



San Diego County

Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

REGULAR MEETING AGENDA Monday, March 2, 2026

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

In-Person Participation

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

Video-Teleconference Participation

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

Video Viewing Only

@sandiegolafco9909

San Diego LAFCO		
Commissioner	Appointing Authority	Affiliation
Chair Kristi Becker	Cities Selection Committee	City of Solana Beach
Vice Chair Barry Willis	Independent Special Districts	Alpine Fire Protection
Paloma Aguirre	Board of Supervisors	County of San Diego
Joel Anderson	Board of Supervisors	County of San Diego
Brigette Browning	Commission	General Public
Jo MacKenzie	Independent Special Districts	Vista Irrigation
Stephen Whitburn	Mayor of the City of San Diego	City of San Diego
Dane White	Cities Selection Committee	City of Escondido
Alternate Eileen Delaney	Commission	General Public
Alternate David A. Drake	Independent Special Districts	Rincon del Diablo MWD
Alternate John McCann	Cities Selection Committee	City of Chula Vista
Alternate Monica Montgomery Steppe	Board of Supervisors	County of San Diego
Alternate Marni von Wilpert	Mayor of the City of San Diego	City of San Diego

Participation Instructions:

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

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

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

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

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

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

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

Public Accommodations:

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

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

Contact Information:

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

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

2. STATEMENT (JUST CAUSE) AND/OR CONSIDERATION OF A REQUEST TO PARTICIPATE REMOTELY (EMERGENCY CIRCUMSTANCES) BY A COMMISSIONER, IF APPLICABLE.

3. AGENDA REVIEW

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

4. PUBLIC EXPRESSION AND

OPPORTUNITY FOR PUBLIC TO REQUEST DISCUSSION ON CONSENT ITEMS

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

5. CONSENT ITEMS

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

a) Approval of Meeting Minutes for February 2, 2026 (action)

The Commission will consider action minutes from the February 2, 2026 meeting prepared by the Commission Clerk. Staff recommends approval as presented. (Pages 7-16)

b) Commission Ratification | Recorded Payments for January 2026 (action)

The Commission will review a report of all payments made and received for January 2026. Staff recommends ratifying payments as presented. (Pages 17-22)

c) Proposed “Goodwin–Pine Valley Improvement Club Change of Organization” | Annexation to San Diego County Sanitation District (CO25-13) (action)

The Commission will consider a change of organization proposal initiated by landowner petition to annex 0.7 acres of unincorporated territory in Pine Valley to the San Diego County Sanitation District. The affected territory is developed with an existing commercial facility – Pine Valley Clubhouse – and lies entirely within the County SD sphere of influence. The proposal fulfills a prior LAFCO condition authorizing a temporary outside wastewater service extension approved in July 2025 in response to a documented public health and safety threat posed by the septic system's proximity to a non-conforming well on-site. Annexation would replace the temporary service arrangement as the preferred alternative for permanent service. Staff recommends approval of the proposal as submitted, including waiver of protest proceedings and adoption of California Environmental Quality Act (CEQA) exemption findings under CEQA Guidelines Section 15320. (Pages 23-50)

d) Report on Applicant Proposals (information)

The Commission will receive a status report on active and anticipated applicant proposals. Information only. (Pages 51-62)

CONSENT ITEMS CONTINUED...**e) Legislative Report (information)**

The Commission will receive an update on active legislation relevant to the agency's regulatory and planning responsibilities. Information only. (Pages 63-66)

f) Approval of Multi-Year Independent Audit Contract, FY26 through FY29 (action)

The Commission will consider approval of a four-year independent audit contract with Davis Farr, LLP (Irvine) to provide financial statement auditing services beginning with fiscal year 2025-2026 through 2028-2029. The recommendation follows a competitive request for proposals process conducted jointly by San Diego and three other LAFCOs (Los Angeles, Orange, and San Bernardino) through a newly formed partnership, Alliance of LAFCOs. It also satisfies a separate workplan project. Davis Farr was the top-ranked firm among three respondents based on an evaluation of cost, work plan, qualifications, and project schedule. The proposed first-year expense for San Diego totals \$12,350 with gradual yearly increases before reaching \$13,620 in the final year. Staff recommends approval of the independent audit expense with Davis Farr in the amount of \$12,350 to provide an audit report for 24-25. (Pages 67-184)

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

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

a) Proposed Draft Workplan and Budget for 2026-2027 (action)

The Commission will consider the Executive Officer's recommendations to approve a proposed draft workplan and budget for FY 2026–2027. Both items largely continue current priorities and funding levels with targeted enhancements. The draft workplan is anchored by several municipal service reviews, including the expected completion of studies covering wholesale water service providers, healthcare districts, and SANDAG. Staff will also continue advancing active reviews in the San Marcos, Vista, and Del Mar/Solana Beach regions as well as the San Diego Unified Port District. The total budget – combining operating and non-operating units – is proposed to decrease (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) with costs partially offset through reduced consultant usage. A preapproved cost-of-living adjustment has also been budgeted. 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. Staff recommends adoption of a resolution approving both items with any desired changes. Approval will initiate a public review period with final versions returning for Commission consideration in May. (Pages 185-196)

PUBLIC HEARING ITEMS CONTINUED...

**b) REQUEST TO CONTINUE TO APRIL 6, 2026 |
Draft Municipal Service Review on City of Carlsbad**

The Commission will consider a request to continue this item to its April 6, 2026 meeting. This item involves a noticed public hearing for San Diego LAFCO to consider a draft municipal service review covering the City of Carlsbad. Staff recommends the Commission open the hearing, receive any public testimony, and continue the matter to the next regular meeting on April 6, 2026. The continuance will allow the City additional time to review the draft, which has been substantively updated by LAFCO staff to address comments received during the 60-day administrative review period. (Pages 197-198)

7. BUSINESS CALENDAR

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

a) Progress Report on 2025-2026 Workplan (discussion)

The Commission will receive a quarterly update on the current fiscal year workplan and related staff activities. The item has been elevated to the business calendar at the suggestion of the Chair to provide greater visibility into workplan status, with particular focus on high-priority projects, as part of a new quarterly review practice. This item is for discussion only, with the opportunity for the Commission to identify potential amendments for consideration at a future meeting. (Pages 199-204)

**b) Development of Weighted Water Rate Comparisons |
Presentation of Draft Report by Kennedy Water Consulting, LLC (discussion)**

The Commission will receive an update on the development of water rate comparators underway by the Special Districts Advisory Committee with the assistance of Kennedy Water Consulting, LLC and support from LAFCO staff. The report's intended use is as a diagnostic tool in future municipal service reviews. The update is provided consistent with an earlier request by Commissioner MacKenzie to review the work with an opportunity for the Commission to provide feedback. (Pages 205-242)

c) Request to Authorize the Cities Advisory Committee to Conduct Meetings Remotely and Related Findings (action)

The Commission will consider authorizing its Cities Advisory Committee (CAC) to conduct meetings remotely in accordance with Senate Bill No. 707 ("SB 707") and Government Code Section 54953.8.6. Effective January 1, 2026, SB 707 permits a governing legislative body to authorize an eligible subsidiary advisory body to meet via teleconference under specified conditions. The CAC qualifies as an eligible advisory body under State law and authorization of remote meetings requires the Commission to adopt prescribed findings, including designation of a primary physical meeting location for purposes of public access and agenda posting. This item is presented for Commission consideration and action. Staff recommend approval of the requested authorization and adoption of the required findings. (Pages 243-252)

BUSINESS ITEMS CONTINUED...

d) Adoption of a Formal Parliamentary Procedure and Amendment to Article II (Meetings) of the Commission's Rules (action)

The Commission will consider adopting a formal parliamentary procedure and amending Article II (Meetings) of the Commission's Rules to explicitly identify the procedural authority governing the conduct of Commission meetings. The Commission may consider adopting either Rosenberg's Rules of Order or Robert's Rules of Order. Historically, the Commission has operated under Rosenberg's Rules of Order as a matter of practice; however, the Commission's current Rules do not expressly designate a parliamentary authority. Deputy Commission Counsel, Aleks Giragosian, will provide a brief verbal presentation outlining key distinctions between the two frameworks for Commission consideration. Staff recommend the Commission consider both options and take action to adopt a formal parliamentary procedure, with a corresponding amendment to Article II (Meetings) to reflect the Commission's selected authority. (Pages 253-274)

8. EXECUTIVE OFFICER REPORT

9. COMMISSIONER ANNOUNCEMENTS & REQUESTS FOR FUTURE ITEMS

10. ADJOURNMENT

Attest to Posting:

Erica Sellen
Commission Clerk



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

5a

AGENDA REPORT Consent | Action

March 2, 2026

TO: Chair Becker and Commissioners

FROM: Erica Sellen, Commission Clerk

SUBJECT: **Approval of Meeting Minutes |
Regular Meeting of February 2, 2026**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the regular meeting held on February 2, 2026. The minutes are in action form and being presented for formal Commission approval.

BACKGROUND

The Ralph M. Brown Act was enacted by the State Legislature in 1953 and – among other items – requires public agencies to maintain records for qualifying meetings.

DISCUSSION

This item is for San Diego LAFCO to consider approving action minutes for the February 2, 2026 regular meeting. The attendance record for the meeting follows.

- All regular Commissioners were present.
- All alternate Commissioners were present except David Drake (Rincon del Diablo MWD), John McCann (City of Chula Vista), Monica Montgomery Steppe (County of San Diego) and Marni von Wilpert (City of San Diego).

Administration

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Joel Anderson
County of San Diego

Monica M. Steppe, Alt.
County of San Diego

Chair Kristi Becker
City of Solana Beach

Dane White
City of Escondido

John McCann Alt.
City of Chula Vista

Stephen Whitburn
City of San Diego

Marni von Wilpert, Alt.
City of San Diego

Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

ANALYSIS

The attached draft minutes for the February 2, 2026 regular meeting accurately reflect San Diego LAFCO's deliberations as recorded by the Commission Clerk. A video recording of the meeting has also been posted on the Commission's website (www.sdlafco.org).

RECOMMENDATION

It is recommended San Diego LAFCO approve the draft minutes prepared for the February 2, 2026 regular meeting as presented. This recommendation is consistent with Alternative One outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

Approve the attached draft minutes prepared for the February 2, 2026 regular meeting with any requested corrections or clarifications.

Alternative Two:

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

PROCEDURES

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

Respectfully,



Erica Sellen
Commission Clerk

Attachment:

- 1) Draft Meeting Minutes for February 2, 2026

**DRAFT MINUTES
SAN DIEGO LAFCO REGULAR MEETING
February 2, 2026**

1. 8:15 A.M. – CALL TO ORDER BY CHAIR

Item 1a

ROLL CALL OF COMMISSIONERS PRESENT

The regular meeting was called to order at 8:19 a.m. by Chair Whitburn. The Commission Clerk performed the roll call with the following attendance recorded.

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

Alternates Present: Eileen Delaney, Public

Members Absent: David Drake, Rincon del Diablo Municipal Water District (alternate)
John McCann, City of Chula Vista (alternate)
Monica Montgomery Steppe, County of San Diego (alternate)
Marni von Wilpert, City of San Diego (alternate)

The Commission Clerk confirmed a quorum with eight voting members present.

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

Item 1b

PLEDGE OF ALLEGIANCE

Commissioner Anderson led the Pledge of Allegiance.

2. STATEMENT (JUST CAUSE) AND/OR CONSIDERATION OF A REQUEST TO PARTICIPATE REMOTELY (EMERGENCY CIRCUMSTANCES) BY A COMMISSIONER, IF APPLICABLE

None.

3. AGENDA REVIEW

Chair Whitburn asked Executive Officer Simonds if there were any requests to remove or rearrange items on the agenda. Executive Officer Simonds stated no changes to the agenda were needed while also noting one piece of supplemental correspondence involving Agenda Item 7a.

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

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

The following in-person registered speaker addressed the Commission:

- Alisha Morrison

The Commission Clerk confirmed there was one remote speaker:

- Tedi Jackson, Protect Rural Escondido

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

5. CONSENT ITEMS

Item 5a

Approval of Meeting Minutes for December 1, 2025

Item presented to approve draft action minutes prepared for the Commission's December 1, 2025 meeting. Recommendation to approve.

Item 5b

Commission Ratification | Recorded Payments for November and December 2025

Item presented to ratify recorded payments made and received by the Executive Officer for the months of November and December 2025. Recommendation to ratify.

Item 5c

Budget Update for 2025-2026 |

Second Quarter Actuals with Year-End Projections

Item presented to review a report comparing budgeted and actual transactions through the second quarter of 2025-2026 and related analysis. The Commission finished the second quarter expending 40% of total budgeted expenses while collecting 71% of total budgeted revenues. Recommendation to accept the report.

Item 5d

Progress Report on 2025-2026 Workplan

Item presented to receive a workplan update on the 30 special projects scheduled for 2025-2026. Information only.

CONSENT ITEMS CONTINUED...

Item 5e

Annual Report | 2025

Sphere of Influence and Municipal Service Review Summary of Actions

Item presented to receive an annual report chronicling sphere of influence and municipal service review actions in San Diego County. The report marks the Commission approving 11 distinct sphere actions. No municipal service reviews were completed in 2025. The annual report serves as the official registry cataloging all related actions. Recommendation to receive and file.

Item 5f

Proposed “Halstead – Olivewood Lane Change of Organization” | Annexation to San Diego County Sanitation District (CO25-11)

Item presented to consider a change of organization proposal initiated by landowner petition to annex 15.37 acres of unincorporated territory in Alpine to the San Diego County Sanitation District (SD). The affected territory lies within the County SD’s sphere of influence and is currently developed with a single-family residence and equestrian-related structures at 1545 Olivewood Lane. Recommendation to approve the proposal as submitted, including waiver of protest proceedings. It is also recommended that the Commission adopt California Environmental Quality Act (CEQA) exemption findings and determine the project exempt under CEQA Guidelines Section 15320.

Item 5g

Legislative Report

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

Item 5h

Report on Applicant Proposals

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

Item 5i

Special Districts Advisory Committee Election Results

Item presented to receive results from the recent election to fill seven of the Special Districts Advisory Committee’s 15 seats. Recommendation to accept the election results.

Item 5j

Report on Recent Committee Meeting |

Special Districts Advisory Committee’s January 16, 2026 Meeting

Item presented to receive a report on the most recent meeting of its Special Districts Advisory Committee held on January 16th. Information only.

CONSENT ITEMS CONTINUED...

Item 5k

Local Agencies Directory Under LAFCO Oversight

Item presented to receive an annual local agencies directory prepared pursuant to the Commission's adopted workplan providing updated information on all 102 local agencies – cities and special districts – subject to the Commission's planning and regulatory duties. Agencies were encouraged to review the directory and provide suggested revisions prior to final publication. Information only.

Item 5l

Active Professional Services Agreements

Item presented to receive a complete listing of all active professional services agreements supporting agency activities. Information only.

**

Chair Whitburn invited public comment from the following registered speaker:

- Alisha Morrison

**

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

Roll call requested:

AYES:	Aguirre, Anderson, Becker, Browning, MacKenzie, Whitburn, White, & Willis
NOES:	None
ABSENT:	Drake, McCann, Montgomery Steppe & von Wilpert
ABSTAINING:	None

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

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

None.

7. BUSINESS ITEMS

Item 7a

Proposed Legislative Amendments to LAFCO Law | Implementing UC Report Recommendations to Expand LAFCOs' Effectiveness

Item presented to consider action to support a draft legislative proposal to enhance LAFCOs' effectiveness in meeting statutory duties and responsibilities. The development of the proposal is part of the Commission's adopted workplan and draws on recommendations from a recent University of California report, with specific amendments

BUSINESS ITEMS CONTINUED...

Item 7a Continued...

having been drafted by a stakeholder coalition of LAFCOs – including San Diego staff – and nonprofit organizations. The draft proposes three legislative changes: 1) authorize LAFCOs to initiate boundary changes and extraterritorial services in response to public safety threats involving water or wastewater; 2) require noticed hearings for municipal service reviews and written responses from subject agencies; and 3) extend information-sharing requirements to mobile home parks operating community water systems. Recommendation to adopt a support position.

Local Government Analyst II Peters provided the staff presentation.

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

- Doyle Morrison (oppose)
- Patricia Sainz (oppose)
- Luis Sainz (oppose)
- Alisha Morrison (oppose)

The Commission Clerk confirmed there were no other registered speakers (audience or remote) or live e-mail comments and noted email comments submitted before the meeting started would be distributed to Commissioners and posted online.

Chair Whitburn proceeded to invite questions and comments from the Commissioners. Discussion followed, with some Commissioners supporting continuing the item and others expressing to adopt a support position.

Commissioner MacKenzie motioned to approve Alternative Two as listed in the agenda report to continue consideration of the item to a future meeting. The motion was seconded by Commissioner Willis.

Chair Whitburn asked the Commission if there was any discussion on the motion. Commissioner White made a substitute motion to approve Alternative One as listed in the agenda report to adopt a support position. The substitute motion was seconded by Commissioner Anderson.

Commissioner White motioned with a second from Commissioner Anderson to approve Alternative One as listed in the agenda report to adopt a support position.

BUSINESS ITEMS CONTINUED...

Item 7a Continued...

Roll call requested:

AYES:	Anderson, Becker, Whitburn, & White
NOES:	Aguirre, Browning, MacKenzie, & Willis
ABSENT:	Drake, McCann, Montgomery Steppe & von Wilpert
ABSTAINING:	None

The Commission Clerk confirmed the motion failed due to a tie vote 4-4.

Commissioner MacKenzie motioned with a second from Commissioner Willis to approve Alternative Two as listed in the agenda report to continue consideration of the item to the next meeting.

Roll call requested:

AYES:	Aguirre, Anderson, Becker, Browning, MacKenzie, Whitburn, White, & Willis
NOES:	None
ABSENT:	Drake, McCann, Montgomery Steppe & von Wilpert
ABSTAINING:	None

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

Item 7b

Chair and Vice Chair Appointments

Item presented to consider making officer appointments and select a chair and vice chair consistent with adopted policy. The appointees will serve the balance of 2026 consistent with policy unless otherwise specified.

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

Chair Whitburn thanked the Commission for the opportunity to serve for the past two years and stated he will not be seeking reelection.

Chair Whitburn proceeded to open nominations for Chair and nominated Commissioner Becker. Commissioner Aguirre also nominated Commissioner Becker. Vice Chair Willis nominated himself for Chair. The Chair proceeded to close the nominations and invited Commissioner Becker and Vice Chair Willis to address the Commission.

Chair Whitburn proceeded to invite questions and comments from Commissioners. General discussion ensued.

BUSINESS ITEMS CONTINUED...

Item 7b Continued...

Chair Whitburn reiterated the two Commissioners nominated for Chair were Commissioner Becker and Vice Chair Willis. He stated the vote for Chair would be conducted by a show of hands and whoever had the most hands raised would be Chair.

The votes were as follows. Commissioner Becker 7-1 and Vice Chair Willis 1-7.

Chair Whitburn congratulated Commissioner Becker on her appointment.

Chair Whitburn proceeded to open nominations for Vice Chair. Commissioner Anderson nominated Vice Chair Willis. The Chair proceeded to close the nominations.

The vote was as follows. Vice Chair Willis 8-0.

Chair Whitburn congratulated Vice Chair Willis on his appointment and thanked him for his continued service.

8. EXECUTIVE OFFICER REPORT

Executive Officer Keene Simonds noted the following items:

- Thanked Commissioner Whitburn for his two years of service as the Chair.
- Congratulated newly appointed Chair Becker & Vice Chair Willis on their appointments.
- Noted Analyst I Joelle Burila has returned from family leave.
- Introduced Commissioners Whitburn and Becker's staff liaisons to LAFCO: Bridget Naso and Dion Akers.

9. COMMISSIONER ANNOUNCEMENTS & REQUESTS FOR FUTURE ITEMS

- Commissioner Anderson thanked Chair Whitburn for his service as Chair.
- Commissioner MacKenzie requested more information on past Chair rotation.

10. ADJOURNMENT TO NEXT MEETING

With no further business, Chair Whitburn adjourned the meeting at 9:51 a.m.

I hereby attest the minutes above accurately reflect the deliberations of the Commission at its February 2, 2026 meeting.

ATTEST,

Erica Sellen
Commission Clerk

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

5b

AGENDA REPORT Consent | Action

March 2, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: **Commission Ratification |
Recorded Payments for January 2026**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a financial report covering transactions for January 2026. The report documents \$217,618 in total expenses authorized by the Executive Officer and \$17,460 in payments received. All transactions are consistent with the adopted budget. Staff recommends the Commission ratify these payments with the option to pull the item for discussion if needed.

BACKGROUND

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

DISCUSSION

This item seeks San Diego LAFCO's ratification of all payments made and received by the Executive Officer in January 2026. Detailed transactions appear in Attachment One. The Commission may pull the item for discussion or provide feedback.

Administration

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Marni von Wilpert, Alt.
City of San Diego

Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

ANALYSIS

Expenses transacted by the Executive Officer for January 2026 total \$217,618. Approximately four-fifths - \$178,492 - involves reimbursing the County of San Diego for three payroll periods and administrative support services, including information technology. Professional services account for a significant portion of the remainder, totaling \$20,375, and cover legal services and consultant support for ongoing intergovernmental work and active municipal service reviews (Carlsbad-Encinitas Region, Wholesale Service Providers, Healthcare Districts, and SANDAG). Additional details on consultant services under contract with the Executive Officer are provided in Appendix A. Revenues collected total \$17,460, primarily from two new application filing fees received in January.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

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

Alternative Two:

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

Alternative Three

Take no action.¹

PROCEDURES

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

On behalf of the Executive Officer:



Erica Sellen
Commission Clerk

Appendix: as stated
Attachment: as stated

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

Appendix A

EO Consultant Contracts			
Active Contracts in FY25/26			
TOTAL PAID	INVOICES	CONSULTANTS	
\$177,957.00	34	9	
AC ADW Consulting LLC Ongoing Intergovernmental Support Limit: \$124,999.00 50%		\$63,000.00	6 inv · Bal: \$61,999.00 >
AP Arena Public Affairs Ongoing Intergovernmental Support Limit: \$102,000.00 34%		\$34,329.75	4 inv · Bal: \$67,670.25 >
KW Kennedy Water Consulting LLC Water + Wastewater Services Consultant Limit: \$110,000.00 38%		\$41,456.25	6 inv · Bal: \$68,543.75 >
BF Bill Fulton Contract Specific to SANDAG MSR Limit: \$33,000.00 36%		\$12,000.00	2 inv · Bal: \$21,000.00 >
MS Michael Stein Legal Services Limit: \$64,000.00 18%		\$11,440.00	6 inv · Bal: \$52,560.00 >
CO Christine O'Rourke Climate Planning + Environmental Justice Consultant Limit: \$100,303.00 5%		\$5,287.50	1 inv · Bal: \$95,015.00 >
TA TAC Professional Services Limit: \$19,000.00 27%		\$5,082.50	2 inv · Bal: \$13,917.50 >
RG RGS Professional Services Limit: \$50,000.00 7%		\$3,611.00	6 inv · Bal: \$46,389.00 >
WH W. Michael Hanemann Subject Matter Expert <i>No formal contract on file</i>		\$1,750.00	1 inv >
GRAND TOTAL — ALL CONTRACTS			\$177,957.00

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SAN DIEGO LAFCO
Expenses by Vendor Detail
January 2026

Agenda Item No. 5b | Attachment One

Payable Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E Ace Parking						
	1/21/2026	52530 · Office Lease	1,163.00	Monthly Parking Rent & Guest Parking Validations	electronic	1000 · County Account (44595)
E ADW Consulting LLC						
	1/21/2026	52370.F · Professional Services	10,275.00	Consultant Services Intergovernmental	electronic	1000 · County Account (44595)
E After Effects (Adobe)						
	1/15/2026	52270 · Memberships	19.99	Monthly Adobe DC Pro Upgrade	debit card	3558 · SDCCU Checking
E Aiden Velasquez						
	1/29/2026	52332 · Postage	25.17	Reimbursement Agenda Packet Postage	check	3558 · SDCCU Checking
E Amazon						
	1/7/2026	52344 · Stores Unallocated	122.58	General Office Supplies	credit card	3558-60 · SDCCU Visa Credit Card
E Ambius						
	1/29/2026	52344 · Stores Unallocated	460.28	Monthly Plant Maintenance	check	3558 · SDCCU Checking
E Anthropic						
	1/29/2026	52270 · Memberships	125.00	Monthly Subscription - MSR Illustrations	credit card	3558-60 · SDCCU Visa Credit Card
E Assura Software						
	1/5/2026	52074 · Telecommunications	750.00	Website Hosting Support Services	electronic	1000 · County Account (44595)
E AT&T Mobility						
	1/7/2026	52074 · Telecommunications	999.41	Monthly Cell Phone Bill LAFCO Staff + Replacement Phone	check	3558 · SDCCU Checking
	1/29/2026	52074 · Telecommunications	539.92	Monthly Cell Phone Bill LAFCO Staff	check	3558 · SDCCU Checking
			1,539.33			
E BJ's Restaurant						
	1/30/2026	52330 · Office Expense	122.01	Briefing (EO, AEO, MP & BW)	credit card	3558-60 · SDCCU Visa Credit Card
E Bruegger's Bagels						
	1/18/2026	52330 · Office Expense	110.56	SDAC Meeting Refreshments	credit card	3558-60 · SDCCU Visa Credit Card
E Canva						
	1/8/2026	52270 · Memberships	30.00	Monthly Subscription	credit card	3558-60 · SDCCU Visa Credit Card
E City SD Parking						
	1/31/2026	52610 · Non-Travel/In-County	2.85	AEO Parking - SD City Hall	credit card	3558-60 · SDCCU Visa Credit Card
E Colantuono, Highsmith & Whatley						
	1/28/2026	52370.B · Professional Services	5,550.96	Commission Counsel Services	electronic	1000 · County Account (44595)
E Corodata						
	1/29/2026	52330 · Office Expense	62.40	Monthly Document Storage	check	3558 · SDCCU Checking
E County of San Diego						
	1/1/2026	52354 · Mail/Postage ISF	675.97	Mail/Postage Services	electronic	1000 · County Account (44595)
	1/1/2026	52178 · Vehicle Maintenance	146.89	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	1/1/2026	52182 · Vehicle Fuel	40.16	Vehicle Fuel	electronic	1000 · County Account (44595)
	1/1/2026	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	1/1/2026	52721 et al. · Communications (IT) Services	6,045.93	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	1/2/2026	51110 et al. · Employee Payroll	59,485.78	Payroll Pay Period 2026-14	electronic	1000 · County Account (44595)
	1/16/2026	51110 et al. · Employee Payroll	58,169.07	Payroll Pay Period 2026-15	electronic	1000 · County Account (44595)
	1/30/2026	51110 et al. · Employee Payroll	53,762.49	Payroll Pay Period 2026-16	electronic	1000 · County Account (44595)
			178,491.78			
E CSDA San Diego Chapter						
	1/22/2026	52610 · Non-Travel/In-County	63.00	Quarterly CSDA Lunch Meeting (AEO)	debit card	3558 · SDCCU Checking
E Fax Plus						
	1/8/2026	52330 · Office Expense	9.26	Monthly Fax Machine Payment	debit card	3558 · SDCCU Checking
E Hob Nob Hill						
	1/18/2026	52330 · Office Expense	128.44	EO, AEO, PB & Intern Meeting	credit card	3558-60 · SDCCU Visa Credit Card
E Kennedy Water Consulting LLC						
	1/12/2026	52370.F · Professional Services	3,850.00	Consultant Services Utilities	electronic	1000 · County Account (44595)
E Madi						
	1/30/2026	52330 · Office Expense	137.45	Breakfast PIT Count (AEO, MP, MT & AV)	credit card	3558-60 · SDCCU Visa Credit Card
E Manchester Financial 5th Ave LP						
	1/28/2026	52530 · Office Lease	12,413.72	Office & Storage Rent	electronic	1000 · County Account (44595)
E Michael Stein						
	1/21/2026	52370.F · Professional Services	640.00	Consultant Services Fire	electronic	1000 · County Account (44595)

SAN DIEGO LAFCO
Expenses by Vendor Detail
January 2026

Payable Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E News Library						
	1/20/2026	52270 · Memberships	25.95	SD Tribune Archives Monthly Service	debit card	3558 · SDCCU Checking
E QuickBooks						
	1/4/2026	52330 · Office Expense	115.00	Monthly Service for Online QuickBooks	credit card	3558-60 · SDCCU Visa Credit Card
E Ready Refresh Water						
	1/8/2026	52330 · Office Expense	96.44	Monthly Water Services	credit card	3558-60 · SDCCU Visa Credit Card
E State Board of Equalization						
	1/29/2026	52490 · Publications	300.00	SBE Fees (RO24-17)	check	3558 · SDCCU Checking
E Talitha Coffee						
	1/27/2026	52330 · Office Expense	21.35	EO, AEO & BN Meeting	debit card	3558 · SDCCU Checking
E The Corner Drafthouse						
	1/7/2026	52330 · Office Expense	327.41	Staff Holiday Party	credit card	3558-60 · SDCCU Visa Credit Card
E Uber						
	1/15/2026	52610 · Non-Travel/In-County	25.94	EO-AEO Travel To/From Meeting with SD Staff	credit card	3558-60 · SDCCU Visa Credit Card
E Urban Plates						
	1/18/2026	52330 · Office Expense	229.76	LAFCO Staff · Quarterly Lunch · SDAC Meeting	credit card	3558-60 · SDCCU Visa Credit Card
E Westgate						
	1/16/2026	52330 · Office Expense	301.58	EO-AEO-NH TY Meeting	credit card	3558-60 · SDCCU Visa Credit Card
E WP Engine						
	1/14/2026	52370.E · Professional Services	59.00	Monthly Web Hosting	debit card	3558 · SDCCU Checking
E YouTube						
	1/11/2026	52270 · Memberships	22.99	Monthly Streaming Support Services	debit card	3558 · SDCCU Checking
EXPENSE TOTAL			217,618.20			

R County of San Diego						
	1/31/2026	49200 · Interest & Dividends	64.99	Interest Payment to Account 46725	electronic	1001 · Committed - Stabilization
	1/31/2026	49200 · Interest & Dividends	100.17	Interest Payment to Account 46726	electronic	1002 · Committed - Opportunity
	1/31/2026	49200 · Interest & Dividends	131.28	Interest Payment to Account 46727	electronic	1003 · Assigned - Executive Office
			296.44			
R Fares						
	1/29/2026	52490 · Publications	50.00	Recording Fees (OAS24-16)	check	3558 · SDCCU Checking
R Palacharla						
	1/29/2026	52490 · Publications	50.00	Recording Fees (CO26-03)	check	3558 · SDCCU Checking
	1/29/2026	46234 · Applications	6,405.00	Processing Fees (CO26-03)	check	3558 · SDCCU Checking
			6,455.00			
R Tipton						
	1/29/2026	46234 · Applications	10,658.25	Processing Fees (RO26-02)	check	3558 · SDCCU Checking
REVENUE TOTAL			17,459.69			



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

5C

AGENDA REPORT Consent | Action

March 2, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: Proposed “Goodwin–Pine Valley Improvement Club Change of Organization”
Annexation to San Diego County Sanitation District and Related Actions
(LAFCO File No. CO25-13)

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a change of organization proposal initiated by landowner petition to annex 0.7 acres of unincorporated territory in Pine Valley to the San Diego County Sanitation District (County SD). The affected territory is developed with an existing commercial facility – Pine Valley Clubhouse – and lies entirely within the County SD sphere of influence. The proposal fulfills a prior LAFCO condition authorizing a temporary outside wastewater service extension approved in July 2025 in response to a documented public health and safety threat posed by the septic system's proximity to a non-conforming well on-site. Annexation would replace the temporary service arrangement as the preferred alternative for permanent service. Staff recommends approval of the proposal as submitted, including waiver of protest proceedings and adoption of California Environmental Quality Act (CEQA) exemption findings.

BACKGROUND

Applicant Request

San Diego LAFCO has received a change of organization proposal initiated by Mike Goodwin on behalf of the Pine Valley Improvement Club requesting approval to annex 0.7 acres of unincorporated territory in the Pine Valley community to the County SD. The proposal fulfills

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City of Escondido

John McCann, Alt.
City of Chula Vista

Stephen Whitburn
City of San Diego

Marni von Wilpert, Alt.
City of San Diego

Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

a prior LAFCO condition of approval associated with the temporary authorization of an outside service extension, issued in response to the property’s septic system proximity to a nonconforming on-site well. The affected territory as submitted is developed with an existing 2,500-square-foot commercial facility – Pine Valley Improvement Club. The County of San Diego Assessor identifies the lone subject parcel as 410-120-07, with a situs address of 28890 Old Highway 80.

Regional Setting

The affected territory is located in southeastern San Diego County within the unincorporated community of Pine Valley, situated at the foothills of the Cuyamaca Mountains off Interstate 8 (I-8). The subject parcel lies within County Supervisorial District No. 2 (Joel Anderson), Assembly District No. 75 (Carl DeMaio), and Senate District No. 40 (Brian W. Jones). An aerial map of the affected territory and its regional setting is provided below, with a more detailed map showing the subject parcel and its relationship to County SD’s jurisdictional boundary provided as Attachment One.



Subject Agency

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

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

- **County SD** is a dependent special district of the County of San Diego with the Board of Supervisors serving as the governing board. It serves as successor agency to a multi-agency consolidation completed by LAFCO in 2010. The sole active service function is wastewater (collection, treatment, and disposal service classes). The jurisdictional boundary spans approximately 46 square miles – or 29,571 acres – and is divided between seven distinct agency-designated service areas – “Alpine-Lakeside,” “Campo,” “East Otay Mesa,” “Julian,” “Pine Valley,” “Spring Valley,” and “Winter Gardens” – with a combined LAFCO estimated resident population of 144,272. The affected territory lies in the Pine Valley service area, which has an estimated resident population of 53. Wastewater collected within Pine Valley flows west to the City of San Diego’s adjacent collection system and thereafter to the Point Loma Treatment Facility before discharge into the Pacific Ocean. The facility is operated by the Metro Wastewater Joint Powers Authority with County SD as one of the signatories. LAFCO established a sphere of influence for County SD in 2010 and most recently reviewed and affirmed it in 2019. The sphere carries a mixed designation, including approximately 9,300 non-jurisdictional acres while excluding approximately 2,100 jurisdictional acres – the latter including lands adjacent to the affected territory.² County SD's audited net position – assets less liabilities – is \$169.4 million as of June 30, 2025 with an unrestricted balance of \$89.1 million. This includes an ending accrued cash balance of \$88.9 million. The ending net position reflects 14.4% growth over the preceding three fiscal years.

Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and/or spheres of influence of seven local agencies listed below directly subject to San Diego LAFCO’s planning and regulatory responsibilities. These agencies qualify as “affected agencies” relative to the proposed change of organization and have received notice of the proposal.³

- County Service Area No. 135 (Regional Communications)
- County SD (sphere only)
- Grossmont Healthcare District
- Resource Conservation District of Greater San Diego
- San Diego County Street Lighting District
- San Diego County Fire Protection District
- San Diego County Flood Control District

The affected territory also lies within the following school and college districts and have received notice of the proposal: Mountain Empire Unified School District and Grossmont-Cuyamaca Community College District. Notice was also voluntarily provided to the Pine Valley Community Planning Group.

² The sphere also includes three special study areas established in 2011 and comprise 396 acres adjacent to the Alpine-Lakeside (two) and Pine Valley (one) service areas.

³ State law defines “affected local agency” as any entity that contains, or would contain, or whose sphere contains or would contain, any territory for which a change of organization is proposed or ordered.

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the change of organization proposal to annex the affected territory to County SD. The Commission may also consider applying approval conditions provided they do not directly regulate land use, property development, or subdivision requirements. The following discussion addresses the applicable statutory requirements and staff’s analysis.

Proposal Purpose + Timing

The purpose of the proposed change of organization is to establish permanent public wastewater service to the existing community clubhouse developed on the affected territory. The request follows and fulfills a prior condition associated with San Diego LAFCO’s temporary approval of an outside service authorization in July 2025, which was granted based on evidence that the existing septic system posed a public health and safety threat due to its proximity to a nonconforming on-site well. Approval of the annexation would replace the temporary service arrangement and formally designate the County SD as the permanent wastewater service provider pursuant to State law.

Current + Planned Land Uses

The affected territory is entirely unincorporated and subject to the County of San Diego’s land use policies. Development standards for the area are established under the Central Mountain Subregional Plan (2011), with advisory input provided by the Pine Valley Community Planning Group. The territory is designated Rural Commercial and zoned Commercial and Office. The zoning designation does not establish a minimum lot size and allows a maximum floor area ratio of 0.6, with up to one residential dwelling unit permitted as a secondary use. No additional development is proposed as part of this annexation request.

ANALYSIS

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

Change of Organization Timing

San Diego LAFCO’s consideration of timing draws on baseline factors required by statute and applicable Commission policies. An analysis of these timing factors follows.⁴

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

- Timing Factor No. 1:

Baseline Considerations: Regional Policies + Service Relationships

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

- With respect to **needs**, the present and planned urban land uses warrant public wastewater service and represents an orderly expansion of County SD’s jurisdictional boundary and formalizes existing service delivery. Annexation serves as a preferred alternative to an on-site septic system, compliments environmental justice considerations, and succeeds the conditioned out-of-agency wastewater service agreement.⁵ These factors substantiate the need and appropriate timing of the change of organization proposal.
- With respect to **service availability and capacities**, County SD has available and sufficient wastewater treatment capacity to accommodate the projected service demands in the affected territory based on its anticipated uses. The subject parcel is presently receiving wastewater service pursuant to a temporary out-of-agency service extension approved by the Executive Officer in July 2025. The average day wastewater flow generated within the affected territory is estimated at 250 gallons per day, representing approximately 0.83% of the available system capacity. Separately, under County land use policies, one dwelling unit may also be permitted and would increase capacity usage to approximate 1.66% of available capacity — a negligible increase.
- With respect to **related financial considerations**, County SD has adequate financial resources and related administrative controls to provide wastewater services to the affected territory without adversely impacting current ratepayers. This comment is supported by staff analysis of recent audited statements, which show the County SD maintaining strong liquidity (short-time financial standing) and capital (long-term financial standing) levels. This is further reflected in an ending current ratio of 61.97 to 1 (i.e., \$61.97 in current assets for every \$1.00 in current liabilities) and debt ratio of 0.85% (i.e., \$0.85 out of every \$100.00 in net assets financed) for Fiscal Year 2024-2025.

⁵ Consideration of existing environmental justice factors within the affected territory draws on staff analyzing data available from the California Environmental Protection Agency through its online assessment tool (CalEnviroScreen 4.0). Impaired water quality as a pollution burden indicator is 12.45, reflecting conditions that could be improved through the provision of permanent wastewater service to the affected area. Additional information is provided within Section (p) of Appendix A.

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

San Diego LAFCO adopted L-107 in May 2010 to require all applicants to disclose jurisdictional disputes or related items that are associated with their proposal filings.⁶ No jurisdictional disputes have been disclosed by County SD through the administrative review with LAFCO. Similarly, LAFCO staff has not identified any disputes or related concerns in the administrative review.

CONCLUSION | MERITS OF CHANGE OF ORGANIZATION TIMING

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

Potential Modifications and Terms

No modifications to the submitted change of organization have been identified by San Diego LAFCO staff meriting Commission consideration at this time. It is separately confirmed the annexation of the affected territory as proposed would not generate any corridors or other illogical jurisdictional features.

CONCLUSION | MERITS OF MODIFICATIONS AND TERMS

No modifications to the proposal are warranted. Standard approval terms are recommended and include receipt of all remaining payments associated with the processing of the proposal by the Commission through recordation.

Other Statutory Considerations

Exchange of Property Tax Revenues

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

⁶ The Executive Officer retains discretion to determine the extent of consultation needed.

Environmental Review

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

- San Diego LAFCO serves as the lead agency for assessing potential environmental impacts under CEQA for the proposed change of organization. Staff believes the proposal qualifies as a project under CEQA but is categorically exempt from further environmental review pursuant to State CEQA Guidelines Section 15320. This exemption appropriately applies because the change of organization does not result in a change in the geographical area in which previously existing powers are exercised and given the affected territory is currently receiving wastewater service from County SD.

Protest Proceedings

Protest proceedings for the proposed change of organization may be waived by LAFCO should the Commission proceed with approval under Government Code Section 56662. The waiver appropriately applies under this statute given all of the following: the affected territory is uninhabited as defined under LAFCO law, the subject agency has not filed an objection to the waiver, and the landowner has provided written consent.⁷

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):

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

Alternative Two:

Continue consideration to the next regular meeting.

Alternative Three:

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

⁷ LAFCO law defines uninhabited as territory in which less than 11 registered voters reside.

PROCEDURES FOR CONSIDERATION

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

On behalf of the Executive Officer,

A handwritten signature in black ink, appearing to read "Meghan Traynor". The signature is fluid and cursive, with the first name "Meghan" written in a larger, more prominent script than the last name "Traynor".

Meghan Traynor
Analyst I

Appendix:

A) Analysis Proposal Review Factors

Attachments:

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

APPENDIX A
Government Code Section 56668
Mandatory Proposal Review Factors

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

The affected territory consists of a 0.69-acre unincorporated parcel in the community of Pine Valley. The subject parcel is currently developed with a commercial facility – Pine Valley Clubhouse. The County of San Diego Assessor’s Office identifies the parcel as APN 410-120-07, with a situs address of 28890 Old Highway 80. The current assessed *land* value of the affected territory is \$73,431, with the most recent transaction recorded in May 1955.

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

The County of San Diego serves as the primary provider of general governmental services to the affected territory. These services include community planning, roads, drainage, and law enforcement. This proposal affects only wastewater service and is the focus of the succeeding analysis.

- **Extending Public Wastewater to Affected Territory**

The affected territory is presently receiving wastewater service by County SD pursuant to a temporary out-of-agency service extension approved by the Executive Officer in July 2025. The estimated average day wastewater flow generated within the affected territory post-annexation is 250 gallons per day, representing approximately 0.83% of the available treatment and discharge capacity remaining within the system. Separately, under County land use policies, one dwelling unit may also be permitted and would increase capacity usage to approximate 1.66% of available capacity — a less than substantive amount.

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

Approval of the change of organization proposal and annexation to County SD would establish and strengthen economic and social ties between the agency and the affected territory that tie back to LAFCO placing lands within the District’s sphere of influence. This existing designation signals the explicit policy expectation that the lands will receive wastewater service from County SD when the timing is deemed appropriate. In this instance,

that timing has been advanced by the Executive Officer’s prior conditional approval authorizing temporary wastewater service in July 2025.

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

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

Additional analysis concerning conformance with germane Commission policies follows.

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

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

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

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

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

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

The proposed change of organization would provide public wastewater services to the existing community clubhouse. The proposal and its anticipated outcomes do not generate any known conflicts with the 2025 *Regional Plan*, a regional transportation plan adopted by the San Diego Association of Governments.

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

See the agenda report.

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

See the agenda report.

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

Notice of the submitted change of organization proposal was distributed to all affected and subject agencies as required under LAFCO law. Notices were also provided to all local college and school districts. No written comments on the proposal were received ahead of preparing this agenda report for distribution on February 20, 2026.

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

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

- County SD’s last audit covers FY 2024-2025 and shows the County SD finished with high liquidity levels with an agency-wide current ratio of 61.97 to 1 (i.e., \$61.97 in current assets for every \$1.00 in current liabilities).
- County SD finished FY 2024-2025 with strong capital levels and marked by a low debt ratio of 0.85% (i.e., \$0.85 out of every \$100.00 in net assets are financed).
- County SD finished FY 2024-2025 with an overall total margin of 1.1%.

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

The affected territory presently relies on an on-site well for water. Approval of the proposed change of organization would not affect the timely availability of water supplies to the affected territory.

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

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

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

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

o) Any information relating to existing land use designations.

See above analysis for (h).

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

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

- The affected territory’s **composite pollution burden ranking** falls in the 16th percentile. Four pollution burden indicators exceed the 50th percentile and are considered noteworthy and otherwise high: Air Quality (Ozone), Drinking Water Contaminants, Cleanup Sites, and Solid Waste.
- The affected territory’s **composite susceptible population** ranking falls in the 17th percentile. Two indicators exceed the 50th percentile, with Low Birth Weight ranked in the 67th percentile statewide and Unemployment ranked in the 60th percentile, indicating higher values than the majority of communities across California.

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

Census Tract No. 6073020902 Pollution Burdens and Susceptible Population (Source: California Environmental Protection Agency and SD LAFCO)	
Affected Territory + Surrounding Lands	
Census Tract No.	6073020902
Estimated Population	2,235
Pollution Burden	Weighted Percentile
... Percentile	15.76
Indicator Air Quality: Ozone	78.22
Indicator Air Quality: PM 2.5:	4.79
Indicator Air Quality: Diesel PM:	0.47
Indicator Pesticides:	0.00
Indicator Toxic Releases:	10.88
Indicator Traffic:	1.46
Indicator Drinking Water Contaminants:	62.57
Indicator Lead in Housing:	48.83
Effects Cleanup Sites:	71.63
Effects Groundwater Threats:	22.12
Effects Hazardous Waste:	0.00
Effects Impaired Water:	12.45
Effects Solid Waste:	70.42
Sensitive Population	Weighted Percentile
... Percentile	16.77
Population Asthma:	17.90
Population Low Birth Weight:	67.17
Population Cardiovascular Disease:	11.39
Population Education:	36.90
Population Linguistic Isolation:	0.00
Population Poverty:	18.18
Population Unemployment:	60.57
Population Housing Burden:	0.08

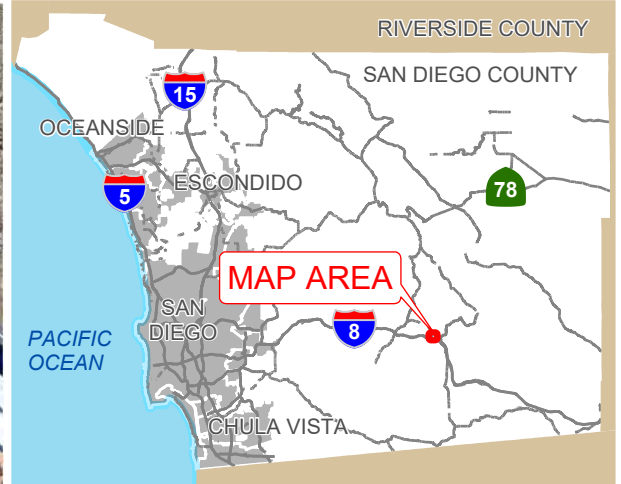
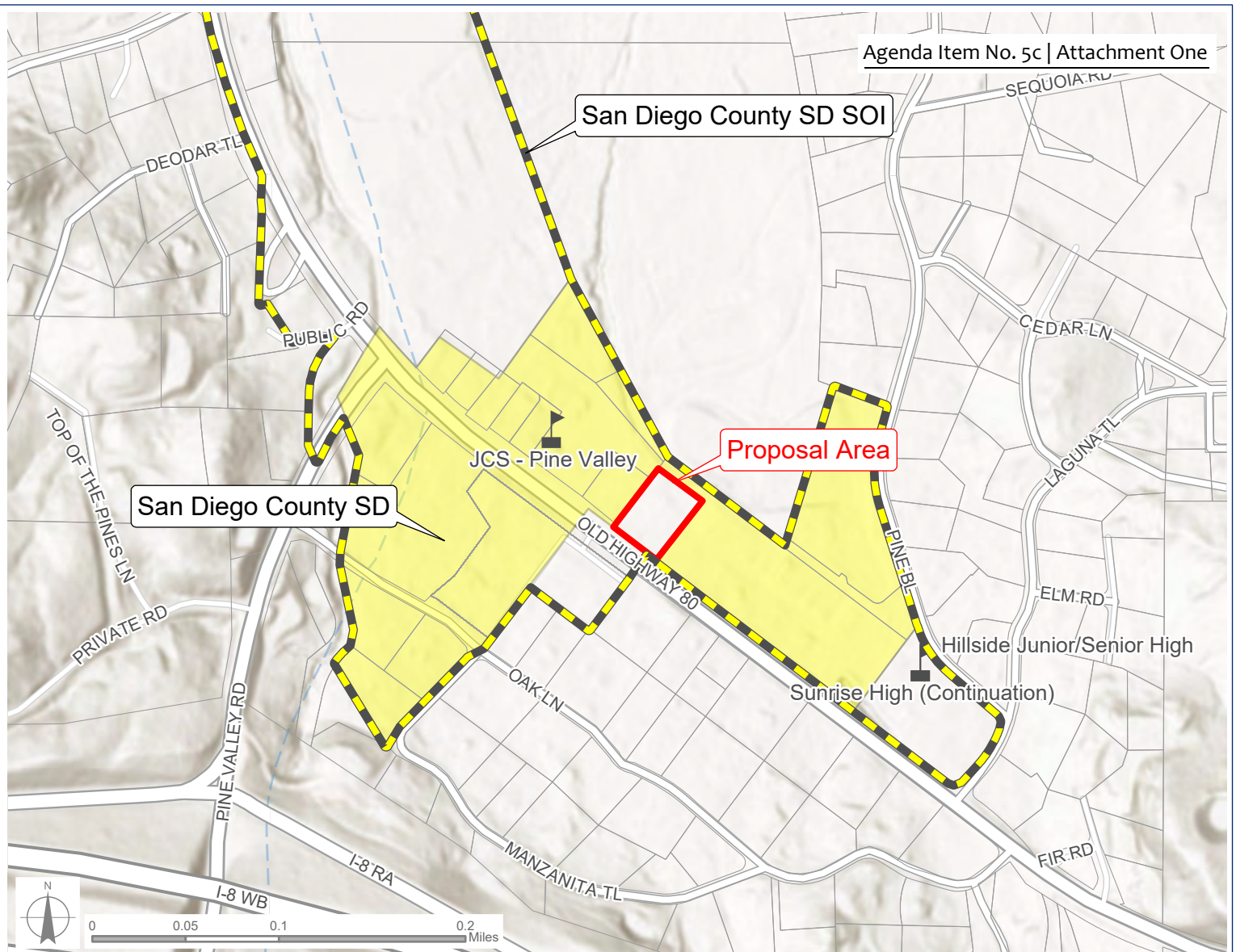
- q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information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

The County of San Diego General Plan includes a hazard mitigation plan addressing risks and ways to mitigate damage by human and natural-caused disasters, including wildfire, flooding, and seismic activity. The affected territory is designated a “Very High” fire hazard severity zone and a “Low” earthquake hazard zone.⁸

⁸ The Modified Mercalli Intensity (MMI) scale measures how much shaking can be expected from future earthquakes. The MMI is based on the amount of shaking that has a 2% chance of being exceeded in the next 50 years. In California, the lowest level of shaking is a 3, which means strong shaking. Level 4 indicates very strong shaking. Source: [County of San Diego Know Your Hazards Tool](#).

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

Approval of the change of organization for the affected territory would serve the best interests of current and future landowners and visitors by providing permanent access to reliable public wastewater service. Annexation would replace the existing temporary service arrangement and serve as the preferred alternative for establishing permanent wastewater service, formally designating County SD as the wastewater service provider for the affected territory under State law.



CO25-13 "GOODWIN - PINE VALLEY IMPROVEMENT CLUB
CHANGE OF ORGANIZATION" | ANNEXATION TO
SAN DIEGO COUNTY SANITATION DISTRICT AND
RELATED ACTIONS

- Proposal Area
 - San Diego County SD
 - San Diego County SD SOI
- SOI = Sphere of Influence

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DRAFT RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A CHANGE OF ORGANIZATION

**“GOODWIN – PINE VALLEY IMPROVEMENT CLUB CHANGE OF ORGANIZATION”
ANNEXATION TO THE SAN DIEGO COUNTY SANITATION DISTRICT AND RELATED ACTIONS
(LAFCO FILE NO: CO25-13)**

WHEREAS, pursuant to powers and policies under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the San Diego County Local Agency Formation Commission, hereafter referred to as the “Commission,” authorized a temporary out-of-agency wastewater service agreement on July 22, 2025 between the San Diego County Sanitation District, hereafter referred to as the “District,” and the landowner involving an unincorporated property in Pine Valley identified by the County Assessor as 410-120-07; and

WHEREAS, the Commission conditioned its authorization to the District to provide temporary out-of-agency wastewater service to the affected territory in Pine Valley as identified above on filing an annexation application within one calendar year unless extended by the LAFCO Executive Officer; and

WHEREAS, on September 16, 2025 Mike Goodwin – on behalf of the affected territory’s landowner, Pine Valley Improvement Club – filed a petition to initiate proceedings and an application with the Commission; and

WHEREAS, the application before the Commission seeks to fulfill this earlier condition and requests approval for a change of organization to annex 0.69-acres of territory within the unincorporated community of Pine Valley to the District; and

WHEREAS, the affected territory as proposed is developed with a commercial facility – community clubhouse known as the Pine Valley Improvement Club – and with a situs address of 28890 Old Highway 80; and

WHEREAS, an applicable Master Property Tax Transfer Agreement dated December 14, 1982 will govern the property tax exchange and applies to the proposed change of organization of the affected territory; and

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

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

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on March 2, 2026; and

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

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

1. The public meeting was held on the date set therefore, and due notice of said meeting was given in the manner required by law.
2. At the public meeting, the Commission considered the Executive Officer's report.
3. With respect to considering the effects of the proposed change of organization under the CEQA, the Commission makes the following finding:
 - San Diego LAFCO serves as the lead agency for assessing potential environmental impacts under CEQA for the proposed change of organization. The Commission determined the proposal qualifies as a project under CEQA but is categorically exempt from further environmental review pursuant to State CEQA Guidelines Section 15320. This exemption appropriately applies given the change of organization does not result in a change in the geographical area in which previously existing powers are exercised and given the affected territory is currently receiving wastewater service from San Diego County Sanitation District.
4. The Commission CONDITIONALLY APPROVES the change of organization to the District without modifications subject to conditions as provided and subject to recordation of a certificate of completion for the proposal. Approval involves all the following:
 - a) Annexation of the affected territory to the San Diego County Sanitation District as shown in "Exhibit A" and described in "Exhibit B".
5. The Commission CONDITIONS approval on the following terms being satisfied by March 2, 2027 unless an extension is requested in writing and approved by the Executive Officer:
 - a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.
 - b) Submittal to the Commission of final map and geographic description of the affected territory as approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Division.
 - c) Submittal to the Commission of the following payments:
 - o A check made payable to LAFCO in the amount of \$50.00 for the County of San Diego-Clerk Recorder to reimburse for filing one CEQA Notice of Exemption consistent with the findings in the resolution.

- o A check made payable to the State Board of Equalization for processing fees in the amount of \$300.00.
- 6. The Commission assigns the proposal the following short-term designation:

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

**

PASSED AND ADOPTED by the Commission on March 2, 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

**

ATTEST:

Keene Simonds
Executive Officer

EXHIBIT A
MAP OF AFFECTED TERRITORY

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EXHIBIT B
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

-Placeholder-

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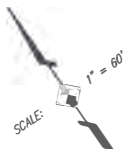
Part IVb: LANDOWNER PETITION

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

Each of the undersigned states:

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

Name of Signer	Assessor's Parcel Number(s)	Date Signed	Official Use
Sign <u><i>Mike Goodwin</i></u> Print <u>Mike Goodwin Vice Pres</u> <u>PINE VALLEY IMPROVEMENT CLUB</u>	410-120- 07-00	8/28/ 2025	
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			

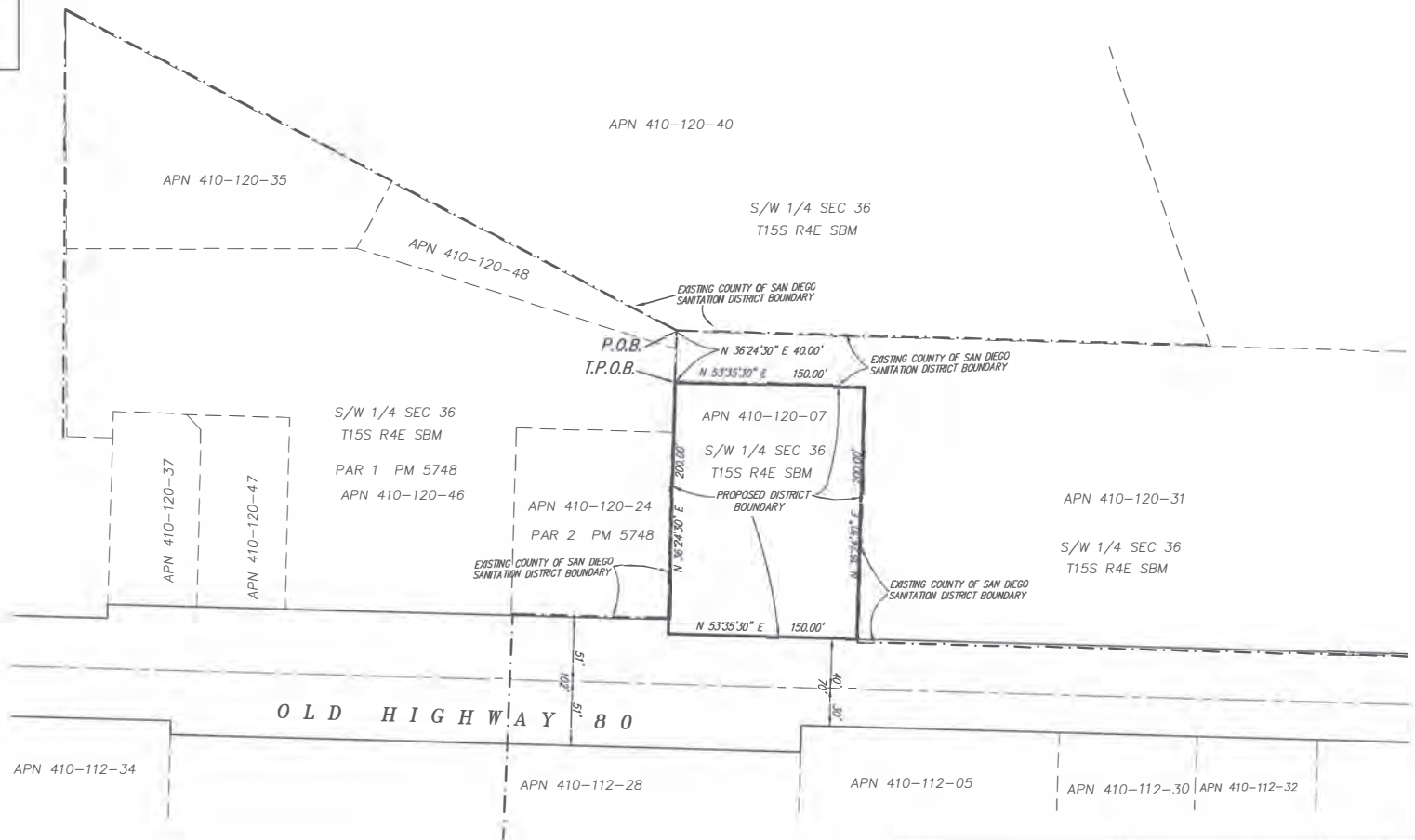


0' 30' 60' 120' 180'
GRAPHIC SCALE: 1" = 60'

ANNEXATION TO THE COUNTY OF SAN DIEGO SANITATION DISTRICT LAFCO REFERENCE NO. R_____

LEGEND:

- INDICATES EXISTING COUNTY OF SAN DIEGO SANITATION DISTRICT BOUNDARY
- INDICATES PROPOSED COUNTY OF SAN DIEGO SANITATION DISTRICT BOUNDARY
- P.O.B. INDICATES POINT OF BEGINNING



DISCLAIMERS:

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

ASSESSOR'S PARCEL NUMBERS: 410-120-07	LAFCO RESOLUTION NO:	ACREAGE 0.689 ACRE	DATE: 09-08-25	SCALE: 1" = 80'
COUNTY OF SAN DIEGO SANITATION DISTRICT ANNEXATION NO. PORTION OF THE SOUTHWEST 1/4 OF SECTION 36, TOWNSHIP 15 SOUTH, RANGE 4 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.	 43950 MARGARITA RD., SUITE "C" TEMECULA, CA 92592 (951) 587-2020			

September 8, 2025
J.N. 25-404.0

ANNEXATION NO. _____

ANNEXATION TO SAN DIEGO COUNTY SANITATION DISTRICT
GEOGRAPHIC DESCRIPTION

BEING A PORTION OF THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 15 SOUTH, RANGE 4 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF PARCEL 1 OF PARCEL MAP NO. 5748, BEING ALSO A POINT ON THE BOUNDARY OF THE EXISTING COUNTY OF SAN DIEGO SANITATION DISTRICT;

THENCE, (1) ALONG THE EASTERLY BOUNDARY OF SAID PARCEL 1, SOUTH 36°24'30" WEST 40.00 FEET TO THE **TRUE POINT OF BEGINNING**;

THENCE (2) CONTINUING ALONG SAID DISTRICT BOUNDARY, NORTH 53°35'30" EAST 150.00 FEET;

THENCE (3) CONTINUING ALONG SAID DISTRICT BOUNDARY, SOUTH 36°24'30" WEST 200.00 FEET;

THENCE (4) LEAVING SAID DISTRICT BOUNDARY SOUTH 53°35'30" WEST 150.00 FEET

THENCE (5) ALONG SAID DISTRICT BOUNDARY NORTH 36°24'30" EAST 200.00 FEET TO THE **TRUE POINT OF BEGINNING**.

CONTAINS 0.689 ACRES OF LAND, MORE OR LESS.

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

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

5d

AGENDA REPORT Consent | Information

March 2, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: Report on Applicant Proposals

SUMMARY

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

BACKGROUND

Procedures and Timelines

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

Administration

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E lafo@sdcounty.ca.gov
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County of San Diego

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County of San Diego

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Chair Kristi Becker
City of Solana Beach

Dane White
City of Escondido

John McCann, Alt.
City of Chula Vista

Stephen Whitburn
City of San Diego

Marni von Wilpert, Alt.
City of San Diego

Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

DISCUSSION

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

Twenty-three (23) active proposals are currently on file. Twenty (20) are under review pending Commission consideration, while three (3) await recordation following conditional approval.¹ Staff have identified six (6) pending proposals with prospective applicants. A complete listing of all active and pending proposals is provided in Attachment One.

ANALYSIS

None.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

None.

PROCEDURES

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

On behalf of the staff,



Joelle Burila
Analyst I

Attachment:

- 1) Active and Pending Proposals as of February 27, 2026

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

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSAL APPLICATIONS <u>PENDING COMMISSION ACTION</u>				
1	CO21-09	“Otay Lakes Road Change of Organization” - City of Chula Vista: Annexation	Michaela Peters	Application submitted in October 2022 by landowner petition to annex approximately 1,870 acres of unincorporated territory to the City of Chula Vista. (The petitioners originally filed an application in October 2021 seeking approval to annex into the San Diego County Sanitation District. This previous application has since been withdrawn.) The affected territory comprises 6 parcels within the Baldwin and Moller communities and is presently undeveloped. The proposal is intended to facilitate the development of a 1,938 residential subdivision with various ancillary uses as part of the “Otay Ranch Resort Village 13” project. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant – including an agreement with LAFCO to proceed with a targeted/informing municipal service review. Staff last corresponded with the applicant in May 2024.
2	CO22-08 OAS22-08	“Martinez - North Avenue Reorganization” - City of Escondido: Annexation - County Service Area No. 135: Detachment - Deer Springs Fire Protection District: Detachment	Joelle Burila	Application submitted in April 2022 by landowner petition and involves an outside-of-agency service agreement for wastewater services to a single-family residence totaling 0.25 acres to remedy a failing septic system. The Executive Officer administratively approved the service request on May 3, 2022 with a conditional approval to annex into the City of Escondido. The application is incomplete pending receipt of additional documentation and related information. Staff last corresponded with the applicant in April 2025.
3	RO22-11	“Tummala - Rincon MWD Reorganization” - Rincon del Diablo MWD: Annexation - Metropolitan Water District: Annexation - San Diego CWA: Annexation	Michaela Peters	Application submitted in October 2022 by landowner petition involving annexation of approximately 20 acres of unincorporated territory to make available public water services. The affected territory is currently vacant and undeveloped. The proposal's purpose is to position the landowner to proceed in the future with a development plan with the County of San Diego. The application is incomplete pending receipt of additional documentation and related information. Staff last corresponded with the applicant in July 2022.

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

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
7	RO24-08 OAS24-08	“Shen – Pinecrest Ave Out-of-Agency Service Agreement” - City of Escondido: Annexation - County Service Area No. 135: Detachment	Meghan Traynor	Application submitted in August 2024 by landowner petition involving an out-of-agency service agreement to establish wastewater services to a single-family residence totaling 1.09 acres to remedy to a failing septic system. The Executive Officer administratively approved the service request on September 6, 2024. The proposal was approved as a consent (information only) item as part of the Commission’s October 7, 2024. The administrative approval is conditioned on the landowner submitting a complete change of organization application to LAFCO for formal annexation into the City of Escondido within one calendar year unless a time extension is authorized. The application is incomplete pending receipt of a complete application and related information. Staff last corresponded with the applicant in February 2026.
8	RO24-12 OAS24-12	“Delgado-Andrade – 24th Street Outside-of-Agency Service Agreement” - City of National City: Annexation - City of National City: Sphere Action (+) - County Service Area No. 135: Detachment - Lower Sweetwater Fire Protection District: Detachment - South Bay Irrigation District: Detachment	Joelle Burila	Application submitted in August 2024 by landowner petition involving an out-of-agency service request for wastewater services to a developed single-family residence on less than an acre to remedy a failing septic system. The Executive Officer administratively approved the service request on October 23, 2024 and the proposal was approved as a consent item as part of the Commission’s November 4, 2024 meeting. The administrative approval is conditioned on the landowner submitting a complete application to LAFCO for formal annexation into the City of National City within one calendar year unless a time extension is authorized. The application is incomplete pending receipt of a complete application and related information. Staff last corresponded with the applicant in November 2025.
9	SRO24-15	“La Jolla Incorporation” - La Jolla: Incorporation - City of San Diego: Detachment - City of San Diego: Sphere Action (-)	Priscilla Mumpower	Notice of Intent to Circulate Petition was submitted May 2024 in anticipation of a special reorganization application filing. The proposal involves the detachment of approximately 8,371 acres from the City of San Diego and the incorporation of the community of La Jolla, along with conforming sphere of influence amendments. LAFCO staff has confirmed the proponents have collected enough valid petitions equal to no less than 25% of all registered voters within the proposed municipal boundary, which covers the entirety of the 92037 zip code with an estimated population of 47,000. LAFCO staff will now proceed in initiating the administrative review on the proposal and headlined by selecting an outside consultant to prepare a comprehensive fiscal analysis evaluating the ability of La Jolla to fund a sufficient level of municipal services while assessing monetary impacts to the City of San Diego. A Request for Proposals was distributed in January 2026, with a proposal submittal deadline of March 10, 2026.

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

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
13	OAS25-09	“Mayer – Santa Fe Avenue Out-of-Agency Wastewater Services” - Buena Sanitation District: OAS	Joelle Burila	Application submitted in March 2025 by the Buena Sanitation District on behalf of the landowner requesting out-of-agency wastewater services to facilitate the development of a 46-unit townhouse development on approximately 2.91-acres. The affected territory includes three APNs located in the City of San Marcos. The application is incomplete pending receipt of CEQA documentation, a complete application and related information. Staff last corresponded with the applicant in December 2025.
14	CO25-12	“Kukkal – Valley Court Change of Organization” - Whispering Palms CSD: Annexation	Joelle Burila	Application submitted in May 2025 by landowner petition involving annexation of approximately 2.07 acres to the Whispering Palms Community Services District for the primary purpose of establishing wastewater services. The affected territory is currently undeveloped with plans to develop one single-family residence, one ADU and one pool house. The application is incomplete pending receipt of a complete application and related information. Staff last corresponded with the applicant in February 2026.
15	OAS25-13 CO25-13	“Goodwin – Pine Valley Improvement Club Out-of-Agency Wastewater Services” - San Diego County Sanitation District: Annexation	Meghan Traynor	Application submitted in July 2025 on behalf of the Pine Valley Improvement Club requesting out-of-agency wastewater services to accommodate an existing commercial building to remedy a public health risk posed by the proximity of the existing septic system to a non-conforming well on-site. The Executive Officer administratively approved the service request on July 22, 2025. The proposal was approved as a consent (information only) item as part of the Commission’s August 4, 2025 meeting. The administrative approval is conditioned on the landowner submitting a complete change of organization application to LAFCO for formal annexation into the San Diego County Sanitation District within one calendar year unless a time extension is authorized. The Commission is scheduled to consider the change of organization proposal as a consent item at its March 2, 2026 meeting.

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
16	CO25-15	“Jaiswal – Rio Vista Road Change of Organization” - Rancho Santa Fe CSD: Annexation	Meghan Traynor	Application submitted in October 2025 by landowner petition involving annexation of approximately 2.6 acres of unincorporated territory in the San Dieguito community to the Rancho Santa Fe Community Services District for the primary purpose of establishing wastewater service. The affected territory consists of four parcels: three are developed with single-family residences, while one remains undeveloped with no current plans for development on any of the parcels. The proposal is currently under administrative review and considered incomplete at this time. Staff last corresponded with the applicant in January 2026.
17	RO26-01	“Turner – Oak Creek Drive Reorganization” - Lakeside WD: Annexation - Lakeside WD: Sphere Action (+) - Padre Dam MWD: Detachment - Padre Dam MWD: Sphere Action (-)	Joelle Burila	Application submitted in January 2026 by the Lakeside Water District on behalf of the landowner involves the annexation of approximately 2.3 acres of unincorporated territory in the Lakeside community to the Lakeside Water District for the primary purpose of establishing potable water service. The affected territory consists of two parcels: both are undeveloped, with plans for the construction of a single-family residence on one of the parcels. The proposal is currently under administrative review and considered incomplete at this time. Staff last corresponded with the applicant in February 2026.
18	RO26-02	“Tipton – Rock Springs Road Reorganization” - Vallecitos Water District: Annexation - Vista Irrigation District: Detachment	Michaela Peters	Application submitted in January 2026 by landowner petition involving annexation of 0.72 acres of unincorporated territory in Escondido to the Vallecitos Water District with a concurrent detachment from the Vista Irrigation District. The proposed annexation is intended to facilitate the provision of public wastewater service to an existing single-family residence currently served by a septic system, allowing for conversion to public sewer service. The subject parcel is presently served by the Vista Irrigation District (VID) for potable water; however, detachment from VID is required, as VWD would provide both water and wastewater services under the proposal. The proposal is currently under administrative review and considered incomplete at this time. Staff last corresponded with the applicant in February 2026.

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
19	CO26-03	“Palacharla – Artesian Road Change of Organization” - Rancho Santa Fe CSD: Annexation	Meghan Traynor	Application submitted in January 2026 by landowner petition involving annexation of 5 acres of unincorporated territory in the San Dieguito community to the Rancho Santa Fe Community Services District for the purpose of receiving wastewater service to facilitate the planned development of a single-family residence and attached accessory dwelling unit. The proposal is currently under administrative review and considered incomplete at this time. Staff last corresponded with the applicant in January 2026.
20	OAS26-04	“Shallal – Jacumba Gas Out-of-Agency Wastewater Services” - Jacumba Community Services District: OAS	Meghan Traynor	Fee submitted in January 2026 for an anticipated change of organization application involving the annexation of approximately 5.0 acres of unincorporated territory to the Jacumba Community Services District for the purpose of receiving potable water service. The affected territory is presently developed with two gas stations, each with a commercial building, that were previously served by a private water supplier. The application is incomplete pending receipt of a complete application and related information. Staff last corresponded with the applicant in February 2026.

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSALS <u>POST COMMISSION ACTION</u>				
21	CO22-20	“Camino De La Fuente - Wick Change of Organization” - San Diego County SD: Annexation	Michaela Peters	Application submitted in November 2022 by landowner petition and involves annexation of approximately 35.3 acres of unincorporated and undeveloped territory to the San Diego County Sanitation District to make available public water and wastewater services. The proposal’s purpose is to position the landowner to proceed in the future with a development plan to grade the land for future industrial and outdoor storage uses. The proposal was approved by the Commission on October 2nd, 2023. The applicant requested a formal extension to September 18th, 2025 to satisfy the necessary terms and conditions outlined in the adopted resolution. The applicant filed an additional extension to October 2nd, 2026.
22	RO19-26	“Valiano - Eden Valley Reorganization” - San Marcos FPD: Annexation - Rancho Santa Fe FPD: Detachment - Rancho Santa Fe FPD: Sphere Action (-) - Rancho Santa Fe FPD: Extraterritorial Fire	Michaela Peters	Application submitted in January 2025 by landowner petition and the City of Escondido involving a reorganization as part of the “Valiano” planned development in Harmony Grove. The reorganization involves the concurrent annexation of 10.8 unincorporated acres to San Marcos FPD with detachment from Rancho Santa Fe FPD and related sphere amendments. The proposal was approved by the Commission on October 6, 2025 and now pending completion of terms and conditions as set forth by the Commission.
23	CO25-11 OAS25-11	“Halstead – Olivewood Lane Change of Organization” - San Diego County Sanitation District: Annexation	Joelle Burila	Application submitted in April 2025 by the San Diego County Sanitation District on behalf of the landowner requesting out-of-agency wastewater services to accommodate an existing single-family residence to remedy a failing septic system. The Executive Officer administratively approved the service request on April 23, 2025. The administrative approval is conditioned on the landowner submitting a complete change of organization application to LAFCO for formal annexation into the San Diego County Sanitation District within one calendar year unless a time extension is authorized. The Commission conditionally approved the out-of-agency wastewater service agreement on June 2, 2025. The change of organization proposal was approved by the Commission on February 2, 2026 and is now pending completion of terms and conditions set forth by the Commission.

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
PENDING PROPOSAL APPLICATION SUBMITTALS (No project manager; inquiries should be directed to Keene Simonds)				
	Pending	“Harvest Hills Reorganization” - City of Escondido: Annexation		This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido. Submittal to LAFCO anticipated for late 2020-2021 if approved by Escondido. The anticipated proposal involves annexation of approximately 1,098 acres to the City for the primary purpose of developing a 550-lot residential subdivision. All the affected territory presently lies outside the adopted Escondido sphere. Due to the scope of the proposal area a comprehensive update of the City’s sphere is warranted along with preparing the supporting municipal service review document. These and other service-related issues have been communicated to the City and are currently under joint review with other local stakeholders. Project was originally titled as “Safari Highlands”.
	Pending	“Rancho Lomas Verde Reorganization” - City of Vista: Annexation		This anticipated reorganization proposal is undergoing development and environmental review by the City of Vista. The proposal involves annexation of approximately 300 acres to the City of Vista and concurrent detachments from CSA 135 and the Vista FPD to facilitate a 153-lot residential development. Close to three-fourths of the project area lies outside the adopted Vista sphere. Due to the scope of the proposal area a comprehensive update of the City’s sphere is warranted along with preparing the supporting municipal service review document. These and other service-related issues have been communicated to the City and are currently under joint review with other local stakeholders.
	Pending	“Sager Ranch Reorganization” - City of Escondido: Annexation		This anticipated reorganization involves annexation of approximately 1,800 unincorporated acres to the City of Escondido and concurrent detachments from CSA 135 and the Valley Center FPD. The reorganization would facilitate the proposed development of approximately 200 acres to include 203 residential units and a 225-room resort. Portions of the project area lie outside the current City sphere. Fire protection services remain a key discussion point and the source of ongoing discussions with the proponents.

March 2, 2026

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
	Pending	“Harmony Grove Village South” (TM-626) - Rincon del Diablo MWD: Annexation		This anticipated reorganization involves the unincorporated Harmony Grove Village South project and specific to accommodating sewer services (among a variety of options) for the planned development of approximately 111 acres to include 453 residential units. On January 27, 2020 the San Diego Superior Court overturned the County’s development approvals for the project. Appeals are pending with no update as of this report.
	Pending	“Escondido Village – Unison Communities” - City of Escondido: Annexation		This anticipated reorganization involves annexation of approximately 17 unincorporated acres to the City of Escondido. The reorganization would facilitate connectivity to public wastewater service and in doing so accommodate the proposed development of approximately 200 residential units on the affected territory. The entire project lies within the City of Escondido sphere of influence. Complete application is pending.
	Pending	“Pasqual Heights – Touchstone Communities” - City of Escondido: Annexation		This anticipated out-of-agency service agreement involves approximately 10.4 unincorporated acres to the City of Escondido. The OAS would facilitate connectivity to public wastewater service and in doing so accommodate the proposed development of a 42-Single- Family unit subdivision within the affected territory. The entire project lies within the City of Escondido sphere of influence although not contiguous to the established service area boundary. Complete application and letter of request via the City is pending.



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT Consent | Information

March 2, 2026

TO: Chair Becker and Commissioners

FROM: Joelle Burila, Analyst I
Patrick Bouteller, LAFCO Consultant

SUBJECT: Legislative Report

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive monthly legislative updates on existing and anticipated bills as part of the second-year legislative session. This report is for information only.

BACKGROUND

The California Legislature reconvened for the second year of the 2025–26 Regular Session on January 5, 2026. The deadline for introducing new legislation was February 20, 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 San Diego LAFCO to receive an update on proposals 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 general direction.

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Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

Introduced Legislation

Since the 2026 legislative session reconvened on January 5, 2026, this report highlights two bills of interest carried over from the prior session — AB 259 and AB 256. There have been no new updates since the Commission received its last legislative report on February 2, 2026.

- **AB 259 (Rubio, Blanca)**

- Open Meetings and Continued Access to Teleconferences**

- This bill is of statewide interest and would extend the authorization for legislative bodies of local agencies – including LAFCOs – to use modified teleconferencing procedures during declared emergencies through January 1, 2030. It preserves existing requirements related to public notice and agenda posting while allowing remote participation under defined emergency conditions. San Diego LAFCO adopted a support position on March 2nd. The bill passed the Assembly and a hearing of the bill by Senate Committees on Local Government and Judiciary have been postponed with it now reverting into a two-year bill.

- **AB 356 (Patel, Darshana)**

- Healthcare Districts in Northern San Diego County**

- This bill is of local interest and was initially introduced to establish a state-directed working group to assess healthcare access in northern San Diego County and focusing on the Palomar Healthcare District's service area. In response to the Commission taking a support-if-amended position, the bill has been updated to include LAFCO as one of the listed stakeholders and in doing so providing connectivity to the Commission's oversight of Palomar and current municipal service review activities. LAFCO Consultant Adam Wilson provided supportive testimony for the author in conjunction with her accepting the Commission's amendments. While the bill passed through the Assembly, amendments requested by other stakeholders are currently under review, with the author agreeing to transition to a two-year bill.

Pending Legislation | UC Berkely Report Legislation

At the February 2, 2026 meeting, staff presented the Commission a draft legislative proposal intended to strengthen LAFCOs' ability to carry out their statutory duties and responsibilities. The development of the proposal was part of the Commission's adopted workplan and drew on a recent University of California, Berkeley report, with specific amendments developed by a coalition of LAFCOs — including San Diego staff — and nonprofit organizations.

The proposal as currently drafted focuses on three legislative changes: 1) authorize LAFCOs to initiate boundary changes and extraterritorial services in response to documented public health and safety threats involving water or wastewater; 2) require noticed hearings for municipal service reviews and written responses from subject agencies; and 3) extend information-sharing requirements to mobile home parks operating community water systems.

Commission discussion concluded with a request to continue consideration to the March 2026 meeting. Staff has since received an update from the bill's tentative author, Senator Laird (Santa Cruz), indicating he will not proceed during the current legislative session given the absence of broader support from LAFCOs – including a sponsor. San Diego LAFCO staff will continue coordinating with stakeholders to further refine the proposal and pursue introduction in the 2027 legislative session.

ANALYSIS

None.

RECOMMENDATION

This item is presented to the Commission for information only.

ALTERNATIVES FOR ACTION

None.

PROCEDURES

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

On behalf of the Executive Officer,



Joelle Burila
Analyst I

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San Diego County Local Agency Formation Commission

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AGENDA REPORT Consent | Action

March 2, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: Approval of Multi-Year Independent Audit Contract, FY26 through FY29

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider approval of a four-year independent audit contract with Davis Farr, LLP (Irvine) to provide financial statement auditing services beginning with fiscal year 2025-2026 through 2028-2029. The recommendation follows a competitive request for proposals (RFP) process conducted jointly by San Diego and three other LAFCOs (Los Angeles, Orange, and San Bernardino) through a newly formed partnership, Alliance of LAFCOs. It also satisfies a separate workplan project. Davis Farr was the top-ranked firm among three respondents based on an evaluation of cost, work plan, qualifications, and project schedule. The proposed first-year expense for San Diego totals \$12,350 with gradual yearly increases before reaching \$13,620 in the final year.

BACKGROUND

Adopted Policies | Selection of Independent Auditor and Audit Expense Approval

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

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General Public

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General Public

Alliance of LAFCOs | RFP for Auditing Services

The Alliance of LAFCOs was created by memorandum of understanding in July 2025 between San Diego, Los Angeles, Orange, and San Bernardino LAFCOs to provide shared services with respect to information exchanges, continuing education, and legislative advocacy. The Alliance – among other initial shared service objectives of the member agencies – agreed to solicit bids from qualified accounting firms to provide independent audit services for all four LAFCOs beginning with FY2026. An RFP was subsequently issued by the Alliance in November 2025 and generated three formal bids by the December 2025 deadline from the following firms: Davis Farr, Harshwal and Company (San Diego), and Vasquez and Company (Los Angeles). Each proposal was evaluated using a standardized scoring framework covering four weighted criteria: cost, work plan, qualifications and experience, and project schedule.

DISCUSSION

This item is for San Diego LAFCO to consider a recommendation to approve a four-year independent audit contract with Davis Farr to review the Commission’s financial statements beginning with 2025-2026. Davis Farr emerged as the top-ranked firm through the Alliance’s competitive evaluation process based on the strength of their proposal across all four scoring criteria. The firm previously served as LAFCO’s independent auditor as late as 2018-2019 and most recently performed a one-year bridge audit for the Commission covering 2024-2025 following the conclusion of a multi-year audit contract with O’Connor and Associates (San Rafael) and Commission direction via the workplan to solicit bids for a new multi-year audit contract. The proposed engagement team includes Jennifer Farr as lead partner, Shannon Ayala as quality control reviewer, and dedicated audit supervisors that would be assigned and rotated (Stephen Scannell, Sami Fong, and Freddy Mojica).

With respect to costs, the fees for San Diego LAFCO over the four-year contract term are summarized in the table below alongside the fees for the other three Alliance members and reflects an adjustment by Davis Farr from their original proposal following negotiations.

LAFCO	FY 2026	FY 2027	FY 2028	FY 2029	4-Yr Total
San Diego	\$12,350	\$12,720	\$13,100	\$13,620	\$51,790
Los Angeles	\$12,350	\$12,720	\$13,100	\$13,620	\$51,790
Orange	\$12,350	\$12,720	\$13,100	\$13,620	\$51,790
San Bernardino	\$11,000	\$11,330	\$11,670	\$12,140	\$46,140

With respect to scope, the Davis Farr proposal covers the preparation of an annual audit report and accompanying management letter in accordance with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards. Davis Farr will also prepare the Commission’s basic financial statements, test compliance with applicable laws and regulations, evaluate internal controls, and report any significant findings to the Commission.

ANALYSIS

The proposed contract for auditing services by Davis Farr before San Diego LAFCO meets the Commission's workplan directive to procure a new multi-year audit contract and does so through the enhanced purchasing power of the Alliance. The first-year contract cost to San Diego of \$12,350 represents a decrease from the \$12,950 paid for the 2024-2025 bridge audit. This recommended expense can be readily accommodated in the LAFCO budget.

RECOMMENDATION

It is recommended San Diego LAFCO approve the independent audit expense with Davis Farr in the amount of \$12,350 to provide an audit report for 2024-2025. (Subsequent approvals covering the remaining audit years covered under the Davis Farr proposal will be forwarded to the Commission for consideration each year consistent with policy.)

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO.

Alternative One (recommended):

Approve the independent audit expense with Davis Farr for a four-year period beginning for FY2026 at a cost of \$12,350.

Alternative Two:

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

PROCEDURES

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

Respectfully,



Keene Simonds
Executive Officer

Attachments:

- 1) Davis Farr Proposal
 - a. Proposed Fees
- 2) Hashawl and Company Proposal
- 3) Vasquez and Company Proposal

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PROPOSAL FOR INDEPENDENT AUDIT SERVICES

Prepared By:

Davis Farr LLP

18201 Von Karman Avenue, Suite 1100
Irvine, California 92612

Contact Person:

Jennifer Farr, CPA, MBA | Partner

Office: 949.474.2020 | Direct: 949.783.1740

Email: jfarr@davisfarr.com



Los Angeles Local Agency Formation Commission
Orange Local Agency Formation Commission
San Bernardino Local Agency Formation Commission
San Diego Local Agency Formation Commission

December 2, 2025

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APPENDIX

- Peer Review Documentation
- Resumes

December 2, 2025

Attn: Adriana Romo, Deputy Executive Officer
Los Angeles Local Agency Formation Commission
80 South Lake Avenue, Suite 870
Pasadena, CA 91101

Dear Ms. Romo:

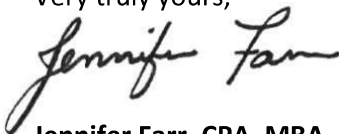
We are pleased to provide our proposal to perform audit services to the Los Angeles, Orange, San Bernardino, and San Diego Local Agency Formation Commissions ("Commissions") for the fiscal year ending June 30, 2026 through 2029, with an optional extensions through 2031.

Our service philosophy is one of open and constant communication, a proactive approach and responsive, value-added services. We will listen to your ideas and concerns and will bring creative solutions to you in both financial and other operational areas. We are aware that while the Commissions have solicited numerous proposals, Davis Farr LLP would be your best selection for the following reasons which are set forth in greater detail in our proposal:

- We specialize in auditing California governments and special districts. We have extensive experience auditing Local Agency Formation Commissions and are currently the auditors for the following LAFCOs: Los Angeles LAFCO, Orange LAFCO, San Bernardino LAFCO, Imperial LAFCO, Riverside LAFCO, Santa Barbara LAFCO, Marin LAFCO, and Santa Cruz LAFCO. Our deep understanding of the systems and operations of LAFCOs enables us to provide high quality audit services to the Los Angeles, Orange, San Bernardino, and San Diego Local Agency Formation Commissions.
- We take a proactive leadership role in local government accounting and auditing issues. Jennifer Farr is a past Chair and Jonathan Foster is the current Chair of the Government Accounting and Audit Committee of the Cal CPA Society. Our Partners are active members of the CSMFO Professional Standards Committee, the GFOA Special Review Committee, and other organizations. Our Partners are frequent speakers on technical topics at conferences and training events throughout California, including the CSMFO Annual Conference.

The proposal is valid for 90 days. We are committed to performing the audits within the required timeframes specified in the request for proposal. Davis Farr and all key personnel are independent with respect to each participating LAFCO and is an Equal Opportunity Employer. We appreciate the opportunity to share our credentials and look forward to further developing our professional relationship. I look forward to you contacting me so that I may answer any questions which you may have. You may contact me at (949) 783-1740 or by email at jfarr@davisfarr.com.

Very truly yours,



Jennifer Farr, CPA, MBA
Partner

Section A – About Davis Farr LLP

Background Information – Davis Farr LLP is a full-service regional accounting firm that specializes in providing attest and advisory services to federal, state, and local governments out of our California and Washington offices. This engagement would be serviced by our Irvine office. The firm was created in 2015 and our personnel have served governmental entities for over 30 years. A breakdown of our government audit personnel by classification is provided below.

License to Practice in California – Davis Farr LLP and all key personnel are licensed with the California State Board of Accountancy to practice as independent certified public accountants.

Independence and Conflict of Interest – Davis Farr LLP is independent with respect to the Los Angeles, Orange, San Bernardino, and San Diego Local Agency Formation Commissions as defined by U.S. General Accounting Office’s *Government Auditing Standards* and Generally Accepted Auditing Standards. Neither Davis Farr LLP nor the key personnel have any potential or real conflicts of interest. Davis Farr has recently audited the Los Angeles and San Bernardino LAFCOs. In accordance with State law, we propose a Partner rotation and the past primary Partner on those engagements will not be part of the audit team.

Insurance – Davis Farr LLP has sufficient insurance coverage to meet or exceed the Commissions’ requirements and will provide insurance certificates to the Commissions prior to entering into a contract.

Quality Control – Davis Farr LLP and its Partners are members of the American Institute of Certified Public Accountants (AICPA) and is a member of the AICPA’s Government Audit Quality Center. Our firm is a voluntary participant in the AICPA Peer Review Program. Included in the appendix is our most recent Peer Review report where our firm received a *Pass*. A *Pass* demonstrates the highest level of quality control in a Peer Review. The Peer Review included a review of government engagements. Davis Farr LLP and its Partners have not had any disciplinary action taken or pending with state regulatory bodies or professional organizations.

Training – Every professional of the firm must enroll in continuing professional education courses. Each person is required to take at least 80 hours of training over a two-year period including 24 hours a year specific to government accounting and audit topics. Courses cover a wide spectrum of professional and technical subjects, and include Fraud Auditing, Professional Ethics and Governmental Accounting and Auditing topics to help the practitioner maintain his/her professional expertise.



Classification	Number of Employees
<i>Partners</i>	8
<i>Managers</i>	11
<i>Supervisors</i>	8
<i>Seniors</i>	20
<i>Staff</i>	8
<i>Administrative</i>	6
Total personnel	61



Professional Affiliations

Government Audit Quality Center – Davis Farr LLP is a member of the Government Audit Quality Center (GAQC). The GAQC promotes the importance of quality governmental audits and the value of such audits to providers of governmental audit services. GAQC is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits.

National Registry of CPE Sponsors – Davis Farr LLP is registered to provide continuing professional education through the National Association of State Board of Accountancy (NASBA). NASBA recognizes CPE program sponsors who provide continuing professional education programs in accordance with nationally recognized standards. We provide CPE to our clients at our annual GASB Update.

CalCPA – Many of the CPAs employed by Davis Farr LLP are members of CalCPA and regularly participate in chapter meetings, education, and events. CalCPA recognized one of Davis Farr LLP's partners with their **Women to Watch** award in the Experienced Leader category. Davis Farr has presented at several CalCPA **Women's Leadership Forums**. Davis Farr LLP partners are also members of the **Governmental Accounting and Auditing Committee** of the CalCPA. The founding firm Partner Jennifer Farr is the past Chair of the Committee and Partner Jonathan Foster is the current Chair.

American Institute of CPAs – Davis Farr LLP and the firm's Partners are members of the American Institute of CPAs (AICPA). The AICPA develops standards for audits, provides educational guidance materials to its members, and monitors and enforces compliance with the profession's technical and ethical standards.

CSMFO – The Partners of Davis Farr LLP are members of the California Society of Municipal Finance Officers (CSMFO), the statewide organization serving all California municipal finance professionals. Firm personnel regularly attend CSMFO Chapter Meetings and Conferences. The Partners of Davis Farr LLP are frequent presenters on accounting and auditing technical topics at Chapter Meetings and Conferences. Davis Farr has presented at many of the annual CSMFO conferences.

GFOA – The Government Finance Officers Association (GFOA) enhances and promotes the professional management of governmental financial resources by identifying, developing, and advancing fiscal strategies, policies, and practices for the public benefit. The Partners of Davis Farr LLP are members of the Certificate of Achievement Program's Special Review Committee. The Committee reviews Annual Comprehensive Financial Reports submitted to GFOA for the Excellence in Financial Reporting Award Program.



Section B – Qualifications and Related Experience

Davis Farr LLP is a leader in the local government sector throughout the Southern California Area. Currently, we service approximately 70 local, state, and federal government entities. Davis Farr LLP services routinely provided to our clients include, but are not limited to:



Our government expertise includes Cities, Special Districts, and other Governmental entities. Among the government agencies that the professionals of Davis Farr LLP have served recently are the following:

- Cucamonga Valley Water District
- Hass Avocado Board
- Irvine Ranch Water District
- Leucadia Wastewater District
- Los Angeles LAFCO
- Marin LAFCO
- Metropolitan Water District of Southern CA
- Municipal Water District of Southern CA
- Orange County LAFCO
- Orange County Sanitation District
- Otay Water District
- Oxnard Housing Authority
- Placer County Water Agency
- Ramona Municipal Water District
- Rancho California Water District
- San Bernardino LAFCO
- Salton Sea Authority
- San Diego County Water Authority
- San Diego Association of Governments
- San Juan Water District
- Santa Cruz LAFCO
- Santa Barbara LAFCO
- Santa Margarita Water District
- Santa Rosa Regional Resources Authority
- Soquel Creek Water District
- Tahoe Regional Planning Agency
- Tahoe Transportation District
- Vallecitos Water District
- Valley Sanitary District
- Ventura Regional Sanitation District
- Vista Irrigation District
- Yucaipa Valley Water District

Section C – Client References

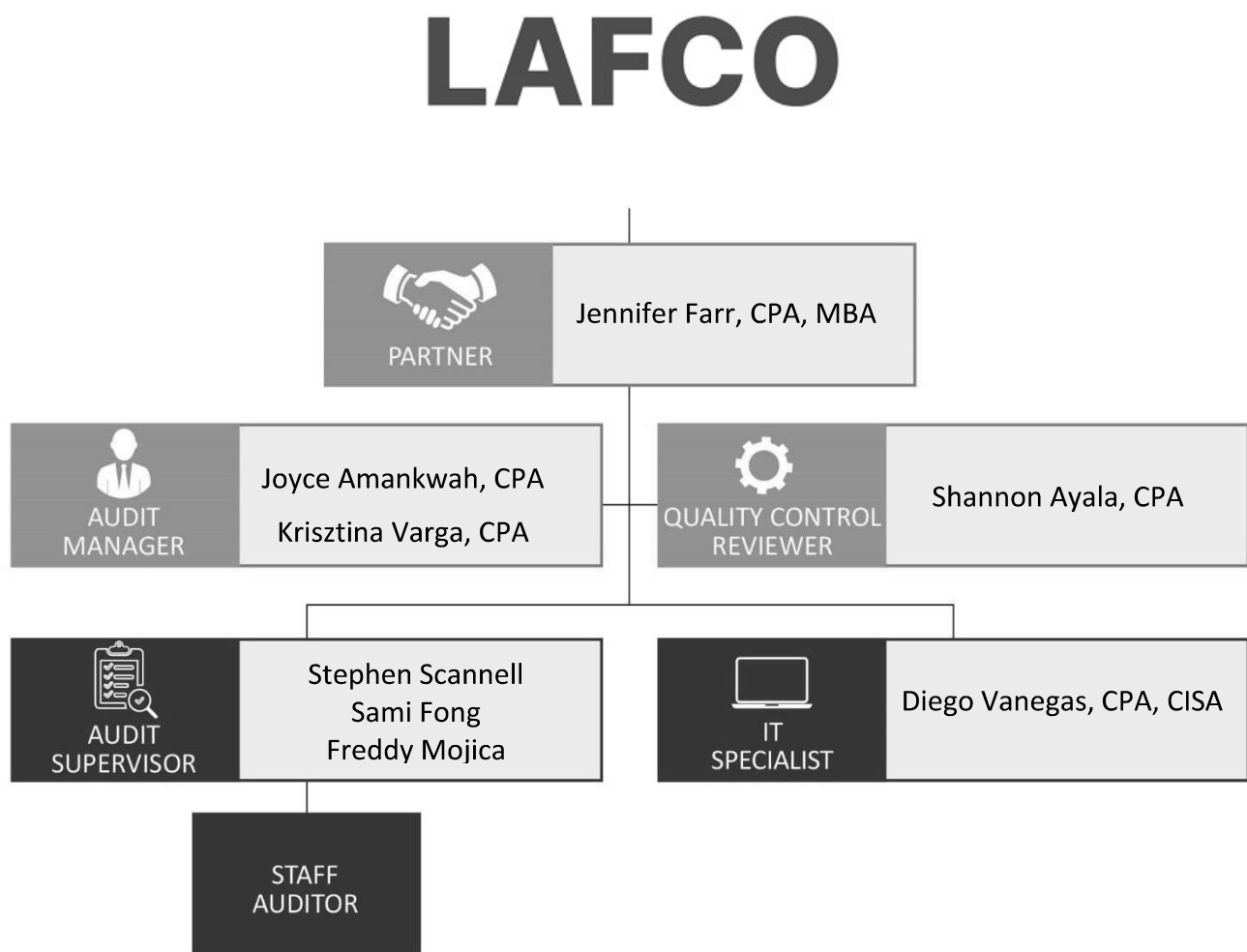
For your convenience, we have listed below references for audit work currently being performed by Davis Farr LLP personnel for several similar government agencies throughout Southern California.

CLIENT 1	Santa Cruz LAFCO 701 Ocean St Santa Cruz, CA Joe Serrano, Executive Officer 831.454.2055 joe@santacruzlafco.org	<i>Scope: Financial Statement Audit</i> <i>Link to last year's audit report</i> <i>Davis Farr presents the results to the Commission when requested</i>	... 90 Hours
CLIENT 2	Santa Barbara LAFCO 105 E Anapamu St Santa Barbara, CA Mike Prater, Executive Officer 805.568.3391 lafco@sblafco.org	<i>Scope: Financial Statement Audit</i> <i>Link to last year's audit report</i> <i>Davis Farr presents the results annually to the Commission remotely on periodic basis</i>	... 100 Hours
CLIENT 3	Marin LAFCO 1401 Los Gamos Dr San Rafael, CA Jason Fried, Executive Officer 415.578.2304 jfried@marinlafco.org	<i>Scope: Financial Statement Audit</i> <i>Link to last year's audit report</i> <i>Davis Farr presents the results annually to the Commission remotely on periodic basis</i>	... 110 Hours

Section D – Partner, Supervisory and Staff Qualifications and Experience

The successful outcome of any audit requires personnel with the managerial and technical skills to perform the work required. The engagement team who will serve the Commissions have served together as a team of professionals on numerous financial audit examinations of local government entities. No key personnel will be removed or replaced without the prior written concurrence of the Commissions. All personnel have obtained at least 40 hours of government yellow book CPE each year (list of CPE course taken available upon request)

We believe that efficient administrative management and supervision of the audits is an extremely critical factor in achieving the desired results for the Commissions. In that regard, our proposal organizational structure for providing independent auditing services is as follows:



Section E – Audit Approach

Davis Farr plans and conducts our engagements in the most efficient manner possible, and our audit approach is unique with regard to the following:

- Our firm is sensitive to the priorities and work requirements of our clients. We work around the schedules of our clients when scheduling segments of the audit or requesting documentation in order to minimize disruption of the Commissions staff and to complete the audit in a timely manner.
- Whenever possible, we use accounting support already prepared by the Commissions staff to avoid duplication or unnecessary requests for audit supporting schedules. Typically, we request support for balance sheet items, the year ending trial balance and cash and long-term debt confirmations.
- Our firm's expertise is in governmental auditing. Our auditors are GASB experts and skilled at addressing audit issues that are specific to local governments. You will not spend time training our personnel.
- When formulating internal control recommendations, we obtain a thorough understanding of the specific circumstances at the Commissions to provide a tailored, practical recommendation.
- Throughout the year we are a resource to our clients in providing accounting advice, researching technical questions, dealing with tax problems, and helping with other problems as they arise.

Audit Software - We utilize CaseWare audit software for the electronic copy of the Commissions workpapers. We have the ability to accept audit documentation in either hard copy or electronic format. CaseWare allows us the ability to import trial balances that can be provided in either excel or a text document. Some of the benefits of using CaseWare trial balance software are as follows:

- We create our own lead sheets (i.e., analytical review comparison schedules). This limits the amount of time finance staff spends creating audit schedules. Our software automatically generates analytical review reports by account number for ease of analyzing significant fluctuations between fiscal years.
- We can link the financial statement schedules directly to the CaseWare trial balances. As a result, we can provide the Commissions with financial statements almost immediately after receiving the trial balance from the Commissions. Additionally, journal entries are easy to post to the financial statement schedules and the risk of data entry error is minimized.
- We can provide the Commissions with reports showing the grouping of the financial statement schedules for ease of review by the Commissions staff. These reports show each account grouped to a specific financial statement line item as well as journal entries that are posted during the audit.

Data Mining Software - We have a dedicated team of personnel trained to use special data mining software, IDEA. Our software uses source data from your accounting system to search for anomalies, such as duplicate or voided checks, cross-referencing vendor addresses with employee addresses, detecting accounting transactions recorded on the weekend, and reviewing journal entry postings for unauthorized individuals. The IDEA software identifies specific transactions for the auditors to review for potential fraud or error.

Internal Control Evaluation - Our approach to evaluating internal controls involves observation and inquiry. We spend time with the personnel responsible for the accounting cycles to gain an understanding of the processes. We also carefully evaluate your policies and procedures. After our initial evaluation, we identify key controls in your processes and design test to evaluate the effectiveness of those processes. In the initial year of the audit, we will focus on the following accounting cycles:

- Billing and cash receipting
- Capital assets
- Purchase and disbursements
- Payroll
- Investment and cash controls
- Information systems

In future years, we will review the accounting cycles noted above but also look at other processes such as credit card transactions, petty cash, inventory controls, offsite cash receipting, employee reimbursements, contract compliance, and other areas. Our goal is to modify our audit approach every year to further evaluate your internal controls.

Audit Stage	Procedures Performed
<i>Planning and Inquiry</i>	During the planning phase of the audit, we plan to perform the following procedures: ✓ Meet with finance personnel to obtain an understanding of significant transactions during the year. ✓ Communicate with the Commission regarding fraud, compliance with laws, and any concerns they have regarding the finances of the Commissions. ✓ Perform internal control evaluations as noted on the previous page. ✓ Determine materiality levels that will be used in selecting audit transactions. ✓ Perform a risk assessment to develop the audit plan for the year. ✓ Review minutes of the Commission meetings. ✓ Review important new contracts, bond documents, and agreements. ✓ Evaluate compliance with investments. ✓ Test purchase orders and contract management. ✓ Test a sample of cash disbursements to determine adherence to policies and internal controls. ✓ Perform a review of the Commissions's information systems and controls. ✓ Provide a GASB Update and templates for implementing new accounting standards including the upcoming lease accounting standard.
<i>Year-End Testing</i>	After the books are closed and ready for audit, we will perform our year-end procedures which include the following: ✓ We will confirm 100% of all cash and investment balances and test market values provided by your investment custodians or the County. ✓ We will test for proper cutoffs of accounts receivable. ✓ We will test additions and deletions to capital assets. We will review depreciation expense for reasonableness. ✓ Evaluate leases for right-of-use accounting and lease liabilities. ✓ We will test current liabilities and perform a search for unrecorded liabilities. ✓ We will review unearned revenue balances for proper cutoffs. ✓ We will test the balances of accrued payroll and employee related liabilities. ✓ We will confirm long-term debt with independent parties, when applicable. ✓ Testing of actuarial valuations and calculations related to pension and OPEB obligations and disclosures under GASB 68 and 75. ✓ Ensure compensated absences is recorded in accordance with GASB 101. ✓ Evaluation of claims and judgments payable. ✓ Testing of restrictions and classifications of net position. ✓ Tie out of revenue to the approved Apportionment Schedule. ✓ Test revenues from fees for reasonableness. ✓ Test the reasonableness of interest income, realized, and unrealized gains/losses on investments. ✓ Analytically and substantively test revenues and expenses reported in the financial statements. ✓ Compare budgeted expenses to actuals. ✓ We will incorporate an element of unpredictability every year that will focus on an audit area that is not typically considered a high or significant risk area such as petty cash, credit card purchases, new vendors, travel expenses, etc. The aforementioned tests are only a few of the tests performed during the examination and by no means is it meant to be all inclusive. During the final stage of the audit, we will meet with Finance staff to review our audit findings and any adjusting journal entries.

Audit Stage	Procedures Performed
Completion of the Audit and Preparation of Financial Statements	The nature and extent of the work required is dependent on our assessment of the likelihood of misstatements in the financial statements together with our conclusions from the planning and testing stages of the audit. All of the audit information is then used to reach a conclusion on whether the financial statements taken as a whole conform with generally accepted accounting principles. ✓ We will review significant events after year end. ✓ We will review attorney letters for significant legal matters. ✓ We will prepare the Commissions's Financial Statements ✓ We will meet with the Commission to present the audit results, as requested.

Section F – Implementation of New GASB Pronouncements

The Commissions will be required to implement the following accounting standards during the upcoming fiscal years. Part of our service to you includes consulting on these new auditing standards. A sampling of significant new GASB pronouncements planned or proposed for local governments that will impact the Commissions are listed below:

GASB 103: Financial Model Improvements

This statement changes the presentation requirements of Management's Discussion & Analysis, defines Unusual or Infrequent Items, and makes substantial changes to the presentation of Proprietary Fund financial statements. The standard will be effective for the fiscal year ending June 30, 2026.

GASB 104: Disclosures of Certain Capital Assets

This statement requires certain types of capital assets to be disclosed separately in the capital assets note, and also requires additional disclosures for capital assets held for sale. The standard will be effective for the fiscal year ending June 30, 2026.

Section G – Scope of Work

Our understanding of the objectives and scope of the work to be performed is as follows:

Deliverable	Procedures Performed
<i>Los Angeles, Orange, San Bernardino, and San Diego Local Agency Formation Commissions</i>	Financial Statement Audit in accordance with Generally Accepted Accounting Principles, Government Auditing Standards. We will prepare the Basic Financial Statements based on the information provided to us during the audit. Management is responsible for the preparation of Management’s Discussion & Analysis.
<i>Internal Control Letter</i>	We will prepare a letter to the Commission reporting matters dealing with internal control that meet the threshold of being a significant deficiency or material weakness, as defined by the Codification of Auditing Standards.
<i>Communication with Those in Governance</i>	We will prepare a letter to the Commission summarizing the audit results in accordance with the Codification of Auditing Standards.
<i>Presentation of Audit Results</i>	If requested, we will meet with the Commission to present the results of the audit.
<i>Annual GASB Update</i>	We will conduct an annual GASB Update for our clients. Our clients can obtain the training free of charge.
<i>General Consultation</i>	Finally, we perceive the scope of our work as being advisors to the Commissions regarding generally accepted accounting principles. Throughout the year, the management and other finance personnel of the Commissions will have access to us to seek advice in the application of generally accepted accounting principles, advice regarding debt issuance, financial statement presentation, new accounting standards, and other matters.

Section H – Proposed Timing of Audits for FY 25/26

The following timeline is proposed for the Los Angeles and Orange Local Agency Formation Commissions, subject to client approval:

June 2026	Early September 2026	September 2026	Early October 2026
• Audit planning • Request list published	• Start of audit fieldwork • Preparation of draft financial statements	• Draft of financial statements provided for review • Final audit procedures	• Finalize audit • Schedule presentation to Commission in November 2026

The following timeline is proposed for the San Diego and San Bernardino Local Agency Formation Commissions, subject to client approval:

June 2026	September 2026	October 2026	November 2026
• Audit planning • Request list published	• Start of audit fieldwork • Preparation of draft financial statements	• Draft of financial statements provided for review • Final audit procedures	• Finalize audit • Schedule presentation to Commission

Section I – Fees

The following is our estimate of the hours by professional classification required to perform the audit:

Classification	Los Angeles, Orange, and San Diego LAFCO	San Bernardino LAFCO
<i>Partner</i>	<i>8</i>	<i>8</i>
<i>Manager</i>	<i>12</i>	<i>12</i>
<i>Audit Senior</i>	<i>60</i>	<i>50</i>
<i>Staff Auditor</i>	<i>20</i>	<i>20</i>
Total	100	90

The following are our fixed fees for the four years ending June 30, 2026 through 2029.

Entity	2026	2027	2028	2029
Los Angeles LAFCO	\$ 13,000	\$ 13,390	\$ 13,790	\$ 14,200
Orange LAFCO	\$ 13,000	\$ 13,390	\$ 13,790	\$ 14,200
San Bernardino LAFCO	\$ 11,700	\$ 12,050	\$ 12,410	\$ 12,780
San Diego LAFCO	\$ 13,000	\$ 13,390	\$ 13,790	\$ 14,200

To extend our services in future years, our fixed fees would then be limited to 4% increases per year unless the scope of work is substantially changed. You will not be billed for routine consultations on accounting issues.

A black and white photograph of the Illinois State Capitol building. The building is a large, classical-style structure with a prominent dome and a portico supported by many columns. The word "APPENDIX" is overlaid in large, white, bold, sans-serif capital letters across the center of the image. The building is set on a grassy hill with a paved path in the foreground.

APPENDIX



Report on the Firm's System of Quality Control

To the Partners of
DAVIS FARR LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Davis Farr LLP (the firm) in effect for the year ended May 31, 2025. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

CPAs ■ Advisors

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CPAmerica

Member  Crowe Global

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Davis Farr LLP in effect for the year ended May 31, 2025, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Davis Farr LLP has received a peer review rating of *pass*.

GVL LLP

Ontario, California
September 19, 2025

RESUMES





Jennifer Farr, CPA, MBA

Partner

Ms. Farr will serve as the Partner on this audit. She will oversee the project to ensure all required deadlines are met, provide technical assistance to the audit teams, review audit reports and workpapers, and meet with those in governance to present the audit results. Ms. Farr is a Certified Public Accountant with over 20 years of experience in local government auditing. Ms. Farr is a frequent speaker and author on matters pertaining to technical accounting and audit issues including new GASB pronouncements.

Employment History

- Davis Farr LLP – Founding Partner
- Shareholder – National CPA Firm

Education

- Bachelor of Arts - Business Administration / Accounting (California State University, Fullerton)
- Bachelor of Arts - English (California State University, Fullerton)
- Master of Business Administration

Licenses / Registrations

- California CPA Certificate No. 76292, October 1998

Professional Affiliations & Awards

- California Society of Certified Public Accountants
- Government Accounting & Auditing Committee
 - Member and past Chair of Committee
- California Society of Municipal Finance Officers
- American Institute of Certified Public Accountants
- Government Finance Officers Association
 - Financial Review Committee

AUDITS OF SPECIAL DISTRICTS AND SPECIAL PURPOSE GOVERNMENTS

- | | |
|---|--|
| ✓ Coachella Valley Assoc of Governments | ✓ Rancho California Water District |
| ✓ Cucamonga Valley Water District | ✓ Salton Sea Authority |
| ✓ Eastern Municipal Water District | ✓ San Diego Association of Governments |
| ✓ Inland Empire Utilities Agency | ✓ San Diego County Water Authority |
| ✓ Irvine Ranch Water District | ✓ Santa Rosa Regional Resources Auth |
| ✓ Leucadia Wastewater District | ✓ South Coast Water District |
| ✓ Los Angeles Homeless Services Authority | ✓ Southern CA Association of Governments |
| ✓ Mesa Water District | ✓ Sweetwater Authority |
| ✓ Middle Fork Financing Authority | ✓ Vallecitos Water District |
| ✓ Moulton Niguel Water District | ✓ Vista Irrigation District |
| ✓ Orange County Sanitation District | ✓ Walnut Valley Water District |
| ✓ Orange County Water District | ✓ West Basin Municipal Water District |
| ✓ Placer County Water Agency | ✓ Yucaipa Valley Water District |

AUDITS OF LAFCOs

- | | |
|---------------------|------------------------|
| ✓ Orange LAFCO | ✓ Riverside LAFCO |
| ✓ Los Angeles LAFCO | ✓ San Bernardino LAFCO |
| ✓ Imperial LAFCO | ✓ San Diego LAFCO |



Shannon Ayala, CPA

Quality Control Partner

Ms. Ayala will serve as the Quality Control Partner on this audit. She will act as an independent quality control reviewer to ensure the quality and accuracy of the audit results and audit workpapers in accordance with Government Auditing Standards. Ms. Ayala is a Certified Public Accountant with over twenty years of audit experience, spending most of that time on audits for local governments in San Diego County. Ms. Ayala has performed financial statement audits of cities and special districts; grant specific audits of funds awarded by Federal, state, and county governments; Single Audits in accordance with Uniform Guidance,

and compliance audits.

Employment History

- Davis Farr LLP – Since 2015
- National CPA Firm – 10 years
- Lennar Homes – 2 years

Education

- Bachelor of Science - Accounting (San Diego State University)

Licenses / Registrations

- California CPA Certificate No. 88126

Professional Affiliations & Awards

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- California Society of Municipal Finance Officers

AUDITS OF GOVERNMENTAL AGENCIES

- | | |
|--|--|
| ✓ City of Carlsbad | ✓ Marin LAFCO |
| ✓ City of Coronado | ✓ North County Dispatch JPA |
| ✓ City of Del Mar | ✓ Otay Water District |
| ✓ City of Encinitas | ✓ Ramona Water District |
| ✓ City of Poway | ✓ Rancho California Water District |
| ✓ City of Solana Beach | ✓ San Diego County Water Authority |
| ✓ City of Santee | ✓ San Diego Association of Governments |
| ✓ City of Vista | ✓ Santa Barbara LAFCO |
| ✓ Coachella Valley Association of Gov't | ✓ Santa Cruz LAFCO |
| ✓ Coachella Valley Conservation Commission | ✓ Santa Fe Irrigation District |
| ✓ Desert Community Energy | ✓ Valley Center Municipal Water District |
| ✓ Imperial County LAFCO | ✓ Vista Irrigation District |



Krisztina Varga, CPA

Manager

Ms. Varga will serve as the manager on this engagement. She will be responsible for managing the engagement, providing technical assistance, reviewing reports, and supervising staff. Ms. Varga has 8 years of audit experience, spending the majority of that time on audits for non-profits and local government. The types of audits Ms. Varga has been involved in include financial audits of non-profits, cities and special districts; grant specific audits of funds awarded by Federal, state, and county governments; and Single Audits in accordance with OMB Circular A-133.

Employment History

- Davis Farr LLP – Since 2017
- Inveco USA – 2012-2017

Education

- Bachelor of Arts in Business Administration/Accounting (California State University, San Marcos)

Licenses / Registrations

- California CPA Certificate
No. 145505

AUDITS OF SPECIAL DISTRICTS

- | | |
|-------------------------------------|--|
| ✓ Community Colleges of Spokane | ✓ Rincon Del Diablo Municipal Water District |
| ✓ Cascadia College | ✓ San Diego Association of Governments |
| ✓ Eastern Municipal Water District | ✓ San Diego County LAFCO |
| ✓ Encinitas Ranch Golf Authority | ✓ San Diego County Water Authority |
| ✓ Julian Community Service District | ✓ San Diego County of Emergency Services |
| ✓ Imperial County LAFCO | ✓ San Diego Geographic Information Source |
| ✓ Leucadia Wastewater District | ✓ San Dieguito River Park Valley JPA |
| ✓ Otay Water District | ✓ Santa Rosa Regional Recourses Authority |
| ✓ Placer County LAFCO | ✓ Santa Fe Irrigation District |
| ✓ Peninsula College | ✓ Yucaipa Valley Water District |
| ✓ Rancho California Water District | ✓ Valley Center Municipal Water District |
| ✓ Ramona Municipal Water District | |

AUDITS OF NON-PROFITS

- | | |
|------------------------------|---|
| ✓ Family YMCA of the Desert | ✓ San Diego Children's Discovery Museum |
| ✓ Just Keep Livin Foundation | ✓ San Diego Futures Foundation |

AUDITS OF LOCAL GOVERNMENTS

- | | |
|-------------------------|------------------------|
| ✓ City of Carlsbad | ✓ City of Santee |
| ✓ City of Encinitas | ✓ City of Solana Beach |
| ✓ City of Indian Wells | ✓ City of Vista |
| ✓ City of Laguna Niguel | ✓ County of San Diego |
| ✓ City of Poway | |



Joyce Vondée Amankwah, CPA

Manager

Ms. Amankwah will serve as the manager of this engagement. She has been conducting financial statement audits, reviews, agreed-upon procedures, and compilations for over six years. Her engagements include nonprofits, and governmental entities such as cities, counties, special districts, and state agencies. She has performed financial and compliance audits of federal awards in accordance with Uniform Guidance, and her single audit experience includes programs from the Department of Health and Human Services, Department of Children and Family Services, Department of Housing and Urban Development, and a variety of other agencies.

Employment History

- Davis Farr LLP – Since December 2024
- Citrin Cooperman LLP, Maryland – 2022 - 2024
- Eide Bailly LLP – 2019 -2022
- Green Hasson Janks– 2017 -2018

Education

- Bachelor of Science in Accountancy & Finance
(California State University, Northridge)

Licenses / Registrations

- California Certified Public Accountant (CPA)
(License Number: 148989)

Professional Affiliations & Awards

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants

AUDITS OF GOVERNMENTAL AGENCIES

- | | |
|--------------------------------|---|
| ✓ City of Rancho Mirage, CA | ✓ First 5 California, Los Angeles, CA |
| ✓ City of Whittier, CA | ✓ First 5 California, Riverside, CA |
| ✓ City of Walnut, CA | ✓ Riverside County, CA |
| ✓ City of Jurupa Valley, CA | ✓ Temple City, CA |
| ✓ City of Paramount, CA | ✓ Omnitrans, CA |
| ✓ County of San Bernardino, CA | ✓ Ventura Council of Governments, CA |
| ✓ County of Ventura, CA | ✓ North County Transit District, CA |
| ✓ County of San Bernardino, CA | ✓ San Diego Emergency Services Organization |

AUDITS OF NON-PROFITS

- | | |
|---|---|
| ✓ Therapeutic Living Centers for the Blind, CA | ✓ Boys and Girls Club of Laguna Beach, CA |
| ✓ Norton Simon Museum, CA | ✓ Visit Huntington Beach, CA |
| ✓ Community Action Partnership of SB County, CA | ✓ Irvine Adult Day Health Services Inc., CA |
| ✓ Baker Institute of Children with Hearing Loss, CA | ✓ Ayn Rand Institute |



Stephen Scannell

Supervisor

Mr. Scannell will serve as the in-charge on this engagement. He will be the main point of contact for the staff. He will be responsible for providing technical assistance, reviewing reports, and supervising staff. Mr. Scannell has 9 years of audit experience. Mr. Scannell has spent time on audits for non-profits and federal and local government engagements. The types of audits Mr. Scannell has been involved in include financial audits of non-profits, cities and special districts; grant specific audits of funds awarded by Federal, state, and county governments; Single Audits in accordance with Uniform Guidance; Federal Compliance Audits; and State Compliance Audits.

Employment History

- Davis Farr LLP – Since 2015
- Seven years at a National CPA Firm

Education

- Bachelor of Science in Accounting
(Biola University)

AUDITS OF LOCAL, STATE & FEDERAL GOVERNMENTS

- | | |
|-----------------------------------|---|
| ✓ City of Avalon ¹ | ✓ City of Upland |
| ✓ City of Commerce | ✓ Commonwealth of Kentucky |
| ✓ City of El Segundo | ✓ Center for Medicare and Medicaid Services |
| ✓ City of Fontana ¹ | ✓ Oxnard Housing Authority |
| ✓ City of South Gate ¹ | ✓ Ventura Housing Authority |

AUDITS OF SPECIAL DISTRICTS

- | | |
|--|--|
| ✓ Cucamonga Valley Water District | ✓ Local Agency Formation Commission, Orange County |
| ✓ Eastern Municipal Water District | ✓ Puente Basin Water Agency |
| ✓ Los Angeles Interagency Police Apprehension Crime Task Force | ✓ San Bernardino Municipal Water |
| ✓ Laguna Beach County Water District | ✓ Slope Water Company |
| ✓ Local Agency Formation Commission, Los Angeles County | ✓ Walnut Valley Water District |
| | ✓ West Basin Municipal Water District |

AUDITS OF INSTITUTIONS OF HIGHER EDUCATION

- | | |
|---------------------------------------|----------------------------|
| ✓ Cascadia College | ✓ Lower Columbia College |
| ✓ Community Colleges of Spokane | ✓ Olympic College |
| ✓ Columbia Basin College | ✓ Peninsula College |
| ✓ Edmonds College | ✓ Seattle Colleges |
| ✓ Lake Washington Technical Institute | ✓ Wenatchee Valley College |
| ✓ Walla Walla Community College | |



Freddy Mojica

Senior Auditor

Mr. Mojica has seven years of audit experience, including the last 3 years in public accounting. Most of his public accounting audit background is in non-profits, counties, and local government engagements. The types of audits Mr. Mojica has been involved in are financial audits of non-profits, cities, counties, and other governmental organizations; agreed upon procedures; and Single Audits in accordance with Uniform Guidance. Before working in public accounting, Mr. Mojica spent four years as a Tax Auditor for the State of California.

Employment History

- Davis Farr LLP – March 2024 - Present
- CliftonLarsonAllen – 3 years
- State of California – 4 years

Education

- Bachelor of Arts in Business Admin. with Accounting Concentration (California State University, Fullerton)

AUDITS OF LOCAL GOVERNMENTS

- | | |
|---------------------|-------------------------|
| ✓ City of Pasadena | ✓ City of Camarillo |
| ✓ City of Santa Ana | ✓ City of Cerritos |
| ✓ City of Alhambra | ✓ City of Colton |
| ✓ City of Banning | ✓ City of Glendale |
| ✓ City of La Habra | ✓ City of Westminster |
| ✓ City of Vernon | ✓ City of Monterey Park |

AUDITS OF SPECIAL DISTRICTS

- | | |
|---------------------------------|---|
| ✓ Mesa Water District | ✓ Western Municipal Water District |
| ✓ El Toro Water District | ✓ OC Mosquito and Vector Control District |
| ✓ Midway City Sanitary District | |

AUDITS OF NON-PROFITS

- | | |
|-------------------------------|-------------------------------|
| ✓ Catalina Island Conservancy | ✓ Trinity Youth Services |
| ✓ Meals on Wheels OC | ✓ Rose Bowl Operating Company |
| ✓ Hass Avocado Board | ✓ Caterina's Club |
| ✓ Mind OC | |



Sami Fong

Senior Auditor

Ms. Fong will serve as the in-charge on this engagement. She will be the main point of contact for the staff. She will be responsible for supervising the staff. Ms. Fong has two years of audit experience, including the last year in public accounting. Ms. Fong has spent time on audits for non-profits, local government, and federal government engagements. The types of audits Ms. Fong has been involved in include: financial audits of non-profits, cities and water districts, and federal compliance.

Employment History

- Davis Farr LLP – 2023 - Present

Education

- Bachelor of Arts in Economics
(University of California, Irvine)

AUDITS OF LOCAL GOVERNMENTS

- | | |
|--|----------------------------------|
| ✓ Orange County Local Agency Formation Commission | ✓ City of Rancho Santa Margarita |
| ✓ San Bernardino Local Agency Formation Commission | ✓ City of Newport Beach |
| | ✓ City of Costa Mesa |

AUDITS OF SPECIAL DISTRICTS

- | | |
|---|---------------------------------|
| ✓ Rancho Santa Margarita Water District | ✓ Yucaipa Valley Water District |
| ✓ Fairfield-Suisun Sewer District | |

AUDITS OF NON-PROFITS

- | | |
|------------------------------|--|
| ✓ Ayn Rand Institute | ✓ Radiant Health Centers |
| ✓ KidWorks | ✓ Shanti of Orange County |
| ✓ Visit Greater Palm Springs | ✓ Beverly Hills Conference & Visitors Bureau |

AUDITS OF FEDERAL COMPLIANCE

- ✓ Centers for Medicare and Medicaid Services (CMS)
- ✓ Orange County Community Resources (OCCR) Fiscal Monitoring Services



Diego Vanegas, CPA, CISA, CITP

Partner

Mr. Vanegas will serve as the IT Specialist on the engagement. Mr. Vanegas, CPA, CISA, CITP has over 16 years of progressive governmental accounting and audit experience, including extensive compliance audit experience for governmental and non-profit agencies. He has been involved in financial/compliance audits, internal control audits and assessments, operational/performance audits, and cost proposal analysis/price reviews for various governmental agencies. Mr. Vanegas has served in many capacities depending on the size and requirements of the engagements. He has participated in audits of federal agencies such as NSF, CMS, and CNCS, among others. Additionally, Mr. Vanegas has been involved in agreed-upon-procedures and audit engagements of state/local agencies. These engagements have often combined both financial and compliance aspects of the audit as well as Information Technology (IT). Furthermore, he has strong internal control audit experience through the performance of System and Organization Control examinations of the internal controls of service organizations, as well as knowledge of Government Auditing Standards, Office of Management and Budget (OMB) Circular A-87 and the Federal Acquisition Regulations (FAR).

Employment History

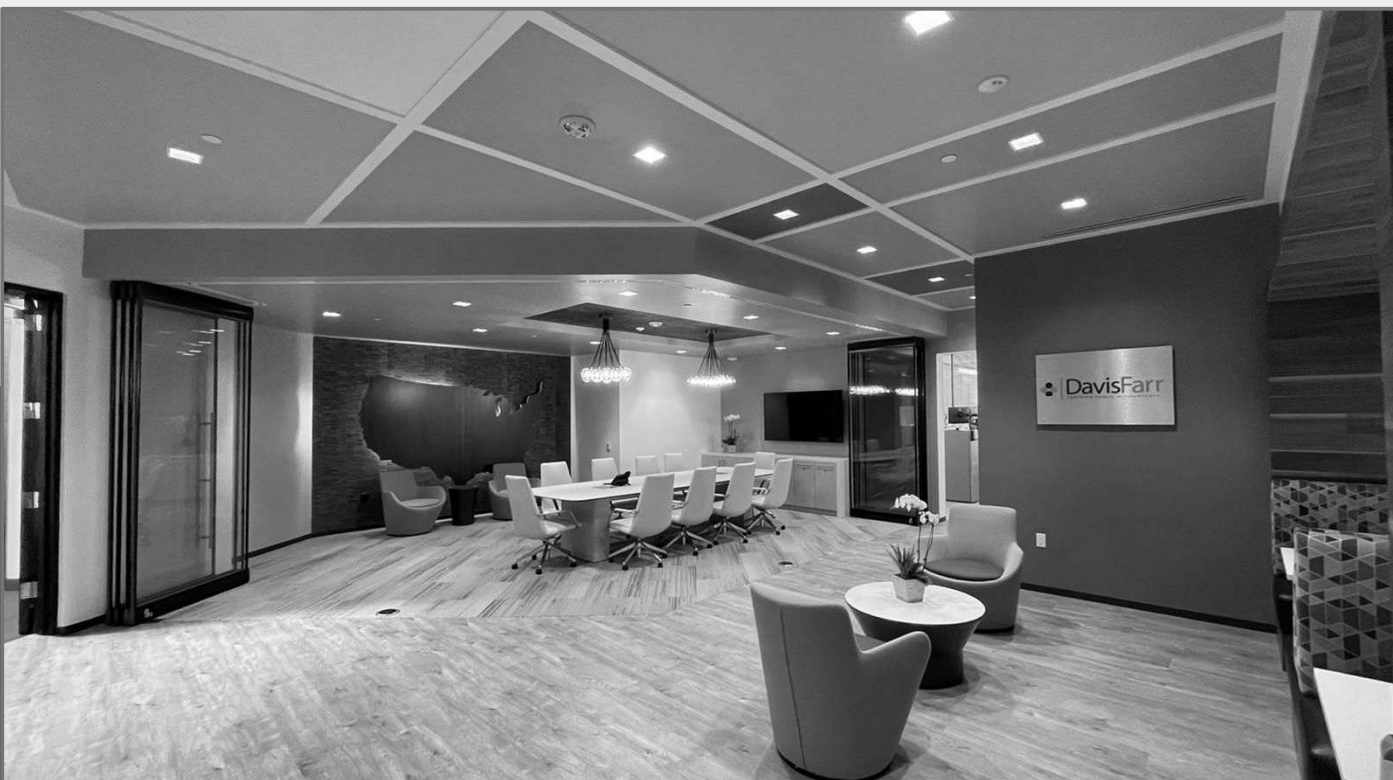
- Davis Farr LLP: Partner – January 1, 2018 – Present
- Davis Farr LLP: Manager – June 2015 – December 31, 2017
- Top 10 National CPA Firm – May 2005 - June 2015

Education

- Bachelor of Science in Business Administration, with an emphasis in Accounting (California State University - Los Angeles)
- Bachelor of Science in Computer Information Systems, with an emphasis in Business Systems (California State University - Los Angeles)

Licenses / Registrations

- CA CPA Certificate No. 113040
- Certified Information Systems Auditor
- Certified Information Technology Professional, No. 3298



DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Section I – Fees

The following is our estimate of the hours by professional classification required to perform the audit:

Classification	Los Angeles, Orange, and San Diego LAFCO	San Bernardino LAFCO
<i>Partner</i>	<i>8</i>	<i>8</i>
<i>Manager</i>	<i>12</i>	<i>12</i>
<i>Audit Senior</i>	<i>60</i>	<i>50</i>
<i>Staff Auditor</i>	<i>20</i>	<i>20</i>
<i>Total</i>	<i>100</i>	<i>90</i>

The following are our fixed fees for the four years ending June 30, 2026 through 2029.

Entity	2026	2027	2028	2029
Los Angeles LAFCO	\$ 12,350	\$ 12,720	\$ 13,100	\$ 13,620
Orange LAFCO	\$ 12,350	\$ 12,720	\$ 13,100	\$ 13,620
San Bernardino LAFCO	\$ 11,000	\$ 11,330	\$ 11,670	\$ 12,140
San Diego LAFCO	\$ 12,350	\$ 12,720	\$ 13,100	\$ 13,620

To extend our services in future years, our fixed fees would then be limited to 4% increases per year unless the scope of work is substantially changed. You will not be billed for routine consultations on accounting issues.



Local Agency Formation Commissions

2025 LAFCO Joint Audit Services RFP

Proposal to Provide Audit Services

for the Fiscal Years Ending June 30, 2026, through June 30, 2029,

with an Option to Extend for two (2) Additional Fiscal Years

Submitted by:



11405 W. Bernardo Court, Suite A,

San Diego, CA 92127

Phone: (858) 939-0017

November 27, 2025

Contact Person

Managing Partner: Sanwar Harshwal, CPA

Cell Phone: (858) 784-1622

Federal Employer ID Number: 27-0741376 | License No.: PAR 7299

Email: sanwar@harshwal.com | Website: www.harshwal.com

November 27, 2025

Local Agency Formation Commissions

ATTN: Adriana Romo, Deputy Executive Officer, LA LAFCO

80 South Lake Avenue, Suite 870,

Pasadena, CA 91101

Dear Adriana Romo and Evaluation Committee Members,

The partners and staff at Harshwal & Company, LLP are pleased to present our proposal to provide audit services. Our firm has experienced continuous growth and success as we meet and exceed client expectations. Our overall goal is to provide responsive, innovative services of the highest quality to our clients.

We understand that the Local Agency Formation Commissions (referred to later in this proposal as the "LAFCO") requires us to conduct a timely audit of the LAFCO. We are committed to meeting all terms, conditions, and requirements addressed in this request for proposal (RFP). With our experience and knowledge, we fully understand the requirements and your expectations for the services to be provided.

We believe our firm is the best qualified to perform this engagement because our audit services effectively utilize the most current specialized resources with our unparalleled technical proficiency. Our expertise in providing auditing and financial accounting services to governmental entities and NPOs is unmatched. Our highly trained team will maintain a knowledgeable, non-intrusive, and respectful approach to the audit. The result will be an audit of exceptional quality and value that will minimize disruptions of LAFCO on-going operations.

Understanding of the Work to be Done:

We understand that you require us to conduct an audit of the financial statements of the Los Angeles, Orange, San Bernardino, and San Diego Local Agency Formation Commissions (LAFCO) for the fiscal years ending June 30, 2026, through June 30, 2029, with an option to extend for two (2) additional fiscal years, in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The audit will be in full compliance with all GASB and GASB pronouncements and then-current accounting/audit requirements and standards for the fiscal year being audited. Kindly refer to the "Scope of Work" section for a detailed scope.

Ability to Perform the Work Within Provided Time Frame:

Harshwal & Company, LLP is benchmarked for providing the work within the time frame requested. Our team is committed to completing the audit on time, as they are fully equipped with contemporary technology, which will add value to the successful and timely delivery of the audit. We are responsive and solution oriented, providing quick responses on matters that require immediate attention, hence enhancing the quality of our audit. We focus on staff continuity, which enables us to develop and maintain an in-depth understanding of your operations, management style, and operating practices, which ultimately allows us to offer you experienced resources, value-added services, specialization, and overall better personal service, which again unequivocally results in a timely submission of the audit report.

Why Harshwal & Company, LLP:

- Extensive partner involvement on each engagement
- Presence of a manager and/or CPA always on-site during fieldwork
- Consistent and experienced staff
- Timeliness of communications
- Proactive approach in addressing complex issues early in the engagement
- Availability to clients as a specialized resource
- Professionalism with understanding

Client Confidentiality and Security:

- At Harshwal & Company, LLP, we are committed to safeguarding client information. Maintaining trust is one of the core values of our firm. Since your privacy is a priority to us, we will not share non-public information about you with third parties without your consent.
 - In order to facilitate a highly secure method for exchanging electronic files between our firm and our clients, we have implemented a secure, trackable method for sharing large files via a hosted website called ***Suralink***.
 - All laptops of our audit and tax professionals are encrypted to protect our clients' information.
- **Our proposal is a firm and irrevocable offer for a period of sixty (60) days from the date of submission.**
- **Our firm is independent with respect to LAFCO and operates as an Equal Opportunity Employer.**

Our managing partner, Mr. Sanwar Harshwal, is authorized to represent the firm and he is the authorized person to contractually obligate the firm, to negotiate the contract on behalf of the firm and to be contacted for clarifications. He can be reached at 11405 W. Bernardo Court, Suite A, San Diego, CA 92127; Phone No. (858) 784-1622, or via an email at sanwar@harshwal.com.

Harshwal & Company, LLP is a GSA vendor and a 100% minority owned CPA firm.

We thank you for your consideration and hope that you will provide us with the opportunity to serve your esteemed organization with our services.

Sincerely,

Harshwal & Company, LLP
Certified Public Accountants



Sanwar Harshwal, CPA, CIA, CISA, CFE
Managing Partner



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FIRM'S QUALIFICATIONS AND EXPERIENCE

Harshwal & Company, LLP was founded sixteen (16) years ago and is a locally established firm of CPAs, offering auditing, accounting, management consulting, IT services, and other specialized services to various clients, which consist of state and local governments, counties, special districts, educational entities, tribes and tribal governments, housing authorities, and not-for-profit organizations throughout the United States. Our commitment to our clients has enabled the firm continued growth and success in developing and maintaining strong professional relationships. Our engagement team also has extensive experience in auditing and reviewing financial statements receiving GFOA and CSMFO awards.

The members of the firm have accumulated over four (4) decades of experience in public auditing and accounting, primarily with international certified public accounting firms while employed in high-level supervisory positions. Individually, the partners and management staff are recognized in their respective areas for leadership roles, which they take part in promoting the high ideals of the auditing profession and for producing the highest quality services. We will provide you the expertise and resources needed to continuously guide your organization.

Location of the Office

Harshwal & Company, LLP provides services to clients from two (2) locations. San Diego, CA is the location of our head office, and Albuquerque, NM is the location of our branch office. Our nearest office to the LAFCO, **San Diego, CA** office will provide audit services to the Local Agency Formation Commissions. The address and phone numbers for each of our two offices are listed below:

San Diego, CA Office	11405 W. Bernardo Court, Suite A, San Diego, CA 92127	Phone: (858) 939-0017
Albuquerque, NM Office	6565 Americas Pkwy NE, Suite 800 Albuquerque, NM 87110	Phone: (505) 814-1201

Staff Size & Organizational Structure

Audit Team	Manpower
Managing Partner	01
Additional Partners	01
Audit Manager	02
Operations Manager	01
CPAs and Senior Staff	09
Additional Staff	12
Total	26



Services Provided by the Firm

Harshwal & Company, LLP is a full-service professional firm providing comprehensive services commonly associated with larger firms. The firm is divided into the following departments and provides the following services:

- **Audit Department:** Provides audit services to commercial, governmental and non-profit organizations with a special emphasis on compliance audits in the education, health, and housing industries.
- **Accounting Department:** Provides consulting services in setting up businesses and establishing accounting systems, books, and records; assistance in maintaining business records; and preparing financial statements.
- **Tax Department:** Provides a wide range of tax preparation, tax planning, and consulting for corporations, partnership, and individuals.
- **Management Advisory Services:** Our technical knowledge, training, and business experience enable us to provide a broad range of management advisory services, which includes the following:
 - Designing and assisting in the installation of accounting systems to fit the requirements of a particular business.
 - Analyze existing accounting systems and recommend ways to improve controls and efficiency.
 - Assessment, installation, and modification of computer hardware and software systems.
 - Consulting in management information systems.
 - Providing consultation about the use of management information systems for planning and control and the application of accounting and other controls.

Equal Opportunity Employer

Harshwal & Company, LLP is an equal employment opportunity employer and is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all applicable federal and state laws and regulations relating to equality. We prohibit discrimination of qualified persons based on race, religion, color, sex, age, national origin, disability, sexual orientation, military status, or any other characteristic protected by applicable federal, state, or local law.

Independence

We are independent of the Local Agency Formation Commissions as defined by generally accepted auditing standards issued by the *U.S. General Accounting Office's Government Auditing Standards*. Before accepting any new engagement, we conduct a thorough check to ensure that there are no conflicts of interest or independence issues. This procedure is in compliance with the independence requirements of all regulatory agencies and, specifically, in compliance with the Standard for Audit of Governmental Organizations, Programs, and Activity Functions, as published by the U.S. General Accounting Office (GAO). If selected as your audit firm, we will maintain and monitor our independence as well as reassess our independence with respect to your organization on an annual basis. We will continue to evaluate our independence as your external auditors and will give the LAFCO written notice of any professional relationships involving the LAFCO and its component unit, if entered into, during the period of the audit contract.





License to Practice in California

The firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants, and meet the Continuing Professional Education requirements under U.S. GAO's Government Auditing Standards to perform the proposed audits.



Registration PAR 7299
Receipt No. 52682080



CALIFORNIA BOARD OF ACCOUNTANCY
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
Telephone: (916) 263-3680
Facsimile: (916) 263-3672

Valid Until: 10/31/2027

HARSHWAL & COMPANY LLP
11405 W BERNARDO CT UNIT A
SAN DIEGO, CA 92127-1639

In accordance with the provisions of Chapter 1, Division 3 of the Business and Professions Code, the firm named hereon is duly registered and entitled to practice as a Partnership.

11405 W BERNARDO CT UNIT A
SAN DIEGO, CA 92127

----- POST IN PUBLIC VIEW -----

WABPAR 04/12/17

Disciplinary Action or Pending Litigation

Harshwal & Company, LLP's emphasis on quality has rewarded the firm with an excellent track record regarding claims related to professional services. Harshwal & Company, LLP has an impressive history, free of litigation, penalties and debt, and we have no sanctions or restrictions imposed by professional organizations, regulatory authorities or other government institutions. Harshwal & Company, LLP has never been debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs or from receiving federal contracts, subcontracts or financial assistance or benefits, under Executive Order 12549, "Debarment and Suspension" (24 CRT 85.35) or other federal laws, statutes, codes, ordinances, regulations or rules, at any time during the term of the agreement.

Conflict of Interest Statement

Harshwal & Company, LLP does not have any past or current business or other relationship with the LAFCO and its component units. We also hereby agree that no member, officer, or employee of the LAFCO, no member of the local governing body of the locality in which the LAFCO is located and no other public official who exercises any function or responsibilities with respect to the LAFCO, during his tenure or for one year thereafter, shall have any interest, direct or indirect, in this contract or the proceeds thereof.

Terminations

Harshwal & Company, LLP has never terminated, held in default, or failed to complete any work. We have always been a hallmark for the quality of our audit work. We are committed to providing high-quality service without compromising the timely submission of your audit reports.





Hold Harmless and Indemnification

Harshwal & Company, LLP have errors and omissions insurance, property and liability and workers' compensation insurance and will indemnify and hold harmless the LAFCO from and against all losses and claims in the execution of our work or the consequences of any negligence or carelessness on our part.

Substandard Audit Work

Harshwal & Company, LLP and all assigned personnel do not have any record of substandard audit work, outstanding claims nor unsatisfactory performance pending with the any Board of Accountancy. We have never been debarred or suspended, and none of our firm's contracts have ever been rejected for substandard audits by the State Controller's Office (SCO).

Desk & Field Reviews

From time to time, selected Harshwal & Company, LLP's audit engagements are subject to a desk review by federal or other regulators. In all such reviews during the past three years, the reviews have shown our work to be satisfactory, and no disciplinary or other administrative proceedings have resulted from those reviews. There has been no disciplinary action taken against Harshwal & Company, LLP's offices by the AICPA, or any State Board or Society in the last three years. There are also no such actions currently pending.



STAFF QUALIFICATIONS AND EXPERIENCE

The expertise and experience of Harshwal & Company, LLP's principals and personnel are at the core of the firm's excellence in performing audits of state and local governments. Harshwal & Company, LLP has experience providing exceptional client service and high-quality audit services through comprehensive knowledge and understanding of governmental accounting standards. We're passionate about our work and your success. We have selected professionals for your service team who are the right fit for your engagement, based on their knowledge and experience in the governmental industry. Harshwal & Company, LLP has a high retention rate, allowing us to provide stability.

Staff Continuity over the Term of the Agreement

We focus on our team members as well as our clients. Our turnover is significantly lower than other national and regional service firms. This staff continuity enables us to develop and maintain an in-depth understanding of your operations, management style and operating practices, which ultimately allows us to offer you experienced resources, value-added services, industry specialization, and overall better personal service. This commitment to people also resides at our executive level where you will find a refreshingly greater hands-on approach compared to other service providers. Our culture stresses the importance of executive presence throughout projects and engagements.

Proposed Audit Team's Directory

Name of Team Member	Role	Experience
Sanwar Harshwal, CPA, CIA, CISA, CFE	Managing Partner	41+ Years
Garima Pathak, CA	Audit Manager	09+ Years
Jeremiah Armijo, CPA	Senior Auditor	16+Years
Samson Reda, CPA	Senior Auditor	11+ Years
Albert Hwu, CPA	Senior Auditor	11+ Years
Kinjal Patel, CPA	Senior Auditor	08+ Years
Poonam Sharma, CPA	Senior Auditor	08+ Years

Most of our assigned key personnel are licensed to practice as a Certified Public Accountant (CPA). In addition to the key personnel listed, additional staff will be assigned from our pool of highly qualified professionals.

We assure you regarding the quality of staff over the term of the engagement. We will not replace audit personnel except with prior written permission of the LAFCO. In case we replace audit personnel, we will provide replacements having similar or better qualifications and experience.



Audit Team Responsibilities

<u>Name/Position</u>	<u>Responsibility</u>
Sanwar Harshwal, CPA Managing Partner	Sanwar Harshwal will be the principal in charge of administration, reviews, planning of the audit, approval of the audit scope and work, and review of work and liaison with the LAFCO. He is responsible for conducting the fieldwork, coordination of the audit plan, and ensuring that the plan formulated has been effectively followed and managed. He will coordinate with the manager and supervisor for proper field work progress. He will also manage and organize the audit team's effort and ensure the various audit components are performed efficiently. He also has the responsibility for meeting with the LAFCO's management to keep them informed regarding the progress of the audit. The responsibility also extends to ensure smooth interaction of the firm with the LAFCO. He has final authority in the conduct of the engagement, and assumes full responsibility for the work performed.
Garima Pathak, CA Audit Manager	Garima Pathak will serve as an audit manager and provide the LAFCO staff with updates to summarize our progress against the project timeline, and update the status of upcoming deliverables. She will also document discussions leading to important policy decisions and/or the choice of critical assumptions used in constructing the analysis and report.
Jeremiah Armijo, CPA Senior Auditor	Jeremiah Armijo is a senior auditor in the firm's audit group. He is responsible for planning the fieldwork and audit process, anticipating audit problems, implementing new standards, primary review of the audit work, and guiding the audit process.
Samson Reda, CPA Senior Auditor	Samson Reda, is a senior auditor and is in charge of the fieldwork. He will be responsible for preparation and maintenance of various work-papers required for audit report preparation.
Albert Hwu, CPA Senior Auditor	Albert Hwu is a senior auditor in the firm's audit group providing auditing services to governmental organizations. Mr. Hwu will serve as the on-site lead auditor and will be in the field. He will assist in directing the staff and specialize in the timely completion of the audit.
Kinjal Patel, CPA Senior Auditor	Kinjal Patel, is a senior auditor and will perform studies, tests, reviews, and analysis of accounts and financial transactions and will be responsible for preparation of various work-paper.
Poonam Sharma, CPA Senior Auditor	Poonam Sharma will be responsible for coordinating the efforts of our staff throughout fieldwork and managing on-site audit procedures. She will be available to answer any of your technical questions.



Audit Team Resumes

SANWAR HARSHWAL, CPA, CIA, CISA, CFE **Managing Partner**

Sanwar Harshwal is the managing partner of Harshwal & Company, LLP. He is a globetrotter and a trained technical speaker on auditing and global accounting standards, IT and internal controls, on fraud prevention, and on examinations and internal audits. With over 41+ years of experience with governmental auditing engagements, Mr. Harshwal is also a leading expert on emerging accounting challenges for state and local governments. Mr. Harshwal has attended AICPA seminars on GASB's New Financial Reporting Model and Financial Statements of state and local governments.

During the last 5 years, Mr. Harshwal has provided over 400 hours of training to several professionals on GASB, GAS, Uniform Guidance, FASB, SAAS, GAGAS, Pension Plan audits, COSO, COBIT, internal audits, fraud prevention and examination and tribal governmental governance issues. In addition to having significant experience in audits, strategic assessments of accounting functions, and internal control structures, Mr. Harshwal has extensive experience in evaluating complex accounting and finance issues. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.

Education:

- B.S. Business Accounting
- Bachelor of Law

Certification:

- Certified Public Accountant - State of California (CPA)
- Certified Public Accountant - State of New Mexico (CPA)
- Chartered Accountant - The Institute of Chartered Accountants of India (ICAI)
- Certified Information System Auditor (CISA)
- Certified Fraud Examiner (CFE)
- ORACLE Financial Consultant (Oracle Business Suite)
- Chartered Global Management Accountant (CGMA)
- Certified Risk Management Assurance (CRMA)
- Certified Construction Auditor (CCA)

Professional Membership:

- Member of AICPA
- Member of California CPA Society of Certified Public Accountants
- Member of Information Systems Audit and Control Association, USA
- Member of Association of Certified Fraud Examiners, USA
- Member of Institute of Certified Internal Auditors



GARIMA PATHAK, CA
Audit Manager

Garima Pathak is our audit manager and has been employed with Harshwal & Company, LLP for 9+ years. She has been engaged in numerous audits of state and local governments, special districts, educational entities, counties, tribes and tribal governments, housing authorities, and not-for-profit organizations. Garima has 5 years of experience working with all types of exempt organizations including 501(c) (3), 501(c) (4), 501(c) (6), and 501(c) (7). Garima has provided tax compliance services to clients in the retail, real estate, and not-for-profit industries. She concentrates on real estate clients, focusing on low-income housing, including both for profit and not-for-profit entities. Garima has a passion for her not-for-profit clients and the industry at large, providing them with hands-on tax compliance services including Form 990 filings. She has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA Software and other automated tools.

Education:

- Bachelors in Commerce

Certification:

- Chartered Accountant - The Institute of Chartered Accountants of India (ICAI)

JEREMIAH ARMIJO, CPA
Senior Auditor

Jeremiah Armijo has over 16+ years of experience in serving audit and accounting services for state and local governments, special districts, tribes and tribal governments, tribal enterprise, housing authorities, not-for-profit organizations, educational entities, and Casinos and Gaming Commissions. He is highly skilled in NIGC MICS compliance and possesses strong interpersonal skills for communicating effectively with clients and building personal and professional relationships. He has proficient knowledge of using Konami Syknros, Light and Wonder Casino Management System, Oracle Micros Symphony, Aristocrat OASIS 360, IGT Advantage, QuickBooks, Abila MIP, AS400, Microsoft Dynamics 365, and other industry tools.

Education:

- Bachelors in Accounting

Certification:

- Certified Public Accountant - State of New Mexico (CPA)

SAMSON REDA, CPA
Senior Auditor

Samson Reda is a senior auditor at Harshwal & Company, LLP and has 11+ years of experience in auditing and providing accounting services to state and local governments, special districts, educational entities, housing authorities, not-for-profit organizations, and tribes and tribal governments. He is an expert in data analysis and reconciliation and his experience includes auditing, the recording and analysis of account transactions; establishing accounting records; reconciliation of cash balances; implementation of accounting controls; and statistical reports. He also conducts sampling, testing and is well experienced in performing audits in accordance with attestation standards established by the AICPA.



He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA and other automated tools. He will assist in directing the staff and specialize in the timely completion of the audit.

Education:

- BA in Accounting

Certification:

- Certified Public Accountant - State of Virginia (CPA)

ALBERT HWU, CPA
Senior Auditor

Albert Hwu is a senior auditor and has been employed with Harshwal & Company, LLP for 11+ years. He has been engaged with several audits and accounting engagements of state and local governments, special districts, educational entities, housing authorities, not-for-profit organizations, and tribes and tribal governments. Mr. Hwu is proficient in the operating nuances of accounting and auditing packages and demonstrates up-to-date knowledge of auditing and accounting pronouncements. Albert has worked on financial and compliance engagements under the Single Audit Act of 1984 and OMB Circular (Uniform Guidance). He performs audit testing activities; documents processes and findings; verifies assets and liabilities in accordance with audit programs; follows documentation standards; and prepares clear, concise, and orderly working papers. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.

Education:

- Bachelors of Science in Accounting

Certification:

- Certified Public Accountant - State of Washington (CPA)
- Certified Public Accountant - State of New Mexico (CPA)

Professional Membership:

- Member of AICPA

KINJAL PATEL, CPA
Senior Auditor

Kinjal Patel is a senior auditor. She has been engaged with several audits and accounting engagements of state and local governments, special districts, housing authorities, not-for-profit organizations, educational entities, and tribes and tribal governments. Kinjal is proficient in the operating nuances of accounting and auditing packages and demonstrates up-to-date knowledge of auditing and accounting pronouncements. Kinjal has worked on financial and compliance engagements under the Single Audit Act of 1984 and OMB Circular (Uniform Guidance). She has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.

Education:

- Master of Business Administration in Accounting

Certification:

- Certified Public Accountant - State of California (CPA)



POONAM SHARMA, CPA
Senior Auditor

Poonam Sharma is serving the firm as senior auditor. She has been engaged with several audits and accounting engagements of state and local governments, special districts, tribes and tribal governments, not-for-profit organizations, educational entities, and housing authorities. Poonam is proficient in the operating nuances of accounting and auditing packages and demonstrates up-to-date knowledge of auditing and accounting pronouncements. She prepares and adjusts work papers from the client's trial balance, executes day-to-day activities of audit engagements for multiple clients, and interacts with client personnel. She performs audit testing activities; documents processes and findings; verifies assets and liabilities in accordance with audit programs; follows documentation standards; and prepares clear, concise, and orderly working papers. She has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.

Education:

- Master of Business Administration in Accounting

Certification:

- Certified Public Accountant - State of California (CPA)
- Chartered Accountant - The Institute of Chartered Accountants of India (ICAI)

Continuing Professional Education (CPE)

The following table details CPE hours for each key member of the proposed audit team:

Audit Team Member	Governmental CPE	Non-Governmental CPE
Sanwar Harshwal, CPA, CIA, CISA, CFE	140	124
Garima Pathak, CA	84	57
Jeremiah Armijo, CPA	75	60
Samson Reda, CPA	80	56
Albert Hwu, CPA	108	55
Kinjal Patel, CPA	58	28
Poonam Sharma, CPA	83	40

Overall Supervision to be Exercised

The audit will be managed by the firm's audit manager, Garima Pathak, who has extensive experience in audits of state and local governments. Garima Pathak has been in charge of various large audits, governmental funded programs, and community-based organizations receiving federal and state funds.

Please refer to the "References" section for three audits performed for three different public agencies within the past five years by our lead professionals.



FIRM'S TECHNICAL EXPERIENCE

Harshwal & Company, LLP has performed numerous audits of state and local governments, counties, special districts, educational entities, tribes and tribal governments, housing authorities, and not-for-profit organizations etc., that are subject to financial and compliance audits. The following is a list of clients we have served.

State & Local Government Entities			
Client Logo	Client Name	Financial Audit	Single Audit
	City of Greenfield	X	X
	City of Sonora	X	X
	City of Sanger	X	
	County of Del Norte	X	X
	First 5 Inyo County	X	
	Cibola County	X	X
	City of Crescent City	X	
	City of East Palo Alto	X	
	City of San Mateo	X	
	City of Vallejo	X	
	Contra Costa County	X	
	Contra Costa County Public Work Department	X	
	County of Santa Clara	X	
	County of Santa Cruz	X	
	County of San Mateo	X	
	First 5 Alameda County	X	





State & Local Government Entities (continued)			
Client Logo	Client Name	Financial Audit	Single Audit
 FIRST 5 MARIN Learn. Grow. Thrive.	First 5 Marin Children & Families Commission	X	X
 FIRST 5 MONTEREY COUNTY	First 5 Monterey County	X	
 FIRST 5 SAN BERNARDINO	First 5 San Bernardino	X	
 FIRST 5 SANTA CRUZ COUNTY	First 5 Santa Cruz County	X	
	Sierra County	X	
	Solano County	X	
	Town of Apple Valley	X	X
	Town of Cochiti Lake	X	
	Town of Edgewood	X	
	Town of Mesilla	X	
	Town of Springer	X	

County of Alameda

- Alameda County Auditor-Controller's Agency
- Alameda County Fire Department
- Alameda County Health Care Services Agency
- Alameda County Housing and Community
- Alameda County Housing and Community Development - Bond Audit
- Alameda County Public Works Agency
- Alameda County Social Services Agency
- Alameda County Transportation Commission
- City of Oakland, office of Public Works
- Community Based Organization Audits
- Development and Lead Poisoning Prevention
- Oakland-Alameda County Coliseum Authority



Educational Entities

- Azusa Unified School District
- Belmont-Redwood Shores School District
- Benicia Unified School District
- Brisbane School District
- Conejo Valley Unified School District
- El Segundo Unified School District
- Fairfield-Suisun Unified School District
- First Mesa Elementary School
- Jefferson School District
- Jefferson Union High School District
- La Honda-Pescadero Unified School District
- Lamont Elementary School District
- Napa Valley Unified School District
- Nazlini Community School, Inc.
- Pinon Community School, Inc.
- Pleasant Valley School District
- Ravenswood City School District
- Richland School District
- Sacramento Valley Charter School
- San Bruno Park School District
- San Mateo - Foster City School District
- Spark* SF Public Schools

Housing Entities

- Benicia Housing Authority
- County of Humboldt Housing Authority
- Eastern Regional Housing Authority
- Greyhills Academy High School
- Housing Authority - City of Eureka
- Housing Authority - Sisseton Wahpeton Oyate
- Housing Authority of The City of Port Hueneme
- Housing Authority of the City of Richmond
- Housing Authority of the County of Alameda
- Housing Authority of the County of Butte
- Housing Authority of the County of San Mateo
- San Felipe Pueblo Housing Authority
- Santa Clara Pueblo Housing Authority
- White Mountain Apache Housing Authority

Pension Plan Entities (401, 401K, 403B)

- Akshaya Inc. (401K)
- Baker's (Retirement Plan-403B)
- Burning Man Project (401K) Plan
- East Bay Agency for Children 403(B)
- Fulfilment Systems, Inc. (401K)
- Fundbox Inc. (401K) Plan
- Hammer Prep (401K) Plan
- Hog Island Oyster Company (401K) Plan
- Kai Ming, Inc. (403B)
- Kickapoo Tribe of Oklahoma (401K) Plan
- Luxesphere Holdings, Inc. (401K) Plan
- Mission Neighborhood Centers (403B) Plan
- Native American Health Center, Inc. (403B)
- Skywalker Properties (401K) Plan
- Storage Pro (401K) Plan
- Sysintelli, Inc. (401K) Plan
- The Athenian School (403B) Plan
- United Indian Health Services, Inc. (403B) Plan

Private Entities

- Eureka Housing Associates, LP
- Good Earth Organics, Inc.
- Juana Care Facility, LLC
- Nelson Trucking Partners, LLC
- Newport Holdings, L.P.
- Optimize Infrastructure, LLC
- Radar Creative
- Solace Supportive Living, Inc.
- TerraVerde Energy, LLC
- The Child Day Schools, LLC
- Thomas Jee & Associates, Inc.
- Tots of Love Child Development Center, LLC
- VVD Partners, LLC



Tribes & Tribal Entities

- Big Sandy Rancheria
- California Tribal T.A.N.F. Partnership
- Cloverdale Rancheria of Pomo Indians
- Hoopa Valley Tribe
- Kashia Band of Pomo Indians of Stewarts Point Rancheria
- Kickapoo Tribal Health Center
- Kickapoo Tribe of Oklahoma
- K'ima:w Medical Center
- KTNN Native Broadcast Enterprise
- Kykotsmovi Village
- La Jolla Band of Luiseno Indians
- Omaha Tribe of Nebraska
- Pauma Band of Luiseno Mission Indians
- Robinson Rancheria - Pomo Indians of California
- Sac And Fox Nation
- San Luis Rey Indian Water Authority
- Sipaulovi Village
- Timbisha Shoshone Tribe
- Village of Shungopavi
- Village of Sichomovi
- Yuwehloo Pahki Community

Special District Entities

- Alameda County Community Development Department
- Alameda County Housing And Community Development
- Alameda County Law Library
- Ambrose Recreation & Park District
- Aromas Tri-County Fire Protection District
- Artesia Cemetery District
- Bardsdale Cemetery District
- Big Rock Community Service District
- Border Coast Regional Airport Authority
- Buena Park Library District
- Burbank Sanitary District
- Carmel Highlands Fire Protection District
- Central Basin Municipal Water District
- Coastside Fire Protection District
- County Sanitation District 2-3
- Crescent Fire Protection District
- Cupertino Sanitary District
- Cypress Fire Protection District
- Del Norte County Solid Waste Management Authority
- Del Norte Library District
- Del Norte Local Transportation Commission
- Del Norte Solid Waste Management Authority
- East Palo Alto Sanitary District
- Humboldt Bay Harbor, Recreation & Conservation District
- Lions Gate Community Service District
- Loma Prieta Resource Conservation District
- Los Altos Hills County Fire District
- Los Medanos Community Healthcare District
- Menlo Park Fire Protection District
- Mission Oaks Recreation & Park District
- Oakland-Alameda County Coliseum Authority
- Paradise Recreation & Park District
- Perris Valley Cemetery District
- Plumas County Community Development Commission
- Redwood Empire Dispatch Communications Authority
- Rodeo-Hercules Fire District
- San Dieguito River Park Joint Powers Authority
- San Miguel Community Services District
- Santa Clara County Center Fire Protection District
- Santa Clara County Vector Control District
- Saratoga Fire District
- Smith River Fire Protection District
- Solano Transportation Authority
- South Monterey County Fire Protection District





Special District Entities (continued)

- El Rancho Simi Cemetery District
- Fort Dick Fire Protection District
- Fox Canyon Groundwater Management Agency
- Gasquet Community Services District
- Goshen Community Services District
- Guadalupe Coyote Resource Conservation District
- South Santa Clara Co. Fire District
- Sunrise Recreation and Park District
- Valley of The Moon Water District
- West Contra Costa Integrated Waste Management Authority
- Yolo Local Agency Formation Commission

Non-Profit Organization

- A&I Express
- A&I Transport
- Access Reproductive Justice
- Alameda County Deputy Sheriffs Activities League
- Allen Temple Baptist Church
- American Federation of State, County & Municipal Employees Local 2428
- American Nonsmokers' Rights Foundation
- Anti Police - Terror Project, Inc.
- Artequity Community
- Baker's Palace
- California College of Communications, Inc.
- California Hispanic Chambers of Commerce
- California Municipal Utilities Association
- Carbon offsets To Alleviate Property
- Center for Third World Organizing
- Center For Youth Development Through Law
- Centro Latino de San Francisco
- Chinese for Affirmative Action
- Community Health Partnership, Inc.
- Consolidated Tribal Health Project
- Hopi Credit Association
- ICON Community Development Corporation
- IIT Bombay Heritage Foundation
- IIT Kanpur
- IIT Madras Foundation
- Just Cities Institutes
- Key Educational Group
- Lakeshore Avenue Baptist Church
- Luxesphere Holdings, Inc.
- Countywide Alcohol and Drug Services, Inc.
- Court Appointed Special Advocates
- Crowden Music Center
- Daybreak Adult Care Centers LLC
- Digital Democracy
- Dominican Sisters Vision of Hope
- East Oakland Switch Board
- Eden Area Foundation
- Eden United Church of Christ
- El Centro de Libertad The Freedom Center
- Faith in Action Bay Area
- Family Bridges Inc.
- Family Paths
- Food First - Institute For Food & Development
- Gallup Inter-Tribal Indian Ceremonial Association
- Gluon Solutions, Inc.
- Grand Lodge of California
- Greater Farallones Association
- Health and Human Resource Education Center
- Heffernan Foundation
- Hiawatha Harris M.D, Inc.
- RFHC Bay Pulgas Landowner, Inc.
- Rwanda School Project
- San Carlos Apache Tribe Relending Enterprise
- San Diego Civic Youth Ballet
- San Diego Organizing Project
- San Francisco Baykeeper
- San Francisco Community Clinic Consortium
- Santa Clara Teacher Housing Foundation
- Santa Cruz County Parents Association



Non-Profit Organization (continued)

- Maisha Meds, Inc.
- Manzanita Public Charter School
- Mary Magdalene Community Services
- Mission Language And Vocational School
- MNC 1240 Valencia Inc.
- Mother Lode Job Training
- Native American Health Center, Inc.
- New Bridge Foundation
- New Mexico Cancer Care Alliance
- North County Lifeline Inc.
- Oakland Community Organizations, Inc.
- Oakland Metropolitan Chamber of Commerce
- Our Common Ground Inc.
- Pacific Center for Human Growth
- Pawnee Nation College
- Redwood Region Economic Development Commission
- Redwoods Rural Health Center
- Sikh Gurdwara San Jose
- Solano Coalition For Better Health
- South County Community Health Center, Inc.
- St. James Infirmary
- Sustainable Economies Law Center
- Sustainable Sciences Institute
- TerraVerde Energy
- The Estria Foundation
- The Institute for Molecular Medicine
- The Ruckus Society
- Tohatchi Area of Opportunity & Services, Inc.
- United Way of Santa Cruz County
- V- Day
- Vascular Cures and Pacific Vascular Research Institute
- Veterans Accession House
- Women's Daytime Drop-in Center
- Youth Together, Inc.

Experience with US GAAP and GAS Accounting and Reporting

Harshwal & Company, LLP maintains a proven track record in the realm of financial reporting, underpinned by a robust expertise in both GAAP and GAS. This extensive experience underscores our commitment to the highest standards of financial integrity and precision. Adhering meticulously to GAAP, we ensure that our financial reporting aligns with universally accepted principles, offering stakeholders a solid foundation for assessing the firm's fiscal performance. Simultaneously, our proficiency in GAS accounting equips us to navigate the intricate landscape of governmental financial reporting, guaranteeing compliance with pertinent standards and regulations.

This duality of expertise positions our firm as a reliable and knowledgeable partner, dedicated to furnishing accurate and comprehensive financial information vital for informed decision-making by our clients and stakeholders.

Governmental Audit, CAFR & GASB Experience

Harshwal & Company, LLP has extensive experience conducting financial statement audit engagements under Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAS), and implementing GASB 34 and all subsequent pronouncements, through the performance of nearly 300 governmental audits since the effective date of GASB 34 implementation. Harshwal & Company, LLP has valuable experience handling Comprehensive Annual Financial Report (CAFR) engagements. Our Managing Partner, Mr. Sanwar Harshwal, has served on GASB committees and in other authoritative positions. At Harshwal & Company, LLP, we are committed to delivering exceptional service and leveraging our CAFR experience to ensure that our client's financial statements are accurate, transparent, and compliant with applicable standards and regulations.

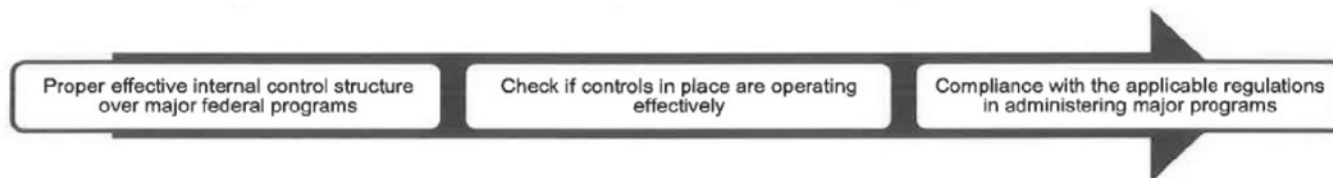


Our firm possesses a deep and current understanding of all applicable Governmental Accounting Standards Board (GASB) pronouncements relevant to governmental financial reporting. We ensure our audit team remains fully updated on new and emerging GASB statements through continuous professional education (CPE), technical training, and an established internal quality control review process. Our professionals are highly proficient in implementing the GASB standards, including Statements No. 87, 101, 102, 103, and 104, and assessing their impact on financial reporting and disclosures.

Single Audit Experience

Harshwal & Company, LLP has worked with numerous organizations that receive extensive governmental funding and are subject to auditing under the Uniform Grant Guidance, formerly known as OMB Circular (Uniform Guidance) guidelines. We utilize standardized audit programs from the federal government's Compliance Supplement to ensure that our procedures meet federal standards. Our audit programs are continually updated to reflect the revisions of the OMB.

Our Uniform Guidance risk-based approach focuses on areas of higher risk of noncompliance. Such an approach truly reflects the federal governments' intent by concentrating on the following three steps:



Our firm has audited hundreds of millions of dollars in federal expenditures, making our engagement team uniquely experienced in single audits. We are familiar with grantors, such as:

- Department of Housing and Urban Development
- Department of Agriculture
- Department of Health and Human Services
- Department of Transportation
- Environmental Protection Agency
- Department of Commerce
- Department of Labor
- Department of Homeland Security
- Department of Justice
- Department of Treasury
- Executive Office of the President
- U.S. Department of the Interior
- Department of Energy

Stakeholder Engagement, Financial Interpretation, and Public Presentation Experience

Our firm has extensive experience working with multiple stakeholders in governmental environments and is skilled in facilitating and synthesizing input from management, governing bodies, and the public. We possess a strong ability to interpret and analyze complex budget documents, ensuring accuracy and clarity in financial presentation. Our audit team is well-versed in reviewing and interpreting pension-related information, including Alternative Measurement Methods, Actuarial Valuation Reports, and related disclosures under GASB standards. We are familiar with public input processes and have successfully assisted agencies in preparing and presenting financial information for public review and comment. Additionally, our engagement teams regularly present audit findings and financial results to governing bodies in public meetings, communicating technical information clearly and effectively to both financial and non-financial audiences.



REFERENCES

The best indicator of our ability is our success in meeting the needs of our current and past clients. We encourage you to contact these references to inquire about the quality of our services, their overall satisfaction, the effectiveness of our auditing approach, the abilities of our professionals, and the timeliness and overall value of our services. We would be happy to provide additional references upon request, if you would like:

1. City of Greenfield

- **Address:** 599 El Camino Real, Greenfield, California 93927
- **Scope:** Financial Audit, Bond Audit, GANN, ASR, and FTR
- **Date:** 2023 to Present
- **Contact:** Paul Wood, City Manager
- **Phone Number:** (831) 674-5591
- **Email:** pwood@ci.greenfield.ca.us
- **Report Link:** <https://ci.greenfield.ca.us/DocumentCenter/View/4408>

2. County of Del Norte

- **Address:** 981 H Street, Crescent City, CA 95531
- **Scope:** Financial Statement & Single Audit, California State Compliance, and FTR
- **Date:** 2017 to Present
- **Contact:** Clinton Schaad, Auditor/Controller
- **Phone Number:** (707) 464-7202
- **Email:** cschaad@co.del-norte.ca.us
- **Report Link:** <https://app.fac.gov/dissemination/report/pdf/2024-06-GSAFAC-0000364023>

3. Town of Apple Valley

- **Address:** 14955 Dale Evans Pkwy, Apple Valley, CA 92307
- **Scope:** CAFR, Financial & Single Audit, MRF Separate Report, Tax Returns and FTR
- **Date:** 2019 to 2021
- **Contact:** Sydnie Harris, Director of Finance
- **Phone Number:** (760) 240-7000 Ext. 7704
- **Email:** sharris@applevalley.org
- **Report Link:** <https://app.fac.gov/dissemination/report/pdf/2021-06-CENSUS-0000132238>





Prior Audits Performed

Please refer to the "References" section for website links, fiscal years audited, and additional details related to the prior audits performed.

Capabilities in General Consulting and Compliance Auditing

Our firm provides a full range of consulting and compliance auditing services to support effective financial management and regulatory compliance. In addition to annual audits, we perform internal control reviews, single audits, grant compliance audits, and agreed-upon procedures. We assist clients in improving financial reporting processes, and enhancing internal controls to promote transparency, accountability, and compliance with applicable laws and regulations.



APPROACH, SCOPE AND TIMING OF THE AUDIT

Scope of Work

At Harshwal & Company, LLP, our professionals have extensive experience performing audit of state and local governments and our team has a broad understanding of the work environment that is necessary to conduct an audit of Local Agency Formation Commissions. We understand that you require us to conduct an audit of the financial statements of the Los Angeles, Orange, San Bernardino, and San Diego Local Agency Formation Commissions (LAFCO) for the fiscal years ending June 30, 2026, through June 30, 2029, with an option to extend for two (2) additional fiscal years, in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The audit will be in full compliance with all GASB and GASB pronouncements and then-current accounting/audit requirements and standards for the fiscal year being audited. We will adhere to the requirements of the RFP and will be performing the following tasks (including, but not limited to):

- We will prepare the General-Purpose Financial Statements (GPFS) for the following LAFCOs:
 - Los Angeles County Local Agency Formation Commission
 - Orange County Local Agency Formation Commission
 - San Bernardino County Local Agency Formation Commission
 - San Diego County Local Agency Formation Commission
- We will advise the entity on the impact of new GASB standards during the engagement and incorporate applicable changes into the audit approach and reporting.
- We will perform an independent audit of the financial statements for each LAFCO and prepare an individual audit report for each LAFCO.
- We will perform an audit of all funds of LAFCO.
- We will render our auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements.
- We will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the agency.
- We will issue a separate management letter that includes recommendations for improvements in internal control that are considered to be non-reportable conditions.
- Upon request, we will prepare the Management's Discussion and Analysis (MD&A) on behalf of management.





Understanding of the Project to be Performed

The two most critical components of the audit are (1) to have continuity and consistency among the auditors involved and (2) to have the entire audit team, from partners to staff, understand and be aware of the technical requirements for the engagement. Therefore, careful audit planning is emphasized along with written instructions, and a comprehensive workshop is carried out for the staff engaged. We have ascertained that this effort not only serves to state the line of organization and responsibility from the commencement but also serves to discuss the areas of concern and applicable audit techniques to be adopted in the examinations proposed to be conducted.

Our plan will involve a comprehensive entrance meeting with the LAFCO's audit committee and management. During this phase, we hope to establish the timetable for the examination and identify dates for future meetings to report on our progress in the examination. Shortly thereafter, the partners and an audit manager will meet with the LAFCO Manager or Finance Director to be able to obtain a more detailed outline of the LAFCO's financial systems and processes. This will help us to determine the extent and concentration of our audit effort, obtain knowledge and an understanding of the legal and reporting requirements by obtaining pertinent statutes, regulations, charter provisions, bond coverage and other requirements. The meeting will serve as a guideline to prepare and outline our audit-planning memorandum and the audit plan.

Upon completion of the audit plan, we will meet with the LAFCO Officials to go over our plan. During the meeting, we hope to share our understanding of the audit approach and fine-tune the dates of commencement, the assistance available to us, and the assistance the LAFCO may need from us, and the introduction of the audit team seniors to the LAFCO Officials. In the next step, a conference will be initiated by the audit team to be assigned. The conference will serve as a platform to share our audit plan and programs, discuss areas of concern, identify audit teams and dates, and address any and all pertinent questions from our staff.



Specific Audit Approach

Our audit process begins with the assignment of staff to the engagement. Our engagement team has the expertise to provide the level of service desired and deserved by your organization. Our engagements are supervised by the engagement partner and an audit manager. As high-level involvement is vital to a quality audit, the partner and manager's time will account for approximately 30% of the total hours spent on the engagement. Our team's approach is to be efficient, yet non-intrusive. We believe on-going communication throughout the entire audit will ensure that all aspects of the audit are thoroughly addressed. We encourage regular communications throughout the year, not just during fieldwork. As such, we do not anticipate any potential audit problems to arise during our engagement.

Audit Planning — Interim Phase

Our audit planning process includes a risk assessment of the LAFCO and a review of the control environment. We begin with a pre-planning meeting to ensure that management's expectations and our expectations are communicated prior to commencing the audit. We will confirm our understanding of the engagement deadlines and ensure these are met in a timely manner. In addition, we will provide a list and samples of schedules specifically tailored to Local Agency Formation Commissions to aid the LAFCO's staff in preparing schedules and providing audit documentation.

Risk Assessment — Interim Phase

As part of our extensive planning phase, the engagement team will discuss with management issues surrounding the applicable industry, the LAFCO's internal and external environment, significant events, as well as economic, political, and social factors to determine and document areas of risk. Once areas of risk have been identified, the next process will be to review the control testing.

Control Testing — Interim Phase

We will document and test the following control processes to evaluate their effectiveness in preparing reliable financial statements:

- Disbursements
- Receipts
- Payroll
- Financial reporting
- Journal entry process
- Federal and state programs
- IT and general computer controls

Based on our understanding of the LAFCO's risks and control environment, we will design our substantive procedures and communicate our audit approach to management. As part of our review and documentation of the control environment, we may have recommendations for enhancing controls and/or efficiencies. These recommendations will be discussed with management prior to any comments included in a formal management letter.

Drawing Audit Samples

Auditor judgment will be used in selecting our audit samples for tests of compliance work. The majority of the testing of compliance will be centered around the single audit testing of the direct and material elements for the major programs.



Substantive Procedures — Year End Phase

Substantive audit procedures are designed based on our risk assessment process. Complex and high-risk accounts will be identified early in the audit process and these accounts will be assigned to the manager and/or partner for actual testing. Our substantive audit procedures will include the following:

- Tests of account details — Detail transaction testing to source documentation
- Analytical procedures — Ratio analysis, variance analysis, and trend analysis
- Use of data analysis software — Review of large volumes of data to detect anomalies
- Unpredictability tests — Varying timing and extent of tests
- Review of management's estimates — To determine the reasonableness
- Review of subsequent events and contingencies — For proper adjustment and footnote disclosure

Preparation of Audit Report and Review — Year-end Phase and Wrap-up Phase

Audit work papers are reviewed throughout the audit by an audit manager and engagement partner. Before we leave your offices, the file will be substantially reviewed and any issues will be discussed and resolved. The financial statements are prepared by the audit manager. All reports are reviewed by the engagement partner and concurring partner. Upon approval, we will issue drafts of all reports based on the LAFCO's predetermined schedule as indicated in the Request for Proposal. This will allow adequate time for the review and distribution of reports.

Audit Sizes and Statistical Sampling Techniques

Audit sampling provides the auditor with an appropriate basis on which to conclude on an audit area by examining evidence from a sample of population. We utilize both statistical and non-statistical-sampling techniques as described in the AICPA's Audit Sampling Guide, depending on the type of testing being performed. Internal control, substantive, and compliance testing samples are generally selected using non-statistical techniques. Sample sizes are determined by risk assessment and nature of the population. We may use statistical sampling to assist with forensic testing in areas, which have a higher risk of misstatement due to fraud.

Working Paper Retention and Access to Working Papers

We will retain audit working papers and reports for a minimum of seven (7) years unless we are notified in writing by the LAFCO of the need to change the retention period. In addition, we will respond to reasonable inquiries of the LAFCO and successor auditors, and allow the LAFCO and successor auditors to review working papers relating to matters of continuing accounting significance. We will make audit work papers available upon your request.

Rules and Regulations

Harshwal & Company, LLP will meet all specific requirements imposed by state or local law or rules and regulations. We will review the laws and regulations covering the LAFCO's grants and major programs as part of any Single Audit testing if applicable. Based upon our inquiries with the LAFCO staff and review of any LAFCO's municipal code, etc., we will determine the relevant laws and regulations that will be subject to additional test work.



Management Letter

Communication with management is crucial since it is essential to hear your concerns and comprehend the financial records to have a complete and thorough understanding of business operations. Management confirmation is required on all information contained within the financial statements to ensure that they are true and accurate and that all information has been properly disclosed. We will review all significant audit findings with the LAFCO as the work proceeds and once on completion of our audit procedures.

It is standard practice for our firm to produce a management letter in conjunction with each engagement. The audit process provides an opportunity to assess performance and trends, to identify opportunities to improve internal controls and/or accounting efficiency, and spot emerging needs or opportunities. By reporting these conditions and opening them up for discussion, the management letter can play an important role in maintaining the future financial health of the organization.

If we become aware of any irregularities, illegal acts, or indications of illegal acts, we will make an immediate verbal and written report of such findings to the LAFCO's Council. The report will be discussed with the members responsible for the financial statements before submitting it to the Board Members. At the completion of the interim work, we will provide a management letter to the Superintendent (or designee) detailing all findings and recommendations noted as of the date of the completion of the interim work. We may substitute a copy of all written findings for the management letter.

Proposed Segmentation of the Engagement

Audit Work Planning	Staff Level	Hours
Planning, Supervision/Review ■ Planning ■ Audit Programs ■ Supervision and Quality Control Review ■ Contingencies/Subsequent Events & Related Parties ■ Fraud Risk Assessment ■ Oversight Committee Minutes Review ■ Correspondence (including Confirmations)	Managing Partner & Audit Manager	22
Meeting and Presentations ■ Entrance/Exit Conference ■ Other Meetings ■ Meetings with Oversight Committee ■ Board Presentation	Managing Partner & Audit Manager	12
Internal Control Review ■ Internal Control Interviews and Documentation ■ Risk Assessment ■ Journal Entries	Audit Manager, Senior Auditors & Staff Auditors	30





GASB Pronouncements Implementation ■ Evaluate impact of current GASB pronouncements ■ Review disclosures and implementation steps ■ Testing of GASB-related entries and balances	Audit Manager, Senior Auditors & Staff Auditors	30
Organization ■ Review organizational documents ■ Review board minutes ■ Review grants contracts ■ Review significant contracts	Audit Manager & Senior Auditors	25
Substantive Testing Areas ■ Accounts Payable and Other Liabilities ■ Accounts Receivable and Other Receivables ■ Grant Receivable ■ Analytical Review Procedures ■ Cash and Investments ■ Fund Balance ■ Interfund Activity ■ Capital Assets ■ Long Term Debt ■ Unrestricted / Restricted Revenues and Proceeds ■ OPEB and Pension Liabilities ■ Deferred inflows	Audit Manager, Senior Auditors & Staff Auditors	155
Exit Conference ■ Meet with Finance and Administration, the Director of Accounting to discuss results of audit ■ Review draft audit reports	Managing Partner & Audit Manager	14
Report Preparation and Review ■ Audit Reports Preparation, Supplemental Schedules and Disclosure ■ Presentation to the Finance Committee ■ Reports & Communications Delivery	Managing Partner, Audit Manager, Senior Auditors & Staff Auditors	35
Total Audit Hours		323



EXHIBIT B—PROJECT SCHEDULE

LOS ANGELES

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	January 2026
Kickoff Meeting	Intro. Firm staff to LAFCO	Just after contract awarded
Management Engagement Letters	Made available to LAFCO Staff	January 2026
PBC List Distribution	Made available to LAFCO Staff	June - July 2026
Fieldwork	On-site/Remote	2nd week of October 2026
Draft Audit for Staff		Last week of October 2026
Auditor revising document		November 2026
Final Audit for Commission		3rd week of November 2026
Commission Meeting		November 2026

ORANGE

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	January 2026
Kickoff Meeting	Intro. Firm staff to LAFCO	Just after contract awarded
Management Engagement Letters	Made available to LAFCO Staff	January 2026
PBC List Distribution	Made available to LAFCO Staff	June - July 2026
Fieldwork	On-site/Remote	2nd week of October 2026
Draft Audit for Staff		Last week of October 2026
Auditor revising document		November 2026
Final Audit for Commission		3rd week of November 2026
Commission Meeting		November 2026

SAN BERNARDINO

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	January 2026
Kickoff Meeting	Intro. Firm staff to LAFCO	Just after contract awarded
Management Engagement Letters	Made available to LAFCO Staff	January 2026
PBC List Distribution	Made available to LAFCO Staff	June - July 2026
Fieldwork	On-site/Remote	2nd week of October 2026
Draft Audit for Staff		Last week of October 2026
Auditor revising document		November 2026
Final Audit for Commission		3rd week of November 2026
Commission Meeting		November 2026



SAN DIEGO

Project Schedule		
Tasks	Projection Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	January 2026
Kickoff Meeting	Intro. Firm staff to LAFCO	Just after contract awarded
Management Engagement Letters	Made available to LAFCO Staff	January 2026
PBC List Distribution	Made available to LAFCO Staff	June - July 2026
Fieldwork	On-site/Remote	2nd week of October 2026
Draft Audit for Staff		Last week of October 2026
Auditor revising document		November 2026
Final Audit for Commission		3rd week of November 2026
Commission Meeting		November 2026



- *The timeline is reasonable given the totality of work involved and our managers being highly qualified and trained. We will follow the same system to get work done throughout the engagement period.*
- *This timeline is dependent on the availability of your personnel and is subject to the anticipated closing your accounting records.*

Assistance Required from the LAFCO Staff

Generally, we would expect the following assistance from the LAFCO personnel:

- Preparation of audit correspondence.
- Preparation or completion of questionnaires for use in our review of the LAFCO's internal accounting controls and obtaining an understanding of the control environment and flow of transactions.
- Preparation of audit lead schedules in a format provided to us in advance.
- Pulling and or providing copies of certain documents and agreements (i.e., vouchers, invoices, canceled checks, time cards, bank statements, and contracts) as requested by us in advance.
- General assistance from knowledgeable personnel in responding to specific audit questions or analyzing specific accounts or transactions.

During the performance of our interim audit fieldwork, we will review the accounting schedules and workpapers normally prepared by the LAFCO staff and incorporate them, as applicable, into our audit. By doing so, we hope to minimize the need to have the LAFCO staff prepare additional schedules. However, if we need additional schedules, we will provide the LAFCO with such a list of schedules at least several days prior to commencement of the field work.



Technological Advantages

We utilize the latest technology, including virtual servers, smart devices, and online libraries, to provide us with the most up-to-date information to better serve our clients. Our online client portal, **Suralink** gives us the capability of sending and receiving information to and from our clients faster and more securely. As portals are encrypted and use password protection to ensure that data can only be viewed by the appropriate client, we are dedicated to protecting the LAFCO's confidential information. Furthermore, we streamline our audit process and organize support documents through the use of the paperless audit program; CaseWare Working Papers.

By effectively reviewing large volumes of data through these programs, we are able to develop a better understanding and gain a broader view of Local Agency Formation Commissions. These technologies enable us to increase both the scope of our engagement and the reliability of our audit opinion more efficiently, as a larger amount of information can be processed, analyzed, and interpreted in a shorter time frame. We are pleased to discuss our efficient use of audit technology as follows:

Secure Data File Transfer System: In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called **Suralink**. Suralink's dynamic request list is integrated with our secure file hosting system for seamless document-request coordination. It means all our requests are in one place, updated in real-time, and accessible only by our engagement team working on your audit and the LAFCO's employees who are granted access. You, as a client, no longer have to manually maintain a spreadsheet amongst several people only to repeat the process in a day or two. This not only makes the operation more cost-efficient; it enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. The Suralink dashboard, as shown below, allows you to visualize the process of the document-request fulfilment. With this innovative tool, clients can manage workflow through a centralized individual who can assign and delegate requests to other employees; track project activity by assigned individual, due date, and status with a user friendly, easy-to-use, dashboard interface; quickly view and monitor project progress with an at-a-glance report feature; and access how-to videos and training materials through the enhanced learning center.

IDEA: We will utilize IDEA data extraction software to assist us in completing our analytical procedures. We will obtain a detail general ledger of all transactions that occurred during the year and download that information into IDEA. We will analyze the data for unusual transactions and create reports for our audit procedures. Additional functionality of this program allows us to receive files in many formats used by the LAFCO which alleviates the stresses and pressures of converting data into a usable format.

CaseWare: CaseWare is a highly flexible engagement software that facilitates real-time adjustments to your trial balance, resulting in simultaneous updates to your financial statements. It enables us to drill down from supporting audit schedules and documents to the underlying detailed accounts. We plan, perform, and review your entire engagement electronically, eliminating the use of paper.

CaseView: CaseView is a powerful reporting module that helps review of financial statements, as well as any other customized work paper reports. It utilizes an interface that combines the appropriate features of Word and Excel into a single application that engages word processing features for formatting financial information. Some advantages of CaseWare and CaseView are as follows:



- **Automatic financial reports:** This refers to the ability to generate and print financial statements immediately. The numbers in the trial balance are mapped to financial statement tables and foot notes to provide robust and accurate financial statements and reports.
- **Automatic footnotes and other information:** This is the ability to format financial statement footnotes with variables (dates, amounts, etc.) that are automatically updated based upon the trial balances and appropriate work paper information.
- **Virtualization:** This provides a more consistent approach to financial statement design and a reduced risk of errors in the financial statement reports.

Checkpoints Tools: All Checkpoint Tools come with a complete set of practice aids, including valuable industry-specific practical considerations and guidance. We make sure you have everything you need to complete engagements and tax preparation with ease. Checkpoint Tools provides accounting and audit professionals with valuable industry-specific practical considerations and guidance including SMART Practice Aids® Audit Suite, PPC's Practice Aids™, PPC's Workpapers™, PPC's Interactive Disclosure Libraries™ and more. These tools work alone or with all paperless engagement products and integrate with AdvanceFlow™ and Workpapers CS, part of the CS Professional Suite from Thomson Reuters.

Use of Artificial Intelligence and Other Emerging Technologies

As part of performing our services, we may use artificial intelligence (AI), data analytics, and emerging technologies to enhance the efficiency, accuracy, and overall outcomes of our work. These technologies sometimes provided by third-party vendors - may be used to analyze data, generate reports, or assist us in delivering quality insights. By engaging our services, you acknowledge and consent to our use of AI and related technologies when deemed appropriate. While these tools enhance our capabilities, they are designed to complement not replace our professional judgement. Any significant findings or exceptions identified through the use of these technologies will be reviewed and validated by our team.

We are fully committed to safeguarding the confidentiality, integrity, and security of your information in compliance with applicable laws, regulations, and industry standards. When deploying AI or other related technologies, we engage reputable service providers that adhere to robust data protection measures, including encryption, anonymization (where applicable), and compliance with privacy laws (e.g., GDPR, CCPA). We do not store or transmit sensitive information through any AI platform unless it meets stringent data protection requirements. All data shared with us remains confidential and is used solely for purposes related to this engagement, in accordance with our professional obligations. Our confidentiality policies extend fully to AI systems, ensuring that no client data or sensitive information is accessed or used inconsistently with our professional responsibilities.

While AI and other technologies significantly streamline certain processes, they may have limitations, such as algorithmic biases, inaccuracies, or processing errors. We take reasonable precautions to mitigate such risks; however, we cannot guarantee that AI-generated outputs will be entirely error-free. We shall not be held liable for any inaccuracies resulting from such limitations.



2025 LAFCO Joint Audit Services RFP
Proposal to Provide Audit Services



Hourly Rates:

Classification	Hourly Rate	LA Estimated No. of Hours	OC Estimated No. of Hours	SB Estimated No. of Hours	SD Estimated No. of Hours
Partner	\$ 195	5	5	5	10
Manager	150	12	12	15	20
Senior Auditor	100	23	18	24	31
Senior Accountant					
Staff Accountant	75	31	31	33	48
Total		71	66	77	109



EXHIBIT C - PRICING SHEET

LAFCO	Description of Services	Estimated Hours	Year Ended June 30				1-yr option to extend
			2026	2027	2028	2029	
<u>1. Los Angeles</u>	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures, audit preparation and management letter.		\$7,400	\$7,770	\$8,160	\$8,570	\$9,000
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.		\$240	\$250	\$265	\$280	\$295
Maximum Not to Exceed Amount			\$7,640	\$8,020	\$8,425	\$8,850	\$9,295
<u>2. Orange</u>	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures, audit preparation and management letter.		\$6,900	\$7,245	\$7,605	\$7,985	\$8,385
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.		\$240	\$250	\$265	\$280	\$295
Maximum Not to Exceed Amount			\$7,140	\$7,495	\$7,870	\$8,265	\$8,680
<u>3. San Bernardino</u>	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures, audit preparation and management letter.		\$8,100	\$8,505	\$8,930	\$9,375	\$9,845
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.		\$240	\$250	\$265	\$280	\$295
Maximum Not to Exceed Amount			\$8,340	\$8,755	\$9,195	\$9,655	\$10,140
<u>4. San Diego</u>	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures, audit preparation and management letter.		\$11,650	\$12,235	\$12,845	\$13,485	\$14,160
	Option to prepare the Management and Discussion Analysis (MD&A) on behalf of management.		\$240	\$250	\$265	\$280	\$295
Maximum Not to Exceed Amount			\$11,890	\$12,485	\$13,110	\$13,765	\$14,455



Total All-Inclusive Maximum Price:

Our fees are generally lower than other competing firms since we keep our overhead low; we follow a scientific audit approach and we make extensive use of emerging technologies that allow us to conduct audits efficiently. Our policy is to provide you with exceptional service that meets and exceeds professional auditing standards at a competitive cost.

- *We are well-equipped and experienced to perform audits on a remote basis. We will provide our audit services on a remote basis.*
- *Out-of-pocket expenses will be charged on an actual basis as and when incurred (if onsite visit required).*
- *If a single audit is applicable, we will charge \$4,500.00 for the first major program and \$3,500.00 for each additional major program.*

Rates for Additional Professional Services

We will perform additional work only if set forth in an addendum to the contract between the LAFCO and our firm. Our fees for the additional services, if required, will be based on the actual time spent by professional or administrative personnel at quoted hourly rates, specified above. Our standard hourly rates vary according to the degree of responsibility involved, and the experience level of the personnel assigned.

Manner of Payment

Progress billings will be sent on the basis of actual audit work completed during the course of the engagement. Interim billings do not cover a period of less than a calendar month. We view this work as being every bit as important and valuable as the work we perform for other clients and we put our best people on it. Any consulting work you request will be performed at the same rates as our audit work.

We have provided you a fee estimate based on the following assumptions:

- The accounting records will be in balance and supported by appropriate documentation.
- The LAFCO's staff will provide the supporting schedules for all asset and liability accounts.
- The LAFCO's staff will provide general assistance, such as locating documents, typing confirmation requests, and coordinating meetings.





OTHER INFORMATION REQUIRED IN PROPOSAL

No Subcontract

We assure the LAFCO if we are selected as your auditors, we will not delegate or subcontract our responsibility without written consent of the LAFCO.

Firm's Most Recent Peer Review Report

Harshwal & Company, LLP is a member of the Governmental Audit Quality Center (GAQC) and Employee Benefit Plan Audit Quality Center (EBPAQC) of the American Institute of Certified Public Accountants (the AICPA) and the Center for Audit Quality, an affiliate of the AICPA. One of the requirements of membership in these groups is to have our systems of quality control reviewed by another CPA firm once every three years. Our most recent peer review was completed in 2023, and we received a passing peer review rating.

➤ **A copy of our most recent Peer Review report is attached below.**





(650) 522-3094
peerreview@calcpa.org

June 06, 2024

Sanwar Harshwal
Harshwal & Company LLP
11405 W Bernardo Ct Ste A
San Diego, CA 92127

Dear Sanwar Harshwal:

It is my pleasure to notify you that on June 06, 2024, the California Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2026. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Peer Review Committee

Peer Review Program
The Peer Review Program Team
peerreview@calcpa.org
650-522-3094

cc: Justin Williams

Firm Number: 900005526362

Review Number: 603500



Administered by the California Society of CPAs for CA, AK and AZ

Peer Review
Program





Report on the Firm's System of Quality Control

February 29, 2024

To Harshwal & Company LLP and the Peer Review
Committee of the CalCPA Peer Review Program

We have reviewed the system of quality control for the accounting and auditing practice of Harshwal & Company LLP (the firm) in effect for the year ended May 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and audits of employee benefit plans.

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Harshwal & Company LLP in effect for the year ended May 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Harshwal & Company LLP has received a peer review rating of *pass*.

MUN CPAs, LLP

MUN CPAs, LLP



Insurance Requirements

We will maintain such insurance coverage during the period of engagement. Harshwal & Company, LLP maintains the following insurance:

1. Professional liability for \$2,000,000 per claim and \$4,000,000 aggregate. The carrier is Hanover Insurance Company.
2. Commercial general liability and property damage for \$2,000,000 per occurrence and \$4,000,000 aggregate. The carrier is Hartford Underwriters Insurance Company.
3. Automobile liability for \$2,000,000. The carrier is Hartford Underwriters Insurance Company.
4. Workers' compensation (statutory amounts and limits) insurance carrier is Hartford Fire and Its P&C Affiliates. The limit of the liability is \$1,000,000.

➤ **A copy of our insurance document is attached below.**





McGOWAN

Professional Liability

VERIFICATION OF INSURANCE & BINDER

ISSUED TO: Harshwal & Company LLP

We, the undersigned Insurance Brokers, hereby verify that **Travelers Casualty and Surety Company** has issued the following described insurance, and which is in force as of the date hereof:

CPAOnePro Professional Liability

Policy Number:	Insurer:	Period:
108314457	Travelers Casualty and Surety Company	12 months commencing 12:01 a.m. 7/30/2025
LIMIT:	\$2,000,000.00 each claim \$4,000,000.00 annual aggregate (as provided for in the policy wording)	
RETENTION:	\$100,000.00 each claim	
PRIOR ACTS DATE:	09/30/2009	
ENDORSEMENTS:	As quoted.	
CANCELLATION:	Should the above described policy be cancelled before the expiration thereof, we shall endeavor to mail 30 days written notice to the Certificate Holder, but failure to do so shall impose no obligation or liability of any kind upon the company, its agents, or representatives, subject to the terms, conditions, exclusions, and limitations of the policy.	
Certificate Holder(s):	Harshwal & Company LLP 11405 W Bernardo Ct Suite A San Diego, CA 92127	

This document is furnished as a matter of information only. The issuance of this document does not make the person or organization to which it is issued an additional insured, nor does it modify in any manner the contract of insurance between the Insured and the Insurers. Any amendment, change or extension of such contract can only be effected by specific endorsement attached thereto.

McGowanPRO
Rob Ferrini
7/18/2025



2025 LAFCO Joint Audit Services RFP
Proposal to Provide Audit Services



ORANGE COUNTY
LAFCO
for San Bernardino County



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
06/22/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER CAMICO SERVICES INC/PHS 57141555 The Hartford Business Service Center 3600 Wiseman Blvd San Antonio, TX 78251	CONTACT NAME: PHONE (A/C, No, Ext): (866) 467-8730 FAX (A/C, No): E-MAIL ADDRESS:																					
INSURED HARSHWAL & COMPANY, LLP. 11405 W BERNARDO CT STE A SAN DIEGO CA 92127	<table border="1"> <thead> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th><th>NAIC#</th></tr> </thead> <tbody> <tr> <td>INSURER A :</td><td>Hartford Underwriters Insurance Company</td><td>30104</td></tr> <tr> <td>INSURER B :</td><td>Hartford Fire and Its P&C Affiliates</td><td>00914</td></tr> <tr> <td>INSURER C :</td><td></td><td></td></tr> <tr> <td>INSURER D :</td><td></td><td></td></tr> <tr> <td>INSURER E :</td><td></td><td></td></tr> <tr> <td>INSURER F :</td><td></td><td></td></tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE		NAIC#	INSURER A :	Hartford Underwriters Insurance Company	30104	INSURER B :	Hartford Fire and Its P&C Affiliates	00914	INSURER C :			INSURER D :			INSURER E :			INSURER F :		
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INSURER D :																						
INSURER E :																						
INSURER F :																						

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/Y YYY)	LIMITS
A	COMMERCIAL GENERAL LIABILITY	X		57 SBA BL3W3X	05/12/2025	05/12/2026	EACH OCCURRENCE \$2,000,000
	CLAIMS-MADE ☒ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000
	X General Liability						MED EXP (Any one person) \$10,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$2,000,000
	X POLICY ☐ PRO-JECT ☐ LOC						GENERAL AGGREGATE \$4,000,000
	OTHER:						PRODUCTS - COMP/OP AGG \$4,000,000
A	AUTOMOBILE LIABILITY			57 SBA BL3W3X	05/12/2025	05/12/2026	COMBINED SINGLE LIMIT (Ea accident) \$2,000,000
	ANY AUTO						BODILY INJURY (Per person)
	ALL OWNED AUTOS						BODILY INJURY (Per accident)
	X HIRED AUTOS						PROPERTY DAMAGE (Per accident)
	X NON-OWNED AUTOS						
	UMBRELLA LIAB EXCESS LIAB						EACH OCCURRENCE
	OCCUR CLAIMS-MADE						AGGREGATE
	DED RETENTION \$						
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	Y/N	N/A	57 WEC AG8JZ9	07/21/2025	07/21/2026	X PER STATUTE OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						E.L. EACH ACCIDENT \$1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE -EA EMPLOYEE \$1,000,000
							E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Those usual to the Insured's Operations. The Business Liability Coverage Part includes a Blanket Additional Insured By Contract Endorsement, Form SL 30 32.

CERTIFICATE HOLDER

First Citizens Bank & Trust Co.
Attn: SBA Loan Operations/DAC90
PO Box 27568
RALEIGH NC 27611

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Susan L. Castaneda

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ACORD 25 (2016/03)

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Benefits of Choosing Harshwal & Company, LLP

Harshwal & Company, LLP is recognized for its professionalism, integrity, and providing clients with effective resolutions for their unique circumstances and issues. Our firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams. Harshwal & Company, LLP's main objective is always to provide the LAFCO with solutions and directions, led by highly experienced and capable partners who can successfully implement the work and produce the results you expect. This philosophy and mindset allow us to provide a superior level of service.

We trust that this proposal has given you the information you need about the firm, the engagement team members, our overall audit approach, firm's cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the LAFCO and providing you with the excellent level of service that you expect and deserve.

Inherent in our service is the on-going support, education, and advice to our clients. The comprehensive service includes:

- Email updates on all new and pertinent developments.
- A careful review of the effects of these new developments (if any), on your particular circumstances. If necessary, we will advise you on any changes needed in accounting procedures.
- We will meet with the Finance Department head at the beginning of the audit to advise on matters of particular interest. We will provide "best practices" for effective daily operations that will also provide information necessary for the financial statements.
- Throughout the audit, we will advise your accounting personnel on best practices for maximum efficiency in each major operational area.

"Keeping in touch with" is the hallmark of our service. You will receive phone calls, emails, and information through the Harshwal & Company, LLP portal on a consistent and regular basis.



Proposal to Provide Financial Statement Audit Services

Local Agency Formation Commission of:

The Counties of Los Angeles, Orange, San Bernardino, and
San Diego

Submitted by:

Cristy A. Canieda, CPA, CGMA
Partner, Government Practice Leader
Vasquez & Company LLP
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel: (213) 873-1720
Fax: (213) 873-1777
Email: ccanieda@vasquezcpa.com

Firm's California CPA License Number: 6286
Firm's Federal Identification Number: 33-0700332

December 1, 2025



2. Cover Letter

December 1, 2025

Adriana Romo

Deputy Executive Officer

LAFCO for the County of Los Angeles

80 South Lake Avenue, Suite 870

Pasadena, CA 91101

RE: Vasquez & Company LLP Proposal to Provide Financial Statement Audit Services to the Local Agency Formation Commission of the Counties of Los Angeles, Orange, San Bernardino, and San Diego

Vasquez & Company LLP ("Vasquez," "we," "us," or "our") is pleased to submit our proposal to the Local Agency Formation Commissions of the Counties of Los Angeles, Orange, San Bernardino, and San Diego (collectively the, "LAFCOs," "you," "your") to audit the financial statements for four (4) fiscal years ending June 30, 2026, June 30, 2027, June 30, 2028, and June 30, 2029, with option to extend the contract for two (2) additional one (1) year extensions considered for firms preparing a superior response.

Firm's Understanding of Work to be Performed

Our understanding of the scope of services is as follows:

- Perform an audit and render an auditor's report on the basic financial statements of the LAFCOs in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, if required.
 - As part of our audit, we will render a report on the basic financial statements and apply limited audit procedures to Management's Discussion and Analysis (MD&A), if provided and required supplementary information pertaining to the General Fund and each major fund of the LAFCOs.
 - We will render our auditors' reports on each of the LAFCOs' internal control over financial reporting and compliance with relevant laws and regulations, and other matters based on our audit of the financial statements.
 - Prepare and word-process the LAFCOs' Financial Report in accordance with the requirements of GASB standards.
- Issue a Management Letter that includes recommendations for improvements in internal control, accounting procedures, and other significant observations that are considered to be non-reportable conditions.
- Provide guidance on implementing new GASB requirements and specifics of Federal and State of California regulations pertaining to local government financial reporting.

Upon request and specifically after our audits, we will be pleased to make a presentation to the LAFCOs Commission, during which we will discuss our audit approach, scope, and results. We pride ourselves on our ability to convey complex information in an informative, unbiased manner, so that Management and the LAFCOs Commission can evaluate the significance of the information and determine appropriate action plans.



Management can be assured that our audits will be performed in accordance with the following:

- Generally accepted auditing standards in the United States of America.
- The standards applicable to financial audits are contained in the most current version of the Government Auditing Standards, issued by the Comptroller General of the United States.

Why Vasquez?

Experienced Firm:

- Experienced in serving the financial and compliance needs of over 80 municipalities and special districts in California.
- Experience assisting government agencies achieve the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

Experienced Leaders:

Our leadership team makes us uniquely qualified to provide the services requested by the LAFCOs. The team brings extensive expertise in providing audit services to governmental entities. Each member of our proposed engagement team specializes in key areas, including compliance and financial reporting. These specialties are set to ensure thorough and accurate assessments. Our proposed leadership team consists of:

- Cristy A. Canieda, Vasquez Partner and Government Practice Leader, formerly with PwC, will lead our delivery of services to the LAFCOs. She will direct and supervise the auditors in performing the engagement, review the audit results, and provide technical expertise as appropriate.
Cristy's experience includes the City of Baldwin Park, City of Carson, City of West Hollywood, City of Modesto, City of Simi Valley, City of Moreno Valley, City of Culver City, City of Temecula, City of Mission Viejo, City of Healdsburg, City of Norwalk, City of Torrance, Los Angeles County Metropolitan Transportation Authority (LACMTA), Southern California Association of Governments, San Gabriel Valley Council of Governments, San Joaquin Valley Library System, and Local Agency Formation Commission (LAFCO) for Los Angeles County, among others.
- Roger Martinez, Vasquez Partner and Audit Practice Leader, formerly with KPMG, will act as the engagement quality control reviewer and objectively evaluate the engagement team's significant judgments and conclusions in formulating the auditor's report for the LAFCOs.
Roger's experience includes the City of Long Beach, City of Vernon, City of Norwalk, City of La Puente, City of Huntington Park, City of El Monte, Los Angeles Water and Power, Metropolitan Water District of Southern California, San Gabriel Basin Water Quality Authority, Los Angeles World Airports, Port of Los Angeles, Los Angeles County Metropolitan Transportation Authority (LACMTA), Southern California Regional Rail Authority, San Joaquin Transit Agency, SunLine Transit Agency, and San Gabriel Valley Council of Governments, among others.

Our Internal Control-Based Audit Approach:

- Our professionals, with extensive experience in performing financial and compliance audits of local municipalities and other public agencies in California, will bring an unbiased, fresh perspective to the LAFCOs' systems, operations, and practices. Our experience will allow us to assess your risk and compare your existing policies and practices to those used by other efficient, reputable agencies. We will focus on the critical areas of your operations.
- Our audit approach is unique in evaluating and testing key internal accounting controls rather than merely performing substantive tests. This approach provides critically important information to the LAFCOs management about the effectiveness of its internal controls.



Communication with the LAFCOs:

- We will hold regularly scheduled status meetings to keep you abreast of our progress.
- We will provide you with meaningful status reports.
- We will take a proactive approach to develop practical solutions to identified challenges.
- Team members, including the engagement and quality control partners, will be available year-round.

Addressing Critical Accounting Matters:

Recognizing that your interests are best served by highly qualified, knowledgeable, and trained accountants and auditors, we offer our staff and our clients:

- Frequent training in current technical matters and subjects of importance to local governments' finance, accounting, and auditing aspects, such as new GASB standards and OMB requirements.
- Specifics of Federal and State of California regulations about local government accounting, reporting, and compliance.

Timeliness:

- We understand and appreciate the importance of adhering to agreed-upon timelines and meeting deadlines.
- We structure our audit approach to recognize issues early, plan for the orderly completion of our work, and avoid end-of-audit surprises.
- We commit to performing the work within the agreed timeframe.

New GASB Pronouncement Experience:

- Our team has assisted clients in adopting applicable Governmental Accounting Standards Board (GASB) statements.
- Our firm assists clients in assessing their readiness to implement the new standards and guiding them through the implementation.

Providing an Effective and Efficient Audit:

Our risk-based approach, high-caliber management team, and experienced staff ensure that critical issues are not overlooked but promptly identified, communicated to you, and resolved to the LAFCOs' satisfaction.

Affirmations:

- Vasquez meets all the minimum requirements to be considered:
 - Vasquez possesses the firm licensing and meets the independence requirements with respect to the participating LAFCOs, in addition to meeting the minimum requirements of our most recent peer review.
 - Vasquez's proposed engagement team has maintained oversight responsibilities for more than least three audits performed for three different public agencies in the State of California in the past seven years.
 - Vasquez's proposed engagement team maintains familiarity with public agency audits, including cities, special districts, and other governments.
 - Vasquez's proposed engagement team has prior experience in the implementation of GASB pronouncements.
 - Vasquez's proposed engagement team has experience presenting to governing bodies at public meetings within the past three years.
- Vasquez offer is a firm and irrevocable offer for sixty (60) days.
- Vasquez is independent with respect to LAFCOs.



- Vasquez is an Equal Opportunity Employer.
- Vasquez has the required insurance policies in force as identified in the RFP.
- Vasquez will not delegate or subcontract its responsibilities without prior written consent of LAFCOs.

I, Cristy A. Canieda, Partner with Vasquez, am entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the LAFCOs. Vasquez is committed to providing the LAFCOs with the highest level of customer service, and we trust that you will find us qualified to provide professional financial statement auditing services. If you have any questions or need further assistance, please contact me using the information provided below.

VASQUEZ & COMPANY LLP

A handwritten signature in dark ink that reads "Cristy A. Canieda". The signature is fluid and cursive, written in a professional style.

Cristy Canieda
Partner – Government Practice Leader
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel.: 213-873-1720
Email: ccanieda@vasquezcpa.com

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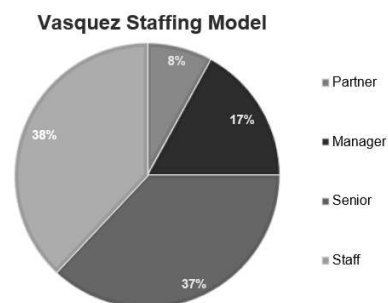
4. Proposer's Qualifications

A. Qualifications and Related Experience of Personnel Who Will Serve LAFCO

Our senior engagement team members are responsible for ensuring quality work is delivered. They will meet regularly with you, answer questions, provide guidance, and help ensure issues are identified and resolved promptly.

Vasquez has built its reputation on close partner involvement and strong client relationships. However, the ultimate success of our client relationships is mainly attributable to one key component – our people. Our engagement teams are structured with extensive partner involvement. As a result, our average partner-to-staff leverage ratio is higher than most other firms. As a result, our budgeted hours include higher partner involvement than what you may have experienced in the past.

Beyond partner leadership and support, an audit is only as good as the people who do the bulk of the daily work. Therefore, we are committed to providing a staff resource pool that embodies the attributes you expect of your auditor, including technical expertise in GASB, knowledge of government and utility industries, and soft skills such as respect, empathy, and timely response to questions.



Continuing Professional Education Program

To ensure that our professional staff remains up to date on the latest audit and accounting developments and meets the requirements for maintaining active licensure in good standing, we ensure that our professional staff receive the required number of CPE hours within the established period. Vasquez also conducts in-house seminars for the professional staff.

Our team is held to a high standard of quality; we offer the following CPE Programs for our staff:

- Continuing Education courses provided by the American Institute of Certified Public Accountants (AICPA), which the firm sponsors live and in-house for its staff and clients, conducted by highly qualified professionals.
- Attendance at conferences and seminars related to government accounting sponsored by:
 - Government Finance Officers Association
 - Association of Local Government Auditors
 - California Society of Municipal Finance Officers

Engagement Team

A synopsis of the team members and their respective roles, followed by their resumes, is as follows:

Team Member	Role
Cristy A. Canieda, CPA, CGMA Lead Partner License No.: 97674	Cristy Canieda, Vasquez Government Practice Leader, <u>with over thirty (30) years of public accounting experience</u>, will lead the service delivery team and supervise the auditors in performing the audit engagement and provide technical assistance as appropriate. Cristy oversees all the firm's local government audit engagements and serves as a Technical Reviewer for the GFOA Certificate of Excellence in Financial Reporting Program. Cristy's audit experience includes the City of Baldwin Park, City of Carson, City of West Hollywood, City of Modesto, City of Simi Valley,

Local Agency Formation Commission of the Counties of Los Angeles, Orange, San Bernardino, and San Diego

Proposal to Provide Financial Statement Audit Services

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Team Member	Role
	City of Moreno Valley, City of Culver City, City of Temecula, City of Mission Viejo, City of Healdsburg, City of Norwalk, City of Torrance, Los Angeles County Metropolitan Transportation Authority (LACMTA), Southern California Association of Governments, San Gabriel Valley Council of Governments, San Joaquin Valley Library System, and Local Agency Formation Commission (LAFCO) for Los Angeles County. CANIEDA, CRISTY ANGULO  LICENSE NUMBER: 97674 LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT LICENSE STATUS: CLEAR  EXPIRATION DATE: JANUARY 31, 2026 SECONDARY STATUS: N/A CITY: GLENDALE STATE: CALIFORNIA COUNTY: LOS ANGELES ZIP: 91203
Roger A. Martinez, CPA Quality Control Partner License No.: 81467	Roger Martinez, Vasquez Audit Practice Leader, <u>with over twenty-five (25) years of public accounting experience</u>, will be responsible for the technical review of the engagement and will work closely with the Lead Partner to review and evaluate the audit fieldwork and reports. City of Long Beach, City of Vernon, City of Norwalk, City of La Puente, City of Huntington Park, City of El Monte, Los Angeles Water and Power, Metropolitan Water District of Southern California, San Gabriel Basin Water Quality Authority, Los Angeles World Airports, Port of Los Angeles, Los Angeles County Metropolitan Transportation Authority (LACMTA), Southern California Regional Rail Authority, San Joaquin Transit Agency, SunLine Transit Agency, and San Gabriel Valley Council of Governments, among others. MARTINEZ, ROGER ALEXANDER  LICENSE NUMBER: 81467 LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT LICENSE STATUS: CLEAR  EXPIRATION DATE: JUNE 30, 2027 SECONDARY STATUS: N/A CITY: GLENDALE STATE: CALIFORNIA COUNTY: LOS ANGELES ZIP: 91203
Rhoda Dollaga, CPA Senior Audit Manager License No.: 135694	Rhoda Dollaga, Vasquez Senior Audit Manager, <u>with nine (9) years of public accounting experience</u>, will work closely with the Lead Partner to plan, coordinate, and review the fieldwork for the annual financial and compliance audits. In addition, she will manage the day-to-day activities and task accomplishments, monitor progress, and ensure schedule compliance. Rhoda's audit experience includes the City of Baldwin Park, City of Carson, City of West Hollywood, City of Modesto, City of Simi Valley, City of Moreno Valley, City of Norwalk, City of Vernon, and San Joaquin Valley Library System. DOLLAGA, RHODA MAE SHEEN  LICENSE NUMBER: 135694 LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT LICENSE STATUS: CLEAR  EXPIRATION DATE: DECEMBER 31, 2025 SECONDARY STATUS: N/A CITY: DELANO STATE: CALIFORNIA COUNTY: KERN ZIP: 93215

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Orange, San Bernardino, and San Diego**

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Team Member	Role
Jason Tagasa, CISA IT Audit Senior Manager License No.: 19153674	Jason Tagasa, Vasquez IT Audit Senior Manager, formerly with EY, <u>with over ten (10) years of experience in IT consulting and auditing</u>, will perform audit procedures pertaining to the City's financial systems and Information Technology. Jason's IT risk-based controls assessment approach for evaluating and testing internal controls provides added assurance to management and the Governing Board. ISACA Certification Verification on 05 March 2025 Name: Jason Tagasa Status: Active Certification Type: CISA Certification Number: 19153674 Date Certified: 11 January 2019 Expiration Date: 31 December 2025
Jerick Sanchez Audit Manager	Jerick Sanchez, Vasquez Audit Manager, formerly with a global accounting firm, <u>with eleven (11) years of public accounting experience</u>, will work closely with the Senior Audit Manager to manage the day-to-day activities and task accomplishments, monitor progress, and ensure schedule compliance. He will also ensure ongoing, timely communication among all engagement team levels, ensuring the smooth operation of our audit process.



CRISTY A. CANIEDA, CPA, CGMA
Partner, Government Practice Leader

Tel: 213-873-1720

Email: ccanieda@vasquezcpa.com

Areas of Expertise

Cristy's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Federal Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports, State Controller's reports.

Representation of Experience

- City of Baldwin Park
- City of Carson
- City of Culver City
- City of El Monte
- City of Hawthorne
- City of Huntington Park
- City of Long Beach
- City of Lynwood
- City of Montebello
- City of Moreno Valley
- City of Norwalk
- City of Pico Rivera
- City of Simi Valley
- City of Torrance
- City of West Hollywood
- Coachella Valley Association of Governments
- Community Development Commission of Los Angeles County
- Imperial County Local Transportation Authority
- Jurupa Community Special District
- La Habra Heights Water District
- La Puente Valley County Water District
- Los Angeles Community College District
- Los Angeles County Metropolitan Transportation Authority
- Orange County Water District
- Rancho California Water District
- San Gabriel Valley Council of Governments
- Southern California Association of Governments
- SunLine Transit Agency
- Upper San Gabriel Valley Municipal Water District
- Water Replenishment District of Southern California

Professional Background and Affiliations

Cristy's professional background includes Diehl, Evans & Company and Audit Manager and Manager, Tech. Standards and Continuing Education with PwC. She is a Certified Public Accountant licensed to practice in the State of California.

Educational Background

Cristy received her Bachelor of Science in Accountancy and Associate in Government Auditing from Enverga University and her Master's in Business Administration from Ateneo Graduate School of Business. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

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Continuing Professional Education

Following are relevant continuing professional education courses completed by Cristy A. Canieda in the past three (3) years:

Title	Subject Code	Date
2025 Government and Nonprofit Accounting Updates Seminar	GV	06/10/2025
2025 GAQC Annual Required Webcast	AA	05/08/2025
BDO Alliance Conference	AA	05/04/2025-05/07/2025
CalCPA Annual Governmental Accounting and Auditing Conference	GV	04/23/2025-04/24/2025
2025 CSMFO Conference	AA	02/18/2025-02/21/2025
AICPA Townhall Series	AA	01/30/2025
GAQC 2025 Single Audit Lightning Round	AA	01/28/2025
Common Quality Issues in State and Local Government Financial Statement Audits	GV	10/24/2024
Public Sector: Auditing Alternative Investments	AA	06/19/2024
State and Local Government: Review of New Audit Templates	AA	04/02/2024
Audit Documentation	AA	03/01/2024
2024 Government & Nonprofit Updates	AA	02/15/2024
RSM Audit Methodology Refresher	AA	02/09/2024
2024 CSMFO Conference	AA	01/30/2024-02/01/2024
Fraud Auditing and Investigation	Fraud	01/27/2024
Ethics for California CPAs	Ethics	01/21/2024
Audit Year-End Audit Alert	AA	12/12/2023
Accounting and Auditing for Lessors Under ASC 842, Leases	AA	10/19/2023
Q3 State and Local Governments A&A Updates – 2023	GV	10/10/2023
Government Audit Reviewers' Training	GV	09/14/2023



ROGER A. MARTINEZ, CPA
Partner, Audit Practice Leader

Tel: 213-873-1703

Email: ram@vasquezcpa.com

Areas of Expertise

Roger's areas of expertise overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program-specific audits, financial statement reviews, and forecasts to government agencies.

Representation of Experience

- City of Long Beach
- City of Vernon
- City of Adelanto
- City of Cudahy
- City of El Monte
- City of Huntington Park
- City of Norwalk
- City of La Puente
- University of California System
- Alameda Corridor – East Construction Authority
- Alameda Corridor Transportation Authority
- California State University System
- California State Teachers' Retirement System
- California State Treasurer's Office
- Los Angeles County Employees Retirement Association
- Los Angeles County Metropolitan Transportation Authority
- Los Angeles Unified School District
- Los Angeles Water and Power
- Los Angeles World Airports
- Los Angeles Community College District
- Metropolitan Water District of Southern California
- Port of Los Angeles
- San Gabriel Valley Council of Governments
- San Gabriel Basin Water Quality Authority
- San Joaquin Transit Agency
- Southern California Regional Rail Authority
- SunLine Transit Agency

Professional Background and Affiliations

Roger is a member of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, the Los Angeles Chamber of Commerce, and the Association of Latino Professionals in Finance and Accounting. He has held many board memberships with private companies and nonprofit organizations. He is currently on the Advisory Board for the Salvation Army and Los Angeles County Medical Association.

Educational Background

Roger received his Bachelor of Arts, Major in Economics and Minor in Accounting from the University of California, Los Angeles. He remains current on accounting matters by attending conferences and continuing education courses applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

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Continuing Professional Education

Following are relevant continuing professional education courses completed by Roger A. Martinez in the past three (3) years:

Title	Subject Code	Date
Private Entity Reporting-Mid-Year Insights	AA	08/20/2025
Navigating Compliance and Risk: Understanding the New Administration's Tariffs	AA	07/29/2025
2025 Compliance Supplement and Single Audit Update	GV	07/21/2025
Fraud 101 - Misappropriations	Fraud	06/27/2025
Professional Conduct and Ethics Dealing with Ethical Crises 2024-2025	Ethics	06/25/2025
Governmental Accounting and Auditing Virtual Conference 2025	GV	06/24/2025
2025 Government and Nonprofit Updates Training	GV	06/10/2025
2025 Government and Nonprofit Updates Training	AA	06/10/2025
Proactive Issues in Assurance Quality Management	AA	05/07/2025
Annual GASB Update	AA & GV	05/06/2025
Annual Yellow Book Update	AA	05/06/2025
Annual Single Audit Update	AA	05/06/2025
ASC 740 Update	AA	05/06/2025
2025 Governmental Audit Quality Center Annual Update Webcast	AA & GV	04/23/2025
Refresher on Test Controls Training	AA	03/11/2025
Q1 2025 Quarterly Sustainability Webcast	AA	03/05/2025
AICPA & CIMA Portfolio Valuation Forum	AA	06/13/2024
Audit Documentation Refresher	AA	03/01/2024
2025 Government and Nonprofit Updates Training	AA	02/15/2024
2025 Government and Nonprofit Updates Training	GV	02/15/2024
2024 Government and Nonprofit Updates Training	AA	02/01/2024
Prospective Financial Information: Are You Doing Enough Due Diligence	AA	07/25/2023
Fraud Prevention	Fraud	06/30/2023
Ethics for CA CPAs	Ethics	06/30/2023
Introduction to Governmental Audit and Accounting Issues	GV	06/29/2023
Governmental Funds and Proprietary Funds (Yellow Book Compliant)	GV	06/28/2023
41th Annual SEC and Financial Reporting Institute Conference - Panel 3: SEC Enforcement Update	AA	06/01/2023
41th Annual SEC and Financial Reporting Institute Conference - Panel 5: Forecasting in a Fog - Practical Advice for Estimating in Today's Uncertain Environment	AA	06/01/2023



RHODA DOLLAGA, CPA

Audit Senior Manager

Tel: 213-873-1700

Email: rdollaga@vasquezcpa.com

Area of Expertise

Rhoda's practice is focused on participation in all aspects of financial and compliance audits, including internal control reviews, Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program-specific audits, indirect cost plan, and preparation of annual comprehensive financial reports and State Controller's reports.

Representation of Experience

- City of Baldwin Park
- City of Cudahy
- City of El Monte
- City of Long Beach
- City of Modesto
- City of Montebello
- City of Norwalk
- City of Palos Verdes Estates
- City of San Fernando
- City of Simi Valley
- City of South El Monte
- City of Vernon
- City of West Hollywood
- Los Angeles Community College District
- San Gabriel Basin Water Quality Authority
- Water Replenishment District of Southern California

Educational Background

Rhoda received her Bachelor of Science in Accounting from the University of the East. She remains current on accounting matters by attending conferences and continuing education courses focused on governmental accounting and financial reporting, federal and state regulatory matters, and auditing requirements. She has maintained compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

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Continuing Professional Education

Following are relevant continuing professional education courses completed by Rhoda Dollaga in the past three (3) years:

Course Title	Subject Code	Date
Quarterly Accounting Update – Fall 2025 (45730)	AA	10/14/2025
A Fresh Look at Component Units of State & Local Government Entities	GV	10/07/2025
GFOA's Best Practices Forum	AA & GV	09/15/2025
What Every CPA Should Know About Fraud 25-26 (132207)	Fraud	08/26/2025
Local Government Planning	GV	08/15/2026
2025 OMB Compliance Supplement and Single Audit Update	GV	07/21/2025
Group Audits (Non-PCAOB) – Part 1 (Client Acceptance/Planning) (41488)	GV	06/17/2025
Auditing – Interim Testing (42088)	AA	06/17/2025
2025 Government and Nonprofit Accounting Updates Seminar	GV	06/10/2025
Compliance – Evaluation of Risk and Performing Test Controls (60816)	GV	05/21/2025
Group Audits of State & Local Government Entities (62570)	GV	05/13/2025
2025 Annual Required GAQC Webcast	GV	05/08/2025
Q1 State Local Governments A&A Updates – 2024 (61147)	GV	05/06/2025
CSMFO Annual Conference 2025	GV	02/21/2025
Q4 Quarterly Accounting Update – Winter 2025 (45631)	GV	01/08/2025
Q4 Not-for-Profit A&A Updates – 2024 (61547)	GV	01/07/2025
Q4 State Local Governments A&A Updates – 2024 (61558)	GV	01/06/2025
Common Quality Issues in State and Local Government Financial Statement Audits	GV	10/24/2024
Q3 State Local Governments A&A Updates – 2024 (61557)	GV	10/14/2024
Q2 State Local Governments A&A Updates – 2024	GV	09/16/2024
IT Application for Single Audit	GV	08/23/2024
Government Training	GV	08/15/2024
GASB: The New Financial Reporting Model (61551)	GV	06/25/2024
Compliance- Results of Test and Reporting (60817)	GV	05/29/2024
Compliance Testing (60818)	GV	05/21/2024
Compliance- Evaluation of Risk and Performing Test of Controls (60816)	GV	05/14/2024
Q1 State Local Governments A&A Updates - 2024 (61555)	GV	05/13/2024
SLG: Review of New Audit Templates (61553)	AA	04/02/2024
PwC's Q1 2024 Quarterly Accounting Webcast	AA	03/19/2024
Vasquez & Company LLP: RSM Audit Documentation Refresher	AA	03/01/2024
Vasquez & Company LLP: RSM Audit Sampling Refresher	AA	02/21/2024
2024 Government and Nonprofit Accounting Updates Training	AA	02/15/2024
CSMFO Annual Conference 2024	AA	02/02/2024
GOV Orb – Just the FAQs	AA	01/05/2024
Q4 State Local Governments A&A Updates - 2023	AA	01/04/2024
Q3 Audit Update 2023	AA	10/24/2023
Accounting & Auditing for Lessors Under ASC 842, Leases	AA	10/19/2023
SLG Pension and OPEB Audit Issues	GV	10/09/2023
Ethics for California CPAs	Ethics	09/02/2023
Fraud Prevention	Fraud	09/01/2023



JASON TAGASA, CISA
IT Audit Senior Manager

Tel: 213-873-1700

Email: jtagasa@vasquezcpa.com

Area of Expertise

Jason's practice is focused on participating in internal audit, compliance, IT risk assurance and financial auditing engagements. He is skilled at audits of various mobile, network and infrastructure systems, databases, ERP applications and data management systems.

- IT Risk Assessment
- Internal controls assessment and optimization
- Business Process and Operations Review
- SOC Reports
- Regulatory guidance and compliance (SOX)
- Project and Program Management
- Disaster recovery and business continuity
- IT Security and vulnerability assessments
- Internal Audit Support

Professional Background and Affiliations

Jason's professional background includes IT senior auditor with EY. He is a Certified Information Systems Auditor (CISA).

Representation of Experience

- City of Carson
- City of Culver City
- City of El Monte
- City of Modesto
- City of Needles
- City of Norwalk
- City of Palos Verdes
- City of Simi Valley
- City of Torrance
- City of West Hollywood

Educational Background

Jason received his Bachelor of Science in Accounting from the University of Santo Tomas. He remains current on accounting matters by attending conferences and continuing education courses which are focused on information systems and financial reporting, as well as federal and state regulatory matters and auditing requirements.

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Continuing Professional Education

Following are relevant continuing professional education courses completed by Jason Tagasa in the past three (3) years:

Title	Subject Code	Date
2025 Government & Nonprofit Accounting Updates Seminar	GV & AA	06/10/2025
2025 Mid-Year Outlook for Internal Audit: Embracing Change, Managing Risk, and Leading with Insight Webcast	AA	06/05/2025
Group Audits of State & Local Government Entities (62570)	GV	05/13/2025
PMP Certification Training	AA	04/29/2025
Q1 Not-for-Profit A&A Update - 2025 (61570)	GV	04/15/2025
Emerging Trends in SOX Compliance: Navigating the Evolving Landscape Webcast	AA	03/31/2025
Refresher on Test of Controls Training	AA	03/11/2025
From Due Diligence to Resilience: Building Robust Third-Party Risk Management	AA	02/26/2025
Risk-Based IT Compliance: The Case for Business-Driven Cyber Risk Quantification	AA	02/26/2025
Demystifying AI Audits: A Practical Guide to Compliance	AA	02/26/2025
Ethics for California CPAs	AA	02/24/2025
Q1 Audit Update 2024 (45164)	AA	05/15/2024
Compliance- Evaluation of Risk and Performing Test of Controls (60816) Training	AA	05/14/2024
Q1 State Local Governments A&A Updates - 2024 (61555)	AA	05/13/2024
Compliance- Understanding/Documenting Internal Controls (60815)	AA	05/07/2024
Audit Documentation Refresher	AA	03/01/2024
Audit Sampling Refresher	AA	02/21/2024
2024 Government and Nonprofit Updates Training	AA	02/15/2024
Audit Methodology Refresher	AA	02/09/2024
GFOA Best Practices Help You Implement and Monitor Your Internal Controls	GV	02/01/2024
Rethinking Financial Reporting	GV	02/01/2024
GASB Update - Recently Issued Pronouncements	GV	02/01/2024
Comparison of IFRS to U.S. GAAP-2023 (48627)	AA	09/26/2023
Comparison of IFRS to U.S. GAAP-2023 (48627)	AA	09/26/2023
Control Testing for Financial Statements of State and Local Governments (62564)	AA	08/08/2023
Control Testing for Financial Statements of State and Local Governments (62564)	AA	08/08/2023
Testing State and Local Government Expenditures/Expenses When There are Multiple Opinion Units (62568)	AA	07/25/2023
Testing State and Local Government Expenditures/Expenses When There are Multiple Opinion Units (62568)	AA	07/25/2023



JERICK M. SANCHEZ

Audit Manager

Tel: 213-873-1700

Email: csanchez@vasquezcpa.com

Area of Expertise

Jerick's practice is focused on participation in all aspects of financial and compliance audits, including internal control reviews, Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program-specific audits, financial statement reviews, forecasts, and projections to government agencies, preparation of comprehensive annual financial reports and State Controller's reports.

Representation of Experience

- City of Palos Verdes
- City of Torrance
- Hidden Valley Municipal Water District
- Independent Cities Finance Authority
- Sunline Transit Pension Plans

Professional Background and Affiliations

Jerick's professional background includes audit manager with BDO and senior auditor with PwC. His background also includes knowledge of different accounting software such as SAP Business One, QuickBooks, and Windows programs. He is a Certified Public Accountant licensed to practice in the Philippines, Certified Bookkeeper, and a Certified Forensic Accountant. He is also a member of Institute of Certified Bookkeepers (ICB), and Institute of Certified Forensic Accountants (ICFA).

Educational Background

Jerick received his Bachelor of Science in Accountancy from the Manual S. Enverga University Foundation. He remains current on accounting matters by attending seminars focused on subjects applicable to accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements.

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Continuing Professional Education

Following are relevant continuing professional education courses completed by Jerick Sanchez in the past three (3) years:

Title	Subject Code	Date
Introduction to Single Audit (62075)	AA	09/01/2025
Vasquez & Company LLP: Single Audit Training	AA	05/26/2025
Quarterly Accounting Update - Winter 2025 (45631)	AA	05/22/2025
Group Audits of State & Local Government Entities (62570)	AA	05/13/2025
Q1 State Local Governments A&A Updates - 2025 (61147)	AA	05/07/2025
Introduction to Government Auditing Standards (62082)	AA	05/07/2025
Refresher on Test of Controls Training	AA	03/11/2025
Comparison of IFRS to U.S. GAAP-2023 (48627)	AA	01/22/2025
Business & Professional Services Audit Year End Alert- 2024 (65316)	AA	01/20/2025
Fraud Brainstorming Update for Managers through Partners - 2024 (44407)	AA	01/10/2025
Financial Statement Drafting Tips (42127)	AA	01/06/2025
Group Audits (Non-PCAOB) - Part 2 (Performance / Completion / Reporting) (41489)	AA	12/18/2024
Q3 Audit Update 2024 (45166)	AA	12/12/2024
Q3 Current Accounting Practice Issues and Recent Developments - 2024 (45630)	AA	12/12/2024
Audit Documentation (47109)	AA	11/13/2024
Compliance- Results of Test and Reporting (60817)	AA	11/13/2024
Audit Sampling Refresher	AA	08/16/2024
Government Industry Training	AA	08/16/2024
Auditing – Interim Testing (42088)	AA	10/10/2024
Q3 Not-for-Profit A&A Update - 2024 (61546)	AA	10/09/2024
IT Application for Single Audit (60564)	AA	10/02/2024
Q2 Current Accounting Practice Issues and Recent Developments - 2024 (45629)	AA	09/12/2024
Q2 Audit Update 2024 (45165)	AA	09/11/2024
Comparison of IFRS to U.S. GAAP (48351)	AA	09/04/2024
The Impact of SAS 145 on State and Local Government Audits (62074)	AA	09/04/2024
Compliance- Understanding/Documenting Internal Controls (60815)-	AA	08/27/2024
Q4 Not-for-Profit A&A Update (60836)	AA	07/26/2024
Q3 Audit Update 2023 (45162) - Recording	AA	07/25/2024
PS: GASB Update (60185)	AA	07/25/2024
Group Audits: How the New Audit Standard will Impact State & Local Government Audits (62570)	AA	07/25/2024
Audit Documentation Refresher	AA	04/23/2024
Compliance Testing (60818)	AA	03/08/2024
Audit Year End Alert - 2023 (45163)	AA	02/28/2024
Compliance- Results of Test and Reporting (60817)	AA	02/23/2024
Q3 Not-for-Profit A&A Update (60835)	AA	02/29/2024

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B. Prior Experience Auditing Cities, Independent Special Districts, and Other Local Governments

Experience in Auditing California Agencies

Vasquez and Company LLP is a Limited Liability Partnership established in 1969 and registered with the State of California Department of Consumer Affairs, with over 55 years of experience in performing financial, compliance, and performance audits, internal control reviews, fraud investigations, and risk assessments of government agencies. Our specialists also have technical expertise in conducting audits of cities, utilities, transportation compliance, construction contracts and leasing, affordable housing, HUD-funded low-income housing, and local governance.

Why Vasquez?

The AICPA ranks us among the nation's top 1% of accounting firms (G400). In addition:



Vasquez has been recognized as one of *INSIDE Public Accounting's* "Top 300 Firms in 2025".



Accounting Today has named us a West Coast Regional Leader for two consecutive years.

Value Added Services

As a regional firm with former partners and managers from international accounting firms, we offer a superior service characterized by timely, personalized attention. Our professionals deliver innovative yet practical solutions that help clients gain a competitive advantage. The following represents a partial list of benefits that would be available to the LAFCOs as a client of the firm:

- Specialty and expertise in financial, compliance, internal, and performance audits.
- Knowledge of government "best practices".
- Extensive partner involvement.
- Practical information about current trends.
- Routine consultation throughout the year.
- Cutting-edge technology utilized to minimize audit costs for you.
- Quality assurance is built into all aspects of the engagement, from staffing to planning, execution, and reporting.

Experience Performing Governmental Financial Statements and Audits

Vasquez performs numerous financial statements and compliance audits of governmental organizations. These audits include risk assessments conducted using a structured approach in accordance with the COSO Principles.

Our audits are performed in accordance with the auditing standards generally accepted in the United States, the Government Auditing Standards, the OMB Uniform Guidance, and the Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts (when applicable). Below is a listing of our experience in auditing California agencies and performing governmental financial statements and audits.



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Clients		
City of Agoura Hills	City of Malibu	Desert Water Agency
City of Alhambra	City of Maywood	Encina Wastewater Authority
City of Antelope Valley	City of Modesto	Hidden Valley Municipal Water District
City of Arcadia	City of Montebello	Imperial County Transportation Commission
City of Avalon	City of Irwindale	Los Angeles County Metropolitan Transportation Authority
City of Artesia	City of La Puente	Metropolitan Water District of Southern California
City of Azusa	City of Monterey Park	Moulton Niguel Water District
City of Baldwin Park	City of Moreno Valley	Municipal Water District of Orange County
City of Bell	City of Needles	Needles Public Utility Authority
City of Bell Gardens	City of Norwalk	Orange County Sanitation District
City of Beverly Hills	City of Palos Verdes Estates	Plumas County Transportation Commission
City of Calabasas	City of Pico Rivera	Pomona Valley Transportation Authority
City of Carson	City of Pomona	Port of Long Beach
City of Commerce	City of Rosemead	Santa Barbara Metropolitan Transit
City of Compton	City of San Fernando	San Bernardino County Transportation Authority
City of Covina	City of Santa Fe Springs	Santa Clara Valley Water District
City of Cudahy	City of Santa Monica	San Gabriel Basin Water Quality Authority
City of Culver City	City of Simi Valley	San Gabriel Valley Council of Governments
City of Diamond Bar	City of South El Monte	San Joaquin Regional Transit District
City of Downey	City of South Gate	San Joaquin Valley Library System
City of El Monte	City of Torrance	Southern California Association of Governments
City of Hawthorne	City of Vernon	Southern California Regional Rail Authority
City of Hidden Hills	City of Walnut	SunLine Transit Agency
City of Huntington Park	City of West Hollywood	United Water Conservation District
City of Industry	City of Westlake	Upper San Gabriel Valley Municipal Water District
City of Inglewood	Alameda Corridor-East Construction Authority	Victor Valley Wastewater Reclamation Authority
City of Lawndale	Antelope Valley Transit Authority	Water Replenishment District of Southern California
City of Long Beach	California American Water	

Please refer to Page 22 in the References section regarding the date current clients have been served.

Familiarity with Annual Comprehensive Financial Reports – GFOA and CSMFO Client Awardees

Vasquez professionals are acknowledged experts on GAGAS regulations and GASB reporting requirements. In addition, we have substantial experience in preparing Annual Comprehensive Financial Reports that have assisted our clients in achieving the Government Finance Officers Association Award for Excellence in Financial Reporting.

Cristy Canieda, Vasquez Government Practice Leader, is a reviewer for the Government Finance Officers Association. The following is a representative list of Vasquez government client engagements we have assisted in achieving their GFOA and CSMFO Certificate of Achievement for Excellence in Financial Reporting.

- City of Baldwin Park
- City of Carson
- City of Culver City
- City of El Monte
- City of Modesto
- City of Simi Valley
- City of Torrance
- City of Norwalk
- City of West Hollywood
- City of San Fernando
- City of Moreno Valley
- City of South El Monte
- City of Lynwood
- United Water Conservation District
- San Joaquin Regional Transit District
- Water Replenishment District of Southern California
- Upper San Gabriel Valley Municipal Water District
- Victor Valley Wastewater Reclamation Authority
- Encina Wastewater Authority
- Santa Clara Valley Water District

C. Understanding of Current Governmental Accounting Standards Board (GASB) Pronouncements

Our firm encourages early adoption of all applicable Government Accounting Standards Board (GASB) statements. Some of these standards have been monumental in establishing new financial reporting requirements for state and local governments across the United States and in restructuring much of the information previously presented.

We take a proactive approach in assisting all our government clients in understanding GASB activities from exposure drafts to the implementation of new standards. We accomplish this through our collaborations with GASB, GFOA, ASBO, AICPA Government Audit Quality Center.

Vasquez delivers annual training sessions for local government clients and proactively coordinates requirements to ensure smooth implementation. We work closely with clients to review and plan for the impact of new GASB standards, providing practical guidance and ready-to-use templates to streamline the implementation process.

Vasquez has assisted local governments in transitioning and implementing new accounting and reporting requirements and has continued to support its clients with the adoption of new GASB standards, including GASB 68, 75, 87, 96, 100, 101, 102, and the upcoming GASB 103 and 104.

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D. References of Local Government Clients

Client Contact	Engagement Description	Engagement Partners
City of Modesto 1010 Tenth Street, Suite 6600 Modesto, CA 95354 DeAnna Christensen Director of Finance City of Modesto dachristensen@modestogov.com (209) 577-5387	Annual Financial, Compliance Audit, Single Audit (Uniform Guidance), Transportation Development Act (TDA) Audit, Abandoned Vehicle Abatement (AVA) Audit, GANN Limit, Measure H Audit, Community Facilities Districts Audits, State Controller's Report, and Audits of the Following Joint Powers Agencies - Tuolumne River Regional Park and Modesto-Ceres Fire Protection Agency. GFOA Award. 1,343 Hours. Year: FY 2023 to Current	C. Canieda Lead Partner R. Dollaga Audit Senior Manager J. Tagasa IT Audit Manager
City of Norwalk 12700 Norwalk Blvd Norwalk, CA 90650 Jana Stuard, Finance Director JStuard@norwalkca.gov (562) 929-5748	Annual Financial and Compliance Audit, Single Audit (Uniform Guidance), GANN Appropriation Limit, Transit Fund Audit, Financing Authority Audit, Childcare Program Audit, JPA Audit, and Management Letter. GFOA Award. 900 Hours Year: FY 2022 to Current	C. Canieda Lead Partner R. Dollaga Audit Senior Manager J. Tagasa IT Audit Manager
City of Carson 701 Carson St b24 Carson, CA 90745 William Jefferson, Finance Director wjefferson@carsonca.gov (310) 952-1700	Annual Financial and Compliance Audit, Single Audit (Uniform Guidance), State Controller's Report, AQMD Fund Audit, Measure W Audit. GFOA Award. 800 Hours Year: FY 2021 to Current	C. Canieda Lead Partner J. Tagasa IT Audit Manager

E. Capabilities in General Consulting and Compliance Auditing

Firm Resources

Since its inception, Vasquez has focused on serving governmental entities. As a result, the government industry comprises the largest portion of the industries we serve today.

Category	#
Partners/Directors	16
Sr. Managers/Manager	20
Supervisors	19
Senior Auditors	85
Staff Auditors	8
Professionals	148
Administrators	38
Total	186

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Government Practice Group

The Vasquez Government Practice Group comprises over **100** professionals trained and experienced in serving government entities, specializing in California cities, municipal water, transportation, education, and other special districts.

The Vasquez Government Practice Group comprises professionals from international accounting firms seeking to focus on their chosen industry —mainly government and nonprofit —and to work with greater autonomy in a progressive, agile, and client-centric environment. Vasquez's leadership comprises 16 directors and partners, each of whom previously worked with one or more global accounting firms. This experience emphasizes quality, innovation, performance standards, opportunity, discipline, and professional growth.

Range of Services

Vasquez is a full-service firm focused on serving government agencies and other nonprofit organizations. Below is a graph of the different lines of business and service areas.



Our team offers extensive experience in general consulting and compliance auditing for government and nonprofit entities. We assist clients in strengthening internal controls, ensuring adherence to applicable regulations, and improving operational efficiency. Our consulting services include policy development, risk assessments, and financial process reviews tailored to each agency's unique needs. In compliance auditing, we evaluate conformity with federal, state, and local requirements, including grant compliance, GASB standards, and procurement regulations. Our approach emphasizes collaboration, transparency, and actionable recommendations to support long-term accountability and performance.

5. Approach, Scope, and Timing of Audit

A. Firm's Approach to LAFCO Audits

As part of an audit engagement, we leverage a formal project management methodology to help ensure that all tasks are planned effectively and ultimately completed on time, and that any schedule changes are properly documented and authorized.

Embedded within your audit team are experienced project managers who have strong project management skills. These Vasquez team leaders will provide highly collaborative project management expertise and consultation to the LAFCOs to ensure no surprises during the audit. Additionally, Vasquez will continually seek ways to improve the management and execution of the audit. We want to ensure that audit planning, scheduling, and budgeting are executed properly and in a timely manner.

At each phase of our engagement, our client service standards guide us toward providing an exceptional customer experience – one in which we become a trusted adviser and bring innovative ideas and solutions that deliver value to you.

- **We understand.** Our audit and consulting professionals follow our CaseWare process, which provides a thorough understanding of your business, current situation, needs, and expectations to ensure no surprises at each phase of the engagement.
- **We communicate.** Our team is trained to communicate with consistent and open dialogue at the right time to the right people.
- **We collaborate.** We collaborate to bring together the right expertise to meet your needs, proactively resolve emerging issues, and deliver innovative ideas and solutions that add value to you.
- **We deliver.** We deliver what we promise – on time, on budget, and with the highest quality.



At Vasquez, we want to build strong relationships with our clients and continuously seek ways to ensure our services align with their needs. We believe it is important to strive for continuous improvement in how we interact with and deliver services to clients. We do this, in part, by adhering to defined client service standards and by seeking client feedback on our performance.

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, and therefore, we must tailor the audit to each organization based on the specific risks identified.

Our audit approach is based on a risk assessment process which is planned and executed by experienced auditors. The results as depicted below form the basis for our audit strategy and procedures, and ultimately yield practical comments for strengthening internal controls and improving practices, as well as our opinion on the financial statements and our auditor's reports on internal control and compliance with laws and regulations.

The design of an effective audit plan depends on the audit team's ability to identify and assess the risk that the financial statements contain a material misstatement, whether caused by error or fraud. The risk assessment process will include:

- ## Developing an Audit Strategy

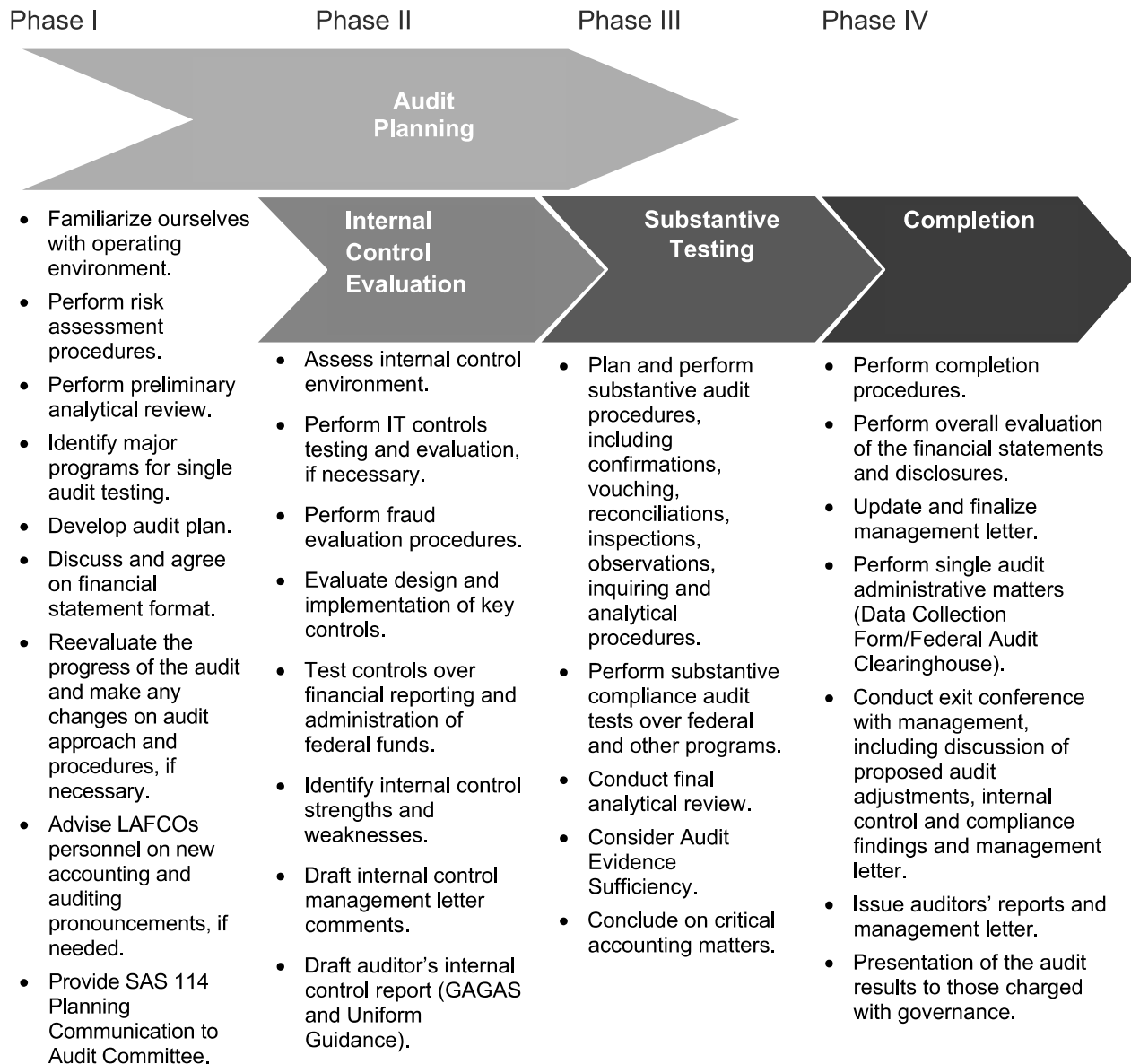
In developing an audit strategy, we may decide to test LAFCO's internal controls over certain systems and processes. We assess the desirability of adopting such a strategy by considering cost/benefit considerations, the volume of transactions, and prior-year control testing results. If test results indicate that the LAFCOs internal controls are effective, we may decide to reduce the level of substantive tests that we perform as a basis for our opinion.

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Proposed Segmentation of Audit



Phase I – Audit Planning

The planning phase lays the foundation for the direction of our audit efforts. It encompasses the following steps:

- Conducting entrance conferences with the appropriate LAFCO management personnel. The agenda would include, but need not be limited to, the following:
 - The application of generally accepted accounting principles
 - Concerns of LAFCOs' management
 - Report requirements, refinements, and deadlines
 - Initial audit approach and timing schedule
 - Assistance by LAFCOs' personnel

- Establishment of principal contacts
 - Progress reporting process
 - Consideration of Fraud in a Financial Statement Audit
 - The auditors' responsibility for fraud prevention
 - Scheduling inquiries of management and others (including non-accounting personnel) about the risk of fraud
- We believe it is important for us to assist the LAFCOs in implementing new accounting, auditing, and compliance requirements. It is for that reason that we intend to schedule training with LAFCOs personnel involved in all phases of the audit to ensure they have a clear understanding of the latest technical changes in their respective areas, as well as the audit requirements and timeline.

Expanding our understanding of the LAFCOs and their operating environments. We will accomplish this by familiarizing ourselves with and updating our knowledge of applicable background information on LAFCOs, their component units, their mission, funding sources, and structure.

Drawing on our background knowledge of LAFCOs and our fact-finding process, we will develop an in-depth understanding of the areas of concern. We will meet with LAFCOs' management to discuss areas that may significantly impact the timing and completion of the audits, or that may be of particular concern to management. We will review such areas in-depth to obtain an early understanding and resolution of any "problem" areas that may impede our progress and to develop our overall approach so that the LAFCOs will have sufficient time to develop the data necessary for the completion of the audit with a minimum amount of disruption to the day-to-day routine.

Our planning process will include a specific review of computer activities performed by LAFCOs personnel to:

- Determine the organizational and operational controls over the data being processed, including, but not limited to, system development and maintenance controls, hardware controls, and access controls.
- Evaluate the degree of "control consciousness" among personnel.
- Determine the potential impact of general control strengths and weaknesses.
- Consider the possibility of management override of controls.

Our principal sources of information for this review will be interviews with responsible accounting and computer operations personnel, reviews of program documentation for the LAFCOs system, and direct observations made by our audit team.

- The audit team will use our analytical review techniques to identify other areas that may require attention. Until the year-end account balances are finalized, our review will focus on budgets compared to actual/projected information. We can thus identify sensitive areas to determine whether they require extra attention. We will also focus on unusual fluctuations occurring within individual funds to identify accounts and areas that merit further investigation.

Based on our understanding of LAFCOs' operating environment, and through our analytical review and other planning procedures, we will meet with LAFCOs personnel to highlight areas to emphasize during the audit. We will concentrate our efforts on the identified areas of audit concern and areas that we know to be important to LAFCOs' management. Some of our preliminary audit concerns are elaborated as follows:

- Compliance with applicable laws, regulations, and reporting requirements
 - Receipt of all revenue to which the LAFCOs is entitled.
 - Purchase authorizations within budgetary limitations.
 - Adequate safeguarding of LAFCO's cash, investments, and inventory assets.
- We will work directly with the appropriate LAFCOs personnel to discuss the financial statements and footnotes in accordance with all authoritative accounting systems and interpretations. Accordingly, we will meet to discuss and agree on the format for the individual and general-purpose

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financial statements, as well as any additional requirements arising from recent or pending professional pronouncements. (See "Phase IV - Completion" for a more in-depth discussion of our financial reporting capabilities.)

Interim Audit Testing

Our audit approach is flexible and tailored to fit the LAFCOs' evolving needs. We will work with you to review the current audit schedule to determine the best approach for the various phases of the financial statement audit. We offer you the option of an interim audit effort or an audit after year-end. There are several advantages to performing interim testing, such as:

- It shifts the timing of our testing into less busy periods of the year for your staff and our staff.
- It allows us to focus on the high-risk areas before the year-end close, providing more time to deal with issues.
- It allows us to judge the quality of the interim period, rather than solely year-end, financial statement information, and cut-offs, which allows more opportunity for us to identify and for the LAFCOs to implement best practices over internal controls and processes.

There are advantages to performing interim audit testing, and, as we stated previously, we will work with you to determine the best approach, and you will control this process.

Phase II – Control Evaluation

Understanding how key systems and processes contribute to your overall processing environment and affect the reliability of financial information is a primary element of our audit approach. Our objective is to assess whether the standards of security, integrity, continuity, and control are conducive to reliable processing, consistent with the LAFCOs technology standards, and appropriate to safeguard your information assets.

Information Technology (IT) - General Controls

IT General Controls are pervasive controls within the IT environment. The following types of IT General Controls are typically addressed in our audit approach:

- **Logical security (access to programs and data)**—includes the components of management governance over Information Technology (policies and procedures, monitoring), application configuration (passwords, service accounts, super users, user identification/authentication), and security of the physical assets.
- **Change control management**—assesses program changes (upgrades, service patches, source code) moved into the production environment, and the processes applied to ensure the appropriate initiation, authorization, segregation, testing, and approval are evident.
- **Data backup and recovery**—reviews that the data backup process and ability to recover data for the financially significant applications, databases, spreadsheets, and operating systems for the given opinion period are complete, tested, and maintained, including the handling of errors.
- **Job processing**—tests for the completeness of data interfacing into financially significant applications and the change management processes for handling errors, script changes, and interface edits.
- **Security administration**—addresses the user access provisioning (new hire onboarding, position/role changes, employee separation) for the financially significant applications, databases, spreadsheets, and operating systems, along with management's review of access for completeness, segregation of responsibilities, and accuracy.

Our testing of IT application controls provides strong audit evidence and streamlines the audit process.

Information Technology (IT) – Application Controls

IT Application Controls apply to the business processes they support. These controls are embedded within the software applications to prevent or detect unauthorized transactions. When combined with manual

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controls, application controls verify the completeness, accuracy, authorization, and validity of processing transactions. Our methodology for assessing application controls is as follows:

- Define materiality by the system, such as utility billing, cashiering, purchasing and disbursements, revenues, payroll, and asset management, using business process mapping as a starting point.
- Map various transaction types to identify key controls and determine if the control is an application control or manual control.
- Utilize our proprietary questionnaires to help verify and test various automated controls.
- Through inquiry, review of written policies and procedures, and on-site testing, evaluate application security controls, which are controls to verify that minimum access to applications is allowed for individuals to perform their job.
- Through inquiry, review of written policies and procedures, and on-site testing, evaluate input controls that ensure that transactions are initially recorded, entered, and accepted by the application accurately and completely.
- By developing and testing a sample of transactions, evaluate processing controls, which ensure that transactions are processed by the application programs accurately and completely.
- Through inquiry and review of written policies and procedures, evaluate output controls, which ensure that output is complete and is delivered (standard or customized) to the appropriate parties in an appropriate manner.
- Through inquiry, review of written policies and procedures, and tests of a sample of transactions, evaluate interface controls, which ensure that transactions between multiple systems are secure, and the integrity of the information transmitted is maintained, accurate, and complete.

Phase III – Substantive Testing

Sampling is one of the methods we use to obtain efficiency in the audit process. In designing and implementing a sampling plan, we consider the specific audit objective to be achieved and determine which audit procedures will achieve it. We will:

- Define the objective of the test.
- Define the population to be sampled, the population element to be examined (sampling unit), and what an error is.
- Determine which sampling technique is most appropriate.
- Determine the appropriate sample size and select a sample intended to represent the population.
- Examine each sample item to determine whether it represents an error or an exception.

Substantive Testing – The purpose of the substantive tests is to provide reasonable assurance of the validity of the information produced by the accounting system. These tests will include various detailed tests, such as inspection of underlying source documents, confirmations, and reconciliations. We will also perform analytical procedures, including ratio analysis, comparisons of actual-to-budget information, and other procedures. Specifically, tests that we have found to be effective and efficient for the LAFCOs' audits include confirmation of cash, investments, grants receivable, loan balances and debt, tests of subsequent receipts for selected receivables, and unrecorded liabilities for payables.

Consideration of Fraud – The primary responsibility for preventing and detecting fraud rests with those charged with governance and management. It is important that management, under the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance. Oversight by those charged with governance includes considering the potential to override controls or other inappropriate influence over the financial reporting process.

We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Accordingly, as part of our audit planning process, we will

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perform procedures to obtain information that will be used for identifying the risks of material misstatement due to fraud, such as the following:

- Discussions with management and others within the LAFCOs. These discussions would focus on obtaining an understanding of management's: (a) assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent, and frequency of such assessments; (b) process for identifying, responding to, and monitoring the risks of fraud in the LAFCOs, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; (c) communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the LAFCOs; and (d) communication, if any, to employees regarding its views on business practices and ethical behavior. We will also make inquiries of management and others within the LAFCOs as appropriate to determine whether they have knowledge of any actual, suspected, or alleged fraud affecting the LAFCOs.
- Discussions with those charged with governance. We will understand how those charged with governance exercise oversight of management's processes for identifying and responding to fraud risks in LAFCOs, as well as the internal controls management has established to mitigate these risks.
- Evaluation of unusual or unexpected relationships identified. Unusual or unexpected relationships, variances, or balances we may identify during our preliminary analytical review procedures will be evaluated for indications of risks of material misstatement due to fraud.
- Discussions among our audit team members. This discussion will involve our audit team members exchanging ideas and brainstorming about how and where the LAFCOs' financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how LAFCO assets could be misappropriated.

Adjusting Journal Entries – Proposed adjusting journal entries by our auditors, if any, will be discussed and explained to the Finance Director and others as appropriate. It is our practice to discuss issues and proposed audit entries with the program manager or the management personnel immediately responsible for the program to ensure we have not misunderstood the situation. This will ensure that the proposed entry or management comment and recommendation are accepted by the immediate manager and ensure that the recommendation is feasible and makes business sense. It is also our policy to address issues as they arise rather than at the end of the audit. In short, there will not be any surprises.

Our work plan's final element is the regular reporting to LAFCOs management personnel to apprise them of our progress. We believe communication is vital. Therefore, we have stressed the importance of maintaining close, continuous relationships throughout this proposal and have outlined the points we will meet to discuss and make decisions.

Any and all potential exceptions or findings will be immediately discussed with knowledgeable personnel and summarized in weekly status meetings to ensure accuracy of any findings, time for management to correct noted deficiencies and the avoidance of any surprises.

Phase IV - Reporting

- Review federal, state, and other grant reporting requirements,
- Determine which internal control findings are significant deficiencies or material weaknesses,
- Prepare findings and draft the auditors' reports,
- Prepare GASB-compliant financial reports
- Review draft reports with LAFCOs management, and
- Evaluate management feedback and proposed corrective actions, make revisions as necessary, and finalize the report.

Ample time will be provided for management review of all reports in draft form.

Our Tools



Vasquez utilizes CaseWare electronic audit workpapers for a more efficient and intelligent audit process. CaseWare is also useful for financial analysis and reporting, including financial statement preparation.



To help manage the data flow for our testing, we utilize the Vasquez Citrix ShareFile, a secure and regulatory-compliant tool, to manage the many requests more effectively and efficiently for the information necessary to conduct an engagement of this size.



Office 365 provides access to Office applications, online productivity services, and business services such as web conferencing, hosted email, and online storage.



We use IDEA software to analyze data in unique ways and the audit sampling process.



DataSnipper allows us to conduct automated document matching, text recognition, and document review and management.

Extent to Which Statistical Sampling is to be Used in Engagement

Non-statistical sampling is most often employed in our internal control testing and compliance testing procedures during the single audit. The extent of testing and sampling depends on many factors, including environmental controls, the program's complexity, previous audit findings, changes in federal statutes, and the number of locations at which controls are administered. Our sampling plan will conform to the AICPA's guidance for testing compliance. The number of sample sizes will depend on the assessment of controls and the inherent risk of noncompliance in a major program.

Type and Extent of Use of Software in Audit Engagement

Vasquez has been paperless for over 15 years and has been utilizing electronic workpapers. All staff members are skilled at auditing in an electronic data processing environment and have extensive experience with software applications. Our audit personnel have a wealth of experience in evaluating complex computerized accounting systems of governmental agencies. They are proficient at:

- Analyzing an organization's information systems.
- Determining the controls and audit processes required to provide assurance that the information produced is reliable and that the system and data contained therein are secure.

Vasquez utilizes Caseware using RSM audit methodology. Our staff generates detailed working papers on laptop computers through either downloads or inputs provided by our clients. This process significantly reduces the amount of time LAFCO personnel must spend preparing audit schedules.

Analytical Procedures That May be Used

Analytical review techniques will be utilized to identify other areas that might require attention. Until the year-end account balances are finalized, our review will focus on budgets compared to actual/projected information. We can, thus, identify certain sensitive audit areas to determine whether they are indeed areas requiring extra attention. We will also focus on unusual fluctuations occurring within individual funds to identify accounts and areas that merit further investigation.

Based on our understanding of the LAFCO's operating environment, through our analytical review and other planning procedures, we will meet with the LAFCO personnel to highlight areas to be emphasized during

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the audit. We will concentrate our efforts on the identified areas of audit concern and areas we know are important to the LAFCO Officials. Some of our preliminary audit concerns are elaborated as follows:

- Compliance with applicable laws, regulations, and reporting requirements.
- All matters of compliance with GASB statements and interpretations.
- Receipt of all revenue to which the LAFCO is entitled.
- Purchases are authorized and within budgetary limitations.
- Encumbrances and liabilities are recorded and charged to proper budgetary accounts.
- Proper accounting and disclosure of developer agreements and similar commitments.
- Proper accounting for capital assets, including infrastructure assets.
- Proper recording of outstanding obligations.

Approach to be Taken to Gain and Document Understanding of LAFCO's Internal Control Structure

To gain and document our understanding of the LAFCO's internal control structure, we will review the LAFCO's policies and procedures, meet with appropriate management personnel to ascertain the actual operation of policies and procedures, and carry out compliance tests to document internal control strengths and weaknesses. In reviewing controls over information technology systems, the emphasis would be placed on the following:

- Determination of the organizational and operational controls over the data being processed, including but not limited to system development and maintenance controls, hardware controls, and access controls.
- Evaluation of the degree of "control consciousness" among personnel.
- Determination of the potential impact of general control strengths and weaknesses.
- Consideration of the possibility of management override of controls.

Approach to be Taken in Drawing Samples for Purposes of Compliance Testing

The extent of testing and sampling depends on many factors, including environmental controls, the program's complexity, previous audit findings, changes in federal statutes, and the number of locations at which controls are administered. Our sampling plan will conform to the AICPA's guidance for testing compliance. However, the number of sample sizes will depend on assessing controls and the inherent risk of noncompliance in a major program.

Consideration of Laws and Regulations

An audit performed in accordance with Government Auditing Standards requires auditors to report on the LAFCO's internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. Accordingly, we will test the LAFCO's compliance with certain regulations, such as compliance with budget preparation and budgetary requirements, investment reporting, and compliance with other contracts, such as bond covenants and grant agreements.

Assistance Required from LAFCO Staff

Our audit approach assumes that representatives of the LAFCO staff will fully participate in the planning, fieldwork, and completion of the audit process. Full participation means that the LAFCO will provide the resources necessary and the requested documents to allow Vasquez to complete the audit in a timely and effective manner while meeting your deadlines. We anticipate that the management and staff of the LAFCO will participate and assist in the following areas:

- Participating in audit planning sessions to provide perspective on risk areas in the audit;
- Providing the documentation of internal controls;
- Providing information on the PBC list prior to commencing fieldwork;

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- Participation in fact-finding interviews with various LAFCO staff and consultants, as necessary;
- Encouraging the free exchange of information between the LAFCO staff and the Vasquez staff;
- Committing to a year-round audit approach and interaction with the auditors;
- Providing open access to LAFCO management;
- Timely responses to information requests and audit resolution issues.

Breakdown of Hours

Position	Planning and Internal Control Testing	Fieldwork	Reporting	Total
Partner	2	6	2	10
Manager	5	16	8	29
Senior	22	56	17	95
Total Hours Per Agency (LAFCO)	29	78	27	134

Staffing Plan

Vasquez utilizes ProStaff resource planning software. ProStaff is an efficient way to organize staff schedules and assignment planning. ProStaff Suite delivers a versatile and adaptable tool to handle the accounting industry's most complex organizations. The configurable modules allow us to unify scheduling, planning, and budgeting processes into a single solution.

As part of an audit engagement, we utilize ProStaff project management methodology to help ensure that all tasks are planned effectively and ultimately completed on time and that any changes in the schedule will be properly documented and authorized. As part of the planning process, we will work with you to agree on a communications plan to set forth the protocols for periodic status updates and escalations throughout the project. We will provide regular status reporting consistent with the communications plan throughout the audit.



These tools supported effective resource planning and project management for each engagement, ensuring that deadlines are consistently met. Vasquez attests that all local government clients that participate in in the GFOA Excellence in Financial Reporting program have successfully submitted their ACFR by the required deadlines.

Potential Time & Cost Saving Measures

Our project management and time management procedures and tools, in addition to our staffing methods, allow us to allocate the proper controls regarding budget and cost control initiatives. We utilize NetSuite to generate project budget vs. actual analysis. In the event that items outside our agreed-upon scope of services or items beyond our control are in effect, we will maintain an open line of communication with the LAFCOs to discuss potential budget overrun. Please refer to our cost proposal for more information.

B. Firm's Understanding of Objectives and Scope of Engagement

Vasquez understands the complexity of LAFCOs and the scope of service requested. Our audit approach is meticulously tailored to meet all technical requirements while maintaining professional skepticism and a commitment to service excellence. We achieve this through comprehensive partner involvement in all audit phases and by assigning experienced governmental audit staff to the engagement. This ensures timely decision-making and minimizes disruption to your staff.

Please refer to Pages 1-2 in the Firm's Understanding of Work to be Performed subsection regarding the firm's understanding of objectives and scope of engagement.

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Project Schedule

EXHIBIT B PROJECT SCHEDULE

LOS ANGELES LAFCO

Project Schedule		
Tasks	Project Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	May 2026
Kickoff Meeting	Intro. Firm Staff to LAFCO	Aug 2026
Management Engagement Letters	Made Available to LAFCO Staff	May 2026
PBC List Distribution	Made Available to LAFCO Staff	May 2026
Fieldwork	On-site/Remote	Sept 2026
Draft Audit for Staff		Nov 2026
Auditor Revising Document		Nov 2026
Final Audit for Commission		December/November
Commission Meeting		December/January

ORANGE LAFCO

Project Schedule		
Tasks	Project Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	May 2026
Kickoff Meeting	Intro. Firm Staff to LAFCO	Aug 2026
Management Engagement Letters	Made Available to LAFCO Staff	May 2026
PBC List Distribution	Made Available to LAFCO Staff	May 2026
Fieldwork	On-site/Remote	Sept 2026
Draft Audit for Staff		Nov 2026
Auditor Revising Document		Nov 2026
Final Audit for Commission		December/November
Commission Meeting		December/January

SAN BERNARDINO LAFCO

Project Schedule		
Tasks	Project Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	May 2026
Kickoff Meeting	Intro. Firm Staff to LAFCO	Aug 2026
Management Engagement Letters	Made Available to LAFCO Staff	May 2026
PBC List Distribution	Made Available to LAFCO Staff	May 2026
Fieldwork	On-site/Remote	Sept 2026
Draft Audit for Staff		Nov 2026
Auditor Revising document		Nov 2026
Final Audit for Commission		December/November
Commission Meeting		December/January

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SAN DIEGO LAFCO

Project Schedule		
Tasks	Project Description	Target Completion Date
Contract Execution	Include Certificates of Insurance	May 2026
Kickoff Meeting	Intro. Firm Staff to LAFCO	Aug 2026
Management Engagement Letters	Made Available to LAFCO Staff	May 2026
PBC List Distribution	Made Available to LAFCO Staff	May 2026
Fieldwork	On-site/Remote	Sept 2026
Draft Audit for Staff		Nov 2026
Auditor Revising Document		Nov 2026
Final Audit for Commission		December/November
Commission Meeting		December/January

Vasquez has the capacity to conduct the audits of the four LAFCOs concurrently.

These schedules are subject to negotiation with each respective LAFCO.

6. Cost/Pricing

Our fees for the services outlined in this proposal are based on the assumption that unexpected circumstances will not be encountered during the audit, along with the following:

1. Staff are available to answer questions within the agreed timeframe.
2. Audit fieldwork procedures are conducted at a centralized location.
3. No instances of fraud that will require additional procedures.
4. Forensic investigation performed by the LAFCOs will not require additional forensic procedures to address the risk of fraud at the LAFCOs.
5. Staff to prepare all financial statements/schedules.
6. All information requested is provided within the agreed timeframe.
7. The information provided is complete and correct for the year under audit.
8. The LAFCOs will provide audit documentation electronically in future years.
9. Other unforeseen events such as:
 - a. Accounting problems.
 - b. Changes in your business or business environment.
 - c. Contractual difficulties with suppliers, third-party service providers, or clients.

Local Agency Formation Commission of the Counties of Los Angeles, Orange, San Bernardino, and San Diego

Proposal to Provide Financial Statement Audit Services

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7. Maximum Fee

EXHIBIT C PRICING SHEET

LAFCO	Description of Services	Estimated Hours	Year Ended June 30				1-yr option
			2026	2027	2028	2029	
<u>1. Los Angeles</u>	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures of GASB, audit preparation and management letter.	130	\$ 11,500	\$ 11,845	\$ 12,200	\$ 12,566	\$ 12,943
	Option to prepare the Management Discussion Analysis (MD&A) on behalf of management.	4	500	515	530	546	563
Maximum Not to Exceed Amount							
<u>2. Orange</u>	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures of GASB, audit preparation and management letter.	134	\$ 12,000	\$ 12,360	\$ 12,731	\$ 13,113	\$ 13,506
	Option to prepare the Management Discussion Analysis (MD&A) on behalf of management.	4	500	515	530	546	563
Maximum Not to Exceed Amount							
		134	\$ 12,000	\$ 12,360	\$ 12,731	\$ 13,113	\$ 13,506

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3. San Bernardino	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures of GASB, audit preparation and management letter.	130	\$	11,500	\$	11,845	\$	12,200	\$	12,566	\$	12,943
	Option to prepare the Management Discussion Analysis (MD&A) on behalf of management.	4		500		515		530		546		563
Maximum Not to Exceed Amount												
4. San Diego	Audit of LAFCO, GASB 102-104 and other pronouncements implementation and ongoing audit procedures of GASB, audit preparation and management letter.	134	\$	12,000	\$	12,360	\$	12,731	\$	13,113	\$	13,506
	Option to prepare the Management Discussion Analysis (MD&A) on behalf of management.	130	\$	11,500	\$	11,845	\$	12,200	\$	12,566	\$	12,943
		4		500		515		530		546		563
Maximum Not to Exceed Amount		134	\$	12,000	\$	12,360	\$	12,731	\$	13,113	\$	13,506

Hourly Rates

Classification	Discounted Hourly Rate	LA Estimated No. of Hours	OC Estimated No. of Hours	SB Estimated No. of Hours	SD Estimated No. of Hours
Partner	\$ 300	10	10	10	10
Manager	200	29	29	29	29
Senior/Staff/Auditor	110	95	95	95	95



Local Agency Formation Commission of the Counties of Los Angeles, Orange, San Bernardino, and San Diego

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8. Other Information Required in Proposal

License to Practice in California

Vasquez is licensed to conduct public accounting in California. All "key" engagement team members are properly licensed Certified Public Accountants in California. Vasquez certifies that it will inform the LAFCOs of any suspension, termination, lapse, non-renewals, or restrictions of its licenses, certificates, or other required documents upon notification.

DCA - Search Details

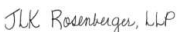
	BOARD OF ACCOUNTANCY	ISSUANCE DATE JULY 28, 1997
		EXPIRATION DATE JULY 31, 2027
		CURRENT DATE / TIME SEPTEMBER 24, 2025 1:16:48 PM
LICENSING DETAILS FOR: 6286		
NAME: VASQUEZ & CO LLP		
LICENSE TYPE: CPA - PARTNERSHIPS		
LICENSE STATUS: CLEAR 		
PREVIOUS NAMES: VASQUEZ FARUKHI & CO LLP		
ADDRESS 655 N CENTRAL AVENUE STE 1550 GLENDALE CA 91203 LOS ANGELES COUNTY MAP		

Independence

Vasquez meets the independence requirements of the auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, published by the United States General Accounting Office ("Yellow Book") as it relates to the LAFCOs. Vasquez does not have any professional relationships involving the LAFCOs or any of its agencies or component units.

Peer Review

Vasquez is a member of the AICPA Division of Firms and received a Peer Review Rating of "Pass" without comment - the highest rating from the AICPA on its peer review dated May 5, 2023. This peer review covered several government engagements similar in size and complexity to the LAFCOs. A copy of the peer review opinion follows:

 National Peer Review Committee May 05, 2023 Gilbert Vasquez Vasquez & Company, LLP 655 N Central Ave Ste 1550 Glendale, CA 91203 Dear Gilbert Vasquez: It is my pleasure to notify you that on May 03, 2023, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2025. This is the date by which all review documents should be completed and submitted to the administering entity. As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm. Thank you for your cooperation. Sincerely,  Michael Wagner Chair, National PRC +1 919 402 4502 cc: James Dougherty, Roger Martinez Firm Number: 900010138115 Review Number: 597388 220 Leigh Farm Road, Durham, NC 27707-6110 T: +1 919 402 4502 F: +1 919 414 4719 aicpa@global.com cimago@global.com aicpa.org cimc.org	 Report on the Firm's System of Quality Control December 21, 2022 To the Partners of Vasquez & Company, LLP and the National Peer Review Committee We have reviewed the system of quality control for the accounting and auditing practice of Vasquez & Company, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards). The nature, objectives, scope, limitations of and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/summary . The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating. The Firm's Responsibility The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any. Peer Reviewer's Responsibility Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review. Required Selections and Considerations Engagements selected for review included engagements performed under <i>Government Auditing Standards</i> including compliance audits under the Single Audit Act and audits of employee benefit plans. As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures. Opinion In our opinion, the system of quality control for the accounting and auditing practice of Vasquez & Company, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of <i>pass</i> , <i>pass with deficiency/weakness</i> or <i>fail</i> . Vasquez & Company LLP has received a peer review rating of <i>pass</i> . 
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Local Agency Formation Commission of the Counties of Los Angeles, Orange, San Bernardino, and San Diego

Proposal to Provide Financial Statement Audit Services

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Prior Audits Performed

The following are website links for ACFR reports performed by the proposed engagement team.

City of Modesto – [Annual Comprehensive Financial Report](#)

City of Norwalk – [Annual Comprehensive Financial Report](#)

City of West Hollywood – [Annual Comprehensive Financial Report](#)

Evidence of Insurance

We confirm that we have the required insurance policies in force in amounts of coverage for not less than \$1,000,000 per occurrence or accident for each of the following: are selected to complete this engagement, we will maintain the minimum insurance requirements during the entire term of the engagement. Professional Liability (Errors & Omissions), Workers Compensation and Employer's Liability, Comprehensive General Liability and Bodily Injury Insurance, and Automobile Liability (Owned and Non-Owned) and Property Damage Insurance. Prior to any commencement of audit services, we will provide certificates of insurance coverage to each participating LAFCO.



www.vasquez.cpa

Vasquez & Company LLP has over 55 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies.

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

6a

AGENDA REPORT
Public Hearing | Action

March 2, 2026

TO: Chair Becker and Commissioners

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

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

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider the Executive Officer's recommendations to approve a proposed draft workplan and budget for FY 2026–2027. Both items largely continue current priorities and funding levels with targeted enhancements. The draft workplan is anchored by several municipal service reviews, including the expected completion of studies covering wholesale water service providers, healthcare districts, and SANDAG. Staff will also continue advancing active reviews in the San Marcos, Vista, and Del Mar/Solana Beach regions as well as the San Diego Unified Port District. The total budget – combining operating and non-operating units – is proposed to decrease (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) with costs partially offset through reduced consultant usage. A preapproved cost-of-living adjustment has also been budgeted. 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. Staff recommends adoption of a resolution approving both items with any desired changes. Approval will initiate a public review period, including presentations to the Cities and Special Districts Advisory Committees, with final versions returning for Commission consideration in May.

Administration:
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City of Solana Beach

Dane White
City of Escondido

John McCann, Alt.
City of Chula Vista

Stephen Whitburn
City of San Diego

Marni von Wilpert, Alt.
City of San Diego

Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David A. Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

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 San Diego LAFCO to consider recommendations by the Executive Officer in approving a coordinated proposed draft (a) workplan and (b) budget for 2026-2027. Approving these items – with any changes made by the Commission – will immediately precede a formal public review and comment period with final actions scheduled for the May meeting. Additional discussion on both items follows.

Proposed 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 summary of all 10 high priority projects follows.

High Priority Projects

- No. 1 | MSR: Wholesale Water Providers
This active project draws on the rolling study schedule and involves a service-specific municipal service review on principal wholesale water service providers in the San Diego region (San Diego County Water Authority and Metropolitan Water District of Southern California). Staff anticipates public hearings will commence as early as May 2026 with substantive work extending into 2026-2027.
- No. 2 | MSR: Healthcare Districts
This active project draws on the rolling study schedule and involves a service-specific municipal service review on healthcare districts in San Diego County (Fallbrook, Palomar, Grossmont, and Tri-City). An administrative draft is nearing readiness. Staff anticipates public hearings will commence as early as October 2026.
- No. 3 | MSR: San Diego Association of Governments (SANDAG)
This active project draws on the rolling study schedule and involves an agency-specific municipal service review of SANDAG covering its principal public-facing functions: transportation (planning, funding, and construction), housing planning; and climate

adaptation planning. An administrative draft is nearing completion. Staff anticipates public hearings will commence as early as August 2026.

- No. 4 | La Jolla CFA

This active project involves the proposed incorporation of La Jolla by way of concurrent detachment from the City of San Diego. State law requires LAFCO to prepare a comprehensive fiscal analysis (CFA) assessing the proposed city's financial viability — including projected revenues, expenditures, fiscal impacts on affected agencies, and potential mitigations such as exit fees. A working group of proponent, City of San Diego, and community representatives has been formed to assist in selecting a qualified consultant. The project is expected to span the entire fiscal year.

- No. 5 | Recruit + Onboard New Analyst

This new project involves expanding LAFCO's full-time staffing from 8.0 to 9.0 FTE through the recruitment and onboarding of an entry-level Analyst I position. The addition directly supports the Commission's workplan demands while reducing reliance on outside consultants. Staff anticipates recruitment will commence early in the fiscal year with onboarding targeted for late 2026.

- No. 6 | MSR: San Marcos Region

This active project draws on the rolling study schedule and involves a regional municipal service review covering the City of San Marcos and overlapping special districts: Vallecitos Water District, San Marcos Fire Protection District, and Vista Irrigation District. An administrative draft is tentatively anticipated towards the close of 2026 with public hearings expected to commence as early as February 2027.

- No. 7 | MSR: Vista Region

This active project draws on the rolling study schedule and involves a regional municipal service review covering the City of Vista and the Buena Sanitation District. An administrative draft is tentatively anticipated towards the close of 2026 with public hearings expected to commence as early as April 2027.

- No. 8 | Website Refresh + Content Expansion

This active project involves a consultant-led redesign of LAFCO's website with enhanced end-user features and expanded content. The refresh will improve public access to Commission records, studies, and application materials while modernizing the agency's digital presence. This project is approximately one-half completed – including design of a new logo – and is expected to be completed by the close of 2026.

- No. 9 | MSR: Solana Beach – Del Mar Region

This active project draws on the rolling study schedule and involves a regional municipal service review covering the mid-coast municipalities of Solana Beach and Del Mar along with the Santa Fe Irrigation District. The project has been administratively paused in consultation with the subject agencies and is expected to recommence in August 2026 and span the entire fiscal year.

- No. 10 | MSR: San Diego Unified Port District

This continued project draws on the rolling study schedule and involves an inaugural agency-specific municipal service review of the San Diego Unified Port District covering its core municipal functions, including harbor operations, recreation, public safety, and community development. An administrative draft is tentatively anticipated in early 2027 with public hearings expected to commence as early as June 2027.

A full listing of all workplan projects is provided as Exhibit A to the attached draft resolution.

Proposed 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. Notable changes to the operating budget follow.

Operating Expenses

- Salaries and Benefit Unit:

This unit is proposed to increase \$130,899 or 8.2% to \$1.720 million. This net increase is attributable to expanding full-time staff from 8.0 to 9.0 full-time employees with the addition of a new Analyst I position as well as a preapproved 3.0% cost-of-living adjustment. A favorable actuarial rate adjustment lowering pension contributions to SDCERA is helping offset new labor costs.

- Services and Supplies:

This unit is proposed to decrease (\$40,521) or (3.7%) to \$1.052 million. The net decrease is largely attributed to reducing professional services spending by (\$71,600) or (12.6%) from the current fiscal year as part of a coordinated transition of workload to the new Analyst I position. A new Commission Counsel line has also been established at the Commission's direction to distinguish legal services from consultant expenditures. These reductions are offsetting other cost increases, most notably memberships associated with participating in both CALAFCO and the Alliance of LAFCOs.

Operating Revenues

- Local Agency Apportionments:

This unit is the principal source of LAFCO funding and is proposed to increase \$407,580 or 18.7% to \$2.589 million. The apportionment increase exceeds the 3.4% growth in

operating expenses with the difference entirely attributable to eliminating \$317,202 in reserves used in the current fiscal year as offsetting revenue.

A full ledger listing of the draft budget is provided as Exhibit B to the attached draft resolution.

ANALYSIS

San Diego LAFCO's proposed draft workplan and budget for 2026–2027 largely reflects a continuation of current priorities and funding levels with targeted enhancements as detailed above. 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. Staff believes this investment is merited given the Commission's workplan demands and concurrent desire to make greater progress in advancing the municipal service review program consistent with state statutes and the intended five-year cycle requirement. The addition is substantially offset by reducing professional services spending, which directly addressing concerns about reliance on outside consultants. The remaining 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

It is recommended San Diego LAFCO approve the proposed draft workplan and budget as presented with any desired changes. This recommendation is consistent with taking the actions identified in the proceeding section as Alternate One.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):

Adopt the attached resolution provided as Attachment Two approving the proposed draft workplan (Exhibit A) and budget (Exhibit B) for 2026-2027 with any desired changes and direct staff to circulate for public review and comment.

Alternative Two:

Continue consideration of the item to its next regular meeting.

PROCEDURES FOR CONSIDERATION

This item has been placed on the agenda for action as part of a noticed public hearing. The following procedures, accordingly, are recommended in the Commission's consideration.

- 1) Receive verbal report from staff unless waived.
- 2) Open the hearing and invite comments from the public.
- 3) Close the public hearing, discuss item, and consider recommendation.

Respectfully,



Keene Simonds
Executive Officer

Attachments:

- 1) Draft Resolution Approving a Proposed Workplan and Budget for FY2027
 - Exhibit A: Proposed Draft Workplan
 - Exhibit B: Proposed Draft Budget

RESOLUTION No. ____

**SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
ADOPTING A PROPOSED DRAFT WORKPLAN AND BUDGET
FISCAL YEAR 2026-2027**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the San Diego County Local Agency Formation Commission (“Commission”) to perform certain regulatory and planning duties to facilitate orderly and accountable local government; and

WHEREAS, the Commission is required to annually adopt proposed and final budgets by May 1st and June 15th, respectively; and

WHEREAS, the Executive Officer has prepared a written report and recommendations on a proposed draft workplan and budget for 2026-2027; and

WHEREAS, the Commission has heard and fully considered all the evidence on a proposed draft workplan and budget for 2026-2027 presented at a public hearing held on March 2, 2026;

WHEREAS, the adoption of a workplan and budget are not projects under the California Environmental Quality Act.

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

1. The proposed draft workplan for 2026-2027 shown as Exhibit A is APPROVED.
2. The proposed draft budget for 2026-2027 shown as Exhibit B is APPROVED.
3. Pursuant to Section 56381(a), in approving the proposed draft budget for 2026-2027, the Commission finds the reduced overall program costs will nevertheless allow the agency to fulfill its purposes.
4. The Executive Officer is directed to circulate copies of the approved workplan and budget for public review and comment – including notice to all LAFCO funding agencies – and return with a proposed final workplan and budget no later than June 15, 2026.

The foregoing resolution was duly and regularly adopted by the Commission at a public hearing held on March 2, 2026 by the following vote:

Yes: _____

No: _____

Abstain: _____

Attest:

KEENE SIMONDS
Executive Officer

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 SCHED	Financial analysis of SCHED 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

EXPENSES		FY2025			FY2026			FY2027		
		Adopted	Amendment	Actuals	Adopted	Amendment	Projected	Draft	Change \$	Change %
Salaries and Benefits Unit										
<u>Account</u>	<u>Description</u>									
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										
<u>Account</u>	<u>Description</u>									
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 EXPENSE 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...		FY2025			FY2026			FY2027		
		Adopted	Amended	Actuals	Adopted	Amended	Projected	Draft	Change \$	Change %
Non Operating Unit										
<u>Account</u>	<u>Description</u>									
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		FY2025			FY2026			FY2027		
		Adopted	Amended	Actuals	Adopted	Amended	Projected	Draft	Change \$	Change %
Intergovernmental Unit										
<u>Account</u>	<u>Description</u>									
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										
<u>Account</u>	<u>Description</u>									
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										
<u>Account</u>	<u>Description</u>									
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										
<u>Account</u>	<u>Description</u>									
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



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

6b

AGENDA REPORT Public Hearing

March 2, 2026

TO: Chair Becker and Commissioners

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

SUBJECT: **REQUEST TO CONTINUE TO APRIL 6, 2026**
Draft Municipal Service Review on City of Carlsbad

SUMMARY + RECOMMENDATION

This item involves a noticed public hearing for the San Diego County Local Agency Formation Commission (LAFCO) to consider a draft municipal service review covering the City of Carlsbad. Staff recommends the Commission open the hearing, receive any public testimony, and continue the matter to the next regular meeting on April 6, 2026. The continuance will allow the City additional time to review the draft, which has been substantively updated by LAFCO staff to address comments received during the 60-day administrative review period.

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John McCann, Alt.
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Marni von Wilpert, Alt.
City of San Diego

Vice Chair Barry Willis
Alpine Fire Protection

Jo MacKenzie
Vista Irrigation

David Drake, Alt.
Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

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San Diego County
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7a

AGENDA REPORT
Business | Discussion

March 2, 2026

TO: Chair Becker and Commissioners
FROM: Priscilla Mumpower, Assistant Executive Officer
SUBJECT: Quarterly Update on 2025-2026 Workplan

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a quarterly update on the current fiscal year workplan and related staff activities. The item has been elevated to the business calendar at the suggestion of the Chair to provide greater visibility into workplan status, with particular focus on high-priority projects, as part of a new quarterly review practice. This item is for discussion only, with the opportunity for the Commission to identify potential amendments for consideration at a future meeting.

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 San Diego LAFCO to discuss the status of the adopted workplan with particular focus on the 10 high-priority projects. Specific status details for each high-priority project follow and will be expanded on during the staff presentation. A complete status update covering all 30 projects is provided as Attachment One.

Administration

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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 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 nearing completion, with a full draft anticipated for Commission consideration as early as May 2026. An administrative draft for MWD is expected to be issued within 60 days following final staff refinements. Given the complexity of the underlying topics, staff anticipates the project will extend into the next first quarter.

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 an administrative draft for the subject agencies' internal 60-day reviews. This study is expected to extend into the new fiscal year.

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. This study is expected to extend into the new fiscal year.

Priority No. 4a | Municipal Service Review: Carlsbad Subregion

(Project Manager: Michaela Peters, Analyst II)

This study covers the City of Carlsbad and the Carlsbad Municipal Water District as the first part of a two-part subregional review. Both agencies have received complete administrative drafts through 60-day internal review periods. The report for the City of Carlsbad is on today's agenda (Item 6b) with a recommendation to continue to the April 6th meeting. The report for Carlsbad MWD is expected to be presented at the May meeting. Staff anticipates the project will be substantially completed by the close of the current fiscal year.

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

The second part of this two-part subregional review covers the City of Encinitas, Olivenhain Municipal Water District, Leucadia Wastewater District, and San Dieguito Water District. Most subject agencies have received administrative drafts, initiating their 60-day internal review periods. This study is expected to extend through the first quarter of the next fiscal year.

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. This study is expected to extend through the end of the next fiscal year.

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. This study is expected to extend through the end of the next fiscal year.

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

This informational report evaluates the scale, organization, and governance 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 anticipates the project will be substantively completed by the end of the fiscal year.

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 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 Commission and the County Board of Supervisors in May 2026.

ANALYSIS

None.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

None.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for discussion as part of the business calendar. The following procedures are recommended:

- 1) Receive verbal presentation from staff unless waived.
- 2) Invite comments from interested audience members if any.
- 3) Discuss and provide general feedback as needed.

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 February 20, 2026

Agenda Item No. 7a | Attachment One

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	

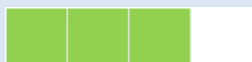
Priority	Level	Type	Project	Description	Status
21	Mid-Low	Statutory	RCD Ad Hoc Committee: Part II	Complete part II of RCD boundary true ups to inform sphere updates for local RCDs	
22	Mid-Low	Statutory	MSR South Coast Region I – Cities	Region-specific study on south coast Cities (Chula Vista, Coronado, 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	

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)

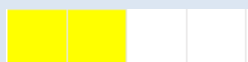
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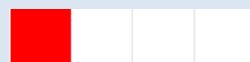
Near Complete



Underway



Pending





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

7b

AGENDA REPORT
Business | Discussion

March 2, 2026

TO: Chair Becker and Commissioners

FROM: Joelle Burila, Analyst I
Tom Kennedy, LAFCO Consultant

SUBJECT: **Development of Weighted Water Rate Comparisons |
Presentation of Draft Report by Kennedy Water Consulting, LLC**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an update on the development of water rate comparators underway by the Special Districts Advisory Committee with the assistance of Kennedy Water Consulting, LLC and support from LAFCO staff. The report's intended use is as a diagnostic tool in future municipal service reviews. The update is provided consistent with an earlier request by Commissioner MacKenzie to review the work with an opportunity for the Commission to provide feedback.

BACKGROUND

**Special Districts Advisory Committee |
Developing Local Performance Measurements and Service Comparators**

San Diego LAFCO has been working with the Special Districts Advisory Committee to explore opportunities to partner in developing local performance measurements and related service comparators as part of the Commission's municipal service review program. Since April 2025, the Committee – through LAFCO consultant Tom Kennedy with support from a working group of local water professionals – has focused its attention on developing an inaugural

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comparator to assess water rates across San Diego County.¹ A draft report was presented to the Committee on January 16, 2026, and staff is incorporating feedback ahead of finalizing the project by the close of the fiscal year.

DISCUSSION

San Diego LAFCO will receive a presentation on a draft water rate comparator report prepared by Kennedy Water Consulting, LLC on behalf of the Special Districts Advisory Committee with support from LAFCO staff. The report is designed to provide LAFCO a diagnostic tool for use in future municipal service reviews – one that contextualizes water rate variation across agencies based on structural characteristics and helps identify where rates may warrant further attention in relation to present and future affordability for the public.

With respect to the draft report's key components, it presents a high-level overview of the structural and operational factors influencing water rates across San Diego County and identifies comparative metrics related to system density, topography, development activity, local treatment, access to lower-cost supplies, and reliance on higher-cost sources such as desalination or potable reuse. Among other working conclusions, the draft analysis finds that many differences in water rates are driven by factors largely outside an agency's control, despite many relying on the same wholesale water provider. It also highlights growing concerns related to underfunded capital improvement programs and the implications for long-term service reliability, consistent with LAFCO's prospective oversight responsibilities. The draft report identifies opportunities for improvement, including enhanced asset management practices to better prioritize capital investments and potential legislative approaches to support more equitable and stable funding of long-term infrastructure needs.

Tom Kennedy will provide the presentation and discuss remaining steps, including a request by LAFCO staff for the analysis to incorporate equity factors and rate effects across different economic conditions. The Commission is encouraged to provide feedback for consideration by the Committee ahead of preparing a final report.

ANALYSIS

None.

RECOMMENDATION

This item is presented to San Diego LAFCO for discussion and feedback.

ALTERNATIVES FOR ACTION

None.

¹ Members of the Committee's working group are: Chair Kimberly Thorner (Olivenhain Municipal Water District), Vice Chair Jack Bebee (Fallbrook Public Utility District), Paul Bushee (Leucadia Wastewater District), and Albert Lau (Santa Fe Irrigation District).

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for discussion as part of the business calendar. The following procedures are recommended:

- 1) Receive verbal presentation from staff unless waived.
- 2) Invite comments from interested audience members if any.
- 3) Discuss and provide general feedback as needed.

Respectfully,



Joelle Burila
Analyst I

Attachment:

- 1) Draft Report: Water Rate Comparator

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San Diego Local Agency Formation Commission

Special District Advisory Committee

Water Rate Comparator Study Working Group

Water Rate Comparator Study Report

December 2025

Prepared by

Kennedy Water Consulting, LLC

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Executive Summary

Water rates in San Diego County continue to rise, and the reasons behind these increases are often unclear to the public. In response to growing concern and frequent discussions of rate impacts during Municipal Service Reviews, the San Diego County Local Agency Formation Commission (SD LAFCO) directed its Special District Advisory Committee (SDAC) to examine why water rates vary so widely among agencies. This Water Rate Comparator Study is intended to offer an accessible overview of the primary factors influencing those differences.

The study team developed a set of practical, easy-to-understand metrics to illustrate key characteristics that inherently drive rates higher or lower. The effort did **not** evaluate whether any agency's rates are "good" or "bad." Instead, the metrics highlight relative influences such as system density, topography, development activity, local treatment, access to low-cost supplies, and reliance on high-cost sources like desalination or potable reuse. These indicators, based solely on publicly available data, are intended as comparative tools rather than precise measurements.

A central theme that emerged is the growing importance—and underfunding—of capital improvement projects (CIPs). Water systems across the county rely on infrastructure built decades ago, much of which is approaching or beyond its intended lifespan. The American Water Works Association and American Society of Civil Engineers have produced numerous reports highlighting this nationwide challenge. While agencies must charge for immediate operating costs and wholesale water costs, capital reinvestment is frequently the only discretionary lever available when trying to limit rate increases. As a result, many agencies defer needed replacements, leading to system-wide reinvestment levels far below what would be required to maintain assets on reasonable replacement cycles.

Two high-level capital spending metrics were developed to help SD LAFCO gauge whether agencies are keeping pace with infrastructure needs. These metrics reveal significant variation across agencies and indicate that investment levels at some agencies may not be consistent with long-term sustainability.

Overall, the study concludes that many factors outside an agency's control—geography, system layout, supply sources, and wholesale costs—play major roles in rate differences. At the same time, underfunded capital programs pose a growing challenge for agencies and for LAFCO's role in ensuring future service reliability. The report suggests two areas for improvement: adoption of advanced asset management practices to better prioritize spending, and potential legislative changes to provide more equitable and stable methods to fund long-term infrastructure needs.

Introduction

Within San Diego County, a myriad of public policy issues are stridently debated by individuals and groups with diverse opinions. Should we invest in more transit or better freeways? How should we manage the costs of solid waste disposal? Where should high density development be built? These questions – among many more – have proponents and objectors with different opinions on the solutions.

There is one public policy area where near unanimous agreement exists – the cost of water has been increasing steadily and there is no relief in sight. Irrespective of political leaning, geographical location, social status, or any other common differentiator among social groups, the ever-increasing cost of water has a unified impact on the public – water bills are straining already strained family budgets.

The San Diego County Local Agency Formation Commission (SD LAFCO) is the government agency created by the legislature to set the boundaries of public agencies, determine the municipal services they are authorized to provide, and also to perform periodic reviews of the public agencies that deliver those services within the County. These Municipal Service Reviews are intended to ensure each public agency charged with the provision of a particular municipal service is doing so effectively. Water providers, whether through a City or a Special District, are among the agencies that are periodically evaluated by SD LAFCO.

Over the last few years, the cost of water has become front page news with heated debates at City Council meetings and agencies across the county, with water rate increases significantly outpacing inflation. The cost of water has also factored into numerous proceedings at SD LAFCO and has been a decisive factor in decisions placed before the Commission. In response to this, the Commission requested LAFCO staff perform a study on water rates in the region.

The overarching goal was to help the Commission, and the public, understand why water rates vary from agency to agency. This document is the result of that request.

The Study Team

SD LAFCO has two special committees that are comprised of representatives from the agencies within the county. The individuals who serve on these committees, the Cities Advisory Committee and the Special District Advisory Committee, are elected via a vote of the member agencies subject to SD LAFCO. The Water Rates Comparator Study Project was assigned to the Special District Advisory Committee (SDAC).

At the SDAC meeting in April 2025, the assembled members discussed the project, facilitated in the discussion by Tom Kennedy of Kennedy Water Consulting, LLC, a water agency expert consultant to SD LAFCO. The discussion was wide ranging and numerous points of view were expressed. Despite the reservations of some, SDAC Chair Kimberly Thorner of Olivenhain Municipal Water District created a working group – tasked to work on the project, alongside Mr. Kennedy. The working group consisted of the following members:

Kimberly Thorner, Olivenhain MWD
Albert Lau, Santa Fe Irrigation District
Jack Bebee, Fallbrook Public Utility District
Paul Bushee, Leucadia Wastewater District
Tom Kennedy, Kennedy Water Consulting, LLC

Over the course of multiple meetings throughout the summer of 2025, the working group debated numerous factors that complicate such an analysis. The first was to develop what success in the endeavor looked like, followed by questions about data availability, data relevance, and the challenges of making “apples to apples” comparisons. Numerous concepts for reference metrics were suggested, tested, and abandoned due to these complications. However, the working group was able to distill down several metrics that were found to be illustrative of the several factors that influence varying water rates across agencies in the region.

Study Constraints – What This Report Is And Is Not

As noted by the SDAC member whose initial reaction was this effort was destined to fail, the development of a comprehensive water rate comparator system is extremely challenging. The work presented here reflects those challenges. At the outset of the effort, the working group defined several constraints for the study:

- The working group would not define any agency rates as “good” or “bad”
 - o Water rates are very agency specific. The fact that one agency’s rates are lower than another does not mean that the agency with higher rates has set them incorrectly or that the agency is somehow underperforming
- The working group would use publicly available data that is included in normal financial or other reports from agencies
 - o This was to ensure consistency but also to avoid “cherry picking” of data
- The working group chose metrics that we expect to be easily understood by the public and the Commission

- While there are nuanced, complicated financial metrics that may have added value, the complexity of these metrics would make them understandable by accountants but not many others

It is important to note here that the metrics that were developed using publicly available data are derivatives of that data and thus subject to errors. The underlying data was never intended for the type of analysis presented here and thus represent a good, but not perfect, source of information.

The metrics presented here are not intended to represent exact values. In fact, for most of the metrics, the working group does not use numerical indicators at all to avoid them being used as exact measurements. ***These are relative comparators only and should be viewed/used as such.***

Through the distillation process of metric selection using the constraints described above, the working group arrived at a useful, but truncated set of metrics. There are many factors not evaluated in this study that contribute to the water rates for individual agencies. While additional data sets could be developed with enough effort, that was outside the scope of this project.

The working group recommends SD LAFCO staff use this study in the way it is intended: as a first glance look at water rates. Should the results for any agency stand out in comparison to others, ***that result should be the starting point for additional study, not a conclusion of any type.*** This study is not a substitute for agency specific financial analyses when conducting Municipal Service Reviews.

How are Water Rates Established?

To the public, the way water rates are established can be confusing, shrouded in complicated tables and charts. The processes used to create water rates are seemingly well understood but only by industry insiders and the consultants who assist agencies in their development. Public notices for rate increases are often filled with language that has been vetted by attorneys and is written to comply with statutory rules more than for the purpose of clear communications. These complex and often confusing communications sometimes reinforce suspicions of overcharging rather than easing them.

The challenge faced by water agencies is that there are numerous regulations that constrain any semblance of flexibility in the rate setting process. Voter initiatives, such as Propositions 26 and 218, have limited the options available for water agencies to consider

equity or other matters within their rate structures. A cottage industry of law firms scrutinizes every rate change, looking for a way to challenge the rates and generate legal fees. Several agencies in San Diego County, including the City of San Diego, who used “inclining block rates” to shield lower income customers from high water bills, were challenged in court and lost.¹ Agencies are now focused on avoiding litigation - at the expense of more equitable rate structures which have been found to be illegal.

Put simply, water rates are set to generate the required revenue to cover the costs to procure, treat, and deliver water to the customers of each agency. For each rate increase process, agencies must identify their expected costs for an upcoming year(s), which includes capital replacement costs for aging infrastructure. These costs are then apportioned to various cost categories which are then assigned into rate categories – some fixed and others variable.

For instance, the costs to manage an agency’s meter reading and billing functions are generally shared equally among all accounts, since the costs are similar for each customer. These costs are generally applied to the fixed monthly service charge levied on all customers.² The costs for the actual water, treatment, pumping, and the like are generally added up and then put into the variable portion of a water bill that is charged based on the volume of water used. The concept here is that the more water you use, the more you pay. To encourage conservation and discourage water waste, many agencies used inclining block rates.

While well intended, and as previously mentioned, many rate structures of this type have been found to be illegal. In response, agencies are increasingly reverting to “flat” rates where the charge is the same per unit volume of water irrespective of how much is used. This avoids the prospect of litigation but is also seen as a less equitable rate structure. Unfortunately, Propositions 26 and 218, along with the numerous case law standards established since their passage, have severely limited flexibility in rate setting.

¹ Inclining block rates are rate structures where the volumetric charge increases incrementally as the total amount of water used increases.

² Note that these are simplified examples of cost allocations to rate components. In reality, there are much more complex allocation systems in use.

Capital Spending and Water Rates

What it takes to get water here

Water is free of charge when it falls from the sky in the form of rain or snow, so the question many have is why does it cost so much at the tap? In many parts of the US and within California, water is much less expensive than in San Diego County, so why are we paying so much?

The reality is that the amount of rain and snow that falls in San Diego County is insufficient to support even a fraction of the current population. Since World War II, when the first imported water pipelines were connected to San Diego County, the region has relied increasingly on water supplies that come from hundreds of miles away. The two main sources, the Colorado River and northern California via the State Water Project, are an engineering marvel that has allowed San Diego County to grow into the vibrant economy and communities we enjoy today.



Getting that water from far away sources and to the taps of customers is heavily dependent on infrastructure. From a dam high in the Sierra foothills or from the Colorado River, through a series of canals, pump stations, intermediate reservoirs, large diameter pipelines, and treatment plants, the water we use passes through many billions of dollars' worth of infrastructure before it even gets to the County line. Here in San Diego County, the San Diego County Water Authority (SDCWA) operates additional dams, reservoirs, large diameter pipelines, and treatment plants. SDCWA has invested billions in the County to ensure the water is safely brought into the county and delivered to its 22 member agencies.

At the local level, the retail agencies also must invest in the infrastructure needed to reach every home or business in their service area. Additional pipelines, storage reservoirs, treatment plants, pump stations, fire hydrants, and other associated structures add to the tally of infrastructure that is required for customers to use the water that started out hundreds of miles away.

The cost for all the infrastructure required to safely and reliably make our lives and economy possible is embedded in the retail rates charged by local water agencies. The costs for the big statewide systems are passed down from the State of California

Department of Water Resources (DWR) to the Metropolitan Water District of Southern California (MWD), to SDCWA, and then down to the retail agency level. It is not uncommon for costs from the big regional wholesalers to make up over 50% of the total cost of every water bill – before the local agency has even added a cent to cover the costs for supplying each community.

Capital Assets and Capital Spending

The provision of water is heavily dependent on the infrastructure, or capital assets, described above. Water agency finances are centered on the construction, operation, and maintenance of these assets. The cost of the employees of most water districts routinely represents less than 20% and sometimes less than 10% of the charges on water bills. The rest pays for capital assets, power to pump the water, and water purchases if you lack a local supply.

When SD LAFCO is reviewing whether an agency is providing a municipal service properly, it should not merely consider whether the agency is doing well in the present, but also if they are well prepared to provide this service into the foreseeable future. The provision of water services is dependent on infrastructure, so the proper funding of the repair, rehabilitation, and replacement of that infrastructure is a key concern for SDLAFCO.

A good deal of the water infrastructure in San Diego County was built out in the decades following World War II as the suburban expansion of the county progressed. Prior to the passage of Proposition 13 in 1978, many large infrastructure projects were financed through property tax assessments. If an agency needed new infrastructure, its board would vote to place an assessment on properties to pay off the debt over time.

Since Proposition 13, these board adopted assessments were banned, with a 2/3rds vote of the ratepayers required to approve the assessment. This high bar is very difficult to overcome, so few projects have been funded this way since. Water agencies shifted revenue generation to water rates. In the 1990s there was a sharp increase in the use of capacity fees that new connections must pay to access the system. Capacity fees can bring in significant amounts of revenue but are only a significant source of funds if there is a lot of development activity in your service area.

At the same time, the backbone infrastructure that was built out in the decades after World War II is at or near the end of their service lifespans. Most capital assets have lifespans that are 50 years, though some will last 75 and in some cases 100 years. Many agencies in San Diego County have a majority of the pipelines in their system that are over 50 years old. The Colorado River Aqueduct will turn 100 soon, adding to the challenge.

When water rates are being developed, agencies in San Diego County must first cover the cost of the immediate needs for the current period. They need to buy the water from SDCWA, pump, store, treat, and distribute it to customers, and manage all of the day-to-day administrative tasks associated with the agency. These costs would represent the absolute minimum rates an agency could adopt and be able to serve the needs of its customers.

However, as infrastructure ages its condition deteriorates. Pumps stop working, water mains break, and electrical systems fail - among many other things. Water agencies must consistently reinvest in their local infrastructure to keep the water flowing and avoid serious damage from main breaks. Some of the infrastructure was built long ago in remote areas or sensitive habitat, so the repairs today are much more costly due to environmental restrictions.

In response, and when developing rates, each agency must collect money in excess of what it needs today to fund Capital Improvement

Projects (CIP) designed to repair, rehabilitate, or replace failing assets, hopefully before failure results in the extended loss of service for customers. CIP costs are generally apportioned out to customers in their water bills either through the fixed monthly charge, the volumetric charge, or a combination of both.

A significant challenge for San Diego County agencies is the fact that both MWD and SDCWA have their own CIP programs that are significant drivers in the rates that are passed down to the retail agencies. The amount of CIP spending is debated heavily at these wholesale agencies, but once established the local agency has no choice but to pay them.

When a local agency is preparing its budget and considering the rates required to support both the needs of the wholesale agencies and its own system, they are often left with few options. They can't avoid wholesale charges and must recover enough costs to meet their minimum operating expenses. At the same time, agencies sincerely desire to invest in repairs or improvements to their local infrastructure. To navigate these constraints, finance staff at local agencies usually prepare multiple options that show the rate impacts of various combinations or levels of capital spending.

The reality is that rate setting by elected bodies is sometimes focused on the option that has the least rate impact on customers. This is understandable – everyone would like to



see the lowest rates possible. However, this process can lead to a situation where the future is cast aside for the present.

When staff at a water agency prepare a budget, it includes a certain amount of money for CIP spending. This amount is based on analysis by the agency's engineering or CIP program staff. The CIP plans are based on specific studies or local knowledge of which pipelines or facilities are in the worst shape.

When spending options are presented to elected bodies, the rate impact of each option is included for consideration. It is an unfortunate reality that agency budgets, and thereby rates are frequently set at the lowest possible rate by cutting CIP spending. The only real lever these agencies can use to reduce the budget is in CIP spending. This process has been repeated at most agencies year after year.

Questions like "can that pipeline last until next year?" or "can we defer that project until times are better?" are repeated in board rooms across the county and the state. The result is that the rate of reinvestment in capital assets is often well below what is required for long-term sustainability.

In a perfect world, if an agency has assets that have a 75-year lifespan they would fund a CIP program that would replace or rehabilitate each asset every 75 years. Several agencies have studied their CIP spending relative to how long it would take to replace the entire system. In 2015, Rainbow MWD's CIP program had long been hamstrung by rates that failed to fund the needed projects so they could keep rates low for agricultural users. This resulted in a replacement frequency that was well over 1,000 years. To lower its costs, Rainbow MWD initiated a LAFCO action to access lower cost wholesale supplies, but rates were held nearly constant, delivering much needed CIP funds using the savings from lower cost water.

Olivenhain MWD performed a similar study recently and found that at current spending rates their replacement frequency would be about 800 years. That study identified an annual cost of approximately \$50 million in today's dollars to bring that frequency down to a level that matched expected pipeline lifespans. With a total annual operating revenue of about \$60M in FY2023, this amount of spending would have significant rate impacts, nearly doubling already high rates.

Appropriate management of capital assets is costly, and funding these programs effectively is becoming one of the largest drivers in water rates. The unfortunate reality for most water agencies is that current capital programs are funded well below the levels at which a reasonable asset replacement frequency can be achieved. While these aging systems are holding up now, Father Time is undefeated – meaning infrastructure

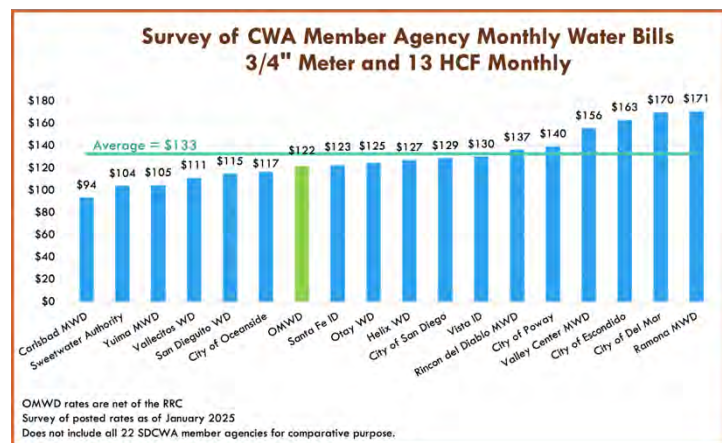
degradation over time is inevitable, and significant reinvestment will be required to ensure the provision of safe, reliable drinking water in the not-too-distant future. In a later section, this report will provide some best practices that agencies can employ to address the issue in the most cost-effective way possible.

“Traditional” Water Rate Comparators

When publicly elected boards or councils are asked to approve increases in water rates, a commonly asked question is “how do our rates compare to other agencies in the region?” It is a fair question based mainly on a desire to ensure that the proposed rates are not excessive or out of line with the rates of neighboring agencies. Elected officials are hesitant to approve rates that appear to be higher than other agencies, irrespective of the fiscal realities facing their agency.

To provide this information to their respective boards, staff members at water agencies usually prepare a comparison graph showing the total charges for an “average” customer for their agency with charges from other regional agencies included for comparison. Since the charges from water agencies include both fixed monthly fees and volumetric rates based on consumption, staff must choose a particular customer class, meter size, and average volume of water to perform these calculations.

The figure on the right is a typical comparison chart. This one of several charts prepared recently by Olivenhain MWD, compares OMWD’s total bill for a ¾” Single Family Home customer with consumption of 13 HCF (one HCF= one hundred cubic feet, or 748 gallons) per month. Other charts reflect different volumes of water and meter sizes.



These charts, while certainly useful, can sometimes be misleading. The selection of the comparator agencies made by staff may not include all agencies, which is the case here. Since the charts generally use a self-selected volume of water for the calculation, the role of fixed monthly charges in shaping the total bill has a significant influence on the results and, thus the agency’s “ranking” in total bill cost.

For example, in 2015 Rainbow MWD was adjusting rates for its customers, which tend to be larger lot customers whose water demands are, on average, much higher than urban or

even suburban users. Within that agency, meter sizes are larger – such as 1” and larger – being much more common than urban/suburban agencies. Rural agencies tend to have higher fixed monthly charges and lower volumetric rates, which reflect the customer demand patterns within their service areas. Agencies with higher levels of demand variability due to weather tend to have higher fixed charges to stabilize revenues.

For these reasons, Rainbow, along with other more rural agencies tended to compare unfavorably when smaller amounts of water demands are used in these calculations. The larger monthly service fees are not offset by lower volumetric charges at these lower consumption levels. Below are two graphs from the 2015 analysis by Rainbow MWD that show how consumption (presented in “Units” which are the same as HCF) compared to other agencies.



These two charts show how at a consumption level of 50 units per month, Rainbow’s current rates were in the middle of the pack, but at 100 units they were the lowest in the comparison group. Since many agencies have multiple customer classes each with multiple meter sizes (and monthly charges), these sorts of comparisons, while helpful for elected boards, don’t always tell the whole story.

Revised Methods of Analysis

This study used two primary methods of analysis. The first method looked at qualitative metrics that compare several key characteristics of water agencies that can drive rates

higher or lower, depending on the characteristic. The selection of these metrics by the working group used the parameters described above.

The second method of analysis represents a more quantitative assessment of capital spending. The data was derived from Annual Comprehensive Financial Reports that are published annually by each agency. These publicly available reports follow standardized formats that reduce, but do not entirely eliminate uncertainty in the results.

Key Characteristic Metrics

If all of the water agencies within the SDCWA service area are buying water at the same wholesale price, why do we see so much variability in the retail rates charged to customers? Do comparatively higher rates mean that the agency is inefficient or is simply overcharging customers? The reality is that there are certain inherent characteristics of water agencies that can drive rates higher or lower irrespective of administrative efficiency.

As noted in the introductory section, there are myriad variables that go into the relative cost structures of each water agency. No two are exactly alike and thus each has different cost components that make up their overall operating expenses. The working group considered many more key characteristics than what are presented here. Some were dropped because the data to calculate them was not readily available. Others did not make the cut because they were excessively complex and hard to understand.

Two metrics that could be useful, but were not included at this stage involve system age, and system complexity. System age would evaluate the age of the pipelines which can be, but is not always, related to the cost of repairs and replacement programs. System complexity would create a calculation based on the number of valves, pumps, pressure zones, tanks, and other facilities per customer. Both would require significant amounts of additional data to complete.

The following Key Characteristic Metrics were produced using readily available data and are understandable by the general public, and not limited to water experts. Note that each metric has a different method of calculation to create relative scores on a scale of 1 to 10. This method allows each metric to be shown as a relative contributor to higher or lower, water rates on the combined metrics chart.

The working group would like to emphasize that this is a novel effort. If any readers have any comments or suggestions for additional metrics or improvements of the metrics below, please contact San Diego LAFCO staff.

System Density

The cost to operate a water system relies on the water distribution network that delivers the water to customers. The number of miles of pipe in each agency's distribution system varies widely, with the smallest having 44 miles of pipeline and the largest over 3,000 miles of pipeline. However, the overall length of the distribution system has less impact on water rates than the number of service connections per mile of pipe. If the cost of operating and maintaining pipelines is roughly equivalent per mile of pipe across all agencies, those with fewer customers per mile of pipe must charge each customer incrementally more because there are fewer customers to share the cost burden.

In general, more urbanized agencies have much higher system densities than rural agencies. The City of San Diego has the most pipelines in terms of miles of pipe but also has the highest system density at over 96 customer connections per mile of pipe. Yuima MWD, on the other hand, has only 7.9 customer connections per mile of pipe. Thus, the City of San Diego can spread every dollar spent on pipeline repair or replacement across ten times as many monthly bills than Yuima MWD can.

Calculation:

$$\text{System Density} = (Nc/Mp)/10$$

Where Nc=Number of Service Connections

Mp=Miles of Pipeline

System Topography

Water distribution systems are hydraulic systems – they operate on the basic principles of fluid mechanics. The pressure in the pipelines in the street are based on the hydraulic grade line of the system which is established using combinations of pumping systems, storage reservoirs, and pressure regulating stations. All of these systems work in concert to ensure the pressure at each customer connection is within an acceptable range.

In a relatively flat distribution system, fewer of these systems are required to either raise the water pressure at higher elevations, or reduce the pressure at lower elevations. In many flat systems outside of San Diego County, elevated tanks are used to establish adequate pressure for consumption. With few flat areas, San Diego County water agencies cannot take advantage of these simpler systems.

However, among the agencies in San Diego County the topography varies widely. Some systems, primarily coastal systems, have lower total elevation changes within their

distribution systems than others, mainly the inland systems. Systems such as Carlsbad MWD, San Dieguito MWD, and the Sweetwater Authority have elevation differences of about 500 feet total from top to bottom. Other systems have much higher differences in elevation in their systems, with Rainbow MWD topping the list at about 2,200 feet.

Water is heavy, so with every 100 feet in elevation change, the system pressure will increase over 43 pounds per square inch (PSI). Considering that the maximum pressure allowed for residential plumbing fixtures is 80 PSI, absent active pressure management systems like Rainbow MWD would see incredibly high pressures in many parts of their service areas. Systems like Rainbow MWD operate dozens of pressure regulating stations creating separate pressure managed areas, where systems like San Dieguito has only a handful of distinct pressure zones.

In addition, imported water enters the County through SDCWA pipelines that operate as an open, falling grade line system. In the northern sections the water has a maximum elevation of about 1,300 feet above sea level. To protect their own pipelines from excessive pressure, this hydraulic grade line is reduced through a series of vents as the pipelines go south. By the time the water gets to the vents in the Miramar area the hydraulic grade line is under 900 feet.

Any agency who serves water at elevations above the available grade line in their service area must pump that water uphill to serve their customers at those elevations. Valley Center MWD operates well over 100 pumps for this purpose across dozens of pump stations.

The cost to operate both pumping systems and pressure management systems is much higher for agencies with larger differences in elevation within their distribution systems. An empirically derived formula was developed to assign a relative “score” to visualize the effect of different system topographies on water rates.

Calculation

$$\text{Topography Score} = 10.15 - \left(\frac{Dt}{220}\right)$$

Where Dt = Elevation Difference of Distribution System

Note that this calculation was empirically derived to fit the scale of the metrics charts

Development Activity

As noted previously, when development activity occurs within an agency service area, each development project pays a capacity fee established by the agency as a condition of the approval to connect to the water system. These fees vary from agency to agency, but over

the last 30 years have increased significantly, ranging from several thousand dollars to over \$20,000 per connection (depending on meter size).

For agencies with higher rates of development, these capacity fees provide additional non-operating revenues that can supply much needed funds for CIP programs. Higher growth area agencies can hold water rates lower while still funding their CIP programs. Lower growth area agencies are not as fortunate and must recover funds for CIP directly from customers through water rates.

It should be noted that development activity happens in phases and cannot be counted on for future revenues except in areas with reliable long term growth projections. Most agencies will receive influxes of capacity fee revenue during build out of developments and then see it shrink to a trickle for years or decades. However, while an agency is in a development cycle their ability to collect non-rate revenue is greatly enhanced over agencies with little development activity.

To assess this metric, the amount of capacity fee revenue was compared to operating revenue resulting in a value that represents capacity fee revenue as a percentage of operating revenue. These values were obtained from publicly available financial reports on agency websites. A five-year average was calculated though some agencies only had a few years of data on their websites. In addition, not every agency itemizes capacity fee revenue in their financial reports, so calculations could only be performed for 10 out of the 24 agencies.

Calculation

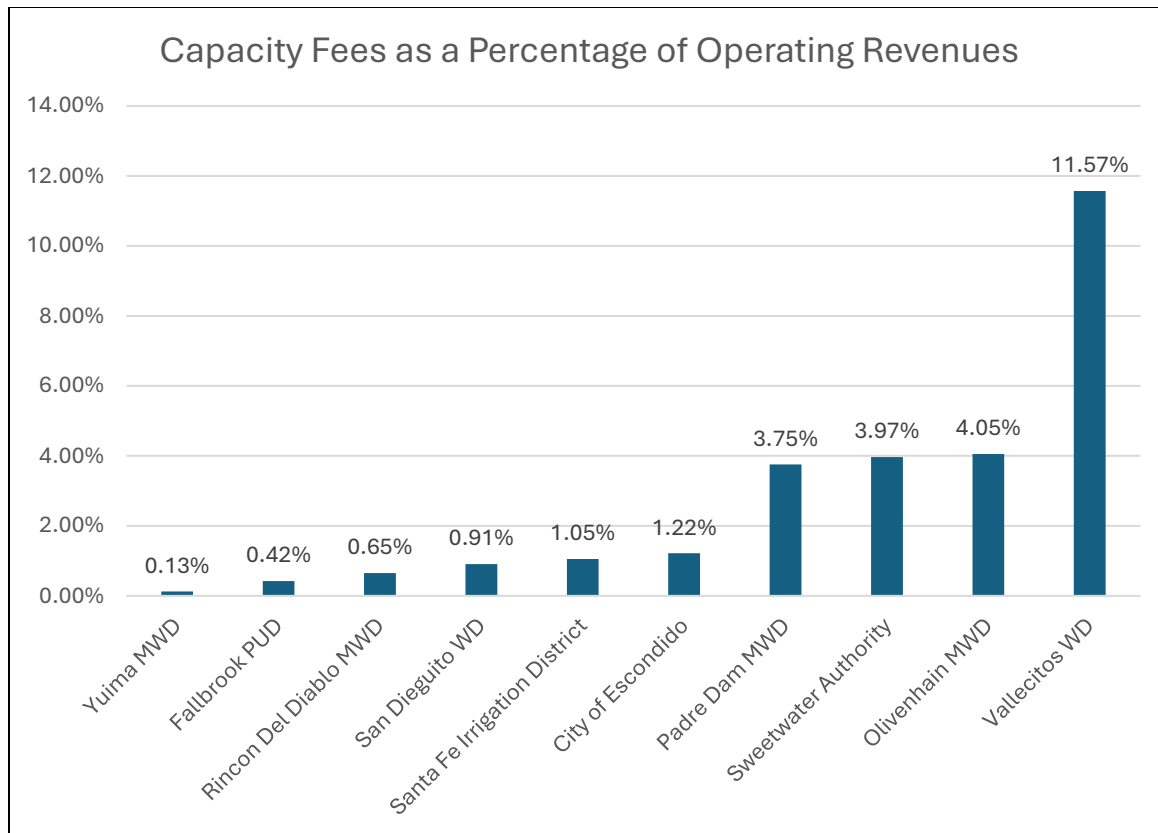
$$\text{Development Activity Score} = 1 + 9 * \frac{(Pa - Pmin)}{(Pmax - Pmin)}$$

Where Pa = Agency capacity fee revenue as a percentage of operating revenue

Pmin = lowest percentage of all agencies evaluated

Pmax = highest percentage of all agencies evaluated

The chart below shows the relative percentage calculations for the 10 agencies where data was available on publicly accessible websites. This chart shows the wide range of development activity in San Diego County. High levels of development in the City of San Marcos results in Vallecitos WD receiving the highest level of capacity fee revenues while the rural Yuima MWD has almost no such revenue.



Local Treatment

Imported water enters Southern California as raw, or untreated water. Before it can be delivered to homes it must receive treatment to remove pathogens and be suitable for potable use. Where that water is treated varies from agency to agency. Many of the older agencies, mostly in the south and east portions of the County, constructed treatment plants in the early part of the 20th century, with the City of San Diego's Otay plant dating back to 1914. Other agencies constructed treatment plants in the post war era.

For decades, a significant portion of water treatment occurred in Riverside County at the Skinner Treatment Plant operated by MWD. With multiple pipelines entering the County from the north, some lines were dedicated to treated water and the rest delivered raw water. Approximately 25 years ago, the total demand on SDCWA's treated water pipelines was reaching its maximum capacity. Consideration was given to the construction of a new pipeline (pipeline 6) to address the issue but the cost of a new pipeline was considered too high. Instead, a new round of treatment plant construction and expansion was undertaken by both SDCWA and member agencies.

Olivenhain MWD completed construction of the David C. McCollom plant in 2002 and a few years later SDCWA completed construction of the Twin Oaks Valley plant. Along with other projects in the County these plants eased the capacity problem in the pipelines but also increased the cost of treatment.

Both MWD's Skinner plant and SDCWA's Twin Oaks plant are large, and as treated water demands declined over the 2000's and 2010's due to local member agencies building their treatment plants, the capital costs of these wholesale water agency plants were spread across fewer and fewer acre feet of water. This situation, along with the overall decline in retail agency demands, increased the treatment cost charged to member agencies considerably.

Agencies who own and operate their own water treatment plants benefit by purchasing lower cost raw water and by having lower per acre foot treatment costs at their own plants. Most agency owned plants are smaller and operate closer to their design flow rates which makes them more efficient. The Twin Oaks plant currently runs at only about 25% which makes it particularly inefficient.

The scope of this study did not allow for a precise per acre foot calculation of water treatment costs agency by agency. However, the consensus of the working group was that agencies with their own treatment plants by and large produce treated water at a lower cost than those who are subject to the costs of plants run by MWD and SDCWA. For the purposes of this study, agencies were assigned a score that reflected whether they operated their own treatment plant or not.

Calculation

Treatment Score = 8 (if agency owns a plant)

Treatment Score = 4 (if an agency relies on SDCWA/MWD)

Low-Cost Local Supplies

While most of the water demand in San Diego County is satisfied using imported water, there are some agencies who have access to lower cost local supplies. Most of these agencies are in the southern and eastern portion of the county and benefit from the early development of dams and water systems dating back to the 19th century. Both the Sweetwater Dam and the Cuyamaca Dam were constructed in 1888. Others followed before World War II and were the main sources of water for San Diego County prior to the importation of water. A small amount of groundwater is available in the County and is mostly used by Lakeside Water District and the Sweetwater Authority.

Several agencies enjoy the benefits of local surface or groundwater, which is free when it falls from the sky and the only cost is the management of the dams, wells, reservoirs, and associated facilities. These water supply sources cost only a fraction of the cost of imported water. Since the largest cost component for many agencies is the cost of imported water, agencies who have access to local supplies can pass on these benefits to their ratepayers.

Scoring for this category was based on estimates of the percentage of total water demands that come from low-cost local supplies for each agency. The Sweetwater Authority tops the list with approximately 70% of their demands satisfied by surface or groundwater supplies. Many agencies have no low-cost local supplies and are completely dependent on imported water.

Calculation

Low Cost Local Supply Score = 2.5 (if no low cost local supply)

*Low Cost Local Supply Score = 5 + (Pl * 5)*

Where Pl = Percentage of Low Cost Local Supply

High-Cost Local Supply

Over the last 25 years there has been a rapid expansion in the development of alternative supplies which are primarily based on the reuse of wastewater. Until very recently, these reuse projects centered on non-potable uses for water such as irrigation. Distributed in separate “purple pipe” distribution systems, this reclaimed water allowed agencies to irrigate schools, parks, medians and other sites using a local supply which reduced the need for importing water. Many inland agencies have no access to other discharge methods, such as ocean outfalls, so the reuse of the water is the only option.

In 2015 SDCWA commenced operation of a new source of water, the Claude “Bud” Lewis Carlsbad Desalination Plant. While originally forecasted to provide water that would be competitive with imported water costs, these forecasts were inaccurate. Water costs from the desal plant are now about triple the cost of imported water. While the main impact of these costs has been to increase the cost of water from SDCWA, two member agencies, Carlsbad MWD, and Vallecitos MWD signed agreements for direct deliveries of this more expensive water.

Over the last several years there has been a new entrant to the water supply portfolio here in San Diego and across California – potable reuse. Several factors have contributed to the rise of this new water source. The cost to deploy dedicated “purple pipe” distribution systems for non-potable reclaimed water stymied the expansion of these systems as the San Diego LAFCO – Water Rate Comparator Study

cost of the water would exceed imported water. Revised regulations and treatment standards for potable reuse have brought certainty to the planning, financing, and project development processes. The capacity/capabilities of wastewater treatment plants and/or ocean outfall pipelines have made potable reuse financially viable when compared to the cost of upgrades.

While some of the costs of these potable reuse systems are charged to wastewater customers as part of the wastewater disposal component of those rates, the relative cost of potable reuse water is higher than imported water. There are agencies who present compelling arguments to the contrary, but these arguments generally use sophisticated mechanisms to shift costs in ways that don't receive unanimous agreement from others.

Local supply development of all types is good for the region. The extreme dependency of San Diego County on far away water sources is likely not sustainable given the projections for hydrological change in the upcoming decades. Colorado River supplies are under extreme duress and supplies from Northern California have their own issues related to changes in hydrology, an antiquated levee system, and environmental challenges. These potable reuse supplies are considered among the highest reliability sources and reuse a precious resource that often came from hundreds of miles away.

However, these benefits come at a cost, which is passed down through water bills to customers. Whether compelled to create the supplies due to regulatory constraints, such as is the case for San Diego Pure Water, or by a desire to have a more resilient supply portfolio, the outcome is the same.

Calculation

Note: This calculation is based on a maximum of 25% high cost local supply for an agency. As these supply rates increase over time this calculation will need to be adjusted.

$$\text{High Cost Local Supply Score} = 5 - 0.16 * P$$

Where P = High Cost Local Supply Percentage in whole numbers

Water Rate Impact Charts

The main objective of this new method of analysis is not to compare the water rates of one agency against another. That sort of analysis fails to take into consideration the agency specific financial realities such as the subset presented above. This method of analysis is intended to help the Commission and general public understand *why* water rates are different from agency to agency.

As noted previously, no numerical values are presented in these charts. Instead, each of the key characteristic calculations are presented in a way that shows whether the impact of each characteristic will tend to increase rates, or lower rates. If a key characteristic is neutral on rates, the tick mark will be in the center of the range.

This draft report presents data from three of the agencies involved in the current round of North Coastal Municipal Service Reviews. These agencies have been actively involved with providing data to LAFCO and its consultants, and thus were chosen for this report. Additional data has been gathered for 19 other agencies but the data was not provided by the agencies, but drawn, or inferred, by LAFCO's consultant. Additional charts will be developed once feedback on this methodology is received and the subject agencies can provide data directly.

Olivenhain Municipal Water District

Key Characteristics

Local Treatment – OMWD operates their own treatment plant

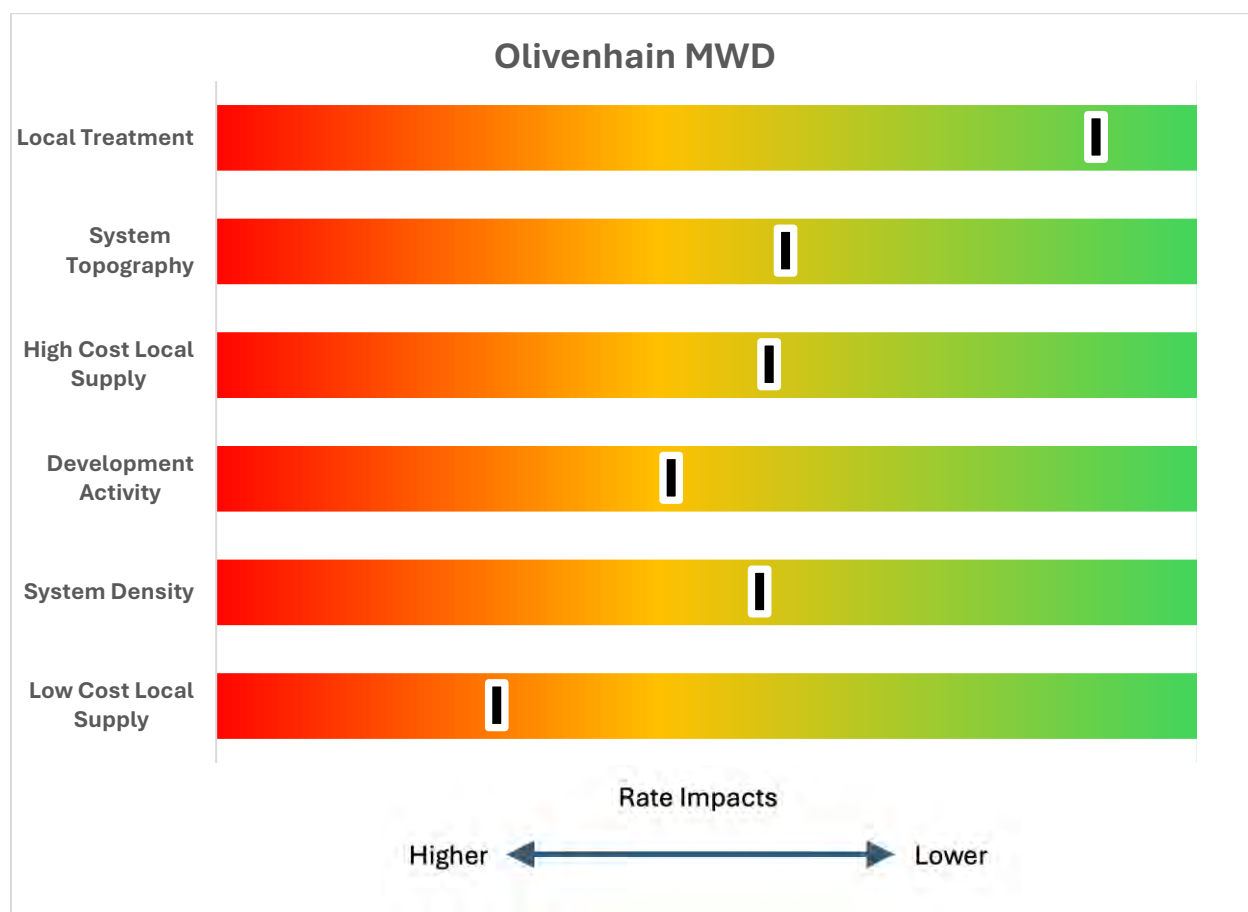
System Topography – While varied, OMWD’s topography is not extreme

High-Cost Local Supply – OMWD has no high-cost local supply

Development Activity – OMWD has moderate development activity

System Density – OMWD’s system density is average

Low-Cost Local Supply – OMWD has no access to low-cost local supplies



San Dieguito Water District

Key Characteristics

Local Treatment – SDWD is a part owner of the Badger Treatment plant with SFID

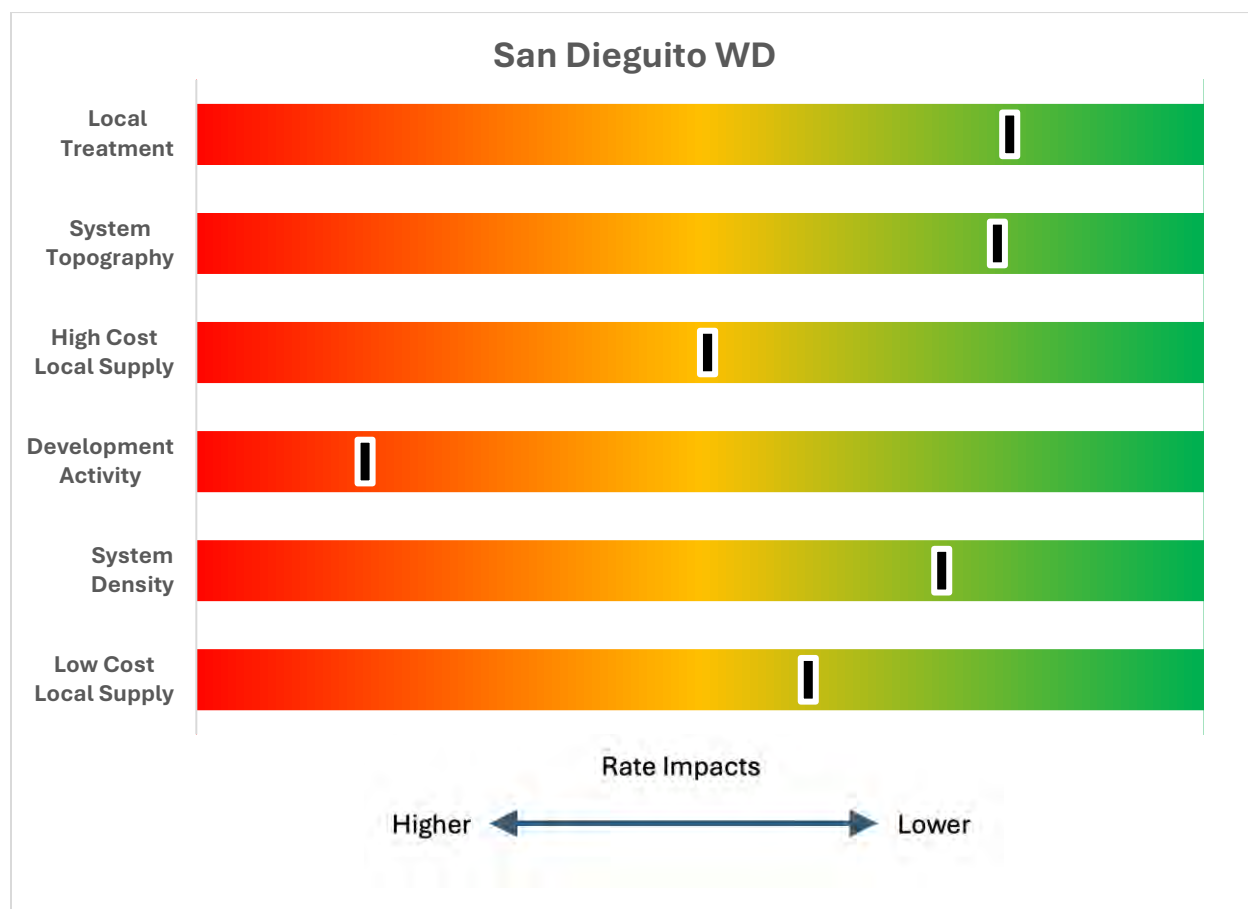
System Topography – SDWD has relatively small elevation changes in their system

High-Cost Local Supply – SDWD has no high cost local supply

Development Activity – SDWD has low levels of development activity

System Density – SDWD has higher than average system density

Low-Cost Local Supply – SDWD has access to low cost supplies, though the challenges at the Lake Hodges Dam has diminished this recently



Carlsbad MWD

Key Characteristics

Local Treatment – CMWD has some local treatment, but it is from the desal plant, which is at a higher cost

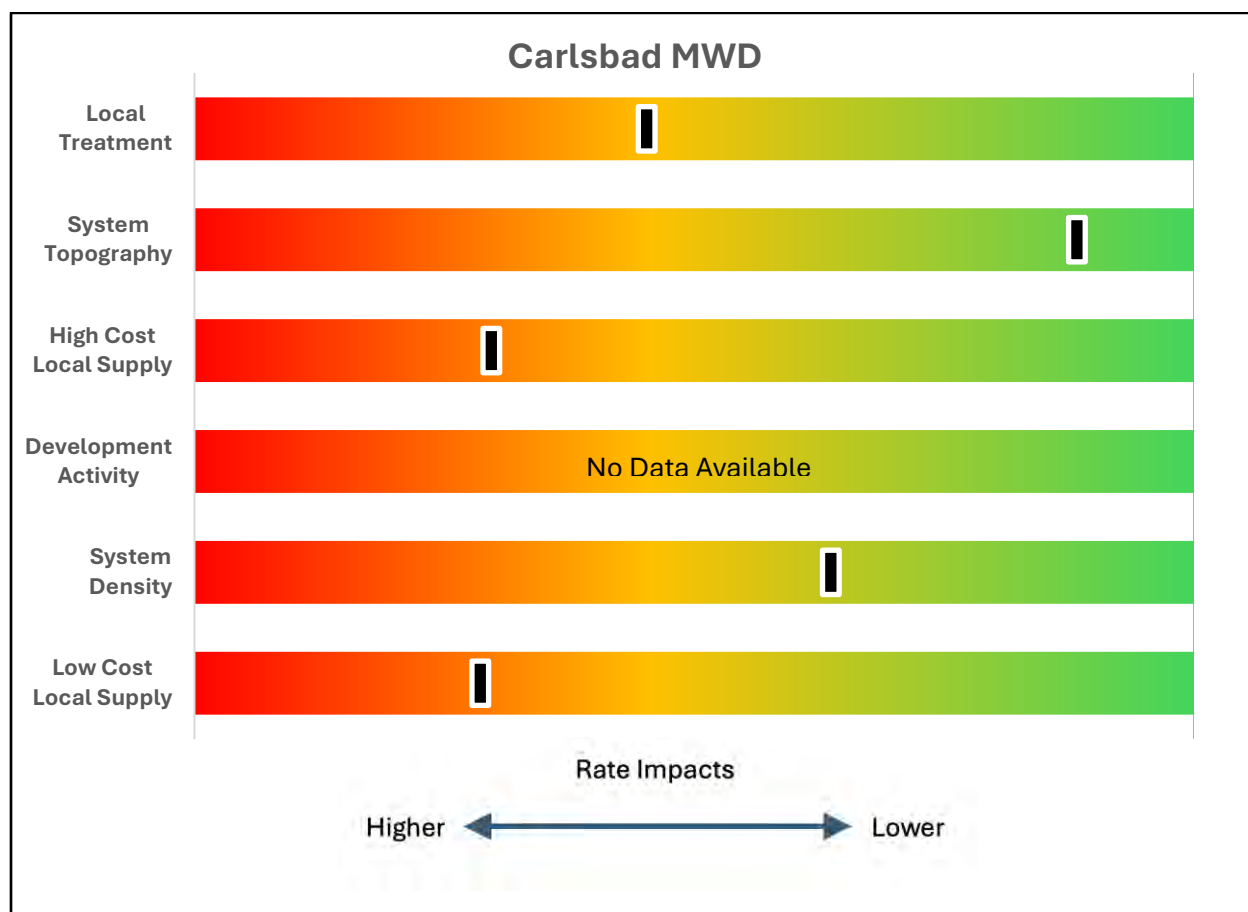
System Topography – CMWD has relatively small elevation changes in their system

High-Cost Local Supply – CMWD has high-cost water supplies from the desal plant

Development Activity – No Data Available but expected to be higher than average

System Density – CMWD’s system density is just above average

Low-Cost Local Supply – CMWD has no low-cost local supply



Interpretation of Water Rate Impact Charts

The charts provided above don’t prescribe what an agency’s water rates should or should not be. They look at only a handful of myriad variables that go into rate setting. A chart

could show many indications that rate pressures are lower than other agencies, but any number of other variables could shift the actual rates in a different direction.

In this small subset of agencies, the data loosely correlates with the “traditional” method of rate comparisons provided above. Any comparison between the two should be conducted with the understanding of the limitations of both methods.

These charts represent a snapshot of some reasons why rates are what they are. If, during a Municipal Service Review process, LAFCO staff compares these charts to the “traditional” method of rate comparisons shown above and identifies some discrepancies, this does not mean the rates were improperly set. It can be an indicator that additional review may be required if an agency is an outlier in one or more categories.

Capital Spending Analysis

As noted in previous sections, the provision of water in municipal systems is heavily dependent on a wide variety of capital assets. The combined value of these assets in San Diego County is measured in many billions of dollars of pipelines, treatment plants, pump stations and other facilities. Additional billions have been invested in the statewide systems that bring imported water into the County.

Once any form of capital asset is constructed, whether it be a small service lateral to a home or a huge transmission main, the clock starts ticking towards the eventual need to replace that asset. Every asset will, at some point, degrade in performance absent a reinvestment of some sort to replace or rehabilitate that asset. Every water supplier must address these issues which is becoming an increasingly difficult problem to solve.

From a LAFCO perspective, the Municipal Service Review process evaluates the capability of each agency to provide water as a municipal service for a specific service area. These reviews are mainly retrospective to see how the agency has been performing during a certain review period. LAFCOs also have an obligation for prospective review to ensure that the agency is prepared to continue service into the foreseeable future.

The challenge that the working group addresses here is how can LAFCO determine whether an agency is well prepared financially to handle the need to repair or rehabilitate the capital assets that are essential to their assigned municipal service function? Is an agency spending an appropriate amount on repair, replacement, or rehabilitation of their assets? How is the agency dealing with the water rate impacts of CIP programs, which can amount to a significant percentage of overall expenses?

The working group considered a number of options but after considering challenges – including data availability and accessibility of the metrics for non-accountants – two metrics were chosen and further detailed in the proceeding section. It should be noted the metrics presented here are imperfect, but can present a high-level view of how an agency is prioritizing capital spending overall.

One of the largest challenges is that the data was drawn from publicly available Annual Comprehensive Financial Reports (ACFR) that each agency is required to produce each year. While these reports are based on a standardized format, there are variations in the detailed accounting practices among agencies that can lead to a level of uncertainty in the information.

In addition, there are times when capital spending increases for single large projects such as a new treatment plant. Other times these large capital projects are not related to the backbone infrastructure but instead are for office buildings or other necessary assets that are not directly related to moving water. The scope of this project did not include a detailed review of the types of projects that each agency funded with the capital spending reported in their ACFRs.

Capital Spending Metrics

The working group settled on two primary capital spending metrics that tell slightly different stories. Unlike the individual agency metrics used above, these metrics are more similar to the “traditional” water rate comparison charts in that they include all agencies on a single chart. As noted above, these charts are not intended to indicate whether a level of capital spending is “good” or “bad”, but to give LAFCO a general idea as to how the level of capital spending compares to similar agencies.

An agency who has higher values in either or both of these charts may still be spending well below the levels necessary to proactively repair or replace infrastructure. Conversely, an agency with lower values may have a “newer” system that does not require the higher level of spending – yet. These charts are a starting point and may guide LAFCO staff towards more detailed analysis during Municipal Service Reviews.

Capital Spending to Depreciation Expense Ratio

When an agency constructs a capital asset, it spends a certain amount of money on that asset. In accounting terms, that spending is deducted from a cash fund on the books and added to a fixed asset fund, which holds the value of all of the assets of the agency. The cash may be gone, but the asset still has value and that is reflected in the net position of the agency going forward.

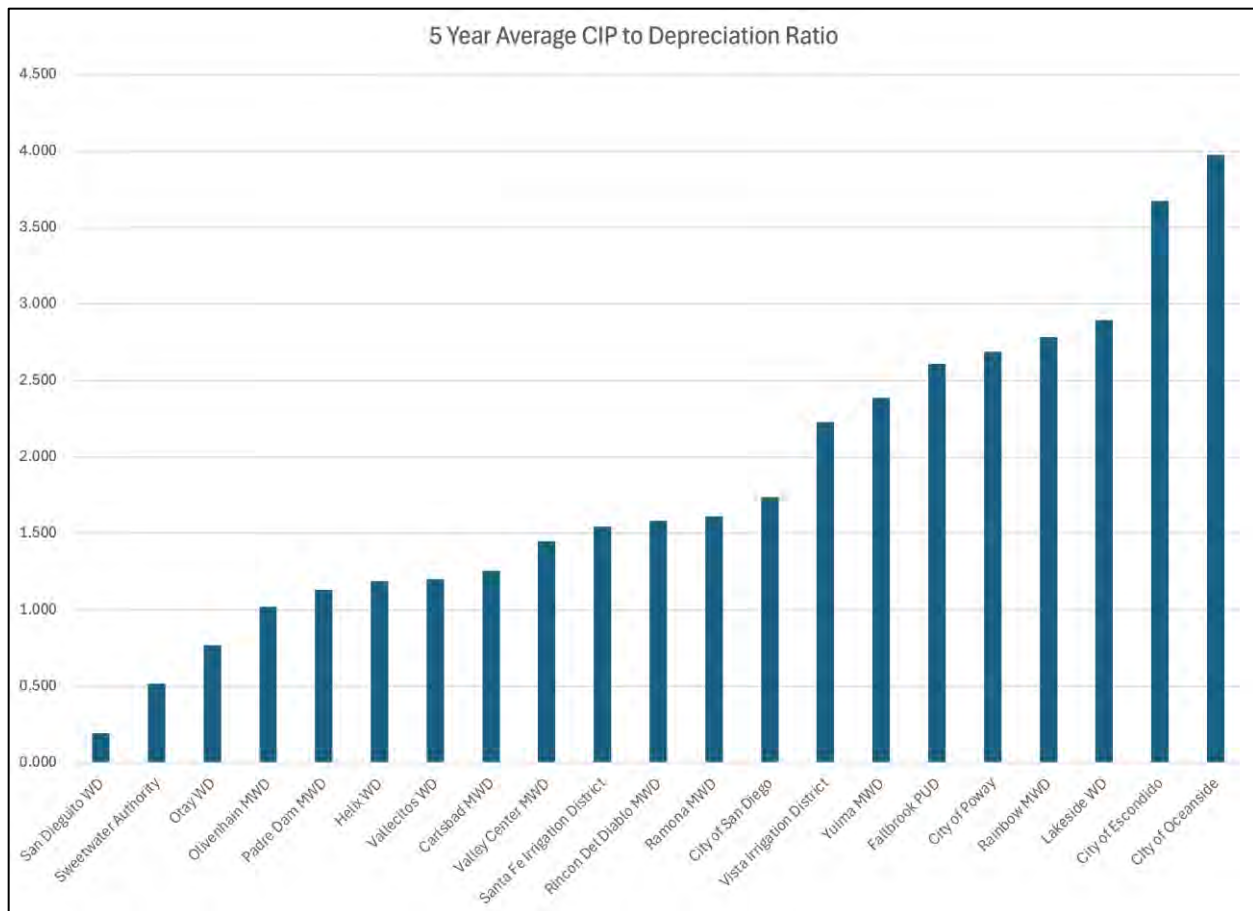
However, just as when you drive a new car off the dealership's lot, the value of the asset begins to decline immediately. The process of subtracting this lost value of the asset each year is known as depreciation. There are many methods of depreciation, but for simplicity's sake in this description we will consider straight line depreciation. When constructed, the accounting department will assign a useful lifespan for the asset, whether that be 50 years or 100 years. From year one on they will deduct $1/50^{\text{th}}$ (or $1/100^{\text{th}}$) of the original value of the asset from the fixed asset fund. By year 50 (or 100) the "book value" of the asset will be zero. The amount of annual depreciation of fixed assets is reported in a line item of each agency's ACFR.

In the simplest of terms, depreciation can be an indicator of the magnitude of asset degradation in any fiscal year. Using this perspective, if an agency is spending the same amount of money that is being lost to asset degradation, they should be OK. In this simplistic view, the agency is replacing assets as fast as they degrade.

However, it is not that simple. One huge factor is inflation. A pipeline installed 50 years ago cost a small fraction of what the identical pipeline would cost to be installed today. $1/50^{\text{th}}$ the cost of a mile of pipe installed in 1975 does not buy $1/50^{\text{th}}$ of a mile of pipe today. For this reason, even capital spending at a level equal to annual depreciation may be well below what is required.

Another factor is that many agencies, especially ones whose infrastructure was installed long ago, have already depreciated many assets to zero book value. At that point, the annual depreciation expense declines significantly – but the need for replacement remains. If your agency has already depreciated a significant amount of your infrastructure your capital spending to depreciation ratio needs to be many times higher than 1:1.

In the chart below, the five-year average of capital spending to five-year average of depreciation expense ratio was calculated for the 22 member agencies of SDCWA plus Fallbrook PUD and Rainbow MWD. Using five-year averages helps to smooth out high or low spending years. However, in any five-year period some agencies may be saving up for a large future project or had just completed a large project just prior to the reporting period and are building reserves for the next cycle. This fact adds another level of uncertainty to the data.



The chart above displays a wide range of CIP spending to depreciation expense ratios. From the City of Oceanside at a nearly 4:1 ratio to San Dieguito WD well below 0.25:1. All but three agencies exceed a 1:1 ratio and the median value is 1.58:1. The average value is 1.83:1, which is not too far off the median.

We can't just interpret this chart and say, "Oceanside is the best!". While this has not been confirmed with City staff, we are aware of significant capital spending on their Pure Water Oceanside project, which likely skews these numbers. Escondido has also been building an advanced water treatment plant, which has likely increased their ratio.

What LAFCO can do is monitor these values over time and when the time comes for a Municipal Service Review they can use these charts to identify areas where additional study is required.

CIP Spending as a Percentage of Operating Expenses

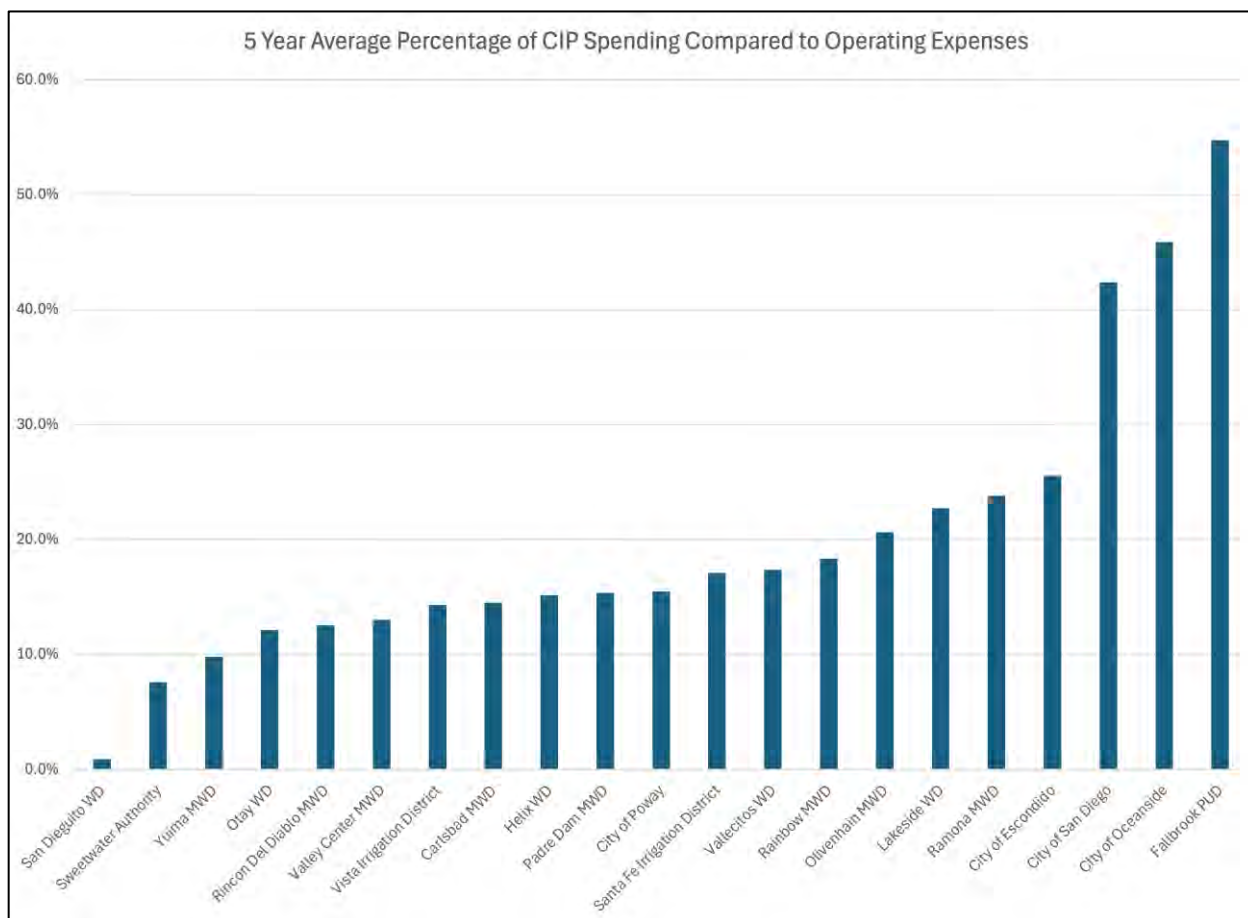
Another metric that can provide some insight in tandem with the CIP to Depreciation ratio is a comparison of how CIP spending compares to operating expense. Operating expenses

represent all of the spending required to perform the municipal service of potable water for the agency. It includes purchasing, treating, and pumping water, along with labor, power, parts, administration, and everything else that goes into a functioning water agency.

As a general rule, larger agencies have larger operating expenses. This often correlates with larger distribution systems and thus larger needs for pipeline repair and replacement. However, many variables, including some of the key characteristics described above, contribute to operating expenses, so this general rule is certainly not a hard and fast rule.

Perhaps the most useful way to look at a comparison of CIP spending to operating expenses is how much an agency has committed itself to funding CIP programs. Except in high growth areas, most of the funding for CIP spending comes from water rates. Building up reserves for CIP spending requires a commitment on the part of the governing body to make the hard decisions required to set rates in a manner that funds these programs.

The chart below uses five-year average values to compare the percentage of CIP spending compared to operating expenses.



This chart shows an even wider range of values than the CIP to Depreciation ratio. In this analysis, Fallbrook PUD has the highest percentage at nearly 55% with the Cities of Oceanside and San Diego not far behind. Fallbrook recently completed an advanced water treatment facility and both San Diego and Oceanside are engaged in a similar effort. This explanation is an educated guess as the scope of this study did not allow for detailed reviews of actual spending.

At the lower end San Dieguito WD is spent less than 1% of their operating expenses on CIP programs during the review period. The average value is 20%, but the median is only 15.5%, indicating that a handful of larger agencies have distorted the average somewhat. It is entirely plausible that future calculations of these percentages will shift the order considerably as some agencies take on large projects and others complete them.

Taken together, if an agency is consistently on the lower end of both charts this should raise a flag for LAFCO review. San Dieguito WD is currently undergoing a Municipal Service Review and concerns about capital spending will be included in that report. Please note that subsequent to the MSR report period (2019-2023) San Dieguito WD has taken steps to increase capital spending.

Final Comments and Recommendations

With water bills skyrocketing with no end in sight, the subject of water rates and what to do about them has become a hot topic in many areas of California. This is especially true in San Diego County, where water rates are among the highest in the nation. What used to be an annoying monthly bill has become, for many, a bill that requires hard choices among working families.

The objective of this document was to outline why water rates vary from agency to agency so that the Commission and water agency ratepayers can understand the real-world factors that influence the cost in their communities. Unfortunately, there is no silver bullet that can magically reduce water rates.

In fact, as the data related to CIP spending indicates, there is wide variation in the way assets are managed. The challenge of rising rates frequently compels governing bodies to cut back on capital spending in order to keep rates as low as possible. While understandable, from a LAFCO perspective this may jeopardize the municipal service functions these agencies are required to fulfill in the future.

Taken as a whole, the information in this report indicates that in many, many cases water rates are too low to properly fund the CIP programs required to avoid service disruptions. While this is certainly an unwelcome conclusion, the fact is that few, if any, agencies fund

their CIP programs at a level that is anywhere near being able to replace their systems at a frequency that is commensurate with their expected lifespans. Most agencies will have replacement frequency measured in multiple centuries over the expected lifespans.

Yes, these systems are getting by now, but for how long? Will it be 10 years, 20 years, or more than 50 years before pipelines start failing faster than they can be replaced? Many agencies have no idea and are hoping for the best. Hope is not a strategy, to borrow a frequently used quote.

Given the financial challenges of funding CIP programs and its impact on water rates, what are the best options. This report offers two suggestions.

Suggestion 1: Advanced Asset Management Programs should be used

Many agencies have been developing Capital Master Plans and other CIP spending plans for decades. During the post war growth period, a good deal of this spending went to building out capacity in the water system to manage the new homes and businesses that were part of the growth of San Diego County. Some of those processes are still in place.

However, in an era where systems are mostly built out and capital spending will be shifting towards repair, replacement, and rehabilitation of assets, a new methodology is required. Several agencies in San Diego County have already adopted these processes and it can help focus the limited funds available in the most cost-effective way to ensure reliable provision of service.

There are several key components to advance asset management systems:

- A comprehensive GIS based asset registry is required. This database should include all assets, down to the smallest level of detail possible. The data should be routinely updated and must be rigorously checked for accuracy.
- A work management system that tracks asset failures by specific assets should be implemented. This system records asset failures over time and includes specific data on the reasons for the asset failure. For example, fire hydrants that leak after being run over by a car reflects an isolated incident rather than a systemic problem, but if they leak because their bolts have rusted out that may signal a systemic maintenance issue.
- Continuous assessments of asset condition should be integrated into everyday work practices. Every time an asset is looked at whether it be when a pipeline is exposed for a new connection or in response to a leak, agency staff should make specific notes on the asset condition. This is not a one-time thing; assets that looked fine five years ago could be ready to fail today. Collecting this data over time is important.

- Using the data collected from the systems above, each agency should use failure history and condition assessments to rank each asset in the asset registry by its relative probability of future failure. While age is a factor in asset failure, it is frequently not the deciding factor. Soil corrosivity, a bad contractor who installed a faulty line, and many other factors cause some pipelines to fail well before their expected lifetimes. Using this type of system, agencies can proactively predict which assets are most likely to fail and direct scarce CIP funds toward preventing those failures.
- Agencies should also factor in the consequence of failure. The failure of a big transmission main could put thousands of customers out of service, while a small lateral in a cul de sac may only affect a handful. While the loss of service to any customer is a problem, avoiding larger regional outages must take priority. When combined with a probability of failure evaluation this becomes a very powerful tool to avoid the worst outcomes.

Suggestion 2: The way capital assets are funded should be reevaluated by the State Legislature

As noted above, retail water agencies are hamstrung by multiple forces. They bear the burden of spending decisions by wholesale agencies, and in most of San Diego County that means two wholesale agencies. Decisions are made that are far removed from the people who pay these bills.

In addition, voter approved initiatives, while well intended, have created a situation where water agencies have almost no flexibility on how to apportion costs. This has created a system of rates and charges that are generally regressive. Lower income families pay a much higher percentage of their available spending power on water bills than do higher income families.

Under the current legal landscape, agencies have limited options to fund asset management. As a result, it is up to the State Legislature to take action to allow water agencies to recover some of these costs through a dedicated line item on annual property assessments. This is not a tax, but a fee. Wastewater agencies for decades have been given this option and many in San Diego County recover all their costs as a fee collected by the San Diego County Assessor.

Will this reduce the total cost paid by the public for water? No – but it will distribute those costs in a more equitable manner. More importantly, if also applied to the large regional wholesalers, those agencies will collect their money directly, not through the cash registers of small local agencies. Multiple billions of dollars of costs are sent by wholesalers down

to retail agencies to include in their water bills each year in Southern California. If these agencies were to collect their fees directly it would have two significant benefits.

First, with the burden of wholesale agencies costs lifted from their budgets, local agency rates would drop immediately. Agencies would not have to cut planned CIP projects because of an unexpected increase from their wholesale agencies. Lower income customers who are not landowners would benefit most, though some landlords may use this change to justify rent increases.

Secondly, the big wholesale agencies would become directly accountable to the public, often for the first time. Where these big wholesale agencies now operate in mostly empty board rooms, concerned customers who see proposed increases in this new fee system will engage directly, rather than taking it out on the local body that had no option but to pass through those costs. With any luck, this may provide a new focus on budgetary constraints at these large wholesale agencies.



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

7C

AGENDA REPORT Business | Action

March 2, 2026

TO: Chair Becker and Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer
Aleks Giragosian, Commission Deputy Counsel

SUBJECT: Request to Authorize the Cities Advisory Committee to Conduct Meetings Remotely and Related Findings

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider authorizing its Cities Advisory Committee (CAC) to conduct meetings remotely in accordance with Senate Bill No. 707 (“SB 707”) and Government Code Section 54953.8.6. Effective January 1, 2026, SB 707 permits a governing legislative body to authorize an eligible subsidiary advisory body to meet via teleconference under specified conditions. The CAC qualifies as an eligible advisory body under State law and authorization of remote meetings requires the Commission to adopt prescribed findings, including designation of a primary physical meeting location for purposes of public access and agenda posting. This item is presented for Commission consideration and action. Staff recommend approval of the requested authorization and adoption of the required findings, as outlined in this report.

BACKGROUND

Remote Meetings & State Law

Senate Bill No. 707 (“SB 707”), effective January 1, 2026, authorizes a legislative body to permit an eligible subsidiary body to conduct meetings via teleconference under the Brown

Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321.3380 E lafco@sdcountry.ca.gov www.sdlafco.org	Paloma Aguirre County of San Diego Joel Anderson County of San Diego Monica M. Steppe, Alt. County of San Diego	Chair Kristi Becker City of Solana Beach Dane White City of Escondido John McCann, Alt. City of Chula Vista	Stephen Whitburn City of San Diego Marni von Wilpert, Alt. City of San Diego	Vice Chair Barry Willis Alpine Fire Protection Jo MacKenzie Vista Irrigation David Drake, Alt. Rincon del Diablo	Brigitte Browning General Public Eileen Delaney, Alt. General Public
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Act. Government Code Section 54953.8.6 – provided as Attachment One – establishes the conditions under which an eligible advisory body may conduct meetings remotely. Among other requirements, the statute requires the governing legislative body to adopt specified findings in support of remote participation and to designate a primary physical meeting location where members of the public may attend in person, consistent with Government Code Section 54953.8.6(a)(1). Meetings conducted remotely must continue to comply with applicable notice, agenda posting, and public access requirements.

The statute further requires renewal of the governing body’s findings every six months if remote meetings are to continue. These provisions are intended to maintain transparency and public participation while providing flexibility for advisory bodies to conduct business remotely when authorized.

Cities Advisory Committee

San Diego LAFCO’s Cities Advisory Committee (CAC) was reconstituted in 2018 after having become dormant beginning in the 1990s. The CAC serves in an ad hoc advisory capacity and provides input to the Executive Officer, with particular focus on supporting development and implementation of the Commission’s adopted workplan. All 18 cities in San Diego County are represented on the Committee by their city manager or designee, with moderator duties assigned to the Executive Officer. The Cities Advisory Committee is an eligible legislative body for purposes of SB 707 given it is a committee created by the Commission that serves in an exclusively advisory capacity, with no authority to take final action, and without primary subject matter jurisdiction over elections, budgets, or spending proposals.

DISCUSSION

This item is presented for the Commission to consider authorizing the CAC to conduct meetings remotely and in doing so enhance public participation and improve member participation and retention by ensuring the Committee can reliably convene and conduct business. The CAC has continuously experienced difficulty achieving a quorum, including cancellation of the March 2025 meeting due to member scheduling conflicts and inability to attend in person. Staff has received feedback from members indicating that remote participation would increase attendance and support more consistent engagement in Committee discussions. If approved, CAC meetings conducted remotely would remain subject to all applicable open meeting requirements, including public notice, agenda accessibility, and opportunities for public comment.

ANALYSIS

The Cities Advisory Committee serves an important advisory function in support of the LAFCO Executive Officer and in the development and implementation of the Commission’s adopted workplan. The Committee’s ability to meet consistently supports timely input on Commission priorities and related workplan efforts. Government Code Section 54953.8.6 provides a statutory framework for eligible advisory bodies to meet remotely when

authorized by the governing legislative body and supported by required findings, including designation of a primary meeting location for in-person public access. Accordingly, staff recommends the Commission make the following findings and designation:

1. The Commission has considered the circumstances of the Cities Advisory Committee, including recent challenges in achieving a quorum.
2. Teleconference meetings of the Cities Advisory Committee would enhance public access to Committee meetings, and the public has been made aware that remote participation by the public will include the opportunity for audio-visual participation that will be made available at a regularly scheduled meeting and has been provided the opportunity to comment at the Commission's March 2, 2026, regular meeting authorizing the Cities Advisory Committee to meet entirely remotely.
3. Teleconference meetings of the Cities Advisory Committee would promote the attraction, retention, and diversity of eligible city representatives.
4. The Commission designates the offices of the San Diego County Local Agency Formation Commission, located at 2550 Fifth Avenue, Suite 725, San Diego, California 92103, as the primary physical meeting location pursuant to Government Code Section 54953.8.6(a)(1), where agendas shall be posted and where members of the Commission, Cities Advisory Committee, and the public may attend in person.

Staff will return to the Commission every six months, as required, for renewal of the findings.

RECOMMENDATION

It is recommended San Diego LAFCO authorize the Cities Advisory Committee to conduct meetings remotely and adopt the required findings, consistent with Alternative Action One as outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One:

Adopt the attached resolution – provided as Attachment Two – authorizing the Cities Advisory Committee to conduct fully remote teleconference meetings.

Alternative Two:

Continue the item to a future meeting and provide direction to staff regarding any additional information or analysis requested.

Alternative Three:

Take no action.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for action as part of the business calendar. The following procedures are recommended:

- 1) Receive verbal presentation from staff unless waived.
- 2) Invite comments from interested audience members if any.
- 3) Discuss and provide general feedback as needed.

On behalf of the Executive Officer,

A handwritten signature in black ink, appearing to read "Priscilla Mumpower". The signature is fluid and cursive, with the first name "Priscilla" and last name "Mumpower" clearly distinguishable.

Priscilla Mumpower
Assistant Executive Officer

Attachments:

1. Government Code Section 54953.8.6 Text
2. Resolution Authorizing the CAC to Meet Remotely

State of California

GOVERNMENT CODE

Section 54953.8.6

54953.8.6. (a) An eligible subsidiary body may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section and all of the following additional requirements:

(1) The eligible subsidiary body shall designate one physical meeting location within the boundaries of the legislative body that created the eligible subsidiary body where members of the subsidiary body who are not participating remotely shall be present and members of the public may physically attend, observe, hear, and participate in the meeting. At least one staff member of the eligible subsidiary body or the legislative body that created the eligible subsidiary body shall be present at the physical meeting location during the meeting. The eligible subsidiary body shall post the agenda at the physical meeting location, but need not post the agenda at a remote location.

(2) (A) A member of the eligible subsidiary body shall visibly appear on camera during the open portion of a meeting that is publicly accessible via the internet or other online platform, except if the member has a physical or mental condition not subject to subdivision (c) of Section 54953 that results in a need to participate off camera.

(B) The visual appearance of a member of the eligible subsidiary body on camera may cease only when the appearance would be technologically infeasible, including, but not limited to, when the member experiences a lack of reliable broadband or internet connectivity that would be remedied by joining without video.

(C) If a member of the eligible subsidiary body does not appear on camera due to challenges with internet connectivity, the member shall announce the reason for their nonappearance prior to turning off their camera.

(3) An elected official serving as a member of an eligible subsidiary body in their official capacity shall not participate in a meeting of the eligible subsidiary body by teleconferencing pursuant to this section unless the use of teleconferencing complies with the requirements of paragraph (3) of subdivision (b) of Section 54953.

(4) (A) In order to use teleconferencing pursuant to this section, the legislative body that established the eligible subsidiary body by charter, ordinance, resolution, or other formal action shall make the following findings by majority vote before the eligible subsidiary body uses teleconferencing pursuant to this section for the first time, and every six months thereafter:

(i) The legislative body has considered the circumstances of the eligible subsidiary body.

(ii) Teleconference meetings of the eligible subsidiary body would enhance public access to meetings of the eligible subsidiary body, and the public has been made aware of the type of remote participation, including audio-visual or telephonic, that will be made available at a regularly scheduled meeting and has been provided the opportunity to comment at an in-person meeting of the legislative body authorizing the subsidiary body to meet entirely remotely.

(iii) Teleconference meetings of the eligible subsidiary body would promote the attraction, retention, and diversity of eligible subsidiary body members.

(B) (i) An eligible subsidiary body authorized to use teleconferencing pursuant to this section may request to present any recommendations it develops to the legislative body that created it.

(ii) Upon receiving a request described in clause (i), the legislative body that created the subsidiary body shall hold a discussion at a regular meeting held within 60 days after the legislative body receives the request, or if the legislative body does not have another regular meeting scheduled within 60 days after the legislative body receives the request, at the next regular meeting after the request is received.

(iii) The discussion required by clause (ii) shall not be placed on a consent calendar, but may be combined with the legislative body's subsequent consideration of the findings described in subparagraph (A) for the following 12 months.

(iv) The legislative body shall not take any action on any recommendations included in the report of a subsidiary body until the next regular meeting of the legislative body following the discussion described in clause (ii).

(C) After the legislative body makes the findings described in subparagraph (A), the eligible subsidiary body shall approve the use of teleconferencing by majority vote before using teleconference pursuant to this section.

(D) The legislative body that created the eligible subsidiary body may elect to prohibit the eligible subsidiary body from using teleconferencing pursuant to this section at any time.

(b) (1) For purposes of this section, "eligible subsidiary body" means a legislative body that meets all of the following:

(A) Is described in subdivision (b) of Section 54952.

(B) Serves exclusively in an advisory capacity.

(C) Is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, grants, or allocations of funds.

(D) Does not have primary subject matter jurisdiction, as defined by the charter, an ordinance, a resolution, or any formal action of the legislative body that created the subsidiary body, that focuses on elections, budgets, police oversight, privacy, removing from, or restricting access to, materials available in public libraries, or taxes or related spending proposals.

(2) An eligible subsidiary body may include members who are elected officials, members who are not elected officials, or any combination thereof.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

(Added by Stats. 2025, Ch. 327, Sec. 14. (SB 707) Effective January 1, 2026. Repealed as of January 1, 2030, by its own provisions.)

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RESOLUTION NO. _____

**A RESOLUTION OF THE SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
AUTHORIZING THE CITIES ADVISORY COMMITTEE TO CONDUCT FULLY REMOTE
TELECONFERENCE MEETINGS**

WHEREAS, pursuant to Senate Bill No. 707 (“SB 707”), effective January 1, 2026, a legislative body may authorize an eligible subsidiary body to conduct its meetings via teleconference under the Brown Act; and

WHEREAS, the Cities Advisory Committee is an eligible legislative body for purposes of SB 707 because it is a committee created by the Commission that serves in an exclusively advisory capacity, with no authority to take final action, and without primary subject matter jurisdiction over elections, budgets, or spending proposals; and

WHEREAS, the Commission desires to authorize the Cities Advisory Committee to conduct its meetings fully remote via teleconference.

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

1. RECITALS. The Recitals above are true and correct and incorporated herein by reference.
2. FINDINGS. Per Government Code Section 54953.8.6(a)(4)(A), the Commission hereby makes the following findings:
 - a) The Commission has considered the challenge in establishing quorum among the membership of the Cities Advisory Committee;
 - b) Teleconference meetings of the Cities Advisory Committee would enhance public access to meetings, and the public has been made aware that remote participation by the public will include the opportunity for audio-visual participation that will be made available at a regularly scheduled meeting and has been provided the opportunity to comment at the Commission’s March 2, 2026, regular meeting authorizing the Cities Advisory Committee to meet entirely remotely; and
 - c) Teleconference meetings of the Cities Advisory Committee would promote the attraction, retention, and diversity of eligible city representatives.
3. MEETING LOCATION. Per Government Code Section 54953.8.6(a)(1), the Commission designates the offices of the San Diego County Local Agency Formation Commission, located at 2550 Fifth Ave #725, San Diego, CA 92103, as the location where all meeting agendas of the Cities Advisory Committee shall be posted and where any members of the Commission, Cities Advisory Committee, or the public may attend in person.

4. EFFECTIVE DATE. This Resolution shall take effect immediately upon adoption, and shall be reconsidered every six months thereafter.
5. CORRECTIONS. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defects, errors, irregularities, or omissions.

**

PASSED AND ADOPTED by the Commission on March 2, 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

Keene Simonds
Executive Officer



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

7d

AGENDA REPORT Business | Action

March 2, 2026

TO: Chair Becker and Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer
Aleks Giragosian, Commission Deputy Counsel

SUBJECT: **Adoption of a Formal Parliamentary Procedure and Amendment to Article II (Meetings) of the Commission's Rules**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider adopting a formal parliamentary procedure and amending Article II (Meetings) of the Commission's Rules to explicitly identify the procedural authority governing the conduct of Commission meetings. The Commission may consider adopting either Rosenberg's Rules of Order or Robert's Rules of Order. Historically, the Commission has operated under Rosenberg's Rules of Order as a matter of practice; however, the Commission's current Rules do not expressly designate a parliamentary authority. Deputy Commission Counsel, Aleks Giragosian, will provide a brief verbal presentation outlining key distinctions between the two frameworks for Commission consideration. Staff recommend the Commission consider both options and take action to adopt a formal parliamentary procedure, with a corresponding amendment to Article II (Meetings) to reflect the Commission's selected authority.

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Rincon del Diablo

Brigitte Browning
General Public

Eileen Delaney, Alt.
General Public

BACKGROUND

Parliamentary Procedures |

Robert's Rules of Order and Rosenberg's Rules of Order

Two principal parliamentary authorities commonly referenced by public agencies include Robert's Rules of Order and Rosenberg's Rules of Order, which provide procedural rules for the orderly conduct of meetings and Board or Commission business. Robert's Rules of Order, first published in 1876, is a widely recognized parliamentary manual that provides detailed guidance on motions, debate, voting, and meeting decorum. Rosenberg's Rules of Order, first issued in 2011 by Superior Court Judge Dave Rosenberg, was developed as a simplified procedural guide tailored to the practical needs of California local government agencies and is frequently used as an alternative to Robert's Rules while retaining the underlying parliamentary principles. Both frameworks support structured discussion, clear decision-making, and efficient meeting management.

A comparison of key distinctions is provided below and will be supplemented by a verbal presentation from Commission counsel.

Parliamentary Procedures Key Distinctions		
	Robert's Rules of Order	Rosenberg's Rules of Order
Year Established	1876	2011
Primary Purpose	National parliamentary authority used broadly across complex organizations	Simplified parliamentary framework developed for California local government agencies
Formality & Scope	Comprehensive and highly structured; specialized terminology	Streamlined and practical; designed for boards and commissions
Typical Application	Used by a wide range of organizations nationwide	Commonly used by California public agencies

Rosenberg's Rules of Order is provided as Attachment Two. Robert's Rules of Order is provided as Attachment Three; however, due to its length it is available online only.

DISCUSSION

This item is presented for the Commission to consider adopting a formal parliamentary procedure to govern the conduct of its meetings. While the Commission has historically operated under Rosenberg's Rules of Order as a matter of practice, the Commission's current

Rules do not explicitly identify a parliamentary authority. The Commission may wish to formalize its existing practice by adopting Rosenberg’s Rules of Order and directing staff to amend Article II (Meetings) of the Commission’s Rules (attached) accordingly. Alternatively, the Commission may elect to adopt Robert’s Rules of Order. Should the Commission select Robert’s Rules, the Commission may also consider establishing a future effective date to allow sufficient time for Commissioner training and implementation support.

A verbal presentation will be provided by Deputy Commission Counsel, Aleks Giragosian, including an overview of both procedures and the key distinctions relevant to Commission consideration.

ANALYSIS

Current Commission policies do not explicitly state a preferred parliamentary procedure for the conduct of meetings. Commission counsel has recommended the Commission consider adopting a formal parliamentary authority and amending its Rules to make it explicit. Rosenberg’s Rules of Order is widely used among California public agencies due to its streamlined structure and practical application in local government settings. Robert’s Rules of Order provides a more comprehensive procedural framework and may require additional technical familiarity. Should the Commission elect to adopt Robert’s Rules of Order, staff will coordinate with Commission counsel to schedule training to support implementation.

RECOMMENDATION

It is recommended San Diego LAFCO adopt its preferred parliamentary procedure as outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One:

- Adopt Rosenberg’s Rules of Order as the Commission’s formal parliamentary authority. Accordingly, Section 2.13 (Parliamentary Procedure) is added to Article II (Meetings) of the Rules of the San Diego Local Agency Formation to read as follows:

“Unless otherwise required by law, all meetings of the Commission shall be in accordance with Rosenberg’s Rules of Order. However, technical failures to follow these procedural rules shall not invalidate any action taken.”

Alternative Two:

- Adopt Robert’s Rules of Order as the Commission’s formal parliamentary authority. Accordingly, Section 2.13 (Parliamentary Procedure) is added to Article II (Meetings) of the Rules of the San Diego Local Agency Formation to read as follows:

“Unless otherwise required by law, all meetings of the Commission shall be in accordance with Robert’s Rules of Order. However, technical failures to follow these procedural rules shall not invalidate any action taken.”

- Direct staff to establish a future effective date for implementation to allow staff, in coordination with Commission counsel, to schedule Commissioner training to support implementation.

Alternative Three:

Continue the item to a future meeting and provide direction to staff regarding any additional information or analysis requested.

Alternative Four:

Take no action.

PROCEDURES

This item has been placed on San Diego LAFCO’s agenda for action as part of the business calendar. The following procedures are recommended:

- 1) Receive verbal presentation from staff unless waived.
- 2) Invite comments from interested audience members if any.
- 3) Discuss and provide general feedback as needed.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachment:

1. San Diego LAFCO Commission Rules: Article II
2. Rosenberg’s Rules of Order
3. [Robert's Rules of Order Newly Revised, 12th edition](#) (link)

**RULES
SAN DIEGO
LOCAL AGENCY FORMATION COMMISSION**

**ARTICLE II
MEETINGS**

- 2.1 Public Meetings
- 2.2 Regular Meetings
- 2.3 Adjourned Meetings
- 2.4 Special Meetings
- 2.5 Agendas of Regular Meetings
- 2.6 Quorum; Votes Needed to Carry a Motion; Effect of Failure to Approve a Matter
- 2.7 Matters Considered
- 2.8 Attendance at Meetings
- 2.9 Disqualification
- 2.10 Per Diems
- 2.11 Reimbursements
- 2.12 Electronic Tablet Use

2.1 PUBLIC MEETINGS -

All meetings and activities of the Commission shall be subject to the Ralph M. Brown Act.

2.2 REGULAR MEETINGS -

Regular meetings of the Commission shall be held on the first Monday of each month unless that Monday is a holiday, in which case that meeting will be held the following Monday. Meetings will commence at 8:00 a.m., in Room 302, County Administration Center, 1600 Pacific Highway, San Diego.

2.3 ADJOURNED MEETINGS -

Any meeting may be adjourned to a specific date, time, and place. The chairperson shall announce the date, time, and place of the adjourned regular meeting. A notice shall be posted at the Commission's regular place of posting specifying the date, time, and place of the adjourned regular meeting. Less than a quorum may adjourn a meeting. If all members are absent, the Commission Clerk may adjourn the meeting to a specified date, time, and place, and post the required notice.

2.4 SPECIAL MEETINGS -

A special meeting may be called at any time by the chairperson, or by a majority of the members of the Commission, by delivering personally or by any other means, notice to each member of the Commission and to each local newspaper of general circulation, radio, or television station requesting notice in writing. The notice must be received at least

24 hours before the time of the meeting as specified in the notice. The call and notice shall specify the date, time, and place of the special meeting and business to be transacted. No other business shall be considered at such meetings by the Commission. The written notice may be dispensed with as to any member who at or prior to the time the meeting convenes, files with the clerk of the Commission a written waiver of notice. Such waiver may be given by telegram. The written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes. The call and notice shall be posted at least 24 hours prior to the special meeting at the Commission's regular place of posting.

2.5 AGENDAS OF REGULAR MEETINGS -

At least 72 hours before a regular meeting, an agenda shall be posted at the Commission's regular place of posting that will contain a brief description of each item of business to be transacted or discussed at the meeting. The agenda shall also be posted on the Commission's website: sdlaico.org. However, failure to post on the Commission's website will not invalidate any action of the Commission. Any person may speak to any item on the agenda. In addition, the agenda will include an item entitled "Public Comment" during which members of public may speak to any matter within the Commission's jurisdiction, but not on the agenda. The Commission will not make a final determination on any issue raised during the Public Comment period that is not included on the agenda. The Commission will have the option of referring the matter to staff or scheduling action for a future agenda. Each speaker shall be limited to no more than three minutes on any item unless extended by permission of the Chairperson.

2.6 QUORUM; VOTES NEEDED TO CARRY A MOTION; EFFECT OF FAILURE TO APPROVE A MATTER -

1. Five members of the Commission constitute a quorum for the transaction of business.
2. An affirmative vote of the majority of the quorum present – and no less than four affirmative votes – is required to adopt any motion.
3. If a proposal for a change of organization or reorganization is wholly disapproved by the Commission, no further proceedings shall be taken on the proposal and no similar proposal involving the same or substantially the same territory, shall be initiated for one year after the date of adoption of the resolution terminating proceedings. The Commission may waive these requirements if it finds it to be in the public interest to do so.
4. If a proposal for a change of organization, reorganization or amendment of a sphere of influence is neither denied, continued nor approved at the meeting at which it is considered, it is deemed denied without prejudice to refiling a petition or resolution of application for the proposal at any time.
5. If a recommendation to adopt an original sphere of influence is neither approved nor continued at the meeting at which it is considered it is deemed automatically continued to the next meeting of the Commission.
6. If an application pursuant to Government Code Section 56895 to amend, modify or revise a resolution of the Commission is not approved or continued at the meeting at

which it is considered, it is deemed denied and no further action shall be taken thereon and no further application for the same or a substantially similar amendment, recodification or revision shall be accepted.

7. Any other recommendation before the Commission is deemed denied if it does not receive affirmative votes of the majority of the quorum present – with no less than four affirmative votes – or is not continued to another meeting.

2.7 MATTERS CONSIDERED -

No matter requiring a determination by the Commission pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 shall be brought before the Commission unless it is first filed by the Executive Officer.

Adoption History: Article II, Sections 2.1 to 2.7

Adopted June 30, 1975

Amended February 2, 1987

Amended March 2, 1987

Re-affirmed and adopted December 4, 2000

Administratively Revised and Updated May 24, 2005

Comprehensively Updated and re-adopted March 3, 2008

Amended March 6, 2023 (Section 2:2)

Amended May 1, 2023 (Section 2:10)

2.8 ATTENDANCE AT MEETINGS -

1. Regular members of the Commission shall attend all meetings of the Commission. Alternate members are urged to attend all Commission meetings;
2. If a regular Commissioner cannot attend, s/he shall notify the Executive Officer one working day prior to the Commission meeting;
3. Each Commissioner is expected to remain for each entire meeting. Early departure is considered an absence for the purposes of these policies;
4. The Chairperson may excuse the absence of a Commissioner if s/he determines that the absence is due to sickness, personal emergency or attendance at another governmental function. All excused absences and the reasons for them shall be announced by the Chairperson at a regular meeting of the Commission; and
5. Inadequate attendance by a regular member of the Commission shall be considered non-performance of duties and shall result in the Chairperson notifying the appointing authority of the member's attendance record. Inadequate attendance shall consist of two unexcused absences, or three consecutive absences, for any reason, in any fiscal year.

2.9 DISQUALIFICATION -

By law, the Commission must hold hearings on certain actions, including certain changes of organization and reorganization proposals, adoption of spheres of influence, city protests under the Williamson Act, and other matters. Because of the Commission's concern for the fair and orderly conduct of its hearings, the Commission adopts the following rules, pursuant to Government Code Section 56300:

1. From time to time, any commission member may determine to disqualify him or herself from participating in consideration of a proposal. The member should make every effort to announce his or her disqualification for any reason at the beginning of the Commission's consideration of the item. In those instances where the commission member does not become aware of the reason for disqualification until after the item is before the Commission, the Commission member should disqualify him or herself as soon as s/he becomes aware of the reason for disqualification.
2. A Commission member who is absent from a hearing or a material portion of a hearing on a particular matter is disqualified from participation in the discussion and from voting on that matter unless the member:
 - (a) Listens to the tape recording made of the hearing or the portion of the hearing from which the member was absent;
 - (b) Examines the documentary material received by the Commission during the hearing or portion of the hearing from which the member was absent; and
 - (c) States in public session for the record that s/he has done both of the above.
3. When a member of the Commission is disqualified or determines to disqualify him or herself, the designated alternate member shall serve and vote in his or her place (Government Code Sections 56325, 56325(a), 56331, 56331.3, 56332, 56332(d), 56335 and 56336).

Adoption History: Article II, Sections 2.8 to 2.9

Adopted June 5, 1978

Amended July 13, 1981

Amended January 10, 1983

Amended June 4, 1990

Re-affirmed and adopted December 4, 2000

Administratively Revised and Updated May 24, 2005

Comprehensively Updated and re-adopted March 3, 2008

2.10 PER DIEMS –

Pursuant to Government Code Section 56334, which permits LAFCOs to authorize payment of per diems to commissioners for attending meetings and in performing the duties of their office, the Commission has established a per diem rate of \$305 effective July 1, 2025. Per diems shall be provided to Commissioners (regulars and alternates) for each day in attendance at regular and special meetings. Per diems shall also be provided for each day in attendance at standing or ad hoc committee meetings as well as official meetings, conferences, and trainings organized by the California Association of LAFCOs or the Southern Region of LAFCOs. No Commissioner shall receive more than five per diems per month. All requested per diems shall be listed on the LAFCO reimbursement form no later than 30 days after the event.

Adoption History: Article II, Section 2.10

Adopted March 4, 1991
Updated February 7, 2000
Re-affirmed and adopted December 4, 2000
Reaffirmed February 4, 2002
Administratively Revised and Updated May 24, 2005
Comprehensively Updated and re-adopted March 3, 2008
Amended May 7, 2018
Amended May 6, 2019
Updated August 5, 2019
Amended February 7, 2022
Amended May 5, 2023 (Section 2:10)

2.11 REIMBURSEMENTS –

Pursuant to Government Code Section 56380, the Commission shall make its own provisions for the usual and necessary operating expenses incurred by LAFCO. This includes – and as needed – providing reimbursements for Commissioners and staff.

1. The following general provisions apply to reimbursement of Commission expenses:
 - (a) Commission members (regulars and alternates) may claim reimbursements for reasonable and necessary expenses incurred in performing the duties of their office.
 - (b) The Executive Officer is responsible for reviewing and approving requests for Commission reimbursements.
2. The following general provisions apply to reimbursement of staff expenses:
 - (a) Staff shall be reimbursed for all reasonable and necessary expenses in connection with conducting LAFCO business.
 - (b) The Executive Officer is responsible for reviewing and approving requests for staff reimbursements other than for himself or herself.
 - (c) The Chair or Vice Chair are responsible for reviewing and approving requests for Executive Officer reimbursements.
 - (d) For purposes of this section, Commission Counsel shall be considered staff and subject to the reimbursement provisions.
3. The following procedures apply to reimbursements involving Commissioners and staff:
 - (a) Expense reimbursement requests should be submitted as soon as possible, although flexibility is permitted for purposes of consolidating multiple expenses, but no later than 45 days after incurring the expense.
 - (b) Expense claims for costs incurred in one fiscal year should be – whenever practical – submitted for reimbursement during the same fiscal year.
 - (c) Expense claims shall be submitted using the standard LAFCO reimbursement form.
 - (d) Applicable receipts shall be provided and attached to the reimbursement form. If receipts are not available, the requester shall succinctly summarize in writing the amount and purpose of the expense and attach to the reimbursement form.
 - (e) The following provisions specific to transportation reimbursements apply:
 - (i) Transportation requiring outside carrier services – including airlines, rails, shuttles, buses, vehicle rentals, and rideshares – shall be reimbursed equal to actual costs.
 - (ii) Transportation requiring private vehicle usage shall be reimbursed using the current mileage rate of the Internal Revenue Service (IRS) plus actuals for tolls and parking. Staff reimbursement for private vehicle usage shall not apply to

normal workday travel to and from the LAFCO office. The Executive Officer shall only be eligible for private vehicle mileage reimbursement for travel outside San Diego County if he or she is receiving an automobile allowance.

(f) The following provisions specific to lodging reimbursements apply:

- (i) Lodging reimbursements apply to overnight travel outside San Diego, Imperial, Orange, and Riverside Counties that requires attendance and/or travel before 7:00 a.m. for night-before accommodations and after 6:00 p.m. for night-of accommodations unless waived by the Executive Officer.
- (ii) Pre-authorized lodging shall be reimbursed equal to actual costs so long as it does not exceed the maximum group rate published by the activity sponsor (i.e., conference organizer) and available at the time of booking. If a group rate is not available and/or applicable, reimbursement shall be booked at the governmental rate as far in advance as feasible.

(g) The following provisions specific to meals and incidental reimbursements apply:

- (i) Meal expenses should be reasonable and moderate, taking into account community standards and the prevailing restaurant costs of the area.
 - (ii) Where the cost of a meal or meals is included as part of a registration charge or fee, there shall be no per diem meal reimbursement for the applicable meal period covered by such registration.
 - (iii) Commission and staff may request reimbursement for expenses paid in covering meals and incidentals of those in their company during an authorized function and/or duty that is a person in the service of LAFCO or a person donating service to LAFCO.
 - (iv) No reimbursements shall be made for alcoholic beverages of any kind.
- (h) No prepayments shall be provided to Commission or staff for expected expenses incurred in performing work duties; all related costs shall be provided in the form of approved reimbursements unless otherwise provided under contract.

Adoption History: Article II, Section 2.11

Adopted March 4, 1991

Updated February 7, 2000

Re-affirmed and adopted December 4, 2000

Reaffirmed February 4, 2002

Administratively Revised and Updated May 24, 2005

Comprehensively Updated and re-adopted March 3, 2008

Amended May 7, 2018

Amended May 6, 2019

Administratively Revised and Updated August 5, 2019

2.12 ELECTRONIC TABLET USE -

Use of an electronic tablet (i.e., iPads, etc.) will assist the Commission in the efficient performance of their duties and reduce material resources. Each Commissioner (regular and alternate) will be provided a tablet and supporting equipment for the principal purpose of reviewing agenda packets at all regular and special meetings. Commissioners shall not use the tablet in any way as to violate the public meeting requirements of the Brown Act. implementing rules follow.

1. Unless otherwise arranged, tablets will be provided to Commissioners on the dais and preloaded with the full agenda packet. The same tablet will be provided to each Commissioner and allow past packets and notes taken therein to be saved

and accessible for future reference. Commissioners shall leave the tablets on the dais for collection by staff at the conclusion of each meeting.

2. Commissioners have the elective to sign-out for a tablet. Under the elective, Commissioners shall be responsible for the security and care of the tablet and downloading all agenda packets and saving all related materials as needed. Upon return and following the preparation any appropriate backup files, the tablet will be wiped clean of any and all information.
3. All tablets will have WI-FI function. No data plans will be provided.
4. Commissioners may use the tablets for incidental personal uses so long as such uses do not conflict with policy or otherwise interfere with LAFCO business.
5. LAFCO will maintain appropriate warranty and service coverage on all tablets. Commissioners shall notify staff immediately should a tablet require service.
6. All other existing LAFCO policies apply to the Commissioners' use of the tablet and conduct on the internet and includes – but not limited to – Administrative Policy A-103 and provided as an appendix.
7. LAFCO reserves the right to inspect any and all files stored on the tablet to ensure compliance with this rule.
8. All Commissioners are encouraged to use tablets and specifically as a substitute for receiving paper agenda packets. Paper agenda packets, nonetheless, will be provided to any Commissioner at their request.

2.13 PARLIAMENTARY PROCEDURE -

Unless otherwise required by law, all meetings of the Commission shall be in accordance with [Rosenberg's Rules of Order/ Robert's Rules of Order]. However, technical failures to follow these procedural rules shall not invalidate any action taken.

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Rosenberg's Rules of Order

REVISED 2011

Simple Rules of Parliamentary Procedure for the 21st Century

By Judge Dave Rosenberg



MISSION AND CORE BELIEFS

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

VISION

To be recognized and respected as the leading advocate for the common interests of California's cities.

About the League of California Cities

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. The League strives to protect the local authority and autonomy of city government and help California's cities effectively serve their residents. In addition to advocating on cities' behalf at the state capitol, the League provides its members with professional development programs and information resources, conducts education conferences and research, and publishes Western City magazine.

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ABOUT THE AUTHOR

Dave Rosenberg is a Superior Court Judge in Yolo County. He has served as presiding judge of his court, and as presiding judge of the Superior Court Appellate Division. He also has served as chair of the Trial Court Presiding Judges Advisory Committee (the committee composed of all 58 California presiding judges) and as an advisory member of the California Judicial Council. Prior to his appointment to the bench, Rosenberg was member of the Yolo County Board of Supervisors, where he served two terms as chair. Rosenberg also served on the Davis City Council, including two terms as mayor. He has served on the senior staff of two governors, and worked for 19 years in private law practice. Rosenberg has served as a member and chair of numerous state, regional and local boards. Rosenberg chaired the California State Lottery Commission, the California Victim Compensation and Government Claims Board, the Yolo-Solano Air Quality Management District, the Yolo County Economic Development Commission, and the Yolo County Criminal Justice Cabinet. For many years, he has taught classes on parliamentary procedure and has served as parliamentarian for large and small bodies.

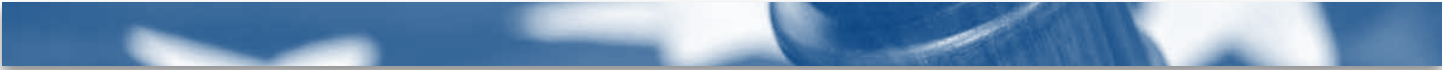


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INTRODUCTION

The rules of procedure at meetings should be simple enough for most people to understand. Unfortunately, that has not always been the case. Virtually all clubs, associations, boards, councils and bodies follow a set of rules — *Robert's Rules of Order* — which are embodied in a small, but complex, book. Virtually no one I know has actually read this book cover to cover. Worse yet, the book was written for another time and for another purpose. If one is chairing or running a parliament, then *Robert's Rules of Order* is a dandy and quite useful handbook for procedure in that complex setting. On the other hand, if one is running a meeting of say, a five-member body with a few members of the public in attendance, a simplified version of the rules of parliamentary procedure is in order.

Hence, the birth of *Rosenberg's Rules of Order*.

What follows is my version of the rules of parliamentary procedure, based on my decades of experience chairing meetings in state and local government. These rules have been simplified for the smaller bodies we chair or in which we participate, slimmed down for the 21st Century, yet retaining the basic tenets of order to which we have grown accustomed. Interestingly enough, *Rosenberg's Rules* has found a welcoming audience. Hundreds of cities, counties, special districts, committees, boards, commissions, neighborhood associations and private corporations and companies have adopted *Rosenberg's Rules* in lieu of *Robert's Rules* because they have found them practical, logical, simple, easy to learn and user friendly.

This treatise on modern parliamentary procedure is built on a foundation supported by the following four pillars:

1. **Rules should establish order.** The first purpose of rules of parliamentary procedure is to establish a framework for the orderly conduct of meetings.
2. **Rules should be clear.** Simple rules lead to wider understanding and participation. Complex rules create two classes: those who understand and participate; and those who do not fully understand and do not fully participate.
3. **Rules should be user friendly.** That is, the rules must be simple enough that the public is invited into the body and feels that it has participated in the process.
4. **Rules should enforce the will of the majority while protecting the rights of the minority.** The ultimate purpose of rules of procedure is to encourage discussion and to facilitate decision making by the body. In a democracy, majority rules. The rules must enable the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate, while fully participating in the process.

Establishing a Quorum

The starting point for a meeting is the establishment of a quorum. A quorum is defined as the minimum number of members of the body who must be present at a meeting for business to be legally transacted. The default rule is that a quorum is one more than half the body. For example, in a five-member body a quorum is three. When the body has three members present, it can legally transact business. If the body has less than a quorum of members present, it cannot legally transact business. And even if the body has a quorum to begin the meeting, the body can lose the quorum during the meeting when a member departs (or even when a member leaves the dais). When that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

The default rule, identified above, however, gives way to a specific rule of the body that establishes a quorum. For example, the rules of a particular five-member body may indicate that a quorum is four members for that particular body. The body must follow the rules it has established for its quorum. In the absence of such a specific rule, the quorum is one more than half the members of the body.

The Role of the Chair

While all members of the body should know and understand the rules of parliamentary procedure, it is the chair of the body who is charged with applying the rules of conduct of the meeting. The chair should be well versed in those rules. For all intents and purposes, the chair makes the final ruling on the rules every time the chair states an action. In fact, all decisions by the chair are final unless overruled by the body itself.

Since the chair runs the conduct of the meeting, it is usual courtesy for the chair to play a less active role in the debate and discussion than other members of the body. This does not mean that the chair should not participate in the debate or discussion. To the contrary, as a member of the body, the chair has the full right to participate in the debate, discussion and decision-making of the body. What the chair should do, however, is strive to be the last to speak at the discussion and debate stage. The chair should not make or second a motion unless the chair is convinced that no other member of the body will do so at that point in time.

The Basic Format for an Agenda Item Discussion

Formal meetings normally have a written, often published agenda. Informal meetings may have only an oral or understood agenda. In either case, the meeting is governed by the agenda and the agenda constitutes the body's agreed-upon roadmap for the meeting. Each agenda item can be handled by the chair in the following basic format:

First, the chair should clearly announce the agenda item number and should clearly state what the agenda item subject is. The chair should then announce the format (which follows) that will be followed in considering the agenda item.

Second, following that agenda format, the chair should invite the appropriate person or persons to report on the item, including any recommendation that they might have. The appropriate person or persons may be the chair, a member of the body, a staff person, or a committee chair charged with providing input on the agenda item.

Third, the chair should ask members of the body if they have any technical questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.

Fourth, the chair should invite public comments, or if appropriate at a formal meeting, should open the public meeting for public input. If numerous members of the public indicate a desire to speak to the subject, the chair may limit the time of public speakers. At the conclusion of the public comments, the chair should announce that public input has concluded (or the public hearing, as the case may be, is closed).

Fifth, the chair should invite a motion. The chair should announce the name of the member of the body who makes the motion.

Sixth, the chair should determine if any member of the body wishes to second the motion. The chair should announce the name of the member of the body who seconds the motion. It is normally good practice for a motion to require a second before proceeding to ensure that it is not just one member of the body who is interested in a particular approach. However, a second is not an absolute requirement, and the chair can proceed with consideration and vote on a motion even when there is no second. This is a matter left to the discretion of the chair.

Seventh, if the motion is made and seconded, the chair should make sure everyone understands the motion.

This is done in one of three ways:

1. The chair can ask the maker of the motion to repeat it;
2. The chair can repeat the motion; or
3. The chair can ask the secretary or the clerk of the body to repeat the motion.

Eighth, the chair should now invite discussion of the motion by the body. If there is no desired discussion, or after the discussion has ended, the chair should announce that the body will vote on the motion. If there has been no discussion or very brief discussion, then the vote on the motion should proceed immediately and there is no need to repeat the motion. If there has been substantial discussion, then it is normally best to make sure everyone understands the motion by repeating it.

Ninth, the chair takes a vote. Simply asking for the “ayes” and then asking for the “nays” normally does this. If members of the body do not vote, then they “abstain.” Unless the rules of the body provide otherwise (or unless a super majority is required as delineated later in these rules), then a simple majority (as defined in law or the rules of the body as delineated later in these rules) determines whether the motion passes or is defeated.

Tenth, the chair should announce the result of the vote and what action (if any) the body has taken. In announcing the result, the chair should indicate the names of the members of the body, if any, who voted in the minority on the motion. This announcement might take the following form: “The motion passes by a vote of 3-2, with Smith and Jones dissenting. We have passed the motion requiring a 10-day notice for all future meetings of this body.”

Motions in General

Motions are the vehicles for decision making by a body. It is usually best to have a motion before the body prior to commencing discussion of an agenda item. This helps the body focus.

Motions are made in a simple two-step process. First, the chair should recognize the member of the body. Second, the member of the body makes a motion by preceding the member’s desired approach with the words “I move ...”

A typical motion might be: “I move that we give a 10-day notice in the future for all our meetings.”

The chair usually initiates the motion in one of three ways:

1. **Inviting the members of the body to make a motion**, for example, “A motion at this time would be in order.”
2. **Suggesting a motion to the members of the body**, “A motion would be in order that we give a 10-day notice in the future for all our meetings.”
3. **Making the motion**. As noted, the chair has every right as a member of the body to make a motion, but should normally do so only if the chair wishes to make a motion on an item but is convinced that no other member of the body is willing to step forward to do so at a particular time.

The Three Basic Motions

There are three motions that are the most common and recur often at meetings:

The basic motion. The basic motion is the one that puts forward a decision for the body’s consideration. A basic motion might be: “I move that we create a five-member committee to plan and put on our annual fundraiser.”



The motion to amend. If a member wants to change a basic motion that is before the body, they would move to amend it. A motion to amend might be: “I move that we amend the motion to have a 10-member committee.” A motion to amend takes the basic motion that is before the body and seeks to change it in some way.

The substitute motion. If a member wants to completely do away with the basic motion that is before the body, and put a new motion before the body, they would move a substitute motion. A substitute motion might be: “I move a substitute motion that we cancel the annual fundraiser this year.”

“Motions to amend” and “substitute motions” are often confused, but they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to throw out the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a “motion to amend” or a “substitute motion” is left to the chair. So if a member makes what that member calls a “motion to amend,” but the chair determines that it is really a “substitute motion,” then the chair’s designation governs.

A “friendly amendment” is a practical parliamentary tool that is simple, informal, saves time and avoids bogging a meeting down with numerous formal motions. It works in the following way: In the discussion on a pending motion, it may appear that a change to the motion is desirable or may win support for the motion from some members. When that happens, a member who has the floor may simply say, “I want to suggest a friendly amendment to the motion.” The member suggests the friendly amendment, and if the maker and the person who seconded the motion pending on the floor accepts the friendly amendment, that now becomes the pending motion on the floor. If either the maker or the person who seconded rejects the proposed friendly amendment, then the proposer can formally move to amend.

Multiple Motions Before the Body

There can be up to three motions on the floor at the same time. The chair can reject a fourth motion until the chair has dealt with the three that are on the floor and has resolved them. This rule has practical value. More than three motions on the floor at any given time is confusing and unwieldy for almost everyone, including the chair.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote should proceed *first* on the *last* motion that is made. For example, assume the first motion is a basic “motion to have a five-member committee to plan and put on our annual fundraiser.” During the discussion of this motion, a member might make a second motion to “amend the main motion to have a 10-member committee, not a five-member committee to plan and put on our annual fundraiser.” And perhaps, during that discussion, a member makes yet a third motion as a “substitute motion that we not have an annual fundraiser this year.” The proper procedure would be as follows:

First, the chair would deal with the *third* (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion *passed*, it would be a substitute for the basic motion and would eliminate it. The first motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the body of the third motion (the substitute motion). No vote would be taken on the first or second motions.

Second, if the substitute motion *failed*, the chair would then deal with the second (now the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be five or 10 members). If the motion to amend *passed*, the chair would then move to consider the main motion (the first motion) as *amended*. If the motion to amend *failed*, the chair would then move to consider the main motion (the first motion) in its original format, not amended.

Third, the chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (five-member committee), or if *amended*, would be in its amended format (10-member committee). The question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

To Debate or Not to Debate

The basic rule of motions is that they are subject to discussion and debate. Accordingly, basic motions, motions to amend, and substitute motions are all eligible, each in their turn, for full discussion before and by the body. The debate can continue as long as members of the body wish to discuss an item, subject to the decision of the chair that it is time to move on and take action.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the body to move on. The following motions are not debatable (that is, when the following motions are made and seconded, the chair must immediately call for a vote of the body without debate on the motion):

Motion to adjourn. This motion, if passed, requires the body to immediately adjourn to its next regularly scheduled meeting. It requires a simple majority vote.

Motion to recess. This motion, if passed, requires the body to immediately take a recess. Normally, the chair determines the length of the recess which may be a few minutes or an hour. It requires a simple majority vote.

Motion to fix the time to adjourn. This motion, if passed, requires the body to adjourn the meeting at the specific time set in the motion. For example, the motion might be: “I move we adjourn this meeting at midnight.” It requires a simple majority vote.



Motion to table. This motion, if passed, requires discussion of the agenda item to be halted and the agenda item to be placed on “hold.” The motion can contain a specific time in which the item can come back to the body. “I move we table this item until our regular meeting in October.” Or the motion can contain no specific time for the return of the item, in which case a motion to take the item off the table and bring it back to the body will have to be taken at a future meeting. A motion to table an item (or to bring it back to the body) requires a simple majority vote.

Motion to limit debate. The most common form of this motion is to say, “I move the previous question” or “I move the question” or “I call the question” or sometimes someone simply shouts out “question.” As a practical matter, when a member calls out one of these phrases, the chair can expedite matters by treating it as a “request” rather than as a formal motion. The chair can simply inquire of the body, “any further discussion?” If no one wishes to have further discussion, then the chair can go right to the pending motion that is on the floor. However, if even one person wishes to discuss the pending motion further, then at that point, the chair should treat the call for the “question” as a formal motion, and proceed to it.

When a member of the body makes such a motion (“I move the previous question”), the member is really saying: “I’ve had enough debate. Let’s get on with the vote.” When such a motion is made, the chair should ask for a second, stop debate, and vote on the motion to limit debate. The motion to limit debate requires a two-thirds vote of the body.

NOTE: A motion to limit debate could include a time limit. For example: “I move we limit debate on this agenda item to 15 minutes.” Even in this format, the motion to limit debate requires a two-thirds vote of the body. A similar motion is a *motion to object to consideration of an item*. This motion is not debatable, and if passed, precludes the body from even considering an item on the agenda. It also requires a two-thirds vote.

Majority and Super Majority Votes

In a democracy, a simple majority vote determines a question. A tie vote means the motion fails. So in a seven-member body, a vote of 4-3 passes the motion. A vote of 3-3 with one abstention means the motion fails. If one member is absent and the vote is 3-3, the motion still fails.

All motions require a simple majority, but there are a few exceptions. The exceptions come up when the body is taking an action which effectively cuts off the ability of a minority of the body to take an action or discuss an item. These extraordinary motions require a two-thirds majority (a super majority) to pass:

Motion to limit debate. Whether a member says, “I move the previous question,” or “I move the question,” or “I call the question,” or “I move to limit debate,” it all amounts to an attempt to cut off the ability of the minority to discuss an item, and it requires a two-thirds vote to pass.

Motion to close nominations. When choosing officers of the body (such as the chair), nominations are in order either from a nominating committee or from the floor of the body. A motion to close nominations effectively cuts off the right of the minority to nominate officers and it requires a two-thirds vote to pass.

Motion to object to the consideration of a question. Normally, such a motion is unnecessary since the objectionable item can be tabled or defeated straight up. However, when members of a body do not even want an item on the agenda to be considered, then such a motion is in order. It is not debatable, and it requires a two-thirds vote to pass.

Motion to suspend the rules. This motion is debatable, but requires a two-thirds vote to pass. If the body has its own rules of order, conduct or procedure, this motion allows the body to suspend the rules for a particular purpose. For example, the body (a private club) might have a rule prohibiting the attendance at meetings by non-club members. A motion to suspend the rules would be in order to allow a non-club member to attend a meeting of the club on a particular date or on a particular agenda item.

Counting Votes

The matter of counting votes starts simple, but can become complicated.

Usually, it’s pretty easy to determine whether a particular motion passed or whether it was defeated. If a simple majority vote is needed to pass a motion, then one vote more than 50 percent of the body is required. For example, in a five-member body, if the vote is three in favor and two opposed, the motion passes. If it is two in favor and three opposed, the motion is defeated.

If a two-thirds majority vote is needed to pass a motion, then how many affirmative votes are required? The simple rule of thumb is to count the “no” votes and double that count to determine how many “yes” votes are needed to pass a particular motion. For example, in a seven-member body, if two members vote “no” then the “yes” vote of at least four members is required to achieve a two-thirds majority vote to pass the motion.

What about tie votes? In the event of a tie, the motion always fails since an affirmative vote is required to pass any motion. For example, in a five-member body, if the vote is two in favor and two opposed, with one member absent, the motion is defeated.

Vote counting starts to become complicated when members vote “abstain” or in the case of a written ballot, cast a blank (or unreadable) ballot. Do these votes count, and if so, how does one count them? The starting point is always to check the statutes.

In California, for example, for an action of a board of supervisors to be valid and binding, the action must be approved by a majority of the board. (California Government Code Section 25005.) Typically, this means three of the five members of the board must vote affirmatively in favor of the action. A vote of 2-1 would not be sufficient. A vote of 3-0 with two abstentions would be sufficient. In general law cities in



California, as another example, resolutions or orders for the payment of money and all ordinances require a recorded vote of the total members of the city council. (California Government Code Section 36936.) Cities with charters may prescribe their own vote requirements. Local elected officials are always well-advised to consult with their local agency counsel on how state law may affect the vote count.

After consulting state statutes, step number two is to check the rules of the body. If the rules of the body say that you count votes of “those present” then you treat abstentions one way. However, if the rules of the body say that you count the votes of those “present and voting,” then you treat abstentions a different way. And if the rules of the body are silent on the subject, then the general rule of thumb (and default rule) is that you count all votes that are “present and voting.”

Accordingly, under the “present and voting” system, you would **NOT** count abstention votes on the motion. Members who abstain are counted for purposes of determining quorum (they are “present”), but you treat the abstention votes on the motion as if they did not exist (they are not “voting”). On the other hand, if the rules of the body specifically say that you count votes of those “present” then you **DO** count abstention votes both in establishing the quorum and on the motion. In this event, the abstention votes act just like “no” votes.

How does this work in practice?

Here are a few examples.

Assume that a five-member city council is voting on a motion that requires a simple majority vote to pass, and assume further that the body has no specific rule on counting votes. Accordingly, the default rule kicks in and we count all votes of members that are “present and voting.” If the vote on the motion is 3-2, the motion passes. If the motion is 2-2 with one abstention, the motion fails.

Assume a five-member city council voting on a motion that requires a two-thirds majority vote to pass, and further assume that the body has no specific rule on counting votes. Again, the default rule applies. If the vote is 3-2, the motion fails for lack of a two-thirds majority. If the vote is 4-1, the motion passes with a clear two-thirds majority. A vote of three “yes,” one “no” and one “abstain” also results in passage of the motion. Once again, the abstention is counted only for the purpose of determining quorum, but on the actual vote on the motion, it is as if the abstention vote never existed — so an effective 3-1 vote is clearly a two-thirds majority vote.

Now, change the scenario slightly. Assume the same five-member city council voting on a motion that requires a two-thirds majority vote to pass, but now assume that the body **DOES** have a specific rule requiring a two-thirds vote of members “present.” Under this specific rule, we must count the members present not only for quorum but also for the motion. In this scenario, any abstention has the same force and effect as if it were a “no” vote. Accordingly, if the votes were three “yes,” one “no” and one “abstain,” then the motion fails. The abstention in this case is treated like a “no” vote and effective vote of 3-2 is not enough to pass two-thirds majority muster.

Now, exactly how does a member cast an “abstention” vote?

Any time a member votes “abstain” or says, “I abstain,” that is an abstention. However, if a member votes “present” that is also treated as an abstention (the member is essentially saying, “Count me for purposes of a quorum, but my vote on the issue is abstain.”) In fact, any manifestation of intention not to vote either “yes” or “no” on the pending motion may be treated by the chair as an abstention. If written ballots are cast, a blank or unreadable ballot is counted as an abstention as well.

Can a member vote “absent” or “count me as absent?” Interesting question. The ruling on this is up to the chair. The better approach is for the chair to count this as if the member had left his/her chair and is actually “absent.” That, of course, affects the quorum. However, the chair may also treat this as a vote to abstain, particularly if the person does not actually leave the dais.

The Motion to Reconsider

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to consider is made and passed.

A motion to reconsider requires a majority vote to pass like other garden-variety motions, but there are two special rules that apply only to the motion to reconsider.

First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely. (The body, however, can always vote to suspend the rules and, by a two-thirds majority, allow a motion to reconsider to be made at another time.)

Second, a motion to reconsider may be made only by certain members of the body. Accordingly, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the body — including a member who voted in the minority on the original motion — may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a member of minority could make a motion to reconsider, then the item could be brought back to the body again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the body, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.



Courtesy and Decorum

The rules of order are meant to create an atmosphere where the members of the body and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chair and the members of the body to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chair before proceeding to speak.

The chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the body. Debate on policy is healthy, debate on personalities is not. The chair has the right to cut off discussion that is too personal, is too loud, or is too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the chair may, however, limit the time allotted to speakers, including members of the body.

Can a member of the body interrupt the speaker? The general rule is “no.” There are, however, exceptions. A speaker may be interrupted for the following reasons:

Privilege. The proper interruption would be, “point of privilege.” The chair would then ask the interrupter to “state your point.” Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person’s ability to hear.

Order. The proper interruption would be, “point of order.” Again, the chair would ask the interrupter to “state your point.” Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chair moved on to a vote on a motion that permits debate without allowing that discussion or debate.

Appeal. If the chair makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the chair is deemed reversed.

Call for orders of the day. This is simply another way of saying, “return to the agenda.” If a member believes that the body has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chair discovers that the agenda has not been followed, the chair simply reminds the body to return to the agenda item properly before them. If the chair fails to do so, the chair’s determination may be appealed.

Withdraw a motion. During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.

Special Notes About Public Input

The rules outlined above will help make meetings very public-friendly. But in addition, and particularly for the chair, it is wise to remember three special rules that apply to each agenda item:

Rule One: Tell the public what the body will be doing.

Rule Two: Keep the public informed while the body is doing it.

Rule Three: When the body has acted, tell the public what the body did.



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