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

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AGENDA REPORT
Business | Action

June 15, 2026

TO: Chair Becker and Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Proposed Agreement with London Moeder Advisors to Prepare the Comprehensive Fiscal Analysis on the Proposed Incorporation of the Community of La Jolla + Related Project Update**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider authorizing the Executive Officer to execute a professional services agreement with London Moeder Advisors to prepare the comprehensive fiscal analysis (CFA) required for the proposed special reorganization to incorporate the community of La Jolla, with concurrent detachment from the City of San Diego. The CFA will evaluate the fiscal feasibility of the proposed city and its revenue effects on affected agencies, most pertinently the City of San Diego. London Moeder Advisors was unanimously selected by a five-member selection committee following a request for proposals process, receiving the highest score based on qualifications, project approach, local government expertise, and interview performance. The proposed agreement carries a not-to-exceed amount of $150,000 through June 15, 2028, and requires Commission approval because it exceeds the Executive Officer's delegated procurement authority under Commission policy. The Commission will also receive a related update on the status of the reorganization proposal and the next steps in its administrative review. Staff recommends the Commission authorize the Executive Officer to execute the agreement with London Moeder Advisors and receive the accompanying update.

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
Chair Kristi Becker, City of Solana Beach
Dane White, City of Escondido
John McCann, Alt., City of Chula Vista
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
Brigette Browning, General Public
Eileen Delaney, Alt., General Public

BACKGROUND

Special Reorganization Application Filing | Proposed Incorporation of La Jolla

San Diego LAFCO is processing a proposed special reorganization – initiated by voter petition – to incorporate the community of La Jolla as an independent city, with concurrent detachment from the City of San Diego. As submitted, the affected territory encompasses approximately 14 square miles, including the Village, Shores, and Bird Rock neighborhoods while excluding the University of California San Diego campus. The proposed city would serve an estimated 38,000 residents.

Comprehensive Fiscal Analysis | Request for Proposals and Selection Process

State law requires LAFCO to prepare a CFA as part of its administrative review of any incorporation proposal. The CFA must evaluate the proposed city's fiscal feasibility, ability to provide municipal services, projected revenues and expenditures, impacts on affected agencies, and revenue neutrality. Accordingly, following submission of a qualifying petition by the Association for the City of La Jolla on January 29, 2025, and resolution of associated litigation brought by the City of San Diego, LAFCO staff released a formal Request for Proposals (RFP) on January 21, 2026 for the preparation of a CFA.[1] The RFP is provided as Attachment One; it was distributed to approximately a dozen financial firms identified with input from other LAFCOs, and posted online. Proposals were reviewed by a five-member selection committee comprising representatives of the following agencies and stakeholders.

- San Diego LAFCO
- Association for the City of La Jolla
- Mayor's Office, City of San Diego
- San Diego Regional Chamber of Commerce
- San Diego Municipal Employees Association

Two firms submitted complete proposals – London Moeder Advisors (San Diego) and RSG (Los Angeles) – by the RFP deadline of March 10, 2026. Proposals were evaluated on demonstrated understanding of the project, scope and methodology, relevant experience, budget, communication approach, and overall qualifications. Both firms submitted strong, well-qualified proposals and scored competitively. Following interviews and final scoring, the committee unanimously selected London Moeder as the preferred consultant.[2]

London Moeder Advisors' proposal is attached.

[1] Following the Executive Officer's issuance of an amended Certificate of Sufficiency on April 29, 2025, confirming the petition would proceed through LAFCO's administrative review, the City of San Diego filed litigation challenging the Executive Officer's authority to overrule the Registrar of Voters' rejection of certain petition signatures for minor misspellings, abbreviations, or legibility concerns. The litigation concluded in October 2025 with the court upholding the Executive Officer's actions, allowing LAFCO staff to continue processing the proposed incorporation of the community of La Jolla.

[2] Written proposal scores between the two firms were comparatively close. London Moeder Advisors ultimately received the highest overall score from each of the five committee members. London Moeder Advisors negotiated fee of $150,000 reflects a reduction from its original $170,000 proposal and was the lower of the two firms' proposed amounts.

DISCUSSION

This item is for San Diego LAFCO to authorize the Executive Officer to execute a professional services agreement with London Moeder Advisors for preparation of the CFA required in the administrative review of the proposed special reorganization. Among other matters, the CFA will evaluate the proposed city's fiscal feasibility, ability to provide municipal services, impacts on affected agencies, and compliance with statutory revenue neutrality requirements. The item also provides the Commission with an update on the status of the special reorganization and the next steps in its administrative review.

Proposed Professional Services Agreement | Scope of Work, Schedule, + Budget

The proposed scope of work by London Moeder Advisors builds directly on the preliminary CFA prepared by Berkson Associates in January 2024 – independently verifying its assumptions rather than adopting them wholesale – and extends the projection horizon from the three-year minimum required under statute to a full ten years, consistent with LAFCO policy. The scope encompasses the analyses necessary to prepare the CFA, including municipal service and governance review, revenue and expenditure forecasting, property tax exchange and revenue neutrality analyses, transition planning, and preparation of draft and final reports. Work is proposed to commence June 2026, following contract execution, with a targeted draft CFA release in April 2027 and final delivery in June 2027. The proposed agreement carries a not-to-exceed amount of $150,000 – a negotiated reduction from London Moeder Advisors' original $170,000 proposal. Consistent with LAFCO's adopted fee schedule, all consultant costs, related staff time, and associated administrative expenses will be funded through applicant deposits.

The proposed agreement has been reviewed and tentatively approved by Commission Counsel and is provided as Attachment Three.

Other Proposal Updates

Staff anticipates transitioning the RFP selection committee into an advisory CFA working group as the project moves from consultant procurement into active study preparation. The working group will continue to include representatives from key stakeholder organizations and serve as a forum for discussing major project assumptions, service delivery expectations, revenue neutrality considerations, and benchmarking methodologies. Particular emphasis will be placed on reviewing assumptions that may materially influence the CFA's findings, with specific attention to potential fiscal, operational, and service delivery impacts on the City of San Diego.

The following table identifies key dates and activities. Activities following the listed LAFCO Commission hearing occur only if the special reorganization is approved by the Commission.

Date	Action
June 2026	CFA Consultant Contract Execution
July 2026	Project Kickoff
August 2026 – June 2027	Consultant Prepares Draft CFA (FY25 or FY26 Baseline Year)
July 2027 – September 2027	Draft CFA Circulated to San Diego + Public Review (90 days)
September 2027 – October 2027	Community Workshops (La Jolla and City of San Diego)
November 2027 – January 2028	Final CFA Produced
January 2028 – March 2028	Possible Review by State-Controller Office
May 2028 – June 2028	LAFCO Commission Hearing(s)
November 2028	Election (La Jolla and City of San Diego)
July 2029 (or as specified by election measure)	Incorporation Effective Date
July 2029 – June 2030	Transition Period

ANALYSIS

The administrative review of the proposed La Jolla special reorganization has advanced following petition submission and resolution of litigation brought by the City of San Diego. The next major step is preparation of the CFA, which statute requires as the basis for evaluating the proposal. The proposed agreement is consistent with the selection committee's unanimous recommendation of London Moeder Advisors and would secure the qualified fiscal and municipal expertise needed to complete the CFA, with staff's due diligence on the consultant team identifying no concerns.[3] All costs associated with the CFA will be funded through applicant deposits and will not impact LAFCO's budget.

RECOMMENDATION

It is recommended San Diego LAFCO authorize the Executive Officer to execute a professional services agreement with London Moeder Advisors for preparation of a CFA associated with the proposed special reorganization of La Jolla.

[3] Staff's due diligence review included verification of London Moeder Advisors' good standing with the California Secretary of State, county-level criminal record searches based on address history, multi-state criminal database screenings, and related watchlist reviews for the firm's principal consultants (Gary H. London & Nathan L. Moeder). All searches returned clear results, and no issues or concerns were identified.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):
Authorize the Executive Officer to execute a professional services agreement with London Moeder Advisors for preparation of a CFA, with any specified revisions.

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

PROCEDURES

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

1) Receive verbal presentation from staff unless waived.
2) Invite comments from interested audience members.
3) Discuss and consider the recommendation.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachment:

1) Request for Proposals
2) London Moeder Advisors Proposal
3) Proposed Professional Services Agreement: London Moeder Advisors

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

January 21, 2026

TO: Interested Consultants

FROM: San Diego LAFCO

SUBJECT: Request for Proposals |
Comprehensive Fiscal Analysis for the Proposed Incorporation of La Jolla

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The San Diego County Local Agency Formation Commission (LAFCO) is pleased to invite qualified consultants to submit proposals to prepare a Comprehensive Fiscal Analysis (CFA) for the proposed incorporation of the Community of La Jolla as an independent city. This proposed special reorganization—submitted by registered voter petition—involves detaching approximately 14 square miles, including the Village, Shores, and Bird Rock neighborhoods (excluding the UCSD campus), from the City of San Diego. The proposed City of La Jolla would serve an estimated population of 38,000.

The CFA will serve as a key component in LAFCO's independent review and determination pursuant to California Government Code Section 56800 and associated local policy. The selected consultant will be responsible for developing a thorough and objective fiscal analysis of the proposed new city and its anticipated impacts on existing agencies. The scope of work will include ten-year revenue and expenditure projections, an evaluation of the proposed city's ability to deliver municipal services and maintain financial stability, and an analysis of revenue neutrality for affected agencies, most notably the City of San Diego.

The enclosed RFP outlines additional background, the proposal requirements, selection timeline, and evaluation criteria. Proposals must be submitted via email to priscilla.mumpower@sdcounty.ca.gov by Tuesday, March 10, 2026 at 5:00 PM (PST). San Diego LAFCO anticipates final selection and contract initiation by April 2026.

Sincerely,

Priscilla Mumpower
Assistant Executive Officer

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
Brigette Browning, General Public
Eileen Delaney, Alt., General Public

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REQUEST FOR PROPOSALS ("RFP") FOR COMPREHENSIVE FISCAL ANALYSIS ("CFA") PREPARATION AND AS-NEEDED PROFESSIONAL SERVICES

Date of Release:
January 21, 2026

Submittals Due:
March 10, 2026 at 5:00 PM Pacific Standard Time (PST)

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

REQUEST FOR PROPOSALS

Comprehensive Fiscal Analysis on the
Proposed Special Reorganization of La Jolla

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SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
REQUEST FOR PROPOSALS

Comprehensive Fiscal Analysis on the
Proposed Special Reorganization of La Jolla

1.0 Introduction

The San Diego County Local Agency Formation Commission (LAFCO) invites qualified individuals or firms to submit a written proposal to prepare a Comprehensive Fiscal Analysis (CFA) for the proposed incorporation of the Community of La Jolla as an independent city.[1] The proposed special reorganization – initiated by registered voter petition – seeks to detach approximately 14 square miles from the City of San Diego comprising the Village, Shores, and Bird Rock neighborhoods. The University of California at San Diego (UCSD) is excluded. The proposed City of La Jolla would serve an estimated population of 38,000 residents.

The CFA is a key component to informing LAFCO's statutory review process and ultimate determination on the proposed special reorganization. LAFCO operates under the Cortese-Knox-Hertzberg Local Government Reorganization Act ("CKH") and is – among other things – tasked with evaluating jurisdictional changes to promote efficient service delivery, fiscal sustainability, and orderly growth based on local circumstances.[2] Specific to considering proposed incorporations, CFAs are mandated components of the LAFCO administrative review consistent with California Government Code Section 56800 and local policy, including but not limited to the following core topics:

- Revenue and Expenditure Forecasting:
  Forecast projected revenues and expenditures for the proposed City of La Jolla for the first 10 fiscal years following incorporation. State law requires CFA to project finances for the first three fiscal years post-incorporation; however, LAFCO staff is expanding the analysis to cover the first 10 fiscal years.

- Impact on Existing Agencies:
  Evaluate the fiscal impacts on the City of San Diego and any other substantively affected local agencies, with an emphasis on achieving revenue neutrality.

- Service Delivery and Reserves:
  Assess the proposed City of La Jolla's ability to assume and provide essential municipal services and maintain reasonable general fund reserves.

[1] Use of the term "firm" throughout this document shall mean individual proprietorship, partnership, limited liability company, corporation (whether for profit or not-for-profit), joint venture, or other public or private entity duly existing and operating under California law or authorized to do business in California.

[2] More Information about LAFCO is provided as Attachment One.

- Stakeholder Coordination:
  Collaborate with LAFCO staff, the proponents, and the City of San Diego to ensure transparency and accuracy throughout the process and to help achieve consensus in developing appropriate assumptions and benchmarks.

2.0 Earlier Analysis

As part of the application submitted by the chief proponent – the Association for the City of La Jolla – a Preliminary Fiscal Analysis (PFA) was completed in January 2024 by Berkson Associates. The PFA projected an initial General Fund surplus of $8.982 million in FY 2027, with $8.529 million allocated to revenue-neutrality payments to the City of San Diego, resulting in an adjusted surplus of approximately $0.5 million. A copy of the PFA is available online on the LAFCO website and provided as Attachment 3.

3.0 Timeline + Selection Process

The proposed timetable for this RFP is as follows:

DESCRIPTION	DATE
Release of Request for Proposals	Wednesday, January 21, 2026
… Virtual Meeting with Interested Consultants (RSVP Required)	Wednesday, February 11, 2026 at 1:30 PM (PST)
… Deadline for Written Questions	Tuesday, February 17, 2026 at 5:00 PM (PST)
… Responses to Questions	Tuesday, March 3, 2026
Proposal Submittal Deadline	Tuesday, March 10, 2026 at 5:00 PM (PST)
… Screening and Interviews	March 2026
… Selection + Contract Finalization	March - April 2026
Expected Commencement of Work	April 2026
Expected Draft CFA Release	April 2027

The above schedule is tentative and subject to change at San Diego LAFCO's sole discretion. Nothing herein obligates San Diego LAFCO to award a contract, and it reserves the right to cancel or modify any portion of this RFP at any time.

Additional details on the timeline and selection process follows:

a) Virtual Meeting with Interested Consultants (Optional)
   Interested parties may attend a virtual meeting on February 11, 2026 at 1:30 PM to discuss the project and ask clarifying questions. Attendance is optional but must be confirmed no less than 72 hours in advance.

b) Deadline for Written Questions on the RFP (Optional)
All questions on the RFP must be submitted by February 17, 2026 via email to:

Priscilla Mumpower
Assistant Executive Officer
San Diego LAFCO
priscilla.mumpower@sdcounty.ca.gov

When submitting questions, please specify which section of the RFP you are referencing. San Diego LAFCO reserves the right to group similar questions when providing answers. Staff responses will be posted online on March 3, 2026.

c) Proposal Submittal (March 10, 2026, at 5:00PM (PST))
Proposals must be submitted electronically via email to Priscilla Mumpower at priscilla.mumpower@sdcounty.ca.gov as a single consolidated PDF document. Proposals received after this date and time will not be accepted.

d) Screening and Interviews
Submissions will be evaluated by a designated selection committee as detailed in section four. Finalists may be invited to participate in interviews. The screening process is expected to conclude within 30 days of the submittal deadline.

e) Selection + Contract Finalization
San Diego LAFCO expects to finalize a contract between March and April 2026, with contract work beginning in April.

4.0 Proposal Submittal Requirements

Firms and/or individuals responding to this RFP must submit their complete proposal via email as detailed in the preceding section as a single, consolidated PDF by the deadline of March 10, 2026. The proposal must include all of the following required components.

a) Cover letter
A signed cover letter summarizing the proposal, including all associated costs. The letter must be signed by a person authorized to negotiate and enter into a contract for the proposed CFA services on behalf of the proposing entity.

b) Background + Qualifications
A detailed description of the firm and/or individuals' background, qualifications, and relevant experience in preparing CFAs or similar financial analyses. Proposers should highlight experience with incorporations, revenue neutrality analysis, property tax transfer calculations, and coordination with LAFCOs, counties, and affected agencies.

c) Proposed Project Approach
A description outlining the methodology and approach to completing the CFA, including anticipated challenges and opportunities, and strategies for delivering a high-quality final product.

d) Scope of Work & Schedule
A detailed scope of work demonstrating an understanding of the minimum required tasks for preparation of a CFA, including fiscal feasibility, service plan analysis, property tax transfer, revenue neutrality, and budget projections. The scope shall include a clear timeline and sequencing of major tasks, milestones, and deliverables. A sample scope of work is provided in Appendix A for reference; proposers may propose alternative approaches provided all minimum requirements are met.

e) Budget
A proposed budget presented in a clear and detailed format and aligned with the proposed scope and anticipated invoicing schedule, including:

- A staffing plan identifying anticipated personnel and any subconsultants;
- Hourly billing rates for all personnel; and
- Estimated hours allocated to each team member by task.

f) List of References
A list of at least three professional references familiar with the proposer's work on similar projects completed within the past ten years. Each reference shall include contact information (name, organization, address, phone number, email) and a brief description of the associated project.

5.0 Selection Committee and Evaluation Criteria

San Diego LAFCO will utilize a five-person selection committee for this RFP. The committee will include representatives from affected and interested parties, including the special reorganization proponents, the City of San Diego, and an at-large representative reflecting broader regional economic interests. The composition of the committee is intended to provide a range of perspectives to inform LAFCO staff's evaluation of proposals and the proposed special reorganization. The selection committee is anticipated to include the following representatives:

- (1) Representative of the Association for the City of La Jolla
- (1) Representative of the City of San Diego Mayor's Office and/or Independent Budget Analyst Office
- (1) Representative of the San Diego Regional Chamber of Commerce
- (1) Representative of the San Diego Municipal Employees Association
- (1) Representative of the San Diego LAFCO:
  - Assistant Executive Officer

Written proposals will be evaluated using the following criteria with a maximum vote potential of 100 points:

Written Proposal Evaluation Category	Points
Demonstrated understanding of the project objectives and scope	20
Quality, clarity, and completeness of proposed scope of work and approach	20
Reasonableness of proposed budget and project schedule	20
Experience with similar projects of comparable scope & complexity	20
Strength and relevance of references	10
Familiarity with municipal issues within: City of San Diego and County of San Diego	10
Maximum Total	100

Voting will be weighted to provide San Diego LAFCO with a 25 percent share, with the remaining four members– the Association for the City of La Jolla, the City of San Diego, the San Diego Regional Chamber, and the San Diego Municipal Employees Association – each assigned an 18.75 percent share.

The highest-ranked proposers will be invited to participate in a panel interview with the selection committee. Interview performance will be evaluated using the following criteria with a maximum vote potential of 25 points:

Interview Performance Evaluation Category	Points
Presentation of Proposed Approach *… overall presentation and ability to clearly articulate the proposed approach, methodology, and work plan.*	10
Team Expertise, Communication, and Engagement *…demonstrated qualifications and effectiveness of communication and engagement with the selection committee.*	10
Responsiveness and Problem-Solving *…quality of responses and demonstrated critical thinking.*	5
Maximum Total	25

At the conclusion of the interviews, the selection committee will compute final scores using the weighted voting formula as described for a maximum of 125 points.

Contract Negotiations

Contract negotiations will be initiated by LAFCO staff with the highest-scoring proposer. If contract negotiations are unsuccessful, LAFCO staff will proceed to negotiate with the next highest-ranked proposer.

For additional information regarding this project and San Diego LAFCO, please refer to the attachments accompanying this RFP and visit the following webpage: https://www.sdlafco.org/resources/major-projects/la-jolla-incorporation-lafco-special-reorganization

Attachments:

1) About San Diego LAFCO Brochure
2) San Diego LAFCO Commissioners
3) Berkson and Associates Preliminary Fiscal Analysis: Executive Summary

Appendix:

A. Sample Scope of Work

Appendix A
Sample Scope of Work

This sample scope of work is intended to provide proposers with an overview of the anticipated tasks and deliverables required to prepare a Comprehensive Fiscal Analysis (CFA). It is not intended to be all-inclusive, and the selected consultant may be required to perform additional tasks or analyses necessary to complete the CFA in accordance with applicable law and LAFCO requirements.

Preparation of a Comprehensive Fiscal Analysis (CFA)

The selected consultant shall prepare a Comprehensive Fiscal Analysis (CFA) in accordance with Government Code §§56800–56815. The CFA will support the Executive Officer's report and LAFCO's consideration of a proposed incorporation and shall address fiscal feasibility, revenue neutrality, and service delivery impacts.

Task 1: Project Initiation and Boundary Scenarios

- Coordinate with LAFCO staff to confirm project assumptions, schedule, and deliverables.
- Identify and evaluate alternative boundary scenarios early in the process to assess fiscal, service, and revenue-neutrality impacts.
- Incorporate approved boundary scenarios into all subsequent fiscal analyses, including property tax transfer and revenue neutrality.

Task 2: Data Collection and Verification

- Prepare an inventory of existing agencies and public service providers in the proposed incorporation area.
- Coordinate the collection of financial and service-level data from affected public agencies (i.e., City of San Diego), special districts, franchise agencies, school districts, and the County.
- Review and validate data for consistency, accuracy, and statutory compliance.
- Document assumptions and methodologies where data must be estimated or adjusted due to limitations.
- Establish base-year financial data using the most recent fiscal year available.

Task 3: Service Plan Analysis

- Analyze existing and proposed municipal service responsibilities, including whether services would be provided directly by the new city or via contractual arrangements.
- Evaluate required and optional municipal services, including but not limited to public safety, public works, land use planning, community services, utilities, and other municipal functions.
- Identify agencies affected by service transfers and associated fiscal impacts.

- Assess alternative municipal operating and service delivery models (including staffing, contracting, and governance structures) and evaluate fiscal, operational, and feasibility implications.

Task 4: Base Year Costs and Revenues

- Develop estimates of base-year municipal service costs based on service assumptions established in Task 3, including direct and indirect costs.
- Identify administrative cost reductions to affected agencies resulting from service transfers.
- Establish base-year revenues consistent with statutory requirements, excluding project-specific or non-recurring revenues.
- Benchmark cost assumptions against comparable cities, as appropriate.

Task 5: Property Tax Transfer Calculation

- Calculate the estimated property tax transfer from the City of San Diego, County, and/or affected special districts to the proposed city pursuant to Government Code §56810.
- Apply the Auditor-Controller's ratio and document assumptions, methodologies, and data sources.

Task 6: Revenue Neutrality Analysis and Mitigation

- Evaluate fiscal impacts to affected agencies to determine whether the incorporation would result in negative financial effects.
- Identify and quantify revenue neutrality impacts.
- Develop mitigation measures and payment scenarios to achieve revenue neutrality, including adjustments for alternative boundary configurations.

Task 7: Budget Projections

- Prepare ten-year budget projections for the proposed city, including revenues, expenditures, and impacts to affected agencies, as required by statute.
- Present projections on a cash basis and clearly state all assumptions, inflation factors, and growth rates.

Task 8: Appropriations Limit Analysis

- Estimate the proposed city's appropriations limit pursuant to Government Code §56812.
- Document assumptions related to population growth, inflation, and proceeds of taxes.
- Provide sufficient information to support future voter consideration of a permanent appropriations limit.

Task 9: Transition Period and Effective Date Analysis

- Analyze fiscal implications associated with the anticipated effective date of incorporation and the transition period between incorporation and the assumption of full municipal service responsibility.
- Estimate potential reimbursement to the City of San Diego and other services providers, if applicable, for the net cost of services during the transition period, if applicable.
- Identify cash flow considerations and startup funding needs.

Task 10: Financial Feasibility Determination

- Evaluate whether the proposed city is expected to receive sufficient revenues to provide services and maintain reasonable reserves during the first ten fiscal years following incorporation.
- Assess fiscal feasibility considering economic, legal, social, and operational factors.
- Clearly summarize findings to support LAFCO's required determinations.

Task 11: Reporting and Deliverables

- Prepare a clear, well-documented CFA suitable for inclusion in LAFCO's Executive Officer's report.
- Provide tables, figures, and appendices that transparently present assumptions, calculations, and results.
- Participate in meetings with LAFCO staff and attend public hearings, meetings, or workshops as requested.

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ABOUT SAN DIEGO LAFCO

What is LAFCO?

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

Why were LAFCOs formed?

LAFCOs were established in 1963 by the California Legislature. Initial tasks included approving or disapproving proposals for the incorporation of new cities and creation of new special districts in 57 of the 58 counties in California. (San Francisco City/County did not have a LAFCO until 2001.)

The motivation leading to the establishment of LAFCOs began several years earlier when the newly elected Governor Edmund (Pat) Brown created the Commission on Metropolitan Area Problems and directed this blue-ribbon group to make recommendations to coordinate the management of statewide growth and development.

At the time, county governments in California were largely empowered to form and expand cities and special districts without any real oversight. The prior decade highlighted the need for coordinated management as California's population increased between 1950 and 1960 by 50 percent – from 10.6 million to 15.9 million – and more than 100 cities and special districts were formed, often with irrational and overlapping boundaries.

The Commission on Metropolitan Area Problems and its findings led to a unique comprise between the State and local government with respect to assigning regional growth management responsibilities in California. This compromise remains largely intact today. It involves the Legislature setting policies and procedures with regard to the formation and post-formation development of local agencies while delegating implementation and decision-making to a consortium of locally elected officials through LAFCOs.

The authority and power of LAFCOs have increasingly expanded since 1963 through additional legislation and in respect to the state's ongoing interest to ensure effective local governance relative to local needs. The primary result of the additional legislation over the past six decades is the delineation of two distinct LAFCO duties:

1. Regulation: Regulating the physical development of cities and special districts and their respective service areas
2. Planning: Informing such decisions through various planning activities

What does LAFCO do?

San Diego LAFCO is a subdivision of the State of California and is responsible for administering a section of State law currently known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

The statute delegates the authority to regulate and plan the location of cities and most special districts and their municipal service areas to LAFCOs in all 58 counties in California.

This includes establishing, expanding, and reorganizing cities and special districts in meeting LAFCOs' underlying directive from the State to facilitate smart and sustainable growth and development.

Decisions are made with consideration to legislative objectives as well as local conditions and circumstances and include all of the following duties:

- Incorporate cities and form special districts
- Annex and detach lands to cities and special districts
- Activate or deactivate special districts' service powers
- Consolidate two or more cities or special districts into one
- Merge special districts into cities
- Disincorporate cities and dissolve special districts
- Establish spheres of influence for all cities and special districts thereby delineating areas eligible for annexation
- Regularly prepare studies to independently assess the availability, demand and performance of local government services
- Authorize cities and districts to provide new or extended services outside their boundaries by contracts

Who does LAFCO oversee?

San Diego LAFCO has direct jurisdiction over 101 local government agencies located throughout San Diego County. These local agencies are currently divided between 18 cities as well as 83 special districts that provide various services in support of existing development, such as water, wastewater, police and fire protection, cemeteries, healthcare and resource conservation.

Most special districts subject to LAFCO are independent with their own directly elected board of directors. The remaining local special districts are dependent with appointed board of directors made by other government agencies.

Cities

- Eighteen incorporated communities in San Diego County
- The first incorporation was the City of San Diego in 1850, and the last incorporation was the City of Encinitas in 1988
- The last disapproved incorporation attempt was the community of Rancho Santa Fe in 1987
- City boundaries and service areas are determined by LAFCO
- City services are determined by the agencies
- Primary functions are land use control and police protection

Special Districts

- Eighty-three special districts in San Diego County subject to LAFCO.
- The first formation was Helix Water District (formerly La Mesa, Lemon Grove, and Spring Valley Irrigation District) formed in 1897
- Special district boundaries and service areas are determined by LAFCO
- Service functions and classes are also determined by LAFCO
- Primary functions are providing urban services in support of development approved by the county and/or one of the 18 cities

San Diego LAFCO also has indirect oversight of joint-power authorities (JPAs). JPAs are legally created entities that allow two or more public agencies to provide contracted municipal services such as wastewater treatment, emergency dispatch or clean energy, often with the intent to deliver services more efficiently or cost-effectively. All JPAs providing a local municipal service as defined by LAFCO must file their agreements and any amendments with LAFCO. LAFCOs are similarly encouraged to include JPAs in preparing municipal service reviews.

*School and college districts are currently not subject to LAFCO oversight.

Who are the Commissioners?

Decisions at San Diego LAFCO are made by a 13-member "Commission" primarily consisting of appointed local elected officials that include county supervisors, city council members and special district board members. These officials also appoint two general members of the public. The Commission meets monthly and are tasked with implementing LAFCO law with broad discretion to reflect local conditions. The Commission is overseen by the California Assembly Committee on Local Government.

All members of the Commission serve four-year terms and must exercise their independent judgment on behalf of the interests of residents, landowners, and the general public. They are subject to standard disclosure requirements and must file annual statements of economic interests. The Commission has sole authority in administering its legislative responsibilities, and decisions therein are not subject to an outside appeal process.

Administration and Funding

San Diego LAFCO is administered by an appointed Executive Officer and they are responsible for overseeing day-to-day activities. This includes supervising a professional staff of eight to ten employees and implementation of an annual workplan that outlines specific project goals for the fiscal year as determined by the Commission.

Funding for San Diego LAFCO is prescribed under State law based on membership categories on the Commission with the largest apportionment of 28.6% assigned to the County of San Diego. The independent special districts and cities less the City of San Diego are also apportioned 28.6% with individual amounts divided thereafter based on total revenue shares in the past fiscal year. The City of San Diego – and based on special legislation that ensures the City is always represented on the Commission – is responsible for the remaining 14.3% of annual operating costs.

At a Glance

- Subdivision of the State of California
- Facilitates smart and responsive growth and development
- Promotes public accountability and transparency of local government
- An appointed Executive Officer manages day-to-day activities and makes recommendations to the Commission
- Regulates and plans local government boundaries and associated service areas throughout San Diego County
- Comprises locally elected officials – including County Supervisors and City Mayors/ Councilmembers

Know and Go

Interested in attending a San Diego LAFCO monthly meeting? Join us, or watch our video recordings online at **sdlafco.org**. Our website also includes past and current agendas, policies and procedures, application materials, and more. All regular meetings include an opportunity for public comment and the ability to directly speak to decision-makers.

San Diego LAFCO Regular Meetings

Monthly, First Mondays at 8:15 a.m.

1600 Pacific Highway County

Administration Center, Room 302

San Diego, California 92101

Visit our website for the most up-to-date meeting information including agenda postings, updated meeting times, and cancellations.

Contact Us

San Diego LAFCO Administrative Office

2550 Fifth Avenue, Suite 725

San Diego, CA 92103

Hours: **M-F, 8:00 a.m. – 4:30 p.m.**

Phone: **619.321.3380**

Web: **sdlafco.org**

E-Mail: **lafco@sdcounty.ca.gov**

Twitter: **@sdlafco**

Appointments are Encouraged

LAFCO COMMISSION

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



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City of Chula Vista



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Marni Von Wilpert
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City of San Diego

Learn more about the Commission at https://www.sdlafco.org/about/commission.



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REPORT

PRELIMINARY COMPREHENSIVE FISCAL ANALYSIS (PCFA)

THE CITY OF LA JOLLA

Prepared by BERKSON ASSOCIATES
for The Association for the City of La Jolla

January 17, 2024 (rev'd 1/24/2025)

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1. THE PROPOSED CITY OF LA JOLLA

OVERVIEW OF LA JOLLA

This Preliminary Comprehensive Fiscal Analysis (PCFA) provides an evaluation of the financial feasibility of the proposed City of La Jolla's services and revenues compared to expenditures. This financial evaluation is required by the Local Agency Formation Commission (LAFCO) as part of an application to LAFCO to initiate the incorporation process.

Figure 1 shows the proposed City of La Jolla boundary spanning about 14 square miles and home to nearly 40,000 residents.

The boundary borders UC San Diego and the City of San Diego, and the City of Del Mar along La Jolla's northern boundary. The City falls largely in the 92037 zip code.

Item	La Jolla	City of San Diego	La Jolla as a % of San Diego
Population	38,277	1,368,395	2.8%
Registered Voters	23,050	794,643	2.9%
Employment (Jobs)	18,700	822,407	2.3%
Land Area (sq.mi.)	14.3	325	4.4%
Assessed Value (bill.)	$25.4	$350.0	7.3%
Roads (centerline mi.)	151	3,045	5.0%

Figure 1 Proposed Boundary of City of La Jolla



As shown in **Figure 1**, the proposed City of La Jolla boundary follows the natural topography of La Jolla and major arterials including the I-5 freeway bounding La Jolla, preserving the integrity of existing La Jolla neighborhoods. The main campus of UC San Diego is excluded. **Appendix 1** includes additional information about the boundary and estimated population. LAFCO will review the proposed boundary upon receipt of an incorporation application and may evaluate boundary and service alternatives.

OBJECTIVES OF INCORPORATION

A new City of La Jolla would benefit the City of San Diego in a number of ways:

- Reduce the scope and scale of City of San Diego responsibilities and costs, and increase focus on the balance of the City
- Increase regional economic benefits by maintaining and improving La Jolla's attractiveness as a visitor destination
- Eliminate La Jolla liabilities from the City of San Diego's financial statements including deferred maintenance, infrastructure maintenance and replacement, and a portion of unfunded pension and other liabilities
- Relieve San Diego residents of paying for certain services and infrastructure (e.g., sewer and water) in La Jolla that may be more costly, and which effectively would reduce rates for other San Diego residents

Incorporation of a new city provides a number of benefits to the residents of La Jolla:

- Local control of land use planning and approval
- La Jolla elected council members will determine the use of locally generated revenues for La Jolla service and infrastructure needs and priorities
- Management and coordination of public services to improve maintenance of beaches, natural resources, and infrastructure serving La Jolla and San Diego
- Increase access to local officials and improve accountability for local services and infrastructure. La Jolla residents will be represented by five elected council members; currently one San Diego councilmember represents La Jolla and other parts of San Diego with a total population nearly four times La Jolla

The benefits of incorporation require a financially sustainable City of La Jolla, strong and engaged local leadership, and a positive collaborative relationship between the City of La Jolla and the City of San Diego. The City of La Jolla will inherit a share of the City of San Diego's obligations, debts, and liabilities including deferred maintenance costs for infrastructure and facilities and will be responsible for payments to the City of San Diego to assure the incorporation causes no adverse impacts.

CITY OF LA JOLLA FINANCIAL FEASIBILITY

As shown in **Table 1a** and further detailed in **Appendix 3**, annual revenues exceed expenditures and provide a contingency before revenue neutrality payments to the City of San Diego. The analysis is based on La Jolla's formation as a "General Law" city and follows statutes in State law the determine various aspects of city governance, revenues and expenditures. No new city in California formed in the past forty years or more have been formed as a charter city due to the additional cost, complexity and generally reduced flexibility; a city charter prescribes and tailors city governance in ways that may differ from State statutes (for example, transfer taxes can be increased by a charter, but are fixed for General Law cities) however changing the charter requires voter approval.

LAFCO will prepare a more Comprehensive Fiscal Analysis (CFA) after it receives an application for incorporation. LAFCO must find that the proposed city "is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation."[1] The CFA will refine the estimates contained in this PCFA and results may change from those shown. Future budget conditions and other factors also will influence actual results.

Results are in constant 2023 dollars to illustrate real changes over time. **Table 1b** converts the projections into future nominal dollars by overlaying inflation; inflation increases revenues, expenditures, and the net difference, but does not change the finding of feasibility.

Chapter 4 describes the preliminary revenue neutrality estimate in greater detail.

[1] Gov. Code Sec. 56720(e)

Table 1a Summary of City of La Jolla Budget Forecast (constant 2023 dollars)

Item	Transition Yr FY2026-27	FY2027-28	FY2028-29
REVENUES			
Property Tax	$43,992,000	$44,330,000	$44,671,000
Sales Tax	4,384,000	4,384,000	4,384,000
Transient Occupancy Tax	24,971,000	25,695,000	26,440,000
Revenue: Money & Property	0	0	0
Charges for Current Services	3,877,000	3,885,000	3,892,000
Franchise Fees	2,690,000	2,695,000	2,700,000
Other Revenues	3,885,000	3,902,000	3,919,000
Total Revenues	**$83,799,000**	**$84,891,000**	**$86,006,000**
EXPENDITURES			
Management & Admin.	$8,465,000	$8,278,000	$8,491,000
Police	18,126,000	18,126,000	18,126,000
Animal Control	380,000	380,000	380,000
Fire	15,983,000	15,983,000	15,983,000
Lifeguard	12,229,000	12,229,000	12,229,000
Community Development	2,543,000	2,543,000	2,543,000
Public Works	7,556,000	7,556,000	7,556,000
Library	1,019,000	1,019,000	1,019,000
Parks and Recreation	3,785,000	3,785,000	3,785,000
Economic Development	479,000	480,000	481,000
General Services	281,000	281,000	281,000
Other OH/Admin.	3,190,000	3,181,000	3,191,000
Other (cultural grants)	781,000	781,000	781,000
Total Expenditures	**$74,817,000**	**$74,622,000**	**$74,846,000**
ANNUAL NET	**$8,982,000**	**$10,269,000**	**$11,160,000**
(less) Revenue Neutrality	**($8,529,000)**	*tbd*	*tbd*
NET	**$453,000**		

Note: totals may not match Table B-4a due to rounding. *1/29/24*

The La Jolla budget strives to "right size" local services to fit the needs, interests and issues of La Jolla residents and businesses, while maintaining and improving current service levels. The City of La Jolla can take advantage of certain "efficiencies of scale" through contracts with other service providers and be in a position to focus its resources on issues of direct concern to La Jolla. Over time the City of La Jolla may choose to transition to other providers or create City departments if they demonstrate cost efficiencies and improved service effectiveness.

Table 1b Summary of City of La Jolla Budget Forecast (nominal dollars)

Item	Transition Yr FY2026-27	FY2027-28	FY2028-29
REVENUES			
Property Tax	$48,071,000	$49,894,000	$51,786,000
Sales Tax	$4,791,000	$4,934,000	$5,082,000
Transient Occupancy Tax	$27,286,000	$28,920,000	$30,651,000
Other Revenues	$11,421,000	$11,798,000	$12,185,000
Total Revenues	**$91,569,000**	**$95,546,000**	**$99,704,000**
EXPENDITURES			
Management & Admin.	$9,250,000	$9,317,000	$9,843,000
Police	$19,807,000	$20,401,000	$21,013,000
Animal Control	$415,000	$428,000	$441,000
Fire	$17,465,000	$17,989,000	$18,529,000
Lifeguard	$13,363,000	$13,764,000	$14,177,000
Community Development	$2,779,000	$2,862,000	$2,948,000
Public Works	$8,257,000	$8,504,000	$8,759,000
Library	$1,113,000	$1,147,000	$1,181,000
Parks and Recreation	$4,136,000	$4,260,000	$4,388,000
Other Expenditures	$5,169,000	$5,315,000	$5,488,000
Total Expenditures	**$81,754,000**	**$83,987,000**	**$86,767,000**
ANNUAL NET	**$9,815,000**	**$11,559,000**	**$12,937,000**
(less) Revenue Neutrality	**($9,320,000)**	*tbd*	*tbd*
NET	**$495,000**		
Includes inflation/year at	3.0%		*1/29/24*

The budget forecast is based on information provided by the City of San Diego, input from La Jolla community members, and a review of revenues, services and budgets of other cities. The PCFA focuses on operating revenues and expenditures; capital costs for the maintenance, repair upgrade and expansion of infrastructure and facilities are not included in this PCFA except as noted in the report.

Other upfront and startup costs including hiring, office space improvements, software, equipment and facilities for the new City, and costs for the transition from San Diego and creation of service contracts are not estimated. These costs could be funded through a combination of City of La Jolla reserves accumulated during the Transition Year, interim San Diego loans to be repaid over time, and possible phasing of costs over multiple years. Impacts on San Diego will be refined during LAFCO's CFA process.

Budget forecasts are preliminary and will change as economic conditions change; outcomes depend on decisions by LAFCO, the City of San Diego, and the future La Jolla City Council. After receiving an application for incorporation, LAFCO will prepare a more detailed Comprehensive Fiscal Analysis (CFA) that will inform and refine the budget forecasts. The outcome of negotiations between the City of San Diego and La Jolla community representatives during the CFA process are likely to change the revenue neutrality amount and timing shown in **Table 1a** and **Table 1b** and will establish terms of any payments or other conditions that may be required.

Summary of City of La Jolla Revenue Assumptions

The PCFA estimates potential annual revenues to the new City of La Jolla. **Table 1c** summarizes key assumptions which are explained in **Chapter 3** and further documented in **Appendix 3**. Certain assumptions are based on current City of San Diego revenues generated by La Jolla; other revenues are estimated based on City of San Diego averages per resident, or by formula applicable to particular revenues, for example property tax. Some revenue items, for example lease revenues from San Diego-owned property, will be subject to negotiation and LAFCO determinations.

Summary of City of La Jolla Expenditure Assumptions

The PCFA estimates potential annual expenditures by the new City of La Jolla. **Table 1c** summarizes key assumptions which are explained in **Chapter 2** and further documented in **Appendix 3**. Certain assumptions are based on current City of San Diego expenditures required for services to La Jolla as reported by the City of San Diego, for example police, fire and lifeguards.

Other expenditures are estimated based on City of San Diego averages per resident, or by reference to other cities. "Per capita" costs and other expenditures by budget item were reviewed and based on multiple reference cities' budgets, in addition to consideration of current costs and revenues in the City of San Diego budget.

The CFA to be prepared by LAFCO will evaluate budget items in greater detail and may modify the assumptions in the PCFA. Future economic and fiscal conditions, LAFCO determinations, City of San Diego budget and contracting decisions, and other factors will influence the forecasts. The actual City of La Jolla budget will differ from the estimates provided in this PCFA and in the future, updated CFA.

Table 1c Summary of City of La Jolla Budget Revenue Assumptions

City of La Jolla Revenue Item
Property Tax Share and amount of property taxes from La Jolla that would otherwise go to City of San Diego. Share is 17.1% of basic property tax (1% of assessed value).
Sales Tax Share and amount of sales taxes from La Jolla that would otherwise go to City of San Diego. Share is 1% of taxable sales (including internet sales).
Transient Occupancy Tax (TOT, or Hotel Taxes) Share and amount of hotel taxes from La Jolla that would otherwise go to City of San Diego. Existing combined rate of 10.5% to La Jolla General Fund; additional Tourism Marketing District 2% rate to continue dedicated to same purposes.
Licenses & Permits, **Fines, Forfeitures, & Penalties** Based on San Diego average per resident times La Jolla population.
Revenue from Money & Property No net revenue to City of La Jolla from Torrey Pines Golf Course or City of San Diego-owned properties (to be negotiated).
Revenue from Federal & Other Agencies No ongoing operating revenue assumed. La Jolla may apply for and receive one-time grants.
Charges for Current Services Based on San Diego average per resident times La Jolla population. Excludes airport and Port services, Hazmat, and TOT reimbursements.
Transfers In Not estimated - includes one-time revenues and TOT already included in other categories.
Other Revenue Based on San Diego average per resident times La Jolla population.
Franchise Fees Based on San Diego average per resident times La Jolla population.
Real Property Transfer Tax Transfer Tax paid upon sale of property estimated as % of property tax comparable to current City of San Diego average.
Interest and Dividends Investment earning estimated as % of revenue comparable to current City of San Diego average.
Road-Related Revenues Based on San Diego average per resident times La Jolla population.

Table 1d Summary of City of La Jolla Budget Expenditure Assumptions

City of La Jolla Revenue Item	
City Council	Based on San Diego average per resident times La Jolla population; comparable to reference cities (e.g., Encinitas, Coronado $520k-$590k).
City Manager & Administration	Based on Encinitas avg. per resident times La Jolla population; approximately 5 positions & $200,000 budget for services.
City Attorney	Contract based on Coronado average per resident times La Jolla population; also comparable to Encinitas $1 million.
City Clerk	Based on Encinitas average per resident times La Jolla population; also comparable to Coronado $415,000.
City Finance	Based on Encinitas average per resident times La Jolla population; also comparable to Coronado $1.9 mill. approximately 11 positions plus $300,000 budget for contracts and services.
Administration (Human Resource, IT, Risk Management)	Based on Encinitas avg. per resident times La Jolla population; comparable to Coronado $2.8 mill. Approx. 6 positions.
Police	La Jolla contract with San Diego based on City of San Diego's estimated current costs of service to La Jolla.
Animal Control	Cost based on City of San Diego's estimated current costs of service to La Jolla.
Fire and Lifeguard	La Jolla contract with San Diego based on City of San Diego's estimated current costs of service to La Jolla.
Community Development (Planning, Dev. Services, Code Enforcement)	La Jolla departments' cost and staffing based on City of San Diego's estimated current costs of service to La Jolla. Approximately 7 planning positions, 6 code enforcement; development services 100% fee funded.
Public Works (Transporation/Roads, Environmental Services, Stormwater)	La Jolla departments' cost and staffing based on City of San Diego's estimated current costs of service to La Jolla. Approximately 19 positions.
Library	La Jolla departments' cost and staffing based on City of San Diego's estimated current costs of service to La Jolla.
Parks and Recreation	La Jolla departments' cost and staffing based on City of San Diego's estimated current costs of service to La Jolla.
Economic Development	Based on San Diego average per resident times La Jolla population; approximately 1-2 positions.
General Services (facility maintenance)	La Jolla departments' cost and staffing based on City of San Diego's estimated current costs of service to La Jolla.
Other Costs (Non-dept'l)	Insurance based on 3.5% of expenditures (Encinitas); rent of 16,100 sq.ft. office space (107 positions, 150 sq.ft. each) $4/sq.ft./month.
Other Programs	Cultural Affairs cost based on City of San Diego's estimated current costs of service to La Jolla (funded by TOT).

Infrastructure, Public Facilities and Property

The City of La Jolla will inherit infrastructure, public facilities and property[2] from the City of San Diego and will be responsible for operations, maintenance and asset replacement. The focus of this PCFA is annual operating revenues and expenditures, although asset and liability issues are noted.

As indicated in this report, certain City of San Diego public safety buildings (police, fire, communications) are located within the proposed City of La Jolla boundaries and will be transferred to the City of La Jolla but will continue to serve San Diego through mutual aid or other cooperative agreements. No capital costs are included in the PCFA budget for the City of La Jolla for the transfer of public facilities and infrastructure from the City of San Diego. The new city will assume responsibility for any debt or other liabilities directly attributable to transferred facilities.

Other recreation and community facilities primarily serving La Jolla residents and located within its proposed boundaries will be transferred to and become the responsibility of the City of La Jolla. The transfer and disposition of Torrey Pines golf course and other public facilities and property will be determined during the LAFCO review process and negotiations with the City of San Diego; the PCFA budget does not include Torrey Pines Golf Course revenues in the La Jolla budget. Fees currently paid by La Jolla and San Diego residents and tee-times scheduling policies for public golf courses are not projected to change as a result of incorporation.

Other revenue-generating properties owned by the City of San Diego which are not necessary for the provision of public services would be subject to negotiation, particularly if transfer of those properties and related revenues causes an adverse financial impact on the City of San Diego and its residents.[3]

Sewer and water infrastructure represents a substantial investment, requires significant operation and maintenance costs, and will be very difficult to divide between the two cities; ongoing contractual operation by the City of San Diego provides a viable option but could incur management costs and increased rates to La Jolla residents if costs of serving La Jolla are more costly than San Diego and if contract operation requires a separate rate structure.

La Jolla's beaches contribute to San Diego's visitor draw and to its economic vitality but require significant operating costs for lifeguard and related marine services in addition to beach and facility maintenance and improvement. Collaboration with the City of San Diego through service contracts for continuing San Diego services would continue current efficiencies of scale while providing local management and policy direction.

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[2] See Attachments 1 and 19 to City of San Diego Response to Data Request, 2023-06-30.

[3] See Attachment 19 to City of San Diego Response to Data Request, 2023-06-30 for a list of City of San Diego properties generating lease revenue. The CFA will review and revise this list based on boundaries, future leases and revenues, and any changes to the list of properties and other leases.

Impacts on Other Agencies

This PCFA provides a preliminary evaluation of potential adverse fiscal impacts on the City of San Diego. LAFCO's review of the incorporation application will determine the magnitude of impacts and required mitigation. LAFCO will facilitate negotiations between proponents for the City of La Jolla and representatives for the City of San Diego to determine revenue neutrality terms.

California State codes require that an incorporation "should result in a similar exchange of both revenue and responsibility for service delivery among the county, the proposed city, and other subject agencies"[4] in this case primarily the City of San Diego. Adverse fiscal impacts on an agency typically are mitigated by a "revenue neutrality agreement" that could require the City of La Jolla to make payments to the City of San Diego to mitigate financial impacts. Terms may take various forms and could include sharing of certain revenues and responsibilities.

The PCFA does not address one-time startup costs of services and infrastructure transition which may incur an impact on the City of La Jolla and the City of San Diego. As previously noted, these costs could be funded through a combination of City of La Jolla reserves accumulated during the Transition Year, interim San Diego loans to be repaid over time, and possible phasing of costs over multiple years. Impacts on San Diego will be refined during LAFCO's CFA process and negotiations between La Jolla proponents and the City of San Diego as facilitated by LAFCO.

Next Steps

Following completion of the PCFA, public outreach and fundraising, incorporation proponents will prepare and submit an application to LAFCO. LAFCO will review the application and prepare a CFA.[5] The CFA will be a more detailed version of this PCFA and will consider a number of topics in greater detail, including but not limited to:

- Owned/leased properties and related costs and revenues
- Responsibility for unfunded pension liabilities and other debt
- Contracting of services
- Impacts on public utilities
- Revenue neutrality and impacts on City of San Diego

Following public hearings and LAFCO determinations, LAFCO will pass a resolution requiring the County to call for an election if LAFCO determines that the incorporation proposal meets legal requirements for financial feasibility and revenue neutrality. Terms and Conditions approved by LAFCO would specify

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[4] Gov. Code Sec. 56815.

[5] Gov. Code Sec. 56800.

additional requirements applicable to the city incorporation. The detachment and incorporation must be approved by a majority of voters in the proposed city boundary and by a majority of voters in the City of San Diego unless this requirement is changed by State legislation.[6] "Next Steps" are further discussed in **Chapter 5** and a preliminary working schedule is shown in **Appendix 2**.

Legislation to Address State Funding to New Cities

In 2011 the State legislature eliminated, as part of a State budget re-structuring, Property Tax In Lieu of Vehicle License Fees (PTVLF) to new cities.[7] This revenue, in the form of property tax which grows as assessed value grows, continues to be allocated to existing cities as compensation for the loss of Vehicle License Fee revenue previously distributed by the State.

Subsequent legislation fixed the adverse impacts of this change on then-recently formed new cities in Riverside County, but future new cities continue to face reduced revenues that largely eliminate prospects for financial feasibility absent significant new revenues.

No new cities have been formed in California over the past two decades other than new cities in Riverside County that received a legislative fix and were granted PTVLF. Receipt of PTVLF would considerably improve the financial prospects of the City of La Jolla and increase funding available to help repair aging infrastructure and to address issues of affordable housing and homelessness, and potential one-time costs and other impacts on the City of San Diego.

The City of San Diego will not experience a loss of PTVLF because State law excludes from the PTVLF allocation formula the assessed value change in the first year following a boundary change.[8] In subsequent years the increase in PTVLF to the City of San Diego also should be not be significantly affected; the lower San Diego assessed value will grow less, however the smaller growth compared to a lower total base assessed value should result in a similar percent growth rate.

As recently as 2019, bills have been introduced to remedy the loss of revenues to new cities, but none have passed to-date.[9] The League of California cities may consider advocating for legislation in future legislative sessions;[10] political support from communities considering incorporation will improve chances of bill passage. Incorporation proponents should engage with other communities pursuing cityhood to push for legislation to remedy funding discrepancies adversely affecting future new cities.

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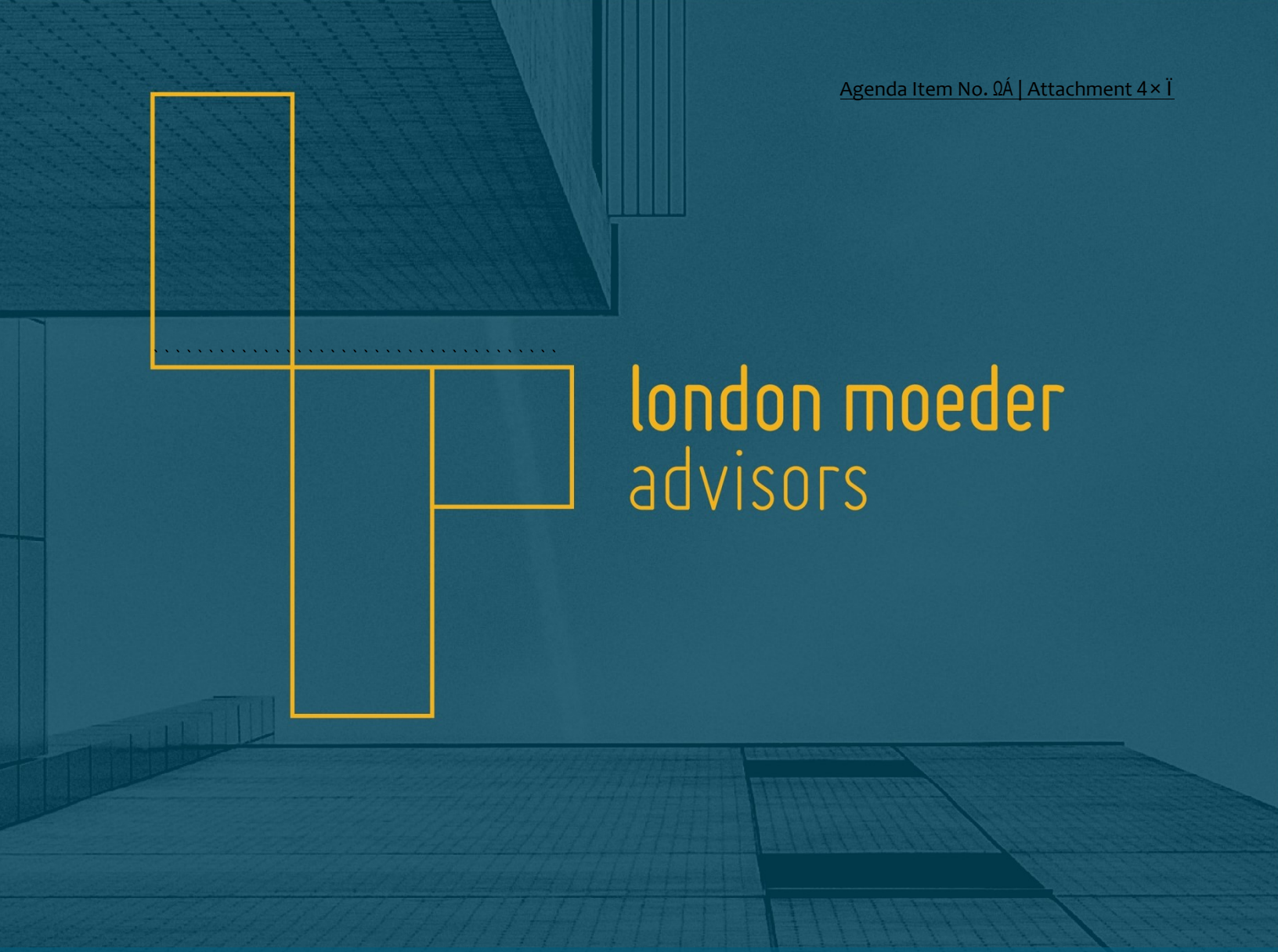
6 Gov. Code Sec. 57119.

7 SB 89 (2011) excluded new cities from the statutory formula that allocates revenues based on the 2004 VLF-property tax swap.

8 Revenue and Tax Code Sec. 97.70(c)(1)(C)(ii)(II)

9 AB 818 (Cooley) 2019-20 failed to emerge from committee.

10 R. Berkson correspondence.



london moeder
advisors

Proposal for Comprehensive Fiscal Analysis Proposed Incorporation of La Jolla March 10, 2026

Prepared for:

San Diego County LAFCO

5946 Priestly Dr.
Suite 201
Carlsbad, CA 92008
619.269.4010

londonmoeder.com

london moeder
advisors

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March 10, 2026

Priscilla Mumpower
Assistant Executive Officer
San Diego County Local Agency Formation Commission
2550 Fifth Avenue, Suite 725
San Diego, California 92103

Via email: priscilla.mumpower@sdcounty.ca.gov

Dear Ms. Mumpower:

London Moeder Advisors ("LMA") is pleased to submit this proposal in response to the San Diego County Local Agency Formation Commission's ("LAFCO") Request for Proposals to prepare a Comprehensive Fiscal Analysis ("CFA") for the proposed incorporation of the Community of La Jolla as an independent city. We believe we are uniquely positioned to deliver a thorough, objective, and defensible analysis for the following reasons:

- Deep expertise in fiscal and economic analysis, including revenue and expenditure forecasting, property tax allocation, municipal service cost analysis, and fiscal impact studies for both public agencies and private-sector clients across California.
- Comprehensive knowledge of the San Diego regional economy and local government landscape, informed by decades of advisory work throughout the region for cities, counties, special districts, and private entities.
- Our "hands-on" approach by firm principals. LMA is a boutique firm whose principals touch every project, ensuring senior-level attention to every phase of the analysis.
- Extensive experience in similar fiscal impact and economic analysis assignments on behalf of both public and private-sector clients, including fiscal impact analyses for municipalities, infrastructure projects, and development proposals in San Diego County.

We are committed to working collaboratively with LAFCO staff, the Association for the City of La Jolla, the City of San Diego, and all relevant stakeholders to conduct a transparent, rigorous, and comprehensive analysis. Our goal is to produce a CFA that clearly and objectively informs LAFCO's statutory determination regarding the proposed special reorganization.

We are prepared to defend and communicate our findings to the Commission, affected agencies, and the public. We are particularly skilled at distilling complicated fiscal analyses into clear, accessible presentations that stakeholders can readily understand.

Our total proposed budget for the CFA is $170,000, as detailed in this proposal. If selected, we would offer LAFCO our priority of time while providing excellent services.

I would like to make the special point that we are a 36 year, San Diego firm, committed to improving the economic and civic quality of life in San Diego. We have no biases but are grounded by a strong understanding of the City of San Diego and the community of La Jolla. We are convinced that our work will greatly assist LAFCO in your decisions and recommendation for the best outcome for that community and the City. Thank you for the opportunity to submit this proposal. Please reach out to me with any questions or clarifications.

Sincerely,



Gary H. London
Senior Principal
London Moeder Advisors

Our Team

LMA is a boutique, San Diego-based economic and fiscal analysis firm that performs a wide array of analytical studies for public agencies, private businesses, and real estate clients. Our roots are in the real estate and economic advisory sectors, but we have broad expertise and experience in assisting public agencies and municipalities with fiscal impact, revenue forecasting, and financial feasibility analyses.

Our analytical team for this assignment will be led by firm Principals Gary H. London and Nathan Moeder, both of whom will have active roles in conducting this comprehensive fiscal analysis. They are supported by our staff of experienced analysts with expertise in municipal finance, property tax allocation, economic modeling, and public-sector service delivery analysis.

Mr. London is widely regarded as a thought leader in San Diego on matters involving the regional economy, housing, land use, and public policy. For many years he has been an instructor, teaching and lecturing at universities. He regularly addresses industry groups, private businesses, Boards of Directors, and public agencies on the current and future state of our economy. He has extensive experience testifying at public hearings and serving as an expert witness in litigation involving fiscal and valuation issues. A columnist in the San Diego Union Tribune's "Econometer," Mr. London brings decades of insight into San Diego's unique economic and governmental landscape.

Nathan Moeder is a 30-year professional at LMA with special expertise in economics, fiscal analysis, and financial structuring. Mr. Moeder will lead the technical team for the CFA. He has performed fiscal and economic impact analyses for a wide variety of projects involving municipalities, infrastructure, development proposals, and public agencies throughout California. He is currently a Continuing Lecturer at UC San Diego where he teaches courses on market analysis and finance. He is an excellent communicator, experienced in expressing complicated fiscal and economic issues in a manner that all stakeholders can understand.

Resumes of Project Team



Gary H. London
Senior Principal

EDUCATION

Master of City Planning | San Diego State University 1976
Bachelor of Arts – Political Science | University of California-Berkley 1974

PROFESSIONAL AND BUSINESS HISTORY

London Moeder Advisors | 2017 - Present
The London Group | 1991 to 2017
Price Waterhouse, Real Estate Consulting Group: West Region Director | 1988 to 1991
Laventhol & Horwath: Director of Real Estate Advisory Services | 1985 to 1987
The Goodkin Group: Executive Vice President | 1978 to 1985
San Diego Chamber of Commerce: Urban Planner | 1976 to 1977
City of San Diego: City Planner | 1975 to 1976

BIOGRAPHY

Gary H. London, Senior Principal, is widely regarded as one of the nation's foremost real estate advisors to many of the nation's largest developers, investors, lenders and real estate asset managers and owners, Mr. London has been at the forefront in understanding and describing the many demographic, technological and societal changes which are transforming our cities and regions.

In practice as an analyst and strategic advisor for six decades, he has a reputation as a prescient, forward thinker who translates opportunities (or problems) into profits.

Mr. London is Senior Principal of London Moeder Advisors, a diversified real estate strategic advisory, development management, investment, capital access and analysis firm whose clients include investors, developers, lenders and public agencies. He is also considered to be one of the most

experienced and effective expert witnesses in real estate litigation involving issues about valuation, damages, best practices and market analysis.

Mr. London is an Instructor at The Burnham-Moores Center for Real Estate, University of San Diego. He formerly was a Professor at Arizona State University's graduate program in real estate development (MRED). He had taught at the University of California, San Diego Extension for 24 years. Previously, he was West Region Director of Real Estate Consulting for Price Waterhouse and Executive Director of The Goodkin Group. He is a graduate of U.C. Berkeley and received his Master's degree from San Diego State University.

A "Distinguished Toastmaster" in Toastmasters International, Mr. London speaks regularly to industry and business organizations, frequently writes and is often quoted in the national and Southern California media and is a columnist for the San Diego Business Journal. He is also featured in the San Diego Union Tribune's weekly "EconoMeter" sharing his views on the great economic issues of our time.

He was featured on CBS Evening News "Eye On America" for his commentary on the real estate market, and has also testified before the House of Representatives Committee on Banking, Finance and Urban Affairs. In 1995 he was featured in the San Diego Business Journal's "Who's Who In San Diego"; and was honored as "Member Of The Year" in 1996 from the San Diego Land Economics Society (Lambda Alpha International). In 2016 he was honored as one of the top 100 Most Influential persons San Diego by the San Diego Daily Transcript.



Nathan Moeder
Principal

EDUCATION

Master of Science in Real Estate | University of San Diego 2006
Bachelor of Arts – Economics Major, Mathematics Minor, Business Minor | University of San Diego 1998

PROFESSIONAL AND BUSINESS HISTORY

London Moeder Advisors | 2017 - Present
The London Group | 1998 to 2017

BIOGRAPHY

Nathan Moeder is widely considered one of the west coast's foremost authority on the financial feasibility of real estate projects. As a Partner of London Moeder Advisors, he serves as a strategic consultant who advises a wide array of clients from the perspective of real estate economics. His clients include real estate developers, investors, corporations, financial institutions, businesses and public agencies. Project assignments span all real estate sectors including residential developments, office buildings, industrial, hotel, retail and mixed-use projects. He brings extensive experience and financial expertise as an advisor and analyst to many successful projects and assignments throughout North America.

Mr. Moeder is a real estate finance, investment and valuation expert. His experience in the finance realm ranges from working with institutional Wall Street firms on international deals to small entrepreneurial investment groups. He specializes in market analysis, evaluating project feasibility and acquisition strategies, as well as structuring joint ventures and debt layers for projects.

He has been an instructor since 2000 in various courses on real estate, including Finance and Investments, Proforma Analysis, Development Feasibility and Market Analysis. Currently he is an instructor for Real Estate Finance and Investments at the University of San Diego and the graduate program at the Woodbury School of Architecture. He is also considered to be an effective expert witness in real estate litigation involving issues about valuation, damages, best practices and market analysis.

Mr. Moeder is a member of Lambda Alpha International (LAI) land economics society. He served on the San Diego/Tijuana Urban Land Institute (ULI) board for 14 years, where he founded the Young Leaders program.

He is an Advanced Toastmaster and speaks regularly to industry and business organizations on global economic trends and real estate land use issues at the local and national levels. He has been quoted in the San Diego Union Tribune, Los Angeles Times, Chicago Tribune, Baja Times, California Real Estate Journal, National Real Estate Investor, Meridian Star, San Diego Daily Transcript, and San Diego Business Journal. Radio and TV appearances have included: Channel 39 KNBC, Channel 10 KABC, Channel 8 KFMB, Channel 9 KUSI.

Mr. Moeder received his B.A. in Economics in 1998 with a concentration on mathematical economic theory from the University of San Diego (USD). He also holds a Master of Science in Real Estate degree (MSRE) from USD, where he participated in its inaugural class.

Approach to Analysis

Project Understanding

The San Diego County Local Agency Formation Commission (LAFCO) seeks a qualified consultant to prepare a Comprehensive Fiscal Analysis (CFA) for the proposed incorporation of the Community of La Jolla as an independent city. This proposed special reorganization—initiated by registered voter petition by the Association for the City of La Jolla—involves detaching approximately 14 square miles from the City of San Diego, comprising the Village, Shores, and Bird Rock neighborhoods, while excluding the UC San Diego campus. The proposed City of La Jolla would serve an estimated population of 38,000 residents.

The CFA is a statutorily mandated component of LAFCO's administrative review process pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act ("CKH") and California Government Code Section 56800. The analysis must provide LAFCO and the public with a thorough, objective, and transparent assessment of the fiscal viability of the proposed new city, its capacity to deliver municipal services, and the fiscal impacts on existing agencies—most notably the City of San Diego.

We recognize that a Preliminary Fiscal Analysis (PFA) was completed by Berkson Associates in January 2024, projecting an initial General Fund surplus of approximately $8.982 million in the first year, with approximately $8.529 million allocated to revenue-neutrality payments to the City of San Diego. Our CFA will build upon and independently verify the PFA's assumptions, expanding the analysis to cover the first 10 fiscal years following incorporation as directed by LAFCO staff, and conducting a deeper evaluation of service delivery models, property tax transfers, and revenue neutrality scenarios.

Several factors make this engagement particularly complex and demand a nuanced, methodical approach:

- **Detachment from a Charter City.** Unlike a typical incorporation of unincorporated county territory, this proposal involves detaching from an existing charter city with its own tax structure, labor agreements, pension obligations, enterprise funds, and capital improvement programs. Parsing La Jolla's share of revenues and expenditures requires granular analysis of San Diego's budget and financial systems.
- **High-Value Tax Base with Tourism Dependency.** La Jolla's assessed property values ($25.4 billion) and transient occupancy tax (TOT) revenues are substantial. The CFA must carefully model the property tax transfer under the Auditor-Controller's ratio and evaluate the sensitivity of TOT revenues to economic cycles and tourism trends.
- **Revenue Neutrality Complexity.** The Berkson PFA estimated revenue neutrality payments of approximately $8.5–$9.3 million annually. The CFA must independently evaluate these

estimates, consider alternative mitigation structures, and model the long-term sustainability of such payments while maintaining the proposed city's fiscal viability.

- **Service Delivery Model.** The proposed city envisions a contract-services model for public safety (police, fire, lifeguard) with the City of San Diego. The CFA must evaluate both the fiscal and operational feasibility of these arrangements, including cost escalation risks and alternative service delivery models.
- **Pending Litigation.** The City of San Diego's lawsuit challenging LAFCO's certificate of sufficiency adds a layer of procedural complexity. While the court affirmed LAFCO's authority in October 2025, the CFA must be prepared on a timeline that accounts for potential further legal developments.
- **Sewer, Water, and Infrastructure.** La Jolla's reliance on City of San Diego water and sewer systems requires careful analysis of whether continued contractual service is feasible, and at what cost.

Methodology

LMA will employ a comprehensive, multi-phase analytical approach designed to produce a rigorous and defensible CFA. Our methodology will include:

- Revenue Forecasting: We will develop detailed revenue projections for the proposed City of La Jolla across all major General Fund revenue categories, including property taxes, sales taxes, transient occupancy taxes, franchise fees, fees for service, fines, and intergovernmental transfers. Projections will reflect the unique revenue characteristics of the La Jolla community, including its significant tourism base, high property values, and commercial activity in the Village and surrounding areas.
- Expenditure Analysis: We will model projected expenditures based on the service delivery plan developed in collaboration with LAFCO staff and stakeholders. This will encompass direct and indirect costs for all essential municipal services, including public safety (police and fire), public works, planning and building, parks and recreation, library services, and general government administration.
- Property Tax Transfer Modeling: We will calculate the estimated property tax transfer from the City of San Diego, County of San Diego, and any affected special districts to the proposed City of La Jolla pursuant to Government Code §56810, using data from the County Auditor-Controller's Office.
- Revenue Neutrality Assessment: We will evaluate the fiscal impact on the City of San Diego and other affected agencies, develop revenue neutrality mitigation scenarios, and model payment structures designed to achieve statutory compliance.
- Comparative Benchmarking: We will benchmark the proposed city's projected costs and revenues against comparable California cities to validate assumptions and ensure reasonableness. Potential comparables include cities such as Solana Beach, Del Mar, Coronado, and other recently incorporated California cities.
- Sensitivity Analysis: We will perform sensitivity analyses to test the robustness of our projections under varying economic conditions, growth rates, and service delivery assumptions.

Anticipated Challenges and Opportunities

This assignment presents several notable challenges that we are well-prepared to address:

- Complexity of Detachment from a Major City: La Jolla's detachment from the City of San Diego involves separating services, revenues, and obligations from one of the largest municipalities in the nation. The intertwined nature of City of San Diego departments, enterprise funds, and shared infrastructure (e.g., water/sewer, stormwater) will require careful analysis to properly allocate costs and revenues.
- Revenue Neutrality Negotiations: The requirement that incorporation not cause adverse fiscal impacts to the City of San Diego will be central to the CFA. Our analysis will need to identify clear, defensible mitigation payment scenarios that can serve as a framework for negotiation between the parties.
- Service Delivery Model Options: The proposed city will need to determine whether to provide services directly, contract with existing agencies (including potentially the City of San Diego), or pursue hybrid models. Each option carries different fiscal implications that must be thoroughly modeled.
- Stakeholder Coordination: The CFA requires extensive collaboration with LAFCO staff, the City of San Diego, the Association for the City of La Jolla, the County of San Diego, and potentially affected special districts. LMA's long-standing relationships within the San Diego government and business communities position us well to facilitate productive coordination and build consensus around assumptions and benchmarks.

At the same time, La Jolla's strong property tax base, vibrant commercial districts, and significant tourist economy present a compelling fiscal foundation for a new city. Our analysis will objectively evaluate these strengths alongside the challenges to provide LAFCO with a clear picture of fiscal feasibility.

Scope of Work and Schedule

The following scope of work is organized to align with the sample scope provided in Appendix A of the RFP, while reflecting LMA's proposed methodology and approach. The scope is designed to satisfy all statutory requirements under Government Code §§56800–56815 and LAFCO's local policies.

Task 1: Project Initiation and Boundary Scenarios

LMA will coordinate with LAFCO staff to confirm project assumptions, schedule, deliverables, and data requirements. We will conduct a kickoff meeting to establish communication protocols and stakeholder coordination procedures. We will identify and evaluate alternative boundary scenarios early in the process to assess fiscal, service, and revenue-neutrality impacts, incorporating approved boundary scenarios into all subsequent analyses.

- Deliverable: Project work plan, communication protocol, boundary scenario analysis memorandum

Task 2: Data Collection and Verification

LMA will prepare a comprehensive inventory of existing agencies and public service providers within the proposed incorporation area. We will coordinate the collection of financial and service-level data from all affected public agencies, including the City of San Diego, relevant special districts, franchise agencies, school districts, and the County. All data will be reviewed and validated for consistency, accuracy, and statutory compliance, with documented assumptions and methodologies where data must be estimated or adjusted.

- Deliverable: Data collection matrix, validated base-year financial data summary

Task 3: Service Plan Analysis

We will analyze existing and proposed municipal service responsibilities, evaluating whether services would be provided directly by the new city or through contractual arrangements. The analysis will cover all required and optional municipal services, including public safety, public works, land use planning, community services, utilities, and other municipal functions. We will identify agencies affected by service transfers and assess alternative service delivery models, including staffing, contracting, and governance structures.

- Deliverable: Municipal service plan analysis with alternative delivery model evaluation

Task 4: Base Year Costs and Revenues

LMA will develop estimates of base-year municipal service costs based on service assumptions established in Task 3, including all direct and indirect costs. We will identify administrative cost reductions to affected agencies resulting from service transfers and establish base-year revenues consistent with statutory requirements. Cost assumptions will be benchmarked against comparable California cities.

- Deliverable: Base-year cost and revenue estimates with benchmarking analysis

Task 5: Property Tax Transfer Calculation

We will calculate the estimated property tax transfer from the City of San Diego, County of San Diego, and/or affected special districts to the proposed City of La Jolla pursuant to Government Code §56810. The calculation will apply the Auditor-Controller's ratio methodology and thoroughly document all assumptions, data sources, and methodologies.

- Deliverable: Property tax transfer calculation memorandum

Task 6: Revenue Neutrality Analysis and Mitigation

LMA will evaluate fiscal impacts to all affected agencies to determine whether the incorporation would result in negative financial effects. We will identify and quantify revenue neutrality impacts and develop mitigation measures and payment scenarios to achieve revenue neutrality, including adjustments for alternative boundary configurations. The revenue neutrality analysis will model multiple scenarios to provide LAFCO and the negotiating parties with a range of defensible options.

- Deliverable: Revenue neutrality impact analysis with mitigation payment scenarios

Task 7: Budget Projections

We will prepare 10-year budget projections for the proposed City of La Jolla, including all projected revenues, expenditures, and impacts to affected agencies. Projections will be presented on a cash basis with clearly stated assumptions for inflation factors, growth rates, and economic conditions. The projections will exceed the statutory minimum of three years, covering the first 10 fiscal years as directed by LAFCO staff.

- Deliverable: 10-year budget projection model and summary tables

Task 8: Appropriations Limit Analysis

LMA will estimate the proposed city's appropriations limit pursuant to Government Code §56812, documenting assumptions related to population growth, inflation, and proceeds of taxes. The analysis will provide sufficient information to support future voter consideration of a permanent appropriations limit.

- Deliverable: Appropriations limit calculation and supporting documentation

Task 9: Transition Period and Effective Date Analysis

We will analyze fiscal implications associated with the anticipated effective date of incorporation and the transition period between incorporation and full assumption of municipal service responsibility. The analysis will estimate potential reimbursement to the City of San Diego for the net cost of services during the transition period and identify cash flow considerations and startup funding needs.

- Deliverable: Transition period fiscal impact memorandum

Task 10: Financial Feasibility Determination

LMA will evaluate whether the proposed city is expected to receive sufficient revenues to provide services and maintain reasonable reserves during the first 10 fiscal years following incorporation. The feasibility determination will consider economic, legal, social, and operational factors, with findings clearly summarized to support LAFCO's required determinations.

- Deliverable: Financial feasibility determination and summary findings

Task 11: Reporting and Deliverables

We will prepare a clear, well-documented CFA suitable for inclusion in LAFCO's Executive Officer's report. The CFA will include comprehensive tables, figures, and appendices that transparently present assumptions, calculations, and results. LMA principals will participate in meetings with LAFCO staff and attend public hearings, meetings, or workshops as requested by LAFCO throughout the process.

- Deliverable: Draft CFA, Final CFA, Executive Summary, presentations as requested

Project Schedule

The following proposed preliminary schedule aligns with LAFCO's anticipated timeline, with work commencing in April 2026 and a draft CFA delivered by April 2027:

Task / Milestone	Target Start	Target Completion
Contract Execution & Kickoff	April 2026	April 2026
Task 1: Project Initiation & Boundary Scenarios	April 2026	May 2026
Task 2: Data Collection & Verification	May 2026	July 2026
Task 3: Service Plan Analysis	June 2026	August 2026
Task 4: Base Year Costs & Revenues	July 2026	September 2026
Task 5: Property Tax Transfer Calculation	August 2026	October 2026
Task 6: Revenue Neutrality Analysis	September 2026	November 2026
Task 7: Budget Projections (10-Year)	October 2026	December 2026
Task 8: Appropriations Limit Analysis	November 2026	December 2026
Task 9: Transition Period Analysis	December 2026	January 2027
Task 10: Financial Feasibility Determination	January 2027	February 2027
Task 11: Draft CFA Preparation	February 2027	March 2027
Draft CFA Release to LAFCO	—	**April 2027**
Public Review & Revisions	April 2027	May 2027
Final CFA Delivery	—	**June 2027**

Note: The above schedule is subject to adjustment based on data availability, stakeholder responsiveness, and LAFCO direction. Several tasks will run concurrently to maintain the overall timeline. LMA will provide monthly progress updates to LAFCO staff.

Budget

The total proposed budget for the Comprehensive Fiscal Analysis is $170,000. This budget encompasses all professional services, data acquisition, analysis, reporting, and presentations as outlined in the scope of work. We have prepared our budget breakdown by major task area, as follows:

Task / Category	Estimated Fee
Task 1: Project Initiation & Boundary Scenarios	$9,500
Task 2: Data Collection & Verification	$13,000
Task 3: Service Plan Analysis	$13,000
Task 4: Base Year Costs & Revenues	$12,500
Task 5: Property Tax Transfer Calculation	$11,000
Task 6: Revenue Neutrality Analysis & Mitigation	$14,000
Task 7: Budget Projections (10-Year)	$13,500
Task 8: Appropriations Limit Analysis	$8,500
Task 9: Transition Period & Effective Date Analysis	$10,500
Task 10: Financial Feasibility Determination	$9,500
Task 11: Reporting, Deliverables & Presentations	$13,500
Data Acquisition & Third-Party Costs	$9,500
Project Management & Stakeholder Coordination	$12,000
Total Budget	**$150,000**

Staffing Plan and Billing Rates

Team members and leadership will participate in each task, contributing their time, as follows:

Team Member	Role	Hourly Rate	Est. Hours	Total
Gary H. London	Senior Principal	$450	75	$33,750
Nathan Moeder	Principal / Project Lead	$450	119	$53,550
	Senior Analysts	$275	228	$62,700
				$150,000

Invoicing Schedule

LMA proposes to invoice LAFCO monthly based on work completed, aligned with the task milestones outlined in the project schedule. Alternatively, we are amenable to an invoicing schedule structured around major deliverable milestones, as LAFCO may prefer.

References

We have included the following three professional references who can attest to the versatility of our fiscal impact assignments in both the public and private sectors. These are recent projects. Each reference can speak to our analytical rigor, responsiveness, and the quality of our deliverables.

Rainbow & Fallbrook Water Districts

In 2021, LMA prepared analysis and a report pertaining to the economic consequences of both Rainbow and Fallbrook Public Utility District detachment form the San Diego County Water Authority. The analysis presented to LAFCO addressed the payouts and costs of the proposed detachment from SDCWA and created Benefit-Cost Ratio to express the results in both monetary and qualitative terms. LMA presented its reports and addressed responses from SDCWA.

Tom Kennedy, General Manager

Rainbow Municipal Water District

3707 Old Highway 395

Fallbrook, CA 92028

tkennedy@rainbowmwd.com

SDG&E/ Sempra Energy

In 2024 LMA prepared an Economic & Fiscal Impact Analysis that evaluated the San Diego regional economic and fiscal impact of San Diego Gas & Electric Company ("SDG&E"), a subsidiary of Sempra. SDG&E provides service to 3.7 million people through 1.5 million electric meters and 900,000 natural gas meters in San Diego and southern Orange counties covering a service area spanning 4,100 square miles.

The report analyzed the impact to the San Diego region of SDG&E's ongoing annual expenditures and business activities. The impacts detailed in the report identified the fiscal as well as the overall economic impacts in which SDG&E benefits the San Diego region.

Reference:

Brittany Syz

SDG&E

bsyz@sdge.com

New Leaf Energy

IN 2024 LMA delivered a Fiscal & Economic Impact Analysis for a proposed battery energy storage system ("BESS") on a 47-acre parcel in the unincorporated area in the County of Santa Cruz, CA. The energy facility is a standalone battery energy storage system of 200MW/800MWh and is anticipated to be online in May 2029 with a 20-year operational term. The fiscal impact analysis addressed property tax revenues, sales tax revenues, project development fees, land sale transfer taxes, and costs for training & equipment to the local fire protection district, concluding with a calculation of the annual net surplus for the County over a 20-year period. LMA also addressed the economic impact of construction of the facility and the recurring operations of it.

Reference::

Max Christian

New Leaf Energy

mchristian@newleafenergy.com

Representative Past Fiscal and Economic Studies

The following is a representative list of fiscal and economic studies that LMA has conducted for various public agencies, businesses, and development projects. These assignments demonstrate our broad experience in applying rigorous analytical methodologies to a variety of fiscal and economic questions.

For Public Agencies:

LMA has conducted fiscal and economic impact studies for public agencies involving infrastructure, municipal services, and redevelopment. Recent engagements include:

- SDG&E Economic Impact to San Diego Region, 2023
- Golden Pacific Powerlink Economic Impact Analysis, SDG&E, 2026
- El Centro SR-86 Economic Impact Analysis, 2022
- Rainbow/Fallbrook Water Districts Economic Impact Analysis, 2020
- Economic Impact Analyses, Sports Entertainment District, City of Escondido, 2010
- Spring Training Economic Impact Analysis, 2016

For Development Proposals:

LMA has analyzed the prospective fiscal and economic impacts of numerous private real estate development projects, including tax revenue projections, employment impacts, and fiscal feasibility. Recent engagements include:

- New Leaf Battery Storage Fiscal & Economic Impact, Santa Cruz, 2024
- Padres Tailgate Park Fiscal & Economic Impact Analysis, 2018
- De Anza Cove Fiscal & Economic Impact Analysis, 2017
- Baldwin Village 13 Economic Impact Analysis, 2020
- The Preserve at Torrey Highlands Economic Impact Analysis, 2019
- Rockford Ranch Economic Impact Analysis, Menifee, CA, 2018
- TopGolf Economic Impact Analysis, Port of San Diego, 2019

For General Businesses:

LMA has conducted economic impact analyses for private businesses and associations utilizing fiscal and economic modeling. Recent engagements include:

- Del Mar Fairgrounds Economic Impact Analysis, 2009
- Carlsbad Gateway Economic Impact Analysis, 2016
- Alvarado Creek RV Center, Fiscal & Economic Impact Analysis, 2020

- Stone Creek Fiscal & Economic Impact Analysis, Vulcan Materials Company, 2009

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advisors

Corporate Profile

London Moeder Advisors

REPRESENTATIVE SERVICES

Market and Feasibility Studies	Development Services	Litigation Consulting
Financial Structuring	Fiscal Impact	Workout Projects
Asset Disposition	Strategic Planning	MAI Valuation
Government Processing	Capital Access	Economic Analysis

London Moeder Advisors (formerly The London Group) was formed in 1991 to provide real estate advisory services to a broad range of clientele. **The firm principals, Gary London and Nathan Moeder, combine for over 60 years of experience. We have analyzed, packaged and achieved capital for a wide variety of real estate projects. Clients who are actively pursuing, developing and investing in projects have regularly sought our advice and financial analysis capabilities. Our experience ranges from large scale, master planned communities to urban redevelopment projects, spanning all land uses and development issues of all sizes and types. These engagements have been undertaken principally throughout North America and Mexico.**

A snapshot of a few of the services we render for both the residential and commercial sectors:

- **Market Analysis** for mixed use, urban and suburban properties. Studies concentrate on market depth for specific products, detailed recommendations for product type, absorption and future competition. It also includes economic overviews and forecasts of the relevant communities.

- **Financial Feasibility Studies** for new projects of multiple types, including condominium, apartment, office, and master-planned communities. Studies incorporate debt and equity needs, sensitivity analyses, rates of return and land valuations.

- **Litigation support/expert witness services** for real estate and financial related issues, including economic damages/losses, valuations, historic market conditions and due diligence. We have extensive deposition, trial, mediation and arbitration experience.

- **Investment studies for firms acquiring or disposing of real estate.** Studies include valuation, repositioning projects and portfolios, economic/real estate forecasts and valuation of partnerships. Often, the commercial studies include the valuation of businesses.

- **Estate Planning services** including valuation of portfolios, development of strategies for disposition or repositioning portfolios, succession planning and advisory services for high net worth individuals. We have also been involved in numerous marriage dissolution assignments where real estate is involved.

- **Fiscal Impact, Job Generation and Economic Multiplier Effect Reports**, traditionally prepared for larger commercial projects and in support of Environmental Impact Reports. We have been retained by both developers and municipalities for these reports. The studies typically relate to the tax revenues and employment impacts of new projects.

London Moeder also draws upon the experience of professional relationships in the development, legal services, financial placement fields as well as its own staff. Clients who are actively investigating and investing in apartment projects, retail centers, commercial projects, mixed use developments and large master plans have regularly sought our advice and financial analysis capabilities.

DRAFT

PROFESSIONAL SERVICES AGREEMENT FOR CONSULTANT SERVICES (San Diego County Local Agency Formation Commission / London Moeder Realty Advisors)

1. IDENTIFICATION

This PROFESSIONAL SERVICES AGREEMENT ("Agreement") is entered into by and between San Diego County Local Agency Formation Commission, a California public agency, corporate and politic ("Commission"), and London Moeder Realty Advisors, a California General Partnership ("Consultant").

2. RECITALS

2.1. Commission has determined that it requires the following professional services from a consultant: preparation of a comprehensive fiscal analysis for the proposed incorporation of the community of La Jolla in the City of San Diego, Ca.

2.2. Consultant represents that it is fully qualified to perform such professional services by virtue of its experience and the training, education and expertise of its principals and employees. Consultant further represents that it is willing to accept responsibility for performing such services in accordance with the terms and conditions set forth in this Agreement.

2.3. Consultant represents that it has no known relationships with third parties, Commissioners, or employees of the Commission which would (1) present a conflict of interest with the rendering of services under this Agreement under Government Code Section 1090, the Political Reform Act (Government Code Section 81000 *et seq.*), or other applicable law, (2) prevent Consultant from performing the terms of this Agreement, or (3) present a significant opportunity for the disclosure of confidential information.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, the Commission and Consultant agree as follows:

3. DEFINITIONS

3.1. "Scope of Services": Such professional services as are set forth in Consultant's March 10, 2026 proposal to the Commission attached hereto as Exhibit A and incorporated herein by this reference.

3.2. "Approved Fee Schedule": Consultant's compensation rates are set forth in the fee schedule attached to Exhibit A. This fee schedule shall remain in effect for the duration of this Agreement unless modified in writing by mutual agreement of the parties.

3.3. "Maximum Amount": The highest total compensation and costs payable to Consultant by Commission under this Agreement. The Maximum Amount under this Agreement is One Hundred Fifty Thousand Dollars ($150,000.00).

3.4. "Commencement Date": June 15, 2026.

3.5. "Termination Date": June 15, 2028.

3.6. "Commission Agreement Administrator" means Keene Simonds, Executive Officer.

3.7. "Consultant Project Administrator" means Gary London, Senior Principal.

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Termination Date unless extended by written agreement of the parties or terminated earlier under Section 15 ("Termination") below. Consultant may request extensions of time to perform the services required hereunder. Such extensions shall be effective if authorized in advance by Commission in writing and incorporated in written amendments to this Agreement.

5. CONSULTANT'S DUTIES

5.1. **Services**. Consultant shall perform the services identified in the Scope of Services. Commission shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.

5.2. **Coordination with Commission**. In performing services under this Agreement, Consultant shall coordinate all contact with Commission through its Agreement Administrator.

5.3. **Budgetary Notification**. Consultant shall notify the Agreement Administrator, in writing, when fees and expenses incurred under this Agreement have reached eighty percent (80%) of the Maximum Amount. Consultant shall concurrently inform the Agreement Administrator, in writing, of Consultant's estimate of total expenditures required to complete its current assignments before proceeding, when the remaining work on such assignments would exceed the Maximum Amount.

5.4. **Business License.** Consultant shall obtain and maintain in force a Commission business license for the duration of this Agreement.

5.5. **Professional Standards.** Consultant shall perform all work to the standards of Consultant's profession and in a manner reasonably satisfactory to Commission. Consultant shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of this

Agreement, including all Cal/OSHA requirements, the conflict of interest provisions of Government Code § 1090 and the Political Reform Act (Government Code § 81000 et seq.).

5.6. **Avoid Conflicts.** During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if such work would present a conflict interfering with performance under this Agreement. However, Commission may consent in writing to Consultant's performance of such work.

5.7. **Campaign Contributions.** This Agreement is subject to Government Code Section 84308. Consultant shall disclose any contribution in an amount of more than five hundred dollars ($500) made within the preceding 12 months by the Consultant or the Consultant's agent to a Commission Officer or his or her committee. In the case of a contribution, Consultant shall request and provide a signed copy of the Campaign Contribution Disclosure Form to the Commission prior to, or concurrent with, the Consultant's execution of this Agreement.

5.8. **Appropriate Personnel.** Consultant has, or will secure at its own expense, all personnel required to perform the services identified in the Scope of Services. All such services shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. No change shall be made in Consultant's project administrator without Commission's prior written consent.

5.9. **Substitution of Personnel.** Any persons named in the proposal or Scope of Services constitutes a promise to the Commission that those persons will perform and coordinate their respective services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of Commission. If Commission and Consultant cannot agree as to the substitution of key personnel, Commission may terminate this Agreement for cause.

5.10. **Permits and Approvals.** Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary for Consultant's performance of this Agreement. This includes, but shall not be limited to, professional licenses, encroachment permits and building and safety permits and inspections.

5.11. **Notification of Organizational Changes.** Consultant shall notify the Agreement Administrator, in writing, of any change in name, ownership or control of Consultant's firm or of any subcontractor. Change of ownership or control of Consultant's firm may require an amendment to this Agreement.

5.12. **Records.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to Commission under this Agreement for a minimum of three (3) years, or for any longer period required by

law, from the date of final payment to Consultant under this Agreement. All such documents shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of Commission. In addition, pursuant to Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds ten thousand dollars, all such documents and this Agreement shall be subject to the examination and audit of the State Auditor, at the request of Commission or as part of any audit of Commission, for a period of three (3) years after final payment under this Agreement.

5.13. **Skilled and Trained Workforce Requirement.** When the use of a skilled and trained workforce is required to complete a contract pursuant to existing law, this contract is subject to such requirement and Consultant agrees to use a skilled and trained workforce.

5.14. **Conflict of Interest Disclosure**. Pursuant to Government Code Section 1097.6, subdivision (c)(1), "[The] [C]onsultant's duties and services under this agreement shall not include preparing or assisting the public entity with any portion of the public entity's preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with the public entity. The public entity entering this agreement shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of this project. [C]onsultant's participation in the planning, discussions, or drawing of project plans or specifications shall be limited to conceptual, preliminary, or initial plans or specifications. [C]onsultant shall cooperate with the public entity to ensure that all bidders for a subsequent contract on any subsequent phase of this project have access to the same information, including all conceptual, preliminary, or initial plans or specifications prepared by [Consultant] pursuant to this agreement."

6. SUBCONTRACTING

6.1. **General Prohibition.** This Agreement covers professional services of a specific and unique nature. Except as otherwise provided herein, Consultant shall not assign or transfer its interest in this Agreement or subcontract any services to be performed without amending this Agreement.

6.2. **Consultant Responsible.** Consultant shall be responsible to Commission for all services to be performed under this Agreement.

6.3. **Identification in Fee Schedule.** All subcontractors shall be specifically listed and their billing rates identified in the Approved Fee Schedule, Exhibit A. Any changes must be approved by the Agreement Administrator in writing as an amendment to this Agreement.

6.4. **Compensation for Subcontractors.** Commission shall pay Consultant for work performed by its subcontractors, if any, only at Consultant's actual cost plus an approved mark-up as set forth in the Approved Fee Schedule, Exhibit A. Consultant shall be liable and accountable for any and all payments, compensation, and federal

and state taxes to all subcontractors performing services under this Agreement. Commission shall not be liable for any payment, compensation, or federal and state taxes for any subcontractors.

7. COMPENSATION

7.1. **General.** Commission agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept payment in accordance with the Fee Schedule in full satisfaction for such services. Compensation shall not exceed the Maximum Amount. Consultant shall not be reimbursed for any expenses unless provided for in this Agreement or authorized in writing by Commission in advance.

7.2. **Invoices.** Consultant shall submit to Commission an invoice, on a monthly basis or as otherwise agreed to by the Agreement Administrator, for services performed pursuant to this Agreement. Each invoice shall identify the Maximum Amount, the services rendered during the billing period, the amount due for the invoice, and the total amount previously invoiced. All labor charges shall be itemized by employee name and classification/position with the firm, the corresponding hourly rate, the hours worked, a description of each labor charge, and the total amount due for labor charges.

7.3. **Taxes.** Commission shall not withhold applicable taxes or other payroll deductions from payments made to Consultant except as otherwise required by law. Consultant shall be solely responsible for calculating, withholding, and paying all taxes.

7.4. **Disputes.** The parties agree to meet and confer at mutually agreeable times to resolve any disputed amounts contained in an invoice submitted by Consultant.

7.5. **Additional Work.** Consultant shall not be reimbursed for any expenses incurred for work performed outside the Scope of Services unless prior written approval is given by the Commission through a fully executed written amendment. Consultant shall not undertake any such work without prior written approval of the Commission.

7.6. **Commission Satisfaction as Precondition to Payment.** Notwithstanding any other terms of this Agreement, no payments shall be made to Consultant until Commission is satisfied that the services are satisfactory.

7.7. **Right to Withhold Payments.** If Consultant fails to provide a deposit or promptly satisfy an indemnity obligation described in Section 10, Commission shall have the right to withhold payments under this Agreement to offset that amount.

8. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material, and all electronic files, including computer-aided design files, developed by Consultant in the performance of this Agreement (such written material and electronic files are collectively known as "written products") shall be and remain the

property of Commission without restriction or limitation upon its use or dissemination by Commission except as provided by law. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant.

9. RELATIONSHIP OF PARTIES

9.1. General. Consultant is, and shall at all times remain as to Commission, a wholly independent contractor.

9.2. No Agent Authority. Consultant shall have no power to incur any debt, obligation, or liability on behalf of Commission or otherwise to act on behalf of Commission as an agent. Neither Commission nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not represent that it is, or that any of its agents or employees are, in any manner employees of Commission.

9.3. Independent Contractor Status. Under no circumstances shall Consultant or its employees look to the Commission as an employer. Consultant shall not be entitled to any benefits. Commission makes no representation as to the effect of this independent contractor relationship on Consultant's previously earned California Public Employees Retirement System ("CalPERS") retirement benefits, if any, and Consultant specifically assumes the responsibility for making such a determination. Consultant shall be responsible for all reports and obligations including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation, and other applicable federal and state taxes.

9.4. **Indemnification of CalPERS Determination.** In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or CalPERS to be eligible for enrollment in CalPERS as an employee of the Commission, Consultant shall indemnify, defend, and hold harmless Commission for the payment of any employee and/or employer contributions for CalPERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Commission.

10. INDEMNIFICATION

10.1. **Definitions.** For purposes of this Section 10 , "Consultant" shall include Consultant, its officers, employees, servants, agents, or subcontractors, or anyone directly or indirectly employed by either Consultant or its subcontractors, in the performance of this Agreement. "Commission" shall include Commission, its officers, agents, employees and volunteers.

10.2. **Consultant to Indemnify Commission.** To the fullest extent permitted by law, Consultant shall indemnify, hold harmless, and defend Commission from and against

any and all claims, losses, costs or expenses for any personal injury or property damage arising out of or in connection with Consultant's alleged negligence, recklessness or willful misconduct or other wrongful acts, errors or omissions of Consultant or failure to comply with any provision in this Agreement.

10.3. **Scope of Indemnity.** Personal injury shall include injury or damage due to death or injury to any person, whether physical, emotional, consequential or otherwise, Property damage shall include injury to any personal or real property. Consultant shall not be required to indemnify Commission for such loss or damage as is caused by the sole active negligence or willful misconduct of the Commission.

10.4. **Attorneys Fees.** Such costs and expenses shall include reasonable attorneys' fees for counsel of Commission's choice, expert fees and all other costs and fees of litigation. Consultant shall not be entitled to any refund of attorneys' fees, defense costs or expenses in the event that it is adjudicated to have been non-negligent.

10.5. **Defense Deposit.** The Commission may request a deposit for defense costs from Consultant with respect to a claim. If the Commission requests a defense deposit, Consultant shall provide it within 15 days of the request.

10.6. **Waiver of Statutory Immunity.** The obligations of Consultant under this Section 10 are not limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to Commission.

10.7. **Indemnification by Subcontractors.** Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 10 from each and every subcontractor or any other person or entity involved in the performance of this Agreement on Consultant's behalf.

10.8. **Insurance Not a Substitute.** Commission does not waive any indemnity rights by accepting any insurance policy or certificate required pursuant to this Agreement. Consultant's indemnification obligations apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

11. INSURANCE

11.1. **Insurance Required.** Consultant shall maintain insurance as described in this section and shall require all of its subcontractors, consultants, and other agents to do the same. Approval of the insurance by the Commission shall not relieve or decrease any liability of Consultant Any requirement for insurance to be maintained after completion of the work shall survive this Agreement.

11.2. **Documentation of Insurance.** Commission will not execute this agreement until it has received a complete set of all required documentation of insurance coverage. However,

failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. Consultant shall file with Commission:

- Certificate of Insurance, indicating companies acceptable to Commission, with a Best's Rating of no less than A:VII showing. The Certificate of Insurance must include the following reference: La Jolla Proposal.
- Documentation of Best's rating acceptable to the Commission.
- Original endorsements effecting coverage for all policies required by this Agreement.
- Complete, certified copies of all required insurance policies, including endorsements affecting the coverage.

11.3. **Coverage Amounts.** Insurance coverage shall be at least in the following minimum amounts:

• Professional Liability Insurance:	$1,000,000 per occurrence, $2,000,000 aggregate
• General Liability:	
• General Aggregate:	$2,000,000
• Products Comp/Op Aggregate	$2,000,000
• Personal & Advertising Injury	$1,000,000
• Each Occurrence	$1,000,000
• Fire Damage (any one fire)	$ 50,000
• Medical Expense (any 1 person)	$ 5,000
• Workers' Compensation:	
• Workers' Compensation	Statutory Limits
• EL Each Accident	$1,000,000
• EL Disease - Policy Limit	$1,000,000
• EL Disease - Each Employee	$1,000,000
• Automobile Liability	
• Any vehicle, combined single limit	$1,000,000

Any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements or limits shall be available to the additional insured. Furthermore, the requirements for coverage and limits shall be the greater of (1) the minimum coverage and limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured

11.4. **General Liability Insurance.** Commercial General Liability Insurance shall be no less broad than ISO form CG 00 01. Coverage must be on a standard Occurrence form. Claims-Made, modified, limited or restricted Occurrence forms are not acceptable.

11.5. **Worker's Compensation Insurance.** Consultant is aware of the provisions of Section 3700 of the Labor Code which requires every employer to carry Workers' Compensation (or to undertake equivalent self-insurance), and Consultant will comply

with such provisions before commencing the performance of the work of this Agreement. If such insurance is underwritten by any agency other than the State Compensation Fund, such agency shall be a company authorized to do business in the State of California.

11.6. **Automobile Liability Insurance.** Covered vehicles shall include owned if any, non-owned, and hired automobiles and, trucks.

11.7. **Professional Liability Insurance or Errors & Omissions Coverage.** The deductible or self-insured retention may not exceed $50,000. If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of the work. Coverage shall be continued for two years after the completion of the work by one of the following: (1) renewal of the existing policy; (2) an extended reporting period endorsement; or (3) replacement insurance with a retroactive date no later than the commencement of the work under this Agreement.

11.8. **Claims-Made Policies.** If any of the required policies provide coverage on a claims-made basis the Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work. Claims-Made Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.

11.9. **Additional Insured Endorsements.** The Commission, its Commissioners , officers, and employees of San Diego Local Agency Formation Commission must be endorsed as an additional insured for each policy required herein, other than Professional Errors and Omissions and Worker's Compensation, for liability arising out of ongoing and completed operations by or on behalf of the Consultant. Consultant's insurance policies shall be primary as respects any claims related to or as the result of the Consultant's work. Any insurance, pooled coverage or self-insurance maintained by the Commission, its elected or appointed officials, directors, officers, agents, employees, volunteers, or consultants shall be non-contributory. All endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. General liability coverage can be provided using an endorsement to the Consultant's insurance at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37.

11.10. **Failure to Maintain Coverage.** In the event any policy is canceled prior to the completion of the project and the Consultant does not furnish a new certificate of insurance prior to cancellation, Commission has the right, but not the duty, to obtain the required insurance and deduct the premium(s) from any amounts due the Consultant under this Agreement. Failure of the Consultant to maintain the insurance required by this Agreement, or to comply with any of the requirements of this section, shall constitute a material breach of this Agreement.

11.11. **Notices.** Consultant shall provide immediate written notice if (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; (3) or the deductible or self-insured retention is increased. Consultant shall provide no less than 30 days' notice of any cancellation or material change to policies required by this Agreement. Consultant shall provide proof that cancelled or expired policies of insurance have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages. The name and address for Additional Insured Endorsements, Certificates of Insurance and Notices of Cancellation is: San Diego County Local Agency Formation Commission , Attn: Keene Simonds, 2550 Fifth Avenue, Suite 725, San Diego, California 92103-6624.

11.12. **Consultant's Insurance Primary.** The insurance provided by Consultant, including all endorsements, shall be primary to any coverage available to Commission. Any insurance or self-insurance maintained by Commission and/or its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

11.13. **Waiver of Subrogation.** Consultant hereby waives all rights of subrogation against the Commission. Consultant shall additionally waive such rights either by endorsement to each policy or provide proof of such waiver in the policy itself.

11.14. **Report of Claims to Commission.** Consultant shall report to the Commission, in addition to the Consultant's insurer, any and all insurance claims submitted to Consultant's insurer in connection with the services under this Agreement.

11.15. **Premium Payments and Deductibles.** Consultant must disclose all deductibles and self-insured retention amounts to the Commission. The Commission may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within retention amounts. Ultimately, Commission must approve all such amounts prior to execution of this Agreement. Commission has no obligation to pay any premiums, assessments, or deductibles under any policy required in this Agreement. Consultant shall be responsible for all premiums and deductibles in all of Consultant's insurance policies. The amount of deductibles for insurance coverage required herein are subject to Commission's approval.

11.16. **Duty to Defend and Indemnify.** Consultant's duties to defend and indemnify Commission under this Agreement shall not be limited by the foregoing insurance requirements and shall survive the expiration or early termination of this Agreement.

12. MUTUAL COOPERATION

12.1. **Commission Cooperation in Performance.** Commission shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for the proper performance of Consultant's services under this Agreement.

12.2. **Consultant Cooperation in Defense of Claims.** If any claim or action is brought against Commission relating to Consultant's performance in connection with this Agreement, Consultant shall render any reasonable assistance that Commission may require in the defense of that claim or action.

13. NOTICES

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (i) the day of delivery if delivered by hand, email, or overnight courier service during Consultant's and Commission's regular business hours; or (ii) on the third business day following deposit in the United States mail if delivered by mail, postage prepaid, to the addresses listed below (or to such other addresses as the parties may, from time to time, designate in writing).

If to Commission
Keene Simonds
Executive Officer
San Diego Local Agency Formation Commission
2550 Fifth Avenue, Suite 725
San Diego, California 92103-6624
Phone: 858-614-7755
Email: Keene.Simonds@sdcounty.ca.gov

If to Consultant
Gary London
Senior Principal
London Moeder Realty Advisors
5946 Priestly Drive, Suite 201
Carlsbad, California 92008
Phone: 619-269-4010
Email: glondon@londonmoeder.com

With courtesy copy to:
Holly O. Whatley, Esq.
General Counsel
Colantuono, Highsmith & Whatley, PC
790 E. Colorado Blvd.., Ste. 850
Pasadena, Angeles, CA 91101
Phone: 213-542-5700
Email: hwhatley@chwlaw.us

14. SURVIVING COVENANTS

The parties agree that the covenants contained in Section 5.12 (Records), Section 9.4 (Indemnification of CalPERS Determination), Section 10 (Indemnification), Section 11.8 (Claims-Made Policies), paragraph 11.13 (Waiver of Subrogation), Section 12.2 (Consultant Cooperation in Defense of Claims), Section 14 (Surviving Covenants), Section 16 (Interpretation of Agreement), and Section 19 (General Provisions) of this Agreement shall survive the expiration or termination of this Agreement, subject to the provisions and limitations of this Agreement and all otherwise applicable statutes of limitations and repose.

15. TERMINATION

15.1. **Commission Termination.** Commission may terminate this Agreement for any reason on five calendar days' written notice to Consultant. Consultant agrees to cease all work

under this Agreement on or before the effective date of any notice of termination. All Commission data, documents, objects, materials or other tangible things shall be returned to Commission upon the termination or expiration of this Agreement.

15.2. **Consultant Termination.** Consultant may terminate this Agreement for a material breach of this Agreement by the Commission upon 30 days' notice.

15.3. **Compensation Following Termination.** Upon termination, Consultant shall be paid based on the work satisfactorily performed at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement. The Commission shall have the benefit of such work as may have been completed up to the time of such termination.

15.4. **Remedies.** Commission retains any and all available legal and equitable remedies for Consultant's breach of this Agreement.

16. INTERPRETATION OF AGREEMENT

16.1. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of California.

16.2. **Integration of Exhibits.** All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement. In the event of any material discrepancy between the provisions of this Agreement and its exhibits, the provisions of this Agreement shall prevail. In the event of any material discrepancy between the express provisions of this Agreement and the exhibits of this Agreement, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between Commission and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed on by Commission and Consultant.

16.3. **Headings.** The headings and captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the language of the section or paragraph shall control and govern in the construction of this Agreement.

16.4. **Pronouns.** Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).

16.5. **Severability.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to the extent necessary to, cure such invalidity or unenforceability, and shall be enforceable in its amended form. In such

event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

16.6. **No Presumption Against Drafter.** Each party had an opportunity to consult with an attorney in reviewing and drafting this agreement. Any uncertainty or ambiguity shall not be construed for or against any party based on attribution of drafting to any party.

17. CONFLICT OF INTEREST DISCLOSURE

Pursuant to Government Code Section 1097.6, subdivision (c)(1), "[The] [C]onsultant's duties and services under this agreement shall not include preparing or assisting the public entity with any portion of the public entity's preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with the public entity. The public entity entering this agreement shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of this project. [C]onsultant's participation in the planning, discussions, or drawing of project plans or specifications shall be limited to conceptual, preliminary, or initial plans or specifications. [C]onsultant shall cooperate with the public entity to ensure that all bidders for a subsequent contract on any subsequent phase of this project have access to the same information, including all conceptual, preliminary, or initial plans or specifications prepared by [Consultant] pursuant to this agreement."

18. GENERAL PROVISIONS

18.1. **Confidentiality.** All data, documents, discussion, or other information developed or received by Consultant for performance of this Agreement are deemed confidential and Consultant shall not disclose it without prior written consent by Commission. Commission shall grant such consent if disclosure is legally required. All Commission data shall be returned to Commission upon the termination or expiration of this Agreement.

18.2. **Conflicts of Interest.** Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subcontractor to file, a Statement of Economic Interest with the Commission's Filing Officer if required under state law in the performance of the services. For breach or violation of this warranty, Commission shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer, or employee of Commission, during the term of his or her service with Commission, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

18.3. **Non-assignment.** Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without Commission's prior written consent, and any attempt to do so shall be void and of no effect. Commission shall not be obligated or liable under this Agreement to any party other than Consultant.

18.4. **Binding on Successors.** This Agreement shall be binding on the successors and assigns of the parties.

18.5. **No Third-Party Beneficiaries.** Except as expressly stated herein, there is no intended third-party beneficiary of any right or obligation assumed by the parties.

18.6. **Time of the Essence.** Time is of the essence for each and every provision of this Agreement.

18.7. **Non-Discrimination.** Consultant shall not discriminate against any employee or applicant for employment because of race, sex (including pregnancy, childbirth, or related medical condition), creed, national origin, color, disability as defined by law, disabled veteran status, Vietnam veteran status, religion, age (40 and above), medical condition (cancer-related), marital status, ancestry, or sexual orientation. Employment actions to which this provision applies shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; or in terms, conditions or privileges of employment, and selection for training. Consultant agrees to post in conspicuous places, available to employees and applicants for employment, the provisions of this nondiscrimination clause.

18.8. **Waiver.** No provision, covenant, or condition of this Agreement shall be deemed to have been waived by Commission or Consultant unless in writing signed by one authorized to bind the party asserted to have consented to the waiver. The waiver by Commission or Consultant of any breach of any provision, covenant, or condition of this Agreement shall not be deemed to be a waiver of any subsequent breach of the same or any other provision, covenant, or condition.

18.9. **Excused Failure to Perform.** Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in Commission's sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.

18.10. **Remedies Non-Exclusive.** Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance from the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any or all of such other rights, powers or remedies.

18.11. **Attorneys' Fees.** If legal action shall be necessary to enforce any term, covenant or condition contained in this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs expended in the action.

18.12. **Venue.** The venue for any litigation shall be San Diego County, California and Consultant hereby consents to sole jurisdiction in San Diego County for purposes of resolving any dispute or enforcing any obligation arising under this Agreement.

18.13. **Counterparts; Electronic Signatures.** This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same instrument. The parties acknowledge and agree that this Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, "electronic signature" shall include faxed or emailed versions of an original signature, electronically scanned and transmitted versions (e.g., via pdf) of an original signature, or a digital signature.

TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

"COMMISSION" San Diego County Local Agency Formation Commission	"CONSULTANT" London Moeder Realty Advisors
Authorized Signatories:	
Signature:_____	Signature:_____
Printed:_____	Printed:_____
Title: _____	Title: _____
Date: _____	Date: _____

Attest:

Signature:_____

Printed:_____

Title: _____

Date: _____

Approved as to Form:

Signature:_____

Printed:_____

Title: _____

Date: _____

EXHIBIT A
Scope of Services

Scope of Work and Schedule

The following scope of work is organized to align with the sample scope provided in Appendix A of the RFP, while reflecting LMA's proposed methodology and approach. The scope is designed to satisfy all statutory requirements under Government Code §§56800–56815 and LAFCO's local policies.

Task 1: Project Initiation and Boundary Scenarios

LMA will coordinate with LAFCO staff to confirm project assumptions, schedule, deliverables, and data requirements. We will conduct a kickoff meeting to establish communication protocols and stakeholder coordination procedures. We will identify and evaluate alternative boundary scenarios early in the process to assess fiscal, service, and revenue-neutrality impacts, incorporating approved boundary scenarios into all subsequent analyses.

- Deliverable: Project work plan, communication protocol, boundary scenario analysis memorandum

Task 2: Data Collection and Verification

LMA will prepare a comprehensive inventory of existing agencies and public service providers within the proposed incorporation area. We will coordinate the collection of financial and service-level data from all affected public agencies, including the City of San Diego, relevant special districts, franchise agencies, school districts, and the County. All data will be reviewed and validated for consistency, accuracy, and statutory compliance, with documented assumptions and methodologies where data must be estimated or adjusted.

- Deliverable: Data collection matrix, validated base-year financial data summary

Task 3: Service Plan Analysis

We will analyze existing and proposed municipal service responsibilities, evaluating whether services would be provided directly by the new city or through contractual arrangements. The analysis will cover all required and optional municipal services, including public safety, public works, land use planning, community services, utilities, and other municipal functions. We will identify agencies affected by service transfers and assess alternative service delivery models, including staffing, contracting, and governance structures.

- Deliverable: Municipal service plan analysis with alternative delivery model evaluation

Task 4: Base Year Costs and Revenues

LMA will develop estimates of base-year municipal service costs based on service assumptions established in Task 3, including all direct and indirect costs. We will identify administrative cost reductions to affected agencies resulting from service transfers and establish base-year revenues consistent with statutory requirements. Cost assumptions will be benchmarked against comparable California cities.

- Deliverable: Base-year cost and revenue estimates with benchmarking analysis

Task 5: Property Tax Transfer Calculation

We will calculate the estimated property tax transfer from the City of San Diego, County of San Diego, and/or affected special districts to the proposed City of La Jolla pursuant to Government Code §56810. The calculation will apply the Auditor-Controller's ratio methodology and thoroughly document all assumptions, data sources, and methodologies.

- Deliverable: Property tax transfer calculation memorandum

Task 6: Revenue Neutrality Analysis and Mitigation

LMA will evaluate fiscal impacts to all affected agencies to determine whether the incorporation would result in negative financial effects. We will identify and quantify revenue neutrality impacts and develop mitigation measures and payment scenarios to achieve revenue neutrality, including adjustments for alternative boundary configurations. The revenue neutrality analysis will model multiple scenarios to provide LAFCO and the negotiating parties with a range of defensible options.

- Deliverable: Revenue neutrality impact analysis with mitigation payment scenarios

Task 7: Budget Projections

We will prepare 10-year budget projections for the proposed City of La Jolla, including all projected revenues, expenditures, and impacts to affected agencies. Projections will be presented on a cash basis with clearly stated assumptions for inflation factors, growth rates, and economic conditions. The projections will exceed the statutory minimum of three years, covering the first 10 fiscal years as directed by LAFCO staff.

- Deliverable: 10-year budget projection model and summary tables

Task 8: Appropriations Limit Analysis

LMA will estimate the proposed city's appropriations limit pursuant to Government Code §56812, documenting assumptions related to population growth, inflation, and proceeds of taxes. The analysis will provide sufficient information to support future voter consideration of a permanent appropriations limit.

- Deliverable: Appropriations limit calculation and supporting documentation

Task 9: Transition Period and Effective Date Analysis

We will analyze fiscal implications associated with the anticipated effective date of incorporation and the transition period between incorporation and full assumption of municipal service responsibility. The analysis will estimate potential reimbursement to the City of San Diego for the net cost of services during the transition period and identify cash flow considerations and startup funding needs.

- Deliverable: Transition period fiscal impact memorandum

Task 10: Financial Feasibility Determination

LMA will evaluate whether the proposed city is expected to receive sufficient revenues to provide services and maintain reasonable reserves during the first 10 fiscal years following incorporation. The feasibility determination will consider economic, legal, social, and operational factors, with findings clearly summarized to support LAFCO's required determinations.

- Deliverable: Financial feasibility determination and summary findings

Task 11: Reporting and Deliverables

We will prepare a clear, well-documented CFA suitable for inclusion in LAFCO's Executive Officer's report. The CFA will include comprehensive tables, figures, and appendices that transparently present assumptions, calculations, and results. LMA principals will participate in meetings with LAFCO staff and attend public hearings, meetings, or workshops as requested by LAFCO throughout the process.

- Deliverable: Draft CFA, Final CFA, Executive Summary, presentations as requested

Project Schedule

The following proposed preliminary schedule aligns with LAFCO's anticipated timeline, with work commencing in April 2026 and a draft CFA delivered by April 2027:

Task / Milestone	Target Start	Target Completion
Contract Execution & Kickoff	April 2026	April 2026
Task 1: Project Initiation & Boundary Scenarios	April 2026	May 2026
Task 2: Data Collection & Verification	May 2026	July 2026
Task 3: Service Plan Analysis	June 2026	August 2026
Task 4: Base Year Costs & Revenues	July 2026	September 2026
Task 5: Property Tax Transfer Calculation	August 2026	October 2026
Task 6: Revenue Neutrality Analysis	September 2026	November 2026
Task 7: Budget Projections (10-Year)	October 2026	December 2026
Task 8: Appropriations Limit Analysis	November 2026	December 2026
Task 9: Transition Period Analysis	December 2026	January 2027
Task 10: Financial Feasibility Determination	January 2027	February 2027
Task 11: Draft CFA Preparation	February 2027	March 2027
Draft CFA Release to LAFCO	—	**April 2027**
Public Review & Revisions	April 2027	May 2027
Final CFA Delivery	—	**June 2027**

Note: The above schedule is subject to adjustment based on data availability, stakeholder responsiveness, and LAFCO direction. Several tasks will run concurrently to maintain the overall timeline. LMA will provide monthly progress updates to LAFCO staff.

Budget

The total proposed budget for the Comprehensive Fiscal Analysis is $170,000. This budget encompasses all professional services, data acquisition, analysis, reporting, and presentations as outlined in the scope of work. We have prepared our budget breakdown by major task area, as follows:

Task / Category	Estimated Fee
Task 1: Project Initiation & Boundary Scenarios	$9,500
Task 2: Data Collection & Verification	$13,000
Task 3: Service Plan Analysis	$13,000
Task 4: Base Year Costs & Revenues	$12,500
Task 5: Property Tax Transfer Calculation	$11,000
Task 6: Revenue Neutrality Analysis & Mitigation	$14,000
Task 7: Budget Projections (10-Year)	$13,500
Task 8: Appropriations Limit Analysis	$8,500
Task 9: Transition Period & Effective Date Analysis	$10,500
Task 10: Financial Feasibility Determination	$9,500
Task 11: Reporting, Deliverables & Presentations	$13,500
Data Acquisition & Third-Party Costs	$9,500
Project Management & Stakeholder Coordination	$12,000
Total Budget	**$150,000**

Staffing Plan and Billing Rates

Team members and leadership will participate in each task, contributing their time, as follows:

Team Member	Role	Hourly Rate	Est. Hours	Total
Gary H. London	Senior Principal	$450	75	$33,750
Nathan Moeder	Principal / Project Lead	$450	119	$53,550
	Senior Analysts	$275	228	$62,700
				$150,000

Invoicing Schedule

LMA proposes to invoice LAFCO monthly based on work completed, aligned with the task milestones outlined in the project schedule. Alternatively, we are amenable to an invoicing schedule structured around major deliverable milestones, as LAFCO may prefer.