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

6a

AGENDA REPORT
Public Hearing | Action

August 3, 2026

TO: Chair Becker and Commissioners

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

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

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SUMMARY

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

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BACKGROUND

Spheres of Influence | Legislative Direction + Purpose

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

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

Scheduled Sphere Updates for Carlsbad Subregion

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

DISCUSSION

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

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

- **Carlsbad's** sphere was last reviewed and updated by LAFCO in 2016 and is presently coterminous with the jurisdictional boundary. A special study area established in 2008 also remains assigned to Carlsbad's sphere, covering approximately 374 acres of unincorporated area to the southeast in the Rancho Santa Fe community. This existing study area concurrently lies within the City of Encinitas' sphere of influence, with the Commission encouraging the two land use authorities to pursue joint planning on the area's future annexation. A map showing the current Carlsbad sphere is provided as Attachment Two.

- **Carlsbad MWD's** sphere was last reviewed and updated by LAFCO in 2013 and is presently coterminous with the District's jurisdictional boundary, which itself covers close to four-fifths of Carlsbad with the notable exclusion of the City's southeast La Costa neighborhood. There are no special study areas currently assigned to the MWD sphere. A map showing the current MWD sphere designation is provided as Attachment Three.

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

> 4.2.6 Jurisdictional Misalignment Along SR-78 Corridor
>
> Jurisdictional boundaries along the State Route 78 corridor are misaligned with built roadway conditions and service responsibilities, resulting in fragmented maintenance and emergency-response accountability. Beyond service delivery concerns, this situation also raises basic governance considerations, as certain parcels fall within one jurisdiction despite being functionally accessed or served through another. LAFCO should initiate or facilitate a technical boundary review with Carlsbad and Oceanside to reconcile illogical and inefficient jurisdictional lines with functional service delivery as appropriate.
>
> 4.2.7 Reaffirm Current Sphere with Qualifier
>
> LAFCO should proceed with a limited sphere of influence update for Carlsbad to reaffirm existing designations and establish one or more special study areas.

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

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

ANALYSIS

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

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

RECOMMENDATION

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

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

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):

a) Adopt the attached draft resolution making the following approvals:

1) Update, without change, the spheres for the City of Carlsbad and Carlsbad MWD.
2) Establish a new special study area along and near the State Route 78 corridor equally affecting the spheres of influence of the City of Carlsbad, the Carlsbad MWD, and the City of Oceanside.
3) Make determinations under Government Code Section 56425.
4) Make a general rule exemption finding under State CEQA Guidelines Section 15061(b)(3).

b) Direct the Executive Officer to administratively record the sphere of influence actions following the completion of a standard 30-day reconsideration period.

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

PROCEDURES

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

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

On behalf of the Executive Officer,

Michaela Peters

Michaela Peters
Local Government Analyst II

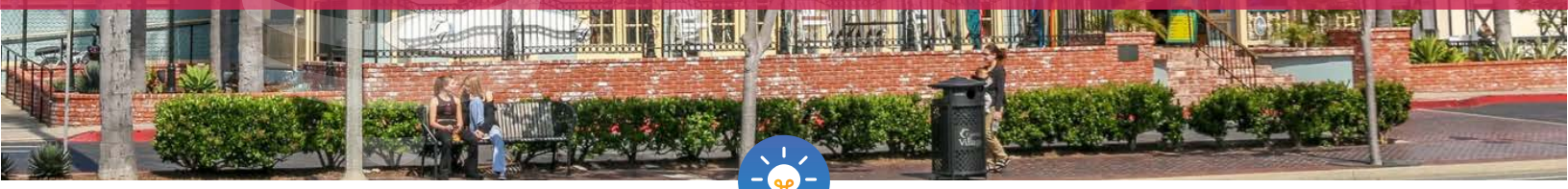
Attachments:

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

Municipal Service Review

CITY OF CARLSBAD & CARLSBAD MUNICIPAL WATER DISTRICT

PROSPECTUS | JUNE 2026



General Themes and Conclusions

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

The City of Carlsbad serves as a well-established coastal community within the northern portion of San Diego County, with an estimated population of 116,428 in 2023, making it the fifth-largest municipality in the county. The City of Carlsbad functions as a comprehensive full-service jurisdiction, providing core municipal services directly to residents while also supporting a broader network of regional and special districts. The Carlsbad Municipal Water District (CMWD) operates as a subsidiary entity, providing potable and recycled water services to approximately 82% of Carlsbad's residents, with its operations fully integrated into the City's governance framework while maintaining independent legal and fiscal authority. The physical and built environment of Carlsbad reflects a mature suburban-to-coastal layout. Older neighborhoods feature smaller single-family and multi-family lots concentrated near the coastline and along established commercial corridors. Densities transition inland toward larger single-family homes in mid- and late-20th century subdivisions. The City's geography is defined by the Pacific Ocean to the west, limited buildable land to the east, and adjacent incorporated jurisdictions that constrain outward expansion, creating a long-term shift toward infill development and optimized service delivery. Carlsbad's municipal boundary spans 39 square miles, encompassing residential, commercial, and recreational uses alongside significant public infrastructure and open space. Carlsbad has transitioned from a period of rapid expansion and annexation in the late 20th century to a more deliberate, stewardship-focused phase. Population growth has slowed to under 1% annually since 2010, with housing production continuing at a moderate pace. Median household income remains high at $129,269, and average home values rose 62% during the review period, reflecting strong market conditions. The City's workforce of 807 full-time positions supports a broad spectrum of services, with public safety, parks and recreation, wastewater, and community development among the most prominent. Fiscal management is strong, with General Fund reserves covering eight months of expenses and low overall debt.

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

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



Carlsbad Skatepark

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

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

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

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

No. 3
Financial Strength and Emerging Fiscal Challenges in Carlsbad

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

No. 4
Bottom Line

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

No. 5
LAFCO Interests Going Forward

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



Recommendations

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

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

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

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

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

Carlsbad Municipal Water District Themes and Conclusions

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

No. 1
Organizational Evolution & Governance

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

No. 2
Operational Stability & Capacity

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

No. 3
Customer Value and Strategic Considerations

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



Recommendations

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



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

About Us

Local Agency Formation Commissions – or LAFCOs – are boundary makers that oversee the creation and expansion of cities and special districts in all 58 counties of California. LAFCOs exercise regulatory and planning powers to coordinate publicly provided services, such as water or fire protection, and match them with community needs. **The goal of every LAFCO is to facilitate smart growth while avoiding urban sprawl.**

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

San Diego LAFCO's Commission

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



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Dane White
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Brigette Browning
Commissioner
Public Member



Eileen Delaney
Alternate
Public Member



David Drake
Alternate
Rincon Del Diablo



John McCann
Alternate
City of Chula Vista



Monica Montgomery-Steppe
Alternate
County of San Diego



Marni von Wilpert
Alternate
City of San Diego

RESOLUTION NO. 2026-XXX

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

SPHERE OF INFLUENCE ACTIONS

City of Carlsbad
Carlsbad Municipal Water District
City of Oceanside

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. The Commission determines and finds the sphere of influence updates for the affected agencies in the Carlsbad Subregion represent a project under the California Environmental Quality Act but are exempt from further review under the "general rule" provided under State Guidelines Section 15061(b)(3). This exemption appropriately applies given it can be seen with certainty that spheres of influence are planning policies, and any amendments or updates do not make any changes to the environment or authorize any new uses or services.

2. The Commission similarly determines and finds the establishment, modification, or elimination of special study areas assigned to local agencies' spheres of influence are projects under the California Environmental Quality Act but exempt from further review under the "general rule" provided under State Guidelines Section 15061(b)(3).

3. The Commission has considered the Executive Officer's written report on the sphere of influence updates and related actions and recommendations therein.

4. The Commission APPROVES updates for the affected agencies in the Carlsbad Subregion affirming, with no changes, the existing sphere of influence designations as shown in Exhibit "A" (City of Carlsbad) and Exhibit "B" (Carlsbad MWD).

5. The Commission APPROVES establishment of a special study area uniformly applied to the two affected agencies in the Carlsbad Subregion – City of Carlsbad and Carlsbad MWD – and the City of Oceanside as shown in Exhibit "C."

6. The special study area designation is established to encourage the two affected land use authorities - City of Carlsbad and the City of Oceanside - to assess mutual interest in a future reorganization addressing the misalignment between jurisdictional boundaries and service responsibilities along the corridor. The designation does not authorize any jurisdictional change and does not obligate any agency to initiate one.

7. Statement of determinations addressing the factors required for consideration anytime the Commission takes actions on spheres of influence under Government Code Section 56425 is provided as Exhibit "D."

8. These actions are subject to a 30-day reconsideration period, after which the Executive Officer is directed to administratively record the sphere of influence actions.

9. The Executive Officer is authorized to make any non-substantive edits and technical corrections to this resolution in the interest of the public record.

* * *

AYES:

NOES:

ABSENT:

ABSTAINING:

ATTEST:

_____
Keene Simonds
Executive Officer

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EXHIBIT A

SPHERE OF INFLUENCE UPDATE
CITY OF CARLSBAD



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EXHIBIT B

SPHERE OF INFLUENCE UPDATE
CARLSBAD MWD



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EXHIBIT C

ESTABLISHMENT OF SPECIAL STUDY AREA
CITY OF CARLSBAD
CARLSBAD MWD
CITY OF OCEANSIDE

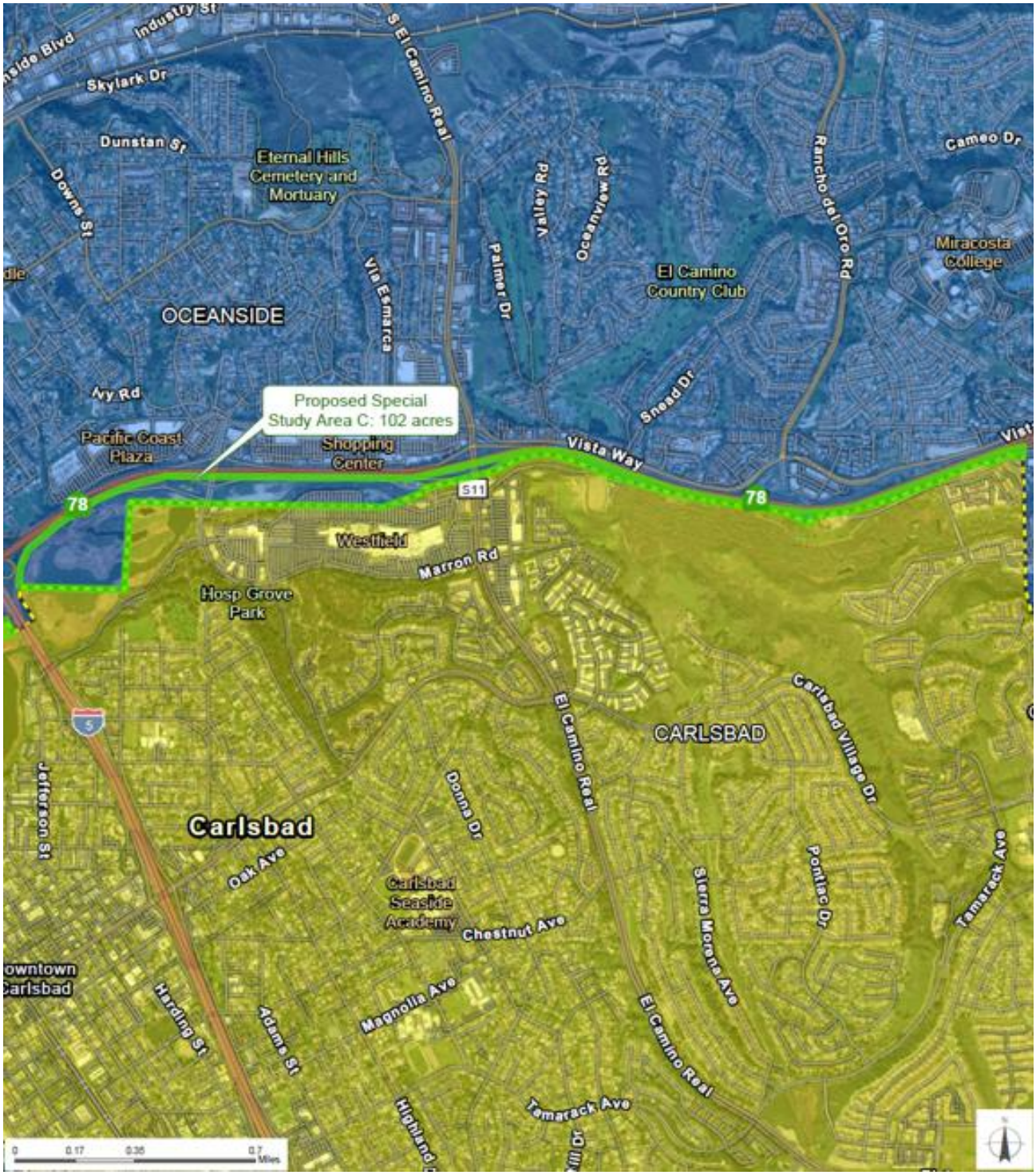


ESTABLISHMENT OF SPECIAL STUDY AREA (AREA A & B)
CITY OF CARLSBAD
CARLSBAD MWD
CITY OF OCEANSIDE



EXHIBIT C

ESTABLISHMENT OF SPECIAL STUDY AREA (AREA C)
CITY OF CARLSBAD
CARLSBAD MWD
CITY OF OCEANSIDE



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EXHIBIT D

STATEMENT OF DETERMINATIONS
GOVERNMENT CODE SECTION 56425
City of Carlsbad
Carlsbad Municipal Service District
City of Oceanside

1. With respect to present and planned land uses in the area as required under Section 56425(e)(1), the Commission independently determines the following.

    a) The existing sphere of influence for the City of Carlsbad encompasses approximately 25,028 acres with an estimated population of 116,428 residents. The existing sphere of influence for the Carlsbad Municipal Water District (MWD) encompasses approximately 20,710 acres with an estimated population of 90,918 residents. The territory within the City's sphere is entirely under the land use authority of the City of Carlsbad and is predominantly urban in character, consisting of a mix of residential, commercial, industrial, public, and open space uses. Approximately 10 percent of the area consists of agricultural and open space lands; however, these areas are limited in extent and are not considered significant. The Carlsbad MWD sphere reflects the district's long-range potable water service responsibilities and is not conterminous with the City's sphere.

    b) The 123-acre Special Study Area established concurrently with these sphere actions consists of three subareas (A, B, and C) located along and near the State Route 78 corridor where jurisdictional boundaries and municipal service responsibilities are misaligned. The designation recognizes the area's existing land use pattern and provides a planning mechanism for the City of Carlsbad and the City of Oceanside to evaluate potential future jurisdictional changes. The designation does not modify any sphere of influence or land use authority.

2. With respect to present and probable need for public facilities and services in the area as required under Section 56425(e)(2), the Commission independently determines the following.

    a) The existing spheres of influence for the City of Carlsbad and the Carlsbad MWD continue to reflect the appropriate long-range service areas of the respective agencies. Accordingly, the Commission affirms the existing sphere designations without modification.

    b) The Special Study Area—and its three subareas—identifies territory that may warrant future evaluation to better align jurisdictional boundaries with municipal service responsibilities between the Cities of Carlsbad and Oceanside. The three subareas are intended to facilitate interagency planning and do not authorize or require jurisdictional change at this time.

3. With respect to present capacity of public facilities and adequacy of public services the agencies provide or are authorized to provide as required under Section 56425(e)(3), the Commission independently determines the following.

    a) A comprehensive evaluation of public facilities, services, and service adequacy for the affected territory has been separately prepared by the Commission as part of a municipal service review. The Commission relies on the municipal service review in making all related sphere of

influence determinations for the affected agencies.

4. With respect to the existence of any relevant social or economic community of interest in the area as required under Section 56425(e)(4), the Commission independently determines the following.

    a) The areas within the respective spheres of influence have established social and economic interdependencies with the affected agencies through the existing, or in limited instances anticipated, provision of municipal services. These interdependencies have been recognized by the Commission through prior sphere of influence actions affecting the respective agencies.

    b) The Special Study Area recognizes areas where municipal service relationships extend across existing jurisdictional boundaries. Designation of the study area encourages cooperative evaluation by the City of Carlsbad and the City of Oceanside of potential future governance options, without predetermining any future Commission action.

5. With respect to the present and probable need for public water, sewer, and fire protection services of any disadvantaged unincorporated communities within or adjacent to the sphere as required under Section 56425(e)(5), the Commission independently determines the following.

    a) There are no lands within or adjacent to the existing spheres of influence of the City of Carlsbad or the Carlsbad MWD that qualify as disadvantaged unincorporated communities under Commission policy.