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

SPECIAL MEETING AGENDA
SPECIAL DISTRICTS ADVISORY COMMITTEE

Friday, April 17, 2026
10:00 A.M. to 12:00 P.M.

In-Person Participation
Fallbrook Public Utility District Boardroom
990 E Mission Road
Fallbrook, California 92028

Chair Kimberly Thorner
Vice Chair Jack Bebee

Ann Baldridge RCD of Greater SDC	James Gordon Deer Springs FPD	Hector Martinez South Bay Water	Joel Scalzitti Helix WD
Jack Bebee Fallbrook PUD	Tracy Largent Port of San Diego	Rachel Mason Fallbrook Regional HD	Mike Sims Bonita-Sunnyside FPD
Paul Bushee Leucadia WWD	Albert Lau Santa Fe ID	Dave McQuead Rancho Santa Fe FPD	Kimberly Thorner Olivenhain MWD
Jeff Egkan North County FPD	Lindsay Leahy Valley Center MWD	Marty Miller Vista ID	

The Special Districts Advisory Committee is responsible for helping to inform the Commission on all germane items relating to San Diego LAFCO's regulatory and planning responsibilities affecting special districts.

The Committee will hold the April 17, 2026 meeting in person at the Fallbrook Public Utility District, 990 E Mission Road, Fallbrook, California 92028. In person attendance by the public is welcomed. The public may also watch, listen, and otherwise participate in the meeting remotely by any of the following options.

1. The public may watch and listen to the meeting live on YouTube using the link provided on our website homepage (www.sdlafco.org).

2. The public may watch, listen, and participate in the meeting by Zoom (https://zoom.us/) or by telephone at (669) 900-9128 using Meeting/Webinar ID: 895 6767 7168 and Passcode 508649. Please use the "raise your hand" function in Zoom or push *9 by telephone if/when you wish to speak. Then wait until your name is called before speaking.

   a) The public may provide eComments on any item by emailing erica.sellen@sdcounty.ca.gov
      - eComments received before 4:00 P.M. on Thursday, April 16, 2026, will be forwarded to the Committee and posted online before the meeting. They will also be referenced during the meeting.
      - eComments received during the meeting and before the subject item is concluded will be referenced and later posted online.

The Committee may proceed with the meeting, even where there is a disruption that prevents the Committee 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 Committee is participating under Government Code Section 54953, subdivision (e) or (f).

1. **10:00 A.M. – CALL TO ORDER BY CHAIR**

   a) **Welcoming Comments**

   b) **Roll Call**

   c) **Pledge Of Allegiance**

2. **AGENDA REVIEW BY CHAIR**

3. **OPEN EXPRESSION**
   This time is reserved for any member of the public to address the Committee on germane topics that are not directly part of the agenda. This includes requests for future Committee topics. Individuals are limited to three minutes.

4. **CONSENT ITEMS**

   a) **Approval of Meeting Minutes for January 16, 2026 (action)**
   The Committee will consider draft summary minutes prepared for the last meeting held on January 16, 2026. Staff recommends approval as presented. (Pages 5-10)

   b) **Progress Report on 2025-2026 Workplan (information)**
   The Committee will receive an update on the adopted workplan and activities related to the 30 special projects scheduled for 2025-2026. Information only. (Pages 11-16)

   c) **Legislative Report (information)**
   The Committee will receive a legislative update on existing and anticipated bills affecting LAFCO operations, both directly and indirectly, as part of the second-year legislative session. This item is for information only. (Pages 17-20)

5. **BUSINESS ITEMS**

   a) **Adopted Draft Workplan and Budget for 2026-2027 (discussion + possible action)**
   The Committee will review a draft workplan and budget for 2026-2027, which were tentatively adopted by the Commission at its March 2, 2026 meeting. Both items continue current priorities and funding levels with targeted enhancements. The draft workplan largely rolls forward the existing special project commitments from this fiscal year that are expected to remain active past July 1st, anchored by continuing high-priority municipal service reviews involving wholesale water service providers, healthcare districts, and SANDAG. The total budget – combining operating and non-operating units – is proposed to decrease overall by (8.2%) to $2.904 million in balanced expenses and revenues, largely attributable to the winddown of grant activities. The operating budget is set to increase 3.4% – or $90,379 – primarily driven by the addition of a ninth full-time position (Analyst I) and a preapproved cost-of-living adjustment, with costs partially offset through reduced consultant usage. Agency apportionments, however, are proposed to increase 18.7% – or $407,580 – over the current fiscal year, exceeding the growth in operating expenses and entirely attributable to eliminating reserves as offsetting revenues. The item is for Committee review and feedback with the opportunity to forward specific recommendations for consideration ahead of final Commission action in May. (Pages 21-28)

   Contact: Keene Simonds, Executive Officer

BUSINESS ITEMS CONTINUED …

b) **Draft Municipal Service Review on Carlsbad-Encinitas Region (Part I): City of Carlsbad and Carlsbad Municipal Water District (discussion)**
The Special Districts Advisory Committee (Committee) will receive a draft municipal service review covering two agencies within the Carlsbad subregion: the City of Carlsbad and Carlsbad Municipal Water District (MWD). The draft report represents Part I of a broader regional municipal service review encompassing the Carlsbad-Encinitas region and is being advanced as part of the Commission's adopted workplan. The draft report evaluates the availability, need, and adequacy of key public services supporting the subregion's growth and development and includes determinations required by statute to inform future LAFCO actions, including sphere of influence updates and potential boundary changes.

At its April 6, 2026 meeting, the Commission reviewed the draft report, provided feedback to staff, and agreed the scope and content met expectations at this stage, authorizing staff to proceed with initiating a 45-day public review and comment period. The item is being presented for discussion with an opportunity for the Committee to provide feedback as well as formal comments and recommendations. Given the Committee's composition, the presentation will focus on the Carlsbad MWD. (Pages 29-246)

Contact: Michaela Peters, Analyst II
Adam Wilson, LAFCO Consultant

c) **Special District Spotlight: Fallbrook Public Utility District Highlights (information)**
The Committee will receive a brief presentation from Fallbrook Public Utility District staff on recent and ongoing projects. This item provides an opportunity to highlight accomplishments and current initiatives as part of the Special District Spotlight feature. No written materials.

6. **COMMENDATION FOR COMMITTEE MEMBERS MARK ROBAK AND MIKE SIMS**
The Committee will recognize Mark Robak (Otay Water District) and Mike Sims (Bonita-Sunnyside Fire Protection District) for their service as members of the Special Districts Advisory Committee.

7. **COMMITTEE MEMBER REPORTS**

8. **EXECUTIVE OFFICER REPORT**

9. **ADJOURNMENT**

Attest to Posting:

Aiden Velasquez
Communications Associate

Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or a copy of all the documents constituting the agenda packet for a meeting upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting.

Blank for Photocopying

4a

AGENDA REPORT
Consent | Action

April 17, 2026

TO: Special Districts Advisory Committee

FROM: Erica Sellen, Committee Secretary

SUBJECT: **Approval of Meeting Minutes for January 16, 2026**

SUMMARY

The Special Districts Advisory Committee (Committee) will receive action minutes prepared for the last meeting held on Friday, January 16, 2026. The minutes are in draft-form and being presented for formal approval with any corrections identified by the Committee.

BACKGROUND

The Ralph M. Brown Act was enacted in 1953 and establishes standards for the public to attend and participate in meetings of local government bodies. The "Brown Act" requires – and among other items – public agencies to maintain written minutes for qualifying meetings.

DISCUSSION

This item is for the Committee to consider approving action minutes prepared by the Committee Secretary for the January 16, 2026 meeting consistent with the Brown Act.

ANALYSIS

The attached action minutes for the January 16, 2026 meeting accurately reflect the Committee's deliberations as recorded by the Committee Secretary. A video recording of the meeting has also been posted online at www.sdlafco.org/meetings.

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

RECOMMENDATION

It is recommended the Committee approve the draft action minutes prepared for the January 16, 2026 special meeting as presented and consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to the Committee through a single motion:

Alternative One (recommended):
Approve the draft action minutes prepared for the January 16, 2026 meeting with any desired corrections or clarifications.

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

PROCEDURES

This item has been placed on the Committee'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 Committee.

Respectfully,

Erica a. Sellen

Erica Sellen
Committee Secretary

Attachment: as stated

DRAFT
SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
SPECIAL DISTRICTS ADVISORY COMMITTEE
SPECIAL MEETING
January 16, 2026

Leucadia Wastewater District Boardroom
1960 La Costa Avenue
Carlsbad, California 92009

1. 9:30 A.M. – CALL TO ORDER BY CHAIR

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

Item 1a
Welcoming Comments

Chair Thorner thanked Paul Bushee with Leucadia Wastewater District for hosting the meeting. The Chair also welcomed new committee member, Lindsay Leahy with Valley Center Municipal Water District, and thanked Mark Robak for his service to the Committee.

On motion of Joel Scalzitti, seconded by Hector Martinez, the committee unanimously directed the Executive Officer to issue a commendation to Mr. Robak.

Item 1b
Roll Call

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

Members Present:	Members Absent:
Chair Kimberly Thorner (Olivenhain MWD)	Ann Baldridge (RCD Greater San Diego County)
Vice Chair Jack Bebee (Fallbrook PUD)	Tracy Largent (Port of San Diego)
Paul Bushee (Leucadia WWD)	
Jeff Egkan (North County FPD)	
James Gordon (Deer Springs FPD)	
Albert Lau (Santa Fe ID)	
Lindsay Leahy (Valley Center MWD)	
Hector Martinez (South Bay ID)	
Rachel Mason (Fallbrook Regional HD)* arrived at 9:36 a.m.	
Dave McQuead (Rancho Santa Fe FPD)	
Marty Miller (Vista ID)	
Joel Scalzitti (Helix WD)	
Mike Sims (Bonita-Sunnyside FPD)	

The Committee Secretary confirmed a quorum with thirteen 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; GIS Analyst Dieu Ngu; Communications Associate Aiden Velasquez; and Commission Clerk

Item 1b Roll Call Continued…

Erica Sellen, serving as Committee Secretary. LAFCO Consultants Patrick Bouteller, Mike Stein, Tom Kennedy, and Adam Wilson were also present.

Item 1c
Pledge Of Allegiance

Paul Bushee (Leucadia Wastewater District) led the Pledge of Allegiance.

2. AGENDA REVIEW BY CHAIR

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

3. OPEN EXPRESSION

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

Mike Sims (Bonita-Sunnyside FPD) noted his upcoming retirement in June 2026 and introduced his replacement at the agency, Mike Smith.

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

4. CONSENT ITEMS

a) **Approval of Meeting Minutes for October 17, 2025 (action)**
The Committee considered draft summary minutes prepared for the last meeting held on October 17, 2025. Recommendation to approve as presented.

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

c) **Special Districts Advisory Committee Election Results (information)**
The Committee received results from the recent election to fill seven of the Committee's 15 seats. The newly elected members will serve four-year terms beginning January 1, 2026. Information only.

**

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

5. BUSINESS ITEMS

a) LAFCO 201 Presentation: Beyond the Basics (information)

The Committee received a presentation on existing and emerging interplay between state and local policies with respect to LAFCO's evolving oversight role of local agencies' jurisdictional boundaries and municipal service areas. Information only.

Staff presentation provided by Executive Officer Keene Simonds.

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

General discussion ensued. No action.

b) Update on Development of Weighted Water Rate Comparators (discussion)

The Committee received an update on the development of weighted water rate comparators and an associated draft report – or Water Rate Comparator Study – prepared by consultant Tom Kennedy (Kennedy Water Consulting, LLC). The draft report provides a high-level, comparative assessment of key water rate drivers and introduces easy-to-understand metrics to support more informed discussions of water rates in future Municipal Service Reviews. The item was presented for discussion and feedback.

Staff presentation provided by Local Government Analyst I Burila and LAFCO Consultant Tom Kennedy.

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

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

c) Workplan Update on Legislative Proposal | Implementing Report Recommendations from UC Berkeley to Expand LAFCOs' Effectiveness (discussion)

The Committee received an update on a San Diego LAFCO workplan project related to potential future legislation addressing water and wastewater service delivery. The effort builds on recommendations from a University of California, Berkeley report and involves coordination with the report's authors and other stakeholders, including peer LAFCOs, to develop draft statutory amendments. Consensus has been reached on proposed bill language, with current efforts focused on identifying a legislative author and potential sponsorship. The item was presented for discussion and feedback.

Staff presentation provided by Assistant Executive Officer Priscilla Mumpower.

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

General discussion ensued with overall support of the effort. Chair Thorner suggested outreach to ACWA, CASA, and Cal Mutuals. No action.

d) Special District Spotlight: Leucadia Wastewater District Highlights (information)

The Committee received a brief presentation from Paul Bushee on recent and ongoing projects at the Leucadia Wastewater District.

e) Selection of Chair and Vice Chair (action)

The Committee considered appointing officers – Chair and Vice Chair – for 2026 per policy. There was no written report for this item. Discussion and action.

Committee discussion followed.

**

On motion by Albert Lau (Santa Fe ID) and seconded by Paul Bushee (Leucadia WWD), the Committee unanimously approved the re-election of the Chair (Kimberly Thorner, Olivenhain MWD) and Vice Chair (Jack Bebee, Fallbrook PUD).

6. COMMITTEE MEMBER REPORTS

- Joel Scalzitti (Helix WD) is having a ribbon cutting on Friday, March 27th.
- Jack Bebee (Fallbrook PUD) has signed a contract with Camp Pendelton.
- Jeff Egkan (North County FPD) was awarded a DCIP $7 million grant in September 2025.
- Lindsay Leahy (Valley Center MWD) thanked the Committee for the warm welcome and is looking forward to serving on the Committee.
- Chair Thorner thanked Marty Miller (Vista ID) for his recent charity work.

7. EXECUTIVE OFFICER REPORT

Executive Officer Keene Simonds asked the Committee for a volunteer to host the next Committee meeting. Vice Chair Jack Bebee (Fallbrook PUD) volunteered to host in April.

The Executive Officer also noted the Committee can anticipate discussion on a draft budget workplan, as well as current and upcoming MSRs, at the next meeting.

8. ADJOURNMENT

With no further business, the Special Districts Advisory Committee meeting was adjourned at 11:26 a.m.

Attest:

Erica Sellen
Committee Secretary

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

4b

AGENDA REPORT
Consent | Information

April 17, 2026

TO: Special Districts Advisory Committee

FROM: Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Progress Report on 2025-2026 Workplan**

SUMMARY

The Special Districts Advisory Committee (Committee) will receive an update on the current fiscal year workplan and related staff activities involving all 30 prioritized special projects. Twelve projects have been substantively advanced to date, with seven projects complete and an additional five nearing completion. Staff continue to advance several high-priority projects, headlined by scheduling public hearings for the municipal service reviews covering the Carlsbad region and wholesale water service providers, respectively. This item is presented to the Committee for information only.

BACKGROUND

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

DISCUSSION

This item is for the Committee to receive an update on the status of the adopted workplan with particular focus on the 10 high-priority special projects set for the fiscal year. Specific status details for each high-priority project follow with a complete status update covering all 30 projects provided as Attachment One.

High Priority Projects

Priority No. 1a | Municipal Service Review: Wholesale Water Service Providers
(Project Manager: Priscilla Mumpower, AEO)

This study evaluates the performance and governance of the two principal wholesale water agencies serving the San Diego region: the San Diego County Water Authority (CWA) and the Metropolitan Water District of Southern California (MWD). The administrative review by CWA is now complete, with a public draft available on the LAFCO website beginning April 17 and scheduled for Commission discussion at a noticed public hearing in May. If the Commission determines the draft is sufficiently complete, staff will initiate a 45-day public review period, including presentations to the advisory committees, and return with a final version for Commission action as early as August 2026. If additional work is needed, staff will return with a revised draft at a future meeting. A companion draft for MWD is expected to be transmitted to MWD for its 60-day administrative review in the coming weeks and is tentatively anticipated to be presented at a separately noticed public hearing in August 2026.

Priority No. 1b | Municipal Service Review: Healthcare Districts
(Project Manager: Priscilla Mumpower, AEO)

This study reviews the four healthcare districts serving San Diego County – Fallbrook, Grossmont, Tri-City, and Palomar. Technical analysis has been completed by outside consultant Progressive Healthcare, LLC, and LAFCO staff is now preparing administrative drafts for the subject agencies' 60-day reviews – including the need to incorporate new and material information involving Palomar and Tri-City's recent partnership arrangements with UC San Diego and Sharp, respectively.

Priority No. 3 | Municipal Service Review: SANDAG
(Project Managers: Joelle Burila, Analyst I (lead) + Meghan Traynor, Analyst I)

This study reviews SANDAG's core regional functions – transportation (planning, funding, and construction); housing coordination; and climate adaptation – through a hybrid municipal service review and special study framework. The majority of technical analysis has been completed by outside consultant William Fulton Group, and staff is working with SANDAG on follow-up information requests. Staff anticipates providing SANDAG an administrative draft as early as June 2026.

Priority No. 4a | Municipal Service Review: Carlsbad Subregion
(Project Manager: Michaela Peters, Analyst II)

This study covers the City of Carlsbad and Carlsbad Municipal Water District as the first part of a broader review of the Carlsbad-Encinitas region. The 60-day administrative reviews for both agencies have been completed, and the Commission considered and adopted the draft report at a public hearing held on April 6, 2026. Staff has initiated a 45-

day public review and comment period and anticipates returning with a complete final report for Commission consideration as early as June 2026. The Committee will receive the draft report under Agenda Item No. 5b.

Priority No. 4b | Municipal Service Review: Encinitas Subregion
(Project Manager: Michaela Peters, Analyst II)

This study covers the City of Encinitas, Olivenhain Municipal Water District, Leucadia Wastewater District, and San Dieguito Water District as the second part of a larger review of the Carlsbad-Encinitas region. Administrative drafts have been transmitted to most subject agencies, initiating their respective 60-day internal review periods. Staff anticipate scheduling a public hearing for the Commission to consider a complete draft report as early as June 2026.

Priority No. 6a | Municipal Service Review: City of San Marcos + Overlapping Districts
(Project Manager: Meghan Traynor, Analyst I)

This study evaluates the City of San Marcos and its overlapping service providers – Vallecitos Water District, San Marcos Fire Protection District, and Vista Irrigation District. The study remains pending, with staff providing preliminary updates to subject agencies in advance of formal work commencing.

Priority No. 6b | Municipal Service Review: City of Vista + Buena SD
(Project Manager: Meghan Traynor, Analyst I)

This study evaluates the City of Vista and Buena Sanitation District, with emphasis on wastewater service delivery and Buena SD's role as a subsidiary district under City governance. The study remains pending, with staff providing preliminary updates to subject agencies in advance of formal work commencing.

Priority No. 8 | White Paper on Homeless Services
(Project Manager: Meghan Traynor, Analyst I)

This informational report evaluates the scale, scope, and organization of homeless services throughout San Diego County and assesses governance frameworks that could improve coordination within the regional continuum of care. Outside assistance is currently underway by consultant Technical Assistance Collaborative, with LAFCO staff concurrently developing the white paper for internal review by identified stakeholders. Staff anticipate the Commission will receive a preliminary report as early as June 2026.

Priority No. 9 | White Paper on Public Recreation at City Reservoirs
(Project Manager: Joelle Burila, Analyst I)

This informational report assesses public recreation opportunities at reservoirs owned by the City of San Diego located within unincorporated areas of the county. The first phase of the project – an independent review of facilities and related capacities – has been completed and presented to the Commission in August 2025, and staff is now developing an assessment of governance alternatives. This study is expected to extend into the next fiscal year.

Priority No. 10 | Sustainable Agricultural Lands Conservation (SALC) 2.0
(Project Manager: Michaela Peters, Analyst II)

This multi-year planning grant builds on SALC 1.0 by quantifying the economic challenges facing small-scale farming operations in San Diego County and developing countywide policy recommendations to bridge the gap between economically vulnerable and sustainable farm operations. The project is nearing completion, and staff – in coordination with project partner County Planning and Development Services – is preparing the final grant deliverable for anticipated presentation to the County Board of Supervisors and the Commission in May and June 2026, respectively.

ANALYSIS

None.

RECOMMENDATION

This item is presented to the Committee for information only.

ALTERNATIVES FOR ACTION

None.

PROCEDURES FOR CONSIDERATION

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

On behalf of the Executive Officer,

Priscilla Mumpower
Assistant Executive Officer

Attachment:

1) 2025-2026 Workplan Status

ADOPTED WORKPLAN FOR FY2025-2026

Status as of April 10, 2026

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

Priority	Tier	Type	Project	Description	Status
1a	Highest	Statutory	MSR | Wholesale Water Service Providers	Service-specific study on principal wholesale water suppliers – CWA (comprehensive) + MET (abbreviated)	
1b	Highest	Statutory	MSR | Healthcare Districts	Service-specific study of the four healthcare districts in San Diego County; addendum expected	
3	Highest	Statutory	MSR | SANDAG	Agency-specific study of SANDAG (transportation, housing planning, + climate adaption planning)	
4a	Highest	Statutory	MSR | Carlsbad-Encinitas Region I: Carlsbad	Region-specific study on City of Carlsbad + Carlsbad MWD	
4b	Highest	Statutory	MSR | Carlsbad-Encinitas Region II: Encinitas	Region-specific study on City of Encinitas + special districts (Olivenhain, Leucadia, San Dieguito)	
6a	High	Statutory	MSR | Vista-San Marcos Region I: San Marcos	Regional MSR on City of San Marcos + special districts (Vallecitos, San Marcos FPD, Vista ID)	
6b	High	Statutory	MSR | Vista-San Marcos Region II: Vista	Regional MSR on City of Vista + Buena SD	
8	High	Administrative	White Paper | Homeless Services	Evaluate the scope-scale of homeless services in SD County + potential governance options	
9	High	Administrative	White Paper | Public Recreation @ City Reservoirs	Assess public recreation at City of SD's unincorporated reservoirs + potential governance alternatives	
10	High	Administrative	SALC Planning Grant 2.0	Complete multi-year grant to inform + enhance small farming operations in SD County	
11a	High-Mid	Statutory	MSR | Solana Beach – Del Mar Region I: Cities	Region-specific study on mid coast I-5 municipalities (Solana Beach and Del Mar)	
11b	High-Mid	Statutory	MSR | Solana Beach – Del Mar Region II: Districts	Regional MSR on mid coast I-5 districts (Santa Fe ID + CSA 17)	
13	High-Mid	Administrative	Website Refresh + Content Expansion	Work with outside consultant to design and launch website refresh w/enhanced end-user features	
14	High-Mid	Statutory	MSR | San Diego Unified Port District	Agency-specific study of the Port (harbor, recreation, public safety, + community development)	
15	High-Mid	Statutory	Special Study | Oceanside SCHD	Prepare special study on SCHD detailing revenues/expenses + potential governance alternatives	
16	Mid	Administrative	Outside Audit | RFP + Selection	Prepare and circulate RFP and select new outside auditor per GASB best practices	
17	Mid	Administrative	Outside Audit | FY2025	Complete outside audit of financial statements for FY25 with supplemental information	
18	Mid	Administrative	Pilot Grant Program	Establish pilot program to explore grant opportunities to help fund special projects at LAFCO	
19	Mid	Administrative	Special Districts Advisory Committee	Provide administrative support to the SDAC and hold no less than three meetings in FY2026	
20	Mid	Administrative	Cities Advisory Committee	Provide administrative support to the CAC and hold no less than two meetings in FY2026	

Priority	Level	Type	Project	Description	Status
21	Mid-Low	Statutory	RCD Ad Hoc Committee: Part II	Complete part II of RCD boundary true ups to inform sphere updates for local RCDs	
22	Mid-Low	Statutory	MSR | South Coast Region I – Cities	Region-specific study on south coast Cities (Chula Vista, Coronado, Imperial Beach and National City)	
23	Mid-Low	Statutory	MSR | Healthcare Districts: Addendum	Address community healthcare needs and related resources + potential governance alternatives	
24	Mid-Low	Administrative	Alternative Membership Organization	Work with other LAFCOs to receive/provide ongoing education and legislative advocacy services	
25	Mid-Low	Administrative	Annual Local Agency Directory	Update and publish annual local agency directory subject to LAFCO oversight	
26	Low	Administrative	Legislative Proposal | UC Berkeley Report	Sponsor/facilitate legislation implementing UC report recommendations on LAFCO efficiencies	
27	Low	Administrative	Commissioner Onboarding	Create a digital toolkit for new Commissioners to help acclimatize to LAFCO	
28	Low	Administrative	Annual SOI-MSR Registry	Update and publish annual registry showing all recorded SOI and MSR actions	
29	Low	Statutory	Applicant Procedures	Update and streamline LAFCO application materials + establish related protocols	
30	Low	Administrative	Featured Work + Tutorial Videos	Produce videos featuring special projects as well as primers on LAFCO duties for online distribution	

Level	Type	Project	Description
Bullpen	Statutory	MSR | City of San Diego	Agency-specific study and core municipal service functions (water, wastewater, public safety, etc.)
Bullpen	Statutory	White Paper | Community Choice	Evaluate the scope and scale of CCAs in SD County and connectivity to LAFCO duties and interests
Bullpen	Statutory	Outreach to Sunset/Melrose "Island"	Perform targeted outreach to the island between Oceanside + Vista to assess service needs + possible annexation interests
Bullpen	Administrative	Service + Fiscal Indicators	Develop online browser feature to depict service + fiscal indicators among local agencies in SD County
Bullpen	Administrative	Liaison with Local Tribes	Establish communication protocols with local tribes with respect to shared interests in regional services + CEQA consultations
Bullpen	Statutory	Morro Hills CSD Follow Up	Coordinate and/or otherwise facilitate discussions with County Sheriff to enhance traffic enforcement within the CSD
Bullpen	Statutory	Policy Review | Health + Safety Fee Reductions	Review options to revise existing fee reductions for proposals/requests involving public health or safety threats
Bullpen	Administrative	LAFCO Meeting Room	Explore opportunities to secure a dedicated LAFCO meeting room with scaled dais and A/V enhancements
Bullpen	Statutory	White Paper | Garbage + Landfill Services	Evaluate the scope and scale of garbage collection and disposal services in SD County
Bullpen	Statutory	Legislative Proposal | G.C. 56430	Sponsor and/or facilitate amendments establishing community engagement enhancements in MSR statute
Bullpen	Statutory	White Paper | School Districts	Evaluate scope and scale of school districts and their baseline capacities for reference in municipal service reviews
Bullpen	Statutory	Policy Review | Island Annexations	Consider options to define "substantially surrounded" and provide related mapping services
Bullpen	Administrative	LAFCO Workshop	Organize a special workshop for the Commission to discuss strategic objectives over the next five-year period
Bullpen	Administrative	Public Access Television	Establish public broadcasting LAFCO meetings on local government channels
Bullpen	Administrative	Procedural Flow Charts	Create user friendly flow charts for various LAFCO statutory processes for online publication
Bullpen	Statutory	Policy | Fee Schedule Update	Review and update fee schedule to sync with current costs and related considerations
Bullpen	Statutory	Policy | CEQA Guidelines	Review and update existing CEQA Implementation guidelines relative to current statute and best practices
Bullpen	Statutory	Disadvantaged Unincorporated Communities	Update DUC mapping designations (DUC) in San Diego County based on current census information
Bullpen	Administrative	County Planning Groups	Monitor regular meetings of the County's 28 Planning and or Sponsor Groups and directly engage as appropriate
Bullpen	Administrative	Local Agency Finder Tool	Develop online feature for users to enter address to identify all overlapping local jurisdictions (cities and districts)
Bullpen	Statutory	Policy | Commission Rule No. 4	Modernize Rule No. 4 and its provisions to regulate special districts' service functions and classes
Bullpen	Statutory	Special Study | Escondido + Rincon	Study options to consolidate (functional and political) the City of Escondido and Rincon del Diablo MWD
Bullpen	Statutory	White Paper | JPAs	Evaluate the status of JPA filings in SD County relative to LAFCO's task in SB 1261
Bullpen	Administrative	Policy | Cities Advisory Committee	Coordinate with CAD in updating bylaws and related procedures to sync with current interests/priorities
Bullpen	Statutory	Legislative Proposal | G.C. 56133	Sponsor/facilitate amendments to clarify LAFCOs' authority to determine out-of-agency exemptions in (e)

Complete   Near Complete   Underway   Pending

4c

AGENDA REPORT
Consent | Information

April 17, 2026

TO: Special Districts Advisory Committee

FROM: Priscilla Mumpower, Assistant Executive Officer
Joelle Burila, Analyst I

SUBJECT: **Legislative Report**

SUMMARY

The Special Districts Advisory Committee (Committee) will receive a legislative update on existing and anticipated bills affecting LAFCO operations, both directly and indirectly, as part of the second-year legislative session. This item is for information only.

BACKGROUND

San Diego LAFCO staff monitors pending legislation affecting LAFCO operations in line with the workplan and coordinates with the Alliance of LAFCOs (Alliance) on legislative analysis and positions. The California Legislature reconvened for the second year of the 2025–2026 Regular Session in January 2026. The deadline for introducing new legislation passed in February 2026. Following bill introduction, measures will be referred to their respective committees, with committee hearings and initial floor action expected to occur between March and April. Legislation that advances through both houses must be passed by August 31, 2026, which is the constitutional adjournment of the 2026 legislative session.

DISCUSSION

This item is for the Committee to receive an update on legislative bills of interest, divided into two categories: introduced legislation and pending legislation. The item is presented for information with an opportunity to pull for discussion and provide input.

Introduced Legislation

Since the 2026 legislative session reconvened in January 2026, there are seven bills currently being tracked. Two bills of interest carried over from the prior session: AB 259 and AB 356. Separately, four bills have been introduced in this legislative session meriting LAFCO attention, involving AB 1600, AB 2083, SB 910 and SB 1291.

Introduced Legislation | Prior Session

- **AB 259 (Rubio, Blanca)**
  Open Meetings and Continued Access to Teleconferences
  This bill is of statewide interest and would extend the authorization for legislative bodies of local agencies – including LAFCOs – to use modified teleconferencing procedures during declared emergencies through January 1, 2030. It preserves existing requirements related to public notice and agenda posting while allowing remote participation under defined emergency conditions. San Diego LAFCO adopted a support position on March 3, 2025. The bill passed the Assembly in 2025 and is currently under review by the Senate Local Government Committee.

- **AB 356 (Patel, Darshana)**
  Healthcare Districts in Northern San Diego County
  This bill is of local interest and was initially introduced to establish a state-directed working group to assess healthcare access in northern San Diego County and focusing on the Palomar Healthcare District's service area. In response to the Commission taking a support-if-amended position, the bill has been updated to include LAFCO as one of the listed stakeholders and in doing so providing connectivity to the Commission's oversight of Palomar and current Municipal Service Review activities. The bill passed the Assembly in 2025 and is currently under review by the Senate Local Government Committee.

Introduced Legislation | Current Session

- **AB 1600 (Arambula, Joaquin)**
  Disadvantaged Communities: Farmworker Communities
  This bill would expand that definition of "disadvantaged communities" to include qualifying farmworker communities and require the agency, 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 – if passed – by requiring evaluation of service needs for these newly expanded populations. Introduced in January 2026, the bill is currently moving through the Assembly.

- **AB 2083 (Jackson, Corey)**
  Moreno Valley-Perris Childcare Special District
  The proposed *Moreno Valley-Perris Childcare Special District Act* would create a new special district covering the cities of Moreno Valley and Perris and their Spheres of Influence. The district's purpose is to expand childcare capacity and operate universal childcare programs. It would be governed by a five-member board appointed by the two cities and other designated entities. The board would develop a service plan for LAFCO and oversee district operations, including authority to hire staff and operate or contract for childcare facilities. Introduced in February 2026, the bill is currently awaiting referral to the appropriate policy committee.

- **SB 802 (Ashby, Angelique)**
  Sacramento Area Housing and Homelessness Agency
  This bill proposes the joint powers authority currently operating as the Sacramento Housing and Redevelopment Agency be revamped to the Sacramento Area Housing and Homelessness Agency to orchestrate all housing and homelessness services across Sacramento County through a regional and centralized approach. This bill uniquely mandates the Sacramento LAFCO to form and appoint an independent task force to facilitate the consolidation of multiple entities into the new agency, which represents an ad hoc expansion of LAFCO duties into regional housing and homelessness governance. This bill passed the Senate in 2025 and was amended in the Assembly on January 26, 2026. It's currently under review by the Assembly Committee on Housing and Community Development. San Diego LAFCO is monitoring this bill, as its provisions may provide relevant homelessness development services and governance evaluation options given its alignment with our current workplan project on homelessness services in the San Diego region.

- **SB 910 (Seyarto, Kelly)**
  Municipal Water Districts Water Service: Indian Lands
  The bill extends existing law that allows municipal water districts, under certain conditions, to apply to LAFCO to provide water service to eligible Indian lands located outside district boundaries. The current authorization, set to expire on January 1, 2027, would be extended to January 1, 2032. The bill creates a state-mandated local program but specifies that no state reimbursement is required. Introduced in January 2026, the bill is currently awaiting referral to the appropriate policy committee.

- **SB 1291 (Gonzalez, Lena)**
  Drinking Water: Consolidation
  This bill builds on the State's efforts to address water system fragmentation in disadvantaged communities by expanding the State Water Resources Control Board's authority to order consolidations. For LAFCOs, the measure would streamline the change of organization process for affected water districts and may allow certain actions to proceed without standard protest proceedings to support the delivery of safe and affordable water. Introduced in February 2026, the bill was amended and re-referred to the Senate Committee on Rules.

Pending Legislation | UC Berkely Report Legislation

Developed under the Commission's 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. While the bill did not move forward this session, San Diego LAFCO staff will continue refining the proposal with stakeholders for introduction in 2027. The Commission has also tentatively directed staff to continue this effort by identifying it as a medium-priority project in the recently approved draft workplan (No. 17) and budget.

ANALYSIS

None.

RECOMMENDATION

This item is presented to the Committee for information only.

ALTERNATIVES FOR ACTION

None.

PROCEDURES FOR CONSIDERATION

This item has been placed on the Committee'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 Committee.

On behalf of staff,

Joelle Burila

Joelle Burila
Analyst I

5a

AGENDA REPORT
Business | Discussion + Possible Action

April 17, 2026

TO: Special Districts Advisory Committee

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

SUBJECT: **Adopted Draft Workplan and Budget for 2026-2027**

SUMMARY

The Special Districts Advisory Committee (Committee) will review a draft workplan and budget for 2026-2027, which were tentatively adopted by the Commission at its March 2, 2026 meeting. Both items continue current priorities and funding levels with targeted enhancements. The draft workplan largely rolls forward the existing special project commitments from this fiscal year that are expected to remain active past July 1st, anchored by continuing high-priority municipal service reviews involving wholesale water service providers, healthcare districts, and SANDAG. The total budget – combining operating and non-operating units – is proposed to decrease overall by (8.2%) to $2.904 million in balanced expenses and revenues, largely attributable to the winddown of grant activities. The operating budget is set to increase 3.4% – or $90,379 – primarily driven by the addition of a ninth full-time position (Analyst I) and a preapproved cost-of-living adjustment, with costs partially offset through reduced consultant usage. Agency apportionments, however, are proposed to increase 18.7% – or $407,580 – over the current fiscal year, exceeding the growth in operating expenses and entirely attributable to eliminating reserves as offsetting revenues. The item is for Committee review and feedback with the opportunity to forward specific recommendations for consideration ahead of final Commission action in May.

BACKGROUND

San Diego LAFCO is responsible under State law to adopt a proposed budget by May 1st and a final budget by June 15th. A mandatory review by all local funding agencies is required between the two adoption periods. State law also specifies the proposed and final budgets must be equal to the budget adopted for the previous fiscal year unless LAFCO formally finds that reduced funding will still allow it to meet its regulatory and planning duties.

DISCUSSION

This agenda item is for the Committee to review a draft workplan and budget for 2026-2027 following tentative approval by the Commission at its March 2, 2026 meeting. Each item is addressed in turn below.

Draft Workplan

The draft workplan builds on the current fiscal year workplan and refined by ongoing Commission feedback and the rolling five-year study schedule. These inputs produce a workplan with 30 special projects organized across three priority tiers: high, medium, and low. Priority placement generally follows a queuing order with active and new projects largely divided between the top and bottom halves, respectively. More than 20 additional projects are listed as bullpen items – otherwise merited activities the Commission may choose to advance now or simply telegraph with respect to preparing future workplans. A full listing of all workplan projects is provided as Attachment One.

Draft Budget |
Operating Expenses and Revenues

The draft budget has been developed in conjunction with funding the referenced workplan and proposes total balanced expenses and revenues at $2.904 million. These amounts are divided between operating and non-operating units and collectively represent a decrease of (8.2%) – or ($259,622) – from the current fiscal year. The overall decrease is largely attributable to the winddown of grant work in non-operating units and does not reflect the underlying trend in day-to-day agency activities. The operating budget – covering ongoing staffing, services, and supplies – is proposed to increase 3.4% from $2.681 million to $2.771 million, a net change of $90,379. A full ledger listing of the draft budget is provided as Attachment Two.

ANALYSIS

San Diego LAFCO's draft workplan and budget for 2026–2027 largely reflects a continuation of current priorities and funding levels with targeted enhancements. This continuity is reflected in the draft workplan by maintaining the Commission's practice of setting a full and proactive agenda with 30 special projects over the 12-month period, anchored by continuing to advance LAFCO's municipal service review program. The continuity extends to the draft budget through a preapproved cost-of-living adjustment and relatively modest merit advancements for eligible employees. The most notable enhancement involves expanding full-time staffing from 8.0 to 9.0 positions with the addition of a new Analyst I position. The addition is substantially offset by reducing professional services spending, which directly addressing concerns about reliance on outside consultants. The overall increase in operating expenses falls below inflation at 3.4% and largely absorbed by non-discretionary cost adjustments in health insurance premiums, office lease escalations, and membership obligations. On the revenue side, the proposed increase in agency apportionments exceeds the growth in operating expenses with the difference entirely attributable to eliminating the use of reserves as offsetting revenue – a structural adjustment that follows several years of drawdowns and intentionally places the operating budget on a fully apportionment-funded basis without falling below prescribed policy thresholds.

RECOMMENDATION

Consider the adopted workplan and budget and provide feedback to staff as well as any formal recommendations and/or requests to the Commission.

ALTERNATIVES FOR ACTION

The following alternatives are available to the Committee:

> Alternative One (recommended):
> Take no action other than providing feedback to LAFCO staff.
>
> Alternative Two:
> Provide specific recommendations and/or requests directly to the Commission.

PROCEDURES FOR CONSIDERATION

This item has been placed on the agenda under the business calendar with the potential to take actions as described above. The following procedures are suggested.

1) Receive verbal presentation from staff unless waived.
2) Consider Committee preferences.

On behalf of the Executive Officer,

Priscilla Mumpower
Assistant Executive Officer

Attachments:

1) Draft Workplan
2) Draft Budget

Blank for Photocopying

Proposed Draft Workplan FY 27

Rank	Level	Type	Name	Description
	HIGH PRIORITY			
1	High	Statutory	MSR | Wholesale Water Service Providers	Service-specific study on principal wholesale water suppliers – CWA (comprehensive) + MET (abbreviated)
2	High	Statutory	MSR | San Diego County Healthcare Districts	Service-specific study of healthcare districts in San Diego County; macro focus with micro addendum separately planned
3	High	Statutory	MSR | SANDAG	Agency-specific study of SANDAG covering core municipal functions: transportation, housing, + climate adaption
4	High	Statutory	La Jolla CFA	Perform independent assessment of financial viability - including developing key assumptions and service benchmarks
5	High	Administrative	Recruit + Onboard New Analyst	Expand staffing from 8.0 to 9.0 FTE through recruitment and onboarding
6	High	Statutory	MSR | San Marcos Region	Regional study on City of San Marcos + local special districts: Vallecitos WD, San Marcos FPD, Vista ID
7	High	Statutory	MSR | Vista Region	Regional study on City of Vista and local special districts: Buena SD
8	High	Statutory	MSR | Solana Beach – Del Mar Region	Regional study of mid coast I-5 municipalities - Solana Beach and Del Mar - and special districts: Santa Fe ID
9	High	Statutory	MSR | San Diego Unified Port District	Agency-specific study of the Port and core functions: harbor, recreation, public safety, + community development
10	High	Administrative	White Paper | Public Recreation @ City Reservoirs	Examine public recreation at City of SD's unincorporated reservoirs + potential governance options to enhance access
	MEDIUM PRIORITY			
11	Medium	Administrative	Website Refresh + Content Expansion	Consultant-led redesign with enhanced end-user features and expanded content
12	Medium	Administrative	Alliance of LAFCOs	Formalize Alliance organization, scope, and deliverables with member partners
13	Medium	Statutory	Special Study | Oceanside SCHD	Financial analysis of SCHD revenues/expenses and potential governance alternatives with stakeholder group
14	Medium	Administrative	Legislative | AB 356 (Darshana Patel)	Support two-year bill and stakeholder group assessing north county healthcare needs
15	Medium	Statutory	MSR | South Coast Region I – Cities	Region-specific study on south coast cities: Chula Vista and National City
16	Medium	Statutory	MSR | South Coast Region II - Districts	Region-specific study on south coast districts: South Bay WD, Sweetwater, Bonita Sunnyside FPD, Sweetwater FPD
17	Medium	Administrative	Legislative | UC Berkely Report	Work with stakeholders in developing bill consistent with UCB report and find author for 2027 session
18	Medium	Administrative	MSR | Healthcare Districts: Addendum	Assess community healthcare needs, resources, and potential governance alternatives;
19	Medium	Administrative	Outside Audit | FY2026	Independent audit of FY26 financial statements with supplemental information
20	Medium	Administrative	Special Districts Advisory Committee	Administrative support with benchmark of holding three SDAC meetings in FY2026
	LOW PRIORITY			
21	Low	Administrative	Cities Advisory Committee	Administrative support with benchmark of holding two CAC meetings in FY2026
22	Low	Statutory	Special Study | Escondido + Rincon	Study options to consolidate (functional and political) the City of Escondido and Rincon del Diablo MWD
23	Low	Administrative	Legislator Outreach	Launch formal outreach program with benchmark of meeting with each local State representative in FY27
24	Low	Administrative	Annual Local Agency Directory	Update and publish annual local agency directory subject to LAFCO oversight
25	Low	Administrative	RCD Ad Hoc Committee: Part II	Complete part II of RCD boundary true ups to inform sphere updates for local RCDs
26	Low	Administrative	Commissioner Onboarding	Develop digital toolkit to orient new Commissioners to LAFCO operations
27	Low	Administrative	Annual SOI-MSR Registry	Update and publish registry of all recorded SOI and MSR actions
28	Low	Administrative	Website and Social Media Tracking	Launch digital performance tracking program to measure visits, media reach, + engagement; establish baselines
29	Low	Administrative	Digital Outreach	Produce videos spotlighting special projects and explaining LAFCO duties
30	Low	Administrative	County Planning Groups	Establish formal communications with County Planning/Sponsor Groups; benchmark of three presentations in FY2026

BULLPEN - Queued for Future Action

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 | City of San Diego	Agency-specific study and core municipal service functions (water, wastewater, public safety, etc.)
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
Statutory	Policy Review | Health + Safety Fee Reductions	Review options to revise existing fee reductions for proposals/requests involving public health or safety threats
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)

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

				FY2025			FY2026			FY2027
EXPENSES		**Adopted**	**Amendment**	**Actuals**	**Adopted**	**Amendment**	**Projected**	**Draft**	**Change $**	**Change %**
Salaries and Benefits Unit										
Account	Description									
51110 +	Salaries and Per Diems	898,906	898,906	892,617	986,200	986,200	968,221	1,144,898	158,698	16.1%
51410	Retirement - SDCERA	350,146	350,146	352,251	384,503	384,503	374,744	316,454	(68,050)	-17.7%
51415	Retirement - OPEB	10,196	10,196	9,047	11,112	11,112	8,846	12,521	1,409	12.7%
51450	Payroll Taxes	65,044	65,044	63,697	71,457	71,457	66,397	79,762	8,305	11.6%
51510 +	Group Insurance	143,481	143,481	115,039	134,394	134,394	124,480	164,931	30,537	22.7%
51560	Unemployment Insurance	1,000	1,000	362	1,000	1,000	500	1,000	-	0.0%
		1,468,773	1,468,773	1,433,013	1,588,667	1,588,667	1,543,188	1,719,566	130,899	8.2%
Services and Supplies Unit										
Account	Description									
52074	Communications	42,299	42,299	40,596	50,726	50,726	62,027	46,960	(3,766)	-7.4%
52138	General Liability Insurance	14,194	14,194	15,599	15,599	15,599	16,775	16,775	1,176	7.5%
52178	Vehicle - Maintenance	1,000	1,000	1,814	1,000	1,000	1,200	1,100	100	10.0%
52182	Vehicle - Fuel	500	500	490	500	500	500	500	-	0.0%
52270	Memberships	38,736	38,736	25,467	34,807	34,807	18,209	48,893	14,086	40.5%
52304	Miscellaneous	50	50	18	50	50	8	50	-	0.0%
52330	Office: General Support	12,380	12,380	11,066	13,217	13,217	10,340	7,500	(5,717)	-43.3%
52332	Office: Postage USPS	250	250	495	250	250	202	250	-	0.0%
52334	Office: Design + Printing	23,000	23,000	12,090	22,500	22,500	22,500	24,500	2,000	8.9%
52344	Office: Supplies + Furnishings	12,100	12,100	13,998	10,300	10,300	12,865	10,500	200	1.9%
52354	Office: County Mail Services	10,000	10,000	7,817	10,000	10,000	9,686	10,000	-	0.0%
* 52370.1	Professional Services - Consultants	445,767	698,558	698,558	566,600	566,600	538,345	415,000	(151,600)	-26.8%
* 52370.2	Professional Services - Legal	-	-	-	-	-	-	80,000	80,000	
52490	Publications + Legal Notices	8,500	8,500	21,142	7,000	7,000	7,676	7,700	700	10.0%
52504	Leases: Equipment	4,500	4,500	3,335	4,000	4,000	3,269	4,000	-	0.0%
52530	Leases: Office Space	154,308	154,308	157,167	158,688	158,688	163,397	166,959	8,271	5.2%
52550	Special: AB87 County Overhead	33,000	33,000	57,293	58,000	58,000	60,739	60,739	2,739	4.7%
52566	Special: Minor Equipment	-	-	3,699	-	-	348	-	-	0.0%
52610	Training-Continued Education	2,700	2,700	14,193	2,700	2,700	3,000	8,040	5,340	197.8%
52612	Employee Auto + Reimbursements	8,700	8,700	11,068	8,700	8,700	8,700	8,700	-	0.0%
52622	Out of County Training-Outreach	15,050	15,050	23,771	15,050	15,050	7,500	21,000	5,950	39.5%
52721	IT Reimbursements: Network	18,000	18,000	18,193	18,000	18,000	18,752	18,000	-	0.0%
52723	IT Reimbursements: Data Center	30,000	30,000	12,504	27,000	27,000	9,496	27,000	-	0.0%
52725 +	IT Reimbursements: Financial Systems	25,000	25,000	18,083	23,000	23,000	16,171	23,000	-	0.0%
52732	IT Reimbursements: Desktop	30,000	30,000	26,744	30,000	30,000	27,979	30,000	-	0.0%
52734	IT Reimbursements: Help Desk	2,331	2,331	1,608	2,331	2,331	1,491	2,331	-	0.0%
52750	IT Reimbursements: Equipment	25,000	25,000	6,389	10,000	10,000	6,743	10,000	-	0.0%
52758	Fleet Reimbursements: Lease	2,000	2,000	1,986	2,000	2,000	2,000	2,000	-	0.0%
		959,364	1,212,155	1,205,183	1,092,018	1,092,018	1,029,917	1,051,497	(40,521)	-3.7%
	OPERATING EXEPENSE TOTAL	2,428,138	2,680,929	2,638,196	2,680,685	2,680,685	2,573,105	2,771,063	90,379	3.4%

Note: It is proposed Professional Services be divided into two accounts going forward: Consultants and Legal

EXPENSES CONTINUED...

Account	Description	FY2025 Adopted	FY2025 Amended	FY2025 Actuals	FY2026 Adopted	FY2026 Amended	FY2026 Projected	FY2027 Draft	FY2027 Change $	FY2027 Change %
Non Operating Unit										
51421	Debt Service: OPEB Bonds	34,092	34,092	33,591	33,000	33,000	33,000	33,000	-	-
85000	Grant Award Payments	450,000	450,000	198,478	450,000	450,000	450,000	100,000	(350,000)	(1)
		484,092	484,092	232,069	483,000	483,000	483,000	133,000	(350,000)	(1)
	EXPENSE TOTALS	2,912,230	3,165,021	2,870,265	3,163,685	3,163,685	3,056,105	2,904,063	(259,621)	-8.2%

REVENUES

Account	Description	FY2025 Adopted	FY2025 Amended	FY2025 Actuals	FY2026 Adopted	FY2026 Amended	FY2026 Projected	FY2027 Draft	FY2027 Change $	FY2027 Change %
Intergovernmental Unit										
45918.1	Apportionments | County	623,997	623,997	623,997	654,902	654,902	654,902	739,695	84,793	12.9%
45918.2	Apportionments | Cities (less SD)	623,997	623,997	623,997	654,902	654,902	654,902	739,695	84,793	12.9%
45918.3	Apportionments | San Diego	312,108	312,108	312,108	327,566	327,566	327,566	369,977	42,411	12.9%
45918.4	Apportionments | Special Districts	623,997	623,997	734,786	544,113	544,113	544,113	739,695	195,582	35.9%
		2,184,098	2,184,098	2,294,888	2,181,483	2,181,483	2,181,483	2,589,063	407,580	18.7%
Service Charges Unit										
46234	Application Fees	200,000	200,000	212,386	200,000	200,000	100,000	200,000	-	0.0%
		200,000	200,000	212,386	200,000	200,000	100,000	200,000	-	0.0%
Miscellaneous										
44105	Interest and Dividends	15,000	15,000	9,084	15,000	15,000	15,000	15,000	-	0.0%
47540	Reserves	63,132	181,492	181,492	317,202	317,202	317,202	-	(317,202)	-100.0%
		78,132	196,492	190,576	332,202	332,202	332,202	15,000	(317,202)	-95.5%
	OPERATING REVENUE TOTAL	2,462,230	2,580,590	2,697,850	2,713,685	2,713,685	2,613,685	2,804,063	90,378	3.3%
Non-Operating Unit										
85000	Grant Awards	450,000	450,000	172,415	450,000	450,000	450,000	100,000	(350,000)	-77.8%
		450,000	450,000	172,415	450,000	450,000	450,000	100,000	(350,000)	-77.8%
	REVENUE TOTALS	2,912,230	3,030,590	2,870,265	3,163,685	3,163,685	3,063,685	2,904,063	(259,622)	-8.2%
TOTAL NET		-		(0)	-		7,580	-		

BEGINNING CASH BALANCE - July 1st
(spendable - unrestricted)

	Total	/ Committed	/ Assigned	/ Unrestricted	% of Budget	Budgeted Op. Expenses
FY 2020	1,317,700	550,000	125,000	642,700	33.54%	1,916,300
FY 2021	1,690,769	550,000	125,000	1,015,769	53.01%	1,916,300
FY 2022	1,637,178	750,000	125,000	762,178	39.36%	1,936,348
FY 2023	1,547,565	750,000	62,500	735,065	36.61%	2,007,776
FY 2024	1,637,356	750,000	125,000	762,356	33.72%	2,260,986
FY 2025	1,732,010	750,000	100,000	882,010	36.32%	2,428,138
FY2026	**1,671,791**	**650,000**	**100,000**	**921,791**	**34.39%**	**2,680,685**

5b

AGENDA REPORT
Business | Discussion

April 17, 2026

TO: Special Districts Advisory Committee

FROM: Michaela Peters, Analyst II
Adam Wilson, Consultant

SUBJECT: **Draft Municipal Service Review on Carlsbad-Encinitas Region (Part I): City of Carlsbad and Carlsbad Municipal Water District**

SUMMARY

The Special Districts Advisory Committee (Committee) will receive a draft municipal service review covering two agencies within the Carlsbad subregion: the City of Carlsbad and Carlsbad Municipal Water District (MWD). The draft report represents Part I of a broader regional municipal service review encompassing the Carlsbad-Encinitas region and is being advanced as part of the Commission's adopted workplan. The draft report evaluates the availability, need, and adequacy of key public services supporting the subregion's growth and development and includes determinations required by statute to inform future LAFCO actions, including sphere of influence updates and potential boundary changes.

At its April 6, 2026 meeting, the Commission reviewed the draft report, provided feedback to staff, and agreed the scope and content met expectations at this stage, authorizing staff to proceed with initiating a 45-day public review and comment period. The item is being presented for discussion with an opportunity for the Committee to provide feedback as well as formal comments and recommendations. Given the Committee's composition, the presentation will focus on the Carlsbad MWD.

BACKGROUND

Municipal Service Reviews

State law directs San Diego LAFCO to regularly prepare municipal service reviews in conjunction with updating each local agency's sphere of influence. The legislative intent of the municipal service review and its five-year cycle requirement is to proactively inform the Commission regarding the availability and sufficiency of governmental services relative to current and future community needs. Municipal service reviews statutorily inform required sphere of influence updates and may also lead the Commission to take other actions under its authority, such as forming, consolidating, or dissolving one or more special districts. These documents also serve as an opportunity for the Commission to telegraph and encourage community discussion and/or action on future jurisdictional changes.

Adopted Workplan | Municipal Service Review on the Carlsbad-Encinitas Region: Parts I and II

San Diego LAFCO's FY 2025–2026 workplan was adopted at a noticed hearing in May 2025 and outlines 30 specific projects for the fiscal year, set in priority order. One of the Commission's high-priority projects involves preparing a municipal service review for the Carlsbad-Encinitas region. The review is organized in two standalone parts – the first covering the Carlsbad subregion and the second covering the Encinitas subregion – to better isolate the distinct city-special district service relationships within each area. Each part is intended to proceed independently through the Commission's hearing and decision-making processes.

Preparation and 60-Day Administrative Reviews

The draft report before the Committee covering the Carlsbad subregion has been prepared by LAFCO staff with targeted assistance from outside consultants. This includes intergovernmental coordination provided by Adam Wilson and technical expertise provided by Tom Kennedy (water and wastewater), Mike Stein (fire protection), and Christine O'Rourke (environmental planning). Initial drafts were provided to the subject agencies beginning in December 2025 as part of the Commission's 60-day administrative review policy. The draft reflects substantive revisions made in response to comments received.

DISCUSSION

This item is for the Committee to receive a presentation on San Diego LAFCO's draft municipal service review (MSR) covering the City of Carlsbad and Carlsbad MWD. The draft MSR was reviewed by the Commission at its April 6, 2026 meeting and now under a 45-day public review and comment period through May 29, 2026. The presentation will provide a summary of the draft MSR's preliminary conclusions and recommendations, with a focus on Carlsbad MWD. Staff is seeking feedback on the draft report and overall implementation of the MSR program, including any formal comments or recommendations for consideration ahead of presenting a final version to the Commission as early as June 2026.

ANALYSIS

See draft Municipal Service Review on the Carlsbad Subregion (Attachment One) and draft prospectus (Attachment Two).

RECOMMENDATION

This item is presented to the Committee for discussion and feedback only.

ALTERNATIVES FOR ACTION

None.

PROCEDURES

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

1) Receive verbal presentation from staff unless waived.
2) Discuss item and provide feedback as requested.

On behalf of the Executive Officer,

Michaela Peters

Michaela Peters
Local Government Analyst II

Attachment:

1) Draft Prospectus: Key Conclusions and Recommendations
2) Draft Municipal Service Review Report on the Carlsbad Subregion

Blank for Photocopying

Municipal Service Review

CITY OF CARLSBAD & CARLSBAD MUNICIPAL WATER DISTRICT

PROSPECTUS | APRIL 2026

General Themes and Conclusions

The conclusions and recommendations presented herin 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 Carlsbad Skatepark, which opened in 1976, was one of the first two skateparks in the world.

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.

Carlsbad Holiday Parade

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. The McClellan–Palomar Airport, owned and operated by the County of San Diego yet fully surrounded by Carlsbad, generates measurable impacts on local traffic, noise, water utility, and public-safety services without direct City control. LAFCO should evaluate service and governance conditions at the airport in advance of the next review cycle, including consideration of jurisdictional transfer, service agreement, or other mechanisms 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.

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
Chair
City of Solana Beach

Baron Willis
Vice Chair
Alpine Fire Protection

Stephen Whitburn
Past Chair
City of San Diego

Joel Anderson
Commissioner
County of San Diego

Paloma Aguirre
Commissioner
County of San Diego

Jo MacKenzie
Commissioner
Vista Irrigation

Dane White
Commissioner
City of Escondido

Bridgette 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

SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION

MUNICIPAL SERVICE REVIEW
CARLSBAD-ENCINITAS REGION

CARLSBAD SUBREGION, PART I
City of Carlsbad
Carlsbad Municipal Water District

PUBLIC DRAFT
April 2026

PREPARED BY:
Michaela Peters, Analyst II, Project Manager
Consultant Adam Wilson, Government Relations
Consultant Michael Stein, Fire Services
Consultant Tom Kennedy, Utilities
Consultant Christine O'Rourke, Environmental Planning

Blank for Photocopying

ACKNOWLEDGEMENTS

San Diego LAFCO gratefully acknowledges the time and effort of officials and staff with the affected local agencies in the Carlsbad subregion in assisting in the preparation of this document. This includes – but not limited to – the following persons:

City of Carlsbad
Geoff Patnoe, City Manager
Sheila Cobian, Assistant City Manager
Laura Rocha, Deputy City Manager, Administrative Services
Gary Barberio, Deputy City Manager, Community Services
Paz Gomez, Deputy City Manager, Public Works
Kyle Lancaster, Director of Parks and Recreation
Jeff Murphy, Deputy City Manager, Community Services
Mike Strong, Director of Community Development
Suzanne Smithson, Director of Library & Cultural Arts
Mandy Mills, Director of Housing & Homeless Services
Zach Korach, Director of Finance
James Wood, Director of Environmental Sustainability
Michael Calderwood, Fire Chief
Nick Ordille, Assistant Fire Chief

City of Carlsbad/Carlsbad Municipal Water District
Amanda Flesse, Utilities Director/CMWD General Manager
Dave Padilla, Assistant Utilities Director/CMWD Assistant General Manager
Stephanie Harrison, Utilities Manager
Eric Sanders, Utilities Manager

Blank for Photocopying

TABLE OF CONTENTS

CHAPTER ONE
INTRODUCTION

CHAPTER TWO
EXECUTIVE SUMMARY

CHAPTER THREE
AGENCY PROFILES

A. CITY OF CARLSBAD

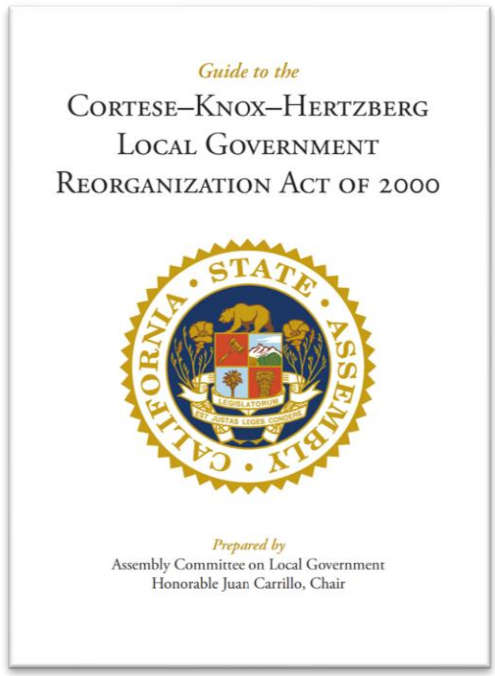
B. CARLSBAD MUNICIPAL WATER DISTRICT

Blank for Photocopying

CHAPTER ONE
INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

1.1 Authority and Objectives



Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs exercise regulatory and planning authority delegated by the Legislature to coordinate the establishment, expansion, and reorganization of cities, towns, and special districts – including their municipal service areas. Each LAFCO is comprised of locally elected and appointed officials who apply powers currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") with principal oversight provided by the Assembly Committee on Local Government. Governor Edmund "Pat" Brown Sr. established LAFCOs during his administration (1959-1967) to address the needs of California's rapidly growing and diversifying population. The underlying goal was straightforward: promote governmental efficiency by coordinating how local agencies form and evolve across the state.

LAFCOs' regulatory and planning powers are guided by specific purposes and objectives that collectively define the Legislature's regional growth management priorities, as outlined in Government Code Section 56301. This foundational statute establishes two complementary mandates for LAFCOs.

First, LAFCOs must pursue core policy goals through regulatory and planning powers:

> *"Among the purposes of the commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions.*

Second, LAFCOs serve an analytical and advisory function:

> *One of the objects of the commission is to make studies and furnish information to contribute to the logical and reasonable development of local agencies and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities."*

LAFCO decisions are legislative in nature and therefore not subject to an outside appeal process – only courts can overturn LAFCO actions. This legislative authority extends to broad conditioning powers: LAFCOs may attach terms and requirements to their regulatory and planning approvals, provided those conditions do not directly impact land use density or intensity, property development, or subdivision requirements.

1.2 Regulatory Responsibilities

LAFCOs' principal regulatory responsibility involves approving or disapproving jurisdictional changes affecting the establishment, expansion, and reorganization of cities, towns, and most special districts in California.[1] Beyond boundary decisions, LAFCOs oversee the approval process when these agencies seek to provide new or extended services beyond their jurisdictional boundaries through contracts or agreements. LAFCOs also regulate special district actions to activate new service functions and service classes or divest existing services.

Overseeing Local Governments' Boundaries + Municipal Service Areas…

LAFCOs have been responsible since 1963 to oversee formation, expansion, reorganization, and dissolution actions involving cities, towns, and most special districts in California with limited exceptions.

LAFCOs generally exercise their regulatory authority in response to applications submitted by affected agencies, landowners, or registered voters. Recent amendments to CKH have expanded this role, authorizing LAFCOs to independently initiate certain jurisdictional changes – including the formation, consolidation, and dissolution of special districts – when consistent with community needs.

[1] CKH defines "special district" to mean any state agency formed under general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts are subject to LAFCO jurisdiction except: school districts, community college districts, assessment districts, improvement districts, community facilities districts, and air pollution control districts.

1.3 Planning Responsibilities

LAFCOs inform their regulatory actions through two central planning responsibilities: sphere of influence determinations and municipal service reviews. Sphere of influence ("sphere") determinations have been a core LAFCO function since 1971, serving as the Legislature's version of urban growth boundaries by delineating the appropriate interface between urban and non-urban uses within each county. Municipal service reviews, by contrast, represent a relatively new planning tool enacted as part of CKH in 2000 to inform – among other objectives – sphere determinations as well as any associated jurisdictional changes involving the subject agencies or affected areas.

Informing + Telegraphing: Boundary and Service Changes…

LAFCOs are tasked with planning the location of future urban uses through two interrelated activities: (a) establish and update spheres of influence as gatekeepers to future jurisdictional changes and (b) prepare municipal service reviews to independently evaluate community needs.

The Legislature has established a structured relationship between these two planning tools and now requires spheres be reviewed and updated by LAFCOs every five years as appropriate and done so only after preparing new municipal service reviews covering the region or affected agencies. This framework, in effect since 2008, helps ensure LAFCOs effectively align governmental services with current and anticipated community needs. The function and role of each planning responsibility is detailed below.

Spheres of Influence

LAFCOs establish, amend, and update spheres for all cities, towns, and most special districts in California to designate territory representing the appropriate and probable future service areas and jurisdictional boundaries of each agency. Importantly, all jurisdictional changes – such as annexations and detachments – must be consistent with the affected agencies' spheres with limited statutory exceptions.[2] Spheres also play an increasingly important role in regional planning, as regional councils of governments consider them when allocating housing need assignments for counties, towns, and cities.

Gatekeeping Urban Growth + Municipal Services…

Spheres serve as the Legislature's version of urban growth boundaries and – among other items – delineate where local agencies may seek future annexations or outside service approvals with LAFCOs.

2 Exceptions, where jurisdictional boundary changes do not require consistency with the affected agencies' spheres, include annexations of State correctional facilities or annexations to cities involving city-owned lands used for municipal purposes.

All sphere determinations – whether self-initiated as part of the five-year update cycle or in response to individual applicants – require LAFCOs to prepare written statements addressing five specific planning factors listed under Government Code Section 56425. These mandatory factors range from evaluating current and future land uses to assessing the existence of pertinent communities of interest. The written statements are intended to orient LAFCOs toward the core principles underlying the orderly development of local agencies consistent with the needs of affected communities both now and in the future. The five mandated planning factors are summarized below.

1. Present and planned land uses, including agricultural and open space.

2. Present and probable need for public facilities and services in the area.

3. Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.

4. Existence of any social or economic communities of interest in the area.

5. If the city or special district provides water, wastewater, or fire protection, the need for those services in any disadvantaged unincorporated communities in the sphere.

Municipal Service Reviews

Municipal service reviews serve as a centerpiece to CKH's enactment in 2001 and represent comprehensive studies on the level, range, and performance of governmental services provided within defined geographic areas. LAFCOs generally prepare municipal service reviews to explicitly inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations to obtain and furnish information to contribute to the overall orderly development of local communities.

State-Required Check-Ins…

Municipal service reviews fulfill the Legislature's interests in LAFCOs regularly assessing the adequacy and performance of local governmental services in order to inform potential future actions ranging from sphere determinations to reorganizations.

LAFCOs' municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. Advisory guidelines on the preparation of municipal service reviews were published by the Governor's Office of Planning and Research (now known as the Governor's Office of Land Use and Climate Innovation) in 2003 and remain the lone statewide document advising LAFCOs in fulfilling this mandate. All municipal service reviews – regardless of their intended purpose – culminate with LAFCOs preparing written statements addressing specific service factors listed under G.C. Section 56430. This includes infrastructure needs or deficiencies, growth and population trends, and financial standing. The mandated service factors are summarized below in short form with additional details footnoted.[3]

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status and opportunities for shared facilities.
6. Accountability for community service needs, including structure and operational efficiencies.
7. Matters relating to effective or efficient service delivery, as required by policy.

[3] Determination No. 2 was added to the municipal service review process by Senate Bill 244 effective January 1, 2012. The definition of "disadvantaged unincorporated community" is defined under G.C. Section 56330.5 to mean inhabited territory that constitutes all or a portion of an area with an annual median household income that is less than 80 percent of the *statewide* annual median household income; the latter amount currently totaling $53,735 (*emphasis*).

1.4 LAFCO Decision-Making

Appointments + Duties…

State law prescribes the appointment process for LAFCOs with county, city, and district members all appointed from among their elected ranks. Public members are appointed by the other appointed officials serving on LAFCOs. All members are tasked to independently discharge their responsibilities for the good of the region.

LAFCOs are generally governed by an 11-member appointed board comprising three county supervisors, three city council members, three independent special district members, and two representatives of the general public. Some larger LAFCOs – including San Diego – have additional board seats dedicated to specific cities through special legislation. All members serve four-year terms and are divided between "regular" and "alternate" designations. Appointments are made locally within each membership category. Members are statutorily directed to exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO commissioners are subject to standard disclosure requirements and must file annual statements of economic interests.

LAFCOs have sole authority in administering their legislative responsibilities and decisions are not subject to an outside appeal process. All LAFCOs are independent of local government with the majority employing their own staff; an increasingly smaller portion of LAFCOs, however, choose to contract with their local county government for staff support services. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the membership. All LAFCOs must also appoint their own legal counsel.

1.5 Prescriptive Funding

CKH requires local agencies to fully fund LAFCOs' annual operating costs through a prescribed funding structure. This funding arrangement stems from early negotiations during LAFCO's creation, ensuring that local officials – rather than the Legislature – retain decision-making authority over commission operations. Counties are generally responsible for one-third of LAFCO's annual operating costs, with the remaining two-thirds divided equally between cities and independent special districts. Allocations to cities and special districts are calculated using a standard formula based on total revenues as reported by the State Controller's Office, unless an alternative method has been approved by a majority of the affected local agencies. Funding proportions may differ when LAFCOs have additional representation through special legislation.

2.0 SAN DIEGO LAFCO

2.1 Adopted Policies and Procedures

San Diego LAFCO's existing policies and procedures were largely established in the 1970s and subsequently updated in the 2000s following CKH's enactment. These policies and procedures collectively guide the Commission in implementing LAFCO law in San Diego County consistent with local regional growth management priorities. The Commission has also established specific policies and procedures for preparing sphere updates and municipal service reviews. This includes Policy L-106, which directs the Executive Officer to regularly prepare municipal service reviews of appropriate scope and detail to inform the Commission's sphere updates at approximate five-year intervals.

2.2 Commission Information

San Diego LAFCO is governed by a 13-member "Commission" comprised of county, city, special district, and public members. The Commission is further distinguished between eight regular or voting members and five alternates. All Commissioners are appointed elected officials, except for the two public members. The Commission holds regular meetings on the first Monday of each month at the County of San Diego Administration Center located at 1600 Pacific Highway in San Diego, California. Meetings start at 8:15 A.M. in Room 302 and live streamed at www.sdlafco.org. Video recordings of past meetings are also online.

The Commission roster as of April 2026.

2.3 Administration Information

San Diego LAFCO's administrative office is located at 2550 Fifth Avenue, Suite 725, in San Diego. While LAFCO is open to the public Monday through Friday during normal business hours, appointments to discuss proposals, studies, or other matters are encouraged to ensure staff availability and can be scheduled ahead by calling 619.321.3380. Communication by e-mail is welcome and should be directed to lafco@sdcounty.ca.gov. Additional information is available online at www.sdlafco.org. LAFCO is also available on most social media platforms.

Blank for Photocopying

CHAPTER TWO
EXECUTIVE SUMMARY

1.0 OVERVIEW

This report represents the first of two parts comprising San Diego LAFCO's scheduled municipal service review covering the Carlsbad-Encinitas region in northwest San Diego County. It is prepared by LAFCO staff, with technical assistance from outside consultants, in accordance with the Commission's adopted workplan and the scope of work approved by the Executive Officer pursuant to delegations established under adopted policy.[4] Consistent with this delegation, the Executive Officer has administratively organized the two parts with separate processing timelines to better focus on the distinct city-district service relationships within each subregion. This first part focuses on the Carlsbad subregion and its two local agencies: the City of Carlsbad and Carlsbad Municipal Water District (CMWD). The second part will be presented separately and will cover the Encinitas subregion and the six local agencies operating within that area.

Regional MSR,
Part I: Carlsbad Subregion…

This report represents the first of two parts of the Commission's scheduled municipal service review covering the Carlsbad-Encinitas region. This report is specific to the Carlsbad subregion and two local agencies under LAFCO's jurisdictional oversight: City of Carlsbad and Carlsbad Municipal Water District.

LAFCO will use this report in several ways. First, it satisfies LAFCO's legislative mandate to independently prepare municipal service reviews on a regular basis to "advantageously inform" the public and local decision-makers through an objective and distinct analytical lens.[5] Second, the report is expected to inform – and potentially telegraph – jurisdictional changes the Commission believes merit consideration over the next five to ten years, providing the subject agencies and stakeholders advance notice of LAFCO's assessment and direction. Third, should circumstances warrant, the Commission may use this report as initiating authority under statute to propose one or more reorganizations affecting the subject agencies and/or their service areas – including forming new special districts, consolidating existing special districts, and/or dissolving and merging special districts into successor agencies.

[4] See LAFCO Policy L-106.
[5] Reference to Government Code Section 56301.

1.1 Key Premises, Assumptions + Benchmarks

Consistent with Commission direction, the Executive Officer has designed this report to serve as a foundational document that LAFCO will periodically draw on and expand upon in preparing future municipal service reviews covering the Carlsbad-Encinitas region. This foundational orientation reflects a deliberate investment in documenting the subject agencies' historical evolution and assembling an extensive catalog of demographic, service, and financial information. LAFCO expects to revisit the report and its key assumptions and benchmarks approximately every five to ten years. This interval is consistent with the timetable established by the Legislature and reflected in local policy. The periodic review will enable LAFCO to assess the accuracy of earlier projections and adjust its approach accordingly.

Key premises, assumptions, and benchmarks underlying the report follow.

Defining Scope
Subject Agencies Covered

This report evaluates the two local agencies under Commission jurisdiction that provide municipal services in the Carlsbad subregion: the City of Carlsbad and CMWD. Several other local agencies also provide services within the subregion but will be evaluated as part of separate municipal service reviews under the Commission's rolling study schedule. This includes Vallecitos Water District as well as several regional entities: County Service Area No. 135 (regional communications), Tri-City Healthcare District, North County Cemetery District, Resource Conservation District of Greater San Diego County, and North County Transit District. Additionally, some agencies – such as Olivenhain Municipal Water District and Leucadia Wastewater District – serve portions of the Carlsbad subregion but largely operate within the Encinitas subregion, and accordingly will be covered in the second part of the regional municipal service review.

Who's Covered…

While numerous agencies provide services in the Carlsbad subregion, this review focuses exclusively on the two under direct Commission jurisdiction: the City of Carlsbad and Carlsbad Municipal Water District.

Defining Scale
Municipal Services Covered

This report reviews most – but not all – of the municipal service functions provided by the two subject agencies. As authorized under adopted policy, the Executive Officer has focused the review on municipal service functions most relevant to each agency's core purposes and influence on growth and development while also aligning with current and planned LAFCO activities. This targeted approach is most evident in the City of Carlsbad analysis, which focuses on five service functions: wastewater, integrated fire protection (fire, rescue, emergency medical and ambulance transport), parks and recreation, library and cultural arts, and community development. Other essential municipal services provided by Carlsbad – including police protection and solid waste – are briefly addressed with the expectation of expanded analysis in future reports. Similarly, this report focuses on CMWD's potable water service function, with its recycled water function reserved for a future regional water evaluation.

What's Covered…

Not every service gets equal attention. This review targets the municipal functions most relevant to each agency's core purposes and influence on growth and development–a strategic approach that reflects both policy priorities and available + planned resources.

Looking Back
Determining the Report Period + Data Collection Window

The report period for this analysis covers fiscal years 2019 through 2023, with limited exceptions. For example, population and housing demographics extend back to the 2010 census for additional context. This five-year data window – based on the most recently available audited financial statements at the time of commencing the analysis – aligns with the Commission's five-year review cycle and reflects a fundamental methodological premise: recent trends provide the most reliable foundation for near-term projections. Put simply, data from the last five years is most relevant for forecasting for the next five years.

Informing Years…

The analysis primarily draws on a five-year data window from 2019 through 2023, with the latter year selected based on the most recently available audited financial statements at the time of commencement. This five-year window creates a methodological mirror: what happened recently is the best guide to what's likely next.

Looking Forward
Report Timeframe + Coverage of Future Actions

The planning horizon for this report extends five years out to 2031. This creates a projection period anchored in the data collected from 2019 to 2023, consistent with the review cycle contemplated under state law. This timeframe aligns with the prescribed cycle for municipal service reviews and will directly inform all sphere of influence, boundary, and out-of-agency service decisions within the Carlsbad subregion over the next five-year period. Importantly, the Commission will evaluate any sphere, boundary, or out-of-agency proposals during this period against the analysis provided in this report. Proposals deemed inconsistent with these findings will require additional supporting analysis – either through an addendum or a new municipal service review – to merit Commission approval.

2031 Benchmark…

This report sets the standard through 2031. Any sphere, boundary change, or out-of-agency proposals deemed inconsistent with these findings will require additional analysis – either through an addendum or a new municipal service review – to merit Commission approval.

Demographics
Calculating Population, Housing, + More

Population and housing estimates in this report are derived from Esri data, which in turn draws on the American Community Survey (Census), using census tract boundaries aligned with the two agencies under review. This methodology has become standard practice for LAFCO's municipal service reviews, as Esri's mapping tools easily correspond with both city and special district boundaries. Five-year growth projections are based on trends observed since the 2010 Census. LAFCO also utilizes Esri's integration with the American Community Survey to assess broader demographic characteristics.

Data Sources…

This report uses Esri demographic data –which sources its data from the American Community Survey (Census)–rather than individual agency estimates or SANDAG projections for one key reason: Esri's mapping software readily aligns with both city boundaries and special district boundaries and ensures demographic consistency across all jurisdictions under LAFCO review.

Macro-Level
Systemwide Focus

This report focuses on systemwide service outputs when quantifying the availability, demand, and adequacy of municipal functions provided by the two subject agencies. For example, the analysis evaluates annual utility demands across entire service systems rather than breaking down performance by specific service areas or zones. This macro-level approach informs broad determinations about service capacity and trends. Where more granular analysis would be beneficial, the report identifies the need for micro-level evaluation as part of future addenda or municipal service reviews.

30,000 Foot View...

The analysis evaluates performance at the system level – total annual demands and not specific service zones. This bird's-eye approach reveals regional patterns while flagging areas where a deeper, micro-level analysis may be warranted.

Benchmarking Infrastructure Needs and Deficiencies

The report evaluates infrastructure capacity and deficiencies by analyzing average system demands across the five-year report period rather than relying on single-year snapshots. This approach provides a more reliable account of typical service demands and smooths out year-to-year outliers that might skew capacity assessments. Where the analysis prioritizes final year demands over five-year averages, these exceptions are noted accordingly.

Protecting Against Outliers...

Infrastructure assessments rely on five-year average demands, not single-year snapshots. This approach provides a more reliable picture of typical service levels and prevents year-to-year anomalies from distorting capacity evaluations.

Benchmarking Fiscal Standing

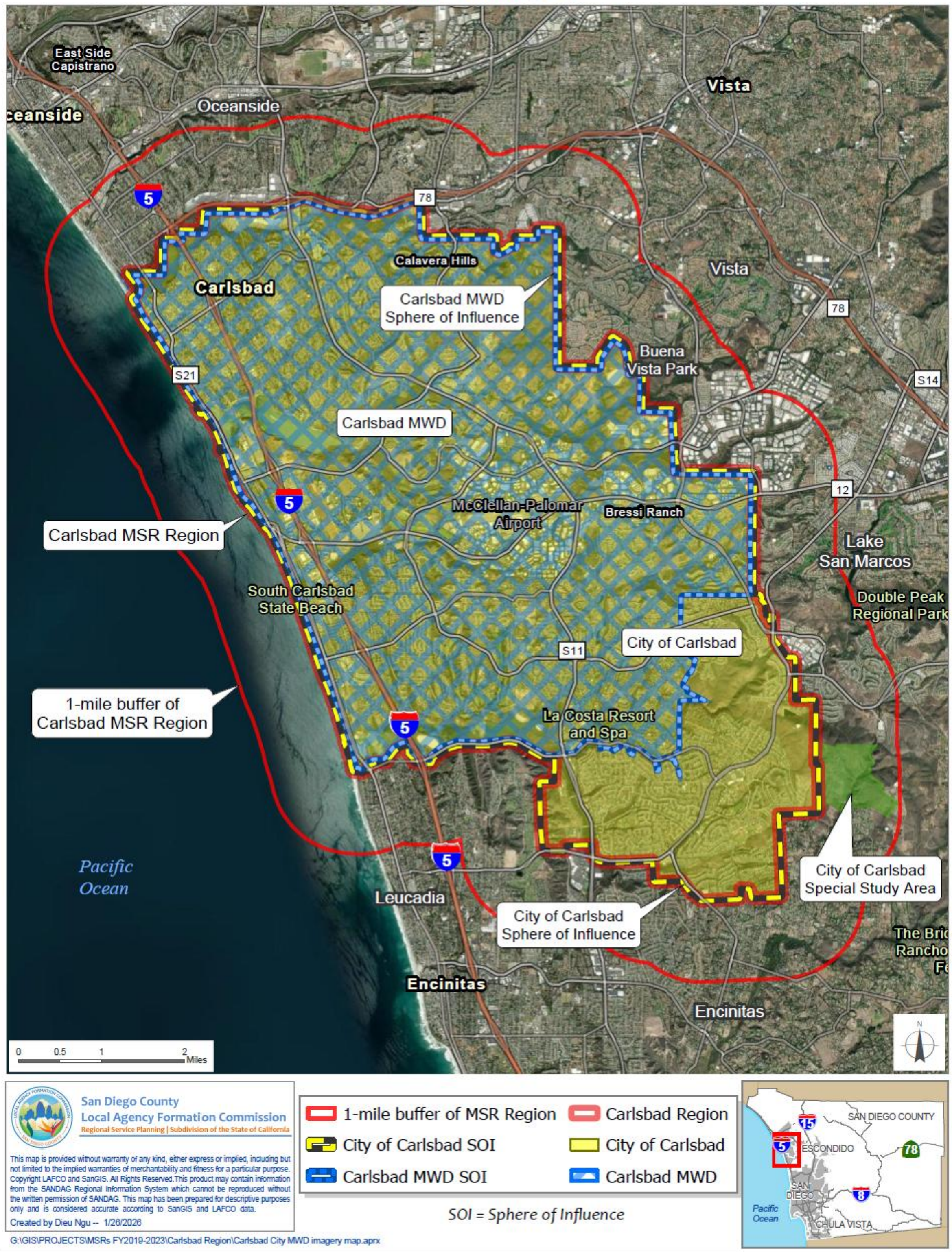
The report employs several diagnostic tools to assess the financial standing of the two subject agencies. The analysis relies primarily on audited financial statements to evaluate liquidity, capital reserves, operating margins, and capital asset management – with particular attention to trends over time rather than single-year results. Financial performance is benchmarked against both industry standards and regional comparisons.

Best Practices...

The report evaluates financial health using audited statements, trend analysis, and comparative benchmarking. Each agency receives ratings – good, average, or other – based on how it performs against both industry standards and regional peers.

Map No. ES-1

Carlsbad MSR Region



2.0 REPORT ORGANIZATION

The report is organized in three chapters. The preceding chapter – Chapter One – introduces LAFCO's authority, planning responsibilities, and the San Diego Commission. This chapter – Chapter Two – serves as the Executive Summary, outlining key conclusions and recommendations drawn from the report's analysis and specific to both subject agencies in the Carlsbad subregion.[6] The next chapter – Chapter Three – provides individual agency profiles, which combine narrative descriptions of each agency's background and service area development with quantitative analysis of demographic trends, service capacities, and financial standing. Determinations addressing the mandatory service and governance factors required by the Legislature and under local policy are included at the close of each profile.

3.0 GEOGRAPHIC AREA

The geographic area designated for this municipal service review for the Carlsbad subregion is approximately 39 square miles. This area encompasses the City of Carlsbad's jurisdictional boundary and sphere of influence along with a surrounding 1.0-mile buffer zone to capture potential sphere and/or boundary changes over the next five-year period. CMWD's jurisdictional boundary and sphere of influence fall entirely within this footprint at 32 square miles. An illustration of the geographic area is provided on the preceding page.

4.0 CITY OF CARLSBAD SUMMARY

4.1 Central Themes and Conclusions

LAFCO's independent review of the City of Carlsbad shows a full-service municipality well into its transition from expansion mode – organizational development, annexations, and major infrastructure investments – to stewardship and the core task of sustaining and adjusting public services to community needs and available resources. Across the five service functions examined – wastewater, integrated fire protection, parks and recreation, library and cultural arts, and community development – the analysis confirms Carlsbad is a high-functioning agency effectively serving its constituencies. This effectiveness is marked by consistently meeting and/or surpassing performance benchmarks while finishing the five-year reporting period ending in 2023 with strong fiscal reserves and low debt obligations. LAFCO's forward-looking mandate, however, requires attention to both quantitative and qualitative

[6] The Executive Summary purposefully distinguishes between "conclusions," "determinations," and "recommendations." Conclusions refer to general policy takeaways. Recommendations address specific actions that are drawn from the determinations.

consideration of emerging pressures identified around infrastructure reinvestment, pension obligations, and housing affordability. These and other conclusions are detailed as follows.

4.1.1 Organization Mode: Expansion to Stewardship

Carlsbad represents a maturing, financially steady, and operationally disciplined coastal municipality that has purposefully transformed itself over the last several decades and is now more defined by refinement than growth. The jurisdictional boundary has remained largely stable for more than a decade, and other than a sizeable investment in expanding public safety and creating a standalone Housing and Homeless Services department, staffing levels have grown moderately through the five-year reporting period ending in 2023. Carlsbad's boundary is now approaching buildout relative to current zoning standards and largely framed by fixed geographic constraints – the Pacific Ocean to the west and mostly incorporated cities on the other three sides – marking a long-term shift from outward expansion to infill development.

4.1.2 Population Growth in Lower + Deliberate Gear

Carlsbad's population trends similarly underscore a transition from expansion to stewardship. Since 1986, Carlsbad has grown under a voter approved growth management program built around two components: capping residential units and requiring new development to fully fund supporting infrastructure. And while changes in state law have curtailed these types of local control measures – specifically reducing local discretion over housing approvals and softening the connection between new development and infrastructure funding – the effects of Carlsbad's 1986 program appear to have largely played out as intended. Carlsbad's estimated population of 116,428 at the end of the five-year report period in 2023 represents modest average annual growth of slightly less than 1% since the 2010 census — a sharp deceleration from the roughly 6% yearly average sustained between 1970 and 2000. Housing production has similarly shifted to mostly infill and redevelopment of smaller scale projects rather than master-planned subdivisions that characterized earlier growth cycles.

4.1.3 Housing Demand + Affordability Gap

Running alongside Carlsbad's transition to stewardship in step with the community's interests in controlled growth is a persistent imbalance between housing demand and supply. Carlsbad's population-to-housing ratio since the 2010 census quantifies the tightening housing market at 2.9 – unfavorably higher than the City's cumulative historical ratio of 2.4. (A modest improvement to 2.1 during the five-year reporting period between 2019 and 2023 reflects moderating population growth more than accelerating housing construction.) And while Carlsbad's sustained Housing Element work has done its part in creating the zoning environment to increase supply, it has not resolved the challenge developers face in balancing costs and returns – a dynamic that shows itself in average home values reaching $1.45 million at the close of the five-year reporting period in 2023 and a 10-to-1 price to income ratio. This suggests that, at least in theory, those who can afford to buy homes in Carlsbad are increasingly coming from outside the community, putting added pressure on long-term and lower-income residents. Regulatory efforts by Carlsbad to bridge the affordability gap – including an inclusionary housing ordinance (passed in 1993) requiring 15% affordability in new residential production to be based on total units – have been reduced as a result of a recent Attorney General opinion.[7]

4.1.4 Governance Advantage

Carlsbad's governance system appears well-aligned with meeting community needs in an open and balanced manner. All five service functions examined in this municipal service review are guided by contemporary planning documents aligned with the City's General Plan Update (2015) and harmonized through the City Council's five-year strategic plan (2022) – a structured alignment that facilitates reasoned and transparent decision-making. A comprehensive network of boards, commissions, and advisory committees provides an additional layer of public input on policy development and program priorities, contributing to decisions that appear informed and appropriately telegraphed. This optimal alignment similarly appears to extend to management and its organizational capacity – evidenced by its attentiveness to external partnerships, the orderly 2024 transition in the City Manager's Office as a product of earlier succession planning, and the measured restructuring in 2022 that elevated housing and homeless services to a standalone department.

4.1.5 High Performing + Adaptive Services

Across all five service functions examined, Carlsbad has demonstrated consistent evidence of a well-managed full-service municipality through the five-year reporting period ending in 2023 — adequately allocated resources, sufficient operational capacities, and measurable performance. Carlsbad has also shown a consistent ability to adapt and realign resources during the reporting period — expanding integrated fire protection services to meet rising emergency demand, repositioning library facilities to serve evolving community uses, and

[7] Reference to California Attorney General Opinion No. 24-501.

reorganizing administratively to elevate housing as a core municipal priority, and properly so. Existing pressures – such as elevated inflow and infiltration in the wastewater system linked to shared infrastructure with Buena Sanitation District (BSD), a capital replacement fund with a negative balance, and a persistent gap between housing production and income levels – are clearly identified and appropriately addressed by the City.

4.1.6 Service Questions Going Forward

Carlsbad's operational success and demonstrated adaptability through the five-year report period ending in 2023 does not eliminate municipal service challenges – such challenges remain and are reflected in emerging tensions as Carlsbad approaches its planned buildout with a more confined customer base to spread costs. The relevant question is not whether Carlsbad currently delivers high-quality services – the evidence confirms it does – but whether the resources required to maintain this level of service remain adequate going forward. These sustainability questions present differently across each service function, though common patterns emerge.

a) The **wastewater** function depends on increasingly aging infrastructure showing inflow and infiltration acceleration – especially with respect to shared interceptor with BSD that has proven susceptible during the reporting period to storm events. Compounding this dynamic, Carlsbad's 15-year, $112.0 million sewer replacement capital program is funded entirely through operating surpluses, with the dedicated replacement fund carrying a negative balance at the close of the reporting period – making continued surplus essential to keeping pace with needed improvements.

b) Recent additions to the **integrated fire protection** function were made to align staffing with documented demand increases and, more importantly, to address a backlog created by years of minimal workforce growth. This expansion represents a time-bound catch-up effort rather than a new ongoing growth rate, though maintaining a similar pace over the long term would warrant attention to overall fiscal capacity.

c) Carlsbad has invested substantially in **parks and recreation** facilities, but demographic shifts – particularly a modestly aging and active population – may change future program and facility needs. These dynamics remain fluid due to recent changes in state housing laws, which will likely result in additional family-oriented housing in areas previously planned for lower density housing.

d) The **library and cultural arts** function demonstrated responsiveness during the reporting period by expanding digital offerings in line with shifting consumer preferences while continuing to provide physical facilities as community gathering spaces. As community needs and preferences for library and arts services continue to evolve, Carlsbad's approach to delivering these services will merit attention in future reviews, particularly as municipalities seek to maximize the value of General Fund–supported services.

e) The **community development** function effectively processes applications and meets Regional Housing Needs Allocation (RHNA) compliance targets; however, the high cost of housing development and increasing regulatory complexity make the production of affordable housing increasingly difficult. In today's market, developers often pursue projects in jurisdictions where costs, requirements, and timelines allow for more viable returns, highlighting the practical limits of municipal planning authority without additional tools or incentives.

4.1.7 Strong Financial Position

Carlsbad's financial position at the close of the five-year reporting period ending in 2023 is, by most measurable standards, exceptionally strong. Markedly, the City generated operating surpluses in four of the five years, grew its General Fund balance by one-third to an amount equal to eight months of actual expenses, and finished with a debt ratio of 14% – less than a third of standardized solvency caution thresholds. These indicators reflect sustained fiscal acumen that has allowed Carlsbad – unlike other local municipalities – to navigate the pandemic and inflationary pressures present during the reporting period without resorting to budget cuts, layoffs or permanent service reductions.

4.1.8 Financial Questions Going Forward

Carlsbad's exceptional financial position at the close of the five-year reporting period in 2023 does not eliminate emerging fiscal questions meriting attention in future reviews. These questions materialize given the narrowing trend across multiple margin measurements — total operating costs grew five percentage points faster than revenues over the reporting period, and within the General Fund specifically, expenses outpaced revenues by eight percentage points, with rising public safety costs as the key driver. Pension obligations add a further layer of consideration, with Carlsbad's funded ratio approaching the 70% cautionary threshold at the report period close and liabilities growing faster than assets.[8]

4.1.9 Bottom Line

This municipal service review confirms Carlsbad is well-positioned to provide reliable, high-quality services within its jurisdictional boundary through the timeframe of the review.

4.1.10 LAFCO Interests Going Forward

Looking ahead to the upcoming sphere of influence update, boundary refinements along the State Route 78 corridor warrant Commission attention. Service and maintenance responsibilities between Carlsbad and Oceanside have become misaligned with built conditions, suggesting the establishment of one or more study areas as a productive interim step toward resolution. Separately, McClellan-Palomar Airport presents a unique governance question. The facility, owned and operated by the County of San Diego, lies entirely within Carlsbad's jurisdictional limits. The airport's presence shapes resident concerns around traffic, noise, and quality of life while influencing municipal resource deployment – particularly public safety services – without corresponding governance control. LAFCO should consider evaluating service and governance conditions at the airport ahead of the next review cycle, including opportunities to enhance alignment of public safety and utility responsibilities with resources and community needs.

4.2 Recommendations

The following recommendations identify priority actions and policy directions 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.

[8] The City of Carlsbad established a Section 115 Pension Trust in September 2023 and has since contributed $25 million, earning approximately 16% over a two-year period. These funds are available to the City to reimburse operating budgets during periods of extreme pension rate volatility and to fund potential changes in CalPERS actuarial assumptions in the future.

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, countywide 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. The McClellan–Palomar Airport, owned and operated by the County of San Diego yet fully surrounded by Carlsbad, generates measurable impacts on local traffic, noise, water utility, and public-safety services without direct City control. LAFCO should evaluate service and governance conditions at the airport in advance of the next review cycle, including consideration of jurisdictional transfer, service agreement, or other mechanisms 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.

5.0 CARLSBAD MUNICIPAL WATER DISTRICT SUMMARY

5.1 Central Themes and Conclusions

LAFCO's independent review of CMWD shows a well-managed subsidiary at the end of the five-year reporting period in 2023 delivering reliable potable water service at rates significantly below regional averages – a distinction attributable to its unique structural integration with the City of Carlsbad and its economies of scale. CMWD carries available capacity across its supply, transmission, and storage network, positioning it to readily accommodate current and future growth through the timeframe of this review. CMWD's consolidated oversight of both potable and recycled water functions represents an additional structural advantage uncommon in San Diego County with the ability to avoid service competition and manage revenue adjustments that otherwise challenge other local providers. Financially, CMWD closed the reporting period with largely positive benchmarks — high liquidity, minimal debt, and relatively young infrastructure. Looking ahead, LAFCO's principal interests center on CMWD's competitive rate position through the next review cycle, tracking the trajectory of operating margins, and encouraging efforts to elevate its visibility as a separate legal entity with its own taxing authority and distinct service responsibilities. These and other conclusions are detailed as follows.

5.1.1 Unexpected Journey

The formation of CMWD in 1954 as an independent special district reflected the community's steadfast interest in remaining separate from City control. The decades that followed brought evolving jurisdictional relationships, overlapping service territories, and even litigation between the two agencies. Nearly 75 years later, those challenges have turned into opportunities and CMWD now operates as a seamless component of Carlsbad's municipal structure — its five-member elected board replaced by the City

Council, its staff integrated into the Utilities Division, and its once-contested jurisdictional issues long resolved. The successful 1990 reorganization paved the way where earlier efforts had stalled, ultimately delivering a unified governance framework that CMWD's founders had initially resisted. While certain aspects of the current arrangement might still give those founders pause, the reorganization has largely fulfilled its promise – producing a functional and efficient structure that serves the community well. Most importantly, on the measure that would presumably matter most to those founders, CMWD delivers reliable potable water at rates well below the regional average.

5.1.2 Steady Hand

As a subsidiary district to the City of Carlsbad, CMWD is governed by the City Council with day-to-day operations skillfully managed by dedicated staff within the Public Works' Utilities Division. Like Carlsbad itself, CMWD activities tracked during the five-year reporting period ending in 2023 show financial health and operational discipline – mirroring the City's own profile as a maturing and stable municipality where the focus has shifted from expansion to refinement and strategic planning. This stability is marked by minimal volatility in CMWD's finances, customer counts, and service demands – exemplified by a period-average operating margin of 2.8% while relying on essentially the same infrastructure, staffing and their associated fixed costs even as consumption declined. CMWD's operational stability aligns with underlying demographic conditions: population growth has averaged less than 1% annually during the period with comparable growth projected into the near term.

5.1.3 Headroom Across the System

CMWD's core municipal function – potable water – carries substantial capacity across its network in supply, transmission, and storage, and comfortably exceeds demands throughout the five-year reporting period ending in 2023. This available headroom has already been proven with CMWD accommodating annual demands in the early 2000s of up to 21,200 acre-feet – long before conservation measures and recycled water conversions helped draw consumption down to a reporting period average of 13,500 acre-feet. This headroom advantageously positions CMWD to readily assist the City of Carlsbad as the land use authority in strategically accommodating future growth and development.

5.1.4 Ratepayer Value

CMWD customers enjoy significant savings on their water bills compared to those in other areas of San Diego County. A regional survey taken immediately following the five-year reporting period ending in 2023 shows the average monthly water bill across comparable agencies at $133, while CMWD's typical residential bill stands at $94 – translating to a savings of approximately $40 per month, or nearly $480 annually.[9] Additionally, specific to the reporting period, CMWD has successfully maintained this exceptional value by strategically managing costs, despite rising wholesale supply expenses that saw a double-digit increase. Rather than fully passing these costs on to customers, CMWD implemented a modest rate increase of only 5.1%, which is significantly lower than the regional inflation rate of 25.3% during the same time – demonstrating the ability to provide reliable and affordable water service while effectively navigating financial challenges.

5.1.5 Unified Service Advantage

CMWD's oversight and management of both potable water and recycled water services represents a distinctive structural advantage that is relatively rare across most urban areas in San Diego County, where these functions are typically split among separate agencies. This integrated approach allows CMWD to manage customer conversions from potable to reuse water – offering cost savings of roughly 25% – in a more coordinated and strategic manner. The unified structure also insulates CMWD from the revenue erosion that other potable providers face when customers convert to reuse, effectively leaving behind fixed costs. By keeping revenues from both services in-house, CMWD ensures financial stability and resilience – an advantage poised to grow more valuable over time as state mandates, drought conditions, and rising costs continue to drive demand for reuse.

5.1.6 Good Test Scores with Some Softening

CMWD presents a strong financial position by conventional measures through the close of the five-year reporting period in 2023, supported by high cash levels, low debt, and relatively young infrastructure with ample useful life remaining. The organization's liquidity is exceptional – CMWD maintains a remarkable 13:1 current ratio and holds roughly 34 months of operating expense coverage in liquid reserves. Debt levels are minimal, with long-term obligations constituting just 6.5% of the net position and more than 90% of assets are free of debt financing. Collectively, these indicators highlight a solid financial foundation and reflect an organization that has been well managed. While key financial metrics have narrowed during the reporting period – particularly lowering margins – the organizational strength and fiscal discipline shown over the reporting period suggest the agency is well-positioned to navigate these challenges and maintain financial stability.

[9] Source: Olivenhain MWD.

5.1.7 Governance + Accountability

CMWD enjoys a strong governance and accountability framework through its fully integrated administration within the City of Carlsbad, with the City Council serving as the District's Board of Directors. This structure promotes policy alignment and operational efficiency, ultimately benefitting ratepayers, as evidenced by relatively low potable water rates and the absence of contested decision-making. While this arrangement functions effectively and generates no apparent public confusion or underlying governance concerns, there remains valuable opportunity to enhance CMWD's visibility as a distinct governmental entity with its own service responsibilities, financial operations, and taxing authority. Improvements to public-facing materials – including the City's website, meeting agendas, and budget documents – could better highlight the District's role as the primary provider of potable and recycled water services while strengthening transparency and reinforcing community awareness of the District's distinct identity and taxing authority.

5.1.8 LAFCO Interests Going Forward

CMWD closed the five-year reporting period ending in 2023 from a position of strength — financially stable, operationally steady, and consistently delivering reliable potable water service at rates significantly below regional averages. CMWD's integrated oversight of both potable and recycled water, combined with substantial unused capacity across major facilities, positions CMWD to effectively meet existing demands while being prepared for any strategic growth into the future and evolving community needs. Within this favorable context, certain themes merit attention and should inform LAFCO's next municipal service review, tentatively planned for the early 2030s. These include assessing CMWD's ability to maintain its competitive rate advantage while keeping pace with necessary capital reinvestment as infrastructure ages; tracking operating margins that have narrowed over the reporting period and signaling the need for ongoing calibration between declining consumption and fixed system costs; and encouraging efforts to elevate public visibility around the District's separate legal identity and taxing authority.

5.2 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.

5.2.1 Strengthen District Visibility

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.

5.2.2 Dive into Recycled Water

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.

5.2.3 Assess Latent Power Activation

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.

5.2.4 Reaffirm Current Sphere with Qualifier

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.

Blank for Photocopying

CHAPTER THREE
AGENCY PROFILES

A. CITY OF CARLSBAD

1.0 OVERVIEW

City of Carlsbad
Carlsbad Boulevard and Carlsbad Village Drive (C 2023)

Photo Credit: Adobe Stock

The City of Carlsbad is a charter municipality incorporated in July 1952.[1] Carlsbad's incorporation was the ninth in San Diego County's history with an estimated commencing population of nearly 5,200. Interest in incorporation was first publicly advanced by community leaders in the late 1940s and done so in offering an alternative to annexation overtures from City of Oceanside and its interest in expanding south. Notable benchmarks shaping Carlsbad's early post-incorporation development include construction of the Encina Power Plant in 1954, the extension of Interstate 5 through Carlsbad beginning in the mid-1950s, and the openings of Palomar Airport in 1959, and Plaza Camino Real (now the Shoppes at Carlsbad) in 1969.

Substantial growth beginning in the 1970s signaled Carlsbad's transition into an expansive suburban community, prompting voters in 1986 to approve a City Council–sponsored growth management program. The program reflected public interest to regulate the pace and scale of housing development through, among other components, a cap on the total number of residential units and an established buildout population of 135,000. However, the housing development cap has since been preempted by changes in state law.

Sprint to a Managed Jog…

The City of Carlsbad has expanded nearly six-fold to 39 square miles since incorporation in 1952. Most of this expansion occurred over a 30-year period between 1970 and 2000, accompanied by a corresponding population surge from 15,000 to 78,000. Growth has since stabilized, consistent with the City implementing a 1986 growth management plan.

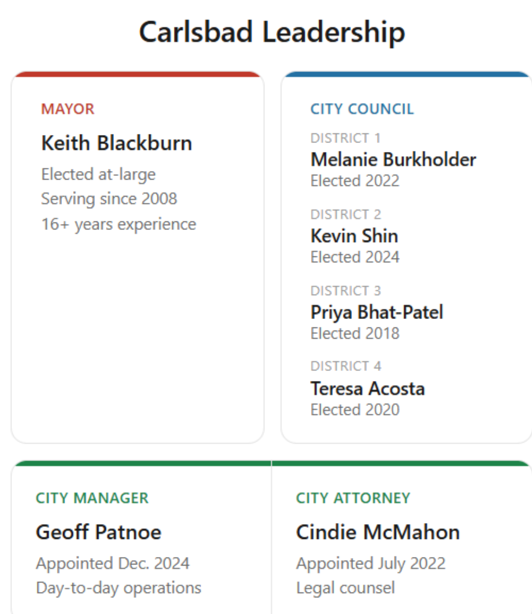
---

[1] Carlsbad was originally incorporated as a general law municipality. Carlsbad transitioned to a charter municipality with more home-rule powers after voters approved Proposition D in June 2008. Additional details are provided in Appendix A.

Carlsbad's jurisdictional boundary has expanded nearly six-fold since its incorporation in 1952 and now encompasses 39 square miles, ranking it as the fifth-largest municipality in San Diego County. Most of this expansion – which also eliminated several unincorporated "islands" left at the time of incorporation to accommodate preexisting agricultural uses – occurred over 30 years between 1970 and 2000, when the City's population grew by more than five times from roughly 15,000 to 78,000 residents, or nearly six new residents per day over three decades. More recently, the jurisdictional boundary has remained largely stable as Carlsbad, consistent with the voter-approved 1986 growth management plan, shifted its emphasis to infill development. The last annexation to Carlsbad was approved by LAFCO in 2014.

The Commission's most recent sphere of influence update for Carlsbad was completed in 2016 as part of a limited review of all North County cities (Carlsbad, Oceanside, Encinitas, Solana Beach, and Del Mar). The 2016 update affirmed a coterminous sphere designation matching Carlsbad's jurisdictional boundary while also establishing a special study area encompassing an approximate 374-acre unincorporated area to the southeast that lies in Encinitas' sphere. This special study area designation was created by the Commission to encourage joint planning between the two municipalities for the area's future development.

Carlsbad operates under the council-manager form of government with policy direction provided by a five-member City Council. The mayor is elected at-large while four council members represent districts of roughly 20,000 registered voters each based on 2020 census redistricting. Mayor Keith Blackburn anchors the current Council, having served continuously since 2008 though the date of this report – a 16-year tenure that spans two housing cycles and nearly complete turnover of his colleagues. The other four – Melanie Burkholder, Kevin Shin, Priya Bhat-Patel, and Teresa Acosta – all joined between 2018 and 2024. Day-to-day administration is led by City Manager Geoff Patnoe who was appointed in December 2024, after serving five years as Assistant City Manager.



Carlsbad's budgeted workforce totals 807 full-time equivalent positions at the end of the five-year report period in 2023, reflecting a 16% increase over the preceding 60 months. Public safety accounts for the largest share of Carlsbad's budgeted staffing with 310 total positions divided between police (187 positions) and fire (123 positions), collectively representing nearly 40% of the total workforce. There are 81,134 registered voters within the jurisdictional boundary.

Carlsbad operates as a comprehensive full-service municipality that directly delivers most public services within its jurisdcitonal boundary. Core service functions examined in this profile are wastewater, fire protection and emergency medical, parks and recreation, and community development functions. Additionally, Carlsbad provides water services through a subsidiary special district – Carlsbad Municipal Water District (CMWD) – which is covered separately in a stand-alone profile within this report.[2] A limited number of independent special districts also serve areas within Carlsbad and deliver targeted municipal services. Local providers include Olivenhain Municipal Water District, Vallecitos Water District, and Leucadia Wastewater District, each of which receive dedicated coverage in this report. Regional providers with jurisdiction over Carlsbad include the San Diego County Water Authority, North County Transit District, and Tri-City Healthcare District.

Direct Full Service: Everything But the Water…

Carlsbad directly provides the following services detailed in this profile: wastewater; integrated fire protection; parks + recreation; and community development. (Water is provided indirectly through Carlsbad Municipal Water District to approximately 82% of the City jurisdiction with the remainder covered by Olivenhain Municipal Water District and Vallecitos Water District.)

Carlsbad's General Fund finances most day-to-day municipal activities that are not otherwise funded through user charges. During the report period, average annual actual revenues totaled $192.457 million, reaching $225.860 million in 2023 – representing an overall period increase of 26%.[3] Property taxes constitute the single largest revenue source and account for two-fifths of all General Fund revenues during the period, while sales and hotel (transient occupancy) taxes jointly contribute another two-fifths.[4] General Fund expenditures have averaged $188.453 million with an ending amount of $205.160 million. This latter amount represents an overall period increase of 34% and translates to an average daily General Fund expense of $0.516 million. The largest single expenditure involves police services and has consumed one-fourth of all General Fund expenses during the report

Carlsbad General Fund
FIVE-YEAR SNAPSHOT • FY19 TO FY23

$192.5M
Avg Annual Revenue
+26% period growth

$188.5M
Avg Annual Expenses
+34% period growth

$138.1M
Spendable Balance at End of FY23
+40% period growth

8 Months
Equivalent of General Fund Reserves Coverage

[2] CMWD was established in 1990 as a subsidiary district of Carlsbad and provides services to 82% of the City's jurisdiction.
[3] The referenced General Fund actual revenues and expenditures draw from a review of Carlsbad's annual budget documents.
[4] The total assessed value within Carlsbad has increased over the five-year report period by 22.3% from $31.8 to $38.9 billion.

period. The overall period net margin averaged (0.1%) due to a shortfall in 2021 attributed to a one-time transfer out of the General Fund to the City's golf course ($47 million) to pay off outstanding debt for construction; all other years finished with positive margins. The total spendable balance at the end of the report period totals $138.1 million – representing an overall increase of 40% – and equivalent to covering eight months of recent actual expenses.[5]

The Commission independently estimates Carlsbad's full-time residents at 116,428 at the close of the report period, making it the fifth-largest municipality in San Diego County by population. This figure represents an overall increase of 11,568 residents since the 2010 census — an average annual gain of 890, or slightly less than 1%. The estimated population is supported by 48,434 housing units within the jurisdictional boundary. Since the 2010 census, Carlsbad has added 3,943 housing units, or the annual average of 303 annually. When compared to population growth, this translates into one new housing unit for every 2.9 new residents. This extended measurement is less favorable than Carlsbad's longer-term historical ratio of one new unit for every 2.4 residents and helps in underscoring a tightening housing supply.

Tightening Housing Supply…

The City of Carlsbad's overall population-to-housing ratio stands at 2.4 residents per unit based on LAFCO estimating 116,428 residents and 48,434 housing units at the end of the five-year report period in 2023. However, narrowing to just changes since the 2010 census, the ratio climbs to 2.9 - with 11,568 new residents competing for 3,943 new units – signaling a tightening housing market with population outpacing new supply.

Other notable housing dynamics follow.

- Carlsbad's median household income is $129,269 based on the current five-year period average, substantially exceeding the countywide average of $88,240 by nearly 50%.

- Carlsbad residents currently spend an average of 24% of their household income on rent or mortgage payments. The Commission estimates that when utilities are included, the adjusted average housing cost burden increases to 32%.[6]

- Average home values within Carlsbad increased 62% during the report period, rising from $832,749 in June 2019 to $1.45 million in June 2023.[7] This separately generates a home price-to-income ratio of 10-to-1, and above the statewide ratio of 8-to-1.

[5] The referenced spendable General Fund balance draws from the City of Carlsbad's Adopted Budget, FY26.
[6] Utility costs are calculated by LAFCO based on multiplying the median monthly household income by 7.5%.
[7] Average home values in Carlsbad during the five-year report period are based on Zillow analytics & City of Carlsbad (City of Carlsbad - Economic Scan FY23-24.

2.0 BOUNDARIES + RELATED CONSIDERATIONS

2.1 Jurisdictional Boundary

The City of Carlsbad's existing boundary totals 39.1 square miles spanning 25,028 acres. This equals slightly less than 1% of all of San Diego County. Approximately nine-tenths of Carlsbad's perimeter is considered fixed given it is either adjacent to the Pacific Ocean (west) or other cities: Oceanside to the north, Vista to the northeast, San Marcos to the east, and Encinitas to the south. The remaining 10% of Carlsbad's perimeter is dedicated open space primarily near the San Dieguito community. Carlsbad's topography varies considerably with elevations ranging from 10 feet above sea level near the coast to 700 feet at its highest point along Sitio Oceano in the La Costa Meadows neighborhood.

5th Largest Incorporated Community…

The City of Carlsbad's jurisdictional boundary now totals 39 square miles and makes it the fifth largest-sized municipality in San Diego County. The jurisdictional boundary is completely whole and does not include any unincorporated "islands."

Carlsbad has experienced significant territorial growth since its incorporation in 1952 with its jurisdictional boundary expanding nearly six-fold from its original footprint. Since its own establishment by Legislature in 1963, the Commission has approved approximately 100 annexations to Carlsbad. Most of these boundary expansions occurred between 1965 and 1985 as Carlsbad proceeded to absorb several unincorporated "islands" while expanding eastward and southward into adjacent areas. Annexation activity has slowed dramatically since 2000, reflecting the maturation of Carlsbad's boundary based on local conditions. The most recent annexation occurred in 2014 involving 0.8 acres as part of the "Carlsbad-San Marcos Reorganization" – a boundary adjustment involving a land swap between the two cities and concurrent sphere of influence amendments.

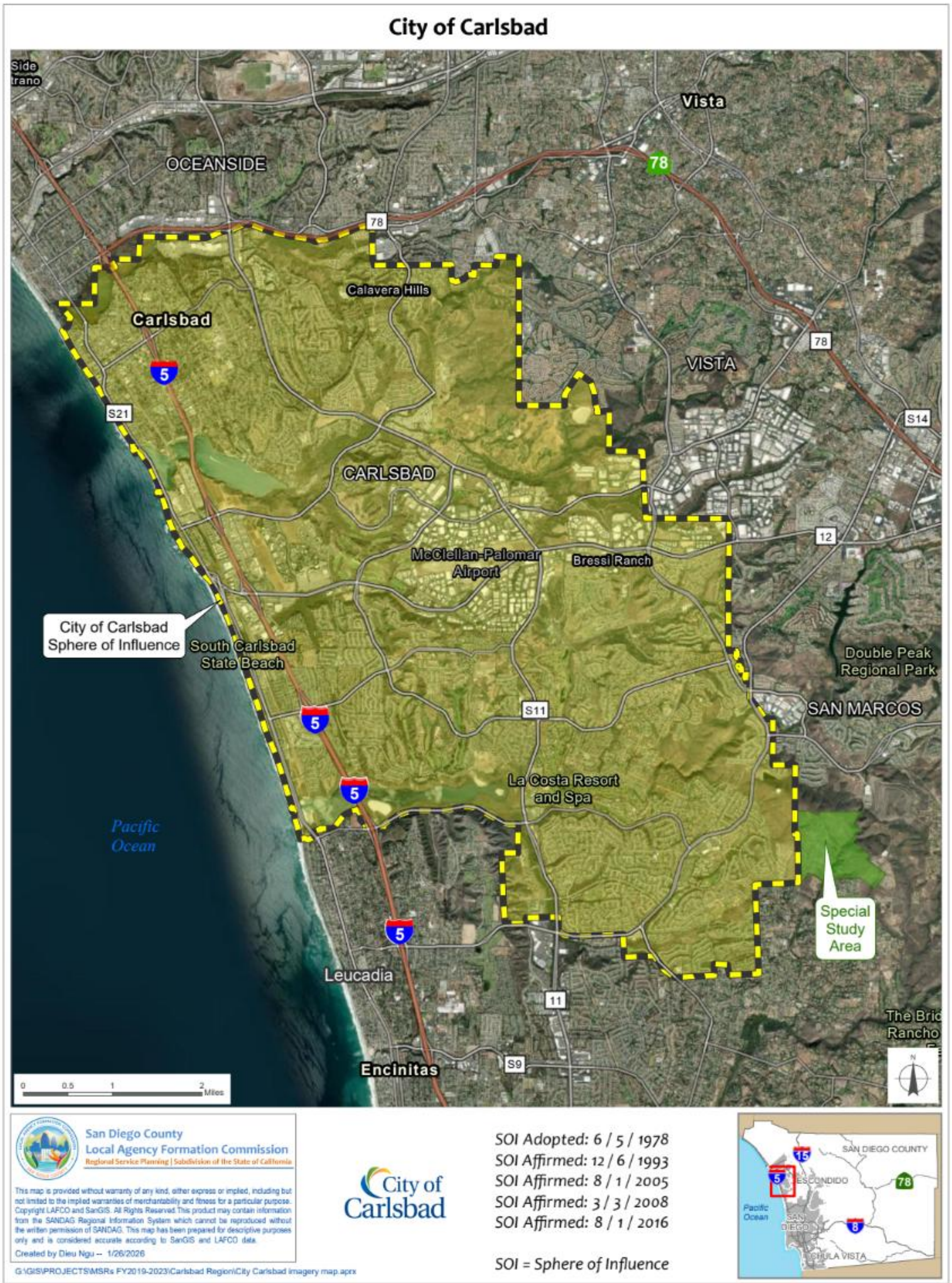
The total assessed value (land and structure) within Carlsbad has increased during the five-year report period by 23% from $32.2 billion in 2019 to $39.6 billion in 2023. The period-ending amount translates to a per-acre value ratio of $1.6 million as well as a per capita value of $0.340 million based on an estimated full-time population of 116,428. Carlsbad's overall share of the 1% property tax is

Assessed Values Rising…

Assessed property values (land and structure) in the City of Carlsbad have increased by 23% during the five-year report period ending in 2023. Carlsbad's share of the 1% property tax (AB8) is 16% and generated $64 million at the end of the period.

approximately 16% – or 0.16 cents for every $1.00 – and generated $63.9 million in the final year of the report period.[8]

Map No. A - 2.1



8 Property tax data sourced from the County of San Diego Auditor Controller's annual report on allocations and covers secured property taxes on real estate and state-assessed utilities. Additional revenue streams to Carlsbad include unsecured property taxes on personal assets and state in-lieu payments, but these are not reflected in the reported figures.

With respect to additional characteristics, Carlsbad's jurisdictional boundary is currently divided into 90,980 assessor parcels for tax purposes spanning 21,663 acres.[9] Nearly 80% of the parcel acreage is under private ownership with two-thirds of this portion already developed or improved, albeit not necessarily at the highest density allowed under zoning. The remaining private acreage in Carlsbad is undeveloped and substantively unimproved and divided into 34,616 parcels that collectively total 6,136 acres.

Built But Not Finished…

Nearly two-thirds – 64% – of all privately owned acreage in the City of Carlsbad has been developed to date, though not necessarily at the highest density. The remaining 36% of the private acreage in Carlsbad remains undeveloped and totals 6,136 acres.

Carlsbad's jurisdictional boundary is shown on the preceding page. A summary of key boundary characteristics underlying the jurisdictional boundary also follows.

City of Carlsbad:
Jurisdictional Boundary Characteristics
Table A – 2.1 | Source: San Diego LAFCO

Total Jurisdictional Size	25,028 acres
Total Jurisdictional Parcels and Acreage	90,980 parcels totaling 21,663 acres
… Publicly Owned Parcels and Acreage	709 parcels totaling 7,832 acres
… Privately Owned Parcels and Acreage	90,271 parcels totaling 17,197 acres
… Undeveloped Privately-Owned Parcels and Acreage	34,616 parcels totaling 6,136 acres
Total Number of Registered Voters	81,134
Total Assessed Value (Land and Structures)	$39.594 billion

2.2 Sphere of Influence

The Commission established the City of Carlsbad's sphere of influence in June 1978 with a larger-than-agency designation encompassing approximately 26,800 acres. This initial planning maker included all of the existing incorporated land plus an additional 8,300 unincorporated acres. This latter category largely consisted of two unincorporated areas: one located north of Palomar Airport Road adjacent to the City of Vista and the other west of Rancho Santa Fe Road adjacent to the City of San Marcos.

June 1978 Expectations…

LAFCO established the City of Carlsbad's sphere of influence in June 1978 at the same time as establishing designations for Oceanside and Vista. The initial sphere was set to explicitly facilitate future expansion with a larger-than-agency designation equal to 145% of the then City limits.

9 The remaining 3,365 jurisdictional acres within Carlsbad consists of public rights-of-way and waterways.

The Commission subsequently reviewed and updated Carlsbad's sphere of influence as part of scheduled studies in 1993, 2005, 2008, and 2016 without any changes. Additionally, by the time of the 2008 review and update, all the original unincorporated territory placed in Carlsbad's initial sphere had been annexed or rerouted to the City of Encinitas as part of its incorporation in 1986. One special study area spanning 374 acres in the Rancho Santa Fe area was added to the sphere in 2016 with additional details footnoted.[10] The substantive result of the preceding actions is the sphere being 100% coterminous with Carlsbad's limits except for the Rancho Santa Fe special study area.

August 2016 Expectations…

By the early 2000s, all excess lands included in the initial sphere designation had been incorporated – including approximately 1,000 acres rerouted to the City of Encinitas as part of its incorporation in 1986. The current sphere, last updated in August 2016, is entirely coterminous with Carlsbad's incorporated limits with the qualifier of an approximate 374-acre special study area in Rancho Santa Fe.

2.3 Relationship to General Plan: Land Use + Housing Elements

The City of Carlsbad's General Plan was last comprehensively updated in 2015 and statutorily serves as the City's core policy document in guiding land use planning and related municipal implementation. The General Plan Update spanned an approximate five-year process with a self-designated planning horizon to 2035. Nine elements – some individually having been amended by the City Council in more recent years – make up the General Plan Update and purposefully anchor to nine core community value statements marked by "small town feel, beach community character, and connectedness."

2015 Gameplan: The Carlsbad Code…

Carlsbad's General Plan was comprehensively updated in 2015 and anchors to nine core community values as abbreviated by LAFCO:

1. Small town feel + beach community
2. Recreation + active lifestyles
3. Public transportation + connectivity
4. Cultural resources
5. Neighborhood revitalization
6. Natural environment
7. Local economy + tourism
8. Sustainability
9. High quality education + services

Of particular interest to the Commission, the Land Use and Community Design Element was last amended in January 2024 and serves to direct the location, form, and character of growth and development within Carlsbad as set by the City Council. It is also paired with

[10] The municipal service review and associated sphere of influence update adopted by LAFCO in 2016 established a 374-acre special study area. The special study area currently lies adjacent to the City of Carlsbad's sphere of influence and within the sphere of influence for City of Encinitas and done so to facilitate joint planning between the two municipalities. The area appears to be in permanent open space.

implementing strategies – including cross-coordination with the Housing Element and its eight-year reset process under State law. Key policy components of the two Elements follow.

No Outward Expansion | No lands outside Carlsbad are contemplated for annexations.

Actual Densities Largely Cap at 23 Units/Acre; High of 40 Units/Acre | The density range is 1.0 to 40.0 units per acre. The predominate high density caps at 23 units per acre. The highest density range applied is R-40 and involves properties along Palomar Airport Road and in the vicinity of the Shoppes mall along State Highway 78. The Village and Barrio Master Plan allows densities up to 30 units per acre in some areas.

1.5% Annual Growth Rate Assumed | Assumes a historical annual population growth rate of 1.5% will continue, resulting in Carlsbad's resident total reaching 141,219 by 2035.

Housing Strategy | The Housing Element was updated by the City Council in April 2021 and subsequently certified by the State's Housing and Community Department in July 2021.[11] It serves as Carlsbad's official housing strategy through 2029 and premised on accommodating approximately 3,900 new housing units over the eight-year period. Slightly more than half of these units are intended via the assignment of higher densities to meet lower household income categories.[12]

2.4 Relationship to College + School District Boundaries

The City of Carlsbad's jurisdictional boundary and sphere of influence overlaps within six college and school districts: MiraCosta College; Palomar College; Carlsbad Unified; Encinitas Union; San Dieguito Union High; and San Marcos Unified. A listing summary of growth-related characteristics for each follows and – among other features – shows all six districts experiencing declines in student enrollment over the report period.

Six Districts + One Clear Trend…

All six education agencies overlapping the City of Carlsbad experienced student enrollment declines during the five-year report period ending in 2023 with no less than a (3.9%) drop.

[11] The California Department of Housing and Community Development (HCD) is the State agency responsible for overseeing housing policy, administering housing programs, and ensuring local governments comply with State housing laws. Key duties include setting regional housing production goals, reviewing and certifying local housing elements, and providing funding and technical assistance to support affordable housing development. HCD must approve local housing elements to ensure they meet prescribed requirements set by the Legislature; if a housing element is not approved, the local jurisdiction loses access to certain State funding and may face increased oversight and intervention in local housing decisions.

[12] Additional details are provided in Section 5.5 (Community Development).

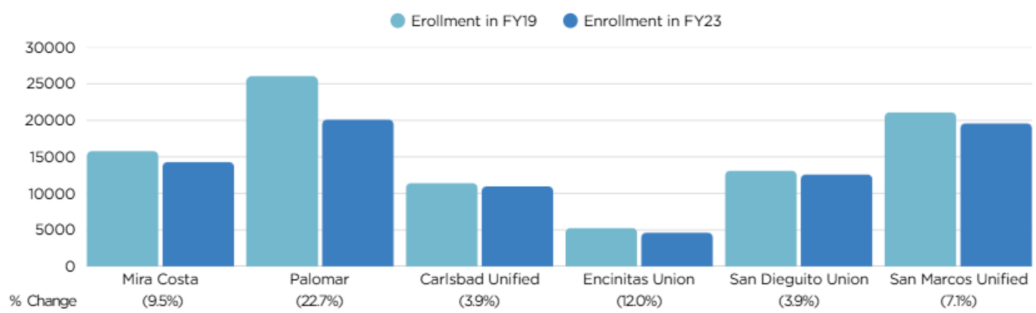
City of Carlsbad:

Overlapping College + School District Information

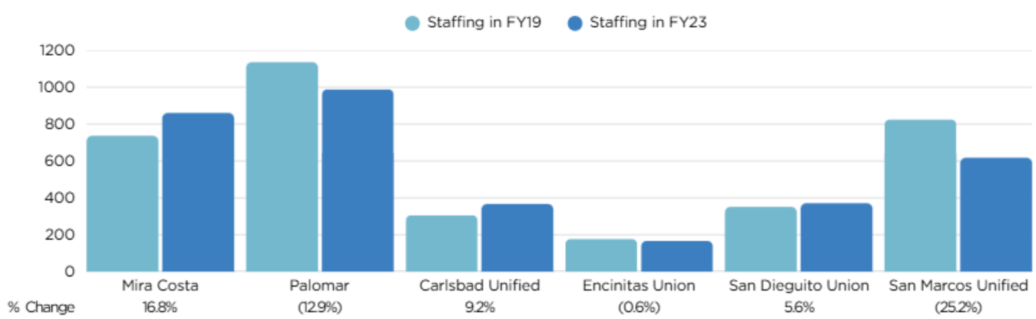
Table A-2.4 | Source: San Diego County Board of Education + San Diego LAFCO

	MiraCosta College	Palomar College	Carlsbad Unified School District	Encinitas Union School District	San Dieguito Union High School District	San Marcos Unified School District
Type	College	College	School	School	School	School
% within Carlsbad	91.3%	8.7%	73.5%	16.3%	16.3%	10.2%
Grades	13th - 14th	13th - 14th	K - 12th	K - 6th	7th - 12th	K - 12th
Campuses	4	3	14	10	11	19

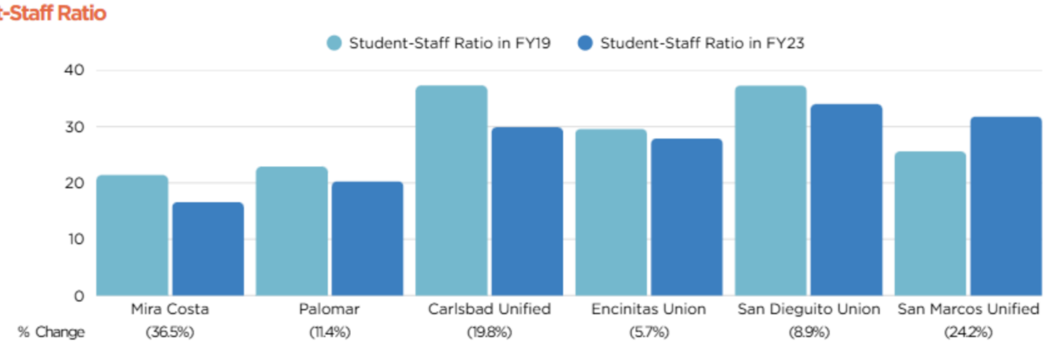
Enrollment



Staffing



Student-Staff Ratio



DEMOGRAPHICS

3.1 Population and Housing

The City of Carlsbad's total full-time resident population within its jurisdictional boundary is independently estimated by the Commission at 116,428 at the end of the five-year report period in 2023. This amount represents 3.5% of the countywide population total, separately estimated at 3,325,714. The full-time population in Carlsbad has risen overall by approximately 11.0% from 104,860 in 2010 and the prior census reset – a net increase of 11,568. This extended measurement translates to an annual average increase of 0.9% or 890 persons – the equivalent of adding an average of 17 new residents weekly. Notably, this extended measurement absorbs a sizable deceleration during the report period (2019-2023), with the average annual growth rate falling to 0.5% - the equivalent of adding 582 persons yearly, or 11 weekly.

Still Adding:
Population in Lower Gear…

LAFCO estimates the City of Carlsbad's population at 116,428 residents at the end of the report period in 2023. Since the 2010 census, the City has added 11,568 residents – an average of 890 annually, or just under 1% per year. Growth has slowed more recently with the average annual rate falling to 0.5% over five-year report period.

- The population estimate for Carlsbad at the end of the report period produces a density ratio of 4.7 residents for every jurisdictional acre, well below the ratios in neighboring municipalities with Vista, Oceanside, and Encinitas at 7.7, 6.1, and 4.9, respectively.

- The Commission projects the growth rate will revert to be consistent with the extended trend with the population expected to reach 121,453 by 2028 and 123,523 by 2030.

City of Carlsbad:
Resident Population Estimates
Table A-3.1a | Source: Esri, American Community Survey, and San Diego LAFCO

	Calendar Year	City of Carlsbad	San Diego County
	2010	104,860	3,095,305
Report Period	2019	114,100	3,258,522
	2020	114,746	3,298,625
	2021	115,307	3,307,655
	2022	115,870	3,316,709
	2023	116,428	3,325,714
	2028	121,453	3,421,087
	2030	123,523	3,460,701
		City of Carlsbad	San Diego County

Population Change, 2010-2023		
… net change	11,568 or 11.0%	230,490 or 7.4%
… annual average change	890 or 0.9%	17,724 or 0.6%
Population Change, 2019-2023 (period)		
… net change	2,328 or 2.0%	67,192 or 0.5%
… annual average change	582 or 0.5%	16,192 or 0.1%

The Commission estimates 48,434 residential housing units within Carlsbad at the end of the five-year report period in 2023 – representing an overall net increase of 3,943 units since the 2010 census, or an average annual net addition of 303 units. Relative to population growth, the additional housing during the extended measurement period translates to a ratio of adding one new unit for every 2.9 new residents – unfavorably compared to the historical ratio within Carlsbad of adding one new unit for every 2.4 new residents. The ratio improves to one new unit for every 2.1 new residents during the five-year report period (2019-2023), notable as a consequence of decelerating population growth rather than accelerating housing production. This data collectively signals the relative housing supply within Carlsbad continues to tighten as evident over the extended measurement dating back to 2010, but with relative improvements over the report period.

When Less Means More: Recent Improvement in Housing Ratios Comes with Qualifier…

LAFCO estimates City of Carlsbad's jurisdictional boundary has added 3,943 new housing units since the 2010 census, producing a ratio of one new unit for every 2.9 residents. Narrowing to just the five-year report period ending in 2023, the ratio improves to one new unit for every 2.1 new residents. This recent improvement, however, is largely a symptom of decelerating population growth rather than accelerating housing production.

Other material housing characteristics follow.

Household Types | Nearly two-thirds – or 62.2% – of housing units in Carlsbad are owner-occupied near the end of the report period. The remainder of the housing units in Carlsbad are divided between renter-occupied and vacant at 31.3% and 6.5%, respectively.

Housing Costs | The five-year average monthly median housing cost (mortgage or rent) in Carlsbad is $2,624. This monthly amount has increased by $376 – or 16.7% – compared to the prior five-year average sum of $2,248. [13]

[13] Five-year averages are specific to American Community Survey data collected for (a) 2012 to 2016 and (b) 2017 and 2021.

Housing Costs to Wallet | The five-year average monthly median housing cost (mortgage or rent) in Carlsbad equals 24.4% of median household incomes.[14] Adjusting for baseline ancillary expenses – e.g., utilities and insurance – it is projected households' real housing costs equal 29.4% of their monthly income.

Housing Costs to Salary | The average home value in Carlsbad has increased by 61.9% over the report period from $832,749 in 2019 to $1,348,491 in 2023.[15] This latter amount paired with median housing incomes generates a home price-to-income ratio of 10.4. This pattern suggests that many transactions may rely on higher-income buyers, outside arrivals, or significant cash contributions.

* Carlsbad notes the U.S. Department of Housing and Urban Development (HUD) separately shows over 6,000 low-income renters pay more than 30% of their income for rent and almost 4,000 of this grouping pay more than 50%.

3.2 Age Distribution

The median age of residents in the City of Carlsbad is 42.9 based on a recent five-year average. This figure reflects a modest increase of 3.1% from 41.6 over the preceding five-year period. The current median age also remains substantively higher than the countywide average of 36.3 – a difference of nearly one-fifth or 18%. Residents in the prime working age group, defined as ages 25 to 64 and the prime tax-generating income group, make up one-half of the total Carlsbad population at 52.8%.

Carlsbad's Seven Year Gap…

Residents in the City of Carlsbad tend to be nearly one-fourth older with a median age of 43 (Generation X) compared to the countywide median at 36 (Millennials).

City of Carlsbad:
Age Distribution
Table A-3.2a | Source: Esri, American Community Survey, and San Diego LAFCO

Factor	City of Carlsbad	San Diego County
Median Age (5-year average 2012-2016)	41.6	35.3
Median Age (5-year average 2017-2021)	42.9	36.3
… % Change	3.1%	2.8%
Prime Working Age, 25-64 (5-year average 2012-2016)	54.4%	53.7%
Prime Working Age, 25-64 (5-year average 2017-2021)	52.8%	54.1%
… % Change	(2.9%)	0.7%

14 See the preceding footnote for citation. Median household incomes have averaged $129,269 during the five-year period.
15 The average home values in Carlsbad during the five-year report period is based on Zillow analytics (www.zillow.com).

3.3 Income Characteristics

The median household income in Carlsbad is $129,269 based on a recent five-year average. This figure shows Carlsbad households are earning significantly more with the median income experiencing an overall increase of approximately 31.5% from the preceding period average of $98,315 – a growth rate that is one-third above the corresponding change in inflation measured for the San Diego-Carlsbad region over the same period.[16]

One-Third + One-Half: Incomes Continue to Separate…

City of Carlsbad residents' average median household income increased by almost one-third based on recent five-year averages, finishing at $129,269. This latter amount separately is nearly one-half higher than the countywide average.

Drawing from the same five-year averages, Carlsbad's median household income remained nearly one-half higher than the countywide median of $88,240, despite increasing at a slower pace than the county overall. Other material measurements show the average poverty rate – which for a household of four means an income below $30,000 – fell 2.2% points to 8.3%.

City of Carlsbad:
Income Characteristics
Table A-3.3a | Source: Esri, American Community Survey, and San Diego LAFCO

Factor	City of Carlsbad	San Diego County
Median Household Income (5-year average 2012-2016)	$98,315	$66,529
Median Household Income (5-year average 2017-2021)	$129,269	$88,240
… % Change	31.5%	32.6%
Poverty Rate (5-year average 2012-2016)	8.5%	14.0%
Poverty Rate (5-year average 2017-2021)	8.3%	10.7%
… % Change	(2.2%)	(23.6%)

3.4 Others: Unemployment and More

The unemployment rate – the percentage of the workforce (excluding students) jobless – within the City of Carlsbad remains comparatively low at 5.8% based on a recent five-year period average. Although the rate jumped by nearly two-thirds over the prior five-year period, it continues to fall below both the countywide rate of 6.6% and the statewide rate of 6.2%. This suggests a relatively strong local labor market, which concurrently provides the municipal benefit of

Low Unemployment…

Recent five-year averages show the unemployment rate in the City of Carlsbad has remained comparatively low at 5.8% *despite* a two-thirds increase over the prior period (emphasis).

16 The inflation rate for the San Diego-Carlsbad region via the consumer price index is 21.1% between July 2019 and June 2023.

presumably reduced demand for safety net services such as housing assistance and healthcare programs. Additional socioeconomic indicators follow.

Less Commuting…
1/4th of Labor Force Works from Home…
The recent five-year average rate of the labor force residing in Carlsbad that work from home is nearly one-fourth at 23.6%. This amount has doubled over the prior five-year period and is double the current overall rate of 12.5% in San Diego County.[17]

Work-from-Home Hub…
Recent five-year averages show residents in the City of Carlsbad are now working from home at nearly double the countywide rate (24 to 13%).

Geared to Higher Education:
3/5ths of Adults Have Bachelor's Degrees…
The recent five-year average rate of adults in Carlsbad with bachelor's degrees is 59.3%. This figure has remained relatively stable over the prior five-year period and is nearly 20 percentage points above the overall countywide attainment level of 40.3%.

Direct Communication:
19/20ths Households Self-Identify as English Speakers…
The recent five-year average rate of households in Carlsbad self-identifying as English speaking is 94.7%, a rate that has remained relatively stable and is well above the countywide average. The corresponding non-English speaking rate of 5.3% is less than half the overall rate in San Diego County at 13.1%.

Silver Movement:
1/5th of Residents are Now Collecting Retirement…
The recent five-year average rate of adults in Carlsbad collecting retirement income – whether through an employer pension program or Social Security – is 21.4%. This figure has also increased by nearly one-fourth over the prior five-year period and now closely matches the overall rate in San Diego County, which is 21.2% - suggesting homeowners are retiring but staying put given housing market dynamics.

[17] The observed spike in the share of the labor force working from home is likely attributable to the COVID-19 pandemic, which prompted widespread public health restrictions, workplace closures, and a rapid shift to remote work arrangements.

City of Carlsbad:
Other Socioeconomic Indicators
Table A-3.4a | Source: Esri, American Community Survey, and San Diego LAFCO

Factor	City of Carlsbad	San Diego County
Unemployment Rate (5-year average 2012-2016)	3.6%	7.8%
Unemployment Rate (5-year average 2017-2021)	5.8%	6.6%
… % Change	62.0%	(15.4%)
Labor Force Working From Home (5-year average 2012-2016)	11.7%	7.0%
Labor Force Working From Home (5-year average 2017-2021)	23.6%	12.5%
… % Change	100.9%	78.9%
Non-English First Language (5-year average 2012-2016)	5.6%	15.0%
Non-English First Language (5-year average 2017-2021)	5.3%	13.1%
… % Change	(5.9%)	(12.6%)
Adults with Four-Year Degrees (5-year average 2012-2016)	56.2%	36.5%
Adults with Four-Year Degrees (5-year average 2017-2021)	59.3%	40.3%
… % Change	5.6%	10.4%
Collecting Retirement (5-year average 2012-2016)	18.4%	17.7%
Collecting Retirement (5-year average 2017-2021)	21.4%	21.2%
… % Change	16.3%	19.8%

3.5 Unhoused Demographics

The City of Carlsbad participates in annual point-in-time counts for the unhoused population administered by the region's Continuum of Care (CoC) provider – the San Diego Regional Task Force on Homelessness.[18] The count is conducted largely by volunteers and typically during the last week of January concurrently across all 18 cities as well as several unincorporated communities in San Diego County. The point-in-time count complies with federal regulations and provides data on the scope and scale of homelessness on a given day. It also categorizes the unhoused population as unsheltered (vehicles, parks, streets, etc.) or sheltered (safe havens, emergency shelters – including hotel and motel vouchers).

Counts performed during the five-year review period with adjustments to exclude 2021 given the pandemic shows the average number of homeless in Carlsbad on any given day is 133. The total number of homeless at the end of the report period in 2023 tallies 103 and concurrently represents the lowest amount tracked over each of the five years. The most recent count shows 58.3% – or 60 – of the total as unsheltered and

When 1,130 Beats 709: Lowering Homeless Intensity…

At the end of the report period in 2023, there was once counted homeless person in the City of Carlsbad for every 1,130 housed residents – a nearly two-thirds improvement from one per every 709 at the start of the period.

[18] The CoC (San Diego Regional Task Force on Homelessness) is the coordinating body that oversees homelessness services and funding throughout San Diego County. All cities in San Diego County work with CoC to access federal funding, coordinate services, and ensure their local homeless programs align with regional efforts.

residing in cars, public places, or the street. The remaining 43 counted homeless are sourced to an emergency shelter.

City of Carlsbad:
Point in Time Homeless Counts
Table A – 3.5a | Source: Regional Taskforce on Homeless in San Diego County + SD LAFCO

Sheltered Population		
January 2019		59
January 2020	-8.5%	54
January 2021	n/a	No Data
January 2022	-20.4%	43
January 2023	0.0%	43
Average	-27.1%	49.8

Unsheltered Population		
January 2019		102
January 2020	-7.8%	94
January 2021	n/a	No Data
January 2022	-20.2%	75
January 2023	-20.0%	60
Average	-41.2%	82.8

Total Homeless Count		
January 2019		161
January 2020	-8.1%	148
January 2021	n/a	No Data
January 2022	-20.3%	118
January 2023	-12.7%	103
Average	-36.0%	132.5

Homeless-to-Housed Population Ratios

2019	2020	2021	2022	2023
1:709	1:775	No Data	1:982	1:1,130

Period Summary

AVG SHELTERED	AVG UNSHELTERED	AVG TOTAL
49.8	82.8	132.5
↓ 27.1%	↓ 41.2%	↓ 36.0%

Illustration Created with Anthropic

3.6 Environmental Justice

State law directs the Commission to address environmental justice whenever it considers jurisdictional changes – a factor added to statute in 2008 and defined as "the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services." The Commission adopted a local policy in 2022 to formally guide its consideration of environmental justice, including proactively incorporating pollution burdens and their economic impacts into the municipal service review program.

Measuring EJ:
State's Two-Factor Test…

LAFCO's consideration of environmental justice draws on the California EPA and includes statewide percentile rankings for the City of Carlsbad across two core dimensions: (a) pollution burdens and (b) at-risk population characteristics.

Drawing on this framework, the Commission's consideration of environmental justice within the City of Carlsbad uses data from the California Environmental Protection Agency through its online assessment tool (CalEnviroScreen 4.0). Two percentile rankings are generated based on a weighted calculation involving multiple census tracts covering Carlsbad as well as overlapping adjacent areas — including inhabited portions within the Oceanside and Vista municipalities. These rankings focus on two core dimensions: pollution burdens – including exposures and environmental effects – and at-risk population characteristics, which account for sensitive groups and socioeconomic factors.

The resulting scores are summarized below to provide a broader understanding of environmental conditions and equity considerations in Carlsbad.

- Carlsbad's composite pollution burden ranks in the 30th percentile relative to the state and is considered comparatively good. It also falls below the 38th percentile for San Diego County. Composite ranking aside, three individual pollution indicators exceed the 50th percentile and reflect relatively higher environmental concerns: exposure to traffic impacts, effects from hazardous waste, and effects from impaired water bodies. None, however, exceed the 66th percentile, which represents a benchmark for significance. Additional comparative distinctions follow.

  - Carlsbad enjoys relatively superior air quality as measured by ozone (smog) with its statewide percentile ranking being more than one-fifth lower (better) than all of San Diego County. The main sources of ozone are trucks, cars, planes, factories, and construction activities. Ozone exposure is known to irritate the lungs, cause inflammation, and worsen chronic illnesses.

  - Traffic impacts and their exposures in Carlsbad are relatively high with its statewide percentile ranking being almost one-fourth higher than all of San Diego County. Traffic impacts are directly tied to the number of vehicles on the roads and are a main source of air pollution via particulate matter as well as noise. It is reasonable to assume the higher ranking in Carlsbad ties directly to I-5 corridor.

  - Pesticide uses and their exposures in Carlsbad are significantly higher with its percentile ranking nearly four times greater than all of San Diego County. It is reasonable to assume the higher ranking in Carlsbad ties to its agricultural legacy.

- Carlsbad's composite **at-risk population** ranking falls in the 9th percentile relative to the rest of California and is considered comparatively excellent. It also falls well below the 37th percentile ranking for all of San Diego County. None of the at-risk measurements exceed the 50th percentile, which is a benchmark for relatively higher environmental concerns. Additional comparative distinctions follow.

  - Carlsbad residents have significantly lower levels of asthma, low birth weights, and cardiovascular disease and marked by the asthma rate percentile ranking being six-fold lower than all of San Diego County.

  - Carlsbad households are measurably more connected through a common language as evidenced by a linguistic isolation percentile ranking that is nearly three-fold lower than all of San Diego County.

A complete detailing of all population burdens and at-risk population rankings follows.

City of Carlsbad:
Environmental Justice Criteria
Table A – 3.6a | Source: California EPA + SD LAFCO

30.1	8.6	17
Pollution Burden Percentile	Sensitive Population Percentile	Census Tracts

Pollution Burdens

FACTOR	CARLSBAD	SD COUNTY	DIFFERENCE
Air Quality – Ozone	32.7	42.2	9.5% Better
Air Quality – Fine Particulate	36.3	43.1	6.8% Better
Air Quality – Diesel Particulate	48.4	49.5	1.1% Better
Pesticide Uses	46.5	11.8	34.7% Worse
Toxic Releases	18.9	32.1	13.2% Better
Traffic Impacts	58.7	48.4	10.3% Worse
Drinking Water Contaminants	20.4	33.2	12.8% Better
Lead Risk in Housing	10.9	38.7	27.8% Better
Cleanup Sites	14.3	24.2	9.9% Better
Groundwater Threats	35.2	36.8	1.6% Better
Hazardous Waste	55.0	44.9	10.1% Worse
Impaired Water Bodies	52.6	55.5	2.9% Better
Solid Waste Sites and Facilities	19.5	27.4	7.9% Better

Sensitive Population

FACTOR	CARLSBAD	SD COUNTY	DIFFERENCE
Asthma	5.7	34.6	28.9% Better
Low Birth Weight	20.1	44.5	24.4% Better
Cardiovascular Disease	19.9	28.8	8.9% Better
Education	18.6	41.3	22.7% Better
Linguistic Isolation	13.4	37.8	24.4% Better
Poverty	20.7	45.5	24.8% Better
Unemployment	38.8	50.0	11.2% Better
Housing Burden	30.1	49.0	18.9% Better

Illustration Created with Anthropic

Additional considerations of environmental justice factors can be found by analyzing elements from the Carlsbad's Climate Action Plan (CAP). First adopted in September 2015, this document serves as Carlsbad's roadmap for reducing greenhouse gas (GHG) emissions as required under the California Environmental Quality Act (CEQA). The plan is premised on State statute recognizing climate change impacts have historically and disproportionately harmed socially and economically disadvantaged communities. The CAP was updated in November 2024 and now includes more than 20 emission reduction strategies designed to streamline environmental reviews for growth and development projects. These strategies specifically focus on reducing GHG emissions through 2045 – as mandated by the State – with emphasis on limiting carbon dioxide (CO2) output.[19] [20] These reduction strategies are grouped into six focus categories: energy, water, waste diversion, transportation, off-road equipment, and carbon sequestration

When Optional Becomes Essential…

The City of Carlsbad's Climate Action Plan (CAP) serves as the City's roadmap for reducing greenhouse gas emissions. While CAPs are voluntary planning documents, they are increasingly essential given separate State requirements for counties and cities to systematically address greenhouse gas emissions when evaluating development projects under CEQA.

Carlsbad's CAP uses 2016 as its baseline inventory year with a communitywide source contribution estimate of 981,000 metric tons of carbon dioxide equivalent (MT CO2e, or "metric tons"). This amount is equivalent to the electricity use of 204,436 households for one year.[21] It similarly translates to an annual generation of 8.4 metric tons per person based on an estimated population in Carlsbad of 110,933 in 2016.[22] Carlsbad's estimated per person carbon footprint – notably and with material qualifications given use of different baseline years – is the highest among the five "North County" cities in San Diego as detailed in the accompanying footnote.[23] Carlsbad's CAP separately estimates the baseline amount would increase on its own to 1,024,000 metric tons by 2045 absent any changes.

High Footprint + High Ambitions…

Carlsbad's per capita carbon footprint of 8.4 metric tons exceeds all North County cities – a figure influenced by the inclusion of McClellan-Palomar Airport and a comparatively large business park presence. Carlsbad's plan to cut community wide emissions by 85% by 2045 is also the most ambitious of the North County cities.

[19] State sets the following GHG emission reduction standards for California: a) reduce to 40 percent below 1990 levels by 2030 and b) reduce to 80 percent below 1990 levels by 2050. The State translates these reduction goals by requiring local jurisdictions to meet per capita GHG emissions of no more than 6 metric tons by 2030 and 2 metric tons by 2050.

[20] CEQA Section 15183.5 (1) requires municipalities to create comprehensive, evidence-based GHG reduction plans that quantify emissions, set defensible targets, specify implementation measures, include monitoring systems, and undergo public adoption processes.

[21] Energy emissions for households calculated via EPA online tool: www.epa.gov/energy/greenhouse-gas-equivalencies-calculator.

[22] Formula: 981,000 (metric tons) / 110,933 (population) equals 8.4.

[23] Carlsbad's carbon footprint of 8.4 metric tons per capita exceeds that of neighboring cities - Oceanside at 5.8, Vista at 6.1, Escondido at 6.2, and San Marcos at 6.3. Data reflects different baseline years (2012-2016) which may affect comparability.

Carlsbad's strategy to meet its target to reduce its baseline carbon emissions by 85% to 147,000 metric tons by 2045 largely ties to anticipated reductions from federal and state actions with the balance – 135,000 metric tons – dependent on CAP actions; an amount equivalent to avoiding 343.8 million miles driven by typical gas-powered passenger vehicles.[24]

Future reports could revisit and expand on Carlsbad's efforts to reduce GHG emissions and related efforts to address and promote environmental justice.

4.0 ORGANIZATION

4.1 Governance

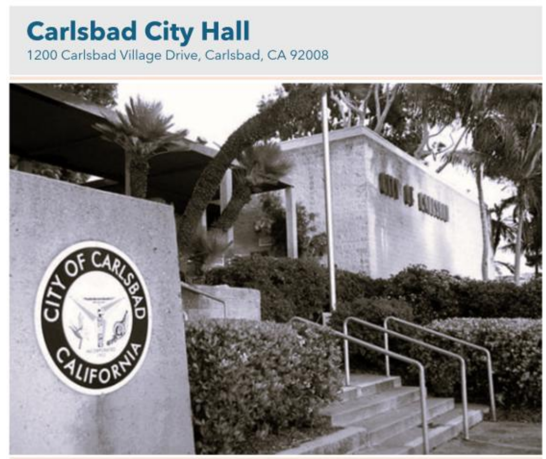


Photo Credit: City of Carlsbad

The City of Carlsbad operates as a charter-law municipality under its own locally adopted charter, also known as "home rule." Carlsbad established its charter status through Proposition D in June 2008 with 82.4% of registered voters supporting the City Council-sponsored transition. Proponents cited the benefits of retaining growth management powers and reducing costs associated with prevailing wage requirements that apply to general-law municipalities. Carlsbad's Charter largely affirms general law powers and duties while maintaining a council-manager governance format in which the Council sets policy and the City Manager implements it. Nonetheless, the Charter includes several distinct local authorizations, highlighted by the following provisions:

- Affirms the principles and intentions of Proposition E (1986) establishing a local growth management plan.
- Authorizes the expenditure of general fund monies to promote and support economic and community development.
- Allows local standards and rules to fund public improvements and services as well as setting standards for awarding related contracts.

[24] Source: EPA greenhouse gas equivalencies calculator tool: www.epa.gov/energy/greenhouse-gas-equivalencies-calculator.

Carlsbad's five-member City Council is divided between an at-large Mayor and four Councilmembers with the latter group divided as of July 2017 into four "districts." Each district includes about 20,000 registered voters as of the 2020 census. All members receive a salary and benefits; they may also participate in the City's pension program with CalPERS.[25]

City of Carlsbad:
Council Members as of December 2025
Table A-4.1a | Source: City of Carlsbad

Member	Position	Years on Council	Background
Melanie Burkholder	District 1	2	Mental Health
Kevin Shin	District 2	<1	Public Safety/Entrepreneur/Veteran
Priya Bhat-Patel	District 3	6	Public Health
Teresa Acosta	District 4	4	Public Relations
Keith Blackburn	Mayor	16	Public Safety

* Other elected Carlsbad officials are the City Clerk and City Treasurer.

The City Council holds regular meetings generally two to three Tuesdays each month unless otherwise notified. Meetings are broadcast live on the local public access channel (Channel 24), with video recordings archived on the City website.

Carlsbad maintains more than one dozen standing boards and commissions to help inform City Council decision-making on topics of elevated policy priority. During the report period, the Planning Commission, Traffic Safety and Mobility Commission, Library Board of Trustees, and Arts Commission have been the most active, with annual average meeting totals of 16, 12, 11, and 9 meetings respectively. Summaries follow.

Governance Help…

The City of Carlsbad maintains 14 standing boards and commissions spanning topics from land use to public safety to arts and culture. During the five-year report period ending in 2023, these bodies held an average of 80 public meetings each year, led by the Planning Commission at nearly 16 per year.

- The Agricultural Conservation Mitigation Fee Citizens Advisory Committee consists of seven public members to provide advisory recommendations to the City Council on proposed expenditures from the Agricultural Conversion Mitigation Fee Fund. Established in 2005 when Carlsbad began collecting a per-acre fee from developers for converting agricultural land to urban uses, the Committee is staffed by the Housing and Homeless Services Department and has held three meetings during the period.

25 The annual salary paid to the Mayor and Councilmembers at the end of the report period is $29,457 and $28,257, respectively. Auto allowances are also provided at $5,400 for the Mayor and $4,200 to Councilmembers.

- The Arts Commission consists of seven appointed public members to provide advisory recommendations to the City Council on implementing the Arts Element of the Carlsbad General Plan as well as the Arts & Culture Master Plan (adopted in 2018). The Commission was established in 1985 with staffing by the Library & Cultural Arts Department. This Commission has held 44 meetings during the report period.

- The Beach Preservation Commission (now the Environmental Sustainability Commission) was established in 1986 and consists of seven appointed public members to provide advisory recommendations to the City Council on shoreline protection and enhancement and related topics. Originally staffed by the Parks and Recreation Department, this Commission has held 16 meetings during the report period. The Council transitioned this body to the Environmental Sustainability Commission in July 2025, with staffing now provided by the Environmental Sustainability Department.

- The Community-Police Engagement Commission consists of five appointed public members to provide advisory recommendations to the Police Department on policies, procedures, and training. The Commission was established in 2022 and staffed by the City Clerk's Office. There were two meetings in 2023.

- The Golf Lodging Business Improvement District consists of five appointed members representing lodging and golf businesses collectively tasked with making advisory recommendations to the City Council on proposed expenditures involving collected assessments. It was established in 2012 in step with Carlsbad forming the Golf Lodging Business Improvement District and the levying of $2 per room each night to promote golf-related overnight stays in the City. Staffing is provided by the Economic Development Department. This Board has held 26 meetings during the report period. *This Board has since been disestablished with service provided by Visit Carlsbad*.

- The Historic Preservation Commission consists of five public appointed members - tasked with making advisory recommendations to City Council and Planning Commission on historic preservation initiatives and minimizing impacts to historic resources. It was established in 1997 with staffing provided by Community Development. This Commission has held 26 meetings over the report period.

- The Housing Commission consists of five appointed public members – two Housing Agency clients and three with related expertise – who provide advisory recommendations to the Community Development Commission and City Council on housing topics, including affordability objectives. The Housing Commission was established in 1999 and staffed by the Housing and Homeless Services Department. This Commission has held 35 meetings during the report period.

- The Library Board of Trustees consists of five appointed public members who provide advisory recommendations to the City Council on ongoing library operations and serve as a community forum on related topics. The Board was established in 1961 and staffed by the Library & Cultural Arts Department. This Board has held 54 meetings during the report period.

- The Parks and Recreation Commission consists of seven appointed public members who provide advisory recommendations to City Council on parks and recreation topics, including recreational programs and plantings on all public properties; it also hears appeals on planting decisions involving street trees. The Commission was established in 1953 and staffed by the Parks & Recreation Department. This Commission has held 35 meetings during the report period.

- The Planning Commission consists of seven appointed public members who provide advisory recommendations to the City Council on implementing and updating the General Plan, development projects, and related programs and plans. The Commission was established in 1952 and staffed by the Community Development Department. This Commission has held 132 meetings during the report period.

- The Senior Commission consists of five appointed public members who provide advisory recommendations to the City Council on developing and operating programs to meet the needs of elder residents. The Commission was established in 1985 and staffed by the Parks and Recreation Department. This Commission held 26 meetings during the report period.

- The Tourism Business Improvement District Board consists of seven appointed members – all from the lodging industry – who provide advisory recommendations to the City Council on proposed expenditures using collected assessments. The Board was established in 2023 when Carlsbad formed the Tourism Business Improvement District and levied a 2% assessment on gross lodging revenue to promote overnight tourism. Staffing is provided by the Economic Development Department. This Board held 30 meetings during the report period.

* *The Board has since been disestablished and reformed under another enabling statues with services provided by Visit Carlsbad.*

- The Traffic Safety and Mobility Commission consists of seven appointed public members who provide advisory recommendations to the City Council on vehicle and pedestrian circulation and safety. The Commission was originally established in 1968 with five members and later expanded to seven members and renamed the Traffic Safety Commission. The Commission is staffed by the Transportation Department and held 60 meetings during the report period.

Additional information is footnoted.[26]

4.2 Administration

The City of Carlsbad operates under a council-manager form of government with a full-time City Manager responsible for overseeing and coordinating all municipal operations in alignment with City Council-adopted policies and direction. Scott Chadwick served as Carlsbad's City Manager throughout the five-year report period ending in 2023 before voluntarily departing and being replaced by Geoff Patnoe in December 2024.[27] Under Carlsbad's Municipal Code, the City Manager is authorized to appoint, discipline, remove, promote, or demote all city officers and employees with the exception of the City Clerk, City Treasurer, City Attorney, and employees in the City Attorney's Office.[28]

As of the end of the report period, Carlsbad budgeted a total of 806.8 full-time equivalent (FTE) positions. This total is allocated between the following five City branches with several having multiple departments or divisions: Administrative Services, Community Services, Fire, Police, and Public Works. The largest share of budgeted positions throughout the five-year report period has been allocated by the City Council to public safety functions, specifically fire and police services. Combined, these two Departments have consistently accounted for nearly two-fifths of all budgeted City positions during the report period.

---

[26] Subsequent to the end of the report period, the Investment Review Board was established in 2025 to regularly review Carlsbad's investment portfolio. The Board consists of the elected City Treasurer as well as four public members - all nominated by the City Treasurer and approved by the City Council. The Board works with the City Treasurer, Deputy City Treasurer, and investment staff and meets on a quarterly basis. As of the publishing of this report, the Board has met two times.

[27] City Manager Patnoe's employment agreement provides a base salary of $293,135 with 12-month severance absent cause.

[28] *Reference: Carlsbad Municipal Code Section 2.12.035.*

5.0 MUNICIPAL SERVICE FUNCTIONS

The City of Carlsbad provides an extended range of municipal services within its jurisdictional boundaries with limited reliance on outside special districts. This report has been scaled by the Executive Officer to focus on five specific service functions that underpin Carlsbad's growth and development as well as community needs. These are also functions that – with one notable exception relating to land use decisions – are commonly provided by special districts throughout California. These targeted functions involve (a) wastewater, (b) integrated fire protection, emergency medical, and ambulance services, (c) parks and recreation, (d) library and cultural arts, and (e) community development. Other pertinent municipal services provided by Carlsbad – including police protection and solid waste collection – are expected to be separately reviewed by LAFCO as part of future countywide studies. A summary analysis of the five targeted service functions with respect to resources and capacities, demands, and performance measurements follows.

Focused MSR:
Targeting Five for Now…

This regional municipal service review focuses on five service functions underpinning the City of Carlsbad's growth and development: (a) wastewater, (b) integrated fire, emergency medical and ambulance, (c) parks and recreation, (d) library and community arts, and (e) community development.

5.1 Wastewater Function

The City of Carlsbad's wastewater function comprises three classes – collection, treatment, and discharge – and currently covers close to four-fifths – 82% - of the City's jurisdictional boundary, serving an estimated population of 87,140. Wastewater services for the remaining developed areas in Carlsbad are provided by either the Leucadia Wastewater District (LWD) or the Vallecitos Water District (VWD), both of which were established prior to the City's incorporation in 1952. While collection is entirely performed by Carlsbad, treatment and associated discharge/reuse is provided by contract through a joint powers authority – Encina Wastewater Authority (EWA) – in partnership with five other local agencies: City of Vista, City of Encinitas, VWD, LWD, and Buena Sanitation District (BSD).[29] [30] The following analysis examines the wastewater function and its three major service classes, covering resources, capacities and demands, and performance.

Two-Tier Structure: Divided Collection + Shared Treatment…

Wastewater service in the City of Carlsbad is delivered through a collaborative framework. Collection responsibilities are divided among three agencies with Carlsbad managing nearly four-fifths of the jurisdictional boundary. Treatment and discharge are provided regionally by the Encina Wastewater Authority, which receives flows from Carlsbad, Encinitas, Vista, San Marcos, and adjacent county areas.

Resources | Budget + Staffing

Carlsbad's wastewater service function operates under the Public Works Branch's Utilities Department. It is organized as an enterprise fund with the intention of being entirely self-sufficient with any surplus re-invested into the system either directly through capital improvements or indirectly through reserves. During the five-year report period ending in 2023, actual operating revenues averaged $16.2 million annually with approximately 97% generated directly through monthly wastewater service charges. Operating expenses for the wastewater function have averaged $14.8 million annually and largely ties to covering three

Operating Actuals…

Actual operating revenues have averaged $16.2 million annually during the five-year report period ending in 2023, with a 41% overall growth compared to the start of the five-year period beginning in 2019. Actual operating expenses have averaged $14.8 million during the period with a (14.6%) overall decrease compared to the report period start.

[29] EWA is owned by six public agencies and governed by a Joint Powers Authority (JPA) that facilitates cost sharing and enables economies of scale the owners could not achieve independently. The JPA was founded in 1961 by Carlsbad and Vista. Over the next decade, the JPA was joined by the Buena Sanitation District, Vallecitos Water District, Leucadia Wastewater District and City of Encinitas.

[30] Prior to the 1960s, the City of Carlsbad treated wastewater at a small facility near Buena Vista Lagoon.

budget categories: administrative, general, and operations.[31] Overall, the wastewater function's average annual operating margin is 9.1% across the five years.[32]

City of Carlsbad:
Wastewater Function Budget Resources
Table A-5.1a | Source: City of Carlsbad + SD LAFCO

Categories	2019-2023 5-Year Averages
Actual Operating Revenues	
… Average Annual	$16.247 million
… Overall Change	41.0%
Actual Operating Expenses	
… Average Annual	$14.767 million
… Overall Change	(14.6%)
Budget Performance	
… Overall Budget to Actual Ratio	0.94

Budgeted staffing dedicated to supporting Carlsbad's wastewater function at the end of the report period in 2023 totals 21.6 FTEs. This staffing amount reflects a change of 2.0 full-time additional positions across the five-year report period.[33]

Resources | Wastewater Rates

Carlsbad charges monthly fees for wastewater collection, treatment, and discharge services. User fee collections have accounted for 97.0% of actual revenues during the five-year period ending in 2023. The calculation method varies by customer class: single-family residential customers pay flat monthly rates, while multi-family residential, commercial, and other customer classes pay volume-based rates with different subclass tiers. A breakdown of wastewater fees across all categories through the report period follows with additional details on Carlsbad's primary customer classes – single family, multi-family, and group commercial – provided below.

Catching Up …

The City of Carlsbad's wastewater rates remained frozen from 2016 through 2019 before the City implemented four consecutive annual increases to address deferred repairs and upgrades. For single-family customers – 90% of all accounts – the monthly bill rose from $28 to $43, a 55% overall increase over the five-year report period ending in 2023.

[31] The largest wastewater expense category fluctuated over the review period. In three of the five years, administrative and general expenses accounting for the highest share with an average of 67.7% of total costs. In the remaining two years, the largest expense was associated with the operation of the Encina Wastewater Treatment Plant, comprising 73.3% of costs. These shifts are primarily due to the year-to-year variability in capital expenditures at the Encina facility.

[32] The net margin calculation includes all operating and non-operating revenues minus operating expenses excluding depreciation.

[33] Budgeted staffing dedicated to wastewater at the end of the period equals 32.1% of the overall Carlsbad Utilities Department total.

Single-Family Residential | A flat monthly fee based on an average "return to sewer" rate of 80% calculated from the two lowest potable water demand months systemwide. The calculation is performed for the entire wastewater service area rather than individual customers. This class includes duplexes and accounts for 90% of all active accounts.

Multi-family Residential | A volume-based fee charged according to monthly water consumption and calculated individually for each customer account. This class includes apartments and mobile homes. It accounts for 6% of all active accounts.

Group Commercial | A volume-based fee is charged according to monthly water consumption and calculated individually for each customer account. It comprises several subclasses with escalating rate tiers, ranging from the lowest rate for office buildings to the highest rates for restaurants. It accounts for 4% of all active accounts.

City of Carlsbad:
Wastewater Rates, FY19 to FY23
Table A - 5.1b | Source: City of Carlsbad + SD LAFCO

+52.7%	+47.5%	+46.9%
Avg Residential Increase	Avg Commercial Increase	Avg All Categories

Residential (Flat Monthly Fee)		
Single Family	+55.0%	$27.81 → $43.11
w/ 2nd Unit	+55.0%	$41.72 → $64.67
Multi-Family	+50.8%	$3.29 → $4.96
Mobile Home	+50.8%	$3.29 → $4.96

Commercial (Per Water Unit)		
Group 2	+55.9%	$2.70 → $4.21
Industrial Pretreatment	+49.9%	$4.53 → $6.79
Group 3	+46.6%	$4.10 → $6.01
Group 4	+37.4%	$7.65 → $10.51

Educational (Per Student)		
Junior High	+54.9%	$0.82 → $1.27
Elementary	+54.5%	$0.55 → $0.85
High School	+53.6%	$1.10 → $1.69
Boarding School	+53.0%	$5.75 → $8.80

Breweries (Per Water Unit)		
Group 1	+50.4%	$2.80 → $4.21
Group 3	+33.5%	$7.87 → $10.51
Group 2	+29.2%	$9.07 → $11.72
Group 4	+28.3%	$11.26 → $14.45

A commercial connection dedicated to the City of Vista is not reflected.

Illustration Created with Anthropic

A closer review shows wastewater rates remained unchanged from 2016 through 2019, representing a four-year rate freeze prior to the report period. Beginning in 2020, Carlsbad implemented annual rate adjustments that continued through 2023, resulting in sizable cumulative increases across all rate categories in an attempt to catch up after a long period of no increases to address infrastructure repairs and upgrades. For single-family residential customers – who represent over 90% of customers – the monthly bill has increased by 55% during the report period, with the average monthly bill rising from $27.81 to $43.11.[34]

Capacities | Collection System

Carlsbad's wastewater collection system primarily relies on gravity flow to receive and convey wastewater through a network of approximately 268 miles of sewer mains. The system is supported by 13 lift stations – 11 owned and operated by Carlsbad and two jointed owned with Vista - that transport wastewater to high points in the collection system, where it then flows by gravity to the joint-use EWA facility.[35] Other collection system features follow and further detailed in the associated table.

98% Gravity…

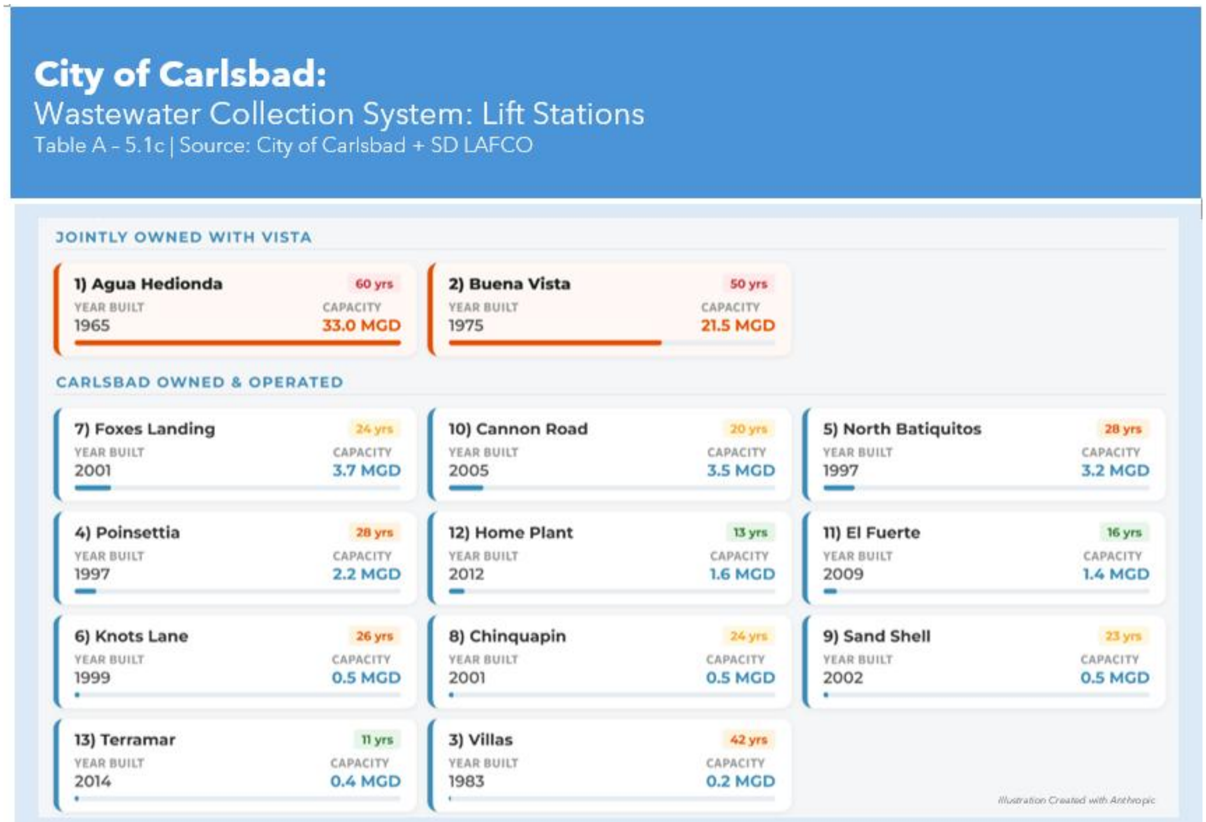
The City of Carlsbad's wastewater collection system spans 268 miles of sewer mains with 98% gravity-fed. Thirteen lift stations manage raising flows where needed towards the joint-use EWA facility for treatment and disposal. 70% of the collection system is less than 45-years old, with older pipelines proportionally serving Carlsbad's downtown area.

- Force mains represent approximately 1.6% of the total collection system.
- System age varies considerably. Approximately 70% of the system is less than 45 years old, reflecting suburban development following the late 1980s. Older pipelines are primarily located in the downtown area with some exceeding 80 years.
- System expansion has been minimal, with no significant expansions during the five-year report period ending in 2023. However, increased development density is anticipated in the near future and is expected to place a substantial burden on collection system capacity.
- Service area is limited to Carlsbad's jurisdictional boundary; City attests it does not provide wastewater services outside its jurisdictional boundary.

34 Single-family residential rates are calculated as flat monthly fees based on an average "return to sewer" rate of 80% derived from the two lowest potable water demand months system-wide, rather than individual customer usage. The average monthly bill increased by $15.30 over the report period, from $27.81 to $43.11. This change represents a 55% increase compared to the original amount.

35 The 11 Carlsbad owned-operated lift stations are smaller-capacity facilities serving localized areas throughout the City's service area. These stations lift wastewater to higher elevations to maintain gravity flow through the system, utilizing approximately 4.3 miles of force mains where needed. The two jointly-owned lift stations – Agua Hedionda and Buena Vista – have the largest capacities, with Buena Vista also used by Vista through a joint transmission line to receive and convey wastewater flows from Oceanside to the EWA facility. The jointly owned lift stations are managed by Buena Vista and the City of Carlsbad. Operations are performed by EWA, while the force mains are maintained and operated by Buena Vista rather than EWA.

Capacitiy details for Carlsbad's lift stations follow.



City of Carlsbad:
Wastewater Collection System: Lift Stations
Table A - 5.1c | Source: City of Carlsbad + SD LAFCO

Lift Station	Age	Year Built	Capacity
JOINTLY OWNED WITH VISTA			
1) Agua Hedionda	60 yrs	1965	33.0 MGD
2) Buena Vista	50 yrs	1975	21.5 MGD
CARLSBAD OWNED & OPERATED			
7) Foxes Landing	24 yrs	2001	3.7 MGD
10) Cannon Road	20 yrs	2005	3.5 MGD
5) North Batiquitos	28 yrs	1997	3.2 MGD
4) Poinsettia	28 yrs	1997	2.2 MGD
12) Home Plant	13 yrs	2012	1.6 MGD
11) El Fuerte	16 yrs	2009	1.4 MGD
6) Knots Lane	26 yrs	1999	0.5 MGD
8) Chinquapin	24 yrs	2001	0.5 MGD
9) Sand Shell	23 yrs	2002	0.5 MGD
13) Terramar	11 yrs	2014	0.4 MGD
3) Villas	42 yrs	1983	0.2 MGD

Illustration Created with Anthropic

As noted previously, Carlsbad's wastewater services cover nearly four-fifths of the City's jurisdictional boundary with two other agencies – LWD and VWD – serving the remaining areas. Wastewater from Carlsbad and LWD converges near the North County Transit District's Carlsbad Poinsettia Station and is conveyed through a shared trunk sewer to the EWA facility. VWD operates a separate conveyance system to send most of its wastewater (primarily from San Marcos and a small portion from the southeastern part of Carlsbad) directly to EWA through trunk sewers and force mains that cross through Carlsbad's territory.[36] Carlsbad wastewater is also conveyed via direct connection to VWD's Outfall.

[36] A portion of wastewater from VWD's service area is treated locally at VWD's Meadowlark Wastewater Treatment Plant, which is located near Rancho Santa Fe Road and La Costa Meadows Drive.

Capacities |
Treatment + Disposal Facilities

Carlsbad sends all its collected wastewater to the EWA facility (Encina) for treatment and disposal via leased capacity rights in the Buena Sanitation District's Buena Outfall and the VWD's Land Outfall interceptor sewers. The Encina facility is classified as a Grade V plant by the State Water Resources Control Board and is the highest rating possible.[37] The facility was originally built in 1965 and staffed by EWA's employees. The facility has gone through five major expansions through the end of the report period and uses a variety of processes to treat the wastewater prior to ocean discharge or for recycled water production as summarized in order below:

Quarter Share of EWA…

The EWA facility – jointly owned by Carlsbad with Vista, Encinitas, Vallecitos Water District, Buena Sanitation District, and Leucadia Water District – receives all collected wastewater from Carlsbad, with the City holding approximately 10.260 million gallons of the facility's 43.3-million-gallon daily treatment capacity across liquid, solids, and ocean outfall allocations. About one-third of treated wastewater is now diverted to recycled water uses based on production during the five-year report period ending in 2023

- Influent screening & grit removal
- Sedimentation
- Aeration with return activated sludge
- Clarifiers
- Anaerobic digestion
- Biosolids dewatering, drying, & pellet production

The current total daily treatment capacity at the Encina facility is 43.3 million gallons. EWA has a detailed capacity apportionment system among its member agencies which tracks three main capacity limits at the facility – liquid sewage capacity, solids handling capacity, and ocean outfall capacity. Carlsbad's daily allocations for all three categories is set at 10.260 million gallons and represents between 24% and 25% of the overall categories. As further discussed, Carlsbad's average day wastewater deliveries now amount to 60% of their allocated capacity for liquids and solids and 62% of ocean outfall capacity.

EWA reports that the Encina facility currently diverts up to one-third of the wastewater it treats annually from ocean outfall and redirects it to two water reclamation facilities for conversion into recycled water, with the diverted volume varying based on recycled water demand. Treated wastewater is conveyed to the Carlsbad Water Recycling Facility (CWRF),

[37] A Grade V plant in the context of a wastewater agency refers to a facility that requires operators to have at least a Grade IV certificate. T his classification indicates a higher level of complexity and responsibility within the wastewater treatment process. Operators in Class V plants must be certified and have qualifications to manage the advanced processes and systems involved in wastewater treatment.

which is owned by the City of Carlsbad and operated by EWA under contract, and to the Gafner Water Reclamation Plant, which is owned and operated by LWD.[38]

Demands | Wastewater Flows

Carlsbad's average annual wastewater generation during the five-year report period ending in 2023 has been approximately 2.23 billion gallons, based on an average daily flow of 6.11 million gallons. Daily wastewater flows entering Carlsbad's collection system and conveyed to the Encina facility have increased by 7.3% over the 60-month period. A breakdown of recorded flow averages for Carlsbad across dry-weather, wet-weather, and peak-day conditions is detailed below and further shown in the associated tables.[39]

6.1 Million Gallons a Day...

The City of Carlsbad's wastewater collection system has conveyed an average of 6.110 million gallons daily to the joint-use EWA over the five-year report period ending in 2023. Peak-day demands have averaged 11.430 million gallons – nearly double the average daily.

Dry-Weather Flows | Average dry-weather flow during period is 6.01 million gallons per day, measured between May and October and captures baseline household demand. Daily flows reach 6.07 million gallons at the period close, representing a 1.9% increase.

Wet-Weather Flows | Average daily wet-weather flow during period is 6.81 million gallons, measured between November and April and captures inflow and infiltration (I&I) entering the collection system during storm events. Daily flows reach 7.53 million gallons at the end of period close, representing an increase of 16.4%.

Peak-Day Flows | Average peak-day flows during period is 11.43 million gallons, producing a peak factor of 1.87 relative to average daily flows. This value is largely influenced by a single extreme event of 18.12 million gallons recorded during a severe rain event in April 2020, and as further addressed attributable to excess flows sourced to Buena SD entering Carlsbad's collection system. Excluding this outlier, the peak factor adjusts downward to 1.59.

38 CWRF is located next to the Encina facility and produces tertiary-treated recycled water distributed citywide for landscape irrigation, including limited areas outside Carlsbad's wastewater service area. Remaining secondary-treated effluent from Encina is discharged through EWA's 1.5-mile ocean outfall, which ends 150 feet below the surface with a 700-foot diffuser to enhance sweater mixing.

39 Dry weather flows measure baseline sewage generation during non-rainy periods while wet weather flows include additional stormwater inflow and infiltration. This distinction is material for wastewater agencies as it enables proper infrastructure sizing, identifies system deficiencies requiring repair, ensures regulatory compliance during varying conditions, and supports accurate financial planning for both operational costs and capital improvements.

City of Carlsbad:
Wastewater Demands
Table A – 5.1d | Source: EWA + SD LAFCO

Detailed Flow Data (Million Gallons per Day)

Year	Average Daily Flow	Daily Dry Weather	Daily Wet Weather	Recorded Peak Day
2019	5.99	5.96	6.47	11.1
2020	6.59	6.52	8.2	18.12
2021	5.97	5.96	6.17	8.24
2022	5.56	5.56	5.7	6.38
2023	6.43	6.07	7.53	13.29
Average	6.11	6.01	6.81	11.43
% Change	+7.35%	+1.85%	+16.36%	+19.73%

Illustration Created with Anthropic

City of Carlsbad:
Wastewater Demands Comparison
Table A – 5.1e | Source: EWA + SD LAFCO

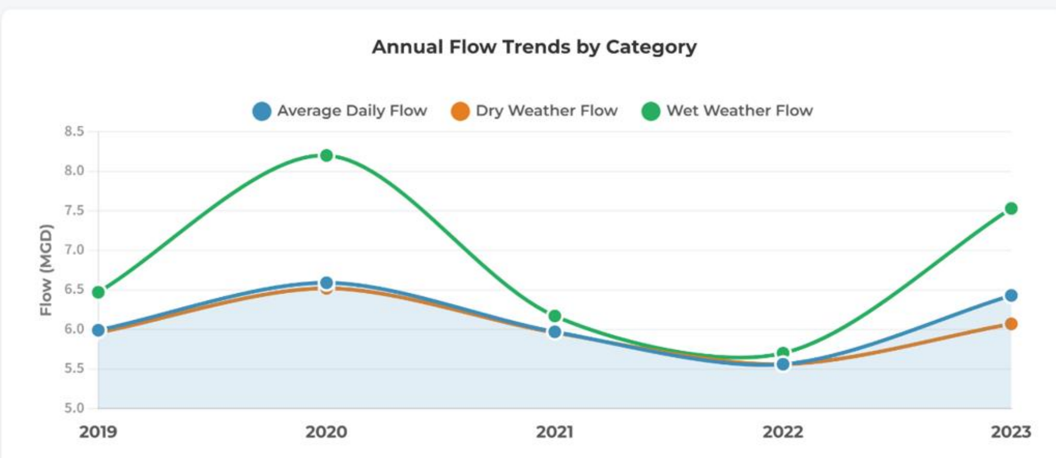


Illustration Created with Anthropic

Demands | Connections + EDUs

Carlsbad's wastewater demands at the end of the five-year report period ending in 2023 tie to 24,079 active customer connections with nearly 90% categorized as single-family residential. The number of customer connections has modestly increased by a total of 120 – or 0.5% – during report period, despite absorbing losses in each of the final two years (2022 and 2023). All new connections to the wastewater system are associated with new construction with the notable exception of accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs), which are typically permitted to connect to existing residential service laterals without requiring separate connections.

Steady Connections With Rising EDUs…

The City of Carlsbad's wastewater customer base has been steady with less than 1% increase in physical connections over the five-year report period ending in 2023, while EDUs have increased by more than 7% and signaling demand intensification.

For capacity planning, Carlsbad measures usage in "Equivalent Dwelling Units" (EDUs) at 164 gallons per day based on its latest cost-of-service study. This assignment, paired with average year flows, results in an average EDU count within Carlsbad's wastewater system of 37,244 over the report period – or about 1.55 EDUs per connection. This is an elevated ratio for a system where over 90% of accounts are single-family residential, suggesting – and the City attests – greater intensity from growing commercial use.

City of Carlsbad:
Wastewater Demands: Connections + EDUs
Table A – 5.1f | Source: EWA + SD LAFCO

Year	Sewer Connections	Annual Change	Growth Rate	Est. EDUs (Flow-Generated)
2019	23,959	—	—	36,524
2020	24,040	+81	+0.34%	40,183
2021	24,103	+63	+0.26%	36,402
2022	24,096	-7	-0.03%	33,902
2023	24,079	-17	-0.07%	39,207
Total Change	+120	Net +120	+0.5%	Avg: 37,244

Illustration Created with Anthropic

Table Notes:
1. EDUs are measured on 164-gallon units. Carlsbad is currently updating measurement.
2. Carlsbad staff reports residential and commercial EDUs are calculated differently and assume different sewer generation rates based on development type, building size, building use, or occupancy.

Performance | Syncing Up Resources, Capacities, and Demands

The City of Carlsbad's wastewater enterprise remains financially sound, serving a largely built-out area relative to zoning where growth now centers on infill and gradual intensification. The system posted a 9% operating margin over the five-year report period, generating sufficient revenue to sustain operations and build reserves – though this stability concurrently has drawn on relatively sizable rate increases over the final four years that for most residential users has meant their monthly bills have gone up 55%, making up for an earlier four-year stretch from 2016 to 2019 with no changes. Customer growth has been minimal based on physical connections, and while demands have increased in excess portion to new develpoment, flows remain within system capacities. These and related performance themes are examined below.

1960s Growth Expectations Leave Headroom in 2020s |

Carlsbad's current average day wastewater flow during the five-year report period ending in 2023 has been 6.110 million gallons – equal to 60% of its allocated treatment and discharge capacity at Encina, based on facility plans initially developed in the 1960s. This leaves Carlsbad with the theoretical headroom to accommodate a sizeable increase in demands – upwards of 25,305 additional EDUs on paper. While existing development and current zoning make this level of growth improbable, the available capacity reflects priorities from a different era – one that anticipated and encouraged expansion on a scale later generations have chosen to moderate.

Wet Weather + Elevated Inflow |

Carlsbad's average day wet-weather flow during the five-year report period ending in 2023 has been 6.810 million gallons – equal to 66% of the City's allocated treatment and discharge capacity at Encina. Although well within system capacities, the 16% increase in average wet-weather flows compared to 2% in average dry-weather flows shows increasing inflow and infiltration entering the collection system rather than reflecting organic demand growth.

Wet Weather + Shared Infrastructure Dynamics |

Carlsbad's peak wet-weather-day demands reveal another dynamic. The period average peaking factor of 1.9 is high and largely driven by a single storm event in 2020 that produced a recorded peak of 18.120 million gallons – nearly three times the average daily flow and well beyond both Carlsbad's Encina allocation and its own collection system capacity. An April 10, 2020 overflow confirms the latter constraint with excess flows in Buena Sanitation District's (BSD) sewer main reversing into Carlsbad's connecting line, spilling approximately 95,000 gallons per State Board records. The incident underscores the vulnerability of the shared interceptor Carlsbad and BSD jointly use to convey flows to Encina – as well as the degree to which system performance can be shaped by conditions originating outside Carlsbad's control.

Effectively Managed Day-to-Day Enterprise |

Carlsbad's wastewater system has generated positive revenue surpluses in four of the five years across the report period ending in 2023, leading to a period average operating margin of 9%, or $1.481 million. The lone shortfall occurred in 2019 and was immediately cured beginning in the following year with the City Council approving consecutive rate increases to account for higher operating costs – including rising pass-throughs from EWA, which is the function's single-largest expense line.[40] These surpluses have concurrently helped rebuild the wastewater function's fund balance by more than half from $9.982 to $15.067 million over the report period.

Reserves + Funding Capital Improvements |

The ongoing replenishing of Carlsbad's wastewater fund – which has increased over the five-year report period via operating surpluses from $9.982 million in 2019 to $15.067 million in 2023 – is necessary as the sole budgeted source funding the City's 15-year sewer replacement capital program, estimated at $112.200 million at period's close. The program is dominated by Carlsbad's share of Encina facility improvements, followed by rehabilitation and replacement needs tied to an aging collection of infrastructure. Carlsbad's sewer replacement fund carries a negative balance at the close of the report period and is projected to remain in deficit through the planning horizon, all of which increases the significance and need for continued operating surpluses to keep the wastewater system operating without major breakdowns.

[40] The average year operating surplus less FY19 is $2.817 million.

Proactive Prevention Paying Off |
Carlsbad performs regular preventive maintenance across its 268-mile wastewater collection system to maximize lifespan while reducing the near-term risk of backups and overflows. Cleaning frequencies range from quarterly for high-priority segments to a full system cycle no less than every three years. The effectiveness in Carlsbad's proactive attention in preventive maintenance is evident in the City experiencing only five spills during the five-year report period ending in 2023 – one attributed to an overflow in BSD's system and the other four involving low-category findings by the State Board, none of which affected surface waters. Materially, even when counting all five spills, this translates to an exceptional ratio of 0.37 spills per 100 miles per year over the five-year report period compared to the median and average ratios for public wastewater agencies established by the State Board of 3.4 and 8.2, respectively.[41]

5.2 Integrated Fire, Emergency Medical, + Ambulance Function

The City of Carlsbad formally established fire protection services in 1955 with the formation of its own Fire Department, replacing an all-volunteer unit that had been serving the City since its incorporation in 1952.[42] By the early 1960s, Carlsbad had opened its first dedicated fire station within the newly constructed City Hall on Pio Pico Drive and began hiring full-time firefighters. In 1972, the annexation of the La Costa neighborhood significantly expanded the Fire Department's service area and responsibilities and facilitated a period of capital expansion with two new fire stations opening over the next two years – one at El Camino Real and Arenal Road and another on Elm Street (now Carlsbad Village Drive).

Three for One…

The City of Carlsbad's fire protection function has evolved since formal establishment in 1955 to encompass three integrated classes: fire protection (suppression and rescue), emergency medical (advanced life support), and ambulance transport. These integrated services account for 16% of the City's General Fund expenditures over the five-year report period ending in 2023.

Carlsbad's Fire Department now operates out of seven stations. Services now encompass three integrated classes: fire protection (suppression and rescue), emergency medical (advanced life support or ALS), and ambulance transport. Carlsbad's first-response service area also provides fire protection, emergency medical services including ambulance transport

41 Source: State Water Board, SSO Reduction Program Annual Compliance Report (2011).
42 The volunteer company had been supported by the new City through the provision of a fire engine.

to the McClellan-Palomar Airport, State lagoons, and Carlsbad State Beaches.[43] [44] Fire Chief Michael Calderwood has served in the position since July 2018. A summary of the function's core resources, capacities, demands, and performance follows.

Resources | Budget + Staffing

Carlsbad's integrated fire protection, emergency medical, and ambulance services are the responsibility of the Fire Department and resourced through the City General Fund. (A dedicated analysis of the General Fund is provided in Section 6.2.) Personnel costs represent the largest expense category, accounting for 78% of all Fire Department expenditures during the five-year report period marked by supporting 134.5 FTEs at the 2023 period close.[45] These integrated fire services account for 15.8% of total City General Fund expenditures over the five-year report period.

Investment Underway…

The City of Carlsbad has increased funding for its integrated fire protection function each year during the five-year report period ending in 2023. The cumulative budget increase totals 62%, with the Fire Department's share of the General Fund growing from 15% to 19% over the same period. This increase directly ties to implementing several planned expansions during the report period: a seventh fire station, year-round lifeguards, and additional ambulance coverage.

City of Carlsbad:
Integrated Fire Protection Function Budget Resources
Table A-5.2a | Source: City of Carlsbad + SD LAFCO

Categories	2019-2023 5-Year Averages
Budgeted Expenses	
… Average Annual	$29.5 million
… Overall Change	62.2%
Actual Expenses	
… Average Annual	$29.9 million
… Overall Change	46.8%
Budget Performance	
… Overall Budget to Actual Ratio	1.01

43 These out-of-agency agreements expand the Fire Department's service area by an additional 44 acres. There are approximately 7 miles of linear beaches within the City of Carlsbad, 6 of which are State Beaches, with the remaining strand the City of Carlsbad.

44 Carlsbad integrated paramedic and ambulance services into its Fire Department in 1977, further enhancing its emergency response capabilities. Carlsbad's ambulance and emergency medical functions are separately categorized by the Commission as direct and paramedic-advanced life support respectively, and since 1977, Carlsbad has continuously maintained ambulance and ALS service at not less than existing levels.

45 Amount includes Carlsbad's lifeguard program staffed by a total of 7 FTE positions, several of whom are licensed paramedics.

A closer review of budget-to-actual expenses within the General Fund shows integrated fire protection costs tracked closely to expectations over the report period, with the overall budget-to-actual ratio totaling 1.01 - a variance of 1.9%. While actuals exceeded budget in three of the five years (2019, 2021, 2022), only one – 2021 – involved a sizable overspend, attributable to pandemic conditions.[46] Further, while budget appropriations have grown 62% in step with planned authorizations to expand services (seventh fire station, year-round lifeguards, additional ambulance coverage), actuals have increased only 47% – a widening margin suggesting spending discipline by management.

Consistent with most public safety services, Carlsbad's integrated fire protection function is primarily dependent on human resources through staffing arrangements governed by a memorandum of understanding (MOU) with the Carlsbad Firefighters' Association. The MOU includes the following key provisions:

> Work Schedule | Establishes a traditional "Kelly" schedule averaging 56 hours per week. Under this schedule, firefighters work 24-hour shifts followed by 24 hours off, alternating for eight days, then receive either four or six consecutive days off.
>
> Compensation | Sets entry-level annual pay for a first-year firefighter/paramedic at $87,804 at the end of the report period (2023).

Approximately one in seven Carlsbad employees belong to the Fire Department as of the end of the report period in 2023. Overall budgeted staffing totals 134.5 FTE at the end of the report period — an increase of 42.5 positions, or 46.2%, over the preceding five years. This staffing increase corresponds to three specific service expansions approved by the City Council: adding year-round lifeguard services, staffing two additional ambulances, and opening a seventh fire station. A breakdown of budgeted staffing via its three divisions – (a) administration, (b) emergency operations, and (c) community risk reduction and resiliency – with per 1,000 capita measurements follows.

[46] Additional factors contributing to the period-overspend tie to City Council authorizations for additional appropriations during the year and timing delays in which appropriations have been encumbered but unspent in a given fiscal year and driven by the reasons stated in the report.

City of Carlsbad:
Integrated Fire Protection, Staffing Resources
Table A - 5.2b | Source: City of Carlsbad + SD LAFCO

Division	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5-Yr Average	Growth Trend
Fire Administration	4.0	5.0	5.0	5.5	4.5	4.8	+12.5%
Emergency Operations	80.0	86.5	86.5	103.0	117.5	94.7	+46.9%
Community Risk Reduction	8.0	11.75	11.75	12.5	12.5	11.3	+56.3%
Total FTE	**92.0**	**103.3**	**103.3**	**121.0**	**134.5**	**110.8**	**+46.2%**
Per 1,000 Residents	*0.8*	*0.90*	*0.90*	*1.05*	*1.12*	*0.96*	*+46.3%*

Illustration Created with Anthropic

Capacities |
Deployment, Facilities + Equipment

Carlsbad's integrated fire protection function is delivered from seven fire stations throughout Carlsbad under the command of the Assistant Fire Chief and supported by three shift Battalion Chiefs who oversee A, B, and C platoons. Each 24-hour shift deploys 34 public safety personnel across all stations. Every fire engine, truck company, and ambulance is staffed with at least one paramedic, ensuring that each emergency response includes a minimum of two paramedics capable of delivering advanced life support. Dispatch service is provided by North County Dispatch Joint Powers Authority (JPA).[47] Station details follow along with summarizing call volume in the associated illustration along with detailing vehicle assignments.

Capacity Floor…

The City of Carlsbad sets the following minimum deployment levels with respect to its integrated fire protection function:

Fire Engines |
Three, at least One Paramedic

Fire Trucks - Ladders |
Four, at least One Paramedic

Ambulances |
Two, at least One Paramedic

[47] North County Dispatch JPA was initially established in 1984 and provides fire and medical emergency dispatch services to cities and special districts covering an estimated population of over 700,000 spanning 448 square miles north San Diego County. These services include answering 911 emergency and business phone calls, providing Emergency Medical Dispatch (EMD) and related instructions.

Station No. 1: Downtown (1966)

This station is located at 1275 Carlsbad Village Drive, east of Interstate 5. Highest call volume of all stations with average of 10.66 responses per day – 35% of the daily total demand. Staffed with six personnel every 24-hour period.[48]

Station No. 2: La Costa Area (1969, Rebuilt in 2022)

This station is located at 1906 Arenal Road, east of Interstate 5. Third highest call volume with average of 5.13 responses per day – 17% of the daily total demand. Staffed with five personnel every 24-hour period.[49]

Station No. 3: Robertson Ranch Area (2016)

This station is located at 3465 Trailblazer Way, east of Interstate 5. Fourth highest call volume with an average of 3.19 responses per day – 11% of the daily total. Staffed with five personnel every 24-hour period.[50]

Station No. 4: Central Carlsbad (1986)

This station is located off Poinsettia Lane in Carlsbad at 6885 Batiquitos Drive, east of Interstate 5. Second highest call volume with an average of 5.63 responses per day – 19% of the daily demand. Staffed with three personnel every 24-hour period.[51]

Station No. 5: Airport Area (1988)

This station is located near the Police & Fire Headquarters at 2540 Orion Way, east of Interstate 5. Sixth highest call volume with an average of 2.72 responses per day – 9% of the daily total demand. Staffed with four personnel every 24-hour period.[52]

Station No. 6: Southeast Carlsbad (2009)

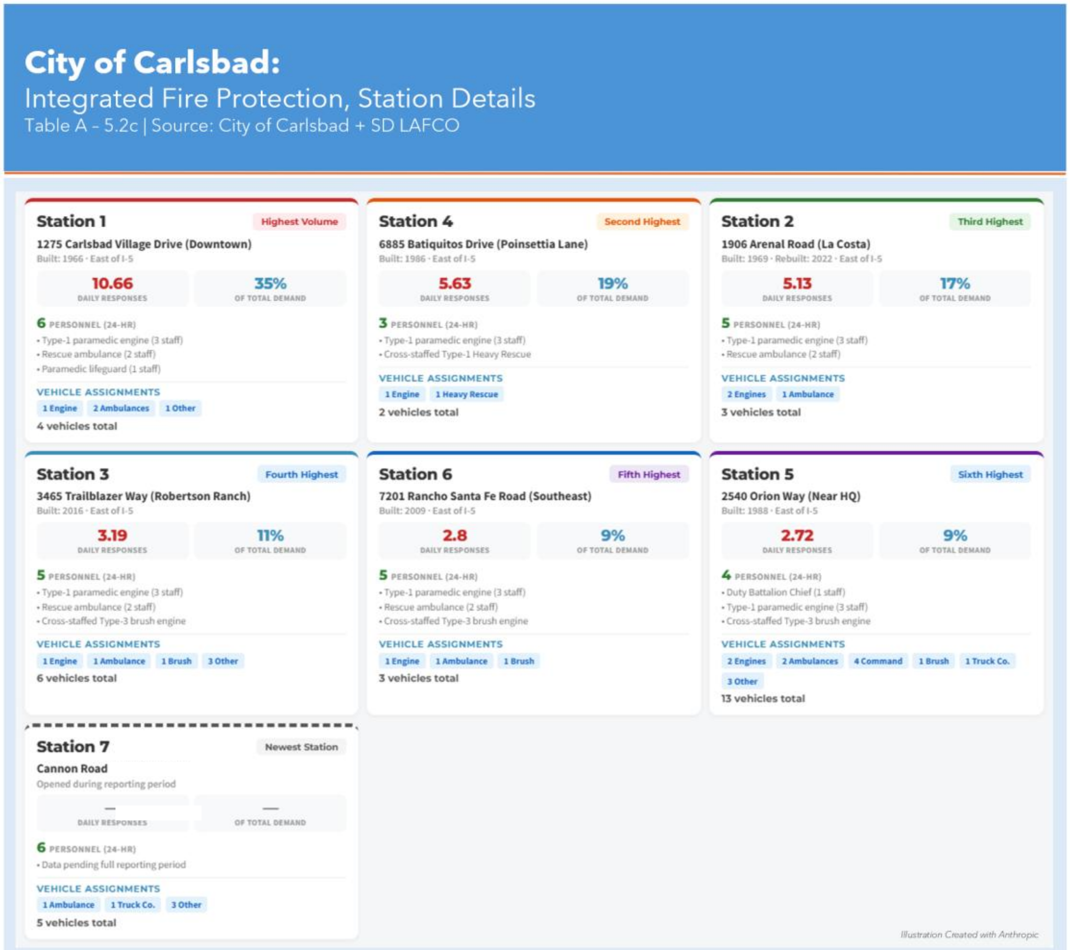
This station is located at 7201 Rancho Santa Fe Road, east of Interstate 5. Fifth highest call volume with an average of 2.8 responses per day – 9% of the daily total demand. Staffed with five personnel every 24-hour period.[53]

Station No. 7: Central Coast Carlsbad (2023)

This station is located on the site of the former Encina Power Plant at 4600 Carlsbad Blvd, west of Interstate 5. It is currently labeled a "temporary" station and opened in January

[48] No. 1 operates a Type-1 paramedic engine company staffed with 3, a rescue ambulance staffed with 2 and a paramedic lifeguard.
[49] No. 2 operates a Type-1 paramedic engine company staffed with 3, and a rescue ambulance staffed with 2.
[50] No. 3 operates a Type-1 paramedic engine company staffed with 3, and a rescue ambulance staffed with 2. It also cross staffs a Type-3 brush engine.
[51] No. 4 operates a Type-1 paramedic engine company staffed with 3. It also cross-staff's a Type-1 Heavy Rescue unit.
[52] No. 5 operates with a Duty Battalion Chief, a Type-1 paramedic engine company staffed with 3, and cross-staff's a Type-3 brush engine.
[53] No. 6 operates a Type-1 paramedic engine staffed with 3, a rescue ambulance staffed with 2, and cross-staff's a Type-3 brush engine.

2023. Daily response demands for a full fiscal year are not available for this station since it just opened. Staffed with six personnel every 24-hour period.[54]



Specific to the placement of ambulance resources, Carlsbad operates five ALS ambulances on a 24-hour basis, all of which are staffed with one firefighter/paramedic and one single-role emergency medical technician (EMT).[55]

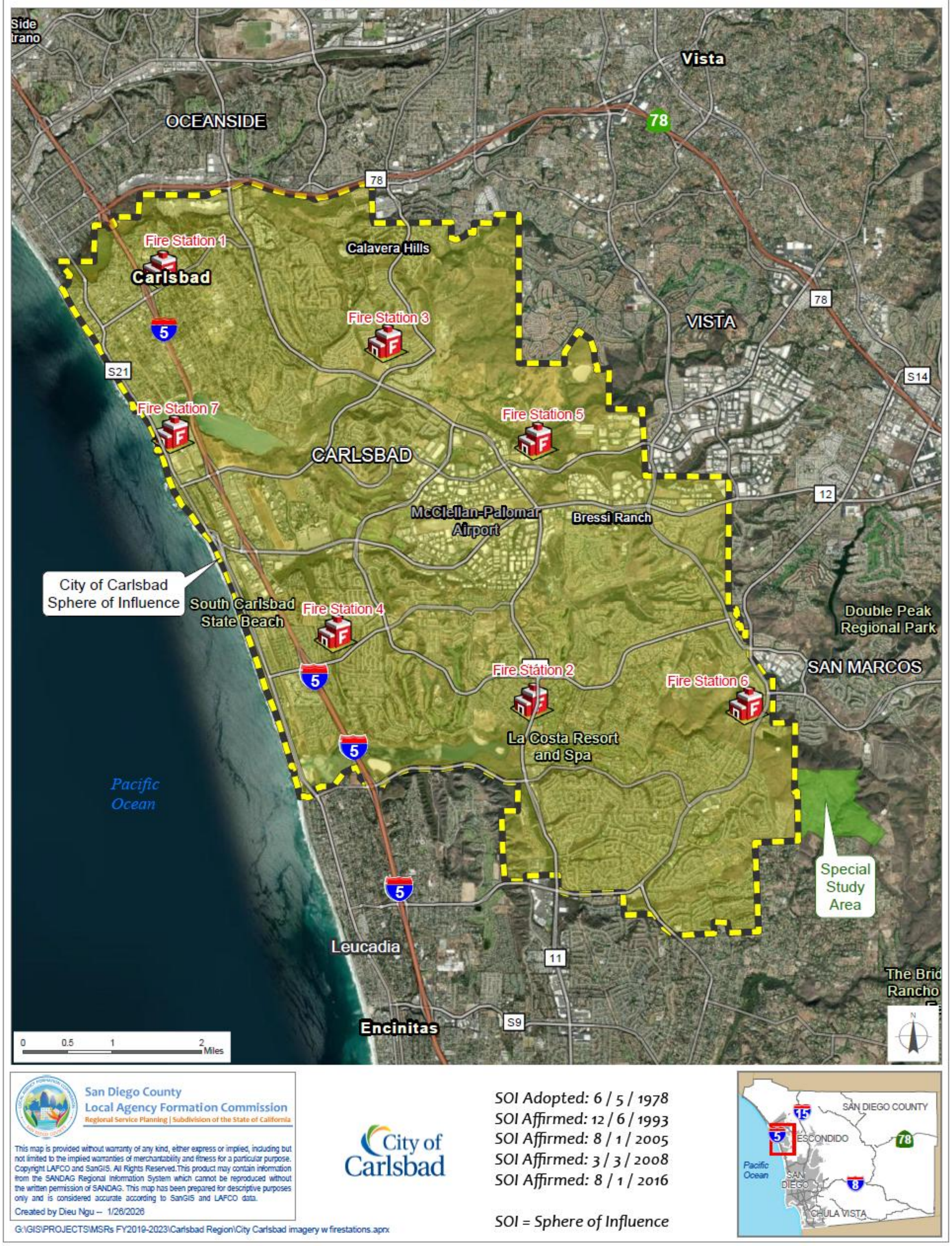
Ambulance services are delivered out of Stations No. 1, 2, 3, 6, and 7. In addition, Carlsbad keeps three reserve ambulances to maintain readiness in the event front line ambulances are out of service or when surge capacity is needed for ambulance delivery.

[54] No. 7 operates a truck (ladder) company staffed with 4 and a rescue ambulance staffed with 2.

[55] Advanced Life Support (ALS) is a higher level of emergency care procedures that may include defibrillation, airway management, and invasive techniques such as IV therapy, intubation, and/ or drug administration.

Map No. A - 5.2

City of Carlsbad with Fire Stations



Carlsbad supplements its own integrated fire protection, emergency medical, and ambulance capacities by maintaining reciprocal automatic aid agreements with surrounding jurisdictions.[56] Most notably, Carlsbad is a signatory to the San Diego North Zone Auto Aid Agreement along with Marine Corps Base Camp Pendleton, North County Fire Protection District (FPD), Rancho Santa Fe FPD, Valley Center FPD, and the Cities of Vista, Oceanside, Encinitas, Del Mar, Solana Beach, San Marcos, and Escondido. All agencies under the North Zone Auto Aid Agreement deploy resources based on which unit is closest or upon request, including response time considerations. The substantive effect of the agreement – assuming relatively fair exchanges between agencies in deploying outside aid – is faster response times and enhanced emergency capabilities across the entire North County region. Additional details on the volume of automatic aid agreement transactions are provided in the following section on demands.

Resource Reciprocity…

The City of Carlsbad is a member of a multi-agency auto-aid agreement that includes all nearby cities and special districts' fire services in North County. This agreement provides Carlsbad with additional resources when needed; it also tasks Carlsbad to provide resources to outside jurisdictions when needed.

Demands |
Calls, Onsite Arrivals, + More

Dispatched calls represent a direct and quantifiable measure of public demand for the City of Carlsbad's integrated fire protection services. Most notably, dispatched calls serve as a core signal that drives daily operations and resource deployment decisions. During the five-year report period ending in 2023, Carlsbad's average annual dispatch call volume has been 13,510 – the equivalent of slightly more than 37 calls every day with 30 involving reported incidents within City limits.[57] Call volumes have also increased for Carlsbad during the period by 23%, accelerating the pace of emergency response demands with the final year tally reaching the equivalent of 42 per day.

Every 39 Minutes …

The City of Carlsbad's average dispatch demand for integrated fire protection during the five-year report period ending in 2023 equaled 37 calls each day — the equivalent of one emergency every 39 minutes. (30 calls involved areas within City limits.) Call volume increased during the period by 23%, accelerating the pace of emergency response demands.

[56] LAFCO recognizes automatic aid is particularly valuable in responding to larger incidents where multiple fire units and/or specialized rescue and fire suppression equipment are needed, as well as handling calls that cross jurisdictional boundaries, where units from an adjoining jurisdiction are the closest, most appropriate resource. Measuring automatic aid response includes identifying the percentage of an agency's total call volume where an outside agency was dispatched and determining the type of service the outside agency provided

[57] The remaining dispatched calls to Carlsbad involved incidents outside the City - either as a result of contracts with the County and State to cover the Palomar Airport and Carlsbad State Beach, respectively, or mutual/auto aid agreements

Less than one-tenth of all dispatched calls received by Carlsbad during the report period were cancelled typically due to duplicative reports, false alarms, or situations being resolved before arrival. The overall cancellation rate for all calls dispatched to Carlsbad during the period has averaged 7.7% while the rate for calls within City limits specifically has been 9.4%. Both cancellation rates appear within a reasonable range for fire service providers and do not merit concern with respect to indicating any systematic problems, whether sourced to dispatch or elsewhere.

Additionally, the higher cancellation rate within Carlsbad's jurisdictional limits compared to outside calls appears reasonable and affirms the system is working as intended. This pattern aligns with the greater likelihood of multiple reports and self-resolved situations in urban areas while the lower rate for outside calls indicates those represent more confirmed emergencies. The difference between dispatched calls and cancellations defines Carlsbad's actual onsite arrivals, averaging 10,974 per year, or about 30 per day. Roughly one-third of all incidents were dispatched to Station 1 (Downtown), another third to Stations 2 (La Costa) and 4 (Central), and the remainder to the City's four other stations.

A detailed breakdown of calls and onsite arrivals follows.

City of Carlsbad:
Integrated Fire Protection, Suppression, Rescue + EMT Demands
Table A – 5.2d | Source: City of Carlsbad + SD LAFCO

Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Average	Trend
Total Dispatched Incidents	12,388	12,469	13,227	14,181	15,286	13,510	23.4%
Total Dispatched Incidents in Carlsbad	10,557	10,396	10,730	11,431	12,068	11,036	14.3%
Total Cancelled Calls in Carlsbad	936	961	1,099	1,104	1,107	1,041	18.3%
TOTAL ONSITE RESPONSES (Carlsbad and Outside Areas)	**10,494**	**10,346**	**10,668**	**11,359**	**11,999**	**10,974**	14.3%
Total Onsite Responses – City Limits	9,621	9,435	9,631	10,327	10,961	9,995	13.9%
Average Daily Responses – City Limits	26.4	25.8	26.4	28.3	30.0	27.4	13.6%
Responded by Carlsbad in Carlsbad	7,506	7,428	7,575	7,929	8,770	7,842	16.8%
Responded by Carlsbad + Others in Carlsbad	2,343	2,348	2,484	2,754	2,610	2,508	11.4%
Responded by Other Only	645	570	609	676	619	624	(4.0%)
% Automatic Aid Received	24.1%	23.4%	23.4%	24.2%	21.1%	23.2%	(12.4%)
% Automatic Aid Provided	19.2%	20.5%	22.5%	23.3%	24.2%	21.9%	26.0%

Illustration Created with Anthropic

Drawing from the preceding table, the following summarizing observations apply.

- Onsite Demands: Carlsbad's annual onsite arrival demand increased each year during the report period, up 14.3% overall – from one incident every 50 minutes in 2019 to one every 44 minutes in 2023.

- City-Only Incidents: Incidents within Carlsbad account for an average of 91.1% of all onsite arrivals, a share that has remained essentially unchanged with less than a 1% overall adjustment.

- Out-of-City Responses: Calls outside Carlsbad represent the remaining 8.9% of total onsite arrivals, rising modestly by 4.8% during the period.

- Operational Self-Sufficiency: Carlsbad responded without outside auto-aid to 78.5% of all onsite incidents, improving by 2.6% over the period.

The portion of onsite incidents necessitating transport during the report period has averaged 5,054 ambulance trips annually – or 13.8 per day. The final year figure represents the peak amount, equivalent to 17.4 daily ambulance trips, underscoring a significant period increase of 41.3%. While Carlsbad's recent expansion from three to five ambulances may have contributed to some increased utilization with improved availability, the magnitude of the increase in transport demand suggests genuine underlying growth in community medical needs. The substantial increase suggests the original three-ambulance deployment model was inadequate to meet actual community requirements, and the decision and investment in additional units were merited and reveal previously unmet demand – especially given Carlsbad's demographics and aging population. Information on ambluance fees is footnoted.[58]

From 3 to 5 Ambulances + Truing Up to Demand…

The City of Carlsbad's ambulance transports have increased 41% over the five-year report period ending in 2023 to 17.4 trips per day – suggesting the expansion from three to five units has been timely.

[58] Carlsbad's master fee schedule as of July 2025 provides the patient charge for a BLS/ALS trip is $2,732 plus $43.00 per mile. Carlsbad contracts with an outside firm (Wittman Enterprises, Rancho Cordova) to bill insurance companies, MediCal, and Medicare as well as patients for insurance co-pays.

A breakdown on ambulance transport during the report period follows with additional information on impacts on the General Fund footnoted.[59]

City of Carlsbad:
Integrated Fire Protection, Ambulance Transport Demands
Table A – 5.2e | Source: City of Carlsbad + SD LAFCO

Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Average	Trend
Total Dispatched Incidents	7,792	8,178	8,865	10,042	11,093	9,194	42.4%
Total Cancelled Calls	3,302	3,605	4,307	4,740	4,748	4,140	43.8%
Total Onsite Incidents	**4,490**	**4,573**	**4,558**	**5,302**	**6,345**	**5,054**	41.3%
… within Carlsbad	3,891	3,846	3,811	4,379	5,190	4,223	33.4%
… outside Carlsbad	599	727	747	923	1,155	830	92.8%
Auto aid received (transports)	1,021	884	943	876	852	915	(16.6%)

Illustration Created with Anthropic

The two most frequent hospitals utilized by Carlsbad are Scripps (Encinitas) and Tri-City Hospital (Oceanside). Patients requiring a trauma center would either go to Scripps (La Jolla) or Palomar (Escondido).

A unique feature of Carlsbad's integrated fire protection services involves staffing lifeguards to provide emergency response and related public education services along the City's public beaches. Available data covers the first four years of the five-year report period and shows significant demands across the board – starting with beach attendance in Carlsbad rising nearly double with a period average of just over 842,000 visitors annually. Over this same abbreviated period, the average number of annual rescues performed by Carlsbad was 408 while absorbing its own nearly

Busier Beaches, Steady Safety…

Carlsbad's beach attendance nearly doubled over the first four years of the five-year report period, surpassing 1.2 million visitors – driving sharp increases in lifeguard service demands in water rescues (+193%), medical aids (+142%), and preventive actions (+51%). Enforcement actions increased a comparatively modest 36%, suggesting larger crowds have not translated into proportional enforcement concerns. Drowning fatalities remained rare, with just one recorded during the period. (FY2023 data are unavailable due to a server crash and are non-recoverable.)

[59] Revenue from ambulance service and transport is deposited into the General Fund and has increased from $2.5 million to $4.4 million over the report period, a 74.7% increase. This growth is likely attributable to: expanded ambulance capacity through the addition of two units and proactive use of supplemental government reimbursement programs, including Ground Emergency Medical Transportation (GEMT) and Public Provider Ground Emergency Medical Transportation (PPGEMT).

triple increase.[60] Only one drowning throughout the five-year period was recorded, although the incident occurred in an unguarded area, meaning no lifeguard was present in the swimming area at the time of the drowning as it was prior to lifeguards' scheduled duty hours. Medical aids provided by lifeguards increased by 141.8%. A breakdown of lifeguard service demands during the abbreviated report period (2019 to 2022) follows.

City of Carlsbad:
Integrated Fire Protection, Lifeguard Demands
Table A – 5.2f | Source: City of Carlsbad + SD LAFCO

Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Average	Trend
Beach Attendance (est.)	619,486	699,445	845,304	1,203,950	N/A	842,046	94.4%
Water Rescues	280	213	320	820	N/A	408	193.0%
Preventive Actions	24,827	26,220	25,861	37,430	N/A	28,585	50.8%
Medical Aids	91	131	250	220	N/A	173	141.8%
Boat Rescues	0	3	16	2	N/A	5	N/A
Enforcement	370	1,053	564	502	N/A	622	35.7%

Illustration Created with Anthropic

FY23 lifeguard service demand data is unavailable due to a server crash and is non-recoverable.

Performance |
Syncing Up Resources, Capacities, + Demands

Carlsbad's integrated fire protection function appears well-resourced relative to local conditions and has been the beneficiary of additional investment by the City Council with the budget rising by just over 62% during the five-year report period ending in 2023 – now representing 16% of all General Fund monies. The Fire Department has made use of these funds by expanding capacities across all field operations – including in the form of additional front-line responders: firefighters, paramedics and lifeguards. These actions have proven strategically sound given the persistent upward trajectory in service demands documented during the report period – signaling the investments have proactively addressed real-time capacity needs rather than reactive spending. This and other key performance measurements and related themes follow.

[60] The City of Carlsbad advises that lifeguard service demand is concentrated during the May–September peak season. Accordingly, a peak-season daily rate – fewer than three rescues per day – provides a more accurate representation of operational conditions than an annualized average.

Strategic Capacity Building |

Carlsbad significantly expanded its integrated fire protection function during the five-year report period ending in 2023 by increasing staffing levels 46% to 134.5 FTEs. This expansion has been a targeted investment by the City Council tied to three specific service enhancements: year-round lifeguards, two additional ambulances, and opening a seventh fire station. This disciplined approach to capacity building aligns resources directly with documented demands as substantiated in this review.

Timely True Up to Ambulance Transport Needs |

Total ambulance transport demand for Carlsbad has climbed 41% during the five-year report period ending in 2023 while auto aid received for transports declined by (16.6%). This dynamic shows Carlsbad is handling significantly more incidents while depending less on outside assistance – a pattern enabled by the recent expansion from three to five front line ambulances. A key takeaway is the investment made by the City Council appears to directly align with community needs while simultaneously strengthening operational self-sufficiency.

Self-Sufficient in Meeting Community Demands |

Carlsbad's resources and related management practices have positioned it to independently meet nearly four-fifths of all onsite fire, emergency medical, and ambulance incidents within City limits during the five-year report period ending in 2023. This measure of self-sufficiency has improved throughout the period despite sizable demand increases and helps protect Carlsbad from vulnerabilities faced by agencies that rely more heavily on outside assistance for routine operations.

Above the ISO Curve |

Carlsbad's evaluation of structural fire protection capabilities from the Insurance Services Office (ISO) was completed during this five-year report period in 2019 and resulted in a Class 3 designation.[61] This rating is considered admirable for an incorporated city and above the current average 4/4x rating among the 890 fire agencies in California reviewed by ISO.[62]

---

[61] In 2024, Carlsbad Fire Department was evaluated again by ISO and improved their rating to a Class 2 Fire Department.

[62] The ISO classifications are ranked between 1 and 10 and designed to evaluate a fire service provider's ability to protect local communities based on uniform measurements. Fire departments use the data to help measure the effectiveness of their fire-protection services while insurance companies use it when establishing premiums for fire insurance. A Class 1 rating generally represents superior property fire protection and can lower the price of insurance within a community.

No Shortchanging Reciprocity |
Carlsbad's ratio of auto-aid received to auto-aid provided during the five-year report period closely aligns at 23.2% and 21.9%, respectively. This near-perfect balance indicates Carlsbad has achieved an optimal position with respect to receiving adequate support for onsite incidents within City limits while contributing fairly to regional emergency response capacity.

One Drowning in Five Years vs. 4.2 Million Beach Visitors |
Carlsbad's lifeguard program recorded a single drowning on the North Beach area during the five-year report period ending in 2023 – and it occurred prior to normal duty hours. This record is remarkable given the scale of activity: more than 4.2 million beach visitors over the period and annual rescues tripling to exceed 400.

5.3 Parks & Recreation Function

The City of Carlsbad's parks and recreation function dates to the time of incorporation in 1952 with ties to an initial all-volunteer group called the Park, Beach, and Recreational Commission. By 1954, the work of the volunteer group transitioned into a formal Parks and Recreation Department, which was marked by the concurrent acquisition of Carlsbad's first public park – Holiday Park. Carlsbad continued to focus its parks and recreation services throughout the next several decades on planning and developing traditional free play spaces in the form of general-purpose parks and playgrounds.

Evolving with the Community:
Play Spaces to Organized Activities …

The City of Carlsbad's parks and recreation function has evolved and expanded since incorporation by transitioning from an initial focus on providing play spaces to now cultivating naturalistic open spaces and trails alongside organized recreation activities. The function consists of three overlapping classes for purposes of this report: (a) aquatics; (b) parks and open space; and (c) community recreation. These overlapping services account for 10% of the City's General Fund expenditures over the five-year report period ending in 2023.

The function began to evolve and expand in step with demographic changes in the community, headlined by the arrival of younger and more active families beginning in the 1970s and continuing through the end of the 1990s as Carlsbad transformed from a small town of 15,000 to a full municipality of 78,000. The substantive result of evolving alongside a growing and changing community is that Carlsbad's parks and recreation function began to pursue more diverse offerings – ranging from conservation-focused open space and trail systems to a comprehensive array of organized activities.

Carlsbad's parks and recreation is anchored by 42 general-purpose community parks and special use areas as of the end of the five-year report period ending in 2023. These core amenities are supplemented by five community centers – including a senior center – two aquatic complexes, several specialty parks, and over 700 acres of open space and trails, all managed through Carlsbad's Parks & Recreation Department. Director Kyle Lancaster has served in the position since April 2019. A summary of the function's core resources, capacities, demands, and performance follows.[63]

Resources |
Budget + Staffing

Carlsbad's parks and recreation function's primary funding source is the City General Fund. These all-purpose monies have consistently covered close to two-thirds of the Parks and Recreation Department's average annual actual expenses during the five-year report period ending in 2023. (A dedicated analysis of the General Fund is provided in Section 6.2.) The remaining funds used to support the parks and recreation function tie to enterprise monies generated at Carlsbad's 18-hole municipal golf course ("Crossings") and – to a lesser extent – service user charges and donations.

Big Investment Continues…

The City of Carlsbad Parks and Recreation Department's consistent allocation of nearly one-tenth of all General Fund monies during the five-year report period ending in 2023 is unique among other local municipalities and demonstrates the City viewing parks and recreation as a core funding priority rather than a discretionary amenity.

Personnel costs during the period account for about 30% of actual expenses and support 59 budgeted FTEs as of the final year.[64] The balance of actual expenses – 70% of all costs – has gone to operations with nearly one-third of which covers day-to-day activities at the golf course. Overall, the Parks and Recreation Department's actual expenses account for nearly 9.7% of total City General Fund expenditures over the five-year report period.

[63] Other community services including library and cultural arts amenities will be discussed in the proceeding section.
[64] Amount does not include budgeted hourly staff.

City of Carlsbad:
Park and Recreation Function Budget Resources
Table A-5.3a | Source: City of Carlsbad + SD LAFCO

Categories	2019-2023 5-Year Averages
Total Budgeted Expenses	
…Average Annual……	$29.210 million
…Overall Change……	16.34%
…Portion Covered by General Fund ……	$18.841 million / 11.1%
Total Actual Expenses	
…Average Annual……	$28.065 million
…Overall Change……	21.18%
…Portion Covered by General Fund……	$18.320 million / 65.3%
Budget Performance	
…Overall Budget to Actual Ratio……	0.96

A closer review of budget-to-actual expenses shows Carlsbad's Parks and Recreation Department's costs remained within City Council planning expectations in four of the five years during the report period; only 2022 finished over budget, but by a relatively modest amount. The overall budget to actual ratio during the period is considered excellent at 0.96, a variance rate of (4.0%), with cumulative budget savings of $5.728 million. A portion of these savings is attributable to reduced programming and facility closures implemented by management during the pandemic in 2020 and 2021.

Overall budgeted staffing for the Parks and Recreation Department totals 59.0 FTE at the end of the report period in 2023 – an increase of four positions, or 7.3%. This increase in full-time staff corresponds to service enhancements made going into the final year to add four positions to support the aquatics activities – including converting several hourly lifeguard roles into three full-time positions. The budgeted amount produces a ratio in which slightly more than seven out of every 100 budgeted Carlsbad employees belong to the Parks and Recreation Department as of the end of the report period. (This amount does not include 71.6 budgeted hourly staff for Parks and Recreation, with a large portion associated with summer programs.)

Front-Line Service Focus…

The City of Carlsbad dedicates less than one-fifth of its Parks and Recreation full-time positions to administration, focusing the majority of staffing where residents directly experience services – in parks, recreation programs, and maintenance activities.

A breakdown of budgeted staffing across the Parks and Recreation Department's six budgeted divisions (a) Administration, (b) Recreation, (c) Parks and Trail Maintenance, (d) Street Trees Maintenance, (e) Medians Maintenance, and (f) The Crossings at Carlsbad Municipal Golf Course follows.

City of Carlsbad:
Parks + Recreation Function, Budgeted Staffing Levels
Table A - 5.3b | Source: City of Carlsbad + SD LAFCO

Division	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5-Yr Average	Growth Trend
Administration	11.45	12.45	11.45	11.3	10.3	11.4	-10.0%
Recreation	19.25	18.25	19.25	19.4	24.4	20.1	+26.8%
Parks and Trail Maintenance	19.35	19.45	19.85	19.45	20.4	19.7	+5.4%
Street Tree Maintenance	2.7	2.65	2.45	2.65	3.9	2.9	+44.4%
Median Maintenance	2.25	2.2	2.0	2.2	0	1.7	-100.0%
Crossings	0	0	0	0	0	0	0.0%
Total FTE	**55.0**	**55.0**	**55.0**	**55.0**	**59.0**	**55.8**	**+7.3%**

Illustration Created with Anthropic

Capacities and Demands |
Aquatics and Parks, Open Space, + Recreation

This report organizes the evaluation of the City of Carlsbad's parks and recreation function into two overlapping classes consistent with recent municipal service reviews: (a) aquatics and (b) parks, open space and recreation. The evaluation is structured to catalog core facilities and their respective public-facing capacities with an emphasis on public-facing components. Demands are also evaluated when applicable.

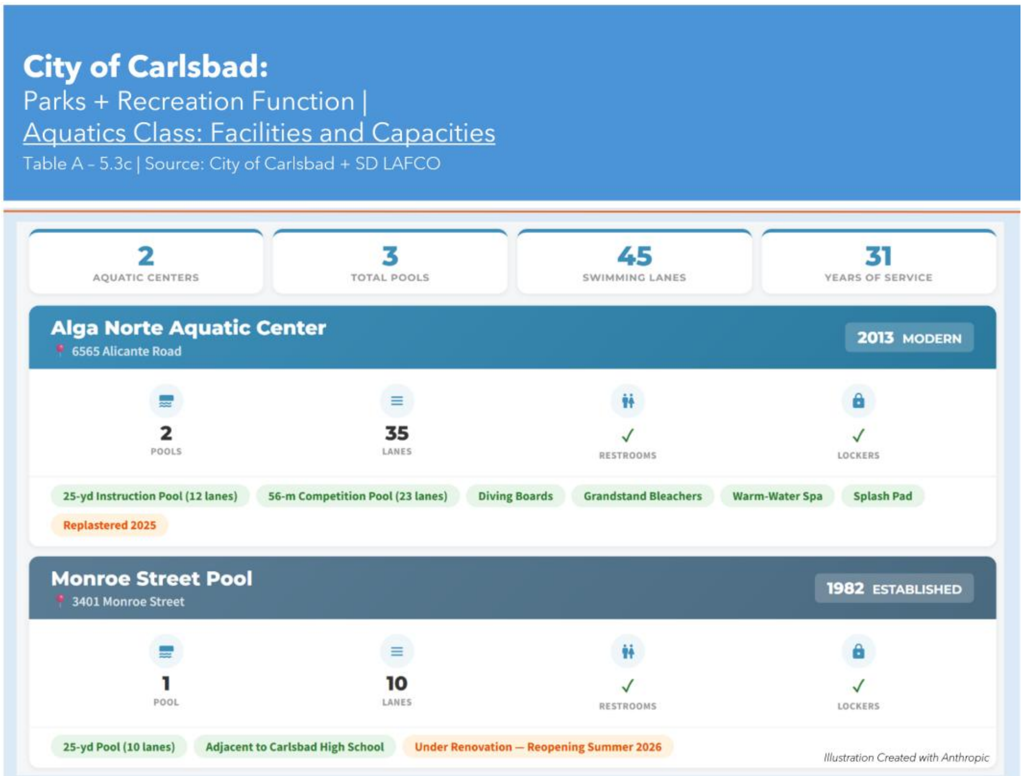
Aquatics

Carlsbad began providing aquatic services in 1982 with the opening of Monroe Street Pool, the first of two municipal swimming facilities. The original facility is in northwestern Carlsbad and adjacent to Carlsbad High School; it is also currently under renovation with plans to reopen in late summer 2026. A second facility – Alga Norte Aquatic Center – was added in late 2013

31 Years in the Making...

Carlsbad's aquatic facilities span over three decades, from the established Monroe Street Pool (41 years) to the modern Alga Norte Aquatic Center (11 years). Together, these facilities provide 45 total swimming lanes across three pools – accommodating both competitive and recreational users.

in southeastern Carlsbad. Alga Norte features a 25-yard instruction pool with 12 lanes, a 56-meter competition pool with 23 lanes complete with diving boards and grandstand bleachers, a warm-water outdoor spa, and a splash pad for children. It underwent pool replastering and restroom renovations in 2025. The Alga Norte facility represents a significant capacity expansion with 3.5 times more lanes than the Monroe Street Pool and reflects a substantial investment in meeting growing aquatic recreation demand.[65]



Aquatic class offerings are scheduled by Carlsbad based on community interest and largely influenced by recent attendance. During the five-year report period ending in 2023, the average actual number of aquatic classes offered by Carlsbad has been 998 annually. This figure translates to a per capita ratio of 8.72 classes for every 1,000 residents.[66] Consistent with adjusting to community input and other outside factors, class offerings have fluctuated over the report

Swimmingly Well...

Carlsbad's aquatic classes showed remarkable resilience and efficiency gains during the five-year report period with participant enrollment growing 62% while class offerings remained relatively stable

65 Both facilities are accessible to the public with entrance fees ranging from $3 for children to $5 for adults.
66 LAFCO estimates the five-year average population within the City of Carlsbad at 114,384.

period with a clear decline during the pandemic followed by a recovery peak in 2021. More recent trends show a brief attendance spike in 2022, followed by a pullback in 2023. While the last two years are more consistent relative to the pandemic-era volatility, class offerings remain prone to variability from external factors.

City of Carlsbad:
Parks + Recreation Function |
Aquatics Class: Demands
Table A - 5.3d | Source: City of Carlsbad + SD LAFCO

874	4,953	4.4	+64.8%
AVG CLASSES / YEAR	AVG PARTICIPANTS	PARTICIPANTS / CLASS	PARTICIPATION GROWTH

Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5-Yr Average	Growth Trend
Aquatic Class Offerings	766	911	755	1,183	756	874	(1.3%)
Aquatic Class Participants	3,312	3,274	3,609	5,645	5,381	4,953	+62.4%
Average Participants Per Class	4.3	3.6	4.8	4.9	7.1	4.4	+64.8%

Illustration Created with Anthropic

Class information – including attendance – for 2019 covered only one-half of the year. For purposes of this report, LAFCO staff believes it is reasonable to assume an equal level of classes and participants to produce full year

Parks, Open Space + Recreation

Carlsbad began providing general park services following its incorporation in 1952, albeit initially on an all-volunteer basis. The genesis traces to the work of a volunteer group called the Park, Beach, and Recreational Commission that coordinated with the new City administrators and was instrumental in developing the early framework for what would become the Parks and Recreation Department in 1954. The transition to a formal City department was marked by the concurrent acquisition that same year of Carlsbad's first community park – Holiday Park.

From Humble Beginnings...

Carlsbad's park, open space, and recreation services began modestly with the help of an all-volunteer group to open its first public park (Holiday Park) in 1954. Carlsbad's offerings have evolved from an early focus on free-play parks to a comprehensive 432-acre system that includes structured recreation opportunities and maintained open space uses.

Momentum thereafter has led to a total of 14 community parks as well as 28 special use sites (typically consistent with neighborhood parks or pocket parks within subdivisions) with a combined acreage of 432.4 acres at the end of the report period in 2023. These core class amenities are detailed below.

City of Carlsbad:
Parks + Recreation Function |
Parks , Open Space + Recreation Class: Parks + Special Use Areas
Table A - 5.3e | Source: City of Carlsbad + SD LAFCO

COMMUNITY PARKS 14

Small (Under 10 ac) | Medium (10–25 ac) | Large (25+ ac)

Park	Acres	Play Area	Basketball	Restrooms	Parking
Veterans Memorial Park	93.7	●	●	●	●
Alga Norte Community Park	32.1	●	●	●	●
Stagecoach Community Park	28.5	●	●	●	●
Hidden Canyon Community Park	22.0	●	●	●	●
Calavera Hills Community Park	17.1	●	●	●	●
Zone Community Park	8.8	●	○	●	●
Pine Community Park	8.5	●	○	●	●
Holiday Park	7.5	●	○	●	●
Carlsbad Village Community Park	6.7	●	○	○	●
Oak Park	6.2	○	○	○	○
Arroyo Vista Elementary	4.7	●	●	●	●
El Fuerte Park	4.7	●	●	●	●
Calavera Park	3.0	○	○	○	○
Buena Vista Reservoir Park	2.5	●	○	○	○
Pine Community Park (Annex)	0.8	○	○	○	○

SPECIAL USE AREAS 28

Site Name	Acres	Play Area	Basketball	Restrooms	Parking
Leo Carrillo Ranch Historic Park	27.4	○	○	○	○
La Costa Canyon Park	14.7	●	●	●	●
Agua Hedionda Lagoon Trail	4.2	○	○	○	○
Magnolia Elementary	4.0	●	○	○	○
Carlsbad High School	3.4	○	○	○	●
Carlsbad State Park	3.4	○	○	○	●
Batiquitos Lagoon Nature Center	2.7	○	○	●	●
Monroe Elementary	2.7	○	●	●	●
Buena Vista Elementary	2.5	○	●	○	○
La Costa Heights Elementary	2.5	●	●	○	○
Magee Park	2.1	○	○	○	○
Cannon Park	1.7	●	○	○	○
Las Colonias Park	1.0	○	○	○	○
Maxton Brown Park	0.9	●	○	○	○
Calavera Hills Trailhead	0.4	○	○	○	○
Subtotal (15 Visible Sites)	73.6				

Combined Portfolio	42	432.4	14	28
	TOTAL SITES	TOTAL ACRES	COMMUNITY PARKS	SPECIAL USE AREAS

Illustration Created with Anthropic

While adding to parklands, Carlsbad has also diversified its portfolio beginning in the 1980s to increasingly include open space and structured recreational services – ranging from community centers to specialized recreation activities and more recently an 18-hole municipal golf course. These relatively new class features are summarized below.

- Carlsbad operates five **community centers** that collectively provide a range of social engagement services for residents with one specifically dedicated to continuum of care (activities, nutrition, etc.) for senior residents. Baseline center services include providing meeting and forum spaces, hosting educational classes, and serving as alternative sites to make services available outside of traditional City offices. Center-specific amenities expand to include gymnasiums, fitness rooms, and auditoriums.

- Carlsbad operates one **municipal golf course** – Crossings. This 18-hole course opened in 2007 and hosts major professional tournaments and in doing so has earned the label "championship course." It includes 206.8 acres of habitat preserve along with 196 acres of golf course. Carlsbad residents are eligible for a discounted rate and can reserve times up to 30 days out.

- Carlsbad operates two dedicated **skateparks**: the Carlsbad Skatepark located adjacent to Fire Station No. 5 and the Alga Norte Skatepark. The latter opened in late 2013, spans approximately 0.6 acres, and was reportedly the largest skatepark in San Diego County at the time of its opening.

- Carlsbad operates a **trail system** providing hikers and cyclists with nearly 67 miles of trails with scenic access to Lake Calavera, Agua Hedionda Lagoon, and Rancho La Costa Preserve, among other natural areas.

Most of Carlsbad's park, open space, and recreational services operate as free-access facilities and allow residents and visitors to use them without registration, fees, or monitoring systems. Usage of reservable facilities and rental amenities is trackable and in Carlsbad ranges in intensity from reserving individual picnic tables to renting out entire auditoriums. Sports fields have remained the most popular facility to book with an average annual number totaling 8,981 each year during the five-year report period ending in 2023. The next most popular booking category involves multi-purpose rooms at Carlsbad's five community centers, which averaged 4,206 reservations each year.

What 24k Reservations Reveal…

While most of Carlsbad's parks and open space resources remain freely accessible, the City's 24,000+ annual facility reservations show evolving community preferences – from the pandemic's disruption and recovery to new recreational realities where basketball and community gardening are winning over more attendees while tennis courts are increasingly out of favor.

City of Carlsbad:

Parks + Recreation Function |
Parks , Open Space + Recreation Class: Demands (Reservations)

Table A - 5.3f | Source: City of Carlsbad + SD LAFCO

Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Average	Trend
Sports Field Rentals	4,718	9,129	6,206	12,078	12,774	8,981	+170.8%
Pool Rentals	2,610	5,767	2,677	5,645	6,605	4,661	+153.1%
Multipurpose Room Rentals	3,341	6,602	1,190	4,196	5,745	4,206	+72.0%
Historic Park Rentals	910	1,934	643	1,688	1,898	1,414	+108.6%
Outdoor Space Rentals	643	1,318	615	1,480	1,521	1,115	+136.5%
Picnic Area Rentals	428	1,153	317	1,411	1,390	940	+224.8%
Tennis Court Rentals	823	1,295	398	1,071	285	774	-65.4%
Community Garden Rentals	366	737	728	732	731	659	+99.7%
Gymnasium Rentals	265	817	553	698	825	632	+211.3%
Auditorium Rentals	457	849	52	551	786	539	+72.0%
Skatepark Rentals	N/A	N/A	71	418	213	234	New
Basketball Court Rentals	3	14	3	31	33	17	+1,000%
Total Reservations	**14,564**	**29,615**	**13,453**	**29,999**	**32,806**	**24,087**	+125.2%

Illustration Created with Anthropic

Drawing from the preceding table, the following summarizing observations apply regarding community demands during the report period.

- The pandemic appears to have had a dramatic impact on facility rentals with most categories experiencing sharp declines in 2021 followed by strong recoveries across the board with the exception of tennis. Auditorium and multi-purpose room rentals best illustrate this pattern – dropping to their lowest points in 2021 before rebounding to near or above pre-pandemic levels.

- Basketball court rentals showed the most significant growth in rental/reservation demand at more than 1,000% and partly attributed to Carlsbad establishing new youth basketball leagues to now cover the Spring period.

- Community garden rentals nearly doubled during the report period and track with broader interest following the pandemic in developing sustainable and self-sufficient food sources. A new community garden located in the southeastern part of the city opened in Spring 2025.

- Tennis court rentals are the notable outlier, bucking the overall growth trend with a (65.4%) decline – likely resulting from the City's general approach to offering its tennis courts on a first come, first taken basis. A portion of the community likely also transitioned toward other racquet sports - specifically pickleball.

Performance Measurements |
Syncing Up Resources, Capacities, and Demands

The City of Carlsbad's parks and recreation function has measurably evolved over the last several decades, headlined by its transition from free-play parks to increasingly structured recreational programming. This evolution tracks with demographic changes and community interests beginning in the 1970s and reflected in the voter-approved initiative in 1986 reorienting City priorities toward managing growth while emphasizing quality of life. Community support for these expanded amenities is evident in sharply increasing utilization rates over the five-year report period ending in 2023 – sports field rentals more than doubled, gymnasium rentals tripled, and aquatics participation grew 64% despite pandemic-related fluctuations. Carlsbad also continues to invest in traditional unstructured play opportunities, as evidenced by the City Council's approximately $57 million commitment to the 94-acre Veterans Memorial Park project. This and other key performance measurements drawn from the report period follow.

Premium Investment in Quality of Life |
Carlsbad has demonstrated a substantial financial commitment to its parks and recreation function, with it accounting for nearly 10% of total City General Fund expenditures over the report period — a comparably significant discretionary allocation among cities that reflects the City Council's prioritization of recreational services. At the equivalent of $159 per capita in General Fund monies, Carlsbad's investment is more than four-fifths – 83% – above a national benchmark of $87 per capita for similarly size cities between 100,000 and 250,000 in population.[67]

Hitting the Mark with Expansive Recreation Menu |
Drawing from its premium investment, Carlsbad has developed a comprehensive and diverse portfolio of structured recreation facilities serving residents across age groups and activity preferences. These range from competitive aquatics at two major facilities offering nearly 1,000 annual classes to specialized amenities, including championship golf, skateparks, and five community centers with varied programming capabilities. These investments demonstrate responsiveness to evolving community interests as evidenced by dramatic growth in basketball court rentals (over 1,000% increase), near doubling of community garden participation, and robust utilization across sports fields (8,981 annual reservations) and multi-purpose spaces (4,206 annual bookings).

[67] Reference to 2024 NRPA Agency Performance Review, Figure 15: Operating Expenditures Per Capita and Size.

Parkland Acreage: Mixed Results |

Carlsbad's provision of developed public parkland presents a more complex picture depending on the measurement standard applied. At 3.8 acres of developed parkland per 1,000 residents at the end of the report period in 2023, Carlsbad falls below (45.7%) the national benchmark of 7.0 acres per 1,000 residents for peer cities (100,000-250,000 population).[68] Local and state standards paint a different picture: Carlsbad exceeds the baseline requirement of 3.0 acres per 1,000 residents under both the City General Plan and California's Quimby Act. This gap reflects an implicit policy trade-off – Carlsbad has concentrated resources on premium structured recreation amenities rather than extensive traditional park development. This approach is further shaped by RHNA obligations that prioritize land availability for residential development and constrain opportunities to set aside additional land for conventional park uses. To partially offset these constraints, Carlsbad's development standards require private projects to incorporate on-site green space and play areas. Taken together, these factors indicate that while Carlsbad performs below certain national benchmarks, its parkland strategy reflects state mandates, local standards, and community preferences.

Joint-Use Agreements: Bringing Parks to Neighborhoods |

Carlsbad uses joint-use agreements with local public school districts to extend recreational access through 37.5 acres across 10 strategically distributed sites throughout the City. These agreements enhance Carlsbad's parkland ratio from 3.8 to 4.0 acres per 1,000 residents and help address park access gaps given these contracted sites are located in residential neighborhoods within walking/biking distance of homes – especially beneficial for families with children.

Adapting to Demographic Shifts |

The transition from tennis to pickleball illustrates how quickly recreational preferences can change. As Carlsbad's demographics continue to evolve, existing facilities will need to be monitored to ensure they continue to match with community interests. Carlsbad's current projects to construct a total of 14 pickleball courts (in addition to the existing six pickleball courts) while retaining existing tennis courts demonstrates adaptability to the community's changing recreational preferences.

---

68 Reference to 2024 NRPA Agency Performance Review, Figure 2: Acres of Parkland per 1,000 Residents.

5.4 Library & Cultural Arts Function

The City of Carlsbad's consolidated library and cultural arts function predates incorporation and traces its origins to the County of San Diego's establishment of a branch library in 1916. The first collection reportedly consisted of a small set of books housed in a corner of Simpson's Store at Ivy and First Streets. Over the following decades, the collection relocated several times within the Village area before Carlsbad assumed operations in 1956 and eventually opened its first dedicated facility in 1967 as part of an annex to the City Hall complex. This facility – later renamed the Georgina Cole Library – remains in operation and has since been joined by two others: the Carlsbad City Library on Dove Lane (1999) and the Carlsbad City Library Learning Center (2008).

110 Years and Counting: Storefront to Three-Facility System…

The City of Carlsbad's consolidated library and cultural arts function draws on an initial pre-incorporation investment by the County of San Diego in establishing the community's first public library in 1916 and now features a three-facility system serving over 425,000 annual visitors and circulating more than 1.1 million items. These services account for 7% of the City's General Fund expenditures over the five-year report period ending in 2023.

While traditionally centered on literacy and information access, Carlsbad's libraries have also evolved into community resources for cultural enrichment, offering space, programming, and partnerships to foster creative expression. Carlsbad formally expanded this role in 1986 with the creation of the Cultural Arts Office.

Cultural arts functions have reported through the City's library structure since 1985. In 2009, as part of a broader municipal reorganization during the Great Recession, the department was renamed the Library and Cultural Arts Department to more formally reflect this longstanding administrative relationship. Operational input is provided by two advisory bodies: the Library Board of Trustees and the Arts Commission. Operational input is provided by two advisory bodies: the Library Board of Trustees and the Arts Commission. The Department also coordinates activities and resources with several local non-profits, including the Friends of the Carlsbad Library. Suzanne Smithson has served as Director since 2020 and for the final four years of the report period.[69] A summary of the consolidated function's core resources, capacities, demands, and performance follows.

[69] Heather Pizzuto previously served in the position before retiring in 2020

Resources | Budget and Staffing

Carlsbad's consolidated library and cultural arts function's primary funding source is the City General Fund. These all-purpose monies have consistently covered 98% of the Library and Cultural Arts Department's average annual actual expenses during the five-year report period ending in 2023. (A dedicated analysis of the General Fund is provided in Section 6.2.) The small remaining funds used to support the library and cultural arts function tie to special revenue funds involving endowments, donations and grants. Personnel costs during the period account for about 60% of actual expenses and support 51.0 budgeted FTEs as of the final year. The balance of actual expenses – 40% of all costs – has gone to operations with nearly half of which covers interdepartmental City charges, such as information technology services. Overall, the Library and Cultural Arts Department's actual expenses have accounted for 7% of total City General Fund expenditures over the five-year report period.

Steady Investment Continues…

The City of Carlsbad Library and Cultural Arts Department has consistently received approximately 7% to 8% of General Fund monies during the five-year report period ending in 2023. Overall, just over 98% of all funding during the report period ties to the General Fund.

City of Carlsbad:
Library and Cultural Arts Function, Budget Resources
Table A-5.4a | Source: City of Carlsbad + SD LAFCO

Categories	2019-2023 5-Year Averages
Total Budgeted Expenses	
…Average Annual	$14.044 million
…Overall Change	9.9%
…Portion Covered by General Fund	$13.483 million / 98.8%
Total Actual Expenses	
…Average Annual	$13.177 million
…Overall Change	2.2%
…Portion Covered by General Fund	$12.932 million / 98.2%
Budget Performance	
…Overall Budget to Actual Ratio	0.94

A closer review of budget-to-actual expenses shows Carlsbad's Library and Cultural Arts Department remained within City Council planning expectations in all five years of the report period ending in 2023. The overall budget to actual ratio during the period is excellent at 0.94, a variance rate of (6%), with cumulative budget savings of $4.336 million. This savings appears attributable to increasing spending discipline with actual expense growth at 2.2% compared to 9.9% growth in budgeted amounts.

Budgeted staffing for the Library and Cultural Arts Department totals 51.0 FTE at the end of the report period in 2023 – a net no change.[70] This produces a ratio with more than six out of every 100 budgeted City employees are assigned to the Library and Cultural Arts Department. (This figure does not include 61.95 budgeted hourly staff.) A breakdown of budgeted staffing across Library and Cultural Arts Department's seven active budget divisions – (a) Administration, (b) Circulation, (c) Adult and Teen Services, (d) Children Services, (e) Collections and Technical Services, (f) Outreach, Literacy and Bilingual Services, and (h) Cultural Arts – through the report period follows.

One Direction with Six Divisions…

The City of Carlsbad divides its Library and Cultural Arts Department into six active divisions at the end of the report period in 2023, with 6.0 of the 51.0 budgeted positions explicitly tasked with cultural arts activities.

City of Carlsbad:
Library and Cultural Arts Function, Budgeted Staffing Levels
Table A – 5.4b | Source: City of Carlsbad + SD LAFCO

Division	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5-Yr Average	Growth Trend
Administration	12.0	12.0	12.0	12.0	10.0	11.6	-16.7%
Circulation	4.5	4.5	4.5	4.5	5.0	4.6	+11.1%
Adult + Teen Services: Genealogy + History	11.0	11.0	11.0	11.0	11.0	11.0	0.0%
Children Services	7.0	7.0	7.0	7.0	7.0	7.0	0.0%
Collections + Technical Services	7.0	11.0	7.0	7.0	7.0	7.8	0.0%
Outreach, Literacy + Bilingual Services	3.0	3.0	4.0	4.0	5.0	3.8	+66.7%
Cultural Arts	4.0	5.0	5.0	5.0	6.0	5.0	+50.0%
Community Relations	*2.0*	*2.0*	*2.0*	*2.0*	*0.0*	*1.6*	*-100.0%*
Total FTE	**50.5**	**55.5**	**52.5**	**52.5**	**51.0**	**52.4**	**+1.0%**

Illustration Created with Anthropic

[70] Carlsbad notes the Library and Cultural Arts Department had new positions approved during the report period but were later removed. The net change of 0.5 FTE reflects two 0.75 positions converting to fulltime (1.0 FTE each). One position was added in 2020 to support the Arts and Culture Master Plan and two positions were administratively transferred to the City IT budget in 2023.

Capacities and Demands |
Facilities, Programing + More

Carlsbad's library and cultural arts services are primarily delivered out of three dedicated facilities totaling nearly 100,000 square feet. The largest is the Carlsbad City Library on Dove Lane – often referred to as the "Dove Library" — which opened in September 1999 after an estimated $22 million construction investment. At approximately 64,000 square feet, the Dove Library serves a dual role as both a library and cultural arts venue. Its cultural arts features include the William D. Cannon Art Gallery, an approximate 2,000-square-foot space hosting traveling national exhibitions and local artists, and the Ruby G. Shulman Auditorium, a 215-seat venue used for plays, lectures, musical performances, and other community events.

100k Square Feet Across Three Facilities…

The City of Carlsbad's consolidated library and cultural arts function operates out of three dedicated facilities totaling nearly 100k square feet. The Dove Library anchors the system and serves a dual role as the largest branch and primary cultural arts venue featuring a 2,000-square foot art gallery and 215-seat auditorium.

The Dove Library is joined by two other facilities – the Georgina Cole Library and the Library Learning Center – in circulating approximately 1.0 million physical materials annually, including books, magazines, and digital and compact disc media. The Georgina Cole Library is the oldest of the three facilities, built in 1967 at approximately 24,600 square feet and most recently refurbished in 2015. The Library Learning Center is the newest, having opened in August 2008 following a $6.1 million construction investment. It is approximately 11,400 square feet in size and houses Carlsbad's bilingual library services and adult literacy program.

All three facilities support digital access by providing complimentary Wi-Fi as well as access to computers and printers. The facilities also offer private study rooms and meeting space rentals. All services are available free of charge to library cardholders. Cardholders are also not charged late fees provided items are returned; lost items are billed.

City of Carlsbad:
Library and Cultural Arts Function, Core Facilities + Capacities
Table A - 5.4c | Source: City of Carlsbad + SD LAFCO

	Carlsbad City Library on Dove Lane	Georgina Cole Library	Carlsbad City Library Learning Center
Size	64,000 sq ft	24,600 sq ft	11,400 sq ft
Type	Library and Cultural Arts	Library Only	Library and Educational Programming
Address / Opened	1775 Dove Lane • Opened 1999	1250 Carlsbad Village Drive • Opened 1967	3368 Eureka Place • Opened 2008
Primary Function	Full-service library with integrated cultural arts programming	Traditional library services with historical focus	Specialized educational programming and literacy services
Capacity	Dual-use library and cultural arts venue; largest in the system	Refurbished 2015; oldest facility in the system	Houses bilingual services and adult literacy program
Special Features	• William D. Cannon Art Gallery • Ruby G. Schulman Auditorium • Friends of the Library Bookstore • On-site Cafe	• Carlsbad History Collection • Genealogy Collection • Friends of the Library Bookstore	• Spanish, English & bilingual collections for all ages • Adult literacy tutoring programs • Family literacy services

Operating Hours (All Facilities): Mon–Thu 9 a.m.–7 p.m. | Fri–Sat 9 a.m.–5 p.m. | Sunday Closed

Illustration Created with Anthropic

Additional capacity features include the following.

- Dove and Cole Libraries include year-round programs featuring adult and teen book clubs along with early literacy initiatives for children.
- Cole Library provides genealogy research support to help residents explore their family history and lineage.
- Library Learning Center provides online high school support, literacy instruction, and support to enable residents to earn an accredited high school diploma.
- The Library and Cultural Arts Department coordinates with other City Departments and local non-profit organizations in providing year-round and seasonal community art and engagement events including TGIF Concerts in the Parks.

With respect to demands, Carlsbad actively tracks usage of its library and associated cultural arts function as part of its annual reporting obligation to the California State Library. This data reveals substantive pattern changes in library usage during the five-year report period ending in 2023. Most notably, library visits show a dramatic shift pre- and

Embracing the Digital Visit…

The City of Carlsbad's libraries are serving roughly the same checkout demand with significantly fewer people walking through the doors – a shift from about 1.7 items per visit pre-pandemic to nearly 2.6 items per visit now. The pattern suggests residents have embraced digital borrowing and are making more purposeful physical visits.

post-pandemic with nearly 670,000 visits to Carlsbad's three library facilities in 2019. Visitor numbers dropped to a low of 20,214 in 2021 before rebounding – though not completely – to 426,470 in 2023; a net decline of (36.3%). This trend appears to be linked to reductions in library operating hours and indicates that although residents are returning to physical library spaces, in-person usage has shifted, with Carlsbad's library facilities currently operating at two-thirds of pre-pandemic foot traffic. These and other demand features are shown in the following table.

City of Carlsbad:
Library and Cultural Arts Function, User Demands
Table A – 5.4d | Source: California State Library + SD LAFCO

Usage Category	FY2019	FY2020	FY2021	FY2022	FY2023	5-Yr Avg	Trend
Library Visits (all walk-ins)	668,973	479,358	20,214	363,803	426,470	391,764	-36.3%
Total Annual Circulation	1,153,037	936,797	529,929	1,008,522	1,118,282	949,313	-3.0%
Physical Item Circulation	1,030,981	786,543	316,257	832,784	893,202	771,953	-13.4%
Circulation of E-Materials	122,056	150,254	213,672	175,738	225,080	177,360	+84.4%
Total Print Materials	256,531	253,724	259,075	253,356	234,538	251,445	-8.6%
Total E-Books	15,407	15,759	16,834	18,843	47,634	22,895	+209.2%
Total Audio Materials	29,448	27,613	26,678	24,864	19,843	25,689	-32.6%
Total Video Materials	16,188	14,990	15,614	15,517	7,210	13,904	-55.5%
Public Internet Computer Uses	93,633	65,611	4,825	22,029	31,962	43,612	-65.9%
Wi-Fi Logins	138,691	121,316	43,443	94,311	115,673	102,687	-16.6%
Virtual Visits to Website	492,157	570,897	450,761	388,153	445,443	469,482	-9.5%
Number of Internet Terminals	125	125	28	122	103	101	-17.6%

+209.2%	2.6	-65.9%	63.7%
E-Book Collection Growth	Items per Visit (FY2023)	Computer Usage Decline	Physical Visit Recovery (of Pre-Pandemic)

Illustration Created with Anthropic

Other notable trends in tracked usage drawn from the preceding table include:

- While foot traffic showed a measurable decline, the overall checkout demand has been steady, falling by only (3.0%) from 1.153 million in 2019 to 1.118 million in 2023.

- A substantive shift in patron usage appears to underlie checkout demands during the report period, signaling a new consumer pattern with physical checkouts declining by (13.4%) while electronic checkouts increased 84.4%.

- Public computer usage has declined by (65.9%) from 93,633 sessions in 2019 to 31,962 sessions in 2023, likely reflecting reduced library operating hours and increased access to personal devices and home internet following the pandemic.

- Wi-Fi usage has decreased more moderately at (16.6%) from 138,691 guest logins in 2019 to 115,673 in 2023. The smaller decline in Wi-Fi usage suggests visitors continue to rely on library Wi-Fi but are increasingly using their own devices.

Performance Measurements |
Syncing Up Resources, Capacities, and Demands

The City of Carlsbad's library and cultural arts function faces distinct vulnerabilities to external forces that largely extend well beyond typical management controls. Unlike core municipal services such as fire protection, wastewater, parks and recreation – where demand is relatively stable and change occurs gradually – libraries and cultural arts have the challenge of adjusting to potentially rapid shifts in behaviors and technologies. These pressures span a wide spectrum from evolving reading habits and entertainment preferences to major disruptions, such as evidenced during the report period –pandemic-driven social distancing. With this in mind, Carlsbad has demonstrated considerable adaptability during the five-year report period ending in 2023. Most notably, Carlsbad has more than tripled its e-book collection from 15,407 to 47,634 titles. This investment proved timely, enabling the library system to meet changing user needs as e-material circulation surged by 84.4% even as physical checkouts fell by (13.4%). As a result, and despite a (36.3%) decline in on-site visits, Carlsbad's libraries and cultural arts programming remains highly consequential to residents as evident by total circulation declining by only (3.0%). This and other tangible performance measurements follow.

Steady Funding + Reciprocity |
Carlsbad demonstrates steady financial commitment to its library and cultural arts function by consistently allocating 7-8% of total City General Fund expenditures each year during the five-year report period ending in 2023. This stable funding base is especially important given that nearly all Library and Cultural Arts Department expenditures are supported by the General Fund, supplemented by approximately $200,000 annually in donations from support organizations and about $45,000 in state literacy grants. Management has reciprocated this steady funding with cumulative budget savings of $4.336 million over the report period.

Focusing on Information Connector Role |
Carlsbad has been successfully evolving from a traditional information provider to a broader community connector by strategically expanding its e-book collection while maintaining robust cultural programming through integrated gallery spaces, auditorium events, and year-round community engagement initiatives. Despite a one-third decline in physical visits and a reduction of hours during the five-year report period ending in 2023, the libraries have maintained nearly identical circulation levels by adapting service delivery to meet users both digitally and physically – fostering connections between people, technology, and community resources in real time.

Rightsizing Digital Access |
Carlsbad has strategically reallocated technology resources during the five-year report period ending in 2023, modestly reducing public computer terminals by nearly one-fifth even as usage dropped by two-thirds – all the while maintaining Wi-Fi infrastructure to support the relatively consistent demand from visitors bringing personal devices.

Digital Expansion and Continued Physical Engagement |
During the five-year report period ending in 2023, usage of digital library services in Carlsbad has increased exponentially, while the size and usage of the physical collection have remained consistent. Circulation of physical items per open hour in 2023 continues to exceed circulation per open hour in 2019, demonstrating that the libraries remain heavily used community resources for both digital and traditional services..[71]

[71] The City of Carlsbad maintains an existing performance measurement specific to providing no less than 800 square feet of library space for every 1,000 residents. At the end of report period, the actual ratio equals 857 square feet for every 1,000 residents.

5.5 Community Development

The City of Carlsbad's community development function represents a foundational municipal responsibility assumed from the County of San Diego upon incorporation in 1952 when the City inherited authority over land use regulation and related services. This function initially operated under carryover County ordinances and zoning codes, providing regulatory continuity while the City embarked on the multi-year process of crafting Carlsbad-specific planning policies – a gradual transition from inherited to independent governance culminating in the adoption of the first City General Plan in August 1965. The current General Plan, seven years in the making before its 2015 adoption, continues more recent efforts to transition away from growth facilitation to growth management: emphasizing infill development, beach preservation, and "community character." This growth management framework now operates within an increasingly complex regulatory environment as state housing mandates test the balance between local control and regional obligations.

One Function, Two Departments, + Five Classes…

The City of Carlsbad's community development function spans two departments – Community Development and Housing & Homeless Services – and is categorized into five service classes: planning, building, land development engineering, code enforcement, and housing assistance. The function has accounted for 6% of annual General Fund expenditures over the five-year report period ending in 2023.

Carlsbad's community development function presently spans two organizational units – principally the Community Development Department and select programs within the Housing and Homeless Services Department – collectively delivering five service classes: (a) planning, (b) building, (c) land development engineering, (d) code enforcement, and (e) housing. The primary service agent - Community Development Department - has undergone strategic reorganization to enhance service delivery, most notably in 2022 when building and code enforcement separated into standalone divisions to improve specialization and responsiveness. The Department coordinates with multiple advisory bodies, including the Planning Commission, which the Department staff. Jeff Murphy served as Director of Community Development from January 2020 through the end of the five-year report period in 2023, overseeing four of the five service classes. Murphy has since been promoted to Deputy City Manager, Community Services, effective January 2026.[72] The Housing and Homeless Services Department was created in July 2021 out of the Community Development

[72] The previous Community Development Director – Debbie Fountain – served between 2018 to 2019.

Department and coincided with the appointment of the current director, Amanda Mills. A summary of the functions' core resources, capacities, demands, and performance follows

Resources |
Budget and Staffing

The City of Carlsbad's community development function and its five service classes – planning, building, land development engineering, code enforcement, and housing – have undergone significant restructuring during the five-year report period ending in 2023. The restructuring split operations between two departments while raising overall funding levels and associated resources. Pre-reorganization (2019 to 2021), the unified cost under the Community Development Department for all five classes averaged $23.3 million annually and funded roughly equally between the General Fund and Special Revenue Fund, the latter including grants (federal and state), donations, and impact fees. Following reorganization (2022 to 2023), the combined costs covering the five classes has grown to an annual average of $27.8 million – a 19.6% increase – with $10.8 million going to Community Development and $17.0 million going to Housing and Homeless Services.

Strategic Split…

The City of Carlsbad reorganized its community development function in 2022, creating a stand-alone Housing and Homeless Services Department to oversee the housing class while planning, building, land development engineering, and code enforcement classes remain within the Community Development Department. The reorganization serves to clarify responsibilities and elevate visibility around housing issues and has been accompanied by an overall funding increase of nearly 20% for the combined function. The combined community development function accounts for 6% of total General Fund expenditures over the five-year report period ending in 2023.

Personnel costs across the two departments reflect distinctly different operating models. The Community Development Department's labor share has averaged approximately 41% of actual expenditures pre-reorganization (2019 to 2021), rising to approximately 68% post-reorganization (2022 to 2023) – a shift driven by the transfer away of grant-funded housing programs. The Housing and Homeless Services Department, by contrast, operates primarily as a pass-through for federal and state grant funding, with personnel costs accounting for approximately 10% of total expenditures since its standalone status (2022-2023). Combined, personnel costs across both departments have averaged approximately 35 to 40% of total actual expenditures over the report period. A summary of budgeted to actual expenses for the combined function follows.

City of Carlsbad:
Community Development Function, Budget Resources
Table A-5.5a | Source: City of Carlsbad + SD LAFCO

Categories	2019-2023 5-Year Averages
Total Budgeted Expenses	
…Average Annual	$24.051 million
…Overall Change	27.0%
…Portion Covered by General Fund	48.6%
Total Actual Expenses	
…Average Annual	$25.086 million
…Overall Change	39.8%
…Portion Covered by General Fund	$11.827/ 46.4%
Budget Performance	
…Overall Budget to Actual Ratio	1.04

A closer review of budget-to-actual expenses shows that Carlsbad's community development function has exceeded budgeted amounts in three of the five years during the report period ending in 2023. The overall budget-to-actual ratio during the period is 1.04, or a variance of 4%, with cumulative actuals outpacing budgeted amounts by approximately $5.175 million. When separated post-reorganization (2022 to 2023), Community Development generated a 1.04 ratio while Housing and Homeless Services posted 1.03 – suggesting the variance crosses both departments and their service activities at relatively equal proportions.

Budgeted staffing for the community development function totals 68.0 FTE at the end of the report period in 2023 – a net change of 5.25 positions, or 8.4% over 2019. The staffing changes reflect the 2022 reorganization establishing the Housing and Homeless Services Department as a standalone unit with 16.0 FTEs, while also establishing code enforcement as its own division with 4.0 dedicated positions beginning in 2022. Overall, slightly more than seven out of every 100 budgeted City employees are assigned to the community development function across both departments. (This figure does not include 10.8 budgeted hourly staff.) A breakdown of budgeted staffing across the community development function across its two departments – Community Development and Housing and Homeless Services –through the report period follows.

City of Carlsbad:
Community Development Function, Budgeted Staffing
Table A - 5.5b | Source: City of Carlsbad + SD LAFCO

Division	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5-Yr Avg	Growth Trend
Community Development Department							
Administration	7.0	7.0	6.45	7.0	7.0	6.9	0.0%
Planning	20.0	20.0	20.0	20.0	20.0	20.0	0.0%
Building	10.0	10.0	15.0	10.0	10.0	11.0	0.0%
Land Development + Engineering	10.75	11.75	11.0	11.0	11.0	11.1	+2.3%
Code Enforcement*	—	—	—	5.0	4.0	4.5	-20.0%
Other/Miscellaneous	15.0	15.0	9.3	0.0	0.0	7.9	-100.0%
Subtotal Community Development	62.75	63.75	61.75	53.0	52.0	57.5	-17.1%
Housing & Homeless Services Department							
Housing Services	—	—	—	5.17	5.17**	5.2	N/A
Homeless Services	—	—	—	4.0	4.0**	4.0	N/A
Affordable Housing Programs	—	—	—	0.8	0.8**	0.8	N/A
Federal Assistance Programs	—	—	—	6.03	6.03**	6.0	N/A
Subtotal Housing & Homeless	—	—	—	16.0	16.0	16.0	N/A
Department Reorganization Implemented in FY2022							
Total FTE	62.75	63.75	61.75	69.0	68.0	65.1	+8.4%

*Code Enforcement separated from Building Division in FY2022
**FY2023 Housing & Homeless Services detail divisions maintained at FY2022 levels for illustration

Illustration Created with Anthropic

Capacities and Demands |
Planning, Building, , Code Enforcement, Engineering + Housing

This report organizes the evaluation of the City of Carlsbad's community development function by service class – planning, building, code enforcement, engineering, and housing. The evaluation is structured to account for core facilities and their respective capacities with an emphasis on public-facing components and relationship to Carlsbad's growth management goals. Demands are also evaluated when applicable.

Planning

Carlsbad's planning class activities are responsible for maintaining and updating the City's comprehensive land-use regulatory framework – including the General Plan, Local Coastal Program, and Zoning Ordinance. Activities are organized under the Planning Division and include the following core tasks:

County Maps to Coastal Plans…

Carlsbad's planning activities have evolved from inheriting County of San Diego zoning maps in 1952 to implementing regulations and policies established by the City Council. Core capacities tie to staffing levels, which have stayed flat at 20 FTE through the five-year report period ending in 2023.

long-range planning consistent with City Council direction and state mandates; current development review to ensure compliance with adopted regulations, including California Environmental Quality Act (CEQA) requirements; and technical support to the Planning Commission and City Council.[73] Major planning activities reported by Carlsbad during the five-year report period ending in 2023 are as follows.

- Completed and secured approval of the Village and Barrio Master Plan following extensive public engagement and California Coastal Commission review.

- Finalized a comprehensive update to the Local Coastal Program Land Use Plan, addressing sea-level rise and coastal resource protection.

- Adopted the 2021–2029 Housing Element, achieving state Department of Housing and Community Development (HCD) certification.

- Updated the Wireless Communications Facilities Policy to reflect evolving telecommunications infrastructure needs.

- Updated the Inclusionary Housing Ordinance and recalibrated the in-lieu fee structure to align with current market conditions.

- Deployed a customer self-service portal for online submission for Planning Sign Permits, which continues to be expanded for other plan types.

[73] The Planning Division is allocated with 20.0 FTE budgeted positions at the end of the five-year report period in 2023 – equal to 38% of total staffing within the Community Development Department. The average annual yearly expense has been $3.44 million with the portion coming from the General Fund translating to a per capita cost of $29.55.

Planning applications represent a direct intersection between Carlsbad and the public's development aspirations and municipal regulatory authority – ranging in scale from a homeowner adding an accessory dwelling unit to a developer proposing a subdivision. Overall, planning application submittals have averaged 156 each year during the five-year report period ending in 2023 with a point-to-point increase of 42%. Application types show a notable shift in Carlsbad's development patterns: traditional subdivision maps declined by (86%), from seven to just one, while discretionary permits jumped nearly 50% from 128 to 178 with the latter typically requiring higher administrative processing burdens. A listing of application type and volume over the report period follows.

Infill Demands…

Over the five-year report period ending in 2023, planning applications in Carlsbad have increased 42%, reflecting steady growth in community investment and development interest. Also of note: a major shift underlies application patterns – sharp pivot away from traditional subdivisions and a significant increase in discretionary permits. This pattern – among other items – illuminates a transition from greenfield expansion to infill development.

City of Carlsbad:

Community Development Function, Planning Applications (Demands)

Table A – 5.5c | Source: City of Carlsbad + SD LAFCO

Category	FY2019	FY2020	FY2021	FY2022	FY2023	5-Yr Avg	Trend
Discretionary Applications Received							
General Plan Amendments	1	1	2	1	1	1.2	0.0%
Zoning Changes	0	1	2	2	2	1.4	New
Subdivision Maps	7	6	3	3	1	4.0	-85.7%
Other Discretionary Permits*	120	128	145	178	178	149.8	+48.3%
Total Applications Received	**128**	**136**	**152**	**184**	**182**	**156.4**	**+42.2%**
Processing Actions							
Applications Approved	102	109	115	134	123	116.6	+20.6%
Applications Denied	0	3	0	0	0	0.6	N/A
Application-to-Action Ratio	*1.25:1*	*1.21:1*	*1.32:1*	*1.37:1*	*1.48:1*	*1.33:1*	*+17.9%*

*Other Discretionary Permits includes Conditional Use Permits, Site Development Plans, Variances, Coastal Development Permits, ADU applications requiring planning review, and other permits requiring discretionary approval.

Illustration Created with Anthropic

Building

Carlsbad's building class activities are now organized as a stand-alone division within the Community Development Department following a reorganization to separate it from code enforcement beginning in 2020. The Building Division serves as the main point of contact for landowners seeking to build or modify structures in Carlsbad while complying with state and local construction standards. Core responsibilities encompass providing guidance to applicants, plan review and permit issuance for all construction projects, fee assessment, and field inspections to ensure contractor work aligns with approved plans – all while enforcing critical safety standards including seismic requirements, energy efficiency measures, stormwater management provisions, and construction waste recycling mandates.[74] Major building activities reported by Carlsbad during the five-year report period ending in 2023 are as follows.

Permission Business…

Carlsbad's building activities have evolved from straightforward residential permits since incorporation in 1952 to enforcing more complex and multi-code compliance spanning seismic, energy, and environmental standards. Core capacities remain anchored at 10.0 FTE throughout the five-year report period.

- Updated construction waste management forms to align with state-mandated waste diversion requirments.
- Deployed a customer self-service portal for online submission of basic building permits, which continues to be expanded for other permit types.
- Continued migration of historical building records into digital archive for improved public access.
- Implemented virtual inspection processes for contractors installing residential solar systems.
- Implemented a self-certification inspection program allowing qualified professionals to verify minor improvements.

[74] The Building Division is allocated with 10.0 FTE budgeted positions at the end of the five-year report period – equal to 19% of total staffing within the Community Development Department. The average annual expense has been $1.99 million with the portion coming from the General Fund translating to a per capita cost of $17.09.

Building permits provide a view on construction activity and private investment in Carlsbad's built environment – each one representing a property owner's decision to improve, expand, or redevelop property. Overall, building permit issuances have averaged 4,556 each year during the five-year report period ending in 2023 with a point-to-point increase of 13%. Construction valuation fluctuated sharply – from a high of $252.9 million in 2019, dropping to $132.9 million during the pandemic in 2021, before rebounding to a new high of $289.1 million in 2023. Permit activity also reveals shifts in Carlsbad's construction landscape, mirroring trends in planning applications. Residential permits have climbed 22% while commercial permits declined (41%). A listing of permit issuances by type and value follows.

Residential Permits Up: Modifying, Improving + Adding…

Over the five-year report period ending in 2023, Carlsbad has processed nearly 23,000 building permits – an average of about 4,500 per year – reflecting steady and increasing investment by landowners in their Carlsbad properties. The growth has swung sharply towards residential activity, with residential permits climbing 22% while commercial permits have declined by (41%).

City of Carlsbad:

Community Development Function, Building Permits (Demands)

Table A – 5.5d | Source: City of Carlsbad + SD LAFCO

Category	FY2019	FY2020	FY2021	FY2022	FY2023	5-Yr Avg	Trend
Permits by Type							
Residential Permits	3,844	3,499	3,880	4,446	4,702	**4,074**	+22.3%
Commercial Permits	628	546	419	400	368	**472**	-41.4%
Total Permits Issued	**4,472**	**4,045**	**4,299**	**4,846**	**5,070**	**4,546**	+13.4%
Construction Valuation							
Total Valuation (Millions)	$252.9	$229.8	$132.9	$188.3	$289.1	**$218.6**	+14.3%
Average Value per Permit	$56,565	$56,817	$30,915	$38,856	$57,041	**$48,067**	+0.8%
Workload Indicators							
Permits per Inspector (10 FTE)	447	405	430	485	507	**455**	+13.4%

Illustration Created with Anthropic

Code Enforcement

Carlsbad's code enforcement activities have evolved considerably during the five-year report period, transitioning from a unit within the Housing Services Division to the Building Division in 2020, before establishing itself as a stand-alone division within the Community Development Department in 2022. This organizational evolution ties to a growing recognition of code compliance as a specialized service activity. Core responsibilities encompass enforcing zoning, building, and property maintenance codes; investigating resident and business complaints; educating property owners on compliance requirements; and coordinating with other enforcement agencies.[75] As a newly established standalone division, Code Enforcement is in the early stages of building its operational framework. Major code enforcement activities that have been reported to date by Carlsbad are as follows.

Complaints to Compliance...

Carlsbad's code enforcement activities have progressed to a dedicated division responsible for comprehensive zoning, building, and property maintenance compliance. Core capacities are anchored to 4.0 FTE budgeted positions at the end of the five-year report period.

- Developed a code enforcement case prioritization and process guide to standardize response protocols and ensure consistent enforcement.
- Implemented an online tracking system for case processing timelines and code violations.
- Launched the State Mobile Home Park Inspection Program in partnership with California Department of Housing and Community Development.

Code enforcement cases reflect where community standards and individual decisions intersect – typically involving concerns about property appearances, unpermitted activities, or quality-of-life issues (sounds, smells, etc.) Overall, case openings have averaged 1,445 each year during the five-year report period ending in 2023 with a point-to-point increase of 47%. Case closures have also grown but at a slower pace of 14%, resulting in the opening-to-closure ratio shifting from 0.8-to-1.0 in 2019 to slightly

[75] The Code Enforcement Division is allocated with 4.0 FTE budgeted positions at the end of the five-year report period – equal to 8% of total staffing within the Community Development Department. The average annual expense has been $724,000 with the portion coming from the General Fund translating to a per capita cost of $6.22.

over the breakeven line at 1.03-to-1.0. However, given the 47% increase in case volume against a flat four-person staffing base, workload pressures could impact future response times if demand continues to grow.

City of Carlsbad:
Community Development Function, Code Enforcement (Demands)
Table A - 5.5e | Source: City of Carlsbad + SD LAFCO

Category	2019	2020	2021	2022	2023	5-Yr Avg	Trend
Cases Opened	1,244	1,422	1,288	1,440	1,829	1,445	+47.0%
Cases Closed	1,559	1,393	1,280	1,622	1,774	1,526	+13.8%
Opening:Closure Ratio	*0.80:1*	*1.02:1*	*1.01:1*	*0.89:1*	*1.03:1*	*0.95:1*	*+28.7%*

Illustration Created with Anthropic

Engineering

Carlsbad's engineering services are housed in the Land Development Engineering Division within the Community Development Department. The Division focuses on ensuring that all grading, public improvements, and work within the public right-of-way and other public spaces – including City buildings - meet applicable state and local codes. Core responsibilities include reviewing and processing subdivision maps, plan checking and permitting for grading and infrastructure projects, administering floodplain regulations, conducting transportation impact analyses under CEQA, and providing technical assistance.[76] Major engineering activities reported by Carlsbad during the five-year report period ending in 2023 follow.

Approval to Construction...

Carlsbad's Land Development Engineering Division is where development inquiries become concrete – bridging the gap between approval and physical construction. Core engineering class capacities tie to staffing levels, which finished the five-year report period ending in 2023 with 11 FTE.

- Transitioned from printed mylars to digital submission processes for both plan submittals and right-of-way permit applications.

[76] The Land Development Engineering Division is allocated with 11.0 FTE budgeted positions at the end of the five-year report period – equal to 21% of total staffing within the Community Development Department. The average annual yearly expense has been $2.13 million with the portion coming from the General Fund translating to a per capita cost of $18.29.

- Launched a customer self-service portal to enable online processing of temporary water meter permits, which continues to be expanded for other permit types.

- Established vehicle miles traveled (VMT) evaluation policies to comply with CEQA requirements along with creating an interactive public VMT map.

- Developed a transportation demand management program to reduce single-occupancy vehicle use by promoting alternative transportation, including walking, biking, public transit, and ride sharing.

Assessing demand on municipal engineering services centers mostly on two public-facing measurements: the volume of engineering permits issued and the volume of plan reviews processed. The former captures direct permitting activity - grading, public improvements, and right-of-way work – while the latter reflects the technical oversight role in evaluating construction projects for code compliance. As for actuals, the average number of engineering permits issued by Carlsbad during the five-year report period has been 1,207 with a point-to-point change of (8%) from 1,200 in 2019 to 1,102 in 2023 – a dip that appears consistent with the City's broader shift from large-scale greenfield development to smaller infill projects. In contrast, ministerial and discretionary permit reviews have experienced a considerable jump of 340% over the same period — from 640 building permit reviews in 2019 to 2,817 in 2023. The widening gap between declining permit issuances and escalating review obligations appears to highlight a material shift in workload — one that increasingly centers on technical oversight rather than direct permitting. A listing of technical reviews permits issued, and more traditional subdivision work activities (landscape plans and grading permits) by type and value follows.

From Issuing to Advising…

Carlsbad's engineering services appear to be shifting from primarily issuing permits to providing technical reviews. While direct permit issuance declined over the five-year report period, review obligations quadrupled - going from a weekly average of 12 in 2019 to 54 in 2023.

City of Carlsbad:
Community Development Function, Engineering (Demands)
Table A - 5.5f | Source: City of Carlsbad + SD LAFCO

Category	2019	2020	2021	2022	2023	Change
Technical Reviews	640	1,230	2,225	2,059	2,817	+340%
Permits Issued	1,200	1,400	1,200	1,131	1,102	-8%
Landscape Plans	34	24	31	30	25	-26%
Grading Permits	46	38	51	50	44	-4%
Combined Traditional	**80**	**62**	**82**	**80**	**69**	**-14%**

Illustration Created with Anthropic

Housing

Carlsbad's housing services have experienced the most significant organizational change among all community development class functions during the five-year report period ending in 2023. Beginning the period as a single division within Community Development, it expanded into a stand-alone Housing and Homeless Services Department in FY2022, marking the City Council's decision to make homelessness reduction a core strategic priority. The Department comprises three specialized divisions: Homeless Services (prevention, outreach and intervention), Housing Services (trust fund administration, community programs, and federal/state grant management), and Housing Assistance (management of federal Section 8 vouchers).[77] Major housing class activities reported by Carlsbad during the report period follow:

From Division to Department...

Carlsbad's housing function hit a maturation milestone during the five-year report period ending in 2023, transitioning from a single division within Community Development to a full-scale Housing and Homeless Services Department. The new department consolidates homeless outreach, affordable housing programs, and federal housing assistance under one coordinated structure with 16.0 budgeted FTEs.

- Scaled homeless outreach from zero dedicated services in 2019 to engaging 749 unduplicated individuals by 2023, transitioning 62 into permanent housing.

77 The Department is allocated 16 FTE budgeted positions at the end of the five-year report period. The average annual expense post-reorganization has been $16.6 million with 73% derived from Special Revenue Funds – primarily federal Community Development Block Grants and Housing Choice Vouchers – translating to a General Fund per capita cost of approximately $39.

- Facilitated 419 affordable dwelling units through the development pipeline, leveraging $13.4 million in trust fund commitments.

- Implemented the Affordable Housing Resale Program, acquiring and reselling 15 units to income-qualified buyers.

- Distributed $3.2 million in community development block grant funding to nonprofit providers, reaching 1,215 low-income residents annually.

Housing services have largely operated in the background of municipal government. This dynamic has been shifting as affordability challenges increasingly affect a broader cross-section of residents, pushing cities like Carlsbad to elevate housing and related safety net programs to a more prominent position. Demand trends highlight the increasing pressure on Carlsbad's affordability programs as local market conditions continue to outpace available public resources. This pressure is evident in the widening gap between Housing Choice Voucher assistance and prevailing rents. While the number of households participating declined slightly during the five-year report period – by about (2%) from 524 in 2019 to 513 in 2023 – the average monthly subsidy rose 26% from $1,061 to $1,340, meaning taxpayers are spending significantly more per household to maintain the same level of housing support.

Paying More for the Same Help…

The math behind Carlsbad's housing assistance tells a challenging dynamic: nearly the same number of households are served, but the public now spends one-quarter more to keep them housed. Rising rents and a long-closed waiting list shows the widening gap between local affordability needs and the federal resources meant to meet them.

The Section 8 waiting list provides another measure where demands exceed capacities: after being closed to new applicants for nearly 15 years and restricted to inter-agency transfers, the list contained 844 names when updated in 2021. By 2023, it had declined to 296 – not due to improved affordability, but because of administrative removals for returned mail, ineligibility, or lack of response. The continued closure of Carlsbad's waiting list for more than a decade and a half – amid a 21% rise in median rents from $2,016 to $2,440 – underscores the growing disconnect between federal housing resources and local market realities.

The most notable change within Carlsbad's housing-related activities has been the addition of direct homeless services – a class that did not exist in 2019. Carlsbad reports at the end of the five-year report period in 2023, it had engaged 565 unduplicated individuals that fiscal year, resulting in 66 shelter placements and 105 transitions into permanent housing. The increase in encampment cleanups – from 50 in fiscal year 2021 to 106 in fiscal year 2023 – further reflects the evolving scale of Carlsbad's operational approach towards homelessness.

Redefining Housing Work...

At the beginning of the five-year report period in 2019, Carlsbad's housing activities were primarily focused on planning, regulatory compliance, and affordability programs. By 2023, the scope had expanded to include active field operations – outreach, shelter placements, and encampment cleanups – reflecting the City's broader shift toward directly addressing homelessness.

A listing of voucher enrollments and related information as well as homeless engagement activities during the report period follows.

City of Carlsbad:
Community Development Function, Housing (Demands)
Table A - 5.5g | Source: City of Carlsbad + SD LAFCO

Housing Choice Voucher Metrics

Category	2019	2020	2021	2022	2023	Change
HCV Participants	524	511	501	481	513	-2%
Monthly Subsidy	$1,061	$1,213	$1,297	$1,315	$1,340	+26%
Median Rent	$2,016	$2,058	$2,100	$2,420	$2,440	+21%
Subsidy as % of Rent	52.6%	58.9%	61.8%	54.3%	54.9%	+4%
Section 8 Wait List	*Closed*	844	495	350	296	N/A

Homeless Services NEW FUNCTION

Category	2019	2020	2021	2022	2023	Growth
Individuals Engaged	—	—	605	749	565	New
Shelter Placements	—	—	49	110	66	+35%
Housed	—	—	13	62	62	+377%
Encampment Cleanups	—	—	10	50	50	+400%

Illustration Created with Anthropic

Performance Measurements |
Syncing Up Resources, Capacities, and Demands

Over the five-year report period ending in 2023, the City of Carlsbad's community development function has undergone a substantive transformation - expanding beyond conventional land use regulation to encompass dedicated housing and homeless services now elevated to their own department. This organizational evolution mirrors a broader shift across all five service classes: Carlsbad's physical landscape is maturing, and the work of community development is proceeding in step. Traditional suburban community development activities – greenfield subdivisions, large-scale grading, new commercial construction – are giving way to infill-driven demands that are smaller in scale, albeit with more complexity. This evolution shows in service demands during the report period with subdivision maps, commercial building permits, and landscape plans all sharply dropping, while discretionary planning applications, technical engineering reviews, and code enforcement cases all sharply rising. These and other function measurements follow.

Above the Mean: Meeting RHNA |

Carlsbad's housing performance has consistently outpaced regional benchmarks, achieving 74% of its overall 4,999-unit assignment during the fifth RHNA cycle (2013–2021) compared to a countywide rate of 59%. The current sixth cycle (2021–2029) shows similar momentum with 34% completion after three years, with projected attainment near 89% at current pace. Carlsbad is meeting its planning obligation to provide zoning capacity to accommodate future housing opportunities for all income levels. However, construction remains a market outcome. Most of the new housing projects that have been recently approved actually provide housing for above-moderate income levels.

Building Affordable Units in Carlsbad Remains a Challenge |

Despite outperforming the region overall, Carlsbad's housing production reveals a persistent gap between the City's meeting its obligation to zone for affordable housing and where the market chooses to build. During the fifth cycle, only 5% of very-low income requirements were met (44 of 912 units) while above-moderate income outperformed by 31% (3,056 of 2,332 units). This pattern continues in the current cycle – very-low income production sits at 7% while above-moderate income is 68% – and suggests delivering affordable housing requires more tools than currently available.

Housing Assistance + Widening Subsidy Gap |

Carlsbad's housing assistance data illustrates the growing difficulty of helping lower-income families remain in the community. The number of households receiving Housing Choice Vouchers declined slightly over the five-year report period ending in 2023 to 513 — while average monthly costs (subsidies) per household rose 26% to $1,340, all while median rents rose 21% to $2,440. The net result is nearly the same number of households receiving assistance from Carlsbad, but the public (federal, state, and local taxpayers) is spending one-quarter more to keep them housed.

Infill on the Rise |
Demands on Carlsbad's community development function over the five-year report period ending in 2023 shows the City is most definitely in maturing mode: subdivision maps dropped (86%), commercial building permits fell (41%), and landscape plans declined (26%), while discretionary planning applications increased 48% and technical engineering reviews jumped 340%. These data points all align with a municipality shifting from building out to building in.

Subtle But Concrete Infill Measurement: More Code Enforcement |
Carlsbad's code enforcement cases jumped 47% during the five-year report period ending in 2023, from 1,244 to 1,829 – an average of five cases every day. This increase parallels other measurements and appears as an outcome of the transition towards more infill development and greater proximities between residents and uses.

Housing as a Core Municipal Function |
Carlsbad's reorganization of its community development function during the five-year report period ending in 2023 signals a material shift in municipal priorities by elevating housing and homeless services to equal standing with conventional regulatory activities (planning, building, code enforcement, and engineering). In doing so, Carlsbad is – and appropriately so – making housing and its full form – from zoning and entitlements through construction oversight to affordability programs and homeless prevention – a core municipal function going forward.

6.0 FINANCES

6.1 Agency Budget

The City of Carlsbad's budgeted revenues covering all core municipal services have averaged $302.1 million annually over the five-year report period, climbing to $339.8 million in 2023 – an 18% increase. Actual revenues have consistently exceeded budgeted projections, averaging $338.8 million annually and growing to $379.9 million – a 24% increase. Carlsbad's revenue composition is led by the General Fund, which has generated 57 cents of every actual revenue dollar collected during the period, primarily from property, sales, and transient occupancy taxes. Self-supporting enterprise sources (water, wastewater, golf course, etc.) have generated another 28 cents with the remaining 15 cents coming from internal service charges, special revenue programs, and trust fund receipts.

On the expense side, Carlsbad's budgeted costs across all core municipal services during the report period have averaged $305.0 million annually, rising from $276.1 million in 2019 to $342.3 million in 2023 – a 24% increase. Actual expenses have tracked slightly higher, averaging $317.4 million and reaching $355.1 million by period's close - a 29% gain. Expense composition is paced with General Fund operations consuming 59 cents of every budget dollar citywide and covering most public-facing services like fire and police protection. Enterprise activities have accounted for another 26 cents with the remaining 15 cents flowing to more specialized purposes (affordable housing, habitat mitigation, etc.) and internal operations (information technology, workers compensation, etc.).

Comfortable Cushion, Narrowing Notwithstanding...

Over the five-year report period ending in 2023, the City of Carlsbad has collected an average of $21.4 million more than expenses each year - actual revenues averaging $338.8 million against $317.4 million in expenses. This sizeable period cushion - nonetheless - has been compressing with actual revenues growing 24% compared to expenses at 29%.

City of Carlsbad:
Citywide Operating Budget: Actuals Comparison
Table A - 6.1a | Source: City of Carlsbad (Annual Budget Documents) + SD LAFCO

Actuals by Fund Type

Revenues FY2023: $379.9M

Fund	5-Yr Avg	FY2023	Share	Growth
General Fund	$192.5M	$225.9M	57%	+26%
Enterprise	$95.3M	$90.1M	28%	+12%
Internal Service	$30.6M	$43.9M	9%	+73%
Special Revenue	$17.5M	$19.0M	5%	+8%
Trust Funds	$2.9M	$1.1M	1%	-71%
Total	$338.8M	$379.9M	100%	+24%

Expenses FY2023: $355.1M

Fund	5-Yr Avg	FY2023	Share	Growth
General Fund	$188.5M	$205.2M	59%	+34%
Enterprise	$81.5M	$86.2M	26%	+5%
Internal Service	$29.9M	$43.9M	9%	+74%
Special Revenue	$16.9M	$19.8M	5%	+49%
Trust Funds	$0.7M	$0.1M	1%	-96%
Total	$317.4M	$355.1M	100%	+29%

Illustration Created with Anthropic

6.2 General Fund

The City of Carlsbad's General Fund revenues have grown steadily over the five-year report period ending in 2023, with actuals increasing 26% reaching $225.9 million at the close – averaging $192.5 million annually. The revenue composition has been largely sourced to three tax sources: property taxes at 40%, sales taxes at 24%, and transient occupancy (hotel) taxes at 13% - which collectively have generated 77 cents of every General Fund dollar collected. All three of these core revenue geneators has increased by no less than 27% during the period, with sales tax in lead by expanding from $40.8 million to $56.2 million in 2023, an increase of 38%. The balance of General Fund revenues collected during the period ties to service charges, licenses and permits, intergovernmental transfers, investment income, and interdepartmental charges – all of which have remainined largely flat during the period.

Actual General Fund expenses have also grown steadily over the reprting period, climbing 34% from $153.1 million in 2019 to $205.2 million in 2023 – averaging $188.5 million annually. The expense composition is lead by public safety. Police costs have consumed 25% of all actual General Fund expenses during the period – averaging $46.7 million annually. Fire service follows and accounts for another 16% of all General Fund actuals at $29.9 million annually. All together, police and fire costs have accounted for 41 cents of every General Fund dollar expended during the period – they also account for close to half of the overall increase in total actual expenses. The remaining 59 cents of every General Fund dollar expended during the period spans funding for parks and recreation, libararies and cultural arts, public works, community development and adminstration.

Consistent Surpluses – Fluctuations Notwithstanding – but Under Pressure…

The City of Carlsbad's General Fund remains healthy, generating surpluses in four of the five years during the report period ending in 2023 with the outlier involving a one-time transfer. However, and like the City's overall budget, the cushion is under pressure, with actual expense growth of 34% outpacing revenue growth of 26%. The net result is the annual General Fund surplus tightening from $25.9 million in 2019 to $20.7 million in 2023.

City of Carlsbad:
General Fund Actuals
Table A – 6.2a | Source: City of Carlsbad (Annual Budget Documents) + SD LAFCO

Actuals by Source and Department

Revenues by Source — FY2023: $225.9M

Source	5-Yr Avg	FY2023	Share	Growth
Property Taxes	$77.0M	$87.2M	40.0%	+27.3%
Sales Tax	$45.9M	$56.2M	23.8%	+37.7%
Transient Occupancy Tax	$25.5M	$34.3M	13.2%	+30.2%
All Other Taxes	$13.9M	$15.6M	7.2%	+18.4%
Charges for Services	$9.2M	$11.4M	4.8%	+24.4%
Investment Income	$5.8M	$7.1M	3.0%	-26.2%
Intergovernmental	$5.1M	$2.4M	2.6%	+23.6%
All Other	$10.1M	$11.8M	5.4%	+22.4%
Total	**$192.5M**	**$225.9M**	100%	+26.2%

Expenses by Department — FY2023: $205.2M

Department	5-Yr Avg	FY2023	Share	Growth
Police	$46.7M	$51.1M	24.8%	+31.0%
Fire	$29.9M	$35.3M	15.8%	+46.8%
Public Works	$19.3M	$22.6M	10.3%	+34.3%
Parks & Recreation	$18.3M	$20.8M	9.7%	+21.3%
Library & Cultural Arts	$12.9M	$13.3M	6.9%	+2.5%
Community Development	$11.6M	$14.2M	6.2%	+33.0%
Administration	$11.4M	$13.0M	6.1%	+38.2%
Transfers + Other	$38.4M	$34.9M	20.2%	+66.7%
Total	**$188.5M**	**$205.2M**	100%	+34.0%

Illustration Created with Anthropic

With respect to year-end balances, Carlsbad reports the spendable unassigned portion of the General Fund closed the five-year report period in 2023 at $136.8 million – representing an overall increase of $52.7 million, or 63%.[78] The closing total is equal to covering 8.0 months of General Fund actuals.

6.3 Financial Statements

The City of Carlsbad engages independent accounting firms to externally audit its financial statements under governmental accounting standards, with Davis Farr LLP (Irvine) conducting reviews for the first three years of the five-year report period (2019, 2020, and 2021) while Lance, Soll & Lunghard LLP (Brea) covering the final two years (2022 and 2023). The audited statements for the closing year show Carlsbad's overall net position – covering all activities and associations, including the CMWD – increasing over the prior year by 0.3% from $1.868 billion to $1.873 billion. The accompanying management letter identified no material weaknesses or concerns, confirming the integrity of Carlsbad's financial reporting and internal controls. The following analysis details assets, liabilities, and net position for the report period.

Audited Assets

Carlsbad's total audited assets reached $2.087 billion at the close of the five-year report period in 2023, rising 4.9% from $1.990 billion in 2019. The ending year figure sits 1.9% above the five-year average of $2.047 billion and reflects steady but modest growth throughout the period. Current assets – those readily convertible to cash within a year – total $911.1 million or 43.6% of the portfolio and predominantly held in cash and investments. Non-current assets comprise the remaining $1.176 billion, consisting primarily of depreciable capital infrastructure with approximately one-third tied to the Carlsbad's three enterprise operations: golf, water, and wastewater. On a per capita basis, total assets increased slightly from $17,687 to $17,928 – or 1.4%%, as population growth of 3.5% outpaced asset accumulation.

Liquidity Build-Up...

The City of Carlsbad ended the five-year report period in 2023 with $2.087 billion in total assets, with nearly 44% – or $911 million – in cash and liquid investments. Total assets rose 4.9%, driven by an 8.6% increase in liquid holdings versus just 2.2% in capital infrastructure – a shift toward greater liquidity.

[78] Source: City of Carlsbad 2023-2024 Budget, Schedule of Projected Fund Balances.

City of Carlsbad
Audited Assets
Table A-6.3a | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Current *	838.963	865.447	891.683	895.588	911.088	880.554	8.6
Non-Current **	1,151.415	1,159.883	1,166.848	1,178.785	1,176.237	1.166.634	2.2
**Total ** **	**1,990.378**	**2,025.330**	**2,058.531**	**2,074.373**	**2,087.325**	**2.047.187**	**4.9**
Per Capita	$17,687	$17,857	$18,007	$18,004	$17,928	$17,897	1.4%

* Amounts in millions
** Amounts in billions

Audited Liabilities

Carlsbad's total audited liabilities stand at $287.2 million at the close of the five-year report period in 2023, up 22.4% from $234.8 million in 2019. The ending-year figure sits 23.9% above the five-year average of $231.7 million, reflecting notable year-to-year volatility – particularly in 2022, when liabilities drop to $163.8 million before rebounding. Current liabilities due within one year total $60.4 million, or roughly one-fifth of all obligations, primarily involve accounts payable for payroll, vendor services, and accrued expenses. Non-current liabilities make up the remaining $226.9 million and led by long-term debt and pension obligations. On a per-capita basis, total liabilities have risen from $2,086 to $2,467 – an 18.3% increase that outpaces population growth and indicates each resident's notional share of municipal obligations grows by about $381 during the report period.

Obligations Climb…

The City of Carlsbad's $287 million in liabilities, while up 22.4% over five years, remain seven times smaller than its $2.087 billion in assets, providing a substantial cushion. Liabilities are expanding, however, nearly five times faster than assets: 22.4% versus 4.9%.

City of Carlsbad
Audited Liabilities
Table A-6.3b | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Current *	54.117	59.063	64.272	75.414	60.367	62.647	11.6
Non-Current *	180.646	167.787	181.719	88.389	226.857	169.080	25.6
Total *	**234.763**	**226.850**	**245.990**	**163.802**	**287.224**	**231.726**	**22.4**
Per Capita	$2,086	$2,000	$2,152	$1,422	$2,467	$2,025	18.3%

* Amounts in millions

Audited Net Position

Carlsbad's audited net position – the difference between total assets and liabilities after accounting for deferred resources – totals $1.873 billion at the close of the five-year report period in 2023, up 3.5% from $1.810 billion in 2019. The ending figure sits 1.3% above the five-year average of $1.848 billion, reflecting modest but steady growth. Capital assets dominate, comprising about three-fifths of total net position at $1.162 billion with the remainder split between restricted funds at $287.7 million and unrestricted funds at $424.0 million. The unrestricted portion shows the strongest proportional gain, rising 9.7%, followed by capital assets at 2.5%, while restricted funds edge down (1.0%). On a per-capita basis, net position remains essentially flat at $16,089, mirroring 2019 levels as balance-sheet growth parallels population change. When adjusted to exclude GASB 68 and 75 pension and OPEB obligations, net position increases to $1.989 billion, adding $116.2 million or 6.2% to the reported figure and underscoring how these accounting standards materially shape Carlsbad's balance sheet.

Steady…

The City of Carlsbad's net position has grown 3.5% over the five-year report period ending in 2023. Despite the overall increase, per-capita values have remained flat at 16,089 – showing fiscal growth keeping pace with population rather than exceeding it.

City of Carlsbad
Audited Net Position
Table X-6.3c | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Capital Assets **	1,133.593	1,142.276	1,151.813	1,164.002	1,162.577	1,150.452	2.5
Restricted *	290.440	306.608	310.562	288.218	287.667	296.699	(1.0)
Unrestricted *	386.509	380.526	399.653	415.399	423.978	401.213	9.7
Total **	1,810.524	1,829.410	1,861.028	1,867619	1,873.222	1,848.364	3.5
Per Capita	*$16,089*	*$16,129*	*$16,280*	*$16,210*	*$16,089*	*$16,159*	*0.0%*
Total Adjusted **	1,859.308	1,999.295	2,009.947	1,982.301	1,989.393	1,988.049	1.5%

"Total Adjusted" excludes GASB 68 and 75 reporting requirements
* Amounts in millions
** Amounts in billions

With respect to the unrestricted portion of Carlsbad's net position, the $424.0 million balance at the end of the report period represents the accrued, spendable share of citywide resources, subject only to internal policy designations such as commitments and assignments. When adjusted to exclude pension and other retiree-related liabilities, the available balance increases to $540.1 million, providing a more accurate long-term picture of discretionary fiscal capacity. For context, this adjusted amount is equivalent to roughly 24 months of total citywide operating expenses – across both governmental and business-type activities – based on year-end actuals.[79]

6.4 Fiscal Indicators | Liquidity, Capital, Margin + Asset Management Measurements

LAFCO's review of the City of Carlsbad's audited financial statements covering the five-year report period ending in 2023 reveals a municipality balancing substantial reserve strength with evolving capital investment strategies. As detailed, Carlsbad maintains liquidity levels that substantively exceed industry benchmarks and debt ratios well below cautionary thresholds, collectively providing the City significant financial flexibility. This flexibility has accelerated toward the end of the period as Carlsbad increased infrastructure spending. This shift toward capital investment occurred alongside steadily improving operating margins and more volatile total margins, while relatively young infrastructure that had experienced several years of below-replacement reinvestment received a concentrated jump in funding. An analysis of four central fiscal measurement categories – liquidity, capital, margin, and asset management – follow.

Liquidity (Short-Term Outlook)

Carlsbad's average **current ratio** during the report period ending in 2023 has been 14.1 to 1 and equal to nearly $14 in current assets available for every $1 in near-term obligations. While always well above the standard 2 to 1 benchmark, Carlsbad's current ratio modestly fell from 15.5 to 1 in 2019 to 15.1:1 in 2023 – still more than seven times the conventional benchmark. The **cash ratio**, which excludes less liquid assets like receivables, mirrors the current ratio with a period average of 14.5 to 1, indicating nearly all current assets are already held as cash rather than receivables or inventory. Carlsbad's **days' cash** on hand further magnifies the City's

Four Years of Cash…

The City of Carlsbad holds high liquidity levels – closing the five-year report period with 1,353 days of cash on hand, enough to operate for 3.7 years without collecting a dollar in revenue.

79 Carlsbad's average actual monthly citywide operating expense in 2022-2023 is $22.3 million and covers all governmental and business (enterprise) activities.

high liquidity levels with a period average of 1,443 days, declining from 1,441 days in 2019 to 1,353 days in 2023. This represents roughly 3.7 years of overall operating expenses – approximately 15 times the 90-day minimum typically advised for municipalities. These collective liquidity metrics shows Carlsbad is positioned to weather even catastrophic financial disruption. While Carlsbad's liquidity levels eliminate virtually any conceivable near-term financial risk, maintaining cash reserves equivalent to nearly four years of operations raises questions about the opportunity costs.

City of Carlsbad
Liquidity Measurements
Table A-6.4a | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Current Ratio	15.5 to 1	14.7 to 1	13.9 to 1	11.9 to 1	15.1 to 1	14.1 to 1	(2.6%)
Cash Ratio	14.4 to 1	13.7 to 1	12.8 to 1	10.7 to	13.6 to 1	12.9 to 1	(5.6%)
Days' Cash	1,441	1,506	1,533	1,381	1,353	1,443	(6.1%)

The current ratio provides a macro measurement of near-term financial health by comparing current assets against current liabilities on a dollar-to-dollar basis. A higher ratio indicates stronger liquidity and greater capacity to meet short-term obligations with a standard minimum benchmark for municipalities of 2.0 to 1.0. The cash ratio is similar to current ratio but excludes receivables. The days cash metric is a micro-level measure of near-term financial health that compares an agency's available cash and cash equivalents to its average daily operating expenses, excluding depreciation. A higher value indicates stronger liquidity and greater capacity to sustain operations without new revenue with a standard minimum benchmark for municipalities of 90 days.

Capital (Long-Term Outlook)

Carlsbad's average **debt-to-net position** during the five-year report period ending in 2023 equals 10.4%, meaning total debt obligations represent one-tenth of the City's overall net worth. While this metric remained stable between the first four years – hovering between 9.3% and 10.4% – it did rise to 13.1% in the fifth year, and in doing so pushing the overall period change by 26%. Even at this elevated level, Carlsbad's debt burden remains far below the 50% cautionary threshold commonly used to assess municipal solvency, positioning more than three times below the benchmark that typically raises concerns about over-leveraging. The **debt ratio**, which separately measures the proportion of total assets financed through

Low Debt, High Capacity…

The City of Carlsbad's debt load at the end of the five-year report period in 2023 equals just one-tenth of its net position and 13% of total assets – more than five times below standard solvency caution thresholds.

borrowing, mirrors this pattern with a period average of 12.1% and a final year reading of 14.0%. This means 86% of Carlsbad's assets are equity-financed rather than debt-financed, providing substantial cushion well below the 70% cautionary threshold. These collective debt measurements show Carlsbad retaining exceptional capacity through the report period to leverage additional borrowing for capital investments when, and if, needed.

City of Carlsbad
Capital Measurements
Table A-6.4b | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Debt to Net Position	10.4%	9.4%	9.8%	9.3%	13.1%	10.4%	26.0%
Debt Ratio	11.8%	11.2%	11.7%	11.8%	14.0%	12.1%	18.8%

The debt ratio is a macro-level measure of long-term financial health that shows the percentage of an agency's assets financed by debt. A lower ratio indicates stronger solvency with 70% commonly cited as a cautionary threshold. The debt-to-net position ratio is a more micro-level measure of long-term financial health that expresses an agency's debt obligations relative to its net position. A lower ratio reflects greater financial flexibility, with 50% commonly used as a cautionary threshold.

Margin (Net Income)

Carlsbad's average **operating margin** during the five-year report period has been 7.0%, meaning the City retains seven cents of every dollar revenue after covering day-to-day operating costs. This metric started below the 5% industry benchmark at 4.5% in 2019, dipped further to 1.9% in 2020, then strengthened steadily – rising to 9.2% in 2021, 8.4% in 2022, and 10.9% in 2023. The latter figure more than doubles the industry standard and represents a 141% improvement over the period. The **total margin**, which measures fiscal sustainability across all revenues and expenditures, averaged 4.3% but showed greater volatility. It began well above the 10% industry benchmark at 12.4% in 2019, dropped sharply to 4.2% in 2020, partially recovered to 7.1% in 2021, then fell to (9.4%) in 2022 before rebounding to 6.3% in 2023. Unlike the operating margin's steady upward trajectory, the total margin declined (49%) over the

Steady Operations, Less Steady (Relative) Totals…
The City of Carlsbad's operating margin more than doubled to 10.9% by the end of the five-year report period in 2023, even as total margins fluctuated widely – highlighting durable core performance amid broader fiscal swings.

report period and, despite the 2023 rebound, ended below industry norms, underscoring the effects of nonrecurring fluctuations.

City of Carlsbad
Margin Measurements
Table A-6.4c | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Operating Margin	4.5%	1.9%	8.2%	8.4%	10.9%	7.0%	140.7%
Total Margin	12.4%	4.2%	7.1%	(9.4%)	6.3%	4.3%	(48.9%)

The operating margin measures fiscal sustainability by identifying the proportion of ratepayer revenues that remain after covering day-to-day costs. A higher percentage is favorable with an industry benchmark of no less than 5%. The total margin measures the share of all revenues – including user charges and non-operating sources such as property taxes – that remain after covering all expenses. A higher percentage is favorable with an industry benchmark of no less than 10%.

Asset Management

Carlsbad's average **capital asset age** during the five-year report period ending in 2023 is 15.7 years, placing its infrastructure in the early-to-mid stage of its expected life cycle relative to typical municipal replacement timelines. The measure has increased gradually over the first four years – from 14.9 years in 2019 to a peak of 16.8 years in 2022 – reflecting normal aging, before declining (improving) to 15.6 years in 2023 as new projects came online. Even at its highest point, Carlsbad's asset age has remained well below the 40–60-year range commonly associated with replacement needs, indicating a young and well-maintained system. The average **accumulated depreciation ratio** – which tracks how much of an asset's useful life has been consumed – during the period equals 56.9% with a final figure of 62.7% in 2023. This measurement climbed steadily during the period with an overall change of 20.9% and indicates Carlsbad's infrastructure has used roughly three-fifths of its accounting life and well below the 100% threshold where assets would be fully depreciated. The **capital asset reinvestment**

Ahead of Replacement Curve…
The City of Carlsbad's infrastructure averages just 15.7 years old through the five-year report period ending in 2023 – far below the 40–60-year replacement threshold. This relatively young asset base absorbed three years of underinvestment during the report period before Carlsbad surged to 115% reinvestment in 2022, showing infrastructure resilience that comes from staying ahead of aging cycles.

ratio, which measures how well annual capital spending keeps pace with normal wear and tear, shows the greatest change. The period average of 74.0% is considered under average, and indicates Carlsbad is reinvesting about three-quarters of the value its infrastructure depreciates each year.[80] Overall, these measures collectivley show Carlsbad with young infrastructure that has recently accelerated capital investment after several years of reinvestment below replacement levels

City of Carlsbad
Asset Management Measurements
Table A-6.4d | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Capital Assets' Age (Accounting)	14.9	15.5	16.6	16.8	15.6	15.9	4.8%
Accumulated Depreciation Ratio	51.9%	54.2%	56.7%	58.9%	62.7%	56.4%	20.9%
Capital Asset Reinvestment Ratio	68.2%	55.3%	54.5%	115.5%	76.4%	74.0%	11.9%

The capital assets' age provides a macro-level indicator of the average age of an agency's depreciable facilities, equipment, buildings, and infrastructure relative to their replacement schedule. A range between 40 and 60 years is generally considered manageable and reflects infrastructure at a mature stage – neither new or approaching the end of its useful life. The accumulated depreciation ratio offers additional context by measuring the proportion of useful life already consumed for these same assets. Ratios above 100% are considered cautionary and signals an aging asset given accumulated depreciation now exceeds the current book value of assets. The capital asset reinvestment ratio measures how much an agency is spending on renewing or replacing its infrastructure compared to the amount it is depreciating each year and shows whether it is keeping pace with the aging of its system. Ratios below 100% mean the system is aging faster than it is being renewed.

6.5 Pension Obligations

The City of Carlsbad provides a defined pension benefit to its employees through investment risk-pool contracts with the California Public Employees Retirement System (CalPERS). These pension contracts provide employees with specified post-employment benefits based on the date of hire and placement in one of two broad category types: miscellaneous and public safety. Additional pension details based on actuarial valuations for Carlsbad issued by CalPERS as part of its annual reporting process during the five-year report period follows with respect to enrollees, formulas, contributions, and funded status.

80 More notable are the fluctuations with the ratio staying between 54.5% and 68.2% from 2019 through 2021, then spiking to 115.5% in 2022 before falling back to 76.4% in 2022. The 2022 surge indicates a catch-up cycle where Carlsbad's capital spending briefly outpaces asset depreciation.

Pension Enrollees and Funding Formulas

The annual valuation issued at the end of the five-year report period in 2023 identifies 2,509 total participants in Carlsbad's CalPERS pension program – an increase of 243 enrollees over the preceding four years in which data is readily available. This growth has occurred unevenly across enrollee categories with retirees increasing 13.3% (881 to 998) while active employees grew 5.0% (768 to 806). Separated employees – those leaving City employment before retirement but retaining vested pension benefits – jumped 25.6% (305 to 383), representing the fastest-growing category.

The internal shifts in Carlsbad's enrollee type produces an active-to-retiree ratio that has fallen from 0.87 to 1 in 2020 to 0.81 to 1 in 2023, a difference of (7.4%). This substantive change means Carlsbad finished the report period with 1.2 retirees for every active worker. As this ratio continues declining – with retirees growing more than twice as fast as active employees – the burden on the pension system will intensify with fewer current workers supporting an expanding population of benefit recipients.

5 Workers for Every 6 Retirees...

The City of Carlsbad finished the five-year report period in 2023 with 2,509 total enrollees within its two pension programs (miscellaneous and public safety) with CalPERS. The active-to-retiree ratio is 0.8 to 1.0 and means more retirees than active (and paying) workers.

Miscellaneous employees make up nearly three-fourths - or 74.7% - of all pension enrollees at the end of the report period. These employees receive defined pension payments based on their hire date, with formulas ranging from 2.0% at age 62 (for hires on or after January 1, 2013) to 3.0% at age 60 for earlier hires. The remainder of enrollees are categorized as public safety (fire and police) with higher pension formulas ranging from 2.7% at age 57 to 3.0% at age 50, the former applying to new hires.[81]

City of Carlsbad
Pension Enrollee Information
Table A-6.5a | Source: CalPERS + SDLAFCO

Type	2019	2020	2021	2022	2023	Change
Active	n/a	768	740	768	806	5.0%
Transferred	n/a	312	304	310	322	3.2%
Separated	n/a	305	328	360	383	25.6%
Retired	n/a	881	924	963	998	13.3%
Total Enrollees		2,266	2,296	2,401	2,509	10.7%
Active to Retiree Ratio		0.87 o 1	0.80 to 1	0.80 to 1	0.81 to 1	(7.4%)

81 For illustrative purposes, an employee with 30 years of service credit that retires at the designated age would receive the following percentage of their highest annual salary: 60% at 2.0% formula; 81% at 2.7% formula; and 90% at 3.0% formula.

Annual Contributions

Carlsbad's combined annual pension contribution to CalPERS at the end of the report period in 2023 totals $34.618 million. This amount includes both employer and employee shares and reflects a modest overall period change of (3.7%) compared to 2019. However, significant volatility occurred between these endpoints with contributions ranging from a low of $26.9 million to a high of $46.3 million – a gap of more than 70% with contributions nearly doubling between the lowest and highest years.

A notable cost-shifting dynamic has concurrently emerged during the period: the employee share of total contributions has increased from 14.4% to 19.6% – a relative increase of 44.6% – while the employer share fell from 85.6% to 80.4%. This cost-shifting becomes even more apparent in pension costs relative to payroll. While annual payroll increased 31.8% from $60.769 million to $80.118 million, Carlsbad's pension contribution as a share of payroll fell from 50.7% to 34.7% – a drop of (31.4%).

51 Cents to 35 Cents...

While retirees now outnumber active workers, the City of Carlsbad's pension costs during the five-year report period ending in 2023 show a sizable cost-shift. In 2019, Carlsbad paid 51 cents in pension costs for every salary dollar. By 2023, just 35 cents. This 31% improvement ties to pension reform and newer employees' less generous formulas gradually replacing legacy costs even as total payroll grew 32%.

This improvement for Carlsbad reflects the gradual replacement of legacy pension formulas with less expense benefits for newer hires, which slowly reduces the City's proportional pension burden even as the number of enrollees increases.

City of Carlsbad
Pension Contributions
Table A-6.5b | Source: CalPERS + SDLAFCO

Category	2019	2020	2021	2022	2023	Average	Trend
Carlsbad's Share *	30.790	40.866	20.959	30.805	27.840	30.252	(9.6)
Employees' Share*	5.175	5.421	5.919	6.297	6.778	5.918	31.0
Total Contribution *	35.966	46.287	26.878	37.103	34.618	36.170	(3.7)

City of Carlsbad
City Contribution v. Annual Payroll
Table A6.5c | Source: CalPERS + SDLAFCO

Category	2019	2020	2021	2022	2023	Average	Trend
Annual Payroll *	60.769	67.808	69.001	73.745	80.118	70.289	31.8
.. City Share as % of Payroll	50.7%	60.3%	30.4%	41.8%	34.7%	43.6%	(31.4%)

* Amounts in millions

Funding Status

Carlsbad's total unfunded pension liability at the end of the five-year report period in 2023 totals $241.434 million, covering both miscellaneous and public safety categories. This figure represents the accrued pension obligations owed to all employees that are not covered by the market value of Carlsbad's existing assets. It translates to a funded ratio of 73.7% - meaning the pension system holds about 74 cents in assets for every dollar of projected pension liabilities.

The 3% Gap...
The City of Carlsbad's pension liabilities have grown 28% during the five-year report period while assets increased 25% – a 3% gap, and as a result lowering the City's funded ratio down to 73.7%.

While Carlsbad's funded ratio positions above the 70% cautionary threshold commonly applied post-GASB 68, the cushion has been narrowing. The trajectory has also been uneven. The ratio began the report period at 75.5% in 2019, remained largely flat at 75.3% in 2020, then jumped to 86.0% in 2021 in step with market conditions and higher investment returns. The ratio fell back to 74.6% in 2022 and subsequently to 73.7% in 2023. Over the full period, the funded ratio has declined (2.3%) while the unfunded liability grew $65.4 million – a 37.1% increase – leaving Carlsbad just a few percentage points above the cautionary 70% threshold. Liabilities also outpaced asset growth (28.1% vs. 25.1%).

CalPERS has achieved investment returns of 9.3% and 11.6% in fiscal year 2024 and 2025, respectively. While member agencies' funded statuses are expected to increase as a result of this positive performance, pension volatility and pressures on operating budgets remain a critical challenge. The City of Carlsbad established a Section 115 Pension Trust in September 2023 and has since contributed $25 million, earning approximately 16% over a two-year period. These funds are available to the City to reimburse operating budgets during periods of extreme pension rate volatility and to fund potential changes in CalPERS actuarial assumptions in the future.

City of Carlsbad
Pension Funding Status
Table A-6.5d | Source: CalPERS

Category	2019	2020	2021	2022	2023	Change
Accrued Liabilities *	717.926	773.747	828.832	874.411	919.432	28.1
Market Value of Assets *	541.844	582.319	712.859	651.975	677.998	25.1
Unfunded Liability	(176.082)	(191.427)	(115.973)	(222.436)	(241.434)	(37.1)
... Funded Status	75.5%	75.3%	86.0%	74.6%	73.7%	(2.3%)

* Amounts in millions

6.6 Other Post-Employment Benefit Obligations

Analysis pending and will be added in a final report.

7.0 WRITTEN DETERMINATIONS

LAFCO is required to prepare written determinations to address multiple governance factors enumerated under Government Code Section 56430 as part of the municipal service review on the Carlsbad region. These determinations are specific to the City of Carlsbad and serve as independent statements based on information collected, analyzed, and presented in this report. The underlying intent of the determinations is to provide the Commission – and by extension the general public – a succinct detailing of all pertinent issues relating to the organization, delivery, and funding of municipal functions and associated classes among the three affected agencies specific to LAFCO's growth management responsibilities and interests.

MSR Determinations…

These determinations address the specific factors required in the statute and represent statements of fact or reasonable deductions made by LAFCO based on information analyzed between 2019 and 2023 and specific to the City of Carlsbad. Where appropriate, alternative data dates are utilized and noted accordingly.

7.1 Growth Projections & Related Demographics

1. Carlsbad continues to add population, albeit in a far more managed pace compared to the growth surge between 1970 and 2000 where the population grew from 15,000 to 78,000, the equivalent of a compound annual growth rate of 5.6%.

    (a) The total population in Carlsbad is estimated at 116,428 at the end of the five-year report period in 2023, representing 4% of the overall resident population estimate in San Diego County of 3,325,714.

    (b) Carlsbad's population has risen overall by an estimated 11% from 104,860 at the prior census reset in 2010 to the report period in 2023 – a net increase of 11,568. This extended measurement translates to an annual average increase of 0.9%, or 890 persons.

    (c) Specific to the report period ending in 2023, population gains in Carlsbad have slowed compared to rates going back to the 2010 census, with the annual growth rate decelerating to 0.5%, or 582 persons.

(d) A linear extension of population growth estimates for Carlsbad since the 2010 census through the timeframe of this report generates a population projection of 121,453 by 2028, and 123,523 by 2030.

2. The housing supply in Carlsbad continues to tighten, and as a result home prices significantly exceed standard affordability benchmarks.

(a) The total number of housing units in Carlsbad is estimated at 48,434 at the end of the five-year report period in 2023, representing 4% of the overall housing stock estimate in San Diego County of 1,247,863.

(b) The number of housing units within Carlsbad has risen by an estimated 9% from 44,491 at the prior census reset in 2010 to the report period's close in 2023 – a net increase of 3,943. This extended measurement translates to an annual average increase of 0.7%, or 303 units.

(c) The ratio of population gained to housing units added in Carlsbad between the 2010 census and the report period's close is 2.9 – a supply tightening of 21% compared to the cumulative ratio of 2.4.

(d) The average home value in Carlsbad has increased by approximately 62% over the five-year report period, from $832,749 in 2019 to $1.349 million in 2023. This generates a home price-to-income ratio estimate of 10-to-1 – well above the standard benchmark ceiling of 5-to-1.[82]

3. Homeless conditions in Carlsbad are substantively improving based on point-in-time counts performed during the five-year report period.

(a) The ratio of persons counted as homeless in Carlsbad during the report period has improved from one per every 707 housed residents in 2019 to one per every 1,130 in 2023 – a nearly two-thirds improvement.

4. With respect to other material demographics:

(a) Residents in Carlsbad tend to be older, with a median age of 43 at the end of the report period in 2023 – approximately 20% above the countywide median of 36.

---

[82] Reference to 28/36 debt-to income mortgage guidelines published by the federal Consumer Financial Protection Bureau.

(b) Households in Carlsbad tend to be more prosperous, with a median income of $129,269 at the end of the report period in 2023 – approximately 48% above the countywide median of $88,240.

7.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities and Relevant Information on Water, Wastewater, and Fire Protection Services.

1. There are no unincorporated lands within Carlsbad's sphere of influence qualifying as a disadvantaged unincorporated community under LAFCO policy.

7.3 Capacity of Public Facilities, and Infrastructure Needs and Deficiencies

1. This municipal service review has been scaled by the Executive Officer to focus on examining the capacity, demand, and performance of five specific service functions underpinning Carlsbad's growth and development: (a) wastewater, (b) integrated fire protection, emergency medical, and ambulance services, (c) parks and recreation, (d) library and cultural arts, and (e) community development.

2. Carlsbad's wastewater function operates efficiently and without material deficiencies in meeting community demands, while acknowledging two emerging pressures: peak-day flow constraints given shared infrastructure dynamics with Buena SD, and a capital program that has concluded the five-year report period in 2023 with a negative sewer replacement balance and is fully dependent on operating surpluses.

   (a) Carlsbad's wastewater function encompasses three separate service classes: collection, treatment, and discharge with the latter two provided through its membership in the Encina Joint Powers Authority.

   (b) Wastewater service in Carlsbad is delivered through a collaborative framework in which Carlsbad manages collection for nearly four-fifths of the City boundary – with Leucadia Wastewater District and Vallecitos Water District serving the balance – while treatment and discharge are provided regionally by the Encina Wastewater Authority.

(c) Carlsbad's wastewater customer base has remained relatively steady with less than 1% increase in physical connections over the five-year report period, while EDUs have increased by more than 7% - the latter signaling demand intensification.

(d) Carlsbad's average day wastewater flow during the five-year report period ending in 2023 has been 6.110 million gallons – equal to 60% of its allocated treatment and discharge capacity at Encina.

(e) Carlsbad's average day wet-weather flow during the five-year report period has been 6.810 million gallons – equal to 66% of its allocated treatment and discharge capacity at Encina, with the difference between wet-weather flow growth (16%) and dry-weather flow growth (2%) indicating elevated inflow and infiltration entering the City's collection system.

(f) Carlsbad's peak wet-weather day demands during the five-year report period have generated an average peaking factor of 1.9, driven largely by a single April 2020 storm event that produced a recorded flow of 18.120 million gallons – nearly three times the average daily flow, and – pertinently – the result of external factors outside the City's control.

  i. The external impact was confirmed by an April 2020 overflow in which flows originating from Buena Sanitation District's sewer main reversed due to an obstruction into Carlsbad's connecting line, spilling approximately 95,000 gallons per State Board records.

  ii. Excluding the April 2020 overflow, Carlsbad's peak wet-weather day demands over the balance of the report period generated an average flow of 9.753 million gallons – an amount within its collection and allocated Encina capacities, albeit approaching capacity at 95% of its allocation.

  iii. The reliability of Carlsbad's recorded peak wet-weather flows warrants qualification, as flows attributable to Carlsbad versus Buena SD are not readily distinguishable given the shared interceptor arrangement.

(g) Carlsbad's wastewater system posted a 9% operating margin over the five-year report period, generating sufficient revenues to sustain operations and build up reserves.

(h) Carlsbad's wastewater fund balance – which grew from $9.982 to $15.067 million over the five-year report period – is the sole budgeted funding source for the City's 15-year, $112.2 million sewer replacement capital program. The program's dedicated replacement fund carries a negative balance at period's close, making continued operating surpluses essential in making timely repairs and improvements.

3. Carlsbad's integrated fire protection function has kept up with rising community demands through a significant expansion of resources during the five-year report period ending in 2023 – strengthening an already high degree of operational self-sufficiency.

(a) Carlsbad's integrated fire protection function encompasses three service classes: fire protection (suppression and rescue), emergency medical (advanced life support), and ambulance transport.

(b) Carlsbad has significantly expanded its integrated fire protection function over the five-year report period by increasing staffing levels 46% to 134.5 FTEs, and in doing so facilitating three coordinated service enhancements: year-round lifeguards, two additional ambulances, and opening a seventh station.

(c) Carlsbad's annual onsite arrival for fire protection demand (suppression, rescue, and emergency medical) has increased each year during the five-year report period, up 14% overall — from the equivalent of one incident every 50 minutes in 2019 to one every 44 minutes in 2023.

i. Incidents within Carlsbad have accounted for an average of 91% of all onsite arrivals during the report period, a share that has remained largely unchanged with less than a 1% overall adjustment.

ii. Carlsbad responded without outside auto-aid to 79% of all onsite incidents during the report period – a net 3% increase.

(d) Carlsbad's annual onsite ambulance transport demand has increased 41% over the five-year report period – from the equivalent of 12 roundtrips per day in 2019 to 17 roundtrips per day in 2023.

(e) Carlsbad's resources (funding, staffing, and equipment) and related management practices have positioned the City to independently and advantageously meet nearly four-fifths of all onsite demands within City limits during the five-year report period ending in 2023 with no outside assistance – a high mark of self-sufficiency.

(f) Carlsbad's ratio of auto-aid received to auto-aid provided during the five-year report period ending in 2023 is closely balanced at 23.2% and 21.9%, respectively – indicating the City has achieved an equitable position with respect to receiving adequate support within City limits while contributing fairly to regional emergency response outside the City limits.

4. Carlsbad has invested in its parks and recreation function at nearly double the national rate for comparably sized cities throughout the five-year report period ending in 2023 – a premium that has sustained ongoing expansions, and in doing so has matched rising community demand; it also provides the City a discretionary cushion that could be drawn upon to sustain core operations if needed.

(a) Carlsbad's parks and recreation function encompasses three service classes: aquatics, parks and open space, and community recreation.

(b) Carlsbad's parks and recreation function has evolved from free-play parks to increasingly structured recreational programming – a transition tracking with demographic changes and community interests beginning in the 1970s and reinforced by the voter-approved growth management initiative in 1986 to reorient City priorities toward quality of life.

(c) Core capacities underlying Carlsbad's parks and recreation function through the end of the five-year report period involve 14 community parks and 28 special use sites with a combined acreage of 432.4 acres.

(d) Community demand for Carlsbad's parks and recreation function has grown sharply during the five-year report period based on trackable measurements – including sports field rentals more than doubling, gymnasium rentals tripling, and aquatics participation increasing 64%.

(e) Carlsbad has made a substantial financial commitment to its parks and recreation function at an equivalent average General Fund investment of $159 per capita through the five-year report period – almost double the national benchmark of $87 per capita for comparably sized cities.

(f) Carlsbad's provision of 3.8 acres of developed parkland per 1,000 residents at the end of the five-year report period exceeds the 3.0-acre baseline mark under the City General Plan and California's Quimby Act – though short of the national benchmark of 7.0 acres for comparably sized cities.

5. Carlsbad's library and cultural arts function has adapted to changing community needs during the five-year report period ending in 2023 – most notably by adjusting to fewer in-person visits through expanded digital offerings while also repurposing brick-and-mortar investments in conventional library facilities to meet community gathering needs.

    (a) Carlsbad's consolidated library and cultural arts function encompasses two corresponding classes – library and cultural arts.

    (b) Carlsbad's consolidated library and cultural arts function operates out of three dedicated facilities totaling close to 100,000 square feet – anchored by the Dove Library, which serves a dual role as the largest branch and primary cultural arts venue with a 2,000-square foot gallery and 215-seat auditorium.

    (c) Carlsbad's library visits across its three branches experienced a notable shift during the five-year report period, with the net annual volume decreasing from 668,973 to 426,470 – a (36%) decline.

    (d) Carlsbad has more than tripled its e-book collection over the five-year report period from 15,407 to 47,634 titles – an investment that has proven timely as e-material circulation increased 84% and in doing so helped make up for the decrease in physical checkouts, resulting in net circulation decline of only (3%) despite a one-third decrease in in-person visits.

    (e) Carlsbad has effectively adapted its library facilities from collection-centered spaces to flexible community environments during the five-year report period, and in doing so filling a community need for public gathering and study spaces.

6. Trends across Carlsbad's community development function during the five-year report period ending in 2023 show a uniform demand toward building in, with

workload increasingly focused on discretionary review and technical engineering tied to infill projects – development that has – pertinently relative to state interests - disproportionately produced above-moderate income housing.

(a) Carlsbad's community development function encompasses five service classes: planning, building, code enforcement, engineering, and housing.

(b) Carlsbad achieved 74% of its fifth-cycle RHNA assignment (2013-2021) against a countywide rate of 59%, with the current sixth cycle (2021-2029) on pace for 89% attainment based on status at the end of five-year report period – all of which demonstrates the City doing its part to facilitate housing production. The City continues to identify adequate sites with appropriate zoning to meet its share of the RHNA, and ensure that regulatory systems provide opportunities for, and do not unduly constrain, housing development.

(c) Notwithstanding overall achievement, housing production in Carlsbad shows a persistent income-level gap: fifth cycle very-low income units met only 5% of the RHNA assignment (44 of 912) while above-moderate exceeded its target by 31%, a pattern continuing in the current sixth cycle with very-low at 7% versus above-moderate at 68%.

(d) Carlsbad’s Housing Choice Voucher caseload has held steady at 513 households through the end of the five-year report period while the average monthly cost rose 26% to $1,340 to keep up with rents – meaning the public is spending one-quarter more just to maintain current assistance levels.

(e) Workload across Carlsbad’s community development function during the five-year report period shows the City continues to transition from greenfield to infill development – subdivision maps down (86%), commercial permits down (41%), while discretionary applications – permits to expand, improve, and redo – rose 48% and engineering reviews jumped 340%.

(f) Carlsbad’s creation of a standalone Housing and Homeless Services Department during the five-year report period elevates housing – from zoning through affordability programs and homeless prevention – to a core municipal function, and appropriately so.

7.4 Agency's Financial Ability to Provide Services

1. Carlsbad's total operating budget over the five-year report period ending in 2023 has consistently generated a surplus in actual revenues, though this financial cushion has been narrowing.

   (a) Carlsbad has collected an average of $21.4 million more than expenses each year in total agency budget transactions – actual revenues averaging $338.8 million against $317.4 million in expenses. This sizeable period cushion has nonetheless been narrowing with actual revenues growing 24% compared to expenses at 29%.

2. Carlsbad's General Fund remains healthy, generating surpluses in four of the five years during the report period ending in 2023.

   (a) General Fund surpluses have ranged between $5.2 million and $25.9 million – though compressing given expenses rose 34% compared to 26% for revenues, with the pressure led by rising public safety costs.

   (b) The General Fund year-end balance has benefitted from the consistent surpluses generated during the five-year report period, increasing 63% to $136.8 million – an amount equal to covering eight months of actual costs.

3. Consistent revenue surpluses over the five-year report period are reflected in Carlsbad's net position, which has increased each year before closing in 2023 at $1.873 billion – an overall increase of 4%.

   (a) Carlsbad closed with $2.087 billion in total assets, with nearly 44% — or $911 million — in cash and liquid investments, an overall increase of 5%.

   (b) Carlsbad closed with $287 million in total liabilities, with nearly 80% or $227 million involving longer term debt and pension obligations, an overall increase of 22%.

4. Carlsbad's audited financial statements over the five-year report period ending in 2023 show liquidity and debt levels that substantively exceed industry benchmarks, providing the City significant financial flexibility.

(a) Carlsbad holds extraordinarily high liquidity levels – closing the report period with an overall ratio of 1,353 days of cash on hand, enough to operate for 3.7 years without collecting a dollar in revenue.

(b) The debt load at the end of the report period equals just one-tenth of Carlsbad's net position and 14% of total assets – more than three times below standard solvency caution thresholds.

5. Carlsbad's infrastructure remains relatively young in accounting terms, though depreciation trends over the five-year report period ending in 2023 show assets' usage has been advancing due to deferred capital improvements.

(a) Carlsbad's average capital asset age over the report period is 15.9 years – well below the 40–60-year replacement range – but a period-average reinvestment ratio of 74% indicates the City has been reinvesting below replacement levels.

6. Carlsbad has operated within its financial means throughout the five-year report period ending in 2023, with a positive average total margin of 4.3% despite a single-year deficit in 2022 attributable to a nonrecurring transfer involving a loan to its golf enterprise fund.

7. Carlsbad maintains a funded pension ratio above the 70% cautionary threshold at the end of the five-year report period ending in 2023, though a narrowing cushion and declining active-to-retiree ratio signal growing structural pressures.

(a) Carlsbad finished the report period with 2,509 total enrollees within its two pension programs (miscellaneous and public safety) with CalPERS. The active-to-retiree ratio has steadily declined and closed the period at 0.8 to 1.0, and means active workers are disproportionately funding the system.

(b) Carlsbad's pension liabilities have grown 28% during the report period while assets increased 25% – contributing to the funded ratio declining (2.3%).

(c) Some structural relief is underway by way of a cost-shifting attributable to the State's pension reform legislation (PEPRA): the employee share of total contributions over the report period has increased 45% while Carlsbad's share has decreased (6%), and as a result the City's pension contribution as a share of payroll fell by nearly one-third.

7.5 Status of Opportunities for Shared Facilities & Resources

1. Carlsbad participation in the Encina Wastewater Joint Powers Authority continues to advantageously serve the City and other member agencies by balancing local service control with operational efficiencies that would otherwise require duplicative and costly sewer treatment and discharge infrastructure.

2. Carlsbad's participation in the San Diego North Zone Auto Aid Agreement with other agencies – including Camp Pendleton and neighboring cities and districts – enhances public safety throughout North County by deploying the closest available unit regardless of jurisdiction, ensuring residents receive the fastest possible emergency response. Carlsbad also maintains similarly beneficial service agreements with the County of San Diego for fire protection at McClellan-Palomar Airport and with the State for coverage at Carlsbad State Beach.

3. Carlsbad has strategically transformed potential service gaps into community assets through joint-use agreements with local school districts, adding 37.5 acres of recreational space across ten sites. These partnerships help ensure recreational amenities reach neighborhoods where traditional park development might be infeasible. This collaborative approach recognizes that public facilities – whether owned by cities or school districts – ultimately serve the same taxpayers.

4. The overlapping service boundaries of multiple water and wastewater providers within Carlsbad merit attention by LAFCO. These overlapping boundaries, while historically logical, now result in administrative complexities that could benefit from periodic coordination meetings focused on operational alignment and efficiency.

    (a) Options for consideration range from enhanced coordination protocols to potential consolidation – whether functional or structural – with each approach offering different pathways toward forward progress.

7.6 Local Accountability and Government Restructure Opportunities

1. Carlsbad shows accountability to the public – among other relevant measurements – by effectively meeting community needs, as evidenced by the overall performance of its core service functions examined in this municipal service review through the five-year report period ending in 2023.

   (a) All five service functions examined are guided by contemporary planning documents tied to Carlsbad's relatively new General Plan Update (2015) and are harmonized through the City Council's five-year strategic plan (2022), showing deliberate and open decision-making.

2. Carlsbad maintains a comprehensive network of boards, commissions, and advisory committees to provide guidance on policy development, program implementation, and community priorities - bodies that have proven effective as channels for public engagement and balanced decision-making.

3. Carlsbad appears to maintain an organizational structure appropriately capacitated as measured by its demonstrated attentiveness to external partnerships, resilience in absorbing senior leadership changes, and adaptability in restructuring to meeting evolving City Council priorities.

   (a) Carlsbad senior staff have exhibited a high degree of attentiveness and collaborative engagement throughout the preparation of this report, responding promptly to information requests and working constructively with LAFCO staff to help ensure accuracy and completeness.

   (b) The 2025 transition in the City Manager's Office – from Scott Chadwick to Geoff Patnoe – is illustrative of Carlsbad's organizational stability and a byproduct of the City Council's earlier investment in succession planning.

   (c) Carlsbad reorganized its organizational structure in 2022 to elevate housing and homeless services from a division into a standalone department – an action that, by all outside appears, has been implemented seamlessly.

4. Two governance matters merit LAFCO's continued attention, each involving the jurisdictional and service irregularities – one along State Highway 78 corridor and one surrounding McCellan-Palomar Airport.

(a) Organic and inorganic growth patterns along the State Highway 78 corridor have created jurisdictional misalignments between Carlsbad and Oceanside where built conditions no longer match municipal boundaries, warranting the Commission's attention to facilitate more rational and orderly service areas.

(b) The McClellan-Palomar Airport exemplifies a governance complexity that merits LAFCO's review—this County-owned facility lies entirely within Carlsbad's incorporated limits yet maintains separate service arrangements inconsistent with orderly boundaries.

7.7 Environmental Justice (Adopted Policy)

1. LAFCO recognizes the connected and disproportionate effects of climate and environmental changes on marginalized – socially or economically – communities in San Diego County.

   (a) Among other outcomes, marginalized communities have historically been the first to experience displacement, illness, and death resulting from climate and environmental changes with the former headlined by weather and the latter marked by pollutants.

   (b) As appropriate, LAFCO should prioritize future proposals within the Carlsbad region that promote environmental justice and provide benefits - direct and indirect – to marginalized communities.

2. The following determinations are specific to Carlsbad and draw from data provided by the California Environmental Protection Agency:

   (a) Carlsbad's overall pollution burden ranks in the 30th percentile statewide, below San Diego County's 38th percentile, though three indictors – traffic impacts, hazardous waste effects, and impaired water bodies – exceed the 50th percentile, but below the 66th percentile threshold for significance.

      i) Traffic impacts and exposures in Carlsbad rank almost one-fourth higher than the San Diego County average, directly attributable to the I-5 corridor bisecting the community. These impacts create elevated exposure to particulate matter and noise pollution, representing the most significant localized environmental justice concern identified in the assessment.

ii) Pesticide exposures in Carlsbad rank nearly four times higher than the San Diego County average – a direct consequence of the City's agricultural heritage. While agriculture has largely transitioned to urban uses, residual soil contamination and ongoing agricultural operations continue to present elevated exposure risks in certain areas.

(b) Carlsbad's overall at-risk population ranking falls in the 9th percentile statewide – well below San Diego County's 37th percentile, and with no individual vulnerability indicators exceeding the 50th percentile threshold.

3. Other material environmental justice factors within the Carlsbad region are informed by the Climate Action Plans (CAPs) adopted by the City of Carlsbad and the County of San Diego and specific to the cascading effects of greenhouse gas emissions.

(a) Carlsbad's Climate Action Plan (CAP) was first adopted in September 2015, updated in November 2024, and serves as the City's roadmap for reducing greenhouse gas emissions. This document estimates the community's baseline annual carbon emissions at 981,000 metric tons (2016), equivalent to 8.4 metric tons per capita.

(b) Carlsbad's per capita measurement is the highest among the five North County cities (Carlsbad, Escondido, Vista, Oceanside, and San Marcos) and likely tie to Carlsbad's economic strengths that concurrently drive its carbon challenge: higher household incomes, prominent commercial and manufacturing activities, and a large tourism and hospitality sector.

4. Future Commission reports should revisit and expand analyses on Carlsbad's policy efforts to reduce greenhouse gas emissions and related efforts to address and promote environmental justice.

APPENDIX – A
BACKGROUND INFORMATION

Community Development

The City of Carlsbad's development traces back to the late 1700s with the establishment of Spanish colonial rule, which later transferred to Mexico. These European powers succeeded the earlier inhabitants – the Luiseño and Kumeyaay bands. The Spanish established El Camino Real (King's Highway) beginning in the early 1770s, creating a transportation corridor extending through the region from San Diego to the San Francisco Bay Area. The mission system followed with the construction of nearby Mission San Luis Rey in Oceanside in 1798. The mission's extensive landholdings encompassed much of what is now Carlsbad.

After Mexico gained independence from Spain in the 1820s, the new government reportedly awarded land grants – known as ranchos – to some Spanish soldiers who had remained loyal and stayed in the region following their service at the missions. One significant grant was awarded to Don Juan Marrón in 1842 – the Agua Hedionda Rancho, which covered a substantial portion of the community's coastline. Following the end of the Mexican-American War in 1848, the rancho underwent a series of leases and subdivisions. In 1860, Robert Kelly acquired a portion of the original ranch and proceeded to deed 40 shoreline acres to the Southern California Railroad. This land transfer facilitated the railroad connection between San Diego and Los Angeles, which was completed by the early 1880s.

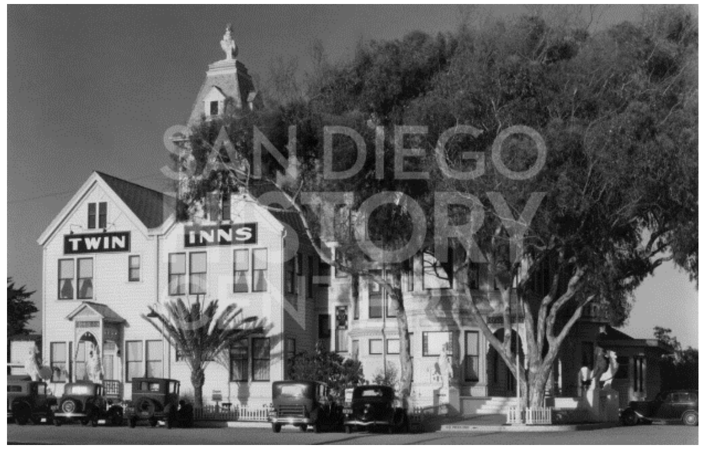
Carlsbad Hotel and Sanitarium
Early Community Tourist Attraction (C-1880)

Credit: San Diego History Center

Historical records document that the railroad's arrival in the early 1880s with concurrent improvements to El Camino Real helped to catalyze the community's evolution toward formal township status. Among the early community leaders was John Frazier, who came to serve as the first station master and established his family on approximately 160 acres south of Buena Vista Lagoon. In 1883, Frazier reportedly discovered a natural mineral spring with waters believed to possess therapeutic properties. Capitalizing on this discovery, Frazier and his business partners formed the Carlsbad Land and Water Company and in doing so imitating the famous spa town of

Karlsbad (now Karlovy Vary) in the Czech Republic. This venture culminated in the opening of the Carlsbad Hotel and Sanitarium in the late 1880s.

Twin Inns in Carlsbad
Early Restaurant + Inn Landmark (C-1930)



Credit: San Diego History Center

As the community of Carlsbad transitioned into the 20th century, it remained a lightly inhabited township with an estimated population of 155 out of a countywide total of 34,987.[83] The community remained a relative afterthought through the early 1900s until Los Angeles' businessmen formed the South Coast Land Company and began actively marketing the north county coastline with the help of locals Ed Fletcher and Frank Salmons. Throughout the 1920s, these efforts centered on purchasing and subdividing extensive land holdings between Del Mar and Oceanside – including the original Carlsbad Land and Water Company properties – while simultaneously securing crucial water rights to the San Luis Rey River. This combination of available land and reliable water sources proved highly attractive to fruit and flower farmers, establishing agriculture as the region's economic foundation. The early emphasis on farming and the growing importance of horticulture shaped residential development patterns through the 1930s, concentrating growth around the existing downtown core that had begun emerging decades earlier along Carlsbad Boulevard (original Highway 101). By 1940, this agricultural-driven expansion had moderately increased the population to an estimated 2,411 residents.[84]

The 1940s marked another pivotal transition for Carlsbad as the community began outgrowing its township status. Residents and businesses increasingly demanded higher levels of municipal services, creating momentum for discussions about cityhood that intensified toward the decade's end. Pertinently, these conversations gained urgency as the population nearly doubled from 2,411 in 1940 to 4,338 by 1950.[85] Community interest in incorporation peaked in 1952 after a devastating fire highlighted the lack of organized fire protection, police, and water services. Newspapers reported during this time the community was largely split in three: (a) those who favored incorporation, (b) those who favored annexation into neighboring City of Oceanside, and (c) those who opposed both and preferred keeping a rural setting.

[83] Reference, U.S. Census, 1890.
[84] Reference, U.S. Census, 1940.
[85] Reference, U.S. Census, 1950.

Incorporation Proceedings

On February 19, 1952, a landowner-petition formally proposing Carlsbad's incorporation was filed and accepted by the County of San Diego Boundary Commission and was done so with a competing annexation proposal to Oceanside being separately filed. The proposed incorporation spanned a seven square mile area to include most of the original Rancho Agua Hedionda territory as well as the downtown area. On June 24, 1952, and after the annexation proposal stalled due to a tie vote, a special election was held and incorporation passed with a slight majority at 781 to 714 with the effective date of July 16, 1952. The first City Council was also elected consisting of Manual Castorena, Raymond Ede, George Grober, C. Dewey McClellan, and Lena Sutton.


THE SAN DIEGO UNION

COUNTY NEWS

Carlsbad Voters O.K. Incorporation

CARLSBAD, June 25 (Special) —Voters here yesterday approved the proposed incorporation of this community of 5200 population.

Unofficial returns show 781 "yes" votes; 715 "no," with 53 absentee ballots to be counted.

Next step is the canvassing of the votes and official approval of the incorporation by the Board of Supervisors and the State of California.

Yesterday's ballot also carried a slate of proposed city officials subject to incorporation taking effect. Councilmen elected were Manuel M. Castorena, Raymond C. Ede, George A. Grover, C. D. McClellan and Mrs. Lena M. Sutton.

Edward Hagen was selected city clerk and W. Roy Pace as city treasurer.

Timeline of Notable Post-Incorporation Events

A summary of notable activities undertaken by the City of Carlsbad and/or affecting the City's service area following incorporation in 1952 are provided below.

- Interstate 5 connecting the Cities of Oceanside and Carlsbad opens in November 1953 and provides commute relief for Carlsbad Boulevard (original Highway 101).

- Carlsbad Municipal Water District (CMWD) forms in March 1954 following voter approval – 1,189 yes to 644 no – along with later infrastructure bonds to purchase wholesale supplies from the San Diego County Water Authority.

- San Diego Gas and Electric Company completes the construction of the Encina Power Station with its prominent smokestack in October 1954 in Carlsbad at a cost of $18.0 million and becomes the City's largest property tax contributor.[86]

- Carlsbad Water Department forms in July 1958 after the City acquires Carlsbad Mutual and Terramar Water Companies with personnel becoming City and CMWD employees.

[86] The Encina Power Plant provided energy supplies to the San Diego County region until it was decommissioned in 2018.

- County of San Diego opens Palomar Airport immediately east of the then-Carlsbad boundary in **August 1959** and – among other items – facilitates the parallel building of Palomar Airport Road. Although it remains County operated, the Airport is annexed to Carlsbad in 1978 and subsequently renamed Palomar-McClellan Airport.

- U.S. Census estimates Carlsbad's population as of **April 1960** at 9,253.

- Cites of Carlsbad and Vista create the Encina Wastewater Authority in **January 1961** to build and operate wastewater treatment and disposal facilities and in doing so respond to directives from the Regional Water Quality Control Board.[87]

- Carlsbad adopts an inaugural General Plan in **August 1965** with a future population estimate of 48,650 by 2000.

- Carlsbad and County of San Diego – via the Carlsbad Building Authority – commences development plans for the Carlsbad Civic Center in **October 1967**. The complex is built in separate phases over the next several years.

- Plaza Camino Real opens in **May 1969** with 570,000 square feet of retail space with May Co. and J.C. Penney serving as the original anchor tenants.[88] It is subsequently rebranded as The Shoppes at Carlsbad in 2015.

- U.S. Census estimates Carlsbad's population as of **April 1970** at 14,944; an increase of 62% over the prior decade.

- The Commission approves Carlsbad's proposal to annex approximately 4,500 unincorporated acres covering the La Costa Rancho area – including the La Costa Resort (now the Omni La Costa Resort & Spa)– in **April 1972**.

- The Commission establishes a sphere of influence for Carlsbad in **June 1978**. The sphere is set to include all incorporated lands along with approximately 4,800 adjacent unincorporated acres including – but not limited to – Batiquitos Lagoon.

- U.S. Census estimates Carlsbad's population as of **April 1980** at 35,490; an increase of 138% over the prior decade.

---

87 The regional wastewater system comes online in October 1965 at a cost of $4.6 million to serve Carlsbad, Vista, and the unincorporated area within the Buena Sanitation District.

88 A major expansion in 1980 doubled the facility's size to 1.2 million square feet, anchored by three new department stores: Broadway, Bullocks, and Sears.

- The Commission removes more than 1,000 acres from the Carlsbad sphere as part of the City of Encinitas' approved incorporation in **December 1985**.

- Carlsbad sponsors Proposition E as an alternative to a citizen's initiative (Proposition G) and passes in **November 1986** by 58%. It establishes a growth management plan marked by limiting the total number of housing units to 54,599; it also requires developers to contribute to public facility expansions.[89]

- Carlsbad approves the Pacific Rim Country Club and Resort Master Plan in **December 1987** involving approximately 1,400 acres comprising the north side of Batiquitos Lagoon. Subsequently rescaled and renamed the Aviara Master Plan, it establishes development allowances for an upscale residential community with 2,000-plus housing units and commercially anchored by a high-end resort and an 18-hole golf course.

- In **January 1990,** and after an extended negotiation process between the two agencies, The Commission approves reorganizing CMWD as a subsidiary of Carlsbad. The reorganization precedes an internal restructuring by Carlsbad to convey all City water responsibilities to CMWD while changing the name back from Costa Real Municipal Water District to Carlsbad Municipal Water District.

- U.S. Census estimates Carlsbad's population as of **April 1990** at 63,126; an increase of 78% over the prior decade.

- In **December 1993**, the Commission approves the annexation of the last remaining unincorporated area into Carlsbad, filling the original sphere of influence established in 1978 and marking the end of the City's approximate 20-year period of expansion.

- Four Seasons Resort at Aviara, not Park Hyatt Aviara, opens in **September 1998** capping an on-and-off seven-year construction project on a prominent vista overlooking Batiquitos Lagoon.

- U.S. Census estimates Carlsbad's population as of **April 2000** at 78,247; an increase of 24% over the prior decade.

---

89 Proposition G proposed strict annual limits on new residential construction in Carlsbad: 1,000 dwelling units in 1987, 750 units in 1988, and 500 units annually from 1989 through 1996. (The measure included exceptions for replacement dwellings, remodeling projects, subsidized low-income housing, and senior citizen housing.) Voters narrowly approved Proposition G by a margin of 51% to 49%. However, courts ultimately ruled that Proposition E took precedence, having received more total votes than Proposition G.

- Carlsbad voters approve Proposition D in November 2006 by 51% and assigns open space zoning for more than 200 acres located east of Interstate 5 and north of Cannon Road. A carve-out applies to allow future development of an approximate 50-acre area known as the U-Pick Strawberry Field.

- The Commission completes its first municipal service review covering Carlsbad as part of an all-cities study in March 2008. The Commission proceeds to concurrently confirm a coterminous sphere for Carlsbad.

- Carlsbad voters approve Proposition D in June 2008 by 82% transitioning the City to a charter-law municipality. A subsequent media release by Carlsbad Mayor Bud Lewis states "the charter will make Carlsbad more self-reliant and enable the city to get important community projects done more quickly and for less money."

- U.S. Census estimates Carlsbad's population as of April 2010 at 105,328; an increase of 35% over the prior decade.

- Poseidon Water completes construction and initiates operations at the Claude "Bud" Lewis Carlsbad Desalination Plant in December 2015 and immediately becomes the largest desalination facility in the United States.[90]

- Carlsbad voters reject Measure A as part of a special election held in February 2016 by 52% and in doing so disapproves the controversial "strawberry fields mall" project – a proposed high-end mall development involving agricultural land located east of Interstate 5 and north of Cannon Road.[91]

- The Commission affirms Carlsbad's coterminous sphere of influence in August 2016 while concurrently establishing a special study area comprising an approximate 374-acre unincorporated area located within Encinitas' sphere given access issues and related fire response efforts.

---

[90] The Lewis Carlsbad Desalination Plant operates under a public-private partnership established in November 2012 between the San Diego County Water Authority and Poseidon Water. This 30-year agreement commits the County Water Authority to purchasing up to 56,000 acre-feet of treated desalinated water annually from Poseidon at a predetermined rate. Upon the agreement's expiration, the County Water Authority holds an option to acquire the facility for $1.

[91] Los Angeles-based developer Rick Caruso organized the project, seeking approval for a specific plan and related entitlements covering 203 acres. The proposal designated 26 acres for high-end shopping and entertainment facilities with the remaining 177 acres dedicated to open space and agricultural uses, including the U-Pick Strawberry Field. The City Council approved the project in August 2015, but a citizens initiative subsequently forced the matter to a public vote.

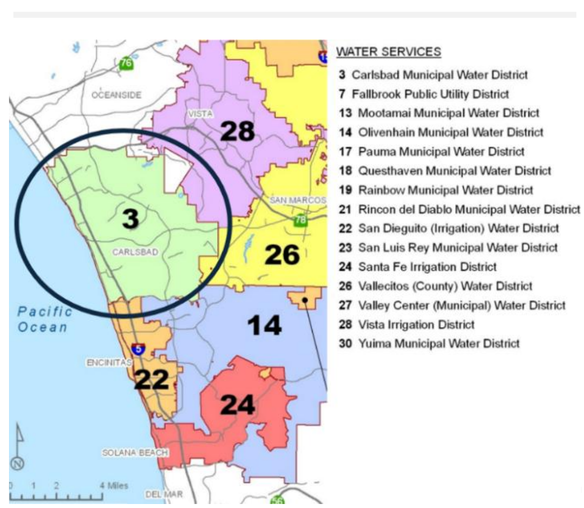
B. CARLSBAD MUNICIPAL WATER DISTRICT

1.0 OVERVIEW

Photo Credit: Google Earth

The Carlsbad Municipal Water District (CMWD) operates today as a subsidiary district of the City of Carlsbad, a status established through a LAFCO-approved reorganization in January 1990. This pivotal decision brought closure to a decades-long governance divide that began in March 1954 when residents formed CMWD as an independent agency governed by its own elected board – a structure they believed offered the clearest route to joining the San Diego County Water Authority (CWA) and securing access to imported Colorado River supplies.

The post-formation years were initially marked by intermittent negotiations, competing jurisdictional claims, and even litigation between the two agencies. The successful reorganization of 1990 represented a significant breakthrough, achieving what previous merger attempts could not. A crucial factor in this success was the City Council's commitment to retain all CMWD employees and convert the elected board into an advisory body. The result facilitated a deliberate restructuring of local authorities effectively aligning parallel institutions under a unified governance framework which aimed to enhance the efficiency and delivery of water service in Carlsbad.



Since 1954, CMWD's jurisdictional boundary has expanded by more than two times its original size. Most of this physical expansion ties to concurrent infill annexations with Carlsbad between 1965 and 1985, accommodating large subdivisions and master-planned communities as the community transitioned from agricultural to suburban land uses. The most recent annexation occurred in 2014. Today CMWD is bounded by the Pacific Ocean to the west and adjacent water providers to the north, east, and south with limited exceptions. CMWD's boundary overlaps with most of Carlsbad except for incorporated lands south and southeast of the Omni La Costa Resort & Spa. This southern area – covering approximately one-fifth of Carlsbad's incorporated boundary – receives water service from Olivenhain Municipal Water District (OMWD) and, to a lesser degree, Vallecitos Water District (VWD) as well as wastewater and recycled water services from the Leucadia Wastewater District (LWD).

As a LAFCO-designated subsidiary district, CMWD operates under the full governance of the City of Carlsbad while retaining its status as a distinct legal entity with its own taxing authority. The five-member City Council serves dually as the CMWD Board of Directors, addressing water matters during special joint City Council meetings. Day-to-day operations fall on the City's Utilities Department within the Public Works Branch, with the Utilities Director serving simultaneously as the District's General Manager and the City Manager as the District's Executive Manager. Staffing has remained stable throughout the five-year report period ending in 2023, at 44.0 full-time equivalent positions. LAFCO estimates 61,500 registered voters within CMWD's boundary.

CMWD operates under the powers and provisions of California's Municipal Water District Act of 1911 and is one of 12 currently in San Diego County. CMWD currently provides two active municipal service functions – potable water and recycled water.

- Potable Water
  Potable water service dates to CMWD's formation in 1954 and represents CMWD's primary function by resource allocation. CMWD operates as a retail-only provider, purchasing all wholesale supplies from the CWA.[92]

- Recycled Water
  Recycled water service dates to 1991 when CMWD constructed its own recycling facility. The facility treats secondary effluent from Encina Wastewater Authority (EWA) to tertiary standards for retail distribution to local irrigation customers. CMWD also contracts with VWD for supplemental wholesale recycled water supplies.

Both of CMWD's services (potable water and recycled water) operate as enterprise funds and are designed to be self-funded through user fees and charges. During the five-year report period ending in 2023, average annual revenue across both enterprises totaled $55.0 million against corresponding expenses of $54.5 million – a net margin of 0.4%. The combined fund balance for CMWD at the report period's end is $34.9 million and is equivalent to covering 7.4 months of actual operating expenses.

---

[92] The Executive Officer has limited this review to evaluating only CMWD's potable water system with the expectation under the adopted study schedule that a dedicated evaluation of the recycled water function will be part of an upcoming countywide study.

LAFCO estimates 90,918 full-time residents live within CMWD's jurisdictional boundary as of the end of the report period, representing 82% of Carlsbad's estimated population of 116,428. Since the 2010 census, CMWD has added an estimated 10,002 residents – an average annual growth rate of 1.0%, equivalent to 769 residents annually or 2.1 daily. The total housing stock at the end of the report period stands at 38,503 units, producing a ratio of one home for every 2.4 residents. Since 2010, the CMWD boundary has experienced the addition of 3,042 new housing units, which is well below the historical average at one home for every 3.3 new residents and highlights the evolution of the local housing landscape. Other notable demographic themes follow.

Adjusting Growth + Housing Dynamics ….

CMWD serves an estimated 90,918 residents – 82% of Carlsbad's population – though housing production has not kept pace with growth. The gap between population and housing supply appears reflected in cost pressures: despite median household incomes coming in 40% above the County average at $122,057, housing costs within CMWD consume one-third of household budgets when utilities are added.

- CMWD residents report a median household income of $122,057 based on current five-year report period averages. This amount is slightly above Carlsbad's overall median and significantly - by 40% - higher than the countywide average of $88,240.

- CMWD households spend on average 25% of their income on rent or mortgage payments alone; LAFCO estimates true housing costs rise to 33% of household income when accounting for standard utilities.[93]

2.0 BOUNDARIES + RELATED CONSIDERATIONS

2.1 Jurisdictional Boundary

CMWD's existing boundary totals 32.4 square miles spanning 20,710 acres – covering roughly 82% of Carlsbad's incorporated area and three-fourths of one percent of San Diego County. Approximately nine-tenths of CMWD's perimeter has reached its practical limits, bounded by the Pacific Ocean to the west and neighboring water providers on the remaining sides: Oceanside to the north and northeast, Vista Irrigation District (VID) and Vallecitos Water District (VWD) to the east, Olivenhain Municipal Water District (OMWD to the

Covering 4/5ths of Carlsbad …

CMWD's jurisdictional boundary largely matches the City of Carlsbad with the notable exception of excluding incorporated lands south and southeast of the Omni La Costa Resort & Spa – a variance of nearly 10 square miles.

[93] The adjusted amount does not include insurance (renters or homeowners) or property taxes (homeowners).

southeast, and San Dieguito Water District (SDWD) to the south. The remaining tenth of the CMWD perimeter lies adjacent to unincorporated lands, primarily the Rancho Santa Fe community, indicating limited potential for future annexations. Elevation ranges from approximately 10 feet to 700 feet above sea level, reaching its highest point along Sitio Oceano in the La Costa Ridge neighborhood.

Map No. B-2.1

CMWD's jurisdictional boundary has expanded more than two times its original size since its formation in 1954. The expansion – totaling approximately 11,000 acres – is the result of a series of annexations with most occurring under LAFCO oversight between 1965 and 1985. Annexation activity has slowed considerably since 2000, consistent with the downward trend in large subdivision activity in the Carlsbad community. The last annexation to CMWD was completed in 2014.[94]

Total assessed value within CMWD has increased 24% during the five-year report period, rising from $25.547 billion in 2019 to $31.621 billion in 2023. This translates to $1.5 million per acre and $348,000 per capita based on an estimated population of 90,918. CMWD's share of the 1% property tax collected within its boundary stands at approximately 1.4% – less than two cents for every dollar – generating about $4.445 million in 2023.[95]

Values Continue to Rise…

Assessed property values (land and structure) in CMWD have increased by 24% during the five-year report period. CMWD's share of the 1% property tax (AB8) is 1.4% and generated $4.5 million in 2023.

The jurisdicitonal boundary is currently divided into 82,263 assessor parcels spanning 17,979 acres.[96] Private ownership accounts for 77% of total parcel acreage. Approximately 70% of these privately owned acres are already developed or substantively improved, albeit not necessarily at the highest density as allowed under zoning. The remaining private acreage – 4,672 acres across 34,256 parcels – remains undeveloped.

Infill Opportunities Remain…

Two-thirds of all privately owned acreage in CMWD has been developed to date, though not necessarily at the highest density. The remaining one-third of private acreage in CMWD remains undeveloped and totals 4,672 acres divided among 34,256 parcels.

Carlsbad Municipal Water District Jurisdictional Boundary Characteristics
Table B-2.1 | Source: Esri, American Community Survey, and San Diego LAFCO

Total Jurisdictional Size	20,710 acres
Total Jurisdictional Parcels and Acreage	82,263 parcels totaling 17,979 acres
… Publicly Owned Parcels and Acreage	674 parcels totaling 4,181 acres
… Privately Owned Parcels and Acreage	81,589 parcels totaling 13,798 acres
… Undeveloped Privately-Owned Parcels and Acreage	34,256 parcels totaling 4,672 acres
Total Number of Registered Voters	61,513
Total Assessed Value (Secured, Land and Structures)	$31.6 billion

94 The last annexation to CMWD involved 0.8 acres and identified as the "Carlsbad-San Marcos Reorganization.
95 Amount covers only secured property taxes involving land and structures; unsecured property taxes are also paid to CMWD and include personal assets–such as boats, aircraft, and business fixtures and machinery–as well as in lieu monies from the State (vehicle license fees and excess Educational Revenue Augmentation Fund (ERAF)).
96 The remaining 2,731 jurisdictional acres in CMWD consist of public rights-of-way and waterways.

2.2 Sphere of Influence

CMWD's sphere of influence was established by LAFCO in September 1985. The initial sphere was set as a "larger-than-agency" designation to include all territory within CMWD as well as 120 acres of additional non-jurisdictional lands – all of which were unincorporated and mostly representing "island" areas surrounded by both CMWD and the City of Carlsbad. LAFCO completed subsequent sphere updates in 2005, 2007, and 2013, each time confirming the original designation without changes. Annexations since then have rendered the sphere entirely coterminous with the jurisdictional boundary. No special study areas are currently assigned to the CMWD sphere.

Maintaining Expectations…

LAFCO established CMWD's sphere of influence in September 1985 with subsequent updates in 2005, 2007, and 2013. All non-jurisdictional acreage from the original sphere has since been annexed, rendering the sphere coterminous with CMWD's boundary. No special study areas are currently assigned to the sphere.

2.3 Relationship to General Plans: Land Use and Housing Elements

CMWD's jurisdictional boundary lies entirely within Carlsbad's incorporated area and subject to the adopted land use policies established in the City's General Plan. Details regarding the Carlsbad's General Plan appear in the City profile prepared as part of this report.

2.4 Relationship to College and School District Boundaries

CMWD's jurisdictional boundary and sphere of influence overlaps with seven college and school districts: MiraCosta College; Palomar College; Carlsbad Unified; Encinitas Union; San Dieguito Union High; San Marcos Unified; and Vista Unified. A summary of growth-related characteristics for each of these districts follows.

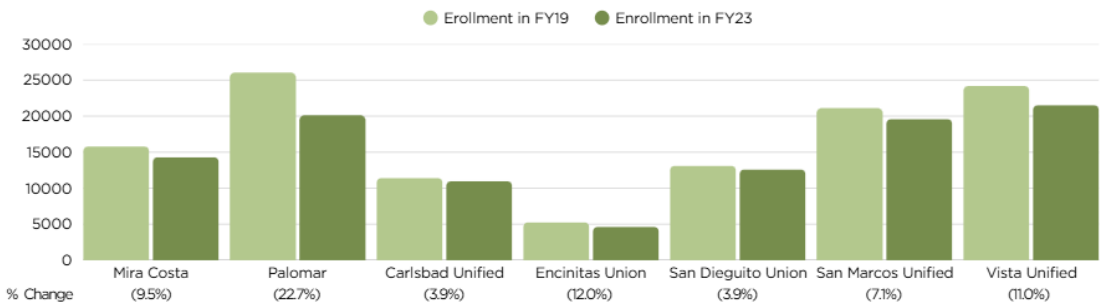
Carlsbad Municipal Water District:

Overlapping College + School District Information

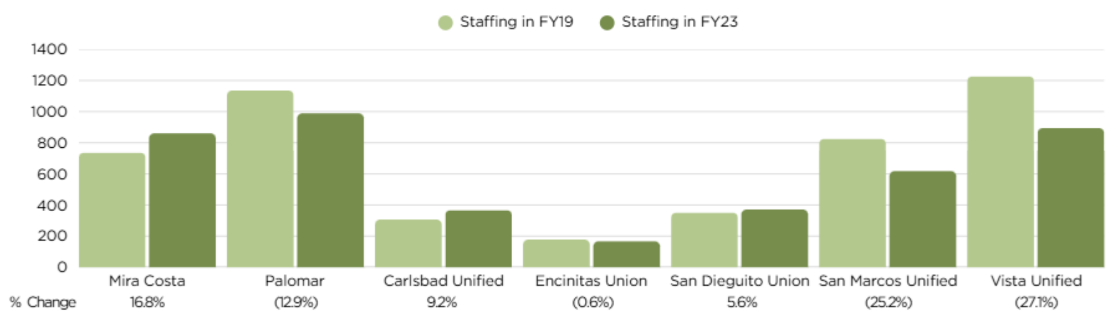
Table B-2.4 | Source: San Diego County Board of Education + San Diego LAFCO

Type	College	College	School	School	School	School	School
% within CMWD	9.0.9%	9.1%	88.4%	2.4%	2.4%	8.4%	0.8%
Grades	13th - 14th	13th - 14th	K - 12th	K - 6th	7th - 12th	K - 12th	K - 12th
Campuses	4	3	14	10	11	19	27

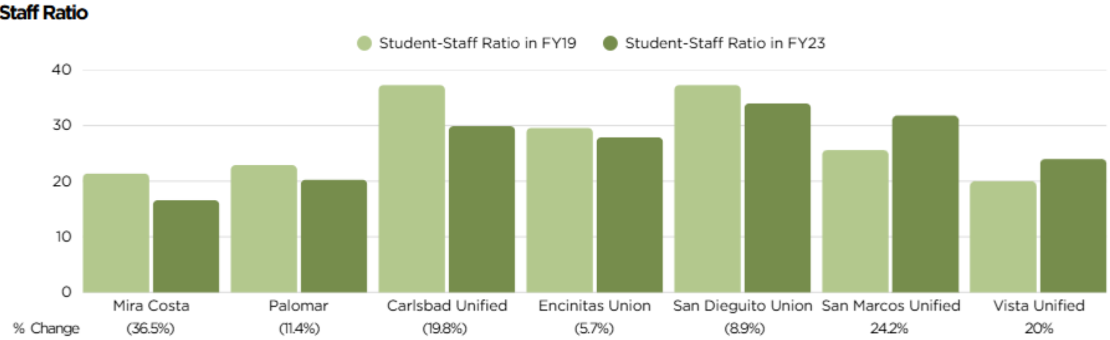
Enrollment



Staffing



Student-Staff Ratio



3.0 DEMOGRAPHICS

3.1 Population and Housing

LAFCO estimates CMWD's full-time resident population at 90,918 as of the end of the five-year report period in 2023, representing 2.7% of the countywide total. Going back to the 2010 census, CMWD is estimated to have experienced the addition of approximately 10,002 residents – a 12.4% overall increase that translates to an average annual growth rate of 1.0%, or 769 residents per year. This equates to roughly 2.1 new residents daily. Specific to the five-year report period, the growth rate has declined to 0.8% annually – a one-fifth reduction from the longer-term trend. This equates to adding 702 residents each year, or roughly 1.9 daily. Other notable population features follow.

Gentler Growth Curve…

LAFCO estimates CMWD added 3,845 net residents during the five-year report period ending in 2023, bringing the full-time resident population to 90,918. Since the 2010 census, the average annual growth rate has been 1.0%. The annual rate specific to just the five-year report period, however, has adjusted downward to 0.8%.

- The population estimate at the end of the report period produces a density ratio of 4.5 residents for every acre, slightly lower than the 4.7 ratio in Carlsbad.
- LAFCO projects the growth rate will generally hold steady relative to post-2010 patterns and result in CMWD's full-time population reaching 95,323 by 2028.

Carlsbad Municipal Water District
Resident Population Estimates
Table B-3.1a | Source: Esri, American Community Survey, and San Diego LAFCO

	Calendar Year	CMWD	San Diego County
	2010	80,916	3,095,305
Reporting Period	2019	88,110	3,258,522
Reporting Period	2020	88,216	3,298,625
Reporting Period	2021	88,919	3,307,655
Reporting Period	2022	89,627	3,316,709
Reporting Period	2023	90,918	3,325,714
	2028	95,323	3,371,483
	Population Change, 2010-2023		
	… net change	10,002 or 12.4%	230,409 or 7.4%
	… annual change (avg)	769 or 1.0%	17,724 or 0.6%
	Population Change, 2019-2023		
	… net change	2,808 or 3.2%	67,192 or 2.1%
	… annual change (avg)	702 or 0.8%	16,192 or 0.5%

LAFCO estimates 38,503 residential housing units within CMWD at the end of the report period in 2023. Going back to the 2010 census, it is estimated there have been 3,042 new housing units added to CMWD. This represents an average annual housing construction rate of 0.7%, or approximately 234 new units per year. Specific to the five-year report period, the housing construction rate in CMWD has declined to 0.6% annually — a one-seventh drop from the longer-term trend. This shorter measurement period equates to adding 220 new housing units each year. Materially, housing additions – under either the extended or shorter measurement period – have not proportionally kept pace with population growth within CMWD's jurisdictional boundary. The unit-to-resident ratio stands at 3.3 residents per unit since 2010 and 3.2 over the five-year report period starting in 2019.

Tightening Housing Math…

It is estimated that 880 new housing units have been added to CMWD's jurisdictional boundary during the five-year report period ending in 2023. When aligned with the corresponding population growth, this translates to adding one new home for every 3.2 new residents – marking approximately a one-quarter decline in relative housing construction based on the historical ratio of 2.4 residents per unit.

Other material housing characteristics follow.

Types | Slightly more than one-fifth – or 21.1% – of all housing units are categorized as traditional single-family. Another 17.6% of all housing units are categorized as multi-family. The remainder of housing units – roughly 61.3% - comprise non-traditional single-family and include townhomes, condominiums, and accessory dwelling units.

Occupancies | Three-fifths – or 58.8% – of housing units are owner-occupied. The remainder are divided between renter-occupied and vacant at 33.9% and 7.3%, respectively.

Costs | The five-year average monthly median housing cost (mortgage or rent only) is $2,547. This monthly amount has increased by $371 – or 17.0% – compared to the prior five-year average of $2,176.

Costs to Income | The five-year average monthly median housing cost (mortgage or rent) equals 25.0% of the median household income.[97] Adjusting for baseline utility expenses – e.g., utilities and insurance – it is projected households' real housing costs equal 32.5% of their monthly income.[98]

97 Median household incomes in CMWD have averaged $122,057 (annual) during the five-year period.

98 Utilities are calculated by LAFCO staff to equal 7.5% of the median household income and covers the following services: electricity; water; internet; natural gas; phone; and streaming/cable.

Carlsbad Municipal Water District
Housing Estimates
Table B-3.1b | Source: Esri, American Community Survey, and San Diego LAFCO

Calendar Year	CMWD	San Diego County
2010	35,461	1,164,781
2019	37,623	1,223,578
2020	37,872	1,230,291
2021	38,122	1,237,042
2022	38,373	1,243,829
2023	38,503	1,247,863
Housing Change, 2010-2023		
… net change	3,042 or 8.58%	82,123 or 7.05%
… annual change (avg)	234 or 0.66%	6,317 or 0.54%
Housing Change, 2019-2023		
… net change	880 or 2.34%	24,285 or 1.98%
… annual change (avg)	220 or 0.58%	6,071 or 0.50%

Reporting Period

Additional analysis is needed to assess seasonal populations.

3.2 Age Distribution

The median age of CMWD residents stands at 42.9 years based on the most recent available five-year report period average. This figure represents a moderate increase from 41.0 years in the previous period – a 4.4% increase reflecting an ongoing aging trend. This median also remains nearly seven years above the countywide average of 36.3 years. Residents in the prime working age group (ages 25 to 64) account for 52.7% of the CMWD's total population.

The Rising Seven Year Gap…
CMWD's median age stands at 42.9 years – nearly seven years above the county average and rising.

Carlsbad Municipal Water District
Age Distribution
Table B-3.2 | Source: Esri, American Community Survey, and San Diego LAFCO

Factor	CMWD	San Diego County
Median Age (5-year average 2012-2016)	41.0	35.3
Median Age (5-year average 2017-2021)	42.9	36.3
… % Change	4.4%	2.8%
Prime Working Age, 25-64 (5-year average 2012-2016)	54.3%	53.7%
Prime Working Age, 25-64 (5-year average 2017-2021)	52.7%	54.1%
… % Change	(3.0%)	0.7%

3.3 Income Characteristics

The median household income in CMWD is $122,057 based on the most recent available five-year report period average. This amount shows CMWD households are receiving sizable more pay with the median income experiencing an overall increase of approximately 30.2% from the preceding period average of $93,741; a difference of more than two-fifths above the corresponding change in inflation measured for the San Diego-Carlsbad region over the same period.[99] CMWD households' current median income is also more than one-third higher than the current countywide median of $88,240. Other material measurements show the poverty rate – which for a household of four means an income below $31,000 – rose by 4.5% from 8.9% to 9.3%.[100]

Incomes Continue to Increase and Separate…

CMWD residents' median household income increased by nearly one-third during the report period finishing at $122,000. This amount shows CMWD residents earn $1.38 for every $1.00 earned by countywide residents.

Carlsbad Municipal Water District
Income Characteristics
Table B-3.3 | Source: Esri, American Community Survey, and San Diego LAFCO

Factor	CMWD	San Diego County
Median Household Income (5-year average 2012-2016)	$93,741	$66,529
Median Household Income (5-year average 2017-2021)	$122,057	$88,240
… % Change	30.2%	32.6%
Poverty Rate (5-year average 2012-2016)	8.9%	14.0%
Poverty Rate (5-year average 2017-2021)	9.3%	10.7%
… % Change	4.5%	(23.6%)

3.4 Others: Unemployment and More

The unemployment rate within CMWD – defined as the percentage of the workforce 18 years or older less students that are jobless – remains comparatively low at 5.8% based on the most recent available five-year report period average. Although this rate has increased by more than two-thirds from the prior five-year report period, it continues to fall below both the countywide rate of 6.6% and the

Healthy Labor Economy…

The average unemployment rate within CMWD during the five-year report period remains low at 5.8% despite absorbing nearly a two-thirds increase over the prior period – still lower than the countywide average.

99 The inflation rate for the San Diego-Carlsbad region via the consumer price index is 21.1% between July 2019 and June 2023.
100 Federal poverty measurement only counts cash income before taxes; it excludes government subsidies (food stamps (EBT), lunch programs, Medicaid, housing, etc.) and disability assistance.

statewide rate of 6.2%. Additional socioeconomic indicators follow.

- Teleworking on the Rise:
  1/4th of Labor Force Now Working from Home…
  The current five-year average rate of the labor force residing in CMWD's jurisdiction working from home is nearly one out of every four people at 23.7%. This amount has more than doubled from the prior five-year report period average of 11.2% and is nearly twice the overall countywide rate of 12.5%.[101] Among other indicators, this suggests shifting consumer patterns and more daytime spending at local businesses.

- College-educated Residents Majority:
  3/5th of Adults Have Bachelor's Degrees…
  The current five-year average rate of adults (25 years or older) in CMWD's jurisdiction with bachelor's degrees is comparatively high at 57.8% and – among other indicators – suggests greater propensity for civic engagement and community participation. This rate has changed modestly from the prior five-year period but remains more than two-fifths above the overall countywide attainment level of 40.3%.

- Fixed Incomes and More:
  1/5th of Households are Collecting Retirement…
  The current five-year average rate of residents in CMWD's jurisdiction collecting retirement income – whether through employer pension programs or Social Security – is 21.6%. This rate has increased by almost one-fifth from the prior five-year report period and now closely aligns with the overall countywide rate of 21.2%. Among other indicators, these retirement income levels suggest that approximately one out of every five households in CMWD relies on fixed and stable incomes and likely prefers the status quo with respect to municipal service levels.

Carlsbad Municipal Water District
Other Socioeconomic Indicators
Table B-3.4 | Source: Esri, American Community Survey, and San Diego LAFCO

Factor	CMWD	San Diego County
Unemployment Rate (5-year average 2012-2016)	3.4%	7.8%
Unemployment Rate (5-year average 2017-2021)	5.8%	6.6%
… % Change	68.2%	(15.4%)
Labor Force Working From Home (5-year average 2012-2016)	11.2%	7.0%
Labor Force Working From Home (5-year average 2017-2021)	23.7%	12.5%
… % Change	112.6%	78.9%

[101] The observed spike in the share of the labor force working from home is likely attributable to the COVID-19 pandemic, which prompted widespread public health restrictions, workplace closures, and a rapid shift to remote work arrangements.

Adults with Four-Year Degrees (5-year average 2012-2016)	54.9%	36.5%
Adults with Four-Year Degrees (5-year average 2017-2021)	57.8%	40.3%
… % Change	5.3%	10.4%
Collecting Retirement (5-year average 2012-2016)	18.6%	17.7%
Collecting Retirement (5-year average 2017-2021)	21.6%	21.2%
… % Change	16.3%	19.8%

3.5 Unhoused Demographics

Addressed within City of Carlsbad agency profile.

3.6 Environmental Justice

Addressed within City of Carlsbad agency profile.

4.0 ORGANIZATION

4.1 Governance

CMWD operates as a special subsidiary district to the City of Carlsbad with governance controlled by the City Council acting as the CMWD Board of Directors. CMWD's powers and duties are enumerated under Division 20 of California Water Code (Sections 71000 to 72770), known as the Municipal Water District Act of 1911. CMWD is one of 12 water districts operating under the principal act in San Diego County and one of 37 throughout California. Notable distinctions within the principal act follow.

- Allowed to serve both incorporated and unincorporated lands.
- Allowed to comprise non-contiguous territory.
- Board may have five or seven board members.
- Electoral system based on registered voters.
- Must have appointed general manager to administer day-to-day activities.

LAFCO currently authorizes CMWD to provide two active municipal functions: potable water and recycled water. The Municipal Water District Act, however, grants substantially broader authority. With LAFCO approval, CMWD could extend its operations to include wastewater treatment, fire protection, energy and power generation, and flood and stormwater control. The Act also empowers CMWD with eminent domain

Powers Granted + Held…

CMWD operates under California's Municipal Water District Act of 1911. While currently limited to potable and recycled water service, the Act grants broader latent authority that could extend to wastewater, fire protection, energy, and stormwater services with LAFCO approval.

authority for acquiring property necessary to their authorized functions.

CMWD was formed in 1954 as an independent special district governed by its own five-member elected Board of Directors. For thirty-six years, it operated independently until Carlsbad secured LAFCO approval in 1990 to reorganize the agency – then named Costa Real Municipal Water District – as a subsidiary district. The reorganization aimed to streamline water services across the overlapping boundaries and achieve cost efficiencies.

Under the current arrangement, the City Council serves as the CMWD Board of Directors, incorporating CMWD business into the City's regular meeting schedule as a special meeting when needed.[102] The formerly elected Board was initially reconstructed as an advisory body to preserve institutional knowledge. This arrangement proved short-lived and was eventually disbanded, though the specific ending date is not known. The current Council/Board listing follows with additional details – including their baseline compensation – provided in the Carlsbad profile.

Concurrent Governance…

As a result of the 1990 reorganization, the Carlsbad City Council concurrently serves as the CMWD Board. CMWD business is incorporated into Council meetings as needed with Council meetings regularly scheduled on the first three Tuesdays each month at 5:00 P.M. in the Council Chambers located at 1200 Carlsbad, Village Drive.

Carlsbad Municipal Water District
Governing Board
Table B-4.1 | Source: City of Carlsbad

Member	Position	Years on Council	Background
Melanie Burkholder	District 1	2	Secret Service / Mental Health Counselor
Kevin Shin	District 2	<1	Public Safety/Entrepreneur/Veteran
Priya Bhat-Patel	District 3	6	Public Health
Teresa Acosta	District 4	4	Public Relations
Keith Blackburn	Mayor	16	Public Safety

102 Councilmembers receive a $100 stipend whenever conducting business for CMWD with a maximum of three stipends per month.

4.2 Administration + Staffing

The CMWD operates under an adopted Ordinance that designates the Carlsbad City Manager as the Executive Manager of CMWD to ensure efficient administration consistent with Board directives. In accordance with the ordinance, the City Manager is responsible for appointing a General Manager to oversee the District's day-to-day operations. It has been a standard practice of the City Manager to appoint the Public Works Branch's Utilities Department Director to serve as the full-time CMWD General Manager, overseeing both active service functions – potable water and recycled water. Vicki Quiram served as the General Manager throughout the entire report period of 2019-2023, with her successor – Amanda Flesse – assuming the position in July 2024.

As of the end of the report period in 2023, through its staffing relationship with the Carlsbad Utilities Department, CMWD is alloacted a total of 44.0 budgeted full-time equivalent (FTE) positions. This figure reflects a slight increase of 2.3% – or 0.5 FTEs – over the corresponding five-year report period. The largest share of budgeted positions at the close of the report period is allocated to potable water services at 30.8 FTEs with the balance of 13.3 FTEs allocated to recycled water services. A budgeted staffing breakdown for the period follows.

Carlsbad Municipal Water District
Budgeted Staffing Levels
Table B-4.2 | Source: City of Carlsbad

Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Average	Change
Budgeted Staffing*	43.0	43.0	43.0	44.2	44.0	43.5	2.3%
CMWD Population	88,110	88,216	88,919	89,627	90,918	89,158	2.1%
CMWD Staffing Per 1,000	0.49	0.49	0.48	0.49	0.48	0.49	0.0%

* Figures represent full-time equivalent (FTE) based on 2,080 hours/year

5.0 MUNICIPAL SERVICE FUNCTIONS

CMWD currently provides two active municipal functions – potable water and recycled water. The LAFCO Executive Officer has limited this review to evaluating only CMWD's potable water system with the expectation under the adopted study schedule that a dedicated evaluation of the recycled water function will be part of an upcoming countywide study.

5.1 Potable Water Service

CMWD's potable water service function dates to the agency's formation in 1954. CMWD proceeded to establish access to imported wholesale water supplies by concurrently annexing into the San Diego County Water Authority (CWA) and the Metropolitan Water District of Southern California (MET) shortly thereafter. An initial distribution system was also secured by purchasing a preexisting water system that dated to the 1920s and once operated by the South Coast Land Company. An interim connection to receive CWA imported supplies was made in 1955 through a side agreement with the City of Escondido before a direct connection to the CWA aqueduct was completed in 1956.

Similar but Different...

Like most urban providers in San Diego County, CMWD relies entirely on imported water delivered through regional infrastructure operated by the CWA. However, CMWD is unique as the only local retailer with its own contractual arrangement to receive desalinated supplies from the nearby Claude "Bud" Lewis Desalination Plant.

CMWD's service area initially exceeded the City of Carlsbad to include certain unincorporated areas that required dependable water service to sustain the then-prominent agricultural operations in the community. Today, the boundary relationship has reversed with Carlsbad extending beyond the CMWD boundary now covering only 82% of the City. (The remaining 18% of Carlsbad falls within Olivenhain Municipal Water District (OMWD) and – to a lesser degree – Vallecitos Water District (VWD). LAFCO estimates CMWD's resident potable water service population at the end of the report period in 2023 at 90,918. The following analysis covers resources, capacities and demands, and performance.

Resources |
Budget + Staffing + Rates

CMWD's potable water function operates within the Public Works Branch's Utilities Department. It is organized as an enterprise fund with the structure of being entirely self-sufficient and generating surpluses to reinvest into the water system. During the five-year report period ending in 2023, actual operating revenues for CMWD's potable water function have averaged $46.869 million annually with approximately 84% (about $39.4 million) generated through water sales and other customer-oriented charges as further detailed. Actual operating expenses have averaged $45.549 million annually with

Still Up – But Narrowing Margins ...

Actual operating revenues averaged $46.9 million annually and increased by 4% over the five-year period ending in 2023. Operating expenses averaged $45.6 million and increased 11% – creating a 7-percentage-point gap as expense growth outpaced revenues by nearly 3-to-1.

the largest component – 57% - tied to wholesale water purchases. Overall, the potable water function has maintained an average operating margin of 2.8% over the period.

Carlsbad Municipal Water District
Potable Water Function: Budget Actuals, FY19 to FY23
Table B-5.1a | Source: City of Carlsbad + SD LAFCO

Categories	5-Year Averages
Actual Operating Revenues	
… Average Annual	$46.869 million
… Overall Change	4.3%
Actual Operating Expenses	
… Average Annual	$45.549 million
… Overall Change	10.7%
Average Operating Margin	2.8%

A closer review of budget-to-actual expenses reveals that CMWD's potable water function demonstrated strong financial management during the report period. The function exceeded the Board's adopted budget for only one year (2021), while successfully coming in under budget in the other four years. This strong performance, with an overall variance of 3.1%, equated to a cumulative savings of approximately $1.46 million. These efficiencies highlight CMWD's commitment to prudent fiscal stewardship.

At the end of the report period, budgeted staffing for CMWD's potable water function totals 30.75 FTEs – a slight decrease of 0.05 positions, or (0.2%).

Carlsbad MWD
Potable Water: Budgeted Staffing Levels, FY2019 to FY2023
Table X-5.1b | Source: City of Carlsbad + SD LAFCO

2019	2020	2021	2022	2023
30.8	30.0	30.0	30.8	30.8

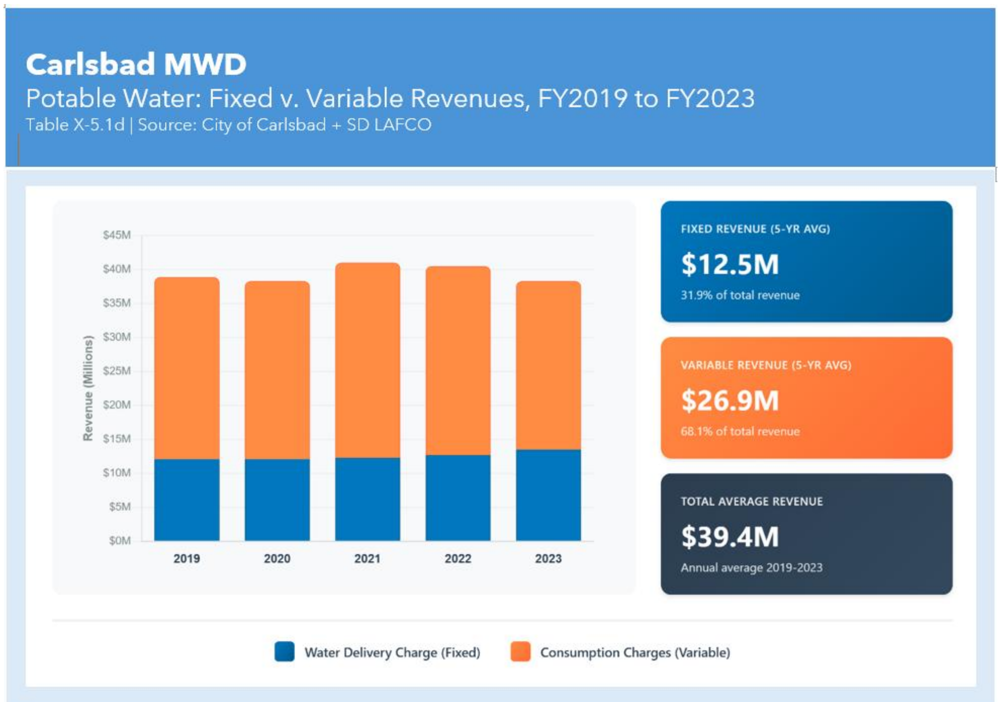
RANGE	5-YR AVERAGE	NET CHANGE
0.85 FTEs	30.44	-0.2%

As noted, customer charges accounted for nearly nine-tenths of all revenue generated during the report period. The CMWD's rate structure consists of two fees: a fixed water access charge and a tiered commodity charge, divided among five customer categories: single-family, multi-family, commercial, irrigation, and agricultural. A breakdown of rates and their adjustments during the report period follows.

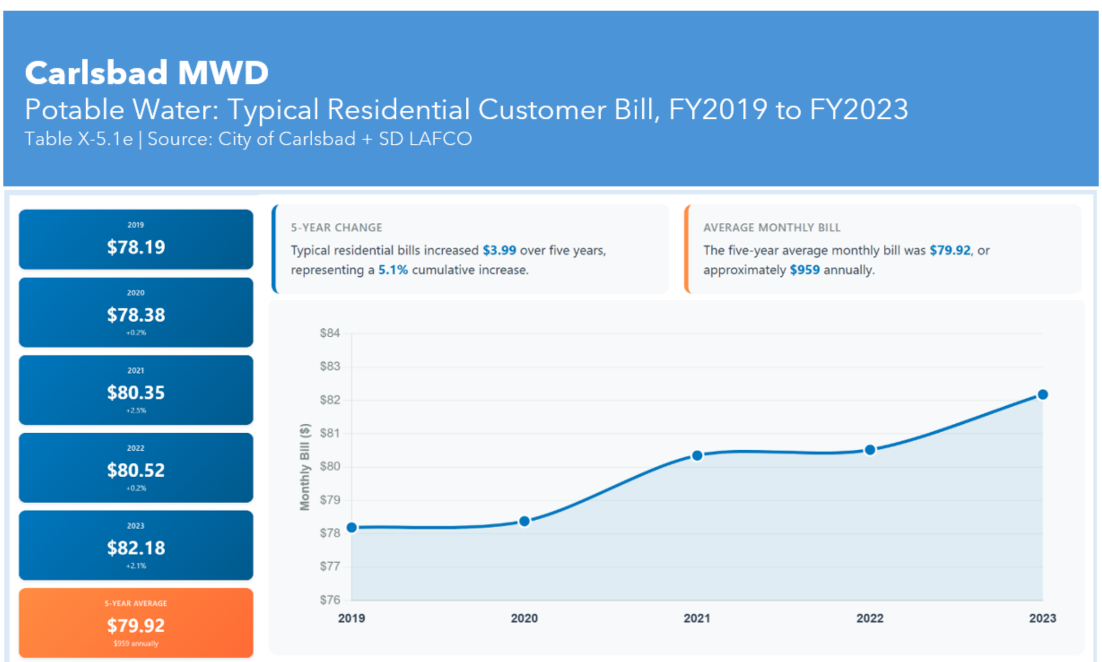
Carlsbad MWD
Potable Water Rates, FY2019 to FY2023
Table X-5.1c | Source: City of Carlsbad + SD LAFCO

CHARGE	2019	2020	2021	2022	2023
Monthly System Access Charge	$24.72	$24.72	$25.52	$27.81	$28.37 +14.8%
Commodity Charges					
Domestic					
Tier 1 (0-10 units)	$3.94	$3.94	$4.13	$3.84	$3.92 -0.5%
Tier 2 (11-18 units)	$4.69	$4.42	$4.51	$4.77	$4.87 +3.8%
Tier 3 (over 19 units)	$7.00	$7.04	$7.18	$7.39	$7.54 +7.7%
Multi-Family Residential					
Tier 1 (0-5 units)	$3.87	$3.87	$3.95	$3.79	$3.87 0.0%
Tier 2 (6-10 units)	$4.67	$4.27	$5.04	$5.89	$6.01 +28.7%
Tier 3 (over 11 units)	$6.97	–	–	–	–
Commercial					
Tier 1	$4.22	$4.27	$4.36	$4.34	$4.43 +5.0%
Irrigation					
Tier 1	$5.16	$5.31	$5.41	$5.47	$5.58 +8.1%
Agricultural	$4.53	$4.62	$4.71	$4.70	$4.80 +6.0%
PSAWR Credit	($0.94)	($0.99)	($0.97)	($1.11)	($1.17) +24.5%

During the report period, revenue generated from customer charges was split approximately 32% fixed to 68% variable and reflected in the following table.



The table below includes a scenario for a typical single-family customer with a 5/8-inch meter using 13 units per month (about 9,724 gallons). The analysis shows the monthly bill at the end of the report period was $82, a 5.1% increase over the report period.



CMWD continued to maintain a rate advantage for its customers, extending beyond the report period ending in 2023. While the typical residential customer's monthly payment was approximately $82 at the end of 2023, rates have subsequently adjusted to about $94 as of early 2025, as reflected in a recent regional survey conducted by OMWD. Despite this increase, CMWD's rate of $94 for 13 units of monthly consumption remains significantly below the $133 regional average for comparable usage and substantially less than customers at neighboring agencies. This favorable rate offers substantial savings to CMWD customers, translating to approximately $40 in monthly savings for the average household. CMWD's commitment to providing cost-effective water service reinforces their dedication to protecting ratepayers.

The $40 Difference…

CMWD customers save nearly $40 monthly compared to the regional average – paying 30% less for water than most neighboring agencies based on a post-period regional survey of CWA member agencies.

Carlsbad MWD
Regional Water Bill Comparison:
2025 Survey of CWA Member Agency Monthly Water Bills
Table X-5.1f | Source: Olivenhain MWD + SD LAFCO

Resources |
Water Supply Sources

CMWD operates without local water supplies and relies entirely on imported sources delivered through regional infrastructure operated by CWA. Additionally, CMWD maintains a contractual arrangement to receive desalinated water supplies from the Claude "Bud" Lewis Carlsbad Desalination Plant. This contractual arrangement anchors CMWD's supply portfolio and provides 2,500 acre-feet (AF) annually under a binding take-or-pay contract. CMWD does not receive the desalinated water directly; instead, it is blended with other imported supplies in CWA's regional aqueduct network before reaching local customers. This strategic arrangement ensures CMWD has a reliable allocation of drought-resistant, locally produced water, enhancing the resiliency in its portfolio.[103]

During the report period ending in 2023, CMWD operated as one of 24 CWA member agencies purchasing wholesale water. This membership subsequently dropped to 22 following the approved detachment of Fallbrook Public Utility District and Rainbow Municipal Water District in 2024. CWA, in turn, holds membership in MET – creating a two-tiered wholesale relationship. This structure ultimately connects CMWD customers to a diverse supply of water sourced from distant watersheds:

- The **Colorado River** with conveyance from Arizona via the Colorado River Aqueduct and terminal storage at Lake Mathews.

- The **Sacramento Bay Delta** with conveyance from Northern California via State Water Project and terminal storage at Lake Oroville.

Capacities |
Accessing Water Supply Sources + Treatment

CMWD's membership with CWA does not impose an obligation to take imported water deliveries. Likewise, there is no defined upper limit on deliveries – CMWD may request and receive as much water as needed to meet customer demand, subject only to the capacity constraints of its local infrastructure, as detailed below. Membership with CWA also provides CMWD access to supplies secured through separate agreements involving the All-American Canal (Imperial Irrigation District) and Carlsbad Desalination Plant (Channelside Water Resources).[104] Under these agreements, CWA must pay for the full

[103] Any CMWD demands exceeding the annual 2,500 AF from desalination supplies transition over to CWA's baseline supply portfio.
[104] As a CWA member, CMWD accesses its pro-rata share of desalination water in addition to its contractual obligations.

volume of water under contract, regardless of actual use. Collectively, these supplies provide the CWA – and, by extension, its member agencies – with approximately 328,000 AF per year, supplementing supplies received through MET.[105]

With respect to physical access, CWA – and a portion of Vallecitos Water District – delivers treated potable water to CMWD through a total of four connections called turnouts. (CMWD does not own or operate any potable water treatment facilities.)[106] All water deliveries, except for desalinated supplies, are conveyed from their sources via MET's aqueduct system: Colorado River supplies are transported through the Colorado River Aqueduct while State Water Project supplies from the Sacramento-San Joaquin Delta connect to MET's distribution system in Riverside County. The table below provides details on each turnout, including type and capacity in cubic feet per second (CFS) – where 1 CFS is approximately 449 gallons per minute (GPM).

Carlsbad Municipal Water District
Supplies Available via CWA Turnouts
Table B-5.1g | Source: Carlsbad MWD + SD LAFCO

TOTAL SYSTEM CAPACITY			
167 Acre-Feet Per Day	84 CUBIC FEET/SECOND	37,716 GALLONS/MINUTE	54.3M GALLONS/DAY

	Turnout #2 (TREATED)	Turnout #3 (TREATED)	Turnout #4 (TREATED)	Turnout #6 (TREATED)
Capacity	20 CFS	20 CFS	14 CFS	30 CFS
Flow Rate	8,977 GPM	8,977 GPM	6,284 GPM	13,465 GPM
Daily Capacity	12.9M Gal	12.9M Gal	9.0M Gal	19.4M Gal

105 The 328,000 AF of annual take-or-pay supplies is the sum of the following contracts: All American Canal Lining at 80,000 AF; Imperial Irrigation District Conservation Program at 200,000 AF; and Carlsbad Desalination Plant at 48,000 AF.

106 Treated water originates from three different plants owned and operated by others: Twin Oaks Valley Water Treatment Plant (CWA), Lake Skinner Water Treatment Plant (Metropolitan Water District of Southern California), and Claude Lewis Desalination Plant (CWA).

The precise blend of treated water delivered to CMWD varies based on a variety of factors and is entirely controlled by CWA.[107]

Capacities |
Distribution System + Pressure + Storage

CMWD's distribution infrastructure consists of approximately 457 miles of transmission and distribution pipelines – a figure that has remained relatively steady during the five-year report period ending in 2023. The system spans elevations ranging from sea-level to hillside developments reaching 700 feet above. Treated water enters the distribution system through connections (turnouts) to CWA's aqueduct system and flows into a pressurized distribution network designed around CMWD's service area topography. CMWD addresses elevation changes through 74 pressure-reducing stations that create 17 distinct pressure zones. Roughly half of the pressure-reducing stations (37 out of 74) serve as backup or emergency supply points and activated when primary stations require maintenance or are temporarily unavailable. Three potable water pump stations round out CMWD's infrastructure and are primarily used during CWA pipeline shutdowns, circulating stored water through the distribution system.

CMWD's distribution system holds the highest tier classification – "D5" – from the California State Water Resources Control Board's Division of Drinking Water. This classification reflects the relatively high level of coordination required across multiple pressure zones, elevation challenges, and redundant control systems. CMWD also holds a "T2" treatment classification, tied to chloramine disinfection operations at the Maerkle Reservoir – the agency's primary storage facility. Total storage within the distribution system is 242.5 million gallons (MG), equal to 744 acre-feet (AF).[108]

[107] CMWD also maintains 11 interagency potable water connections with other local government agencies: five with Olivenhain MWD; three with Vallecitos Water District; two with the City of Oceanside; and one with Vista Irrigation District. Eight of these interconnections serve water to CMWD and the remaining three allow CMWD to serve water to Vallecitos WD and Vista ID. These connections are unmetered and for emergency uses only. If water is used between these connections the agencies estimate the water use during the emergency period.

[108] A tenth storage reservoir (D-4), with a capacity of 1.5 MG, was brought online near the D-3 potable water tank and is designated as a recycled water reservoir.

Carlsbad Municipal Water District

Potable Water Distribution System

Table B-5.1h | Source: Carlsbad MWD + SD LAFCO

PIPELINE NETWORK	PRESSURE REDUCING STATIONS	PRESSURE ZONES	STORAGE FACILITIES
457 Miles	**74** Facilities	**17** Distinct Zones	**9** Reservoirs
Transmission and distribution pipelines serving 18,800 accounts	Control points managing pressure across the system at 18 to 110 psi	Separate pressure zones assigned to accommodate 1,000+ feet of elevation change	Include one 21,000 acre-foot lake/dam; reservoir capacities hit 141 million gallons

System Complexity: Carlsbad MWD holds a **D-5** classification from the California State Water Resources Control Board — the highest technical complexity rating possible for water distribution systems.

Service Area: Infrastructure serves an estimated 90,016 residents across 20,536 acres within the jurisdictional boundary (excludes annexed portions in Olivenhain community).

Storage Facilities

Nine Potable Water Reservoirs

TOTAL CAPACITY **242.5** MG | EQUIVALENT **744** AF | INCHES **9** IN

		Elevation	Capacity	
Maerkle	CONCRETE	500 ft	195 MG	80.4% of Total
Maerkle Tank	CONCRETE	514 ft	10.0 MG	4.1%
Santa Fe II	CONCRETE	732 ft	9.0 MG	3.7%
La Costa HI	CONCRETE	727 ft	6.0 MG	2.5%
TAP Tank	CONCRETE	473 ft	6.0 MG	2.5%
D-3 Tank	CONCRETE	430 ft	8.5 MG	3.5%
Ellery	STEEL	352 ft	5.0 MG	2.1%
Elm	STEEL	277 ft	1.5 MG	0.6%
Skyline	STEEL	263 ft	1.5 MG	0.6%

Additional features of the distribution system follow.

- CMWD operates a hydroelectric generator on the supply line between CWA connection #3 and the Maerkle Reservoir. This facility has a capacity of 145 kilowatts and operates depending on operational demands and maintenance needs in the Maerkle Reservoir.

- CMWD maintains an asset management program including an ongoing Capital Improvement Program (CIP) focused on reservoir condition assessment and repairs. The program also incorporates a schedule for regular inspection and maintenance activities. Funding for these efforts is allocated in the budget each fiscal year.

Demands
Customers + Usage

CMWD's customer base has largely stabilized as evident by consistency in the number of service connections during the five-year report period ending in 2023. The total active service connections slightly increased 0.7% during report period from 30,236 in 2019 to 30,433 accounts in 2023.[109] The breakdown of connection types at the end of the report period is as follows:

- Domestic: 88.0%
  Residential customers include single-family and multi-family residents and dominate CMWD's connection base. Standard 5/8" meters account for 77% of domestic connections, making it the largest single customer category by a wide margin.

- Commercial: 5.5%
  The second largest account type is commercial and ranges from retail to industry.

- Fire Services: 4.0%
  Connections serving commercial fire suppression systems and residential fire protection infrastructure.

- Agricultural: <0.03%
  Minimal agricultural presence, consistent with CMWD's evolving urban and suburban service territory.

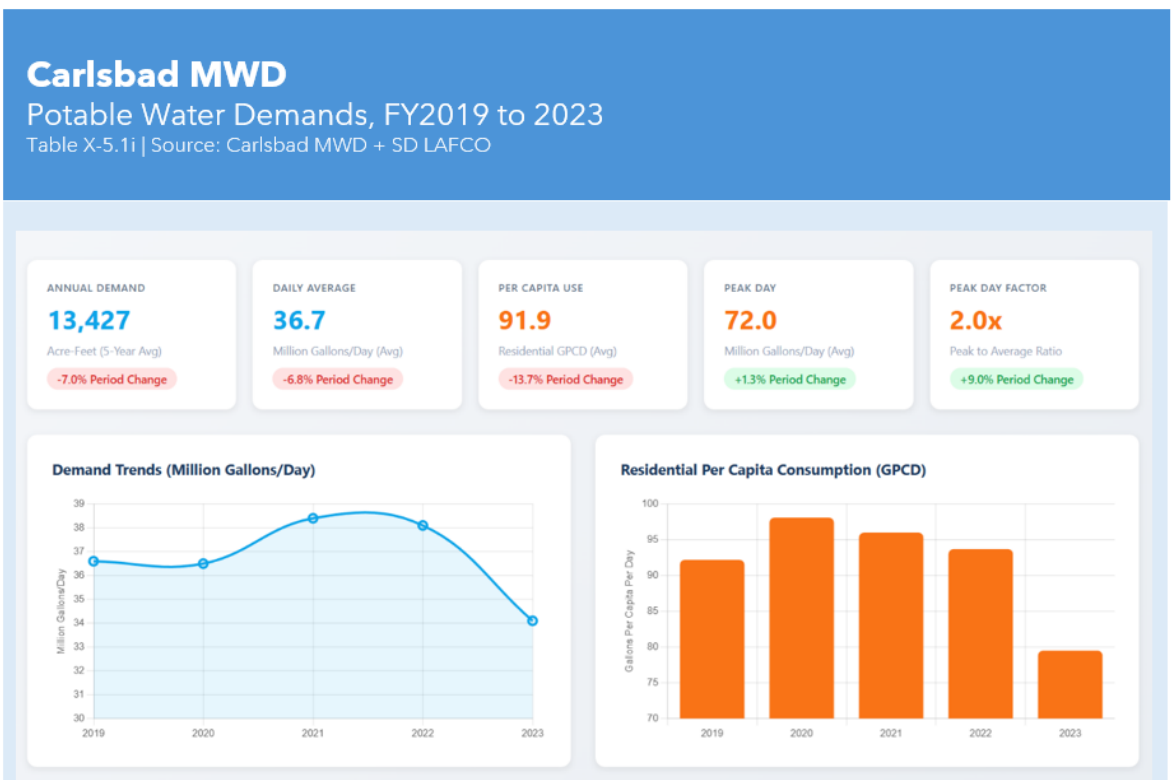
[109] The number of active accounts varies from year to year for reasons such as vacancies in commercial or residential properties and/or redevelopment.

The average age of customer water meters within CMWD is estimated at 10 years. All meters in use are integrated with an Advanced Metering Infrastructure (AMI) system. This system utilizes a network of fixed-base radio towers to collect daily data remotely.

With respect to consumption, CMWD's retail potable water usage demand has averaged 4.32 billion gallons annually during the five-year report period ending in 2023 – equivalent to 13,427 acre-feet. Total annual consumption declined (7.0%) during the report period. A breakdown of daily averages reveals a baseline demand of approximately 12.0 million gallons or 36.78 acre-feet. On a per capita basis, CMWD customers average 128 gallons of consumption daily – translating to roughly 302 gallons per day for a typical household.[110] The average peak-day demand has been 81.6 acre-feet – more than double the typical daily flow. This peaking factor of 2.0 reflects the surge in consumption during hot summer days when demand is routinely at its highest level coupled with elevated tourism.

128 Gallon Per Person ...

Average daily consumption within CMWD during the five-year report period ending in 2023: 128 gallons per person. On peak demand days, the system carries twice the baseline load.



* Amounts are measured in acre-feet (325,900 gallons equals 1 acre-foot)

110 Based on Carlsbad CMWD data from 2024: 8,707 AF residential consumption through 25,753 residential water meters.

** R-GPCD = Average Residential Gallons Per Capita Per Day as reported by CMWD to the SWRCB[111]

Additional observations on usage as follows:

- An extended review of records beyond the five-year report period shows CMWD's annual demand peaked in 2007 at over 21,200 acre-feet. This latter amount is 57% higher than the average during the report period.

- The decrease in overall demand is attributed to a combination of water conservation measures, recycled water conversions, and the increasing costs of water, which has separately risen by nearly 150% since 2008. While this trend is expected to continue in the near future, the pace of demand reductions is expected to slow.

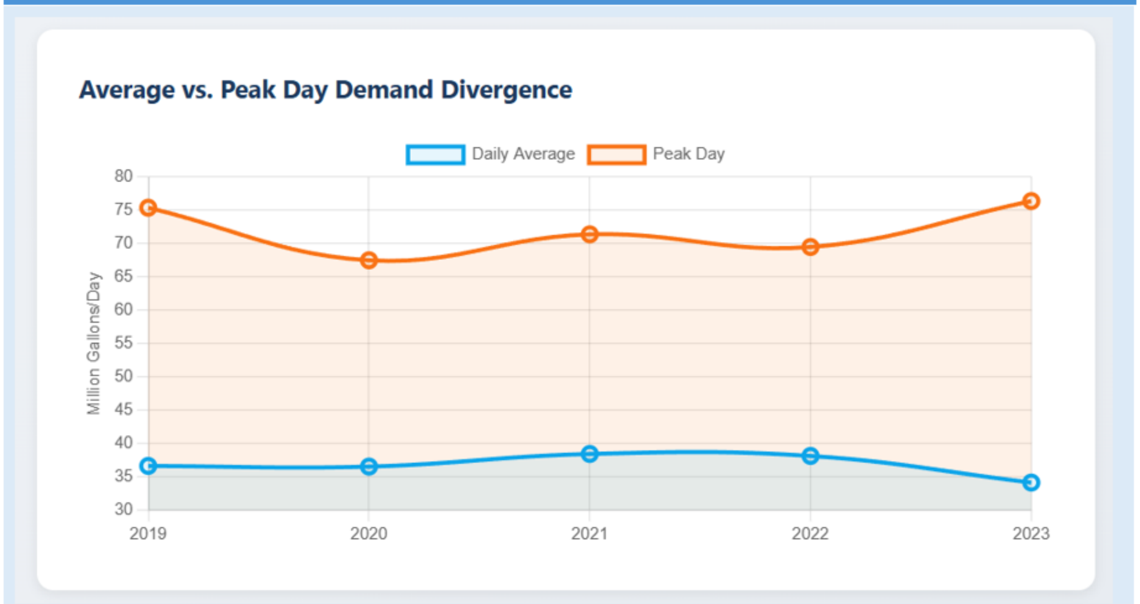
- CMWD's current Urban Water Master Plan (2020) forecasts potable water demands will total 13,519 AF in 2025 and 17,519 AF in 2040.

- The final reporting year – 2023 – shows the lowest usage across all metrics except peak-day demand. While average daily demand fell to 34.1 million gallons, peak-day demand increased to 76.4 million gallons, suggesting conservation occurs primarily in baseline usage rather than during periods of highest demand.

- The demand arc over the report period appears also influenced by COVID and the work from home order with demands starting to decrease in 2022.

[111] All water agencies are required to calculate and report the Residential Gallons Per Capita Per Day (R-GPCD) to the State Water Resources Control Board each month. For MWD, the average R-GPCD during the review period has been 113.2 gallons per capita per day.

Carlsbad MWD
Average v. Peak Potable Water Demands, FY2019 to 2023
Table X-5.1j | Source: Carlsbad MWD + SD LAFCO



Separate from retail demands, all water service providers experience some level of water loss, defined as the difference between the volume of water entering the distribution system and the volume registered at customer meters. Water loss is generally categorized into two primary components:

- Real losses - physical losses from the system, such as leakage from water mains, service laterals, or tank overflows.
- Apparent losses – non-physical losses resulting from factors such as customer metering inaccuracies, systematic data or billing errors, unauthorized consumption, and unbilled authorized uses (e.g., firefighting).

Each year, public water systems are required to complete a water loss audit in accordance with a methodology developed by the American Water Works Association Water Loss Control Committee. These audits are subject to third-party validation and must be submitted to state regulators. CMWD's most recent water audit was completed in 2023 and shows a total water loss of 4.8%. This level of loss is considered below the industry benchmark and reflects a utility that employs proactive water loss control practices.

Modest Water Losses…

CMWD's most recent water audit was completed in 2023 with results indicating a total water loss of approximately 4.8%. This level of loss is considered below the industry benchmark.

Performance |
Syncing Up Resources, Capacities, and Demands

CMWD's potable water function has operated with notable stability over the five-year report period ending in 2023 and marked by minimal volatility in finances, customer counts, and service demands. During this period, CMWD maintained an average operating margin of 2.8% while relying on essentially the same infrastructure and staffing. On average, CMWD generated $46.869 million in annual revenues and held expenditures slightly below at $45.549 million – even while absorbing a double-digit increase in its largest cost: wholesale water supplies from the CWA. This stability is further reflected in CMWD's ability to offset revenue losses tied to a (7.0%) decline in retail water demand by raising rates for most users by 5.1%. – a pattern underscoring a common tension in public water systems where consumption trend downward while fixed costs of maintaining infrastructure remain. Within this context, the symmetry between the (7%) usage decline and 5.1% rate increase highlights CMWD's effectiveness in calibrating revenues even as customers use less water. These and other current and emerging performance themes are detailed below.

Stable Service Connections |

CMWD's potable water demands mirror the character of its service area – a mature and largely built-out environment based on current zoning where growth continues but is incremental and inward-focused. Active service connections remained relatively stable over the five-year report period, from 30,236 in 2019 to 30,433 in 2023, a 0.7% increase. Retail water demand fell more sharply over the same period, down (7.0%) as users did more with less. Residential customers dominate the system at 88% of all accounts with the standard 5/8-inch meter comprising more than three-quarters of the connection base. Daily baseline consumption averages roughly 12.0 million gallons, while peak-day demand reaches 26.6 million gallons – more than double typical flows – driven by summer irrigation and tourism activity.

On a per-capita basis, CMWD customers have averaged 128 gallons of consumption daily, or approximately 302 gallons per household. The downward trends in both connections and consumption reflect sustained conservation efforts, continued expansion of recycled-water service, and the limited supply of undeveloped land under current zoning. These factors are expected to continue moderating demand, though at a slower pace going forward.

Additional Resources |

CMWD's primary role in providing potable water features significant capacity within its supply, transmission and storage networks while consistently meeting demands through the five-year report period ending in 2023. The available headroom is apparent, as CMWD successfully managed annual demands of up to 21,200 acre-feet in the early 2000s, prior to the implementation of conservation measures and recycled-water initiatives that have lowered consumption to an average of 13,500 acre-feet during this report period.

This robust system capacity enables CMWD to respond efficiently to varying demands and ensures reliable, high-quality water supply for existing customers. The alignment of accessible water supplies and current consumption patterns reinforces CMWD's commitment to sustainability and resource management, providing the community with a secure foundation for planning and development activities – now and into the future – while enhancing overall service reliability.

Operating Conditions |

CMWD operates within a set of conditions common to many coastal water service providers in San Diego County, particularly those serving largely built-out areas under current growth policies. As water use has declined over time, agencies like CMWD must continue to align revenues with the fixed costs associated with maintaining and operating essential infrastructure. During the five-year report period ending in 2023, CMWD has responded to these conditions through measured rate adjustments and prudent financial management practices that have supported continued service reliability. In addition, CMWD relies entirely on imported water supplies, which links its cost structure to regional factors outside of local control, including wholesale rate decisions made by CWA. Ongoing regional cost dynamics have contributed to variability in wholesale water rates, which are reflected in member agency rate structures, including those of CMWD.

6.0 FINANCES

6.1 Budget and Actuals

CMWD's combined potable and recycled water budgets have averaged $57.240 million annually during the five-year report period ending in 2023. By the final year, budgeted costs reached $60.922 million – a 10% increase from the period start and 6.4% above the five-year average. The allocation between the two service functions remained stable throughout the period. Potable water operations have accounted for approximately $0.82 of every budgeted dollar with recycled water operations receiving the remaining $0.18. Relative to implementation, both functions systematically underspent their adopted budget amounts over the report period with the combined annual average (unspent savings) at $54.538 million, 96.9%. This 3-4% variance remained stable across all five report years.

Potable Water Function

CMWD's potable water function has generated average actual revenues of $46.869 million annually during the report period. Nearly 80% of actual revenues tie to customer charges (water sales and availability fees), an additional 10% from connection fees and penalties, and the remaining 10% from property taxes.[112] Actual revenues reached $47.311 million at the close of the period in 2023 – a 4.3% increase from the period start. On the expense side, actual costs have averaged $45.459 million annually with services and supplies (primarily wholesale water purchases) representing 90% of total expenses while salaries and benefits account for the 10% balance. The function operates with consistent positive margins throughout the period with average annual revenues exceeding expenses of $1.320 million and producing a 2.8% operating margin. Other measurements follow.

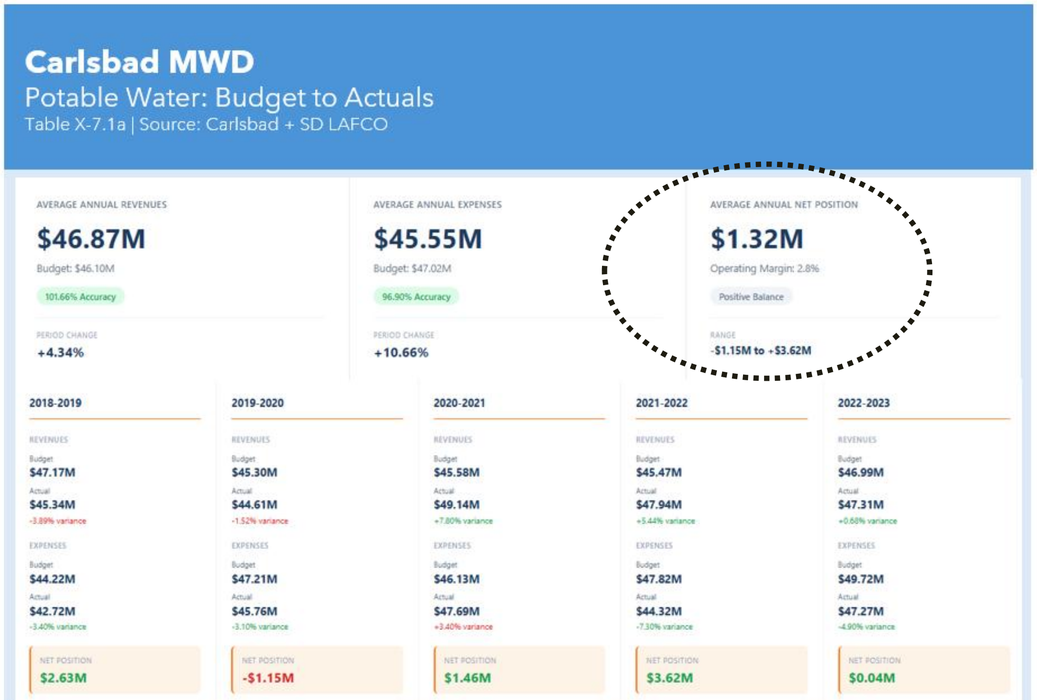
- Operating nets ranged from a $3.623 million surplus (2022) to a $1.148 million deficit (2020), with 2023 producing the narrowest margin in the period – $0.044 million.

- Revenue collections shifted from consistently falling short of budget in the first two years 2019-2020 (96.1% to 98.5% of projections) to consistently exceeding budget in years three through five 2021-2023 (100.7% to 107.8% of projections).

- Salaries and benefits increased 19.9% over the period, outpacing the 11.5% growth

[112] All potable water revenues and expenses and their budgeted and actual amounts within this section are taken from FY19-FY23 budget documents presented to the Carlsbad City Council. (Cash basis accounting.)

in wholesale water purchases and 6.9% growth in debt service.



Recycled Water Function

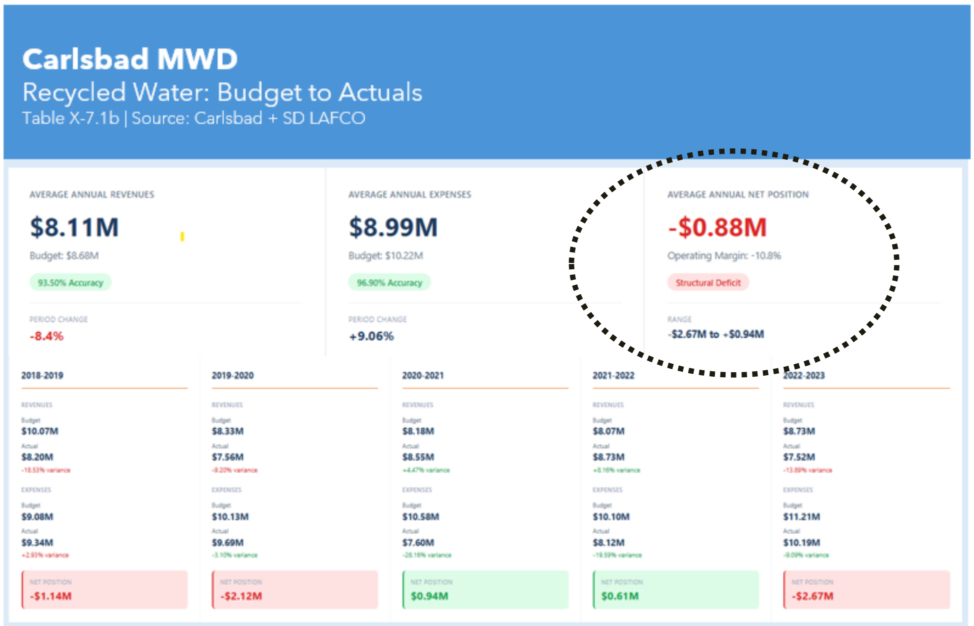
CMWD's recycled water function has generated average actual revenues of $8.112 million annually during the report period with approximately 90% drawn from billable customer charges - including recycled water sales and availability fees and the remaining 10% attributed to interest earnings and miscellaneous sources.[113] By period close in 2023, actual revenues declined to $7.517 million – a (8.4%) decrease from the period start. On the expense side, actual costs have averaged $8.676 million annually with services and supplies (primarily treatment of secondary effluent at the Encina Water Authority to achieve tertiary standards) representing more than 80% of total expenses with salaries and benefits accounting for the balance. Operating deficits were consistent throughout the period with average annual expenses exceeding revenues ($877,000) and producing a negative (10.8%) operating margin. Additional details follow.

- Revenue collections declined throughout the period from $8.203 million in 2019 to $7.517 million in 2023 – a (8.4%) decrease. Year-end deficits occurred in four of five

[113] All recycled water revenues and expenses and their budgeted and actual amounts within this section are taken from FY19-FY23 budget documents presented to the Carlsbad City Council. (Cash basis accounting.)

report years with the gap widening in 2023 to ($2.671 million).

- While revenues fell overall by (8.4%), actual expenses increased 9.1% from $9.343 million in 2019 to $10.189 million in 2023. This divergence is driven primarily by increase in supplies and materials costs as opposed to salaries and benefits.

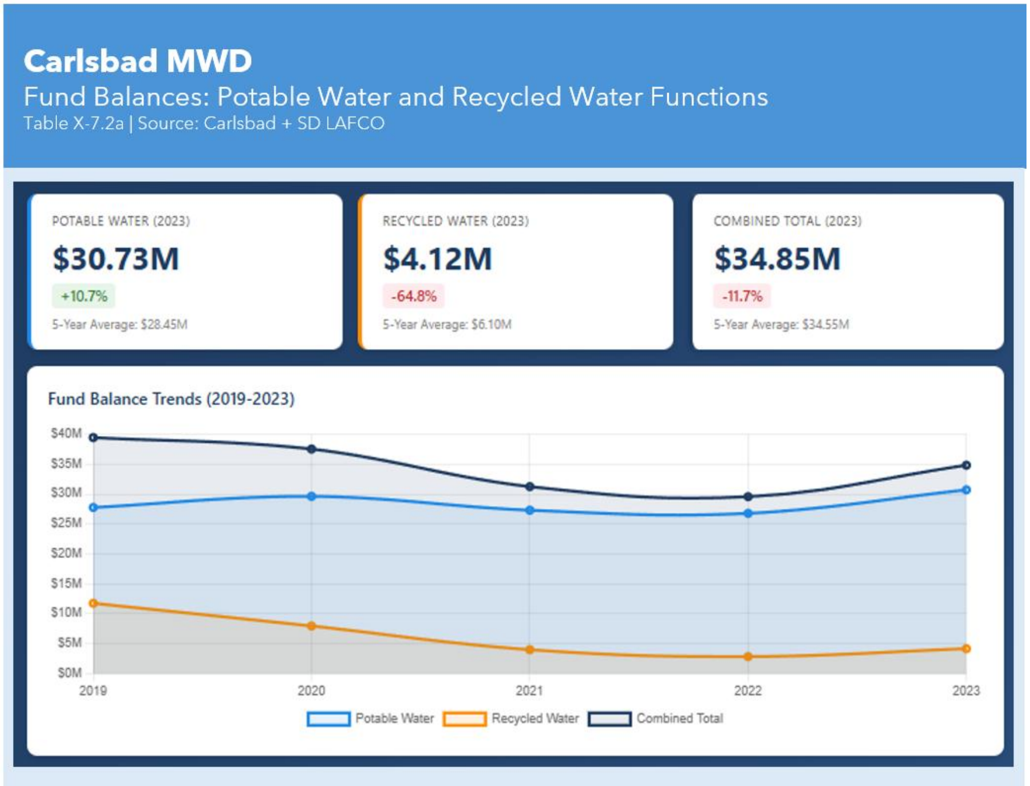


6.2 Fund Balance

CMWD concluded the five-year report period ending in 2023 with $34.849 million in combined unassigned fund balances. This ending amount closely matches the five-year average of $34.547 million with a difference of just less than 1%. Operating as a separate legal entity, CMWD retains the flexibility to transfer resources between its two enterprise operations, subject to Proposition 218 constraints. The combined unassigned fund balance currently provides approximately 7.4 months of operating expenses based on recent actual expenditures during the report period. Additional observations follow.

- The portion of the total fund balance attributed to the potable water function grew 10.7% over the report period, ending at $30.730 million. The portion of the total fund balance attributed to the recycled water function declined (64.8%) over the report period, dropping from $11.720 million to $4.120 million.

- The cumulative effect of increasing potable water funds and decreasing recycled water funds has shifted the total fund balance composition: recycled water share has fallen from 30% of the total in 2019 to 12% in 2023.



6.3 Financial Statements

CMWD's financial statements are prepared by the City of Carlsbad and incorporated into the City's annual outside audit. Two firms completed audits during the five-year report period: Davis Farr, LLP (Irvine) covered fiscal years 2019 through 2021 while Lance, Soll & Lunghard, LLP (Brea) covered 2022 through 2023. The final year audit shows CMWD's overall net position – covering all potable water and recycled water activities – increasing 0.8% over the prior year from $322.3 million to $325.0 million. When adjusted to pre-GASB 68 and GASB 75 reporting standards to exclude pension and other post-employment benefit liabilities, CMWD's overall net position rises to $333.1 million, representing a year-over-year change of $8.111 million or 2.5%.[114] The accompanying auditors' management letter identified no material weaknesses in internal controls or financial reporting. Year-end trends for assets, liabilities, and net position during the report period follow.

[114] The adjustment to the net position is calculated by LAFCO and not part of the audited financial statements.

Assets

CMWD concluded 2023 with total assets of $353.117 million and represent a 2.4% increase from the period start and slightly above the period average of $351.084 million. Assets categoried as current with the expectation they are liquidible within one calendar year represents 41.8% of the total and tally $147.727 million at period close. Modest year-to-year change shows during the period with an overall difference of less than 1%. Slightly more substantive differences show in composition with cash and investments decreasing by (3.0%) from $139.285 million to $135.104 million while inventories and prepaid costs collectively increasing by 157.0% from $0.618 million to $1.588 million. Non-current assets represent the remaining balance and tally $205.390 million at period close. Moderate year-to-year changes show during the period with an overall difference of 4.3% and headlined by the introduction of now reporting lease assets.

Measuring Cash + More…

CMWD's total assets remained stable throughout the five-year report period ending in 2023 while improving 2.4% to $353.2 million. On a per capita basis, assets declined slightly by (1.0%) from $3,913 to $3,884 and reflects population growth outpacing asset gains.

Carlsbad Municipal Water District
Audited Assets
Table B-6.3a | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Current *	147.813	149.141	147.725	145.376	147.727	147.557	(0.06)
Non-Current *	196.990	203.610	204.916	206.730	205.390	203.527	4.2
Total *	$344.804	$352.751	$352.60	$352.106	$353.118	$351.084	2.4%
Per Capita	3,913	3,999	3,966	3,929	3,884	3,938	0.7

* Amounts in millions

Liabilities

CMWD concluded 2023 with total liabilities of $28.294 million. This ending amount represents a (13.9%) decline from the start of the period and 5.1% below the five-year average of $29.828 million. Liabilities categorized as current – those expected to become due within one calendar year – represent 38.6% of the total at $10.931 million. This portion remained stable throughout the period with an overall variance of just (0.4%) and largely consisting of obligations owed to other government agencies, consistently representing approximately 70% of current liabilities and includes wholesale water payments to CWA. Non-current liabilities make up the remainder and total $17.363 million and consist primarily of long-term debt principal. This category experienced substantial reduction by declining by one-fifth (20.6%) as CMWD paid down obligations.

Measuring Debts + More...

CMWD's total liabilities decreased substantially by (13.9%) during the five-year report period ending in 2023 and largely due to debt reduction. On a per capita basis, liabilities declined faster at (16.2%) from $373 to $311 and reflects the dual impact of additional economizing population growth and lower debt loads.

Carlsbad Municipal Water District
Audited Liabilities
Table B-6.3b | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Current *	10.978	12.144	11.401	10.809	10.931	11.252	(0.4)
Non-Current *	21.873	20.342	19.582	13.718	17.363	18.576	(20.6)
Total *	**32.850**	**32.486**	**30.983**	**24.526**	**28.294**	**29.828**	**(13.8%)**
Per Capita	373	368	348	274	311	335	(16.2)

* Amounts in millions

Net Position

CMWD concluded 2023 with an overall net position of $325.022 million – representing a 3.5% improvement over the five-year report period and tracking 1.2% above the period average of $321.304 million. The net position reflects the difference between CMWD's total assets and total liabilities while adjusting for deferred pension-related resources. Most of the equity – $191.018 million or 58.8% – remains invested in capital assets with the balance divided between restricted and unrestricted funds. The composition shifted modestly during the report period. Capital assets grew 6.0% while restricted funds increased 5.2%, but unrestricted resources declined (1.6%) from $99.943 million to $98.382 million. When adjusted to exclude GASB 68 and GASB 75 reporting standards – which incorporate CMWD's proportional share of pension and other post-employment benefit liabilities – the net position rises to $333.133 million, reflecting 4.6% period growth. On a per capita basis, net position remained essentially flat at $3,575, increasing 0.3% as population growth of 3.2% nearly matched.

Steady True-Up…

CMWD's audited net position increased over the five-year report period ending in 2023 by 3.5% to $325.0 million. A per capita measurement shows the net position staying largely flat over the period between $3,563 and $3,575.

Carlsbad Municipal Water District
Audited Net Position
Table B-6.3c | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Capital Assets *	180.167	187.439	191.166	190.526	191.018	188.062	6.0%
Restricted *	33.863	36.009	36.705	34.963	35.621	35.432	5.2%
Unrestricted *	99.943	98.012	95.857	96.854	98.382	97.810	(1.6%)
Total *	$313.970	$321.460	$323.727	$322.342	$325.022	$321.304	3.5%
Net Per Capita	$3,563	$3,644	$3,641	$3,597	$3,575	$3,604	0.3%
Total Adjusted *	$318.465	$326.792	$329.046	$330.450	$333.133	$327.577	4.6%

* Amounts in millions
"Total Adjusted" excludes GASB 68 and 75 reporting requirements

CMWD's unrestricted net position totaled $98.382 million at period close in 2023, representing funds available for discretionary use subject only to internal Board designations such as commitments and assignments. When adjusted to exclude pension and other post-employment benefit obligations, the unrestricted portion rises to $106.493 million – providing a clearer picture of CMWD's actual financial flexibility under accrual accounting. This adjusted amount equals 22.7 months of combined operating expense coverage for both potable and recycled water operations based on recent actual expenditures.

6.4 Fiscal Indicators | Measuring Liquidity, Capital, Margin + Asset Management

LAFCO's review of CMWD's audited financial statements covering the five-year report period ending in 2023 reveals a healthy and stable organization, albeit with some emerging fiscal tensions meriting attention going forward. CMWD maintains exceptional liquidity reserves, minimal debt burdens, and a relatively young capital asset portfolio. However, CMWD has also experienced narrowing margins, and its capital reinvestment has declined to minimal levels. The following sections examine these four measurement categories – liquidity, capital, margin, and asset management – in detail.

Liquidity (Short-Term Outlook)

CMWD maintains exceptional liquidity levels across conventional measurements used by LAFCO as part of the municipal service review program. CMWD's **current ratio** has averaged 13-to-1 during the five-year report period closing in 2023 – equivalent to holding $13 in current assets for every $1 in current liabilities – substantially exceeding the standard 2:1 benchmark floor used for municipal utilities. This ratio also remained stable throughout the period by ending at the same 13:1 level in 2023. The **cash ratio**, which excludes less liquid assets (like receivables) mirrors the current ratio with a period average of 12:1, and shows nearly all of CMWD's current assets are already held as cash rather than receivables or inventory. A more conservative measurement further reinforces CMWD's high liquidity position. CMWD's **days' cash ratio** has averaged 1,053 days during the report period – the equivalent of covering 35 months of operating expense without any new revenue. By the end of the report period in 2023, this measurment modestly decreased to 1,026 days, or approximately 34 months of

Three-Year Cushion...

CMWD maintains 1,026 days of cash on hand at the close of the five-year report period in 2023 – nearly three years of operating expense coverage. This exceptional liquidity position provides substantial flexibility for infrastructure investment and economic uncertainty; is also raises questions about when a public agency's liquidity is too high.

coverage. Even at this lower endpoint, CMWD maintains nearly three years of operational runway in liquid reserves. Together, these measurements collectively indicate CMWD possesses significant financial flexibility.

Carlsbad Municipal Water District
Measuring Liquidity
Table B-6.4a | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Current Ratio	13.5 to 1	12.3 to 1	13.0 to 1	13.5 to 1	13.5 to 1	13.1 to 1	0.4%
Cash Ratio	12.7	11.3	11.8	12.4	12.4	12.1	(2.6%)
Days' Cash	1,109	1,118	980	1,043	1,026	1,053	(7.5%)

The current ratio provides a macro measurement of near-term financial health by comparing current assets against current liabilities on a dollar-to-dollar basis. A higher ratio indicates stronger liquidity and greater capacity to meet short-term obligations with a standard minimum benchmark for municipalities of 2.0 to 1.0. The cash ratio is similar to current ratio but excludes receivables. The days cash metric is a micro-level measure of near-term financial health that compares an agency's available cash and cash equivalents to its average daily operating expenses, excluding depreciation. A higher value indicates stronger liquidity and greater capacity to sustain operations without new revenue with a standard minimum benchmark for municipalities of 90 days.

Capital (Long-Term Outlook)

CMWD maintains exceptionally low debt levels relative to its asset base and net worth. CMWD's **debt-to-net position ratio** has averaged 6.5% during the five-year report period ending in 2023, meaning less than seven cents of every dollar in equity carries debt obligations. This ratio has also trended positively by improving from 7.1% in 2019 to 6.5% in 2023 as CMWD reduced long-term obligations. A complementary measurement reinforces this position. CMWD's **debt ratio** averaged 9.1% during the period and in doing so indicating more than 90% of the agency's assets remain free from debt financing. This metric also improved over the five years by declining from 9.6% to a close of 9.0%. These measurements collectively show CMWD having substantial debt capacity and the ability to increase borrowing without alarm.

Room to Borrow…

CMWD finished the report period in 2023 with low debt burdens. This statement is quantified with CMWD finishing the period with a debt ratio of 9%, which means 91% of the agency's assets are free from debt financing.

Carlsbad Municipal Water District
Measuring Capital
Table B-6.4b | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Debt-to-Net Position	7.1%	6.4%	6.1%	6.4%	6.5%	6.5%	(8.5%)
Debt Ratio	9.6%	9.2%	8.8%	8.9%	9.0%	9.1%	(6.3%)

The debt ratio is a macro-level measure of long-term financial health that shows the percentage of an agency's assets financed by debt. A lower ratio indicates stronger solvency with 70% commonly cited as a cautionary threshold for public utilities. The debt-to-net position ratio is a more micro-level measure of long-term financial health that expresses an agency's debt obligations relative to its net position. A lower ratio reflects greater financial flexibility, with 50% commonly used as a cautionary threshold.

Margin (Net Income)

In contrast to the strong liquidity and capital measuremets documented above, CMWD's margin performance weakend over the five-year report period ending in 2023, even though revenues continued to exceed expenses. CMWD's **operating margin** has averaged (9.4%), meaning operating revenues recovered approximately $0.91 for every $1.00 spent on day-to-day operations. The measurement fluctuated year to year before weaking sharply to (16.1%) in 2023 – nearly doubling the operating shortfall relative to the period's starting point of (8.1%). The broader **total margin** – which includes all revenues and expenses – has averaged 1.3% during the report period while undergoing a notable shift. The metric started the period at a positive 9.1% in 2019 and finished at (1.4%) in 2023. The overall period trend is (115.2%).

Margins Narrowing…

CMWD's total and operating margin measurements both finished the five-year report period in 2023 weaker than where they started in 2019. Operating margins nearly doubled their shortfall – from (8.1%) to (16.1%) – while total margins started positive at 9.1% and finished negative at (1.4%).

The average annual gap between operating revenues and operating expenses totals approximately $4.1 million and has been offset by CMWD's proportional share of property tax revenues and other non-operating income. Collectively, these measurements – and specifically the widening operating deficit and declining total margins – suggest this offsetting mechanism faces increasing pressure.

Carlsbad Municipal Water District
Measuring Margin
Table B-6.4c | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Operating Margin	(8.1%)	(10.6%)	(8.8%)	(4.4%)	(16.1%)	(9.4%)	98.2%
Total Margin	9.1%	3.6%	0.2%	(5.2%)	(1.4%)	1.3%	(115.2%)

The operating margin measures fiscal sustainability by identifying the proportion of ratepayer revenues that remain after covering day-to-day costs. A higher percentage is favorable with an industry benchmark of no less than 5%. The total margin measures the share of all revenues – including user charges and non-operating sources such as property taxes – that remain after covering all expenses. A higher percentage is favorable with an industry benchmark of no less than 10%.

Asset Management

CMWD's capital asset portfolio remains relatively young based on accounting measurements. The average **accounting age of capital assets** during the five-year report period ending in 2023 has been 6.4 years, declining to 6.1 years by period close in 2023. The average **accumulated depreciation ratio**, separately, has been 20.8% over the period and ending at 20.3%, indicating CMWD's infrastructure retains nearly 80% of its useful life. These metrics suggest CMWD maintains assets with substantial remaining service capacity. However, the **capital asset reinvestment ratio** merits attention. The measurement – which compares capital spending to depreciation expense – has averaged 2.3% during the period and declined to 1.0% in 2023, a (48.2%) reduction. This ratio indicates CMWD is spending significantly less on capital improvements than the annual depreciation of its existing infrastructure, and means assets' usage is being expended faster than it is replacing or upgrading systems.

Benefit of Youth…

CMWD's capital assets retain approximately 80% of their useful life with an average accounting age of just 6.4 years at period close in 2023. This relative youth helps mitigate CMWD's otherwise low capital reinvestment ratio, which averaged 2.3% during the period and closed at 1.0% – far below depreciation rates. Nonetheless, the low reinvestment ratio contrasts with CMWD's exceptional liquidity and substantial debt capacity, reflecting a developing tension to track between financial capacity and capital deployment.

Carlsbad Municipal Water District
Measuring Asset Management
Table B-6.4d | Source: City of Carlsbad ACFRs + SDLAFCO

Category	2019	2020	2021	2022	2023	5-yr Average	Change
Capital Assets' Age (Accounting)	7.2	5.9	6.6	5.5	6.1	6.4	(15.1%)
Accumulated Depreciation Ratio	21.9%	20.7%	20.5%	18.8%	20.3%	20.8%	(7.2%)
Capital Asset Reinvestment Ratio	1.9%	0.5%	8.2%	0.3%	1.0%	2.3%	(48.2%)

The capital assets' age provides a macro-level indicator of the average age of an agency's depreciable facilities, equipment, buildings, and infrastructure relative to their replacement schedule. A range between 40 and 60 years is generally considered manageable and reflects infrastructure at a mature stage – neither new or approaching the end of its useful life. The accumulated depreciation ratio offers additional context by measuring the proportion of useful life already consumed for these same assets. Ratios above 100% are considered cautionary and signals an aging asset given accumulated depreciation now exceeds the current book value of assets. The capital asset reinvestment ratio measures how much an agency is spending on renewing or replacing its infrastructure compared to the amount it is depreciating each year and shows whether it is keeping pace with the aging of its system. Ratios below 100% mean the system is aging faster than it is being renewed.

6.5 Pension Obligations

See analysis provided in the profile on the City of Carlsbad.

6.6 Other Post-Employment Benefit Obligations

See analysis provided in the profile on the City of Carlsbad.

7.0 WRITTEN DETERMINATIONS

San Diego LAFCO is directed to prepare written determinations to address the multiple governance factors enumerated under G.C. Section 56430 as part of the municipal service review on the Carlsbad subregion. These determinations are specific to CMWD and serve as independent statements based on information collected, analyzed, and presented in this report. The underlying intent of the determinations is to provide a succinct detailing of all pertinent issues relating to the organization, delivery, and funding of municipal functions and associated classes among the three affected agencies specific to LAFCO's growth management responsibilities and interests.

MSR Determinations…
These determinations address the specific factors required in the statute and represent statements of reasonable facts or deductions made by LAFCO based on information analyzed between 2019 and 2023 and specific to the CMWD.

7.1 Growth Projections & Related Demographics

1. With respect to full-time resident population totals and trends, LAFCO independently makes the following statements.

   (a) Population growth continues. LAFCO estimates CMWD has experienced an overall increase of 3,845 residents during the five-year report period ending in 2023, bringing the full-time population to 90,918. This equates to an average of 702 new residents per year, or almost two per day.

   (b) Since the 2010 Census, LAFCO estimates CMWD's average annual population growth has been 1.0%. The annual rate specific to the five-year report period ending in 2023 is estimated lower at 0.8%

   (c) LAFCO projects the growth rate will generally hold relative to post-2010 patterns and result in CMWD's full-time population reaching 95,323 by 2028.

2. With respect to housing supply and related growth issues, LAFCO independently makes the following statements.

   (a) LAFCO estimates 880 new housing units have been added to CMWDs jurisdictional boundary during the five-year report period ending in 2023, averaging 176 new homes each year.

(b) LAFCO estimates during the five-year report period ending in 2023, CMWD added one new housing unit for every 3.2 new residents – a one-quarter decline in relative construction activity compared to the historical rate of one unit for every 2.4 residents. It is important to note that this observation reflects market trends rather than prescriptive guidance for municipal actions.

(c) LAFCO estimates the five-year average monthly median housing cost (mortgage or rent only) within the CMWD during the report period has been $2,547 – an increase of $371, or 17.0%, compared to the prior five-year average of $2,176. While this trend may highlight housing affordability, it is essential to recognize that many factors contribute to housing costs, such as financial and economic conditions, market pressures and public policy.

(d) A third of household income goes to housing. LAFCO estimates the five-year average monthly median housing cost (mortgage or rent) plus baseline utilities within CMWD jurisdiction during the report period equals 32.5% of the typical household's monthly income. Overall, the financial challenges a household faces are influenced by a variety of economic and social factors beyond housing policy alone.

3. With respect to age distribution and related demographics, LAFCO independently makes the following statements.

   (a) CMWD serves a relatively older and aging population. LAFCO estimates the median age within the CMWD at the end of the report period is 43 years, seven years above the county average. The median age in the CMWD is also rising faster at 4.4% during the report period compared to 2.8% countywide.

4. With respect to income, unemployment, and other related characteristics, LAFCO independently makes the following statements.

   (a) The average household in CMWD earns more than most in San Diego County. LAFCO estimates that median household income in the CMWD has increased by nearly one-third during the report period ending in 2023, reaching $122,000. This translates to CMWD households earning approximately $138 for every $100 earned by the average countywide household.

(b) Although median household income is among the highest in San Diego County, the poverty rate within CMWD is estimated by LAFCO to closely align with countywide averages – 9.4% compared to 10.7% at the close of the report period. This demographic reflects economic diversity within the CMWD and recognizes there are households experiencing economic hardship at levels similar to the broader county.

(c) Teleworking continues to rise among CMWD residents. LAFCO estimates nearly one in four members of the labor force – 23.7% on a five-year average – residing in the CMWD work from home during the report period. This rate has more than doubled from the prior five-year average of 11.2% and almost twice the countywide figure of 12.5%.

(d) CMWD residents have a high share of formally educated adults. LAFCO estimates that an average of 57.8% of residents aged 25 and older within the CMWD hold a bachelor's degree, more than two-fifths higher than the countywide attainment level of 40.3%.

7.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities and Relevant Information on Potable Water + Recycled Water

(a) CMWD does not have lands within its existing boundary or sphere of influence qualifying as a disadvantaged unincorporated community – or DUC – under LAFCO policy.

7.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. With respect to CMWD's potable water function:

(a) Like most urban providers in San Diego County, CMWD relies entirely on imported water delivered through regional infrastructure operated by the CWA. CMWD is unique as it is one of the few local retail agencies, along with Vallecitos Water District, that has its own contractual arrangement to receive a dedicated supply of desalinated water from the nearby Claude 'Bud' Lewis Desalination Plant.

(b) Modest increases in potable water rates. While close to 80% of CMWD's potable water funding during the five-year report period ending in 2023 came from customer payments – both fixed access charges and variable consumption charges – overall rates have remained relatively flat. For the CMWD's largest customer class, single-family homes, the average monthly bill has increased modestly by 5.1% from $78 to $82.

(c) Supply is not a concern with CMWD's infrastructure network providing daily access to up to 127 acre-feet of potable water. The average-day demand during the five-year report period ending in 2023 has been 36.7 acre-feet – less than one-third of the accessible supply.

(d) Peak-day demands within CMWD narrow the potable water supply cushion but remain well above any headroom concerns. The average peak-day demand during the five-year report period ending in 2023 has been 81.6 acre-feet – slightly less than two-thirds of the accessible supply.

(e) Customers are using less water than before. The estimated per capita daily uses within CMWD have decreased by (13.7%) over the five-year report period from 92.2 in 2019 gallons to 79.5 gallons in 2023.

(f) Storage is not a concern. CMWD's nine potable water reservoirs provide a combined storage capacity of 744 acre-feet, which – if needed – could accommodate nine consecutive days of peak-day demand based on averages recorded during the five-year report period ending in 2023.

(g) CMWD outsources all potable water treatment to CWA and does not operate any independent treatment facilities. While this reliance exposes CMWD to treatment-cost adjustments externally set by CWA, it also avoids the substantial capital and long-term operational costs associated with maintaining its own treatment plant.

2. With respect to CMWD's recycled water function:

(a) LAFCO defers a comprehensive evaluation of CMWD's recycled water function and related infrastructure and facilities to a future countywide municipal service review consistent with the Commission's adopted study schedule.

7.4 Agency's Financial Ability to Provide Services

1. With respect to budget and actuals:

   (a) Steady and predictable. During the five-year report period ending in 2023, CMWD budgeted an average of $57.24 million annually. Actual expenditures have consistently come in 3% to 4% below budget, indicating steady and predictable underspending across both potable and recycled water functions.

   (b) CMWD's potable water function operated with consistent positive margins throughout the five-year report period ending in 2023 with annual revenues exceeding expenses by an average of $1.320 million - a 2.8% margin.

   (c) CMWD's recycled water function has operated with largely negative margins throughout the five-year report period ending in 2023 with annual revenues falling short of expenses by an average of ($877,000) – a (10.8%) margin.

2. With respect to the fund balance:

   (a) CMWD closed the five-year report period in 2023 with $34.849 million in unassigned fund balances, a figure nearly identical to the five-year average. These reserves equal 7.4 months of actual operating expenses.

3. With respect to assets, liabilities, and net position:

   (a) Total assets steadying. CMWD's total assets remained stable throughout the five-year report period ending in 2023, increasing 2.4% to $353.2 million. On a per-capita basis, assets have declined slightly — by (1.0%) from $3,913 to $3,884 as population growth edges overall asset gains.

   (b) Total liabilities decreasing. CMWD's total liabilities declined (13.9%) over the five-year report period ending in 2023. On a per-capita basis, liabilities fell even more sharply by (16.2%) from $373 to $311 – underscoring the combined effects of population gains and debt reductions.

   (c) Total net position stable. CMWD's net position has increased moderately — 3.5% — over the five-year report period ending in 2023, reaching $325.0 million. On a per-capita basis, the net position has remained essentially flat across the period - ranging narrowly between $3,563 and $3,575.

(d) The flat-to-declining per-capita asset measurement warrants attention going forward as CMWD balances its ongoing efforts to limit and reduce debt while also advancing capital investment as its infrastructure ages.

4. With respect to financial performance measurements:

(a) Three-year cushion. CMWD closed the five-year report period in 2023 with 1,026 days of cash on hand – nearly three years of operating expense coverage. This exceptionally high liquidity position provides CMWD substantial flexibility for infrastructure investment and economic uncertainty.

(b) Room to borrow. CMWD closed the five-year report period in 2023 with notably low debt burdens. CMWD closed with a debt ratio of 9%, which means 91% of its assets are entirely free from debt financing.

(c) Narrowing margins. CMWD's operating margins have declined over the five-year report period ending in 2023 from 8.1% to (16.1%). Property tax revenues are now offsetting an approximate $4 million annual operating shortfall and signal increasing pressure on the CMWD's revenue-to-expense structure.

(d) Benefit of youth. CMWD's capital assets have retained roughly 80% of their useful life through the close of the five-year report period ending in 2023. This relative youth in accounting age helps offset the CMWD's low capital reinvestment ratio – which averaged 2.3% during the period and closed at 1.0%, well below annual depreciation rates.

7.5 Status of Opportunities for Shared Facilities & Resources

(a) CMWD avoids duplicative costs that would otherwise be borne through ratepayers by relying on CWA to treat potable water supplies for subsequent retail service within the CMWD's jurisdiction.

(b) While it is possible CMWD could, over time, recover and reduce costs by constructing its own treatment facilities, relying on CWA allows upfront savings to remain available to current ratepayers; it also supports investment in a regional asset owned and operated by the CWA on behalf of its 22 member agencies.

(c) CMWD maintains 11 interagency potable water connections with other local government agencies that provide reciprocal system resiliency as needed when connection to CWA is disrupted (planned or unplanned): five with OMWD; three with VWD; two with the City of Oceanside; and one with Vista Irrigation District.

(d) LAFCO should evaluate potential opportunities to streamline retail recycled-water service between CMWD and Leucadia Wastewater District, including resolving the current service overlap at the Omni La Costa Resort & Spa, which has been a source of past disagreement.

(e) A scheduled countywide municipal service review on recycled-water service would provide the appropriate venue to evaluate the preceding issue between CMWD and Leucadia Wastewater District, along with other related service and governance considerations across the region.

(f) Without quantifying a precise value – and apart from other considerations – CMWD benefits from economies of scale through its dependent relationship with the City of Carlsbad for staffing and administrative services.

7.6 Local Accountability and Government Restructure Opportunities

(a) The City of Carlsbad's dual governing and administrative role over CMWD provides clear benefits to shared constituents, most notably through cost-savings from consolidated management and the ability to align municipal policy priorities – including land-use decisions – with District operations.

(b) CMWD operates today as a fully embedded unit within the City of Carlsbad's Public Works Branch (Utilities Department). This structure has been functional and efficient since the 1990 reorganization, but it also means the CMWD's independent legal identity – as the public agency responsible for providing potable water and levying related taxes and charges across most of the City – is not always readily visible to ratepayers or the public.

(c) CMWD is its own legal entity with independent taxing authority; opportunities exist to further distinguish its public identity. Under current practice, CMWD business – and understandably on the basis of efficiencies – is folded into City Council agendas as special meetings of the CMWD Board of Directors, CMWD finances appear within City audit and budget documents, and public communications generally emphasize the City rather than the District as the service provider. Clarifying the District's separate status would strengthen public understanding of local governance and improve transparency around potable-water service.

(d) The preceding assessment is not a critique of CMWD or the City of Carlsbad; it reflects LAFCO's legislative task to facilitate transparency and effective service delivery across all special districts, independent or dependent. Improving visibility into the CMWD's legal and fiscal responsibilities would help ratepayers better understand how potable-water service is structured and funded while reinforcing the value of the City's stewardship of its subsidiary district.

(e) CMWD is authorized under its principal act to provide additional municipal services – most notably wastewater. At an appropriate future juncture, there may be value in evaluating whether activating this latent authority could enhance governance efficiency or administrative coordination for ratepayers.

(f) CMWD was proactive in responding to LAFCO inquiries during preparation of this report. This reflects a culture that prioritizes customer service and, in doing so, reinforce public trust by demonstrating residents' ongoing financial contributions are transparently managed.

7.7 Environmental Justice (Adopted Policy)

Addressed within City of Carlsbad agency profile.

Appendix B - Background Information

Community Development

Development within the present-day boundaries of CMWD began to take shape during the second half of the 19th century following California's statehood in 1850. Early growth centered around the establishment of a small downtown – or "village" – area designed to serve as a commercial hub for the region's emerging agricultural economy and wellness-focused tourism. The latter was prominently driven by the marketing of the area's mineral springs by early Carlsbad patriarch Gerhard Schutte. Infrastructure improvements, including enhancements to El Camino Real and the arrival of the Southern California Railroad in the 1880s, further supported this early growth and led to Carlsbad earning its first U.S. census listing in 1890 with an estimated 155 residents.

Specific to the CMWD's eventual role, water supplies within the Carlsbad community were largely left to residents to develop on their own through private or shared groundwater systems. This also meant an unorganized approach to addressing the increasing challenge of avoiding saltwater intrusion. The costs and technical difficulties of preventing saltwater contamination paired with droughts proved formidable and prompted many residents to leave, ultimately resulting in Carlsbad's removal from the U.S. census in 1900.

The community's dimmed water supply prospects continued well into the 20th century. It was not until the South Coast Land Company appeared in 1913 to purchase the remaining assets of an earlier investment enterprise – the Carlsbad Land and Water Company – and used their more considerable resources to develop the community's first extended water distribution system. This involved investing in a series of groundwater wells several miles upstream within the San Luis Rey River watershed and constructing distribution lines across the Buena Vista Lagoon into Carlsbad. The establishment of a secure water system proved advantageous. It reversed the community's growth fortunes and Carlsbad was once again attracting newcomers by the 1920s with several making use of the favorable climate to attract large investments in agriculture – namely citrus fruits and flowers.

Carlsbad in the 1930s
Aerial of Carlsbad Looking East from the Pacific Ocean, c 1932

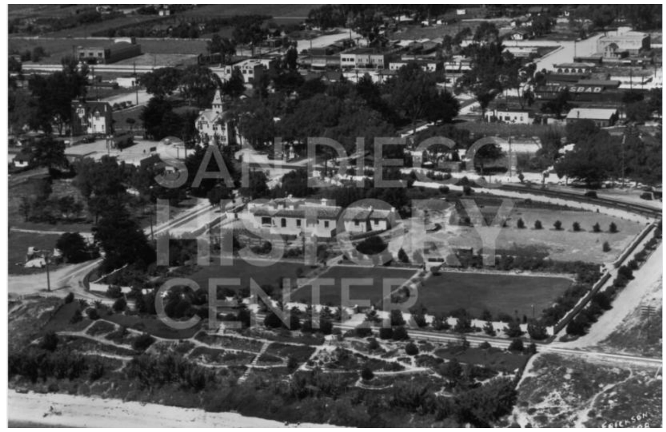
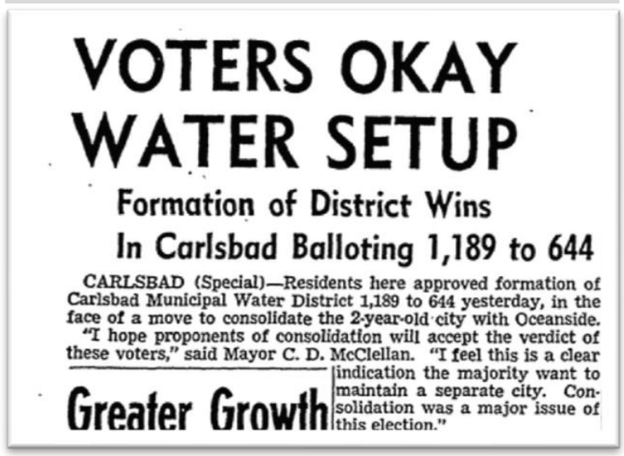


Photo Credit: San Diego History Center

The focus on agriculture helped pace and direct residential development in Carlsbad through the 1930s toward the existing village area that had begun taking form several decades earlier along Carlsbad Boulevard (originally Highway 101). Although moderate, growth within the community continued and led the area to be relisted in the U.S. census in 1940 with an estimated population of 2,411. At the same time, the water system supplying the community had been transferred to the Carlsbad Mutual Water Company, with landowners now having proportional ownership in operating the groundwater-dependent system – a transition that also meant landowners would need to agree to funding needed improvements.

Formation Proceedings

San Diego Evening Tribune
Published on March 12, 1954



VOTERS OKAY WATER SETUP

Formation of District Wins In Carlsbad Balloting 1,189 to 644

CARLSBAD (Special)—Residents here approved formation of Carlsbad Municipal Water District 1,189 to 644 yesterday, in the face of a move to consolidate the 2-year-old city with Oceanside.

"I hope proponents of consolidation will accept the verdict of these voters," said Mayor C. D. McClellan. "I feel this is a clear indication the majority want to maintain a separate city. Consolidation was a major issue of this election."

Greater Growth

Entering the 1950s, long-standing community interest in incorporating Carlsbad reached a tipping point when residents successfully organized and approved cityhood with official commencement in July 1952. Pertinently, at the time, incorporation proceedings were deliberately structured to exclude authorization for the new municipality to assume control of the Carlsbad Mutual Water System given existing community intentions to organize an independent district to fund the necessary improvements to gain access to the CWA and its newly established access to imported supplies from the Colorado River.

A voter petition to form the CMWD was ultimately filed with the County of San Diego in January 1954 and led to a special election on March 11th. Voters approved the CMWD formation with 65% of the vote.[115] An inaugural five-member Board was also elected - William Rogers, Patrick

[115] Of the 1,839 registered voters who cast ballots in the special election, 1,193 voted in support and 646 voted in opposition.

Zahler, Maxwell Ewald, Billy Fry, and Allan Kelly.

Timeline of Notable Post-Formation Events

A summary of notable activities undertaken by CMWD and/or affecting the CMWD's service area following formation in 1954 are provided below.

- Carlsbad Mutal Water Company continues operations following CMWD's formation with the expectation of selling its operations to CMWD once it establishes a direct connection to CWA.

- CMWD annexes into the CWA and the Metropolitan Water District of Southern California in June 1954.

- Pending the funding and construction of its own transmission system, CMWD enters into a lease agreement in 1955 to use available capacity within the City of Oceanside transmission to wheel CWA supplies into Carlsbad.

- CMWD voters reject an initial general obligation bond measure to fund $2.0 million to make a 15-mile connection to the CWA and ancillary facilities in August 1955 with 32% in support and 66% needed to pass.

- CMWD voters reject a second proposed general obligation bond measure to fund $1.4 million in a revised construction plans to connect to the CWA in July 1956 with 60% in support and 66% needed to pass.

- CMWD voters approve a third proposed general obligation bond measure to fund $1.3 million in construction costs to connect to the CWA in October 1956 with slightly more than the 66% needed.

- City of Carlsbad – and not the CMWD – assumes water service responsibilities for the established northwest urban City area in 1958 after purchasing the Carlsbad Mutual Water Company. Carlsbad finances the $2.2 million purchase by issuing revenue bonds.

  CMWD voters proceed to approve three additional general obligation bond measures to finance the completion of an initial water treatment, distribution and storage network totaling $2.4 million in 1957 ($0.9 million), 1960 ($0.8 million) and 1961 ($0.7 million).

- The CMWD enters into a wholesale agreement with Carlsbad in June 1972 to provide imported supplies to the City to retail within an approximate 7,000-acre service area purchased earlier from the Carlsbad Mutual Water Company.

- Officially renamed as the Costa Real Municipal Water District in October 1979.

- Carlsbad files with LAFCO to reorganize the Costa Real Municipal Water District in January 1980 to become a subsidiary of the City as a remedy to ongoing disputes over water service responsibilities within the agencies' overlapping boundaries.

- The District enters into a new water service agreement with Carlsbad in May 1983 to clarify water service responsibilities within their overlapping boundaries. The agreement links to existing litigation and – among other provisions – allocates responsibility to the District to plan, finance, and construct all major capital facilities going forward while committing to continue to provide Carlsbad wholesale water supplies.

- LAFCO establishes a sphere of influence for the Costa Real Municipal Water District in September 1985. The sphere is categorized as a "larger-than-agency" designation to include all of the District's boundary as well as approximately 120 unincorporated acres that are largely part of "islands" surrounded by Carlsbad's incorporated boundary.

- In January 1990, and after an extended negotiation process between the two agencies, LAFCO approves reorganizing the District as a subsidiary of the City of Carlsbad. The reorganization precedes an internal restructuring by Carlsbad to convey all City water responsibilities to the District while changing the name back from the *Costa Real Municipal Water District* to the *Carlsbad Municipal Water District.*

- CMWD enters into an agreement in 1991 with Leucadia Wastewater District (LWD) to purchase recycled water supplies on a wholesale basis to retail to the La Costa Resort and Spa (now the Omni La Costa Resort and Spa). The arrangement became a source of conflict beginning in 2013 until LAFCO made a final determination during a hearing in December 2019. CMWD no longer purchases recycled water from LWD.

- CMWD completes construction of the Carlsbad Water Recycling Facility (CWRF) in 2004. This facility marks the CMWD initiating recycled water service and allows the reclaiming of up to 4 million gallons daily of treated wastewater from EWA into tertiary level supplies for local irrigation within the CMWD boundary. An expansion of the CWRF took place in 2017, increasing the capacity to 7 million gallons daily.