, Chula Vista Chamber of Commerce, 1992-1995
Member, Chula Vista Elks Lodge, 1981-present
Committee Chair and President, Chula Vista Jaycees 1971-1988
Founder and Member, Chula Vista Nature Center/Living Coast Discovery Center, 1987-present
Member, Sustaining Membership Campaign, South Bay Family YMCA, 1983-present
Member, Sweetwater Valley Civic Association, 2018-present
Member, Board of Directors, Veterans Home of Chula Vista Support Foundation, 1999-2021

CIVIC RECOGNITION

Lifetime Achievement Award, California State Association of Counties, 2021
Lifetime Achievement award, Mabuhay Foundation, 2018
Golden Footprint Lifetime Achievement Award, Circulate San Diego, 2016
Marilyn Lassman Lifetime Achievement Award, South County Economic Development Council, 2016
National Planning Advocate Award, American Planning Association, 2015
Lead the Way Award, Outdoor Outreach, 2015
Appreciation Award for Restoring and Preserving Chollas Creek Watershed, Groundwork San Diego, 2015
California Coastal Trail Champion Award, Coastwalk California/Coastal Conservancy, 2015
Clean San Diego Honoree, I Love a Clean San Diego, 2014
Thanks for Support recognition, MANA de San Diego, 2013
Outstanding Public Official recognition, National Association of County Parks and Recreation Officials, 2012
Spirit of the Border Award, Otay Mesa Chamber of Commerce

March 13, 2025

Ms. Priscilla Mumpower
Assistant Executive Officer
San Diego Local Area Formation Commission
2550 Fifth Avenue, Suite 725
San Diego, CA 92103-6624

Dear Ms. Mumpower:

I am writing to request consideration as a candidate for the position of Public Member.

I believe that I would be an excellent fit for LAFCO. I have 30 years of extensive experience in planning and land use. I have served on numerous County Boards, Commissions and Committees dealing with many aspects of land development, redevelopment, planning, special districts and other land use and governmental changes.

For 27 years I have been re-elected by the residents of Fallbrook to represent them on the Fallbrook Planning Group and Design Review Board of which I serve as Chair.

I am also the co-Founder and vice Chair of the Association of Planning Groups- San Diego County, which represents the nearly 600,000 residents of the County's unincorporated areas. This gives me an advantage of having a pulse on the needs and concerns of the second largest population in the County.

I am research and detail oriented. I pride myself on considering all perspectives and making fact based decisions.

Attached please find a short resume of my background, experience and accomplishments.

I appreciate your time and thank you for your consideration.

Sincerely,

Eileen Delaney

Eileen Delaney
P.O. Box 1419
Fallbrook, CA 92028
Eileen.fallbrook@gmail.com
760.518.8888

Business
Retired as President of DAC1 Companies.

Government Planning and Land Use Experience
Nearly 30 years of extensive knowledge in governmental planning and land use. This includes special service districts, agriculture, parks, boundary adjustments, long range planning, housing, zoning, and other regulations. Examples include:

- Chair of the Fallbrook Planning Group. First elected in 1999.
- Chair of the Fallbrook Design Review Board. Appointed 2000
- Vice Chair, County of San Diego Planning & Development Services Oversight Committee. BOS Appointment 2015
- Chair, District 5 Revitalization Committee for Fallbrook. Appointed
- Co-founder and Vice Chair, Association of Planning Groups- San Diego County. Elected vice Chair
- San Diego County Committees for Fire, Water, Right of Way Ordinances and Regulations. Appointed
- SANDAG, Alternate Advisory Board Member, Elected
- Director, Morro Hills Community Service District. Elected
- County of San Diego, Park Land Dedication Ordinance update. Appointed
- County of San Diego Ordinance, Signs & Banners in the ROW- Appointed
- Committee member: County General Plan update
- Committee member: Fallbrook Community Plan.
- Chair, Fallbrook Design Guideline/Standards Update and Checklist
- Fallbrook Public Facilities Committee
- Fallbrook Parks & Recreation Committee
- Fallbrook Circulation Committee

Other Public Service, Elected and/or Appointed:
- Chair, San Diego County Citizen's Law Enforcement Review Board- Appointed by BOS and elected Chair by members of the Board
- Board of Directors, Boys & Girls Club of North County
- Board of Directors, Boy & Girls Club Foundation
- President, Foundation for Senior Care, Elected
- Director, Bonsall Woman's Club- Elected
- Director, Fallbrook Chamber of Commerce - Elected

- San Diego County District Attorney and Sheriff's Department Citizens Academy- Appointed
- Founder, Operation United Families- Assistance for enlisted Marines and their Families.

Honors and Awards:
California State Senate Woman of the Year
Olympic Torch Bearer
74th Assembly District Woman of Distinction/Woman of the Year
San Diego County Volunteer of the Year
Fallbrook Citizen of the Year.
Boys & Girls Club Champion of Youth,
Fallbrook Chamber of Commerce Community Champion
Bonsall Woman's Club- Volunteer of the Year

Education
Alum of California State University, Fullerton.

Attributes
Team player, good listener to all viewpoints, research oriented and decision maker based on information and fact.

Dedicated to helping improve the lives of others and to make San Diego County a better and safer place to live and visit.

"By helping others, you help yourself"

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0074
(916) 319-2074
FAX (916) 319-2174

Assembly
California Legislature

LAURIE DAVIES
ASSEMBLYMEMBER, SEVENTY-FOURTH DISTRICT

April 14, 2025

To Whom It May Concern:

I am writing to express my strong support for Eileen Delaney's application to serve as a Public Member on the San Diego Local Agency Formation Commission (LAFCO).

Eileen has been a dedicated leader and community advocate in North County for decades. With over 30 years of experience in land use and planning, she brings a wealth of institutional knowledge and practical insight to the table. She currently serves as Chair of both the Fallbrook Planning Group and the Fallbrook Design Review Board, where she has been instrumental in shaping responsible development and preserving the unique character of the region.

In addition to her local leadership, Eileen is Vice Chair of the Association of Planning Groups, representing more than 600,000 residents across unincorporated San Diego County. Her collaborative, solutions-oriented approach has earned the respect of colleagues and constituents alike. I was proud to recognize Eileen as the 74th Assembly District Woman of the Year in 2024, a small acknowledgment of her many years of public service.

Eileen understands the complex balance between growth and preservation, and I am confident she will bring thoughtful and steady leadership to LAFCO. Her record speaks for itself; she is exactly the kind of voice we need on this Commission.

For these reasons, I am pleased to offer my full support of her appointment.

Sincerely,

Laurie Davies

Laurie Davies
Assemblymember, 74th District

To Whom It May Concern:

It is a distinct honor to provide this letter of recommendation for Eileen Delaney to vacancy of the Public Member position on LAFCO San Diego. With nearly three decades of experience in governmental planning, land use policy, and public service, Ms. Delaney is an exceptionally qualified and highly respected leader whose record of service speaks for itself.

Throughout her career, Ms. Delaney has demonstrated expertise in a wide range of planning and development areas, including special service districts, agriculture, parks and recreation, housing, zoning, long-range planning, and boundary adjustment processes. Since 1999, she has served as Chair of the Fallbrook Planning Group, where her thoughtful leadership and comprehensive understanding of policy have significantly contributed to the well-being of the community.

Her contributions extend far beyond her local role. Ms. Delaney has served on numerous county-level boards and committees, including as Vice Chair of the San Diego County Planning & Development Services Oversight Committee, Chair of the District 5 Revitalization Committee, and co-founder and Vice Chair of the Association of Planning Groups for San Diego County. Her appointed service on SANDAG, fire and water regulatory committees, and park land dedication ordinances highlights her broad influence and deep policy knowledge.

Ms. Delaney's commitment to community is also evident in her extensive civic engagement. She has held leadership positions with the Citizen's Law Enforcement Review Board, Boys & Girls Club of North County, Foundation for Senior Care, Fallbrook Chamber of Commerce, and numerous other nonprofit and advisory organizations. She is also the founder of Operation United Families, a program dedicated to supporting active-duty Marines and their loved ones.

Ms. Delaney's work has earned widespread recognition, including honors such as California State Senate Woman of the Year, Fallbrook Citizen of the Year, and San Diego County Volunteer of the Year. These accolades reflect not only her dedication, but also the lasting positive impact she has made throughout San Diego County.

Eileen Delaney is a highly principled, research-oriented professional who brings exceptional insight, collaboration, and leadership to every role she undertakes. I am confident she will continue to contribute meaningfully and effectively in any professional or advisory capacity.

Please do not hesitate to contact me should you require any additional information.

Sincerely,

Nick Brust
District Director
Office of Senate Minority Leader Brian W. Jones
brust.nicholas@gmail.com
760-277-4220

MaryAnne Pintar
4350 Executive Drive, Suite 105
San Diego, CA 92121

Appointment Committee
San Diego County Local Agency Formation Committee
2550 Fifth Ave., #725
San Diego, CA 92103

April 19, 2025

Dear Appointment Committee:

I write in support of Eileen Delaney who seeks to be appointed as Public Member on the San Diego County Local Agency Formation Committee. She is an outstanding and committed community volunteer.

In my professional capacity, I serve as Chief of Staff to Congressman Scott Peters. However, I met Eileen in one of my personal volunteer roles: I currently serve as Chair of the San Diego County Citizens Law Enforcement Review Board (CLERB). Eileen was the chair immediately before me. CLERB provides independent civilian oversight of the San Diego County Sheriff's Office and Probation Department. Review, deliberation and decisions regarding law enforcement officer behavior, policy and professionalism requires a serious commitment of time and objectivity by CLERB's volunteer board members, and our board had enough confidence in Eileen's commitment to elect her Board Chair.

I served as Eileen's co-chair for two years and worked with her closely. She was dedicated and a hard worker, and always took the opinions and strong feelings of others into account, even when they differed from hers. She also did an excellent job of learning from the concerns of the public who came before us during our open, public meetings and gave people a fair chance to be heard. She also managed well our fellow board members and always did her best to address their concernce make corrections when problems between board members, or board members and staff surfaced. She demonstrated an ability to work with everyone in this role.

She would be an excellent community representative at LAFCO.

Sincerely,

MaryAnne Pintar

MaryAnne Pintar

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AGENDA REPORT
Public Hearing | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Proposed "Nakano Development Project Reorganization" | Annexation to the City of San Diego with Concurrent Detachment from City of Chula Vista and Otay Water District with Related Actions (RO25-08)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a reorganization proposal initiated by resolution of the City of San Diego as part of a negotiated boundary change with the City of Chula Vista. The principal request involves annexing approximately 23.8 acres to San Diego with concurrent detachments from Chula Vista and the Otay Water District (WD). The affected territory consists of one undeveloped legal parcel located along the southern boundary of Chula Vista immediately north of San Diego near the I-805 crossing at Palm Avenue. The County of San Diego identifies the subject parcel as 624-071-02. The reorganization's purpose is to facilitate a planned 221-unit residential subdivision ("Nakano") that has been entitled by both municipalities with San Diego identified as the preferred service provider due to Chula Vista's access limitations. Staff recommends conditional approval of the proposal as submitted with conforming sphere of influence amendments for all three affected agencies. Staff further recommends the Commission waive protest proceedings and Policy L-106 (municipal service reviews) as well as adopt findings paralleling the Environmental Impact Report (EIR) adopted by Chula Vista.

Administration
Keene Simonds, Executive Officer
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E lafco@sdcounty.ca.gov
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Joel Anderson, County of San Diego
Monica M. Steppe, 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
Vacant, General Public
Brigette Browning, Alt., General Public

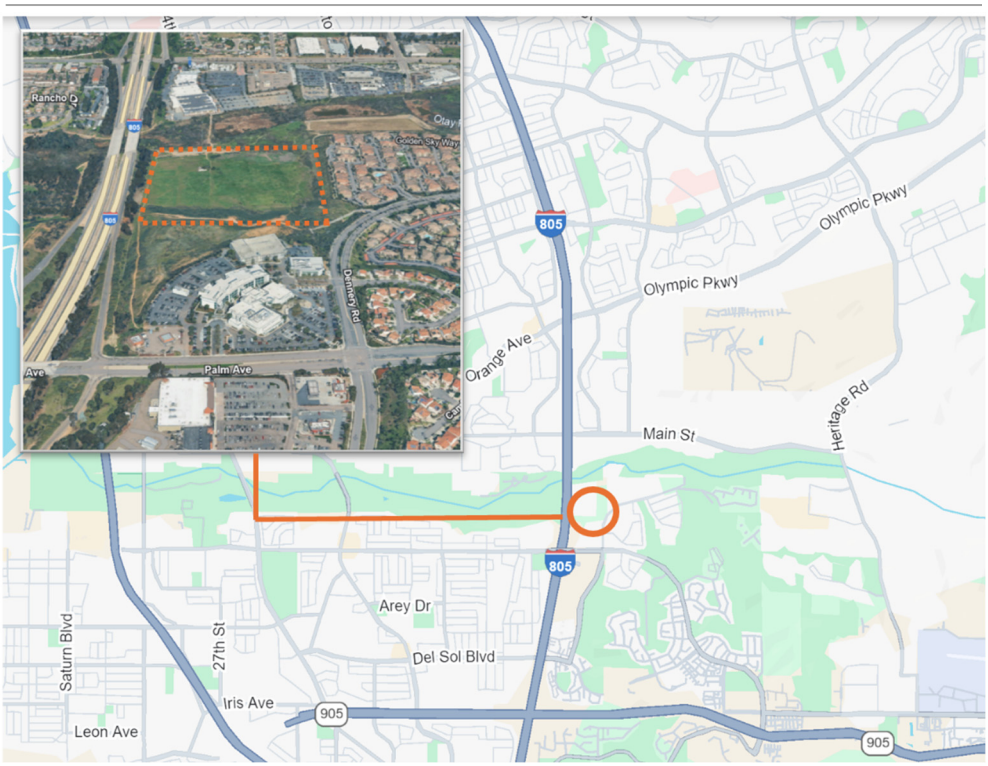
BACKGROUND

Applicant Request

San Diego LAFCO has received a reorganization proposal initiated by resolution from the City of San Diego requesting approval to reorganize approximately 23.8 acres of incorporated territory currently within the City of Chula Vista. As detailed below, the proposal results from negotiations between the two municipalities with agreement from the landowner, Tri Pointe Homes. The primary jurisdictional change involves annexation of the affected territory to San Diego with concurrent detachments from Chula Vista and Otay WD. The affected territory comprises one undeveloped legal parcel with no assigned situs address, identified by the County of San Diego Assessor's Office as 624-071-02. The reorganization also involves conforming sphere of influence amendments for all three affected agencies.

Regional Setting

The affected territory is located within the southeastern portion of the City of Chula Vista's "Sunbow" neighborhood which generally lies east of Interstate 805 and north of State Route 905. It also lies immediately south of Otay River. Principal access to the affected territory is provided through the City of San Diego via Palm Avenue and Dennery Road. The affected territory lies within County Supervisorial District No. 1 (Paloma Aguirre), Assembly District No. 80 (David Alvarez), and Senate District No. 18 (Steve C. Padilla). An aerial map of the affected territory and its regional setting follows with a more detailed map – including existing parcel and jurisdictions – provided as Attachment One.



Google Earth

Subject Agencies

The proposed reorganization filed with San Diego LAFCO involves three subject agencies: City of Chula Vista, City of San Diego, and Otay WD.[1] A summary of the subject agencies in terms of governance, resident population, municipal functions, and financial standing follows.

- **City of Chula Vista** was incorporated in 1911 and governed in a council-manager format. Chula Vista has an estimated resident population of 278,550 spanning 33,280 acres or 52.0 square miles. Chula Vista is largely a full-service municipality, directly providing community planning, fire protection and emergency medical services, parks and recreation, police, and wastewater services. Water service is a notable exception and is primarily the responsibility of Otay WD. LAFCO last reviewed and updated Chula Vista's sphere of influence in 2008 with a larger-than-agency designation that includes several unincorporated areas and one special study area. Chula Vista's most recent audit shows its net position – the total accrual accounting value of agencywide assets less liabilities – at $2.031 billion as of June 30, 2024. This amount reflects an increase of 18.0% over the last three years. The unrestricted portion of the net position totals $74.5 million and reflects an increase of 93.5% over the last three years. Chula Vista's General Fund totals $258.2 million and marks an 18.4% improvement over the last three years. Of this General Fund balance, $29.4 million is committed as reserves with another $25.9 million remaining unassigned. The combination of these amounts totals $55.3 million and sufficient to cover 2.6 months of General Fund operating expenses.

- **City of San Diego** was incorporated in 1850 and governed by a strong mayor format. San Diego has an estimated resident population of 1,387,000 spanning 238,336 acres or 372.4 square miles, including 47.2 square miles of submerged territory within Mission Bay, San Diego Bay, and the Pacific Ocean. San Diego is a full-service municipality, directly providing community planning, fire protection, parks and recreation, police protection, wastewater, and potable water services. Both water and wastewater services are geographically limited in some perimeter areas and supplemented by other special districts within City limits. LAFCO last reviewed and updated San Diego's sphere of influence in 2008 with a generally coterminous designation including two special study areas. San Diego's most recent audit shows its net position at $10.254 billion as of June 30, 2024. This amount reflects an increase of 10.9% over the last three years. The unrestricted portion of the net position totals ($1.686 billion), reflecting a decrease of 13.0% over the last three years. San Diego's General Fund totals $530.4 million, marking a 10.4% improvement over the last three years. Of this General Fund balance, $207.1 million is allocated as reserves – combining the stability and emergency reserve funds – with another $130.5 million remaining unassigned. The combination of these amounts totals $337.6 million, sufficient to cover 1.4 months of General Fund operating expenses.

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

- **Otay WD** is an independent special district formed in 1956 and governed by a five-member board of directors. Otay WD has an estimated resident population of 225,164 spanning 125.5 square miles and covers the unincorporated communities of Spring Valley, La Presa, Rancho San Diego, and Jamul as well as an eastern portion of the City of Chula Vista. Otay WD is currently authorized to provide three active municipal functions: domestic water, wastewater, and recycled water, with the latter two being geographically restricted by LAFCO into latent power zones. LAFCO established a sphere of influence for Otay WD in 1983. The sphere was most recently reviewed and affirmed in 2007 with a larger-than-agency designation. Otay WD operates as an enterprise with user fees expected to cover day-to-day operations for all three active service functions. The audited net position is $404.3 million as of June 30, 2024 with an unrestricted balance of $61.5 million. This includes an ending cash balance of $80.4 million. The ending net position reflects an overall decrease of 4.81% during the last three audited years.

Affected Local Agencies

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

- City of Chula Vista
- Metropolitan Water District of Southern California
- Otay Water District
- San Diego County Water Authority
- San Diego Unified Port 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:

- Chula Vista Elementary School District
- Sweetwater Union High School District
- Southwestern Community College District.

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the reorganization proposal and its principal action to annex the affected territory to the City of San Diego with secondary actions to detach from the City of Chula Vista and Otay WD. 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 follows.

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

Proposal Purpose

The purpose of the proposed reorganization and its primary boundary changes between the Cities of San Diego and Chula Vista is to align municipal service needs with current and planned accessibility to the affected territory to facilitate the development of the Nakano project by San Diego as the preferred municipality. This project involves a planned residential development comprising up to 221 dwelling units, including 22 designated affordable housing units, with a mix of condominiums, duplexes, and townhomes. Other planned project features include dedicated open space areas and trail connections to the Otay Valley River Park. The project has been entitled by both Chula Vista in December 2024 and San Diego in February 2025.

Current and Planned Land Uses

The affected territory is currently under the land use authority of the City of Chula Vista and subject to its adopted planning policies and detailed in the accompanying footnote.[3] On February 3, 2025, the proposed receiving agency — the City of San Diego — conditionally approved a set of planning actions associated with the Nakano project, filed by Tri-Pointe Homes. For LAFCO purposes, this includes adopting a General Plan amendment to the Otay Mesa Community Plan, redesignating the site as Residential – Low Medium. The City of San Diego also adopted a pre-zoning ordinance assigning the territory the RM-1-1 (Residential Multiple Unit) zone, which permits one dwelling unit per 3,000 square feet of lot area, with a minimum lot size of 6,000 square feet. The planned development of the subject parcel is consistent with the land use policies of both Chula Vista and San Diego. For the purposes of completing the environmental review under CEQA, the lead agency must be the jurisdiction with land use authority over the affected territory at the time of project approvals. Accordingly, the Nakano project was processed under the jurisdiction of the City of Chula Vista prior to receiving approvals through the City of San Diego.

ANALYSIS

San Diego LAFCO's current sphere of influence designations for all three subject agencies expands the analysis of the proposed reorganization to address the merits of four stand-alone items. These analysis items take the form of determinations and involve the (a) appropriateness of conforming sphere amendments, (b) timing of the boundary changes themselves, (c) potential discretionary modifications or terms, and (d) other relevant statutory requirements. Staff's analysis of these items follows.

[3] Chula Vista recently amended its General Plan designation for the territory from Open Space (OS) to Specific Plan – Residential Medium (SP-RM). This designation allows for a residential density range of approximately 6.1 to 11 dwelling units per acre and corresponds to an R-3 zoning classification that accommodates a range of multi-family housing types. The R-3 zone requires a minimum lot size of 7,000 square feet and permits up to four dwelling units per parcel, with a minimum lot area of 1,350 square feet per unit.

Conforming Sphere Amendments

The proposed reorganization necessitates San Diego LAFCO consider conforming sphere of influence actions to achieve consistency with the requested jurisdictional changes as required under statute and Commission practice. The actions involve sphere amendments to all three subject agencies – San Diego, Chula Vista, and Otay WD. These amendments are premised on LAFCO's statutory responsibility to designate spheres to demarcate the affected agencies' appropriate jurisdictional boundaries and/or service areas now and into the immediate future. 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 agencies 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 of regularly reviewing and updating all local agencies' spheres. The statute along with local policy 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 receiving agency was completed in 2008. Requiring one or more new municipal service reviews – specifically to inform the proposed reorganization – does not appear warranted given local circumstances. This conclusion is based on the relatively limited and known scope of the amendments to each of the subject agencies' spheres of influence paired with the elevated level of review performed as part of the project approval process by Chula Vista and San Diego.

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

  The Legislature prescribes consideration of five factors anytime LAFCOs act on spheres, whether in the form of establishments, updates, or amendments. 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 23.8 acres of undeveloped, incorporated territory within Chula Vista's jurisdiction. The property is situated adjacent to San Diego's Ocean View Hills residential development to the east. The affected territory is presently designated

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

by Chula Vista for residential uses with a density of 6.1 to 11.0 dwelling units per acre. San Diego has similarly designated and pre-zoned the affected territory for residential uses with a density of one dwelling unit per 3,000 square feet. These planned residential uses are readily compatible with the conforming sphere amendments, specifically removing the affected territory from Chula Vista and Otay WD and including it within San Diego.

- With respect to the **present and probable need for one or more public services**, there is pending need for core municipal services – and specifically potable water, wastewater, police, and fire and emergency medical services – to the affected territory to accommodate the planned 221-unit residential Nakano development. Amending Chula Vista and Otay WD's spheres to exclude the affected territory and concurrently add to San Diego's sphere to accommodate the annexation therein and the planned development is consistent with aligning with San Diego's advantageous position to economize and provide core services going forward. The amendments serve to formalize San Diego – and not Chula Vista and Otay Water District – as the appropriate long-term service provider of core municipal services following reorganization.

- With respect to the **overall adequacy of the agencies' public services**, no material deficiencies have been identified by LAFCO staff as part of the proposal review process. Additional analysis on the ability to accommodate the underlying project is included in the proceeding section.

- With respect to **social or economic communities of interest if relevant to the agencies**, the affected territory lies immediately outside San Diego's existing sphere and jurisdictional boundary. Amending this sphere to include this area would formally recognize and establish the direct social and economic connection to San Diego going forward and in doing so parallel the relationship San Diego has with the immediate neighborhood to the east – Riveredge Terrace. Notably, the affected territory is only physically accessible through San Diego and consequently cannot be effectively or efficiently served by Chula Vista. The contemplated amendment and associated reorganization is consistent with a February 2025 interagency agreement between Chula Vista and San Diego, which designates San Diego as the appropriate and capable service provider for this area.

- 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 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 reorganizations 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 amendments necessary to accommodate the proposed reorganization conform with L-102.

CONCLUSION |
MERITS OF A CONFORMING SPHERE AMENDMENTS

The conforming sphere amendments necessary to accommodate the proposed reorganization involving San Diego, Chula Vista, and Otay Water District are sufficiently justified under both statute and local policy. Justification is marked by the preceding analysis and largely premised on the following two assumptions.

- It is assumed the Commission determines new municipal service reviews are not necessary to inform the conforming sphere amendments to the subject agencies given the otherwise limited and known scope of service impacts and that a waiver is accordingly appropriate. This waiver is further reasonable given the analysis provided in this report.

- It is assumed the Commission determines there is sufficient and overriding connectivity between San Diego – specifically its core municipal services – warranting removal from Chula Vista and Otay WD's sphere and thereby designating San Diego as the appropriate service provider going forward.

Reorganization Timing

San Diego LAFCO's consideration of the proposed reorganization's timing draws on analyzing baseline factors required in statute as well as applicable policies set by the Commission.[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.

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

  State law prescribes the mandatory consideration of certain 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

[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).

community needs as well as service capacities and related financial resources of the subject agencies. A summary of key conclusions generated in reviewing these discretionary matters for the proposed reorganization, with an emphasis on the receiving entity (San Diego) regarding service needs, service availability and capacities, and related financial considerations, follows.

- With respect to **service needs**, the planned residential land uses within the affected territory warrant the provision of a full range of organized public services. The proposed reorganization would appropriately bundle core service provision to the affected territory under San Diego and thereby align with current and planned accessibility (ingress and egress). Annexation to San Diego would formalize a February 2025 interagency agreement between Chula Vista and San Diego and further accommodate the stated intent of the affected landowner, Tri Pointe Homes, as evidenced by their written consent to the proposal.

- With respect to **service availability and capacities**, San Diego would directly assume most municipal service responsibilities for the affected territory upon reorganization, highlighted by providing the following core functions: community development, potable water, wastewater, integrated fire protection and emergency medical service, and police protection. Additional details on these core San Diego functions and their relationship – availability and capacity – with the affected territory follow.

    - San Diego would assume community planning responsibilities for the affected territory from Chula Vista as part of the reorganization. The transition has been subject to extended negotiations with the resulting agreement formalized by resolution between the two cities. San Diego – as the receiving entity – approved a General Plan amendment for the Otay Mesa Community Plan to extend to the affected territory and designate the site as Residential – Low Medium. San Diego also adopted a matching pre-zoning designation of Residential Medium (RM-1-1) allowing one dwelling unit per 3,000 square feet of lot area, thereby mirroring the Nakano project.

    - San Diego would assume potable water service responsibilities for the affected territory upon reorganization. San Diego can readily serve the affected territory through the extension of a 400-foot, 12-inch lateral connection along Dennery Road from the existing water regulating station at Sand Star Way to the entrance of the Nakano project. It is estimated the average water flow generated within the affected territory per planned residential unit is 525 gallons per day with additional details footnoted.[6] It is projected the maximum average day water flow to be generated within the entire affected territory post-reorganization is 116,025 gallons per day. This

[6] Residential water demand is estimated based on density and a unit water demand of 150 gallons per day (gpd)/person. The Nakano project proposes 221 residential units over 19.0 net acres equaling 11.6 units per acre. The City of San Diego Water Department Design Guidelines and Standards indicates 11.6 units per acre falls in the range of 3.5 persons per dwelling unit. A dwelling unit density of 3.5 acres per dwelling unit and a unit water demand of 150 gpd/person results in a water demand rate of 525 gpd per dwelling unit at the project. For more information : https://www.chulavistaca.gov/.

projected amount can be readily accommodated by San Diego and represents 0.026% of its available capacity remaining within its potable water system.

- San Diego would assume wastewater service responsibilities for the affected territory upon reorganization. San Diego has existing wastewater infrastructure on-site at the Nakano Project and can readily serve the affected territory. It is projected the maximum average day wastewater flow generated within the affected territory post-reorganization at its planned uses is 43,438 gallons per day based on accommodating the planned 221-unit subdivision. This projected amount can be readily accommodated by San Diego and represents 0.054% of its available treatment capacity remaining within its wastewater system.

- San Diego would formally assume integrated fire protection and emergency medical service responsibilities for the affected territory. This change is not expected to materially impact service levels given San Diego is already the probable first responder given resource proximity to the affected territory and the "service drop" program collectively followed by fire and emergency medical providers in San Diego County. Based on location, first response would most likely involve San Diego's Station No. 6, located 1.4 miles away from the project entrance at 693 Twining Avenue. Response times to the affected territory are estimated to be 5 minutes for both priority and non-priority calls and are within the City's response time standard of 6.5 minutes for urban areas.

- San Diego would formally assume police protection responsibilities from the City of Chula Vista as part of the reorganization. This change would have no material impact on service levels. The project area is serviced by Beat 725 of the San Diego Police Department's Southern Division with a station located 3.2 miles southwest of the project at 1120 27th Street. Response times to the affected territory are estimated to be anywhere from 8.7 minutes to 124.7 minutes based on the call priority level. All priority level calls are within the City's response time standard of 6.5 minutes for urban areas.

- With respect to **related financial considerations**, staff analysis shows San Diego has financial resources and administrative controls to readily assume a full range of municipal service responsibilities for the affected territory in support of its planned uses without material impacts to current residents. This macro comment considers the relatively limited scale of the proposed annexation to San Diego and analysis over the last three completed fiscal years, with key findings as follows.

  - San Diego reported positive total margins in each of the past three fiscal years, with an average margin of 12.6% over the period ending June 30, 2024.

- San Diego reported a net position of $10.254 billion as of June 30, 2024, representing a 10.9% increase over the past three years. The General Fund balance stands at $530.4 million – a 10.4% improvement over the same period.

- 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.[7] No jurisdictional disputes have been disclosed by any of the three subject agencies during the administrative review. Similarly, LAFCO staff has not identified any disputes or related concerns. The proposal is further supported by a resolution of support adopted by Chula Vista and a letter of support submitted by the Otay WD.

CONCLUSION |
MERITS OF REORGANIZATION TIMING

Timing of the reorganization and principal action to annex the affected territory to San Diego is sufficiently warranted. Justification is marked by the preceding analysis and highlighted by aligning available and sufficient municipal service capacities with a known development and related community need. Additional analysis supporting the conclusion is provided in Appendix A.

Modifications and Terms

No modifications to the submitted reorganization have been identified by San Diego LAFCO staff meriting Commission consideration at this time. This includes confirmation the annexation of the affected territory to the City of San Diego would not generate any corridors or otherwise illogical jurisdictional features. Standard terms also appear appropriate.

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 processing of the proposal by the Commission through recordation.

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

Other Statutory Considerations

Exchange of Property Tax Revenues

LAFCO staff has confirmed a property tax exchange agreement has been entered into and agreed upon between the City of Chula Vista and the City of San Diego on December 3, 2024.[8] This agreement specifies "property tax revenue" collected from the annexation area will be available for allocation to San Diego and none shall go to Chula Vista following reorganization. More specifically, San Diego will receive 100% of the Chula Vista's existing apportionment of the 1% property tax collected within the affected territory going forward. The estimated annual value of the exchange is currently $4,146.34 based on current assessed values (land and structures).[9]

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. Accordingly, the Commission is tasked with making one or more findings under CEQA in consideration of the proposed reorganization. Staff analysis follows.

- Chula Vista serves as the lead agency under the CEQA for the reorganization as part of its discretion to approve the underlying development project. Chula Vista determined the project did not qualify for an exemption and proceeded to prepare an Environmental Impact Report (EIR). In its role as lead agency, on December 3, 2024, Chula Vista certified a Final EIR and adopted a Notice of Determination (NOD). Chula Vista attests the implementation of mitigation measures via a Mitigation Monitoring and Reporting Program (MMRP) to reduce potential impacts. Staff independently believe Chula Vista has prepared sufficient documentation as lead agency in assessing and mitigating potential impacts and it would be appropriate for the Commission to adopt the findings of the EIR as responsible agency.

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

[8] 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 involving an annexation and/or detachment unless an applicable master agreement applies.

[9] The current 1% property tax received by the City of Chula Vista from the subject lot is $4,146.34.

Protest Proceedings

Protest proceedings for the proposed reorganization may be waived by San Diego LAFCO if approved under Government Code Section 56662. The waiver appropriately applies given the affected territory is uninhabited as defined under LAFCO law, subject agencies have not filed objections to the waiver; and the landowner has provided written consent.[10]

RECOMMENDATION

Staff recommends conditional approval of the reorganization proposal as submitted along with standard terms. This recommendation is consistent with Alternative One below.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):
Adopt the attached draft resolution to conditionally approve the reorganization proposal as submitted along with conforming sphere amendments. The draft resolution also provides for waiving protest proceedings and Policy No. L-106 plus CEQA findings.

Alternative Two:
Continue consideration to the next regular meeting.

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

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda 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,

Michaela Peters

Michaela Peters
Analyst II

Appendix:

A) Analysis of Proposal Review Factors

Attachments:

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

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

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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 23.8-acre area currently located within the jurisdictional boundary of the City of Chula Vista and immediately adjacent to both the City of San Diego's boundary and its adopted sphere of influence. The parcel is bordered to the east by the Ocean View Hills residential development, with surrounding areas characterized by a mix of residential and commercial uses. The subject parcel is presently undeveloped and identified by the County of San Diego Assessor's Office as 624-071-02 with a current assessed land value of $414,634 with the last transaction recorded in January 2021.

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 City of San Diego would assume the primary role in providing core municipal service functions for the affected territory if the reorganization is approved. This would include the need and related provision of community planning, wastewater, fire protection and emergency medical, and police protection. San Diego would also assume water from Otay WD. A summary of the existing adequacy of these core services follows.

- San Diego would assume community planning responsibilities for the affected territory from Chula Vista as part of the reorganization. The transition is the product of negotiation between the two agencies with agreement subsequently formalized in resolutions adopted by both Councils. San Diego – as the receiving entity – approved a General Plan amendment for the Otay Mesa Community Plan designating the site as Residential – Low Medium. San Diego also adopted a matching pre-zoning designation of Residential Medium (RM-1-1) allowing one dwelling unit per 3,000 square feet of lot area, thereby accommodating the planned Nakano project.

- San Diego would assume potable water service responsibilities for the affected territory upon reorganization. San Diego can readily serve the affected territory through the extension of a 400-foot, 12-inch lateral connection along Dennery Road from the existing water regulating station at Sand Star Way to the entrance of the Nakano project. It is estimated the average water flow generated within the affected

territory via one planned residential unit is 525 gallons per day.[11] It is projected the maximum average day wastewater flow to be generated within the entire affected territory post- reorganization is 116,025 gallon per day. This projected amount can be readily accommodated by San Diego and represents 0.026% of its available capacity remaining within its potable water system.

- San Diego would assume wastewater service responsibilities for the affected territory upon reorganization. San Diego has existing wastewater infrastructure onsite the Nakano Project and can readily serve the affected territory. It is projected the maximum average day wastewater flow generated within the affected territory post reorganization at its planned uses is 43,438 gallons per day and tied to accommodating the planned 221-unit subdivision. This projected amount can be readily accommodated by San Diego and represents 0.054% of its available treatment capacity remaining within its wastewater system.

- San Diego would formally assume integrated fire protection and emergency medical service responsibilities for the affected territory. This change is not expected to materially impact service levels given San Diego is already the probable first responder given resource proximity to the affected territory and the "service drop" program collectively followed by fire and emergency medical providers in San Diego County. Based on location, first response would most likely involve San Diego's Station No. 6, located 1.4 miles away from the project entrance at 693 Twining Avenue. Response times to the affected territory are estimated to be 5 minutes for both priority and non-priority calls and are within the City's response time standard of 6.5 minutes for urban areas.

- San Diego would formally assume police protection responsibilities from the City of Chula Vista as part of the reorganization. This change would have no material impact on service levels. The project area is serviced by Beat 725 of the San Diego Police Department's Southern Division with a station located 3.2 miles southwest of the project at 1120 27th Street. Response times to the affected territory are estimated to be anywhere from 8.7 minutes to 124.7 minutes based on the call priority level. All priority level calls are within the City's response time standard of 6.5 minutes for urban areas.

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.

Approval of the proposed reorganization and annexation to the City of San Diego would reinforce existing social and economic ties between the City and the affected territory. The territory is located immediately outside San Diego's current jurisdictional boundary and

[11] Residential water demand is estimated based on density and a unit water demand of 150 gallons per day (gpd)/person. The Nakano project proposes 221 residential units over 19.0 net acres equaling 11.6 units per acre. The City of San Diego Water Department Design Guidelines and Standards indicates 11.6 units per acre falls in the range of 3.5 persons per dwelling unit. A dwelling unit density of 3.5 acres per dwelling unit and a unit water demand of 150 gpd/person results in a water demand rate of 525 gpd per dwelling unit at the project. For more information : https://www.chulavistaca.gov/.

sphere of influence with primary access available only through San Diego. Amending the sphere to include the territory would formalize these connections and support the February 2025 agreement between Chula Vista and San Diego.

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

Approving the proposed reorganization and annexation to City of San Diego would facilitate the orderly and otherwise notional expansion of the City's jurisdictional boundary and sphere of influence. 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, subject agencies, or interested parties in the administrative review of the proposal. Further, LAFCO is in receipt of a resolution of support adopted by Chula Vista as well as a letter of support by the Otay WD.

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

The affected territory does not contain "prime agricultural land", or "agricultural land" as defined under LAFCO law. Specifically, the affected territory does not contain lands currently used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program. Approval of the proposal and annexation to San Diego 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 reorganization would extend core municipal services to accommodate the planned construction of a 221-unit residential subdivision – known as the Nakano project – consistent with City 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.

The affected territory is presently undeveloped and designated by Chula Vista as Specific Plan – Residential Medium (SP-RM), allowing for a maximum of 6.1 to 11 dwelling units per acre. As the receiving entity, San Diego has amended its General Plan under the Otay Mesa Community Plan to Residential Low-Medium (RM-1-1) allowing for 1 dwelling unit per 3,000 square feet. The planned residential uses are consistent with the proposal's purpose to annex the affected territory into the City of San Diego and accommodate the development of a 221-unit residential subdivision.

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

See Item No. 1: Conforming Sphere of Influence Amendments (Page 6-8).

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

Notice of the submitted reorganization proposal was distributed to all affected and subject agencies as required under LAFCO law. Notices were also provided to all local college and school districts. No written comments on the proposal were received ahead of preparing this agenda report for distribution on July 25, 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 the City of San Diego 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.[12]

- San Diego's last outside audit covers 2023-2024 and shows the City finished with sufficient liquidity levels with an agency-wide current ratio of 1.61 to 1 (i.e., $1.61 in current assets for every $1.00 in current liabilities).

[12] The City overall has been maintaining positive total margins over the last three years, though it should be noted the City ended with low capital levels for all three years, (i.e., 45.8% debt-to-net ratio in 2023-2024).

- San Diego finished 2023-2024 with low capital levels and marked by a high debt ratio of 45.8% (i.e., $45.80 out of every $100.00 in net assets is financed through debt).

- San Diego finished 2023-2024 with an overall total margin of 8.2%.

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 can be supported through a 400-foot lateral extension from the existing water main infrastructure along Dennery Road within the City of San Diego's potable water system. Wholesale supplies will continue to be provided by the San Diego County Water Authority and the Metropolitan Water District of Southern California. Approval of the proposed reorganization would not affect existing relationships and/or commitments.

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 reorganization 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 landowner supports the proposed reorganization and have provided written consent to the proceedings as the petitioner.

o) Any information relating to existing land use designations.

See above analysis for (h).

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

The reorganization is expected to have a positive impact on environmental justice by enhancing municipal services – including water, wastewater, and integrated public safety 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 72nd percentile. Six pollution indicators exceed the 50th percentile threshold and are considered notable: PM 2.5 concentrations, toxic releases, cleanup sites, groundwater threats, and solid waste exposure.

- The affected territory's **composite susceptible population** ranking falls in the 44th percentile. Three individual indicators exceed the 50th percentile threshold and are considered notable: low birth weight, educational attainment, and linguistic isolation.

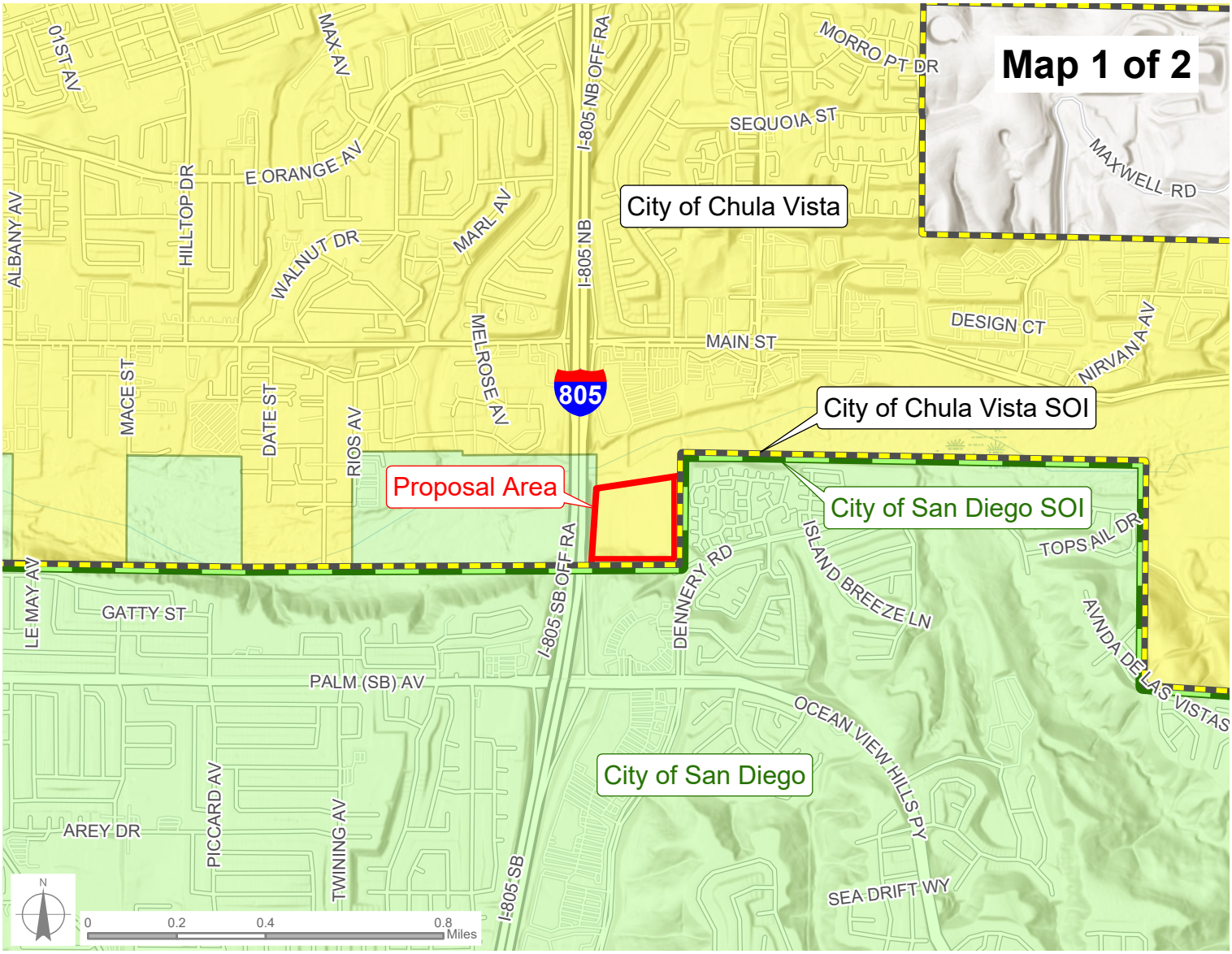
A summary of all tracked pollution burdens and susceptible populations follows.

Census Tract No. 6073010014
Pollution Burdens and Susceptible Population
(Source: California Environmental Protection Agency and SD LAFCO)

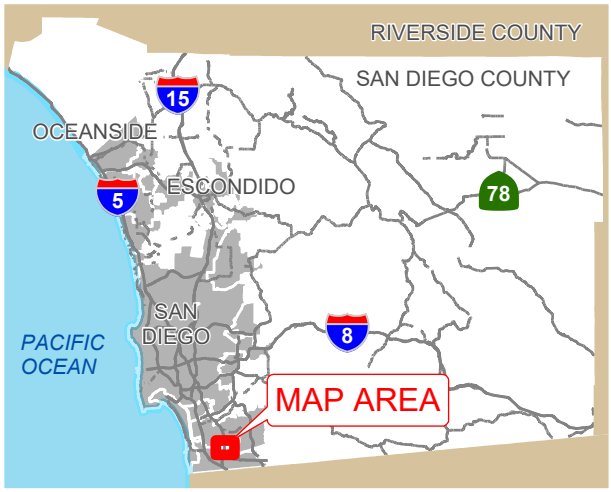
	Affected Territory + Surrounding Lands
Census Tract No.	6073010014
Estimated Population	18,854
Pollution Burden	Weighted Percentile
… Percentile	72.3
Indicator | Air Quality: Ozone	35.3
Indicator | Air Quality: PM 2.5:	**91.2**
Indicator | Air Quality: Diesel PM:	40.2
Indicator |Pesticides:	0.0
Indicator | Toxic Releases:	**83.2**
Indicator |Traffic:	35.6
Indicator | Drinking Water Contaminants:	23.5
Indicator | Lead in Housing:	23.3
Effects | Cleanup Sites:	**58.2**
Effects | Groundwater Threats:	**78.9**
Effects | Hazardous Waste:	**87.7**
Effects | Impaired Water:	23.9
Effects | Solid Waste:	**98.0**
Sensitive Population	Weighted Percentile
… Percentile	43.7
Population | Asthma:	44.2
Population | Low Birth Weight:	**63.3**
Population | Cardiovascular Disease:	32.2
Population | Education:	**63.4**
Population | Linguistic Isolation:	**59.0**
Population | Poverty:	28.4
Population | Unemployment:	43.1
Population | Housing Burden:	28.7

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 project site lies within an area considered a "Very High" fire hazard severity zone as designated by the Chula Vista Fire Department, San Diego Fire-Rescue Department, and on the California Department of Forestry and Fire Hazard Severity zone maps. The project site is within a "Low-Level" Earthquake Hazard Zone.







RO25-08

"NAKANO DEVELOPMENT PROJECT REORGANIZATION" | DETACHMENT FROM THE CITY OF CHULA VISTA AND OTAY WD WITH CONCURRENT ANNEXATION TO THE CITY OF SAN DIEGO AND RELATED ACTIONS

SOI = Sphere of Influence

- Proposal Area
- City of Chula Vista
- City of Chula Vista SOI
- City of San Diego
- City of San Diego SOI

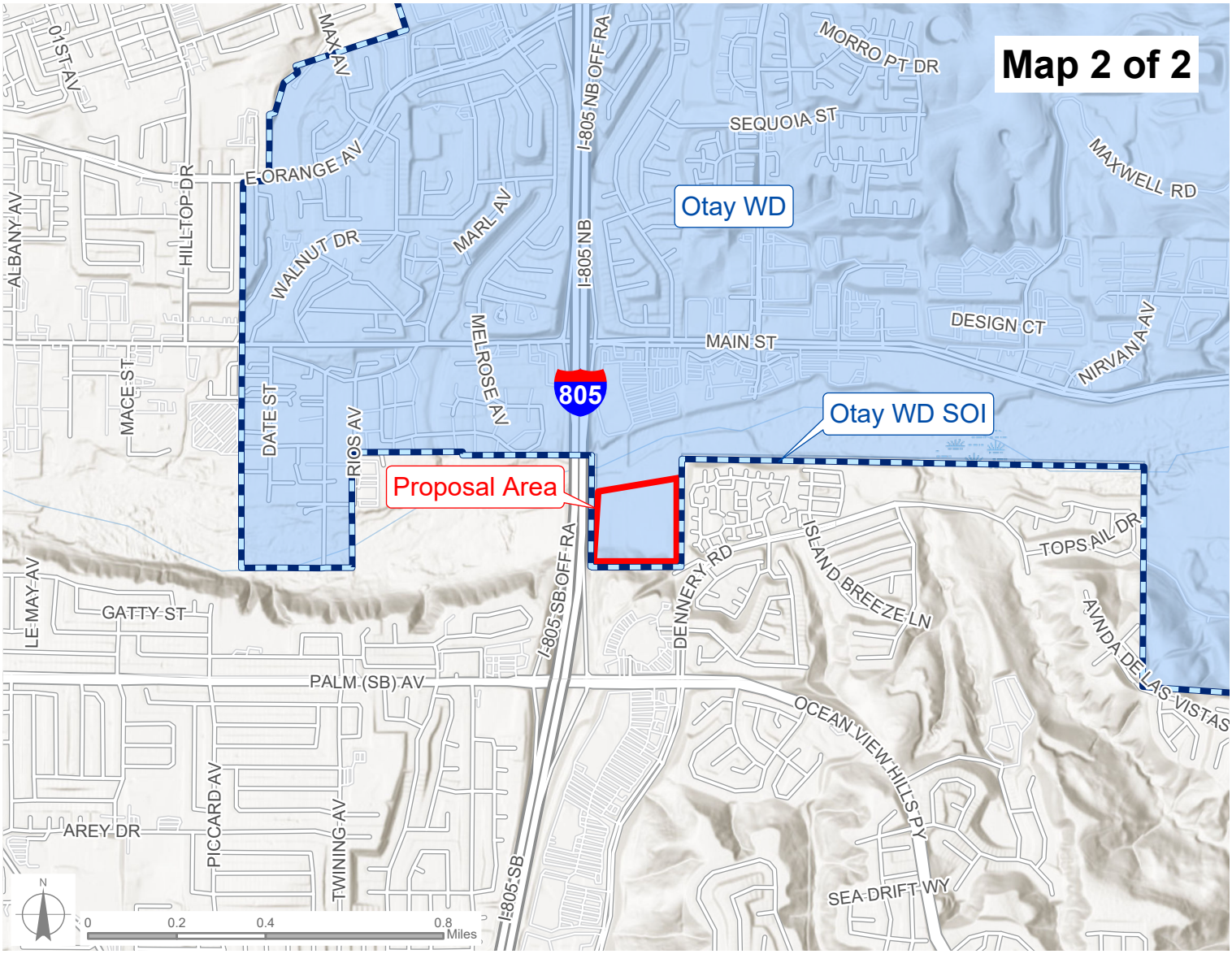
San Diego County
Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

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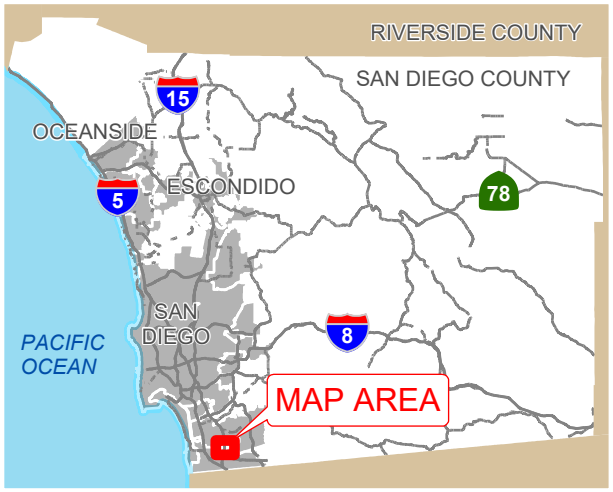
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Created by Dieu Ngu -- 5/16/2025

Map 2 of 2







RO25-08

"NAKANO DEVELOPMENT PROJECT REORGANIZATION" | DETACHMENT FROM THE CITY OF CHULA VISTA AND OTAY WD WITH CONCURRENT ANNEXATION TO THE CITY OF SAN DIEGO AND RELATED ACTIONS

SOI = Sphere of Influence

- Proposal Area
- Otay WD
- Otay WD SOI

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

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Created by Dieu Ngu -- 5/16/2025

RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A REORGANIZATION

"NAKANO DEVELOPMENT PROJECT REORGANIZATION"
ANNEXATION TO THE CITY OF SAN DIEGO WITH CONCURRENT DETACHMENT FROM THE CITY OF CHULA VISTA AND OTAY WATER DISTRICT AND RELATED ACTIONS
LAFCO FILE NO: RO25-08

WHEREAS, on March 17, 2025 the City of San Diego filed a resolution to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as "Commission", pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application before the Commission seeks approval of a reorganization of approximately 23.8 acres of incorporated territory within the City of Chula Vista involving annexation to the City of San Diego with concurrent detachment from the City of Chula Vista and the Otay Water District;

WHEREAS, the City of Chula Vista, City of San Diego, entered into an annexation agreement with Tri-Pointe Homes relative to the Nakano Project on February 2025;

WHEREAS, the affected territory as proposed includes one undeveloped legal parcel identified by the County of San Diego's Assessor's Office as 624-071-02; and

WHEREAS, on December 3, 2024, the City of Chula Vista and the City of San Diego entered into a property tax exchange agreement that will govern the property tax exchange associated with the reorganization of the affected territory to the City of San Diego; and

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

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

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on August 4, 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 reorganization under the California Environmental Quality Act (CEQA), the Commission's makes the following findings:

    a) The City of Chula Vista serves as the lead agency under the CEQA for the reorganization as part of its discretion to approve the underlying development project. Chula Vista determined the project did not qualify for an exemption and proceeded to prepare an Environmental Impact Report (EIR). In its role as lead agency, on December 3, 2024, Chula Vista certified a Final EIR and adopted a Notice of Determination (NOD). Chula Vista attests the implementation of mitigation measures via a Mitigation Monitoring and Reporting Program (MMRP) to reduce potential impacts. The Commission finds Chula Vista has prepared sufficient documentation as lead agency in assessing and mitigating potential impacts and adopts the findings of the EIR as responsible agency.

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

4. The Commission CONDITIONALLY APPROVES the sphere of influence amendments for the Cities of San Diego and Chula Vista and the Otay Water District to accommodate the reorganization as shown in the vicinity map provided as Exhibit A.

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

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

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

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

   a) Annexation of the affected territory to the City of San Diego as shown in "Exhibit B-1" and described in "Exhibit B-2".

   b) Detachment of the affected territory from City of Chula Vista and Otay Water District as shown in "Exhibit C-1" as described in Exhibit C-2".

6. The Commission CONDITIONS all approvals on the following terms being satisfied by August 4, 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 a CEQA Notice of Exemption and Notice of Determination consistent with the findings in the resolution.

      - A check made payable to the State Board of Equalization for processing fees in the amount of $1,200.00.

      - A check made payable to LAFCO to reimburse for the actual costs of noticing the proposal for the public hearing in the San Diego Union Tribune.

   d) Written confirmation from City of Chula Vista and City of San Diego that all terms required of their council's involving the reorganization are satisfied.

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

   "Nakano Development Project Reorganization".

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

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

10. The Otay Water District is a registered-voter district.

11. The City of San Diego and the Otay Water District utilize the County of San Diego assessment roll.

12. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the City of San Diego as provided under Government Section 57328, and will be subject to any previously authorized taxes, benefit assessments, fees or charges of the City of San Diego as provided under Government Code Section 57330.

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

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

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

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

**

PASSED AND ADOPTED by the Commission on August 4, 2025 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

**

ATTEST:

_____
Keene Simonds
Executive Officer

EXHIBIT A
MAP OF SPHERE OF INFLUENCE AMENDMENTS FOR THE
CITIES OF SAN DIEGO AND CHULA VISTA AND THE OTAY WATER DISTRICT

-Placeholder-

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EXHIBIT B-1
MAP OF THE AFFECTED TERRITORY

-Placeholder-

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EXHIBIT B-2
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

-Placeholder-

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“Nakano Development Project Reorganization” RO25-08

Attachment Three - A

Annexation Agreement – City of San Diego, City of Chula Vista, Tri-Pointe Homes

[redacted]

DUPLICATE

WHEN RECORDED MAIL TO:

City of San Diego
202 C. Street, 2nd Floor
San Diego, California 92101
Attn: City Clerk

Exempt from Filing Fees
Government Code § 27383

(Space above for Recorder's Use)

ANNEXATION AGREEMENT

among

THE CITY OF CHULA VISTA

a California Municipal Corporation,

and

THE CITY OF SAN DIEGO

a California Municipal Corporation,

and

TRI POINTE HOMES IE-SD, INC,

a California Corporation,

[Dated as of December 3 **, 2024 for reference purposes only]**

Document No. 00-21919
Filed FEB 25 2025
Office of the City Clerk
San Diego, California

For good and valuable consideration, including, but not limited to, the promises and mutual covenants set forth in this Annexation Agreement, the receipt and sufficiency of which is hereby acknowledged, the City of Chula Vista, the City of San Diego, and Tri Pointe Homes IE-SD, Inc. agree as follows:

ARTICLE 1

PARTIES AND EFFECTIVE DATE

1.1 **Parties**. This Annexation Agreement ("Agreement") is entered into among: (i) the City of Chula Vista ("Chula Vista"), a municipal corporation and California charter city; (ii) the City of San Diego ("San Diego"), a municipal corporation and California charter city; and (iii) Tri Pointe Homes IE-SD, Inc. ("Tri Pointe Homes"), a California corporation. Chula Vista, San Diego and Tri Pointe Homes are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties." This Agreement is dated as of December 3, 2024, for reference purposes only, and will become effective upon the "Effective Date" as defined in Section 1.2 below.

1.2 **Effective Date**. This Agreement will become effective on the first date ("Effective Date") on which all the following have occurred: (i) this Agreement has been approved by Tri Pointe Homes, executed by its legally authorized officers, and delivered to Chula Vista and San Diego; (ii) this Agreement has been approved by City of Chula Vista City Council ("Chula Vista City Council") and executed by its duly authorized representative as designated by the Chula Vista City Council; and (iii) this Agreement has been approved by the City of San Diego City Council ("San Diego City Council") and executed by its duly authorized representative as designated by the San Diego City Council.

ARTICLE 2

RECITALS

2.1 Tri Pointe Homes owns 23.8 acres of uninhabited land (the "Project Property"), located in the undeveloped area of Chula Vista adjacent to the jurisdictional boundary of San Diego, as described and depicted in Exhibit A, attached hereto.

2.2 Tri Pointe Homes represents and warrants to the Parties that Tri Pointe Homes is the legal title holder and owner of record of the Project Property and that no other parties have a legal or equitable interest in the Project Property.

2.3 Tri Pointe Homes intends to develop the Nakano project (the "Project"), which, as approved by Chula Vista, consists of up to a 221-unit residential development on the Project Property. The details of the Project are described and depicted in exhibits to the Project's vesting tentative map and its Environmental Impact Report ("EIR"), as approved and certified by Chula Vista, and are incorporated herein by this reference.

2.4 Although the Project Property is located within Chula Vista's jurisdiction, it is situated adjacent to San Diego's Ocean View Hills residential development to the east, Interstate 805 to the west, Kaiser Medical Center to the south and the Otay Valley River Park to the north,

as depicted in Exhibit A. The Project Property does not have direct access or connections to Chula Vista utilities, services and facilities, and, if developed, would need to be served by San Diego.

2.5 Prior to the Effective Date of this Agreement, Chula Vista, San Diego, and Tri Pointe Homes approved a memorandum of understanding ("MOU") setting forth: (i) Chula Vista and San Diego's reservation of rights to exercise their discretion as to all matters to negotiate or terminate negotiation of a binding annexation agreement; (ii) an understanding that Chula Vista would serve as the Lead Agency for purposes of compliance with the California Environmental Quality Act (Pub. Res. Code §§ 21000 *et seq.*) ("CEQA") and include an independent analysis of the environmental impacts of a scenario where the Project Property would be annexed into San Diego; and (iii) an understanding that if Chula Vista approved the Project and an annexation agreement, then San Diego would independently evaluate whether to support the Reorganization, and if so, execute a binding annexation agreement and serve as the San Diego Local Agency Formation Commission ("LAFCO") Applicant for LAFCO purposes in processing the Reorganization through LAFCO. The original term of this MOU has been extended upon the mutual agreement of the parties.

2.6 As provided in this Agreement, the Parties agree the Project Property on which Tri Pointe Homes will construct the Project will be detached from Chula Vista and annexed into the jurisdictional boundaries of San Diego. The process by which these jurisdictional changes will occur are collectively referred to in this Agreement as the "Reorganization."

2.7 Pursuant to the authority to enter into annexation-related contracts (*Morrison Homes Corporation v. City of Pleasanton* (1974) 58 Cal. App.3d 724, 733), this Agreement sets forth the process for and the terms and conditions upon which the Project Property may be detached from Chula Vista and annexed into San Diego through the Reorganization, in the event Chula Vista approves the Project.

2.8 Due to the complexity and magnitude of the Project, as well as the substantial financial investment associated with the development, Tri Pointe Homes desires for Chula Vista and San Diego to provide a sufficient degree of certainty regarding the provision of municipal services to the Project Property after Chula Vista approves the Project. Pursuant to this Agreement, Chula Vista and San Diego provide assurances to Tri Pointe Homes that it will have the right to develop the Project in accordance with the Project Entitlements (as defined herein) on the terms and conditions provided in this Agreement.

ARTICLE 3

DEFINITIONS

3.1 "Affected Local Agency" has the definition provided in Government Code section 56014.

3.2 "Agreement" means this Annexation Agreement.

3.3 "Annexation" has the definition provided in Government Code section 56017 and, for this Agreement, means more specifically the addition of the Project Property to the jurisdictional boundaries of San Diego and any other Affected Local Agency.

3.4 "Application" has the definition provided in Section 4.1.2 of this Agreement.

3.5 "Approval of Reorganization" means LAFCO's adoption of a resolution making determinations to approve the Reorganization pursuant to Government Code section 56880.

3.6 "Building Codes" means standard, uniform codes governing construction, as adopted in California and/or San Diego. Examples of Building Codes include the California Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, the Uniform Housing Code, and the Uniform Code for the Abatement of Dangerous Buildings.

3.7 "CEQA" means the California Environmental Quality Act, Public Resources Code section 21000 *et seq.* and the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3 ("CEQA Guidelines").

3.8 "Certificate of Completion" has the definition provided in Government Code section 56020.5.

3.9 "Chula Vista" means the City of Chula Vista, a California municipal corporation and charter city.

3.10 "Chula Vista Project Entitlements" means the discretionary approvals that may be issued by Chula Vista as part of the possible approval of the Project. The Chula Vista Project Entitlements include, but are not limited to, the certification of the EIR and related approvals required pursuant to CEQA, General Plan Amendment, Specific Plan, Vesting Tentative Subdivision Map, Rezone, Multiple Species Conservation Plan Subarea Plan Amendment, and Mitigation Monitoring and Reporting Program. Chula Vista retains and will exercise full authority, discretion, jurisdiction, and independent judgment regarding any and all discretionary decisions. Chula Vista shall not make or issue and ministerial approvals or permits regarding the Project, including but not limited to any grading permits, building permits, or certificates of occupancy or completion for the Project.

3.11 "Detachment" has the definition provided in Government Code section 56033, and, for this Agreement, means more specifically the removal of the Project Property from the jurisdictional boundaries of Chula Vista and the Otay Municipal Water District.

3.12 "Early Termination" has the definition provided in Section 8.6.2 of this Agreement.

3.13 "Effective Date" has the definition provided in Section 1.2 of this Agreement.

3.14 "EIR" means the Final Environmental Impact Report, SCH No. 2022060260, including the technical studies prepared in support of the EIR, for the Project as certified by Chula Vista, as the lead agency, and San Diego, as the responsible agency, pursuant to CEQA, and shall include, CEQA Findings of Fact, Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program, as approved separately and independently by Chula Vista and San Diego.

3.15 "Executive Officer" has the definition provided in Government Code section 56038 and, for this Agreement, means the Executive Officer of LAFCO.

3.16 "Expiration" has the definition provided in Section 8.6.1 of this Agreement.

3.17 "Fiscal Impact Analysis" means the fiscal study required by Section 5.3 of this Agreement.

3.18 "Initiate" or "Initiation" has the definition provided in Government Code section 56047.

3.19 "LAFCO" means the Local Agency Formation Commission of the County of San Diego, or any successor entity thereto.

3.20 "LAFCO Final Decision" means when LAFCO has recorded the Certificate of Completion with the County of San Diego Recorder's Office and: (i) any ordinances or resolutions with respect to the Certificate of Completion have taken effect; (ii) the time has passed for any request for reconsideration or appeal of LAFCO's Approval of Reorganization or the Certificate of Completion to any administrative agency or court with appeal jurisdiction over such approvals or appeals in connection therewith; (iii) no notice of referendum or initiative with respect thereto has been published or publicized within the statutory timeframes; and (iv) any appeal or litigation with respect to the Certificate of Completion or LAFCO's Approval of Reorganization has been prosecuted and resolved in a manner which is not subject to remand to lower courts or governmental agencies.

3.21 "Landowner" has the definition provided in Government Code section 56048 and, for this Agreement, is equivalent to Tri Pointe Homes.

3.22 "Lead Agency for CEQA" has the definition provided in Public Resources Code section 21067 and section 15050 of the CEQA Guidelines, and, unless otherwise indicated, refers to Chula Vista and its efforts to process the Chula Vista Project Entitlements.

3.23 "LAFCO Applicant" refers to San Diego and its efforts to process the Reorganization through LAFCO.

3.24 "MOU" means the memorandum of understanding, as amended from time to time, by and among Chula Vista, San Diego and Tri Pointe Homes as approved by the respective Parties.

3.25 "Otay Municipal Water District" means the Otay Municipal Water District, a water district established and organized pursuant to the California Water Code.

3.26 "Parties" means, collectively, Chula Vista, San Diego and Tri Pointe Homes.

3.27 "Party" means, individually, Chula Vista, San Diego or Tri Pointe Homes.

3.28 "Permit Condition" means a condition to be included in the Project Entitlements set forth by Chula Vista that reads substantially as follows:

"With payment of processing fees, Tri Pointe Homes may process and complete all requirements necessary for a final map. However, a final map shall for the Project only be approved by the City of San Diego upon the satisfaction of all requirements for obtaining a final map, including the payment of all applicable processing fees."

3.29 "Project" means the Nakano Project proposed by Tri Pointe Homes for construction on the Project Property, as is more particularly defined in Section 2.3 of this Agreement.

3.30 "Project Build-Out" means the issuance of the last permit needed to occupy and use the last structure or facility identified in the Project Entitlements or an earlier time as the Parties may mutually agree in writing.

3.31 "Project Entitlements" shall mean, collectively, Chula Vista Project Entitlements and San Diego Project Entitlements.

3.32 "Project Property" has the definition provided in Section 2.1 of this Agreement and is described and depicted in Exhibit A, attached hereto.

3.33 "Reorganization" means the Detachment of the Project Property from Chula Vista and the Otay Municipal Water District and Annexation of the Project Property into the jurisdictional boundaries of San Diego and other Affected Local Agency, as provided in Government Code section 56073 and sections 56650 *et seq.*, as well as any required adjustments to the Chula Vista, San Diego and Otay Municipal Water District Spheres of Influence and related changes to the jurisdictional boundaries and/or Spheres of Influence of any other Affected Local Agency, as set forth in San Diego's Resolution of Application for Reorganization.

3.34 "Reorganization Effective Date" has the definition provided in Section 5.1 of this Agreement.

3.35 "Resolution of Application for Reorganization" means the document that San Diego will approve in order to initiate the Reorganization, as provided in Government Code section 56073.1.

3.36 "San Diego" means the City of San Diego, a California municipal corporation and charter city.

3.37 "San Diego Project Entitlements" means the discretionary approvals issued by San Diego as part of the possible approval of the Project. The San Diego Project Entitlements include, but are not limited to, the review and consideration of the EIR and related approvals required pursuant to CEQA, Community Plan Amendment, General Plan Amendment, Pre-Zone, Multiple Species Conservation Plan Subarea Plan Amendment, Sewer Easement Vacation, City Council District Boundary Amendment, Resolution of Application to LAFCO, Site Development Permit for development areas currently in City of San Diego jurisdiction and Uncodified Ordinance for areas outside City of San Diego. San Diego retains and will exercise full authority, discretion, jurisdiction, and independent judgment regarding any and all discretionary decisions relating to the San Diego Project Entitlements and shall be responsible for the issuance of any related certificates.

3.38 "Sphere of Influence" has the definition provided in Government Code section 56076.

3.39 "Tri Pointe Homes" means Tri Pointe Homes IE-SD, Inc. a California corporation with its principal place of business located at Irvine, California.

ARTICLE 4

THE REORGANIZATION

4.1 **Initiation of Proceedings**. The Reorganization shall be processed in accordance with the timeline identified in Exhibit B.

4.1.1 **San Diego as Proponent of Reorganization**. San Diego, as the LAFCO Applicant, shall adopt a Resolution of Application for Reorganization, in substantially the form described in Exhibit C, attached hereto, within sixty (60) calendar days of the Effective Date of this Agreement. Tri Pointe Homes, Chula Vista and San Diego shall review and approve in writing all modifications to the attached Resolution of Application for Reorganization prior to adoption by San Diego and submission to LAFCO. For purposes of this paragraph only, the review and approval of modifications to the Resolution of Application may be made by the City Manager of Chula Vista, Mayor of San Diego, or their respective designees. San Diego shall process the Reorganization with LAFCO to obtain a Certificate of Completion for the Reorganization. Except as otherwise provided in this Agreement, San Diego hereby irrevocably consents to the Reorganization and agrees to not in any way object to, protest, delay, frustrate, or otherwise impede the Reorganization. Provided that Tri Pointe Homes and Chula Vista have fully complied with their obligations set forth in this Agreement, San Diego shall cooperate in every reasonable way with the requests of Tri Pointe Homes, Chula Vista, LAFCO and any other Affected Local Agency in any proceedings for the Reorganization. Notwithstanding any other provision herein, failure to adopt the applicable resolution within sixty (60) calendar days or obtain the Parties' written mutual consent for an extension of time to adopt the applicable resolution will terminate this Agreement.

4.1.2 **Timing, Form and Content of Application**. San Diego shall submit an Application for Reorganization ("Application") within sixty (60) calendar days of its approval of a Resolution of Application for Reorganization. The form and content of the Application shall be as provided in Government Code section 56652 and LAFCO policy, including any necessary information regarding an adjustment to San Diego's Sphere of Influence or the Otay Water District Sphere of Influence, in order to serve the Project Property and shall be in substantially the form described in Exhibit D, attached hereto. Tri Pointe Homes, Chula Vista and San Diego shall review and approve in writing all modifications to the attached Application prior to submission to LAFCO. For purposes of this paragraph only, review and approval of modifications to the Application may be made by the City Manager of Chula Vista, Mayor of San Diego, or their respective designees. The Application will also include this Agreement. The Parties agree to jointly work to ensure that the Application satisfies the LAFCO form and content requirements.

4.1.3 **Chula Vista Resolution of Support**. Chula Vista shall adopt a Resolution of Support for San Diego's Application within ten (10) calendar days of the Effective Date of this Agreement or concurrent with a hearing to approve this Agreement, whichever occur first. Except

as otherwise provided in this Agreement, Chula Vista hereby irrevocably consents to the Reorganization and agrees to not in any way object to, protest, delay, frustrate, or otherwise impede the Reorganization. Provided that Tri Pointe Homes and San Diego have fully complied with their obligations set forth in this Agreement, Chula Vista shall cooperate in every reasonable way with the requests of Tri Pointe Homes, San Diego, LAFCO and any other Affected Local Agency in any proceedings for the Reorganization. Notwithstanding any other provision herein, failure to adopt the applicable resolution within sixty (60) calendar days or obtain the parties' written mutual consent for an extension of time to adopt the applicable resolution will terminate this Agreement.

4.1.4 **Purpose of Resolutions**. It is the intent of the Parties that the resolutions called for in this Section 4.1 of the Agreement shall satisfy the provisions of Government Code sections 56751(d) and 56857(e) and make the provisions of Government Code sections 56751(a)-(c) and 56857(a)-(d) inapplicable to the Reorganization.

4.1.5 **Compliance with Government Code section 56375(a)(7)**. Government Code section 56375(a)(7) provides that LAFCO "shall require, as a condition to annexation, that a city prezone the territory to be annexed *or present evidence satisfactory to the commission that the existing development entitlements on the territory are vested or are already at buildout, and are consistent with the city's general plan.*" (Emphasis added.) The Parties intend this Agreement to serve as satisfactory evidence that the Project Entitlements, as applied to the Project, are vested and consistent with San Diego's General Plan as of the Effective Date.

4.1.6 **Landowner-Owner Consent Form; Irrevocable Consent**. Within thirty (30) days of the Effective Date of this Agreement, Tri Pointe Homes shall execute and cause to be submitted to San Diego in connection with the Application a Landowner-Consent Form in support of the Reorganization in the form required by LAFCO. Except as otherwise provided in this Agreement, Tri Pointe Homes hereby irrevocably consents to the Reorganization and agrees to not in any way object to, protest, delay, frustrate, or otherwise impede the Reorganization. Provided that Chula Vista and San Diego have fully complied with their obligations set forth in this Agreement, Tri Pointe Homes shall cooperate in every reasonable way with the requests of Chula Vista, San Diego, LAFCO and any Affected Local Agency and any other public agency in any proceedings for the Reorganization. Tri Pointe Homes shall also cause to be prepared all legal descriptions, parcel/plan maps and other maps required by LAFCO for the Reorganization.

4.1.7 **Plan For Providing Services**. A Plan for Providing Services consistent with the requirements in Government Code section 56653, in substantially the form described in Exhibit E, attached hereto, shall be submitted as part of San Diego's Application. Tri Pointe Homes, Chula Vista and San Diego shall review and approve in writing all modifications to the attached Plan for Providing Services prior to submission to LAFCO. For purposes of this paragraph only, the review and approval of modifications to the Plan for Providing Services may be made by the City Manager of Chula Vista, Mayor of San Diego or their respective designees.

4.1.8 **Environmental Document**. The Parties intend that the EIR shall be the environmental documentation used by Chula Vista, San Diego, LAFCO, or other Affected Local Agency to comply with CEQA in the consideration of the Reorganization. Tri Pointe Homes shall be responsible for causing the appropriate number of copies of the EIR and related documents to be provided for the Application. If LAFCO requires additional information related to the

environmental documentation, the Parties shall make reasonable efforts to provide the information to LAFCO, and Tri Pointe Homes shall be solely responsible for such costs.

4.1.9 **LAFCO Processing Fees**. Tri Pointe Homes shall be solely responsible for providing all LAFCO processing fees pursuant to LAFCO's standard policies or as may otherwise be required to process the Reorganization.

4.1.10 **Complete Application**. The Parties anticipate that LAFCO may require additional information prior to deeming the Application complete. The Parties shall make reasonable efforts to provide the information to LAFCO.

4.2 **LAFCO Hearing and Decision**.

4.2.1 **Assistance of Parties to LAFCO Executive Officer and Staff**. The Parties shall make reasonable efforts to timely respond to requests for information from the Executive Officer and LAFCO staff as necessary for the processing of the Reorganization through the LAFCO hearing process.

4.2.2 **Participation in Hearing Process**. The Parties shall make reasonable efforts to ensure that their appropriate representatives prepare for and attend LAFCO meetings and public hearings as necessary for the processing of the Reorganization through the hearing process.

4.3 **Reorganization Processing Costs**.

4.3.1 **Tri Pointe Homes**. Tri Pointe Homes shall be solely responsible for all costs and fees, including attorney's fees or other obligations incurred by it for the Project, the EIR and the Reorganization. In addition, except as may otherwise be expressly provided in this Agreement, Tri Pointe Homes shall pay all costs and fees, including attorneys' fees associated with processing the Project, the EIR and the Reorganization and other obligations of Chula Vista, San Diego and the City in connection with processing the Project, the EIR and the Reorganization. However, such costs and fees shall not include any costs and fees related to any challenge initiated or joined in by Chula Vista or San Diego to the issuance of any Project permits or approvals. Tri Pointe Homes shall establish or maintain throughout the term of this Agreement refundable deposit accounts with Chula Vista and San Diego, respectively, against which Chula Vista and San Diego may draw its reasonable costs and fees, including attorneys' fees, and other monetary obligations. Within thirty (30) days of receipt of a written request, Tri Pointe Homes shall replenish the deposit account in accordance with Chula Vista and San Diego's respective published deposit requirements. Tri Pointe Homes acknowledges and agrees that its failure to replenish the deposit accounts will result in suspension of work by the Party requesting that the account be replenished.

4.3.2 **Chula Vista**. Chula Vista shall be entitled to be fully and timely reimbursed by Tri Pointe Homes as provided in Section 4.3.1 for its reasonable costs and fees incurred in connection with processing the Project, Chula Vista Project Entitlements and the Reorganization in accordance with its published fee schedules applicable throughout its territory, and other reasonable costs and fees, and will require deposits from Tri Pointe Homes for such costs and fees in accordance with Section 4.3.1. Except as may otherwise be expressly provided in this Agreement, Chula Vista shall have no obligation for the costs and fees incurred by Tri Pointe

Homes, or San Diego in connection with the Project, Chula Vista Project Entitlements or the Reorganization.

4.3.3 **San Diego**. San Diego shall be entitled to be reimbursed by Tri Pointe Homes as provided in Section 4.3.1 for its reasonable costs and fees incurred in connection with processing the Project, San Diego Project Entitlements and the Reorganization in accordance with its published fee schedules applicable throughout its territory. Except as may otherwise be expressly provided in this Agreement, San Diego shall have no obligation for the costs and fees incurred by Tri Pointe Homes, or Chula Vista in connection with processing the Project, San Diego Project Entitlements or the Reorganization.

ARTICLE 5

LAFCO TERMS AND CONDITIONS

5.1 **Effective Date of Reorganization**. In accordance with Government Code section 57202(a), the Parties agree, and shall include as a term and condition in the Application, a condition that the Reorganization Effective Date shall be upon the date of recordation of the Certificate of Completion with the County of San Diego Recorder's Office, which the Parties desire to occur as soon after LAFCO Approval of the Reorganization as is reasonable possibly.

5.2 **Processing of and Services to the Project**

5.2.1 **Role of San Diego**. San Diego shall process any and all approvals necessary or related to the Reorganization, including, but not limited to, the San Diego Project Entitlements. San Diego shall also take such actions that it would otherwise take regarding the Project after the Reorganization, including issuance of Certificates of Occupancy and recordation of a final map, except as may be modified by this Agreement. Following Reorganization, San Diego shall implement and monitor the conditions of approval included in the Chula Vista Project Entitlements to the extent feasible and consistent with San Diego regulations. In the instance a condition is found to be infeasible and/or inconsistent, San Diego shall meet and confer with Chula Vista in good faith to address satisfaction of said condition. For the avoidance of doubt, the right-of-entry permit, revegetation and trail construction that is anticipated to occur within the jurisdictional boundaries of Chula Vista shall be implemented in accordance with the Otay Valley River Park Guidelines. The processing of these approvals does not limit the City of San Diego's police powers, independent judgment, or discretion in considering these approvals.

5.2.2 **Role of Chula Vista**. Until the Reorganization, Chula Vista shall process the Chula Vista Project Entitlements, including the Permit Condition, in accordance with applicable policies and practices and this Agreement. Following Reorganization, Chula Vista shall process, permit and inspect any components of the Project (i.e., off-site mitigation) that are not subject to the Reorganization, in accordance with the Chula Vista Project Entitlements, including the Permit Condition, applicable codes, policies and practices and this Agreement. Chula Vista shall take such actions that it would otherwise take regarding the Project during and after the Reorganization except as may be modified by this Agreement.

5.2.3 **Tri Pointe Home's Obligation; Property Maintenance.** Tri Pointe Homes shall make reasonable efforts to process the Project with Chula Vista and San Diego to completion. At all times, Tri Pointe Homes shall maintain the Project Property in good condition and in compliance with reasonable maintenance standards sufficient to keep the Project Property free from fire hazards, visible defects, deterioration, dirt and debris.

5.3 **Distribution of Processing Fees, Mitigation Fees, Credits, Open Space and Other Revenue from the Project and the Project Property.**

5.3.1 **General Intent of the Parties.** The Parties intend that the Party that provides a particular service to the Project or the Project Property, or that will bear the impact for which a fee is imposed, should receive the fees or revenue associated with that service or impact. The Parties desire that this general intent guide the resolution of any future disputes about which Party should receive a fee or revenue associated with the Project on the Project Property, unless otherwise expressly provided in this Agreement. It is also the intent of the Parties to comply with Government Code sections 66000 - 66025 and not to duplicate fees charged to Tri Pointe Homes.

5.3.2 **Allocation of Fees and Revenue.** The Parties have agreed that San Diego will provide all services to the Project and shall receive all fees and or revenues associated with the services.

5.3.3 **Fiscal Impact Analysis.** The Parties have caused the preparation of a Fiscal Impact Analysis, described in Exhibit F, attached hereto, which identifies both the current and anticipated taxes, fees, assessments and other revenue associated with the Project and the Project Property and the anticipated costs for the provision of various municipal services to the Project and the Project Property. The Fiscal Impact Analysis does not identify either current or anticipated impact-related fees.

5.3.4 **Distribution of Revenue and Other Items.** The Parties have attempted to identify the known taxes, fees, assessments, credits, dedications and other revenue generated from the Project or the Project Property described in Exhibit G, attached hereto, and for each such item, the Parties have designated the Party entitled to receive the item.

5.3.5 **Payment of Fees by Tri Pointe Homes.** Prior to the issuance by San Diego of any permits for the Project, Tri Pointe Homes must pay the fees, assessments or other amount related to the Project Entitlements or permit and required to be paid prior to permit issuance to the Party entitled to receive the fee, assessment or payment. If the payment is due to Chula Vista, Tri Pointe Homes shall make such payment directly to Chula Vista. If the payment is due to San Diego, Tri Pointe Homes must make the payment directly to San Diego.

5.3.6 **Payment of Local Share of Property Taxes.** Tri Pointe Homes or future landowners (i.e., homeowners) within the Project Property shall satisfy their duty to pay tax revenue to the Parties identified in Exhibit G, attached hereto, through payment of applicable property taxes to the County of San Diego Assessor's Office through the Assessor's Office's proscribed means. If Chula Vista receives the local government share of property taxes for the Project Property after the Reorganization Effective Date, then Chula Vista shall transfer such property taxes to the Parties identified in Exhibit G, attached hereto, in accordance with the

percentage of time during the annual assessment period that services were required to be provided by such Parties pursuant to this Agreement.

5.3.7 **Undesignated Government Revenue**. In the event that government revenue is generated from the Project or the Project Property that are not identified, in whole or in part, in this Agreement, such revenue shall be distributed in a manner consistent with the general intent expressed in Section 5.3.1 above. The City Manager of Chula Vista, Mayor of San Diego, or their respective designees, as applicable, shall, within thirty (30) days of the identification of the revenue, meet and confer in good faith to mutually agree upon that should receive such revenue. If the Parties cannot mutually agree, Chula Vista and/or San Diego ("Revenue Disputing Parties") as applicable, shall resolve the issue by participating in at least four (4) hours of mediation prior to filing any court action. The mediation shall be held in San Diego, California, before a mediator selected by the Revenue Disputing Parties. The mediation shall be commenced by any Revenue Disputing Party making a written demand for mediation to another party. Within fifteen (15) days after such demand is made, the Revenue Disputing Parties shall mutually select a mediator. If the Revenue Disputing Parties are unable to agree on a mediator, the administrator of JAMS in San Diego, California shall select an independent mediator. The Revenue Disputing Parties to the mediation shall equally share the costs of the mediation, however, no Revenue Disputing Party shall be required to pay more than $10,000 in connection with any single mediation under this agreement unless such Revenue Disputing Party agrees to do so in writing. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled until fifteen (15) days after the date of the mediation session. The Revenue Disputing Parties will take such action, if any, required to effectuate such tolling. California Evidence Code sections 1119 through 1128 shall apply to the mediation. If a Revenue Disputing Party fails to cooperate to commence and/or participate in a mediation session, then, notwithstanding anything above, the other Revenue Disputing Party shall be free to file a court action even if no mediation session has taken place. Upon resolution, the Parties shall execute an Annexation Agreement Operating Memorandum confirming the allocation. Such Annexation Agreement Operating Memorandum may be signed by the City Manager of Chula Vista, Mayor of San Diego or their respective designees.

5.3.8 **Municipal Services Cost Neutrality**. The provision of municipal services to the Project or Project Property is intended be on a cost neutral basis to San Diego. The Parties agree such cost neutrality is satisfied because the Parties caused the preparation of the Fiscal Impact Analysis, described in Exhibit F, attached hereto, that concludes that San Diego's cost of services will be equal to or less than the revenue San Diego anticipates it will receive from the Project.

5.3.9 **Housing Credits and Inclusionary Affordable Housing Fees**. The Project shall comply with affordable housing requirements identified in the San Diego Municipal Code. San Diego shall be entitled to receive credit towards its share of the regional housing needs allocation for the number of qualifying units, if any, in the Project.

5.3.10 **Mitigation of Biological Impacts, Open Space Deeds**. The Parties agree that as part of the Project Entitlements, any impacts to biological resources, including to environmentally sensitive lands and wetland deviations as identified by the San Diego Municipal Code, have been analyzed and mitigated and conditioned by the Project Entitlements to the extent feasible and that no additional permits or approvals will be required from San Diego to mitigate

for biological impacts. San Diego shall accept a covenant of easement to the undeveloped portions of the Property identified in the Project Entitlements, in accordance with Project Entitlements, and Chula Vista shall have no obligation related to open space lands. In addition, notwithstanding any other term of this Agreement, San Diego shall be entitled to receive any and all mitigation fees related to the open space, if applicable.

5.4 **Provision of Municipal Services to the Annexation Property.**

5.4.1 **Water and Sewer.** Upon the Reorganization Effective Date, San Diego shall provide water and sewer services to the Project Property. Tri Pointe Homes shall construct or cause the construction of all on-site public improvements and off-site public improvements necessary to connect to San Diego's water and sewer services as required by the Project Entitlements and San Diego's standards and approved material requirements including but not limited to the standards adopted by San Diego, San Diego's rules and regulations, and the Contract to Make, Install and Complete Water and/or Sewer Facilities to be entered into by Tri Pointe Homes and San Diego prior to commencement of construction. All water and sewer facilities shall be inspected and tested in accordance with the standards adopted by San Diego. Tri Pointe Homes shall pay sewer and water capacity fees and other applicable fees, to San Diego in accordance and compliance with fee schedules in effect at the time of payment by Tri Pointe Homes to San Diego. San Diego shall recover all of its other expenses not associated with the sewer and water capacity fee through monthly water and sewer rates charged to users in accordance with rules and regulations applicable to San Diego. Upon the Reorganization Effective Date, San Diego shall provide water and sewer services to the Project Property at the same level of service and upon the same terms and conditions as provided to other properties within San Diego's service area and assess such users monthly water and sewer rates in accordance the rules and regulations applicable to San Diego.

5.4.2 **Fire and Life Safety.** Upon the Reorganization Effective Date, San Diego shall provide or cause to be provided fire and life safety services to the Project Property. San Diego shall provide primary fire and life safety services to the Project Property on the same level of service and upon the same terms and conditions as provided other areas of San Diego.

5.4.3 **Law Enforcement Services.** Upon the Reorganization Effective Date, San Diego shall provide or cause to be provided primary law enforcement services to the Project Property pursuant to a "Will Serve" letter or a Mutual Aid Agreement. San Diego shall provide law enforcement services to the Project Property on the same level of service and upon the same terms and conditions as provided other areas of San Diego.

5.4.4 **Other Municipal Services.** Upon the Reorganization Effective Date, San Diego shall provide or cause to be provided other municipal services to the Project Property, other than the permitting and inspection services provided by Chula Vista under this Agreement, pursuant to a "Will Serve" letter. San Diego shall provide municipal services to the Project Property on the same level of service and upon the same terms and conditions as provided other areas of San Diego.

5.5 **Full Faith and Credit Given to Right to Develop the Project in Accordance with the Project Entitlements.**

5.5.1 **Full Faith and Credit of Development Rights.** The Parties agree that Tri Pointe Homes shall have the right to develop the Project in accordance with the Project Entitlements, and San Diego agrees to give full faith and credit to the Chula Vista Project Entitlements on the terms and conditions as issued by Chula Vista. To the extent the Project Entitlements provide Tri Pointe Homes with vested rights to develop the Project in accordance with the Project Entitlements, San Diego agrees to give full faith and credit to those vested rights on the same terms and conditions as Chula Vista. The full faith and credit created herein is not intended to either expand or contract Tri Pointe Homes's right to develop the Project in accordance with the Project Entitlements. The full faith and credit created herein is intended to provide Tri Pointe Homes with the assurance that San Diego will honor Tri Pointe Homes's vested development rights in the same manner and under the same conditions as Chula Vista. The Term of this Agreement does not have any effect on any vesting of rights under the Project Entitlements or the length of time under which those rights, if any, are vested. Notwithstanding the foregoing, the Parties acknowledge that the Project's Vesting Tentative Map is tolled for five (5) years or until a LAFCO Final Decision on the Reorganization, whichever is earlier, because this Agreement prohibits Tri Pointe Homes from obtaining a final map until Approval of Reorganization. Furthermore, full faith and credit shall be extended for any extensions of the Project Entitlements which may exist or are granted in accordance with the Chula Vista Municipal Code, Subdivision Map Act (including, but not limited to legislatively granted extensions), or other state laws.

5.5.2 **Post-Chula Vista Project Entitlements Approval Actions by Tri Pointe Homes.** After Chula Vista's approval of the discretionary Chula Vista Project Entitlements, but before the Reorganization Effective Date, and with payment of processing fees, Tri Pointe Homes may concurrently process San Diego Project Entitlement applications and ministerial applications, and complete all requirements necessary for a final map. However, San Diego shall only approve a final map in accordance with the Subdivision Map Act as provided in the Permit Condition and after it and Chula Vista have received full and complete payment by Tri Pointe Homes of all applicable fees and costs conditioned upon final map approval.

5.5.3 **Development of Project Property after Full Project Build-Out.** Following the Reorganization Effective Date, development of the Project Property occurring after full Project Build-out that is not governed by the Project Entitlements shall conform to the then existing requirements of San Diego. San Diego shall treat any existing development that occurred in accordance with the Project Entitlements as legal non-conforming, except to the extent that compliance with San Diego requirements would not unreasonably interfere with such existing development and would be consistent with the requirements imposed by San Diego on existing development outside the Project Property.

5.5.4 **Reserved Authority; Changes in Federal or State Law.** Notwithstanding anything to the contrary in this Section 5.5, San Diego shall have the same rights as possessed by Chula Vista to apply land use or building requirements that may conflict with the Project Entitlements in the same manner and on the same conditions as Chula Vista, including: (a) the reasonable determination that compliance with the Project Entitlements would place the residents of the subdivision or the immediate community, or both, in a condition dangerous to their health

or safety; or (b) as necessary to comply with state or federal law or mandates. The action chosen to implement the authority reserved under this Section 5.5.4 shall be of the minimum scope, effect, and duration necessary to accommodate the health and safety issue or higher law.

5.6 **Additional Terms and Conditions.**

5.6.1 **Agreed to by Parties.** The Parties may agree to include additional terms and conditions as part of the Resolution of Application for Reorganization and/or Application or the LAFCO process through the Annexation Agreement Operating Memorandum process identified in Section 9.15 of this Agreement.

5.6.2 **Imposed by LAFCO.** The Parties acknowledge that LAFCO may impose additional terms and conditions on the Reorganization beyond those set forth in this Agreement. The Parties shall reasonably consider such terms and conditions and support them unless any such LAFCO imposed term or condition is in fundamental conflict with the terms and conditions of this Agreement.

ARTICLE 6

DEFAULT, BREACH, REMEDIES, MORTGAGEE PROTECTION

6.1 **Default by Tri Pointe Homes.** Tri Pointe Homes shall be in default of this Agreement if it does any or any combination of the following:

6.1.1 Fail to cure a material breach of this Agreement within the time set forth in a written notice of default from Chula Vista or San Diego.

6.1.2 Willfully violates any order, ruling or decision of any administrative or judicial body having jurisdiction over the Project Property or the Project. Tri Pointe Homes may contest any such order, ruling or decision by appropriate proceedings conducted in good faith, in which event no default of this Agreement shall be deemed to have occurred unless and until there is a final, non-appealable judicial decision that Tri Pointe Homes willfully violated such obligation.

6.2 **Default by Chula Vista or San Diego.** Chula Vista or San Diego shall be in default of this Agreement only if they fail to cure a material breach of this Agreement within the time set forth in a written notice of default as discussed in Section 6.3 below.

6.3 **Notice of Default.** A Party alleging a default by the other Party shall serve written notice thereof. Each such notice shall state with specificity all of the following:

6.3.1 It is given pursuant to this Agreement.

6.3.2 The nature of the alleged default.

6.3.3 The manner in which the alleged default may be satisfactorily cured.

6.3.4 A period of time in which the default may be cured. The notice of default shall allow at least sixty (60) calendar days to cure the default. If the default is of such a nature as

not to be susceptible of cure within said time using the allegedly defaulting Party's diligent efforts, then the allegedly defaulting Party shall only be deemed to have failed to cure the default if it fails diligently to commence such cure within said time or if it fails to reasonably diligently prosecute such cure to its conclusion.

6.4 **Remedies for Default**. The Parties acknowledge and agree that Chula Vista or San Diego would not have entered into this Agreement if they were to be liable in damages to any Party under this Agreement, or with respect to this Agreement or the application thereof. The Parties also acknowledge and agree that Tri Pointe Homes would not have entered into this Agreement without Chula Vista and San Diego's assurances set forth in this Agreement, and that Tri Pointe Homes will invest substantial money and effort in reliance upon Chula Vista and San Diego's assurances set forth in this Agreement. The Parties therefore acknowledge and agree that the nature of the Reorganization and the terms of this Agreement render ordinary remedies at law inadequate for a breach of this Agreement and that it would not be feasible or possible to restore the Project Property to its natural condition once implementation of the Agreement has begun. Therefore, the Parties agree that the remedies for breach of this Agreement shall be limited to one or more of the following:

6.4.1 In general, each of the Parties may pursue any remedy at law or equity available for any breach of any provision of this Agreement (including, but not limited to, obtaining letters of credit, performance bonds, and/or withholding certain approvals), except that Chula Vista or San Diego shall not be liable in monetary damages in any form to Tri Pointe Homes, any mortgagee or lender, or to any successor in interests of Tri Pointe Homes or mortgagee or lender, or to any other person, and Tri Pointe Homes covenants on behalf of all successors in interest in the Project Property or any portion thereof, not to sue Chula Vista or San Diego for monetary damages.

6.4.2 The Parties acknowledge that monetary damages and remedies at law will, however, generally be inadequate, and that specific performance and other non-monetary remedies are particularly appropriate remedies for the enforcement of this Agreement and should be available to the Parties because (a) money damages are unavailable against Chula Vista and San Diego as provided herein; and (b) given the size, nature and scope of the Project, it is not possible to determine the sum of money that would adequately compensate Tri Pointe Homes for development of the Project. Therefore, the Parties acknowledge and agree that specific performance is the preferred remedy for any default under this Agreement.

6.5 **Mortgagee Protection.**

6.5.1 **Right to Mortgage**. Tri Pointe Homes may assign, pledge or otherwise encumber its rights and interests under this Agreement for security purposes to a Mortgagee. Nothing contained in this Agreement shall restrict Tri Pointe Homes from encumbering all or any portion of the Project Property with a mortgage, deed of trust, or other security device (collectively "Mortgage"). No breach of this Agreement shall default, render invalid, diminish or impair the lien of any Mortgage made in good faith and for value. To the extent consistent with transferee's rights pursuant to bankruptcy and foreclosure laws, all of the terms and conditions of this Agreement shall be binding upon and effective against any person or transferee who acquires title

to all or any portion of the Project Property by foreclosure, trustee's sale, or deed in lieu of foreclosure.

6.5.2 **Notice of Default**. If Chula Vista or San Diego receives written notice from a Mortgagee requesting a copy of any notice of default given to Tri Pointe Homes hereunder and specifying the address for service thereof, then Chula Vista or San Diego shall deliver to such Mortgagee, concurrently with the delivery to Tri Pointe Homes, any notice given to Tri Pointe Homes with respect to any claim that Tri Pointe Homes is in default hereunder. If Chula Vista or San Diego subsequently makes a determination of noncompliance hereunder, concurrent with service to Tri Pointe Homes, Chula Vista or San Diego shall likewise serve notice of noncompliance on any Mortgagee who Tri Pointe Homes has identified in writing to Chula Vista or San Diego requires such notice. Each Mortgagee shall have the right, but not the obligations, during the same period available to Tri Pointe Homes hereunder, to cure or remedy, or to commence to cure or remedy, the event of default claimed or the areas of noncompliance set forth in the notice. But no Mortgagee shall have any claim, cause of action, remedy, or liability against Chula Vista or San Diego for monetary or compensatory damages, but for specific performance of this Agreement only. The failure of Chula Vista or San Diego to mail copies of said notice, or of the Mortgagee to receive such notice, shall not affect the validity of such notice or claim of default.

6.5.3 **Statement of Compliance / Notice of Estoppel**. Within thirty (30) calendar days after receipt of a written request from Tri Pointe Homes for a statement of compliance (or notice of estoppel), or for an additional reasonable period of time under the circumstances if Chula Vista or San Diego is diligently and in good faith pursuing compliance with the request, Chula Vista or San Diego shall execute and deliver a statement certifying: (a) that this Agreement is unmodified and in full force and effect (or identifying any modifications); (b) that there are no uncured defaults under this Agreement by the certifying Party or to the certifying Party's knowledge, by another other Party (or specifying any such defaults) if that is the case; and (c) any other information reasonably requested regarding the status of the Agreement and performance by the Parties. The failure of Chula Vista or San Diego to provide such statement within the 30-day period, or for a longer period under the circumstances identified in this Section above, shall be conclusively deemed to constitute a certification by the non-responding Party that: (a) this Agreement is in full force and effect without modification, except as may be represented by Tri Pointe Homes; and (b) that there are no uncured defaults under this Agreement. Such statement (or certification of estoppel) may be relied upon by any purchaser, transferee, lender, title company, governmental agency, or other person; however, nothing in this Agreement shall be construed to provide any non-Party with a cause of action.

ARTICLE 7

INDEMNITY AND TOLLING OF CLAIMS

7.1 **Indemnity Against General Plan Litigation**. Chula Vista and San Diego, as applicable, have determined that this Agreement is consistent with their respective General Plans and other applicable land use plans, and that those plans meet all requirements of law. Tri Pointe Homes has reviewed those General Plans and all other applicable land use plans and concurs with the determination of Chula Vista and San Diego. Chula Vista and San Diego shall have no liability under this Agreement for any failure to perform under this Agreement or the inability of Tri Pointe

Homes to develop the Project Property resulting from a judicial determination that the General Plan, applicable land use plans, or portions thereof, are, on the date each is approved, invalid or inadequate or not in compliance with law.

7.2 **Indemnity Against Third Party Litigation Concerning the Agreement and the Project Entitlements and the Property Tax Exchange Agreement**. Tri Pointe Homes shall fully and timely defend, with separate and independent counsel or counsels mutually acceptable to the Parties, at its sole expense, including any attorneys' fees and costs incurred by the Parties, indemnify, reimburse, and hold harmless Chula Vista and San Diego, their agents, officers and employees from any judgment, costs, (including any costs and expenses to prepare the administrative record for any challenge to the EIR, Project Entitlements, San Diego's approvals, and/or compiling a response to a California Public Records Act request(s) to provide the record of proceedings materials for the Project Entitlements and/or San Diego's approvals), fees, claim, action or proceeding against Chula Vista and San Diego, their agents, officers or employees to attack, set aside, void or annul the approval of this Agreement, the Project Entitlements, and/or San Diego's approvals or any subsequent approval or permit granted to Tri Pointe Homes pursuant to this Agreement, or regarding the Property Tax Sharing Agreement between Chula Vista and San Diego relating to the Annexation contemplated herein, regardless of whether such claim, action or proceeding is brought within the time period provided for in Government Code section 66499.37, Public Resources Code section 21167, or other applicable statute of limitations. Notwithstanding the foregoing, the indemnification obligations in this Section 7.2 shall not apply in judicially determined instances of Chula Vista or San Diego, gross negligence or willful misconduct. Chula Vista and San Diego shall promptly notify Tri Pointe Homes of any such claim, action or proceeding, and Chula Vista and San Diego shall cooperate fully in the defense. If Chula Vista or San Diego fail to cooperate fully in the defense, Tri Pointe Homes shall not thereafter be responsible to defend, indemnify, or hold Chula Vista or San Diego harmless. Counsel for the Parties will work closely and will coordinate their efforts to avoid unnecessary duplication of efforts, to reduce legal fees and costs and to present a joint defense that best uses the strengths of each Party. As the owner of the Project Property and the ultimate beneficiary of any future development of the Project, the Parties assume that Tri Pointe Homes's legal fees and costs will generally exceed the legal fees and costs incurred by Chula Vista and San Diego, reflecting Tri Pointe Homes's assumption of the greater legal workload in the defense. The Parties also assume, however, that Chula Vista and San Diego must, in consultation with Tri Pointe Homes, take prudent steps deemed necessary to protect their respective interests.

7.3 **Environmental Assurances**. Tri Pointe Homes shall fully and timely indemnify, reimburse, defend and hold Chula Vista and San Diego, their officers, agents, employees, subcontractors and independent contractors free and harmless from any liability, judgment, fees, costs, claim, action or proceeding based or asserted, upon any act or omission of Tri Pointe Homes, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Project Property, including, but not limited to, soil and groundwater conditions, save and except liability or claims arising through the judicially determined instances, if any, of gross negligence or willful misconduct of Chula Vista, and San Diego, as applicable to that Party. Tri Pointe Homes shall defend, at its expense, including attorneys' fees, Chula Vista and San Diego, their officers, agents, employees, subcontractors and independent contractors in any action based or asserted upon any

such alleged act or omission, save and except liability or claims arising through the judicially determined instances, if any, of gross negligence or willful misconduct of Chula Vista and San Diego, as applicable.

7.4 **General Indemnity**. Tri Pointe Homes shall fully and timely indemnify, reimburse, defend and hold Chula Vista and San Diego, their officers, agents, employees, subcontractors and independent contractors free and harmless from any liability, judgment, fees (including attorneys' fees), costs, claim, action or proceeding whatsoever, based or asserted upon any act or omission of Tri Pointe Homes, its officers, agents, employees, subcontractors and independent contractors, for property damage, bodily injury, or death (Tri Pointe Homes's employees included) or any other element of damage of any kind or nature, relating to or in any way connected with or arising from the activities contemplated by this Agreement or the Project Entitlements, including, but not limited to, the Property Tax Exchange Agreement between Chula Vista and San Diego relating to the annexation contemplated herein, the study, design, engineering, construction, completion, failure and conveyance of private or public improvements for the Project, save and except for liability or claims arising through: (i) the judicially determined instances, if any, of gross negligence or willful misconduct of Chula Vista or San Diego as applicable to that Party; (ii) claims otherwise fully covered by the separate indemnity provided by Section 7.2 of this Agreement; (iii) claims otherwise fully covered by the separate indemnity provided by Section 7.3 of this Agreement; (iv) a Chula Vista or San Diego's breach of this Agreement; or (v) a challenge initiated or jointed in by Chula Vista or San Diego regarding the approval of or issuance of permits for the Project. Tri Pointe Homes shall defend with separate counsel mutually acceptable to the Parties, at its expense, including attorneys' fees, Chula Vista and San Diego, their officers, agents, employees, subcontractors and independent contractors in any legal or equitable action based upon such alleged acts or omissions, save and except liability or claims arising through: (i) the judicially determined instances, if any, of gross negligence or willful misconduct of Chula Vista and San Diego, as applicable to that Party; (ii) claims otherwise fully covered by the separate indemnity provided by Section 7.2 of this Agreement; (iii) claims otherwise fully covered by the separate indemnity provided by Section 7.3 of this Agreement; (iv) a Chula Vista and San Diego material and uncured breach of this Agreement; or (v) a challenge initiated or joined in by Chula Vista and San Diego regarding the approval of or issuance of permits for the Project.

7.5 **Tolling.** The Parties agree to the tolling of all applicable limitation periods with respect to any claims or causes of action that could have been filed or asserted by Chula Vista and San Diego in connection with the discretionary approvals of the Project Entitlements. Such claims or causes of action include, without limitation, all legal or equitable challenge that San Diego could have filed or asserted in connection with Chula Vista's approval. Whether or not the applicable statute of limitations is longer or shorter, the Parties agree that all such claims shall be filed within thirty (30) days of the later of LAFCO's decision to deny the Reorganization or denial of a hearing to reconsider a denial of the Reorganization. The Parties agree that the term of the tolling period provided in this Section 7.5 may be extended by mutual written consent through an amendment, in the discretion of the parties, to the Annexation Agreement Operating Memorandum.

The Parties agree that this Agreement does not revive or expand any related claims which were time-barred or otherwise not available prior to the date of the discretionary approvals of the

Project Entitlements. The Parties do not intend this provision to toll applicable statutes of limitations for any person or entity not signatories to this Agreement.

ARTICLE 8

USE, DENSITY/INTENSITY, HEIGHT, TERM AND TERMINATION

8.1 **Permitted Uses.** The permitted uses of the Project Property shall be all the permitted uses allowed pursuant to the Project Entitlements and any applicable zoning, which are hereby incorporated by reference.

8.2 **Density/Intensity.** The permitted density or intensity of use shall be the density and intensity allowed pursuant to the Project Entitlements and any applicable zoning, which are hereby incorporated by reference.

8.3 **Maximum Height.** The maximum height and size of the proposed buildings shall be the maximum height and size allowed pursuant to the Project Entitlements and any applicable zoning, which are hereby incorporated by reference.

8.4 **Dedication of Land.** The reservation or dedication of land shall be those portions of the Project identified in the Project Entitlements as dedicated or reserved for public purposes, which are hereby incorporated by reference.

8.5 **General Site Plan.** The general site plan showing the arrangement of uses and circulation is the same as those identified in Exhibit A to Tentative Map No. PCS21-0001 on file at the City of Chula Vista, and is hereby incorporated by reference.

8.6 **Annexation Agreement Term.**

8.6.1 **Term Duration.** The Term of this Agreement shall commence upon the Effective Date and shall continue in full force and effect for ten (10) years thereafter or until Project Build-Out, whichever occurs first ("Expiration"), unless terminated earlier as provided below in Section 8.6.2 ("Early Termination").

8.6.2 **Early Termination.** If LAFCO decides to deny the Reorganization and denies a hearing to reconsider a denial of the Reorganization, then this Agreement shall terminate thirty (30) days after LAFCO's decision unless Tri Pointe Homes, the Mayor of San Diego, City Manager of Chula Vista, in its discretion, or their respective designees execute an Annexation Agreement Operating Memorandum extending the term of this Agreement.

8.6.3 **Effects of Early Termination; Survival.** Upon Early Termination of this Agreement, no Party shall have further rights or obligations under this Agreement, except those rights and obligations provided in Article 7 of this Agreement, all of which survive Early Termination. In addition, the Parties shall execute and record in the Official Records of the County of San Diego Recorder's Office a document confirming termination of this Agreement and removing this Agreement as an exception to title to the Project Property.

8.6.4 **Effects of Expiration; Survival.** Upon Expiration of the Agreement, no Party shall have further rights or obligations under this Agreement, except those rights and obligations provided in Article 7, Section 4.3, and Section 5.5. San Diego and Chula Vista shall bear the general obligation of municipalities or special districts to provide services to residents within their jurisdictional boundaries and in accordance with LAFCO terms and conditions.

8.6.5 **Termination of Agreement With Respect to Individual Lots Upon Sale to Public.** Notwithstanding any other provision herein, the Agreement shall terminate, without the execution or recordation of any further document, but with written notice from Tri Pointe Homes to the Parties, with respect to any lot which meets the following conditions:

8.6.5.1 A lot has been finally subdivided; and

8.6.5.2 A lot has been individually (and not in "bulk") transferred, sold or leased to a member of the public or other ultimate user.

ARTICLE 9

GENERAL PROVISIONS

9.1 **Relationship of Parties.** This Agreement is one of independent contractors and does not create an agency relationship between the Parties.

9.2 **Project as Private Undertaking.** It is specifically understood by the Parties that the Project is a private development and that Chula Vista, San Diego and the District do not have an interest in or responsibilities for or duty to third parties concerning the Project. The Parties make no guarantees regarding Project Build-Out or the profits related thereto. Nothing contained in this Agreement or in any document executed in connection with this Agreement shall be construed as making the Parties joint venturers or partners.

9.3 **No Third-Party Beneficiaries.** The Parties expressly acknowledge and agree that they do not intend, by their execution of this Agreement, to benefit any person or entities not signatory to this Agreement. No person or entity not a signatory to this Agreement will have any rights or causes of action against the Parties, or any combination thereof, arising out of or due to the Parties' entry into this Agreement.

9.4 **Governing Law.** This Agreement shall be interpreted and enforced in accordance with the provisions of California law, without regard to conflicts of laws provisions.

9.5 **Notice.** Unless otherwise permitted by this Agreement, all notices to be given shall be in writing and may be made by personal delivery, certified mail, postage prepaid and return receipt requested. Mailed notices shall be addressed to the Parties at the addresses listed below, but each party may change the address by written notice in accordance with this paragraph. Receipt will be as follows: notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated on receipt or rejection.

If to Chula Vista:

City of Chula Vista
276 Fourth Avenue
Chula Vista, California 91910
Attn: Maria Kachadoorian, City Manager

With a Copy to:

Office of the City Attorney
City of Chula Vista
276 Fourth Avenue
Chula Vista, California 91910
Attn: Marco A. Verdugo, City Attorney

If to City of San Diego:

Development Services Department
City of San Diego
1222 1st Avenue
San Diego, California 92101
Attn: Elyse Lowe, Director

With a Copy to:

Planning Department
City of San Diego
202 C Street, M.S. 413
San Diego, California 92101
Attn: Tait Galloway, Deputy Director – Community Planning & Housing

With a Copy to:

Office of the City Attorney
City of San Diego
1200 Third Avenue, Suite 1620
San Diego, California 92101
Attn: Corrine Neuffer, Esq.

If to Tri Pointe Homes:

13520 Evening Creek Drive North, Suite 300
San Diego, California 92128
Attn: Allen Kashani

With a Copy to:

Sheppard Mullin Richter & Hampton, LLP
501 West Broadway, 19th Floor
San Diego, California 92101
Attn: Whitney Hodges, Esq.

9.6 **Counterparts**. This Agreement may be executed in two (2) or more counterparts, each of which shall constitute an original.

9.7 **Entire Agreement**. This Agreement and the aforementioned MOU, incorporated herein by reference, contain the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements, either written or oral, express or implied.

9.8 **Cooperation/Further Assurances/Further Acts**. Each Party: (a) shall deal fairly and in good faith with the other Party; (b) shall not impede the other Party's right to receive the benefits of this Agreement; (c) shall cooperate with and provide reasonable assistance to the other Party in the performance of this Agreement; and (d) shall execute such additional documents and to take such further actions as are reasonably necessary to accomplish the objectives and intent of this Agreement.

9.9 **Waiver**. The failure of any Party to insist upon strict compliance with any provision of this Agreement or to exercise any right or privilege provided herein, or any Party's waiver of any breach hereunder, unless in writing, shall not relieve any other Party of any of obligations hereunder, whether of the same or similar type. The foregoing shall be true whether the waiving Party's actions are intentional or unintentional.

9.10 **Authorization to Execute**. The signatories to this Agreement warrant that they have been lawfully authorized by their respective Parties to execute this Agreement on their behalf. Upon request, Tri Pointe Homes shall deliver to Chula Vista or San Diego copies of all applicable bylaws, resolutions or other documents evidencing the signatories' legal authority to execute this Agreement on behalf of the respective Parties.

9.11 **Binding On Heirs, Successors and Assigns; Covenant Running with the Property**. The benefits and obligations described herein will inure to the benefit of and be binding upon Tri Pointe Homes and any assignee or successor in interest to the Annexation Property; Chula Vista and its respective heirs, successors, grantees, transferees and permissible assigns; San Diego and its respective heirs, successors, grantees, transferees and permissible assigns. It is intended to be and shall be a covenant running with the Property.

9.12 **Recordation**. San Diego shall cause this Agreement or notice of this Agreement to be recorded with the County of San Diego Recorder's Office within ten (10) days of San Diego's receipt of the last signature required by this Agreement.

9.13 **Severability**. If any provision or clause of this Agreement or any application of it to any person, firm, organization, partnership or corporation is held invalid, such invalidity shall not affect other provisions of this Agreement which can be given effect without the invalid provision or application. To this end, the provisions of this Agreement are declared to be severable.

9.14 **Prohibition Against Assignment**. Tri Pointe Homes may not assign this Agreement or any interest in it without the prior written consent of Chula Vista and San Diego. Chula Vista and San Diego shall only withhold consent upon finding or determination that the proposed assignee is unwilling or unable to assume typical applicable conditions or commitments, financial and otherwise, related to the Project Entitlements, and/or financial obligations of performance bonds, including bonds required by the "Contract to Make, Install and Complete Water and/or Sewer Facilities" (or other substantially similar form) whether presently existing or subsequently issued, related to the construction of the Project. Upon assignment in accordance with this Section 9.14, Tri Pointe Homes shall be released of all liability and obligations related to the Project.

9.15 **Operating Memorandum**. The Parties acknowledge that the provisions of this Agreement require a close degree of cooperation between Chula Vista, San Diego and Tri Pointe homes, and that the refinements and further development of the Project hereunder may demonstrate that changes are appropriate with respect to the details of performance of the Parties hereunder. The Parties desire, therefore, to retain a certain degree of flexibility with respect to those items covered in general terms under this Agreement. If the Parties find that such changes or adjustments are necessary or appropriate from time to time during the term of this Agreement, then the Parties shall effectuate such changes or adjustments through an "Annexation Agreement Operating Memorandum" which, after execution, shall be attached hereto as addenda and become a part hereof, and may be further changed and amended from time to time as necessary with further approval by the Parties. No such Annexation Agreement Operating Memorandum shall require prior notice of hearing, or constitute an amendment to this Agreement; and approval of this Agreement authorizes the Mayor of San Diego, Chula Vista City Manager, or their respective designees to enter into an Annexation Agreement Operating Memorandum. Failure of the Parties to enter into any Annexation Agreement Operating Memoranda shall not affect or abrogate any of the rights, duties or obligations of the Parties hereunder or the provisions of this Agreement.

9.16 **Reservation of Discretion**. Nothing in this Agreement shall be interpreted as requiring the exercise of Chula Vista's or San Diego's police powers, independent judgment, or discretion in any particular manner.

9.17 **Force Majeure**. A Party shall not be deemed to be in default under this Agreement if the Party is prevented from performing an action or obligation due to causes beyond its reasonable control, such as labor unrest, epidemic, walkouts, riots, casualties, litigation, weather, war or acts of God.

9.18 **Construction/Interpretation**. This Agreement has been reviewed and revised by legal counsel for each Party, and no presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

9.19 **Recitals and Exhibits**. All recitals and exhibits are incorporated into this Agreement by this reference. The following Exhibits are attached to this Agreement and incorporated herein:

Exhibit A:	Project Property
Exhibit B:	Annexation Application Schedule
Exhibit C:	Resolution of Application for the Reorganization
Exhibit D:	Application for Reorganization
Exhibit E:	Plan for Providing Services
Exhibit F:	Fiscal Impact Analysis
Exhibit G:	Distribution of Revenue and Other Items

[Signatures on following page]

CITY OF SAN DIEGO,
a California municipal corporation

By: _____
Todd Gloria, Mayor

Attest:

By: _____
Diana J.S. Fuentes, City Clerk

APPROVED AS TO LEGAL FORM:

_____
Heather Ferbert, City Attorney

CITY OF CHULA VISTA,
a California municipal corporation

By: _____
Maria V. Kachadoorian, City Manager

Attest:

By: _____
Kerry K. Bigelow, City Clerk

APPROVED AS TO LEGAL FORM:

_____
Marco A. Verdugo, City Attorney

TRI POINTE HOMES, IE-SD, INC.,
a California corporation

By: _____
Allen Kashani, Assistant Secretary

O-21919

#534
02/25/2025
(O-2025-73)
(COR. COPY)

ORDINANCE NUMBER O- 21919 (NEW SERIES)

DATE OF FINAL PASSAGE FEB 25 2025

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING AN ANNEXATION AGREEMENT BETWEEN THE CITY OF SAN DIEGO, CITY OF CHULA VISTA, AND TRI POINTE HOMES IE-SD, INC. RELATING TO THE NAKANO PROJECT- PROJECT NO. PRJ-1076302.

RECITALS

The Council of the City of San Diego (Council) adopts this Ordinance based on the following:

A. Tri Pointe Homes IE-SD, Inc. filed an application to obtain approvals from the City of San Diego for a residential development known as the Nakano Project, located in the City of Chula Vista with San Diego's Ocean View Hills residential development to the east, Interstate 805 to the west, Kaiser Medical Center to the south and the Otay Valley River Park to the north, and legally described as:

> THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 24, TOWNSHIP 18 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN IN THE CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF DESCRIBED AS FOLLOWS:
>
> BEGINNING AT THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER OF THE SOUTHEAST QUARTER; THENCE ALONG THE SOUTH LINE THEREOF SOUTH 89°42'04" WEST, 1069.30 FEET TO THE EASTERLY LINE OF FREEWAY DESCRIBED IN FINAL ORDER OF CONDEMNATION RECORDED JULY 22, 1968 AS FILE NO. 123488 OFFICIAL RECORDS; THENCE ALONG SAID EASTERLY LINE NORTH 3°47'10" EAST, 918.10 FEET; THENCE NORTH 80°52'26" EAST, 1030.62 FEET TO THE EAST LINE OF SAID SECTION; THENCE ALONG SAID EAST LINE SOUTH 0°28'33" WEST, 1074.02 FEET TO THE POINT OF BEGINNING.

B. Representatives of the City of San Diego, City of Chula Vista, and Tri Pointe Homes IE-SD, Inc. have negotiated an agreement for the detachment of the Nakano Project site from the City of Chula Vista and annexation into the City of San Diego, for the independent

review and approval of public agency decision-makers, identifying the rights and duties of said parties that would facilitate orderly development of the Nakano Project (Annexation Agreement.

C. The City of San Diego, a Charter City, is authorized pursuant to Morrison Homes Corporation v. City of Pleasanton (1974) 58 Cal. App. 3d 724, 733, to enter into binding annexation-related agreements for the development of property with persons having legal or "equitable interests in real property in order to establish certainty in the development process." The City of San Diego further enters into this Annexation Agreement pursuant to its Charter and self-rule powers.

D. Tri Pointe Homes IE-SD, Inc. proposes the subdivision of a 23.8-acre site into the development of a multifamily residential project, with up to 221 units, including 22 affordable units, private open space amenity areas, connecting pedestrian trails to the Otay Valley Regional Park (OVRP), and primary access from Dennery Road (Nakano Project).

E. The City of Chula Vista proposes to detach the Nakano Project site from the City of Chula Vista's territory and Otay Water District service district sphere of influence, and annex it into the City of San Diego's territory. The process by which these jurisdictional changes will occur are collectively referred to as the "Reorganization."

F. The City of San Diego is responsible for leading the LAFCO application process after approval of the Nakano Project and agrees to file an application for reorganization. In the event the San Diego Local Area Formation Commission (LAFCO) does not approve the Reorganization or the Reorganization is terminated by either a failure of the City of San Diego to approve the Annexation Agreement within 60 calendar days (or such date as extended by mutual written consent of the City of San Diego, City of Chula Vista, and Tri Pointe Homes IE-SD, Inc.) of the City of San Diego's introduction of this Ordinance, the Reorganization shall terminate.

G. The City of Chula Vista has approved the attached entitlements for the development of the Nakano Project site (Attachment A).

H. The Council has reviewed and accepts the Chula Vista Entitlements, except as specifically indicated or supplemented herein.

I. Resolution No. R- 316019 which was considered along with this Ordinance, proposes a General Plan Amendment and Otay Mesa Community Plan Amendment.

J. The Council finds that the Annexation Agreement is consistent with the City of San Diego General Plan and Otay Mesa Community Plan, as amended concurrently with this Ordinance, as well as other applicable City policies and regulations as described in the Environmental Impact Report, the Resolution Requesting LAFCO to Initiate Proceedings, and elsewhere in the Administrative Record.

K. The Council has reviewed and considered California Environmental Quality Act (CEQA) Guidelines Section 15162 consistency evaluation with the City of Chula Vista certified Environmental Impact Report (EIR22-001; SCH #2022060260) and determined no subsequent environmental document shall be prepared.

L. The Council adopts the CEQA Findings of Fact, Statement of Overriding Considerations, and Mitigation, Monitoring, and Reporting Program (MMRP) and Project Design Features consistent with the Environmental Impact Report.

M. The Council has considered all maps, exhibits, and written documents contained in the file for this project on record in the City of San Diego, and has considered the oral presentations given at the public hearing.

N. Under Charter section 280(a)(2) this Ordinance is not subject to veto by the Mayor of the City of San Diego because this matter requires the Council to act as a quasi-judicial

body and where a public hearing was required by law implicating due process rights of individuals affected by the decision and where the Council was required by law to consider evidence at the hearing and to make legal findings based on evidence presented.

O. The Office of the City Attorney prepared this Ordinance based on the information provided by City staff, including information provided by affected third parties and verified by City staff, with the understanding that this information is complete and accurate.

ACTION ITEMS

Be it ordained by the Council of the City of San Diego:

Section 1. That the Council hereby approves the Annexation Agreement and authorizes and directs the Mayor, or their designee to (a) execute the Annexation Agreement binding the City of San Diego to its terms, and (b) serve as or designate a representative(s) to serve as the City of San Diego's authorized representative in implementing the Annexation Agreement, filed in the office of the City Clerk as Document No. OO- 21919

Section 2. The City of San Diego's Multiple Species Conservation Plan (MSCP) Subarea Plan also requires approval of a minor amendment pursuant to MSCP Implementing agreement Section 9.20 Annexation of Lands. Upon an annexation of lands, the City of San Diego shall amend its Subarea Plan to ensure that any development of the Nakano Project site proceeds in accordance with the conservation goals of the MSCP and Subarea Plan. The approval of a MSCP minor amendment for annexation land has been included in the Annexation Agreement, this uncodified ordinance, and resolution where appropriate.

Section 3. The Council has reviewed and accepts the Chula Vista Entitlements, except as specifically indicated or supplemented herein.

Section 4. That no more than 221 dwelling units shall be developed on the Nakano Project site.

Section 5. That the Council hereby incorporates by reference the conditions below, which shall be covenants running with the subject property upon annexation to the City of San Diego and shall be binding upon Tri Pointe Homes IE-SD, Inc. and any successor(s) in interest:

DEVELOPMENT SERVICE DEPARTMENT (DSD): LDR-PLANNING

a. That, notwithstanding San Diego Municipal Code "SDMC" Section 131.0443(d)(2)(A) which requires that up to 50 percent of the length of the building envelope on one side of the premises may observe the minimum 5-foot side setback, provided the remaining percentage of the building envelope length observes at least the standard side setback of feet 8 feet or 10 percent of the lot width, whichever is greater, development of the Nakano Project may incorporate a 10-foot side setback.

b. That, notwithstanding SDMC Section 142.0340(e) which limits the height of retaining walls outside required setbacks to 12 feet, the Nakano Project may construct two retaining walls as shown on the Tentative Map Exhibit (Attachment B), with heights up to 24 feet outside the required setbacks.

DSD: LDR-LANDSCAPE

c. Prior to issuance of any construction permit for grading, Tri Pointe Homes IE-SD, Inc. shall submit complete construction documents for the revegetation and hydro-seeding of all disturbed land in accordance with the City of San Diego Landscape Standards, Storm Water Design Manual, and to the satisfaction of the Development Services Department. All plans shall be in substantial conformance to this permit (including Environmental conditions) and the Tentative Map Exhibit (Attachment B), on file in the Development Services Department.

d. Prior to issuance of any construction permit for public improvements, Tri Pointe Homes IE-SD, Inc. shall submit complete landscape construction documents for right-of-way improvements to the Development Services Department for approval. Improvement plans shall show, label, and dimension a 40-square-foot area around each tree which is unencumbered by utilities. Driveways, utilities, drains, water and sewer laterals shall be designed so as not to prohibit the placement of street trees.

e. Prior to issuance of any construction permit for building (including shell), Tri Pointe Homes IE-SD, Inc. shall submit complete landscape and irrigation

construction documents, which are consistent with the Landscape Standards, to the Development Services Department for approval. The construction documents shall be in substantial conformance with the Tentative Map Exhibit (Attachment B), Landscape Development Plan, on file in the Development Services Department. Construction plans shall provide a 40-square-foot area around each tree that is unencumbered by hardscape and utilities unless otherwise approved per §142.0403(b)(6).

f. In the event that a foundation only permit is requested by Tri Pointe Homes IE-SD, Inc., a site plan or staking layout plan, shall be submitted to the Development Services Department identifying all landscape areas consistent with the Tentative Map Exhibit (Attachment B), Landscape Development Plan, on file in the Development Services Department. These landscape areas shall be clearly identified with a distinct symbol, noted with dimensions, and labeled as 'landscaping area.'

g. Tri Pointe Homes IE-SD, Inc. shall be responsible for the maintenance of all landscape improvements shown on the approved plans, including in the right-of-way, unless long-term maintenance of said landscaping will be the responsibility of another entity approved by the Development Services Department. All required landscape shall be maintained consistent with the Landscape Standards in a disease, weed, and litter free condition at all times. Severe pruning or "topping" of trees is not permitted.

h. If any required landscape (including existing or new plantings, hardscape, landscape features, etc.) indicated on the approved construction documents is damaged or removed, Tri Pointe Homes IE-SD, Inc. shall repair and/or replace in kind and equivalent size per the approved documents to the satisfaction of the Development Services Department within 30 days of damage or Certificate of Occupancy.

i. Tri Pointe Homes IE-SD, Inc. shall implement the following requirements in accordance with the Brush Management Program shown on the Tentative Map Exhibit (Attachment B).

The Brush Management Program shall be based on a standard Zone One of 35-feet in width and Zone Two of 65-feet in width, exercising the Zone Two reduction option and Alternative Compliance measures set forth under SDMC Sections 142.0412(f), 142.0412(i), and 142.0412(j). The brush management zones apply on Nakano Project site as demonstrated on the Tentative Map Exhibit (Attachment B).

Alternative compliance measures apply to duplex structures No. 1,14,15, 28, 29, and 42; multifamily structures No. 1,4,5, and 8; single family structures No. 17,18, and 47-61, as indicated on the Tentative Map Exhibit (Attachment B). A "Radiant Heat Wall" shall be six feet high, one-hour fire-rated, located along the

outer edge of Zone One. Upgraded openings shall be dual-glazed, dual-tempered panes, brush side of the structure, plus a 10-foot perpendicular return along adjacent wall faces.

j. Prior to issuance of any construction permit for grading, landscape construction documents required for the engineering permit shall be submitted by Tri Pointe Homes IE-SD, Inc. showing the brush management zones on the property in substantial conformance with the Tentative Map Exhibit (Attachment B).

k. Prior to issuance of any construction permit for building, a complete Brush Management Program shall be submitted by Tri Pointe Homes IE-SD, Inc. for approval to the Development Services Department and shall be in substantial conformance with the Tentative Map Exhibit (Attachment B) on file in the Development Services Department. The Brush Management Program shall comply with the City of San Diego's Landscape Regulations and the Landscape Standards.

Within Zone One, combustible accessory structures (including, but not limited to decks, trellises, gazebos, etc.) shall not be permitted while accessory structures of non-combustible, one-hour fire-rated, and/or Type IV heavy timber construction may be approved within the designated Zone One area subject to Fire Marshal's approval.

l. The Brush Management Program shall be maintained by Tri Pointe Homes IE-SD, Inc. at all times in accordance with the City of San Diego's Landscape Standards.

m. Prior to recordation of the Final Map, Tri Pointe Homes IE-SD, Inc. shall identify on a separate sheet titled "Non-Title Sheet" the brush management areas in substantial conformance with the Tentative Map Exhibit (Attachment B). These brush management areas shall be identified with a hatch symbol with no specific dimensions or zones called out. The following note shall be provided on the Non-Title Sheet to identify the hatched areas: "Indicates fire hazard zone(s) per SDMC Section 142.0412."

DSD: ENVIRONMENTAL

n. Tri Pointe Homes IE-SD, Inc. shall adhere to the Nakano Project Mitigation Monitoring and Reporting Program identified in the Environmental Impact Report (EIR22-001; SCH#2022060260) Chapter 10, Mitigation Monitoring and Reporting Program.

o. Tri Pointe Homes IE-SD, Inc. shall adhere to the Nakano Project Design Features identified in the Environmental Impact Report (EIR22-001; SCH #2022060260) Section 3.6, Project Design Features.

DSD: MAP CHECK

p. Prior to the expiration of the Tentative Map (approved by the City of Chula Vista), a Final Map shall be processed with the City of San Diego to consolidate and subdivide the 23.8-acre property into 215 (up to 221 maximum) residential condominium units and shall be recorded in the San Diego County Recorder's Office.

q. Prior to the recordation of the Final Map, taxes must be paid or bonded for the Nakano Project site pursuant to Section 66492 of the Subdivision Map Act. A current original tax certificate, recorded in the Office of the San Diego County Recorder, must be provided to the City of San Diego to satisfy this condition. Please note if tax bond is required as indicated on the tax certificate, please make sure that it is paid or posted, and submit evidence (e.g., filed bond letter or receipt from Clerk of the Board of Supervisors) indicating the required tax bond amount has been paid or bonded.

r. The Final Map shall be based on field survey and all lot corners must be marked with durable survey monuments pursuant to SDMC Section 144.0311(d) and Subdivision Map Act Section 66495. All survey monuments shall be set prior to the recordation of the Final Map, unless the setting of monuments is deemed impractical due to the proposed improvements and/or grading associated with the Nakano Project, in which case, delayed monumentation may be applied on the Final Map in accordance with SDMC Section 144.0130.

s. All subdivision maps in the City of San Diego are required to be tied to the California Coordinate System of 1983 (CCS83), Zone 6 pursuant to Sections 8801 through 8819 of the California Public Resources Code. The Final Map shall:

   i. Use the California Coordinate System for its "Basis of Bearings" and express all measured and calculated bearing values in terms of said system. The angle of grid divergence from a true meridian (theta or mapping angle) and the north point of said map shall appear on each sheet thereof. Establishment of said Basis of Bearings may be by use of existing "Horizontal Control" stations or astronomic observations.

   ii. Show two measured ties from the boundary of the map to existing Horizontal Control stations having California Coordinate values of "First Order" accuracy. These tie lines to the existing control shall be shown in relation to the California Coordinate System (i.e., grid bearings and grid distances). All other distances shown on the map are to be shown as ground distances. A combined factor for conversion of grid-to-ground shall be shown on the map.

t. Sewer easements granted to the City of San Diego proposed for vacation shall be vacated upon recordation of the Final Map pursuant to Section 66434(g) of the

Subdivision Map Act as shown on approved the Tentative Map Exhibit (Attachment B).

u. All proposed easements and right-of-way dedications within the boundary of the Tentative Map shall be granted on the proposed Final Map with the exception of any required "Covenant of Easement" which shall be granted by deed.

v. Prior to recordation of the Final Map, any proposed easements required for the subdivision outside of the Tentative Map boundary over Lots A and C of Map 15592 as shown on approved the Tentative Map Exhibit (Attachment B) shall be recorded at the San Diego County Recorder's Office.

w. Prior to recordation of the Final Map, Private Street A traversing Lot C of Map 15592 to the subject subdivision as shown on approved Tentative Map Exhibit (Attachment B) shall obtain street name approval from City of San Diego Development Services Department - through submittal of a stand-alone Street Name (Tentative Map Exhibit (Attachment B) with the Development Services Department.

x. Prior to the recordation of the Final Map, all private streets and drives within the Tentative Map boundary shall be shown with bearings and distances along the centerline and width of the streets shown on the Final Map. The street names shall be approved by City of San Diego Development Services Department and published on the Final Map.

DSD: ENGINEERING

y. The drainage system proposed for this development, as shown on the site plan, is private and subject to approval by the City of San Diego City Engineer.

z. Prior to the issuance of any construction permit, Tri Pointe Homes IE-SD, Inc. shall incorporate any construction Best Management Practices necessary to comply with Chapter 14, Article 2, Division 1 (Grading Regulations) of the San Diego Municipal Code, into the construction plans or specifications.

aa. Prior to the issuance of any construction permit, Tri Pointe Homes IE-SD, Inc. shall enter into a Maintenance Agreement for the ongoing permanent BMP maintenance, satisfactory to the City of San Diego City Engineer.

bb. Prior to the issuance of any construction permit, Tri Pointe Homes IE-SD, Inc. shall submit a technical report that will be subject to final review and approval by the City of San Diego City Engineer, based on the City of San Diego Storm Water Standards in effect at the time of the construction permit issuance.

DSD: WATER & SEWER

cc. Tri Pointe Homes IE-SD, Inc. shall grant water easement for the proposed above ground water meters as shown on the approved the Tentative Map Exhibit (Attachment B), in a manner satisfactory to the City of San Diego Public Utilities Director and the City Engineer.

dd. Tri Pointe Homes IE-SD, Inc. shall grant sewer access easements as shown on the approved the Tentative Map Exhibit (Attachment B), satisfactory to the City of San Diego Public Utilities Department and the City Engineer.

ee. Prior to the recordation of the easement vacation, Tri Pointe Homes IE-SD, Inc. shall assure, by permit, bond and completion the abandonment of the existing sewer main, in a manner satisfactory to the City of San Diego Public Utilities Director and the City Engineer.

DSD: GEOLOGY

ff. Tri Pointe Homes IE-SD, Inc. shall submit an as-graded geotechnical report prepared in accordance with the City's "Guidelines for Geotechnical Reports" following completion of the grading. Given the proximity of landslides to the subject site, cut slopes must be mapped during grading. The as-graded report should verify that cut slopes were observed and mapped during grading by an engineering geologist to verify that the soil and geologic conditions do not differ significantly from those anticipated. The as-graded geotechnical report shall be reviewed for adequacy by the City of San Diego Development Services Department, Geology Section prior to the recordation of the Final Map, exoneration of the bond, and grading permit close-out.

DSD: TRANSPORTATION

gg. All automobile, motorcycle and bicycle parking spaces must be constructed in accordance with the requirements of the SDMC. All on-site parking stalls and aisle widths shall be in compliance with requirements of the SDMC and shall not be converted and/or utilized for any other purpose, unless otherwise authorized in writing by the appropriate City of San Diego decision maker in accordance with the SDMC.

hh. Prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall assure by permit and bond the removal and replacement of the existing driveway on Dennery Road with full height curb, gutter, and non-contiguous sidewalk and construct a new 25-foot-wide driveway as shown on the Tentative Map Exhibit (Attachment B) per current City of San Diego standards, satisfactory to the City of San Diego City Engineer. All improvements shall be completed and operational prior to first occupancy.

ii. Prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall pay a fair share contribution of 2.5 percent to the City of San Diego towards the bridge widening as part of the Palm Ave-Interstate 805 Interchange / S00869 Project within the City of San Diego, satisfactory to the City Engineer.

jj. At the intersection of Palm Avenue/Dennery Road, prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall assure by permit and bond the following: (i) Installation of pedestrian countdown signal heads and the installation of traffic signal heads with retroreflective backplates on all approaches via a traffic signal modification plan; (ii) extension of the exclusive eastbound dual left turn lanes with 280 feet of storage per lane by an additional 85 feet of storage per lane with appropriate taper to provide a total storage length of 365 feet per lane via improvement plans and signing and striping plans; (iii) extension of the exclusive southbound right turn lane with 95 feet of storage by an additional 50 feet of storage with appropriate taper to provide a total storage length of 145 feet via improvement plans and signing and striping plans; and (iv)installation of audible countdown pedestrian heads for each pedestrian phase and upgrading the traffic controller to a 2070 controller including software update and communications equipment per current City of San Diego standards, satisfactory to the City of San Diego City Engineer. All improvements shall be completed and operational prior to first occupancy satisfactory to the City of San Diego City Engineer.

kk. At the intersection of Dennery Road/Red Fin Lane, prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall assure by permit and bond the following: (i) extension of the exclusive eastbound left turn lane with 190 feet of storage by an additional 50 feet to provide a total storage length of 240 feet via improvement plans and signing and striping plans; and (ii) upgrade the existing bicycle loop detectors along Dennery Road and install Type E Modified front loops on all approaches per current City of San Diego standards, satisfactory to the City of San Diego City Engineer. All improvements shall be completed and operational prior to first occupancy.

ll. Prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall record an access easement in favor of all affected parcels within the Nakano Project site, satisfactory to the City of San Diego City Engineer.

mm. Prior to first occupancy, Tri Pointe Homes IE-SD, Inc. shall implement a transit subsidy program. The subsidy value will be limited to the equivalent value of 25 percent of the cost of a San Diego Metropolitan Transit System "Regional Adult Monthly/30-Day Pass" (currently $72, which equates to a subsidy value of $18 per month). Subsidies shall be available on a per unit basis to residential tenants for a period of five years during the first five years after issuance of the first occupancy permit. Tri Pointe Homes IE-SD, Inc. shall provide an annual report to the City Engineer in each of the first five years demonstrating how the offer was

publicized to residents and documenting the results of the program each year, including number of participants and driveway traffic counts.

nn. Prior to first occupancy, Tri Pointe Homes IE-SD, Inc. shall provide one bicycle (up to a $400 value) per unit to the first buyer of each unit.

oo. Prior to first occupancy, Tri Pointe Homes IE-SD, Inc. shall develop and implement a commute trip reduction program that requires each homeowner and tenant to be provided with a one-page flyer every year that provides information regarding available transit, designated bicycle routes, local bicycle groups and programs, local walking routes and programs, and rideshare programs.

pp. Prior to the issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall pay the "Active Transportation In Lieu" fee to the City of San Diego.

qq. Prior to issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall provide and maintain publicly accessible pedestrian amenities for every 250 linear feet of street frontage for the Nakano Project including a backless bench and trash and recycle receptacle, to the satisfaction of the City of San Diego Development Services Department. All improvements shall be completed and operational prior to first occupancy.

rr. Prior to issuance of any building permit, Tri Pointe Homes IE-SD, Inc. shall construct a secondary emergency only access, as shown on the Tentative Map Exhibit (Attachment B), to the satisfaction of the City of San Diego City Engineer and City of San Diego Fire Marshal. All improvements shall be completed and operational prior to first occupancy.

HOUSING COMMISSION

ss. Prior to issuance of any building permit associated with this Nakano Project, Tri Pointe Homes IE-SD, Inc. shall demonstrate compliance with the provisions of the Inclusionary Affordable Housing Regulations of San Diego Municipal Code Chapter 14, Article 2, Division 13 and the Inclusionary Housing Procedures Manual.

tt. Tri Pointe Homes IE-SD, Inc. shall enter into a written agreement with the San Diego Housing Commission, which shall be drafted and approved by the San Diego Housing Commission, executed by the Owner/Permittee, and secured by a deed of trust, which incorporates applicable affordability conditions consistent with the San Diego Municipal Code. This agreement will specify that in exchange for the City of San Diego's approval of the Nakano Project, Tri Pointe Homes IE-SD, Inc. shall provide 22 affordable units with prices of no more than 30% of 100 percent average median income ("AMI"). The 22 affordable dwelling units must be provided in a comparable mix to the total development.

PARK & RECREATION DEPARTMENT

uu. Prior to recordation of the Final Map, Tri Pointe Homes IE-SD, Inc. shall place a "Recreation Easement" over all public trails on private property. All Recreation Easements shall be maintained by Tri Pointe Homes IE-SD, Inc.

vv. Tri Pointe Homes IE-SD, Inc. shall ensure the City of San Diego Parks and Recreation Department review and approval of the Final Map prior to recordation.

ww. Tri Pointe Homes IE-SD, Inc. shall ensure that no project brush management responsibilities are located on the adjacent OVRP parkland.

xx. Tri Pointe Homes IE-SD, Inc. shall ensure that there are no temporary or permanent construction impacts to the adjacent OVRP parkland other than the off-site improvements identified on the approved the Tentative Map Exhibit (Attachment B) plans.

yy. Tri Pointe Homes IE-SD, Inc. shall ensure that all privately owned and maintained infrastructure is located on private property.

zz. Tri Pointe Homes IE-SD, Inc. shall ensure that native plants are planted adjacent to OVRP parkland.

aaa. Tri Pointe Homes IE-SD, Inc. shall ensure that there is no overspray or irrigation runoff on adjacent OVRP parkland.

bbb. Tri Pointe Homes IE-SD, Inc. shall ensure that the public trails identified on Tentative Map Exhibit (Attachment B), both on- and off-site, are constructed as part of this Nakano Project and follow the approved "OVRP Trail Guidelines".

ccc. Tri Pointe Homes IE-SD, Inc. shall ensure that underdrain structures are installed at all proposed public trail locations as shown on Tentative Map Exhibit (Attachment B) to protect the trails from erosional impacts from concentrated drainage flows to the satisfaction of the City of San Diego Parks and Recreation Department.

ddd. Tri Pointe Homes IE-SD, Inc. shall ensure that all off-site impacts to adjacent OVRP parkland as a result of this Nakano Project receive revegetation and include a minimum 25-month maintenance and monitoring period that provides success criteria metrics stipulating minimum percent vegetation cover, maximum invasive plant cover, inspection reporting, remedial measures if success criteria is not met, and final sign off requirements. Revegetation shall be completed to the satisfaction of the City of San Diego Parks and Recreation Department, Open Space Division Deputy Director.

eee. Tri Pointe Homes IE-SD, Inc. shall ensure that a temporary off-site irrigation system is provided during the required off-site revegetation maintenance and monitoring period and that the above grade temporary irrigation system is removed in its entirety prior to final sign off by the City of San Diego.

fff. Prior to issuance of any construction permits for grading, Tri Pointe Homes IE-SD, Inc. shall submit complete landscape construction documents for review and approval by the City of San Diego Parks and Recreation Department. All plans shall be substantial conformance to this permit and Tentative Map Exhibit (Attachment B).

ggg. Tri Pointe Homes IE-SD, Inc. shall ensure City of San Diego Parks and Recreation Department review and approval of grading plans and public improvement plans prior to permit issuance.

hhh. Prior to final inspection of the 10th residential building unit, Tri Pointe Homes IE-SD, Inc. shall ensure that evidence is provided to Parks and Recreation that shows pedestrians shall be permitted access to the private sidewalks within the private development from Dennery Road to the Proposed Overlook Park and Trailhead identified on the plans as the "Pedestrian connection to Dennery Road". Such evidence will be in the form of the approved covenants, conditions and restrictions ("CC&Rs") for the development, satisfactory to Parks and Recreation Director or designee.

iii. Prior to final inspection of the 10th residential building unit, Tri Pointe Homes IE-SD, Inc. shall ensure that the project has been annexed into the Ocean View Hills Maintenance Assessment District (MAD) managed by the City of San Diego Parks and Recreation Department (note the annexation process is estimated to take one year to complete).

jjj. All modifications to the existing landscaping and irrigation within the MAD along Dennery Road shall be in accordance with the City of San Diego's "Consultant's Guide to Park Design and Construction" and shall include a 2-year maintenance period prior to acceptance by Parks and Recreation.

kkk. Any Nakano Project off-site mitigation that occurs on land that will be conveyed to the City of San Diego in fee title shall meet all of the following requirements:

1) Long Term Management Plan and Estimate, and Property Analysis Record ("PAR") are executed to the satisfaction of the City of San Diego Parks and Recreation Director or designated appointee.

2) Lot(s) are free and clear of all private easements, private encroachments, private agreements and/or liens.

3) All trash, illegal use and associated structures on the lot(s) are removed to the satisfaction of the City of San Diego Parks and Recreation Director or designated appointee prior to the City acceptance.

4) For the duration of the maintenance and monitoring period, submit quarterly inspection reports to the City of San Diego Parks and Recreation Open Space Division.

5) Continue to provide plant establishment and maintenance periods until all success criteria requirements are met to the satisfaction of the City of San Diego Parks and Recreation Director or designated appointee.

6) Lot(s) to be deeded to the City are inspected by the City of San Diego Parks & Recreation Department, Open Space Division.

Section 6. That the Council hereby incorporates by reference the recitals above finding them to be true and accurate.

Section 7. That a full reading of this Ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the Council and the public prior to the day of its passage.

Section 8. This Ordinance shall take effect and be in force on the thirtieth day from and after its passage or the date that R- 316019 adopting the amendments to the General Plan and Otay Mesa Community Plan becomes effective, whichever date occurs later.

APPROVED: HEATHER FERBERT, City Attorney

By _____
Corrine L. Neuffer
Senior Chief Deputy City Attorney

CLN:jn2
January 7, 2025
January 22, 2025 (COR.COPY)
Or.Dept: DSD
Doc. No. 3921989.2

Attachments:

Exhibit A: City of Chula Vista Entitlements
Exhibit B: Tentative Map Exhibit

I certify that the Council of the City of San Diego adopted this Ordinance at a meeting held on FEB 25 2025.

DIANA J.S. FUENTES
City Clerk

By Connie Patterson
Deputy City Clerk

Passed by the Council of The City of San Diego on FEB 25 2025, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☒	☐	☐	☐
Jennifer Campbell	☒	☐	☐	☐
Stephen Whitburn	☒	☐	☐	☐
Henry L. Foster III	☒	☐	☐	☐
Marni von Wilpert	☒	☐	☐	☐
Kent Lee	☒	☐	☐	☐
Raul A. Campillo	☒	☐	☐	☐
Vivian Moreno	☒	☐	☐	☐
Sean Elo-Rivera	☒	☐	☐	☐

Date of final passage FEB 25 2025.

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By Connie Patterson, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

FEB 03 2025, and on FEB 25 2025.

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By Connie Patterson, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 21919

Passed by the Council of The City of San Diego on February 25, 2024, by the following vote:

YEAS:	**LACAVA, CAMPBELL, WHITBURN, FOSTER III, VON WILPERT, CAMPILLO, LEE, MORENO, & ELO-RIVERA.**
NAYS:	**NONE.**
NOT PRESENT:	**NONE.**
RECUSED:	**NONE.**

AUTHENTICATED BY:

TODD GLORIA

Mayor of The City of San Diego, California

DIANA J.S. FUENTES

City Clerk of The City of San Diego, California

(Seal)

By: **Linda Irvin**, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true, and correct copy of ORDINANCE NO. **O-21919** (New Series) of The City of San Diego, California.

I FURTHER CERTIFY that said ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on **February 3, 2025** and **February 25, 2025.**

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

DIANA J.S. FUENTES

City Clerk of The City of San Diego, California

(SEAL)

By: Linda Irvin, Deputy

“Nakano Development Project Reorganization” RO25-08

Attachment Three - B

Resolution – City of San Diego

2026 2/3/25

(R-2025-347)
(COR. COPY)

RESOLUTION NUMBER R- 316022

DATE OF FINAL PASSAGE FEB 03 2025

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN PDIEGO INITIATE PROCEEDINGS FOR THE DETACHMENT OF THE PROPERTY WITH THE NAKANO PROJECT (PROJECT NO. PRJ-1076302) FROM THE CITY OF CHULA VISTA JURISDICTIONAL BOUNDARIES AND THE OTAY WATER DISTRICT SERVICE AREA AND A SPHERE OF INFLUENCE AMENDMENT AND FOR THE ANNEXATION OF THE PROPERTY INTO THE JURISDICTIONAL BOUNDARIES OF THE CITY OF SAN DIEGO.

RECITALS

The Council of the City of San Diego (Council) adopts this Resolution based on the following:

A. Tri Pointe Homes IE-SD, Inc., Owner/Permittee, (Tri Pointe Homes) filed an application to obtain approvals from the City of Chula Vista for a residential development known as the Nakano Project, located in proximity to Dennery Road and Ocean View Parkway, abutting the City of San Diego, and legally described as that portion of the northeast quarter of the southeast quarter of section 24, township 18 south, range 2 west, San Bernardino Meridian in the City of Chula Vista, County of San Diego, State of California, according to the official plat thereof described as follows: Beginning at the southeast corner of said northeast quarter of the southeast quarter; thence along the south line thereof South 89°42'04" West, 1069.30 feet to the easterly line of freeway described in final order of condemnation recorded July 22, 1968 as File No. 123488 official records; thence along said easterly line North 3°47'10" East, 918.10 feet; thence North 80°52'26" East, 1030.62 feet to the east line of said section; thence along said east line South 0°28'33" West, 1074.02 feet to the point of beginning and Lot 'C' of Dennery Ranch Village 2/3 according to Map thereof no. 15592, in the City of San Diego, County of San Diego,

State of California, filed in the office of the County Recorder of San Diego County on August 15, 2007.

B. The Nakano Project proposes the development of up to 221 multiple dwelling unit, including 22 affordable units, private open space amenity areas, and connecting trails to the Otay Valley Regional Park on a 23.8-acre site (Nakano Project).

C. Tri Pointe Homes, Inc. proposes to have the Project site detached from both the City of Chula Vista and Otay Water District and annexed into the City of San Diego since the Nakano Project site can only be accessed and receive services from the City of San Diego.

D. The City of San Diego and the City of Chula Vista have entered a cooperative Memorandum of Understanding (MOU) approved on December 7, 2021.

E. The MOU specifies that the Project shall be developed in accordance with the general plans and local ordinances of both Chula Vista and San Diego, as the site is intended to be detached from the City of Chula Vista and annexed into the City of San Diego.

F. Representatives of the City of San Diego, City of Chula Vista, and Tri Pointe Homes have negotiated an agreement, for the independent review and approval of public agency decision-makers, identifying the rights and duties of said parties that would facilitate orderly development of the Nakano Project (Annexation Agreement).

G. The Annexation Agreement outlines the process to detach approximately 23.8 acres of the Nakano Project site from the City of Chula Vista and Otay Water District and annex the property into the jurisdictional boundaries of the City of San Diego which is referred to as a reorganization.

H. The General Plan identifies the Nakano Project site as a prospective annexation area on Figure LU-3.

I. The General Plan identifies the need to consider and evaluate reorganizations with adjacent jurisdictions to avoid duplication of services with special districts; promote orderly growth and development and preserve open space, as necessary, on its periphery; and promote a more cost-efficient delivery of urban services to both existing areas that already have urban services and future development areas that require urban service extensions from contiguous City area.

J. The Nakano Project site can only be accessed and receive services from the City of San Diego and would represent an orderly and logical extension of City boundaries.

K. Proposed residential land use designation will assist the City in meeting housing goals by providing new housing opportunities on an undeveloped site, near existing commercial and recreational uses.

L. On December 3, 2024, the City Council of the City of Chula Vista, as Lead Agency under the California Environmental Quality Act (Pub. Res. §§ 21000 et seq.) (CEQA), certified Environmental Impact Report (EIR 22-001/SCH 2022060260) (EIR) that was prepared in accordance with CEQA and the CEQA Guidelines (14 C.C.R. §§ 15000 et seq.), adopted CEQA Findings, a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program.

M. The City of Chula Vista is, or will be, considering a Resolution of Support for the Application Requesting the Local Agency Formation Commission to Take Proceedings for the Nakano Development Project Reorganization.

N. The Otay Water District provided a Letter of Support for the Application Requesting the Local Agency Formation Commission to Take Proceedings for the Nakano Project Reorganization.

O. Through this Resolution, the City of San Diego desires to: (i) detach the Nakano Project site, the boundaries of which are described in the Annexation Agreement as Exhibit A attached hereto, from the City of Chula Vista and Otay Water District; (ii) annex said Nakano Project site into the jurisdictional boundaries of the City of San Diego; and (iii) amendment Sphere of Influence for the City of San Diego to include the Nakano Project site (the Reorganization).

P. On December 19, 2024, the Planning Commission of the City of San Diego considered Tri Pointe Homes's request for a resolution for the Application Requesting the Local Agency Formation Commission of the County of San Diego Initiate Proceedings the Detachment of the Proposed Nakano Residential Development Project (Project No. PRJ-1076302) from the City of Chula Vista jurisdictional boundaries and Otay Water District service area, Amendment of the Sphere of Influence, and for the Annexation of the Project site into the jurisdictional boundaries of the City of San Diego and recommended approval.

Q. The plan for providing services prepared in accordance with the requirement of Government Code section 56653 is attached to the Annexation Agreement as Exhibit E (Plan for Services).

R. The Local Agency Formation Commission of the County of San Diego (LAFCO), is the state-mandated regulatory agency established by the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (Govt. Code §§ 56000 et seq.) (Act) to review and approve proposed jurisdictional boundary changes, including annexations and detachments of certain real property to and/or from cities and special districts principally to discourage urban sprawl and to encourage the orderly and efficient provision of services.

S. The Reorganization is consistent with the legislative intent of the Act in that it will provide for orderly development of the Nakano Project site and for more efficient services to the future inhabitants of the Nakano Project site through the City of San Diego as shown in the Plan for Services.

T. Government Code section 56375(a)(7) provides that LAFCO require, as a condition to annexation, that a city pre-zone the area to be annexed, or, alternatively, to present evidence satisfactory to LAFCO that the existing development entitlements related to the area are vested and consistent with the City's General Plan.

U. This Resolution and the Annexation Agreement provide evidence that the Nakano Project entitlements are vested and consistent with the City of San Diego's General Plan in accordance with the terms of the Annexation Agreement.

V. Through the Annexation Agreement, the City of San Diego agrees to provide full faith and credit to the vested rights of Tri Pointe Homes upon the same terms and conditions as the City of Chula Vista, except as provided for in the Annexation Agreement and ordinance approving the Annexation Agreement; and

W. The Nakano Property site subject to the Reorganization is uninhabited.

X. The Office of the City Attorney prepared this Resolution based on the information provided by City staff (including information provided by affected third parties and verified by City staff), with the understanding that this information is complete and accurate.

Y. Under San Diego Charter section 280(a)(2), this Resolution is not subject to veto by the Mayor because this matter requires the Council to act as a quasi-judicial body and where a public hearing was required by law implicating due process rights of individuals affected by the

decision and where the Council was required by law to consider evidence at the hearing and to make legal findings based on the evidence presented.

ACTION ITEMS

Be it resolved by the Council of the City of San Diego:

1. The initiation of proceedings for the Reorganization is an action contemplated and analyzed in the EIR for the Project in compliance with CEQA. The EIR analyzes the environmental impacts that would result from the Project. The analysis discusses the potential impacts to Land Use, Landform Alteration/Visual Quality/Neighborhood Character, Air Quality/Odor, Biological resources, Historical resources, Human Health/Public Safety/Hazardous materials, Hydrology/Water Quality, Geology and Soils, Greenhouse Gases, Noise, Paleontological Resources, Transportation/Circulation, Public Facilities and Services, Public Utilities, and Energy Use/Conservation. The analysis concludes that the Project would result in significant, but mitigable direct impacts associated with a) Biological Resources; b) Health & Safety/Hazardous Materials; c) Historical Resources; d) Tribal Cultural Resources; and e) Hydrology and Water Quality. Implementation of the Mitigation Monitoring and Reporting Program would reduce these environmental effects to below a level of significance. Findings of Fact and Statement of Overriding Considerations have been adopted by the City of Chula Vista as Lead Agency for the Project. Findings of Fact pertain to a) Findings Regarding Significant Impacts that can be Mitigated to below a Level of Significance; b) Findings Regarding Mitigation Measures which are the Responsibility of Another Agency; c) Findings Regarding Infeasible Mitigation Measures; d) Findings Regarding Alternatives Considered and rejected; and e) Findings Regarding Alternatives Considered in the EIR. The Statement of Overriding Considerations pertain to each of the following social, economic, and environmental benefits of

the Nakano Project, independent of the other benefits, outweigh the potential significant unavoidable adverse impacts and render acceptable each and every one of these unavoidable adverse environmental impacts: a) Land Use and Planning; b) GHG; and c) Transportation.

2. That Council finds through its review of the EIR and other materials in the Administrative Record, the Council evaluated: (a) the present and planned land uses for the Nakano Project site; (b) the present and the future need for urban services and facilities; (c) the fiscal impact of the reorganization; (d) whether the reorganization promotes an orderly and logical revision of the City's boundaries; (e) the ability of the City of San Diego, City of Chula Vista and the Otay Water District to provide urban level services; (f) whether the organization would induce residential growth; (g) whether the proposal would provide for affordable housing; (h) whether the proposal would provide for open space; (i) the effect of reorganization on social and economic interests; and (j) the level of support on the part of affected property owners and area residents.

3. That Council finds the annexation contributes to the social and economic interests and benefits and propose an orderly and logical revision of the City of San Diego boundaries because it facilities that Nakano Project, which will provide affordable housing, and provides more efficient services to the Nakano Project in exchange for applicable development fees and government revenues generated by construction and operation of the residential development.

4. That this Resolution of Application is hereby approved and adopted by the City of San Diego. The Local Agency Formation Commission of San Diego County is hereby requested to process the Reorganization in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and in accordance with this Resolution. As a Responsible Agency, pursuant to CEQA Guidelines section 15096, the Council of the City of

San Diego has considered and approved the certified EIR and adopted Findings of Fact, Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program for the Nakano Project.

APPROVED: HEATHER FERBERT, City Attorney

By _____
Corrine L. Neuffer
Senior Chief Deputy City Attorney

CLN:jn2
January 6, 2025
January 22, 2025 (COR.COPY)
Or.Dept: DSD
Doc. No. 3919551.2

I certify that the Council of the City of San Diego adopted this Resolution at a meeting held on FEB 03 2025.

DIANA J.S. FUENTES
City Clerk

By Krystell Medina
Deputy City Clerk

Passed by the Council of The City of San Diego on FEB 03 2025, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☑	☐	☐	☐
Jennifer Campbell	☑	☐	☐	☐
Stephen Whitburn	☐	☐	☑	☐
Henry L. Foster III	☑	☐	☐	☐
Marni von Wilpert	☑	☐	☐	☐
Kent Lee	☑	☐	☐	☐
Raul A. Campillo	☑	☐	☐	☐
Vivian Moreno	☑	☐	☐	☐
Sean Elo-Rivera	☑	☐	☐	☐

Date of final passage FEB 03 2025.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By _____, Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 316022

“Nakano Development Project Reorganization” RO25-08 Attachment

Three - C

Letter of Support (Otay WD) & Will-Serve Letter (City of San Diego)

...Dedicated to Community Service
2554 SWEETWATER SPRINGS BOULEVARD, SPRING VALLEY, CALIFORNIA 91978-2004
TELEPHONE: 670-2222, AREA CODE 619 www.otaywater.gov

October 26, 2023

Project No.: P1438-01000
Activity: 3111

Keene Simonds
Executive Office
San Diego Local Agency Formation Commission
2550 Fifth Avenue, Suite 725
San Diego, CA 92103

Subject: Otay Water District Letter of Support for the Nakano Project Site Reorganization

Dear Mr. Simonds:

Otay Water District (District) is providing this Letter of Support for the Nakano Project Site Reorganization and Change of Sphere of Influence for the reasons outlined within.

As you are aware, Tri Pointe Homes, IE-SD, Inc. owns 23.8 acres of certain real property located in the undeveloped area of the City of Chula Vista, south of the Otay River, east of Interstate 805, and within the Sphere of Influence for the District. Tri Pointe Homes intends to develop a 221-unit residential project on the Nakano Site. The Nakano Site is adjacent to the jurisdictional boundaries of the City of San Diego, within the Otay Mesa Community Plan area.

The District recommends de-annexing the property from the District's Sphere of Influence by way of the Local Agency Formation Commission. This recommendation is reflected in associated comments provided as early as 2009 and as recent as 2021 as part of the District's review of the Nakano Project submittal. This continues to be the recommended course of action.

Although the Nakano Site is currently within the District's Sphere of Influence, there is no operational District water main to service the planned development. The District's 12-inch main along the eastern project site boundary was abandoned by the District in 2000 and has been out of service for approximately 23 years.

As noted, the District desires to communicate its consent to the amendment and removal of the Nakano Site from the jurisdictional boundaries of the City of Chula Vista and the Otay Water District Sphere of Influence and subsequent annexation into the City of San Diego, which will serve water and sewer for the Nakano project.

In summary, the District supports the City of San Diego Application Requesting the San Diego County Local Agency Formation Commission to Take Proceedings for a Reorganization of the Nakano Development Project Reorganization.

Sincerely,
OTAY WATER DISTRICT

Kevin Cameron, P.E.
Engineering Manager

KC:mlw

The City *of*
SAN DIEGO
Development Services Department
Engineering Division, Water & Sewer Section
January 19, 2023

Page 1
Mr. Allen Kashani
Senior Project Manager
Tri Pointe Homes
13520 Evening Creek Drive North, Suite 300
San Diego, CA 92128

Dear Mr. Kashani,

Subject: **Will Serve Letter –**
Location: Northside of Dennery Road between Regatta Lane and Sand Star Way.
Project Name: Nakano
The legal description is attached.

This letter is to confirm that the subject property is within the City of San Diego water and sewer service area.

New water service connections and sewer lateral connections are available as noted below. New connections are permitted in accordance with the required demand.

WATER:
There is an existing 12" PVC (HGL 365) water main in Dennery Road as shown on City improvement drawing 32972-D.

SEWER:
There is an existing 8" PVC sewer main in Dennery Road as shown on City improvement drawing 28875-D. There is an existing 27" PVC sewer main in a sewer easement as shown on City improvement drawing 21305-D. There is an existing 18" PVC sewer main in a sewer main as shown on City improvement drawing 27113-D.

A hydraulic analysis and condition assessment of the existing utilities is required to determine the availability of water service and sewer laterals. These connections are requested based upon required demand/flow of the project. All services are governed by city ordinances and regulations concerning connections, constructions, charges/permit fees and matters pertaining thereto.

If you have any additional questions or concerns, please contact me at (619) 446-5454.

Sincerely,

Gary Nguyen
Assistant Engineer - Civil

Enclosure: Legal Description (1)

6c

AGENDA REPORT
Public Hearing | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Proposed "Valiano – Eden Hills LLC Project: Out-of-Agency Wastewater Services" and Related Actions | City of Escondido (OAS19-26) (action)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider the first of two requested approvals associated with the planned 243-unit "Valiano" residential development in the Harmony Grove unincorporated community. The first requested approval is to authorize the City of Escondido to extend new out-of-agency wastewater service covering the entire 239.0-acre project site. Staff recommends approval of the request along with conforming sphere of influence amendments to the City of Escondido (addition) and City of San Marcos (removal). Staff also recommends the Commission apply standard approval conditions except for the otherwise standard practice of requiring the landowner to submit an annexation proposal based on local conditions as detailed. Staff further recommends the Commission waive Policy L-106 and adopt parallel findings to the Environmental Impact Report adopted by the County of San Diego in approving the underlying development project. A list of affected parcel numbers is on file.

* The second requested approval involves a reorganization involving an approximate 10-acre portion of the affected territory to detach from the Rancho Santa Fe Fire Protection District and concurrently annex to the San Marcos Fire Protection District. This second request will be presented to the Commission at a future meeting with new noticing.

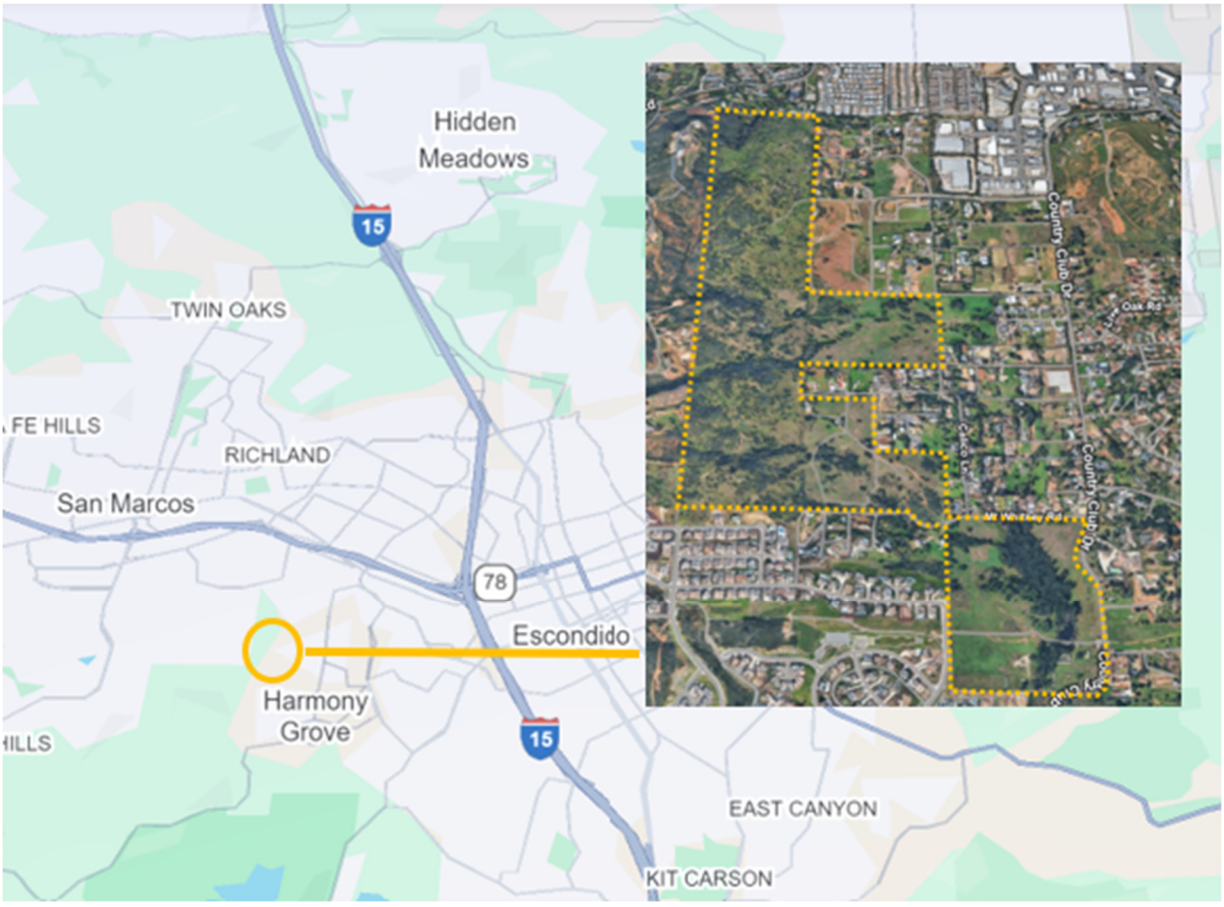
Administration
Keene Simonds, Executive Officer
2550 Fifth Avenue, Suite 725
San Diego, California 92103
T 619.321.3380
E lafco@sdcounty.ca.gov
www.sdlafco.org

Paloma Aguirre, County of San Diego
Joel Anderson, County of San Diego
Monica M. Steppe, 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
Vacant, General Public
Brigette Browning, Alt., General Public

BACKGROUND

Applicant Request

San Diego LAFCO has received a request from the City of Escondido on behalf of the interested landowner — Eden Hills Project Owner, LLC (Lance M. Waite and Gill Miltenberger) — for authorization to provide out-of-agency wastewater service (including collection, treatment, and disposal) for the planned 243-unit Valiano development in the Harmony Grove community. The proposed out-of-agency service would be formalized under agreement with the landowner, with service rights to be transferred to individual property owners as the Valiano development is subdivided and constructed. The proposed out-of-agency service would apply to the entire 239.0-acre project site, which currently consists of 13 legal parcels and is largely undeveloped aside from an unoccupied single-family residence at 1805 Country Club Drive.



Google Earth

Regional Setting

The affected territory is located within the north-central portion of San Diego County within the Harmony Grove unincorporated community, situated between the City of Escondido to the north and northeast and City of San Marcos to the northwest and west. Two-thirds of the affected territory lies within the Escondido sphere of influence with the remaining one-third located within the San Marcos sphere. Immediately south of the affected territory is the master-planned Harmony Grove Village with largely rural residential uses bounding the immediate western and eastern perimeters; the latter locally referred to as Eden Valley. The affected territory lies within County Supervisorial District No. 3 (Terra Lawson-Remer), Assembly District No. 76 (Darshana Patel), and Senate District No. 40 (Brian W. Jones).

An aerial map of the affected territory and its regional setting is provided above with a more detailed map – showing existing jurisdictional boundaries – included as Attachment One.

Subject Agencies

The proposed out-of-agency service agreement request filed with San Diego LAFCO involves two subject agencies: City of Escondido and City of San Marcos.[1] A summary of the subject agencies in terms of population, size, functions, and financial standing follows.

- **City of Escondido** was incorporated in 1888 with a current estimated resident population of 150,900 and jurisdictional boundary of 23,989 acres or 37.5 square miles. Escondido is organized as a full-service municipality and headlined by directly providing community planning, fire protection and emergency medical services, parks and recreation, police protection, public works (roads, drainage, and engineering), wastewater, and water services; the latter geographically limited and supplemented by other special districts. LAFCO last reviewed and updated Escondido's sphere in 2022 with a larger-than-agency designation that includes a total of 1,487 unincorporated acres in the form of two special study areas and removed 1,090 unincorporated acres along its northern perimeter. Escondido's most recent audit shows its net position – the total accrual accounting value of agencywide assets less liabilities – at $606.1 million as of June 30, 2024. The overall amount reflects an increase of 15% over the last three years. The unrestricted portion of the net position totals ($92.9 million) and adjusts to $131.6 million less booked pension funds. The adjusted unrestricted portion reflects an increase of 33% over the last three years. Escondido's General Fund separately totals $73.8 million and marks a 20.8% improvement over the last three years. The spendable portion (committed, assigned, or unassigned) equals $33.8 million and sufficient to cover 2.2 months of recent actual General Fund expenses.

- **City of San Marcos** was incorporated in 1963 with a current estimated resident population of 95,287 and jurisdictional boundary of 15,616 acres or 24.4 square miles. San Marcos is organized as a hybrid municipality with respect to providing municipal

[1] State law defines "subject agency" to mean any district or city for which a change of organization or reorganization is proposed. For purposes of this report, LAFCO is using subject agency in an expanded definition to also include the two agencies directly affected by the request – Cities of Escondido (out-of-agency service agreement and sphere amendment) and San Marcos (sphere amendment).

services. Directly provided services are headlined by community planning, fire and emergency medical, parks and recreation, and public works (roads, drainage, and engineering). Other critical services are provided by outside agencies and include contracting with County Sherrif for police protection as well as water and wastewater provision largely done by Vallecitos Water District and Vista Irrigation District. LAFCO last reviewed and affirmed San Marcos' sphere in 2008 with a larger-than-agency designation. The agency's most recent audit shows the net position at $1.1 billion as of June 30, 2024. The overall amount reflects an increase of 4.7% over the last three years. The unrestricted portion of the net position totals $131.8 million and reflects a decrease of (5.01%) over the last three years. The General Fund separately totals $92.5 million and marks an 9.5% improvement over the last three years. Of this General Fund balance, $49.5 million is committed as reserves with another $851,000 left as unassigned. The combination of these latter amounts totals $50.4 million and sufficient to cover 3.5 months of General Fund operating expenses.

Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and spheres of influence of 12 local agencies directly subject to San Diego LAFCO's planning and regulatory responsibilities. These agencies qualify as "affected agencies" relative to the proposal before the Commission and are listed below.[2]

- City of Escondido (sphere only)
- City of San Marcos (sphere only)
- County Service Area No. 135 (regional communications)
- Metropolitan Water District of Southern California
- North County Cemetery District
- North County Transit District
- Palomar Healthcare District
- Resource Conservation District of Greater San Diego
- Rincon del Diablo Municipal Water District
- San Diego County Flood Control District
- San Diego County Street Lighting District
- San Diego County Water Authority

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 School District
- Escondido Union High School District
- San Marcos Unified School District
- Palomar Community College District

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

DISCUSSION

This item is for San Diego LAFCO to consider approving Escondido's request under Government Code Section 56133 to provide new out-of-agency wastewater services (collection, treatment, and disposal classes) to facilitate the planned 243-unit "Valiano" residential subdivision. 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 before San Diego LAFCO is to authorize the establishment of new out-of-agency wastewater service to the affected territory and in doing so facilitate the planned 243-unit Valiano residential development.

Current and Planned Uses

The affected territory is entirely unincorporated and under the land use authority of the County of San Diego and its adopted policies. The affected territory was most recently redesignated and rezoned by the Board of Supervisors as part of a series of approvals for the Valiano project in July 2018. The project approvals, however, have been revised as a result of a litigation settlement with a coalition of environmental groups and adjusted accordingly to now include 243 single-family residences.[3] The settlement agreement also provides for an emergency access road. Additional land use policy details for the affected territory are footnoted. [4]

Approximately two-thirds of the affected territory is located within the City of Escondido's sphere of influence with the remaining one-third located within the City of San Marcos's sphere of influence. Neither Escondido nor San Marcos have assigned pre-zoning designations to the portion of the affected territory within their sphere.

ANALYSIS

San Diego LAFCO's analysis of the out-of-agency wastewater service request before the Commission focuses on three central and sequential policy items. These items are headlined by the stand-alone merits of the timing of the request and related subcategories as well as whether discretionary terms are appropriate. The Commission must also consider the impacts of the request under CEQA statutes. Staff's analysis follows.

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[3] Project opponents involved in the settlement agreement are the Elfin Forest Harmony Grove Town Council and Sierra Club.

[4] Specific development policies for the affected territory are delegated in the County's San Dieguito Community Planning Area – a portion of which is located within the Elfin Forest-Harmony Grove Subarea Plan. The existing regional land use categories for the project site as identified in the Land Use Element, are Semi-Rural Residential (SR-1 and SR-2 based on slope with steeper on-site slopes equating to larger lot site requirements). The Sr-1 designation allows for one dwelling unit per 1, 2, or 4 gross acres, and the SR-2 designation allows for one dwelling unit per 2, 4, or 8 gross acres. The amended General Plan designates the entire project area as Semi-Rural Residential (SR 0.5) allowing for one dwelling unit per 0.5-acre. A similar zoning amendment designates the area as Specific Plan (S88), allowing one dwelling unit per 0.5 acres of space. The 243 planned single-family residences within the affected territory conform to these County land use policies.

Timing Considerations

Underlying San Diego LAFCO's consideration of the request submitted by Escondido is the timing and whether the membership believes the extension of municipal wastewater service is merited and available and, if so, the best means of delivery – annexation or out-of-agency agreement. Consideration of making public health findings and/or sphere of influence amendments also applies. Staff's analysis of these considerations follows.

- Need and Availability of Service
  Escondido and the landowner have established an agreement for an out-of-agency service arrangement where the City will provide contractual wastewater services (including collection, treatment, and disposal) to the entire affected territory and its planned development of 243 residential units. LAFCO staff's analysis confirms Escondido has existing wastewater infrastructure in reasonable proximity to the affected territory that would involve an approximate 2,700-foot lateral connection to the existing collector located off Kauana Loa Drive and Oak View Way. It is projected the maximum average day wastewater flow generated within the affected territory post-approval is 60,750 gallons per day consistent with the development of 243 single-family residences. Staff believe this projected amount can be readily accommodated by Escondido representing 1.4% of its available treatment capacity.[5]

  On January 28, 2025, Rincon del Diablo Municipal Water District (MWD) submitted a formal letter to LAFCO indicating it had sufficient infrastructure and capacity to serve the development. Staff believes the existing agreement with Escondido—together with the site's inclusion within Escondido's sphere of influence—offer a more logical, coordinated, and efficient long-term service solution. This approach also affirms that Escondido is best positioned to provide wastewater service to the project site and supports LAFCO's long-term objective to facilitate the full annexation of the territory into the City.

- Merits of Out-of-Agency Service vs. Annexation
  With respect to delivery, annexation remains the preferred method under LAFCO law and local policy for formalizing the relationship between territory and municipal service provision, unless local conditions indicate otherwise. In this case, staff believes local conditions support an out-of-agency service agreement as the most effective and appropriate means of extending wastewater service to the affected territory. Annexation of just the affected territory would result in an irregular, non-contiguous boundary, as the project site does not readily adjoin Escondido's existing jurisdictional limits. Further, in order to create a contiguous and orderly boundary, a relatively significant modification of no less than 15 parcels spanning approximately 19 acres would be needed, with no indication of support from the neighboring landowners.

[5] The proposed project is estimated to generate up to 60,750 gpd (0.061 MGD). The Hale Avenue Resource Recovery Facility (HARRF) current average available capacity is approximately 4.5 MGD.

- Merits of Making Public Health Finding v. Sphere Amendment
  With respect to out-of-agency service eligibility, two-thirds of the affected territory already lies within Escondido's sphere of influence and can readily accommodate the request under statute should the Commission determine it is appropriate. However, accommodating the balance of the affected territory – which totals 84 acres – requires either a public health and safety finding or expansion of Escondido's sphere. Staff believes the sphere amendment is the most appropriate option and amplifies the expectation in statute and policy for the area being served by Escondido to ultimately annex to Escondido, consequently eliminating the need to make a public health and safety finding. An analysis of the specific factors required under statute for sphere amendments is provided in Appendix A. Notwithstanding the preceding preference, should the Commission choose not to expand the Escondido sphere to cover the remaining portion of the affected territory, staff believes there is enough documentation in the record to make a stand-alone public health and safety finding as further detailed in a footnote.[6]#

Potential Terms

Staff believes it would be appropriate to San Diego LAFCO to condition approval with standard terms and headlined by having the applicant pay any outstanding fees necessary to complete the approval per the adopted fee schedule. A key exception, however, applies and this involves proceeding without the otherwise common practice to require the landowner to file an annexation proposal with LAFCO for future processing.

Staff believes omitting this term is appropriate given local conditions and the impracticability of timing a future annexation given the preceding considerations. More specifically, in order to create a contiguous and orderly boundary, a relatively significant modification of no less than 15 parcels spanning approximately 19 acres would need to be annexed, with no indication of support from the neighboring landowners.

Environmental Impacts

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. Accordingly, the Commission is tasked with making one or more findings under CEQA in consideration of the proposed request to extend out-of-agency wastewater services under contract. Staff analysis follows.

- The County of San Diego serves as the lead agency for assessing potential impacts of the proposed extension of out-of-agency wastewater services under CEQA as part of its discretion to approve the underlying development project. An Addendum to a previously certified EIR was prepared and considered for this project pursuant to the provisions of CEQA and a mitigation reporting or monitoring plan was adopted for this

[6] Support for making a public health and safety finding includes – but not limited to – information provided as part of the County of San Diego's environmental review and finding the out-of-agency service extension eliminates the need and operational variables associated with an on-site wastewater treatment and reclamation facility.

project. In its role as lead agency, on December 6, 2024, the County certified an Environmental Impact Report (EIR) and adopted a Notice of Determination (NOD) and in doing so made findings that the project will not have a significant effect on the environment. This included conditioning the project on mitigation measures outlined as part of an adopted Mitigation and Monitoring plan. Staff independently believe the County has prepared sufficient documentation as lead agency in assessing and mitigating potential impacts and it would be appropriate for the Commission to adopt parallel findings as responsible agency.

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

RECOMMENDATION

It is recommended San Diego LAFCO conditionally approve the requested out-of-agency wastewater service authorization, allowing Escondido to extend new out-of-agency wastewater service in support of the planned 243-unit Valiano residential development in the unincorporated community of Harmony Grove. This recommendation draws on the preceding analysis and, while noting that Rincon del Diablo MWD submitted a letter indicating it has capacity to serve the project, staff believes Escondido is better positioned to provide wastewater service. Further, the majority of the affected territory already lies within Escondido's sphere of influence, reinforcing LAFCO's long-term objective to ultimately annex the entire project site into the City. This recommendation aligns with the action outlined as Alternative One in the preceding section.

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 City of Escondido and Eden Hills Project Owner, LLC (Lance M. Waite & Gill Miltenberger)—subject to the scope and terms as provided in the preceding sections.

b) Approve the conforming sphere of influence amendments to Cities of Escondido and San Marcos, as detailed.

c) Approval would also include waiving LAFCO Policy L-106 and the requirement of one or more new municipal service reviews to inform the conforming sphere amendments; and make CEQA findings as detailed.

Alternative Two:
Continue consideration to the next regular meeting.

Alternative Three:
Disapprove the request.

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda 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,

Michaela Peters

Michaela Peters
Analyst II

Appendix:

1) Sphere of Influence Amendments – Analysis

Attachments:

1) Map of the Affected Territory
2) Request by the City of Escondido
3) EIR Resolution (online only)

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Appendix A
Analysis of Conforming Sphere of Influence Amendments
Valiano – Eden Hills LLC Project

City of Escondido
City of San Marcos

The requested out-of-agency service agreement necessitates San Diego LAFCO consider conforming sphere of influence actions to achieve consistency under statute and local policy.[7] The actions involve amendments to the Cities of San Marcos and Escondido's sphere of influence established by LAFCO. These amendments are 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.

With the above scope in mind, the proceeding analysis is organized to consider the two conforming amendments together under statute and local policy. The statutory factors relate to an informing municipal service review along with addressing the general relationship between the subject agencies and the affected territory.[8] 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 agencies were completed in 2008 (San Marcos) and 2022 (Escondido). Requiring one or more new municipal service reviews – and specific to informing the proposed extension of out-of-agency wastewater services – does not appear warranted. This conclusion ties to the relatively limited scope of the amendments to each of the subject agencies' spheres of influence required to achieve service connectivity to the affected territory.

- 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 agencies 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.

7 A sphere of influence is a planning boundary indicating where a city or district is expected to provide services in the future, while a jurisdictional boundary defines the area where it currently holds legal authority and provides services.

8 Reference to Government Codes 56430 and 56425, respectively.

- With respect to **present and planned land uses**, the affected territory as submitted comprises 13 parcels spanning 239.0 acres of unincorporated territory within the "Harmony Grove" neighborhood –between the Cities of Escondido and San Marcos. The affected territory is presently undeveloped and zoned by the County as Semi-Rural Residential (SR-0.5) allowing for one single-family residence per 0.5 acres. These planned residential uses are readily compatible with the conforming sphere amendments under consideration. The proposed adjustments would remove a portion of the territory from San Marcos' sphere and place it entirely within Escondido's sphere. This action would promote consistency across the project site in terms of service delivery, and specifically for the provision of contracted wastewater services. As the majority of the territory already lies within Escondido's sphere, the proposed amendment would establish the City as the appropriate future land use authority for the entire site and create uniformity.

- With respect to the **present and probable need for one or more public services**, there is pending need for wastewater to the affected territory to accommodate the planned 243-unit residential subdivision. The present and continued need for wastewater are readily compatible with the conforming sphere amendments.

- With respect to the **overall adequacy of the agencies' public services**, no material deficiencies have been identified by LAFCO staff as part of the proposal review process. Additional analysis on the ability to accommodate the underlying project is included in the proceeding section.

- With respect to **social or economic communities of interest if relevant to the agencies**, the sphere amendments to the three agencies collectively ensure service uniformity to the project site with respect to wastewater.

- With respect to the **present and probable need for services involving any disadvantaged unincorporated communities (DUC)**, the entire affected territory qualifies as a DUC under LAFCO statute. However, further analysis is not required in this case as annexation of the site to the City of Escondido is not currently proposed—an action that would otherwise trigger additional review under both state law and local LAFCO policy. Further, fire protection and emergency medical services for the broader DUC area are currently provided by either San Marcos FPD or Rancho Santa Fe FPD. Water and wastewater service are delivered by a combination of agencies, including Vallecitos WD, Olivenhain MWD, and Rincon del Diablo MWD, depending on the location within the DUC and surrounding area.

- 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 reorganizations and in doing so – and among other growth management objectives – help reflect and preserve community identities. The policy further directs LAFCO to use

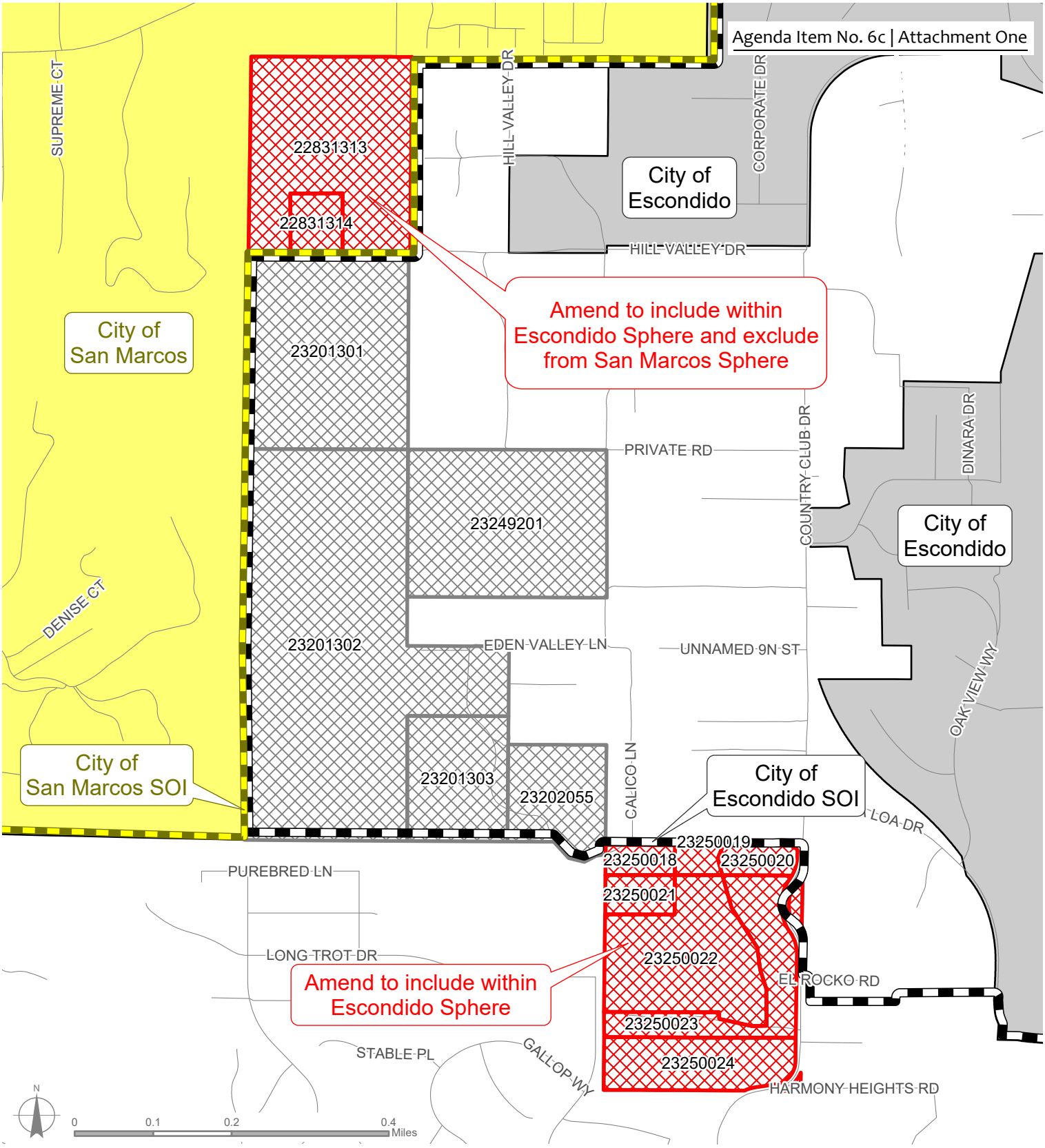
spheres to discourage duplication of municipal services and similarly encourages local agency consolidations, whether functional or political. The sphere amendments necessary to accommodate the proposed out-of-agency service agreement conform with L-102. Most directly, the amendments would facilitate known and otherwise modest service area changes within the affected territory to accommodate the planned development and ensure uniformity of wastewater across the entire affected territory.

CONCLUSION | MERITS OF A CONFORMING SPHERE OF INFLUENCE AMENDMENTS

The conforming sphere amendments necessary to accommodate the proposed out-of-agency service agreement involving Cities of San Marcos and Escondido appear sufficiently justified under statute and local policy. Justification is marked by the preceding analysis and rests on three key **assumptions**.

- The Commission believes a new municipal service review is unnecessary given the proposed amendments are limited and create uniformity.
- The Commission believes there is sufficient connectivity between Escondido and the communities of interest within and adjacent to affected territory.
- The Commission believes the proposed service area and sphere amendments are the appropriate short-term solution, with the long-term objective remaining to annex the affected territory into Escondido.

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PROPOSED "VALIANO - EDEN HILLS OUT-OF-AGENCY SERVICE AGREEMENT" | OUT-OF-AGENCY WASTEWATER SERVICE AGREEMENT WITH THE CITY OF ESCONDIDO AND RELATED ACTIONS

SOI = Sphere of Influence

- San Marcos SOI
- Escondido SOI
- Proposal Area
- Specific Plan 13 parcels & 228-313-14
- San Marcos
- Escondido

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

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Out-of-Agency Service Request | City of Escondido (wastewater)

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

June 20, 2025

Priscilla Mumpower, Assistant Executive Officer
San Diego Local Agency Formation Commission (LAFCO)
2550 Fifth Avenue, Suite 725
San Diego, California 92103-6624

Dear Ms. Mumpower:

I write to request approval from the San Diego Local Agency Formation Commission (LAFCO) of out-of-agency wastewater service by the City of Escondido for the Valiano/Eden Hills development project in the County of San Diego.

The City intends to provide wastewater service to the proposed Project per the terms of the Sewer Facilities Development Memorandum of Understanding ("MOU") dated December 28, 2015 (See Attachment 1) and the Sewer Flow Agreement – Agreement for the Acceptance of Sewer Flow from Valiano Project to the City of Escondido, dated August 22, 2019 (See Attachment 2).

Please contact Acting Utilities Director Kyle Morgan (kyle.morgan@escondido.gov) or Deputy City Manager Christopher McKinney (christopher.mckinney@escondido.gov) if further information in support of this request is needed.

Sincerely,

Sean McGlynn
City Manager

cc: Christopher McKinney, Deputy City Manager
Kyle Morgan, Acting Utilities Director
Stephanie Roman, Assistant Utilities Director – Construction and Engineering
Keene Simonds, Executive Officer, LAFCO
Chris Brown
Gil Miltenberger, Integral Communities

A-3173

SEWER FACILITIES DEVELOPMENT MEMORANDUM OF UNDERSTANDING

THIS SEWER FACILITIES DEVELOPMENT MEMORANDUM OF UNDERSTANDING ("MOU") is made as of this 28 day of December, 2015 between THE EDEN HILLS PROJECT OWNER, LLC, a Delaware limited liability company, (hereinafter referred to as "Developer") and the CITY OF ESCONDIDO, a California municipality (hereinafter referred to as "Escondido" or "the City."). Developer and the City may also at times be individually referred to as a "Party" and collectively as "Parties."

RECITALS

A. Developer is the developer of the Valiano residential project, located in the County of San Diego, consisting of 238 acres and 326 residential units, and any secondary dwelling units, if any, and park related facilities (the "Project"), generally depicted on Exhibit "1" attached hereto. While the Project is located in San Diego County, the majority of the Project site is located in the City's sphere of influence, and the Project site is not currently within any County of San Diego ("County") sanitation district.

B. The application associated with the Project, which includes a General Plan Amendment and enactment of a Specific Plan (the "Project Entitlements"), is currently undergoing review with the County. The Draft Environmental Impact Report ("DEIR") associated with the Project has been circulated and the public review period has concluded. The DEIR considers various sewer service options including the improvement and connection to the City's facilities as described in this document.

C. The City owns and operates a wastewater collection, treatment, and disposal system, including the Hale Avenue Resource Recovery Facility, a wastewater treatment and recycling plant located within the City (the "Plant" or "HARRF"). The Plant is located approximately 4,000 feet from the Project site, and currently has excess average dry weather wastewater capacity that can be made available for the Project.

D. It is anticipated that the City will allow the connection and acceptance of new sewer flows from a new County collection system from the Project, or a substantially similar project, to connect with the City's existing sewer system, subject to the terms and conditions of this MOU.

E. The Parties anticipate that the Developer will construct a new pump station, gravity main and force main which would replace and relocate the City's Sewer Pump Station No. 12 force main.

F. Developer desires to connect the Project to the Plant because the Project site is not currently serviced by the County, and Developer wishes to avoid constructing an onsite wastewater treatment plant and disposal facilities in conjunction with the Project. The Parties recognize that Developer enters into this MOU with the intention of satisfying any requirement the County may have as part of its review of the Project to show that the Project will have wastewater service.

G. If the County does not approve the Project Entitlements, or the City is not able to enter into a sewer service agreement with the County on terms acceptable to the City, then the Parties agree that neither Party is bound by this MOU.

NOW, THEREFORE, the parties agree as follows:

1. Incorporation of Recitals. The foregoing Recitals are fully incorporated into the MOU, as if they were fully repeated herein.

2. Duration. Unless otherwise agreed to in writing by the Parties, this MOU shall expire on December 31, 2030 if the Project Entitlements have not been approved by the County, or the City and the County have not entered into a sewer service agreement.

3. Replacement and Relocated Facilities. The City agrees Developer shall replace and relocate the City's Sewer Pump Station No. 12 and construct a new sewer pump station, gravity main, and force main (approximately 1,600 feet) in a different location, as shown in Exhibit "2", in accordance with City design standards at the time of installation. Developer shall ensure the construction is warrantied for a period of at least one year. Upon the completion of the construction of the Sewer Project, as described herein, Developer shall dedicate the new Sewer Pump Station No. 12 (Pump Station) and force main to the City. The Pump Station shall consist of submersible pumping units at an approximate capacity of 300 gallons per minute system with telemetry and backup generator. Attached as Exhibit "3" is a general description and preliminary budget for the Pump Station.

4. Planning Phase. Subject to City's reasonable prior approval, Developer shall designate and engage a qualified engineering firm (the "Engineer") to conduct preliminary design and engineering work for the purpose of constructing a new Sewer Pump Station No. 12, gravity main, and force main to convey both the Project flows, existing City flows, and other future flows as determined by the City, and installing and connecting the Developer's constructed onsite sewer system, to be accepted by the County, to the new City Sewer Pump Station No. 12. The new Developer sewer system will be designed to County and City standards and shall meet the City's requirements for flow. The Engineer shall report to City on the progress of its activities when requested by the City. As part of its scope of work for Developer, the Engineer shall identify all necessary permits and approvals from governmental and regulatory agencies and bodies other than City, as well as any rights of way which must be acquired in order to design, engineer, construct and operate the new Sewer Pump Station No. 12, force main, gravity main and sewer system (the "Sewer Project") to provide services to the Project.

5. Permitting, Construction and Approvals. Subject to City's reasonable prior approval of the design and engineering plans for the new Pump Station No. 12, force main, gravity main, and connection from the Project, Developer shall apply for any necessary permits and approvals from governmental agencies and bodies, in addition to those required by City which are referenced herein, to permit the construction and operation of the Project utilizing the services of the Engineer as may be selected by Developer with the reasonable prior approval of City. City agrees to cooperate with Developer in obtaining said permits and approvals and Developer shall pay any costs for such permits directly related to the Project.

Upon operational acceptance of the Sewer Project by the City and County, Developer shall pay to City the applicable fees, as set by resolution of the city council, at the time of acceptance. Those fees are set at $7500 per equivalent dwelling unit and will continue to be set at $7500, for the purposes of this MOU, for 36 months after the date this MOU is executed by both parties. The

City shall credit the fee paid by Developer for 25% of the design and construction cost of the improvements pursuant to this MOU. Such credit shall not exceed $750,000.

City shall be reimbursed by Developer for City's reasonable costs of overseeing and inspecting the construction work of the new Sewer Pump Station 12, gravity main, and force main being performed to connect the Developer sewer system within thirty (30) days of being sent a bill for such costs. City shall further be reimbursed by Developer for City's reasonable costs in coordinating planning or other time spent in relation to this MOU. Reimbursement shall be limited to a maximum of $25,000. All permits obtained by Developer shall be applicable to the new Pump Station, force main and the system connection only.

Developer shall comply with the requirements of the City's Wastewater Discharge Permit, and if required, any subsequent applicable requirements enforced by the County and/or the California Regional Water Quality Control Board. The City's charges for the Project's utilization of the Wastewater Treatment Plant and all other City facilities necessary for the collection, transmission, treatment and disposal of wastewater by the Project ("Plant Usage Fees") shall be fixed in the manner set forth in a sewer service agreement with the County.

6. City Sewer Service Agreement with County. As soon as reasonably possible after the County approves the Project Entitlements, the City will enter into a sewer service agreement with the County to provide sewer treatment and disposal for the Project (approximately 72,000 gallons per day ("gpd").

7. Maintenance after Construction. The County shall be responsible for all maintenance and repair of the Developer constructed sewer system within the Project up to the influent line to the Pump Station, and accordingly, Developer shall dedicate all such sewer facilities to the County. Except as set forth above, City shall be responsible for operating, maintaining and repairing the new Pump Station No. 12, gravity main, and force main and all related appurtenances within the Sewer Project and treatment system in accordance with prevailing industry standards for municipal wastewater collection, transmission, treatment and disposal facilities, and in compliance with all applicable federal, state and local laws. City shall be responsible for all costs associated with the operation and maintenance of City and services involved in the pumping, conveyance, treatment and disposal of wastewater discharged from the Project other than those that are part of the Project which are the sole responsibility of the County or Developer as provided above.

8. Wet Weather Storage and Peak Wet Weather Wastewater Flows. In consideration for the Project's impacts on the City's peak wet weather Plant capacity and its land outfall disposal system Developer shall provide the City with a wet weather storage facility site within the Project site for the temporary storage of Title 22 recycled water during peak wet weather storm events. The Project will dedicate up to 2 acres for a capacity of 5,500,000 gallons of said wet weather storage facility. The City shall be solely responsible for the maintenance of any wet weather storage facility constructed on the Project site pursuant to this Section.

9. Recycled Water. Developer will plan, design and construct a recycled water distribution system in accordance with the requirements of the City and the Rincon del Diablo Municipal Water District. Through the use of open space, the Project anticipates providing approximately 36 acres of permanent recycled water irrigation and 31 acres of continuing agricultural irrigation, which is planned to provide an opportunity for treated effluent disposal of wastewater on an average annual basis, and is programmed to reduce impacts on the City's

wastewater system occurring from land and ocean outfall on an average annual basis. Peak irrigation demands will be supplemented by the Plant.

10. Right of Cure. All agreements between Developer and the Engineer and any other professionals or contractors working on the Project shall include a provision entitling City to receive simultaneous notice of any breach and an opportunity to cure and assume such agreements directly to the extent that the agreements involve the lateral connections from the Project to the trunk sewer main.

11. No Third Party Beneficiaries. This MOU is solely for the benefit of the parties hereto and any successor-in-interest to the Project. Neither party shall have any authority to act in any way as a representative of the other, or to bind the other to any third party, except as specifically set forth herein, and the parties shall not be deemed to be partners, joint venturers or the like by virtue of the provisions hereof.

12. Force Majeure. Neither party shall be liable for any damages resulting from any failure or delay in the performance of any of their respective obligations (other than the payment of fees) if prevented from doing so by a cause or causes beyond its reasonable control (a "Force Majeure Event"). Without limiting the generality of the foregoing, Force Majeure Events include Acts of God, fires, floods, earthquakes, natural disasters, terrorism, strikes, blackouts, war, restraints of government (other than City), or other causes that are beyond a party's reasonable control, any one of which makes performance hereunder commercially impracticable.

13. Governing Law. This MOU, and all matters arising directly or indirectly from this MOU, shall be governed by and construed in accordance with the applicable laws and regulations of the City, the State, and Federal law and regulations. For all such matters, each party submits to the exclusive jurisdiction of the state and federal courts located in San Diego County in the State of California, and waives any jurisdictional, venue, or inconvenient forum objections.

14. Assignment. Developer shall not assign its rights or obligations under this MOU without the City's prior written consent, which consent may be withheld in the City's sole and absolute discretion, unless the Developer is assigns its rights or obligations under this agreement to an entity that is related to the Developer and has equal or greater financial wherewithal. Notwithstanding the foregoing, (a) Developer shall have the right to assign its interest under this MOU in connection with any financing of the Project so long as Developer remains responsible for the performance of its obligations under this MOU; and (b) Developer shall have the right to assign its rights and obligations under, and interest in, this MOU in connection with a sale of the Project subject to the City's prior written consent which may shall not be unreasonably withheld.

15. Entire Agreement. This MOU and the exhibits and schedules attached hereto constitute the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all existing MOUs relating to the subject matter hereof. To the extent there is any conflict among the terms of this MOU and any attached exhibits or schedules, the terms of this MOU shall control.

16. No Waiver. Neither this MOU nor any provision hereof may be waived, modified, amended or terminated except by written agreement signed by both parties hereto. No failure on the part of any party to exercise and no delay in exercising any right, power or remedy under this MOU shall operate as a waiver thereof, nor shall any single or partial exercise of any right under this MOU preclude any other or further exercise thereof or the exercise of any other right.

17. Cumulative Remedies. No remedy conferred by any provision of this MOU is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given in this MOU or existing at law or in equity, by statute or otherwise.

18. Severability. If any provision of this MOU shall be held to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall apply only to such provision and shall not in any manner affect or render illegal, invalid or unenforceable any other provision of this MOU, and that provision and this MOU generally shall be reformed, construed and enforced so as to most nearly give lawful effect to the intent of the parties as expressed in this MOU.

19. Authorization to Sign. Each person signing below hereby warrants that he/she has the authority to sign this MOU on behalf of the party for which he or she signs, and to bind the party for whom he/she is signing.

20. Assumption of Obligations of a Home Owner's Association. The Developer shall ensure that any obligations are included in the Home Owner Association's CC&Rs and any other necessary documents to obligate any subsequent HOA to perform any future obligations under this MOU.

21. Project Entitlements. In the event the County does not approve the Project Entitlements, neither Party will be bound by any provision in this MOU, other than for reimbursable and incurred costs by the City in coordinating and cooperating with Developer as stated above.

22. Out of Jurisdiction Approval. It is anticipated that Local Agency Formation Commission ("LAFCO") approval will be required for the City to extend sewer services beyond its jurisdiction. In addition, any extension of services must comply with applicable provisions of the City's Municipal Code.

23. Indemnification. The City shall have no liability to the Developer or any other person for, and the Developer shall indemnify, defend, and hold harmless the City from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements (collectively "Claims"), which the City may suffer or incur or to which the City may become subject by as a result of or allegedly caused by Developer's activities, obligations, or otherwise occurring because of this MOU, except for the willful misconduct or gross negligence of the City. If any action or proceeding is brought against the City by reason of any of the matters against which the Developer has agreed to indemnify the City as provided above, the Developer, upon notice from the City, shall defend the City at the Developer's expense by counsel acceptable to City, such acceptance not to be unreasonably withheld. The City need not have first paid for any of the matters to which the City is entitled to indemnification in order to be so indemnified. The provisions of this section shall survive the expiration or earlier termination of this MOU.

IN WITNESS WHEREOF, the parties have executed this MOU as of the date first set forth above.

CITY OF ESCONDIDO

By:_____

Dated: 1-12-16

THE EDEN HILLS PROJECT OWNER, LLC

By:_____

Dated: 12-28-15

List of Exhibits to be Attached

Exhibit 1: Project Description

Exhibit 2: Diagram Showing Connection Points

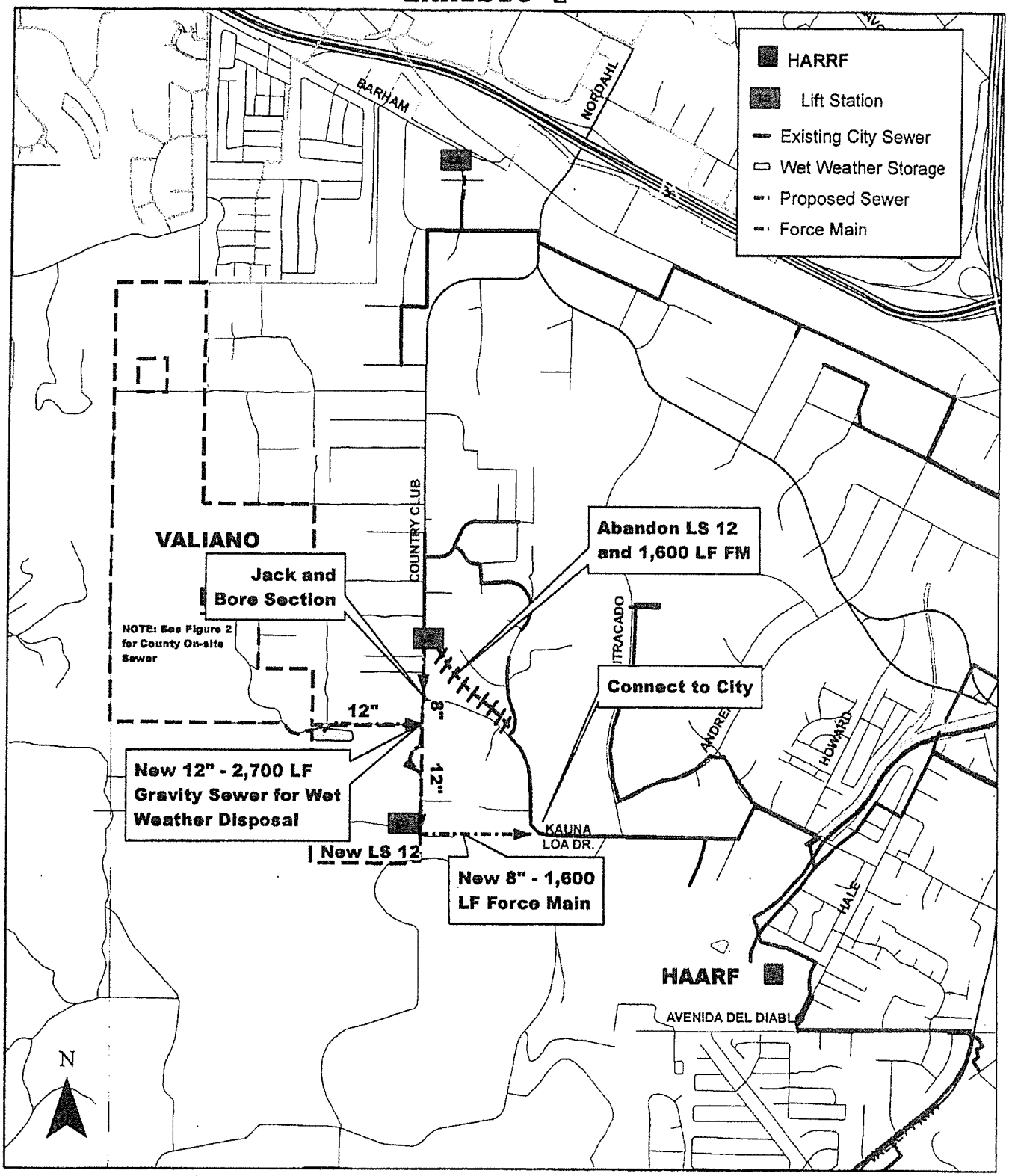
Exhibit 3: Sewer Pump No. 12 Description and Cost Estimate

Exhibit 1

Project Description

The proposed Valiano Specific Plan encompasses 13 parcels totaling approximately 238.8 acres in the unincorporated County of San Diego. The Project includes the following APN's 228-313-13, 228-313-18, 232-013-01, 232-013-02, 232-013-03, 232-020-55, 232-492-01, 232-500-18 thru 23, and 235-031-41.

Exhibit 2



NOTE: On-site sewer system to be owned and operated by the County

ESCONDIDO SEWER SERVICE ALTERNATIVE
Figure 5

10/26/2015 MRG \\adofs01\Data\Clients\Integral Communities\100033736_Valiano\GIS\mxd_082814\Fig5_EscondidoSewerPlan.mxd

ATKINS

EXHIBIT 3

ESCONDIDO SEWER PUMP STATION 12 IMPROVEMENTS
November 10, 2015

Pump 12 Project Description: Proposed SPS 12 will include pre-cast concrete PVC lined wet well and pre-cast concrete valve vault, and shall be duplex pump station equipped with explosion proof submersible pumps with capacity 300 gpm each, pump lifting assemblies, bar or channel screen with 300 gpm capacity, and all piping and valves. Pumps shall be non-clog capable to pass 3" solids. Pump motors will be supplied with the pump as an integral part of the pump assembly. Odor control system shall consist of carbon canister and forced ventilation rated for minimum 6 exchanges per hour. Lift station will have emergency underground storage with capacity of 50,000 gallons. The pump station site will be secured and include drivable access.

Pipeline(s) Project Description: Existing SPS 12 will be decommissioned and demolished. A new 8-inch gravity sewer will be constructed within Country Club Lane approximately 1,600 feet from the existing pump station to new SPS 12. Because of the topography approximately 500 feet of gravity main will need to be tunneled to avoid a high point through trenchless construction (jack and bore has been assumed). The new gravity sewer will then convey flows through a proposed Valiano gravity sewer to the new SPS 12. At the new Sewer PS 12, approximately 1,600 feet of 8-inch force main will be required to convey flows to an existing City sewer at Kauna Loa Drive.

Sewer Pump 12 Improvements

Item	Unit	Quantity	Cost/Unit	Total Cost
Sewer PS 12				
Pumps (2-300 gpm)	LS	1	$45,000	$45,000
Concrete Wet-well	LS	1	$45,000	$45,000
Installation mechanical equipment	LS	1	$100,000	$100,000
Piping, valve vault	LS	1	$30,000	$30,000
Odor Control	LS	1	$15,000	$15,000
Bar Screen (300 gpm)	LS	1	$15,000	$15,000
Site Improvements	LS	1	$20,000	$20,000
Gen Set (50 kW) w/enclosure, fuel tank	LS	1	$25,000	$25,000
Electrical/Telemetry	LS	1	$100,000	$100,000
Fiberglass Emergency Storage Tank	LS	1	$110,000	$110,000
Contingency	%	30		$152,000
Design, Admin., Legal, and CM	%	30		$152,000
PS 12 Subtotal				***$809,000***
Sewer PS 12 Force Main				
Force Main Pipeline (8-inch PVC C900)	LF	1,600	$60/LF	$96,000
Contingency	%	30		$29,000
Design, Admin., Legal, and CM	%	20		$19,000
PS 12 Force Main Subtotal				***$144,000***
Gravity Sewer and Demolition of Existing PS 12				
Gravity Sewer (8-inch PVC SDR 35)	LF	1,100	80	$88,000
Sewer Manholes	LS	4	$5,000	$20,000
Jack N Bore Gravity Sewer (8-inch PVC w/12-inch Steel Casing	LF	500	$400	$200,000
Demolition of LS 12	LS	1	$25,000	$25,000
Contingency	%	30		$100,000
Design, Admin., Legal, and CM	%	20		$67,000
Gravity Sewer/Demo of Existing PS 12 Subtotal				***$500,000***
Sewer Pump 12 Improvements Grand Total				**$1,453,000**

A-3296

ESCONDIDO
City of Choice

Sewer Flow Agreement

Agreement for the Acceptance of Sewer Flow from Valiano Project to the City of Escondido.

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AGREEMENT FOR THE ACCEPTANCE OF SEWER FLOW

RECITALS

WHEREAS, the City of Escondido ("City") owns and operates a sewage treatment disposal and reuse system; and

WHEREAS, The Eden Hills Project Owner, LLC (the "Property Owner") owns a residential development known as "Valiano Project" (the "Property" as defined hereinbelow) located within the City's sphere-of-influence as determined by the San Diego County Local Agency Formation Commission ("LAFCO").

WHEREAS, the City and Property Owner agree that in this particular case it is in the best interests of the current and future residents of the City to enter into an agreement for acceptance of sewage flows to provide more efficient and cost-effective service to customers within the jurisdictions of the County but not within an area where either the County or a special district provides wastewater/sewer service; and

WHEREAS, a portion of the Property lies near the City sewage collection system; and

WHEREAS, the Property Owner wishes to receive sewer service from the City in anticipation of future annexation.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Property Owner agree that the terms and conditions of this Agreement created pursuant hereto are as follows:

Section 1 Definition of Terms

The following words in this Agreement shall have the significance attached to them in this Section unless otherwise apparent from their context.

1.1 Agreement. Agreement means this Agreement for the Acceptance of Sewer Flow from Valiano Project to the City of Escondido.

1.2 City. The City means the City of Escondido, a California general law City.

1.3 County. The County means the County of San Diego, a California charter county.

1.4 Director. Director means the City's Director of Utilities.

1.5 Effective Date. Effective Date means the date this Agreement is countersigned by the Mayor of the City.

1.6 Force Majeure Event. Force Majeure Event means a cause or causes beyond a Party's reasonable control including, but not limited to, acts of God, fires, floods, earthquakes, natural disasters, terrorism, strikes, blackouts, war, restraints of government, or other like causes any one of which makes performance hereunder commercially impracticable.

1.7 MOU. MOU means the Memorandum of Understanding entered into between the City and The Eden Hills Project Owner, LLC, on December 28, 2015 with certain requirements and obligations that are hereby incorporated fully into this Agreement unless otherwise expressly changed herein.

1.8 Party. City or Property Owner may be referred to individually as Party or collectively as Parties.

1.9 Property. Property means the real property currently identified as the Valiano Project and as more fully described in Exhibit "A", and as that real property may be subdivided from time to time.

1.10 Property Owner. Property Owner has the meaning ascribed to such term in the second recital and shall include its successors and assigns in the Property.

1.11 Sewer System. Sewer System means the sewer system serving the Property to be owned and maintained by the City in accordance with the policies and procedures of the City and as accepted by the Director in writing. This includes the wastewater improvements as provided in Section 5.

Section 2 Acceptance of Sewage

2.1 Public Services. This Agreement is for the provision of public services not being provided by County or any other sewer service provider in anticipation of a future annexation to the City. Property Owner agrees to deliver sewage to the City, and the City agrees to accept said sewage, subject to the terms and conditions contained in this Agreement.

2.2 Easements and Dedications. Property Owner shall provide and dedicate any and all necessary easements to the City to effectuate the City's ownership of the Sewer System as determined by the City.

2.3 Service Interruptions. The Parties acknowledge and agree that the sewer services anticipated by this Agreement may at times be precluded or reduced for reasons beyond the reasonable or immediate control of the City. The Parties agree that the City shall not be responsible or liable for any damage, harm, or economic loss suffered by Property homeowners due to any interruption, reduction or cessation in acceptance of sewage under this Agreement due to Force Majeure Events, or that are necessary as determined in the sole discretion of the Director because of maintenance or operational imperatives or needs.

2.4 LAFCO Approval. This Agreement is contingent on approval of the provision of service by the San Diego Local Agency Formation Commission (LAFCO) such that if LAFCO does not approve this Agreement, it shall be null and void, with the exception of the reimbursement required under Section 3.4.

2.5 CC&Rs. Property Owner shall ensure that any obligations under this Agreement are included as obligations for the Property Owner or any subsequent owner. Property Owner shall ensure that any necessary documents to obligate any subsequent property owner to perform any obligations under this Agreement are recorded on the Property, which includes but is not limited to, CC&Rs as part of the establishment of a homeowner's association. Any amendment of the CC&Rs relating to this Agreement shall be subject to approval by the City.

Section 3 Charges and Fees

3.1 Capacity charges. Property Owner shall pay City capacity charges of $7,500 per dwelling unit. City shall reserve sufficient capacity to accept 215 GPM of effluent flow from the Property.

3.2 Recurring charges. Upon commencement of sewer service, Property Owner, and upon sale to individual homeowners, individual homeowners, shall pay the City all sewer charges based on the most current resolution establishing user fees for the City of Escondido at the time the charge is due per applicable City of Escondido policy. The Property will receive water service from the Rincon del Diablo Municipal Water District ("Rincon"). Meter readings will be provided to the City by Rincon for water meters serving the Property. The readings for the Property will be provided via the same mechanism that all other meter readings are provided to the City, which is bi-monthly. The City will apply its applicable sewer rates to the water use at the Property as described in the Utility Rates and Fees schedule in effect at the time of billing.

3.3 Payments. All recurring charges shall be payable in the same manner and due upon the same terms and conditions as other comparable ratepayers.

3.4 Reimbursement. The Property Owner shall reimburse the City $25,000 expended in reviewing the various terms and conditions of the MOU and this Agreement within thirty (30) days of this Agreement. The reimbursement for the City's costs of overseeing and inspecting the construction work under the MOU shall continue as provided in the MOU.

Section 4 Maintenance

4.1 Generally. The Property Owner shall be responsible for maintaining private laterals and other private improvements serving the Sewer System in a state of repair that will prevent excessive infiltration and inflow from entering downstream sewers as determined by the City in its sole discretion.

Section 5 Wastewater Improvements

5.1 Generally. The Property Owner has agreed, by MOU with the City, to provide certain improvements and ensure certain obligations are recorded in the CC&Rs and are passed on to the Homeowner's Association for maintenance and responsibility. The MOU is hereby incorporated as if fully set forth herein, and the improvements and obligations shall be conditions precedent to the City's obligations under this Agreement.

5.2 Replacement and Relocated Facilities. The Property Owner has agreed to replace and relocate the City's Sewer Pump Station No. 12 and construct a new sewer pump station, gravity main, and force main in accordance with City design standards at the time of installation and warranty the improvement for a period of at least one year. These improvements shall be the subject of a public improvement agreement, in a form approved by the City, and security shall be provided in accordance with regular City procedures. Upon completion, the new pump station, gravity main, and force main must be dedicated to the City.

5.3 Wet Weather Storage Wastewater Flows. The Property Owner has agreed to provide the City with a wet weather storage facility site within the Valiano Project site for the temporary storage of Title 22 recycled water during peak wet weather storm events. The Valiano Project has agreed to dedicate up to 2 acres for a capacity of 5,500,000 gallons for a wet weather storage facility, and the location of the proposed wet weather storage facility is generally depicted as Lot Q on Exhibit "B" hereto.

5.4 Recycled Water. The Property Owner will plan, design and construct a recycled water distribution system in accordance with the requirements of the City and Rincon. Through the use of open space, the Valiano Project will provide approximately 36 acres of permanent recycled water irrigation and 31 acres of continuing agricultural irrigation, which is planned to provide an opportunity for treated effluent disposal of wastewater on an average annual basis, and is programmed to reduce impacts on the City's wastewater system occurring from land and ocean outfall on an average annual basis. Peak irrigation demands will be supplemented by the Plant and any system-wide storage available or dedicated to reclaimed water.

Section 6 Discharge Standards

6.1 Generally. All transferred sewage flows from the Valiano Project shall comply with the City's established standards and limitations, as may be changed from time to time, for the quality of the sewer flows. In addition, all transferred sewage flows shall meet applicable federal, state, and local discharge requirements, which shall include all applicable industrial waste discharge limitations.

6.2 Rights of Inspection. Property Owner agrees upon reasonable notice to provide the City the right to enter the Property Owner facilities for the purposes of providing

sewer services under this Agreement, and of monitoring, sampling, analyzing or observing the sewer systems operation, as may be required to ensure compliance with this Agreement or by the RWQCB or by any state or local health departments.

Section 7 Term

7.1 Term. This Agreement shall begin upon the Effective Date and shall continue for thirty (30) years. The Agreement shall be renewed automatically for five year terms unless otherwise terminated or agreed to by the Parties. Notwithstanding any other provision of this Agreement, this Agreement shall terminate upon the annexation of the Valiano Project into the City.

7.2 Termination. If the City determines that (a) there is no longer sufficient capacity for the Valiano Project and (b) that the City's best interests require the discontinuance of service, then this Agreement may be terminated after both Parties agree to an adequate alternative for delivery of sewer flows with no significant increase in cost to landowners within the Property. The Property Owner, and any subsequent owners, shall be responsible for any decommissioning costs, which cost shall not be used in the calculation of a significant increase in cost in the preceding sentence. "Decommissioning costs" shall mean the direct costs of abandoning in place unneeded sewer lines from the new point of diversion to a substitute wastewater treatment provider to the City of Escondido's municipal boundary.

7.3 Termination for Default. This Agreement may be terminated after notice of default and an opportunity to cure for a material breach of this Agreement by either Party, including, but not limited to, failure to make a payment, illicit or illegal discharges, or other failures to perform the terms of this Agreement. The Party alleging the default shall provide written notice of the alleged default setting forth with reasonable particularity the nature of the default and the steps necessary to cure the default. The Party alleged to be in default shall cure the default within 30 days of receipt of the notice of default, unless such default is not capable of being cured within 30 days, in which case that Party shall commence to cure within the 30 day cure period and shall continue to diligently prosecute the cure until complete. If the Party alleged to be in default does not cure or commence cure and diligently pursue such cure within the times provided herein, the Party alleging default may exercise any legal remedies available to it; however, termination of this Agreement shall only be effective after (i) the Parties agree to termination or (ii) a court of competent jurisdiction has determined the defaulting Party is in material breach of this Agreement.

Section 8 Annexation

8.1 Irrevocable offer to annex. The Property Owner shall provide the City with an irrevocable offer to annex into the City, which may be accepted at the City's election, and shall be recorded on the Property substantially in the form attached hereto as

Exhibit "C".

8.2 Improvements. The irrevocable offer to annex shall provide that the Property Owner consents to the transfer of any then-existing community facilities district to be transferred to jurisdiction of the City at the City's election, subject to requirements under state law. If the Property Owner or a successor developer still has an interest in the Project at the time of annexation, the Property Owner, or the successor developer with such an interest shall use commercially reasonable efforts to assist the City to cause the transfer of such then-existing community facilities district to be transferred to the jurisdiction of the City at the City's election.

8.3 Merger, Consolidation or Establishment of a District. Property Owner hereby consents, for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code §§ 56000 et. seq., to any petition or order for the merger of Rincon with the City of Escondido or any petition or order for the establishment of Rincon as a subsidiary district of the City.

8.4 CC&Rs. The Property Owner shall ensure that these annexation obligations are disclosed and acknowledged in the CC&Rs.

8.5 Deposit of Anticipated Costs. At the same time as the reimbursement payment required by Section 3.4 is made, Property Owner shall deliver a payment of $9,150 to defray any future annexation costs should the City proceed with annexation proceeds. Such deposit shall be deemed irrevocable when made and may be retained by the City for that purpose notwithstanding any other provision of law.

Section 9 Indemnification

The City shall have no liability to Property Owner or any other person for, and Property Owner shall indemnify, defend, and hold harmless the City from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements (collectively "Claims"), which the City may suffer or incur or to which the City may become subject by as a result of or allegedly caused by Property Owner' activities, obligations, or otherwise occurring because of this Agreement. If any action or proceeding is brought against the City by reason of any of the matters against which Property Owner has agreed to indemnify the City as provided above, Property Owner, upon notice from the City, shall defend the City at Property Owner's expense by counsel acceptable to City, such acceptance not to be unreasonably withheld. The City need not have first paid for any of the matters to which the City is entitled to defense and indemnification in order to be so indemnified. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

Section 10 Attorney's Fees, Costs and Expenses

In the event legal action is brought to enforce the terms of this Agreement, the unsuccessful Party shall pay all of the successful Party's costs of such action, together with reasonable attorney's fees, in an amount to be fixed by the court.

Section 11 Assignment

Prior to receipt by City of the payments required in Section 3.4 and Section 8.4, Property Owner shall not assign, transfer or convey its rights and/or obligations under this Agreement or the MOU without the prior written consent of City, which consent City may withhold in its sole and absolute discretion. Any attempted assignment without the prior written consent of City shall be void, and Property Owner shall be deemed in default hereunder. After receipt by City of the payments required in Section 3.4 and Section 8.4, Property Owner may assign, transfer, convey or hypothecate this Agreement or the MOU without the consent of the City to (i) any subsequent owner of the Property or any portion thereof, (ii) to a homeowner's association for the Property, (iii) or for the benefit of any mortgagee of the Property, and upon such assignment, assigning Property Owner shall be released of all obligations under this Agreement and assuming Property Owner shall be deemed to assume all obligations of Property Owner hereunder. Notwithstanding any other provision of this Agreement, upon the first conveyance of a recorded lot to a homebuyer, the homeowner of such lot shall not be deemed a Property Owner hereunder for any purpose, except the obligation to pay Recurring Charges pursuant to Section 3.2.

Section 12 Miscellaneous

12.1 Applicable Law. This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the North County Division of the San Diego County Superior Court or federal courts located in San Diego County, California.

12.2 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

12.3 Captions. Any captions to, or headings of, the sections, subsections, paragraphs or subparagraphs of this Agreement are solely for the convenience of the Parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

12.4 No Obligations to Third Parties. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the Parties thereto, to any person or entity other than the Parties hereto.

12.5 Amendment. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the Parties hereto.

12.6 Waiver. The waiver or failure to enforce any provision of this Agreement shall not

operate as a waiver of any future breach of any such provision or any other provision hereof.

12.7 Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between Property Owner and City as to the subject matter hereof. No subsequent agreement, representation, or promise made by either Party hereto, or by or to an employee, officer, agent or representative of either Party shall be of any effect unless it is in writing and executed by the Party to be bound thereby.

12.8 Partial Invalidity. If any portion of this Agreement as applied to either Party or to any circumstances shall be adjudged by a court to be void or unenforceable, such portion shall be deemed severed from this Agreement and shall in no way effect the validity or enforceability of the remaining portions of this Agreement.

12.9 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

12.10 Preparation of Agreement. The Parties acknowledge that they each have been represented by counsel, that the provisions and language of this Agreement have been negotiated, and agree that no provision of this Agreement shall be construed against either Party by reason of such Party having drafted such provision

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the Parties below are authorized to act on behalf of their organizations, and have executed this Agreement as of the date set forth below.

THE EDEN HILLS PROJECT OWNER, LLC,
A DELAWARE LIMITED LIABILITY COMPANY,

BY: _____
NAME: Lance Waite
TITLE: Authorized Representative

Date: August 22, 2019

CITY OF ESCONDIDO

_____
Paul McNamara, Mayor

Date: August 22, 2019

_____
Name, City Clerk
Zack Beck

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

EXHIBIT A

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

APN: 232-013-01:

LOT 5 OF SECTION 19, TOWNSHIP 12 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM 1/16 OF ALL COAL, OIL, GAS AND OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND AS PROVIDED IN STATE PATENT NO. 18244 ISSUED TO THOMAS M. KEMP AND RECORDED OCTOBER 22, 1930, IN BOOK 15, PAGE 232 OF PATENTS IN THE COUNTY RECORDER'S OFFICE, SAN DIEGO COUNTY.

APN 232-013-02:

PARCEL 1 OF PARCEL MAP 3795, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON MAY 15, 1975.

232-013-03-00 and 232-020-55-00:

PARCELS 2 AND 3 OF PARCEL MAP 3795, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, ON MAY 15, 1975.

232-492-01-00

THE SOUTHERLY HALF OF LOT 1, SECTION 19, TOWNSHIP 12 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THE SOUTHERLY 330.00 FEET THEREOF.

232-500-18-00 and 232-500-21-00:

THE WESTERLY 466.7 FEET OF THE SOUTHERLY 466.7 FEET OF THE NORTHERLY 486.7 FEET OF THE SOUTH ONE HALF OF LOT 3 OF SECTION 19, TOWNSHIP 12 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

SAID PROPERTY BEING DESCRIBED AS PARCEL "B" IN A CERTIFICATE OF COMPLIANCE RECORDED ON DECEMBER 7, 1978 AS INSTRUMENT NO. 78-527514 OF OFFICIAL RECORDS.

232-500-19-00 and 232-500-22-00:

PARCEL B OF CERTIFICATE OF COMPLIANCE RECORDED JANUARY 12, 2011 AS FILE NO. 2011-0022646, OFFICIAL RECORDS, BEING A PORTION PARCELS "A" AND "D" OF CERTIFICATE OF COMPLIANCE RECORDED DECEMBER 7, 1978 AS INSTRUMENT NO. 78-527514 OF OFFICIAL RECORDS, BEING PORTIONS OF LOT 3 OF SECTION 19 AND LOT 2 OF SECTION 30, TOWNSHIP 12 SOUTH, RANGE 2 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, SAID PORTION BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHERLY 466.7 FEET OF THE NORTHERLY 486.7 FEET OF THE SOUTH ONE HALF OF SAID LOT 3; THENCE ALONG THE NORTHERLY LINE OF SAID SOUTHERLY 466.7 FEET NORTH 89°46'21" WEST 540.53 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID LINE, SOUTH 22°13'41" WEST 95.41 FEET; THENCE SOUTH 15°42'34" EAST 342.31 FEET; THENCE SOUTH 32°53'45" EAST 318.33 FEET; THENCE SOUTH 07°33'50" EAST 152.65 FEET; THENCE SOUTH 17°46'32" EAST 133.04 FEET; THENCE SOUTH 00°30'53" EAST 248.94 FEET; THENCE SOUTH 88°21'23" WEST 98.89 FEET; THENCE NORTH 77°21'46" WEST 225.00 FEET; THENCE NORTH 00°12'32" EAST 43.65 FEET; THENCE NORTH 89°47'28" WEST 774.97 FEET TO THE WEST LINE OF SAID LOT 3; THENCE ALONG SAID WEST LINE NORTH 00°25'06" EAST 655.74 FEET TO THE SOUTH LINE OF PARCEL "B" AS DESCRIBED IN THE CERTIFICATE OF COMPLIANCE RECORDED DECEMBER 7, 1978 AS INSTRUMENT NO. 78-527514 OF OFFICIAL RECORDS; THENCE ALONG SAID PARCEL "B" SOUTH 89°46'17" EAST 466.71 FEET; THENCE NORTH 00°25'06" EAST 466.66 FEET TO THE NORTH LINE OF THE SOUTHERLY 466.7 FEET OF THE NORTHERLY 486.7 FEET OF THE SOUTH ONE HALF OF SAID LOT 3; THENCE ALONG SAID LINE NORTH 89°46'41" WEST 325.87 FEET TO THE TRUE POINT OF BEGINNING.

232-500-20-00, 232-500-23-00 and 232-500-24-00:

PARCEL A OF CERTIFICATE OF COMPLIANCE RECORDED JANUARY 12, 2011 AS FILE NO. 2011-0022646, OFFICIAL RECORDS, BEING A PORTION PARCELS "A" AND "D" OF CERTIFICATE OF COMPLIANCE RECORDED DECEMBER 7, 1978 AS INSTRUMENT NO. 78-527514 OF OFFICIAL RECORDS, BEING PORTIONS OF LOT 3 OF SECTION 19 AND LOT 2 OF SECTION 30, TOWNSHIP 12 SOUTH, RANGE 2 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, SAID PORTION BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHERLY 466.7 FEET OF THE NORTHERLY 486.7 FEET OF THE SOUTH ONE HALF OF SAID LOT 3; THENCE ALONG THE NORTHERLY LINE OF SAID SOUTHERLY 466.7 FEET OF THE NORTHERLY 486.7 FEET OF THE SOUTH ONE HALF OF SAID LOT 3, NORTH 89°46'21" WEST 540.53 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID LINE, SOUTH 22°13'41" WEST 95.41 FEET; THENCE SOUTH 15°42'34" EAST 342.31 FEET; THENCE SOUTH 32°53'45" EAST 318.33 FEET; THENCE SOUTH 07°33'50" EAST 152.65 FEET; THENCE SOUTH 17°46'32" EAST 133.04 FEET; THENCE SOUTH 00°30'53" EAST 248.94 FEET;

THENCE SOUTH 88°21'23" WEST 98.89 FEET; THENCE NORTH 77°21'46" WEST 225.00 FEET; THENCE NORTH 00°12'32" EAST 43.65 FEET; THENCE NORTH 89°47'28" WEST 774.97 FEET TO THE WEST LINE OF SAID LOT 3; THENCE ALONG SAID WEST LINE SOUTH 00°25'06" WEST 170.00 FEET TO THE NORTHWEST CORNER OF SAID LOT 2; THENCE ALONG THE WEST LINE OF SAID LOT 2, SOUTH 00°38'35" WEST 355.35 FEET TO THE NORTHERLY LINE OF THE SOUTHERLY 308.00 FEET OF THE NORTH ONE-HALF OF THE NORTH ONE-HALF OF SAID LOT 2; THENCE ALONG SAID NORTHERLY LINE SOUTH 89°45'07" EAST 1249.06 FEET; THENCE NORTH 00°28'55" EAST 31.23 FEET; THENCE SOUTH 89°46'15" EAST 75.00 FEET TO THE EASTERLY LINE OF SAID LOT 2; THENCE ALONG SAID EASTERLY LINE NORTH 00°30'06" EAST 325.00 FEET TO THE SOUTHEAST CORNER OF SAID LOT 3; THENCE ALONG THE EASTERLY LINE OF SAID LOT 3 NORTH 00°51'33" EAST 1292.03 FEET TO THE NORTHEAST CORNER OF THE SOUTHERLY 466.7 FEET OF THE NORTHERLY 486.7 FEET OF THE SOUTH ONE-HALF OF LOT 3; THENCE ALONG THE NORTHERLY LINE OF SAID SOUTHERLY 466.7 FEET OF THE NORTHERLY 486.7 FEET OF THE SOUTH ONE-HALF OF LOT 3, NORTH 89°46'21" WEST 540.53 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT B

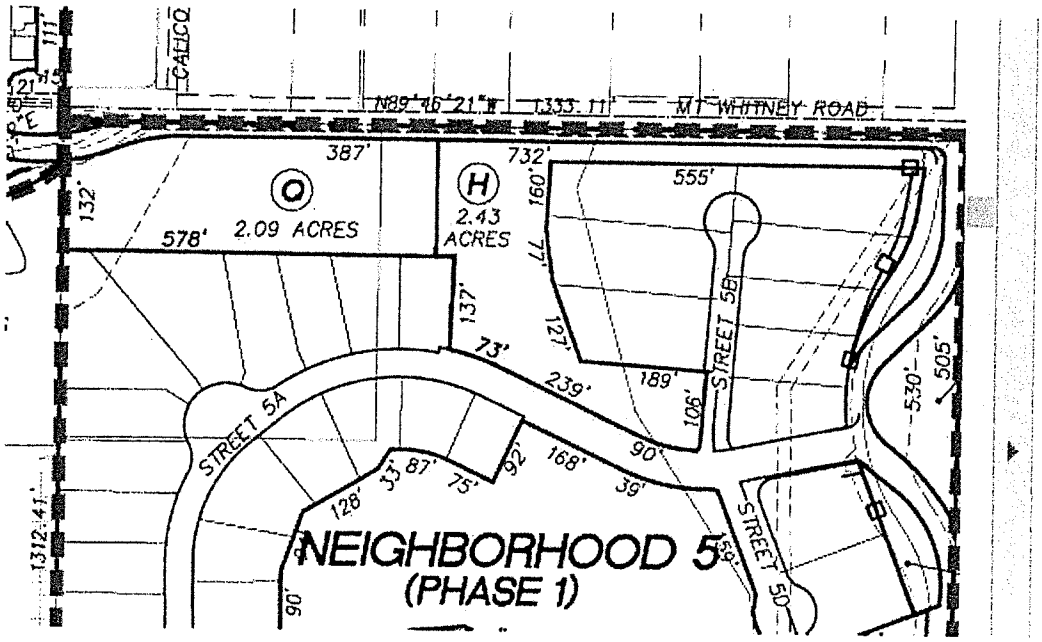

CALICO
N89°46'21"W 1333.11'
MT WHITNEY ROAD
387'
732'
555'
132'
578'
2.09 ACRES
2.43 ACRES
160'
77'
137'
127'
73'
239'
189'
106'
STREET 5B
505'
530'
STREET 5A
90'
92'
168'
39'
128'
53'
87'
75'
1312.41'
NEIGHBORHOOD 5
(PHASE 1)
STREET 5D
90'

EXHIBIT C

(attached)

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

_____
_____
_____
Attn: _____

(Space Above For Recorder's Use)

This Irrevocable Offer of Annexation is recorded at the request and for the benefit of the City of Escondido and is exempt from the payment of a recording fees pursuant to Government Code Section 27383.

IRREVOCABLE OFFER OF ANNEXATION

(VALIANO PROJECT)

THIS IRREVOCABLE OFFER OF ANNEXATION (the "IOA") is made this _____ day of _____, 2019, by THE EDEN HILLS PROJECT OWNER, LLC, a Delaware limited liability company, (the "Property Owner") in favor of the CITY OF ESCONDIDO, a California general law city ("City").

RECITALS

A. Property Owner is the legal owner of a fee interest in certain real property located in the City of Escondido, County of San Diego, State of California, as more particularly described in Exhibit A attached hereto (the "Valiano Project").

B. Property Owner and City have previously entered into that certain Agreement for the Acceptance of Sewer Flow from Valiano Project to the City of Escondido, dated ___, 2019 which provides, among other things, for the provision of waste water service to the Valiano Project.

C. Subject to certain terms and conditions set forth herein, Property Owner desires to provide this IOA to consent to the annexation of the Valiano Project into the City of Escondido.

AGREMENT

NOW, THEREFORE, Property Owner and City agree as follows:

1. Irrevocable Offer to Annex. Property Owner herby makes an irrevocable offer of annexation to City and Property Owner agrees to waive any right of protest in the annexation of the property to the City provided for under the annexation laws of the State of California. This waiver shall be binding upon the Property Owner, and the Property Owner's successor-in-interest,

and assigns in the Valiano Project as depicted in Exhibit "A" and any portion thereof later subdivided.

2. No Right to Annexation. This IOA creates no right to annexation and shall not be construed to allow Property Owner, or successor-in-interest or assign, to cause the City to annex the Valiano Project into the City of Escondido. For purposes of clarity, the Parties acknowledge and agree that the City shall retain its full and complete discretion to determine if and when the Valiano Project is to be annexed into the City of Escondido.

3. Resolution of Annexation. At such time as the City determines that annexation of the Valiano Project is appropriate, City may, at its discretion, adopt a Resolution of Annexation to annex the Valiano Project, without further consent of Property Owner.

4. Duration, Acceptance. This IOA shall be binding upon the owner and the heirs, assigns or successors in interest to the Property and shall not expire except as provided herein. Notwithstanding any other provision of this Agreement, this IOA shall automatically terminate and be of no further force and effect upon annexation of the Valiano Project into the City of Escondido or the completion of annexation into another city.

5. Remedies. The City may pursue all equitable remedies to enforce the terms, conditions and restrictions of the IOA. In the event of a breach, any forbearance on the part of any such party to enforce the terms and provisions hereof shall not be deemed a waiver of enforcement rights regarding any subsequent breach.

6. Successors and Assigns. The terms, covenants, conditions, exceptions, obligations and reservations contained in this IOA shall be binding upon and inure to the benefit of the successors and assigns of both the Property Owner and the City, whether voluntary or involuntary.

7. Severability. If any provision of this IOA is held to be invalid, or for any reason becomes unenforceable, no other provision shall be thereby affected or impaired.

Executed this _____ day of _____, 20__.

"Property Owner"

THE EDEN HILLS PROJECT OWNER, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

"City"

CITY OF ESCONDIDO,
_____ city

By: _____
Name: _____
Title _____

Attest:

_____

APPROVED AS TO FORM

_____
Office of the City Attorney
Michael R. McGuinness, City Attorney

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, _____,
(insert name and title of the officer)
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)

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, _____,
(insert name and title of the officer)
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.

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County of _____)

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Notary Public, personally appeared _____,
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State of California)
County of _____)

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(insert name and title of the officer)
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.

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Signature_____ (Seal)

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State of California)
County of _____)

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(insert name and title of the officer)
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.

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WITNESS my hand and official seal.

Signature_____ (Seal)

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State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)
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)

List of Assessor Parcel Numbers

Attachment A

Specific Plan SP 13-001 consists of 13 individual parcels referenced as follows:

ASSESSOR PARCEL NUMBERS:

228-313-13, 232-013-01, 232-013-02, 232-013-03, 232-020-55, 232-492-01, 232-500-18, 232-500-19, 232-500-20, 232-500-21, 232-500-22, 232-500-23, 232-500-24

7a

AGENDA REPORT
Business | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Outside Audit Report on Fiscal Year 2023-2024**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an outside audit report on the financial statements for fiscal year 2023-2024. The audit was performed by O'Connor & Company (Novato) and concludes all tested transactions were accompanied by sufficient documentation and no material weaknesses were identified. The audited fund balance totals $1.708 million – reflecting a year-end increase of $94,638 – or 5.9% – from the prior fiscal year total of $1.613 million and ties to an operating surplus. The audit report and accompanying management letter are presented to the Commission for formal acceptance and filing and to provide direction to staff on related matters moving forward.

BACKGROUND

Accounting Procedures

San Diego LAFCO's financial transactions are managed by the Executive Officer through accounts maintained with the County of San Diego and San Diego County Credit Union. County accounts serve as the primary depository for the fund balance and are used for most receivable and payable transactions. LAFCO maintains these accounts through a County-issued PeopleSoft license via the Auditor-Controller's Office. An account with the San Diego

Administration:
Keene Simonds, Executive Officer
2550 Fifth Avenue, Suite 725
San Diego, California 92103
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www.sdlafco.org

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

County Credit Union is used separately to cover relatively small and time-sensitive transactions and provides LAFCO access to its own credit line. Transactions within this account are maintained through QuickBooks. Management of all LAFCO accounts throughout the fiscal year has been supported through a contract with Leaf and Cole LLP (San Diego) to provide monthly bookkeeping and reconciliation services.[1]

DISCUSSION

This item is for San Diego LAFCO to receive an outside audit prepared by O'Connor & Company (Novato) on the financial statements prepared by staff for 2023-2024. The audit is part of the prior year work plan and is accompanied by a management letter addressed to the Commission summarizing O'Connor & Company's findings with respect to compliance and internal controls. An outline of key items drawn from the outside audit follows and is further detailed in the management's discussion and analysis section included in the report.

- LAFCO finished June 30, 2024 with a fund balance of $1,707,948, reflecting an increase over the prior fiscal year of $94,638 – or 5.9%. This change results from an operating surplus marked by revenues exceeding budgeted totals and expenses falling short of budgeted totals. The ending fund balance is entirely unrestricted.

- LAFCO finished June 30, 2024 with a net position of ($94), which includes all accrued long-term liabilities and primarily comprising employee retirement costs. This total reflects a decrease from the prior fiscal year's sum of $20,628 and results from increased actuarial liabilities involving retirement costs.

- No adjustments were required during the audit process.

- The management letter notes that the prior recommendation from last year's audit to establish a capitalization policy for right-to-use lease liabilities has been satisfied.

- The management letter makes no new recommendations.

ANALYSIS

The outside audit and accompanying management letter from O'Connor & Company affirmatively attest that San Diego LAFCO's financial statements accurately reflect the Commission's financial position as of June 30, 2024. The audit also attests that LAFCO's accounting practices are sound, with no material weaknesses or omissions identified.

[1] San Diego LAFCO amended its fiscal policies in March 2009 to establish an annual outside audit process. Davis Farr (Irvine) prepared the first outside audit covering 2008-2009 and continued to prepare annual audits through 2017-2018. The Commission transitioned outside auditing services to R.J. Ricciardi (later transitioned to O'Connor & Company) beginning with 2018-2019 under a five-year contract through 2022-2023. A sixth year was added by the Commission to cover 2023-2024.

RECOMMENDATION

It is recommended that San Diego LAFCO formally receive and accept the outside audit and associated management letter for 2023-2024 and provide any direction to staff moving forward. This recommendation is provided as Alternative One in the following section.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):
Accept and file the audit report and accompanying management letter for 2023-2024 with any related direction going forward.

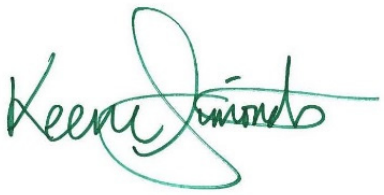
Alternative Two:
Continue the item to the next regular meeting and provide direction to staff for additional information as needed.

PROCEDURES

This item has been placed on the agenda for action as part of San Diego LAFCO's business calendar. The following procedures, accordingly, are recommended.

1) Receive verbal report from staff unless waived.
2) Commission discussion.
3) Consider the staff recommendation.

On behalf of staff,



Keene Simonds
Executive Officer

Attachments:

1) Audit Management Letter
2) Outside Audit for 2023-2024

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SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

BOARD OF COMMISSIONERS & MANAGEMENT REPORT

FOR THE YEAR ENDED
JUNE 30, 2024

O'CONNOR & COMPANY

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O'CONNOR & COMPANY

1701 NOVATO BLVD, SUITE 302
NOVATO, CA 94947
PH. (415) 457-1215
FAX. (415) 457-6735
www.maocpa.com

To the Board of Commissioners
San Diego Local Agency Formation Commission
San Diego, California

In planning and performing our audit of the basic financial statements of San Diego Local Agency Formation Commission for the fiscal year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of San Diego Local Agency Formation Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist San Diego Local Agency Formation Commission in implementing the recommendations.

This report is intended solely for the information and use of management of San Diego Local Agency Formation Commission and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

We thank San Diego Local Agency Formation Commission's staff for its cooperation during our audit.

O'Connor & Company

O'Connor & Company

Novato, California
June 25, 2025

O'CONNOR & COMPANY

1701 NOVATO BLVD, SUITE 302
NOVATO, CA 94947
PH. (415) 457-1215
FAX. (415) 457-6735
www.maocpa.com

To the Board of Commissioners
San Diego Local Agency Formation Commission
San Diego, California

We have audited the basic financial statements of San Diego Local Agency Formation Commission for the year ended June 30, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 30, 2024, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the basic financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of San Diego Local Agency Formation Commission. Such considerations were solely for the purpose of determining our audit procedures and not providing any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by San Diego Local Agency Formation Commission are described in Note 2 to the basic financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered by San Diego Local Agency Formation Commission during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the basic financial statements in a different period than when the transaction occurred.

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 100 – Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole. The most sensitive estimates affecting the basic financial statements were:

- Accrual and disclosure of compensated absences.
- Capital asset lives and depreciation expense.
- Pension plan and post-employment benefit actuarial assumptions.
- Management's estimate of the Pension Obligation Bonds Payable is based on information provided by the County of San Diego. We evaluated the key factors and assumptions used to develop the Pension Obligation Bonds Payable in determining that it is reasonable in relation to the financial statements taken as a whole.
- Accrual and disclosure of leases.

Disclosures
The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were 8 audit adjustments that came to our attention during the audit. These audit adjustments were material, individually or in aggregate, to the financial statements taken as a whole.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated June 25, 2025.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, like obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to San Diego Local Agency Formation Commission's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as San Diego Local Agency Formation Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the Management's Discussion and Analysis, the Budgetary Comparison Schedule for the General Fund, and the pension and other post-employment benefits information, listed in the table of contents of the basic financial statements, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This report is intended solely for the information and use of management and Board of Commissioners of San Diego Local Agency Formation Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Current Year Observations

There were no current year observations that came to our attention.

Prior Year Observations

1) New Accounting Standards and Related Policies

Observation:

San Diego Local Agency Formation Commission (the Commission) was required to implement GASB 87 and GASB 96, which became effective for the year ended June 30, 2022, and 2023. These new standards require leases and technology subscription arrangements to be capitalized as intangible assets. In compliance with the new accounting statements the Commission should consider formalizing a capitalization policy for leases like their capitalization policy for capital assets.

Recommendation:

We recommended the Commission consider formalizing a capitalization policy for leases and subscription arrangement liabilities and the right to use assets over $80,000. We also recommend keeping lease terms to month-to-month or annual leases whenever possible.

Status:

This recommendation has been implemented.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

SAN DIEGO, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

O'CONNOR & COMPANY

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INDEPENDENT AUDITORS' REPORT

Commissioners
San Diego Local Agency Formation Commission
San Diego, California

Report on the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities and the major fund of the San Diego Local Agency Formation Commission as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise San Diego Local Agency Formation Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of San Diego Local Agency Formation Commission, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Diego Local Agency Formation Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Local Agency Formation Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Unites States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the Unites States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Diego Local Agency Formation Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Local Agency Formation Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-6), which follows this report letter, and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

O'Connor & Company

O'Connor & Company

Novato, California
June 25, 2025

This section of San Diego County Local Agency Formation Commission's (LAFCo's or the Commission's) basic financial statements presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2024. We encourage the reader to consider the information presented here in conjunction with the basic financial statements as a whole.

The required financial statements include the Statement of Net Position and Governmental Funds Balance Sheet, and the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of LAFCo.

Financial Highlights

- LAFCo finished June 30, 2024 with a net position of ($94), which includes all pension, post-employment liabilities. This amount represents an overall change of ($20,723) from the prior fiscal year total of $20,629.

Fund Level

- LAFCo finished June 30, 2024 with a total fund balance of $1,707,948. The unassigned portion of the fund balance totaled $1,095,448 with the remainder - $612,500 - dedicated to specified uses as follows:
  - The committed portion of the LAFCo fund balance totaled $550,000 and was dedicated for opportunity and stabilization purposes.
  - The assigned portion of the LAFCo fund balance totaled $62,500 and was dedicated for special legal expenses and/or authorized fee waivers.
- LAFCo's fund balance on June 30, 2024 represents an overall change of $108,369 over the prior fiscal year. This change represents the overall difference between LAFCo's actual operating revenues and actual operating expenses during the fiscal year.

The Basic Financial Statements

The Basic Financial Statements comprise the Combined Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of LAFCo's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of LAFCo's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of LAFCo, including all its capital assets and long-term liabilities on a full accrual basis, like that used by corporations. The Statement of Activities provides information about all LAFCo's revenues and all its expenses, also on a fully accrual basis, with the emphasis on measuring net revenues or expenses of LAFCo's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All LAFCo's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report LAFCo's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of LAFCo's Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts.

Major Funds account for the major financial activities of LAFCo and are presented individually. Major Funds are explained below.

The Government-wide Financial Statements

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of LAFCo. The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities – LAFCo's basic services are governmental activities. These services are supported by specific general revenues from local agencies.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of LAFCo's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Major Funds present the major activities of LAFCo for the year and may change from year to year because of changes in the pattern of LAFCo's activities. In LAFCo's case, there is only one Major Governmental Fund.

Governmental Fund Financial Statements are prepared on a modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

Governmental Activities

Table 1
Governmental Net Position

	2024 Governmental Activities	2023 Governmental Activities
Current assets	$ 1,962,140	$ 1,770,011
Right to use assets, net of amortization	878,308	998,077
Total assets	2,840,448	2,768,088
Deferred outflows of resources	865,136	1,150,593
Current liabilities	314,274	156,701
Non-current liabilities	3,133,031	3,391,240
Total liabilities	3,447,305	3,547,941
Deferred inflows of resources	258,373	350,112
Net position		
Net investment in capital assets	(79,493)	(58,500)
Unrestricted	79,399	79,128
Total net position	$ (94)	$ 20,628

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

Table 2
Changes in Governmental Net Position

	2024 Governmental Activities	2023 Governmental Activities
Expenses		
General government	$ 2,422,383	$ 2,231,836
Total expenses	2,422,383	2,231,836
Revenues		
Program revenues:		
Charges for services	194,596	310,014
Total program revenues	194,596	310,014
General revenues:		
Apportionment	2,033,860	1,804,266
Slate grants	127,075	131,105
Interest income	46,129	37,843
Total general revenues	2,207,064	1,973,214
Total revenues	2,401,660	2,283,228
Change in net position	$ (20,723)	$ 51,392

Overview of Required Financial Statements
LAFCo's financial records are managed by the agency in combination with maintaining accounts with the County of San Diego (primary) and San Diego County Credit Union (secondary) as of June 30, 2024.

- The Statement of Net Position provides an overview of LAFCo's assets (or resources) and liabilities (or obligations).
- The Statement of Revenues, Expenditures and Changes in Net Position summarizes LAFCo's revenues, expenditures, and change in fund balance. The Supplemental Schedules of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual contained in the audit report provides detailed information regarding (a) budgeted revenues and expenses compared to (b) actual revenues and expenses.

Agency Assets
LAFCo's assets and deferred outflows at June 30, 2024 totaled $3,705,584. Current assets, with the expectation they could be readily liquidated, represent 76% of the total amount and are largely tied to cash and investments. Non-current assets make up 24% of the total amount and are tied to the right to use assets and specifically office space lease.

Agency Liabilities
LAFCo's liabilities and deferred inflows at June 30, 2024 totaled $3,705,678. Current liabilities representing obligations owed in the near term represent 8% of the total amount and are largely attributed to covering accounts payable and accrued expenses. Non-current liabilities make up 92% of the total and are predominately tied to LAFCo's pension obligations through the San Diego County Employees' Retirement Association and office space lease liability.

Conditions Affecting Current Financial Position

LAFCo's current economic condition, as it appears on the balance sheet reflects financial stability. The Commission and its Executive Officer will continue to maintain a watchful eye over expenditures and remain committed to sound and transparent fiscal management practices to deliver the highest quality service to the people of San Diego County. This includes utilizing the fund balance to offset and lower local agency apportionments so long as LAFCo maintains a minimum unassigned balance of no less than 33.3% of budgeted operating expenses. There are no known conditions adversely affecting the Commission's current financial condition.

Capital & Right to Use Assets

At June 30, 2024 LAFCo had $-0- in capitalized furniture and equipment. The Commission's capital assets are discussed in detail in Note 4.

At June 30, 2024 LAFCo had $878,308 in capitalized right to use assets consisting of LAFCo office space. The Commission's right to use assets is discussed in detail in Note 5.

Debt Administration

LAFCo made all scheduled repayments of existing debt. Each of LAFCo's debt issues is discussed in detail in Note 7 to the basic financial statements. As of June 30, 2024, LAFCo's debt comprised:

Net pension liability	$	2,057,200
Pension obligation bonds		97,560
Compensated absences		57,999
Other post-employment benefits		22,551
Lease liability		957,801
Total	$	3,193,111

Economic Outlook and Major Initiatives

LAFCo is responsible under statute to annually review its organizational needs and adopt an operating budget accordingly with mandatory funding drawn from local agencies. State law also specifies that the operating budget shall be equal to the budget adopted for the previous fiscal year unless LAFCo formally finds any reduced costs will allow the Commission to nonetheless meet its prescribed regulatory and planning duties. These statutory provisions provide LAFCo full discretion in setting up and collecting local agency apportionments to meet budgeted expenses with the latter aligned to support annual workplans.

It is anticipated near-term annual workplans will continue to focus LAFCo resources in preparing municipal service reviews and associated sphere of influence updates in the northern and coastal communities in San Diego County.

Contacting LAFCo's Financial Management

The basic financial statements are intended to provide citizens, local funding agencies, and creditors with a general overview of LAFCo's finances and accountability therein. If there are any questions or a need for additional financial information, the LAFCo Executive Officer can be reached at (619) 321-3380 or at San Diego Local Agency Formation Commission, 2550 Fifth Avenue, Suite 725, San Diego, CA 92103.

Additional financial information – including past fiscal year audits – is available online at www.sdlafco.org.

San Diego Local Agency Formation Commission
STATEMENT OF NET POSITION
June 30, 2024

ASSETS	
Cash and investments	$ 1,919,968
Grant receivable	37,882
Accounts receivable	4,290
Total current assets	1,962,140
Noncurrent assets:	
Right to use assets net accumulated amortization	878,308
Total noncurrent assets	878,308
Total assets	2,840,448
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow of resources - pension	855,648
Deferred outflow of resources - OPEB	9,488
Total deferred outflow of resources	865,136
LIABILITIES	
Accounts payable	208,598
Accrued expenses	45,596
Pension obligation bonds	45,000
Compensated absences	15,080
Total current liabilities	314,274
Noncurrent liabilities:	
Lease liability	957,801
Compensated absences	42,919
Pension obligation bonds	52,560
Net OPEB liability	22,551
Net pension liability	2,057,200
Total noncurrent liabilities	3,133,031
Total liabilities	3,447,305
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources - pension	258,373
Deferred inflow of resources - OPEB	-
Total deferred inflow of resources	258,373
NET POSITION	
Net Investment in capital assets	(79,493)
Unrestricted	79,399
Total net position (Deficit)	$ (94)

The accompanying notes are an integral part of these financial statements.

San Diego Local Agency Formation Commission
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities:				
General government	$ 2,391,893	$ 194,596	$ 127,075	$ (2,070,222)
Interest	30,490	-	-	(30,490)
Total governmental activities	$ 2,422,383	$ 194,596	$ 127,075	(2,100,712)
General revenues:				
Apportionment				2,033,860
Investment income				46,129
Total general revenues				2,079,989
Change in net position				(20,723)
Net position beginning				20,629
Net position ending (Deficit)				$ (94)

The accompanying notes are an integral part of these financial statements.

San Diego Local Agency Formation Commission
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2024

	General
ASSETS	
Cash and investments	$ 1,919,968
Intergovernmental receivable	37,882
Interest receivable	4,290
Total assets	$ 1,962,140
LIABILITIES	
Accounts payable	$ 208,598
Accrued expenses	45,594
Total liabilities	254,192
FUND BALANCE	
Committed:	
Stabilization	250,000
Opportunity	300,000
Assigned	62,500
Unassigned	1,095,448
Total fund balance	1,707,948
Total liabilities and fund balances	$ 1,962,140

The accompanying notes are an integral part of these financial statements.

San Diego Local Agency Formation Commission
Reconciliation of the
GOVERNMENTAL FUND - BALANCE SHEET
with the Governmental Activities
STATEMENT OF NET POSITION
For the year ended June 30, 2024

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	$	1,707,948
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:		
CAPITAL and RIGHT TO USE ASSETS		
Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		-
Right to use leased asset capital outlay expenditures which were capitalized, net of accumulated amortization.		878,308
LONG-TERM ASSETS AND LIABILITIES		
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:		
Deferred outflows		865,136
Deferred inflows		(258,374)
Net pension liability		(2,057,201)
OPEB		(22,551)
Pension obligation bonds		(97,560)
Compensated absences		(57,999)
Lease liability		(957,801)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(94)

The accompanying notes are an integral part of these financial statements.

San Diego Local Agency Formation Commission
GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the year ended June 30, 2024

	General
Revenues	
Apportionment	$ 2,033,861
Intergovernmental	127,075
Proposal fees	194,596
Investment income	46,129
Total revenues	2,401,661
Expenditures:	
Salaries and benefits	1,319,441
Services and supplies	827,314
Debt service:	
Principal	129,778
Interest	30,490
Total expenditures	2,307,023
Excess (deficiency) of revenues and transfer in over (under) expenditures and transfers out	94,638
Fund balance beginning of period	1,613,310
Fund balance end of period	$ 1,707,948

The accompanying notes are an integral part of these financial statements.

San Diego Local Agency Formation Commission
Reconciliation of the
GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
with the
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	94,638
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
CAPITAL ASSETS TRANSACTIONS		
Governmental Funds report right to use assets as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as amortization expense.		
Amortization expense is deducted from the fund balance		(119,769)
ACCRUAL OF NON-CURRENT ITEMS		
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change).		
Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the Agency as a whole, however, the principal payments reduce the expense in the Statement of Activities. Liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.		
Net change in pension liability		49,768
Net change in deferred inflows and outflows		(193,720)
Net change in pension obligation bonds		31,002
Net change in OPEB liability		8,966
Net change in compensated absences		9,616
Net change in lease liability		98,776
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(20,723)

The accompanying notes are an integral part of these financial statements.

NOTE 1 - REPORTING ENTITY

Organization of LAFCo

San Diego Local Agency Formation Commission (LAFCo or the Commission) is a political subdivision of the State of California and responsible for regulating the formation and development of local governmental agencies and municipal service areas under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). This includes timing the establishment, expansion, and reorganization of local government agencies and their public services to meet current and future community needs. LAFCo informs their regulatory powers through various administrative and planning activities with an increasing emphasis on performance measurement. There are currently more than 100 local agencies - cities, towns, and special districts - under LAFCo's oversight in San Diego County.

State Law requires that County Auditors apportion the net operating cost of LAFCos among the membership categories represented on each Commission. Net operating costs for the San Diego LAFCo are apportioned based upon the following formula: two-sevenths to the County of San Diego; one-seventh to the City of San Diego; two-sevenths among the remaining seventeen cities within the County of San Diego; and two-sevenths among independent special districts. Formulas in State Law stipulate how apportionment within the city and special district classes are determined. State Law also authorizes LAFCo to establish a schedule of fees and service charges to recover the reasonable costs of providing the service for which fees are charged.

San Diego Local Agency Formation Commission is an independent agency and its budget is not subject to County approval.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

LAFCo's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

B. Basis of Accounting

The *basic financial statements* of the San Diego LAFCo are composed of the following:

(a) Government-wide financial statements
(b) Fund financial statements
(c) Notes to the basic financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of LAFCo.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or segment. Program revenues include charges for services that are restricted to meeting the operational or capital requirements of a particular function or segment. Apportionments, investment income, and other items not properly included among program revenues are reported instead as general revenues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resource's measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *The basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. On the *accrual basis of accounting*, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements

The fund financial statements provide information about the LAFCo funds. The underlying accounting system of LAFCo is organized and operated based on separate funds, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditure or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled.

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. LAFCo uses an availability period of 60 days for all revenues. Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are measurable and available where cash is received from the government.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditure.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Non-exchange transactions, in which LAFCo gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed.

LAFCo may fund programs with a combination of charges for services and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures.

Governmental Fund Balances
Fund balances are reported in the fund financial statements in the following classifications:

Non-spendable Fund Balance

Non-spendable Fund Balance - this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Spendable Fund Balance

Restricted Fund Balance - this includes amounts that can be spent only for specific purposes stipulated by the constitution, external resource providers, or through enabling legislation. If the Commission action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance - this includes amounts that can be used only for specific purposes determined by formal action of the Commission. It includes legislation (Commission action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Commission action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The Commission considers a resolution to constitute a formal action of the Board of Commissioners for the purposes of establishing committed fund balance.

Assigned Fund Balance - this includes amounts that are designated or expressed by the Commission but does not require formal action like a resolution or ordinance. The Commission has delegated the ability of the Executive Officer to assign up to $125,000, for specific purposes.

Unassigned Fund Balance - this includes the remaining spendable amounts which are not included in one of the other classifications.

Net Position Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements flow assumption must be made about the order in which the resources are considered to be applied.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (concluded)

It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. The unassigned fund balance is applied last.

Net Position

Net Position is the excess of all LAFCo's assets over all its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position, which is determined only at the government-wide level, and are described below:

Net investment in capital assets describes the portion of Net Position that is represented by the current net book value of LAFCo's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that LAFCo cannot unilaterally alter.

Unrestricted describes the portion of Net Position that is not restricted to use.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as a separate column in the fund financial statements.

The San Diego LAFCo reports the following major governmental fund:

The General Fund is used to account for resources traditionally associated with the organization, which are not required legally or by sound financial management to be accounted for in another fund.

C. Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

D. Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from rental properties. LAFCo did not have any investments subject to the recurring fair value measurements as of June 30, 2024.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets

Capital assets are recorded at cost for purchases of more than $7,500 that have an expected useful life of three years or more. Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The useful life used for depreciation purposes is as follows:

Machinery and equipment	3-10 years
Furniture and fixtures	5-7 years

F. Right to Use Assets

The right to use assets are recorded at the discounted cost, plus additional costs and fees, less incentives, and credits for leases subject to GASB 87 guidance. This asset consists of the right to use office space. The related leases are discussed in the Lease subsection of Note 6. The right to use assets are amortized on a straight-line basis over the terms of the related leases.

G. Lease

LAFCo recognizes the right to use assets and a lease liability in government-wide financial statements.

At the commencement of a lease, LAFCo initially measures the lease liability at the present value of the payments expected to be paid during the lease terms. Subsequently, the lease liability is reduced by the principal portion of lease payments paid. The right to use assets are initially measured as the initial amount of the lease payable, adjusted for lease payments paid at or before the lease commencement date. Subsequently, the right to use asset is amortized on a straight-line basis over the life of the lease term.

Key estimates and judgments include how LAFCo determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- LAFCo uses their incremental borrowing rate of 3.00% to discount leases.
- The lease terms include the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability is composed of annual adjustments in the amount of 3.00% annually.

LAFCo monitors changes in circumstances that would require a remeasurement of its lease and will measure the lease liability and right to use assets if certain changes occur that are expected to significantly affect the amount of the lease receivable.

H. Compensated Absences

Permanent LAFCo employees earn from 10 to 25 vacation days a year, depending upon their length of employment, and 13 sick days a year. Employees can carry forward up to twice their annual allotment in earned but unused vacation days. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the San Diego County Employees Retirement Association (SDCERA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. SDCERA audited financial statements are publicly available reports that can be obtained at SDCERA's website under Forms and Publications.

GASB No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

J. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported of the San Diego County Employees Retirement Association (SDCERA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. SDCERA audited financial statements are publicly available reports that can be obtained at SDCERA's website under Forms and Publications. Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. LAFCo reports deferred outflows related to pensions and OPEB in this category and are on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of a net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. LAFCo reports deferred inflows related to pensions and OPEB in this category.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

L. Estimates

The presentation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

M. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the San Diego LAFCo's prior year financial statements, from which this selected financial data was derived. Certain minor reclassifications of prior year data have been made to enhance their comparability with the current year's figures.

N. LAFCo Budget

Pursuant to Section 56381, et seq of the Government Code, LAFCo adopts a proposed budget by May 1 and a final budget by June 15 of each year. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Budget/actual comparisons in this report use this budgetary basis. These budgeted amounts are as originally adopted or as amended by LAFCo. Individual amendments were not material in relation to the original appropriations that were amended. Expenditures were under appropriations by $86,984 for the fiscal year ending June 30, 2024.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2024, consisted of the following:

Demand deposits	$	92,858
County of San Diego Investment Pool		1,827,110
Total cash and investments	$	1,919,968

A. Investments Authorized by the San Diego LAFCo's Investment Policy

LAFCo's investment policy authorizes investments in the undermentioned agencies/institutions:

- County of San Diego Investment Pool

B. Disclosures Relating to Interest Rate Risk

The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County of San Diego investment pool has a weighted average maturity of 398 days. For additional information see the County of San Diego's Comprehensive Annual Financial Report. This report can be obtained at the Auditor-Controller County of San Diego office located at the 1600 Pacific Highway, San Diego, California, 92101.

NOTE 3 - CASH AND INVESTMENTS (concluded)

C. Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The San Diego County Investment Pool was rated AAA by Standards and Poor as of June 30, 2024.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors.

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 6/30/23	Additions	Retirements	Balance 6/30/24
Capital assets being depreciated:				
Furniture & equipment	$ 27,102	$ -	$ -	$ 27,102
Total capital assets	27,102	-	-	27,102
Less: accumulated depreciation				
Furniture & equipment	(27,102)	-	-	(27,102)
Total accumulated depreciation	(27,102)	-	-	(27,102)
Total capital assets being depreciated, net	$ -	$ -	$ -	$ -

The depreciation allocation for the general government for the ending June 30, 2024 was $-0-.

NOTE 5 - RIGHT TO USE ASSETS

A summary of the changes in right to use assets follows:

	Balance 6/30/23	Additions	Retirements	Balance 6/30/24
Right to use assets being amortized:				
Office space lease	$ 1,227,635	$ -	$ -	$ 1,227,635
Total right to use assets	1,227,635	-	-	1,227,635
Less: accumulated amortization				
Office space lease	229,558	119,769	-	349,327
Total accumulated amortization	229,558	119,769	-	349,327
Total right to use assets being. amortized, net	$ 998,077	$ (119,769)	$ -	$ 878,308

The amortization allocation for the general government for the year ending June 30, 2024 was $119,769.

NOTE 6 - LEASES

LAFCo entered a non-cancellable operating lease for approximately 3,279 rentable square feet for administrative facilities commencing August 1, 2021. Rental increases by 3.00% annually over the life of the 123-month lease agreement expiring October 31, 2031. The lease liability is measured at an incremental borrowing rate of 3.00%. This rate was determined using the historic 20-year treasury rate as well as current and expected market conditions. The book value of LAFCo's right to use asset for the year ending June 30, 2024 was $878,308, see Note 5 above for detail.

Future minimum rental payments required under the above lease agreement are as follows:

Year End June 30	Principal	Interest	Total
2025	$ 105,770	$ 27,292	$ 133,062
2026	112,976	24,020	136,996
2027	120,402	20,530	140,932
2028	128,419	16,808	145,227
2029	136,713	12,842	149,555
2030	145,259	8,624	153,883
2031	154,431	4,141	158,572
2032	53,831	338	54,169
Total	$ 957,801	$ 114,595	$ 1,072,396

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

	Balance 6/30/23	Additions	Deletions	Balance 6/30/24	Current Portion
Pension obligation bond	$ 128,562	$ -	$ 31,002	$ 97,560	$ 45,000
Net pension liability	2,106,969	-	49,769	2,057,200	-
Other Post-Employment Benefits	31,517	-	8,966	22,551	-
Compensated absences	67,615	-	9,616	57,999	15,080
Lease liability	1,056,577	-	98,776	957,801	-
Total	$ 3,391,240	$ -	$ 198,129	$3,193,111	$ 60,080

NOTE 7 - LONG-TERM LIABILITIES (concluded)

The San Diego LAFCo participates in the County of San Diego County Employee Retirement Association's (SDCERA) pension plan as discussed further in Note 9. As such they are liable for a share of the County's Taxable Pension Obligation Bonds (POB). POBs are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the SDCERA pension plan. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of the proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis. The County of San Diego has issued a total of six series of Pension Obligation Bonds in 2002, 2004 and 2008, with maturities ranging from August 15, 2015, to August 15, 2026. All bonds were issued at variable interest rates ranging from 3.28-6.03%. Additional information on the bonds can be found in the County of San Diego's Comprehensive Annual Financial Report. The LAFCo's proportionate share of the County's total obligation is 0.034%. The amount collected per year for LAFCo fluctuates year to year because it is based on the respective payrolls, which is affected by several factors (i.e. pay raises, new hires, retirees, etc.). This can result in over or under collection from the agency. The County will not bill LAFCo for an under collection or refund LAFCo for an over collection. Whatever is over/under collected for LAFCo per year is applied to the outstanding principal balance so there is the likelihood that principal balance does not conform to the amortization schedule.

The following is a summary of debt service requirements to maturity for LAFCo's Share of the County's Pension Obligation Bonds:

Year Ending June 30	Principal	Interest	Total
2024	$ 45,000	$ 2,253	$ 47,253
2025	43,560	1,193	44,753
2026	9,000	871	9,871
Total	$ 97,560	$ 4,317	$ 101,877

Compensated Absences
LAFCo's policies relating to compensated absences are described in Note 2. This liability, to be paid in future years from the general fund, is $57,999 on June 30, 2024.

NOTE 8 - INSURANCE

Insurance is provided on behalf of LAFCo by the County of San Diego Insurance Policy. LAFCo pays its pro-rata share of insurance costs to the County. For coverage limits see the County of San Diego's Comprehensive Annual Financial Report. This report can be obtained at the Auditor-Controller County of San Diego office located at 1600 Pacific Highway, San Diego, California, 92101. LAFCO also carries commercial insurance coverage for general liability and professional errors and omissions risks of loss.

NOTE 9 - RETIREMENT PLAN

Plan Description
LAFCo employees who work in a permanent position for at least 20 hours each week are eligible to participate in the San Diego County Employees Retirement Association (SDCERA) cost-sharing multiple employers defined benefit pension plan. All eligible LAFCo employees are considered General Members. The plan was established under the County Employees Retirement Law of 1937. A nine-member Board of Retirement oversees the plan for five employers. SDCERA issues a publicly available report that includes financial statements and required supplementary information. The SDCERA financial report may be obtained by writing to SDCERA: 227 Rio Bonito Way, Suite 2000, San Diego, California 92108.

NOTE 9 - RETIREMENT PLAN (continued)

Benefits Provided

SDCERA provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The Plans' provisions and benefits in effect on June 30, 2024, are summarized as follows:

	General Members			
Hire date	March 8, 2002 to August 28, 2009 (Tier A)	August 28, 2009 to December 31, 2012 (Tier B)	January 1, 2013 to June 30, 2018 (Tier C)	On or after July 1, 2018 (Tier D)
Benefit formula	3.00% @ 60	2.62% @ 62	2.50% @ 67	1.62% @ 65
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-65	50-65	55-67	52-65
Required employee contribution rates	10.63-18.40%	7.66-14.62%	9.19%	6.51%
Required employer contribution rates	44.32%	44.32%	37.66%	35.02%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the SDCERA annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. All members are required to make contributions to SDCERA regardless of the retirement plan in which they are included.

Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ending June 30, 2023 (the measurement date), the total pension liability was remeasured by revaluing the total pension liability as of June 30, 2022 (before the roll forward) to include the following actuarial assumptions that the Retirement Board has adopted for use in the pension funding valuation as of June 30, 2023 and using this revalued total pension liability in rolling forward the results from June 30, 2022 to June 30, 2023:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	6.50%
Inflation	2.50%
Payroll Growth	3.90% to 10.50%
Investment Rate of Return	6.50%, net of pension plan investment expense, incl. inflation

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.50% as of June 30, 2023 and June 30, 2022, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included.

NOTE 9 - RETIREMENT PLAN (continued)

Projected employer contributions that are intended to fund the service costs for future members and their beneficiaries, as well as projected contributions from future members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2023, and June 30, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, are shown in the following two tables. As indicated in the table headings, this information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2023 and June 30, 2022 actuarial valuations. This information will change every three years based on the actuarial experience study (as it did between the 2022 and 2023 valuations).

June 30, 2023 **Asset Class**	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**
Large Cap Equity	19.00%	5.40%
Small Cap Equity	3.00%	6.17%
Developed International Equity	15.00%	6.13%
Global Equity	11.50%	6.20%
Emerging Market Equity	5.00%	8.17%
High Yield Bonds	6.40%	2.76%
Bank Loan	0.60%	2.02%
Real Estate	7.40%	4.59%
Private Equity	5.00%	10.83%
Private Credit	1.00%	5.93%
Timberland	0.80%	4.44%
Farmland - Row Crops	0.70%	5.62%
Infrastructure	1.50%	6.02%
Real Estate (Non-Core)	2.60%	7.94%
Intermediate Duration Bonds - Gov't	10.30%	-0.24%
Intermediate Duration Bonds - Credit	10.20%	0.70%
Total	**100.00%**	**4.80%**

1 The investment return assumption for funding purposes is developed net of both investment and administrative expenses; however, the same investment return assumption is used for financial reporting purposes, where it is considered gross of administrative expenses.

NOTE 9 - RETIREMENT PLAN (continued)

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan Net Position. The Total Pension Liability for each membership class is obtained from internal valuation results. The Plan Net Position for each membership class was estimated by adjusting the value of assets for each membership class by the ratio of the total SDCERA Plan Net Position to total SDCERA value of assets.

The NPL is allocated based on actual employer contributions within the membership class.

(1) First calculate the ratio of employer's contributions to the total contributions for the class membership. This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.

(2) The liability for Section 415(m) Replacement Benefit Program for each employer is added to the respective employers. San Diego LAFCo does not have a liability in this category.

(3) NPL is equal to NPL in (1) and NPL in (2) above.

The following table shows the Plan's proportionate share of the net pension liability over the measurement period:

	Net Pension Liability
Balance at: 6/30/2023	$ 2,057,200

LAFCo's proportionate share of the net pension liability as of June 30, 2022 and 2023 was as follows:

Proportion - June 30, 2022	0.037%
Proportion - June 30, 2023	0.037%
Change - Increase (Decrease)	(0.000)%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00 percent) or 1 percentage-point higher (8.00 percent) than the current rate:

	Discount Rate - 1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate + 1% (7.50%)
Plan's Net Pension Liability	$ 3,172,891	$ 2,057,200	$ 1,147,612

Subsequent Events
There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses
Under GASB 68, deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs.

NOTE 9 - RETIREMENT PLAN (concluded)

The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expenses. The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings
All other amounts
5-year straight-line amortization

Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired as of the beginning of the measurement period).

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions
For the measurement period ending June 30, 2023 (the measurement date), LAFCo recognized a pension expense of $450,731 for the Plan.

As of the June 30, 2023 measurement date, LAFCo reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions after measurement date	$ 303,874	$ -
Differences between actual and expected experience	101,994	47,832
Changes in assumptions	230,835	-
Net difference between projected and actual earnings on pension plan investments	153,485	-
Change in proportion and differences between employers contributions and proportionate share of contributions	65,459	210,541
Total	$ 855,647	$ 258,373

$303,875 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows and inflows of resources in the previous chart, including the employer-specific item, will be recognized in future pension expense as follows:

Year ended June 30:	Deferred Outflows/Inflows of Resources
2025	$ 108,740
2026	7,403
2027	191,944
2028	(14,687)
Thereafter	-

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description
Effective July 1, 2007, LAFCo commenced contributing to the SDCERA Retiree Health Plan, (SDCERA-RHP) a cost-sharing multiple-employer defined benefit health plan administered by SDCERA. The Retirement Act assigns LAFCo to establish and amend health allowance benefits to the SDCERA Board of Retirement. The retiree health plan provides a non-taxable health insurance allowance to Tier I and Tier II retirees. Health insurance allowances range from $200 per month to $400 per month based on members' service credits. SDCERA issues a publicly available report that includes financial statements and required supplementary information. The SDCERA financial report may be obtained by writing to SDCERA: 227 Rio Bonito Way, Suite 2000, San Diego, California 92108.

Benefits provided.
SDCERA provides Health Insurance Allowance benefits to eligible employees after retirement. All General and Safety Tier I and Tier II members are in the membership classifications eligible for the HIA. The HIA Plan is closed to members in the other Tiers.

Employees Covered
As of the June 30, 2023 measurement date, the following current and former employees were covered by the benefit terms under the HIA:

Active employees	5
Inactive employees or beneficiaries currently receiving benefits	2
Total	7

Contributions
The SDCERA RHP and its contribution requirements are established by the Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between LAFCo and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2024, LAFCo's cash contributions were $9,947.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2024, LAFCo reported a liability of $22,551 for its proportionate share of the collective net OPEB liability.

The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2023. LAFCo's proportion of the collective net OPEB liability was based on a projection of the Commission's share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, LAFCo's proportion was 0.050% percent, which was equal to its proportion measure as of December 31, 2022 (0.050% percent). For the fiscal year ending June 30, 2024, LAFCo recognized OPEB expense of $2,132. As of the fiscal year ended June 30, 2024, LAFCo reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions after measurement date	$ 8,777	$ -
Differences between projected and actual earnings on investments	711	-
Total	$ 9,488	$ -

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)

$8,777 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year ended June 30:	Deferred Outflows/Inflows of Resources
2025	$ 204
2026	111
2027	512
2028	(116)
Thereafter	-

Actuarial Methods and Assumptions
The Total OPEB Liability as of June 30, 2023 and June 30, 2022 was determined by an actuarial valuation as of June 30, 2023 and June 30, 2022, respectively. The actuarial assumptions used in the valuation were based on the results of an experience study for the period from July 1, 2020, through June 30, 2021. They are the same as the assumptions used in June 30, 2023 funding actuarial valuations for SDCERA HIA. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Level Percent of Pay Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.50%
Salary Increases	3.90% to 10.50%
Health Care Trend	7.25% graded to ultimate 4.50% over 8 years.
HIA subsidy increases	0.00%

Discount Rate
The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2023, and 6.50% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included.

Projected employer contributions that are intended to fund the service costs (if any) for future members and their beneficiaries, as well as projected contributions (if any) from future members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability as of both June 30, 2023, and 2022.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability of SDCERA as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what SDCERA's NOL would be if it were calculated using a discount rate that is 1 percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (concluded)

	Healthcare Rate - 1% (5.50%)	Current Healthcare Rate (6.50%)	Healthcare Rate + 1% (7.50%)
Plan's Net OPEB Liability	$ 21,296	$ 22,551	$ 23,828

NOTE 11 - RELATED PARTY TRANSACTIONS

LAFCo reimburses the County for the annual cost of participating in County administered workers' compensation and liability insurance plans, employee benefit programs, and payroll and information technology support services. LAFCo also made lease payments to the County for their operating office space. Total lease payments including lease liability reduction and interest expenses made to San Diego County during fiscal year ended June 30, 2024 were $129,127. LAFCO's lease with the County of San Diego for office space ends in August 2031.

NOTE 12 - CONTINGENCIES

The Commission may be involved from time to time in various claims and litigation arising in the ordinary course of business. LAFCo management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters should not have a material adverse effect on LAFCo's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

San Diego Local Agency Formation Commission
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Required Supplemental Information
Budget and Actual
General Fund (Unaudited)
For the period ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Apportionment	$ 2,033,861	$ 2,033,861	$ 2,033,861	$ -
State grants	450,000	450,000	127,075	(322,925)
Proposal fees	246,218	246,218	194,596	(51,622)
Investment and other income	15,000	15,000	46,129	31,129
Total revenue	2,745,079	2,745,079	2,401,661	(343,418)
Expenditures:				
Salaries and benefits	1,435,895	1,287,395	1,319,441	(32,046)
Services,supplies and grants	1,275,091	1,423,591	827,314	596,277
Debt service				
Principal	34,093	34,093	129,778	(95,685)
Interest	-	-	30,490	(30,490)
Total expenditures and debt service	2,745,079	2,745,079	2,307,023	438,056
Excess (deficit) of revenue over expenditures	$ -	$ -	94,638	$ 94,638
Fund balance, beginning of period			1,613,310	
Fund balance, end of period			$ 1,707,948	

NOTE 1 - BUDGETARY REPORTING

San Diego LAFCo adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with generally accepted accounting principles (GAAP). The adopted budget can be amended by the San Diego LAFCo to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the San Diego LAFCo's approval. However, the Executive Officer may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the management to review the budget with the Commission on a quarterly basis and, if necessary, recommend changes.

San Diego Local Agency Formation Commission
As of June 30, 2024
Last 10 Years

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.037%	0.037%	0.047%	0.048%	0.042%	0.032%	0.041%	0.039%	0.036%	0.042%
Proportionate share of the net pension liability	$2,057,200	$2,106,969	$1,135,902	$2,305,366	$1,686,072	$1,091,200	$1,501,659	$1,661,381	$1,023,368	$ 893,715
Covered - employee payroll	$ 675,005	$ 589,480	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984	$ 462,897	$ 411,232	$ 444,346
Proportionate share of the net pension liability as a percentage of covered-employee payroll	357%	357%	160%	343%	274%	245%	296%	359%	249%	201%
Plan fiduciary net position as a percentage of the total pension liability	74.63%	72.19%	87.15%	72.77%	76.0%	78.9%	76.1%	70.9%	78.3%	81.9%

San Diego Local Agency Formation Commission
As of June 30, 2024
Last 10 Years
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 260,965	$ 238,695	$ 293,766	$ 293,416	$ 209,786	$ 172,020	$ 166,680	$ 180,945	$ 135,423	$ 142,703
Contributions in relation to the actuarially determined contributions	(260,965)	(238,695)	(293,766)	(293,416)	(209,786)	(172,020)	(166,680)	(180,945)	(135,423)	(142,703)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll during the fiscal year	$ 637,375	$ 675,005	$ 589,480	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984	$ 462,897	$ 411,232
Contributions as a percentage of covered-employee payroll	40.94%	35.36%	49.83%	41.39%	31.21%	27.95%	37.48%	35.62%	29.26%	34.70%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

San Diego Local Agency Formation Commission

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS

For the year ended June 30, 2024

Measurement Date	2024	2023	2022	2021	2020	2019	2018
Plan's Proportion of the Net OPEB Liability (Asset)	0.045%	0.042%	0.053%	0.050%	0.050%	0.037%	0.044%
Plan's Proportionate Share of the Net OPEB Liability (Asset)	$ 22,551	$ 31,518	$ 40,240	$ 50,032	$ 56,490	$ 47,526	$ 63,154
Plan's Covered Payroll	$ 675,005	$ 589,480	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984
Plan's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	3.34%	5.35%	5.68%	7.44%	9.18%	10.69%	12.43%
Plan's Proportionate Share of the Fiduciary net Position as a percentage of the Plan's Total OPEB Liability	49.350%	32.73%	31.57%	19.700%	14.73%	10.12%	6.92%

Notes to Schedule:

The schedules present information to illustrate the changes in San Diego LAFCO's net OPEB liability over a ten year period when the information is available. San Diego LAFCO adopted GASB 75 for the fiscal year ending June 30, 2018.

San Diego Local Agency Formation Commission
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB
For the year ended June 30, 2024

Measurement Date	2024	2023	2022	2021	2020	2019	2018
Actuarial Determined Contribution	$ 8,777	$ 7,754	$ 7,743	$ 9,946	$ 10,106	$ 7,282	$ 7,256
Contributions in relation to the actuarially determined contribution	(8,777)	(7,754)	(7,743)	(9,946)	(10,106)	(7,282)	(7,256)
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 675,005	$ 589,480	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984
Contributions as a percentage of covered payroll	1.30%	1.32%	1.09%	1.48%	1.64%	1.64%	1.43%

Notes to Schedule:

The schedules present information to illustrate changes in San Diego LAFCO's contributions over a ten year period when the information is available.

GASB 75 requires this information for plans funding with OPEB trusts to be reported in the employer's Required Supplemental Information for 10 years or as many years as are available upon implementation. The plan was not funded with an OPEB trust prior to June 30, 2018. San Diego LAFCO adopted GASB 75 for the fiscal year ending June 30, 2018.

7b

AGENDA REPORT
Business | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Proposed "450 and 452 Bear Valley Parkway Out-of-Agency Services" | City of Escondido (OAS24-16)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a request from the City of Escondido to extend out-of-agency wastewater service to an unincorporated 0.6-acre parcel located entirely within the agency's sphere of influence. The affected territory is currently developed with two single-family residences – each assigned its own street address at 450 and 452 Bear Valley Parkway. This request relates to a prior administrative approval granted by the Executive Officer in August 2021 authorizing a wastewater connection to the original residence at 450 Bear Valley Parkway due to a failed septic system and related public health threats. The current request seeks to authorize out-of-agency wastewater service to a new second single-family residence at 452 Bear Valley Parkway and in doing so facilitate a pending Senate Bill (SB) 9 lot split. Staff recommends approval of the request and related service allowances to accommodate accessory dwelling units for both single-family residences. Staff further recommends the Commission forgo the practiced condition requiring the landowner to submit an annexation proposal based on local conditions as detailed. A categorical exemption from environmental review is also recommended pursuant to the California Environmental Quality Act (CEQA).

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

Paloma Aguirre, County of San Diego
Joel Anderson, County of San Diego
Monica M. Steppe, 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
Vacant, General Public
Brigette Browning, Alt., General Public

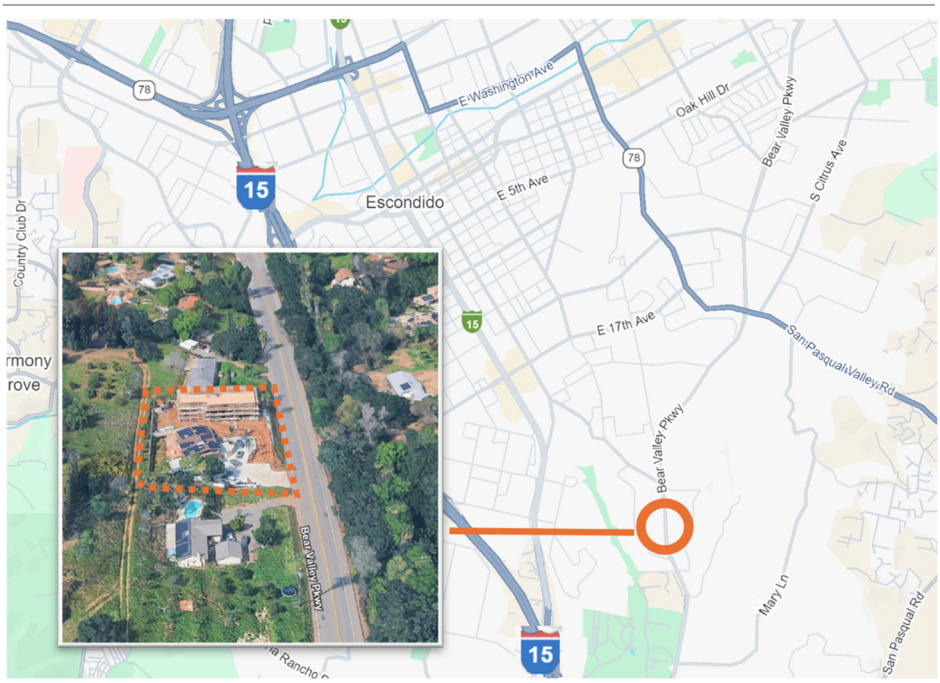
BACKGROUND

Out-of-Agency Services

State statute requires all cities and special districts to request and receive written approval from LAFCOs to provide "out-of-agency" services by contract except for certain limited exceptions. The statute also provides 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 spheres, out-of-agency services may only be authorized in response to documented threats to public health and safety. San Diego LAFCO's administrative policies governing out-of-agency services are footnoted.[1]

Applicant Request

San Diego LAFCO has received a request from the City of Escondido – on behalf of landowner Adam Fares – seeking approval to establish out-of-agency wastewater service covering a new single-family residence at 452 Bear Valley Parkway as well as accessory dwelling units at 452 and 450 Bear Valley Parkway. The affected territory comprises one legal parcel identified by the County of San Diego Assessor's Office as 269-060-05 and developed with an inhabited single-family residence at 450 and an uninhabited single-family residence at 452. Approval would fulfill a County condition for the landowner to complete their pending lot-split as allowed under SB 9. No documentation was provided to substantiate a public health or safety finding, and accordingly the request requires Commission consideration under local policy.



Google Earth

[1] In May 2024, San Diego LAFCO approved a policy to formalize rules and related procedures in receiving, evaluating, and acting on local agencies' requests to provide new or extended out-of-agency services. The policy specifies LAFCO will consider out-of-agency service requests whenever otherwise merited new or extended services cannot be reasonably accommodated through annexations or other jurisdictional changes. The policy also authorizes the Executive Officer to proceed on their own to approve out-of-agency water and wastewater services in response to documented public threats.

DISCUSSION

This item is for San Diego LAFCO to consider approving the City of Escondido's request to provide out-of-agency wastewater services (collection, treatment, and disposal classes) to the affected territory and coverage for a new single-family residence at 452 Big Bear Valley Parkway as well as well as accessory dwelling units at 452 and 450 Bear Valley Parkway. The item has been forwarded to the Commission for formal consideration in lieu of staff making a public health or safety finding. The Commission retains discretion to approve the request with or without conditions, provided such conditions do not directly regulate land use, property development, or subdivision standards. Additional discussion follows.

Proposal Purpose

The purpose of the proposal and the underlying request to authorize out-of-agency wastewater service by the City of Escondido to the subject parcel is to accommodate a pending lot-split tentatively approved by the County of San Diego under SB 9.

Current and Planned Land Uses

The affected territory comprises an unincorporated parcel located entirely within the City of Escondido's sphere of influence. The County of San Diego designates and zones the affected territory for moderate residential density as Rural Residential with a minimum lot standard of 0.5 acres. The City of Escondido has similarly designated the affected territory as Residential Estate II with a minimum lot standard of 20,000 square feet.

Irrespective of these local land use regulations, SB 9 (Atkins) became effective in January 2022 and establishes a statewide allowance applicable to the affected territory. SB 9 allows for the development of new, for-sale homes, either on newly subdivided lots or through the conversion of existing single-family homes into multiple units with a minimum lot requirement of 0.05 acres. Eligibility criteria under SB 9 is footnoted.[2]

ANALYSIS

Staff has identified three central and sequential policy items for San Diego LAFCO in considering the merits of the requested approval for the City of Escondido to provide extended out-of-agency wastewater services to the affected territory as described. These items are headlined by the stand-alone merits of the timing of the request and whether discretionary terms are appropriate. The Commission must also consider the impacts of the request under CEQA statutes. Staff's analysis follows.

[2] Parcels eligible for a SB-9 lot split must be located in a single-family residential zone with a minimum lot size of 2,400 square feet. Unincorporated parcels must be located within the boundaries of an urbanized area / cluster. The new parcel created must not be smaller than 40 percent of the lot area of the original parcel. Additional measures detailed here: SB-9-Brief-July-2021-Final.pdf

Timing Considerations

Underlying San Diego LAFCO's consideration of the request is the timing and whether the membership believes the extension of municipal wastewater service and associated need is merited and available and, if yes, the best means of delivery – annexation or out-of-agency agreement. Staff's analysis of these two related factors follows.

- Need and Availability of Service
  The affected territory consists of a single developed legal parcel totaling 0.62 acres located entirely within the City of Escondido's sphere of influence. Escondido presently provides wastewater service to a portion of the affected territory involving the single-family residence at 450 Bear Valley Parkway via an authorized out-of-agency service agreement approved by the Executive Officer in August 2021 based on a documented public health threat. A second single-family residence at 452 Bear Valley Parkway has subsequently been constructed within the affected territory as part of a pending SB 9 lot split, which has been ministerially approved by the County subject to establishing public wastewater service. Staff has verified wastewater service is readily available and would be facilitated by a separate private lateral connection to the collector main located within the adjacent public right-of-way. The projected average daily wastewater demand to service the second single-family residence is 250 gallons per day, with expansion to 750 gallons with the allowance of two accessory dwelling units (one for each address at 450 and 452 Bear Valley Parkway). This projected demand can be readily accommodated by Escondido's wastewater system by representing only 0.016% of the system's existing available capacity and posing no adverse impact to service levels or infrastructure performance.[3]

- Out-of-Agency Service v. Annexation
  Annexation remains the preferred method under LAFCO law and local policy for formalizing the relationship between territory and municipal service provision unless local conditions indicate otherwise. In this case, staff believes local conditions support an out-of-agency service agreement as the most effective and appropriate means to extend wastewater service to the affected territory and proposed uses. This analysis aligns with the City of Escondido's own preference to defer annexation until outstanding road maintenance responsibilities affecting the portion of Bear Valley Parkway adjacent to the City of Escondido is resolved in coordination with the County of San Diego – a topic expected to be addressed as part of the City of Escondido's upcoming General Plan update.

[3] A single-family residence is estimated to generate approximately 250 gallons per day (gpd) of wastewater. The City of Escondido's current average daily wastewater flow is 13.4 million gallons, representing 74.6 percent of the total treatment capacity at its Hale Avenue Resource Recovery Facility.

Potential Terms

Staff believes it would be appropriate for San Diego LAFCO to condition approval to accommodate the newly constructed single-family residence as well as the allowance for two future accessory dwelling units subject to standard terms. This includes the applicant or party of interest paying any outstanding fees necessary to complete the approval consistent with the LAFCO fee schedule. Staff further believes it is appropriate for the Commission to forgo the standard condition of requiring the landowner to submit an annexation proposal given local conditions and, most notably, in deference to the City of Escondido's concerns about assuming spot road maintenance for a portion of Bear Valley Parkway.

Environmental Impacts

San Diego LAFCO serves as lead agency to assess environmental impacts of the requested out-of-agency wastewater service to facilitate a planned development activity. Staff believes the request qualifies as a project under CEQA but is categorically exempt from further review under State Guidelines Section 15268. This exemption appropriately applies given that accommodation of an SB 9 development plan is ministerial.

RECOMMENDATION

It is recommended San Diego LAFCO conditionally approve the requested out-of-agency wastewater service authorization allowing the City of Escondido to extend service to the affected territory as described with terms as specified above. This recommendation is consistent with Alternative One outlined 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 City of Escondido and the landowner of the affected territory as detailed and subject to the scope and terms provided in the preceding sections.

(b) Authorize the Executive Officer to file a Notice of Exemption consistent with finding the request qualifies as a "project" under the California Environmental Quality Act but exempt from further review under State CEQA Guidelines Section 15268.

Alternative Two:
Continue item to a future meeting.

Alternative Three:
Disapprove of 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 Request Documents

Map Area all within City of Escondido SOI

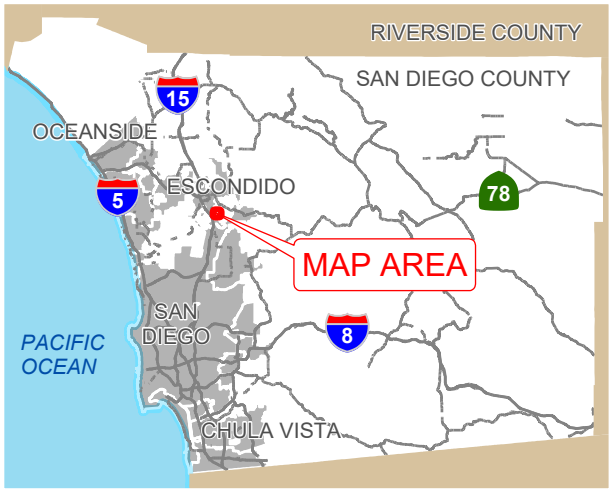
Proposal Area

City of Escondido

RANCHITO DR
ROYAL CREST CT
PEET PL
BEAR VALLEY PY
SHERIDAN GLEN
VERANO PL
OLD SPANISH TL
MERRYWOOD LN
ROYAL CREST DR
SHAMROCK WY
GIANELLI LN
AURALIE DR
SARATOGA GLEN ST
WILLOW GLEN

N
0 0.05 0.1 0.2 Miles





OAS24-16 "450 AND 452 BEAR VALLEY PARKWAY OUT-OF-AGENCY WASTEWATER SERVICES" | CITY OF ESCONDIDO

SOI = Sphere of Influence

Proposal Area
City of Escondido

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

This map is provided without warranty of any kind, either express or implied, including but not limited to the implied warranties of merchantability and fitness for a particular purpose. Copyright LAFCO and SanGIS. All Rights Reserved.This product may contain information from the SANDAG Regional Information System which cannot be reproduced without the written permission of SANDAG. This map has been prepared for descriptive purposes only and is considered accurate according to SanGIS and LAFCO data.

G:\GIS\Vicinity_Maps\agendamaps2024\24-16 Fares Bear Valley Escondido OAS.aprx

Created by Dieu Ngu -- 7/28/2025

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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: FARES FAMILY TRUST / ADAM FARES

Property Address: 452 BEAR VALLEY PKWY, ESCONDIDO, CA 92025

Phone #: 858-722-6410 Date: 09-20-2024

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/WATER

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. _____

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
MAY 21 2025
SAN DIEGO LAFCO

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RECEIVED

SEP 19 2024

SAN DIEGO LAFCO

ESCONDIDO
City of Choice

Sean McGlynn, City Manager
201 North Broadway, Escondido, CA 92025
Phone: 760-839-4631 Fax: 760-839-4578

September 13, 2024

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

RE: Request for LAFCO Approval of an Out-of-Agency Service Request – 452 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 advance of a future 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 452 Bear Valley Parkway and includes one unincorporated parcel (APN 239-060-05-00) developed with one single-family residence addressed as 450 Bear Valley Parkway. The residence addressed at 450 Bear Valley Parkway is currently connected to the Escondido sewer system via a previously-approved OAS due to failure of the property's septic system. The property owner has subsequently developed a second single-family residence addressed as 452 Bear Valley Parkway on the parcel and is requesting approval for an OAS sewer agreement with Escondido to serve the second unit.

The City of Escondido has sewer service available to the subject property from adjacent infrastructure located within Bear Valley Parkway. 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 conformed sewer service agreement for the subject property would go to the Escondido City Council for consideration. Following Council approval, the 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 at 760-839-4537 or Robert.Barry@Escondido.gov with the City of Escondido 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

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: _____

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 [insert owner name and entity designation, if applicable; e.g., Jane Homeowner, an individual; Propertyco, LLC, a California limited liability company] (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 _____, 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 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 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 and water 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 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:

[Owner Name
Owner Address
Owner Address]

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_____
[Name, Title]

Date: _____ By_____
[Name, Title]

(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

7c

AGENDA REPORT
Business | Discussion

August 4, 2025

TO: Chair Whitburn and Commissioners

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

SUBJECT: **Update on High Priority Project | Municipal Service Review on the San Diego Association of Governments**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an update on its scheduled municipal service review of the San Diego Association of Governments (SANDAG) – one of 10 high-priority projects included in the approved work plan. This item is being provided consistent with earlier Commission direction to receive regular updates on the status of high-priority projects during the administrative process and in doing so help ensure the scope of work and planned deliverables align with Commission expectations. As detailed in the update, staff and the lead consultant, William Fulton Group, have further refined the scope while transitioning from data gathering and analysis to focusing on interpretation, including the development of meaningful performance measurements. The update is provided for information with an opportunity to provide feedback to staff with the current expectation of delivering a complete draft report as early as April 2026.

BACKGROUND

San Diego LAFCO's current fiscal year work plan includes 30 projects divided into two distinct categories – statutory and administrative – along with priority assignments. One of the 10 high priority projects involves a municipal service review of SANDAG, which has been carried over from 2024-2025 and ties to a recommendation from an earlier white paper exploring regional growth management and SANDAG's evolving activities and their connectivity to LAFCO's duty to plan and regulate local government boundaries and services with community needs.

Administration
Keene Simonds, Executive Officer
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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
Vacant, General Public
Brigette Browning, Alt., General Public

LAFCO retains discretion in determining the appropriate scope of each municipal service review and currently does so through policy delegation to the Executive Officer. Nonetheless, all municipal service reviews must meaningfully address the following statutory factors:

- Growth and Population Projections
- Present and Planned Service Capacities
- Adequacy of Services Relative to Community Needs
- Financial Standing
- Opportunities for Shared Facilities
- Accountability of Governmental Structure and Alternatives
- Any Other Factors Required by Local Policy
    - Environmental Justice (local policy)

DISCUSSION

This item is for San Diego LAFCO to receive an update on one of San Diego LAFCO's highest placed workplan priorities involving a municipal service review of SANDAG. This study marks the first municipal service review prepared for SANDAG with LAFCO staff being assisted by outside consultant Bill Fulton of the William Fulton Group. The project's scope of work generally follows San Diego's standard municipal service review format with a focus on three core service buckets or functions collectively tasked to SANDAG via its various roles under federal and state statue as well as local agreements: (a) transportation (planning and construction classes), (b) housing planning, and (c) climate adaption planning.

A summary of key milestones achieved and pending work to be completed on the MSR follows along with emerging topics of interest to the Commission.

Engagement with SANDAG Staff

Eight meetings have been held since August 2024 between LAFCO and SANDAG staff to discuss the SANDAG MSR. Over the course of these meetings, SANDAG staff have provided LAFCO staff with critical data, documentation, and insights that have substantially informed the MSR's development—particularly supporting the data-intensive requirements of Consultant Fulton's analysis.

MSR Progress + Emerging Themes

Consultant Bill Fulton is nearing completion of his contribution to the MSR and the analysis of the availability, delivery, and performance of SANDAG specific to the three functions targeted as part of the review by the Executive Officer: transportation, housing planning, and climate adaptation planning. Key areas of underlying this analysis and emerging themes follow:

- **SANDAG's Organizational Roles**
  An in-depth examination of SANDAG's complex identity as a Council of Governments (COG), Regional Transportation Planning Agency (RTPA), and Metropolitan Planning Organization (MPO), highlighting the agency's unique governance structure.

- **Unique Transportation Responsibilities**
  A review of SANDAG's transportation construction responsibilities, a role shaped by Senate Bill 1703, distinguishing SANDAG from other MPOs and RTPAs in California.[1]

- **Management Turnover and Agency Stability**
  Consideration of the significant senior management turnover at SANDAG over the past decade, exploring how these leadership changes have impacted the implementation of regional transportation plans and the ability of agency staff to maintain operational continuity and stability amid shifting priorities.

- **Performance Measurement Practices**
  Evaluation of SANDAG's current methodologies for tracking and reporting project delivery (outputs) and regional impact metrics (outcomes), including SANDAG's transparency and accountability.

- **Special District Oversight**
  Consideration of the San Diego Metropolitan Transit System (MTS) as a special district subject to LAFCO oversight, complementing LAFCO's existing jurisdiction over the North County Transit District (NCTD) and expanding the scope of regional governance considerations.

As Mr. Fulton advances toward finalizing the Section 6 draft, his current analytical focus centers on assessing the progress of capital projects funded under the original 2004 TransNet ordinance.[2] In parallel, he is conducting a detailed examination of the correlation between SANDAG's project delivery and measurable regional impacts over the fifteen-year evaluation period spanning Fiscal Years 2009 through 2024. Concurrently, LAFCO staff have made headway in drafting the remaining sections of the MSR. These include comprehensive analyses of SANDAG's institutional background, jurisdictional boundaries, demographic context, governance framework, and financial health. Staff anticipates delivering a complete draft report as early as April 2026.

ANALYSIS

None.

RECOMMENDATION

This item is presented to San Diego LAFCO for information and feedback.

[1] The 2002 San Diego Regional Transportation Consolidation Act (SB 1703) created a consolidated regional transportation authority to manage and implement transportation planning and infrastructure in the San Diego region. San Diego Metropolitan Transit Development Board's (MTDB) transportation planning and capital construction responsibilities were transferred to SANDAG, while transit operations remained with MTS (the successor to MTDB) and the North County Transit District (NCTD).

[2] The TransNet program is San Diego County's half-cent sales tax ordinance dedicated to transportation. Through TransNet, SANDAG oversees the implementation of Regional Plan projects with locally sourced funding.

ALTERNATIVES FOR ACTION

None.

PROCEDURES FOR CONSIDERATION

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

1) Receive verbal presentation from staff unless waived.
2) Invite comments from interested audience members if any.
3) Discuss and provide general feedback as needed.

Respectfully,



Meghan Traynor
Analyst I