SAN DIEGO LAFCO

SPECIAL MEETING
JUNE 15, 2026

SAN DIEGO LAFCO

Agenda Item No. 6a

Proposed Final Resport | MSR Carlsbad Subregion Part 1: City of Carlsbad & Carlsbad Municipal Water District

6/15/2026

PROPOSED FINAL REPORT · MUNICIPAL SERVICE REVIEW

Carlsbad Subregion

Part I — City of Carlsbad & Carlsbad Municipal Water District

City of Carlsbad

Carlsbad Municipal Water District

Independent Evaluation of Municipal Services

Availability

What services exist and the capacity behind them

Demand

Current and projected community service needs

Performance

How services are delivered relative to those needs

Purpose of an MSR



Inform sphere of influence updates 01



Guide future jurisdictional changes 02



Identify issues for future attention 03

SCOPE

Two-Part Review of the Carlsbad–Encinitas Region

PART I — TODAY

Carlsbad Subregion

- **City of Carlsbad**
- **Carlsbad Municipal Water District**

PART II — DRAFT IN OCTOBER

Encinitas Subregion

- City of Encinitas
- Leucadia Wastewater District
- Olivenhain Municipal Water District
- San Dieguito Water District

PROGRESS SINCE APRIL

What Staff Has Completed

- **45-day public review**
- **Public notice published**
- **SDAC review**
- **Final report returned**

Four overarching themes

Theme 1
From growth to stewardship

maintaining infrastructure and managing infill

Theme 2
Strong governance & services

strong performance across all 5 municipal functions

Theme 3
Emerging long-term considerations

aging wastewater infrastructure, public-safety costs, pensions, retiree healthcare, and capital reinvestment

Theme 4
A position of overall strength

healthy reserves, low debt, & consistent operating surpluses

Four Overarching Themes

Theme 1
Successful, stable governance

subsidiary district of the City -- separate legal status and taxing authority

Theme 2
Operational readiness & capacity

excess capacity across supply, transmission, & storage

Theme 3
Ratepayer value

rates below regional averages, despite wholesale cost increases and desalination obligation

Theme 4
Strong financial standing

Excellent liquidity, minimal debt, strong benchmarks -- operating margins have narrowed

CHANGES SINCE THE APRIL DRAFT

Substantive Revisions

Reporting-period timing gap	Attests the conclusions and recommendations reasonably hold — no addendum needed.
Airport comments addressed	Revisions responding to County and City comments on McClellan-Palomar Airport.
Retiree healthcare analysis	New analysis evaluating the City's retiree healthcare obligations – Section 6.6.
CMWD water-rate context	Added context from the Water Rate Comparator Study.

McClellan-Palomar Airport

Bears the local effects

The City absorbs service demands and surrounding impacts affecting public safety, utilities, traffic, and noise.

Holds the authority

The County controls operation and expansion decisions for the airport.

Identified as a service-and-governance condition meriting the Commission's attention — an alignment issue between local demands and operational authority.

As revised

LAFCO should evaluate service and governance conditions at the airport and offer to convene and facilitate the County and the City — should both agencies wish — in exploring a more equitable service arrangement, so that decision-making authority and responsibility for local service effects are better aligned over time.

AIRPORT · RATIONALE

Why the report retains this item

A required determination

Government structure and service governance is among the written determinations the statute requires an MSR to make — explicitly a topic of relevance.

Bears on services reviewed

It touches directly on the City services this review evaluates — public safety and utility service in particular.

LAFCO's forward-looking role

Identifying governance and service conditions warranting attention before the next review cycle is core to LAFCO's mission.

Anticipates the FY29 review

Broader county-airports review tentatively placed on the study schedule in FY29.

RECOMMENDATIONS

City of Carlsbad

Direct urban growth to Carlsbad

As the region's established full-service municipality, in support of the City General Plan.

1

Encourage regional coordination

Among water and wastewater agencies to find efficiencies and improve long-term planning.

2

Evaluate airport governance alignment

Service and governance alignment issues involving McClellan-Palomar Airport, as detailed.

3

Address the SR-78 corridor

Jurisdictional and sphere-related issues, via special study areas and future technical review.

4

RECOMMENDATIONS

Carlsbad Municipal Water District

Enhance public awareness

Of the District's separate legal identity from the City.

Support recycled water planning

Backing the District's future recycled water planning efforts.

Reaffirm the sphere of influence

With corresponding study areas for the District.

Overall, the report presents a positive evaluation of both agencies — operationally stable, fiscally responsible, and well-positioned to meet future service demands.

REQUESTED ACTION

Staff recommends the Commission

a)

Accept the report

Accept the proposed final report as presented.

b)

Adopt the resolution

Adopt the accompanying resolution making the required determinations.

c)

Authorize edits

Authorize the Executive Officer to make non-substantive edits prior to publication.

MSR PHOTO CONTEST

Looking through the lens of the community...

NATURAL CARLSBAD

Vanderbilt Eidle
“Perfect Catch”



CITY IDENTITY

Frances Schnall
“Village Lights”



CARLSBAD COMMUNITY & BEST IN SHOW

Patrick Trolan
“Sunset Surfers”

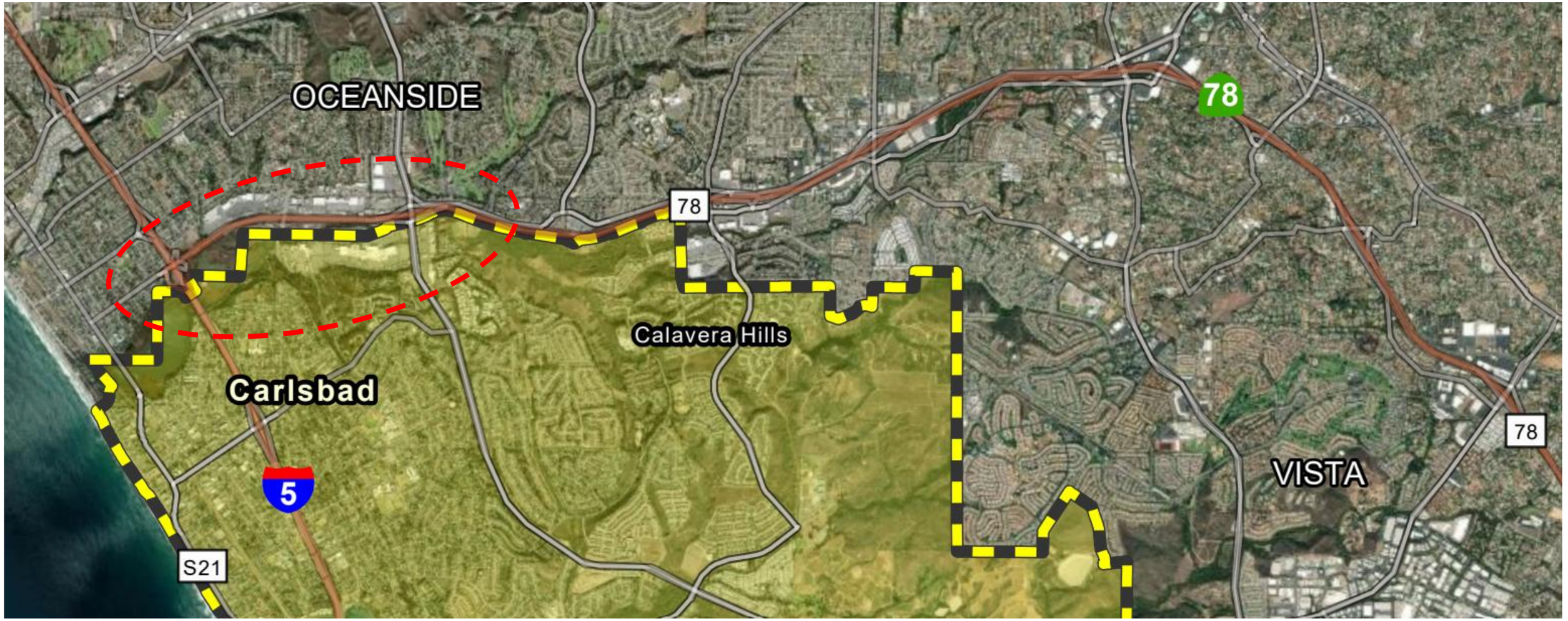


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Recommendation #6
State Route 78 Corridor boundary true-up



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SPECIAL MEETING
JUNE 15, 2026

SAN DIEGO LAFCO

Agenda Item No. 7a

Proposed Professional Services Agreement

London Moeder Advisors

6/15/2026

SAN DIEGO LAFCO

Proposed Professional Services Agreement

London Moeder Advisors

Comprehensive Fiscal Analysis | Proposed Incorporation of the Community of La Jolla

June 15, 2026 · Special Meeting · Agenda Item 7a (action)

TODAY'S ITEM

Authorize Execution of Professional Services Agreement

REQUEST

Authorize the Executive Officer to execute a **professional services agreement** with London Moeder Advisors for preparation of the required **Comprehensive Fiscal Analysis** (CFA).

COMPREHENSIVE FISCAL ANALYSIS

Statutorily required administrative review

VOTER INITIATED

Special Reorganization Proposal

PROPOSAL

Incorporation of La Jolla + Concurrent detachment from City of San Diego

PROPOSED BOUNDARY

Generally consistent with the 92037 ZIP Code

ESTIMATED POPULATION

Approximately 40,000 residents

APPLICANT

Association for the City of La Jolla

THE COMPREHENSIVE FISCAL ANALYSIS

Proposed Agreement + CFA

PROPOSED CFA AGREEMENT
London Moeder Advisors

BUILDS UPON
Berkson Associates' Preliminary CFA [3 yr. data window]

FUNDED BY APPLICANTS
$150,000

SCOPE
Data Gathering, Analysis, & Stakeholder Coordination [10-year data window]

DELIVERABLE
Draft & Final CFA's

- **Fiscal Feasibility**
- **Agency Impacts (City of San Diego)**
- **Municipal Service + Governance**
- **Revenue Neutrality**
- **Revenues & Expenditures**
- **Property Tax Exchange**

PROJECT SCHEDULE

Anticipated Timeline

June – July 2026	Agreement executed; project kickoff initiated
Aug 2026 – June 2027	Preparation of CFA with active participation from working group
July – Oct 2027	Draft CFA released for public and agency review (~90 days) + community workshops
Nov 2027 – Mar 2028	Final CFA prepared + Additional Review
Approx. May 2028	Commission consideration of the special reorganization proposal
Nov 2028	*If approved by LAFCO: Election*
July 2029	*If approved by voters: Potential incorporation effective date*

Staff Recommendation

Authorize the Executive Officer to execute the professional services agreement with London Moeder Advisors.

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Agenda Item No. 7a
Comments/Questions?

6/15/2026

SAN DIEGO LAFCO

SPECIAL MEETING
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Agenda Item No. 7b

Quarterly Update on FY2026 Workplan

6/15/2026

FY2025-2026 Workplan Updates

HIGH-MID PRIORITY
WEBSITE REFRESH + CONTENT EXPANSION

PROJECT MANAGER
AIDEN VELASQUEZ

HIGH PRIORITY
WHITE PAPER | HOMELESS SERVICES

PROJECT MANAGER
MEGHAN TRAYNOR

HIGHEST PRIORITY
MSR | SANDAG

PROJECT MANAGER
JOELLE BURILA

HIGH PRIORITY
WHITE PAPER | PUBLIC RECREATION @ CITY RESERVOIRS

PROJECT MANAGER
JOELLE BURILA

HIGHEST PRIORITY
MSR | HEALTHCARE DISTRICTS

PROJECT MANAGER
MICHAELA PETERS

HIGH-MID PRIORITY
SPECIAL STUDY | OCEANSIDE SCHD

PROJECT MANAGER
MICHAELA PETERS

MID-LOW PRIORITY
RCD AD HOC COMMITTEE: PART II

PROJECT MANAGERS
ADAM WILSON & MICHAELA PETERS

SAN DIEGO LAFCO

Agenda Item No. 7b
Comments/Questions?

6/15/2026

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SPECIAL MEETING
JUNE 15, 2026

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Agenda Item No. 7c

Final Report on State Planning Grant | Helping Bridge the Economic Gap of Small-Scale Farming (SALC 2.0)

6/15/2026

PROJECT ORIGINS

How This Project Began

SALC 1.0 surfaced three recurring challenges for regional agriculture.



Land Access

Securing farmable land



Water Availability

Reliable, affordable supply



Workforce

A skilled labor pipeline

PURPOSE

Why SALC 2.0?

Understand the economics of small-scale farming — and find ways to sustain it.

FUNDED BY
CA Strategic Growth Council

ADMINISTERED BY
Dept. of Conservation

PROTECTS
Ag land · economies · climate goals

THE GRANT

A $500K Grant, Six Tasks



1. Grant Management
2. Market Analysis
3. Gap Analysis
4. Outreach & Education
5. Strategic Action Plan
6. Final Report: Cultivating Solutions

MARKET ANALYSIS

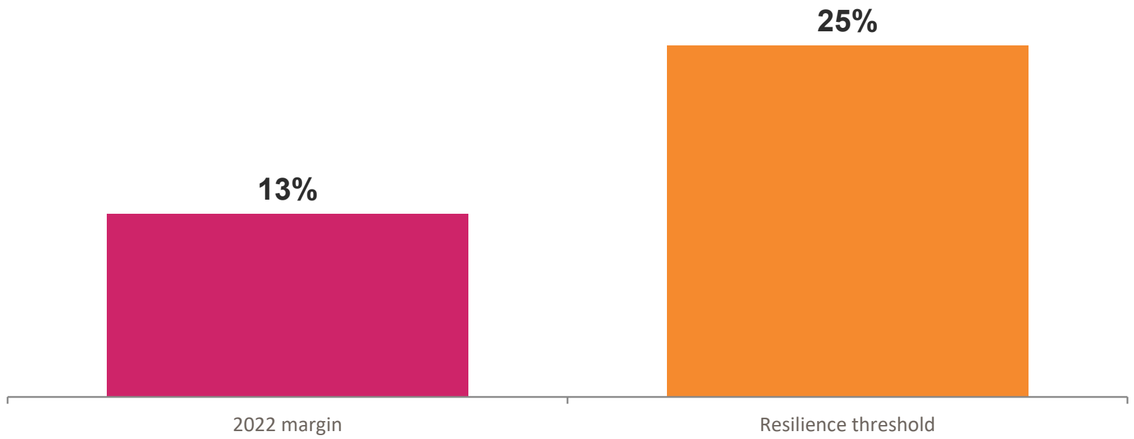
Viable — But Fragile

4,000+
farms countywide

18 / day
acres of ag land lost

-1 Farm
every 3 and half days

OPERATING MARGIN vs. RESILIENCE THRESHOLD



Profitable today — little cushion for new pressures.

GAP ANALYSIS

Profitability at the Farm Level

Avocados

Lemons

Tomatoes

Strawberries

Sensitive to four factors — water affordability is #1:

Labor

Prices

Yields

Water



AG-PAT

Model farm profitability under any conditions.

STRATEGIC ACTION PLAN

The Four "Seeds"

01

Strengthen Infrastructure

Support systems for producers

02

Grow Local Demand

Awareness & local markets

03

Cultivate Policy

A supportive environment

04

Coordinate Regionally

Partnership & advocacy

LAFCO'S ROLE

Where LAFCO Leads

Convene on Water

A regional ag water advisory committee

Expand Reviews

Ag economics within Municipal Service Reviews

Track Progress

Annual reporting on the action plan

The priority: *water affordability for producers.*

AN OPPORTUNITY

Connecting Water to Farmland

SUPPLY

Escondido's new recycled-water facility — low-salinity, grower-friendly cost.

?

DEMAND

Hundreds of acres nearby — growers have already asked.

TODAY'S ASK

Interested in exploring this?

Staff can return in August with a concept — partners, governance, and resources.

SAN DIEGO LAFCO

Agenda Item No. 7c
Comments/Questions?

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TABLE 5-1: Summary of Strategic Actions

Number	Strategic Action Recommendations
Seed 1 – Improve Infrastructure and Systems that Support Local Producers	
Tool 1A	Increase access to direct-to-consumer models, such as farmers' markets, food hubs, farm stands, and co-ops, by addressing barriers, streamlining permitting processes, and strengthening regional coordination.
Tool 1B	Identify opportunities to streamline the establishment of farm employee housing and explore scalable, low-cost, and flexible farm worker housing models (temporary, shared facilities).
Tool 1C	Support the expansion and promotion of the CropSWAP Program and similar incentive programs.
Tool 1D	Support the development of regional food system infrastructure (i.e. cold storage, processing, distribution centers, and packaging facilities) to reduce costs for local producers.
Tool 1E	Support local food procurement by local institutions and distributors (e.g., Sysco, public schools, County institutions) by addressing barriers and creating local sourcing initiatives that track and assess product origin to strengthen local supply chain visibility.
Tool 1F	Work with regional partners to create a centralized, multilingual user-friendly online platform to help producers navigate local regulations, access resources such as funding opportunities, permitting information, and connect with relevant agency staff.
Seed 2 – Grow Consumer Awareness and Local Market Demand	
Tool 2A	Support and expand existing efforts to develop a regional branding campaign and consumer education campaign that promotes San Diego-grown products, strengthens community connections, and encourages local purchasing programs to intensify demands for locally grown agricultural products and support a resilient, sustainable food system.
Tool 2B	Develop a coordinated outreach strategy to increase producer awareness of available programs, funding opportunities, technical assistance, and regulatory resources.
Tool 2C	Strengthen pathways into future agriculture partnerships with educational programs to support heritage farming, and cultivate the next generation of producers.

TABLE 5-1: Summary of Strategic Actions (Cont.)

Number	Strategic Action Recommendations
Seed 3 – Cultivate a Supportive Policy Environment	
Tool 3A	Ensure regulations and development standards enable on-farm marketing and direct-to-consumer systems (e.g., agritourism, farm stands, Pick-Your-Own).
Tool 3B	Promote the adoption of climate-smart land management practices that enhance soil health, use water efficiently, improve long-term productivity, soil sustainability, and create diversified revenue streams for producers.
Tool 3C	Support the protection of high-risk agricultural lands by purchasing conservation easements.
Tool 3D	Explore expanded leasing opportunities on publicly owned lands, with a focus on underserved and/or emerging producers.
Tool 3E	Develop a formal grants policy to guide future grant applications that prioritizes, and benefits farmers directly and includes opportunities for agricultural stakeholder input prior to submittal.
Seed 4 – Foster Regional Alignment and Agricultural Advocacy	
Tool 4A	Coordinate with regional partners to establish an Agricultural Ombudsman position to serve as a centralized point of contact to support producers with navigating government systems, gaining access to capital and land, grant funding, and other incentive programs and to coordinate efforts across cities and agencies.
Tool 4B	Coordinate with regional partners to establish a Regional Agricultural Water Advisory Committee to assess the impacts of state and local water policies on agriculture, advise on regulatory changes, explore targeted subsidy programs, identify tiered rate schedules, and guide research on irrigation efficiency and crop-specific water use.
Tool 4C	Develop and implement a cross-sector training and coordination program for local agency staff, organizations, and community leaders to build shared understanding of agricultural operational issues, concerns, access, and improve service delivery to producers.
Tool 4D	Expand agriculture analysis in local government planning documents to recognize the economic contribution of the local agricultural industry.
Tool 4E	Develop an implementation plan/strategy and present an annual report on the progress and status of the Strategic Actions to the LAFCO Commission and stakeholders.

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