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AGENDA REPORT
Consent | Action

August 3, 2026

TO: Chair Becker and Commissioners

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

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

SUMMARY

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

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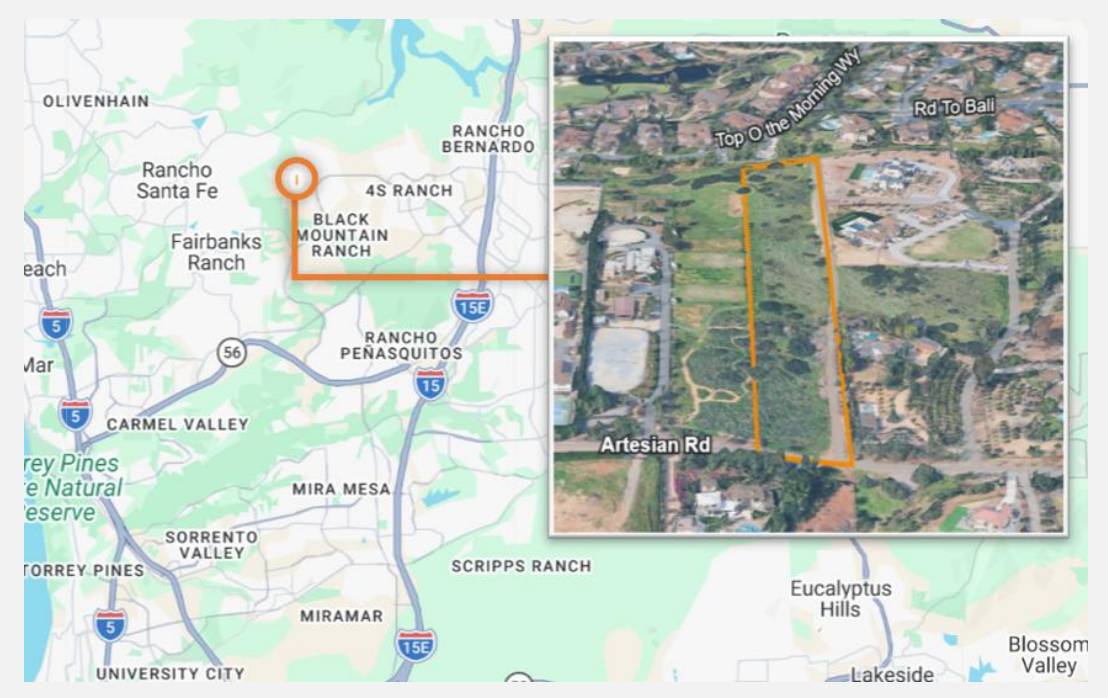
BACKGROUND

Applicant Request

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

Regional Setting

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



Google Earth

Subject Agency

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

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

Affected Local Agencies

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

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

[1] State law defines "subject agency" to mean any district or city for which a change of organization or reorganization is proposed.
[2] State law defines "affected local agency" as any entity that contains, or would contain, or whose sphere contains or would contain, any territory for which a change of organization is proposed or ordered. Notice of the proposal and hearing were provided to the agencies.

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

DISCUSSION

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

Proposal Purpose + Timing

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

Current + Planned Land Uses

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

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

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

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

ANALYSIS

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

Change of Organization Timing

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

- Timing Factor No. 1:
  Baseline Considerations: Regional Policies + Service Relationships

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

  - With respect to **need**, the present and planned urban land uses warrant public wastewater service and represents an orderly expansion of Rancho Santa Fe CSD's jurisdictional boundary and its wastewater service area – marked by accommodating a planned and otherwise modest development on APN 267-147-10 to include a single-family residence and attached accessory dwelling unit. The proposal additionally advances environmental justice considerations given public wastewater service generally offers a more reliable long-term wastewater disposal method with additional details provided in the accompanying appendix. Collectively, these factors support both the need for and timing of the proposed change of organization.

  - With respect to **service availability and capacities,** Rancho Santa Fe CSD has sufficient wastewater treatment capacity to accommodate the projected demands of the affected territory based on its anticipated uses. An existing District wastewater main is located within the public right-of-way along Top of the Morning Way, immediately north of the affected territory. Service would be provided through an extension connecting to this main within a District-owned easement on the adjoining parcel identified as APN 267-181-67. The average day wastewater flow generated within the affected territory following the expected development of one single family residence and one attached ADU is estimated at 500 gallons per day, representing approximately 0.152% of the available system capacity. [7] Separately, under County land use policies, the lot may be subdivided

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

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

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

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

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

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

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

CONCLUSION | MERITS OF CHANGE OF ORGANIZATION TIMING

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

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

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

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

Potential Modifications and Terms

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

CONCLUSION |
MERITS OF MODIFICATIONS AND TERMS

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

Other Statutory Considerations

Exchange of Property Tax Revenues

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

Environmental Review

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

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

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

Protest Proceedings

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

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

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

Alternative Two:
Continue consideration to the next regular meeting.

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

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

PROCEDURES FOR CONSIDERATION

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

On behalf of the Executive Officer,

Meghan Traynor
Local Governmental Analyst I

Appendix:

A) Analysis Proposal Review Factors

Attachments:

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

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APPENDIX A
Government Code Section 56668
Mandatory Proposal Review Factors

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

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

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

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

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

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

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

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

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

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

Additional analysis concerning conformance with germane Commission policies follows.

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

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

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

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

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

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

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

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

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

See the agenda report.

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

See the agenda report.

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

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

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

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

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

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

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

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

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

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

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

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

o) Any information relating to existing land use designations.

See above analysis for (h).

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

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

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

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

- Notably, environmental justice indicators for groundwater threats (63.37) and impaired water bodies (99.03) each exceed the applicable threshold and collectively underscore the importance of providing permanent wastewater service to the affected territory to reduce reliance on on-site septic systems and avoid potential impacts to groundwater and local waterways.

- The affected territory's **composite susceptible population** ranking falls in the 16th percentile. Two indicators exceed the 50th percentile, with Unemployment ranked in the 54th percentile and Housing Burden ranked in the 53rd percentile, indicating higher values than the majority of communities across California.

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

Census Tract No. 6073017030
Pollution Burdens and Susceptible Population
(Source: California Environmental Protection Agency and SD LAFCO)

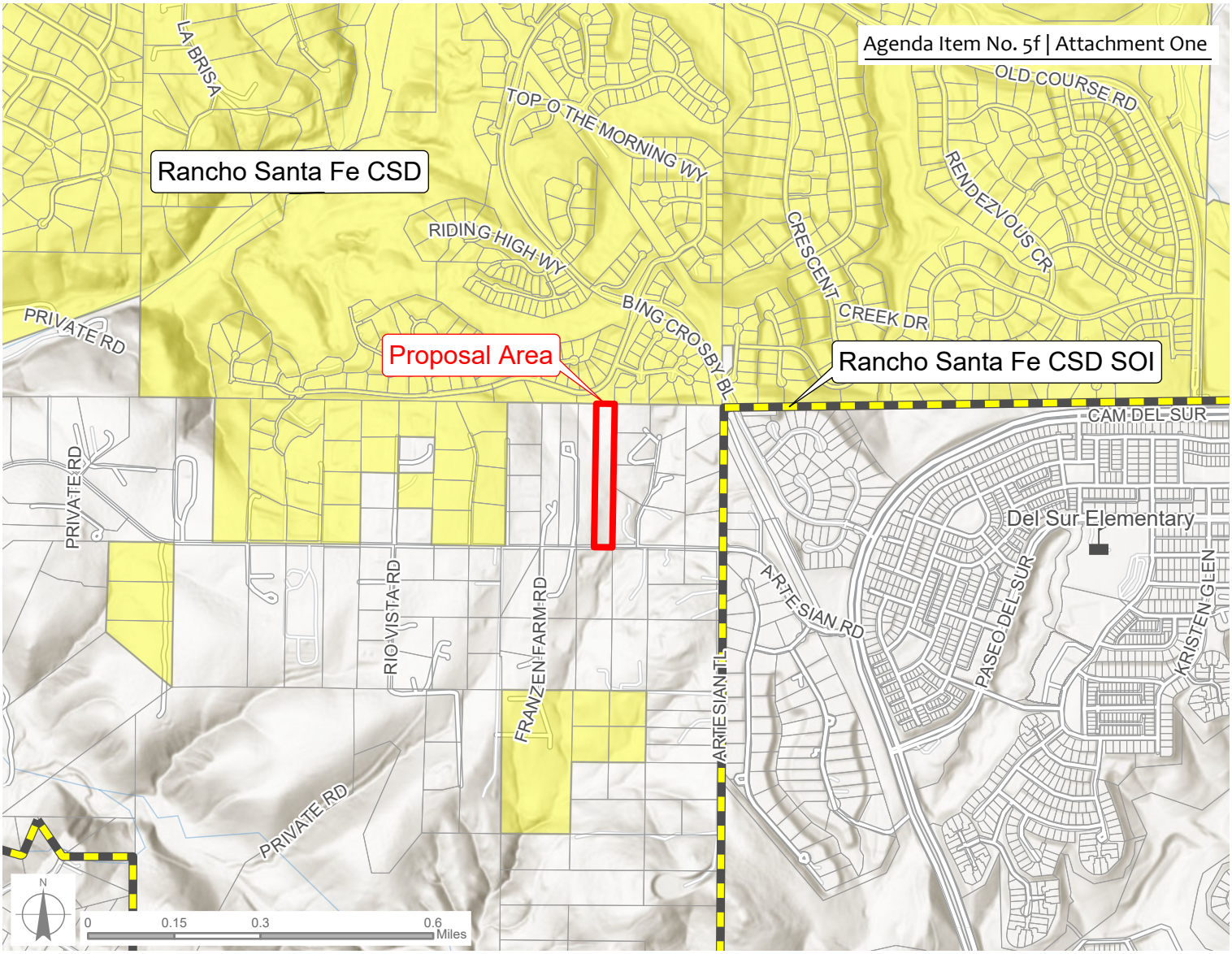
	Affected Territory + Surrounding Lands
Census Tract No.	6073017030
Estimated Population	25,348
Pollution Burden	Weighted Percentile
… Percentile	**50.62**
Indicator | Air Quality: Ozone	48.70
Indicator | Air Quality: PM 2.5:	16.35
Indicator | Air Quality: Diesel PM:	22.74
Indicator |Pesticides:	**60.34**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

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

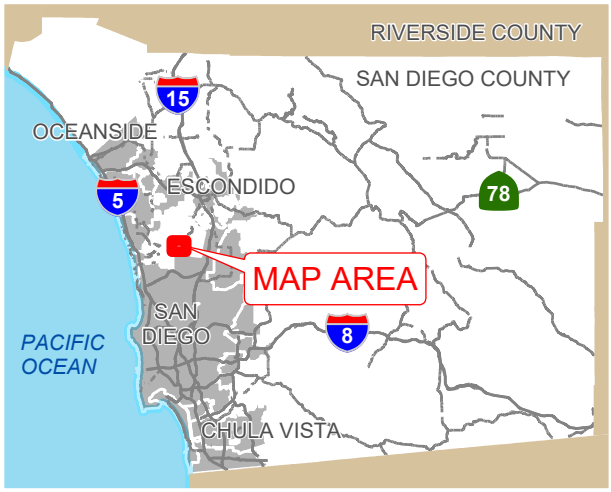
The County of San Diego General Plan includes a hazard mitigation plan addressing risks related to wildfire, flooding, and seismic activity. The affected territory is designated a "Very High" fire hazard severity zone and a "Low" earthquake hazard zone.

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

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







CO26-03 "PALACHARLA - ARTESIAN ROAD CHANGE OF ORGANIZATION" | RANCHO SANTA FE CSD

- Proposal Area
- Rancho Santa Fe CSD
- Rancho Santa Fe CSD SOI

SOI = Sphere of Influence

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

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DRAFT RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A CHANGE OF ORGANIZATION

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

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

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

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

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

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

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

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

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

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

1. The public meeting was held on the date set therefore, and due notice of said meeting was given in the manner required by law.

2. At the public meeting, the Commission considered the Executive Officer's report.

3. With respect to considering the effects of the proposed change of organization under the California Environmental Quality Act (CEQA), the Commission makes the following finding:

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

4. The Commission CONDITIONALLY APPROVES the change of organization to the District without modifications subject to conditions as provided and subject to recordation of a certificate of completion for the proposal. Approval involves all the following:

    a) Annexation of the affected territory to the Rancho Santa Fe CSD as shown in "Exhibit A" and described in "Exhibit B".

    b) Approval is specific only to Rancho Santa Fe CSD's activated wastewater and landscaping functions; all other functions – whether active or latent – are expressly omitted from this approval.

5. The Commission CONDITIONS approval on the following terms being satisfied by August 3, 2027 unless an extension is requested in writing and approved by the Executive Officer:

    a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.

    b) Submittal to the Commission of final map and geographic description of the affected territory as approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Division.

    c) Submittal to the Commission of the following payments:

        - A check made payable to LAFCO in the amount of $50.00 for the County of San Diego-Clerk Recorder to reimburse for filing one CEQA Notice of Exemption consistent with the findings in the resolution.

        - A check made payable to the State Board of Equalization for processing fees in the amount of $350.00.

6. The Commission assigns the proposal the following short-term designation:

    "Palacharla – Artesian Road Change of Organization".

7. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.

8. The Commission waives conducting authority proceedings under Government Code Section 56662.

9. The District is a registered-voter district.

10. The District utilizes the County of San Diego assessment roll.

11. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the Rancho Santa Fe Community Services District as provided under Government Code Section 57328, and will be subject to any previously authorized taxes, benefit assessments, fees or charges of the District as provided under Government Code Section 57330.

12. The effective date of approval shall be the date of recordation but not before the completion of a 30-day reconsideration period and only after all terms have been completed as attested by the Executive Officer.

13. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to the resolution to address any technical defects, errors, irregularities, or omissions.

14. The Executive Officer is hereby authorized and directed to transmit copies of this resolution as provided in Sections 56880-56882 of the Government Code.

15. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

**

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

AYES:

NOES:

ABSENT:

ABSTAINING:

**

ATTEST:

_____
Keene Simonds
Executive Officer

EXHIBIT A
MAP OF AFFECTED TERRITORY

-Placeholder-

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EXHIBIT B
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

-Placeholder-

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RECEIVED

JUN 02 2026

SAN DIEGO LAFCO

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 [signature] Print SUBBARAO PALACHARLA TRUSTEE OF PALACHARLA FAMILY TRUST	267-147-10-00	5/27/2026	
Sign [signature] Print SHILPA PALACHARLA Trustee of Palacharla Family Trust	267-147-10-00	05/27/2026	
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			

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

LAFCO FILE NO. CO26-03

GEOGRAPHIC DESCRIPTION

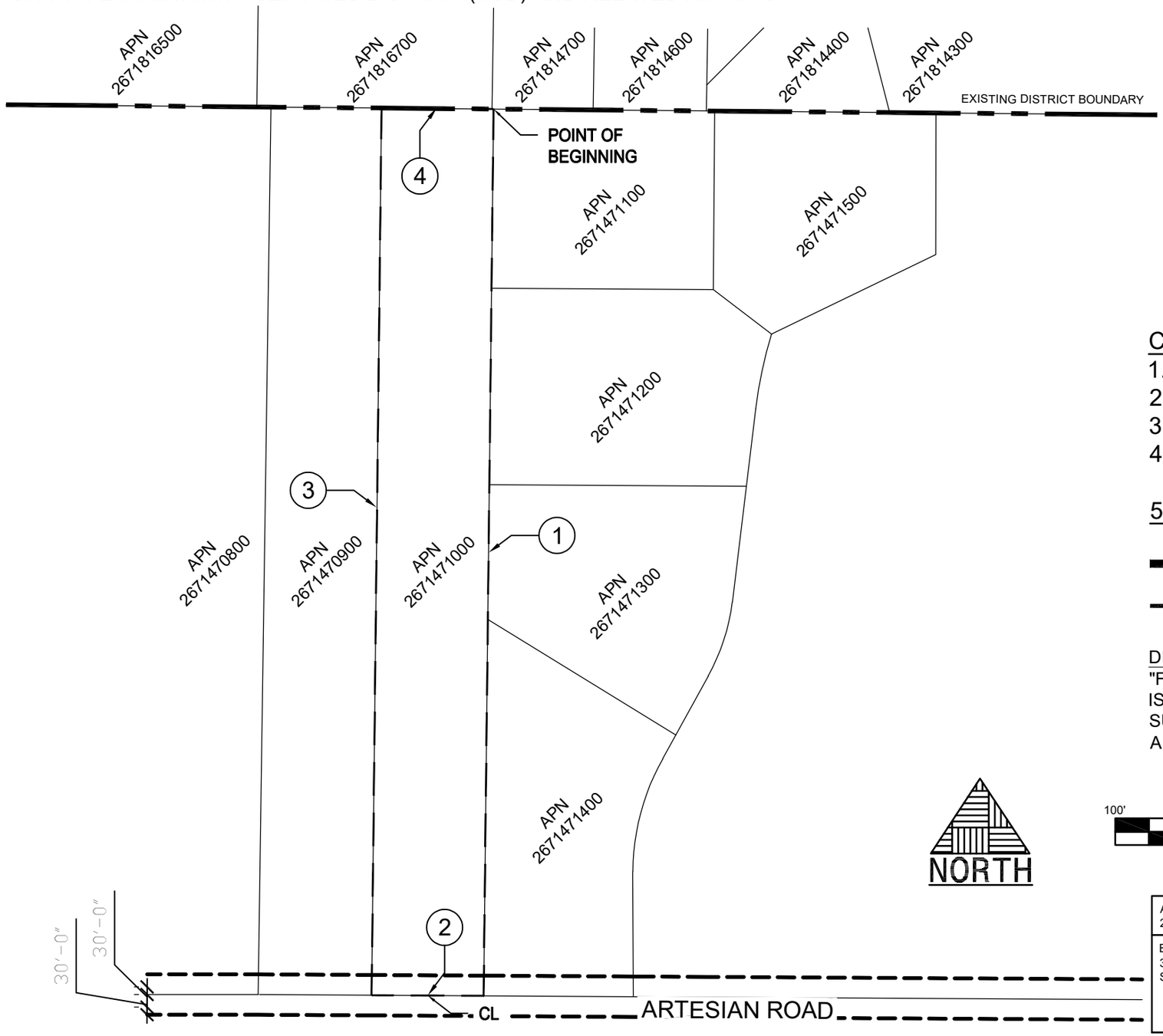
THE EAST HALF OF THE WEST HALF OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 26, TOWNSHIP 13 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF.

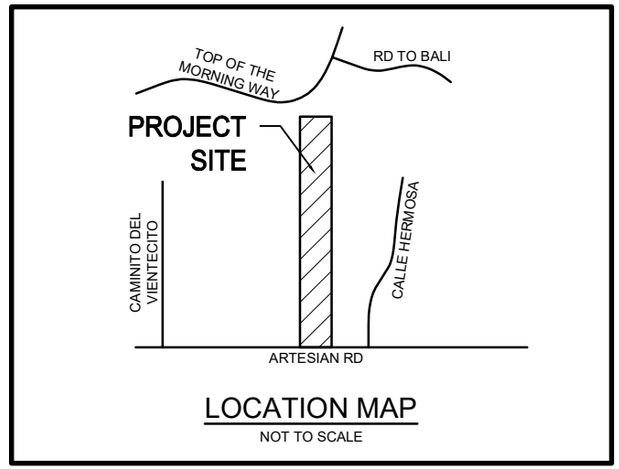
BEGINNING at a point on the line of the existing Rancho Santa Fe CSD boundary, as established by the San Diego Local Area Formation Commission resolution NO DA96-14 "Santa Fe Valley Annexation" adopted March 10, 1997;

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

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

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





LOCATION MAP

NOT TO SCALE

COURSES:

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

5.02 ACRES

EXISTING RANCHO SANTA FE CSD BOUNDARY

PROPOSED RANCHO SANTA FE CSD BOUNDARY

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

NORTH

100' 50' 0 100' 200' 300' 400'

SCALE 1" = 400'

ASSESSOR'S PARCEL NUMBERS:	LAFCO FILE NO.:	ACREAGE:	DATE:	SCALE:
267-147-10-00	CO26-03	5.02	07/06/2026	1"=400'

BEING A PORTION OF SECTION 26, T. 13S, R. 3W, SAN BERNARDINO MERIDIAN, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

MCCULLOUGH DESIGN DEV.

10531 4S COMMONS DRIVE STE. #700
SAN DIEGO, CA 92127
(858) 756-0700

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