



San Diego County

Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

REGULAR MEETING AGENDA Monday, August 3, 2026

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

In-Person Participation

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

Video-Teleconference Participation

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

Video Viewing Only

@sandiegolafco9909

San Diego LAFCO		
Commissioner	Appointing Authority	Affiliation
CHAIR KRISTI BECKER	Cities Selection Committee	City of Solana Beach
VICE CHAIR BARRY WILLIS	Independent Special Districts	Alpine Fire Protection
PALOMA AGUIRRE	Board of Supervisors	County of San Diego
JOEL ANDERSON	Board of Supervisors	County of San Diego
BRIGETTE BROWNING	Commission	General Public
JO MACKENZIE	Independent Special Districts	Vista Irrigation
STEPHEN WHITBURN	Mayor of the City of San Diego	City of San Diego
DANE WHITE	Cities Selection Committee	City of Escondido
ALTERNATE EILEEN DELANEY	Commission	General Public
ALTERNATE DAVID A. DRAKE	Independent Special Districts	Rincon del Diablo MWD
ALTERNATE JOHN MCCANN	Cities Selection Committee	City of Chula Vista
ALTERNATE MONICA MONTGOMERY STEPPE	Board of Supervisors	County of San Diego
ALTERNATE MARNI VON WILPERT	Mayor of the City of San Diego	City of San Diego

Participation Instructions:

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

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

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

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

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

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

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

Public Accommodations:

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

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

Contact Information:

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

- a) Roll Call of Commissioners Present
- b) Pledge of Allegiance

2. STATEMENT REGARDING REMOTE PARTICIPATION, IF APPLICABLE

3. AGENDA REVIEW

The Executive Officer will summarize the agenda, advise on any requested changes, and disclose any supplemental communications received. The Chair will also consider requests from Commissioners to rearrange agenda items.

4. PUBLIC EXPRESSION AND

OPPORTUNITY FOR PUBLIC TO REQUEST DISCUSSION ON CONSENT ITEMS

Opportunity for members of the public to speak on any subject matter within the Commission's growth management duties and interests that is not on the agenda. Speakers are limited to three minutes. This is also an opportunity to request discussion on a consent calendar item.

5. CONSENT ITEMS

All items calendared as consent are considered ministerial and subject to approval by a single motion. The Chair will consider requests by Commissioners to pull items for discussion.

a) Approval of Meeting Minutes for June 15, 2026 (action)

The Commission will consider action minutes from the June 15, 2026 meeting prepared by the Commission Clerk. Staff recommends approval as presented. (Pages 7-16)

b) Commission Ratification | Recorded Payments for May and June 2026 (action)

The Commission will review a report of all payments made and received for May and June 2026. Staff recommends ratifying payments as presented. (Pages 17-30)

**c) 4th Quarter Budget Report for 2025-2026 |
Administrative Close of the Fiscal Year (action)**

The Commission will review a report comparing budgeted and actual transactions through the fourth quarter as part of the administrative close of the fiscal year. The report details the Commission finished June 30th with an overall net surplus of \$92,932 or 3.5%. No correcting budget amendments are needed, as all expense units concluded the year within their authorized balances. Staff recommends formally accepting the report. (Pages 31-36)

d) Report on Adopted 2026-2027 Workplan (information)

The Commission will receive its first update on the adopted Fiscal Year 2026–2027 workplan. Staff recommends the Commission receive and file the update, with the opportunity to pull the item for discussion and feedback. (Pages 37-44)

e) Report on Applicant Proposals (information)

The Commission will receive a status report on active and anticipated applicant proposals. Information only. (Pages 45-56)

CONSENT ITEMS CONTINUED...**f) Proposed “Palacharla – Artesian Road Change of Organization” | Annexation to Rancho Santa Fe Community Services District and Related Actions (CO26-03) (action)**

The Commission will consider a change of organization proposal initiated by landowner petition to annex 5.0 acres in the unincorporated community of San Dieguito to the Rancho Santa Fe Community Services District. The affected territory consists of one undeveloped parcel (267-147-10) and lies entirely within the District’s sphere of influence. The purpose of the proposal is to extend public wastewater service to the affected territory to facilitate the construction of a single-family residence and attached accessory dwelling unit. Staff recommends approval of the proposal as submitted, including waiver of protest proceedings, and adoption of findings supporting a California Environmental Quality Act (CEQA) exemption. Adoption is subject to 30-day reconsideration. (Pages 57-86)

g) Proposed Fund Balance Designations for Fiscal Year 2026-2027 (action)

The Commission will conduct its annual review of fund balance designations for the new fiscal year as required by policy. As of July 1, 2026, the spendable cash fund balance is \$1,420,344. Staff proposes reducing committed monies by \$300,000 to ensure unassigned monies satisfy the policy minimum of 33.3% of budgeted operating expenses. Staff recommends approval. (Pages 87-90)

h) Notice of Executed Professional Services Agreement with London Moeder Advisors | Comprehensive Fiscal Analysis for Proposed Incorporation of La Jolla (information)

The Commission will receive notice the Executive Officer has executed 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 Commission authorized the agreement at its June 15, 2026 special meeting. The executed document is substantively consistent with the version presented at that hearing, with one modification to the payment schedule made at the consultant’s request. Information only. (Pages 91-118)

i) Report on Recent Committee Meeting | Special Districts Advisory Committee’s July 17, 2026 Meeting (information)

The Commission will receive a report on the most recent meeting of its Special Districts Advisory Committee held on July 17th. Information only. (Pages 119-126)

j) Legislative Report (information)

The Commission will receive an update on active legislation relevant to the agency's regulatory and planning responsibilities. Information only. (Pages 127-138)

k) Biennial Review | Conflict of Interest Code (action)

The Commission will review its adopted Conflict of Interest Code as part of a required biennial review. No amendments are proposed at this time. The review is being presented for Commission approval and subsequent filing with the County of San Diego Board of Supervisors, which serves as LAFCO’s code-reviewing body. (Pages 139-154)

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

Public hearing items require expanded public notification per provisions in State law or have been voluntarily scheduled by the Executive Officer to ensure opportunity for public input. All public hearing items require verbal disclosures by Commissions regarding any material communications.

a) Proposed Sphere of Influence Actions:**City of Carlsbad, Carlsbad Municipal Water District, and City of Oceanside (action)**

The Commission will consider two related sets of sphere of influence actions involving the City of Carlsbad, Carlsbad Municipal Water District (MWD), and the City of Oceanside, both drawing from the recently completed review on the Carlsbad Subregion. The first set of recommended actions update the spheres for Carlsbad and Carlsbad MWD, without change, satisfying LAFCO's review duty under statute. The second set establishes a matching special study area consisting of three subareas totaling 123 acres for the spheres of Carlsbad, Carlsbad MWD, and Oceanside. The recommended special study area – which captures lands along and near to SR-78 corridor that are either inside Oceanside but more naturally aligned with Carlsbad, or inside Carlsbad but more naturally aligned with Oceanside – would serve under policy to encourage the subject agencies to discuss a future reorganization. Should mutual interest emerge, the designation lets the Commission consider a concurrent sphere amendment and boundary change without a new municipal service review. A draft resolution approving these actions, including finding that the actions are exempt under the "general rule" exemption in the California Environmental Quality Act Guidelines, Section 15061(b)(3), is provided as an attachment. Adoption of the draft resolution and associated actions is subject to a 30-day reconsideration period. (Pages 155-180)

b) Proposed “Turner – Oak Creek Drive Reorganization” |**Annexation to the Lakeside Water District and Concurrent Detachment from Padre Dam Municipal Water District with Related Actions (File No. RO26-01) (action)**

The Commission will consider a reorganization proposal initiated by resolution of the Lakeside Water District (WD) involving two adjoining and undeveloped parcels totaling 2.37 acres in the unincorporated community of Lakeside. The proposal involves annexation to Lakeside WD, concurrent detachment from Padre Dam Municipal Water District (MWD), and conforming sphere amendments. The primary purpose of the proposal is to extend public potable water service to the undeveloped parcel at 10780 Oak Creek Drive (APN 379-040-66) for planned single-family residence. Staff recommends conditional approval of the proposal along with conforming sphere of influence amendments, waiver of protest proceedings, waiver of the municipal service review requirement under Policy L-106, and adoption of findings supporting an exemption under the California Environmental Quality Act (CEQA). Adoption is subject to 30-day reconsideration. (Pages 181-216)

7. BUSINESS CALENDAR

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

a) Outside Audit Report on Fiscal Year 2025 (action)

The Commission will receive an outside audit report on the financial statements for Fiscal Year 2025. The audit was performed by Davis Farr LLP (Irvine) and results in an unmodified – or "clean" – opinion, with no material weaknesses in internal control and no instances of reportable noncompliance identified. The audit report and accompanying required communications from the outside auditor are presented to the Commission for formal acceptance and filing and to provide direction to staff on related matters moving forward. (Pages 217-276)

BUSINESS CALENDAR CONTINUED...

b) Proposed Update to the Rolling Five-Year Study Schedule (action)

The Commission will consider a proposed update to the Commission's rolling five-year municipal service review (study) schedule. The proposed update follows the Commission's adoption of the Fiscal Year 2026-2027 workplan and advances the existing schedule forward by one year, resetting the planning horizon to Fiscal Years 2027 through 2031 to maintain alignment. The proposed update was reviewed by the Special Districts Advisory Committee at their July 17, 2026 meeting without any resulting requests or suggestions to revise. Staff recommends the Commission approve the proposed update, subject to any desired modifications. (Pages 277-288)

8. CLOSED SESSION

a) Conference with Legal Counsel -- Anticipated Litigation:

Pursuant to Government Code Section 54956.9(d)(3)): Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9. (One case.)

9. EXECUTIVE OFFICER REPORT

10. COMMISSIONER ANNOUNCEMENTS & REQUESTS FOR FUTURE ITEMS

11. ADJOURNMENT TO NEXT REGULAR MEETING

October 5, 2026

Attest to Posting:

Erica Sellen
Commission Clerk



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

5a

AGENDA REPORT
Consent | Action

August 3, 2026

TO: Chair Becker and Commissioners

FROM: Erica Sellen, Commission Clerk

SUBJECT: **Approval of Meeting Minutes |
Special Meeting of June 15, 2026**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the special meeting held on June 15, 2026. The minutes are in action form and being presented for formal Commission approval.

BACKGROUND

State law requires public agencies to maintain appropriate records of their meetings. Consistent with this requirement and San Diego LAFCO's own practice, the Commission Clerk prepares draft minutes in action form following each meeting for subsequent Commission approval.

DISCUSSION

This item is for San Diego LAFCO to consider approving action minutes for the June 15, 2026 special meeting. The attendance record for the meeting follows.

- All regular Commissioners were present except Dane White (City of Escondido).

Administration

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County of San Diego

Joel Anderson
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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

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

- All alternate Commissioners were present except Eileen Delaney (Public), Monica Montgomery Steppe (County of San Diego) and Marni von Wilpert (City of San Diego).

ANALYSIS

The attached draft minutes for the June 15, 2026 special meeting accurately reflect San Diego LAFCO's actions as recorded by the Commission Clerk. A video recording of the meeting has also been posted on the Commission's website (www.sdlafco.org).

RECOMMENDATION

It is recommended San Diego LAFCO approve the draft minutes prepared for the June 15, 2026 special meeting as presented, with staff attesting to its completeness. This recommendation is consistent with Alternative One outlined in the following section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

Approve the attached draft minutes prepared for the June 15, 2026 special meeting as presented.

Alternative Two:

Approve the attached draft minutes prepared for the June 15, 2026 special meeting with any requested corrections or clarifications.

Alternative Three:

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

PROCEDURES

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

Respectfully,



Erica Sellen
Commission Clerk

Attachment:

- 1) Draft Meeting Minutes for June 15, 2026

**DRAFT MINUTES
SAN DIEGO LAFCO SPECIAL MEETING
June 15, 2026**

1. 8:15 A.M. – CALL TO ORDER BY CHAIR

Item 1a

ROLL CALL OF COMMISSIONERS PRESENT

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

Regulars Present: Paloma Aguirre, County of San Diego
Joel Anderson, County of San Diego
Kristi Becker, City of Solana Beach (CHAIR)
Brigette Browning, Public
Jo MacKenzie, Vista Irrigation District
Stephen Whitburn, City of San Diego
Barry Willis, Alpine Fire Protection District (VICE CHAIR)

Alternates Present: David Drake, Rincon del Diablo Municipal Water District
John McCann, City of Chula Vista

Members Absent: Eileen Delaney, Public (alternate)
Monica Montgomery Steppe, County of San Diego (alternate)
Marni von Wilpert, City of San Diego (alternate)
Dane White, City of Escondido (regular)

The Commission Clerk confirmed a quorum with eight voting members present with Alternate Commissioner McCann voting in absence of Commissioner White.

Also present at the time of roll call were the following LAFCO staff members: Executive Officer Keene Simonds, Assistant Executive Officer Priscilla Mumpower, Commission Counsel Holly Whatley, Local Government Analyst II Michaela Peters, Local Government Analyst I Joelle Burila, Local Government Analyst I Meghan Traynor, Communications Associate Aiden Velasquez, GIS Analyst Dieu Ngu, and Commission Clerk Erica Sellen.

The following Commissioners left the meeting: Alternate Commissioner Drake at 8:55 a.m. and Commissioner Whitburn at 10:13 a.m.

Item 1b

PLEDGE OF ALLEGIANCE

Chair Becker led the Pledge of Allegiance.

2. STATEMENT REGARDING REMOTE PARTICIPATION, IF APPLICABLE

None.

3. AGENDA REVIEW

Chair Becker asked Executive Officer Simonds if there were any requests to remove or rearrange items on the agenda. Executive Officer Simonds stated no changes to the agenda were needed.

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

Chair Becker invited anyone from the public to address the Commission on a matter not directly related to an agenda item.

The following registered speakers addressed the Commission:

- Lori Saldana
- Suzanne Till
- Patrick McDonough, San Diego Coastkeeper

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

5. CONSENT ITEMS

Item 5a

Approval of Meeting Minutes for May 4, 2026

Item presented to approve draft action minutes prepared for the Commission's May 4, 2026 meeting. Recommendation to approve.

Chair Becker invited public comments from the following registered speakers:

- Suzanne Till
- Lori Saldana

The above speakers spoke about possible Brown Act violations at the May 4, 2026 Commission meeting regarding Agenda Item 6a. In response to the speakers, Commission Counsel Whatley stated no Brown Act violation occurred.

Chair Becker invited comments from the following online speaker:

- Conner Everts, Public Officials for Water and Environmental Reform and Environmental Justice Coalition for Water

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

CONSENT ITEMS CONTINUED...

Item 5b

Commission Ratification | Recorded Payments for April 2026

Item presented to ratify recorded payments made and received by the Executive Officer for the month of April 2026. Recommendation to ratify.

Item 5c

Report on Applicant Proposals

Item presented to receive a status report on active and anticipated applicant proposals. Information only.

Item 5d

Legislative Report

Item presented to receive an update on active legislation relevant to the Commission's regulatory and planning responsibilities. Information only.

Item 5e

Notice of New Professional Services Agreement with RSG, Inc. | Governance Study on the Oceanside Small Craft Harbor District

Item presented to receive notice of a new professional services agreement executed by the Executive Officer with RSG, Inc. to support the Commission's scheduled governance study on the Oceanside Small Craft Harbor District. Information only.

Item 5f

Notice of County of San Diego Neighborhood Reinvestment Grant Award to Help Fund Governance Study on the Oceanside Small Craft Harbor District

Item presented to receive notice of a new grant award in the amount of \$30,000 from the County of San Diego District 5 Office (Supervisor Jim Desmond) through its Neighborhood Reinvestment Program. The award will support LAFCO's scheduled governance study on the Oceanside Small Craft Harbor District. Information only.

**

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

Roll call requested:

AYES:	Aguirre, Anderson, Becker, Browning, McCann (voting), MacKenzie, Whitburn and Willis
NOES:	None
ABSENT:	White
ABSTAINING:	None

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

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

Item 6a

Proposed Final Report and Related Actions | Municipal Service Review on Carlsbad Subregion:

City of Carlsbad and the Carlsbad Municipal Water District (action)

Item presented to consider a proposed final municipal service review (MSR) for the Carlsbad Subregion. The MSR fulfills LAFCO's statutory responsibility to independently evaluate the availability and performance of public services in relation to community needs and to adopt related determinations. The report covers two agencies under LAFCO's jurisdiction: the City of Carlsbad and the Carlsbad Municipal Water District. Report presented was largely unchanged from the April 2026 draft following a 45-day public review period. Substantive revisions were limited, are shown in track-change format as an attachment, and primarily reflect comments received from the County of San Diego involving analysis covering the McClellan-Palomar Airport. Recommendation to formally accept the proposed final report and take ancillary actions.

Chair Becker requested any disclosures from Commissioners on material ex parte communications. No disclosures were reported.

Staff presentation provided by Local Government Analyst II Peters and Carlsbad Photo Contest presentation provided by Communications Associate Velasquez.

Chair Becker opened the hearing and invited public comments from the following registered speaker:

- Jamie Abbott, Director of Airports for the County of San Diego

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

Chair Becker invited questions and comments from the Commissioners. General discussion ensued.

Chair Becker closed the hearing.

**

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

Roll call requested:

AYES:	Aguirre, Anderson, Becker, Browning, McCann (voting), MacKenzie, Whitburn and Willis
NOES:	None

PUBLIC HEARING ITEMS CONTINUED...

Item 6a Continued...

ABSENT: White
ABSTAINING: None

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

7. BUSINESS ITEMS

Item 7a

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

Item presented to consider authorizing the Executive Officer to execute a professional services agreement with London Moeder Advisors to prepare the comprehensive fiscal analysis required for the proposed special reorganization to incorporate the community of La Jolla, with concurrent detachment from 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, to be funded by the proponents. A status update on the reorganization and an updated timeline are also provided. Recommendation to authorize the Executive Officer to execute the agreement and, separately, receive the accompanying update.

Staff presentation provided by Assistant Executive Officer Mumpower.

Chair Becker invited public comments from the following registered speaker with stated positions on the staff recommendation noted in parentheses:

- Adrian Kwiatkowski (opposition)

The above speaker expressed opposition for the secession of the community of La Jolla.

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

Chair Becker invited questions and comments from the Commissioners. General discussion ensued.

**

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

Roll call requested:

BUSINESS ITEMS CONTINUED...

Item 7a Continued...

AYES: Aguirre, Anderson, Becker, Browning, McCann (voting), MacKenzie, Whitburn and Willis
NOES: None
ABSENT: White
ABSTAINING: None

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

Item 7b

Quarterly Update on 2025-2026 Workplan

Item presented to receive a quarterly update on the current fiscal year workplan and related staff activities as part of LAFCO's business calendar. Item presented for discussion only and feedback on current and future workplan activities.

Introduction of the item provided by Assistant Executive Officer Mumpower. The following staff members provided presentations to the Commission:

- Communications Associate Velasquez provided an update on the website refresh.
- Local Government Analyst I Traynor provided an update on the homeless services white paper.
- Local Government Analyst I Burila provided an update on the SANDAG MSR and the white paper on public recreation at City of San Diego's reservoirs in the unincorporated areas.
- Local Government Analyst II Peters provided an update on the Healthcare Districts MSR and the governance study on the Oceanside Small Craft Harbor District.
- LAFCO Consultant Adam Wilson provided an update on the Resource Conservation District (RCD) Ad hoc Committee 2.0.

Chair Becker invited public comments from the following registered speakers:

- Ann Baldrige, RCD of Greater San Diego County
- Lori Saldana
- Suzanne Till

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

Chair Becker invited questions and comments from the Commissioners. General discussion ensued. No action.

BUSINESS ITEMS CONTINUED...

Item 7c

Final Report on State Planning Grant |

Helping Bridge the Economic Gap of Small-Scale Farming (SALC 2.0)

Item presented to receive the final report for its Sustainable Agricultural Lands Conservation (SALC) planning grant, known as SALC 2.0. The report represents the culmination of a collaborative effort between LAFCO and the County of San Diego's Planning & Development Services (PDS) to identify strategies that support the long-term viability of small-scale agriculture in the region. The report consolidates technical analyses, stakeholder input, implementation recommendations, and planning tools into a comprehensive framework for advancing agricultural sustainability in San Diego County. The findings help to quantify and sharpen a familiar concern: the region's small farms remain viable but operate on thin margins – averaging roughly 13% – and are readily vulnerable to changes in water and labor costs. Stakeholder engagement identified water affordability as the most significant challenge facing the sector. In response, the report identifies potential actions, a pilot project, and coordination opportunities to support the sector. It also outlines potential future roles for LAFCO and includes several recommendations for formal consideration by the Commission, including facilitating regional agricultural water coordination, expanding consideration of agricultural economics in planning activities, and monitoring implementation progress through periodic reporting. Recommendation to formally receive and file the report and provide related direction to LAFCO staff with respect to pursuing one or more of the report's recommendations.

Staff presentation provided by Local Government Analyst II Peters.

Chair Becker invited public comments from the following registered speakers:

- Ann Baldridge, RCD of Greater San Diego County
- Suzanne Till
- Lori Saldana
- Doyle Morrison

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

Chair Becker invited questions and comments from the Commissioners. General discussion ensued.

**

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

Roll call requested:

BUSINESS ITEMS CONTINUED...

Item 7c Continued...

AYES: Aguirre, Anderson, Becker, Browning, McCann (voting), MacKenzie and Willis
NOES: None
ABSENT: Whitburn and White
ABSTAINING: None

The Commission Clerk confirmed the motion was approved 7-0.

8. CLOSED SESSION

None.

9. EXECUTIVE OFFICER REPORT

None.

10. COMMISSIONER ANNOUNCEMENTS & REQUESTS FOR FUTURE ITEMS

- Commissioner Willis recommended revisiting the County Water Authority MSR at the next meeting. Commissioner Aguirre agreed with Commissioner Willis.
- Commissioner MacKenzie thanked staff for their work on Agenda Item No. 5c | Report on Applicant Proposals and asked for an additional detail regarding the location of proposed jurisdictional changes on future reports.

11. ADJOURNMENT TO NEXT MEETING

With no further business, Chair Becker adjourned the meeting at 10:25 a.m.

I hereby attest the minutes above accurately reflect the actions of the Commission at its May 4, 2026 meeting.

ATTEST,

Erica Sellen
Commission Clerk



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

5b

AGENDA REPORT
Consent | Action

August 3, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: **Commission Ratification |**
Recorded Payments for May and June 2026

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a financial report covering transactions for May and June 2026. The report documents \$536,133 in total expenses authorized by the Executive Officer and \$28,377 in payments received across the two-month period, which closes the fiscal year. All transactions are consistent with the adopted budget. Staff recommends the Commission ratify these payments with the option to pull the item for discussion if needed.

BACKGROUND

San Diego LAFCO's policies require the Executive Officer to maintain appropriate accounting controls for all Commission financial transactions. Competitive bidding applies for purchases between \$10,000 and \$124,999, unless waived under specified circumstances. Transactions of \$125,000 or more require Commission approval.

DISCUSSION

This item seeks San Diego LAFCO's ratification of all payments made and received by the Executive Officer in May and June 2026. Detailed transactions appear in Attachments One (May) and Two (June). The Commission may pull the item for discussion.

Administration

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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

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

ANALYSIS

Close to three-fifths – \$301,874 – of all expenses over the two-month period involves payments to the County of San Diego, chiefly for four payroll periods and administrative support services pursuant to the Commission-approved memorandum of understanding. The figure also includes the fourth-quarter A-87 overhead reconciliation of \$15,185 posted at year-end, along with grant-funded planning and County GIS charges. The two-month period's defining feature beyond County payments is the return of professional and consultant services, which were largely absent in April and total approximately \$145,700 for May and June combined – about one-fourth of total expenses. Most of this reflects year-end reconciliation, with several consultants submitting multi-month billings at fiscal close. The largest engagements are intergovernmental and legislative-relations services – Arena Public Affairs (\$36,992, covering five months) and ADW Consulting (\$40,950 across the two months) – followed by legal (\$19,130) and audit and accounting services associated with completing the outside audit for 2025 (Davis Farr, Tri-Star Advisors, and successor-auditor work by O'Connor & Co., together \$23,408). Fiscal-year-to-date consultant activity is summarized in Appendix A. Revenues received during the two-month period total \$28,377 and comprise, in order of magnitude, the State's Sustainable Agricultural Lands Conservation (SALC) grant reimbursement (\$11,657); Alliance reimbursements from partner LAFCOs for the shared Politico Group contract (\$11,000); application and processing fees (\$5,467, including the initial staff-time deposit for the Aldea project and two proposal fees); recording fees (\$100); and interest earnings (\$154).

All transactions are consistent with the adopted budget.

RECOMMENDATION

It is recommended San Diego LAFCO ratify the payments made and received in May and June 2026 as presented, consistent with Alternative One below.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

Ratify the recorded payments received and made by the Executive Officer for May and June 2026 as shown in Attachment One and Attachment Two.

Alternative Two:

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

Alternative Three:

Take no action.¹

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

PROCEDURES

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

On behalf of the Executive Officer:

A handwritten signature in blue ink that reads "Erica A. Sellen". The signature is written in a cursive, flowing style.

Erica Sellen
Commission Clerk

Appendix: as stated
Attachment: as stated

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Appendix A

Fiscal-Year-to-Date Consultant Activity

Charges under the Executive Officer's contracting authority · Updated through June 2026 · builds off the version presented in June



Illustration made by LAFCO with Anthropic

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SAN DIEGO LAFCO
Expenses by Vendor Detail
May 2026

Agenda Item No. 5b | Attachment One

Payable Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E Ace Parking						
	5/1/2026	52530 · Office Lease	1,219.00	Monthly Parking Rent & Guest Parking Validations	electronic	1000 · County Account (44595)
	5/20/2026	52530 · Office Lease	1,207.00	Monthly Parking Rent & Guest Parking Validations	electronic	1000 · County Account (44595)
			2,426.00			
E ADW Consulting LLC						
	5/1/2026	52370.F · Professional Services	10,350.00	Consultant Services Intergovernmental	electronic	1000 · County Account (44595)
	5/27/2026	52370.F · Professional Services	10,050.00	Consultant Services Intergovernmental	electronic	1000 · County Account (44595)
			20,400.00			
E After Effects (Adobe)						
	5/10/2026	52270 · Memberships	299.76	Annual PDF Compression Upgrade	debit card	3558 · SDCCU Checking
	5/15/2026	52270 · Memberships	19.99	Monthly Adobe DC Pro Upgrade	debit card	3558 · SDCCU Checking
			319.75			
E Ambius						
	5/21/2026	52344 · Stores Unallocated	460.28	Monthly Plant Maintenance	check	3558 · SDCCU Checking
E Anthropic						
	5/28/2026	52270 · Memberships	125.00	Monthly Subscription - Graphic Design: MSR Illustrations	credit card	3558-60 · SDCCU Visa Credit Card
E Apple						
	5/15/2026	52330 · Office Expense	59.99	Annual PDF Reader Software	credit card	3558-60 · SDCCU Visa Credit Card
E ARCC (Assessor Recording County)						
	5/11/2026	52490 · Publications	50.00	NOE Fee OAS26-05	check	3558 · SDCCU Checking
E Assura Software						
	5/6/2026	52074 · Telecommunications	750.00	Website Hosting Support Services	electronic	1000 · County Account (44595)
E Canva						
	5/7/2026	52270 · Memberships	30.00	Monthly Subscription	credit card	3558-60 · SDCCU Visa Credit Card
E Chase Design Inc						
	5/1/2026	52334 · Printing	562.50	Logo & Website Redesign	electronic	1000 · County Account (44595)
	5/27/2026	52334 · Printing	1,237.50	Logo & Website Redesign	electronic	1000 · County Account (44595)
			1,800.00			
E Chili's						
	5/24/2026	52330 · Office Expense	39.64	Commissioner Briefing EO & JM	debit card	3558 · SDCCU Checking
E Claim Jumper						
	5/4/2026	52330 · Office Expense	124.24	Meeting Debriefing EO, AEO, AG, and PB	credit card	3558-60 · SDCCU Visa Credit Card
E Clear Checks						
	5/21/2026	52562 · Investigative/Recruitment	79.98	Background Check for New Consultants (G. London & N. Moeder)	credit card	3558-60 · SDCCU Visa Credit Card
E Colantuono, Highsmith & Whatley						
	5/1/2026	52370.B · Professional Services	4,234.75	Commission Counsel Services	electronic	1000 · County Account (44595)
	5/20/2026	52370.B · Professional Services	5,236.00	Commission Counsel Services	electronic	1000 · County Account (44595)
			9,470.75			
E County of San Diego						
	5/1/2026	52354 · Mail/Postage ISF	1,546.50	Mail/Postage Services	electronic	1000 · County Account (44595)
	5/1/2026	52178 · Vehicle Maintenance	146.89	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	5/1/2026	52182 · Vehicle Fuel	0.00	Vehicle Fuel	electronic	1000 · County Account (44595)
	5/1/2026	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	5/1/2026	52721 et al. · Communications (IT) Services	6,603.32	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	5/6/2026	52504 · Equipment Rental	1.62	County Surcharge Xerox	electronic	1000 · County Account (44595)
	5/6/2026	51110 et al. · Employee Payroll	61,262.90	Payroll Pay Period 2026-23	electronic	1000 · County Account (44595)
	5/28/2026	51110 et al. · Employee Payroll	66,675.45	Payroll Pay Period 2026-24	electronic	1000 · County Account (44595)
	5/30/2026	52550.B · County Overhead Costs	15,173.05	A-87 4th Quarter	electronic	1000 · County Account (44595)
	5/30/2026	52550.B · County Overhead Costs	11.64	County Surcharge A-87 4th Quarter	electronic	1000 · County Account (44595)
	5/30/2026	52304 · Miscellaneous	3,237.18	SALC Grant Payment to County PDS	electronic	1000 · County Account (44595)
			154,824.04			
E CSDA						
	5/13/2026	52610 · Non-Travel/In-County	160.00	Quarterly CSDA Dinner (AEO & BW)	debit card	3558 · SDCCU Checking
E Davis Farr LLP						
	5/29/2026	52370.H · Professional Services	5,000.00	Consultant Services Accounting Services - Audit	electronic	1000 · County Account (44595)
E Instagram						
	5/6/2026	52074 · Telecommunications	71.38	Carlsbad Photo Contest Boost	credit card	3558-60 · SDCCU Visa Credit Card

SAN DIEGO LAFCO
Expenses by Vendor Detail
May 2026

Payable Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E Joelle Burila						
	5/11/2026	52330 · Office Expense	44.00	Reimbursement Commission Meeting Refreshments	check	3558 · SDCCU Checking
E Kennedy Water Consulting LLC						
	5/8/2026	52370.F · Professional Services	1,100.00	Consultant Services Water	electronic	1000 · County Account (44595)
E Manchester Financial 5th Ave LP						
	5/6/2026	52530 · Office Lease	12,413.72	Office & Storage Rent	electronic	1000 · County Account (44595)
E Michael Stein						
	5/20/2026	52370.F · Professional Services	760.00	Consultant Services Fire	electronic	1000 · County Account (44595)
E Michaela Peters						
	5/11/2026	52330 · Office Expense	46.80	Reimbursement Commission Meeting Refreshments	check	3558 · SDCCU Checking
E News Library						
	5/19/2026	52270 · Memberships	25.95	SD Tribune Archives Monthly Service	debit card	3558 · SDCCU Checking
E Politico Group						
	5/1/2026	52270 · Memberships	8,800.00	Alliance Legislative Advocacy (Two Months)	electronic	1000 · County Account (44595)
	5/20/2026	52270 · Memberships	4,400.00	Alliance Legislative Advocacy	electronic	1000 · County Account (44595)
			13,200.00			
E Puesto						
	5/24/2026	52330 · Office Expense	63.36	Commissioner Briefing EO & BB	debit card	3558 · SDCCU Checking
E QuickBooks						
	5/3/2026	52330 · Office Expense	115.00	Monthly Service for Online QuickBooks	credit card	3558-60 · SDCCU Visa Credit Card
E Ready Refresh Water						
	5/21/2026	52330 · Office Expense	113.93	Monthly Water Services	credit card	3558-60 · SDCCU Visa Credit Card
E RGS						
	5/20/2026	52370 · Professional Services	863.50	HR Services to the AEO	electronic	1000 · County Account (44595)
E Rick Engineering Co						
	5/29/2026	52304 · Miscellaneous	6,094.50	SALC Grant	electronic	1000 · County Account (44595)
E S3 Coffee						
	5/22/2026	52330 · Office Expense	24.43	Commissioner Briefing EO & DW	debit card	3558 · SDCCU Checking
E San Diego Union Tribune						
	5/21/2026	52490 · Publications	2,591.33	PHN Carlsbad MSR	check	3558 · SDCCU Checking
E Talitha Coffee						
	5/28/2026	52330 · Office Expense	12.79	Meeting EO & SW	debit card	3558 · SDCCU Checking
E Technical Assistance Collaborative Inc						
	5/6/2026	52370 · Professional Services	4,342.50	Consultant Services Homelessness	electronic	1000 · County Account (44595)
E The Corner Drafthouse						
	5/29/2026	52330 · Office Expense	146.51	Consultant Briefing EO, AEO, MP & AW	credit card	3558-60 · SDCCU Visa Credit Card
E Tri-Star Advisors						
	5/27/2026	52370.H · Professional Services	7,675.50	Consultant Services Accounting Services & Audit Prep	electronic	1000 · County Account (44595)
E WP Engine						
	5/14/2026	52370.E · Professional Services	65.00	Monthly Web Hosting	debit card	3558 · SDCCU Checking
E Xerox						
	5/13/2026	52504 · Equipment Rental	242.48	Xerox Rental	electronic	1000 · County Account (44595)
E YouTube						
	5/12/2026	52270 · Memberships	22.99	Monthly Streaming Support Services	debit card	3558 · SDCCU Checking
EXPENSE TOTAL			246,155.34			

SAN DIEGO LAFCO
Expenses by Vendor Detail
May 2026

Payable Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
R Allen						
	5/28/2026	52490 · Publications	50.00	Recording Fees (OAS26-05)	check	3558 · SDCCU Checking
R County of San Diego						
	5/30/2026	49200 · Interest & Dividends	33.65	Interest Payment to Account 46725	electronic	1001 · Committed - Stabilization
	5/30/2026	49200 · Interest & Dividends	51.87	Interest Payment to Account 46726	electronic	1002 · Committed - Opportunity
	5/30/2026	49200 · Interest & Dividends	67.98	Interest Payment to Account 46727	electronic	1003 · Assigned - Executive Office
			153.50			
R KTG Sycamore Solutions LLC						
	5/28/2026	52490 · Publications	50.00	Recording Fees (CO25-11)	check	3558 · SDCCU Checking
R Lopez						
	5/28/2026	46234 · Applications	2,642.06	Processing Fees (RO25-03)	check	3558 · SDCCU Checking
R Los Angeles LAFCO						
	5/22/2026	52270 · Memberships	2,200.00	Alliance Reimbursement Politico Group Inv # MAR-APR2026	check	1000 · County Account (44595)
R Orange County LAFCO						
	5/22/2026	52270 · Memberships	2,200.00	Alliance Reimbursement Politico Group Inv # MAR-APR2026	check	1000 · County Account (44595)
R San Bernardino LAFCO						
	5/22/2026	52270 · Memberships	1,100.00	Alliance Reimbursement Politico Group Inv # 10FEB2026	check	1000 · County Account (44595)
	5/22/2026	52270 · Memberships	2,200.00	Alliance Reimbursement Politico Group Inv # MAR-APR2026	check	1000 · County Account (44595)
			3,300.00			
REVENUE TOTAL			10,595.56			

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SAN DIEGO LAFCO
Expenses by Vendor Detail
June 2026

Agenda Item No. 5b | Attachment Two

Payable Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E Ace Parking						
	6/26/2026	52530 - Office Lease	1,165.00	Monthly Parking Rent & Guest Parking Validations	electronic	1000 - County Account (44595)
	6/30/2026	52530 - Office Lease	82.00	Monthly Guest Parking Validations	electronic	1000 - County Account (44595)
			1,247.00			
E ADW Consulting LLC						
	6/30/2026	52370.F - Professional Services	20,550.00	Consultant Services Intergovernmental (Two Months)	electronic	1000 - County Account (44595)
E After Effects (Adobe)						
	6/15/2026	52270 - Memberships	19.99	Monthly Adobe DC Pro Upgrade	debit card	3558 - SDCCU Checking
E Aiden Velasquez						
	6/30/2026	52330 - Office Expense	298.52	Reimbursement BW Business Cards & Carlsbad Photo Contest Items	check	3558 - SDCCU Checking
E Amazon						
	6/11/2026	52344 - Stores Unallocated	407.39	General Office Supplies	credit card	3558-60 - SDCCU Visa Credit Card
	6/18/2026	52330 - Office Expense	22.62	Frames for Carlsbad Photo Contest	credit card	3558-60 - SDCCU Visa Credit Card
			430.01			
E Ambius						
	6/15/2026	52344 - Stores Unallocated	460.28	Monthly Plant Maintenance	check	3558 - SDCCU Checking
E Anthropic						
	6/28/2026	52270 - Memberships	125.00	Monthly Subscription - Graphic Design: MSR Illustrations	credit card	3558-60 - SDCCU Visa Credit Card
E APA						
	6/21/2026	52622 - Training/Registration Out-County	2,920.00	Registration Annual Conference (JB, MP & MT)	debit card	3558 - SDCCU Checking
E Arena Public Affairs LLC						
	6/30/2026	52370.F - Professional Services	36,991.50	Consultant Services Intergovernmental (Five Months)	check	3558 - SDCCU Checking
E Ariana Drehsler						
	6/26/2026	52344 - Stores Unallocated	5,250.00	Photos for Office Wall Art	electronic	1000 - County Account (44595)
E Assura Software						
	6/10/2026	52074 - Telecommunications	750.00	Website Hosting Support Services	electronic	1000 - County Account (44595)
E AT&T Mobility						
	6/30/2026	52074 - Telecommunications	1,086.86	Monthly Cell Phone Bill LAFCO Staff (Two Months)	check	3558 - SDCCU Checking
E Broken Yolk						
	6/12/2026	52330 - Office Expense	113.20	Vice Chair Briefing EO, AEO, MP & BW	debit card	3558 - SDCCU Checking
E Canva						
	6/7/2026	52270 - Memberships	30.00	Monthly Subscription	credit card	3558-60 - SDCCU Visa Credit Card
E Chase Design Inc						
	6/30/2026	52334 - Printing	12,787.50	Logo & Website Redesign	electronic	1000 - County Account (44595)
E Christine O'Rourke						
	6/30/2026	52370.F - Professional Services	2,655.00	Consultant Services Climate Action Plan	electronic	1000 - County Account (44595)
E Claim Jumper						
	6/15/2026	52330 - Office Expense	80.16	Meeting Debriefing EO, AEO & Counsel	credit card	3558-60 - SDCCU Visa Credit Card
E Cocina del Charro						
	6/12/2026	52610 - Non-Travel/In-County	253.12	SALC 2.0 Appreciation Lunch - Farmers (BW, AEO, MP & MT)	credit card	3558-60 - SDCCU Visa Credit Card
E Colantuono, Highsmith & Whatley						
	6/30/2026	52370.B - Professional Services	9,659.02	Commission Counsel Services (Two Months)	electronic	1000 - County Account (44595)
E Copy 2 Copy						
	6/30/2026	52330 - Office Expense	68.91	Business Cards	check	3558 - SDCCU Checking
E Corodata						
	6/15/2026	52330 - Office Expense	124.80	Monthly Document Storage (Two Months)	check	3558 - SDCCU Checking
E County of San Diego						
	6/1/2026	52354 - Mail/Postage ISF	569.92	Mail/Postage Services	electronic	1000 - County Account (44595)
	6/1/2026	52178 - Vehicle Maintenance	146.89	Vehicle Maintenance Services	electronic	1000 - County Account (44595)
	6/1/2026	52182 - Vehicle Fuel	0.00	Vehicle Fuel	electronic	1000 - County Account (44595)
	6/1/2026	52758 - Vehicle Lease	165.49	Vehicle Lease	electronic	1000 - County Account (44595)
	6/1/2026	52721 et al. - Communications (IT) Services	10,327.66	County IT Services (ITRACK)	electronic	1000 - County Account (44595)
	6/5/2026	52504 - Equipment Rental	1.65	County Surcharge Xerox	electronic	1000 - County Account (44595)
	6/5/2026	51110 et al. - Employee Payroll	62,352.69	Payroll Pay Period 2026-25	electronic	1000 - County Account (44595)
	6/18/2026	51110 et al. - Employee Payroll	68,635.62	Payroll Pay Period 2026-26	electronic	1000 - County Account (44595)
	5/30/2026	52370 - Professional Services	4,850.00	County Internal Agreement - GIS Layers	electronic	1000 - County Account (44595)
			147,049.92			

SAN DIEGO LAFCO
Expenses by Vendor Detail
June 2026

Payable Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E CSDA						
	6/21/2026	52622 · Training/Registration Out-County	495.00	Registration Annual Conference (JB)	debit card	3558 · SDCCU Checking
E Davis Farr LLP						
	6/30/2026	52370.H · Professional Services	7,950.00	Consultant Services Accounting Services - Audit	electronic	1000 · County Account (44595)
E Jo MacKenzie						
	6/30/2026	52610 · Non-Travel/In-County	3.40	Reimbursement Tolls for Travel to Commission Meeting	check	3558 · SDCCU Checking
E Joelle Burila						
	6/15/2026	52330 · Office Expense	44.00	Reimbursement Commission Meeting Refreshments	check	3558 · SDCCU Checking
E Los Angeles LAFCO						
	6/15/2026	52270 · Memberships	992.00	Alliance Reimbursement Workshop Moderator Expenses	check	3558 · SDCCU Checking
E Manchester Financial 5th Ave LP						
	6/10/2026	52530 · Office Lease	14,010.56	Office & Storage Rent	electronic	1000 · County Account (44595)
E Meghan Traynor						
	6/15/2026	52330 · Office Expense	77.94	Reimbursement Commission Meeting Refreshments & Analyst Lunch	check	3558 · SDCCU Checking
E Michael Stein						
	6/30/2026	52370.F · Professional Services	3,760.00	Consultant Services Fire (Two Months)	electronic	1000 · County Account (44595)
E News Library						
	6/21/2026	52270 · Memberships	25.95	SD Tribune Archives Monthly Service	debit card	3558 · SDCCU Checking
E O'Connor & Co.						
	6/30/2026	52370.H · Professional Services	645.00	Successor Work - DavisFarr	electronic	1000 · County Account (44595)
E Politico Group						
	6/30/2026	52270 · Memberships	8,800.00	Alliance Legislative Advocacy (Two Months)	electronic	1000 · County Account (44595)
E Postal Annex						
	6/8/2026	52332 · Postage	106.70	Mailing OSCHD Documents to RSG & Agenda Packet (ED)	credit card	3558-60 · SDCCU Visa Credit Card
E Puesto						
	6/21/2026	52330 · Office Expense	89.81	LJ RFP Debriefing EO & MZ	debit card	3558 · SDCCU Checking
E QuickBooks						
	6/3/2026	52330 · Office Expense	115.00	Monthly Service for Online QuickBooks	credit card	3558-60 · SDCCU Visa Credit Card
E Ready Refresh Water						
	6/18/2026	52330 · Office Expense	99.97	Monthly Water Services	credit card	3558-60 · SDCCU Visa Credit Card
E RSG						
	6/30/2026	52370 · Professional Services	5,018.75	OSCHD Governance Study	electronic	1000 · County Account (44595)
E Talitha Coffee						
	6/1/2026	52330 · Office Expense	34.70	Fourth Quarter Staff Coffee/Breakfast	debit card	3558 · SDCCU Checking
	6/2/2026	52330 · Office Expense	49.71	Chair & Staff Breakfast Meeting Refreshments	credit card	3558-60 · SDCCU Visa Credit Card
	6/30/2026	52330 · Office Expense	7.04	EO Meeting with District 5 Staff	debit card	3558 · SDCCU Checking
			91.45			
E Technical Assistance Collaborative Inc						
	6/26/2026	52370 · Professional Services	1,757.50	Consultant Services Homelessness	electronic	1000 · County Account (44595)
E The Brigantine						
	6/11/2026	52330 · Office Expense	80.41	Meeting with Tijuana Estuary Foundation EO + HA	debit card	3558 · SDCCU Checking
E The Market Place						
	6/26/2026	52330 · Office Expense	68.53	SALC 2.5 Meeting EO, MP, PB and AW	debit card	3558 · SDCCU Checking
E Tri-Star Advisors						
	6/30/2026	52370.H · Professional Services	2,137.50	Consultant Services Accounting Services	electronic	1000 · County Account (44595)
E Whole Foods						
	6/2/2026	52330 · Office Expense	81.43	Chair & Staff Breakfast Meeting Refreshments	credit card	3558-60 · SDCCU Visa Credit Card
E WP Engine						
	6/15/2026	52370.E · Professional Services	65.00	Monthly Web Hosting	debit card	3558 · SDCCU Checking
E Xerox						
	6/30/2026	52504 · Equipment Rental	484.07	Xerox Rental (Two Months)	electronic	1000 · County Account (44595)
E YouTube						
	6/12/2026	52270 · Memberships	26.99	Monthly Streaming Support Services	debit card	3558 · SDCCU Checking

EXPENSE TOTAL

289,977.75

SAN DIEGO LAFCO
Expenses by Vendor Detail
June 2026

Payable Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
R Los Angeles LAFCO						
	6/9/2026	52270 · Memberships	1,100.00	Alliance Reimbursement Politico Group Inv # MAY2026	check	1000 · County Account (44595)
R MV Properties Inc						
	6/30/2026	46234 · Applications	2,440.00	Initial Deposit for Staff Time (Aldea Project)	check	3558 · SDCCU Checking
R Orange County LAFCO						
	6/9/2026	52270 · Memberships	1,100.00	Alliance Reimbursement Politico Group Inv # MAY2026	check	1000 · County Account (44595)
R San Bernardino LAFCO						
	6/9/2026	52270 · Memberships	1,100.00	Alliance Reimbursement Politico Group Inv # MAY2026	check	1000 · County Account (44595)
R Santa Fe Flores LP						
	6/30/2026	46234 · Applications	384.50	Additional Processing Fees (OAS25-09)	check	3558 · SDCCU Checking
R State of California						
	6/5/2026	45281 · State Aid Agriculture	11,656.68	SALC Grant	check	1000 · County Account (44595)
REVENUE TOTAL			17,781.18			

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

5C

AGENDA REPORT Consent | Action

August 3, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: 4th Quarter Budget Report for 2025-2026 |
Administrative Close of the Fiscal Year

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a report comparing budgeted and actual transactions through the fourth quarter as part of the administrative close of the fiscal year. The report details the Commission finished June 30th with an overall net surplus of \$92,932 or 3.5%. The favorable result largely ties to operating expenses – led by professional services – finishing under budget, partially offset by lower-than-anticipated application-fee revenue as detailed. The report is being presented to the Commission to accept and file. No correcting budget amendments are needed, as all expense units concluded the year within their authorized balances.

BACKGROUND

San Diego LAFCO's adopted budget for 2025-2026 totals \$3.164 million in matching expenses and revenues. The majority of budgeted expenses and revenues – \$2.714 million – are allocated to operating accounts with the balance – \$450,000 – tied to transacting State grants. Notably, the operating budget includes the Commission's allocation of \$317,202 in reserves as offsetting revenue to help moderate the increase in apportionments made to local agencies. The total unrestricted cash balance at the start of the fiscal year was \$1.672 million with \$0.922 million left as unassigned monies.

Administration

Keene Simonds, Executive Officer
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www.sdlafco.org
lafco@sdcountry.ca.gov

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

Brigitte Browning
General Public

Eileen Delaney
General Public

DISCUSSION

This item presents San Diego LAFCO with a comparison of budgeted to actual expenses and revenues through the fourth quarter as part of the administrative year-end close and in preparation for the outside audit review. A detailing of all booked expenses and revenues is provided as Attachment One. The item provides the Commission with the opportunity to review year-end trends relative to recent years with the opportunity to pull for discussion.

Agency Expenses

LAFCO's budgeted expense total for 2025-2026 is \$3.164 million divided between \$2.714 million in operating and \$0.450 million in non-operating units. Through the close of the fiscal year, actual expenses total \$2.549 million or 80.6% of budget, yielding savings of \$0.615 million or 19.4%. Unit details of budgeted and actual amounts follow.

Operating: Salaries and Benefits | LAFCO budgeted \$1.589 million in salaries and benefits largely tied to funding 8.0 full-time equivalent positions. Year-end actuals total \$1.532 million or 96.4% of budget, yielding a savings of \$0.057 million or 3.6%.

Operating: Services and Supplies | LAFCO budgeted \$1.125 million in services and supplies largely tied to professional service expenses (e.g., legal, consultants) as well as payments to the County of San Diego for overhead and information technology. Year-end actuals total \$0.966 million or 85.8% of budget, yielding a savings of \$0.159 million or 14.2%.

Non-Operating | LAFCO budgeted \$0.450 million in non-operating costs covering grant award payments. (Consistent with Commission action adopting the 2026-2027 budget, OPEB bond debt service has been administratively reclassified from this unit to operating services and supplies.) Year-end actuals total \$0.052 million or 11.5% of budget, reflecting the timing of pass-through grant transactions.

Agency Revenues

LAFCO's budgeted revenue total for 2025-2026 is \$3.164 million divided between \$2.714 million in operating and \$0.450 million in non-operating units. Through the close of the fiscal year, actual revenues total \$2.642 million or 83.5% of budget. The resulting shortfall of (\$0.522 million) is largely attributable to grant awards received below budget – offset by a corresponding reduction in grant payments – with the balance reflecting lower-than-expected application fees and interest earnings on the operating side. Unit details of budgeted and actual amounts follow.

Operating: Intergovernmental Fees | LAFCO budgeted \$2.181 million in intergovernmental fees divided among the agency's four membership categories based on statutory formula. All invoices were collected.

Operating: Service Charges | LAFCO budgeted \$0.200 million in application fees. Year-end actuals total \$0.080 million or 40.2% of budget, yielding a deficit of (\$0.120 million) or (60%).

Operating: Interest | LAFCO budgeted \$0.015 million in interest earnings. Year-end actuals total \$0.002 million or 13.4% of budget, yielding a shortfall of (\$0.013 million) or (87%).

Operating: Reserves | LAFCO budgeted \$0.317 million in reserve usage; the full budgeted amount was booked as utilized by year-end. As addressed in the analysis, the favorable operating result reduced the effective draw on reserves.

Non-Operating | LAFCO budgeted \$0.450 million in non-operating revenues for anticipated grant awards. Year-end actuals total \$0.061 million or 13.6% of budget, reflecting the timing of grant receipts.

ANALYSIS

San Diego LAFCO finished 2025-2026 with an overall net surplus of \$92,932 or 3.5% – a favorable comparison from the prior year's shortfall. Importantly, no correcting amendments are required for the year: each expense unit concluded within its adopted authorized balance – the salaries and benefits unit at 96.4%, the services and supplies unit at 85.8%, and the non-operating unit at 11.5%. This means that, while several individual line-item accounts finished above their estimates, no amendments are needed to align unit totals with actuals. The favorable result largely ties to cost savings, with operating expenses finishing \$216,329 or 8.0% under budget, led by curbing professional-service costs whenever possible during the fiscal year following the prior year's high-priority contract commitments; personnel costs also finished under budget. This overall favorable result was partially offset on the revenue side, where application fees and interest earnings finished well under budget. LAFCO also concluded the year with healthy reserves. While the adopted budget booked a \$317,202 draw on unrestricted reserves, the favorable net result reduced the effective draw to an estimated \$224,270 – leaving a preliminary year-end unrestricted fund balance near \$1.45 million, equivalent to roughly three-fifths of actual operating costs and subject to the outside audit.

RECOMMENDATION

It is recommended San Diego LAFCO accept and file the final quarterly budget report for 2025-2026. This recommendation is consistent with Alternative One outlined below.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):

Accept and file the report with any additional direction to staff as needed.

Alternative Two:

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

PROCEDURES

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

Respectfully,



Keene Simonds
Executive Officer

Attachment:

- 1) 2025-2026 Budget with Actuals Through June 30, 2026



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

EXPENSES		FY2025			FY2026			
		Adopted	Amended	Actuals	ADOPTED	Actuals Thru 4th Quarter	% of Budget	\$ Balance
Salaries and Benefits Unit								
<u>Account</u>	<u>Description</u>							
51110 +	Salaries and Per Diems	898,906	898,906	892,617	986,200	963,314	97.7%	22,886
51410	Retirement - SDCERA	350,146	350,146	352,251	384,503	369,035	96.0%	15,468
51415	Retirement - OPEB	10,196	10,196	9,047	11,112	6,515	58.6%	4,597
51450	Payroll Taxes	65,044	65,044	63,697	71,457	67,725	94.8%	3,732
51510 +	Group Insurance	143,481	143,481	115,039	134,394	124,822	92.9%	9,572
51560	Unemployment Insurance	1,000	1,000	362	1,000	245	24.5%	755
		1,468,773	1,468,773	1,433,013	1,588,667	1,531,656	96.4%	57,011
Services and Supplies Unit								
<u>Account</u>	<u>Description</u>							
52074	Communications	42,299	42,299	40,596	50,726	27,202	53.6%	23,524
52138	General Liability Insurance	14,194	14,194	15,599	15,599	16,775	107.5%	(1,176)
52178	Vehicle - Maintenance	1,000	1,000	1,814	1,000	1,944	194.4%	(944)
52182	Vehicle - Fuel	500	500	490	500	255	51.0%	245
52270	Memberships	38,736	38,736	25,467	34,807	27,696	79.6%	7,111
52304	Miscellaneous	50	50	18	50	8	16.0%	42
52330	Office: General Support	12,380	12,380	11,066	13,217	12,989	98.3%	228
52332	Office: Postage USPS	250	250	495	250	423	169.0%	(173)
52334	Office: Design + Printing	23,000	23,000	11,958	22,500	27,330	121.5%	(4,830)
52336	Office: Books and Guidelines	-	-	132	-	-		-
52344	Office: Supplies + Furnishings	12,100	12,100	13,783	10,300	14,054	136.4%	(3,754)
52354	Office: County Mail Services	10,000	10,000	7,817	10,000	9,292	92.9%	708
52370	Professional Services	445,767	698,558	698,558	566,600	455,986	80.5%	110,614
52490	Publications + Legal Notices	8,500	8,500	21,142	7,000	13,462	192.3%	(6,462)
52504	Leases: Equipment	4,500	4,500	3,335	4,000	2,684	67.1%	1,316
52530	Leases: Office Space	154,308	154,308	157,167	158,688	152,600	96.2%	6,088
52550	Special Expenses: County Overhead	33,000	33,000	57,293	58,000	60,739	104.7%	(2,739)
52562	Special Expenses: New Hire Checks	-	-	215	-	125		(125)
52566	Special Expenses: Minor Equipment	-	-	3,699	-	2,530		(2,530)
52610	Travel-Training In County	2,700	2,700	14,193	2,700	2,805	103.9%	(105)
52612	Employee Auto + Reimbursements	8,700	8,700	11,068	8,700	10,936	125.7%	(2,236)
52622	Travel-Training Out of County	15,050	15,050	23,771	15,050	8,474	56.3%	6,576
52721	IT: Network	18,000	18,000	18,193	18,000	19,322	107.3%	(1,322)
52723	IT: Data Center	30,000	30,000	12,504	27,000	8,827	32.7%	18,173
52725 +	IT: Financial Systems	25,000	25,000	18,083	23,000	16,771	72.9%	6,229
52732	IT: Desktop Computing	30,000	30,000	26,744	30,000	28,139	93.8%	1,861
52734	IT: Help Desk	2,331	2,331	1,608	2,331	1,479	63.4%	852
52750	IT: Catalog Equipment	25,000	25,000	6,389	10,000	7,604	76.0%	2,396
51421*	Debt Service: OPEB Bonds	34,092	34,092	33,591	33,000	33,265	100.8%	(265)
52758	Fleet Reimbursements: Lease	2,000	2,000	1,986	2,000	1,986	99.3%	14
		993,456	1,246,247	1,238,774	1,125,018	965,700	85.8%	159,318
OPERATING EXPENSE TOTAL		2,462,230	2,715,021	2,671,787	2,713,685	2,497,356	92.0%	216,329

EXPENSES CONTINUED...		FY2025			FY2026			
		Adopted	Amended	Actuals	ADOPTED Final	Actuals Thru 4th Quarter	% of Budget	\$ Balance
Non Operating Unit								
<u>Account No.</u>	<u>Description</u>							
85000	Grant Award Payments	450,000	450,000	198,478	450,000	51,807	11.5%	398,193
		3,941,778	3,941,778	232,069	450,000	51,807	11.5%	398,193
	EXPENSE TOTALS	6,404,008	6,656,799	2,903,856	3,163,685	2,549,163	80.6%	614,522
REVENUES		FY2025			FY2026			
		Adopted		Actuals	ADOPTED Final	Actuals Thru 4th Quarter	% of Budget	\$ Balance
Intergovernmental Unit								
<u>Account No.</u>	<u>Description</u>							
45918.1	Apportionments County	1,621,345	1,621,345	623,997	654,902	654,902	100.0%	-
45918.2	Apportionments Cities (less SD)	1,621,345	1,621,345	623,997	654,902	654,902	100.0%	-
45918.3	Apportionments San Diego	810,956	810,956	312,108	327,566	327,566	100.0%	-
45918.4	Apportionments Special Districts	1,621,345	1,621,345	734,786	544,113	544,113	100.0%	-
		5,674,990	5,674,990	2,294,888	2,181,483	2,181,483	98.5%	-
Service Charges Unit								
<u>Account No.</u>	<u>Description</u>							
46234	Application Fees	200,000	200,000	212,386	200,000	80,340	40.2%	119,660
		200,000	200,000	212,386	200,000	80,340	40.2%	119,660
Miscellaneous								
<u>Account No.</u>	<u>Description</u>							
44105	Interest and Dividends	15,000	15,000	9,084	15,000	2,005	13.4%	12,995
47540	Budgeted Use of Reserves	64,018	182,378	182,378	317,202	317,202	100.0%	-
		79,018	197,378	191,462	332,202	319,207	96.1%	12,995
	OPERATING REVENUE TOTAL	5,954,008	6,072,368	2,698,736	2,713,685	2,581,030	95.1%	132,655
Non-Operating Unit								
<u>Account No.</u>	<u>Description</u>							
85000	Grant Awards	450,000	450,000	172,415	450,000	61,065	13.6%	388,935
		450,000	450,000	172,415	450,000	61,065	13.6%	388,935
	REVENUE TOTALS	6,404,008	6,522,368	2,871,151	3,163,685	2,642,095	83.5%	521,590
TOTAL NET		-		-	-	92,932		
CASH FUND BALANCE ** (spendable - unrestricted)		FY2023 July 1st	FY2024 July 1st	FY2025 July 1st	FY2026 July 1st	FY2027 July 1st		
Committed								
... Stabilization		500,000	500,000	500,000	500,000	-		
... Opportunity		250,000	250,000	250,000	150,000	-		
Assigned by EO		62,500	125,000	100,000	100,000	-		
Unassigned		735,065	762,356	882,010	921,791	1,447,521		
		1,547,565	1,637,356	1,732,010	1,671,791	1,447,521		

* This expense has been administratively moved from the non-operating unit to an operating unit consistent with Commission action in adopting a FY27 budget

** Fund balance designations for FY27 have not been made by the Commission as of date.



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

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AGENDA REPORT
Consent | Information

August 3, 2026

TO: Chair Becker and Commissioners
FROM: Priscilla Mumpower, Assistant Executive Officer
SUBJECT: Report on Adopted 2026-2027 Workplan

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive its first update on the adopted Fiscal Year 2026–2027 workplan. One month into the fiscal year, 14 of the 30 special projects are substantively underway, including 7 of the 10 high-priority projects. Notable activities include municipal service reviews of the healthcare districts, SANDAG, and the Encinitas subregion, along with coordination of the comprehensive fiscal analysis for the proposed incorporation of La Jolla. Staff recommends the Commission receive and file the update, with the opportunity to pull the item for discussion and feedback.

BACKGROUND

San Diego LAFCO adopted its Fiscal Year 2026-2027 workplan at a public hearing in May 2026. The workplan includes 30 special projects organized into two categories – statutory and administrative – with priority assignments established by the Commission.

DISCUSSION

This item provides the Commission with its first update on the adopted workplan for fiscal year 2026-2027. Statuses for all 30 projects are provided as Attachment One with additional details on activities associated with the 10 high priority projects provided as Appendix A.

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Marni von Wilpert, Alt.
City of San Diego

Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

ANALYSIS

None.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

None.

PROCEDURES FOR CONSIDERATION

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

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Appendix:

A) Current activities for all high priority projects

Attachment:

1) Status of all 30 projects

APPENDIX A

HIGH PRIORITY FY27 WORKPLAN PROJECTS

The following projects have been designated by the Commission as high priorities for Fiscal Year 2026–2027. Current status, including current and pending activities, are detailed below.

No. 1: Healthcare Services MSR – Part I. This regional study evaluates the four healthcare districts in San Diego County. Staff recently met with Progressive Healthcare to develop a supplemental scope of work for updating the report's review period consistent with recent Commission direction. Staff anticipates returning to the Commission with notice of an amended or new professional services agreement.

No. 2: SANDAG MSR. This agency-specific study evaluates SANDAG's regional functions related to transportation, housing, and climate adaptation planning. Consultant Bill Fulton has substantially advanced the transportation and housing analyses, while consultant Christine O'Rourke has similarly advanced the climate adaptation analysis. All draft materials are currently under staff review.

No. 3: Carlsbad–Encinitas Region MSR – Part II. This study covers the Encinitas subregion and includes review of the City of Encinitas, Leucadia Wastewater District, Olivenhain Municipal Water District, and San Dieguito Water District. The project is nearing completion, with updated administrative drafts transmitted or being finalized for affected agencies to begin the required 60-day administrative review period. The updates incorporate more recent reporting periods consistent with Commission direction.

No. 4: La Jolla Comprehensive Fiscal Analysis. Work is underway on the Comprehensive Fiscal Analysis associated with the proposed incorporation of La Jolla. The statutorily required analysis will independently evaluate the proposed city's financial viability and establish key assumptions and benchmarks to inform staff's administrative review and the Commission's future consideration of the proposal. Retained consultant London Moeder Advisors has initiated data collection and stakeholder outreach, including convening a working group comprised of representatives from the Association for the City of La Jolla (proponents), the City of San Diego Mayor's Office, the San Diego Municipal Employees Association, and San Diego LAFCO. The working group will assist in providing input on key assumptions and benchmarks during preparation of the Comprehensive Fiscal Analysis.

No. 5: Homeless Services White Paper. Staff is nearing completion of an internal draft evaluating the scope and scale of homeless services in San Diego County and potential governance options. The project is premised on the Commission's recognition that homeless services have emerged as a distinct municipal function. Throughout development of the report, retained consultant Technical Assistance Collaborative has provided staff with ongoing technical coaching and assisted in drafting several of the report's more technical sections. Stakeholder outreach will follow before a draft is finalized for Commission review and consideration.

No. 6: San Marcos Region MSR. This regional study covers the San Marcos region and includes review of the City of San Marcos, Vallecitos Water District, and the San Marcos Fire Protection District. The project is currently pending. Staff anticipates initiating the study toward the end of the calendar year, following completion of several high-priority projects.

No. 7: Vista Region MSR. This regional study covers the Vista region and includes review of the City of Vista, Buena Sanitation District, and Vista Irrigation District. The project is currently pending. Staff anticipates initiating the study toward the end of the calendar year, following completion of several high-priority projects.

No. 8: Public Recreation at Unincorporated City-owned Reservoirs White Paper. This white paper examines public recreational access at City-owned reservoirs located within the unincorporated county and evaluates potential governance alternatives. The project is premised on the Commission's interest in assessing recreational opportunities at the City's seven unincorporated reservoirs and exploring options to enhance public access, including the potential formation of a special district. The effort also responds to demonstrated public interest and written support from the County of San Diego (Supervisors Anderson and Desmond) and the City of San Diego (Mayor Gloria's Office). Staff is currently advancing the project by selecting a consultant to supplement the technical analysis and negotiating a professional services agreement.

No. 9: Recruit and Onboard New Analyst. This administrative project expands staffing from 8.0 to 9.0 full-time equivalent (FTE) positions through the recruitment and onboarding of an additional Local Government Analyst. The project reflects the Commission's commitment to increasing internal capacity to advance the municipal service review program while maintaining, albeit at reduced levels, flexibility within the professional services budget to retain consultants for specialized technical work.

No. 10: Governance Study on Oceanside Small Craft Harbor District. Building on the recently completed Oceanside Regional Municipal Service Review, this study will evaluate the District's financial capacity, existing service commitments, and potential adjustments based on stakeholder input. Contract consultant RSG Inc. is advancing Phase I of the two-phase study, which focuses on stakeholder outreach and refinement of the project scope. Staff has convened a stakeholder working group comprised of slip users, harbor retailers, and representatives from the City of Oceanside, and has held several meetings to build consensus on the study's scope and objectives. Phase II will evaluate the District's revenues and expenditures, examine potential changes to service functions, and assess alternative governance structures. The resulting financial analysis will help determine the feasibility of potential governance structures and future service delivery models.

ADOPTED WORKPLAN FY2026-2027

Status as of July 24, 2026

■ Pending

■ Underway

■ Near Complete

■ Complete

Ongoing Priorities

Type	Project	Description
Statutory	Applicant Proposals and Requests	Prioritize resources to address applicant proposals and related requests
Administrative	Targeted LAFCO Presentations	Coordinate timely public outreach; emphasis on informing stakeholders ahead of MSR work
Statutory	Workplan and Budget Management	Actively manage the workplan and budget resources with regular updates to the Commission

FY2026-2027 Priorities

#	Type	Project	Description	Status
HIGH PRIORITY				
1	Statutory	MSR Healthcare Services: Part I	Part I of Regional study covering the four healthcare districts in San Diego County	Underway
2	Statutory	MSR SANDAG	Agency-specific study of SANDAG (transportation, housing, + climate adaption planning)	Underway
3	Statutory	MSR Carlsbad-Encinitas Region: Part II	Part II of Regional Study Covering Encinitas, Leucadia WD, Olivenhain MWD + San Dieguito WD	Near Complete
4	Statutory	Proposed Incorporation: La Jolla CFA	Independent assessment of financial viability and developing key assumptions + benchmarks	Underway
5	Administrative	White Paper Homeless Services	Evaluate the scope-scale of homeless services in SD County + potential governance options	Underway
6	Statutory	MSR San Marcos Region	Regional study on City of San Marcos + special districts (Vallecitos and San Marcos FPD)	Pending
7	Statutory	MSR Vista Region	Regional study on City of Vista + special districts (Buena SD and Vista ID)	Pending
8	Administrative	White Paper Recreation @ City Reservoirs	Examine public recreation at City of SD's unincorporated reservoirs + governance alternatives	Underway
9	Administrative	Recruit + Onboard New Analyst	Expand staffing from 8.0 to 9.0 FTE through recruitment and onboarding	Pending
10	Statutory	Special Study Oceanside SCHD	Financial analysis of SCHD revenues/expenses + governance alternatives with stakeholder group	Underway

FY2026-2027 Priorities *(continued)*

#	Type	Project	Description	Status
MEDIUM PRIORITY				
11	Statutory	MSR City of San Diego	Agency-specific study covering core municipal functions (water, wastewater, public safety, etc.)	Pending
12	Administrative	Alliance of LAFCOs	Formalize Alliance organization, scope, and deliverables with member partners	Underway
13	Administrative	Website Refresh + Content Expansion	Consultant-led redesign with enhanced end-user features and expanded content	Near Complete
14	Administrative	Policy Update L-107	Review and potential update to policy covering jurisdictional disputes + applicant proposals	Pending
15	Statutory	MSR San Diego Unified Port District	Agency-specific study covering harbor, recreation, public safety, + community development	Pending
16	Statutory	MSR Solana Beach - Del Mar Region	Regional study on mid coast I-5 municipalities (Solana Beach + Del Mar) & Santa Fe ID	Pending
17	Administrative	Special Districts Advisory Committee	Administrative support with benchmark of holding three SDAC meetings in FY2027	Underway
18	Administrative	Cities Advisory Committee	Administrative support with benchmark of holding two CAC meetings in FY2027	Underway
19	Statutory	MSR South Coast Region I - Cities	Region-specific study on Cities of Chula Vista and National City	Pending
20	Statutory	MSR South Coast Region II - Districts	Region-specific study on South Bay WD, Sweetwater, Bonita Sunnyside FPD, Sweetwater FPD	Pending
LOW PRIORITY				
21	Administrative	Legislative Adding a Ninth Member	Work with legislature to add 9th voting member to resolve the structural tie-vote vulnerability	Pending
22	Administrative	Outside Audit FY2026	Independent audit of FY26 financial statements with supplemental information	Pending
23	Administrative	Nominations + Elections Special Districts	Process ISDSC nominations/elections for new four-year Regular + Alternate seat terms	Pending
24	Administrative	Alternate Public Member	Process noticing and recruitment for new four-year term for Alternate	Pending
25	Administrative	Legislative Proposal UC Berkeley Report	Develop bill with stakeholders consistent with UCB report and find author for 2027 session	Underway
26	Administrative	Legislative Proposal AB 356 (Patel)	Support two-year bill and stakeholder group assessing north county healthcare needs	Underway
27	Statutory	MSR Healthcare Services: Part II	Part II of Regional Study covering major quasi-public healthcare providers (i.e., Sharp + UCSD)	Pending
28	Administrative	Annual Local Agency Directory	Update and publish annual local agency directory subject to LAFCO oversight	Pending
29	Statutory	RCD Ad Hoc Committee: Part II	Complete part II of RCD boundary true ups to inform sphere updates for local RCDs	Underway
30	Administrative	Annual SOI-MSR Registry	Update and publish annual registry of all recorded SOI and MSR actions	Pending

Bullpen – Queued for Future Consideration and/or Action

Type	Project	Description
Statutory	Policy Review Health + Safety Fee Reductions	Review options to revise existing fee reductions for proposals/requests involving public health or safety threats
Statutory	Special Study Escondido + Rincon	Study options to consolidate (functional and political) the City of Escondido and Rincon del Diablo MWD services
Administrative	Commissioner Onboarding	Develop digital toolkit to orient new Commissioners to LAFCO operations
Administrative	Legislator Outreach	Launch formal outreach program with benchmark of meeting with each local State representative in FY27
Administrative	Website and Social Media Tracking	Launch digital performance tracking program to measure visits, media reach, + engagement; establish baselines
Administrative	County Planning Groups	Establish formal communications with County Planning/Sponsor Groups; benchmark of three presentations in FY2026
Administrative	Digital Outreach	Produce videos spotlighting special projects and explaining LAFCO duties
Statutory	Policy Budget Committee	Adopt policies establishing and tasking a standing budget committee and related guiding provisions
Statutory	Pilot Grant Program	Establish pilot program to explore grant opportunities to help fund special projects at LAFCO
Statutory	MSR Silver Strand Cities	Region specific study covering Cities of Imperial Beach and Coronado
Administrative	Policy Officer Rotations	Adopt policies formalizing chair and vice chair rotation system and related guiding provisions
Administrative	Legislative Proposal SD LAFCO Composition	Explore options and pursue preferred composition change to establish odd number of voting members
Statutory	MSR San Diego County Wastewater JPAs	Service-specific study covering three JPAs providing public wastewater services: Encinitas, San Elijo, and Metro
Statutory	White Paper Community Choice	Evaluate the scope and scale of CCAs in SD County and connectivity to LAFCO duties and interests
Statutory	Outreach to Sunset/Melrose "Island"	Targeted outreach to the island between Oceanside + Vista to assess service needs + possible annexation interests
Administrative	Service + Fiscal Indicators	Develop online browser feature to depict service + fiscal indicators among local agencies in SD County
Administrative	Liaison with Local Tribes	Establish communication protocols with respect to shared interests in regional services + CEQA consultations
Statutory	Morro Hills CSD Follow Up	Coordinate and/or otherwise facilitate discussions with County Sheriff to enhance traffic enforcement within the CSD
Administrative	LAFCO Meeting Room	Explore opportunities to secure a dedicated LAFCO meeting room with scaled dais and A/V enhancements
Statutory	White Paper Garbage + Landfill Services	Evaluate the scope and scale of garbage collection and disposal services in SD County
Statutory	White Paper School Districts	Evaluate scope and scale of school districts and their baseline capacities for reference in municipal service reviews
Statutory	Policy Review Island Annexations	Consider options to define "substantially surrounded" and provide related mapping services
Administrative	LAFCO Workshop	Organize a special workshop for the Commission to discuss strategic objectives over the next five-year period
Administrative	Public Access Television	Establish public broadcasting LAFCO meetings on local government channels
Administrative	Procedural Flow Charts	Create user friendly flow charts for various LAFCO statutory processes for online publication
Statutory	Policy Fee Schedule Update	Review and update fee schedule to sync with current costs and related considerations
Statutory	Policy CEQA Guidelines	Review and update existing CEQA Implementation guidelines relative to current statute and best practices
Statutory	Disadvantaged Unincorporated Communities	Update DUC mapping designations (DUC) in San Diego County based on current census information
Statutory	Applicant Procedures	Streamline application materials and establish updated filing protocols
Administrative	Local Agency Finder Tool	Develop online feature for users to enter address to identify all overlapping local jurisdictions (cities and districts)
Statutory	Policy Commission Rule No. 4	Modernize Rule No. 4 and its provisions to regulate special districts' service functions and classes
Statutory	White Paper JPAs	Evaluate the status of JPA filings in SD County relative to LAFCO's task in SB 1261
Administrative	Policy Cities Advisory Committee	Coordinate with CAD in updating bylaws and related procedures to sync with current interests/priorities
Statutory	Legislative Proposal G.C. 56133	Sponsor/facilitate amendments to clarify LAFCOs' authority to determine out-of-agency exemptions in (e)

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT Consent | Information

August 3, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: Report on Applicant Proposals

SUMMARY

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

BACKGROUND

Procedures and Timelines

Most jurisdictional changes begin with petitions filed by landowners or voters, though local agencies may also initiate by resolutions. LAFCO can independently initiate changes to form, consolidate, or dissolve special districts following approved municipal service reviews. Jurisdictional changes typically require four to six months before hearing, while out-of-agency service requests are processed in about two months.

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Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

DISCUSSION

This item updates San Diego LAFCO on active proposals and previews pending submissions anticipated in the near term. The report also satisfies the Commission's statutory obligation to provide agenda notice for petition-initiated jurisdictional changes. Commissioners may pull the item for discussion and/or clarifications if needed.

As of date, twenty-three (23) active proposals are currently on file. Twenty (20) are under review, pending Commission consideration, while three (3) have been approved by the Commission and pending completion of terms and conditions.¹ Staff have identified five (5) pending proposals with prospective applicants. A complete listing of all active and pending proposals is provided in Attachment One.

ANALYSIS

None.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

None.

PROCEDURES

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

On behalf of the Assistant Executive Officer,



Meghan Traynor
Analyst I

Attachment:

- 1) Active and Pending Proposals as of July 24, 2026

¹ Six additional proposals remain on file with the Commission; however, discussions have been inactive for an extended period. The Commission anticipates taking future action to formally abandon these proposals pending adoption of related authorizing policies. All proposal files are available for public review upon request at the San Diego LAFCO office.

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary	Proposal Location
ACTIVE PROPOSAL APPLICATIONS <u>PENDING COMMISSION ACTION</u>					
1	CO21-09	“Otay Lakes Road Change of Organization” - City of Chula Vista: Annexation	Michaela Peters	Application submitted in October 2022 by landowner petition to annex approximately 1,870 acres of unincorporated territory to the City of Chula Vista. (The petitioners originally filed an application in October 2021 seeking approval to annex into the San Diego County Sanitation District. This previous application has since been withdrawn.) The affected territory comprises 6 parcels within the Baldwin and Moller communities and is presently undeveloped. The proposal is intended to facilitate the development of a 1,938 residential-unit subdivision with various ancillary uses as part of the “Otay Ranch Resort Village 13” project. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant – including an agreement with LAFCO to proceed with a targeted/informing municipal service review. Staff last corresponded with the applicant in May 2024.	Chula Vista, CA Otay Lakes Road and Wueste Road APNs: 598-130-04 through -06, 598-140-04 through -06, 647-020-14, and 647-030-05.
2	RO22-08 OAS22-08	“Martinez - North Avenue Reorganization” - City of Escondido: Annexation - County Service Area No. 135: Detachment - Deer Springs Fire Protection District: Detachment	Joelle Burila	Application submitted in April 2022 by landowner petition and involves an out-of-agency service agreement for wastewater services to a single-family residence totaling 0.25 acres to remedy a failing septic system. The Executive Officer administratively approved the service request on May 3, 2022 with a conditional approval to annex into the City of Escondido. The application is incomplete pending receipt of additional documentation and related information. Staff last corresponded with the applicant in May 2026.	Escondido, CA APN: 224-153-17
3	RO22-11	“Tummala - Rincon MWD Reorganization” - Rincon del Diablo MWD: Annexation - Metropolitan Water District: Annexation - San Diego CWA: Annexation	Michaela Peters	Application submitted in October 2022 by landowner petition involving annexation of approximately 20 acres of unincorporated territory to make available public water services. The affected territory is currently vacant and undeveloped. The proposal's purpose is to position the landowner to proceed in the future with a development plan with the County of San Diego. The application is incomplete pending receipt of fees, additional documentation and related information. Staff last corresponded with the applicant in July 2023.	Escondido, CA APN: 241-081-12

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary	Proposal Location
4	CO23-11	“Nencini Associates Change of Organization” - San Diego County SD: Annexation	Joelle Burila	Application submitted in July 2023 by landowner petition and involves annexation of approximately 20.6 acres to the San Diego County Sanitation District (SD) for the primary purpose of establishing wastewater service. The affected territory is partially developed with one single-family residence, with plans to develop an additional 7 single-family residences through subdivision. Conditional approval for future annexation to the City of Chula Vista is recommended and the applicant has been notified. The application is incomplete pending receipt of additional documentation and related information. Staff last corresponded with the applicant in May 2026.	Bonita, CA APN: 585-113-22
5	CO23-15	“Maclachlan - Old Highway 80 Change of Organization” - San Diego County SD: Annexation	Michaela Peters	Application submitted in December 2023 by landowner petition and involves annexation of approximately 0.60 acres to the San Diego County Sanitation District for the primary purpose of establishing wastewater service. The affected territory is currently undeveloped with plans to develop a commercial building and parking lot. The application is incomplete pending receipt of CEQA documentation and related information. Staff last corresponded with the applicant in November 2024.	El Cajon, CA APN: 396-030-30
6	RO24-07	“Lake Wohlford Resort Reorganization” - Valley Center MWD: Annexation	Meghan Traynor	Fee submitted in March 2024 for an anticipated reorganization application involving the annexation of approximately 127 acres to the Valley Center Municipal Water District for the purpose of receiving potable water service. The affected territory is presently developed with 137 mobile homes and one restaurant currently served by an onsite water system. The application is incomplete pending receipt of a complete application and related information. Staff last corresponded with the applicant in May 2024.	Escondido, CA North side of Lake Wohlford and Lake Wohlford Road, halfway between Valley Parkway and Woods Valley Parkway. Multiple APNs

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary	Proposal Location
7	RO24-08 OAS24-08	“Shen – Pinecrest Ave Out-of-Agency Service Agreement” - City of Escondido: Annexation - County Service Area No. 135: Detachment	Meghan Traynor	Application submitted in August 2024 by landowner petition involving an out-of-agency service agreement to establish wastewater services to a single-family residence totaling 1.09 acres to remedy a failing septic system. The Executive Officer administratively approved the service request on September 6, 2024. The proposal was approved as a consent (information only) item as part of the Commission’s October 7, 2024 meeting. The administrative approval is conditioned on the landowner submitting a complete change of organization application to LAFCO for formal annexation into the City of Escondido within one calendar year unless a time extension is authorized. The application is incomplete pending receipt of a complete application and related information. Staff last corresponded with the applicant in July 2026.	Escondido, CA APN: 235-110-10
8	RO24-12 OAS24-12	“Delgado-Andrade – 24th Street Reorganization” - City of National City: Annexation - City of National City: Sphere Action (+) - County Service Area No. 135: Detachment - Lower Sweetwater Fire Protection District: Detachment - South Bay Irrigation District: Detachment	Joelle Burila	Application submitted in August 2024 by landowner petition involving an out-of-agency service request for wastewater services to a developed single-family residence on less than an acre to remedy a failing septic system. The Executive Officer administratively approved the service request on October 23, 2024 and the proposal was approved as a consent item as part of the Commission’s November 4, 2024 meeting. The administrative approval is conditioned on the landowner submitting a complete application to LAFCO for formal annexation into the City of National City within one calendar year unless a time extension is authorized. The application is incomplete pending receipt of a complete application and related information. Staff last corresponded with the applicant in June 2026.	National City, CA APN: 564-010-12
9	SRO24-15	“La Jolla Incorporation” - La Jolla: Incorporation - City of San Diego: Detachment - City of San Diego: Sphere Action (-)	Priscilla Mumpower	Notice of Intent to Circulate Petition was submitted May 2024 in anticipation of a special reorganization application filing. The proposal involves the detachment of approximately 8,371 acres from the City of San Diego and the incorporation of the community of La Jolla, along with conforming sphere of influence amendments. LAFCO staff has confirmed the proponents have collected enough valid petitions equal to no less than 25% of all registered voters within the proposed municipal boundary, which largely covers the 92037 zip code with an estimated population of 47,000. LAFCO staff will now proceed in initiating the administrative review on the proposal and headlined by selecting an outside consultant to prepare a comprehensive fiscal analysis evaluating the ability of La Jolla to fund a sufficient level of municipal services while assessing monetary impacts to the City of San Diego. A Request for Proposals was issued in January 2026, with proposals due on March 10, 2026. Staff completed consultant interviews in coordination with a selection committee and, with unanimous consensus from the committee, initiated contract negotiations with London Moeder Advisors. The Commission approved the proposed agreement at its June 15, 2026 meeting.	The proposed City of La Jolla falls largely in the 92037 zip code, bordering the City of San Diego and the City of Del Mar. The main campus of UC San Diego is excluded. Multiple APNs

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary	Proposal Location
10	CO25-01 OAS25-01	“Hallam – Lovely Lane Out-of-Agency Service Agreement” - Buena Sanitation District: Annexation	Meghan Traynor	Application submitted in January 2025 by a landowner for an out-of-agency service agreement to service wastewater to a single-family residence totaling 0.67 acres to remedy a failing septic system. The Executive Officer administratively approved the service request on January 22, 2025 and the proposal was approved as a consent item as part of the Commission’s February 3, 2025 meeting. The administrative approval is conditioned on the landowner submitting a complete application to annex to the Buena Sanitation District within one calendar year unless a time extension is authorized. The application is incomplete pending receipt of a complete application and related information. Staff last corresponded with the applicant in January 2026.	Vista, CA APN: 183-060-22
11	OAS25-02	“Garza – Touchstone Communities Out-of-Agency Wastewater Services” - City of Escondido: OAS	Michaela Peters	Application submitted in January 2025 by the City of Escondido for an out-of-agency service agreement involving a 10.35-acre unincorporated parcel currently developed with one single-family residence. The proposal is intended to facilitate the development of a 42-unit single-family residential subdivision by “Touchstone Communities” and abate an impending public health and safety threat given the size of the proposed development. The application is incomplete pending receipt of CEQA documentation and related information. Staff last corresponded with the applicant in July 2026.	Escondido, CA APN: 234-160-25
12	RO25-03 OAS25-03	“Lopez – Bear Valley Parkway Reorganization” - City of Escondido: Annexation - County Service Area No. 135: Detachment	Joelle Burila	Application submitted in January 2025 by the City of Escondido on behalf of the landowner requesting an out-of-agency service agreement to establish wastewater services to remedy a failing septic system. The affected territory spans 1.37 acres and is developed with a single-family residence and ADU. The Executive Officer administratively approved the service request on February 7, 2025 and the proposal was approved as a consent item as part of the Commission’s March 3, 2025 meeting. The administrative approval is conditioned on the landowner submitting a complete application to LAFCO for formal annexation into the City of Escondido within one calendar year unless a time extension is authorized. The proposal is currently under administrative review and considered incomplete. Staff last corresponded with the applicant in June 2026.	Escondido, CA APN: 239-051-03

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary	Proposal Location
13	OAS25-09	“Mayer – Santa Fe Avenue Out-of-Agency Wastewater Services” - Buena Sanitation District: OAS	Joelle Burila	Application submitted in March 2025 by the Buena Sanitation District on behalf of the landowner requesting out-of-agency wastewater services to facilitate the development of a 46-unit townhouse development on approximately 2.91-acres. The affected territory includes three APNs located in the City of San Marcos. The proposal is currently under administrative review and considered incomplete. Staff last corresponded with the applicant in June 2026.	San Marcos, CA APNs: 217-161-17, 217-161-18 and 217-161-19
14	CO25-12	“Kukkal – Valley Court Change of Organization” - Whispering Palms CSD: Annexation	Joelle Burila	Application submitted in May 2025 by landowner petition involving annexation of approximately 2.07 acres to the Whispering Palms Community Services District for the primary purpose of establishing wastewater services. The affected territory is currently undeveloped with plans to develop one single-family residence, one ADU and one pool house. The proposal is currently under administrative review and considered incomplete. Staff last corresponded with the applicant in June 2026.	Del Mar, CA APN: 305-02-043
15	RO26-01	“Turner – Oak Creek Drive Reorganization” - Lakeside WD: Annexation - Lakeside WD: Sphere Action (+) - Padre Dam MWD: Detachment - Padre Dam MWD: Sphere Action (-)	Joelle Burila	Application submitted in January 2026 by the Lakeside Water District on behalf of the landowner involves the annexation of approximately 2.3 acres of unincorporated territory in the Lakeside community to the Lakeside Water District for the primary purpose of establishing potable water service. The affected territory consists of two parcels: both are undeveloped, with plans for the construction of a single-family residence on one parcel while the other parcel is a minor parcel adjustment to remedy an illogical boundary for jurisdictional consistency. Staff last corresponded with the applicant in June 2026. The proposal is scheduled for consideration at a public hearing as part of the Commission’s August 3, 2026 calendar.	Lakeside, CA APNs: 379-040-66 and 379-040-67

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary	Proposal Location
16	RO26-02	“Tipton – Rock Springs Road Reorganization” - Vallecitos Water District: Annexation - Vista Irrigation District: Detachment	Michaela Peters	Application submitted in January 2026 by landowner petition involving annexation of 0.72 acres of unincorporated territory in Escondido to the Vallecitos Water District (VWD) with a concurrent detachment from the Vista Irrigation District (VID). The proposed annexation is intended to facilitate the provision of public wastewater service to an existing single-family residence currently served by a septic system, allowing for conversion to public sewer service. The subject parcel is presently served by VID for potable water; however, detachment from VID is required, as VWD would provide both water and wastewater services under the proposal. The proposal is currently under administrative review and considered incomplete at this time. Staff last corresponded with the applicant in May 2026.	Escondido, CA APN: 226-130-38
17	CO26-03	“Palacharla – Artesian Road Change of Organization” - Rancho Santa Fe CSD: Annexation	Meghan Traynor	Application submitted in January 2026 by landowner petition involving annexation of 5 acres of unincorporated territory in the San Dieguito community to the Rancho Santa Fe Community Services District for the purpose of receiving wastewater service to facilitate the planned development of a single-family residence and attached accessory dwelling unit. The proposal is currently under administrative review and considered incomplete at this time. Staff last corresponded with the applicant in July 2026. The proposal is scheduled for consideration as part of the Commission’s August 3, 2026 consent calendar.	San Diego, CA APN: 267-147-10
18	CO26-06	“Leon – Sweetwater Road Change of Organization” - San Diego County Sanitation District: Annexation	Meghan Traynor	Application submitted in March 2026 by landowner petition involving annexation of 2.6 acres of unincorporated territory in the Bonita community to the San Diego County Sanitation District for the purpose of receiving wastewater service to facilitate the planned development of a single-family residence and attached accessory dwelling unit on both parcels. The proposal is currently under administrative review and considered incomplete at this time. Staff last corresponded with the applicant in May 2026.	Bonita, CA APNs: 591-210-19 and 591-210-29

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary	Proposal Location
19	CO26-07	“Inland Valley – Lemon Crest Drive Change of Organization” - San Diego County SD: Annexation	Joelle Burila	Application submitted in April 2026 by landowner petition involving annexation of 17.2 acres of unincorporated territory in the Lakeside community to the San Diego County Sanitation District for the purpose of receiving wastewater service to facilitate the planned development of a 24-lot single family residential development. The application is incomplete pending receipt of CEQA documentation and related information. Staff last corresponded with the applicant in May 2026.	Santee, CA APN: 394-290-28
20	CO26-08	“Honda – Ocean View Avenue Change of Organization” - Leucadia WD: Annexation - Leucadia WD: Sphere Action (+)	Michaela Peters	Application submitted in July 2026 by landowner petition involving annexation of approximately 0.53 acres to the Leucadia Wastewater District. The change of organization would facilitate connectivity to public wastewater service and in doing so accommodate an existing SFR and proposed development of an ADU on the affected territory. The entire project lies within the City of Encinitas’ sphere of influence. The proposal is under administrative review and considered incomplete at this time. Staff last corresponded with the applicant in July 2026.	Encinitas, CA APN: 256-151-25

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary	Proposal Location
ACTIVE PROPOSALS POST COMMISSION ACTION					
21	CO22-20	“Camino De La Fuente - Wick Change of Organization” - San Diego County SD: Annexation	Michaela Peters	Application submitted in November 2022 by landowner petition and involves annexation of approximately 35.3 acres of unincorporated and undeveloped territory to the San Diego County SD to make available public wastewater services. The proposal’s purpose is to position the landowner to proceed in the future with a development plan to grade the land for future industrial and outdoor storage uses. The proposal was approved by the Commission on October 2, 2023. The applicant requested a formal extension to September 18, 2025 to satisfy the necessary terms and conditions outlined in the adopted resolution. The applicant filed an additional extension to October 2, 2026.	San Diego, CA APNs: 648-040-40 and 648-040-42
22	RO19-26	“Valiano - Eden Valley Reorganization” - San Marcos FPD: Annexation - Rancho Santa Fe FPD: Detachment - Rancho Santa Fe FPD: Sphere Action (-) - Rancho Santa Fe FPD: Extraterritorial Fire	Michaela Peters	Application resubmitted in January 2025 by landowner petition and the City of Escondido involving a reorganization as part of the “Valiano” planned development in Harmony Grove. The resubmittal replaced the 2019 application and incorporated settlement-related mitigation measures associated with litigation concerning the County of San Diego’s 2024 approval. The reorganization involves the concurrent annexation of 10.8 unincorporated acres to San Marcos FPD with detachment from Rancho Santa Fe FPD and related sphere amendments. The proposal was approved by the Commission on October 6, 2025 and is pending completion of terms and conditions as set forth by the Commission.	Escondido, CA APN: 232-500-24
23	CO25-15	“Jaiswal – Rio Vista Road Change of Organization” - Rancho Santa Fe CSD: Annexation	Meghan Traynor	Application submitted in October 2025 by landowner petition involving annexation of approximately 2.6 acres of unincorporated territory in the San Dieguito community to the Rancho Santa Fe Community Services District for the primary purpose of establishing wastewater service. The affected territory consists of four parcels: three are developed with single-family residences, while one remains undeveloped with no current plans for development on any of the parcels. The proposal was approved by the Commission on April 6, 2026 and is pending completion of terms and conditions set forth by the Commission.	San Diego, CA APNs: 267-145-16, 267-145-19, 267-145-20 and 267-146-05

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary	Proposal Location
PENDING PROPOSAL APPLICATION SUBMITTALS (No project manager; inquiries should be directed to Keene Simonds)					
	Pending	“Harvest Hills Reorganization” - City of Escondido: Annexation		This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido. Submittal to LAFCO anticipated for late 2026-2027 if approved by Escondido. The anticipated proposal involves annexation of approximately 1,098 acres to the City for the primary purpose of developing a 550-lot residential subdivision. All the affected territory presently lies outside the adopted Escondido sphere. Due to the scope of the proposal area a comprehensive update of the City’s sphere is warranted along with preparing the supporting municipal service review document. These and other service-related issues have been communicated to the City and are currently under joint review with other local stakeholders. The project was originally titled as “Safari Highlands”.	Escondido, CA East of Rancho San Pasqual, northeast of the Rancho Vistamonte Community and north of the San Diego Zoo Safari Park. Multiple APNs
	Pending	“Rancho Lomas Verde Reorganization” - City of Vista: Annexation		This anticipated reorganization proposal is undergoing development and environmental review by the City of Vista. The proposal involves annexation of approximately 300 acres to the City of Vista and concurrent detachments from CSA 135 and the Vista FPD to facilitate a 153-lot residential development. Close to three-fourths of the project area lies outside the adopted Vista sphere. Due to the scope of the proposal area a comprehensive update of the City’s sphere is warranted along with preparing the supporting municipal service review document. These and other service-related issues have been communicated to the City and are currently under joint review with other local stakeholders.	Vista, CA Located near intersection of East Vista Way and Gopher Canyon Rd. Multiple APNs
	Pending	“Sager Ranch Reorganization” - City of Escondido: Annexation		This anticipated reorganization involves annexation of approximately 1,800 unincorporated acres to the City of Escondido and concurrent detachments from CSA 135 and the Valley Center FPD. The reorganization would facilitate the proposed development of approximately 200 acres to include 203 residential units and a 225-room resort. Portions of the project area lie outside the current City sphere. Fire protection services remain a key discussion point and the source of ongoing discussions with the proponents.	Escondido, CA East of, and contiguous to, the Daley Ranch Open Space Preserve, on the west side of Valley Center Road. Multiple APNs

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary	Proposal Location
	Pending	“Harmony Grove Village South” (TM-626) - Rincon del Diablo MWD: Latent Powers Expansion - Rincon del Diablo MWD: Sphere Action (+)		This anticipated reorganization involves the unincorporated Harmony Grove Village South project and specific to accommodating sewer services (among a variety of options) for the planned development of approximately 111 acres to include 453 residential units. On January 27, 2020 the San Diego Superior Court overturned the County’s development approvals for the project. Appeals are pending with no update as of this report.	Escondido, CA West of Interstate 15, south of State Route 78, and directly south of the Harmony Grove Village (HGV) community. APNs: 235-011-06, 238-021-08, 238-021-09 and 238-021-10
	Pending	“Aldea Project - Reorganization” - City of Escondido: Annexation		This anticipated reorganization involves annexation of approximately 17 unincorporated acres to the City of Escondido. The reorganization would facilitate connectivity to public wastewater service and in doing so accommodate the proposed development of approximately 200 residential units on the affected territory. The entire project lies within the City of Escondido sphere of influence. Complete application is pending.	Escondido, CA San Pasqual Valley Road and Idaho Avenue APNs: 234-210-12, 234-220-20, 234-231-01



San Diego County Local Agency Formation Commission

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AGENDA REPORT Consent | Action

August 3, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: Proposed “Palacharla – Artesian Road Change of Organization” |
Annexation to Rancho Santa Fe Community Services District and
Related Actions (CO26-03)

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a change of organization proposal initiated by landowner petition to annex 5.0 acres in the unincorporated community of San Dieguito to the Rancho Santa Fe Community Services District (CSD). The affected territory consists of one undeveloped parcel and lies entirely within the District’s sphere of influence. The purpose of the proposal is to extend public wastewater service to the affected territory to facilitate the construction of a single-family residence and attached accessory dwelling unit. Rancho Santa Fe CSD’s other services are not part of the proposal - landscape maintenance is authorized District-wide but limited by the District to the Village, while security and utility undergrounding are latent-power zones requiring separate LAFCO approval to extend. Staff recommends approval of the proposal as submitted, including waiver of protest proceedings, and adoption of findings supporting a California Environmental Quality Act (CEQA) exemption.

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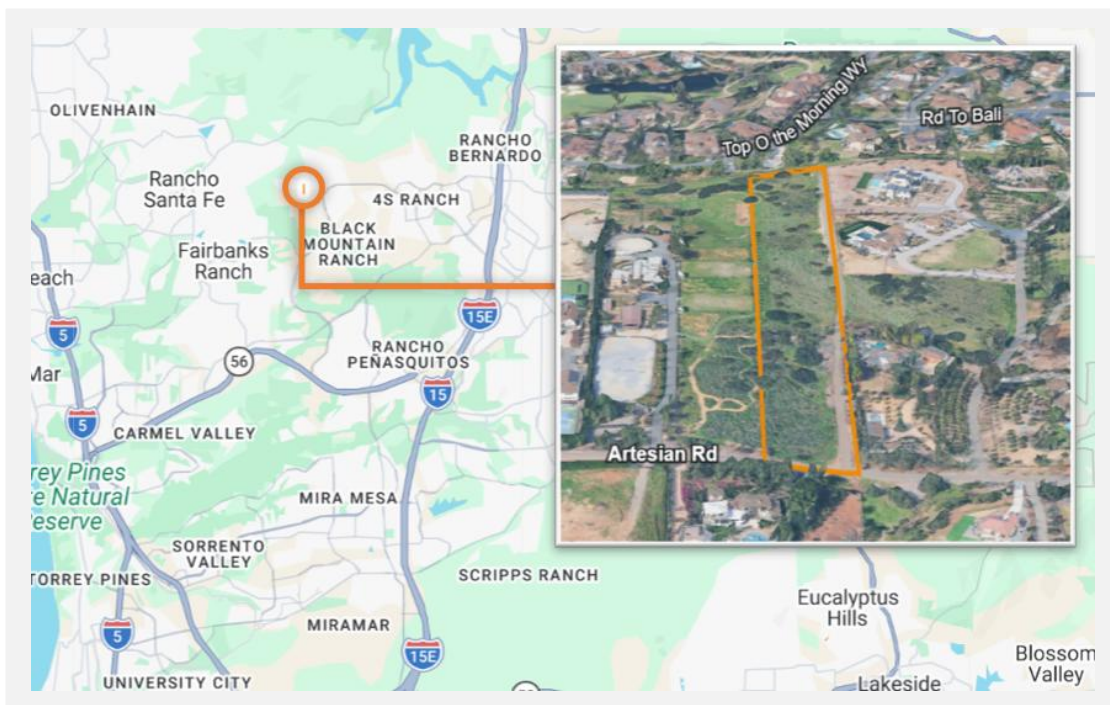
BACKGROUND

Applicant Request

San Diego LAFCO has received a change of organization proposal initiated by interested landowners – Subbarao and Shilpa Palacharla – requesting approval to annex 5.0 acres of unincorporated territory in the San Dieguito community to the Rancho Santa Fe CSD. The affected territory as submitted comprises one legal parcel presently undeveloped with no physical improvements. The parcel has been pre-assigned a situs of 8158 Artesian Road and identified by the County Assessor’s Office as Assessor Parcel Number (APN) 267-147-10. The subject parcel lies entirely within the existing sphere of influence of the Rancho Santa Fe CSD.

Regional Setting

The affected territory is located in north-central San Diego County within the unincorporated community of San Dieguito, near its eastern border with the 4S Ranch planned development. Primary access is provided by Camino del Sur via Artesian Road. The immediate surrounding area is predominantly rural residential in character with increasing transition towards large residential estates. The subject parcel lies within County Supervisorial District No. 3 (Terra Lawson-Remer), Assembly District No. 76 (Darshana Patel), and Senate District No. 40 (Brian W. Jones). An aerial map showing the affected territory and its regional setting is provided below, with a more detailed map depicting the subject parcel and its relationship to the District’s jurisdictional boundary provided as Attachment One.



Google Earth

Subject Agency

The proposed change of organization filed with San Diego LAFCO involves one subject agency: Rancho Santa Fe CSD.¹ The following summarizes the subject agency’s governance, demographics, municipal functions, and financial standing.

- **Rancho Santa Fe CSD** is an independent special district formed in 1981 as a byproduct of the reorganization of the Rancho Santa Fe Sanitation District. The active service functions are wastewater (collection, treatment, and disposal classes), landscape maintenance, security, and utility undergrounding services. Wastewater serves as Rancho Santa Fe CSD’s main function and is activated throughout the jurisdictional boundary. Landscaping services are also authorized agency-wide but currently limited to the “Village” and contracted with the Rancho Santa Fe Association (HOA) and funded through a voter-approved improvement district. Security and utility undergrounding services are organized with their own internal latent power zones. The jurisdictional boundary spans 16.4 square miles – or 10,483.2 acres – with a LAFCO estimated resident population of 8,562. LAFCO most recently updated Rancho Santa Fe CSD’s sphere of influence in 2013 with a larger-than-agency designation with the inclusion of 1,814 non-jurisdictional acres (mostly in 4S Ranch and Black Mountain Ranch areas). Rancho Santa Fe CSD’s audited total net position is \$29.9 million as of June 30, 2025 with an unrestricted balance of \$4.0 million. This includes an ending cash balance of \$2.4 million. The ending figure reflects a change of (10.3%) over the last three audited years.

Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and/or spheres of influence of 11 local agencies directly subject to San Diego LAFCO’s planning and regulatory responsibilities. These agencies qualify as “affected agencies” relative to the proposed change of organization and are listed below.²

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

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

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

The affected territory also lies within the following school and college districts and accordingly have received notice of the proposal as part of the administrative review: Solana Beach Elementary, San Dieguito Union High, and MiraCosta Community College. Notice was also voluntarily provided to the San Dieguito Community Planning Group.

DISCUSSION

San Diego LAFCO will consider approving – with or without discretionary modifications – the change of organization proposal to annex the affected territory to Rancho Santa Fe CSD for wastewater service.³ The Commission may apply approval conditions provided they do not directly regulate land use, property development, or subdivision requirements. The following discussion addresses the applicable statutory requirements and staff’s analysis.

Proposal Purpose + Timing

The purpose of the proposed change of organization before San Diego LAFCO is to establish public wastewater service to the affected territory to support the planned development of a single-family residence and attached accessory dwelling unit, consistent with County zoning regulations. The proposal’s timing is tied to the owners of the vacant parcel seeking wastewater services in response to a County condition requiring confirmation of wastewater service prior to issuance of grading and building permits for the construction of a single-family residence and attached accessory dwelling unit. No other municipal service establishments are proposed, as the affected territory already lies within Olivenhain Municipal Water District for potable water service and Rancho Santa Fe Fire Protection District for fire protection and emergency medical services.

Current + Planned Land Uses

The affected territory is entirely unincorporated and subject to the County of San Diego’s land use policies. Applicable development standards are established under the San Dieguito Community Plan (2011), with advisory input from the San Dieguito Community Planning Group. The territory is designated Semi-Rural Residential and zoned Rural Residential, with a minimum lot size of 2.0 acres. Given the subject parcel’s 5.0-acre size, it may be subdivided once under the current zoning.⁴ Each resulting lot may accommodate a primary single-family residence and additional intensity via one accessory dwelling unit (ADU), and one junior ADU, subject to County review and applicable development standards.⁵

³ The District’s security and underground utility functions operate as separate latent power zones and would require separate LAFCO proposals. While landscape services are authorized agency-wide, they remain limited to the “Village” area.

⁴ Additional development may be permitted via a lot split under the application of Senate Bill 9. Only potential development under local land use policies are addressed in this report.

⁵ Accessory dwelling units may be detached from the “sponsoring” single-family residence. Junior accessory dwelling units must be attached to the single-family residence.

ANALYSIS

San Diego LAFCO’s current sphere of influence designation for Rancho Santa Fe CSD includes the affected territory. This designation focuses the analysis on three considerations: (a) timing of the boundary change, (b) whether discretionary modifications or terms are appropriate, and (c) other relevant statutes.

Change of Organization Timing

San Diego LAFCO’s consideration of timing draws on baseline factors required by statute and applicable Commission policies. An analysis of these timing factors follows.⁶

- Timing Factor No. 1:

Baseline Considerations: Regional Policies + Service Relationships

State law requires consideration of multiple factors when reviewing jurisdictional changes, ranging from basic disclosures to discretionary policy analyses evaluating the proposal's relationship to community needs, service capacities, and the receiving agency's financial resources. Analysis of these core policy factors follows.

- With respect to **need**, the present and planned urban land uses warrant public wastewater service and represents an orderly expansion of Rancho Santa Fe CSD’s jurisdictional boundary and its wastewater service area – marked by accommodating a planned and otherwise modest development on APN 267-147-10 to include a single-family residence and attached accessory dwelling unit. The proposal additionally advances environmental justice considerations given public wastewater service generally offers a more reliable long-term wastewater disposal method with additional details provided in the accompanying appendix. Collectively, these factors support both the need for and timing of the proposed change of organization.
- With respect to **service availability and capacities**, Rancho Santa Fe CSD has sufficient wastewater treatment capacity to accommodate the projected demands of the affected territory based on its anticipated uses. An existing District wastewater main is located within the public right-of-way along Top of the Morning Way, immediately north of the affected territory. Service would be provided through an extension connecting to this main within a District-owned easement on the adjoining parcel identified as APN 267-181-67. The average day wastewater flow generated within the affected territory following the expected development of one single family residence and one attached ADU is estimated at 500 gallons per day, representing approximately 0.152% of the available system capacity.⁷ Separately, under County land use policies, the lot may be subdivided

⁶ Most of the baseline factors in statute focus on disclosing compatibility issues with goals and policies of other state, regional, and local agencies, as well as assessing the ability of subject agencies to provide services. (See Government Code Section 56668).

⁷ Rancho Santa Fe CSD’s existing average day wastewater flow is .156 million gallons, which equals 32.1% of overall capacity at its Santa Fe Valley Reclamation Facility.

once, facilitating the development of a primary single-family residence, one accessory dwelling unit (ADU), and one junior ADU on each parcel, bringing usage to approximately 0.456% of available capacity.

- With respect to **related financial considerations**, Rancho Santa Fe CSD has adequate financial resources and related administrative controls to provide wastewater services to the affected territory without adversely impacting current ratepayers. This comment is supported by staff analysis of recent audited statements, which show the Rancho Santa Fe CSD maintaining strong liquidity (short-term financial standing) and capital (long-term financial standing) levels. This is further reflected in an ending current ratio of 12 to 1 (i.e., \$12.00 in current assets for every \$1.00 in current liabilities) and debt ratio of 3.0% (i.e., \$3.00 out of every \$100.00 in net assets financed) for Fiscal Year 2024-2025.

These measurements provide reasonable assurances of the agency’s effective financial management and help lessen concerns related to recent operating losses, which have averaged a total margin of (33.8%) over the last three fiscal years.⁸ Establishing actual wastewater service is premised on the landowner paying a connection fee of \$10,085 to Rancho Santa Fe CSD.⁹ Ongoing service will be subject to annual service charges, collected through the County tax roll. These charges are estimated at \$1,500 for FY 2026-27 and \$1,610 for FY 2027-2028.

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

San Diego LAFCO adopted L-107 in May 2010 to require all applicants to disclose jurisdictional disputes or related items that are associated with their proposal filings.¹⁰ No jurisdictional disputes have been disclosed by Rancho Santa Fe CSD through the administrative review with LAFCO. Similarly, LAFCO staff has not identified any disputes or related concerns in the administrative review.

CONCLUSION | MERITS OF CHANGE OF ORGANIZATION TIMING

The timing of the change of organization is warranted. Justification is supported by the preceding analysis: the proposal timely syncs an existing and planned need with available and adequate public services and presents no impacts on existing ratepayers. Additional analysis supporting the conclusion is provided in Appendix A.

⁸ The District finished FY 2023 with a total margin of (33.8%). During this year, a \$257,965 increase in sewer management expenses more than doubled the \$102,757 increase in property tax revenues. A \$205,169 decline in sales of recycled water also impacted overall revenue. Operating losses were reduced in scale by 36.8% from FY 2024 to FY 2025, with the FY 2024 total margin being (41.3%) and the FY 2025 total margin being (26.1%). In FY 2025, total liabilities decreased by \$310,718, attributed in part to a \$238,918 decrease in accounts payable and the District paying down \$65,000 in long-term debt.

⁹ Staff has confirmed that the landowner has paid the applicable \$10,085 wastewater connection fee in full to the Rancho Santa Fe Community Services District.

¹⁰ The Executive Officer retains discretion to determine the extent of consultation needed.

Potential Modifications and Terms

No modifications to the submitted change of organization have been identified by LAFCO staff as meriting Commission consideration at this time. It is separately confirmed the annexation of the affected territory as proposed would not generate any corridors or other illogical jurisdictional features. Connection to Rancho Santa Fe CSD’s collection main along Top of the Morning Way is readily available via a sewer extension within a District-owned easement identified by APN 267-181-67 located immediately north of the affected territory, removing the need to condition approval on the landowners securing an easement with a neighboring property.¹¹ Other standard terms are recommended to ensure payment of any charges necessary to complete the proposal processing under the LAFCO fee schedule.

CONCLUSION | MERITS OF MODIFICATIONS AND TERMS

No modifications to the proposal are warranted. Standard approval terms are recommended and include receipt of all remaining payments associated with the processing of the proposal by the Commission through recordation. Connection to Rancho Santa Fe CSD’s collection main along Top of the Morning Way is readily available via a sewer extension within a District-owned easement immediately north of the affected territory, removing the need to condition approval on the landowners securing an easement with a neighboring property.

Other Statutory Considerations

Exchange of Property Tax Revenues

San Diego LAFCO has confirmed the County of San Diego has adopted a master agreement applicable to govern the tax exchange for the proposed change of organization. The master agreement specifies no transfer of property taxes would occur following the annexation of the affected territory to Rancho Santa Fe CSD.

Environmental Review

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

¹¹ Due to the existence of a District-owned easement north of the subject territory, Rancho Santa Fe CSD can provide wastewater service to the affected territory immediately following annexation, preventing a scenario in which the District collects wastewater charges via the property tax roll before service commences.

- San Diego LAFCO serves as the lead agency for assessing potential environmental impacts under CEQA for the proposed change of organization. Staff believes the proposal qualifies as a project under CEQA but is categorically exempt from further environmental review pursuant to State CEQA Guidelines Section 15319(b) and its cross-reference to Section 15303. This exemption appropriately applies given the associated development potential does not exceed the creation of three new residential parcels under zoning.

Protest Proceedings

Protest proceedings for the proposed change of organization may be waived by LAFCO should the Commission proceed with approval under Government Code Section 56662. The waiver appropriately applies under this statute given all of the following: the affected territory is uninhabited as defined under LAFCO law, the subject agency has not filed an objection to the waiver, and the landowners have provided written consent.¹²

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):

Adopt the attached draft resolution conditionally approving the change of organization proposal as submitted. Adoption of the draft resolution as presented would also waive protest proceedings and make CEQA findings, as detailed.

Alternative Two:

Continue consideration to the next regular meeting.

Alternative Three:

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

¹² LAFCO law defines uninhabited as territory in which less than 12 registered voters reside.

PROCEDURES FOR CONSIDERATION

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

On behalf of the Executive Officer,



Meghan Traynor
Local Governmental Analyst I

Appendix:

A) Analysis Proposal Review Factors

Attachments:

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

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APPENDIX A
Government Code Section 56668
Mandatory Proposal Review Factors

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

The affected territory as submitted comprises one 5.0-acre unincorporated parcel in the community of San Dieguito. The subject parcel is currently undeveloped and located at 8158 Artesian Road and identified by the County of San Diego Assessor’s Office as 267-147-10 with a current assessed *land* value (land and structures) of \$2,142,000 with the last transaction recorded in November 2025.

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

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

- **Extending Public Wastewater to Affected Territory**

The affected territory is undeveloped with no active wastewater system. Connection to the Rancho Santa Fe CSD’s wastewater infrastructure can be achieved via connection to a sewer extension located on a District-owned easement adjacent to the north end of the affected territory. The average day wastewater flow generated within the affected territory following the planned development of one single family residence and attached accessory dwelling unit is estimated at 500 gallons per day, representing approximately 0.152% of the available system capacity.¹³ Separately, under County land use policies, the lot may be subdivided once, facilitating the development of a primary single-family residence, one ADU, and one junior ADU on each parcel, bringing usage to approximately 0.456% of available capacity.

¹³ Rancho Santa Fe CSD’s existing average day wastewater flow is .156 million gallons, which equals 32.1% of overall capacity at its Santa Fe Valley Reclamation Facility.

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

Approval of the change of organization proposal and annexation to Rancho Santa Fe CSD would establish and strengthen economic and social ties between the agency and the affected territory that tie back to LAFCO placing lands within its sphere of influence. This existing designation signals the explicit policy expectation that the lands will receive wastewater service from Rancho Santa Fe CSD when the timing is deemed appropriate.

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

Approving the proposed change of organization and annexation to Rancho Santa Fe CSD would facilitate the orderly expansion of the District’s jurisdictional boundary consistent with its sphere of influence. The affected territory does not contain “open space” as defined under LAFCO law and no conflicts exist under Government Code Section 56377.

Additional analysis concerning conformance with germane Commission policies follows.

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

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

The affected territory does not contain “prime agricultural land”, or “agricultural land” as defined under LAFCO law. Specifically, the affected territory does not contain land currently used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program. Approval of the change of organization proposal would not adversely affect the physical or economic integrity of agricultural lands.

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

LAFCO is in receipt of a draft map and geographic description of the affected territory that details metes and bounds that appear consistent with the standards of the State Board of Equalization and conforming with lines of assessment. LAFCO approval would be conditioned on approval of the final map and geographic description by the County

Assessor's Office and address any modifications enacted by the Commission. No irregular or otherwise illogical boundary features would be generated from proposal approval.

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

The proposed change of organization would provide public wastewater service to one legal parcel and to accommodate the planned construction of a single-family residence and attached ADU consistent with current zoning. The proposal and its anticipated outcomes do not generate any known conflicts with 2025 *Regional Plan*, the regional transportation plan adopted by the San Diego Association of Governments.

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

See the agenda report.

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

See the agenda report.

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

Notice of the submitted change of organization proposal was distributed to all affected and subject agencies as required under LAFCO law. Notices were also provided to all local college and school districts. No written comments on the proposal were received ahead of preparing this agenda report for distribution on July 24, 2026.

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

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

- Rancho Santa Fe CSD's last audit covers FY 2024-2025 and shows the District finished with strong liquidity levels with an agency-wide current ratio of 12 to 1 (i.e., \$12.00 in current assets for every \$1.00 in current liabilities).
- Rancho Santa Fe CSD finished FY 2024-2025 with strong capital levels and marked by a low debt ratio of 3.0% (i.e., \$3.00 out of every \$100.00 in net assets are financed).
- Rancho Santa Fe CSD finished FY 2024-2025 with an overall total margin of (26.1%).¹⁴

¹⁴ The District finished FY 2023 with a total margin of (33.8%). During this year, a \$257,965 increase in sewer management expenses more than doubled the \$102,757 increase in property tax revenues. A \$205,169 decline in sales of recycled water also impacted overall revenue.

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

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

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

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

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

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

o) Any information relating to existing land use designations.

See above analysis for (h).

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

The change of organization is expected to have a positive impact on environmental justice by enhancing wastewater services within the affected territory and for any groups that are susceptible to pollution burdens and their effects. Consideration of existing environmental justice factors within the affected territory draws on staff analyzing data available from the California Environmental Protection Agency through its online assessment tool (CalEnviroScreen 4.0). Two composite percentile rankings for the affected territory are generated within this analysis and involve (a) pollution burdens and (b) susceptible population to pollution burdens relative to all census tracts in California.

- The affected territory's **composite pollution burden ranking** falls in the 51st percentile. Six pollution burden indicators exceed the 50th percentile and are considered noteworthy and otherwise high: Pesticides, Traffic, Cleanup Sites, Groundwater Threats, Hazardous Waste and Impaired Water.

Operating losses were reduced in scale by 36.8% from FY 2024 to FY 2025, with the FY 2024 total margin being (41.3%) and the FY 2025 total margin being (26.1%). In FY 2025, total liabilities decreased by \$310,718, attributed in part to a \$238,918 decrease in accounts payable and the District paying down \$65,000 in long-term debt.

- Notably, environmental justice indicators for groundwater threats (63.37) and impaired water bodies (99.03) each exceed the applicable threshold and collectively underscore the importance of providing permanent wastewater service to the affected territory to reduce reliance on on-site septic systems and avoid potential impacts to groundwater and local waterways.
- The affected territory's **composite susceptible population** ranking falls in the 16th percentile. Two indicators exceed the 50th percentile, with Unemployment ranked in the 54th percentile and Housing Burden ranked in the 53rd percentile, indicating higher values than the majority of communities across California.

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

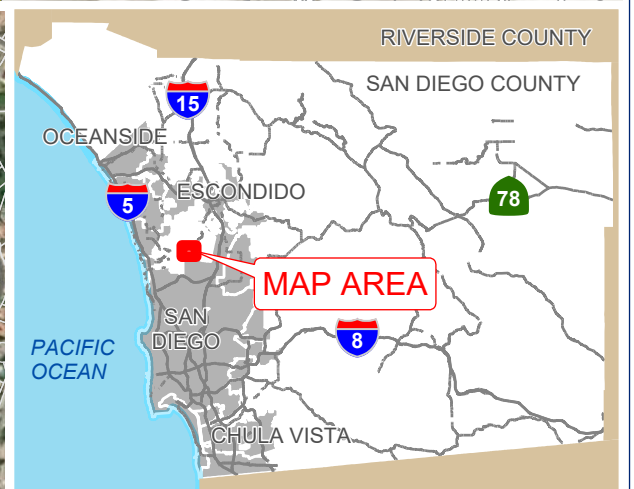
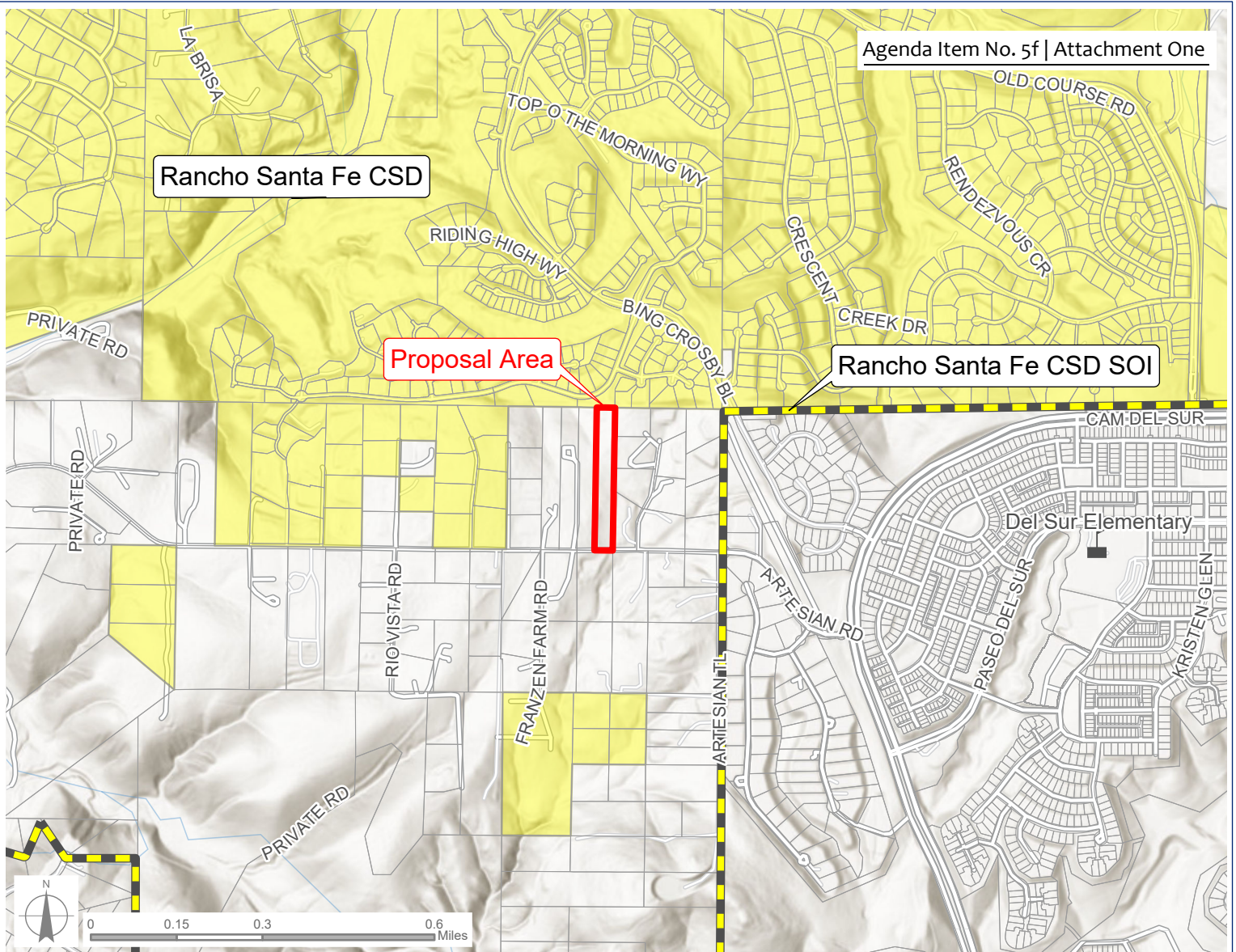
Census Tract No. 6073017030 Pollution Burdens and Susceptible Population (Source: California Environmental Protection Agency and SD LAFCO)	
Affected Territory + Surrounding Lands	
Census Tract No.	6073017030
Estimated Population	25,348
Pollution Burden	Weighted Percentile
... Percentile	50.62
Indicator Air Quality: Ozone	48.70
Indicator Air Quality: PM 2.5:	16.35
Indicator Air Quality: Diesel PM:	22.74
Indicator Pesticides:	60.34
Indicator Toxic Releases:	10.34
Indicator Traffic:	57.76
Indicator Drinking Water Contaminants:	38.47
Indicator Lead in Housing:	2.47
Effects Cleanup Sites:	58.19
Effects Groundwater Threats:	63.37
Effects Hazardous Waste:	62.48
Effects Impaired Water:	99.03
Effects Solid Waste:	35.72
Sensitive Population	Weighted Percentile
... Percentile	15.62
Population Asthma:	6.66
Population Low Birth Weight:	40.47
Population Cardiovascular Disease:	14.68
Population Education:	8.42
Population Linguistic Isolation:	36.97
Population Poverty:	12.45
Population Unemployment:	53.89
Population Housing Burden:	53.12

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

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

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

Approval of the change of organization for the affected territory would serve the best interests of current and future landowners and visitors by providing permanent access to reliable public wastewater service.



CO26-03

"PALACHARLA - ARTESIAN ROAD CHANGE OF ORGANIZATION" | RANCHO SANTA FE CSD

- ▭ Proposal Area
 - ▭ Rancho Santa Fe CSD
 - Rancho Santa Fe CSD SOI
- SOI = Sphere of Influence



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

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DRAFT RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A CHANGE OF ORGANIZATION

**“PALACHARLA – ARTESIAN ROAD CHANGE OF ORGANIZATION”
ANNEXATION TO THE RANCHO SANTA FE COMMUNITY SERVICES DISTRICT
AND RELATED ACTIONS (LAFCO FILE NO: CO26-03)**

WHEREAS, on January 26, 2026, interested landowners – Subbarao and Shilpa Palacharla – filed a petition to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as “Commission”, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application seeks approval of a change of organization to annex 5.0 acres of unincorporated territory in the County of San Diego to the Rancho Santa Fe Community Services District (CSD); and

WHEREAS, the affected territory as submitted comprises one vacant, undeveloped, unincorporated parcel identified by the County of San Diego’s Assessor’s Office as 267-147-10 with an assigned situs of 8158 Artesian Road; and

WHEREAS, an applicable Master Property Tax Transfer Agreement adopted September 16, 2009 will govern the property tax exchange and applies to the proposed change of organization of the affected territory; and

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

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

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on August 3, 2026; and

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

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

1. The public meeting was held on the date set therefore, and due notice of said meeting was given in the manner required by law.
2. At the public meeting, the Commission considered the Executive Officer’s report.

3. With respect to considering the effects of the proposed change of organization under the California Environmental Quality Act (CEQA), the Commission makes the following finding:
 - San Diego LAFCO serves as the lead agency for assessing potential environmental impacts under CEQA for the proposed change of organization. The Commission determines the proposal qualifies as a project under CEQA but is categorically exempt from further environmental review pursuant to State CEQA Guidelines Section 15319(b) and its cross-reference to section 15303. This exemption appropriately applies given the associated development potential does not exceed the creation of three new residential parcels.
4. The Commission CONDITIONALLY APPROVES the change of organization to the District without modifications subject to conditions as provided and subject to recordation of a certificate of completion for the proposal. Approval involves all the following:
 - a) Annexation of the affected territory to the Rancho Santa Fe CSD as shown in “Exhibit A” and described in “Exhibit B”.
 - b) Approval is specific only to Rancho Santa Fe CSD’s activated wastewater and landscaping functions; all other functions – whether active or latent – are expressly omitted from this approval.
5. The Commission CONDITIONS approval on the following terms being satisfied by August 3, 2027 unless an extension is requested in writing and approved by the Executive Officer:
 - a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.
 - b) Submittal to the Commission of final map and geographic description of the affected territory as approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Division.
 - c) Submittal to the Commission of the following payments:
 - A check made payable to LAFCO in the amount of \$50.00 for the County of San Diego-Clerk Recorder to reimburse for filing one CEQA Notice of Exemption consistent with the findings in the resolution.
 - A check made payable to the State Board of Equalization for processing fees in the amount of \$350.00.
6. The Commission assigns the proposal the following short-term designation:

“Palacharla – Artesian Road Change of Organization”.

7. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.
8. The Commission waives conducting authority proceedings under Government Code Section 56662.
9. The District is a registered-voter district.
10. The District utilizes the County of San Diego assessment roll.
11. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the Rancho Santa Fe Community Services District as provided under Government Code Section 57328, and will be subject to any previously authorized taxes, benefit assessments, fees or charges of the District as provided under Government Code Section 57330.
12. The effective date of approval shall be the date of recordation but not before the completion of a 30-day reconsideration period and only after all terms have been completed as attested by the Executive Officer.
13. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to the resolution to address any technical defects, errors, irregularities, or omissions.
14. The Executive Officer is hereby authorized and directed to transmit copies of this resolution as provided in Sections 56880-56882 of the Government Code.
15. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

**

PASSED AND ADOPTED by the Commission on August 3, 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

**

ATTEST:

Keene Simonds
Executive Officer

EXHIBIT A
MAP OF AFFECTED TERRITORY

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EXHIBIT B
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

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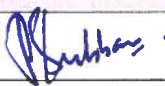
Part IVb: LANDOWNER PETITION

SAN DIEGO LAFCO

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

Each of the undersigned states:

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

Name of Signer	Assessor's Parcel Number(s)	Date Signed	Official Use
Sign <u></u> Print <u>SUBBARAD PALACHARLA</u> <u>TRUSTEE OF PALACHARLA FAMILY TRUST</u>	267-147-10-00	5/27/2026	
Sign <u></u> Print <u>SHILPA PALACHARLA</u> <u>Trustee of Palacharla Family Trust</u>	267-147-10-00	05/27/2026	
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			

**“PALACHARLA – ARTESIAN ROAD CHANGE OF ORGANIZATION” ANNEXATION TO THE
RANCHO SANTA FE COMMUNITY SERVICES DISTRICT AND RELATED ACTIONS**

LAFCO FILE NO. CO26-03

GEOGRAPHIC DESCRIPTION

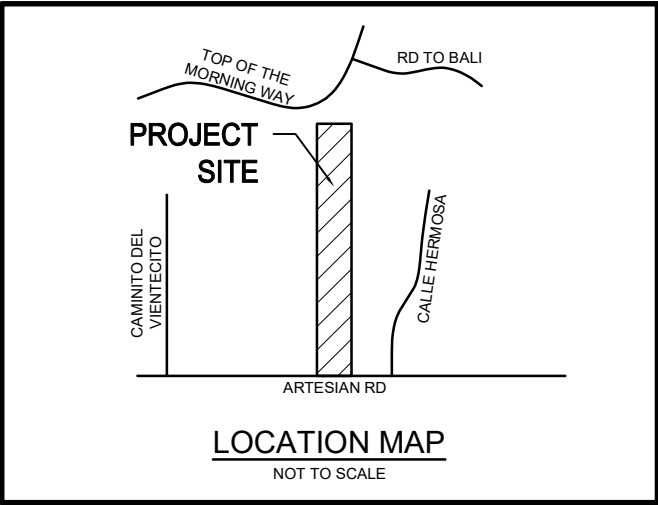
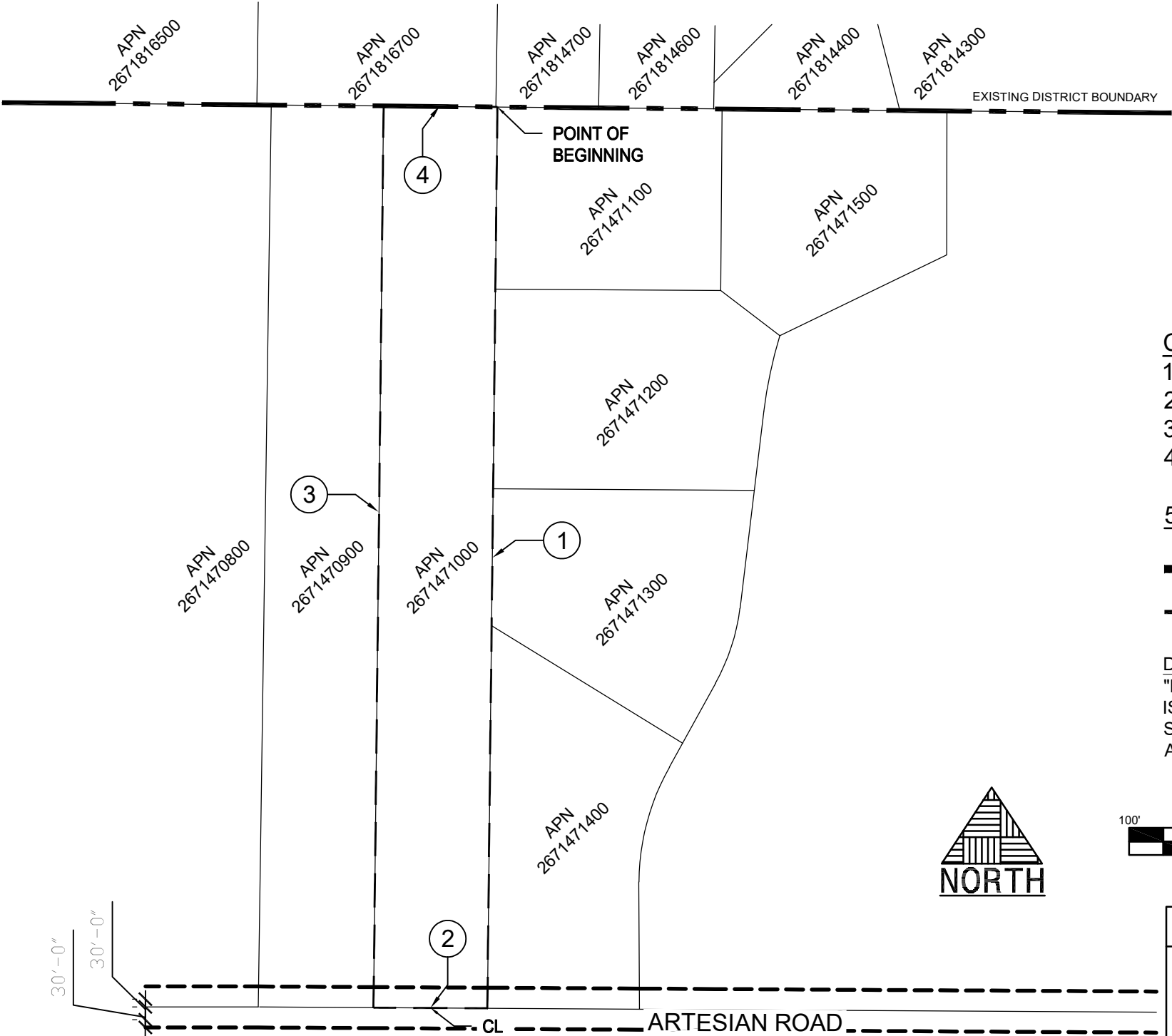
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THE NORTHEAST QUARTER OF SECTION 26, TOWNSHIP 13 SOUTH, RANGE 3 WEST, SAN
BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA,
ACCORDING TO OFFICIAL PLAT THEREOF.

BEGINNING at a point on the line of the existing Rancho Santa Fe CSD boundary, as
established by the San Diego Local Area Formation Commission resolution NO DA96-14
"Santa Fe Valley Annexation" adopted March 10, 1997;

1. Thence, South 00°38'26" West 1316.95 feet along the existing district boundary;
2. Thence, leaving the existing district boundary, North 89°40'29" West 166.17 feet
along the centerline of Artesian Road;
3. Thence, North 00°44'04" East 1317.49 feet;
4. Thence, South 89°29'37" East 164.01 feet along the existing boundary to the Point of
Beginning, containing 5.02 acres of land, more or less.

*For assessment purposes only. This description of land is not a legal property description
as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale
of the land described.*

“PALACHARLA - ARTESIAN ROAD CHANGE OF ORGANIZATION” ANNEXATION TO THE RANCHO SANTA FE COMMUNITY SERVICES DISTRICT (CSD) AND RELATED ACTIONS



COURSES:

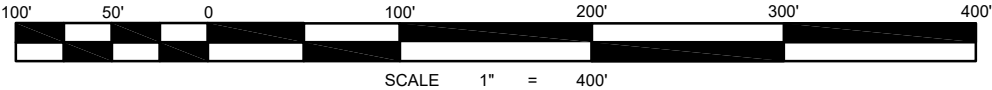
- | | |
|-----------------|----------|
| 1. S00°38'26" W | 1316.95' |
| 2. N89°40'29" W | 166.17' |
| 3. N00°44'04" E | 1317.49' |
| 4. S89°29'37" E | 164.01' |

5.02 ACRES

- | | |
|--|---------------------------------------|
| | EXISTING RANCHO SANTA FE CSD BOUNDARY |
| | PROPOSED RANCHO SANTA FE CSD BOUNDARY |

DISCLAIMER:

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



ASSESSOR'S PARCEL NUMBERS: 267-147-10-00	LAFCO FILE NO.: C026-03	ACREAGE: 5.02	DATE: 07/06/2026	SCALE: 1"=400'
BEING A PORTION OF SECTION 26, T. 13S, R. 3W, SAN BERNARDINO MERIDIAN, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA		MCCULLOUGH DESIGN DEV. 10531 4S COMMONS DRIVE STE. #700 SAN DIEGO, CA 92127 (858) 756-0700 85		

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

5g AGENDA REPORT Consent | Action

August 3, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: Proposed Fund Balance Designations for Fiscal Year 2026-2027

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will conduct its annual review of fund balance designations for the new fiscal year as required by policy. As of July 1, 2026, the spendable cash fund balance is \$1,420,344. This represents a decrease of \$251,447 from the preceding fiscal year, consistent with – and less than – the Commission's budgeted use of \$317,202 in reserves as offsetting revenue in 2025-2026. Staff proposes reducing committed monies by \$300,000 to ensure unassigned monies satisfy the policy minimum of 33.3% of budgeted operating expenses. Staff recommends approval.

BACKGROUND

Policies on the Fund Balance

San Diego LAFCO's Fiscal Policy No. 101 establishes responsibilities for uniform fund balance reporting consistent with Government Accounting Standards Board Statement 54 ("GASB 54"). The policy includes discretionary standards for managing fund balances to ensure LAFCO meets its statutory requirements for planning and regulating local agency boundaries and service areas in San Diego County. Compliance requires an annual review and designation of spendable fund balances as of the start of each fiscal year, following these standards:

Administration

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

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

Brigitte Browning
General Public

Eileen Delaney Alt.
General Public

Committed Monies:

These monies are divided between stabilization and opportunity uses and are subject to first satisfying the minimum reserve requirement. Stabilization funds are used to absorb unexpected costs or revenue shortfalls. Opportunity funds support long-term efficiencies and cost savings. Commission approval is required to access committed monies.¹

Assigned Monies:

These monies are available to the Executive Officer at their discretion to cover special legal services, applicant fee reductions and/or waivers, and costs necessary to advance high-priority projects under the adopted work plan. These monies are subject to first satisfying the minimum reserve requirement and cannot exceed \$125,000.²

Unassigned Monies:

These monies serve as all-purpose reserves and must equal at least 33.3% of budgeted operating expenses. The Commission shall limit unassigned monies to no more than six months or 50.0% of budgeted operating expenses. Commission approval is required to access unassigned monies.

Recent Budget Actions

In adopting budgets over several recent fiscal years, the Commission has elected to appropriate a portion of available reserves as offsetting revenue for the express purpose of moderating year-over-year increases in member agency apportionments. The most recent application of this practice occurred in 2025-2026, when the Commission budgeted \$317,202 in reserves for this purpose. In adopting the 2026-2027 budget, the Commission did not budget any use of reserves – recognizing the need to begin rebuilding the fund balance.

DISCUSSION

This item is for San Diego LAFCO to perform its annual review and make discretionary designations for the spendable portion of the fund balance totaling \$1,420,344 as of July 1, 2026. This review is based on the Executive Officer attesting all fund balance monies are currently spendable and not subject to external constraints or designated purposes.

Budgeted operating expenses for 2026-2027 total \$2,804,049. Applying the policy minimum, unassigned monies must equal at least \$933,748. This threshold takes precedence over committed and assigned designations, both of which are expressly subject to first satisfying the minimum reserve requirement. The available balance therefore allows no more than \$486,596 in combined committed and assigned monies. Maintaining the preceding year's designations would leave unassigned monies at \$670,344, or 23.9% of budgeted operating expenses, and would not comply with policy.

¹ Committed monies for stabilization and opportunity uses are deposited with the County Treasurer's Office in dedicated accounts.

² Assigned monies can be accessed by the Executive Officer to cover authorized expenses by transferring funds from the fund balance into the operating budget, ensuring other budgeted expenses remain funded.

The proposed designations for the current fiscal year are as follows:

- **Committed Monies:**
Reduce from \$650,000 to \$350,000 by decreasing the opportunity subcategory from \$500,000 to \$250,000 and the stabilization subcategory from \$150,000 to \$100,000.
- **Assigned Monies:**
Maintain at \$100,000.
- **Unassigned Monies:**
Set at \$970,344, representing 34.6% of budgeted operating expenses.

ANALYSIS

San Diego LAFCO's financial position remains sound. The proposed designations satisfy every applicable standard under Fiscal Policy No. 101, with unassigned monies at 34.6% of budgeted operating expenses – above the 33.3% minimum and well within the 50.0% ceiling. As discussed by the Commission during the most recent budget adoption process, the trend underlying these designations nonetheless warrants continued attention. Total spendable reserves have declined from 61.7% of budgeted operating expenses at the start of 2025-2026 to 50.7% at the start of 2026-2027. The entire fund balance is now only marginally greater than the amount policy would permit to be held in unassigned monies alone. Two points provide important context and measured assurance going forward. First, the actual decline of \$251,447 between the start of 2025-2026 and 2026-2027 is \$65,755 less than the \$317,202 the Commission budgeted, reflecting favorable operating results. Second, and more significantly, the Commission's decision to budget no use of reserves in 2026-2027 arrests the practice that produced this trend. Absent an operating deficit, the fund balance should stabilize this fiscal year and begin recovering thereafter.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed fund balance designations for 2026-2027 consistent with Alternative One in the following section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

Approve fund balance designations for 2026-2027 as follows:

- a) Designate \$250,000 in committed – opportunity monies.
- b) Designate \$100,000 in committed – stabilization monies.
- c) Designate \$100,000 in assigned monies.
- d) Designate all remaining monies as unassigned.

Alternative Two:

Approve fund balance designations for 2026-2027 with modifications as directed, provided unassigned monies equal at least 33.3% of budgeted operating expenses.

Alternative Three:

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

PROCEDURES

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

Respectfully,

A handwritten signature in green ink, appearing to read "Keene Simonds", with a stylized flourish at the end.

Keene Simonds
Executive Officer



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

5h

AGENDA REPORT
Consent | Information

August 3, 2026

TO: Chair Becker and Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer

SUBJECT: Notice of Executed Professional Services Agreement with London Moeder Advisors | Comprehensive Fiscal Analysis for Proposed Incorporation of La Jolla

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive notice the Executive Officer has executed 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 Commission authorized the agreement at its June 15, 2026 special meeting. The executed document is substantively consistent with the version presented at that hearing, with one modification to the payment schedule made at the consultant's request. The signed agreement is attached. This item is presented for information only.

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

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Paloma Aguirre
County of San Diego

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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

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

while excluding the University of California San Diego campus. The proposed city would serve an estimated 38,000 residents.

Comprehensive Fiscal Analysis and RFP 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 Proposals were reviewed by a five-member selection committee representing Association for the City of La Jolla (ACLJ), City of San Diego Mayor's Office, San Diego Regional Chamber of Commerce, San Diego Municipal Employees Association, and San Diego LAFCO. The committee reached unanimous consensus in selecting London Moeder Advisors as their preferred choice.²

DISCUSSION

This item provides notice of the professional services agreement executed between San Diego LAFCO and London Moeder Advisors consistent with the Commission's authorization on June 15, 2026. The agreement's term runs through June 15, 2028, with a not-to-exceed amount of \$150,000. The scope encompasses 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. The agreement executed remains substantively consistent with the version presented to the Commission in June, with one material modification. At the consultant's request, the payment terms were revised from monthly invoicing based on work performed to a fixed schedule. Under the revised terms, ACLJ will provide LAFCO with an initial deposit equal to 80% of the contract amount (\$120,000), from which LAFCO will make up to nine equal monthly payments of \$13,333.33 to the consultant. The remaining \$30,000 is retained by LAFCO and paid only upon receipt and acceptance of all final deliverables, leaving the total not-to-exceed amount unchanged. The executed agreement is provided as Attachment One.

ANALYSIS

None.

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 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.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

None.

PROCEDURES

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

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachment:

- 1) Professional Services Agreement: London Moeder Associates

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**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

Authorized Signatories:

Signature: Keene Simonds

Printed: Keene Simonds

Title: Executive Officer

Date: July 8, 2026

"CONSULTANT"

London Moeder Realty Advisors

Signature: GARY H. LONDON

Printed: GARY H. LONDON

Title: Senior Principal

Date: July 4, 2026

Attest:

Signature: Erica A. Sellen

Printed: Erica Sellen

Title: Commission Clerk

Date: July 9, 2026

Approved as to Form:

Signature: Holly Whatley

Printed: Holly Whatley

Title: Commission Counsel

Date: July 9, 2026

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

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.

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

London Moeder Advisors (LMA) shall submit monthly invoices in the amount of \$13,333.33 for up to nine consecutive months. Cumulative payments during this period shall not exceed \$120,000, representing 80% of the total not-to-exceed contract amount.

If LMA completes and submits all required work before the end of the nine-month period, LMA may, no earlier than the conclusion of the sixth month, submit an invoice for the remaining amount necessary to bring cumulative payments to \$120,000.

The remaining \$30,000, representing 20% of the contract amount, shall be retained by LAFCO and paid only upon LAFCO's receipt and acceptance of all final deliverables. Total compensation under the agreement shall not exceed \$150,000.



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

5i

AGENDA REPORT Consent | Information

August 3, 2026

TO: Chair Becker and Commissioners

FROM: Erica Sellen, Commission Clerk

SUBJECT: Report on Special Districts Advisory Committee's Meeting | July 17, 2026

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report on the most recent meeting of its Special Districts Advisory Committee (SDAC) held on July 17th. The report is in the form of draft minutes and is being presented for information only.

BACKGROUND

Special Districts Advisory Committee

San Diego LAFCO established SDAC in 1971 to help inform and advise the Commission on related topics. SDAC's role has actively evolved from its initial focus on just jurisdictional changes affecting special districts to now expand into LAFCO's planning duties, highlighted by the Commission's municipal service review program. The Committee includes 15 elected members drawn from the 58 eligible independent special districts in San Diego County. The current Chair and Vice Chair are Kim Thorner (Olivenhain Municipal Water District) and Jack Bebee (Fallbrook Public Utility District), respectively.

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

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

DISCUSSION

San Diego LAFCO will receive a report on the most recent meeting of its Special Districts Advisory Committee held on July 17th at the San Diego County Administration Center, 1600 Pacific Highway, Room 402A, San Diego. The report is in the form of the attached draft minutes and provides the Commission with timely updates on deliberations of its two standing agency committees—Special Districts and Cities.

ANALYSIS

Among the items detailed in the attached minutes, SDAC discussed its role in advising the Commission on municipal service reviews. The Committee unanimously supported the Chair establishing ad hoc committees tied to specific reviews already underway, with each ad hoc serving as a resource to LAFCO staff by offering real-time input on the scope and analytical assumptions of the study. Members also expressed interest in having Chair Thorner address the Commission directly as this approach takes shape.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

None.

PROCEDURES

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

Respectfully,



Erica Sellen
Commission Clerk

Attachment:

- 1) DRAFT: SDAC Meeting Minutes – July 17, 2026

DRAFT

**SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
SPECIAL DISTRICTS ADVISORY COMMITTEE
SPECIAL MEETING
July 17, 2026**

County of San Diego Administration Center
1600 Pacific Highway, Room 402a
San Diego, California 92101

1. 9:30 A.M. – CALL TO ORDER BY CHAIR

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

Item 1a

Welcoming Comments

Chair Thorner noted the passing of former Committee member Gary Arant, Valley Center Municipal Water District and asked for a moment of silence.

Item 1b

Roll Call

Chair Thorner requested a roll call from the Committee Secretary.

Members Present:

Chair Kimberly Thorner (Olivenhain MWD)
Vice Chair Jack Bebee (Fallbrook PUD)
Ann Baldridge (RCD Greater San Diego County)
Paul Bushee (Leucadia WWD)
Jeff Egkan (North County FPD)
James Gordon (Deer Springs FPD)
Albert Lau (Santa Fe ID)
Hector Martinez (South Bay Water)
Dave McQuead (Rancho Santa Fe FPD)
Mike Smith (Bonita-Sunnyside FPD)

Members Absent:

Tracy Largent (Port of San Diego)
Lindsay Leahy (Valley Center MWD)
Rachel Mason (Fallbrook Regional HD)
Marty Miller (Vista ID)
Joel Scalzitti (Helix WD)

The Committee Secretary confirmed a quorum with 10 members present.

The following members of San Diego LAFCO staff were present at roll call: Executive Officer Keene Simonds; Assistant Executive Officer Priscilla Mumpower; Local Government Analyst II Michaela Peters; Local Government Analyst I Joelle Burila; Local Government Analyst I Meghan Traynor; Communications Associate Aiden Velasquez; GIS Analyst Dieu Ngu; and Commission Clerk Erica Sellen serving as Committee Secretary. LAFCO Consultants Patrick Bouteller and Adam Wilson were also present.

Item 1c

Pledge Of Allegiance

Mike Smith (Bonita-Sunnyside FPD) led the Pledge of Allegiance.

2. AGENDA REVIEW BY CHAIR

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

3. OPEN EXPRESSION

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

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

4. CONSENT ITEMS

a) Approval of Meeting Minutes for April 17, 2026 (action)

The Committee considered draft action minutes prepared for the last meeting held on April 17, 2026. Recommendation to approve as presented.

b) Report on 2026-2027 Workplan (information)

The Committee received an update on the recently adopted FY2026-2027 workplan. Information only.

c) Legislative Report (information)

The Committee received an update on legislative proposals germane to the LAFCO's oversight and related interests during the second year of the 2025-2026 State Legislative Session. Information only.

On motion by Hector Martinez (South Bay Water) and seconded by Paul Bushee (Leucadia WWD), the Committee unanimously approved the Consent Calendar.

5. BUSINESS ITEMS

a) Draft Update to the Rolling Five-Year Study Schedule (discussion)

The Committee received a draft update to the Commission's rolling five-year study schedule. The proposed update follows the Commission's adoption of the FY 26–27 workplan and advances the existing schedule by one year, resetting the planning horizon to 2027–2031 while also incorporating refinements based on recently completed studies, Commission direction, and evolving service models. Item presented for discussion.

Staff presentation provided by Assistant Executive Officer Mumpower.

BUSINESS ITEMS CONTINUED ...

Item 5a Continued...

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

General discussion ensued, with consensus to establish an ad hoc Municipal Service Review (MSR) Committee to serve as a real-time resource to LAFCO staff in advancing studies through the administrative review prior to Commission consideration. Chair Thorner indicated she would confirm the participating members and noted the intent is for each ad hoc to consist of three members, including either herself or Vice Chair Bebee.

Further discussion followed, with the Committee reaching consensus to submit a letter to the Commission regarding establishment of the three-member MSR Ad Hoc Committee. The Committee further agreed that its representatives would address the Commission at a future meeting in support of the letter and collective interest in advancing the MSR program.

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

The Committee received the final report for the Sustainable Agricultural Lands Conservation (SALC) 2.0 Planning Grant, prepared by LAFCO in collaboration with the County of San Diego's Planning & Development Services. The report provides a framework to support the long-term viability of small-scale agriculture in San Diego County. This item – both the report and suggested implementation measures going forward– were presented for discussion and feedback.

Staff presentation provided by Local Government Analyst II Peters.

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

General discussion ensued, with the Committee reaching consensus to establish an ad hoc committee to provide input and assist staff in implementing the report's recommendation to establish a Water Affordability Working Group initially focused on small farming operations in the Escondido region as a case study. The following members volunteered to serve on the ad hoc committee: Paul Bushee (Leucadia Wastewater District), Jack Bebee (Fallbrook Public Utility District), and Ann Baldridge (Resource Conservation District of Greater San Diego County).

c) Resource Conservation Districts 2.0 Update (information)

The Committee received an update on the Commission's RCDs 2.0 initiative, a workplan priority involving the region's three resource conservation districts (RCDs): Mission RCD (MRCD), Upper San Luis Rey RCD (USLRRCD), and the Resource Conservation District of Greater San Diego County (RCDGSDC). RCDs 2.0 builds on the Commission's earlier RCDs 1.0 effort, which implemented recommendations from the 2021 countywide MSR on RCDs by establishing a Master Memorandum of Understanding to address unauthorized out-of-agency services between the districts. The current phase focuses on aligning district boundaries with actual service areas through boundary reorganizations and, where appropriate, consolidation. Presented for information only.

BUSINESS ITEMS CONTINUED ...

Item 5c Continued...

Staff presentation provided by Local Government Analyst II Peters and LAFCO Consultant Adam Wilson.

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

General discussion ensued with overall support of the report. No action.

d) Special Workplan Update on Medium Priority Project | San Diego LAFCO Website Refresh + Content Expansion (information)

The Committee received an update on a project in San Diego LAFCO's adopted Fiscal Year 2026–2027 workplan. Carried forward from the prior fiscal year and underway with consultant Chase Design, the project focuses on redesigning the LAFCO website. Item presented for information and feedback.

Staff presentation provided by Communications Associate Velasquez.

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

General discussion ensued with overall support of the new website. No action.

e) Approval of Meeting Calendar and Special District Spotlight (action)

The Committee considered approving its regular meeting schedule for the remainder of 2026 and the 2027 calendar year. Recommendation to approve quarterly meetings on the third Friday of October 2026 and January, April, July, and October 2027 – consistent with its policy. The Committee also considered confirming the next round of Special District Spotlight hosts and meeting locations.

Staff presentation provided by Committee Secretary Sellen.

Chair Thorner proceeded to ask for hosting volunteers from the Committee.

General discussion ensued with the following meeting dates and locations agreed upon:

- October 16, 2026 – tentative hosting by Helix WD (Joel Scalzitti)
- January 15, 2027 – tentative hosting by Port of San Diego (Tracy Larget)
- April 16, 2027 – hosting by South Bay Water (Hector Martinez)
- July 16, 2027 – hosting by Deer Springs FPD (James Gordon)
- October 15, 2027 – hosting by Santa Fe ID (Albert Lau)

Paul Bushee (Leucadia Wastewater District) offered to host a future meeting should any of the tentatively identified host agencies become unavailable.

6. COMMENDATION FOR COMMITTEE MEMBER MARK ROBAK

Chair Thorner recognized and thanked Mark Robak (Otay Water District) for his service as a member of the Special Districts Advisory Committee.

Chair Thorner presented a framed commendation to Mr. Robak in recognition of his service. Executive Officer Simonds also thanked Mr. Robak for his service and contributions to the Committee. Mr. Robak accepted the commendation and offered brief remarks.

7. COMMITTEE MEMBER REPORTS

None.

8. EXECUTIVE OFFICER REPORT

None.

9. ADJOURNMENT

With no further business, the Special Districts Advisory Committee meeting was adjourned at 11:17 a.m.

Attest:

Erica Sellen
Committee Secretary

DRAFT

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT Consent | Information

August 3, 2026

TO: Chair Becker and Commissioners

FROM: Meghan Traynor, Analyst I
Patrick Bouteller, LAFCO Consultant

SUBJECT: Legislative Report

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an update on legislative proposals germane to the Commission's oversight and related interests during the second year of the 2025-2026 State Legislative Session. This report is presented for information only with an opportunity to pull for discussion and provide general direction.

BACKGROUND

San Diego LAFCO staff actively monitors pending and proposed legislation affecting the Commission's regulatory and planning responsibilities, consistent with the adopted workplan. Staff's monitoring efforts are supported through the Commission's membership in the Alliance of LAFCOs (Alliance) including its contracted lobbyist, Politico Group, and government affairs consultant Patrick Bouteller. Staff provides the Commission with monthly legislative updates.

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City of San Diego

Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

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General Public

Eileen Delaney, Alt.
General Public

California State Legislature | 2025–2026 Regular Session

The California Legislature reconvened for the second year of the 2025–2026 Legislative Session in January 2026. The deadline for introducing new legislation passed in February 2026, and measures have since been referred to their respective policy committees for consideration. All legislation advancing through both houses must be passed by August 31, 2026, the statutory deadline for bill passage for the 2026 Legislative Session.

DISCUSSION

This item presents legislative updates on proposals of interest to San Diego LAFCO for the Commission's receipt and consideration. A total of fourteen (14) bills are tracked: nine (9) measures that would directly affect LAFCO operations and five (5) measures that, while not directly impacting LAFCO, are of interest to the Commission.

Since the June legislative update, one bill was added that, while not directly affecting LAFCO operations, is of elevated interest to the Commission and future municipal service reviews: AB 1383, Public Employees' Retirement Benefits (McKinnor). This bill modifies elements of the Public Employees' Pension Reform Act of 2013 (PEPRA) by lowering the maximum retirement benefit factor age from age 57 to age 55 for all Safety PEPRA retirement formulas and redefining the compensation cap established under PEPRA for Miscellaneous and Safety PEPRA members. It is expected to impact the pension contribution rates of public agencies.

A summary and status of each bill is provided in Attachment One. Commissioners may pull the item for discussion and provide general direction to staff.

ANALYSIS

The current legislative session is on track to conclude without any measure that would substantively alter San Diego LAFCO's authority or core procedures. The July 2, 2026 policy committee deadline concluded consideration of several tracked measures. Of the nine bills directly affecting LAFCO, five remain active and four will not advance this session – including AB 259 and AB 356, on which the Commission adopted support and support-if-amended positions, respectively. The eight remaining tracked bills are pending consideration in the second houses. Final passage for all measures is August 31. Separately, and consistent with the adopted workplan, staff will resume work with stakeholders in the near term to refine the U.C. Berkeley proposal for potential introduction in 2027.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

None.

PROCEDURES

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

On behalf of LAFCO staff,



Meghan Traynor
Analyst I

Attachment:

- 1) LAFCO Tracked CA Legislative Bills as of July 24, 2026

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CALIFORNIA STATE LEGISLATURE 2025–2026 REGULAR SESSION							
Bill Number ¹		Author	Title	Summary / Notes	Current Status	Introduced / Last Amended	Last Action
ASSEMBLY BILLS							
1	AB 259	Rubio, Blanca	Open Meetings and Continued Access to Teleconferences	This bill is of statewide interest and would extend the authorization for legislative bodies of local agencies – including LAFCOs – to use modified teleconferencing procedures during declared emergencies through January 1, 2030. It preserves existing requirements related to public notice and agenda posting. San Diego LAFCO adopted a support position in March 2025. The bill passed the Assembly in 2025 and remains in the Senate Local Government Committee with no new hearing scheduled at this time.	Senate Local Government Committee	Introduced in January 2025; Last amended in April 2025	6/27/2025 In committee: Hearing postponed by committee.
2	AB 356	Patel, Darshana	Healthcare Districts in Northern San Diego County	This bill is of local interest and was initially introduced to establish a state-directed working group to assess healthcare access in northern San Diego County, with a focus on the Palomar Healthcare District's service area. In response to the Commission taking a support-if-amended position in June 2025, the bill has been amended to include LAFCO as a listed stakeholder, and in doing so connecting to the Commission's oversight of Palomar and current municipal service review activities. LAFCO Consultant Adam Wilson provided supportive testimony for the author in conjunction with them accepting the Commission's amendments. The bill passed the Assembly in 2025 and remains in the Senate Committee on Local Government with no new hearings scheduled at this time.	Senate Local Government Committee	Introduced in February 2025; Last amended in June 2025	7/10/2025 Re-referred to Com. on L. GOV.
3	AB 1600	Arambula, Joaquin	Disadvantaged Communities: Farmworker Communities	This bill is of statewide interest and would expand the definition of “disadvantaged communities” to include qualifying farmworker communities, and require CalEPA, in consultation with relevant state departments, to update screening tools and guidance to ensure their inclusion in eligibility determinations and benefit calculations. For LAFCOs, this change would affect municipal service reviews and sphere of influence updates by requiring evaluation of service needs for these newly included farmworker communities. After being lifted from the Assembly Appropriations suspense file on May 14, 2026, the bill advanced to the Assembly Floor, where it passed on May 26, 2026. It was read for the first time in the Senate on May 27, 2026. It passed the Senate Committee on Environmental Quality and was re-referred to the Senate Committee on Appropriations.	Senate Committee on Appropriations	Introduced in January 2026; Last amended in March 2026	7/2/2026 Re-referred to Com. on APPR.

¹ Bill numbers are hyperlinked to their respective legislative information pages

CALIFORNIA STATE LEGISLATURE 2025–2026 REGULAR SESSION							
Bill Number ¹		Author	Title	Summary / Notes	Current Status	Introduced / Last Amended	Last Action
4	AB 1821	Pacheco, Blanca	California Public Records Act: Agency Response Time	This bill is of statewide interest and would extend the deadline for public agencies to provide an initial response to a public records request, by converting the current "calendar day" deadlines to a "business day" standard. The rationale is to give agencies – particularly smaller ones with limited staff – additional time to properly respond to requests. The bill passed the Assembly on May 27, 2026 and was sent to the Senate, where it was read for the first time on May 28, 2026. The bill was referred to the Senate Judiciary Committee where it was read a second time and amended. The bill passed and was re-referred to the Senate Committee on Appropriations.	Senate Appropriations Committee	Introduced in February 2026; Last amended in June 2026	7/1/2026 Passed Senate Com. on JUD. and re-referred to Com. on APPR.
5	AB 2083	Jackson, Corey	Moreno Valley-Perris Childcare Special District	This bill is locally focused with statewide implications and, as the Moreno Valley Perris Childcare Special District Act, would establish a new special district covering the Cities of Moreno Valley and Perris and their spheres of influence for the purpose of expanding childcare capacity and operating universal childcare programs. The district would be governed by a five-member board appointed by the two cities and other designated entities. The board would develop a plan of services for LAFCO and oversee district operations, including authority to hire staff and operate or contract for childcare facilities. Notably, the bill would establish the district directly by statute, with LAFCO oversight applying thereafter. After being placed on the Assembly Appropriations suspense file in late April, the committee held the measure under submission during its May 14, 2026 fiscal review hearing, halting its advancement for the remainder of the legislative session.	Assembly Appropriations Committee – Dead	Introduced in February 2026; Last amended in April 2026	5/14/2026 In committee: Held under submission.

¹ Bill numbers are hyperlinked to their respective legislative information pages

CALIFORNIA STATE LEGISLATURE 2025–2026 REGULAR SESSION							
Bill Number ¹		Author	Title	Summary / Notes	Current Status	Introduced / Last Amended	Last Action
SENATE BILLS							
6	SB 802	Ashby, Angelique	Sacramento Area Housing and Homelessness Agency	This bill is locally focused with an original focus to restructure the joint powers authority currently operating as the Sacramento Housing and Redevelopment Agency into a new Sacramento Area Housing and Homelessness Agency, centralizing housing and homelessness services across Sacramento County under a single regional entity. The bill passed the Senate in 2025. In its original form, the bill mandated that Sacramento LAFCO form and appoint an independent task force to facilitate the consolidation of multiple entities into the new agency, representing a bill-specific expansion of LAFCO duties into regional housing and homelessness governance. Mentions of Sacramento LAFCO were omitted from the bill on April 30, 2026. It is currently under review by the Assembly Committee on Appropriations.	Assembly Committee on Appropriations	Introduced in February 2025; Last amended in June 2026	7/1/2026 Passed Committee on L. GOV and re-referred to Com. on APPR.
7	SB 910	Seyarto, Kelly	Municipal Water Districts Water Service: Indian Lands	The bill is of statewide interest with local implications and would extend, from January 1, 2027 to January 1, 2032, the sunset on existing authority for municipal water districts to apply to LAFCO for authorization to provide water service to eligible Indian lands located outside district boundaries. If approved, the extension preserves an existing pathway utilized on multiple occasions by tribes in San Diego County. Following the cancellation of its March 18 hearing at the author's request, the bill remained in the Senate Committee on Local Government with no additional action taken. It did not return for further consideration and did not advance out of committee prior to the legislative deadline.	Senate Local Government Committee – Dead	Introduced in January 2026	3/12/2026 March 18 set for first hearing canceled at the request of author.

¹ Bill numbers are hyperlinked to their respective legislative information pages

CALIFORNIA STATE LEGISLATURE 2025–2026 REGULAR SESSION							
Bill Number ¹		Author	Title	Summary / Notes	Current Status	Introduced / Last Amended	Last Action
8	SB 994	Cabaldon, Christopher	Local Government: Nondisclosure Agreements	This bill is of statewide interest with direct LAFCO applicability and would prohibit local government officials and their staff from entering into nondisclosure agreements relating to public business that restrict information sharing among fellow officials. After being ordered to second reading under Senate Rule 28.8 on May 14, 2026 the bill passed the Senate on May 19, 2026. It has since moved to the Assembly, where it passed through the Assembly Judiciary Committee and Local Government Committee and was re-referred to the Appropriations Committee.	Assembly Appropriations Committee	Introduced in February 2026; Last amended in June 2026	7/1/2026 Passed Committee on L. GOV and re-referred to Com. on APPR.
9	SB 1291	Gonzalez, Lena	Mutual Water Companies	This bill is of statewide interest and would strengthen transparency and accountability for mutual water companies (MWCs) operating public water systems by requiring larger MWCs to offer teleconference meeting access, post notices and documents online at no charge, and annually distribute consumer confidence reports to customers. It also directs the State Water Resources Control Board to assess MWC governance and compliance by December 31, 2027, with a focus on disadvantaged communities, and recommends governance alternatives if current structures are found inadequate. After being placed on the suspense file in early May, the bill was taken up during the May 14, 2026 Senate Appropriations fiscal review hearing. The committee held the measure in committee and under submission, halting its advancement for the remainder of the legislative session.	Senate Appropriations Committee – Dead	Introduced in February 2026; Last amended in March 2026	5/14/2026 May 14 hearing: Held in committee and under submission.

¹ Bill numbers are hyperlinked to their respective legislative information pages

CALIFORNIA STATE LEGISLATURE 2025–2026 REGULAR SESSION							
Bill Number ¹		Author	Title	Summary / Notes	Current Status	Introduced / Last Amended	Last Action
MONITOR ONLY (ASSEMBLY AND SENATE BILLS)							
10	AB 1383	McKinnor, Tina	Public Employees’ Retirement Benefits	This bill modifies elements of the Public Employees’ Pension Reform Act of 2013 (PEPRA), lowering the maximum retirement benefit factor age from age 57 to age 55 for all Safety PEPRA retirement formulas and redefining the compensation cap established under PEPRA for Miscellaneous and Safety PEPRA members. For employees first hired on or after January 1, 2026, AB 1383 establishes new formulas: 2.5% at age 55, 2.7% at age 55, or 3% at age 55, replacing the previous PEPRA formulas of 2%, 2.5%, or 2.7% at age 57. The bill is expected to impact the pension contribution rates of public agencies. The bill passed the Assembly on January 29, 2026 and moved to the Senate. It passed Senate Com. on Labor, Public Employment and Retirement with amendments and was re-referred to the Senate Committee on Appropriations.	Senate Committee on Appropriations	Introduced in February 2025; Last amended in July 2026.	7/1/26 Passed Senate Com. on L., P.E. & R. with amendments and re-referred to Com. on APPR.
11	AB 2296	Papan, Dianne	Planning and Zoning: Housing Element: Regional Housing Needs Allocation	This bill extends various timelines in the Regional Housing Needs Determination and Allocation (RHNA) process and requires the Department of Housing and Community Development (HCD) to provide specific analysis or recommended language to local governments to remedy deficiencies in their General Plan housing elements. The bill passed the Assembly on May 27, 2026 and moved to the Senate, where it was read for the first time on May 28, 2026. It passed the Senate Housing Committee with amendments and was re-referred to the Committee on Appropriations on June 29, 2026.	Senate Committee on Appropriations	Introduced in February 2026; Last amended June 2026	6/29/2026 Referred to Com. on APPR.

¹ Bill numbers are hyperlinked to their respective legislative information pages

CALIFORNIA STATE LEGISLATURE 2025–2026 REGULAR SESSION							
Bill Number ¹		Author	Title	Summary / Notes	Current Status	Introduced / Last Amended	Last Action
12	AB 2433	Alvarez, David	Housing Development: Density Bonus	This bill makes numerous amendments to Density Bonus Law (DBL), including establishing a by-right ministerial review process for infill housing development projects, providing additional incentives for homeownership projects, and amending floor area ratio (FAR) provisions. After passing out of Assembly Appropriations on May 13, 2026, the bill advanced to the Assembly Floor, where it passed on May 27, 2026. This bill is now in the Senate, where it was read for the first time on May 28, 2026. It passed the Senate Committees on Housing and Environmental Quality with amendments and was re-referred to the Senate Committee on Appropriations on June 30, 2026.	Senate Committee on Appropriations	Introduced in February 2026; Last amended June 2026	6/30/2026 Re-referred to Com. on APPR
13	SB 866	Blakespear, Catherine	Planning and Zoning: Annual Report: Emergency Shelter	For local governments that do not receive Homeless Housing, Assistance, and Prevention (HHAP) program funding, this bill would require the General Plan Housing Element to include data on the unhoused population and a description of key actions the jurisdiction will take to reduce homelessness. The bill passed the Senate and was then first read in the Assembly on May 27, 2026. It passed the Assembly Committee on Housing and Community Development and was re-referred to the Committee on Appropriations on July 1, 2026.	Assembly Committee on Appropriations	Introduced in January 2026; Last amended June 2026	7/1/26 Passed Com. on H & C.D. with amendments. Re-referred to Com. on APPR.
14	SB 1085	Durazo, Maria	Water Supply Planning: Housing Developments	This bill streamlines CEQA water supply assessment requirements for certain housing development projects by triggering earlier identification of public water systems, cutting the submission deadline from 90 to 45 days, and waiving the public meeting approval requirement. This bill passed the Senate on May 18, 2026 and was first read in the Assembly on May 19, 2026. The bill passed the Assembly Committees on Water, Parks and Wildlife and Local Government and was re-referred to the Committee on Appropriations on July 1, 2026.	Assembly Committee on Appropriations	Introduced in February 2026; Last amended June 2026	7/1/26 Passed Com. on L. GOV with amendments. Re-referred to Com. on APPR.

¹ Bill numbers are hyperlinked to their respective legislative information pages

CALIFORNIA STATE LEGISLATURE 2025–2026 REGULAR SESSION						
Bill Number ¹	Author	Title	Summary / Notes	Current Status	Introduced / Last Amended	Last Action
PENDING LEGISLATION						
15		UC Berkely Report Legislation	Developed under the Commission’s current adopted workplan and informed by a University of California, Berkeley report, the proposal sought to strengthen LAFCO authority and accountability in addressing water and wastewater-related public health and safety concerns, while expanding transparency requirements for affected agencies and mobile home park community water systems. Although the bill did not advance this legislative session, the item has been continued to the upcoming workplan, and LAFCO staff will continue refining the proposal with stakeholders for potential introduction in 2027.			

¹ Bill numbers are hyperlinked to their respective legislative information pages

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT
Consent | Action

August 3, 2026

TO: Chair Becker and Commissioners

FROM: Erica Sellen, Commission Clerk
Aleks Girgoisan, Deputy Commission Counsel

SUBJECT: Biennial Review | Conflict of Interest Code

SUMMARY

San Diego LAFCO will complete the biennial review of its adopted Conflict of Interest Code as required under the Political Reform Act. No amendments are proposed. Following Commission action, staff will file the required notice with the County of San Diego Board of Supervisors, which serves as LAFCO's code-reviewing body.

BACKGROUND

Political Reform Act

The Political Reform Act of 1974 (California Government Code Section 81000 et seq.) requires state and local government agencies to adopt conflict of interest codes prescribing filing requirements for designated officials and employees with respect to reporting outside income, gifts, and other financial interests. The underlying purpose is to prevent biases - actual and apparent - tied to the financial interests of decision-makers. Statute directs local agencies to review their adopted codes every even-numbered year and either submit amendments or file written notice that no changes are needed.

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Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

San Diego LAFCO | Adopted Conflict of Interest Code

San Diego LAFCO adopted its Conflict of Interest Code in 1992 with subsequent amendments in 1995, 2008, 2020, and 2024. These amendments have collectively streamlined the Code, most recently in 2024 by expressly syncing LAFCO's disclosure categories to Form 700 categories. The 2024 amendments also added two positions - Commission Clerk and Communications Associate - to the list of LAFCO employees required to file annual statements of economic interest.

A copy of the current Code is included as Attachment One.

DISCUSSION

This item is for San Diego LAFCO to complete its biennial review of its adopted Conflict of Interest Code. Staff has completed a review of the Code and identified no changed circumstances warranting amendment. Specifically, and consistent with the review criteria, there have been no changes to LAFCO's organizational structure, no positions added, renamed, or eliminated, and no material changes in the duties or responsibilities of designated positions since the Code was last amended in 2024.

ANALYSIS

None.

RECOMMENDATION

it is recommended that San Diego LAFCO determine its Conflict of Interest Code remains current and requires no amendments. This recommendation is consistent with Alternative One outlined in the following section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

- a) Determine the Conflict of Interest Code shown in Attachment One remains current and requires no amendments, subject to any changes specified by the Commission.
- b) Direct the Commission Clerk to file the biennial notice with the Clerk of the County Board of Supervisors Clerk by the September 1, 2026 deadline.

Alternative Two:

Continue consideration to a future meeting and provide direction to staff concerning additional information or related tasks.

PROCEDURES

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

Respectfully,



Erica Sellen
Commission Clerk

Attachment:

- 1) Current Conflict of Interest Code
- 2) Review Notice by County of San Diego

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**SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION**

COSD CLERK OF THE BOARD
2024 OCT 14 PM 3:32

**ARTICLE VII
CONFLICT OF INTEREST CODE**

On September 14, 1992, pursuant to the provisions of Government Code Section 87306, the San Diego Local Agency Formation Commission (LAFCO) amended its Conflict of Interest Code adopted September 12, 1977 by substituting and incorporating by reference the terms of Fair Political Practices Commission Regulation No. 18730. Said amended Code was approved by the Board of Supervisors, as LAFCO's Code Reviewing Body, on January 5, 1993.

Copies of the Commission's amended Conflict of Interest Code and FPPC Regulation 18730 are attached hereto for reference, and identified as, respectively, Attachment 1 and Attachment 2.

Approved and/or authorized by the Board of Supervisors of the County of San Diego.	
Meeting Date: 11/08/24	Minute Order No. 24
By: [Signature]	Date: 11/08/24
Deputy Clerk of the Board Supervisors	
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**CONFLICT OF INTEREST CODE
SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION**

The Political Reform Act, Government Code Section 81000 et seq., requires state and local government agencies to adopt and promulgate conflict of interests codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard conflict of interest code. It can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference, and, along with the attached Appendix in which members and employees are designated and disclosure categories are set forth, constitute the conflict of interest code of the San Diego County Local Agency Formation Commission.

All officials and designated employees shall file statements of economic interests – also known as Form 700 – with the Commission Clerk. Should statements be received in signed paper format the Commission Clerk shall make and retain copies and forward the originals to the Clerk of the Board of Supervisors for the County of San Diego as the LAFCO filing officer. Should statements be filed using the County of San Diego's Form 700 e-filing system both the Commission Clerk and the Clerk of the Board of Supervisors will receive access to the e-filed statements simultaneously. The Commission Clerk will

make all retained statements available for public inspection and reproduction during regular business hours.

Exhibit A:

Designated Positions

Exhibit B:

Disclosure Categories

Adopted September 14, 1992

Administratively Revised and Corrected September 22, 1994

Updated July 31, 1995

Administratively Revised and Corrected March 27, 2000

Comprehensively Updated and re-adopted March 3, 2008

Administratively Revised and Corrected June 15, 2010

Amended: August 3, 2020

EXHIBIT A

DESIGNATED POSITIONS

<u>Designated Positions</u>	<u>*Reportable Economic Interest Category Number</u>
A. Officials	
Regular Members of the Commission	1, 2, 3, 4, and 5
Alternate Members of the Commission	1, 2, 3, 4 and 5
B. Management and Other Employees	
Executive Officer	1, 2, 3, 4, and 5
Assistant Executive Officer	, 3, 4, and 5
Chief, Policy Research	3, 4, and 5
Chief, Governmental Services	3, 4, and 5
Local Governmental Analyst III	4 and 5
Local Governmental Analyst II	4 and 5
Local Governmental Analyst I	4 and 5
GIS/IT Analyst	4 and 5
C. General Counsel	
Commission Counsel	1, 2, 3, 4, and 5
Deputy Commission Counsel	1, 2, 3, 4, and 5
D. Consultants	
Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitations: The Executive Officer may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.	

EXHIBIT B
DISCLOSURE CATEGORIES

Category 1

Designated officials or employees assigned to this category must report:

All investments involving stocks, bonds, and other interest where ownership is less than 10 percent. (Schedule A-1 in Form 700)

All investments, income, and assets of businesses entities and/or trusts where ownership is 10 percent or greater. (Schedule A-2 in Form 700)

Category 2

Designated officials or employees assigned to this category must report:

All interests in real estate – including rental properties – located within San Diego County and any other areas in which the Commission is exercising any of its regulatory or planning duties and powers. (Schedule B in Form 700)

Category 3

Designated officials or employees assigned to this category must report:

All income and associated businesses and business positions that include spouses or domestic partners as well as any personnel loans. (Schedule C in Form 700)

Category 4

Designated officials or employees assigned to this category must report:

All gifts received directly or through intermediaries with a fair market value of \$50 or more. (Schedule D in Form 700).

Category 5

Designated officials or employees assigned to this category must report:

All travel and associated lodging and meals provided free of charge or reimbursed. (Schedule E in Form 700)

APPROVED
SAN DIEGO LAFCO REGULAR MEETING
October 7, 2024

Item 6h

Proposed Update to Conflict of Interest Code

Item presented to consider amendments to its adopted Conflict of Interest Code as part of a biennial review. The proposed amendments are considered minor and involve adding two positions – Commission Clerk and Communications Associate – to the list of LAFCO employees required to file annual statements of economic interest. The proposed amendments are being presented for Commission approval and for subsequent filing with the County of San Diego Board of Supervisors as the code-reviewing body for LAFCO.

Commissioner McCann motioned with second from Commissioner MacKenzie to approve the staff recommendation (Alternative One) as presented.

Alternative One (recommended):

- (a) Approve the proposed amendments to the Conflict of Interest Code as presented in Attachment One with any specified changes.
- (b) Direct the Commission Clerk to file the amended Conflict of Interest Code with the County Board Clerk for consideration by the County of San Diego Board of Supervisors by the October 18, 2024 deadline.

Roll call requested:

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

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



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

COSD CLERK OF THE BOARD
2024 OCT 14 PM 3:32

6h

AGENDA REPORT
Consent | Action

October 7, 2024

TO: Commissioners

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

SUBJECT: Proposed Update to Conflict of Interest Code

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider amendments to its adopted Conflict of Interest Code as part of a biennial review. The proposed amendments are considered minor and involve adding two positions – Commission Clerk and Communications Associate – to the list of LAFCO employees required to file annual statements of economic interest. The proposed amendments are being presented for Commission approval and for subsequent filing with the County of San Diego Board of Supervisors as the code-reviewing body for LAFCO.

BACKGROUND

Political Reform Act

California Government Code Section 87300 codifies the Political Reform Act of 1974 and requires State and local government agencies to adopt their own conflict of interest codes and perform biennial reviews to consider amendments as needed. The conflict of interest code prescribes filing requirements for public officials with respect to reporting outside incomes, gifts, and other financial interests. The underlying purpose is to prevent biases – actual and apparent – tied to the financial interests of decision-makers.

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County of San Diego

Jim Desmond
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Nora Vargas, Alt.
County of San Diego

Kristi Becker
City of Solana Beach

Dane White
City of Escondido

John McCann Alt.
City of Chula Vista

Chair Stephen Whitburn
City of San Diego

Marni von Wilpert, Alt.
City of San Diego

Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Harry Mathis
General Public

Brigitte Browning, Alt.
General Public

San Diego LAFCO | Adopted Conflict of Interest Code

San Diego LAFCO adopted its Conflict of Interest Code in 1992 with subsequent amendments approved in 1995, 2008, and 2020. The latter set of amendments streamlined the Code and marked by explicitly syncing LAFCO disclosure categories to Form 700 categories.

A copy of the current Code is attached.

DISCUSSION

This item is for San Diego LAFCO to consider amendments to its adopted Conflict of Interest Code as part of the Commission's biennial review. The amendments are limited to addition two positions – Commission Clerk and Communications Associate – to the list of responsible parties needing to file Form 700s. Should the Commission approve the amendments, they would be forwarded to the County of San Diego Board of Supervisors for their approval as the code-reviewing body for LAFCO under statute. The deadline to file proposed amendments with the County is October 18, 2024.

ANALYSIS

The recommended amendments before San Diego LAFCO are minor and add two new positions – Commission Clerk and Communications Associate – to the list of employees subject to the regular (assuming office, leaving office, and annual) Form 700 filings. It is relatedly proposed both positions be subject to the same level of Form 700 filing as the Analyst series to include Categories 4 (gifts) and 5 (travel) only.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed amendments to the Conflict of Interest Code based on the preceding analysis. This recommendation is consistent with Alternative One outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO.

Alternative One (recommended):

- (a) Approve the proposed amendments to the Conflict of Interest Code as presented in Attachment One with any specified changes.
- (b) Direct the Commission Clerk to file the amended Conflict of Interest Code with the County Board Clerk for consideration by the County of San Diego Board of Supervisors by the October 18, 2024 deadline.

Alternative Two:

Continue consideration to a future meeting and provide direction to staff concerning additional information or related tasks.

PROCEDURES

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

On behalf of the Executive Officer,



Erica Sellen
Commission Clerk

Attachments:

- 1) Existing Conflict of Interest Code
- 2) Review Notice by County of San Diego

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ANDREW POTTER, CCB
EXECUTIVE OFFICER/CLERK

CLERK OF THE BOARD OF SUPERVISORS
DISCLOSURE SERVICES UNIT
1600 PACIFIC HIGHWAY, ROOM 402, SAN DIEGO, CALIFORNIA 92101-2422
(619) 531-5600

RYAN SHARP
ASSISTANT CLERK

ANN MOORE
ASSISTANT CLERK

June 1, 2026

TO: Agency Officials
FROM: Andrew Potter
Clerk of the Board of Supervisors

CONFLICT OF INTEREST CODE: AGENCY BIENNIAL REVIEW

Every two years, local government agencies must review their Conflict of Interest (COI) Code to determine whether it remains accurate or requires amendment (Government Code Section 87306.5). After this review, they must inform the code reviewing body.

The San Diego County Board of Supervisors, as your agency's code reviewing body, is reminding you of these requirements.

To comply with these requirements, please complete the following:

1. Review your Agency's COI Code to ensure that all designated positions and disclosure categories are accurate. The appendices are available online at:
www.sandiegocounty.gov/cob/conflict_interest/.
Agencies are strongly encouraged to clearly identify where filers must submit their Statement of Economic Interests (Form 700).
2. Determine if amendments are needed. If no amendments are necessary, proceed to Step 3. If amendments are necessary, proceed to Step 4.
3. **If no amendments are necessary**, complete the enclosed Biennial Reply Form indicating that no amendment is required and return it to the Clerk of the Board by **September 1, 2026**. No further action will be required after submitting the form.
4. **If amendments are necessary**:
 - Complete the enclosed Biennial Reply Form indicating that an amendment is required and return it to the Clerk of the Board by **September 1, 2026**.
 - Amend your Conflict of Interest Code by clearly indicating all the designated positions, disclosure categories and **place of filing** (e.g. FPPC, County of San Diego or within your agency).
 - Submit the updated version to the Clerk of the Board by **September 15, 2026**.

June 1, 2026

Conflict of Interest Code: Agency Biennial Review

Page 2

The Clerk of the Board will submit the proposed amendments to the Board of Supervisors for approval. The amended Conflict of Interest Code is not effective until approved by the Board of Supervisors. The Clerk of the Board will notify you of the Board's action.

Please complete and submit the enclosed Biennial Reply Form via e-mail no later than September 1, 2026 to:

Form700@sdcounty.ca.gov
Subject: COI Biennial Review

Fair Political Practices Commission

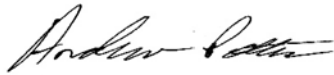
The FPPC has online resources to assist you, including articles like "Local Agencies – Adopting & Amending Conflict of Interest Codes," available at the FPPC's [website](#). You are also encouraged to review the online webinar located on FPPC's [Training and Outreach page](#).

Non-Compliance

Agencies that fail to respond by the deadline may be referred to the FPPC's enforcement division for investigation and possible prosecution.

Thank you for your prompt attention to this matter. If you need more information, please email Form700@sdcounty.ca.gov or call us at (619) 531-5601

Respectfully,



ANDREW POTTER
Clerk of the Board of Supervisors

AP:AM;gm

Attachments

cc: Ebony N. Shelton, Chief Administrative Officer
Damon Brown, County Counsel
Board of Supervisors Communications Received (CR)



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

6a

AGENDA REPORT Public Hearing | Action

August 3, 2026

TO: Chair Becker and Commissioners

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

**SUBJECT: Proposed Sphere of Influence Actions:
City of Carlsbad, Carlsbad Municipal Water District, and City of Oceanside**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider two related sets of sphere of influence actions involving the City of Carlsbad, Carlsbad Municipal Water District (MWD), and the City of Oceanside, both drawing from the recently completed municipal service review on the Carlsbad Subregion. The first set of recommended actions updates the spheres for Carlsbad and its subsidiary district, Carlsbad MWD, without change, satisfying LAFCO's review duty under statute. The second set of recommendations establishes a matching special study area consisting of three subareas totaling 123 acres for the spheres of Carlsbad, Carlsbad MWD, and correspondingly Oceanside. The recommended special study area – which captures lands along and near to the State Route 78 corridor that are either inside Oceanside but more naturally aligned with Carlsbad, or inside Carlsbad but more naturally aligned with Oceanside – would serve under policy to encourage the subject agencies to discuss a future reorganization. Should mutual interest emerge, the designation lets the Commission consider a concurrent sphere amendment and boundary change without a new municipal service review. A draft resolution approving these actions, including finding that the actions are exempt under the "general rule" exemption in the California Environmental Quality Act (CEQA) Guidelines, Section 15061(b)(3), is provided as an attachment. Adoption of the draft resolution and associated actions is subject to a 30-day reconsideration period.

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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

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

BACKGROUND

Spheres of Influence | Legislative Direction + Purpose

LAFCOs establish, amend, and update spheres of influence for cities and special districts to designate the territory it independently believes represents the agencies' appropriate and probable future jurisdictional boundaries and/or service areas. All jurisdictional changes and out-of-agency services must be consistent with the affected agencies' spheres with limited exceptions. Statute tasks LAFCOs to review and update spheres every five years as needed based on information generated in recent municipal service reviews. LAFCOs have broad discretion in designating spheres in step with meeting their objective to facilitate orderly and responsive growth and development consistent with local conditions and circumstances so long as the following factors are considered.

- Present and planned land uses, including agricultural or open space lands.
- Present and probable need for public facilities and services in the area.
- Capacity of public facilities and adequacy of public services the agencies provide.
- Existence of any social or economic communities of interest in the area.
- Present and probable needs for water, wastewater, and fire protection for any disadvantaged unincorporated communities within the agencies' existing spheres.¹

Scheduled Sphere Updates for Carlsbad Subregion

San Diego LAFCO initiated a scheduled review of the spheres of influence for the Carlsbad Subregion consistent with the agency's five-year rolling study schedule for preparing municipal service reviews across San Diego County, using these reviews to inform the Commission's task of reviewing and updating spheres. The municipal service review on the Carlsbad Subregion was completed at the Commission's June 15, 2026 meeting, providing an independent evaluation of the availability, need, and performance of the core service functions, demographics, financial standing, and governance of the two affected agencies – the City of Carlsbad and Carlsbad MWD. A prospectus summarizing the review and its key observations and recommendations is provided as Attachment One.

DISCUSSION

This item is for San Diego LAFCO to fulfill its statutory task to review and update the spheres of influence in the Carlsbad Subregion involving the City of Carlsbad and Carlsbad MWD. The update is informed by the municipal service review recently completed on the Carlsbad Subregion and builds on the following baseline sphere information.

¹ This factor applies only when establishing, amending, or updating spheres for local agencies that provide one of the three listed functions (water, wastewater, and fire protection).

- **Carlsbad's** sphere was last reviewed and updated by LAFCO in 2016 and is presently coterminous with the jurisdictional boundary. A special study area established in 2008 also remains assigned to Carlsbad's sphere, covering approximately 374 acres of unincorporated area to the southeast in the Rancho Santa Fe community. This existing study area concurrently lies within the City of Encinitas' sphere of influence, with the Commission encouraging the two land use authorities to pursue joint planning on the area's future annexation. A map showing the current Carlsbad sphere is provided as Attachment Two.
- **Carlsbad MWD's** sphere was last reviewed and updated by LAFCO in 2013 and is presently coterminous with the District's jurisdictional boundary, which itself covers close to four-fifths of Carlsbad with the notable exclusion of the City's southeast La Costa neighborhood. There are no special study areas currently assigned to the MWD sphere. A map showing the current MWD sphere designation is provided as Attachment Three.

Consistent with adopted policy, the municipal service review approved by the Commission on June 15, 2026 included recommendations on whether to proceed with limited or comprehensive sphere updates for the two subject agencies. It recommends limited updates for both – reaffirming their spheres without change – and deferring more comprehensive updates to a future study cycle. The review further recommends the Commission establish one or more special study areas along the State Route 78 corridor, given the misalignment between built roadway conditions and service responsibilities, and directs LAFCO to work with both Carlsbad and Oceanside as the land use authorities to reconcile these lines – the basis for the corresponding study area proposed for Oceanside's sphere.² The governing recommendations follow.

4.2.6 Jurisdictional Misalignment Along SR-78 Corridor

Jurisdictional boundaries along the State Route 78 corridor are misaligned with built roadway conditions and service responsibilities, resulting in fragmented maintenance and emergency-response accountability. Beyond service delivery concerns, this situation also raises basic governance considerations, as certain parcels fall within one jurisdiction despite being functionally accessed or served through another. LAFCO should initiate or facilitate a technical boundary review with Carlsbad and Oceanside to reconcile illogical and inefficient jurisdictional lines with functional service delivery as appropriate.

4.2.7 Reaffirm Current Sphere with Qualifier

LAFCO should proceed with a limited sphere of influence update for Carlsbad to reaffirm existing designations and establish one or more special study areas.

² The Oceanside Small Craft Harbor District — a subsidiary district of the City of Oceanside with coterminous boundaries and sphere — is not included in the proposed special study area. San Diego LAFCO is concurrently conducting a governance study of the District, and assigning a new special study area or other sphere designation ahead of that study's completion would be premature. The Commission may consider the District's relationship to the corridor, if warranted, in coordination with the findings of the governance study.

- a) One special study area has been identified to date along the State Route 78 corridor. This designation would support Recommendation 4.2.6 by enabling a focused technical review of potential boundary refinements between Carlsbad and Oceanside to better reflect built conditions and service realities.

ANALYSIS

This analysis suggests it would be appropriate for San Diego LAFCO to proceed with two related sets of sphere of influence actions, both consistent with the recommendations of the recently completed municipal service review. The first set involves limited updates reaffirming the spheres for the City of Carlsbad and Carlsbad MWD without change. Both remain coterminous with their jurisdictional boundaries and reaffirming them continues the Commission's standing policy directive to encourage the two agencies' infill-oriented growth and development. Staff finds no changed conditions warranting more comprehensive analysis this cycle – including any material feedback from the agencies or at-large communities – and the action satisfies LAFCO's five-year review duty. The second set establishes a matching special study area for the spheres of Carlsbad, Carlsbad MWD, and correspondingly, Oceanside, consistent with LAFCO practice of flagging areas that may warrant future jurisdictional consideration as information develops. The proposed study area totals approximately 123 acres along and near the State Route 78 corridor and, shown across three subareas (A, B, and C), collectively comprises lands that are either inside Oceanside but more naturally aligned with Carlsbad, or inside Carlsbad but more naturally aligned with Oceanside.

The former Inns at Buena Vista Creek proposal (Subarea C) illustrates the circumstance and the merits of establishing the special study area. Though no longer active, the project site south of State Route 78 at Jefferson Street spanned both jurisdictions – roughly 78% in Oceanside – yet was planned to draw water and wastewater from Carlsbad MWD and the City of Carlsbad, respectively, and to rely on Carlsbad as the closest first responder for emergency public safety services, with access only through the Shoppes at Carlsbad. Oceanside would consequently hold the lead role in what gets developed even as the service and access effects fall most heavily on Carlsbad. In staff's view, that split of land from service leaves the area prone to friction and misalignment between land use decision-making and service responsibilities. Designating the study area would encourage Carlsbad and Oceanside to weigh a reorganization to remedy friction and misalignment. Should mutual interest emerge, the designation would let the Commission consider concurrent sphere amendments and boundary changes without necessitating a new municipal service review.

RECOMMENDATION

It is recommended that San Diego LAFCO approve updates reaffirming the spheres of influence for the City of Carlsbad and Carlsbad MWD without change while establishing a matching special study area affecting the spheres of the City of Carlsbad, Carlsbad MWD, and, consequently, the City of Oceanside, as described. This core recommendation is paired with making a general rule exemption finding under the CEQA given sphere of influence actions are planning determinations that do not authorize development, change land uses,

or extend services without further environmental review and Commission action. These recommendations are codified as Alternative One below.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO and can be accomplished through a single-approved motion:

Alternative One (recommended):

- a) Adopt the attached draft resolution making the following approvals:
 - 1) Update, without change, the spheres for the City of Carlsbad and Carlsbad MWD.
 - 2) Establish a new special study area along and near the State Route 78 corridor equally affecting the spheres of influence of the City of Carlsbad, the Carlsbad MWD, and the City of Oceanside.
 - 3) Make determinations under Government Code Section 56425.
 - 4) Make a general rule exemption finding under State CEQA Guidelines Section 15061(b)(3).
- b) Direct the Executive Officer to administratively record the sphere of influence actions following the completion of a standard 30-day reconsideration period.

Alternative Two:

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

PROCEDURES

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

- 1) Commissioner disclosures, if any.
- 2) Receive verbal presentation from staff unless waived.
- 3) Open the hearing and invite comments and close at the Chair's discretion.
- 4) Discuss and consider the staff recommendation.

On behalf of the Executive Officer,



Michaela Peters
Local Government Analyst II

Attachments:

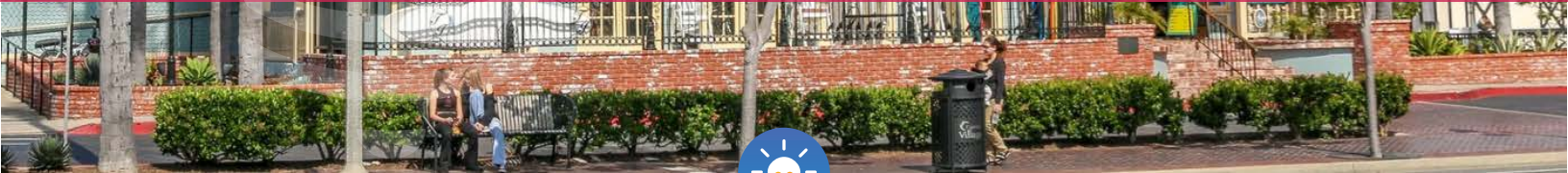
- 1) Prospectus on the Carlsbad Subregion MSR
- 2) Draft Resolution of Approval
 - Exhibit A: City of Carlsbad Sphere of Influence
 - Exhibit B: Carlsbad MWD Sphere of Influence
 - Exhibit C: New Special Study Area (City of Carlsbad, Carlsbad MWD, and City of Oceanside)
 - Exhibit D: Mandatory Determinations under 56425



Municipal Service Review

CITY OF CARLSBAD &
CARLSBAD MUNICIPAL
WATER DISTRICT

PROSPECTUS | JUNE 2026



General Themes and Conclusions

The conclusions and recommendations presented herein are intended as highlights; additional findings and detailed conclusions are provided in the full Municipal Service Review (MSR).

The City of Carlsbad serves as a well-established coastal community within the northern portion of San Diego County, with an estimated population of 116,428 in 2023, making it the fifth-largest municipality in the county. The City of Carlsbad functions as a comprehensive full-service jurisdiction, providing core municipal services directly to residents while also supporting a broader network of regional and special districts. The Carlsbad Municipal Water District (CMWD) operates as a subsidiary entity, providing potable and recycled water services to approximately 82% of Carlsbad's residents, with its operations fully integrated into the City's governance framework while maintaining independent legal and fiscal authority. The physical and built environment of Carlsbad reflects a mature suburban-to-coastal layout. Older neighborhoods feature smaller single-family and multi-family lots concentrated near the coastline and along established commercial corridors. Densities transition inland toward larger single-family homes in mid- and late-20th century subdivisions. The City's geography is defined by the Pacific Ocean to

the west, limited buildable land to the east, and adjacent incorporated jurisdictions that constrain outward expansion, creating a long-term shift toward infill development and optimized service delivery. Carlsbad's municipal boundary spans 39 square miles, encompassing residential, commercial, and recreational uses alongside significant public infrastructure and open space. Carlsbad has transitioned from a period of rapid expansion and annexation in the late 20th century to a more deliberate, stewardship-focused phase. Population growth has slowed to under 1% annually since 2010, with housing production continuing at a moderate pace. Median household income remains high at \$129,269, and average home values rose 62% during the review period, reflecting strong market conditions. The City's workforce of 807 full-time positions supports a broad spectrum of services, with public safety, parks and recreation, wastewater, and community development among the most prominent. Fiscal management is strong, with General Fund reserves covering eight months of expenses and low overall debt.

» General Themes and Conclusions

CMWD provides high-quality potable and recycled water services with a system that maintains substantial excess capacity, enabling reliable service and accommodating future growth. Its enterprise funds are financially self-sustaining, with reserves covering more than seven months of operating expenses and rates consistently below regional averages. The District benefits from coordinated governance through the City Council, while retaining its identity as a separate legal entity with independent taxing authority. Together, Carlsbad and CMWD illustrate a community and utility system that are operationally stable, fiscally responsible, and strategically positioned to address future service, infrastructure, and housing challenges. While modest growth and evolving development conditions present ongoing considerations, the City and District maintain a solid foundation of governance, service quality, and financial strength, supporting sustainable and effective service delivery across the community. A review of the Carlsbad region relative to San Diego LAFCO's growth management tasks and municipal service review standards produces five central themes or conclusions. These conclusions collectively address core policy considerations, operational trends, and growth and development factors present within the community. They also examine potential sphere of influence considerations for the City of Carlsbad and CMWD. The conclusions are independently drawn and sourced from information collected and analyzed by the Commission between 2019 and 2023, with limited exceptions, and are detailed within each agency profile provided in the full MSR.

The review draws on fiscal years 2019 through 2023, the most recent audited data available when the study began. Two more fiscal years will have closed by the time the review is adopted — a gap the Commission should weigh, though nothing in the record suggests those years would change the core findings. Both agencies show stable governance and adequate capacity. CMWD's finances are sound; the City's are relatively sound, with revenue, expenditure, and pension trends worth watching, alongside the District's narrowing margins. These are slow-moving patterns, not sudden problems — the kind of trends more data would likely confirm than reverse. Staff therefore finds the existing record a reasonable basis for completing the review, with the next periodic review as a safeguard if conditions change.



No. 1 Transitioning to Stewardship: Managing Growth and Resources in Carlsbad

Carlsbad is a maturing, financially steady coastal city that has shifted from rapid expansion to stewardship, focusing on refining services and managing existing resources. With largely stable boundaries, the City is approaching build-out under current zoning and emphasizes infill development. Population growth has slowed to under 1% annually since 2010, reflecting the long-term effects of a voter-approved 1986 growth management program. Housing production now favors infill and redevelopment within largely built-out conditions. Development patterns are influenced by land availability, infrastructure capacity, and regulatory frameworks.

No. 2 Strong Governance, Adaptive Services, and Sustainable Management in Carlsbad

Carlsbad benefits from a strong governance framework that emphasizes transparency, coordination, and long-term planning, supported by active boards, updated service plans, and organizational continuity. The City delivers high-performing, adaptable services across all major functions, responding to changing needs through fire service expansions, library and recreation adjustments, and community developments. As the City approaches build-out, the focus shifts from growth to sustaining quality services, with key challenges including aging wastewater infrastructure, ongoing fire staffing needs, adapting parks and cultural services to demographic changes, and maintaining effective service delivery amid evolving market conditions and regulatory frameworks.

No. 3 Financial Strength and Emerging Fiscal Challenges in Carlsbad

Carlsbad's financial position is exceptionally strong, with consistent operating surpluses, substantial growth in General Fund reserves, and low debt levels well below standard thresholds. This fiscal strength reflects prudent management and has allowed the City to maintain services through economic disruptions. At the same time, emerging trends highlight potential long-term pressures: General Fund expenditures are growing faster than revenues - driven largely by rising public safety costs - and pension obligations are increasing, with funded ratios approaching cautionary levels. These dynamics suggest that while Carlsbad is financially secure today, careful planning will be needed to sustain this stability into the future.

No. 4 Bottom Line

This review confirms Carlsbad is well-positioned to continue providing reliable, high-quality municipal services within its jurisdiction through the foreseeable planning horizon.

No. 5 LAFCO Interests Going Forward

Looking ahead, boundary and governance considerations merit Commission attention. Areas along the State Route 78 corridor reflect service and maintenance inconsistencies between Carlsbad and adjacent jurisdictions, suggesting the value of focused study areas. Additionally, the presence of McClellan-Palomar Airport - owned and operated by the County but located within City boundaries - presents an ongoing governance and service alignment consideration, particularly with respect to public safety and community impacts.



Recommendations

The following recommendations identify priority actions and policy directed to the City of Carlsbad, LAFCO, and/or other affected agencies. Recommendations calling for LAFCO action are dependent on a subsequent directive from the Commission and through the annually adopted work plan.

1. Consistent with its legislative directive to promote orderly development, the Commission should continue to prioritize urban growth within Carlsbad - including development that might otherwise occur in adjacent unincorporated areas - recognizing the City's established and appropriate role as a full-service urban center. This growth-direction principle should be paired with deference to the City's General Plan where municipal policies advance regional efficiency and compact urban form.
2. While statute encourages the Commission to evaluate private and mutual water companies as part of its municipal service review program, the Commission should defer this topic to a future, county-wide informational report. A dedicated analysis would allow for a comprehensive understanding of private system performance and regulation rather than piecemeal consideration within individual regional reviews.
3. Carlsbad maintains a unique governance relationship and oversight of Carlsbad Municipal Water District (CMWD) - a separate legal entity with its own taxing authority that is responsible for providing potable water and recycled water services to about 82% of Carlsbad. Carlsbad should consider opportunities to further enhance CMWD's separate and important status as the potable and recycled water provider in public-facing materials - including the City's website agendas and budget documents.
4. Given the overlapping service boundaries among Carlsbad, CMWD, Leucadia Wastewater District, Olivenhain Municipal Water District, Vallecitos Water District (outside the scope of this regional review), and Encina Wastewater Authority, the Commission should encourage periodic coordination meetings to advance shared-service objectives. Discussion should include opportunities for operational integration and potential functional or structural consolidation across water, wastewater, and recycled-water services consistent with Commission policy and the long-term interests of ratepayers in reliable, cost-effective service delivery.
5. McClellan-Palomar Airport, owned and operated by the County of San Diego but located within Carlsbad, generates measurable impacts on local traffic, noise, water utility, and public-safety services without corresponding City control over its operation or expansion. In advance of the next review cycle, LAFCO should evaluate service and governance conditions at the airport and offer to convene and facilitate the County and the City in exploring a more equitable service arrangement - including service agreements, operational coordination, and any other mechanisms the parties identify - to better align decision-making authority with impact responsibility.

6. Jurisdictional boundaries along the State Route 78 corridor are misaligned with built roadway conditions and service responsibilities, resulting in fragmented maintenance and emergency-response accountability. Beyond service delivery concerns, this situation also raises basic governance considerations, as certain parcels fall within one jurisdiction despite being functionally accessed or served through another. LAFCO should initiate or facilitate a technical boundary review with Carlsbad and Oceanside to reconcile illogical and inefficient jurisdictional lines with functional service delivery as appropriate.
7. LAFCO should proceed with a limited sphere of influence update for Carlsbad to reaffirm existing designations and establish one or more special study areas.
 - a. One special study area has been identified to date along the State Route 78 corridor. This designation would support Recommendation 4.2.6 by enabling a focused technical review of potential boundary refinements between Carlsbad and Oceanside to better reflect built conditions and service realities.

Carlsbad Municipal Water District Themes and Conclusions

A review of the Carlsbad Municipal Water District relative to LAFCO's service review framework produces eight central themes and conclusions based on the 2019–2023 reporting period.

No. 1 Organizational Evolution & Governance

CMWD has transitioned from an independent special district to a fully integrated component of Carlsbad's municipal structure. The 1990 reorganization resolved prior jurisdictional conflicts and established a unified governance model that supports efficient operations, coordinated management of potable and recycled water services, and alignment under the City Council. While governance is effective, opportunities remain to improve public awareness of CMWD's distinct legal and financial authority.

No. 2 Operational Stability & Capacity

The District demonstrates consistent operational performance, with financial stability, minimal volatility in demand, and modern infrastructure. Substantial excess capacity across its water supply, transmission, and storage systems positions CMWD to meet future growth without major expansion. Overall, it remains a resilient and well-managed organization, though some softening in financial margins has been observed.

No. 3 Customer Value and Strategic Considerations

CMWD provides strong ratepayer value, maintaining water rates below regional averages while absorbing rising wholesale costs. Looking ahead, the District will need to sustain competitive rates, monitor narrowing operating margins, and enhance transparency regarding its independent governance and financial structure.



Carlsbad Flower Fields

Recommendations

The following recommendations identify priority actions and policy directions directed to the CMWD, LAFCO, and/or other affected agencies. Recommendations calling for LAFCO action are dependent on a subsequent directive from the Commission and through the annually adopted work plan.



1. Carlsbad MWD should consider additional opportunities to enhance public-facing communications - including website content, meeting agendas, and budget documents - to more clearly distinguish the District's separate legal status, taxing authority, and its role as the primary provider of potable and recycled water serving most of Carlsbad.
2. LAFCO should proceed with its tentative study schedule commitment to prepare a comprehensive countywide municipal service review on recycled water. This review should include, among other features, a detailed examination of current and future demands within CMWD's jurisdictional boundary. It would also be beneficial to assess service boundary rationalization among recycled water providers in the Carlsbad-Encinitas region, including CMWD and Leucadia, to help ensure efficient service delivery and collaboration.
3. At an appropriate future juncture, LAFCO and Carlsbad MWD should evaluate the potential benefits of utilizing the District's existing latent authority under the Municipal Water District Act to provide wastewater services. This assessment could identify opportunities for governance efficiencies and improved coordination among services that may ultimately benefit Carlsbad ratepayers.
4. The analysis covered in this municipal service review supports LAFCO in proceeding with a limited update to the sphere of influence, which would reaffirm Carlsbad MWD's existing designation. However, as a telegraph to potential changes in the future, it is recommended LAFCO create one or more special study areas mirroring designations being concurrently recommended for the City of Carlsbad. This approach includes capturing boundary deviations that have developed between the District and the City of Oceanside concerning their respective potable water and recycled water functions along State Route 78.



About Us

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.**

San Diego LAFCO operates within the second largest county in California as measured by population and currently tasked with overseeing over 100 local governmental agencies.

San Diego LAFCO's Commission

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



Kristi Becker
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City of Solana Beach



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Vice Chair
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Stephen Whitburn
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City of San Diego



Joel Anderson
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County of San Diego



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County of San Diego



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Vista Irrigation



Dane White
Commissioner
City of Escondido



Brigitte Browning
Commissioner
Public Member



Eileen Delaney
Alternate
Public Member



David Drake
Alternate
Rincon Del Diablo



John McCann
Alternate
City of Chula Vista



**Monica
Montgomery-Steppe**
Alternate
County of San Diego



Marni von Wilpert
Alternate
City of San Diego

RESOLUTION NO. 2026-XXX

**RESOLUTION OF THE
SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS**

SPHERE OF INFLUENCE ACTIONS

City of Carlsbad
Carlsbad Municipal Water District
City of Oceanside

WHEREAS, the San Diego County Local Agency Formation Commission, hereinafter referred to as the "Commission," is a political subdivision of the State of California with regulatory and planning responsibilities to facilitate orderly growth and development under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the Commission is responsible under Government Code Section 56430 to regularly prepare municipal service reviews to independently and comprehensively evaluate the sufficiency of local governmental services to inform its regulatory and other planning activities; and

WHEREAS, the Commission completed a municipal service review on public services within the Carlsbad Subregion consistent with statute, covering the City of Carlsbad and Carlsbad Municipal Water District (MWD), hereafter referred to as the "affected agencies"; and

WHEREAS, the Executive Officer's written report on the municipal service review on the Carlsbad Subregion was presented to and accepted by the Commission on June 15, 2026; and

WHEREAS, the municipal service review on the Carlsbad Subregion serves as the informing document for the Commission to proceed with sphere of influence updates for the affected agencies; and

WHEREAS, the municipal service review recommends – among other items - the Commission consider establishing one or more special study areas along the State Route 78 corridor to address the misalignment between built roadway conditions and service responsibilities, and identifies the City of Oceanside as an interested party in reconciling these boundaries; and

WHEREAS, the Commission is responsible under Government Code Section 56425 to establish and regularly review spheres of influence for all local agencies under Commission oversight, with the added statutory directive that all jurisdictional changes and out-of-agency services must be consistent with the affected agencies' spheres with limited exceptions; and

WHEREAS, the Commission is also responsible under Government Code Section 56425 to review and update all local agencies' spheres of influence every five years as necessary; and

WHEREAS, the Commission's adopted policies provide for the designation of special study areas within or adjacent to an agency's sphere of influence to identify territory warranting further evaluation for potential future jurisdictional change; and

WHEREAS, the Executive Officer's written report and recommendations on sphere of influence updates for the affected agencies in the Carlsbad Subregion, and on the corresponding special study area affecting the City of Oceanside, were presented to the Commission in a manner provided by law; and

WHEREAS, the Oceanside Small Craft Harbor District is not included in the special study area designation given the Commission is concurrently conducting a governance study of the District, and any new sphere designation in advance of that study's completion would be premature; and

WHEREAS, the Commission heard and fully considered all evidence presented at a noticed public hearing concerning the sphere of influence updates for the Carlsbad Subregion — and the related special study area affecting the City of Oceanside — on August 3, 2026; and

WHEREAS, as part of the sphere of influence update process, the Commission is required pursuant to Government Code Section 56425(e) to make a statement of written determinations with regard to certain factors.

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby finds, determines, and orders the following:

1. The Commission determines and finds the sphere of influence updates for the affected agencies in the Carlsbad Subregion represent a project under the California Environmental Quality Act but are exempt from further review under the "general rule" provided under State Guidelines Section 15061(b)(3). This exemption appropriately applies given it can be seen with certainty that spheres of influence are planning policies, and any amendments or updates do not make any changes to the environment or authorize any new uses or services.
2. The Commission similarly determines and finds the establishment, modification, or elimination of special study areas assigned to local agencies' spheres of influence are projects under the California Environmental Quality Act but exempt from further review under the "general rule" provided under State Guidelines Section 15061(b)(3).
3. The Commission has considered the Executive Officer's written report on the sphere of influence updates and related actions and recommendations therein.
4. The Commission APPROVES updates for the affected agencies in the Carlsbad Subregion affirming, with no changes, the existing sphere of influence designations as shown in Exhibit "A" (City of Carlsbad) and Exhibit "B" (Carlsbad MWD).
5. The Commission APPROVES establishment of a special study area uniformly applied to the two affected agencies in the Carlsbad Subregion – City of Carlsbad and Carlsbad MWD – and the City of Oceanside as shown in Exhibit "C."
6. The special study area designation is established to encourage the two affected land use authorities - City of Carlsbad and the City of Oceanside - to assess mutual interest in a future reorganization addressing the misalignment between jurisdictional boundaries and service responsibilities along the corridor. The designation does not authorize any jurisdictional change and does not obligate any agency to initiate one.

7. Statement of determinations addressing the factors required for consideration anytime the Commission takes actions on spheres of influence under Government Code Section 56425 is provided as Exhibit “D.”
8. These actions are subject to a 30-day reconsideration period, after which the Executive Officer is directed to administratively record the sphere of influence actions.
9. The Executive Officer is authorized to make any non-substantive edits and technical corrections to this resolution in the interest of the public record.

* * *

AYES:

NOES:

ABSENT:

ABSTAINING:

ATTEST:

Keene Simonds
Executive Officer

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EXHIBIT A

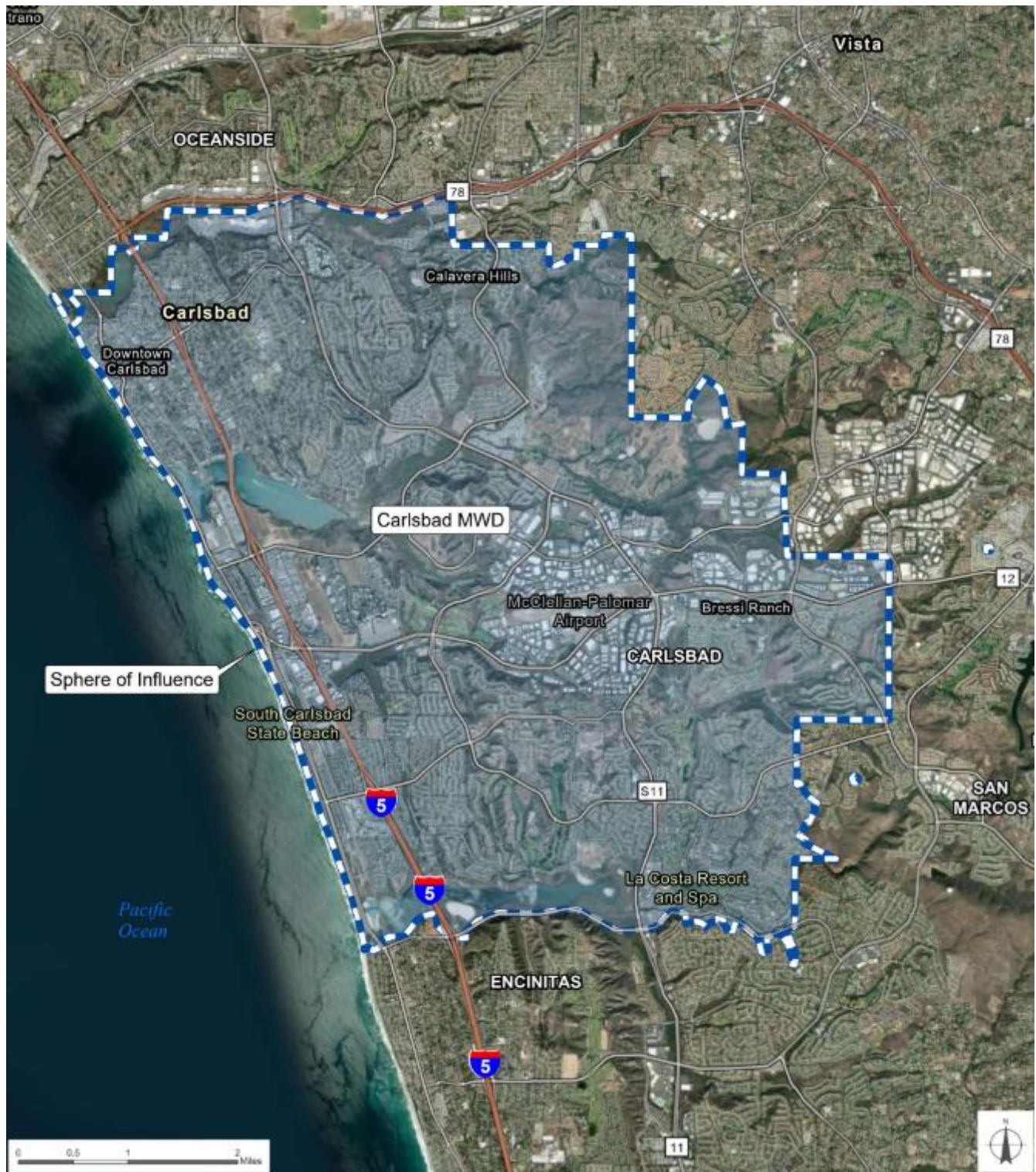
SPHERE OF INFLUENCE UPDATE CITY OF CARLSBAD



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EXHIBIT B

SPHERE OF INFLUENCE UPDATE CARLSBAD MWD



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EXHIBIT C

ESTABLISHMENT OF SPECIAL STUDY AREA

CITY OF CARLSBAD
CARLSBAD MWD
CITY OF OCEANSIDE



EXHIBIT C

ESTABLISHMENT OF SPECIAL STUDY AREA (AREA A & B)
CITY OF CARLSBAD
CARLSBAD MWD
CITY OF OCEANSIDE



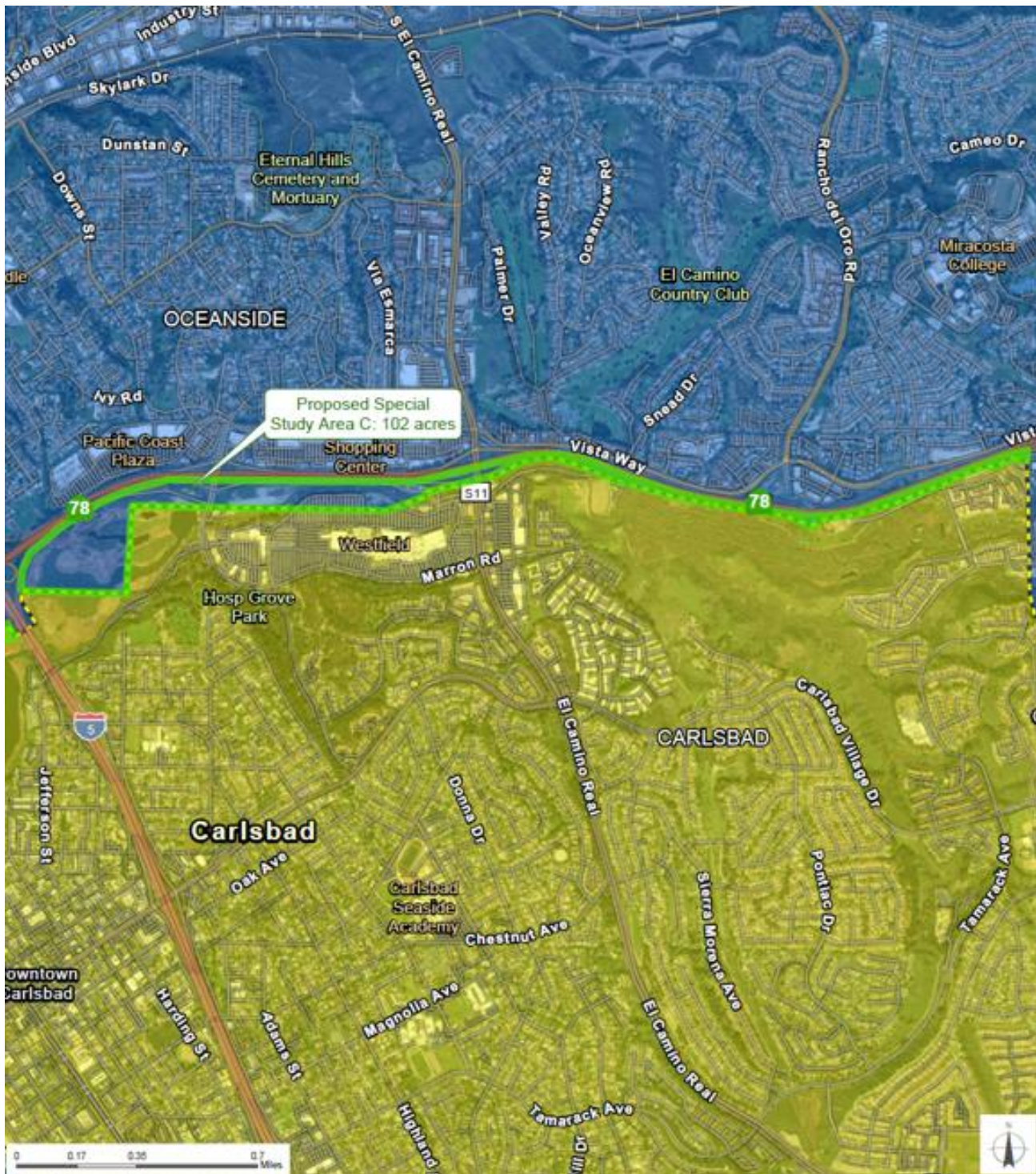
EXHIBIT C

ESTABLISHMENT OF SPECIAL STUDY AREA (AREA C)

CITY OF CARLSBAD

CARLSBAD MWD

CITY OF OCEANSIDE



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EXHIBIT D

STATEMENT OF DETERMINATIONS GOVERNMENT CODE SECTION 56425

City of Carlsbad
Carlsbad Municipal Service District
City of Oceanside

1. With respect to present and planned land uses in the area as required under Section 56425(e)(1), the Commission independently determines the following.
 - a) The existing sphere of influence for the City of Carlsbad encompasses approximately 25,028 acres with an estimated population of 116,428 residents. The existing sphere of influence for the Carlsbad Municipal Water District (MWD) encompasses approximately 20,710 acres with an estimated population of 90,918 residents. The territory within the City's sphere is entirely under the land use authority of the City of Carlsbad and is predominantly urban in character, consisting of a mix of residential, commercial, industrial, public, and open space uses. Approximately 10 percent of the area consists of agricultural and open space lands; however, these areas are limited in extent and are not considered significant. The Carlsbad MWD sphere reflects the district's long-range potable water service responsibilities and is not conterminous with the City's sphere.
 - b) The 123-acre Special Study Area established concurrently with these sphere actions consists of three subareas (A, B, and C) located along and near the State Route 78 corridor where jurisdictional boundaries and municipal service responsibilities are misaligned. The designation recognizes the area's existing land use pattern and provides a planning mechanism for the City of Carlsbad and the City of Oceanside to evaluate potential future jurisdictional changes. The designation does not modify any sphere of influence or land use authority.
2. With respect to present and probable need for public facilities and services in the area as required under Section 56425(e)(2), the Commission independently determines the following.
 - a) The existing spheres of influence for the City of Carlsbad and the Carlsbad MWD continue to reflect the appropriate long-range service areas of the respective agencies. Accordingly, the Commission affirms the existing sphere designations without modification.
 - b) The Special Study Area—and its three subareas—identifies territory that may warrant future evaluation to better align jurisdictional boundaries with municipal service responsibilities between the Cities of Carlsbad and Oceanside. The three subareas are intended to facilitate interagency planning and do not authorize or require jurisdictional change at this time.
3. With respect to present capacity of public facilities and adequacy of public services the agencies provide or are authorized to provide as required under Section 56425(e)(3), the Commission independently determines the following.
 - a) A comprehensive evaluation of public facilities, services, and service adequacy for the affected territory has been separately prepared by the Commission as part of a municipal service review. The Commission relies on the municipal service review in making all related sphere of

influence determinations for the affected agencies.

4. With respect to the existence of any relevant social or economic community of interest in the area as required under Section 56425(e)(4), the Commission independently determines the following.
 - a) The areas within the respective spheres of influence have established social and economic interdependencies with the affected agencies through the existing, or in limited instances anticipated, provision of municipal services. These interdependencies have been recognized by the Commission through prior sphere of influence actions affecting the respective agencies.
 - b) The Special Study Area recognizes areas where municipal service relationships extend across existing jurisdictional boundaries. Designation of the study area encourages cooperative evaluation by the City of Carlsbad and the City of Oceanside of potential future governance options, without predetermining any future Commission action.
5. With respect to the present and probable need for public water, sewer, and fire protection services of any disadvantaged unincorporated communities within or adjacent to the sphere as required under Section 56425(e)(5), the Commission independently determines the following.
 - a) There are no lands within or adjacent to the existing spheres of influence of the City of Carlsbad or the Carlsbad MWD that qualify as disadvantaged unincorporated communities under Commission policy.



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

6b

AGENDA REPORT
Public Hearing | Action

August 3, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: **Proposed “Turner – Oak Creek Drive Reorganization” |
Annexation to the Lakeside Water District and Concurrent Detachment from
Padre Dam Municipal Water District with Related Actions (File No. RO26-01)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a reorganization proposal initiated by resolution of the Lakeside Water District (WD) involving two adjoining and undeveloped parcels totaling 2.37 acres in the unincorporated community of Lakeside. The proposal follows prior fee waivers approved by the Commission for its processing fees and by Lakeside WD for its own annexation changes, and involves annexation to Lakeside WD, concurrent detachment from Padre Dam Municipal Water District (MWD), and conforming sphere amendments. The primary purpose of the proposal is to extend public potable water service to the undeveloped parcel at 10780 Oak Creek Drive (APN 379-040-66) for a planned single-family residence. Connection to Padre Dam MWD is not readily accessible and is cost-prohibitive while connection to Lakeside WD is readily available. The second parcel 10784 Oak Creek Drive (APN 379-040-67) is included as a boundary enhancement to align it with an adjoining parcel already within Lakeside WD. Staff recommends conditional approval of the proposal along with conforming sphere of influence amendments, waiver of protest proceedings, waiver of the municipal service review requirement under Policy L-106, and adoption of findings supporting an exemption under the California Environmental Quality Act (CEQA).

Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321.3380 E lafco@sdcountry.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	Brigitte Browning General Public Eileen Delaney, Alt. General Public
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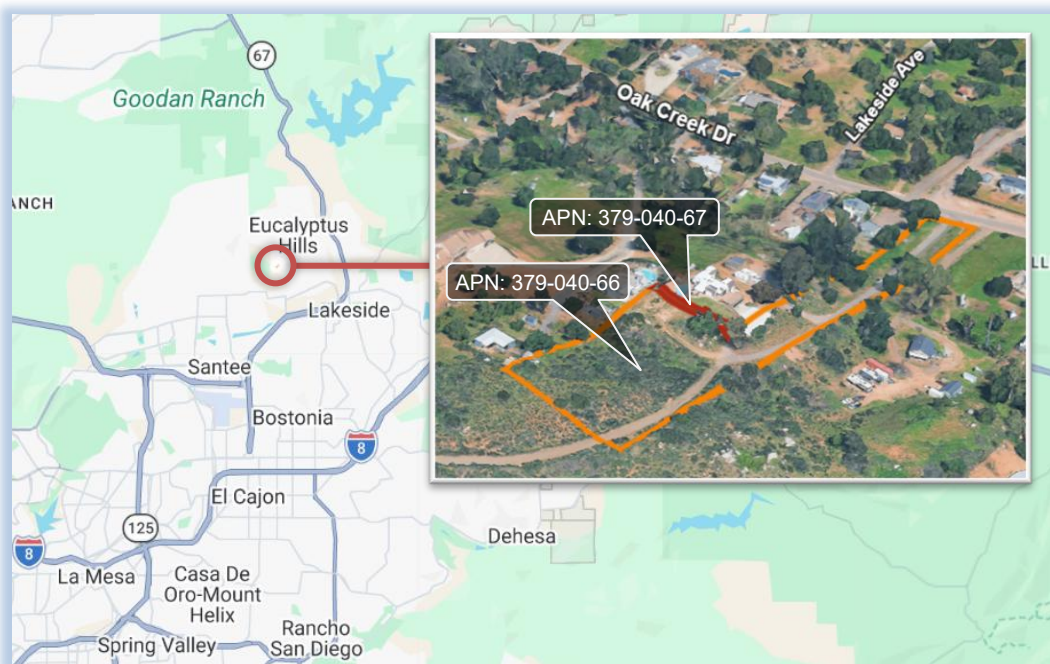
BACKGROUND

Applicant Request

San Diego LAFCO received a reorganization proposal in February 2026 initiated by resolution of application from Lakeside WD on behalf of interested landowners, Alan Turner and George Youkhanna. The proposal requests annexation of approximately 2.37 acres of unincorporated territory to Lakeside WD. The affected territory, as submitted, comprises two parcels identified by the County of San Diego Assessor and Auditor-Controller’s Office as APNs 379-040-66 (2.32 acres) and 379-040-67 (0.05 acres), with assigned situs addresses of 10780 and 10784 Oak Creek Drive, respectively. The primary purpose of the proposal is to extend public potable water service to the undeveloped parcel (APN 379-040-66), owned by Alan Turner, for a planned single-family residence. The second parcel (APN 379-040-67), owned by George Youkhanna, is included as a boundary enhancement given it comprises the backyard of his adjoining residential parcel (APN 379-040-35), which already lies within Lakeside WD. Its inclusion would correct an illogical boundary configuration and promote a more orderly District boundary.

Regional Setting

The affected territory is located in eastern San Diego County in the unincorporated community of Eucalyptus Hills, within the broader Lakeside area, and north of State Route 67. Principal access is provided by Oak Creek Drive. The territory lies within County Supervisorial District 2 (Joel Anderson), Assembly District 75 (Carl DeMaio), and Senate District 40 (Brian W. Jones). An aerial map of the affected territory and its regional setting is provided below, with a more detailed map depicting the subject parcels and their relationship to the Lakeside WD and Padre Dam MWD jurisdictional boundaries provided as Attachment One.



Subject Agencies

The proposed reorganization filed with San Diego LAFCO involves two subject agencies: Lakeside WD and Padre Dam MWD.¹ The following summarizes the subject agencies’ governance, demographics, municipal functions, and financial standing.

- **Lakeside WD** is an independent special district governed by a five-member board of directors authorized to provide one municipal function: water (retail class). An appointed general manager – Brett Sanders – oversees day-to-day activities. Lakeside WD was initially organized as the Lakeside Irrigation District in 1924 with water sourced to local groundwater and supplemented by surface supplies from the Cuyamaca Water Company. Lakeside WD later transitioned to imported supplies from the Colorado River and later the State Water Project as a member of the San Diego County Water Authority (CWA), which formed in 1944. The current jurisdictional boundary totals approximately 12,800 acres, or 20 square miles, and includes the unincorporated communities of Lakeside, Moreno Valley, Muth Valley, and Wintergardens. LAFCO estimates the current population at 33,999. LAFCO established a sphere of influence for Lakeside WD in 1985. The sphere was most recently reviewed and affirmed in 2007 with a larger-than-agency designation to include 184 non-jurisdictional acres. Lakeside WD’s audited net position is \$38.9 million as of June 30, 2025, with an unrestricted balance of \$16.05 million. This includes an ending cash balance of \$2.2 million. Lakeside WD’s total net position has changed by (0.4%) over the three prior audited years.
- **Padre Dam MWD** is an independent special district governed by a five-member board of directors authorized to provide four municipal functions: water, wastewater, recycled water, and parks and recreation services. An appointed general manager – Kyle Swanson – oversees day-to-day activities. The District was organized as the Rio San Diego MWD in 1955 and assumed its current name in 1976 upon the dissolution of the Santee County Water District, whose service responsibility it absorbed. It later took on the service responsibilities of the dissolved Crest Public Utility District in 1985 and Alpine Highlands Water District in 1986. Padre Dam is a member agency of CWA, which is the sole source of the District’s imported potable water supply. The current jurisdictional boundary totals approximately 46,509 acres, or 73 square miles, and includes the City of Santee, a portion of the City of El Cajon, and the unincorporated communities of Lakeside, Crest, Harbison Canyon, Blossom Valley, and Alpine. LAFCO estimates the current population at 98,645. LAFCO approved a sphere of influence for Padre Dam MWD in 1985 with a larger-than-agency designation. The sphere was most recently reviewed and affirmed in 2007 with a larger-than-agency designation to include 853 non-jurisdictional acres. Padre Dam MWD’s audited net position is \$378.7 million as of June 30, 2025, with an unrestricted balance of \$136.3 million, including an ending cash balance of \$28.9 million. Total net position has changed by 11.3% over the prior three audited years.

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

Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and/or spheres of influence of ten (10) local agencies directly subject to San Diego LAFCO's planning and regulatory responsibilities as listed below. These agencies qualify as "affected agencies" relative to the proposal before the Commission and received notice as part of the administrative review.²

- County of San Diego
- County Service Area No. 135 (Regional Communications)
- Grossmont Healthcare District
- Lakeside Fire Protection District
- Resource Conservation District of Greater San Diego County
- Padre Dam Municipal Water District
- Metropolitan Water District of Southern California
- San Diego County Water Authority
- San Diego County Flood Control District
- San Diego County Street Lighting District

The affected territory also lies within the following school and college districts and accordingly have received notice of the proposal as part of the administrative review: Grossmont Union High School District, Grossmont – Cuyamaca Community College District and Lakeside Union School District.

DISCUSSION

San Diego LAFCO will consider approving – with or without discretionary modifications – the reorganization proposal and its principal action to annex the affected territory to Lakeside WD with a secondary action to detach the territory from Padre Dam MWD. The Commission may also apply approval conditions, provided they do not directly regulate land use, property development, or subdivision requirements. The following discussion addresses the applicable statutory requirements and staff's analysis.

Proposal Purpose

The purpose of the proposed reorganization to annex two parcels spanning 2.37 acres of unincorporated territory to Lakeside WD is for the primary purpose of extending public potable water service to the undeveloped parcel (APN 379-040-66), owned by Alan Turner, in support of a planned single-family residence. The second parcel (APN 379-040-67), owned by George Youkhanna, is included as a boundary enhancement given it comprises the backyard of his adjoining residential parcel (APN 379-040-35), which already lies within Lakeside WD. Its inclusion would correct an illogical boundary configuration and promote a more orderly District boundary.

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

Current and Planned Uses

The affected territory is entirely unincorporated and subject to the County of San Diego’s land use policies. Applicable development standards are established under the Lakeside Community Plan (2011), with advisory input from the Lakeside Community Planning Group. The affected territory is designated Semi-Rural Residential (SR-1) with a zoning assignment of A70 (Limited Agricultural Use Regulations), which establishes a minimum lot size of 1.0 acre and a maximum density of 1.0 dwelling unit per acre. Should the landowner choose to subdivide in the future, the zoning designation creates a theoretical maximum build-out potential of two single-family residences, each with the potential for one accessory dwelling unit (ADU) and one junior accessory dwelling unit (JADU), on the primary affected parcel (APN 379-040-66). The second parcel (APN 379-040-67) does not meet the minimum lot size requirement for subdivision.

Commission Focus

Three policy determinations guide LAFCO’s consideration of this reorganization: (a) conforming sphere of influence amendments, (b) the timing of the reorganization, and (c) whether modifications or approval terms are appropriate. The Commission must also consider other relevant statutes in and outside LAFCO law, as detailed in the following section.

ANALYSIS

San Diego LAFCO's analysis of the proposed reorganization is divided into two subsections. The first addresses the three policy determinations discussed above, considering both statutory and local policy requirements. The second addresses other relevant issues, including compliance with the California Environmental Quality Act (CEQA). Staff analysis follows.

LAFCO Statute and Local Policy

Item No. 1 |

Conforming Sphere of Influence Amendments

The proposed reorganization requires San Diego LAFCO to consider conforming sphere of influence amendments for the two subject agencies to achieve consistency with the requested jurisdictional changes as required under statute and Commission practice.³ These amendments involve adding the affected territory to the Lakeside WD’s sphere of influence and removing the affected territory from the Padre Dam MWD’s sphere of influence. These actions reflect LAFCO’s statutory responsibility to designate spheres that delineate appropriate jurisdictional boundaries and service areas for affected agencies now and into the immediate future. The following analysis addresses the relevant state and local policy factors.

³ A sphere of influence is a planning boundary indicating where a city or district is expected to provide services in the future, while a jurisdictional boundary defines the area where it currently holds legal authority and provides services.

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

Statute requires LAFCO to prepare municipal service reviews to inform sphere updates, generally every five years. Policy L-106 requires municipal service reviews within five years of sphere amendments unless waived. The most recent series of municipal service reviews prepared by LAFCO germane to the affected territory and Lakeside WD and Padre Dam MWD were completed in 2007. Given the limited scope of the proposed sphere amendments, a new municipal service review does not appear warranted, and staff believes a waiver is appropriate. While the governing reviews are now nearly two decades old, three considerations support the waiver: the amendments are strictly conforming and add no territory beyond that already before the Commission; the affected territory totals 2.37 acres; and – as further addressed – projected demand at ultimate buildout represents approximately 0.0136% of Lakeside WD's net available supply. The amendments would simply conform the spheres to match the proposed annexation boundaries – a straightforward administrative alignment rather than a substantive change to either agency's service area.

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

Statute requires LAFCOs to consider five factors when acting on spheres of influence. These factors address agency-territory relationships, service needs and adequacy, land use compatibility, and effects on disadvantaged unincorporated communities. Staff's analysis of each factor follows.

- With respect to **present and planned land uses**, the affected territory comprises two unincorporated parcels currently undeveloped within the community of Lakeside. The primary 2.32-acre parcel is requesting the provision of potable water services to facilitate the planned construction of one single-family residence. The second 0.05-acre parcel has no future development planned. The sphere amendment and associated annexation to Lakeside WD would establish permanent connection to potable water services. Removing the parcels from Padre Dam MWD's sphere facilitates the required detachment and ensures Lakeside WD serves as the primary provider of municipal services. The current and planned uses are compatible with the proposed sphere amendments.
- With respect to **present and probable need for one or more public services**, there is an immediate need for a reliable source of potable water within the affected territory. While the territory falls within Padre Dam MWD's service area, water service from Padre Dam MWD is not readily accessible and is cost-prohibitive. Annexation to Lakeside WD with concurrent detachment from Padre Dam MWD, along with the proposed conforming sphere of influence amendments, will directly address this service need.
- With respect to the **overall adequacy of the agencies' public services**, no material deficiencies have been identified by LAFCO staff as part of the proposal review.

While the affected territory presently lies within Padre Dam MWD’s service boundary, water service from that agency is not readily accessible and is cost-prohibitive given the location of its existing infrastructure and the associated connection costs. Lakeside WD has nearby infrastructure and sufficient capacity to serve the affected territory without adversely affecting existing customers. The conforming sphere amendments would recognize Lakeside WD as the appropriate service provider based on these existing service conditions.

- With respect to **social or economic communities of interest if relevant to the agencies**, the affected territory is immediately contiguous to Lakeside WD’s existing sphere of influence and jurisdictional boundary. Amending the sphere to include the affected territory recognizes its preexisting social and economic ties to the District based on proximity and readily available potable water service. The concurrent removal from Padre Dam MWD’s sphere reflects Lakeside WD is the more appropriate long-term water service provider based on existing conditions.
- With respect to the **present and probable need for services involving any disadvantaged unincorporated communities (DUCs)**, none of the affected territory qualifies under the LAFCO statute.
- Sphere Factor No. 3:
Consideration of Policy L-102

San Diego LAFCO's L-102 guides spheres of influence actions. The policy directs the Commission to use spheres to guide deliberations on future reorganizations, preserve community identities, discourage duplication of municipal services, and encourage local agency consolidations—whether functional or political. The proposed sphere amendments conform with L-102.

CONCLUSION | MERITS OF CONFORMING SPHERE OF INFLUENCE AMENDMENTS

The conforming sphere amendments for Lakeside WD and Padre Dam MWD are justified under both statute and local policy, based on the preceding analysis and two key assumptions:

- **Municipal Service Review Waiver.** The Commission determines new municipal service reviews are not necessary to inform these conforming sphere amendments given the limited scope of service impacts. A waiver is appropriate based on the analysis provided above.
- **Service Provider Designation.** The Commission determines that Lakeside WD – rather than the Padre Dam MWD – is the appropriate service provider for the affected territory, with timing considerations addressed through the reorganization approval itself.

Item No. 2 | Timing of the Reorganization Request

San Diego LAFCO’s consideration of the proposed reorganization and its timing draws on analyzing baseline factors required in statute as well as applicable policies set by the Commission.⁴ Applicable local policies prompted for consideration are headlined by L-107 and its attention to disclosing and/or addressing any known or perceived jurisdictional disputes.

An analysis of these two related timing factors follows.

- Timing Factor No. 1:

Baseline Considerations: Regional Policies + Service Relationships

State law requires consideration of multiple factors when reviewing jurisdictional changes, ranging from basic disclosures to discretionary policy analyses evaluating the proposal's relationship to community needs, service capacities, and the receiving agency's (Lakeside WD) financial resources. Staff’s analysis addressing these core factors as they relate to Lakeside WD follows.

- With respect to **need**, the existing and planned residential uses within the affected territory warrant access to a reliable potable water supply. While the affected territory currently lies within Padre Dam MWD’s jurisdictional boundary, a potable water connection from that agency is not readily accessible and is cost-prohibitive. By contrast, Lakeside WD has readily available capacity and infrastructure to serve. Annexation to Lakeside WD, with concurrent detachment from Padre Dam MWD, would facilitate potable water service and accommodate the planned construction of a single-family residence. Inclusion of the second parcel, which functions as the backyard of an adjoining residential parcel already within and served by Lakeside WD, would align the District boundary with the existing property configuration and correct the associated jurisdictional inconsistency. The proposal also advances environmental justice considerations by making regulated public drinking water available within an area showing elevated levels of drinking-water-contaminants. Additional details are provided in Appendix A. Collectively, these factors support both the need for and timing of the proposed reorganization.
- With respect to **service availability and capacities**, Lakeside WD has available and sufficient capacities to accommodate projected water demands in the affected territory at its current and planned maximum uses. Additional details follow.

An existing Lakeside WD distribution main is located along the western edge of Oak Creek Drive – approximately 10 feet from the affected territory. Development of one single-family residence within the affected territory is projected to generate an average water demand of 400 gallons per day, or approximately 0.4478 acre-feet annually. This demand can be readily accommodated and represents

⁴ Most of the baseline factors in statute focus on disclosing and otherwise addressing compatibility issues with external goals and policies of other state, regional, and local agencies as well as assessing the ability of subject agencies to provide services going forward. (Reference to Government Code Section 56668).

approximately 0.0034% of Lakeside WD’s net available supply. For a potential ultimate buildout, two single-family residences, each with the potential for one ADU and one (JAD), on the primary parcel would generate an estimated demand of 1,600 gallons per day, or approximately 1.7912 acre-feet annually – equivalent to approximately 0.0136% of the District’s net available supply – a negligible fraction of the agency’s overall capacity.⁵

- With respect to **related financial considerations**, staff's review of Lakeside WD's recent audited statements identifies one indicator warranting disclosure. The average total margin over the last three audited fiscal years (FY2023 to FY2025) has been negative at (13.7%), and its total net position declined by (0.4%) over the same period. Three considerations moderate the significance of the trend for this proposal. First, it reversed in the most recent audited year: total revenues exceeded total expenses in FY2024-2025, producing a positive total margin of 4.4%. Second, the District's underlying balance sheet remains strong in both the short and long term, reflected in an ending current ratio of 10.85 to 1.0 (i.e., \$10.85 in current assets for every \$1.00 in current liabilities) and a debt ratio of 6.7% (i.e., \$6.70 of every \$100.00 in assets is financed by debt). Third, and most directly, the incremental service obligation at issue is relatively minimal. Accordingly, on these bases, staff concludes Lakeside WD has adequate financial resources and related administrative controls to provide retail water service to the affected territory without materially affecting existing operations or service levels.
- Timing Factor No. 2:
Consideration of Policy L-107

San Diego LAFCO adopted L-107 in May 2010 to require all applicants to disclose jurisdictional disputes or related items that are associated with their proposal filings. No jurisdictional disputes have been disclosed by Lakeside WD or Padre Dam MWD through the administrative review with LAFCO. Similarly, LAFCO staff has not identified any disputes or related concerns in the administrative review.

CONCLUSION | MERITS OF REORGANIZATION

The timing of the reorganization to annex the affected territory to Lakeside WD and concurrent detachment from Padre Dam MWD to facilitate the establishment of potable water service is sufficiently warranted. Justification is marked by the preceding analysis, including the demonstrated need for public water service, Lakeside WD’s nearby infrastructure and sufficient capacity to serve the territory, Padre Dam MWD’s determination that it cannot feasibly provide service, and its consent to the proposed reorganization. Additional supporting analysis is provided in Appendix A.

⁵ Consistent with LAFCO practice, JADUs are excluded from water demand projections. Unlike accessory dwelling units, JADUs are limited in size and use, are contained within the walls of an existing single-family residence, and typically share plumbing fixtures with the primary dwelling – making any incremental water footprint negligible and impractical to measure discretely.

Item No. 3 | Modifications and Terms

San Diego LAFCO staff has identified no modifications to the submitted reorganization warranting Commission consideration. As proposed, the reorganization would not create corridors or illogical jurisdictional boundaries and would instead correct an existing boundary irregularity. The Commission approved a full waiver of LAFCO processing fees in December 2025; however, the District – as applicant – remains responsible for charges outside LAFCO’s adopted fee schedule, including applicable State Board of Equalization and County Clerk filing fees associated with CEQA.

CONCLUSION | MERITS OF ANY MODIFICATIONS OR TERMS

No modifications to the submitted reorganization proposal appear warranted. Standard terms of approval are recommended, including payment of all remaining charges required to process the proposal through recordation. These charges exclude LAFCO processing fees, which the Commission waived in December 2025, but include all charges imposed outside LAFCO’s fee schedule.

Other Statutory Considerations

Exchange of Property Tax Revenues

California Revenue and Taxation Code section 99(b)(6) requires affected local agencies to adopt a property tax exchange agreement before LAFCO may approve a jurisdictional change involving annexation or detachment, unless an applicable master agreement is in place. In 1982, the County of San Diego adopted the Master Enterprise District Resolution for proposals involving water and sewer districts with no property tax exchange. The County expanded the resolution in 2009 to address proposals involving the transfer of property tax revenue between districts.

Under the applicable master agreement, \$5.02 in property tax base revenue would transfer from Padre Dam MWD to Lakeside WD, along with \$25.44 from Padre Dam MWD Improvement District C, for a total transfer of \$30.46. As the properties are reassessed, the amount of transferable property tax will adjust accordingly.

Environmental Review

San Diego LAFCO is obligated under CEQA to assess whether environmental impacts would result from activities approved under the Commission’s authority, either as a lead or responsible agency. Accordingly, the Commission is tasked with making one or more findings under CEQA in consideration of the proposed reorganization. Staff analysis follows.

- Lakeside WD’s initiating actions involving the proposal require it to assess potential impacts and specifically the annexation and extension of public water service to the affected territory as lead agency under CEQA. In this role as lead agency, Lakeside WD has made findings that the proposal qualifies as a project but is exempt from further review under State CEQA Guidelines Section 15300.1 and 15320. Staff independently concurs that section 15320 applies given the underlying action involves the transfer an existing municipal service function between agencies without adding new powers or expanding the geographic area eligible to receive water service.
- San Diego LAFCO serves as the lead agency for assessing potential environmental impacts under CEQA for the proposed detachment of the affected territory from Padre Dam MWD. Staff believes the proposal qualifies as a project under CEQA but is categorically exempt from further environmental review under State CEQA Guidelines Section 15320 given the underlying action involves the transfer an existing municipal service function between agencies without adding new powers or expanding the geographic area eligible to receive water service.
- San Diego LAFCO serves as lead agency under CEQA for the conforming sphere amendments. Staff recommends the Commission find that amending Lakeside WD’s sphere to include the affected territory and Padre Dam MWD’s sphere to exclude it constitutes a project under CEQA but is exempt from further review under State CEQA Guidelines Section 15061(b)(3). This exemption applies given spheres are State planning policies that do not directly change the environment or authorize new uses or services.

Protest Proceedings

Protest proceedings for the proposed reorganization may be waived by LAFCO should the Commission proceed with approval under Government Code Section 56662. The waiver appropriately applies given that the affected territory is uninhabited as defined under LAFCO law (i.e., fewer than 12 registered voters), the subject agencies have not filed an objection to the waiver, and the two landowners have provided written consent.⁶

RECOMMENDATION

Staff recommends San Diego LAFCO conditionally approve the reorganization proposal as submitted, along with the conforming sphere of influence amendments and other related findings as detailed. This recommendation is consistent with the action outlined as Alternative One in the following section, and would be subject to a 30-day reconsideration period.

⁶ LAFCO law defines uninhabited as territory in which less than 12 registered voters reside.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):

Adopt the attached resolution conditionally approving the reorganization proposal along with conforming sphere of influence amendments to the Lakeside WD and Padre Dam MWD. The following sub actions are also provided within the draft resolution:

- a) Waiver of the municipal service review requirement under Policy L-106
- b) Waiver of protest proceedings
- c) CEQA findings

Alternative Two:

Continue consideration of the item to the next regular meeting with direction to staff as needed.

Alternative Three:

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

PROCEDURES FOR CONSIDERATION

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

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

On behalf of the Executive Officer,



Joelle Burila
Local Governmental Analyst I

Appendix:

- A) Analysis of Proposal Review Factors

Attachments:

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

APPENDIX A

Government Code Section 56668 Mandatory Proposal Review Factors

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

The affected territory as submitted comprises two parcels totaling approximately 2.37 acres – a 2.32-acre primary parcel and a 0.05-acre secondary parcel. The subject parcels are located in unincorporated territory within the community of Eucalyptus Hills in the broader Lakeside area, which is characterized as semi-rural residential. The primary parcel (APN 379-040-66) is currently undeveloped, and the secondary parcel (APN 379-040-67) is adjacent to a developed parcel with a single-family residence. The County of San Diego Assessor's Office identifies the subject parcels with a total assessed land value of \$186,165. The last recorded transaction for APN 379-040-66 was in July 2022, and for APN 379-040-67 in March 2016.

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

The County of San Diego serves as the primary purveyor of general governmental services to the affected territory. These governmental services include community planning, roads, and law enforcement. A pertinent service provider includes Lakeside Fire Protection District (fire protection and emergency medical). The timing of the proposal is specific to the need for potable water services and is the focus of the succeeding analysis.

- **Extending Public Water to Affected Territory**

An existing Lakeside WD distribution main is located along the western edge of Oak Creek Drive – approximately 10 feet from the affected territory. Development of one single-family residence within the affected territory is projected to generate an average water demand of 400 gallons per day, or approximately 0.4478 acre-feet annually. This demand can be readily accommodated and represents approximately 0.0034% of Lakeside WD's net available supply. For a potential ultimate buildout, two single-family residences, each with the potential for one accessory dwelling unit (ADU) and one junior accessory dwelling unit (JADU), on the primary parcel would generate an estimated demand of 1,600 gallons per day, or approximately 1.7912 acre-feet annually – equivalent to approximately 0.0136% of the District's net available supply – a negligible fraction of the district's overall capacity.

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

Approving the reorganization would strengthen the affected territory’s social and economic ties to Lakeside WD by aligning jurisdictional boundaries with existing infrastructure and available water service.

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

Approving the proposed reorganization would facilitate the orderly and otherwise modest expansion of the District’s jurisdictional boundary and align with existing infrastructure. The affected territory does not contain “open-space” as defined under LAFCO law and no conflicts exists under Government Code Section 56377. Additional analysis concerning conformance with germane Commission policies follows.

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

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

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

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

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

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

The proposed reorganization would facilitate the extension of potable water services to the affected territory and in doing so accommodate its current residential uses. The anticipated outcomes do not generate any known conflicts with 2025 *Regional Plan*, the regional transportation plan adopted by the San Diego Association of Governments.

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

See agenda report.

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

See the agenda report.

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

Notice of the reorganization proposal was distributed to all affected and subject agencies as required under LAFCO law. Notices were also provided to all local college and school districts. No written comments were submitted ahead of preparing this agenda report for distribution on July 24, 2026.

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

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

- Lakeside WD’s last audit covers FY 2024-2025 and shows the District finished with strong liquidity levels with an agency-wide current ratio of 10.8 to 1 (i.e., \$10.85 in current assets for every \$1.00 in current liabilities).
- Lakeside WD finished FY 2024-2025 with strong capital levels and marked by a low debt ratio of 6.7% (i.e., \$6.70 out of every \$100.00 in net assets are financed).
- Lakeside WD finished FY 2024-2025 with an overall total margin of 4.4%.

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

The affected territory presently lies within Padre Dam MWD, which receives wholesale water supplies through the San Diego County Water Authority and the Metropolitan Water District of Southern California. However, connection to Padre Dam MWD’s potable water system is

not currently feasible. Annexation to Lakeside WD would make potable water service readily available by transferring service responsibility between the agencies. No changes to existing wholesale supply arrangements, relationships, or commitments are proposed.

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

The proposed reorganization would not impact any local agencies in accommodating their regional housing needs.

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

The affected territory is considered uninhabited as defined by LAFCO law (containing 11 registered voters or less). The landowner supports the proposed reorganization and has provided written consent to the proceedings as the petitioners.

o) Any information relating to existing land use designations.

See above analysis for (h).

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

The proposed reorganization is expected to have a positive impact on environmental justice by making public potable water service available within the affected territory and for any groups that are susceptible to pollution burdens and their effects. Consideration of existing environmental justice factors within the affected territory draws on staff analyzing data available from the California Environmental Protection Agency through its online assessment tool (CalEnviroScreen 4.0). Two composite percentile rankings for the affected territory are generated within this analysis and involve (a) pollution burdens and (b) susceptible population to pollution burdens relative to all census tracts in California.

- The affected territory's **composite pollution burden ranking** falls in the 66th percentile with an internal range between 0 and 98th percentiles. Seven pollution burden measurements exceed the 50th percentile and are considered noteworthy and otherwise high: ozone, drinking water contaminants, lead in housing, groundwater threats, hazardous waste, impaired waters, and solid waste. Impaired waters and solid waste exceed the 90th percentile, indicating elevated burdens. The proposed reorganization would make regulated public drinking water available to the affected territory, and relevant given the elevated drinking-water-contaminant indicator identified for the census tract in which the subject parcels are located.
- The affected territory's **composite susceptible population ranking** falls in the 24th percentile with an internal range between the 3rd and 69th percentiles. Low Birth Rate exceeds the 60th percentile, indicating a high impact.

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

Census Tract No. 6073016901 Pollution Burdens and Susceptible Population (Source: California Environmental Protection Agency and SD LAFCO)	
Affected Territory + Surrounding Lands	
Census Tract No.	6073016901
Estimated Population	7,427
Pollution Burden	Weighted Percentile
... Percentile	66.16
Indicator Air Quality: Ozone	66.96
Indicator Air Quality: PM 2.5:	37.55
Indicator Air Quality: Diesel PM:	11.64
Indicator Pesticides:	0.0
Indicator Toxic Releases:	23.07
Indicator Traffic:	39.10
Indicator Drinking Water Contaminants:	63.73
Indicator Lead in Housing:	52.29
Effects Cleanup Sites:	23.50
Effects Groundwater Threats:	83.99
Effects Hazardous Waste:	57.46
Effects Impaired Water:	94.56
Effects Solid Waste:	98.17
Sensitive Population	Weighted Percentile
... Percentile	24.17
Population Asthma:	38.12
Population Low Birth Weight:	69.99
Population Cardiovascular Disease:	37.59
Population Education:	18.81
Population Linguistic Isolation:	3.74
Population Poverty:	35.93
Population Unemployment:	23.75
Population Housing Burden:	3.76

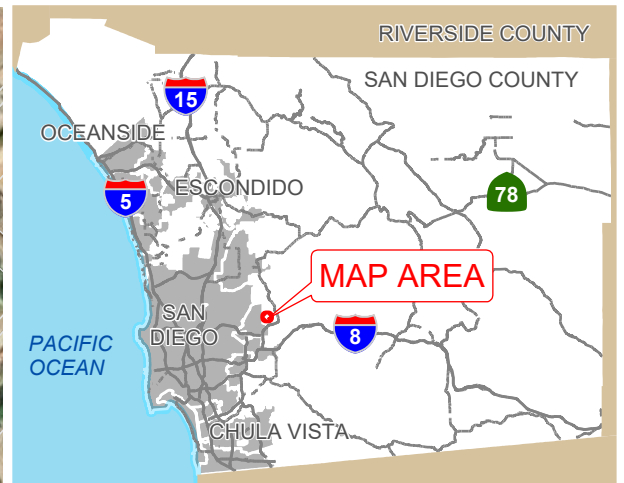
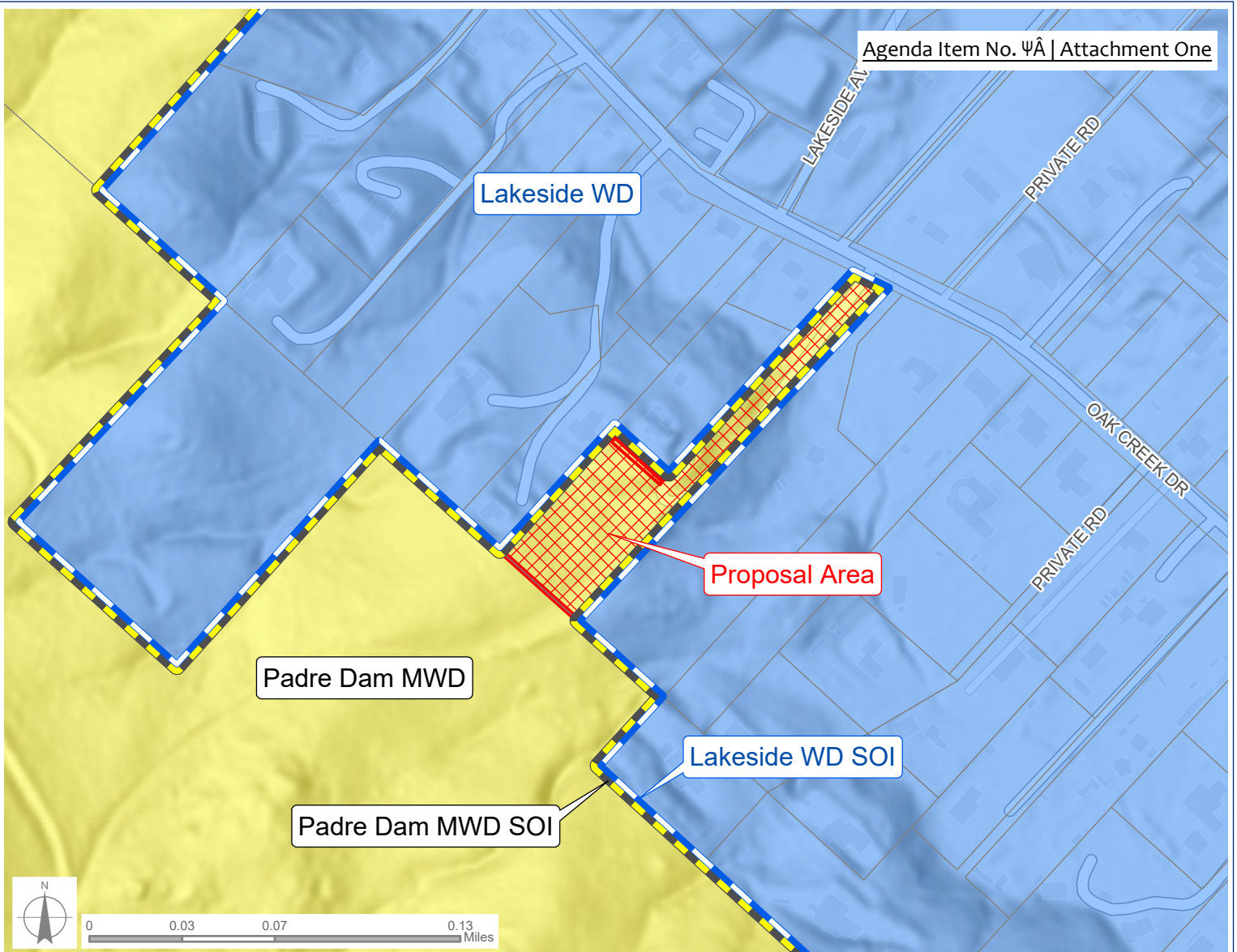
- q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information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

The County of San Diego General Plan includes a hazard mitigation component addressing risks from fire, flooding, and earthquakes. The affected territory is designated within an “very high” fire hazard severity zone, a “low” earthquake hazard zone, and located outside both the tsunami hazard zones and 100-year floodplain.

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

Approval of the reorganization would be in the best interest of the current and future landowners and/or visitors of the affected territory by providing access to reliable potable water service going forward.

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RO26-01

**"TURNER - OAK CREEK DRIVE REORGANIZATION" |
ANNEXATION TO THE LAKESIDE WD AND CONCURRENT
DETACHMENT FROM PADRE DAM MWD
WITH RELATED SPHERE ACTIONS**

SOI = Sphere of Influence

- Proposal Area
- Lakeside WD
- Lakeside WD SOI
- Padre Dam MWD
- Padre Dam MWD SOI



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

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RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING REORGANIZATION

“TURNER – OAK CREEK DRIVE REORGANIZATION”

**ANNEXATION TO THE LAKESIDE WATER DISTRICT AND CONCURRENT DETACHMENT FROM
PADRE DAM MUNICIPAL WATER DISTRICT WITH RELATED ACTIONS
(LAFCO FILE NO: RO26-01)**

WHEREAS, on February 4, 2026, Lakeside Water District filed a reorganization proposal and resolution, on behalf of interested landowners Alan Turner and George Youkhanna, to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as “Commission”, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application before the Commission seeks approval of a reorganization involving the annexation of approximately 2.37 acres of unincorporated territory within the community Lakeside to Lakeside Water District with concurrent detachment from Padre Dam Municipal Water District; and

WHEREAS, the affected territory as proposed comprises two parcels identified by the County of San Diego Assessor and Auditor-Controller’s Office as APN 379-040-66-00 (2.32 acres) and APN 379-040-67-00 (0.05 acres), with assigned situs addresses of 10780 and 10784 Oak Creek Drive, respectively; and

WHEREAS, in December 2025 the Commission approved a full waiver of LAFCO application processing fees in the amount of \$18,894.75; and

WHEREAS, in 1982, the County of San Diego adopted the Master Enterprise District Resolution for proposals involving water and sewer districts with no property tax exchange, and subsequently expanded the resolution in 2009 to address proposals involving the transfer of property tax revenue between districts, the latter of which applies to the proposed reorganization of the affected territory; and

WHEREAS, the Commission’s Executive Officer has reviewed the proposed reorganization and prepared a report with recommendations; and

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

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on August 3, 2026; and

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

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

1. The public meeting was held on the date set therefore, and due notice of said meeting was given in the manner required by law.
2. At the public meeting, the Commission considered the Executive Officer's report.
3. With respect to considering the effects of the proposed reorganization under the California Environmental Quality Act (CEQA), the Commission makes the following findings:
 - Lakeside WD's initiating actions involving the proposal require it to assess potential impacts and specifically the annexation and extension of public water service to the affected territory as lead agency under CEQA. In this role as lead agency, Lakeside WD has made findings that the proposal qualifies as a project but is exempt from further review under State CEQA Guidelines Section 15300.1 and 15320. The Commission concurs that section 15320 applies given the underlying action involves the transfer an existing municipal service function between agencies without adding new powers or expanding the geographic area eligible to receive water service.
 - San Diego LAFCO serves as the lead agency for assessing potential environmental impacts under CEQA for the proposed detachment of the affected territory from Padre Dam MWD. The Commission finds the proposal qualifies as a project under CEQA but is categorically exempt from further environmental review under State CEQA Guidelines Section 15320 given the underlying action involves the transfer of an existing municipal service function between agencies without adding new powers or expanding the geographic area eligible to receive water service.
 - San Diego LAFCO serves as lead agency under CEQA for the conforming sphere of influence amendments. The Commission finds that amending Lakeside WD's sphere to include the affected territory and Padre Dam MWD's sphere to exclude it constitutes a project under CEQA but is exempt from further review under State CEQA Guidelines Section 15061(b)(3). This exemption applies given spheres are State planning policies that do not directly change the environment or authorize new uses or services.
4. The Commission CONDITIONALLY APPROVES the conforming sphere of influence amendments to include the affected territory in Lakeside Water District's sphere and remove the affected territory from Padre Dam Municipal Water District's sphere and in

doing so accommodate the reorganization as shown in the vicinity map provided as “Exhibit A”.

- a) Approval of the above-stated sphere of influence amendments includes an enabling waiver by the Commission as recommended by the Executive Officer of the provision in L-106 that would otherwise require the preparation of one or more municipal service reviews.
 - b) Approval of the above-stated sphere of influence amendments are contingent upon the approval and related issuance of a Certificate of Completion.
 - c) Approval includes the Commission making findings under Government Code Section 56425 consistent with the statements provided in the accompanying Executive Officer’s written report.
5. The Commission CONDITIONALLY APPROVES the reorganization without modifications subject to conditions as provided and subject to recordation of a Certificate of Completion for the proposal. Approval involves all the following:
- a) Annexation of the affected territory to the Lakeside Water District and concurrent detachment from Padre Dam Municipal Water District as shown in “Exhibit A” and described in “Exhibit B”.
6. The Commission CONDITIONS all approvals on the following terms being satisfied by August 3, 2027 unless an extension is requested in writing and approved by the Executive Officer:
- a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.
 - b) Submittal to the Commission of final map and geographic description of the affected territory as approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Divisions.
 - c) Submittal to the Commission of the following payments:
 - A check made payable to LAFCO in the amount of \$1,256.13 to reimburse for the actual costs of noticing the proposal for public hearing in the San Diego Union Tribune.
 - A check made payable to LAFCO in the amount of \$150.00 for the County of San Diego-Clerk Recorder to reimburse for filing three CEQA Notice of Exemptions consistent with the findings in the resolution.
 - A check made payable to the State Board of Equalization for processing fees in the amount of \$350.00.

- d) Written consent and related authorizations from the landowners and Padre Dam Municipal Water District to remove the subject parcel from Padre Dam MWD's Improvement District "C".
 - e) Written confirmation from Padre Dam MWD that all terms required of their Board involving the reorganization are satisfied.
7. The Commission assigns the proposal the following short-term designation:
- "Turner – Oak Creek Drive Reorganization".
8. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.
9. The Commission waives conducting authority proceedings under Government Code Section 56662.
10. The District's are a registered-voter district.
11. The District's utilize the County of San Diego assessment roll.
12. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the Lakeside Water District as provided under Government Section 57328, and will be subject to any previously authorized taxes, benefit assessments, fees or charges of the District as provided under Government Code Section 57330.
13. The effective date of approval shall be the date of recordation but not before the completion of a 30-day reconsideration period and only after all terms have been completed as attested by the Executive Officer.
14. As allowed under Government Code Section 56107, the Commission authorized the Executive Officer to make non-substantive corrections to the resolution to address any technical defects, errors, irregulates, or omissions.
15. The Executive Officer is hereby authorized and directed to transmit copies of this resolution as provided in Sections 56880-56882 of the Government Code.
16. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

**

PASSED AND ADOPTED by the Commission on August 3, 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

**

ATTEST:

Keene Simonds
Executive Officer

EXHIBIT A
MAP OF AFFECTED TERRITORY

-Placeholder-

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EXHIBIT B
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

-Placeholder-

SECRETARY'S CERTIFICATE

I, Brett Sanders, Secretary of the Board of Directors of Lakeside Water District, County of San Diego, California, hereby certify as follows:

The attached is a full and correct copy of **Resolution 2025-02** adopted at a meeting of the Board of Directors of the District duly held at the regular meeting place thereof on February 4, 2025, by the following vote:

AYES: Hilliker, Jenkins, Johnson, Neumeister, Robak

NOES: None

ABSTAIN: None

ABSENT: None

An agenda of the meeting was posted at least 72 hours before the meeting at 10375 Vine Street, Lakeside, California, a meeting freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

The resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: February 4, 2025



Brett Sanders
Secretary of the Board of Directors of
Lakeside Water District

RESOLUTION NO. 2025-02

RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKESIDE WATER DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO TAKE PROCEEDINGS TO DE-ANNEX PADRE DAM MUNICIPAL WATER DISTRICT PARCELS APN 379-040-66-00 and 379-040-67-00 and CONCURRENTLY ANNEX INTO THE LAKESIDE WATER DISTRICT

RESOLVED, by the Board of Directors of the Lakeside Water District, that

WHEREAS, the Board of Directors of the Lakeside Water District desires to initiate proceedings pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with Section 56000 of the California Government Code, for the "Padre Dam Municipal Water District Parcel APN 379-040-66-00 and 379-040-67-00 De-Annexation and Concurrent Annexation in Lakeside Water District"; and

WHEREAS, the proposed reorganization includes the following changes of organization:

Concurrent annexation of property to Lakeside Water District, and detachment from the Padre Dam Municipal Water District; and

WHEREAS, the proposed reorganization area is presently located within the adopted sphere of influence for the Lakeside Water District; and

WHEREAS, the purpose for this proposed annexation is to provide water service to the land to be annexed.

WHEREAS, the land subject to the proposed annexations are vacant unincorporated parcels with the Assessor's Parcel Numbers 379-040-66-00 and 379-040-67-00 and a total of 2.24 acres, and a legal description of the land is set forth in Exhibit "A", attached hereto and by this reference incorporated herein; and

WHEREAS, it is in the interest of the Lakeside Water District to obtain the annexation of said territory to the Lakeside Water District, and

WHEREAS, the District requests that the proposed annexation be subject to the following terms and conditions:

1. Lakeside Water District will pay all reorganization and processing fees.
2. Water service by Lakeside Water District to the Annexation Area shall be subject to and in accordance with the rules and regulations of Lakeside Water District.

NOW, THEREFORE, this Resolution of Application is hereby adopted and approved by the Board of Directors of the Lakeside Water District. The Local Agency Formation Commission of San Diego County is hereby requested to take proceedings for the proposed change of organization that include the territory as described in Exhibit A, according to the terms and conditions stated above and in the manner provided by the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000.

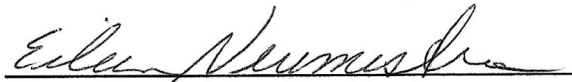
PASSED AND ADOPTED by the Board of Directors of the Lakeside Water District at a regular meeting held on February 4, 2025, by the following vote to wit:

AYES: Hilliker, Jenkins, Johnson, Neumeister, Robak

NOES:

ABSENT:

ABSTAINED:


Eileen Neumeister, President
Board of Directors

Attest:


Brett Sanders, Secretary
Lakeside Water District

PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY

Note: Processing of jurisdictional boundary change proposals, which involve **uninhabited**¹ territory, can be expedited by approximately 60 days if all affected landowners consent to the proposal. If you wish to take advantage of this option, please return the completed PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY to San Diego LAFCO with your application for a jurisdictional boundary change. If consenting signatures of **100%** of the affected property owners are affixed and LAFCO does not receive any opposition from subject agencies, the Commission may consider the proposal without public notice, public hearing and/or an election.

¹ Territory included within a proposed boundary change that includes less-than 12 registered voters is considered **uninhabited** (Government Code 56045).

The undersigned owners(s) of property hereby consent(s) to inclusion of that property within a proposed change of organization or reorganization consisting of:

(Please list all proposed actions)

Annexation to: 1. Lakeside Water District
2. _____
3. _____

Detachment from: 1. Padre Dam Municipal Water District
2. _____
3. _____

	<u>Date</u>	<u>Signature</u>	<u>Assessor's Parcel Number(s)</u>
1.	02/03/2025		379-040-66-00
2.	02/03/202		
3.			
4.			
5.			

Attach additional sheets if necessary

PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY

Note: Processing of jurisdictional boundary change proposals, which involve *uninhabited*¹ territory, can be expedited by approximately 60 days if all affected landowners consent to the proposal. If you wish to take advantage of this option, please return the completed PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY to San Diego LAFCO with your application for a jurisdictional boundary change. If consenting signatures of 100% of the affected property owners are affixed and LAFCO does not receive any opposition from subject agencies, the Commission may consider the proposal without public notice, public hearing and/or an election.

¹ Territory included within a proposed boundary change that includes less-than 12 registered voters is considered *uninhabited* (Government Code 56045).

The undersigned owners(s) of property hereby consent(s) to inclusion of that property within a proposed change of organization or reorganization consisting of:

(Please list all proposed actions)

Annexation to: 1. Lakeside Water District

2. _____

3. _____

Detachment from: 1. Padre Dam Municipal Water District

2. _____

3. _____

<u>Date</u>	<u>Signature</u>	<u>Assessor's Parcel Number(s)</u>
1. <u>1-22-25</u>	<u>[Signature]</u>	<u>379-040-67-00</u>

2. <u>1/22/25</u>	<u>[Signature]</u>	
-------------------	--------------------	--

3. _____

4. _____

5. _____

Attach additional sheets if necessary

ANNEXATION NO. _____
"LAKESIDE PARCEL CHANGE OF ORGANIZATION"
ANNEXATION TO LAKESIDE WATER DISTRICT

GEOGRAPHIC DESCRIPTION

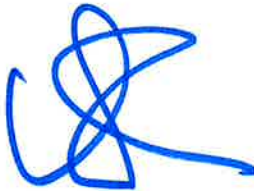
PARCEL B & A PORTION OF PARCEL A OF CERTIFICATE OF COMPLIANCE RECORDED DECEMBER 17, 2015 AS INSTRUMENT NO. 2015-0645762 OF OFFICIAL RECORDS BEING THAT PORTION OF LOTS 70 AND 71, OF LAKESIDE FARMS, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 1204, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 1, 1909, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF SAID LOT 70;

1. THENCE LEAVING SAID WESTERLY CORNER, **NORTH 42°00'00" EAST** ALONG THE NORTHWESTERLY LINE OF SAID LOT, A DISTANCE OF **314.99 FEET**;
2. THENCE SOUTHEASTERLY AT RIGHT ANGLES, **SOUTH 48°00'00" EAST**, A DISTANCE OF **132.99 FEET**;
3. THENCE **NORTH 42°00'00" EAST** A DISTANCE OF **505.92 FEET** TO THE NORTHEASTERLY LINE OF SAID LOT 71;
4. THENCE **SOUTH 64°30'00" WEST** ALONG NORTHEASTERLY LINE OF SAID LOT 71 A DISTANCE OF **69.88 FEET** TO THE MOST EASTERLY CORNER OF SAID LOT 71;
5. THENCE **SOUTH 42°00'00" WEST** ALONG SOUTHEASTERLY LINE OF SAID LOT 71 A DISTANCE OF **840.76 FEET** TO THE MOST SOUTHERLY CORNER OF SAID LOT 71;
6. THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINES OF SAID LOT 71 AND 70, **NORTH 47°59'57" EAST** A DISTANCE OF **199.99 FEET** TO THE POINT OF **BEGINNING**.

CONTAINING TOTAL 2.24 ACRES, MORE OR LESS.

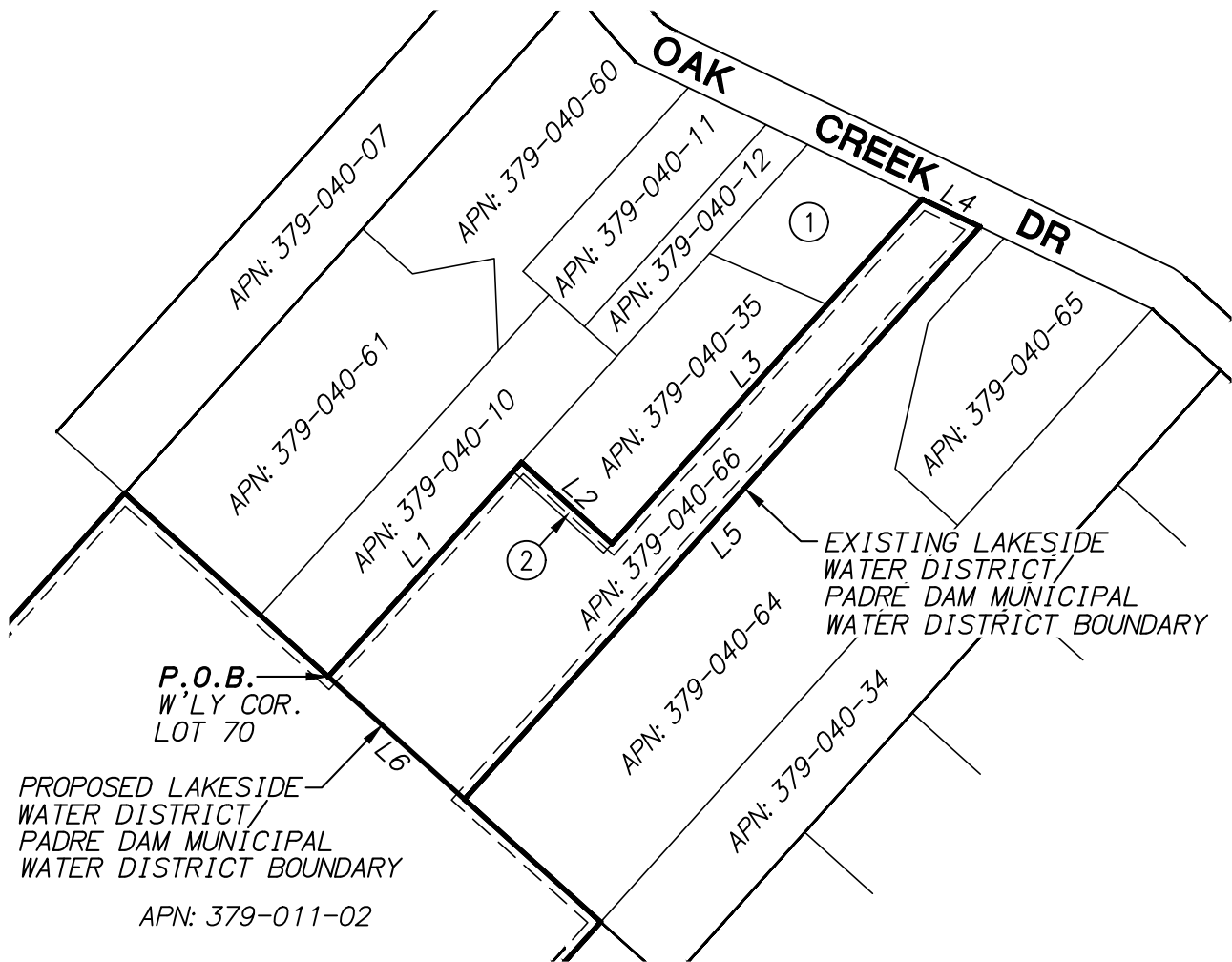
For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of land described.

 
WILLIAM A. SNIPES, LS 8034 DATED



ANNEXATION NO. DA25-
ANNEXATION TO LAKESIDE WATER DISTRICT

SHEET 1 OF 1 SHEETS



ASSESSORS PARCEL NUMBER:

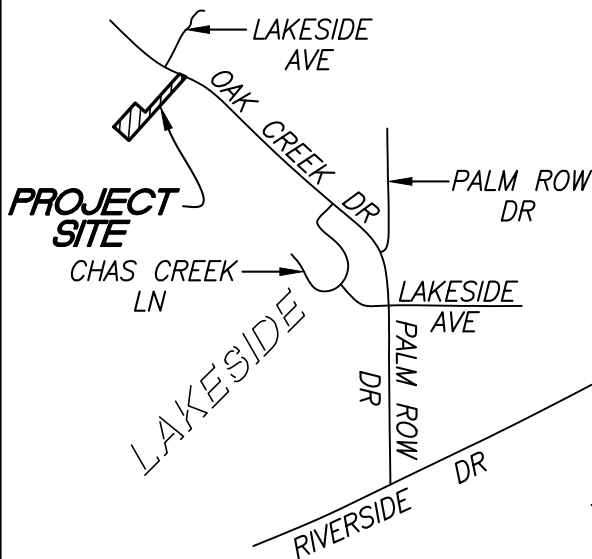
- ① 379-040-36
- ② 379-040-67

PARCEL A COURSES:

APN: 379-040-66 & 379-040-67

NO.	BEARING	LENGTH
L1	N42°00'00"E	314.99'
L2	S48°00'00"E	132.99'
L3	N42°00'00"E	505.92'
L4	S64°30'00"E	69.88'
L5	S42°00'00"W	840.76'
L6	N47°59'57"W	199.99'

PARCEL: 2.24 ACRES



LOCATION MAP
NO SCALE

--- EXISTING LAKESIDE WATER
DISTRICT/PADRE DAM MUNICIPAL
WATER DISTRICT BOUNDARY

— PROPOSED LAKESIDE WATER
DISTRICT/PADRE DAM MUNICIPAL
WATER DISTRICT BOUNDARY



WILLIAM A. SNIPES, L.S. 8034

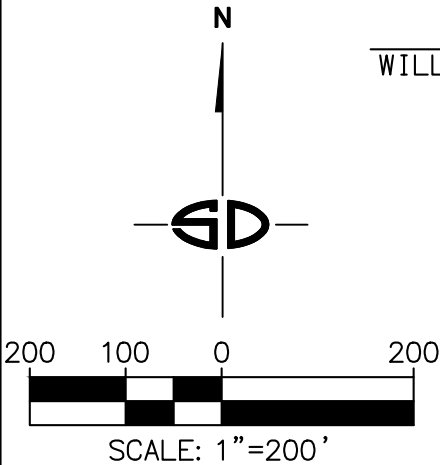
1/6/26
DATE

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

ASSESSOR'S PARCEL NUMBER: 379-040-66-00 379-040-67-00	LAFCO RESOLUTION NO. DA25-	ACREAGE: 2.24	DATE: 1/6/2026	SCALE: 1"=200'
---	-------------------------------	------------------	-------------------	-------------------

LAKESIDE WATER DISTRICT
PORTION OF LOTS 70 AND 71, OF LAKESIDE
FARMS ACCORDING TO MAP NO. 1204
COUNTY OF SAN DIEGO.

SNIPES-DYE ASSOCIATES
8348 CENTER DRIVE, SUITE G
LA MESA, CA 91942
(619) 697-9234



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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

7a

AGENDA REPORT Business | Action

August 3, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: Outside Audit Report on Fiscal Year 2025

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an outside audit report on the financial statements for Fiscal Year 2025. The audit was performed by Davis Farr LLP (Irvine) and results in an unmodified – or "clean" – opinion, with no material weaknesses in internal control and no instances of reportable noncompliance identified. The audited fund balance totals \$1.578 million, reflecting a year-end decrease of (\$129,971) – or (7.6%) – from the prior fiscal year total of \$1.708 million and tying to a planned use of reserves authorized by the Commission in adopting and subsequently amending the fiscal year 2024-2025 budget. The audit report and accompanying required communications from the outside auditor are presented to the Commission for formal acceptance and filing and to provide direction to staff on related matters moving forward.

BACKGROUND

Accounting Procedures

San Diego LAFCO's financial transactions are managed by the Executive Officer through accounts maintained with the County of San Diego and San Diego County Credit Union. County accounts serve as the primary depository for the fund balance and are used for most receivable and payable transactions. LAFCO maintains these accounts through a County-

Administration

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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

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

issued PeopleSoft license via the Auditor-Controller's Office. An account with the San Diego County Credit Union is used separately to cover relatively small and time-sensitive transactions and provides LAFCO access to its own credit line. Transactions within this account are maintained through QuickBooks. Management of all LAFCO accounts throughout the fiscal year is supported through a contract with Tri-Star Advisors to provide monthly bookkeeping and reconciliation services.

Transition in Financial Support Services

Fiscal year 2025 marks a transition in San Diego LAFCO's financial support services. LAFCO engaged a new independent auditor (August 2025) and a new contract bookkeeper (March 2026) in the same cycle, following the conclusion of the prior engagements. The transition extended the timeline for completing the fiscal year 2024-2025 audit relative to the Commission's customary calendar. Staff has taken steps to return to that customary schedule beginning with fiscal year 2025-2026.

DISCUSSION

This item is for San Diego LAFCO to receive an outside audit prepared by Davis Farr LLP (Irvine) on the financial statements for FY2025. The audit is part of the prior fiscal year work plan and is accompanied by two additional communications from the independent auditor. The first provides information to the Commission regarding the conduct of the audit and significant audit matters, while the second reports the results of the auditor's consideration of internal controls and compliance with Government Auditing Standards. An outline of key items drawn from the audit package follows and is further detailed in the management's discussion and analysis section included in the report.

- The Commission finished June 30, 2025 with a fund balance of \$1,577,977, reflecting a decrease from the prior fiscal year of (\$129,971) – (7.6%). This change results from a planned operating shortfall in two parts: a \$63,132 draw on reserves authorized in adopting the fiscal year 2024-2025 budget to moderate the increase in agency apportionments, and a fourth-quarter amendment authorizing an additional \$119,246 to cover professional services costs. Actual use of reserves totaled \$129,971 against \$182,378 authorized, leaving \$52,407 of the authorization unspent.
- The Commission's committed reserves of \$750,000 were not touched during the fiscal year. Stabilization held at \$250,000 and Opportunity at \$500,000 throughout. The entire draw was absorbed by assigned and unassigned balances.
- The Commission finished June 30, 2025 with a net position of (\$65,228), which includes all accrued long-term liabilities and primarily comprises employee retirement costs. This concluding amount represents a decrease of \$65,134 from the prior audited close of (\$94), consisting of a \$40,959 restatement of beginning net position for the implementation of GASB Statement No. 101 and a \$24,175 decrease in the current year.

- The auditor identified two uncorrected misstatements totaling \$12,500, each immaterial both individually and in the aggregate to the financial statements taken as a whole. The first is a \$2,500 accounts payable timing item involving an invoice recorded entirely in Fiscal Year 2025 that covered service days in the following year. The second is \$10,000 in payroll tax on accrued leave, a component newly reportable under GASB Statement No. 101. Neither affects the auditor's opinion.

ANALYSIS

The outside audit and accompanying communications from Davis Farr LLP provides a clean opinion that San Diego LAFCO's financial statements accurately reflect the Commission's financial position as of June 30, 2025. The auditor identified no material weaknesses in internal control and no instances of reportable noncompliance. With respect to the year-over-year decrease in fund balance, it is a product of Commission action rather than an operating deficiency. The Commission has for several cycles authorized planned draws on reserves to moderate the increase in apportionments charged to member agencies. Fiscal Year 2025 continued this practice, although actual results outperformed the budget on both revenue and expense sides, and the reserve draw finished below what was authorized. Looking ahead, cumulative drawdowns have brought unassigned reserves closer to the floor established under Policy F-101. Consistent with this trajectory, in adopting the Fiscal Year 2027 budget the Commission elected not to use reserves to moderate agency apportionment increases. Last, regarding the two uncorrected misstatements, neither requires any change to the audited financial statements. The accounts payable item reverses on its own in Fiscal Year 2026, and staff will record the compensated absences amount as part of 2026's close, consistent with the second-year application of Statement No. 101.

RECOMMENDATION

It is recommended San Diego LAFCO take actions in consideration of receiving the outside audit report on Fiscal Year 2025 consistent with Alternative One below.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

1. Receive the outside audit report and accompanying communications from Davis Farr LLP for Fiscal Year 2025
2. Accept and file the report as presented.

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.

Respectfully,



Keene Simonds
Executive Officer

Attachments:

- 1) Outside Audit for FY2024-2025
- 2) Independent Auditor's Report
- 3) Auditor's Responsibility in Relation to the Financial Statement Audit

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Basic Financial Statements

Year ended June 30, 2025

(With Independent Auditors' Report Thereon)

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Basic Financial Statements

Year ended June 30, 2025

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Board of Commissioners
San Diego Local Agency Formation Commission
San Diego, California

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the San Diego Local Agency Formation Commission (the LAFCO) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the LAFCO's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the LAFCO as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Diego Local Agency Formation Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described further in Notes 1 and 9 to the financial statements, during the year ended June 30, 2025, the LAFCO implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The LAFCO's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the LAFCO's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore there is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LAFCO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the LAFCO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios, Schedule of Plan Contributions, Schedule of the Plan's Proportionate Share of the Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

The financial statements of the San Diego Local Agency Formation Commission for the year ended June 30, 2024 were audited by other auditors who report dated June 25, 2025 expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2026 on our consideration of the LAFCO internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LAFCO's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
July 23, 2026

San Diego County Local Agency Formation Commission

Management's Discussion and Analysis Year Ended June 30, 2025

1. Overview

- a) This section presents management's discussion and analysis of the financial performance of the San Diego County Local Agency Formation Commission (San Diego LAFCO) for the fiscal year ended June 30, 2025. It should be read in conjunction with the basic financial statements and accompanying notes.
- b) This report follows a transition in the Commission's financial support services, including the planned engagement of a new independent auditor and a new contract bookkeeper. The transition extended the timeline for completing the FY2025 audit, and LAFCO has taken steps to return to its customary reporting schedule beginning with FY2026.

2. Financial Highlights

- a) San Diego LAFCO's fund balance at the end of FY2025 declined \$129,971, from \$1,707,948 to \$1,577,977. The change in the fund balance ties directly to a planned operating shortfall in two parts.
 - Budgeted use of reserves – \$63,132. In adopting the FY2025 budget, the Commission authorized a planned draw on reserves to moderate the increase in apportionments charged to the County, City of San Diego, at large cities, and the independent special districts. This reflects deliberate Commission policy rather than an operating deficiency.
 - Amended use of reserves - \$119,246 authorized, \$66,839 required. A fourth-quarter amendment authorized an additional \$119,246 in reserve use to cover cost overruns within the Services and Supplies Unit, specific to professional services, which finished at \$698,558 against an original budget appropriation of \$445,767. The overrun was driven by two items: outside counsel retained to negotiate a memorandum of understanding with the Port of San Diego, and the concentration of a consultant's two-year engagement on the municipal service review of wholesale water providers, the bulk of which was billed within FY2025 to accommodate the consultant's availability. Because budget appropriations are controlled at the unit level, the Services and Supplies appropriation had to be raised to a ceiling sufficient to cover the overrun, while the reserve transfer was sized only to what the Commission expected to require after projected savings and revenue overperformance. Favorable variances ultimately exceeded expectations. Actual use of reserves totaled \$129,971 against \$182,378 authorized, leaving \$52,407 of the authorization unspent.

- b) LAFCO's committed reserves of \$750,000 set at the beginning of FY2025 were not touched. Stabilization held at \$250,000 and Opportunity at \$500,000 throughout the year. The entire draw of reserves was absorbed by unassigned and assigned balances.
- c) LAFCO's total liabilities declined \$530,782, from \$3,447,305 to \$2,916,523, led by a \$361,696 reduction in the net pension liability (to \$1,695,504) and a \$17,292 reduction in the net OPEB liability (to \$5,259), together with reductions in the lease liability and pension obligation bonds. These were partially offset by changes in compensated absences: a \$40,959 restatement of the beginning balance on implementation of GASB Statement No. 101, and a \$30,205 net increase during FY2025. Additional details in Note No. 4.
- d) LAFCO's total fund balance (modified accrual) at year end was \$1,577,977, or approximately 60% of FY2025 regular operating expenditures of \$2,641,683. Under Commission policy, reserve designations are established at the beginning of each fiscal year from available cash balances: a minimum of 33.3% of operating costs is held as unassigned, with amounts above that floor committed or assigned. The Commission's committed reserves of \$750,000 are held in addition to that unassigned minimum.

3. Financial Statements

- a) San Diego LAFCO's basic financial statements comprise government-wide statements, fund financial statements, and the notes. The government-wide statements report on the agency as a whole using the accrual basis, and capture long-term obligations – pension, OPEB, and the office lease – that do not appear on the fund statements. The fund financial statements report the General Fund, LAFCO's only fund, on the modified accrual basis. This is the presentation that most closely tracks the budget the Commission adopts and monitors quarterly.
- b) Readers should expect the two presentations to differ materially, and the reconciliations that follow the fund statements bridge the difference.
- c) Effective FY2025, San Diego LAFCO implemented GASB Statement No. 101, which revises the recognition and measurement of compensated absence leave liabilities. The implementation reduced the beginning net position by \$40,959, restating the July 1, 2024 balance from (\$94) to (\$41,053). See Note No. 9.
- d) LAFCO's government wide net position (full accrual) with the restated beginning balance of (\$41,053) decreased to (\$65,228) – a difference of (\$24,175).

4. Budgetary Analysis

- a) San Diego LAFCO adopted a FY2025 budget of \$2,912,230 in matching expenses and revenues on May 6, 2024.

- Budgeted expenses were divided between four cost categories: salaries and benefits to support 8.0 full-time positions at \$1,468,773; services and supplies at \$959,364, including office space and contracting with the County of San Diego for payroll, benefits administration, and information technology; grant awards (State pass-throughs) at \$450,000; and debt service at \$34,092.
 - Budgeted revenues were divided between five funding categories: local agency apportionments based on statutory formula at \$2,184,098 and invoiced between the County of San Diego, City of San Diego, other cities, and independent special districts; application fees at \$200,000; investment income at \$15,000; grant awards (State pass-throughs) at \$450,000; and a \$63,132 draw on fund balance reserves applied to limit the increase in agency apportionments.
- b) LAFCO amended the budget at year-end to align the Services and Supplies appropriation with actual professional services costs, driven by two high-priority items: outside counsel to negotiate a memorandum of understanding with the Port of San Diego, and the concentration of a consultant's two-year engagement on the municipal service review of wholesale water providers, the bulk of which was billed within FY2025 to accommodate the consultant's availability around their academic schedule. Because appropriations are controlled at the unit level – each category must close with a positive balance – Services and Supplies was raised \$252,791 to \$1,212,155. The transfer from fund balance was increased \$119,246 to \$182,378, sized to what the Commission expected to actually require after projected cost savings and revenue overperformance. The amended budget accordingly carries \$3,165,021 in expense authority against \$3,031,476 in identified funding, with the \$133,545 difference expected to be absorbed by end-of-year cost savings.
- c) Actual results in FY2025 outperformed the amended budget.
- Regular operating revenues of \$2,547,960 exceeded budget by \$148,862, led by the mid-year addition of the San Diego Unified Port District as an apportioning agency under a negotiated funding agreement, lifting apportionments \$110,789 above budget; application fees finished \$12,386 ahead, and investment income \$25,687 ahead at nearly triple its assumption.
 - Regular operating expenditures of \$2,641,683 finished \$39,245 below budget, with Services and Supplies \$58,426 under its amended appropriation, offset by Salaries and Benefits closing \$19,181 above appropriation. This latter overrun stems principally from County-administered pension costs passed through after LAFCO closed its books in July but before the County closed its own in August; it does not reflect spending beyond the Commission's authorization. State pass-through grants moved in tandem on both sides of the ledger – revenues \$288,778 and expenditures \$286,121 below budget on project timing – with a net operating effect under \$3,000.

5. Changes in Actuals

a) The following table shows actuals and changes between FY2025 and FY2024:

Audited actuals — FY2025 vs. FY2024

Revenues	FY2025	FY2024	Change	Expenditures	FY2025	FY2024	Change
Apportionments	2,294,887	2,033,861	+12.8%	Salaries + benefits	1,487,954	1,319,441	+12.8%
Application fees	212,386	194,596	+9.1%	Services + supplies	1,153,729	827,314	+39.5%
Investment income	40,687	46,129	-11.8%	Debt service - principal	150,770	129,778	+16.2%
Intergovernmental	161,222	127,075	+26.9%	Debt service - interest	46,700	30,490	+53.2%
Total revenues	2,709,182	2,401,661	+12.8%	Total expenditures	2,839,153	2,307,023	+23.1%
				Net change in fund balance	(129,971)	94,638	
				Fund balance, end of year	1,577,977	1,707,948	-7.6%

6. Condensed Comparative Tables: Net Position

a) The following table provides a two-year summary of San Diego LAFCO's government-wide net position between FY2025 and FY2024:

Condensed Statement of Net Position — FY2025 vs. FY2024

	FY2025	FY2024	% Chg	\$ Chg		FY2025	FY2024	% Chg	\$ Chg
Assets					Liabilities				
Current	1,759,983	1,962,140	-10.3%	(202,157)	Current	373,565	420,044	-11.1%	(46,479)
Non-current	758,539	878,308	-13.6%	(119,769)	Non-current	2,542,958	3,027,261	-16.0%	(484,303)
Total assets	2,518,522	2,840,448	-11.3%	(321,926)	Total liabilities	2,916,523	3,447,305	-15.4%	(530,782)
Deferred outflows of resources					Deferred inflows of resources				
Pensions	688,668	855,648	-19.5%	(166,980)	Pensions	365,097	258,373	+41.3%	106,724
OPEB	9,648	9,488	+1.7%	160	OPEB	446	—	n/a	446
Total deferred outflows	698,316	865,136	-19.3%	(166,820)	Total deferred inflows	365,543	258,373	+41.5%	107,170
Net position									
Net investment in capital assets	(93,492)	(79,493)	-17.6%	(13,999)	Unrestricted	28,264	79,399	-64.4%	(51,135)
Total net position	(65,228)	(94)	n/m	(65,134)					

Reconciliation of net position

Net position, beginning of year, as previously reported	(94)
Implementation of GASB Statement No. 101	(40,959)
Net position, beginning of year, as restated	(41,053)
Change in net position, FY2025	(24,175)
Net position, end of year	(65,228)

7. Economic Outlook and Major Initiatives

- a) LAFCO is responsible under statute to annually review its organizational needs and adopt an operating budget accordingly, funded through mandatory apportionments drawn from the local agencies it serves. State law further provides that the operating budget shall equal the budget adopted for the prior fiscal year unless the Commission affirmatively finds that reduced costs will still allow it to meet its prescribed regulatory and planning duties. Within that framework, the Commission has the authority to set and collect apportionments sufficient to meet its adopted budget, with expenses aligned to support the annual work plan. Near-term work plans are anticipated to continue focusing LAFCO's resources on advancing its municipal service review program, together with processing applicant proposals and related requests.

8. Contacting LAFCO's Financial Management

- a) The basic financial statements are intended to provide citizens, local funding agencies, and creditors a general overview of LAFCO's finances and to demonstrate its accountability.
- b) Questions about this report, or requests for additional financial information, may be directed to the Executive Officer, San Diego Local Agency Formation Commission, 2550 Fifth Avenue, Suite 725, San Diego, CA 92103, or (619) 321-3380. Past fiscal-year audits are available online at www.sdlafco.org.

KEENE SIMONDS
Executive Officer

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
Statement of Net Position
June 30, 2025
(With comparative information for the prior year)

	Governmental Activities	
	2025	2024
Assets:		
Current assets		
Cash and investments (note 2)	\$ 1,732,937	1,919,968
Interest receivable	357	4,290
Due from other government	<u>26,689</u>	<u>37,882</u>
Total current assets	1,759,983	1,962,140
Noncurrent assets		
Capital assets, net (note 3)	<u>758,539</u>	<u>878,308</u>
Total assets	<u>2,518,522</u>	<u>2,840,448</u>
Deferred outflow of resources:		
Deferred outflow of resources - pension (note 6)	688,668	855,648
Deferred outflow of resources - OPEB (note 7)	<u>9,648</u>	<u>9,488</u>
Total deferred outflow of resources	<u>698,316</u>	<u>865,136</u>
Liabilities:		
Current liabilities:		
Accounts payable	139,851	208,598
Accrued liabilities	<u>42,155</u>	<u>45,596</u>
Long-term liabilities:		
Due within one year:		
Lease liability (note 4)	112,976	105,770
Pension obligation bonds (note 4)	45,000	45,000
Compensated absences (note 4)	<u>33,583</u>	<u>15,080</u>
Total current liabilities	<u>373,565</u>	<u>420,044</u>
Noncurrent liabilities:		
Lease liability (note 4)	739,055	852,031
Pension obligation bonds (note 4)	7,560	52,560
Compensated absences (note 4)	95,580	42,919
Net pension liability (note 6)	1,695,504	2,057,200
Net OPEB liability (note 7)	<u>5,259</u>	<u>22,551</u>
Total noncurrent liabilities	<u>2,542,958</u>	<u>3,027,261</u>
Total liabilities	<u>2,916,523</u>	<u>3,447,305</u>
Deferred inflow of resources:		
Deferred inflow of resources - pension (note 6)	365,097	258,373
Deferred inflow of resources - OPEB (note 6)	<u>446</u>	<u>-</u>
Total deferred outflow of resources	<u>365,543</u>	<u>258,373</u>
Net position:		
Investment in capital assets	(93,492)	(79,493)
Unrestricted	<u>28,264</u>	<u>79,399</u>
Total net position	<u>\$ (65,228)</u>	<u>(94)</u>

See accompanying notes to the basic financial statements.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
Statement of Activities
Year ended June 30, 2025
(With comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities	
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	2025	2024
Governmental activities:						
General government	\$ 2,686,657	212,386	161,222	-	(2,313,049)	(2,070,222)
Interest	<u>46,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,700)</u>	<u>(30,490)</u>
Total governmental activities	<u>\$ 2,733,357</u>	<u>212,386</u>	<u>161,222</u>	<u>-</u>	<u>(2,359,749)</u>	<u>(2,100,712)</u>
General revenues:						
Apportionment						2,294,887
Investment income						<u>40,687</u>
Total general revenues						<u>2,335,574</u>
Change in net position						(24,175)
Net position, beginning of year, as previously reported						(94)
Implementation of GASB 101						<u>(40,959)</u>
Net position, beginning, as restated						<u>(41,053)</u>
Net position, end of year						<u>\$ (65,228)</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
Balance Sheet
Governmental Fund
June 30, 2025
(With comparative information for the prior year)

	General Fund	
	2025	2024
<u>Assets</u>		
Cash and investments (note 2)	\$ 1,732,937	1,919,968
Interest receivable	357	4,290
Due from other government	26,689	37,882
Total assets	<u>\$ 1,759,983</u>	<u>1,962,140</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 139,851	208,598
Accrued liabilities	42,155	45,594
Total liabilities	<u>182,006</u>	<u>254,192</u>
Fund balance:		
Committed:		
Stabilization	250,000	250,000
Opportunity	500,000	300,000
Assigned:		
Contingency	100,000	62,500
Unassigned	<u>727,977</u>	<u>1,095,448</u>
Total fund balance	<u>1,577,977</u>	<u>1,707,948</u>
Total liabilities and fund balance	<u>\$ 1,759,983</u>	<u>1,962,140</u>

See accompanying notes to the basic financial statements.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position
June 30, 2025

Fund balances of governmental funds	\$ 1,577,977
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of San Diego LAFCO as a whole.

Capital assets	1,227,635
Accumulated depreciation	(469,096)

Long-Term Liability Transactions

Long-term liabilities applicable to San Diego LAFCO's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Net pension liability	(1,695,504)
Pension obligation bonds payable	(52,560)
Net OPEB liability	(5,259)
Lease liability	(852,031)
Compensated absences	(129,163)

Deferred Outflows and Inflows of Resources

Certain deferred outflows and inflows of resources are not due and payable in the current period and are not current assets or financial resources, therefore these items are not reported in the governmental funds.

Deferred outflows - pension related	688,668
Deferred outflows - OPEB related	9,648
Deferred inflows - pension related	(365,097)
Deferred inflows - OPEB related	(446)

Net position of governmental activities	<u>\$ (65,228)</u>
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SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year ended June 30, 2025
(With comparative information for the prior year)

	General Fund	
	2025	2024
Revenues:		
Apportionment	\$ 2,294,887	2,033,861
Intergovernmental	161,222	127,075
Proposal fees	212,386	194,596
Investment income	40,687	46,129
Total revenues	<u>2,709,182</u>	<u>2,401,661</u>
Expenditures:		
General government:		
Salaries and benefits	1,487,954	1,319,441
Service and supplies	1,153,729	827,314
Debt service:		
Principal	150,770	129,778
Interest	46,700	30,490
Total expenditures	<u>2,839,153</u>	<u>2,307,023</u>
Excess (deficiency) of revenues over (under) expenditures	(129,971)	94,638
Fund balance at beginning of year	<u>1,707,948</u>	<u>1,613,310</u>
Fund balance at end of year	<u>\$ 1,577,977</u>	<u>1,707,948</u>

See accompanying notes to the financial statements.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Year ended June 30, 2025

Net changes in fund balances - total governmental funds \$ (129,971)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense (119,769)

Long-Term Debt Transactions

Some expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, these expenses are not reported as expenditures in governmental funds. Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the Agency as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.

Net change in net pension liability	87,992
Net change in pension obligation bonds	45,000
Net change in lease liability	105,772
Net change in net OPEB liability	17,006
Net change in compensated absences	<u>(30,205)</u>
 Change in net position of governmental activities	 <u>\$ (24,175)</u>

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies

a. Description of the Reporting Entity

San Diego Local Agency Formation Commission (LAFCO) is a political subdivision of the State of California and responsible for regulating the formation and development of local governmental agencies and municipal service areas under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). This includes timing the establishment, expansion, and reorganization of local government and their public services to meet current and future community needs. LAFCO inform their regulatory powers through various administrative and planning activities with an increasing emphasis on performance measurement. There are currently more than 100 local agencies – cities, towns, and special districts – under LAFCO's oversight in San Diego County.

State Law requires that County Auditors apportion the net operating cost of LAFCO's among the membership categories represented on each Commission. Net operating costs for the San Diego LAFCO are apportioned: two-sevenths to the County of San Diego; one-seventh to the City of San Diego; two-sevenths among the remaining seventeen cities within the County of San Diego; and two-sevenths among independent special districts. Formulas in State Law stipulate how apportionment within the city and special district classes is determined. State Law also authorizes LAFCO to establish a schedule of fees and service charges to recover the reasonable costs of providing the service for which fees are charged.

The San Diego LAFCO is an independent agency and its budget is not subject to County approval.

b. Basis of Presentation

The financial statements of the LAFCO have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

c. Basis of Accounting and Measurement Focus

The *basic financial statements* of the San Diego LAFCO are composed of the following:

- (a) Government-wide financial statements
- (b) Fund financial statements
- (c) Notes to the basic financial statements

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the San Diego LAFCO.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or segment. Program revenues include charges for services that are restricted to meeting the operational or capital requirements of a particular function or segment. Assessments, investment income, and other items not properly included among program revenues are reported instead as general revenues.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The San Diego LAFCO uses an availability period of 60 days for all revenues.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received from the government.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Governmental Fund Balances

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Spendable Fund Balance

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Commission action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

Committed Fund Balance – this includes amounts that can be used only for the specific purposes determined by a formal action of the Commission. It includes legislation (Commission action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Commission action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The San Diego LAFCO considers a resolution, to constitute a formal action of the Board of Commissioners for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are designated or expressed by the Commission but does not require a formal action like a resolution or ordinance. The Commission may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes. Such delegation of LAFCO has not yet been granted.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

Net Position Flow Assumption – Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Separate financial statements are provided for governmental funds. Major governmental funds are reported as a separate column in the fund financial statements.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

The San Diego LAFCO reports the following major governmental fund:

The General Fund is used to account for resources traditionally associated with the organization, which are not required legally or by sound financial management to be accounted for in another fund.

d. Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

e. Fair Value Measurement

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are inactive
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the LAFCO's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the LAFCO's own data.

f. Capital Assets

Capital assets are recorded at cost for purchases in excess of \$7,500 that have an expected useful life of three years or more. Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The useful life used for depreciation purposes is as follows:

Machinery and Equipment	3-10 years
Furniture and Fixtures	5-7 years

g. Right to Use Assets

The right to use assets are recorded at the discounted cost, plus additional costs and fees, less incentives and credits for leases. The LAFCO's asset consists of right to use office space. The related lease is discussed in Note 4. The to use assets are amortized on a straight-line basis over the term of the related lease.

h. Leases

LAFCO recognizes the right to use assets and a lease liability in the government-wide financial statements. At the commencement of a lease, LAFCO initially measures the lease liability at the present value of the payments expected to be paid during the lease terms. Subsequently, the lease liability is reduced by the principal portion of the lease payments paid. The right to use assets are initially measured as the initial amount of the lease payable, adjusted for lease payments paid at or before the lease commencement date. Subsequently, the right to use asset is amortized on a straight-line basis over the life of the lease term.

Key estimates and judgments include how LAFCO determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- LAFCO uses their incremental borrowing rate of 3.0% to discount leases
- The lease terms include the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability is composed of annual adjustments in the amount of 3.0% annually.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

LAFCO monitors changes in circumstances that would require a remeasurement of its lease and will measure the lease liability and right to use assets if certain changes occur that are expected to significantly affect the amount of the lease.

i. Compensated Absences

Permanent San Diego LAFCO employees earn from 10 to 25 vacation days a year, depending upon their length of employment, and 13 sick days a year. Employees can carry forward up to twice their annual allotment in earned but unused vacation days. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. During the year ended June 30, 2025, the LAFCO adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which seeks to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

j. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the San Diego County Employees Retirement Association (SDCERA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. SDCERA audited financial statements are publicly available reports that can be obtained at SDCERA's website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

k. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported of the San Diego County Employees Retirement Association (SDCERA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

SDCERA audited financial statements are publicly available reports that can be obtained at SDCERA's website under Forms and Publications.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2024
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

l. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. LAFCO reports deferred outflows related to pensions and OPEB in this category. These are reported on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. LAFCO reports deferred inflows related to pensions in this category.

m. Estimates

The presentation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

n. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the San Diego LAFCO's prior year financial statements, from which this selected financial data was derived. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments

Cash and investments as of June 30, 2025, consist of the following:

Demand deposits	\$ 133,178
County of San Diego Investment Pool	<u>1,599,759</u>
Total cash and investments	<u>\$ 1,732,937</u>

a. Investments Authorized by the San Diego LAFCO's Investment Policy

San Diego LAFCO's investment policy authorizes the following investment types:

Authorized Investments	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
Agency Obligations	5 years	None	35%
Local Agency Obligations	5 years	30%	10%
Bankers' Acceptances	180 days	40%	5%
Commercial Paper	397 days	40%	10%
Medium Term Notes	5 years	30%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	1 year	40%	10%
Reverse Repurchase Agreements	92 days	20%	10%
Collateralized Certificates of Deposit	13 months	5%	5%
Insured Deposit Accounts	13 months	5%	5%
Money Market Funds	N/A	20%	10%
Local Government Investment Pools (LGIPs)	N/A	5%	5%
Local Agency Investment Fund (LAIF)	N/A	5%	None
Pass-Through Securities	5 years	20%	10%
Supranationals	5 years	30%	10%

b. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates are. The County of San Diego investment portfolio has a weighted average maturity of 562 days. For additional information see the County of San Diego's Comprehensive Annual Financial Report. This report can be obtained at the Auditor-Controller County of San Diego office located at the 1600 Pacific Highway, San Diego, California, 92101.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments (Continued)

c. Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The San Diego County Investment Pool was rated AAA by Standards and Poor as of June 30, 2025.

d. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an organization will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, an organization will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

The California Government Code and the San Diego LAFCO's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure San Diego LAFCO deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial risk does not apply to an organization's indirect investment in securities through the use of mutual funds or government investment pools.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(3) Capital Assets

A summary of changes in capital assets follows:

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025
Capital assets:				
Equipment	\$ 17,335	-	-	17,335
Right to use asset - office lease	1,227,635	-	-	1,227,635
	<u>1,244,970</u>	<u>-</u>	<u>-</u>	<u>1,244,970</u>
Accumulated depreciation:				
Equipment	(17,335)	-	-	(17,335)
Right to use asset - office lease	(349,327)	(119,769)	-	(469,096)
	<u>(366,662)</u>	<u>(119,769)</u>	<u>-</u>	<u>(486,431)</u>
Total	<u>\$ 878,308</u>	<u>(119,769)</u>	<u>-</u>	<u>758,539</u>

(4) Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025	Due within one year
Pension obligation bonds	\$ 97,560	-	(45,000)	52,560	45,000
Lease liability	957,801	-	(105,770)	852,031	112,976
Compensated absences*	98,958	30,205	-	129,163	33,583
Total	<u>\$ 1,154,319</u>	<u>30,205</u>	<u>(150,770)</u>	<u>1,033,754</u>	<u>191,559</u>

*Compensated absences as of July 1, 2024 were restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101. Additionally, the change is presented as a net change.

a. Pension Obligation Bonds

The San Diego LAFCO participates in the County of San Diego County Employee Retirement Association's (SDCERA) pension plan as discussed further in Note 6. As such they are liable for a share of the County's Taxable Pension Obligation Bonds (POB). POBs are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the SDCERA pension plan. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of the proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(4) Long Term Liabilities (Continued)

The County of San Diego has issued a total of six series of Pension Obligation Bonds in 2002, 2004 and 2008, with maturities ranging from August 15, 2015 to August 15, 2026. All bonds were issued at variable interest rates ranging from 3.28-6.03%. Additional information on the bonds can be found in the County of San Diego's Annual Comprehensive Financial Report. The LAFCO's proportionate share of the County's total obligation is 0.034%. The following is a summary of debt service requirements to maturity for LAFCO's Share of the County's Pension Obligation Bonds:

Year Ending June 30	Principal	Interest	Total
2026	\$ 45,000	1,193	46,193
2027	7,560	-	7,560
Total	<u>\$ 52,560</u>	<u>1,193</u>	<u>53,753</u>

b. Lease Liability

LAFCO entered a non-cancellable operating lease for approximately 3,279 rentable square feet for administrative facilities commencing August 1, 2021. Rent increases 3.0% annually over the 123-month lease agreement, expiring October 31, 2031. The lease liability is measured at an incremental borrowing rate of 3.0%. This rate was determined using the historic 20-year treasury rate. The balance of the liability at June 30, 2025 is \$852,031.

Future minimum payments required under the lease are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 112,976	24,020	136,996
2027	120,402	20,530	140,932
2028	128,419	16,808	145,227
2029	136,713	12,842	149,555
2030	145,259	8,624	153,883
2031-2032	208,262	4,479	212,741
Total	<u>\$ 852,031</u>	<u>87,303</u>	<u>939,334</u>

(5) Insurance

Insurance is provided on behalf of the San Diego LAFCO by the County of San Diego Insurance Policy. The San Diego LAFCO pays its pro-rata share of insurance costs to the County. For coverage limits see the County of San Diego's Comprehensive Annual Financial Report. This report can be obtained at the Auditor-Controller County of San Diego office located at 1600 Pacific Highway, San Diego, California, 92101.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(6) Retirement Plan

Plan Description

San Diego LAFCO employees who work in a permanent position for at least 20 hours each week are eligible to participate in the San Diego County Employees Retirement Association (SDCERA) cost-sharing multiple employers defined benefit pension plan. All eligible San Diego LAFCO employees are considered General Members. The plan was established under the County Employees Retirement Law of 1937. A nine-member Board of Retirement oversees the plan for five employers. SDCERA issues a publicly available report that includes financial statements and required supplementary information. The SDCERA financial report may be obtained by writing to SDCERA: 227 Rio Bonito Way, Suite 2000, San Diego, California 92108.

Benefits Provided

SDCERA provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The Plans' provisions and benefits in effect on June 30, 2025, are summarized as follows:

	General Members			
	Prior to March 8, 2002 (Tier I)	March 8, 2002 to August 2009 (Tier A)	August 28, 2009 to January 1, 2013 (Tier B)	On or after January 1, 2013 (Tier C)
Hire date				
Benefit formula	2.62% @ 62	3.00% @ 60	2.62% @ 62	2.50% @ 67
Benefit vesting schedule	5 years service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-65	50-65	50-65	55-67
Required employee contribution rates	12.42%	14.21%	11.34%	10.04%
Required employer contribution rates	47.87%	47.87%	47.87%	41.01%

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(6) Retirement Plan, (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the SDCERA annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. All members are required to make contributions to SDCERA regardless of the retirement plan in which they are included.

Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was remeasured by revaluing the total pension liability as of June 30, 2023 (before the roll forward) to include the following actuarial assumptions that the Retirement Board has adopted for use in the pension funding valuation as of June 30, 2024 and using this revalued total pension liability in rolling forward the results from June 30, 2023 to June 30, 2024:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	6.50%
Inflation	2.50%
Payroll Growth	3.90% to 10.50%
Investment Rate of Return	6.50%, net of pension plan investment expense, including inflation

Discount Rate

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan FNP was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2024.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(6) Retirement Plan, (Continued)

The long-term expected rate of return on pension plan investments¹ was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation but before deducting investment expenses), are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of June 30, 2024. This information will change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S Equity	19.00%	5.40%
Small Cap U.S Equity	3.00%	6.17%
Developed International Equity	15.00%	6.13%
Global Equity	11.50%	6.20%
Emerging Markets Equity	5.00%	8.17%
High Yield Bonds	6.40%	2.76%
Bank Loan	0.60%	2.02%
Real Estate	7.40%	4.59%
Private Equity	5.00%	10.83%
Private Credit	1.00%	5.93%
Timberland	0.80%	4.44%
Infrastructure	1.50%	6.02%
Farmland	0.70%	5.62%
Real Estate (non-core)	2.60%	7.94%
Intermediate Duration Bonds (gov't)	10.30%	-0.24%
Intermediate Duration Bonds (credit)	10.20%	0.70%
Total	100.00%	

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan Net Position. The Total Pension Liability for each membership class is obtained from internal valuation results. The Plan Net Position for each membership class was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total SDCERA Plan Net Position to total SDCERA valuation value of assets.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(6) Retirement Plan, (Continued)

The NPL is allocated based on the actual employer contributions with the membership class.

- (1) First calculate the ratio of employer's contributions to the total contributions for the membership class. This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.
- (2) The liability for Section 415(m) Replacement Benefit Program for each employer is added to the respective employers. San Diego LAFCO does not have a liability in this category.
- (3) NPL is equal to NPL in (1) and NPL in (2) above.

The following table shows the Plan's proportionate share of the net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2023	\$ 7,892,594	5,835,393	2,057,201
Balance at: 6/30/2024	7,862,281	6,166,777	1,695,504
Net Changes	\$ 30,313	(331,384)	361,697

The LAFCO's proportionate share of the net pension liability as of June 30, 2023 and 2024 was as follows:

Proportion – June 30, 2023	0.037%
Proportion – June 30, 2024	0.035%
Change – Increase (Decrease)	(0.002%)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 6.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.50 percent) or 1 percentage-point higher (7.50 percent) than the current rate:

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(6) Retirement Plan, (Continued)

	Discount Rate – 1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate + 1% (7.50%)
Plan's Net Pension Liability	\$ 2,805,005	1,695,504	790,304

Recognition of Gains and Losses

Deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected 5-year straight-line amortization
and actual earnings

All other amounts Straight-line amortization over the average
expected remaining service lives of all members
that are provided with benefits (active, inactive,
and retired as of the beginning of the
measurement period).

*Pension Expense and Deferred Outflows and Deferred Inflows of Resources
Related to Pensions*

For the measurement period ending June 30, 2024 (the measurement date), San Diego LAFCO recognized a pension expense of \$263,035 for the Plan.

As of the June 30, 2024 measurement date, San Diego LAFCO reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(6) Retirement Plan, (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 352,251	-
Change of assumptions	138,850	-
Differences between expected and actual experience	181,081	28,611
Net difference between projected and actual earnings on pension plan investments	-	121,559
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,486	214,927
Total	<u>\$ 688,668</u>	<u>365,097</u>

\$352,251 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows and inflows of resources in the previous chart, including the employer-specific item, will be recognized in future pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows/(Inflows) of Resources
2026	\$ (45,339)
2027	128,466
2028	(61,642)
2029	(50,165)
2030	-
Thereafter	-
Total	<u>\$ (28,680)</u>

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(7) Other Post-Employment Benefits

Plan Description

Effective July 1, 2007, the San Diego LAFCO commenced contributing to the SDCERA Retiree Health Plan, (SDCERA-RHP) a cost-sharing multiple-employer defined benefit health plan administered by SDCERA. The Retirement Act assigns the LAFCO to establish and amend health allowance benefits to the SDCERA Board of Retirement. The retiree health plan provides a non-taxable health insurance allowance to Tier I and Tier II retirees. Health insurance allowances range from \$200 per month to \$400 per month based on members' service credits. SDCERA issues a publicly available report that includes financial statements and required supplementary information. The SDCERA financial report may be obtained by writing to SDCERA: 227 Rio Bonito Way, Suite 2000, San Diego, California 92108

Benefits provided

SDCERA provides Health Insurance Allowance benefits to eligible employees after retirement. All General and Safety Tier I and Tier II members are in the membership classifications eligible for the HIA. The HIA Plan is closed to members in the other Tiers.

Employees Covered

As of the June 30, 2024 measurement date, the following current and former employees were covered by the benefit terms under the HIA:

Active employees	5
Inactive employees or beneficiaries currently receiving benefits	<u>2</u>
Total	7

Contributions

The SDCERA RHP and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the LAFCO and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2025, the LAFCO's cash contributions were \$9,648.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the Commission reported a liability of \$5,259 for its proportionate share of the collective net OPEB liability.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(7) Other Post-Employment Benefits (Continued)

The collective net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2024. The Commission's proportion of the collective net OPEB liability was based on a projection of the Commission's share of contributions to the OPEB plan relative to the project contributions of all participating employers, actuarially determined. At June 30, 2024, the Commission's proportion was 0.042% percent.

For the fiscal year ended June 30, 2025, LAFCO recognized OPEB income of \$7,401. As of fiscal year ended June 30, 2025, LAFCO reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 9,648	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	446
Total	<u>\$ 9,648</u>	<u>446</u>

\$9,648 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2026.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal year ended June 30:	Deferred Outflows/(Inflows) of Resources
2026	\$ (126)
2027	245
2028	(336)
2029	(229)
2030	-
Thereafter	-
Total	<u>\$ (446)</u>

Actuarial Methods and Assumptions

The Total OPEB Liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2024.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(7) Other Post-Employment Benefits (Continued)

The actuarial assumptions used in the valuation were based on the results of an experience study for the period from July 1, 2020 through June 30, 2021. They are the same as the assumptions used in the June 30, 2023 funding actuarial valuations for SDCERA HIA. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Level Percent of Pay Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.50%
Salary Increases	General: 3.90% to 10.50%, including inflation
Health Care Trend	7.25% graded to ultimate 4.50% over 8 years
HIA subsidy increases	0.00%

Discount Rate

The discount rate used to measure the TOL was 6.50% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs (if any) for future plan members and their beneficiaries, as well as projected contributions (if any) from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2024.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each measurement class, after deducting inflation, but before reduction for investment expenses are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2024 actuarial valuation and will change every three years based on the actuarial experience study (as it did between the 2021 and 2022 valuations).

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(7) Other Post-Employment Benefits (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S Equity	19.00%	5.40%
Small Cap U.S Equity	3.00%	6.17%
Developed International Equity	15.00%	6.13%
Global Equity	11.50%	6.20%
Emerging Markets Equity	5.00%	8.17%
High Yield Bonds	6.40%	2.76%
Bank Loan	0.60%	2.02%
Real Estate	7.40%	4.59%
Private Equity	5.00%	10.83%
Private Credit	1.00%	5.93%
Timberland	0.80%	4.44%
Farmland - Row Crops	0.70%	5.62%
Infrastructure	1.50%	6.02%
Real Asset (Non-Core)	2.60%	7.94%
Intermediate Duration Bonds (Gov't)	10.30%	-0.24%
Intermediate Duration Bonds (Credit)	10.20%	0.70%
Total	100.00%	

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued SDCERS financial report.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability of LAFCO if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	Discount Rate - 1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate + 1% (7.50%)
Plan's Net OPEB Liability	\$ 7,608	5,259	3,191

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the Net OPEB Liability of LAFCO if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Basic Financial Statements

(Continued)

(7) Other Post-Employment Benefits (Continued)

	Healthcare Rate – 1%	Current Healthcare Rate	Healthcare Rate + 1%
Plan's Net OPEB Liability	\$ 4,479	5,259	6,068

(8) Related Party Transactions

The San Diego LAFCO reimburses the County for annual cost of participating in County administered workers' compensation and liability insurance plans, employee benefit programs, and payroll and information technology support services. Total payments made to San Diego County during fiscal year ended June 30, 2025 were \$161,756.

(9) Restatement

During the year ended June 30, 2025, the LAFCO adopted new accounting guidance by implementing the provisions of GASB 101. As a result of this implementation, additional compensated absences resulted from the addition of payroll-related taxes and benefits associated with the accrued leave. The following summarizes the net effects on the beginning net position:

Net position, beginning of year, as previously reported	\$ (94)
Implementation of accounting principle - GASB 101	<u>(40,959)</u>
Net position, beginning of year, restated	<u><u>\$ (41,053)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Schedule of the Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years

	Measurement Date				
	06/30/24	06/30/23	06/30/22	06/30/21	06/30/20
Plan's Proportion of the Net Pension Liability (Asset)	0.035%	0.037%	0.047%	0.048%	0.042%
Plan's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,695,504	2,057,200	2,106,969	1,135,902	2,305,366
Plan's Covered Payroll	703,574	675,005	589,480	708,838	672,154
Plan's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	241%	305%	357%	160%	343%
	Measurement Date				
	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Plan's Proportion of the Net Pension Liability (Asset)	0.032%	0.041%	0.039%	0.036%	0.042%
Plan's Proportionate Share of the Net Pension Liability (Asset)	1,686,072	1,091,200	1,501,659	1,661,381	1,023,368
Plan's Covered Payroll	615,474	444,760	507,984	462,897	411,232
Plan's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	274%	245%	296%	359%	249%

Notes to Schedule

Benefit Changes: None

Changes of Assumptions: For the measurement date ending June 30, 2022, the discount rate was changed from 7.00 percent (net of administrative expense) to 6.50 percent, payroll growth changed from 4.15-10.50 percent to 3.90-10.50 percent.

For the measurement date ending June 30, 2019, the discount rate was changed from 7.25 percent (net of administrative expense) to 7.00 percent, payroll growth changed from 4.5-9.75 percent to 4.15-10.50 percent.

For the measurement date ending June 30, 2016, the discount rate was changed from 7.50 percent (net of administrative expense) to 7.25 percent, payroll growth changed from 4.5-9.75 percent to 4.25-10.25 percent.

For the measurement date ending June 30, 2015, the discount rate was changed from 7.75 percent (net of administrative expense) to 7.50 percent, the inflation rate was changed from 3.25 percent to 3.00 percent, payroll growth changed from 4.75-10.00 percent to 4.50-9.75 percent.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Schedule of Pension Contributions

Last Ten Fiscal Years

Fiscal year ending June 30:	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially Determined Contribution	\$ 352,251	260,965	238,695	293,766	293,416
Contributions in Relation to the Actuarially Determined Contribution	<u>(352,251)</u>	<u>(260,965)</u>	<u>(238,695)</u>	<u>(293,766)</u>	<u>(293,416)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 703,574	637,375	675,005	589,480	708,838
Contributions as a Percentage of Covered Payroll	50.07%	40.94%	35.36%	49.83%	41.39%
Fiscal year ending June 30:	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution	209,786	172,020	166,680	180,945	135,423
Contributions in Relation to the Actuarially Determined Contribution	<u>(209,786)</u>	<u>(172,020)</u>	<u>(166,680)</u>	<u>(180,945)</u>	<u>(135,423)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	672,154	615,474	444,760	507,984	462,897
Contributions as a Percentage of Covered Payroll	31.21%	27.95%	37.48%	35.62%	29.26%

Notes to Schedule:

Fiscal Year End: 6/30/2025
Valuation Date: 6/30/2023

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	5-year smooth market
Discount Rate	6.50%
Projected Salary Increase	2.50% to 7.50%, vary by years of service
Inflation	2.50%
Payroll Growth	2.50%

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Schedule of the Plan's Proportionate Share of the Changes
in Net OPEB Liability and Related Ratios

Last Ten Fiscal Years*

	Measurement Period			
	06/30/25	06/30/24	06/30/23	06/30/22
Plan's Proportion of the Net OPEB Liability (Asset)	0.046%	0.045%	0.042%	0.053%
Plan's Proportionate Share of the Net OPEB Liability (Asset)	\$ 5,259	22,551	31,518	40,240
Plan's Covered Payroll	\$ 703,574	675,005	589,480	708,838
Plan's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	0.75%	3.34%	5.35%	5.68%
Plan's Proportion of the Fiduciary Net Position as a percentage of the Plan's Total OPEB Liability	84.04%	49.35%	32.73%	31.57%
	Measurement Period			
	06/30/21	06/30/20	06/30/19	06/30/18
Plan's Proportion of the Net OPEB Liability (Asset)	0.050%	0.050%	0.037%	0.044%
Plan's Proportionate Share of the Net OPEB Liability (Asset)	50,032	56,490	47,526	63,154
Plan's Covered Payroll	672,154	615,474	444,760	507,984
Plan's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	7.44%	9.18%	10.69%	12.43%
Plan's Proportion of the Fiduciary Net Position as a percentage of the Plan's Total OPEB Liability	19.70%	14.73%	10.12%	6.92%

Notes to Schedule:

Changes in assumptions. None.

*Historical information is required only for measurement periods for which GASB 75 is applicable.

Future years' information will be displayed up to 10 years as information becomes available.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Schedule of OPEB Contributions

Last Ten Fiscal Years *

Fiscal year ending June 30:	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially Determined Contribution	\$ 9,648	8,777	7,754	7,743
Contributions in Relation to the				
Actuarially Determined Contribution	<u>(9,648)</u>	<u>(8,777)</u>	<u>(7,754)</u>	<u>(7,743)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 703,574	675,005	589,480	708,838
Contributions as a Percentage of				
Covered Payroll	1.37%	1.30%	1.32%	1.09%
Fiscal year ending June 30:	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	9,946	10,106	7,282	7,256
Contributions in Relation to the				
Actuarially Determined Contribution	<u>(9,946)</u>	<u>(10,106)</u>	<u>(7,282)</u>	<u>(7,256)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	672,154	615,474	444,760	507,984
Contributions as a Percentage of				
Covered Payroll	1.48%	1.64%	1.64%	1.43%

*Historical information is required only for measurement periods for which GASB 75 is applicable.

Future years' information will be displayed up to 10 years as information becomes available.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Assessments	\$ 2,184,098	2,184,098	2,294,887	110,789
Intergovernmental	450,000	450,000	161,222	(288,778)
Proposal fees	200,000	200,000	212,386	12,386
Investment income	15,000	15,000	40,687	25,687
Total revenues	<u>2,849,098</u>	<u>2,849,098</u>	<u>2,709,182</u>	<u>(139,916)</u>
Expenditures:				
General government:				
Salaries and benefits	1,468,773	1,468,773	1,487,954	(19,181)
Service and supplies	1,409,364	1,409,364	1,153,729	255,635
Debt service:				
Principal	34,092	34,092	150,770	(116,678)
Interest	-	-	46,700	(46,700)
Total expenditures	<u>2,912,229</u>	<u>2,912,229</u>	<u>2,839,153</u>	<u>73,076</u>
Excess (deficiency) of revenues over (under) expenditures	(63,131)	(63,131)	(129,971)	(66,840)
Fund balances at beginning of year	<u>1,707,948</u>	<u>1,707,948</u>	<u>1,707,948</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,644,817</u>	<u>1,644,817</u>	<u>1,577,977</u>	<u>(66,840)</u>

See accompanying notes to required supplementary information.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Notes to the Required Supplementary Information

Year ended June 30, 2025

(1) Budgetary Reporting

The San Diego LAFCO adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with generally accepted accounting principles (GAAP). The adopted budget can be amended by the San Diego LAFCO to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the San Diego LAFCO's approval. However, the Executive Officer may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the management to review the budget with the Commission on a quarterly basis and, if necessary, recommend changes.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Independent Auditor's Report

Board of Commissioners
San Diego Local Agency Formation Commission
San Diego, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Diego Local Agency Formation Commission ("LAFCO") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise LAFCO's basic financial statements, and have issued our report thereon dated July 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LAFCO's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LAFCO's internal control. Accordingly, we do not express an opinion on the effectiveness of LAFCO's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LAFCO's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarrLLP

Irvine, California
July 23, 2026



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

Board of Commissioners
San Diego Local Agency Formation Commission
San Diego, California

We have audited the financial statements of the San Diego Local Agency Formation Commission ("LAFCO") as of and for the year ended June 30, 2025, and have issued our report thereon dated July 23, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 24, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of LAFCO solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate.

Additionally, we utilize a quality control reviewer to perform a second review of the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

Significant risks include the following:

- Auditing standards highlight that management has the unique ability to override controls by recording inappropriate journal entries, structuring or approving unusual or non-routine transactions, manipulating accounting estimates, or by circumventing processes or pressuring staff. As a result, auditors perform journal entry testing, review significant accounting estimates, and evaluate unusual transactions.
- Revenue recognition is presumed to be a significant risk because of its susceptibility to manipulation. As a result, auditors are required to test revenue recognition as part of the audit.
- Implementation of a new accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 101. As a result, we received LAFCO's records of compensated absences, tested the calculations of the records, and ensured LAFCO's footnote disclosures are accurate and complete in accordance with the new standard.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by LAFCO is included in Note 1 to the financial statements. During the fiscal year, LAFCO adopted new accounting standard GASB 101: Compensated Absences. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of net pension liability, net OPEB liability, and related amounts are based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the net pension liability, net OPEB liability, and related amounts and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting LAFCO's financial statements relate to:

The disclosure of the Pension Liability in Note 6 to the financial statements describes LAFCO's pension obligations, and the disclosure of the net OPEB Liability in Note 7 to the financial statements describes LAFCO's OPEB obligations.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The uncorrected financial statement misstatement is noted below, whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were two uncorrected misstatements:

- Entry to reduce accounts payable and related expense.
- Entry to increase compensated absences payable and payroll tax expense for the current year and prior year.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to LAFCO's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated July 23, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us they consult with Tri-Star Advisors regarding accounting and auditing matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with LAFCO, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as LAFCO's auditors.

This report is intended solely for the information and use of the Board of Commissioners and management of LAFCO and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
July 23, 2026



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

7b

AGENDA REPORT Business | Action

August 3, 2026

TO: Chair Becker and Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer

SUBJECT: Proposed Update to the Rolling Five-Year Study Schedule

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a proposed update to the Commission's rolling five-year municipal service review (study) schedule. The proposed update follows the Commission's adoption of the Fiscal Year 2026-2027 workplan and advances the existing schedule forward by one year, resetting the planning horizon to Fiscal Years 2027 through 2031 to maintain alignment. The proposed update also incorporates refinements drawn from recently completed studies, prior Commission direction, and evolving service delivery models. Consistent with prior practice, the first two years (FY2027-FY2028) reflect studies authorized and funded in the adopted workplan and budget. The remaining three years (FY2029-FY2031) serve as a long-range planning tool, providing local agencies and the public with advance notice of the Commission's anticipated review schedule. The proposed update was reviewed by the Special Districts Advisory Committee at their July 17, 2026 meeting without any resulting requests or suggestions to revise. Staff recommends the Commission approve the proposed update, subject to any desired modifications.

Administration

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Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

BACKGROUND

State and Local Policy Directives | Municipal Service Reviews + Sphere of Influence Updates

State law requires San Diego LAFCO to prepare municipal service reviews to independently assess the availability and adequacy of local services relative to present and future community needs. The Commission's policies governing preparation of municipal service reviews are codified in Policy L-106, including direction to maintain a rolling five-year study schedule. These municipal service reviews directly inform the mandated sphere of influence updates State law directs LAFCO to complete approximately every five years, through which the Commission actively manages local agencies' appropriate current and future boundaries and service areas. The study schedule is accordingly not solely a work-programming tool; it is the mechanism by which the Commission sequences its own compliance with the sphere of influence update cycle.

Rolling Study Schedule + Implementation Practices

San Diego LAFCO annually reviews and updates its rolling five-year study schedule to program future municipal service reviews and corresponding sphere of influence updates consistent with adopted policy. Implementation of the schedule is guided by two practices:

1. **Years One and Two** cover all municipal service reviews separately authorized and funded by the Commission under the annual adopted workplan and budget. The combination of the first two years provides LAFCO flexibility to pace work in line with accommodating the agencies' resources and abilities to participate in the data collection and review process.
2. **Years Three through Five** of the study schedule serve to telegraph the Commission's expectations of initiating future municipal service reviews to affected agencies and other interested stakeholders. Actual work on these studies does not begin until the Commission formally authorizes the expenditure of LAFCO resources through a future adopted annual workplan.

DISCUSSION

This item is for San Diego LAFCO to consider an update to its rolling five-year study schedule covering Fiscal Years 2027 through 2031, as detailed in Attachment One. The proposed update generally rolls the existing schedule forward by one fiscal year while incorporating several refinements based on recently completed studies, prior Commission direction, and evolving service delivery models. Key details follow.

Years One and Two (FY2027–FY2028) | Confirmed Studies

Years One and Two of the proposed study schedule align with the recently adopted workplan and encompass all municipal service reviews authorized and funded by the Commission. The proposed schedule generally carries forward previously authorized studies while reflecting recently completed work, incorporating studies advanced from the long-range planning horizon, and refining the scope of several planned reviews.

- **Studies Continuing**

The proposed schedule reflects the Commission's direction to continue work on previously authorized studies involving Healthcare Services, SANDAG, the San Diego Unified Port District, the North County communities of San Marcos and Vista, the North Coastal communities of Del Mar and Solana Beach, and their overlapping special districts. The schedule also retains Part II of the Carlsbad-Encinitas Subregional municipal service review involving the Encinitas Subregion, which staff anticipates completing by the end of calendar year 2026. Also continued but expanded, the Healthcare Districts municipal service review has been broadened into a two-part Healthcare Services review. Part I will continue evaluating the County's four healthcare districts. Part II expands the study to include major quasi-public healthcare providers, including Sharp HealthCare, UC San Diego Health, and other community providers. This expansion is contextual rather than regulatory; these providers are not subject to the Commission's jurisdiction, but the districts' service roles cannot be meaningfully evaluated in isolation from the providers that deliver the majority of care in their service areas.

- **Studies Completed or Reprogrammed**

The proposed schedule reflects the completion of Part I of the Carlsbad-Encinitas Subregional Municipal Service Review following its adoption by the Commission in June 2026, leaving only the Encinitas Subregion to carry forward. The proposed schedule separately removes the Wholesale Water Service Providers municipal service review from the FY2027-FY2028 implementation window following the Commission's direction at its May 4, 2026 meeting to suspend work on that study given new and emerging considerations. Consistent with that direction, separate municipal service reviews involving the Metropolitan Water District of Southern California and the San Diego County Water Authority are instead programmed in FY2030 and FY2031, respectively.

- **Studies Advanced and Calendared**

The proposed schedule reflects recent Commission direction by advancing two municipal service reviews into the established FY2027-FY2028 implementation window: the City of San Diego (municipal services) and Part II of the South Coast Region (special districts). Both studies were previously identified as tentative FY2028 studies in the adopted schedule. The South Coast Region review will align with the previously authorized Part I review involving the Cities of Chula Vista and

National City and evaluate the overlapping special districts, including South Bay Irrigation District, Sweetwater Authority, Bonita-Sunnyside Fire Protection District (FPD), and Lower Sweetwater FPD, allowing both phases to proceed on a coordinated timeline. To accommodate these changes, the Rancho Santa Fe Region, Wastewater Joint Powers Authorities, Silver Strand Cities, and Public Transit Services reviews have been shifted to FY2029.

Years Three through Five (FY2029 – FY2031) Telegraphing Tool for Anticipated Studies

Years Three through Five continue to serve as the Commission's long-range planning framework for future municipal service reviews while incorporating several refinements based on recent Commission direction and emerging priorities. Most notably, the proposed schedule adds a new municipal service review involving Mosquito Abatement and Vector Services in FY2031, together with the separate reviews of the Metropolitan Water District of Southern California (FY2030) and the San Diego County Water Authority (FY2031) described in the preceding section. Additionally, the planned Cemetery Districts study has been broadened into a review of Cemetery Services to catalog both public cemetery districts and private providers in light of recent legislation, and has been advanced one year to FY2029.

Additional Discussion

Consistent with the Commission's practice of soliciting early input from affected agencies, staff presented the proposed update to the Special Districts Advisory Committee at its July 17, 2026 meeting. The Committee reviewed the draft schedule and raised no objections or concerns. Staff prioritized review by the Special Districts Advisory Committee given that the substantial majority of studies programmed over the five-year horizon involve special districts, either as the subject agency or as an overlapping service provider. The Cities Advisory Committee meets semiannually, and its meeting calendar did not align with preparation of this item; staff will present the approved schedule to that Committee at its next scheduled meeting in September 2026 with the opportunity to forward any request for amendments back to the Commission.

ANALYSIS

The proposed update continues San Diego LAFCO's established approach to planning municipal service reviews by balancing statutory responsibilities against available resources while providing affected agencies and the public advance notice of anticipated studies. Three considerations frame staff's recommendation: sphere of influence alignment, resource capacity, and responsiveness to evolving service delivery.

- The proposed update continues to align with the Commission's task to complete sphere of influence updates on the cycle State law contemplates. The proposed schedule holds this alignment for the agencies programmed in Years One and Two, and the FY2029 shifts remain within the range the Commission has previously

accepted. The reprogramming of the wholesale water reviews to FY2030 and FY2031 extends the interval for those two agencies, which staff views as appropriate given the Commission's May 2026 direction and the stable boundary and sphere circumstances of both.

- Staff has evaluated the proposed changes against the adopted workplan and budget and finds them absorbable within existing resources. Advancing the City of San Diego and South Coast Part II reviews into the implementation window is being offset by the completed Carlsbad Subregion review, the suspended Wholesale Water Service Providers review, and the deferral of four long-range studies to FY2029.
- The proposed schedule broadens several planned reviews to better reflect and respond to evolving service delivery models and recent developments. This includes expanding the Healthcare Districts study into a Healthcare Services review, broadening the Cemetery Districts study into a review of Cemetery Services, and adding a new review of Mosquito Abatement and Vector Services to address a previously unprogrammed regional service study.

Consistent with adopted policy, no study programmed in Years Three through Five commences absent separate authorization through a future adopted annual workplan.

RECOMMENDATION

It is recommended that San Diego LAFCO approve the proposed update to the five-year study schedule with any changes as specified. This recommendation is consistent with Alternative One below.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

Approve the proposed update to the rolling five-year study schedule.

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) Proposed Update to the Five-Year Rolling Study Schedule (FY2027 – FY2031)



Proposed Commission Rolling Study Schedule 5-YEAR PLAN

FY2027 Through FY2031

Regional Service Planning
Subdivision of the State of California



Study Directive

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



Study Schedule

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



Rolling Study Schedule Format

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

2026–2027 + 2027–2028: SET

COASTAL COUNTY FOCUS

Carlsbad + Encinitas Region

- Part II: Encinitas Subregion
 - City of Encinitas
 - Leucadia WWD
 - Olivenhain MWD
 - San Dieguito WD

San Marcos + Vista Region

- Part I: San Marcos Subregion
 - City of San Marcos
 - Vallecitos WD
 - San Marcos FPD
- Part II: Vista Subregion
 - City of Vista
 - Buena SD
 - Vista ID

Del Mar + Solana Beach Region

- City of Del Mar
- City of Solana Beach
- Santa Fe ID

San Diego Association of Governments (SANDAG)

San Diego Unified Port District

Sweetwater Park,
Chula Vista Bayfront



San Diego County Healthcare Services

- Part I: Healthcare Districts
 - Palomar HD
 - Tri-City HD
 - Fallbrook HD
 - Grossmont HD
- Part II: Quasi Public Providers
 - Sharp San Diego
 - UC San Diego
 - Other Community Providers

City of San Diego

South Coast Region

- Part I: Cities
 - City of Chula Vista
 - City of National City
- Part II: Special Districts
 - South Bay Water
 - Sweetwater Authority
 - Bonita–Sunnyside FPD
 - Sweetwater FPD



Photo Credit: Google
(Port of San Diego)



Coronado incorporated in 1890, becoming the sixth of the region's 18 cities to incorporate.

2028–2029: TENTATIVE

SOUTHWEST COUNTY FOCUS

Rancho Santa Fe Region

- Fairbanks Ranch CSD
- Questhaven MWD
- Rancho Santa Fe CSD
- Rancho Santa Fe FPD
- Whispering Palms CSD

San Diego County Wastewater JPAs

- Encinitas JPA
- San Elijo JPA
- Metro JPA

Silver Strand Cities

- City of Coronado
- City of Imperial Beach

Public Transit Services

- North County Transit District
- Metropolitan Transit Service

Cemetery Services

- North County CD
- Pomerado CD
- Ramona CD
- Valley Center CD
- Other



East County
Hiking Trails



2029–2030: TENTATIVE

EAST COUNTY FOCUS

Otay WD

La Mesa – Lemon Grove Region

- City of La Mesa
- City of Lemon Grove
- Lemon Grove SD

El Cajon – Santee Region

- City of El Cajon
- City of Santee

South East County Water Districts

- Lakeside WD
- Helix WD
- Padre Dam MWD

East County FPDs

- Lakeside FPD
- San Miguel Consolidated FPDs
- Alpine FPD

San Diego County Sanitation District

Countywide Recycled Water Services

San Diego County Airports

Metropolitan Water District of Southern CA

Countywide Police Protection Services



Unincorporated
community of
Jacumba

2030–2031: TENTATIVE

MISCELLANEOUS

Countywide Fire Protection Services (Fire, Rescue, and EMS)

San Diego County Water Authority

County Service Areas

- CSA 17 – Ambulance, San Dieguito
- CSA 26 – Parks and Recreation, Rancho San Diego
- CSA 81 – Parks and Recreation, Fallbrook
- CSA 83 – Parks and Recreation, San Dieguito
- CSA 122 – Infrastructure Planning, Otay East
- CSA 128 – Parks and Recreation, Spring Valley
- CSA 135 – Regional Communications, Countywide
- CSA 136 – Flood Control and Drainage, Lakeside
- CSA 137 – Retail Water Services, Live Oak Springs
- CSA 138 – Parks and Recreation, Valley Center

San Diego County Flood Control District

Pauma Valley Region

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

Borrego Region

- Borrego WD
- Coachella Valley WD

East Laguna Summit Region

- Canebrake WD
- Descanso WD
- Jacumba CSD

Geological Hazard Abatement Districts

- Casa de Playa Geologic Hazard Abatement District
- Oceanus Geologic Hazard Abatement District

Mosquito Abatement + Vector Services



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