Consistent with the Governor’s Executive Order N-29-20, the May 4, 2020 meeting will occur remotely through videoconferencing. The public may watch the meeting live using the link on our website home page (www.sdlafco.org).

The public may submit comments remotely by:

1. Submitting an eComment at www.sdlafco.org prior to 2:00 P.M. on Friday, May 1, 2020
   - These comments will be distributed and posted online ahead of the meeting
   - This includes the option to request a call-in to directly comment during the meeting
2. Emailing erica.blom@sdcounty.ca.gov during the meeting on Monday, May 4, 2020
   - These comments will be read by staff into the record and subject to a three-minute limit

1. 9:00 A.M. – WELCOME AND ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. AGENDA REVIEW
   The Chair will confirm with the Executive Officer if any changes to the agenda are needed.

4. PUBLIC COMMENT AND RELATED REQUESTS
   Opportunity for members of the public to address the Commission on any subject matter within the Commission’s jurisdiction but not an item listed on the agenda. Each speaker’s presentation may not exceed three minutes. This is also an opportunity for members of the public to request discussion on any items listed under the consent calendar.

5. CONSENT ITEMS
   All items calendared as consent are considered ministerial or non-substantive and subject to a single motion approval.

   a) Approval of Meeting Minutes for March 2, 2020 (action)
      The Commission will consider approving action minutes prepared for the March 2, 2020 regular meeting. Recommendation to approve.
CONSENT ITEMS CONTINUED…

b) **Budget Update for 2019-2020 | 3rd Quarter Actuals with Year-End Projections (action)**  
The Commission will review a report comparing budgeted and actual transactions for 2019-2020 through the third quarter. The report projects the Commission will finish with an operating surplus of $0.099 million or 5%. Savings in salaries and benefits along with additional application fees underlie the projected surplus. Recommendation to accept and file.

c) **Commission Ratification | Recorded Payments for February and March 2020 (action)**  
The Commission will review payments received and made for the months of February and March 2020. These payments cover all recorded transactions for the period and include $284,216 in total distributions made by the Executive Officer. Recommendation to ratify.

d) **Progress Report on 2019-2020 Workplan (action)**  
The Commission will receive a progress report on accomplishing specific projects included in the adopted workplan for 2019-2020. The report notes more than four-fifths of all workplan projects have been initiated with eight already completed. Recommendation to accept and file.

e) **Current Proposals and Related Activities (information)**  
The Commission will receive a report identifying active proposals on file with the Commission as well as pending submittals. This item is for information only.

f) **Response to COVID-19 (information)**  
The Commission will receive a report on administrative adaptions undertaken in response to COVID-19. This includes closing the office to the public and a temporary transition to telework for employees with limited exceptions. The update is for information only.

6. **PUBLIC HEARING ITEMS**  
Public hearing items require expanded public notification per provisions in State law.

a) **Consideration of Applications by the San Diego County Water Authority for Non-District Determinations Involving Conducting Authority Proceedings for Proposed Reorganizations Filed by Fallbrook PUD (RO20-05) and Rainbow MWD (RO20-04) and Related Requests (action)**  
The Commission will consider applications from the San Diego County Water Authority to exempt it from standard conducting authority provisions and instead follow its principal act for the recent detachment proposals filed by Fallbrook Public Utility District and Rainbow Municipal Water District. Staff recommends approval of the applications. The Water Authority also requests the Commission suspend all further processing activities on Fallbrook PUD and Rainbow MWD’s proposals due to the COVID-19 emergency and separately condition any potential detachments on an expanded vote of registered voters within all 24-member agencies’ jurisdictions. Staff does not recommend actions on these two requests.

b) **Final Report and Related Actions | Municipal Service Review on County Service Area No. 135 (action)**  
The Commission will receive a final report involving the scheduled municipal service review on County Service Area (CSA) No. 135. The report returns with limited and non-substantive revisions from its draft presentation in March and represents an independent assessment of CSA No. 135 and its active municipal functions: public safety radio communications; fire protection; and emergency medical services. The report continues to recommend the reorganization of CSA No. 135 to establish a new dependent fire protection district. Staff recommends the Commission formally accept the final report as well as adopt a resolution making determinations on all factors required under statute as part of the municipal service review directive.
PUBLIC HEARING ITEMS CONTINUED…

c) **Sphere of Influence Updates for the Valley Center Region (action)**
   The Commission will consider approving sphere of influence updates for three special districts in the Valley Center region. The updates are being presented as part of the Commission’s five-year study requirement to review and – as needed – make changes to spheres in step with designating cities and special districts’ appropriate and near-term service areas. Staff recommends updating all three special districts’ – Valley Center Community Services District, Valley Center Fire Protection District, and Valley Center Municipal Water District – spheres without changes. Two related actions to remove an existing study area and create a new study area involving the Valley Center Municipal Water District are also recommended.

d) **Adoption of Final Workplan and Budget for 2020-2021 (action)**
   The Commission will consider recommendations from the Executive Officer in adopting a final workplan and budget for 2020-2021. Both items return following their adoption in draft-form in March and subsequent public review and include revisions. The revisions to the workplan expand the total number of projects from 20 to 26 and add incomplete activities from the current fiscal year as well as one new task to begin live-streaming Commission meetings online. The revisions to the budget eliminate a previously planned 2% increase in expenses and in doing so maintains current operating costs at $1.916 million. Staff recommends approval of both documents.

7. **BUSINESS CALENDAR**
   None

8. **EXECUTIVE OFFICER REPORT**

9. **COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS**

10. **CLOSED SESSION**
    None

11. **ADJOURNMENT TO NEXT MEETING**
    June 1, 2020

Attest to Posting:

Tamaron Luckett
Executive Assistant

All associated agenda reports are available for viewing at [www.sdlafco.org](http://www.sdlafco.org).

Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or a copy of all the documents constituting the agenda packet for a meeting upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting. Please contact the LAFCO office at least three (3) business days prior to the meeting for any requested arraignments or accommodations.
May 4, 2020

TO: Commissioners

FROM: Ruth Arellano, Executive Assistant

SUBJECT: Approval of Meeting Minutes for March 2, 2020

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the regular meeting held on Monday, March 2, 2020. The minutes are in action-form and being presented for formal approval with any desired corrections or clarifications as requested by the Commission.

BACKGROUND

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

DISCUSSION

This item is for San Diego LAFCO to consider approving action minutes for the March 2, 2020 regular meeting. The attendance record for the meeting follows.

- All members were present except Commissioners Bill Wells (regular), Chris Cate (alternate), and Greg Cox (alternate).
ANALYSIS

The attached draft minutes for the March 2, 2020 regular meeting accurately reflect San Diego LAFCO’s actions as recorded by staff. 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 March 2, 2020 regular meeting as presented. This recommendation is consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):
Approve the draft minutes prepared for the March 2, 2020 regular meeting with any desired corrections or clarifications.

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

PROCEDURES

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

Respectfully,

Ruth Arellano
Executive Assistant

Attachment:
1) Draft Meeting Minutes for March 2, 2020
1. CALL TO ORDER | ROLL CALL

The regular meeting was called to order at 9:00 a.m. by Chair Dianne Jacob in the County of San Diego Administration Center located at 1600 Pacific Highway, Room 302, in San Diego, California.

The Commission Clerk performed the roll call with the following attendance recorded.

Regulars Present: Jim Desmond, County of San Diego
Dianne Jacob, County of San Diego (CHAIR)
Jo MacKenzie, Vista Irrigation District
Mary Casillas Salas, City of Chula Vista
Andy Vanderlaan, Public (VICE CHAIR)
Mark Kersey, City of San Diego
Barry Willis, Alpine Fire Protection District

Alternates Present: Erin Lump, Rincon del Diablo Municipal Water District
Paul McNamara, City of Escondido
Harry Mathis, Public

Members Absent: Bill Wells, City of El Cajon (regular)
Chris Cate, City of San Diego (alternate)
Greg Cox, County of San Diego (alternate)

The Commission Clerk announced Alternate Commissioner Paul McNamara will vote in place of Commissioner Bill Wells who was absent. She then confirmed a quorum was present with eight voting members. Also present at the dais: Executive Officer Keene Simonds; Commission Counsel Holly Whatley; Chief Analyst Robert Barry, Analyst Linda Zambito; and Executive Assistant Ruth Arellano serving as Commission Clerk.

Commissioner Salas arrived at 9:03 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Vanderlaan led the Commission in the Pledge of Allegiance.
3. **AGENDA REVIEW**

Chair Jacob asked the Executive Officer if there were requests to remove or rearrange items on the agenda as presented. The Executive Officer responded that no changes to the agenda were needed while acknowledging this includes proceeding with the cancellation of Item No. 6b. The Executive Officer added anyone in the audience interested in speaking on Item No. 6b could do so during the general public comment period and be recorded in the minutes.

4. **PUBLIC COMMENT**

Chair Jacob asked the public seated in the audience if anyone would like to address the Commission on any item not related to the agenda. The following person proceeded to address the Commission:

- General Manager Tom Kennedy with the Rainbow Municipal Water District updated the Commission on the District’s pending application with LAFCO.

Seeing no other audience members approach the dais, the Chairperson ended the public comment period.

5. **CONSENT ITEMS**

   **Item 5a**
   Approval of meeting Minutes for January 6, 2020 (action)
   Item presented to approve draft summary minutes prepared for the Commission’s January 6, 2020 regular meeting. Recommendation to approve.

   **Item 5b**
   2nd Quarter Budget Report and Year-End Projections (action)
   Item presented to approve a budget report comparing budgeted to actual expenses and revenues through December 31, 2019. Recommendation to approve.

   **Item 5c**
   Ratification | Recorded Payments for December 2019 and January 2020 (action)
   Item presented to review payments received and made for the months of December 2019 and January 2020. Recommendation to ratify.

   **Item 5d**
   Proposed “Orpheus Avenue-Gupta Change of Organization” | Annexation to the Leucadia Wastewater District; CO19-29 (action)
   Item presented to consider a change of organization proposal filed by the Leucadia Wastewater District to annex approximately 1.0 acre of unincorporated territory within its sphere of influence. The affected territory as submitted includes one legal lot divided into two assessor parcels with an existing gas station in the City of Encinitas.
CONSENT ITEMS CONTINUED...

Item 5d Continued
The proposal purpose is to extend public wastewater service to facilitate a remodel to include a quick-service restaurant. Staff’s recommendation to approve with a modification to include 2.7 acres of adjacent public right-of-way. The County of San Diego Assessor’s Office identifies the subject parcels as 256-121-29 and 256-121-34.

Item 5e
Progress Report on 2019-2020 Workplan (action)
Item presented to formally receive and file and serves as the Commission’s regular update on the status of workplan projects. Recommendation to receive and file.

Item 5f
Current Proposal and Related Activities (information)
Item presented to receive a report identifying active proposals on file with the Commission as well as pending submittals. Information only.

Item 5g
Update on the Special Districts Advisory Committee (information)
Item presented to receive an update on the composition of the Special Districts Advisory Committee and the results of a recent election affecting eight of the sixteen Committee seats. Information only.

**

Chair Jacob pulled Items 5b and 5e for discussion at the request of Commissioner Willis and audience member Laura Hunter, respectively.

Commissioner Willis motioned to approve the remainder of the consent calendar as recommended in the associated agenda reports with a second from Commissioner Salas. Roll call requested:

AYES: Desmond, Jacob, Kersey, MacKenzie, Salas, Vanderlaan, Willis, and McNamara

NOES: None

ABSENT: Cate, Cox and Wells

ABSTAINING: None

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

With respect to discussion on Item 5b, Commissioner Willis sought clarification on the terms of the Commission reserves. Through the Chair, the Executive Officer responded and noted to pull Item 5e for discussion. Commissioner Willis motioned to approve the item as recommended (receive and file) with a second from Commissioner Salas and carried unanimously by the Commissioners present.

With respect to discussion on Item 5e, audience members Laura Hunter and Neysa Ely with the Sierra Club sought clarification on the status of the scheduled municipal service review on the City of Escondido and the parallel Safari Highlands (aka Harvest Hills) project. Through the Chair, the Executive Officer responded that the associated municipal service review on the Escondido region has been administratively divided into two distinct parts with the first part completed and involving Rincon del Diablo MWD and Deer Springs FPD. The second part involves the City of Escondido and byway of an earlier agreement is being prepared by the City and remains incomplete at this time. The Executive Officer added this second part has been included in the proposed workplan for the upcoming fiscal year and staff can provide additional details as part of Agenda Item No. 6c should there be interest. Seeing no more discussion, the Chair noted the item was for information and stated the Commission would proceed with the next item on the agenda.

6. PUBLIC HEARING ITEMS

Item 6a
Final Report and Related Actions |
Municipal Service Review on the Valley Center Region

Item presented to receive a final report prepared as part of the scheduled municipal service review on the Valley Center region. Analyst Linda Heckenkamp provided the staff presentation and summary of key conclusions and determinations. This included noting the final report returns to the Commission substantively intact from its earlier draft presentation in January with revisions limited to technical corrections and/or clarifications. Analyst Heckenkamp concluded her presentation by recommending the Commission formally receive and file the final report and adopt the attached resolution codifying the written determinations that include – and among other items – direction to Valley Center Community Services District and County of San Diego to coordinate a reorganization proposal filing with LAFCO to transition the District into a County Service Area.

Chair Jacob opened the public hearing and asked if there were any initial questions from the Commission. Without any initial questions, Chair Jacob invited comments from the public. Comments were received from the following persons:

- Stephen Abbott with San Diego County Fire Districts Association
- Fire Chief Joseph Napier with Valley Center Fire Protection District
PUBLIC HEARING ITEMS CONTINUED...

Item No. 6a Continued

 Board President Larry Glavinic with Valley Center Community Services District

 Director Darcy LaHaye with Valley Center Community Services District

 David Nissen with the San Diego County Fire Authority

 General Manager Gary Arant with the Valley Center Municipal Water District

After all the requested speakers addressed the Commission with their concerns and there were no additional speakers, Chair Jacob closed the public hearing.

**

Commissioner Desmond motioned to approve the staff recommendation as provided in the agenda report with a second from Commissioner MacKenzie. Roll call requested:

AYES: Desmond, Jacob, MacKenzie, Salas, Vanderlaan, Kersey, Willis and McNamara

NOES: None

ABSENT: Cate, Cox and Wells

ABSTAINING: None

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

Item 6b

Sphere of Influence Updates for the Valley Center Region (CANCELLED)

Item 6c

Adoption of Proposed Workplan and Budget for 2020-2021

The Commission considered recommendation from the Executive Officer to adopt a proposed workplan and budget for 2020-2021. The Executive Officer provided the staff representation and noted the workplan outlined 20 specific project goals and continues to focus on the preparation of municipal service reviews in northern San Diego County. The Executive Officer added the proposed budget provides an approximate 1.9% increase in overall operating costs and includes covering pre-approved cost-of-living adjustments for non-management employees. The Executive Officer stated approval of both items through the adoption of the attached draft resolution would precede a formal public review and comment period with final versions of both documents returning for approval in May.
PUBLIC HEARING ITEMS CONTINUED...

Item No. 6c Continued
Chair Jacob opened the public hearing and asked if there were any initial questions or comments from the Commission. Without any comments Chair Jacob invited comments from the public. Comments were received from the following person:

- Laura Hunter

Commission discussion followed Ms. Hunter’s comments and request therein for LAFCO staff to assume responsibility for preparing the second part of the municipal service review on the Escondido region specific to the City. This included consensus by the Commission for staff to assume work on the municipal service review by December 1, 2020 should it remain incomplete by the City.

**

Commissioner Willis motioned to approve the staff recommendation as provided in the agenda report along with a deadline to the City of Escondido to complete and submit their municipal service review by December 1, 2020, and with a second from Commissioner Vanderlaan. Roll call requested:

AYES: Desmond, Jacob, MacKenzie, Salas, Vanderlaan, Kersey, Willis and McNamara
NOES: None
ABSENT: Cate, Cox and Wells
ABSTAINING: None

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

7. BUSINESS ITEMS

Item 7a
Draft Municipal Service Review on County Service Area No. 135
Item presented for discussion involving a draft municipal service review prepared on the County Service Area (CSA) No. 135 and its two active service functions: emergency public radio communications and fire protection and emergency medical. Executive Officer Keene Simonds provided the staff presentation on behalf of Local Government Consultant John Traylor and summarized the draft report’s key conclusions and recommendations. This includes – and among other items – a recommendation that the County of San Diego file a reorganization proposal with LAFCO to formally separate CSA No. 135 with fire protection services transitioning into a dependent fire protection district. The Executive Officer requested the Commission provide any initial feedback on the draft document ahead of staff initiating a formal public review and comment period with the goal of returning with a final version at the May meeting for possible action.
BUSINESS ITEMS CONTINUED...

Item No. 7a Continued
Chair Jacob asked if there were any initial questions or comments from the Commission. Without any comments Chair Jacob invited comments from the public. Comments were received from the following persons:

- Stephen Abbott with San Diego County Fire Districts Association
- David Nissen with the San Diego County Fire Authority

General discussion followed from the Commission.

Chair Jacob thanked staff for the draft report and stated she would look forward to receiving comments from the agencies and general public.

8. EXECUTIVE OFFICER REPORT

Executive Officer Keene Simonds announced the Cities Advisory Committee and Special Districts Advisory meetings to be held on March 13th and 20th, respectively.

9. COMMISSION ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

None.

10. CLOSED SESSION

None.

11. ADJOURNMENT TO NEXT MEETING

With no further business the Chair adjourned the meeting at 10:45 a.m.
May 4, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
       Erica Blom, Administrative Assistant

SUBJECT: Budget Update for 2019-2020 | 3rd Quarter Actuals with Year-End Projections and Related Budget Amendments

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a report comparing budgeted and actual transactions for 2019-2020 through the third quarter. The report projects the Commission will finish with an operating surplus of $0.099 million or 5%. Savings in salaries and benefits along with additional application fees underlie the projected surplus. Should the projected surplus hold it will allow the Commission to fully replenish the budgeted use of reserves as offsetting revenues in the fiscal year and leave an overall net increase to the fund balance of $0.026 million. The report is being presented to the Commission to accept and file as well as approve correcting budget amendments to help ensure all expense units finish with positive balances.

BACKGROUND

San Diego LAFCO’s adopted budget for 2019-2020 totals $1.916 million. This amount represents the total approved operating expenditures for the fiscal year divided between three active expense units: salaries and benefits; service and supplies; and other. A matching revenue total was also budgeted to provide a projected year-end net of $0 and with the purposeful aid of a planned $0.072 million transfer from unassigned reserves. Budgeted
revenues are divided between four active units: intergovernmental contributions; service charges; earnings; and miscellaneous.¹ The Commission’s total fund balance as of July 1, 2019 was $1.447 million.² No amendments have been approved to date.

**DISCUSSION**

This item is for San Diego LAFCO to receive an update comparison of (a) budget to (b) actual expenses and revenues through the third quarter (March 31st). The report provides the Commission the opportunity to track expenditure trends and consider year-end operating projections from the Executive Officer. The report is being presented to the Commission to formally accept and file along with providing related direction to staff as needed.

**Summary | Operating Expenses**

San Diego LAFCO’s budgeted operating expense total for 2019-2020 is $1.916 million. Actual expenses booked through the third quarter totaled $1.296 million. This booked amount represents 68% of the budgeted total with 75% of the fiscal year complete. A breakdown of budget to actual expenses by unit through March 31st follows.

<table>
<thead>
<tr>
<th>Expense Units</th>
<th>Adopted</th>
<th>Actuals Through 3/31</th>
<th>Percent Expended</th>
<th>Unexpended Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Salaries and Benefits</td>
<td>1,219,183</td>
<td>848,184</td>
<td>69.6</td>
<td>370,999</td>
</tr>
<tr>
<td>2) Services and Supplies</td>
<td>692,117</td>
<td>448,329</td>
<td>64.8</td>
<td>243,787</td>
</tr>
<tr>
<td>3) Other</td>
<td>5,000</td>
<td>0</td>
<td>0</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,916,300</strong></td>
<td><strong>$1,296,513</strong></td>
<td><strong>67.7%</strong></td>
<td><strong>$619,787</strong></td>
</tr>
</tbody>
</table>

Actuals through the third quarter of the fiscal year and related analysis suggest San Diego LAFCO is on pace to finish with $1.887 million in total expenses. Should this projection hold the Commission will achieve an unexpended budgeted savings in expenses of $0.029 million or 1.5%. An expanded discussion on budgeted and actuals through the first nine months along with year-end projections within the three expense units follow.

**Expense Unit | Salaries and Benefits**

San Diego LAFCO budgeted $1.219 million in salaries and benefits for 2019-2020 with the proceeds largely tied to funding 8.0 fulltime equivalent employees as well as existing retiree obligations. Through the third quarter actual expenses within the affected line item accounts totaled $0.848 million or 70% of the budgeted amount with 75% of the fiscal year complete. Going forward it is expected overall actuals will total $1.187 million through the end of the fiscal year. If this projection holds the Commission will achieve an overall unit savings of $32,222 or 3% less any amendments.

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¹ State law mandates operating costs for LAFCOs shall be annually funded among their represented agency membership categories. San Diego LAFCO’s operating costs, accordingly, are divided among four distinct membership categories with the largest apportionment assigned to the County of San Diego at 28.6%. The independent special districts and cities less the City of San Diego are also apportioned funding percentages of 28.6% with individual amounts divided thereafter based on total revenue shares in a given fiscal year. The City of San Diego – and based on special legislation providing the City a dedicated seat on LAFCO – is responsible for the remaining 14.3% of annual operating costs.

² The fund balance total of $1.447 million includes $0.772 million in unassigned monies. The remainder – $0.675 million – is currently committed and/or assigned by the Commission for specific purposes.
Expense Unit | Services and Supplies

San Diego LAFCO budgeted $0.692 million in services and supplies for 2019-2020 to provide funding for direct support services. Most of the budgeted funds are dedicated to professional services to cover such items as bookkeeping and legal services as well as making reimbursements to the County for office rent, information technology, and general overhead. Through the third quarter actual expenses within the affected line item accounts totaled $0.448 million or 65% of the budgeted amount with 75% of the fiscal year complete. Exactly one-third of these booked expenses – or $148,539 – involve professional services and represent the single largest actual cost in the unit with two-fifths tied to legal. Going forward it is expected overall actuals will total $0.698 million through the end of the fiscal year. If this projection holds it would produce an overall deficit within the unit of ($5,811) or (1%) less than any amendments and primarily the result of additional consultant services to help prepare scheduled studies due to the mid-year departure of an analyst.

Expense Unit | Other

San Diego LAFCO budgeted $5,000 in two separate units to collectively address equipment depreciation and potential fixed asset purchases in 2019-2020. The Commission has not billed any charges through the third quarter. Going forward it is expected actuals will total $2,500 and result in a year-end balance of $2,500 or 50% less any amendments.

Summary | Operating Revenues

San Diego LAFCO’s budgeted operating revenue total for 2019-2020 is $1.916 million. Actual revenues through the third quarter totaled $1.848 million. This amount represents 97% of the budgeted total with 75% of the fiscal year complete. A breakdown of budget to actual revenues within each of the four affected units through March 31st follows.

<table>
<thead>
<tr>
<th>Revenue Units</th>
<th>Adopted</th>
<th>Actuals Through 3/31</th>
<th>Percent Collected</th>
<th>Outstanding Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Intergovernmental</td>
<td>1,703,700</td>
<td>1,703,700</td>
<td>100.0</td>
<td>0</td>
</tr>
<tr>
<td>2) Service Charges</td>
<td>125,000</td>
<td>124,751</td>
<td>99.6</td>
<td>249</td>
</tr>
<tr>
<td>3) Earnings</td>
<td>15,000</td>
<td>20,191</td>
<td>134.6</td>
<td>(5,191)</td>
</tr>
<tr>
<td>4) Miscellaneous</td>
<td>72,600</td>
<td>0</td>
<td>0</td>
<td>72,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,916,300</strong></td>
<td><strong>$1,848,642</strong></td>
<td><strong>96.5%</strong></td>
<td><strong>$67,658</strong></td>
</tr>
</tbody>
</table>

Actuals through the third quarter and related analysis suggest San Diego LAFCO’s year-end revenue totals will tally $1,986 million. Should this projection hold the Commission will achieve a budgeted surplus of $0.070 million or 4% and directly attributed to additional application fee revenues. An expanded discussion on budgeted and actual revenues in the four units through the first nine months along with year-end projections follows.
Revenue Unit | Intergovernmental Fees

San Diego LAFCO budgeted $1.704 million in intergovernmental fees in 2019-2020. This total budgeted amount was subsequently divided between San Diego LAFCO’s four agency membership categories based on statutory formula. The County of San Diego, independent districts, and cities less San Diego all received apportionments equaling $0.487 million. The remaining amount – $0.244 million – was apportioned to the City of San Diego. All apportionments have been collected.

Revenue Unit | Service Charges

San Diego LAFCO budgeted $0.125 million in application fees in 2019-2020. Through the third quarter the Commission collected $0.124 million in application fees and represents 99% of the budgeted amount with 75% of the fiscal year complete. It is expected actuals will total $0.185 million by the end of the fiscal year and reflect both additional application activity as well as implementing a new fee schedule. Should this projection hold the Commission will achieve a budgeted surplus of $0.060 million or 48%.

Revenue Unit | Interest

San Diego LAFCO budgeted $0.015 million in interest earnings in 2019-2020. Through the third quarter the Commission collected $0.020 million in interest earnings and represents 134% of the budgeted total. Staff anticipates the unit ultimately tallying $0.025 million and result in a year-end surplus of $0.010 million or 68%.

Revenue Unit | Miscellaneous

San Diego LAFCO budgeted $0.073 million in operating transfers from unassigned reserves in 2019-2020. This transfer was purposefully budgeted in conjunction to use reserves to reduce increases in agency contributions. No transfers were made through the third quarter. A full transfer is expected for budgeting purposes at this time but will be reduced and/or eliminated should an overall surplus occur.

ANALYSIS

Activity through the third quarter of the fiscal year shows San Diego LAFCO is generally proceeding affirmatively and highlighted by all expense units finishing the period with actuals below their proportional budgeted totals (i.e., 75% of the budgeted unit amounts). It is relatedly projected the Commission will finish the fiscal year with an overall operating surplus of $0.099 million or 5% and attributed to the combination of savings in salaries and benefits as well as additional application fees. Should the projected surplus hold it will allow the Commission to fully replenish the budgeted use of reserves as offsetting revenues and leave an overall net increase to the fund balance of $26,300 from $1.447 to $1.472 million. Nonetheless, two minor budget amendments are warranted for consistency with bottom-line accounting practices and to help ensure all expense units finish the fiscal year with positive balances. These amendments are detailed in the following section and involve transferring existing budgeted monies between two expense units and do not affect the fund balance.
RECOMMENDATION

It is recommended San Diego LAFCO accept and file the report and approve the budget amendments for 2019-2020 consistent to transfer surplus monies within the Salaries and Benefits Unit to the Services and Supplies Unit. This recommendation is consistent with Alternative One outlined below.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):
Accept and file the report and approve the following budget amendments for 2019-2020:

(a) Amend and reduce budgeted monies in the salaries and wages account (Salaries and Benefits Unit) from $752,780 to $722,780; a difference of ($30,000); and

(b) Amend and increase budgeted monies in the professional services account (Services and Supplies Unit) from $204,505 to $234,505; a difference of $30,000.

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

PROCEDURES

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

Respectfully,

Keene Simonds
Executive Officer

Attachment:
1) 2019-2020 Operating Budget with Actuals Through March 31st and Year-End Projections
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## OPERATING EXPENSES

### Salaries and Benefits Unit

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### Services and Supplies Unit

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### Additional Information

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### Notes

- **Expended Year End** column shows the actual expenses for the year ending 31st December.
- **% Expended** column indicates the percentage of budget spent for the year.

---

**San Diego County Local Agency Formation Commission**

**Regional Service Planning | Subdivision of the State of California**

**Agenda Item No. 5b | Attachment One**

---

21
## OPERATING EXPENSES

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**EXPENSE TOTALS**

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## OPERATING REVENUES

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### Service Charges Unit

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**REVENUE TOTALS**

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**OPERATING NET**

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**FUND BALANCE | JUNE 30th**

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**FUND BALANCE | JULY 1st**

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May 4, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
      Erica Blom, Administrative Assistant

SUBJECT: Commission Ratification |
          Recorded Payments for February and March 2020

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a report identifying all payments received and made for the months of February and March 2020. These payments cover all recorded transactions for the two-month period and include $284,216 in total distributions made by the Executive Officer with more than four-fifths tied to reimbursements to the County of San Diego for payroll, rent, overhead, and information technology services. The payments are being presented for formal ratification.

BACKGROUND

Accounting Policies and Procedures

San Diego LAFCO’s policies provide direction to the Executive Officer to establish and maintain appropriate accounting controls for all financial transactions on behalf of the Commission. These policies specify the Executive Officer shall ensure accounting controls conform to standard procedures commonly enlisted by local governmental. Purchasing allowances are specified and include bid procedures for transactions at or above $10,000 and separate Commission approval for transactions at or above $125,000.
DISCUSSION

This item is for San Diego LAFCO to consider ratification of all payments made and received by the Executive Officer in February and March 2020. A detailing of these transactions prepared by the Administrative Assistant is provided in Attachments One (February) and Two (March). The item also provides the Commission the opportunity to provide feedback on related matters and inform potential changes in accounting procedures going forward.

ANALYSIS

San Diego LAFCO’s recorded payments made by the Executive Officer for February and March 2020 totaled $284,216 with 87% – or $245,849 – tied to expenditures with the County of San Diego. This includes covering payroll obligations, office rent, and information technology services. Professional service expenses represent most of the remaining expenditures during the period and totaled $31,185 and include legal and consultant activities. Recorded revenues during the period totaled $19,745 with most of the monies drawn from collecting two new application fees along with interest earnings. All transactions recorded during the period are consistent with the adopted budget.

RECOMMENDATION

It is recommended San Diego LAFCO ratify the payments received and made by the Executive Officer for February and March 2020 as presented. This recommendation is consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):
Ratify the recorded payments received and made by the Executive Officer in February and March 2020 as shown in Attachments One and Two.

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

Alternative Three
Take no action.¹

(continued)

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

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

Respectfully,

Erica Blom
Administrative Assistant

Attachments:
1) Recorded Payments in February 2020
2) Recorded Payments in March 2020
San Diego LAFCO
May 4, 2020 Meeting
Agenda Item No. 5c | Ratification of Payments for February and March 2020

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**EXPENSE TOTAL**

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**REVENUE TOTAL**

17,585.75
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**EXPENSE TOTAL**: $150,156.07

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**REVENUE TOTAL**: $2,159.49
May 4, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: Progress Report on 2019-2020 Workplan

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a progress report on accomplishing specific projects included in the adopted workplan for 2019-2020. The report notes more than four-fifths of all workplan projects have been initiated with eight already completed and this most recently includes a comprehensive municipal service review on the Valley Center region. Five additional projects are expected to be completed by the end of the fiscal year with most of the remainder being continued to next year’s workplan. The report is being presented to the Commission to receive and file as well as to discuss the merits of new projects and/or amendments for future consideration.

BACKGROUND

2019-2020 Workplan

San Diego LAFCO’s current fiscal year workplan was adopted at a noticed public hearing held on April 3, 2019. The workplan includes 27 projects and divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low. The intent of the workplan is to serve as a management tool to allocate resources over the 12-month period and track performance. Towards this end, the Commission reserves discretion to amend the workplan to address changes in priorities or resources as well as to continue projects into subsequent fiscal years.
DISCUSSION

This item provides San Diego LAFCO with its regular status update on the 27 targeted projects formally established for the fiscal year. This includes staff assigning one of four status categories to projects ranging from pending to complete and detailed in Attachment One. The item is being presented for the Commission to receive and file as well as provide general direction on listed projects. The item also provides the Commission the opportunity to discuss the merits of new projects and/or amendments for future consideration.

ANALYSIS

San Diego LAFCO is generally proceeding as planned and has initiated work on 22 of the 27 projects in the adopted workplan and represents more than four-fifths – or 81% – of the total through April. Eight projects are complete and highlighted by three comprehensive municipal service reviews involving the San Diego County Sanitation District as well as the Escondido (Part I) and Valley Center regions. A fourth comprehensive municipal service review on County Service Area No. 135 and its public safety radio and fire protection functions is also expected to be completed in May. Overall, staff anticipates work on 13 of the 27 projects being completed by the end of the fiscal year. Staff also anticipates another eight (8) projects being substantially underway and/or nearing completion by the end of the fiscal year and have been added to a proposed final workplan for separate Commission consideration.

RECOMMENDATION

It is recommended San Diego LAFCO receive and file the item with the invitation to discuss as needed. This recommendation would be accommodated by taking the actions outlined in the proceeding section as Alternative One.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):
Receive and file the item as presented.

Alternative Two:
Continue consideration of the item to a future meeting and provide direction to staff for more information as needed.

Alternate Three:
Take no action.
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

Attachment:

1) 2019-2020 Workplan with Status Notations
2019-2020 Workplan

Introduction:

Local Agency Formation Commissions’ (LAFCOs) operate under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2001 (“CKH”) and are delegated regulatory and planning responsibilities by the Legislature to oversee the formation and subsequent development of local government agencies and their municipal service areas. Common regulatory functions include approving jurisdictional changes and outside service requests. Common planning functions include preparing studies to independently evaluate the availability, performance, and need for urban services and establishing and updating spheres of influence – which are the Legislature’s version of urban growth boundaries and gatekeepers to future jurisdictional changes – for all cities and special districts. All regulatory and planning activities undertaken by LAFCOs may be conditioned and must be consistent with policies and procedures.

Objective:

This document represents San Diego LAFCO’s (“Commission”) formal 2019-2020 Workplan. The Workplan draws on the recommendations of the Executive Officer as vetted and approved by the Commission. The Workplan is divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low. The underlying intent of the Workplan is to serve as a management tool to allocate Commission resources in a transparent manner over the 12-month period. Further, while it is a stand-alone document, the Workplan should be reviewed in relationship to the adopted operating budget given the planned goals and activities are facilitated and or limited accordingly. Additionally, and as needed, the Commission reserves discretion to amend the Workplan during the fiscal year to address changes in resources and or priorities and to carry-forward projects into subsequent years.

Executive Summary:

The 2019-2020 Workplan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities. This includes continuing work on existing projects established – but not yet completed – from earlier fiscal years and marked by completing municipal service reviews for the Vista and San Marcos regions. New priority municipal service reviews involving the Fallbrook region, resource conservation services, and County Service Area No. 135 are also included as well as performing a policy review on outside service extensions. Other high priority projects include working with the County of San Diego to update an existing memorandum of understanding between the two agencies and preparing separate policy reviews on agricultural preservation and outside service extensions.
<table>
<thead>
<tr>
<th>Priority</th>
<th>Level</th>
<th>Type</th>
<th>Project</th>
<th>Description and Key Issues</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continual</td>
<td></td>
<td>Statutory</td>
<td>High Priority Proposals</td>
<td>San Marcos (Highlands), Escondido (Safari Highlands), et al.</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Continual</td>
<td></td>
<td>Administrative</td>
<td>Targeted LAFCO Presentations</td>
<td>Public outreach; emphasis on informing stakeholders ahead of MSR work</td>
<td>Ongoing</td>
</tr>
<tr>
<td>1</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>Fallbrook Region</td>
<td>Fallbrook PUD, Rainbow MWD, San Luis Rey MWD, &amp; North County FPD; address latent power query by Fallbrook PUD</td>
</tr>
<tr>
<td>2</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>Resource Conservation</td>
<td>Mission RCD, Upper San Luis Rey RCD, &amp; Greater San Diego; address §6133 issues and consolidation opportunities</td>
</tr>
<tr>
<td>3</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>CSA No. 135</td>
<td>Agency-specific review; explore governance options given County Charter amendment codifying fire protection services</td>
</tr>
<tr>
<td>4</td>
<td>High</td>
<td>Administrative</td>
<td>MOU with County</td>
<td>Update and expand current MOU from 1974; reflect current agency relationships and needs</td>
<td>Near Completion</td>
</tr>
<tr>
<td>5</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>San Marcos Region</td>
<td>San Marcos, San Marcos FPD, and Vallecitos WD</td>
</tr>
<tr>
<td>6</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>Vista Region</td>
<td>Vista, Vista ID, Vista FPD, and Buena Sanitation</td>
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<tr>
<td>7</td>
<td>High</td>
<td>Administrative</td>
<td>Policy Review</td>
<td>Outside Services</td>
<td>Update policies involving outside service extensions under §6133; establish local definitions and exemptions</td>
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<tr>
<td>8</td>
<td>High</td>
<td>Administrative</td>
<td>Cities Advisory Committee</td>
<td>Re-establish dormant Cities Advisory Committee in conjunction with informing Study Schedule and other germane topics</td>
<td>Completed</td>
</tr>
<tr>
<td>9</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>Escondido Region</td>
<td>Rincon del Diablo MWD and Deer Springs FPD (Part I) and Escondido (Part II)</td>
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<tr>
<td>10</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>SD County Sanitation District</td>
<td>Multiple community wastewater systems located throughout San Diego County</td>
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<tr>
<td>11</td>
<td>High</td>
<td>Administrative</td>
<td>Job Class and Salary Review</td>
<td>Specific to non-executive positions; focus on alignment and retention via Personnel Committee</td>
<td>Near Completion</td>
</tr>
<tr>
<td>12</td>
<td>High</td>
<td>Administrative</td>
<td>Policy Review</td>
<td>Ag Policy</td>
<td>Update existing policies and procedures involving agricultural preservation; incorporate stakeholder outreach</td>
</tr>
<tr>
<td>13</td>
<td>Moderate</td>
<td>Administrative</td>
<td>RFP for Auditing Services</td>
<td>Complete competitive proposal process to select new outside consultant to provide outside auditing services</td>
<td>Completed</td>
</tr>
<tr>
<td>15</td>
<td>Moderate</td>
<td>Statutory</td>
<td>MSR</td>
<td>Pauma Valley</td>
<td>Pauma MWD, Pauma CSD, Yuima MWD, Mootarnai MWD, and Rincon Ranch CSD</td>
</tr>
<tr>
<td>16</td>
<td>Moderate</td>
<td>Statutory</td>
<td>MSR</td>
<td>Valley Center Region</td>
<td>Valley Center MWD, Valley Center CSD, and Valley Center FPD</td>
</tr>
<tr>
<td>17</td>
<td>Moderate</td>
<td>Statutory</td>
<td>MSR</td>
<td>Poway Region</td>
<td>Review is agency-specific to Poway</td>
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<tr>
<td>18</td>
<td>Moderate</td>
<td>Statutory</td>
<td>MSR</td>
<td>Ramona Region</td>
<td>Review is agency-specific to Ramona MWD</td>
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<tr>
<td>19</td>
<td>Moderate</td>
<td>Administrative</td>
<td>Update Application Procedures</td>
<td>Streamline existing packet to be more user-friendly; address new statutory requirements</td>
<td>Pending</td>
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<tr>
<td>20</td>
<td>Moderate</td>
<td>Administrative</td>
<td>Districts Advisory Committee</td>
<td>Conduct no less than two quarterly meetings and solicit feedback on germane topics</td>
<td>Completed</td>
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<tr>
<td>21</td>
<td>Moderate</td>
<td>Administrative</td>
<td>Video Recording</td>
<td>Establish video recording of Commission meetings and online posting to expand community outreach</td>
<td>Completed</td>
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<tr>
<td>22</td>
<td>Moderate</td>
<td>Administrative</td>
<td>CALAFCO</td>
<td>Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference</td>
<td>Completed</td>
</tr>
<tr>
<td>23</td>
<td>Low</td>
<td>Administrative</td>
<td>Informational Report on SGMA</td>
<td>State Groundwater Management Act (SGMA) Implementation in San Diego County relative to LAFCO duties/interests</td>
<td>Pending</td>
</tr>
<tr>
<td>24</td>
<td>Low</td>
<td>Administrative</td>
<td>SOI/MSR Annual Report</td>
<td>Prepare annual report to serve as living record of all sphere actions in San Diego County</td>
<td>Near Completion</td>
</tr>
<tr>
<td>25</td>
<td>Low</td>
<td>Administrative</td>
<td>LAFCO Brochure</td>
<td>Branding tool for distribution to State and other local agencies</td>
<td>Completed</td>
</tr>
<tr>
<td>26</td>
<td>Low</td>
<td>Administrative</td>
<td>Local Agency Directory</td>
<td>User-friendly publication identifying local governmental agencies under LAFCO oversight in San Diego County</td>
<td>Pending</td>
</tr>
<tr>
<td>27</td>
<td>Low</td>
<td>Administrative</td>
<td>Social Media Policies and Protocols</td>
<td>Establish policies and procedures to expand outreach to capture alternate media forums; link with new website</td>
<td>Pending</td>
</tr>
</tbody>
</table>
May 4, 2020

TO: Commissioners

FROM: Robert Barry, Chief Policy Analyst
Linda Heckenkamp, Analyst I

SUBJECT: Active Proposals and Related Activities

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report identifying active change of organization or reorganization proposal applications on file with the Commission as well as a summary of pending proposal application submittals. This includes identifying five new proposals submitted since the last report in March. The item is for information and concurrently satisfies LAFCO’s reporting requirement to affected agencies for proposed special district annexations submitted by landowners or voters.

BACKGROUND

Processing Procedures and Timelines

LAFCO proceedings for consideration of proposed changes of organization or reorganizations – which may include incorporations, formations, annexations, detachments, mergers, consolidations, and service function activations or divestures – are typically initiated by outside applicants (subject landowners or registered voters, and/or local affected agencies). LAFCOs may also initiate proposals specific to forming, consolidating, or dissolving special districts if consistent with the recommendations of approved municipal service reviews. Following submittal, proposal applications are reviewed by San Diego LAFCO staff for completeness and status letters are sent to the applicants within 30 days. If additional
documentation is required, the submitted proposal application is deemed incomplete and the status letter will itemize the needed information. Once the application is complete, a Certificate of Filing is issued by the Executive Officer and the proposal is scheduled for Commission consideration and placed on the agenda as consent, business, or hearing items based on noticing requirements.¹ Overall, most proposals are forwarded to the Commission within six months from the date of submittal.

DISCUSSION

This item is being presented for information only and identifies all active proposal applications currently being processed by San Diego LAFCO. The report also – and for telegraphing purposes of future workload – identifies pending proposals staff anticipates being submitted with LAFCO in the near term. The information item also serves to concurrently satisfy the Commission’s reporting requirement to provide notice on agendas to affected special districts when proposed annexation applications are initiated by landowners or registered voters.² A summary of active and pending proposal applications follow and detailed in Attachment One.

Active Proposals & Related Petition Notifications

There are 20 proposal applications currently active and undergoing processing with San Diego LAFCO as of date. Current processing stages of these active applications range from pre-Commission (17) to post-Commission (3) with the latter category representing items already approved but awaiting the completion of conducting authority proceedings (i.e., protest) or terms. Five new proposal applications have been submitted – each by resolution of an affected agency – since the last meeting in March and are identified below.

- “Orphan – Eolus Avenue Change of Organization” (CO20-03) | Annexation to Leucadia Wastewater District
- “Rainbow MWD Wholesaler Reorganization” (RO20-04) | Annexation to Eastern Municipal Water District with a Concurrent Detachment from San Diego County Water Authority
- “Fallbrook PUD Wholesaler Reorganization” (RO20-05) | Annexation to Eastern Municipal Water District with a Concurrent Detachment from San Diego County Water Authority
- “Live Oak Springs Reorganization” (CO20-06) | Formation of County Service Area No. 137
- “Schirber – Hymettus Avenue Change of Organization” (CO20-07) | Annexation to Leucadia Wastewater District

¹ The Executive Officer may also place proposals otherwise meriting consent on the business calendar to solicit additional review and discussion if warranted. Separately, applications involving outside-of-agency service extension requests follow separate proceedings and may be administratively approved by the Executive Officer if addressing documented public health or safety threats.

² Government Code Section 56857 directs LAFCOs to provide notice on agendas of any proposal involving special districts that have been initiated by landowners or registered voters. The agenda notification starts a 60-day period in which the affected special districts may request termination of the proceedings due to financial or service-related concerns.
Pending Proposals

There are four substantive proposals anticipated for submittal to San Diego LAFCO following completion of development and environmental review by local agencies. Three of these pending proposals involve city annexations in North County to accommodate relatively large residential subdivision projects and include Harvest Hills (Escondido), Sager Ranch (Escondido), and Rancho Lomas Verdes (Vista).

ANALYSIS

San Diego LAFCO remains active in processing close to two dozen proposals with five having been submitted within the last month. Most submitted proposal applications are on file for less than one calendar year and actively progress through the review process. This includes two recent and substantive proposals involving requested latent powers activation by Fallbrook Public Utility District and various actions associated with the Valiano – Eden Hills development proposal. Several proposal applications on file with the Commission for more than five years are anticipated to be terminated as abandoned pending additional contact from the applicant. To this end, and consistent with earlier Chair direction, staff anticipates presenting draft policy language shortly to authorize the Executive Officer to terminate or otherwise abandon proposals considered non-active for five years.

RECOMMENDATION

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

ALTERNATIVES FOR ACTION

This item is being presented for information only; no action is necessary.

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 staff,

Linda Heckenkamp
Analyst I

Attachment:

1) Active and Pending Proposal Applications as of April 24, 2020

Staff uses discretion in listing pending proposals and limits notice to only activities to be initiated by a local governmental agency. Pending proposals to be initiated by landowners and/or registered voters are not disclosed until an actual filing is made.
San Diego LAFCO
May 4, 2020 Meeting
Agenda Item No. 5e | Current Proposal Applications and Related Activities

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<table>
<thead>
<tr>
<th>File Number</th>
<th>Proposal Name</th>
<th>Project Manager</th>
<th>Proposal Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 DA08-10</td>
<td>“Avocado Way-Potter Annexation”  - Vallecitos WD (Annexation)</td>
<td>Robert Barry</td>
<td>Proposal application submitted in March 2008 for a proposed annexation to Vallecitos WD to obtain sewer service for two existing residences along Avocado Way but deemed incomplete in April 2008 status letter. A new status letter was sent to the applicant in January 2018 stating the proposal will be considered abandoned unless notified otherwise. The current property owner has responded and conveyed their interest to proceed with the annexation. Ongoing discussions with Vallecitos WD as of 2018.</td>
</tr>
<tr>
<td>2 RO08-09</td>
<td>“South Mollison Ave-Snyder Reorganization”  - City of El Cajon (Annexation)</td>
<td>Robert Barry</td>
<td>Proposal application submitted in May 2008 for a proposed annexation to the City of El Cajon. The annexation area includes approximately 1.25 acres and is subject to a proposed multi-family residential project and was deemed incomplete in June 2008 status letter. A new status letter was sent in January 2018 to the applicant, new property owner, and City stating the proposal will be considered abandoned unless notified otherwise. No response to date.</td>
</tr>
<tr>
<td>3 RO08-15-SA08-15</td>
<td>“Crestlake Estates Reorganization”  - San Diego County SD (Annexation)  - Lakeside FPD (Annexation)  - CSA 69 (Annexation)</td>
<td>Robert Barry</td>
<td>Proposal application submitted in May 2008 requesting a reorganization to provide sewer services to an approved Tentative Map allowing the development of 60 single-family residences and was deemed incomplete in June 2008 status letter. A new status letter was sent to the applicant in February 2018 stating the proposal will be considered abandoned unless notified otherwise. No response to date.</td>
</tr>
<tr>
<td>4 DA12-02</td>
<td>“Lorch Annexation”  - Borrego WD (Annexation)</td>
<td>Robert Barry</td>
<td>Proposal application submitted in March 2012 to annex approximately 9.4 acres to the Borrego Water District to provide water service to one parcel. The site is within the adopted sphere, but deemed incomplete in an April 2012 status letter. A new status letter was sent in January 2018 stating the proposal will be considered abandoned unless notified otherwise. Borrego WD responded to the letter and has reinitiated discussions with the landowner regarding possible service terms.</td>
</tr>
<tr>
<td>5 RO06-17</td>
<td>“Tobacco Road Reorganization”  - City of Escondido (Annexation)</td>
<td>Robert Barry</td>
<td>Proposal application submitted in March 2006 to annex six parcels to the City of Escondido for wastewater service. In 2006, LAFCO approved two out of service agreements to allow the City of Escondido to provide sewer service to two residences with failing septic systems located along Tobacco Road. The agreements between the City and landowners required the annexation of the two parcels. The proposal was deemed incomplete in April 2006 status letter. A new status letter was sent in January 2018 stating the proposal will be considered abandoned unless notified otherwise. Two of the affected landowners have responded to the letter and are now working with the City in determining if the other landowners are interested/willing to proceed with the annexation at this time.</td>
</tr>
<tr>
<td>File Number</td>
<td>Proposal Name</td>
<td>Affected Agencies</td>
<td>Project Manager</td>
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</tr>
<tr>
<td>6</td>
<td>DA16-10</td>
<td>“CSA 17 Harmony Grove Annexation” - CSA 17 (Annexation)</td>
<td>Linda Heckenkamp</td>
</tr>
<tr>
<td>7</td>
<td>RO16-11</td>
<td>“Rancho Hills Annexation” - Rancho Santa Fe CSD (Annexation)</td>
<td>Robert Barry</td>
</tr>
<tr>
<td>8</td>
<td>RO19-04</td>
<td>“Ortega – Olde Highway 80 Change of Organization” - San Diego County Sanitation District (Annexation)</td>
<td>Linda Heckenkamp</td>
</tr>
<tr>
<td>9</td>
<td>RO19-15 OAS19-15</td>
<td>“Hamilton-Felicta Reorganization” - City of Escondido (Annexation) - CSA No. 135 (Detachment) - Rincon del Diablo MWD (ID”E”) (Exclusion)</td>
<td>Linda Heckenkamp</td>
</tr>
<tr>
<td>10</td>
<td>SA19-26 RO19-26 OAS19-26</td>
<td>“Valiano - Eden Valley Reorganization” - City of Escondido (Sphere Amendment, Contractual Wastewater Service Agreement - San Marcos FPD (Annexation) - Rancho Santa Fe FPD (Sphere Amendment, Detachment)</td>
<td>Robert Barry</td>
</tr>
</tbody>
</table>

April 24, 2020
<table>
<thead>
<tr>
<th>File Number</th>
<th>Proposal Name</th>
<th>Affected Agencies</th>
<th>Project Manager</th>
<th>Proposal Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>LP(E)19-27</td>
<td>“Fallbrook Public Utility District Latent Power Expansion Park &amp; Rec et al.”</td>
<td>Robert Barry</td>
<td>Proposal application submitted in November 2019 by resolution, involves activation of Fallbrook PUD’s latent power to exercise park and recreation, street lighting and roads and street functions within its boundaries. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.</td>
</tr>
<tr>
<td>12</td>
<td>CO20-01</td>
<td>“Anthony Heights - Lupa Change of Organization” - Vallecitos Water District (Annexation)</td>
<td>Robert Barry</td>
<td>Proposal application submitted in February 2020 by landowner petition, involves annexation of one residential lot totaling approximately 1.35 acres for wastewater service. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.</td>
</tr>
<tr>
<td>13</td>
<td>CO20-03</td>
<td>“Orphan – Eolus Avenue Change of Organization” - Leucadia Wastewater District (Annexation)</td>
<td>Linda Heckenkamp</td>
<td>Proposal application submitted in February 2020 by resolution, involves annexation of approximately 0.56 acres within its boundaries for connection to public wastewater service. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.</td>
</tr>
<tr>
<td>14</td>
<td>RO20-04</td>
<td>“Rainbow MWD Wholesaler Reorganization” – San Diego County Water Authority (detachment) – Eastern Municipal Water District (annexation)</td>
<td>Robert Barry</td>
<td>Proposal application submitted April 2020 by resolution, involves annexation to Eastern Municipal Water District for wholesale water service with concurrent detachment from the San Diego County Water Authority. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.</td>
</tr>
<tr>
<td>15</td>
<td>RO20-05</td>
<td>“Fallbrook PUD Wholesaler Reorganization” – San Diego County Water Authority (detachment) – Eastern Municipal Water District (annexation)</td>
<td>Robert Barry</td>
<td>Proposal application submitted April 2020 by resolution, involves annexation to the Eastern Municipal Water District for wholesale water service with concurrent detachment from the San Diego County Water Authority. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.</td>
</tr>
<tr>
<td>16</td>
<td>CO20-06</td>
<td>“County Service Area No. 137 - Live Oak Springs Formation” - Formation of County Service Area No.137 (Live Oak Springs Water)</td>
<td>Linda Heckenkamp</td>
<td>Proposal application submitted April 2020 by resolution, involves formation of County Service Area No. 137 to assume water service responsibility for a failing private water company located in the unincorporated community of Live Oak Springs in the south eastern portion of San Diego County. The affected territory includes approximately 151.5 acres. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.</td>
</tr>
<tr>
<td>File Number</td>
<td>Proposal Name</td>
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<td>Project Manager</td>
<td>Proposal Summary</td>
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</tr>
<tr>
<td>17</td>
<td>CO20-07</td>
<td>&quot;Schibler – Hymettus Avenue Change of Organization”&lt;br&gt;- Leucadia Wastewater District (Annexation)</td>
<td>Robert Barry</td>
<td>Proposal application submitted in April 2020 by resolution, involves annexation of approximately 1.69 acres for connection to public wastewater service. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.</td>
</tr>
<tr>
<td>18</td>
<td>SA16-20 LP16-20</td>
<td>“CSA 135 Islands Reorganization”&lt;br&gt;- CSA 135 – LP Fire Area (Latent Powers Expansion)&lt;br&gt;- Bonita-Sunnyside FPD (Annexation)&lt;br&gt;- Lakeside FPD (Annexation)&lt;br&gt;- San Miguel FPD (Annexation)&lt;br&gt;- Ramona MWD (Annexation)</td>
<td>Robert Barry</td>
<td>Proposal submitted November 2016 and involved the annexation of remaining unserved Islands 2, 3, and 4 within Heartland area and reorganization of local fire service territory among five agencies: CSA 135; Bonita-Sunnyside FPD; Lakeside FPD; Ramona MWD; and San Miguel FPD. Reorganization proposal submitted by resolution of the San Diego County Fire Authority. Involves annexation to the subject agencies and expansion of CSA No. 135’s latent powers to provide fire protection and emergency medical services to three unincorporated and unserved island areas totaling approximately 21,048 acres. A concurrent amendment to add the affected territory to the subject agencies’ spheres of influence is also required to accommodate the proposed action. The proposal was approved by the Commission on February 4, 2018 and is now pending recordation once all terms are satisfied. A noticed protest hearing was held on March 13, 2019 at the LAFCO office. No protest was received by affected registered voters or landowners.</td>
</tr>
<tr>
<td>19</td>
<td>SA18-07 OAS18-07</td>
<td>“Carmichael Drive – Wyman Service Agreement”&lt;br&gt;- City of La Mesa (Sphere Amendment, OAS)</td>
<td>Robert Barry</td>
<td>Proposal involves an outside-of-agency wastewater service extension agreement between the property owner and the City of La Mesa for wastewater sewer service to one developed single-family residence located outside of the La Mesa sphere of influence. The purpose of the request is to allow the landowner to proceed with an intensity improvement to develop an accessory workshop unit, which exceeds the permitted capacity of the existing onsite septic system. The proposal was approved by the Commission on April 8, 2018 and is now pending recordation once all terms are satisfied.</td>
</tr>
<tr>
<td>20</td>
<td>CO19-29</td>
<td>“Orpheus Avenue – Gupta Change of Organization”&lt;br&gt;- Leucadia Wastewater District (Annexation)</td>
<td>Linda Heckenkamp</td>
<td>Proposal submitted in December 2019 by Board resolution, involves the annexation of approximately 0.995 acres within its boundaries for connection to public wastewater service. The proposal was approved by the Commission on April 2, 2020 and is now pending recordation once all terms are satisfied.</td>
</tr>
<tr>
<td>File Number</td>
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</tr>
<tr>
<td>21</td>
<td>Pending</td>
<td>“Harvest Hills Reorganization” - City of Escondido</td>
<td>PROPOSAL (No project manager; inquiries should be direct to Robert Barry)</td>
<td>This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido with submittal to LAFCO anticipated for late 2020. 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 of the affected territory lies outside the current City 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 issues have been communicated to the City and are currently under joint-review with other stakeholders. Project was originally titled as “Safari Highlands.”</td>
</tr>
<tr>
<td>22</td>
<td>Pending</td>
<td>“Rancho Lomas Verde Reorganization” - City of Vista</td>
<td>PROPOSAL (No project manager; inquiries should be direct to Robert Barry)</td>
<td>This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Vista. The anticipated 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 current City 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 issues have been communicated to the City and are currently under joint-review with other stakeholders.</td>
</tr>
<tr>
<td>23</td>
<td>Pending</td>
<td>“Sager Ranch Reorganization” - City of Escondido</td>
<td>PROPOSAL (No project manager; inquiries should be direct to Robert Barry)</td>
<td>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 development of approximately 200 acres to include 203 residential units and a 225-room resort. Portions of the project area lies outside the current City 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 issues have been communicated to the City and are currently under joint-review with other stakeholders.</td>
</tr>
<tr>
<td>24</td>
<td>Pending</td>
<td>Harmony Grove Village South (TM-626)</td>
<td>PROPOSAL (No project manager; inquiries should be direct to Robert Barry)</td>
<td>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, the San Diego Superior Court overturned the County development approvals for the project.</td>
</tr>
</tbody>
</table>
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TO: Commissioners

FROM: Keene Simonds, Executive Officer
      Holly O. Whatley, Commission Counsel

SUBJECT: Response to COVID-19

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report on administrative adaptations undertaken in response to COVID-19. This includes closing the office to the public and a temporary transition to telework for all employees with limited exceptions. The report is being presented for information while providing the Commission the opportunity to provide related feedback proceeding forward.

BACKGROUND

State Emergency

Governor Newsom declared a statewide emergency on March 4, 2020 due to the outbreak of COVID-19. A series of Executive Orders followed between March 12th and 24th and includes a shelter-in-place order for Californians less critical and/or essential operation workers. The County of San Diego and City of San Diego have also issued similar local orders.
LAFCO as an Essential Function

San Diego LAFCO qualifies as an essential function under the Governor Newsom’s Executive Order N-33-20. This involves providing regulatory approvals and related oversight of local agencies delivering critical public services and infrastructure. In so doing, LAFCO qualifies under the March 22, 2020 directive from the State Public Health Officer issued pursuant to Executive Order N-33-20 listing “Other Community Based Government Operations and Essential Functions” as “Essential Critical Infrastructure Workers.” Relatedly, and consistent with maintaining the continuity of government, LAFCO has continued to receive and process jurisdictional change applications and this includes receipt of five proposals after the State issued the shelter-in-place order.

DISCUSSION

This item provides San Diego LAFCO with a summary of actions undertaken in response to COVID-19 and the associated Executive Orders issued by Governor Newsom. The summary is provided for information with an opportunity for the Commission to provide related feedback to the Executive Officer and Counsel proceeding forward. A summary of actions follows.

- **Office Closure**
  The LAFCO office has been closed to the general public beginning on Thursday, March 12th. A notice of the closure has been posted on the front door, building entrance, and online. The office’s main telephone line has also been redirected to a mobile phone issued to Administrative Assistant Erica Blom to help ensure timely responses during normal business hours.

- **Transition to Telework**
  All LAFCO employees have transitioned to telework on a temporary basis and perform their assigned duties over 40-hour workweeks at home with limited exceptions as detailed below. This transitioned was facilitated by assigning laptop computers to all employees with the ability to remotely access the LAFCO network. The Executive Officer retains the discretion to adjust these telework arrangements as needed to ensure LAFCO work is timely and efficiently completed while also taking into consideration the Governor’s directive regarding social distancing and the future lifting and/or easing of such restrictions.

- **Limited Office Attendance**
  A limited amount of physical attendance at the LAFCO office remains necessary. Most of the physical office attendance involves Administrative Assistant Erica Blom reporting on Tuesdays and Thursdays to collect and send mail – including issuing application notices that require distribution by first-class mail – and perform accounts receivable/payable. Executive Assistant Ruth Arellano reports to the office on Wednesdays as needed to prepare checks and payroll. The Executive Officer similarly reports on Fridays as needed to sign checks and payroll. No other employees are permitted at the office.
• **Disinfection Services**
  The LAFCO office is now regularly disinfected (wipe-downs) twice daily by County General Services. Regular evening janitorial services also continue.

• **Employee Supervision**
  The Executive Officer maintains regular contact with all employees through e-mail and telephone to discuss work assignments. Weekly video-conference meetings with all staff are also conducted on Tuesdays using Zoom.

• **Advisory Committees**
  LAFCO transitioned both recent meetings of the Cities and Special Districts Advisory Committees to conference-calls on March 13th and March 20th, respectively. Should the shelter-in-order continue staff will transition future meetings to video-conference.

**ANALYSIS**

San Diego LAFCO continues to conduct regular business while adapting to COVID-19 and the associated needs for physical distancing. This includes transitioning to telework and making use of the internet, email, and telephone in processing applications and continuing work in several municipal service reviews and other projects listed in the workplan. A related progress report on the workplan is provided as Agenda Item No. 5d.

**RECOMMENDATION**

This item is presented to San Diego LAFCO for information only. It is recommended the Commission review the report with the invitation to provide feedback.

**ALTERNATIVES FOR ACTION**

This item is being presented for information only; no action.

**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

Attachment: none
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May 4, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
       Holly O. Whatley, Commission Counsel

SUBJECT: Consideration of Applications by the San Diego County Water Authority for Non-District Determinations Involving Conducting Authority Proceedings for Proposed Reorganizations Filed by Fallbrook Public Utility District (RO20-05) and Rainbow Municipal Water District (RO20-04) and Related Requests

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider applications from the San Diego County Water Authority to exempt it from standard conducting authority provisions and instead follow its principal act for the recent detachment proposals filed by Fallbrook Public Utility District (PUD) and Rainbow Municipal Water District (MWD). Approving the applications would mean any subsequent Commission approval of the Fallbrook and/or Rainbow detachments would not involve protest proceedings but would still be subject to registered voters’ confirmation per the Water Authority’s principal act. Staff believes the qualifying criteria in statute to exempt the Water Authority from standard conducting authority proceedings applies and recommends approval. The Water Authority is also requesting the Commission suspend all further processing activities on Fallbrook and Rainbow’s proposals due to the COVID-19 emergency and separately condition any potential detachments on an expanded vote of registered voters within all 24-member agencies’ jurisdictions. No actions are recommended with respect to these latter two requests.
BACKGROUND

Reorganization Proposals by Fallbrook PUD and Rainbow MWD

San Diego LAFCO received separate reorganization proposals in March 2020 from Fallbrook PUD and Rainbow MWD seeking Commission approval to concurrently (a) detach from the San Diego County Water Authority and (b) annex to Eastern MWD. The stated purpose of the reorganizations as detailed in the proposal materials is to achieve cost-savings for the agencies by transitioning the purchase of wholesale supplies from the Water Authority to Eastern MWD. Staff currently anticipates an approximate 12 to 16-month timeline to process the reorganization proposals and this includes soliciting input from Riverside LAFCO based on an earlier agreement with the Commission.\(^1\) Copies of both Fallbrook PUD and Rainbow MWD’s proposals are available on the Commission website (www.sdlafc.org).

Standard and Alternative Conducting Authority Proceedings

All boundary proposals approved by San Diego LAFCO are subject to conducting authority proceedings under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") unless all affected landowners, voters, and agencies provide written consent. Standard conducting authority proceedings are outlined in Part 4 of CKH and premised on LAFCO first holding a protest hearing to allow landowners and registered voters to file written objections to the Commission approval. An election follows only if more than 25% and less than 50% of the landowners and/or registered voters file written protests with additional details footnoted.\(^2\) An election is limited to only registered voters.

CKH also provides an alternative process for conducting authority proceedings in limited circumstances involving certain eligible special districts – including county water authorities.\(^3\) This alternative process involves the eligible special district applying and receiving LAFCO approval for a “non-district” determination based on meeting specific criteria. If approved, the alternative process delegates conducting authority proceedings to the special district and based on the processes provided within their principal act.\(^4\)

DISCUSSION

This agenda item is for San Diego LAFCO to consider applications from the San Diego County Water Authority and related requests in response to separate reorganization proposals recently filed by Fallbrook PUD and Rainbow MWD. The applications seek approval to utilize alternative conducting authority proceedings and delegate the associated processes from CKH to the Water Authority’s principal act. Two related requests accompany the applications and ask the Commission to suspend all proposal processing as well as condition any potential

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\(^1\) In October 2019, San Diego and Riverside LAFCOs entered into an agreement to delegate all processing approvals for the Fallbrook PUD and Rainbow MWD reorganization proposals – including associated sphere amendments – to San Diego LAFCO. The agreement specifies San Diego LAFCO shall actively consult with Riverside LAFCO in processing the reorganizations and this includes providing input on all related recommendations.

\(^2\) LAFCO approvals proceed without elections when protest levels fall below 25% for both landowners and registered voters. LAFCO approvals are terminated when protest levels exceed 50% for either landowners or registered voters.

\(^3\) Reference to Government Code Section 56036.6.

\(^4\) A similar alternative process exists involving Part 5 of CKH and the application of terms and conditions.
proposal approvals on an expanded vote of registered voters. A summary discussion on all three requested actions filed by the Water Authority follow.

**Applications for Alternative Conducting Authority Proceedings**

San Diego LAFCO provided written notices to the San Diego County Water Authority on March 25, 2020 regarding the submittal of the reorganization proposals by Fallbrook PUD and Rainbow MWD. The notices advised the Water Authority of their eligibility under statute to apply for non-district determinations to delegate conducting authority proceedings to its principal act. The Water Authority responded within the required 10-day period with formal applications requesting alternative conducting authority proceedings for both proposals. Copies of both applications are provided as Attachments One and Two.

State law prescribes LAFCO approval for alternative conducting authority proceedings for eligible special districts shall be based on the applicant qualifying as a “non-district” and specifically not engaged in any of the following activities:

- The distribution and sale for any purpose, other than for the purpose of resale, of water or of gas or electricity for light, heat, or power.

- Furnishing sanitary sewer service or garbage and refuse collection service to the ultimate users, as defined in subdivision (b), of those services.

- Providing fire or police protection.

- The acquisition, construction, maintenance, lighting, or operation of streets and highways, street and highway improvements, or park and recreation facilities, except as an incident to the exercise of other lawful powers of the applicant.

The Water Authority has attested in its applications to the Commission that it is not engaged in any of the above-listed activities. Staff independently concurs. Additionally, no objections to the applications have been made by Fallbrook PUD or Rainbow MWD.

**Request to Suspend Proposals’ Processing**

The San Diego County Water Authority requests San Diego LAFCO suspend all processing activities on the Fallbrook PUD and Rainbow MWD proposals due to the current COVID-19 emergency. The Water Authority notes it has declared its own emergency and in doing so significantly limiting operations and largely moving to a remote workforce. The request also notes should the Commission proceed in processing the proposals it would be prejudicial to the Water Authority, its member agencies, and their shared constituents. The Water

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5 The notice also advised the Water Authority of the option to apply to delegate terms and conditions under Part 5 of CKH to its principal act.

6 Subsection (b) defines “ultimate user” to mean any user or consumer other than the state, the United States, a city, a county, or a district, or any agency, department, or office of any of those entities or a public utility.
Authority states similar actions to suspend activities has been done by the courts and other public agencies due to the common impacts caused by COVID-19.

Staff has reviewed the request in detail and concludes LAFCO does not have authority in CKH to suspend the processing of a proposal that has been filed with the prerequisite information required under statute and local policy without applicant consent. Staff is also unaware of any recent order or directive by the State providing new discretion to LAFCO to suspended proposal processing. Additionally, while acknowledging the impacts of COVID-19, LAFCO remains fully operational with the understanding some external resources may be impacted and create otherwise atypical delays in bringing the proposals to the Commission.

Staff separately contacted both Fallbrook PUD and Rainbow MWD to determine whether either agency would voluntarily agree to suspend their reorganization proposals on file with LAFCO given the Water Authority’s request. Fallbrook PUD and Rainbow MWD responded in a joint letter to the Commission that in the absence of a LAFCO hardship they do not support suspending the processing of the proposals at this time. A copy of the joint letter is provided as Attachment Three.

**Request to Condition Any Proposal Approvals on Expanded Vote**

The San Diego County Water Authority requests San Diego LAFCO condition any potential detachment approvals involving Fallbrook PUD and/or Rainbow MWD’s reorganization proposals to expand the electorate to include all registered voters in the Water Authority’s entire jurisdictional boundary and its 24 member agencies. This request represents a potential expansion of the eligible electorate from an approximate population base of 55,000 to 3,300,000.\(^7\) The Water Authority justifies the request by noting all member agencies and their ratepayers would be financially impacted should Fallbrook PUD and/or Rainbow MWD detach.

Staff appreciates the Water Authority is choosing to advance the requested condition now for purposes of drawing the Commission’s attention to the topic and the Water Authority’s position therein. Staff also appreciates Fallbrook PUD and Rainbow MWD are similarly choosing to go on record now to oppose the request for reasons detailed in their joint-letter. Actual analysis of the request is deferred to the administrative review of the proposals along with any other requests or recommendations made by affected and subject agencies.

**ANALYSIS**

The San Diego County Water Authority’s applications for “non-district” determinations meet the qualifying criteria in statute and accordingly it would be appropriate for San Diego LAFCO to proceed with approvals. The substantive outcome of these approvals is to ensure any future actions by the Commission to detach Fallbrook PUD and/or Rainbow MWD from the Water Authority will require confirmation from registered voters per the Water Authority’s principal act. With respect to the two related requests made by the Water Authority, staff

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\(^7\) The approximate population estimates within Fallbrook PUD and Rainbow MWD are 35,000 and 19,000, respectively.
believes no Commission actions are appropriate and/or needed at this time. This includes taking no action on the request by the Water Authority to suspend all processing activities for the two proposals given the current COVID-19 emergency. CKH does not empower the Commission to suspend work on otherwise duly filed proposals unless requested by the applicants. Neither Fallbrook PUD nor Rainbow MWD have agreed to suspensions in the absence of a LAFCO hardship, which does not apply given the Commission remains fully functional. Additionally, the recent executive orders and directives from the State due to COVID-19 do not provide any new discretion to the Commission to suspend or adjust CKH timelines. Last, and as detailed in the preceding section, the request to condition any detachments of Fallbrook PUD or Rainbow MWD from the Water Authority to include an expanded vote of registered voters in all 24 member agencies’ boundaries is premature to consider at this time. Nonetheless, staff will incorporate the request into the administrative review with any preliminary input provided in the Commission taking up this agenda item.

RECOMMENDATION

It is recommended San Diego LAFCO approve the applications filed by the San Diego County Water Authority to exempt it from standard conducting authority provisions and instead follow its principal act for the recent detachment proposals filed by Fallbrook Public Utility District (PUD) and Rainbow Municipal Water District (MWD). This recommendation is consistent with Alternative One as outlined in the succeeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO and can be accomplished through a single-approved motion.

Alternative One (recommended):

a) Approve the San Diego County Water Authority application to exempt it from standard conducting authority proceedings under Part 4 of CKH and instead follow its principal act with respect to the detachment proposal filed by Fallbrook PUD (RO20-05).

b) Approve the San Diego County Water Authority application to exempt it from standard conducting authority proceedings under Part 4 of CKH and instead follow its principal act with respect to the detachment proposal filed by Rainbow MWD (RO20-04).

c) Direct Commission Counsel to prepare conforming resolutions of the preceding approvals and making the required findings under Government Code Section 56128 for signature by the Executive Officer.

Alternative Two:
Continue the item and request additional information from staff as needed.
San Diego LAFCO  
May 4, 2020  
Agenda Item No. 6a | Consideration of Applications and Related Requests by San Diego County Water Authority

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) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Commission.
3) Open the hearing and invite comments in the following order:
   - representatives from the San Diego County Water Authority
   - representatives from Fallbrook PUD
   - representatives from Rainbow MWD
   - other interested parties and the general public
4) Discuss item and consider the staff recommendation.

Respectfully,

Keene Simonds  
Executive Officer

Attachments:

1) Water Authority Application for Exemption from Standard Conducting Authority Proceedings for RO20-05 (Fallbrook PUD)
2) Water Authority Application for Exemption from Standard Conducting Authority Proceedings for RO20-04 (Rainbow MWD)
3) Joint Letter from Fallbrook PUD and Rainbow MWD
April 2, 2020

**VIA E-MAIL AND U.S. MAIL**

Keene Simonds  
Executive Officer  
San Diego County Local Agency Formation Commission  
9335 Hazard Way, Suite 200  
San Diego, CA 92123  
E-Mail: Keene.Simonds@sdcounty.ca.gov

Re: Request/Application for Determination that San Diego County Water Authority Is Not a District for Purposes of Part 4 of the CKH Act for LAFCO File RO20-05

Dear Mr. Simonds:

The San Diego County Water Authority (the “Water Authority”) received a notice dated March 25, 2020, from the San Diego County Local Agency Formation Commission (“SD LAFCO”) regarding the filing of the proposal (“Proposal”) by Fallbrook Public Utilities District (“Fallbrook”) for a reorganization that would affect the Water Authority and its member agencies. The notice informed the Water Authority that it had until April 6, 2020 to file an application under “Government Code sections 56127 and 56128 for a determination that the Authority is a not a district for purposes of Part 4 or Part 5 of CKH for the above-referenced proposal.”

This letter constitutes: (1) an application to SD LAFCO by the Water Authority for a determination that, as to the Proposal, the Water Authority is not a district per Government Code sections 56127, 56128, and 56036.6 as to Part 4 only of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH Act”); (2) a request by the Water Authority that if for any reason SD LAFCO were to consider approving the Proposal, that as a condition of approval SD LAFCO should require a majority vote of the Water Authority service area as to the detachment sought by Fallbrook; and (3) a request by the Water Authority that SD LAFCO stay the Proposal from moving forward during the current COVID-19 emergency, and an objection to further proceedings during this period of emergency. The latter being the most urgent issue, it is addressed first.

**COVID-19 Emergency, Objection And Request For Stay**

The United States, the State of California, the County of San Diego, and the City of San Diego are all under emergency orders in connection with the COVID-19 epidemic, and most of our region’s residents are heeding “shelter in place” instructions from their governmental authorities. We are all in the midst of an unprecedented disruption of our societal norms, including severe work disruptions.
The Water Authority Board has, like many other public agencies, declared emergency status. As a result, the Water Authority has significantly limited its operations and has moved to a largely remote workforce. We understand that many other agencies have done the same.

We are very surprised and disappointed that Fallbrook chose to file its Proposal in the midst of this crisis. Indeed, it is remarkable that the Proposal papers make no mention of the existential emergency we all face, or suggest any delays in the process. Rather, the Proposal simply presents advocacy and argument without even mentioning the unprecedented circumstances we find ourselves in as a result of the COVID-19 virus precautions being taken across the country.

The Water Authority and its other member agencies are focused at this time, as they should be, on maintaining the continuity of needed water service for our region. The Water Authority does not believe that any processing of the Proposal should go forward at this time, and we object to any further proceedings on the matter at SD LAFCO as prejudicial to the rights of the Water Authority, our other member agencies, and the public we all serve to fairly and properly address the Proposal. Our staff and those at agencies which would want to participate are swamped with emergency-related matters, consultants are shut down or limited in scope, coordination with other agencies is necessarily curtailed, and access to key documents is impaired. **The Water Authority respectfully requests that SD LAFCO, as has been done by the courts and many other public agencies, stay any further processing of the Proposal until the COVID-19 emergency subsides.** When that occurs, SD LAFCO could then formally notify the parties that the stay is lifted and normal processing will resume. We hereby agree that SD LAFCO’s processing of the Water Authority’s application presented next in this letter may also be stayed along with the Proposal.

**Application for Exemption from Part 4 of the CKH Act**

The Water Authority hereby files its request/application for determination by SD LAFCO that, as to the Proposal, the Water Authority is not a district or special district for purposes of only Part 4 of the CKH Act pursuant to Sections 56127, 56128 and 56036.6. The Water Authority hereby requests that you present this request/application to the Commission, but subject to the stay request stated above. The Water Authority Board of Directors has authorized this application per its signed Resolution dated November 21, 2019 (the “Resolution”), a copy of which is attached, along with the Water Authority Board Memo for that item.

Please take note that the Water Authority does not seek exemption from Part 5 of the CKH Act, and is allowed to limit its application in this manner. **See Section 56128 (“or”); Section 56036.6(a) (“or”); Section 56036.6(b) (reference to Part 4); and Section 56128 (“or”).** Also, please note that our application applies only to this Proposal (there is a similar application being filed by the Water Authority as to Rainbow Municipal Water District), and is not a blanket request for a perpetual determination as to all possible future matters.

As stated in the Resolution, the Water Authority is a county water authority and is not engaged in: (a) the distribution and sale for any purpose, other than for the purpose of resale, of water or of gas, or electricity for light, heat, or power; (b) furnishing sanitary sewer service or garbage and refuse collection service to the ultimate users thereof; (c) providing fire or police protection; or (d) the acquisition, maintenance, lighting or operation of streets and highways, street and highway improvements or park and recreation facilities,
Mr. Keene Simonds  
April 2, 2020  
Page 3 of 4  

except as an incident to the exercise of other lawful power of the Water Authority. In the  
attached Resolution, the Water Authority Board of Directors approved the statement of the  
above-listed facts to submit to SD LAFCO. Thus, the Water Authority meets the statutory  
requirements for exemption “for purposes of Part 4 (commencing with Section 57000) or Part 5  
(commencing with Section 57300).” (Cal. Gov’t Code section 56127.)  

As you know, there was a prior Water Authority exemption determined by SD LAFCO. On  
November 11, 1976, in accordance with the District Reorganization Act of 1965 (“DRA”), the  
Water Authority submitted to SD LAFCO an application for exemption from LAFCO’s authority  
(the “1976 Application”). At the time under the extant law, the procedure for exemption from  
SD LAFCO authority was governed by Sections 56105, 56106 and 56039 of the California  
Government Code, all of which have since been repealed and replaced. It is important to note  
that under the prior law, an agency such as the Water Authority could seek an entire exemption  
from SD LAFCO’s jurisdiction, not the very limited exemption as to Parts 4 or 5 of the CKH Act  
which is present in the law today. Thus, when the 1976 Application was filed, the Water  
Authority was allowed to remove itself entirely from SD LAFCO review, but that is no longer  
The case under current law. This makes the 1976 Application (and subsequent determination) of  
opt effect in the current proceedings, because the law has substantively changed. That is one  
reason why the Water Authority submits this new application under the applicable law that exists  
today, the CKH Act. Additionally, under the current law, an application or request for  
determination that an agency is not a district must now be made on an application-by-application  
basis (see Gov. Code Sections 56127 and 56128). Therefore, the Water Authority’s application  
only covers the Proposal application (and, via a separate application by the Water Authority, the  
sister proposal made by the Rainbow Municipal Water District).  

Vote of the Electorate  

We note that as part of the attached Resolution, the Water Authority Board requested that if for  
some reason the SD LAFCO were contemplating any approval of the Proposal, it should require  
a majority vote of the electorate in the Water Authority’s service area so that all affected  
ratepayers may have a say in any detachment, because a detachment may adversely affect all  
area ratepayers, and not just those in Fallbrook and Rainbow. While we realize this will be a  
material issue to be addressed in detailed briefing by all interested parties later, we wanted to call  
it to SD LAFCO’s attention as it is part of the Water Authority Board’s Resolution. This request  
is made without any prejudice to our member agencies making their positions known as well, or  
the Water Authority submitting further matters to SD LAFCO when the process continues.  

Finally, we note – as shown on the below cc list – that Kristina Lawson is now our main contact  
person with our outside counsel at Hanson Bridgett, so please reflect this in your records. Her  
address information is as follows:  

Kristina Lawson, Esq.  
Hanson Bridgett  
425 Market Street, 26th Floor  
San Francisco, CA 94105  
KLawson@hansonbridgett.com  
(925) 746-8474
Mr. Keene Simonds  
April 2, 2020  
Page 4 of 4

The Water Authority looks forward to SD LAFCO’s approval of our request/application after the COVID-19 health emergency concludes. Given the Water Authority's affected resources during this emergency period, the Water Authority reserves all rights to amend or supplement this application. Please let me know if the SD LAFCO requires any further information or wishes to discuss this matter with the Water Authority. Thank you.

Very truly yours,

Mark J. Hattam  
General Counsel

Attachments: SDCWA Resolution and Board Memo  
Cc: (all via e-mail):

Holly Whatley, Commission Counsel  
Aleks Giragosian, Deputy Commission Counsel  
Robert Barry, Chief Policy Analyst  
Sandra L. Kerl, General Manager, San Diego County Water Authority  
Kristina Lawson, Outside Counsel, San Diego County Water Authority  
Gary Thompson, Executive Officer, Riverside LAFCO  
Jack Bebee, General Manager, Fallbrook PUD  
Paula C. P. de Sousa, Counsel, Fallbrook PUD  
Paul Jones, General Manager, Eastern MWD  
Nick Kanetis, Deputy General Manager, Eastern MWD  
Tom Kennedy, General Manager, Rainbow MWD  
Alfred Smith, Counsel, Rainbow MWD  
Water Authority Board of Directors
RESOLUTION NO. 2019-19

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY AUTHORIZING THE GENERAL MANAGER AND GENERAL COUNSEL TO REQUEST A DETERMINATION BY THE SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION THAT THE WATER AUTHORITY IS NOT A "DISTRICT" OR "SPECIAL DISTRICT" FOR THE PURPOSES OF PART 4 OF THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT AND TO REQUEST A VOTE OF THE WATER AUTHORITY'S ELECTORATE AS TO ANY DETACHMENT.

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act (Cal. Gov. Code section 56000 et seq.) ("CKH Act") at Government Code Section 56036.6 provides that a county water authority may apply to a Local Agency Formation Commission ("LAFCO") for a determination that the county water authority is not a "district" or "special district" for the purposes of Part 4 (or Part 5) of the CKH Act pursuant to Government Code Sections 56036.6, 56127, and 56128;

WHEREAS, the San Diego County Water Authority ("Water Authority") is a county water authority as described in Government Code Section 56036.6;

WHEREAS, the Water Authority anticipates that one or more applications for a change in organization that will affect, among others, the Water Authority and its member agencies will be filed with San Diego County LAFCO on behalf of Rainbow Municipal Water District ("Rainbow") and/or Fallbrook Public Utility District ("Fallbrook");

WHEREAS, the Water Authority’s principal act, the County Water Authority Act, provides procedures for a change in organization for county water authorities, as does the CKH Act;

WHEREAS, Government Code Section 53036.6 provides that if, upon application by a county water authority, a LAFCO determines that a county water authority is not a "district" or "special district," then any authority proceedings pursuant to Part 4 of the CKH Act for a change of organization to the Water Authority (which proceedings follow the LAFCO’s commission proceedings) will be conducted pursuant to the County Water Authority Act;

WHEREAS, Part 4 of the CKH Act provides for a protest vote for any change of organization approved by the LAFCO, which results in a default approval of the LAFCO’s decision unless 25% of the registered voters in the designated territory protest the change of organization by signed mail-in vote, but the County Water Authority Act provides instead for a majority vote of the voters in the detaching agency service area to confirm the detachment/exclusion of that member agency from the Water Authority by majority approval at a general or special election;
WHEREAS, voters and ratepayers in service areas of member agencies of the Water Authority other than Rainbow and Fallbrook may be affected by a detachment of one or both of those agencies, and San Diego LAFCO may want to allow such larger electorate a chance to be heard on detachment;

WHEREAS, if a detachment application is not denied by San Diego LAFCO, then each applicable electorate should be afforded the opportunity to vote at a general or special election based on a full understanding of the potential impacts that would result from detachment and knowing all conditions that would be placed on the ratepayers of a detaching agency by LAFCO as a result of such a detachment;

WHEREAS, the CKH Act requires that if a proposal for a change in organization is initiated by other than the Water Authority, then the Water Authority may request the determination that it be deemed to be not a “district” or “special district” for purposes of Part 4 and/or 5 of the CKH Act as described in the first recital above within 10 days of notification by LAFCO of the initiation of the proposal; and

WHEREAS, the Water Authority is not engaged in: (a) the distribution and sale for any purpose, other than for the purpose of resale, of water or of gas, or electricity for light, heat, or power; (b) furnishing sanitary sewer service or garbage and refuse collection service to the ultimate users thereof; (c) providing fire or police protection; or (d) the acquisition, maintenance, lighting or operation of streets and highways, street and highway improvements or park and recreation facilities, except as an incident to the exercise of other lawful power of the Water Authority.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves the following:

1. In any LAFCO proceeding in which a change in organization is proposed that would detach or exclude Rainbow and/or Fallbrook from the Water Authority, the Water Authority shall request that if San Diego LAFCO does not deny the detachment application(s), that: (a) San Diego LAFCO exempt the proceeding from Part 4 of the LAFCO Act and, instead, proceed under the Water Authority’s principal act, the County Water Authority Act, for the purpose of the Authority Proceedings phase; and (b) in addition to any other appropriate conditions or Authority Proceeding requirements, San Diego LAFCO also require detachment approval by a majority of the voters within the Water Authority’s entire service area. The General Manager and the General Counsel, or their designees, are hereby authorized to request the foregoing as to the Rainbow and/or Fallbrook proceedings only, and to submit all applications and other necessary papers.
PASSED, APPROVED, and ADOPTED this 21st day of November 2019 by the following vote:

AYES: Unless noted below all Directors voted aye.

NOES: Bebee, Cate, Kennedy, and Steiner

ABSTAIN: None

ABSENT: Ayala, Barnum, Boyle, Fong-Sakai, Hall, Mosca, Murtland, Scalzitti (P), Simpson, and Watkins (P).

Jim Madaffer, Chair

ATTEST:

Christy Guerin, Secretary

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2019-19 was duly adopted at the meeting of the Board of Directors on the date stated above.

Melinda Nelson, Clerk of the Board
November 13, 2019

Attention: Board of Directors

Resolution Regarding LAFCO Part 4 Exemption Request. (Action)

Staff recommendation
Adopt Resolution 2019-____ (Attachment 1) authorizing General Manager and/or General Counsel to Apply to LAFCO to:

• Exempt a Rainbow and/or Fallbrook detachment/annexation proceeding from Part 4 of the Cortese-Knox-Hertzberg Act, and instead have any “Authority Proceedings” conducted under the County Water Authority Act; and

• In addition to any other LAFCO requirements, request that LAFCO condition approval of any detachment on a majority vote of the entire Water Authority electorate.

Alternative
Do not adopt the Resolution.

Fiscal Impact
There is no identifiable fiscal impact from this action, which pertains to a procedural issue at San Diego Local Agency Formation Commission (“LAFCO”).
Executive Summary

- Rainbow Municipal Water District ("Rainbow") and/or Fallbrook Public Utility District ("Fallbrook") may soon file applications with the San Diego Local Agency Formation Commission ("LAFCO") to detach from the Water Authority and annex into Eastern Municipal Water District ("Eastern") in Riverside County (together the detachment and annexation are the "Reorganization.")
- This Reorganization, under which member agencies of one regional public entity would annex into a different county’s regional public entity, appears to have no precedent in San Diego County.
- The LAFCO proceedings will be conducted in phases, and if the LAFCO approves the Reorganization, it will still be subject to a local protest vote, called “Authority Proceedings.”
- Under LAFCO law, the Authority Proceedings can require a protest vote; however, the Water Authority is entitled to seek the LAFCO’s approval to instead conduct the Authority Proceedings as a majority-vote election in at least the Rainbow and Fallbrook service areas.
- LAFCO may also condition its approval of a Reorganization on certain terms and conditions, including requiring an Authority Proceeding vote to be conducted only among voters in the detaching areas, or also among the voters in the entire Water Authority service area. The latter approach would allow for voters region-wide to ratify a potential LAFCO approval of the Reorganization, giving those ratepayers a voice in the future economic and other impacts that would result from detachment from the Water Authority.

Background

Beginning in at least Fall of 2018, member agencies Fallbrook and Rainbow initiated plans to seek to detach from the Water Authority and annex into Eastern Municipal Water District, located in Riverside County. Fallbrook and Rainbow began discussions with Eastern as early as Fall of 2018, and then began discussions with San Diego and Riverside LAFCOs by January of 2019.

In May of 2019, the Acting General Manager of the Water Authority was informed by the General Manager of Rainbow that both Rainbow and Fallbrook were planning to seek to detach from the Water Authority. A general proposal has now been publicly discussed by Fallbrook and Rainbow, but the specifics of the infrastructure changes and financial approach have not been made clear.

Rainbow and Fallbrook have stated at their respective board meetings that applications for detachment are being drafted and may be filed as early as December 2019.

Water Authority’s Involvement to Date

Applicable LAFCO. Initially, Rainbow and Fallbrook would have had the LAFCO matters decided at two different LAFCOs – Riverside County and San Diego County. In an effort to have a consolidated set of proceedings, improve coordination and efficiency, and maintain local control of
decisions in San Diego County, the Water Authority requested that the San Diego LAFCO take exclusive jurisdiction over the matters. In October 2019, the two LAFCOs agreed to an MOU under which exclusive jurisdiction is vested in San Diego LAFCO.

Fact Finding. The Water Authority made Public Records Act requests in order to understand the scope of the plans and the history of discussions. Additionally, meetings between staff were conducted in July, and were followed by a general proposal from Rainbow and Fallbrook in August, which again provided little detail or analysis of impacts. Further meetings were conducted in September and early October, but to date the Water Authority has not been presented by Rainbow or Fallbrook with any detailed proposals, or with any substantive analyses of what the projected impacts to water supply reliability, rates, or infrastructure would be to the Water Authority and to each of its member agencies. The Water Authority has asked Rainbow and Fallbrook for these details, including a recent October 14, 2019, letter sent by special counsel, and previously provided to each of the Board members. A copy is attached as Attachment 2.

Anticipated Procedure

LAFCO Nomenclature. A detachment from the Water Authority will require multiple acts and approvals by San Diego LAFCO. Procedurally, it will require changes to the “sphere of influence” for the Water Authority, Rainbow, Fallbrook, and Eastern, as well as the detachment of Rainbow and Fallbrook from the Water Authority, and the annexation of Rainbow and Fallbrook to Eastern. All of these will be handled in one consolidated proceeding, but are governed under separate parts of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code sections 56000 et seq. (also known as the “CKH Act” or the “LAFCO Act.”) Annexations and detachments are also collectively known as “boundary changes” or “reorganizations.”

Consultations. Under local LAFCO policy, the applicants must consult with affected local agencies prior to submitting their applications, in order to identify and attempt to resolve any issues raised by the proposed reorganizations. Because it is possible that the proposed Reorganization would have significant financial and potential environmental impacts on the Water Authority all of its member agencies, as well as other agencies such as fire districts, all of those parties are affected local agencies with which the applicants should consult. The consultations, to be meaningful, must be based on a proposal that specifies the changes that would occur under a Reorganization. Special Counsel sent a letter to this effect to Rainbow and Fallbrook on October 14, 2019 (Attachment 2). We will continue to work with San Diego LAFCO to ensure that meaningful consultations are conducted prior to San Diego LAFCO’s accepting the applications.

Application and Commission Proceedings. Rainbow and Fallbrook would, if they go forward, subsequently submit applications (or perhaps a consolidated single application) to San Diego LAFCO and pay associated fees.

Once LAFCO determines that the application is complete, it will notify all affected agencies, including the Water Authority, and solicit public engagement and comments. The Water Authority, its member agencies and all other affected parties will have an opportunity to participate in this process.
LAFCO will then undertake an independent analysis of the proposal. This may take many months.

Upon the conclusion of that analysis, LAFCO staff will prepare a report and recommendation, provide notice, and hold a public hearing. The Water Authority and its member agencies and all other affected local parties will have an opportunity to review the analysis and report, and participate in the public hearing.

The Commission will then vote on the application. These initial procedures are referred to as the “Commission Proceedings.” (See Cal. Gov. Code § 56650 et seq.) If the application is denied, the process ends. If the application is approved (with any associated conditions), then “Authority Proceedings” may follow.

It is important to note that LAFCO may place a number of conditions on any approval. Cal. Gov. Code Section 56886 gives LAFCO a considerable amount of leeway in fashioning terms and conditions of a detachment, including imposing requirements from the principal act, here the CWA Act.

**Authority Proceedings.** Following the approval of an application by LAFCO, the LAFCO Act provides for a second process, known as the “Authority Proceedings.”

**LAFCO Act Authority Proceedings:**

The default approach to Authority Proceedings is a “protest” proceeding under which the affected territory’s voters may mail in a protest to oppose the LAFCO’s approval/decision. If fewer than 25% of ratepayers in the affected territory protest, then the application is deemed approved. If 50%+1 of the registered voters protest the proposal, then it is deemed denied. If 25-50% of the registered voters protest the proposal, then the proposal goes to the voters in a general or special election where it is subject to a majority vote. LAFCO may provide for the voter pool to be just Rainbow and Fallbrook, or the entirety of the four affected entities (Fallbrook, Rainbow, Water Authority and Eastern), or some subset of those. Historically it has proven procedurally cumbersome for a large electorate to affirmatively lodge 25%+ protests, especially because protest proceedings are unfamiliar to most voters. If that standard is not met, then under “Authority Proceedings” there might not be a vote of the electorate at all.

**CWA Act Authority Proceedings:**

In the alternative, the Water Authority may apply to LAFCO to opt out of the protest procedure in the LAFCO Act, and instead conduct the Authority Proceedings pursuant to its principal act, the County Water Authority Act (“CWA Act”). This would ensure the voters have an opportunity to vote on the proposal at a standard regular or special election.

In order to seek to proceed under the CWA Act instead of Part 4 of the LAFCO Act, the Water Authority would need to apply to LAFCO for exemption from Part 4 within 10 days after notification that the initial application is complete. That option is allowed when an agency is not engaged in: (a) the distribution and sale for any purpose, other than for the purpose of resale, of water or of gas, or electricity for light, heat, or power; (b) furnishing sanitary sewer service or
garbage and refuse collection service to the ultimate users thereof; (c) providing fire or police protection; or (d) the acquisition, maintenance, lighting or operation of streets and highways, street and highway improvements or park and recreation facilities, except as an incident to the exercise of other lawful power of the Water Authority. The Water Authority, as a water wholesaler, satisfies the statutory requirement.

**Terms and Conditions Imposed by LAFCO:**

In addition to a vote in the Rainbow and Fallbrook service areas, San Diego LAFCO Commissioner Dianne Jacob suggested at the October 7, 2019, LAFCO meeting that voters within the Water Authority’s entire 24-member agency service area perhaps should have an opportunity to evaluate and vote upon a detachment, as they may be affected by such a change in organization. It is within the discretion of the LAFCO to provide terms and conditions for reorganization. Consistent with Commissioner Jacob’s suggestion, and assuming that LAFCO’s analysis of the applications demonstrates that there will be financial impacts on ratepayers, in order to enfranchise all of the Water Authority’s affected ratepayers on this issue it is therefore recommended that the Water Authority specifically request that such a vote of the larger affected electorate be considered as a condition of detachment (if detachment were to be approved; of course, detachment may also be denied by San Diego LAFCO). The below staff recommendation would ensure that all affected ratepayers are entitled to vote (including those in Rainbow and Fallbrook as specified in the CWA Act).

**Request for Board Action**

The Board is therefore requested to adopt the Attachment 1 Resolution that would authorize the General Manager and General Counsel, or their designees, to do the following upon notification of a detachment application filed with San Diego LAFCO by Rainbow or Fallbrook:

1. Request that San Diego LAFCO exempt the proceeding from Part 4 of the LAFCO Act and instead proceed under the Water Authority’s principal act, the County Water Authority Act, for the purpose of voter approval of any LAFCO-approved detachment in the Authority Proceedings phase; and

2. Request that if San Diego LAFCO does not deny the detachment application(s), that – in addition to any other appropriate conditions or Authority Proceeding requirements the LAFCO may specify – San Diego LAFCO also require detachment approval by the voters within the Water Authority’s entire service area.

Prepared by: Claire Hervey Collins, Special Counsel
Approved by: Sandra L. Kerl, Acting General Manager
Mark J. Hattam, General Counsel

Attachments:
Attachment 1 - Resolution 2019-___
Attachment 2 - October 14, 2019 Letter
RESOLUTION NO. 2019-___

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY AUTHORIZING THE GENERAL MANAGER AND GENERAL COUNSEL TO REQUEST A DETERMINATION BY THE SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION THAT THE WATER AUTHORITY IS NOT A “DISTRICT” OR “SPECIAL DISTRICT” FOR THE PURPOSES OF PART 4 OF THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT AND TO REQUEST A VOTE OF THE WATER AUTHORITY’S ELECTORATE AS TO ANY DETACHMENT.

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act (Cal. Gov. Code section 56000 et seq.) (“CKH Act”) at Government Code Section 56036.6 provides that a county water authority may apply to a Local Agency Formation Commission (“LAFCO”) for a determination that the county water authority is not a “district” or “special district” for the purposes of Part 4 (or Part 5) of the CKH Act pursuant to Government Code Sections 56036.6, 56127, and 56128;

WHEREAS, the San Diego County Water Authority (“Water Authority”) is a county water authority as described in Government Code Section 56036.6;

WHEREAS, the Water Authority anticipates that one or more applications for a change in organization that will affect, among others, the Water Authority and its member agencies will be filed with San Diego County LAFCO on behalf of Rainbow Municipal Water District (“Rainbow”) and/or Fallbrook Public Utility District (“Fallbrook”);

WHEREAS, the Water Authority’s principal act, the County Water Authority Act, provides procedures for a change in organization for county water authorities, as does the CKH Act;

WHEREAS, Government Code Section 53036.6 provides that if, upon application by a county water authority, a LAFCO determines that a county water authority is not a “district” or “special district,” then any authority proceedings pursuant to Part 4 of the CKH Act for a change of organization to the Water Authority (which proceedings follow the LAFCO’s commission proceedings) will be conducted pursuant to the County Water Authority Act;

WHEREAS, Part 4 of the CKH Act provides for a protest vote for any change of organization approved by the LAFCO, which results in a default approval of the LAFCO’s decision unless 25% of the registered voters in the designated territory protest the change of organization by signed mail-in vote, but the County Water Authority Act provides instead for a majority vote of the voters in the detaching agency service area to confirm the detachment/exclusion of that member agency from the Water Authority by majority approval at a general or special election;
WHEREAS, voters and ratepayers in service areas of member agencies of the Water Authority other than Rainbow and Fallbrook may be affected by a detachment of one or both of those agencies, and San Diego LAFCO may want to allow such larger electorate a chance to be heard on detachment;

WHEREAS, if a detachment application is not denied by San Diego LAFCO, then each applicable electorate should be afforded the opportunity to vote at a general or special election based on a full understanding of the potential impacts that would result from detachment and knowing all conditions that would be placed on the ratepayers of a detaching agency by LAFCO as a result of such a detachment;

WHEREAS, the CKH Act requires that if a proposal for a change in organization is initiated by other than the Water Authority, then the Water Authority may request the determination that it be deemed to be not a “district” or “special district” for purposes of Part 4 and/or 5 of the CKH Act as described in the first recital above within 10 days of notification by LAFCO of the initiation of the proposal; and

WHEREAS, the Water Authority is not engaged in: (a) the distribution and sale for any purpose, other than for the purpose of resale, of water or of gas, or electricity for light, heat, or power; (b) furnishing sanitary sewer service or garbage and refuse collection service to the ultimate users thereof; (c) providing fire or police protection; or (d) the acquisition, maintenance, lighting or operation of streets and highways, street and highway improvements or park and recreation facilities, except as an incident to the exercise of other lawful power of the Water Authority.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves the following:

1. In any LAFCO proceeding in which a change in organization is proposed that would detach or exclude Rainbow and/or Fallbrook from the Water Authority, the Water Authority shall request that if San Diego LAFCO does not deny the detachment application(s), that: (a) San Diego LAFCO exempt the proceeding from Part 4 of the LAFCO Act and, instead, proceed under the Water Authority’s principal act, the County Water Authority Act, for the purpose of the Authority Proceedings phase; and (b) in addition to any other appropriate conditions or Authority Proceeding requirements, San Diego LAFCO also require detachment approval by a majority of the voters within the Water Authority’s entire service area. The General Manager and the General Counsel, or their designees, are hereby authorized to request the foregoing as to the Rainbow and/or Fallbrook proceedings only, and to submit all applications and other necessary papers.
Resolution No. 2019-____
Page 3 of 3

PASSED, APPROVED, and ADOPTED this 21st day of November 2019 by the following vote:

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

__________________________
Jim Madaffer, Chair

ATTEST:

__________________________
Christy Guerin, Secretary

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2019- ____ was duly adopted at the meeting of the Board of Directors on the date stated above.

__________________________
Melinda Nelson, Clerk of the Board
October 14, 2019

Mr. Jack Bebee
General Manager
Fallbrook Public Utility District
900 East Mission Road
Fallbrook, CA 92028
jackb@fpud.com

Re: LAFCO Process

Dear Mr. Bebee:

As special LAFCO counsel to the San Diego County Water Authority ("Water Authority"), Chair Madaffer has asked me to respond to your October 10 letter to him on behalf of the agency.

First, as has been stated many times, the Water Authority must respect the interests of all water ratepayers served by our 24 member agencies in San Diego County. We plan to do that and stand ready to support a fully transparent LAFCO process.

Second, I am addressing this letter to you as the author of the October 10 letter, and I am copying your General Counsel. The Water Authority urges you to consult with your General Counsel or other qualified LAFCO counsel as soon as possible in order to ensure that Fallbrook Public Utility District ("Fallbrook") is following the LAFCO process, and to ensure that Fallbrook understands the Water Authority's responsibility in that process. I am copying Mr. Kennedy and his agency's General Counsel for the same reason. I believe that it is imperative that Fallbrook and Rainbow Municipal Water District ("Rainbow") take certain necessary consultation actions in light of your stated imminent plans to file a LAFCO detachment proposal.

The pace of the LAFCO process has been designed by statute and local policy to be a thorough, collaborative, and deliberative process. The responsibility for preparing a comprehensive proposal and engaging in meaningful consultations with affected agencies is a significant and serious one. Your apparent frustration at the response to date by the Water Authority is a reflection of the lack of detail and analysis in the materials provided by Fallbrook and Rainbow to the Water Authority, and a reflection of the lack of meaningful dialogue about the impacts of potential detachment. It is not the result of any actions taken or not taken by Chair Madaffer or the Water Authority, which is eager to better understand Fallbrook and Rainbow's detailed plan so that it can undertake a rigorous analysis of the related impacts. To be clear, however, the Water Authority has no duty to formulate a proposal for your agencies, or to formulate an "offer" on behalf...
of its other member agencies. It does have a duty of good faith to review and consult with you on a genuine proposal, but due to the lack of specifics from your agencies as to exactly what you plan, it is unable to do so at this time.

Against this backdrop, and in the interest of fairness and to promote mutual understanding, I will take this opportunity to comment on some of the points raised in your October 10 letter.

San Diego LAFCO Legislative Policy No. L-107:

San Diego LAFCO's legislative policy L-107 establishes a consultation requirement among affected agencies prior to the filing of a detachment proposal, stating in part:

It is the policy of the San Diego Local Agency Formation Commission that:

1. Prior to submission of a proposal requesting LAFCO consideration of a change of organization or reorganization, the proposal applicant and representatives from affected public agencies, interested parties, and/or organizations, shall meet at the earliest possible stage for the purpose of identifying and attempting to resolve any issues associated with the proposed jurisdictional change(s). The Executive Officer may waive the consultation procedure outlined in this provision when it can be determined with certainty that there will be no possibility that the proposal in question will result in identified and unresolved jurisdictional issues.

2. The consultation process described in provision no. 1 should identify any jurisdictional issues or concerns related to: a. Differing development standards; b. Existing and/or planned land uses and zoning, including densities, community character, and appropriate jurisdictional transition areas; c. Existing and/or planned provision of governmental services, including any potential impacts to service levels or financial ability to sustain service levels; and, d. Any other local community or governmental concerns.

Consultation Process:

With due respect, the Water Authority does not agree that all necessary steps have been taken to satisfy L-107 requirements.

First, although your agencies have been discussing a possible detachment among yourselves for a full year now, very few concrete details have been revealed to the Water Authority
or to the public. The very broad “framework” you have provided does not include the kind of substantive detail necessary to evaluate such a significant service change, particularly in light of the more than 50 years of water service to Fallbrook and Rainbow by the Water Authority. You are required to provide an analysis outlining the potential effects of detachment on the Water Authority and all of its member agencies, including Fallbrook and Rainbow customers. We renew our request for a detailed proposal consistent with LAFCO requirements.

**Detailed Proposal Needed:**

In order to have a productive consultation process, all affected parties (as defined in L-107) need to be provided with the specific details of your detachment proposal including financial and environmental impacts, impacts on water supply reliability, and all other impacts to the region as a whole that would result from a detachment.

Because Fallbrook and Rainbow are the agencies proposing detachment, it is your responsibility, not the Water Authority’s responsibility, to conduct the relevant analyses and make a detailed proposal addressing all relevant factors. For example:

- You are aware that a number of Water Authority member agencies have expressed concerns about Fallbrook and Rainbow’s share of Water Authority financial obligations, incurred to develop the reliable, firm water supplies now being delivered to Fallbrook and Rainbow and all Water Authority member agencies. You should be prepared to discuss this topic when you meet with the other member agencies. Your proposal should indicate how you plan to address this concern, as well as how your proposal would impact customer rates (including those of Fallbrook and Rainbow), if at all.

- We have not been given any details as to environmental impacts, but note comments in the PRA documents that significant new piping infrastructure may be needed in Rainbow and

---

1 The Water Authority only became aware of this timeline from documents produced by Fallbrook and Rainbow in response to its Public Records Act (PRA) request. While your agencies began at an early stage to consult with the Eastern Municipal Water District, you did not share your intentions with the Water Authority until just this past May.

2 We attach Water Authority Acting General Manager Sandy Keri’s e-mail to you dated October 10, which was not attached to your letter. In that e-mail, Ms. Keri noted that Fallbrook and Rainbow had not provided the specifics of any proposal to the Water Authority. The document you submitted on August 21, 2019, was really an advocacy piece arguing why detachment might make sense for your agencies. This is not the kind of substantive proposal or analysis of impacts required by LAFCO.

3 This is why your requests for a Water Authority open session agenda item about detachment, before submittal of a detailed written proposal, were premature. This is not a “political” decision, but must be one based on what is in the best interests of the voters and ratepayers in San Diego County.

4 This is not intended to be an exhaustive list of issues or substitute for legal advice by your own attorneys on LAFCO requirements.
perhaps Fallbrook. Additionally, a detachment from the Water Authority (which uses very little water from the environmentally sensitive Bay Delta region, and will use even less over time) would, under your plan, be replaced by increased reliance on Delta water from MWD. This shift should be analyzed, particularly in light of Water Code section 85021. Review of these and other potential environmental impacts should be completed before any applications are filed with LAFCO, with all affected parties described under LAFCO Policy L-107 being provided a reasonable time and opportunity to comment.

These are only a few examples of the kinds of impacts that should be included in a detailed proposal to be presented to and discussed with affected parties during the consultation process.

Next Steps:

The Water Authority is fully committed to working through the LAFCO process—but the process must start with your agencies’ good faith efforts to present a proposal grounded in facts and substantive analysis, including a reasonable range of alternative outcomes. You must provide sufficient information to allow all parties, and ultimately all voters and ratepayers, to make informed decisions about the proposed detachment.

Once you have prepared the terms of your proposal, Fallbrook and Rainbow can begin the process of meeting with all affected agencies and parties to identify and attempt to resolve issues, as required under LAFCO policy. This will provide an opportunity to identify areas of agreement, disagreement, and further areas of inquiry necessary to present a meaningful application to LAFCO.

I would be happy to discuss next steps with your counsel in order to avoid further frustration and wasted effort on the part of all parties.

Very truly yours,

Claire Hervey Collins
LEWIS BRISBOIS BISGAARD & SMITH LLP

CHC:JLB
Attachment

Chair Madaffer’s August 21 letter to Fallbrook and Rainbow did not say anything to the contrary; in fact, he reiterated then that he asked you to “please provide a specific proposal.” Chair Madaffer was not addressing your LAFCO obligations in his letter—he was only asking that you cease “public relations” meetings with Water Authority directors telling them that the Water Authority was refusing to meet with you.
Mr. Jack Bebee
October 14, 2019
Page 5

cc: Water Authority Board of Directors
    Fallbrook Board of Directors
    Rainbow Board of Directors
    Mark Hattam, Water Authority General Counsel
    Sandy Kerl, Water Authority Acting General Manager
    Water Authority member agency General Managers
    Paula de Sousa Mills, General Counsel for Fallbrook, Best Best & Krieger
    Tom Kennedy, Rainbow General Manager
    Lloyd W. Pellman, Counsel for Rainbow, Nossaman
From: Kerl, Sandy  
Sent: Thursday, October 10, 2019 12:52 PM  
To: Bebee, Jack <Jackb@foud.com>; Kennedy, Tom <tkennedy@rainbowmwd.com>  
Cc: Madaffer, Jim <JMadaffer@sdcwa.org>; Croucher, Gary <garydcroucher@gmail.com>; Guerin, Christy <Redwhtbl56@yahoo.com>  
Subject: Follow-Up on Meeting of October 9, 2019  

Dear Jack and Tom:

This e-mail follows our meeting yesterday, as promised. The Water Authority appreciates the opportunity for continuing dialogue with you and all of our member agencies on this subject.

While I regret the frustration you expressed at our meeting yesterday, I want to be clear that from our perspective, the process going forward has now been established by the LAFCO board action taken on Monday, October 7. We believe LAFCO policy requires that your agencies, as the potential LAFCO applicants, meet with all affected parties prior to your filing with LAFCO, in an attempt to reach an agreement on the issues presented.

The LAFCO policy (L-107) is expressly referenced in the letter that was submitted to LAFCO by the Otay Water District (copy attached). The policy clearly states a requirement that applicants meet with all affected agencies to walk through their proposal to try and reach a resolution. While we appreciate you meeting with the Water Authority, that alone does not satisfy LAFCO’s policy.

I also derived from our meeting yesterday that you believe it is the Water Authority’s responsibility to make some sort of “offer” to you. We would not be in a position to do that, even if we had the specific details of your proposal (we do not), because the potential impacts are not only on the Water Authority but also on its member agencies, their ratepayers and potentially other third parties.

Finally, you said that you wanted to know our agency’s legal interpretation of the applicable law as to why your agencies should pay anything upon detachment. This is an issue that will be addressed in the course of LAFCO proceedings.

As I indicated to you, the Water Authority must continue to represent the interests of all of our member agencies. We plan to do that and stand ready to support the LAFCO process.

Best regards,

Sandy

Sandra L. Kerl  
Acting General Manager

(858) 522-6783  
skerl@sdcwa.org

Our Region’s Trusted Water Leader  
San Diego County Water Authority
Blank for Photocopying
April 2, 2020

VIA E-MAIL AND U.S. MAIL

Keene Simonds
Executive Officer
San Diego County Local Agency Formation Commission
9335 Hazard Way, Suite 200
San Diego, CA 92123
E-Mail: Keene.Simonds@sdcounty.ca.gov

Re: Request/Application for Determination that San Diego County Water Authority Is Not a District for Purposes of Part 4 of the CKH Act for LAFCO File RO20-04

Dear Mr. Simonds:

The San Diego County Water Authority (the “Water Authority”) received a notice dated March 25, 2020, from the San Diego County Local Agency Formation Commission (“SD LAFCO”) regarding the filing of the proposal (“Proposal”) by Rainbow Municipal Water District (“Rainbow”) for a reorganization that would affect the Water Authority and its member agencies. The notice informed the Water Authority that it had until April 6, 2020 to file an application under “Government Code sections 56127 and 56128 for a determination that the Authority is not a district for purposes of Part 4 or Part 5 of CKH Act.”

This letter constitutes: (1) an application to SD LAFCO by the Water Authority for a determination that, as to the Proposal, the Water Authority is not a district per Government Code sections 56127, 56128, and 56036.6 as to Part 4 only of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH Act”); (2) a request by the Water Authority that if for any reason SD LAFCO were to consider approving the Proposal, that as a condition of approval SD LAFCO should require a majority vote of the Water Authority service area as to the detachment sought by Rainbow; and (3) a request by the Water Authority that SD LAFCO stay the Proposal from moving forward during the current COVID-19 emergency, and an objection to further proceedings during this period of emergency. The latter being the most urgent issue, it is addressed first.

COVID-19 Emergency, Objection And Request For Stay

The United States, the State of California, the County of San Diego, and the City of San Diego are all under emergency orders in connection with the COVID-19 epidemic, and most of our region’s residents are heeding “shelter in place” instructions from their governmental authorities. We are all in the midst of an unprecedented disruption of our societal norms, including severe work disruptions.
The Water Authority Board has, like many other public agencies, declared emergency status. As a result, the Water Authority has significantly limited its operations and has moved to a largely remote workforce. We understand that many other agencies have done the same.

We are very surprised and disappointed that Rainbow chose to file its Proposal in the midst of this crisis. Indeed, it is remarkable that the Proposal papers make no mention of the existential emergency we all face, or suggest any delays in the process. Rather, the Proposal simply presents advocacy and argument without even mentioning the unprecedented circumstances we find ourselves in as a result of the COVID-19 virus precautions being taken across the country.

The Water Authority and its other member agencies are focused at this time, as they should be, on maintaining the continuity of needed water service for our region. The Water Authority does not believe that any processing of the Proposal should go forward at this time, and we object to any further proceedings on the matter at SD LAFCO as prejudicial to the rights of the Water Authority, our other member agencies, and the public we all serve to fairly and properly address the Proposal. Our staff and those at agencies which would want to participate are swamped with emergency-related matters, consultants are shut down or limited in scope, coordination with other agencies is necessarily curtailed, and access to key documents is impaired. The Water Authority respectfully requests that SD LAFCO, as has been done by the courts and many other public agencies, stay any further processing of the Proposal until the COVID-19 emergency subsides. When that occurs, SD LAFCO could then formally notify the parties that the stay is lifted and normal processing will resume. We hereby agree that SD LAFCO’s processing of the Water Authority’s application presented next in this letter may also be stayed along with the Proposal.

Application for Exemption from Part 4 of the CKH Act

The Water Authority hereby files its request/application for determination by SD LAFCO that, as to the Proposal, the Water Authority is not a district or special district for purposes of only Part 4 of the CKH Act pursuant to Sections 56127, 56128 and 56036.6. The Water Authority hereby requests that you present this request/application to the Commission, but subject to the stay request stated above. The Water Authority Board of Directors has authorized this application per its signed Resolution dated November 21, 2019 (the “Resolution”), a copy of which is attached, along with the Water Authority Board Memo for that item.

Please take note that the Water Authority does not seek exemption from Part 5 of the CKH Act, and is allowed to limit its application in this manner. See Section 56128 (“or”); Section 56036.6(a) (“or”); Section 56036.6(b) (reference to Part 4); and Section 56128 (“or”). Also, please note that our application applies only to this Proposal (there is a similar application being filed by the Water Authority as to Fallbrook Public Utilities District), and is not a blanket request for a perpetual determination as to all possible future matters.

As stated in the Resolution, the Water Authority is a county water authority and is not engaged in: (a) the distribution and sale for any purpose, other than for the purpose of resale, of water or of gas, or electricity for light, heat, or power; (b) furnishing sanitary sewer service or garbage and refuse collection service to the ultimate users thereof; (c) providing fire or police protection; or (d) the acquisition, maintenance, lighting or operation of streets and highways, street and highway improvements or park and recreation facilities, except as an incident to the exercise of
other lawful power of the Water Authority. In the attached Resolution, the Water Authority Board of Directors approved the statement of the above-listed facts to submit to SD LAFCO. Thus, the Water Authority meets the statutory requirements for exemption “for purposes of Part 4 (commencing with Section 57000) or Part 5 (commencing with Section 57300).” (Cal. Gov’t Code section 56127.)

As you know, there was a prior Water Authority exemption determined by SD LAFCO. On November 11, 1976, in accordance with the District Reorganization Act of 1965 (“DRA”), the Water Authority submitted to SD LAFCO an application for exemption from LAFCO’s authority (the “1976 Application”). At the time under the extant law, the procedure for exemption from SD LAFCO authority was governed by Sections 56105, 56106 and 56039 of the California Government Code, all of which have since been repealed and replaced. It is important to note that under the prior law, an agency such as the Water Authority could seek an entire exemption from SD LAFCO’s jurisdiction, not the very limited exemption as to Parts 4 or 5 of the CKH Act which is present in the law today. Thus, when the 1976 Application was filed, the Water Authority was allowed to remove itself entirely from SD LAFCO review, but that is no longer the case under current law. This makes the 1976 Application (and subsequent determination) of no effect in the current proceedings, because the law has substantively changed. That is one reason why the Water Authority submits this new application under the applicable law that exists today, the CKH Act. Additionally, under the current law, an application or request for determination that an agency is not a district must now be made on an application-by-application basis (see Gov. Code Sections 56127 and 56128). Therefore, the Water Authority’s application only covers the Proposal application (and, via a separate application by the Water Authority, the sister proposal made by the Fallbrook Public Utilities District).

Vote of the Electorate

We note that as part of the attached Resolution, the Water Authority Board requested that if for some reason the SD LAFCO were contemplating any approval of the Proposal, it should require a majority vote of the electorate in the Water Authority’s service area so that all affected ratepayers may have a say in any detachment, because a detachment may adversely affect all area ratepayers, and not just those in Fallbrook and Rainbow. While we realize this will be a material issue to be addressed in detailed briefing by all interested parties later, we wanted to call it to SD LAFCO’s attention as it is part of the Water Authority Board’s Resolution. This request is made without any prejudice to our member agencies making their positions known as well, or the Water Authority submitting further matters to SD LAFCO when the process continues.

Finally, we note – as shown on the below cc list – that Kristina Lawson is now our main contact person with our outside counsel at Hanson Bridgett, so please reflect this in your records. Her address information is as follows:

Kristina Lawson, Esq.
Hanson Bridgett
425 Market Street, 26th Floor
San Francisco, CA 94105
KLawson@hansonbridgett.com
(925) 746-8474
The Water Authority looks forward to SD LAFCO’s approval of our request/application after the COVID-19 health emergency concludes. Given the Water Authority's affected resources during this emergency period, the Water Authority reserves all rights to amend or supplement this application. Please let me know if the SD LAFCO requires any further information or wishes to discuss this matter with the Water Authority. Thank you.

Very truly yours,

Mark J. Hattam
General Counsel

Attachments: SDCWA Resolution and Board Memo

Cc: (all via e-mail):

- Holly Whatley, Commission Counsel
- Aleks Giragosian, Deputy Commission Counsel
- Robert Barry, Chief Policy Analyst
- Sandra L. Kerl, General Manager, San Diego County Water Authority
- Kristina Lawson, Outside Counsel, San Diego County Water Authority
- Gary Thompson, Executive Officer, Riverside LAFCO
- Jack Bebee, General Manager, Fallbrook PUD
- Paula C. P. de Sousa, Counsel, Fallbrook PUD
- Paul Jones, General Manager, Eastern MWD
- Nick Kanetis, Deputy General Manager, Eastern MWD
- Tom Kennedy, General Manager, Rainbow MWD
- Alfred Smith, Counsel, Rainbow MWD
- Water Authority Board of Directors
RESOLUTION NO. 2019-19

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY AUTHORIZING THE GENERAL MANAGER AND GENERAL COUNSEL TO REQUEST A DETERMINATION BY THE SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION THAT THE WATER AUTHORITY IS NOT A “DISTRICT” OR “SPECIAL DISTRICT” FOR THE PURPOSES OF PART 4 OF THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT AND TO REQUEST A VOTE OF THE WATER AUTHORITY’S ELECTORATE AS TO ANY DETACHMENT.

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act (Cal. Gov. Code section 56000 et seq.) (“CKH Act”) at Government Code Section 56036.6 provides that a county water authority may apply to a Local Agency Formation Commission (“LAFCO”) for a determination that the county water authority is not a “district” or “special district” for the purposes of Part 4 (or Part 5) of the CKH Act pursuant to Government Code Sections 56036.6, 56127, and 56128;

WHEREAS, the San Diego County Water Authority (“Water Authority”) is a county water authority as described in Government Code Section 56036.6;

WHEREAS, the Water Authority anticipates that one or more applications for a change in organization that will affect, among others, the Water Authority and its member agencies will be filed with San Diego County LAFCO on behalf of Rainbow Municipal Water District (“Rainbow”) and/or Fallbrook Public Utility District (“Fallbrook”);

WHEREAS, the Water Authority’s principal act, the County Water Authority Act, provides procedures for a change in organization for county water authorities, as does the CKH Act;

WHEREAS, Government Code Section 53036.6 provides that if, upon application by a county water authority, a LAFCO determines that a county water authority is not a “district” or “special district,” then any authority proceedings pursuant to Part 4 of the CKH Act for a change of organization to the Water Authority (which proceedings follow the LAFCO’s commission proceedings) will be conducted pursuant to the County Water Authority Act;

WHEREAS, Part 4 of the CKH Act provides for a protest vote for any change of organization approved by the LAFCO, which results in a default approval of the LAFCO’s decision unless 25% of the registered voters in the designated territory protest the change of organization by signed mail-in vote, but the County Water Authority Act provides instead for a majority vote of the voters in the detaching agency service area to confirm the detachment/exclusion of that member agency from the Water Authority by majority approval at a general or special election;
WHEREAS, voters and ratepayers in service areas of member agencies of the Water Authority other than Rainbow and Fallbrook may be affected by a detachment of one or both of those agencies, and San Diego LAFCO may want to allow such larger electorate a chance to be heard on detachment;

WHEREAS, if a detachment application is not denied by San Diego LAFCO, then each applicable electorate should be afforded the opportunity to vote at a general or special election based on a full understanding of the potential impacts that would result from detachment and knowing all conditions that would be placed on the ratepayers of a detaching agency by LAFCO as a result of such a detachment;

WHEREAS, the CKH Act requires that if a proposal for a change in organization is initiated by other than the Water Authority, then the Water Authority may request the determination that it be deemed to be not a “district” or “special district” for purposes of Part 4 and/or 5 of the CKH Act as described in the first recital above within 10 days of notification by LAFCO of the initiation of the proposal; and

WHEREAS, the Water Authority is not engaged in: (a) the distribution and sale for any purpose, other than for the purpose of resale, of water or of gas, or electricity for light, heat, or power; (b) furnishing sanitary sewer service or garbage and refuse collection service to the ultimate users thereof; (c) providing fire or police protection; or (d) the acquisition, maintenance, lighting or operation of streets and highways, street and highway improvements or park and recreation facilities, except as an incident to the exercise of other lawful power of the Water Authority.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves the following:

1. In any LAFCO proceeding in which a change in organization is proposed that would detach or exclude Rainbow and/or Fallbrook from the Water Authority, the Water Authority shall request that if San Diego LAFCO does not deny the detachment application(s), that: (a) San Diego LAFCO exempt the proceeding from Part 4 of the LAFCO Act and, instead, proceed under the Water Authority’s principal act, the County Water Authority Act, for the purpose of the Authority Proceedings phase; and (b) in addition to any other appropriate conditions or Authority Proceeding requirements, San Diego LAFCO also require detachment approval by a majority of the voters within the Water Authority’s entire service area. The General Manager and the General Counsel, or their designees, are hereby authorized to request the foregoing as to the Rainbow and/or Fallbrook proceedings only, and to submit all applications and other necessary papers.
PASSED, APPROVED, and ADOPTED this 21st day of November 2019 by the following vote:

AYES:  Unless noted below all Directors voted aye.

NOES:  Bebee, Cate, Kennedy, and Steiner

ABSTAIN:  None

ABSENT:  Ayala, Barnum, Boyle, Fong-Sakai, Hall, Mosca, Murtland, Scalzitti (P), Simpson, and Watkins (P).

Jim Madaffer, Chair

ATTEST:

Christy Guerin, Secretary

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2019-19 was duly adopted at the meeting of the Board of Directors on the date stated above.

Melinda Nelson, Clerk of the Board
November 13, 2019

Attention: Board of Directors

Resolution Regarding LAFCO Part 4 Exemption Request. (Action)

Staff recommendation
Adopt Resolution 2019-___ (Attachment 1) authorizing General Manager and/or General Counsel to Apply to LAFCO to:

- Exempt a Rainbow and/or Fallbrook detachment/annexation proceeding from Part 4 of the Cortese-Knox-Hertzberg Act, and instead have any “Authority Proceedings” conducted under the County Water Authority Act; and

- In addition to any other LAFCO requirements, request that LAFCO condition approval of any detachment on a majority vote of the entire Water Authority electorate.

Alternative
Do not adopt the Resolution.

Fiscal Impact
There is no identifiable fiscal impact from this action, which pertains to a procedural issue at San Diego Local Agency Formation Commission (“LAFCO”).
Executive Summary

- Rainbow Municipal Water District ("Rainbow") and/or Fallbrook Public Utility District ("Fallbrook") may soon file applications with the San Diego Local Agency Formation Commission ("LAFCO") to detach from the Water Authority and annex into Eastern Municipal Water District ("Eastern") in Riverside County (together the detachment and annexation are the "Reorganization.")
- This Reorganization, under which member agencies of one regional public entity would annex into a different county’s regional public entity, appears to have no precedent in San Diego County.
- The LAFCO proceedings will be conducted in phases, and if the LAFCO approves the Reorganization, it will still be subject to a local protest vote, called “Authority Proceedings.”
- Under LAFCO law, the Authority Proceedings can require a protest vote; however, the Water Authority is entitled to seek the LAFCO’s approval to instead conduct the Authority Proceedings as a majority-vote election in at least the Rainbow and Fallbrook service areas.
- LAFCO may also condition its approval of a Reorganization on certain terms and conditions, including requiring an Authority Proceeding vote to be conducted only among voters in the detaching areas, or also among the voters in the entire Water Authority service area. The latter approach would allow for voters region-wide to ratify a potential LAFCO approval of the Reorganization, giving those ratepayers a voice in the future economic and other impacts that would result from detachment from the Water Authority.

Background

Beginning in at least Fall of 2018, member agencies Fallbrook and Rainbow initiated plans to seek to detach from the Water Authority and annex into Eastern Municipal Water District, located in Riverside County. Fallbrook and Rainbow began discussions with Eastern as early as fall of 2018, and then began discussions with San Diego and Riverside LAFCOs by January of 2019.

In May of 2019, the Acting General Manager of the Water Authority was informed by the General Manager of Rainbow that both Rainbow and Fallbrook were planning to seek to detach from the Water Authority. A general proposal has now been publicly discussed by Fallbrook and Rainbow, but the specifics of the infrastructure changes and financial approach have not been made clear.

Rainbow and Fallbrook have stated at their respective board meetings that applications for detachment are being drafted and may be filed as early as December 2019.

Water Authority’s Involvement to Date

Applicable LAFCO. Initially, Rainbow and Fallbrook would have had the LAFCO matters decided at two different LAFCOs – Riverside County and San Diego County. In an effort to have a consolidated set of proceedings, improve coordination and efficiency, and maintain local control of
decisions in San Diego County, the Water Authority requested that the San Diego LAFCO take exclusive jurisdiction over the matters. In October 2019, the two LAFCOs agreed to an MOU under which exclusive jurisdiction is vested in San Diego LAFCO.

Fact Finding. The Water Authority made Public Records Act requests in order to understand the scope of the plans and the history of discussions. Additionally, meetings between staff were conducted in July, and were followed by a general proposal from Rainbow and Fallbrook in August, which again provided little detail or analysis of impacts. Further meetings were conducted in September and early October, but to date the Water Authority has not been presented by Rainbow or Fallbrook with any detailed proposals, or with any substantive analyses of what the projected impacts to water supply reliability, rates, or infrastructure would be to the Water Authority and to each of its member agencies. The Water Authority has asked Rainbow and Fallbrook for these details, including in a recent October 14, 2019, letter sent by special counsel, and previously provided to each of the Board members. A copy is attached as Attachment 2.

Anticipated Procedure

LAFCO Nomenclature. A detachment from the Water Authority will require multiple acts and approvals by San Diego LAFCO. Procedurally, it will require changes to the “sphere of influence” for the Water Authority, Rainbow, Fallbrook, and Eastern, as well as the detachment of Rainbow and Fallbrook from the Water Authority, and the annexation of Rainbow and Fallbrook to Eastern. All of these will be handled in one consolidated proceeding, but are governed under separate parts of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code sections 56000 et seq. (also known as the “CKH Act” or the “LAFCO Act.”) Annexations and detachments are also collectively known as “boundary changes” or “reorganizations.”

Consultations. Under local LAFCO policy, the applicants must consult with affected local agencies prior to submitting their applications, in order to identify and attempt to resolve any issues raised by the proposed reorganizations. Because it is possible that the proposed Reorganization would have significant financial and potential environmental impacts on the Water Authority all of its member agencies, as well as other agencies such as fire districts, all of those parties are affected local agencies with which the applicants should consult. The consultations, to be meaningful, must be based on a proposal that specifies the changes that would occur under a Reorganization. Special Counsel sent a letter to this effect to Rainbow and Fallbrook on October 14, 2019 (Attachment 2). We will continue to work with San Diego LAFCO to ensure that meaningful consultations are conducted prior to San Diego LAFCO’s accepting the applications.

Application and Commission Proceedings. Rainbow and Fallbrook would, if they go forward, subsequently submit applications (or perhaps a consolidated single application) to San Diego LAFCO and pay associated fees.

Once LAFCO determines that the application is complete, it will notify all affected agencies, including the Water Authority, and solicit public engagement and comments. The Water Authority, its member agencies and all other affected parties will have an opportunity to participate in this process.
LAFCO will then undertake an independent analysis of the proposal. This may take many months.

Upon the conclusion of that analysis, LAFCO staff will prepare a report and recommendation, provide notice, and hold a public hearing. The Water Authority and its member agencies and all other affected local parties will have an opportunity to review the analysis and report, and participate in the public hearing.

The Commission will then vote on the application. These initial procedures are referred to as the “Commission Proceedings.” (See Cal. Gov. Code § 56650 et seq.) If the application is denied, the process ends. If the application is approved (with any associated conditions), then “Authority Proceedings” may follow.

It is important to note that LAFCO may place a number of conditions on any approval. Cal. Gov. Code Section 56886 gives LAFCO a considerable amount of leeway in fashioning terms and conditions of a detachment, including imposing requirements from the principal act, here the CWA Act.

Authority Proceedings. Following the approval of an application by LAFCO, the LAFCO Act provides for a second process, known as the “Authority Proceedings.”

LAFCO Act Authority Proceedings:

The default approach to Authority Proceedings is a “protest” proceeding under which the affected territory’s voters may mail in a protest to oppose the LAFCO’s approval/decision. If fewer than 25% of ratepayers in the affected territory protest, then the application is deemed approved. If 50%+1 of the registered voters protest the proposal, then it is deemed denied. If 25-50% of the registered voters protest the proposal, then the proposal goes to the voters in a general or special election where it is subject to a majority vote. LAFCO may provide for the voter pool to be just Rainbow and Fallbrook, or the entirety of the four affected entities (Fallbrook, Rainbow, Water Authority and Eastern), or some subset of those. Historically it has proven procedurally cumbersome for a large electorate to affirmatively lodge 25%+ protests, especially because protest proceedings are unfamiliar to most voters. If that standard is not met, then under “Authority Proceedings” there might not be a vote of the electorate at all.

CWA Act Authority Proceedings:

In the alternative, the Water Authority may apply to LAFCO to opt out of the protest procedure in the LAFCO Act, and instead conduct the Authority Proceedings pursuant to its principal act, the County Water Authority Act (“CWA Act”). This would ensure the voters have an opportunity to vote on the proposal at a standard regular or special election.

In order to seek to proceed under the CWA Act instead of Part 4 of the LAFCO Act, the Water Authority would need to apply to LAFCO for exemption from Part 4 within 10 days after notification that the initial application is complete. That option is allowed when an agency is not engaged in: (a) the distribution and sale for any purpose, other than for the purpose of resale, of water or of gas, or electricity for light, heat, or power; (b) furnishing sanitary sewer service or
garbage and refuse collection service to the ultimate users thereof; (c) providing fire or police protection; or (d) the acquisition, maintenance, lighting or operation of streets and highways, street and highway improvements or park and recreation facilities, except as an incident to the exercise of other lawful power of the Water Authority. The Water Authority, as a water wholesaler, satisfies the statutory requirement.

Terms and Conditions Imposed by LAFCO:

In addition to a vote in the Rainbow and Fallbrook service areas, San Diego LAFCO Commissioner Dianne Jacob suggested at the October 7, 2019, LAFCO meeting that voters within the Water Authority’s entire 24-member agency service area perhaps should have an opportunity to evaluate and vote upon a detachment, as they may be affected by such a change in organization. It is within the discretion of the LAFCO to provide terms and conditions for reorganization. Consistent with Commissioner Jacob’s suggestion, and assuming that LAFCO’s analysis of the applications demonstrates that there will be financial impacts on ratepayers, in order to enfranchise all of the Water Authority’s affected ratepayers on this issue it is therefore recommended that the Water Authority specifically request that such a vote of the larger affected electorate be considered as a condition of detachment (if detachment were to be approved; of course, detachment may also be denied by San Diego LAFCO). The below staff recommendation would ensure that all affected ratepayers are entitled to vote (including those in Rainbow and Fallbrook as specified in the CWA Act).

Request for Board Action

The Board is therefore requested to adopt the Attachment 1 Resolution that would authorize the General Manager and General Counsel, or their designees, to do the following upon notification of a detachment application filed with San Diego LAFCO by Rainbow or Fallbrook:

1. Request that San Diego LAFCO exempt the proceeding from Part 4 of the LAFCO Act and instead proceed under the Water Authority’s principal act, the County Water Authority Act, for the purpose of voter approval of any LAFCO-approved detachment in the Authority Proceedings phase; and

2. Request that if San Diego LAFCO does not deny the detachment application(s), that – in addition to any other appropriate conditions or Authority Proceeding requirements the LAFCO may specify – San Diego LAFCO also require detachment approval by the voters within the Water Authority’s entire service area.

Prepared by: Claire Hervey Collins, Special Counsel
Approved by: Sandra L. Kerl, Acting General Manager
Mark J. Hattam, General Counsel

Attachments:
Attachment 1 - Resolution 2019-___
Attachment 2 - October 14, 2019 Letter
RESOLUTION NO. 2019-___

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY AUTHORIZING THE GENERAL MANAGER AND GENERAL COUNSEL TO REQUEST A DETERMINATION BY THE SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION THAT THE WATER AUTHORITY IS NOT A “DISTRICT” OR “SPECIAL DISTRICT” FOR THE PURPOSES OF PART 4 OF THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT AND TO REQUEST A VOTE OF THE WATER AUTHORITY’S ELECTORATE AS TO ANY DETACHMENT.

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act (Cal. Gov. Code section 56000 et seq.) (“CKH Act”) at Government Code Section 56036.6 provides that a county water authority may apply to a Local Agency Formation Commission (“LAFCO”) for a determination that the county water authority is not a “district” or “special district” for the purposes of Part 4 (or Part 5) of the CKH Act pursuant to Government Code Sections 56036.6, 56127, and 56128;

WHEREAS, the San Diego County Water Authority (“Water Authority”) is a county water authority as described in Government Code Section 56036.6;

WHEREAS, the Water Authority anticipates that one or more applications for a change in organization that will affect, among others, the Water Authority and its member agencies will be filed with San Diego County LAFCO on behalf of Rainbow Municipal Water District (“Rainbow”) and/or Fallbrook Public Utility District (“Fallbrook”);

WHEREAS, the Water Authority’s principal act, the County Water Authority Act, provides procedures for a change in organization for county water authorities, as does the CKH Act;

WHEREAS, Government Code Section 53036.6 provides that if, upon application by a county water authority, a LAFCO determines that a county water authority is not a “district” or “special district,” then any authority proceedings pursuant to Part 4 of the CKH Act for a change of organization to the Water Authority (which proceedings follow the LAFCO’s commission proceedings) will be conducted pursuant to the County Water Authority Act;

WHEREAS, Part 4 of the CKH Act provides for a protest vote for any change of organization approved by the LAFCO, which results in a default approval of the LAFCO’s decision unless 25% of the registered voters in the designated territory protest the change of organization by signed mail-in vote, but the County Water Authority Act provides instead for a majority vote of the voters in the detaching agency service area to confirm the detachment/exclusion of that member agency from the Water Authority by majority approval at a general or special election;
WHEREAS, voters and ratepayers in service areas of member agencies of the Water Authority other than Rainbow and Fallbrook may be affected by a detachment of one or both of those agencies, and San Diego LAFCO may want to allow such larger electorate a chance to be heard on detachment;

WHEREAS, if a detachment application is not denied by San Diego LAFCO, then each applicable electorate should be afforded the opportunity to vote at a general or special election based on a full understanding of the potential impacts that would result from detachment and knowing all conditions that would be placed on the ratepayers of a detaching agency by LAFCO as a result of such a detachment;

WHEREAS, the CKH Act requires that if a proposal for a change in organization is initiated by other than the Water Authority, then the Water Authority may request the determination that it be deemed to be not a “district” or “special district” for purposes of Part 4 and/or 5 of the CKH Act as described in the first recital above within 10 days of notification by LAFCO of the initiation of the proposal; and

WHEREAS, the Water Authority is not engaged in: (a) the distribution and sale for any purpose, other than for the purpose of resale, of water or of gas, or electricity for light, heat, or power; (b) furnishing sanitary sewer service or garbage and refuse collection service to the ultimate users thereof; (c) providing fire or police protection; or (d) the acquisition, maintenance, lighting or operation of streets and highways, street and highway improvements or park and recreation facilities, except as an incident to the exercise of other lawful power of the Water Authority.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves the following:

1. In any LAFCO proceeding in which a change in organization is proposed that would detach or exclude Rainbow and/or Fallbrook from the Water Authority, the Water Authority shall request that if San Diego LAFCO does not deny the detachment application(s), that: (a) San Diego LAFCO exempt the proceeding from Part 4 of the LAFCO Act and, instead, proceed under the Water Authority’s principal act, the County Water Authority Act, for the purpose of the Authority Proceedings phase; and (b) in addition to any other appropriate conditions or Authority Proceeding requirements, San Diego LAFCO also require detachment approval by a majority of the voters within the Water Authority’s entire service area. The General Manager and the General Counsel, or their designees, are hereby authorized to request the foregoing as to the Rainbow and/or Fallbrook proceedings only, and to submit all applications and other necessary papers.
PASSED, APPROVED, and ADOPTED this 21st day of November 2019 by the following vote:

AYES:        Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

______________________________  
Jim Madaffer, Chair

ATTEST:

______________________________  
Christy Guerin, Secretary

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2019- ____ was duly adopted at the meeting of the Board of Directors on the date stated above.

______________________________  
Melinda Nelson, Clerk of the Board
October 14, 2019

Mr. Jack Bebee
General Manager
Fallbrook Public Utility District
900 East Mission Road
Fallbrook, CA 92028
jackb@fpud.com

Re: LAFCO Process

Dear Mr. Bebee:

As special LAFCO counsel to the San Diego County Water Authority ("Water Authority"), Chair Madaffer has asked me to respond to your October 10 letter to him on behalf of the agency.

First, as has been stated many times, the Water Authority must respect the interests of all water ratepayers served by our 24 member agencies in San Diego County. We plan to do that and stand ready to support a fully transparent LAFCO process.

Second, I am addressing this letter to you as the author of the October 10 letter, and I am copying your General Counsel. The Water Authority urges you to consult with your General Counsel or other qualified LAFCO counsel as soon as possible in order to ensure that Fallbrook Public Utility District ("Fallbrook") is following the LAFCO process, and to ensure that Fallbrook understands the Water Authority’s responsibility in that process. I am copying Mr. Kennedy and his agency’s General Counsel for the same reason. I believe that it is imperative that Fallbrook and Rainbow Municipal Water District ("Rainbow") take certain necessary consultation actions in light of your stated imminent plans to file a LAFCO detachment proposal.

The pace of the LAFCO process has been designed by statute and local policy to be a thorough, collaborative, and deliberative process. The responsibility for preparing a comprehensive proposal and engaging in meaningful consultations with affected agencies is a significant and serious one. Your apparent frustration at the response to date by the Water Authority is a reflection of the lack of detail and analysis in the materials provided by Fallbrook and Rainbow to the Water Authority, and a reflection of the lack of meaningful dialogue about the impacts of potential detachment. It is not the result of any actions taken or not taken by Chair Madaffer or the Water Authority, which is eager to better understand Fallbrook and Rainbow’s detailed plan so that it can undertake a rigorous analysis of the related impacts. To be clear, however, the Water Authority has no duty to formulate a proposal for your agencies, or to formulate an “offer” on behalf
of its other member agencies. It does have a duty of good faith to review and consult with you on a genuine proposal, but due to the lack of specifics from your agencies as to exactly what you plan, it is unable to do so at this time.

Against this backdrop, and in the interest of fairness and to promote mutual understanding, I will take this opportunity to comment on some of the points raised in your October 10 letter.

San Diego LAFCO Legislative Policy No. L-107:

San Diego LAFCO’s legislative policy L-107 establishes a consultation requirement among affected agencies prior to the filing of a detachment proposal, stating in part:

It is the policy of the San Diego Local Agency Formation Commission that:

1. Prior to submission of a proposal requesting LAFCO consideration of a change of organization or reorganization, the proposal applicant and representatives from affected public agencies, interested parties, and/or organizations, shall meet at the earliest possible stage for the purpose of identifying and attempting to resolve any issues associated with the proposed jurisdictional change(s). The Executive Officer may waive the consultation procedure outlined in this provision when it can be determined with certainty that there will be no possibility that the proposal in question will result in identified and unresolved jurisdictional issues.

2. The consultation process described in provision no. 1 should identify any jurisdictional issues or concerns related to: a. Differing development standards; b. Existing and/or planned land uses and zoning, including densities, community character, and appropriate jurisdictional transition areas; c. Existing and/or planned provision of governmental services, including any potential impacts to service levels or financial ability to sustain service levels; and, d. Any other local community or governmental concerns.

* * *

6. Affected local agencies shall be encouraged to explore additional methods to improve future inter- and intra-departmental and jurisdictional communications for the purpose of discussing and commenting on proposed or pending jurisdictional changes at the earliest possible stage.

Consultation Process:

With due respect, the Water Authority does not agree that all necessary steps have been taken to satisfy L-107 requirements.

First, although your agencies have been discussing a possible detachment among yourselves for a full year now, very few concrete details have been revealed to the Water Authority.
Mr. Jack Bebee  
October 14, 2019  
Page 3

or to the public. The very broad “framework” you have provided does not include the kind of substantive detail necessary to evaluate such a significant service change, particularly in light of the more than 50 years of water service to Fallbrook and Rainbow by the Water Authority. You are required to provide an analysis outlining the potential effects of detachment on the Water Authority and all of its member agencies, including Fallbrook and Rainbow customers. We renew our request for a detailed proposal consistent with LAFCO requirements.

**Detailed Proposal Needed:**

In order to have a productive consultation process, all affected parties (as defined in L-107) need to be provided with the specific details of your detachment proposal including financial and environmental impacts, impacts on water supply reliability, and all other impacts to the region as a whole that would result from a detachment.

Because Fallbrook and Rainbow are the agencies proposing detachment, it is your responsibility, not the Water Authority’s responsibility, to conduct the relevant analyses and make a detailed proposal addressing all relevant factors. For example:

- You are aware that a number of Water Authority member agencies have expressed concerns about Fallbrook and Rainbow’s share of Water Authority financial obligations, incurred to develop the reliable, firm water supplies now being delivered to Fallbrook and Rainbow and all Water Authority member agencies. You should be prepared to discuss this topic when you meet with the other member agencies. Your proposal should indicate how you plan to address this concern, as well as how your proposal would impact customer rates (including those of Fallbrook and Rainbow), if at all.

- We have not been given any details as to environmental impacts, but note comments in the PRA documents that significant new piping infrastructure may be needed in Rainbow and

---

1 The Water Authority only became aware of this timeline from documents produced by Fallbrook and Rainbow in response to its Public Records Act (PRA) request. While your agencies began at an early stage to consult with the Eastern Municipal Water District, you did not share your intentions with the Water Authority until just this past May.

2 We attach Water Authority Acting General Manager Sandy Kerl’s e-mail to you dated October 10, which was not attached to your letter. In that e-mail, Ms. Kerl noted that Fallbrook and Rainbow had not provided the specifics of any proposal to the Water Authority. The document you submitted on August 21, 2019, was really an advocacy piece arguing why detachment might make sense for your agencies. This is not the kind of substantive proposal or analysis of impacts required by LAFCO.

3 This is why your requests for a Water Authority open session agenda item about detachment, before submittal of a detailed written proposal, were premature. This is not a “political” decision, but must be one based on what is in the best interests of the voters and ratepayers in San Diego County.

4 This is not intended to be an exhaustive list of issues or substitute for legal advice by your own attorneys on LAFCO requirements.

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LEWIS BRISBOIS BISGAARD & SMITH LLP  
www.lewisbrisbois.com

4830-7048-7977
perhaps Fallbrook. Additionally, a detachment from the Water Authority (which uses very little water from the environmentally sensitive Bay Delta region, and will use even less over time) would, under your plan, be replaced by increased reliance on Delta water from MWD. This shift should be analyzed, particularly in light of Water Code section 85021. Review of these and other potential environmental impacts should be completed before any applications are filed with LAFCO, with all affected parties described under LAFCO Policy L-107 being provided a reasonable time and opportunity to comment.

These are only a few examples of the kinds of impacts that should be included in a detailed proposal to be presented to and discussed with affected parties during the consultation process.

Next Steps:

The Water Authority is fully committed to working through the LAFCO process—but the process must start with your agencies’ good faith efforts to present a proposal grounded in facts and substantive analysis, including a reasonable range of alternative outcomes. You must provide sufficient information to allow all parties, and ultimately all voters and ratepayers, to make informed decisions about the proposed detachment.

Once you have prepared the terms of your proposal, Fallbrook and Rainbow can begin the process of meeting with all affected agencies and parties to identify and attempt to resolve issues, as required under LAFCO policy.\footnote{Chair Madaffer’s August 21 letter to Fallbrook and Rainbow did not say anything to the contrary; in fact, he reiterated then that he asked you to “please provide a specific proposal.” Chair Madaffer was not addressing your LAFCO obligations in his letter—he was only asking that you cease “public relations” meetings with Water Authority directors telling them that the Water Authority was refusing to meet with you.} This will provide an opportunity to identify areas of agreement, disagreement, and further areas of inquiry necessary to present a meaningful application to LAFCO.

I would be happy to discuss next steps with your counsel in order to avoid further frustration and wasted effort on the part of all parties.

Very truly yours,

[Signature]

Clairc Horvey Collins
LEWIS BRISBOIS BISGAARD & SMITH LLP

CHC:JLB

Attachment

5 Chair Madaffer’s August 21 letter to Fallbrook and Rainbow did not say anything to the contrary; in fact, he reiterated then that he asked you to “please provide a specific proposal.” Chair Madaffer was not addressing your LAFCO obligations in his letter—he was only asking that you cease “public relations” meetings with Water Authority directors telling them that the Water Authority was refusing to meet with you.
cc: Water Authority Board of Directors
    Fallbrook Board of Directors
    Rainbow Board of Directors
    Mark Hattam, Water Authority General Counsel
    Sandy Kerl, Water Authority Acting General Manager
    Water Authority member agency General Managers
    Paula de Sousa Mills, General Counsel for Fallbrook, Best Best & Krieger
    Tom Kennedy, Rainbow General Manager
    Lloyd V. Pellman, Counsel for Rainbow, Nossaman
From: Kerl, Sandy  
Sent: Thursday, October 10, 2019 12:52 PM  
To: Bebee, Jack <jackh@foud.com>; Kennedy, Tnm <tkennedy@rainbowmwd.com>  
Cc: Madaffer, Jim <jimadaffer@sdcwa.org>; Croucher, Gary <garydcroucher@gmail.com>; Guerin, Christy <Redwyhtblu56@yahoo.com>  
Subject: Follow-Up on Meeting of October 9, 2019

Dear Jack and Tom:

This e-mail follows our meeting yesterday, as promised. The Water Authority appreciates the opportunity for continuing dialogue with you and all of our member agencies on this subject.

While I regret the frustration you expressed at our meeting yesterday, I want to be clear that from our perspective, the process going forward has now been established by the LAFCO board action taken on Monday, October 7. We believe LAFCO policy requires that your agencies, as the potential LAFCO applicants, meet with all affected parties prior to your filing with LAFCO, in an attempt to reach agreement on the issues presented.

The LAFCO policy (L-107) is expressly referenced in the letter that was submitted to LAFCO by the Otay Water District (copy attached). The policy clearly states a requirement that applicants meet with all affected agencies to walk through their proposal to try and reach a resolution. While we appreciate you meeting with the Water Authority, that alone does not satisfy LAFCO’s policy.

I also derived from our meeting yesterday that you believe it is the Water Authority’s responsibility to make some sort of “offer” to you. We would not be in a position to do that, even if we had the specific details of your proposal (we don’t), because the potential impacts are not only on the Water Authority but also on its member agencies, their ratepayers and potentially other third parties.

Finally, you said that you wanted to know our agency’s legal interpretation of the applicable law as to why your agencies should pay anything upon detachment. This is an issue that will be addressed in the course of LAFCO proceedings.

As I indicated to you, the Water Authority must continue to represent the interests of all of our member agencies. We plan to do that and stand ready to support the LAFCO process.

Best regards,

Sandy

Sandra L. Kerl  
Acting General Manager

(858) 522-6783  
skerl@sdcwa.org

Our Region’s Trusted Water Leader  
San Diego County Water Authority
Blank for Photocopying
April 23, 2020

Keene Simonds  
Executive Officer  
San Diego County Local Agency Formation Commission  
9335 Hazard Way, Suite 200  
San Diego, CA 92123  

Re: San Diego County Water Authority letters, dated April 2, 2020.

Dear Keene,

On behalf of the Fallbrook Public Utility District (“FPUD”) and the Rainbow Municipal Water District (“RMWD”), we would like to jointly respond to your letters to each of our agencies dated April 10, 2020 related to the April 2, 2020 letters you received from the San Diego County Water Authority (“SDCWA”) (“SDCWA Letters”). In the SDCWA Letters, SDCWA submitted to LAFCO the following:

- a request to have LAFCO stay proceedings on LAFCO’s consideration of the applications for reorganization (“FPUD/RMWD Applications”) filed by our two Districts, which Applications involve a detachment from the Districts from SDCWA; and

- its application for a determination under Government Code sections 56127, 56128 and 56036.6 a determination that it is not a “district” as to Part 4 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, (Government Code sections 56000 et seq. (“CKH Act”)) (“SDCWA Application”);

- a premature and improper request for LAFCO to require a county-wide vote, contrary to the express requirements of the County Water Authority Act.

This letter provides the Districts’ response to all three components of the SDCWA Letters.

1. **SDCWA’s Request for LAFCO to Stay Proceedings on the Applications**

The COVID-19 “stay home except for essential needs order” imposed by Executive Order N-33-20 is having a significant impact on our region, and we understand the challenges it presents to local governments, special districts and the public at large. That stated, as public officials responsible to the public, it is our duty to continue working on behalf of our constituents, customers and ratepayers—even during this “stay home except for essential needs” order. As you also identified in your letter, despite the present challenges, LAFCO continues to serve its
key role in the region, providing service to its constituents. We appreciate your efforts on behalf of our ratepayers.

Given that this unprecedented public health crisis is causing serious financial hardship for so many residents of our service areas – and will likely do so for months, if not years to come – it is imperative that we all help where we can; especially as it relates to our respective ratepayers. By seeking to detach from SDCWA and instead purchase our water from the Eastern Municipal Water District, we anticipate saving our ratepayers $8-10 million per year. These are savings that would translate to their bottom line, providing discretionary income to help them recover not only from the financial impacts due to COVID-19 today, but also from the rising cost of water over the past years.

In light of all this, we do not believe that it is necessary or prudent for LAFCO to grant SDCWA’s request to delay LAFCO’s review and processing of the FPUD/RMWD Applications due to the COVID-19 situation, unless LAFCO has a pressing reason to do so. There is nothing new in the FPUD/RMWD Applications that SDCWA was not already aware of. In fact, SDCWA has been aware of our Districts’ plans to pursue detachment for nearly a year, and as SDCWA noted in its letter, SDCWA took its necessary board action last year regarding our respective detachment applications. Also, it is important to note that despite the COVID-19 situation SDCWA – like most public agencies across the region – continues to move forward on many significant actions.

However, we are sensitive to any potential resource constraints LAFCO and its relatively small staff may encounter, especially during these unprecedented times. We would expect that if LAFCO stopped processing our applications, it would not be an arbitrary decision to just stop processing the FPUD/RMWD Applications, but would be part of a larger decision to stop all operations and stop processing all other proposals before LAFCO. We also understand many of the Commissioners are leading the public health efforts for their communities and our entire region. For these reasons, we are willing to work with your Commission. Accordingly, if LAFCO, because of operational constraints, needs to delay consideration of SDCWA’s Application from its May Commission meeting to its June Commission meeting, the Districts agree to such a delay. Otherwise, as is our right as the applicants, we do not agree to have the FPUD/RMWD Applications, including, but not limited to, consideration of SDCWA’s Application, delayed. We instead expect that the FPUD/RMWD Applications proceed as required under state law and local rules.

Even if a delay in considering SDCWA’s Application occurs, given that the entire LAFCO process will likely take at least a year, the Districts fully expect that all other future statutory timelines be maintained. This is essential for our Districts to provide our ratepayers relief, as soon as possible, since they will be feeling the financial impacts of this crisis for quite some time. Additionally, it is imperative that we provide them with a secure supply of water at the lowest possible cost, as soon as possible.

2. **SDCWA’s Application for Determination that it is not a “District” as to Part 4 of the CKH Act**
The Districts generally do not object to SDCWA’s Application, except as discussed below in Section 3. In fact, the Districts are confused as to whether such an application is even necessary given the long-standing practice of LAFCO to process those components of changes of organization and reorganizations involving SDCWA, as exempt under both Parts 4 and Parts 5 of the CKH Act\(^1\) presumably as a result 1976 approvals by both SDCWA and LAFCO referenced in SDCWA’s Application.

3. **SDCWA’s Premature and Improper Request for a County-Wide Vote Contrary to the Express Requirements of the County Water Authority Act**

FPUD and RMWD object to any attempt by SDCWA to request that LAFCO impose a legally impermissible term and condition on a future LAFCO approval of the FPUD/RMWD Applications. SDCWA has done just this by submission of its resolution supporting the SDCWA Application, which resolution focuses almost entirely on SDCWA’s confused belief that it can ask LAFCO to impose a term and condition on the FPUD/RMWD Applications that is expressly contrary to applicable law. Simply put, and as we have stated previously, a countywide vote is not called for in the County Water Authority Act. (See County Water Authority Act § 45-11 (a)(2), attached.) In fact, the County Water Authority Act specifically requires that detachment be determined only by the electors in those districts that are seeking detachment. The SDCWA request also has no precedent in LAFCO law and such a request could have profound effects on other, future Commission actions. Arbitrarily ignoring the clear statutory requirements on how elections are conducted would open the door to all LAFCO actions being required to conduct a countywide vote, effectively negating the basic role of the Commission.

In closing, as we move forward, we request that the FPUD/ RMWD Applications be processed and considered in a timely manner. We must reiterate, the negative financial impact of delays in the process are significant – about $800,000 per month - so unnecessary delays will continue to inflict financial harm on the ratepayers of our two Districts.

Sincerely,

![Signature]

Jack Bebee  
General Manager  
Fallbrook Public Utility District

![Signature]

Tom Kennedy  
General Manager  
Rainbow Municipal Water District

\(^1\) We call your attention to LAFCO’s Directory of Special Districts in San Diego County (2011) ("Directory"), which indicates that SDCWA is already exempt from conducting authority/protest proceedings. The Directory, which can be found on LAFCO’s website at https://www.sdlafco.org/home/showdocument?id=3114, provides in pertinent part as follows:

LAFCO has purview over some aspects of SDCWA boundary change; however, SDCWA is exempt from conducting authority proceedings (commencing with Government Code § 57000).

(Directory, Section II, Agencies with Restricted LAFCO Oversight, p. 105.)
§ 45-11. Exclusion of territory

Sec. 11. (a) **Methods.** Exclusion of territory from any county water authority may be effected by either of the following methods:

(1) . . .

(2) Any public agency whose corporate area as a unit has become or is a part of any county water authority may obtain the exclusion of the area therefrom in the following manner:

The governing body of any public agency may submit to the electors thereof at any general or special election the proposition of excluding from the county water authority the corporate area of the public agency. Notice of the election shall be given in the manner provided in subdivision (c) of Section 10. The election shall be conducted and the returns thereof canvassed in the manner provided by law for the conduct of elections in the public agency. If a majority of electors voting thereon vote in favor of withdrawal, the result thereof shall be certified by the governing body of the public agency to the board of directors of the county water authority. A certificate of the proceedings shall be made by the secretary of the county water authority and filed with the Secretary of State. Upon the filing of the certificate, the corporate area of the public agency shall be excluded from the county water authority and shall no longer be a part thereof; provided, that the taxable property within the excluded area shall continue to be taxable by the county water authority for the purpose of paying the bonded and other indebtedness of the county water authority outstanding or contracted for at the time of the exclusion and until the bonded or other indebtedness has been satisfied; provided further, that if the taxable property within the excluded area or any part thereof is, at the time of the exclusion, subject to special taxes levied or to be levied by the county water authority pursuant to the terms and conditions previously fixed under subdivision (c) or (d) of Section 10 for the annexation of the excluded area or part thereof to the county water authority, the taxable property within the excluded area or part thereof so subject to the special taxes shall continue to be taxable by the county water authority for the purpose of raising the aggregate sums to be raised by the levy of special taxes upon taxable property within the respective annexing areas pursuant to the terms and conditions for the annexation or annexations as so fixed and until the aggregate sums have been so raised by the special tax levies. Upon the filing of the certificate of proceedings, the Secretary of State shall, within 10 days, issue a certificate reciting the filing of the papers in his or her office and the exclusion of the corporate area of the public agency from the county water authority. The Secretary of State shall transmit the original of the certificate to the secretary of the county water authority and shall forward a certified copy thereof to the county clerk of the county in which the county water authority is situated.

(b) . . .

Credits

(Stats.1943, c. 545, p. 2111, § 11. Amended by Stats.1951, c. 997, p. 2628, § 1; Stats.1957, c. 1356, p. 2685, § 3; Stats.1985, c. 1408, § 3, eff. Oct. 1, 1985.)

West’s Ann. Cal. Water Code App. § 45-11, CA WATER App. § 45-11
Current with urgency legislation through Ch. 3 of 2020 Reg.Sess
May 4, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
John Traylor, Local Governmental Consultant

SUBJECT: Final Report and Related Actions | Municipal Service Review on County Service Area No. 135

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a final report involving the scheduled municipal service review on County Service Area (CSA) No. 135. The report returns with limited and non-substantive revisions from its draft presentation in March and represents an independent assessment of CSA No. 135 and its active municipal functions: public safety radio communications; fire protection; and emergency medical services. The report – markedly – continues to recommend the reorganization of CSA No. 135 to establish a new dependent fire protection district. Staff recommends the Commission formally accept the final report as well as adopt a resolution making determinations on all factors required under statute as part of the municipal service review directive.

BACKGROUND

Municipal Service Review Mandate

State law directs San Diego LAFCO to regularly prepare municipal service reviews in conjunction with updating each local agency’s sphere of influence. The legislative intent of the municipal service review and its five-year cycle requirement is to proactively inform the Commission and the general public therein regarding the availability and sufficiency of
governmental services relative to community needs. Municipal service reviews statutorily inform required sphere of influence updates and may also lead the Commission to take other actions under its authority, such as forming, consolidating, or dissolving special districts.

Current Workplan | Municipal Service Review on CSA No. 135

San Diego LAFCO’s current workplan was adopted at a noticed hearing held on April 3, 2019 and outlines specific project goals for the fiscal year. This includes preparing an agency-specific municipal service review on CSA No. 135 and its active service functions (public safety radio communications, fire protection, and emergency medical). The municipal service review represents the first detailed report prepared by the Commission on CSA No. 135 since activating its integrated fire protection and emergency medical service powers in 2008.

Draft Report and Public Review

Staff presented a draft municipal service review on CSA No. 135 for discussion and feedback at San Diego LAFCO’s March 2, 2020 meeting. The presentation included an overview by staff on the draft’s key conclusions and recommendations and immediately preceded the initiation of a 45-day public review and comment period through April 17th. Notice of the public review was provided to CSA No. 135 and its 11 member agencies involving the District’s public safety radio communications function as well as all independent fire protection districts in San Diego County. The notice was also published in several local newspapers and posted on the LAFCO website. Written comments received on the draft report by the April 17th deadline follow:

- Chair Stephen Abbott with the San Diego County Fire Chiefs Association
- Director Herman Reddick and Chief Tony Meacham with County Fire Authority
- Julian resident Robert Smith

All three written comments have been included as an appendix to the final report. Additional details on these comments are included in the following sections.

DISCUSSION

This item is for San Diego LAFCO to complete its scheduled municipal service review on CSA No. 135. This includes accepting a final report prepared by staff and highlighted by an Executive Summary outlining key conclusions and recommendations. This also includes adopting a resolution memorializing the municipal service review and approving the written determinations included in the final report and addressing all the factors required for Commission consideration under statute.

1 Notice of the public review and May 4th hearing was published in the following newspapers: East County Californian; Julian News; San Diego Union Tribune; Valley Roadrunner; and Village News.
ANALYSIS

The final municipal service review on CSA No. 135 before San Diego LAFCO remains substantively intact with limited revisions. This includes returning with all key conclusions and recommendations presented in the draft and outlined in the Executive Summary (Chapter Two) with one exception. The exception involves removing a recommendation and related determination for the County Fire Authority to further sync fire prevention in the unincorporated area with independent fire protection districts and under the common land use authority of the County of San Diego. Removal of the recommendation/determination follows the Commission’s earlier feedback and interest to avoid unintended inferences regarding current prevention levels. Other revisions in the final report reflect clarifications and/or technical corrections sourced to comments received from the San Diego County Fire Chiefs Association with details footnoted.²

Should the Commission proceed and accept the final report – and among other outcomes – the membership would formally recommend the County apply for reorganization to transition CSA No. 135’s integrated fire protection and emergency medical service function to a new fire protection district.³ The recommendation further prescribes the new fire protection district be dependent (i.e. governed by the Board of Supervisors) with a jurisdictional boundary identical to the current CSA No. 135 latent power service area. The Commission would also encourage the County to file the reorganization by waiving all associated application fees. The County – pertinently – has stated its intention to follow the recommendation and apply for reorganization as detailed in the Fire Authority’s comment letter.

RECOMMENDATION

It is recommended San Diego LAFCO proceed to formally accept the final report on the municipal service review on CSA No. 135 and adopt a resolution approving the associated determinations addressing all factors required under statute. This recommendation is consistent with Alternative One as outlined in the succeeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO and can be accomplished through a single-approved motion.

Alternative One (recommended):

a) Accept the final report provided as Attachment One representing the scheduled municipal service review on CSA No. 135.

² Other revisions in the final report include expanding Conclusion No. 4 in the Executive Summary (Chapter Two) to address the County of San Diego’s funded ratio during the report period. The Agency Profile (Chapter Three) has also been expanded to detail the current special study areas assigned to CSA No. 135’s with respect to fire protection and emergency medical services in Section 3.3. These revisions respond to comments provided by Chair Stephen Abbott with the San Diego County Fire Chiefs Association.

³ Specific benefits for the recommended reorganization are detailed in the Executive Summary (Chapter Two) under Section 5.6 / No. 8.
b) Adopt the attached resolution provided as Attachment Two making the requisite determinations as required under statute as part of the scheduled municipal service review on CSA No. 135.

Alternative Two:
Continue the item and request additional information from staff 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) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Commission.
3) Open the hearing and invite comments in the following order:
   - representatives from CSA No. 135
   - other interested parties and the general public
4) Discuss item and consider the staff recommendation.

Respectfully,

Keene Simonds
Executive Officer

Attachments:
1) Final Municipal Service Review on CSA No. 135
2) Resolution Making Determinations
COUNTY SERVICE AREA NO. 135
Municipal Service Review | Government Code 56430

Affected Municipal Functions
Public Safety Radio
Fire Protection
Emergency Medical

Final Report | May 2020

Project Manager
E. John Traylor
Local Government Consultant
ACKNOWLEDGEMENT

San Diego County LAFCO gratefully acknowledges the time and effort of officials with the County of San Diego in the preparation of this report. This includes special consideration for Jenna Lee with County Fire Authority and Gayda Pia with the County Sheriff’s Department – Wireless Division for generating specific data for use by LAFCO.
### TABLE OF CONTENTS

#### CHAPTER ONE | INTRODUCTION

1.0 Local Agency Formation Commissions (LAFCO)
   - 1.1 Authority and Objectives ................................................................. 7
   - 1.2 Regulatory Responsibilities ............................................................. 8
   - 1.3 Planning Responsibilities ................................................................. 8
   - 1.4 LAFCO Decision-Making .................................................................. 11
   - 1.5 Prescriptive Funding ....................................................................... 11

2.0 San Diego LAFCO
   - 2.1 Adopted Policies and Procedures ..................................................... 12
   - 2.2 Commission Information ................................................................. 12
   - 2.3 Contact Information ........................................................................ 13

#### CHAPTER TWO | EXECUTIVE SUMMARY

1.0 Overview
   - 1.1 Key Premises, Assumptions, and Benchmarks ................................. 15

2.0 Study Organization ............................................................................. 17

3.0 Geographic Area & Affected Agency .................................................. 17

4.0 Report Summary
   - 4.1 General Conclusions ..................................................................... 17
   - 4.2 Recommendations ......................................................................... 20

5.0 Written Determinations
   - 5.1 Growth and Population Projections ............................................... 22
   - 5.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities .................................................. 23
   - 5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies ........................................................................ 23
   - 5.4 Agencies’ Financial Ability to Provide Services ................................ 25
   - 5.5 Status and Opportunities for Shared Facilities and Resources .......... 26
   - 5.6 Local Accountability and Government Restructure Options .......... 26

#### CHAPTER THREE | AGENCY PROFILE

A. COUNTY SERVICE AREA NO. 135

1.0 Overview ............................................................................................ 29

2.0 Background
   - 2.1 Community Development ............................................................... 30
   - 2.2 Formation Proceedings .................................................................. 31
   - 2.3 Post Formation Proceedings ......................................................... 31

3.0 Boundaries
   - 3.1 Jurisdictional Boundary ................................................................. 34
   - 3.2 Sphere of Influence ...................................................................... 36
   - 3.3 Current Boundary and Sphere Map ............................................... 36

4.0 Demographics
   - 4.1 Population and Housing ................................................................. 37
   - 4.2 Age Distribution ............................................................................ 38
   - 4.3 Income Characteristics ................................................................. 39
   - 4.4 Socioeconomic Indicators .............................................................. 39

5.0 Organization
   - 5.1 Governance .................................................................................. 40
   - 5.2 Administration ............................................................................... 41
6.0 Municipal Service Functions
   6.1 Public Safety Radio ................................................................. 42
   6.2 Fire Protection and Emergency Medical (integrated) ...................... 44

7.0 Finances
   7.1 Financial Statements ................................................................... 50
   7.2 Measurements | Liquidity, Capital, and Margin .............................. 53
   7.3 Pension Obligations .................................................................... 54

Appendix A CSA No. 135: Public Safety Radio Communications Map ........................................ 57
Appendix B CSA No. 135: Fire Protection and Emergency Medical Services Map ...................... 59
Appendix C Disadvantaged Unincorporated Communities (DUC) Maps .................................... 61
Appendix D Comparison Chart: CSAs v. FPDs ........................................ 63
Appendix E Comments on Public Draft ............................................................................. 65
Appendix F Municipal Service Review Sources ................................................................. 73
CHAPTER ONE | INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

1.1 Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are political subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs’ authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) with principal oversight provided by the Assembly Committee on Local Government. LAFCOs are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities, towns, and most special districts as well as their municipal service areas. LAFCOs’ creation were engendered by Governor Edmund “Pat” Brown Sr. (1959-1967) to more effectively address the needs of California’s growing and diversifying population with an emphasis on promoting governmental efficiencies. Towards this end, LAFCOs are commonly referred to as the Legislature’s “watchdog” for local governance issues.

Guiding LAFCOs’ regulatory and planning powers is to fulfill specific purposes and objectives that collectively construct the Legislature’s regional growth management priorities outlined under Government Code (G.C.) Section 56301. This statute reads:

“Among the purposes of the commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions. One of the objects of the commission is to make studies and furnish information to contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

1 Reference California Government Code Section 56000 et. seq.
2 In its ruling on City of Ceres v. City of Modesto, the 5th District Court of Appeals referred to LAFCOs as the “watchdog” of the Legislature to “guard against the wasteful duplication of services.” (July 1969)
LAFCO decisions are legislative in nature and therefore are not subject to an outside appeal process. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals so long as not establishing any terms that directly control land uses.

1.2 Regulatory Responsibilities

LAFCOs’ principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California. LAFCOs are also tasked with overseeing the approval process for cities, towns, and special districts to provide new or extended services beyond their jurisdictional boundaries by contracts or agreements. LAFCOs also oversee special district actions to either activate new service functions and service classes or divest existing services. LAFCOs generally exercise their regulatory authority in response to applications submitted by affected agencies, landowners, or registered voters. Recent amendments to CKH also authorize and encourage LAFCOs to initiate jurisdictional changes to form, consolidate, and dissolve special districts consistent with community needs.

1.3 Planning Responsibilities

LAFCOs inform their regulatory actions through two central planning responsibilities: (a) making sphere of influence (“sphere”) determinations and (b) preparing municipal service reviews. Sphere determinations have been a core planning function of LAFCOs since 1971 and serve as the Legislature’s version of “urban growth boundaries” with regard to cumulatively delineating the appropriate interface between urban and non-urban uses within each county. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted as part of CKH and intended to inform – among other activities – sphere determinations. The Legislature mandates, notably, all sphere updates as of 2001 be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs. An expanded summary of the function and role of these two planning responsibilities follows.

---

3 CKH defines “special district” to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.
Spheres of Influence

LAFCOs establish, amend, and update spheres for all cities, towns, and most special districts in California to designate the territory it independently believes represents the appropriate and probable future service areas and jurisdictional boundaries of the affected agencies. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions as footnoted. Further, an increasingly important role involving sphere determinations relate to their use by regional councils of governments as planning areas in allocating housing need assignments for counties, cities, and towns.

Starting January 1, 2008, LAFCOs must review and update all local agencies’ spheres every five years. In making sphere determinations, LAFCOs are required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to orient LAFCOs in addressing the core principles underlying the sensible development of local agencies consistent with the anticipated needs of the affected communities. The five mandated planning factors are summarized in short-form below.

1. Present and planned land uses in the area, including agricultural and open-space.

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

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

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

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

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4 Exceptions in which jurisdictional boundary changes do not require consistency with the affected agencies’ spheres include annexations of State correctional facilities or annexations to cities/towns involving city/town owned lands used for municipal purposes with the latter requiring automatic detachment if sold to a private interest.
Municipal Service Reviews

Municipal service reviews serve as a centerpiece to CKH’s enactment in 2001 and represent comprehensive studies of the level, range, and performance of governmental services provided within defined geographic areas. LAFCOs generally prepare municipal service reviews to explicitly inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. Advisory guidelines on the preparation of municipal service reviews were published by the Governor’s Office of Planning and Research in 2003 and remain the lone statewide document advising LAFCOs in fulfilling this mandate.

All municipal service reviews – regardless of their intended purpose – culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing. The seven mandated service factors are summarized below in short-form with additional details footnoted.5

1. Growth and population projections for the affected area.

2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.

4. Financial ability of agencies to provide services.

5. Status and opportunities for shared facilities.

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5 Determination No. 5 was added to the municipal service review process by Senate Bill 244 effective January 1, 2012. The definition of “disadvantaged unincorporated community” is defined under G.C. Section 56330.5 to mean inhabited territory that constitutes all or a portion of an area with an annual median household income that is less than 80 percent of the statewide annual median household income; the latter amount currently totaling $53,735 (emphasis added).
6. Accountability for community service needs, including structure and operational efficiencies.

7. Matters relating to effective or efficient service delivery as required by policy.

1.4 LAFCO Decision-Making

LAFCOs are generally governed by 11-member board comprising three county supervisors, three city councilmembers, three independent special district members, and two representatives of the general public. Some larger LAFCOs – including San Diego – also have additional board seats dedicated to specific cities as a result of special legislation. All members 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. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs have sole authority in administering its legislative responsibilities and decisions therein are not subject to an outside appeal process. All LAFCOs are independent of local government with the majority employing their own staff; an increasingly smaller portion of LAFCOs, however, choose to contract with their local county government for staff support services. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the membership. All LAFCOs must also appoint their own legal counsel.

1.5 Prescriptive Funding

CKH prescribes local agencies fully fund LAFCOs’ annual operating costs. Counties are generally responsible for funding one-third of LAFCO’s annual operating costs with remainder one-third portions allocated to the cities/towns and independent special districts. The allocations to cities/towns and special districts are calculated based on standard formula using general tax revenues unless an alternative method has been approved by a majority of the local agencies. The funding proportions will also differ should the LAFCO have additional representation as a result of special legislation. LAFCOs are also authorized to collect proposal fees to offset local agency contributions.
2.0 SAN DIEGO LAFCO

2.1 Adopted Policies and Procedures

The majority of San Diego LAFCO’s (“Commission”) existing policies and procedures were initially established in the 1970s and subsequently updated in the 2000s in step with the enactment of CKH. These policies and procedures collectively guide the Commission in implementing LAFCO law in San Diego County in a manner consistent with regional growth management priorities as determined by the membership with sufficient discretion to address local conditions and circumstances. This includes overarching policies and procedures to align present and planned urban uses with existing cities and special districts and discourage proposals that would convert prime agricultural and open-space lands unless otherwise orderly relative to community needs and or sufficiently mitigated. The Commission has also established pertinent policies and procedures specific to preparing sphere updates and municipal service reviews. This includes direction to the Executive Officer to regularly prepare municipal service reviews in appropriate scope and level to inform the Commission in updating spheres in regular five-year intervals.

2.2 Commission Information

San Diego LAFCO holds regular meetings on the first Monday of each month at the County of San Diego Administration Center located at 1600 Pacific Highway in San Diego, California. Meetings start at 9:00 A.M. Agenda materials are posted online generally no less than one week in advance of a regular meeting. The current Commissioner roster follows.

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<tr>
<th>San Diego LAFCO Membership</th>
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<tr>
<td>Current as of January 1, 2020</td>
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<tr>
<td>Commissioner</td>
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<td>Chair Dianne Jacob</td>
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<td>Vice Chair Andy Vanderlaan</td>
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<td>Jim Desmond</td>
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<td>Harry Mathis, Alternate</td>
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<td>Paul McNamara, Alternate</td>
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Immediate Past Members in 2019:
- Catherine Blakespear, Cities Selection Committee, City of Encinitas
- Ed Sprague, Independent Special Districts, Olivenhain Municipal Water District
- Serge Dedina, Cities Selection Committee, City of Imperial Beach (alt)
- Judy Hanson, Independent Special Districts, Leucadia Wastewater District (alt)
2.3 Contact Information

San Diego LAFCO’s administrative office is located within the County of San Diego’s Operations Center at 9335 Hazard Way in San Diego (Kearny Mesa). Visitor parking is available. Appointments to discuss proposals or other matters are encouraged and can be scheduled by telephone at 858.614.7755. Communication by email is also welcome and should be directed to staff@sdlafco.org. Additional information regarding San Diego LAFCO’s programs and activities is also available online by visiting www.sdlafco.org.

Thank you.

Keene Simonds
Executive Officer
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CHAPTER TWO | EXECUTIVE SUMMARY

1.0 OVERVIEW

This report represents San Diego LAFCO’s scheduled municipal service review of County Service Area (CSA) No. 135. The report has been prepared by staff and consistent with the scope of work approved by the Executive Officer. The underlying aim of the report is to produce an independent assessment of CSA No. 135 and its active municipal functions – public safety radio communications, fire protection, and emergency medical services – with respect to availability, demand, and performance relative to the Commission’s regional growth management duties and responsibilities as established by the Legislature. Information generated as part of the report will be used by the Commission to (a) guide a subsequent sphere of influence update, (b) inform future boundary changes, and – if merited – (c) recommend and/or initiate future government reorganizations.

1.1 Key Premises, Assumptions, and Benchmarks

The report has been oriented in scope and content to serve as an ongoing monitoring program on CSA No. 135 and specifically its three active municipal functions: public safety radio communications; fire protection; and emergency medical services. It is expected San Diego LAFCO will revisit the report and key assumptions and benchmarks approximately every five years consistent with the timetable set by the Legislature and memorialized under adopted policy. This will also allow the Commission to assess the accuracy of earlier projections and make appropriate changes in approach as needed as part of future reports. Key assumptions and benchmarks affecting scope and content in this report follow.

Looking Back | Determining the Data Collection Range or Report Period

The period for collecting data to inform the Commission’s analysis and related projections on population growth, service demands, and finances has been set to cover the five-year fiscal period from 2014 to 2018 with limited exceptions. This data collection period covers the 60 months immediately preceding the start of work on the document and purposefully aligns with the five-year timeline for the report with the resulting data trends appearing most relevant in making near-term projections; i.e., data from the last five years is most pertinent in projecting trends over the next five years.
Looking Forward | Setting the Report’s Timeframe

The timeframe for the report has been oriented to cover the next five-year period through 2023 with the former (five years) serving as the analysis anchor as contemplated under State law. This timeframe is consistent with the five-year cycle prescribed for municipal service reviews under G.C. Section 56430 and expected therein to inform all related sphere of influence and boundary actions undertaken during this period involving CSA No. 135 and/or the affected municipal functions unless otherwise merited.

Calculating Population Estimates and Projections

Past and current residential population estimates in the report draw on data generated by Esri and their own mapping analyses of census tracts. This approach differs from past Commission practice to utilize estimates by the San Diego Association of Governments or SANDAG and done so given – and among other factors – the ability of Esri’s mapping software to readily sync with special district boundaries. Projections over the succeeding five-year period are made by LAFCO and apply the estimated growth trend in CSA No. 135’s distinct service zones over the last 60 months with limited exceptions; i.e., population growth over the last five years is generally expected to hold over the next five years.

Focusing on Macro-Level Determinations

The report focuses on central service outputs with respect to quantifying availability, demand, and adequacy of CSA No. 135’s municipal functions relative to current and near-term needs. A prominent example involves focusing on annual demands for fire protection and emergency medical services and the percentage of onsite incidents therein that are exclusively responded to by the District (i.e., County Fire Authority). This approach informs macro-level determinations for all mandatory factors under statute. When applicable, the report notes the need for more micro-level analysis as part of addendums or future municipal service reviews.

Benchmarking Infrastructure Needs and Deficiencies

Similar to the preceding factor the report and its analysis focuses on average system demands and associated trends generated during the 60-month study period in benchmarking infrastructure needs or deficiencies. This broader focus on averages provides a more reasonable account of system demands and helps to control against one-year outliers in analyzing overall relationships with capacities.
Benchmarking Fiscal Solvency

Several diagnostic tools are used to assess and make related determinations on CSA No. 135’s financial solvency via the County of San Diego as the parent government organization based on a review of available audited information during the report period, fiscal years 2014 to 2018. This includes an emphasis on analyzing current ratio, debt-to-net assets, and total margin. These specific diagnostics provide the Commission with reasonable benchmarks to evaluate liquidity, capital, and margin and calculated to track overall trends and final-year standing.

2.0 STUDY ORGANIZATION

This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated within the report. This includes addressing the mandatory factors required for consideration by the Legislature anytime San Diego LAFCO performs a municipal service review. The Executive Summary is proceeded by a detailed agency profile (Chapter Three) on CSA No. 135. The profile anchors the document and transitions between qualitative and quantitative analyses with the latter headlined by measuring population and demographic trends, service capacities, and financial standing.

3.0 GEOGRAPHIC AREA

The geographic area designated for this municipal service review is close to 3,740 square miles in size. The geographic area has been purposefully designated by the Executive Officer to span the entire jurisdictional boundary of CSA No. 135 and includes all unincorporated lands in San Diego County as well as all Cities of Carlsbad, Del Mar, Encinitas, Imperial Beach, Lemon Grove, Poway, San Marcos, Santee, Solana Beach, and Vista.

4.0 REPORT SUMMARY

4.1 General Themes and Conclusions

CSA No. 135 serves two distinct municipal roles on behalf of the County of San Diego and a considerable portion of its constituents. The first and initial role of CSA No. 135 was established at the time of its formation in 1994 to provide enhanced public safety radio communications in the unincorporated area as well as in participating incorporated communities in San Diego County (Carlsbad, Del Mar, Encinitas, Imperial Beach, Lemon Grove, Poway, San Marcos, ...
Santee, Solano Beach, and Vista). This involved establishing the governmental means to create a dedicated funding mechanism to support a regional communication system and in doing so sync otherwise incompatible radio systems among first-responders. It was similarly expected the County and affected cities would establish a fixed fee within their jurisdictions to directly fund the regional communication system through CSA No. 135. However, the subsequent passage of Proposition 218 (1996) and requirement to receive voter approval for new fees changed direction and only three member agencies – Del Mar, Poway, and Solana Beach – proceeded to establish fixed fees for CSA No. 135; the remaining member agencies fund the regional communication system through general fund monies. The result is a substantive deviation in CSA No. 135’s implementation given only three of the eleven member agencies directly fund the resulting 800-megahertz public safety radio system operated by Regional Communication Systems through a District fixed fee.

While CSA No. 135’s role in providing public safety radio communications has decreased in scale relative to initial formation expectations the opposite applies to the District’s functions with respect to fire protection and emergency medical services. These integrated functions were established in 2008 as part of a LAFCO-approved latent power activation and corresponded with the creation of the County Fire Authority and produces an internal service zone covering close to two-thirds of the District boundary. The expansion CSA No. 135 followed an earlier recommendation by LAFCO by way of two earlier Commission reports on reorganizing fire protection in the unincorporated area titled “Macro” and “Micro” as well as the County’s responding document titled as the “Hybrid Plan.” The Hybrid Plan directly informed the County in proceeding with an application subsequently approved by LAFCO to utilize CSA No. 135 as the governance means to organize and fund fire protection and emergency medical services in the unincorporated area over three distinct steps. All three steps in the Hybrid Plan have been completed and the County Fire Authority is now the successor to 18 former fire service agencies and/or companies. The County also has memorialized its commitment to providing fire services through a voter-approved amendment to the County Charter in November 2018 by formally adding the County Fire Authority as an organizational unit.

A review of CSA No. 135 relative to San Diego LAFCO’s growth management tasks and interests as prescribed under statute produces five central themes or conclusions. These conclusions collectively address the availability, need, and adequacy of CSA No. 135 services. The conclusions are independently drawn and sourced to information collected and analyzed

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7 The City of Santee was annexed into CSA No. 135 in September 1995.
8 The first step in the Hybrid Plan involved merging all volunteer fire companies into CSA No. 135. The second step involved merging all other CSAs providing fire protection and emergency medical services into CSA No. 135. The third and final step involved merging Pine Valley and San Diego Rural Fire Protection Districts into CSA No. 135. The Hybrid Plan was deemed completed with the merger of the Julian Guaymas Fire Protection District into CSA No. 135 in April 2019.
between 2014 and 2018 and detailed in the agency profile.

- **No. 1 | Two Distinct and Separate Municipal Roles**
  Two distinct municipal roles comprise CSA No. 135 and divided between (a) public safety radio communications and (b) integrated fire protection and emergency medical services. These two roles are separately organized within the County of San Diego and other than sharing enabling powers through CSA No. 135 have no substantive connection with one another in terms of administration, budgeting, and operations.

- **No. 2 | Different and Reduced Role in Public Safety Radio Communications**
  CSA No. 135 was initially formed in 1994 to organize and directly fund public safety radio communication system throughout the District’s jurisdictional boundary and on behalf of 11 member agencies. CSA No. 135’s direct funding of public safety radio communications, however, has diverged and is limited to only three member agencies – Cities of Del Mar, Poway, and Solana Beach – to date. The other eight member agencies in CSA No. 135 fund the associated services through other discretionary resources outside the intended role of the District.

- **No. 3 | Expanding Role in Fire Protection and Emergency Medical Services**
  CSA No. 135 has been successful in fulling its role to organize and fund fire protection and emergency medical services in the unincorporated area through the County Fire Authority following LAFCO’s approval of a latent power activation in 2008. This includes completing all three steps in the County’s Hybrid Plan and marked by serving as successor to 18 merged fire agencies and/or companies and in doing so becoming first responder for approximately 70% of the unincorporated area. The role of the County Fire Authority has also expanded beyond initial formation expectations and now a formal commitment under the County of San Diego Charter.

- **No. 4 | Positive Financial Standing**
  The County of San Diego – which is fiducially responsible for CSA No. 135 and its municipal functions – improved its financial standing during the five-year report period as measured by its audited net position with an overall 42.7% increase less pension obligations. This improvement is also reflected and aided by an average total margin of 4.7% over the corresponding 60-month period. Further, while decreasing by (6.5%), the County’s funded ratio – i.e. the portion of pension assets to pension liabilities – finished the period favorably relative to industry standards at 78%.
• **No. 5 | Merits to Reorganize and Establish a New Fire Protection District**

The distinct and separate municipal roles within CSA No. 135 suggest there is sufficient merit to pursue a reorganization of the District to formally separate into two entities and further sync its active service activities with current and future demands. The preferred option involves reorganizing CSA No. 135 to divest its fire protection and emergency medical service powers and concurrently form a new dependent fire protection district governed by the Board of Supervisors to serve as successor agency. This reorganization would leave CSA No. 135 to public safety radio communications only and provide the new fire protection district – and among other benefits – a more traditional governance model for the County Fire Authority to organize, fund, and – distinct from CSA intentions – deliver fire protection and emergency medical services.

### 4.2 Recommendations

The following recommendations call for specific action either from San Diego LAFCO and/or CSA No. 135 based on information generated as part of this report and outlined below in order of their placement in Section 5.0 (Written Determinations). Recommendations for Commission action are dependent on a subsequent directive from the membership and through the adopted work plan.

1. **San Diego LAFCO should coordinate with the County of San Diego and SANDAG to develop buildout estimates specific to CSA No. 135 and for its two distinct service areas – public safety radio communications and fire protection/emergency medical services – and incorporate the information into the next scheduled municipal service review.**

2. **San Diego LAFCO should perform additional review to fully determine the scale of qualifying disadvantaged unincorporated community lands adjacent to CSA No. 135 that are not already within the boundary of fire protection provider. This additional review appropriately satisfies statutory prompts and should be incorporated into future municipal service reviews as needed.**

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9 Public Health and Safety Code Division 12 Part 2.7 governs fire protection districts and specifies in the case of a district containing only unincorporated territory the district board at the time of formation may be elected or may be appointed by the appointed by the board of supervisors – including appointing itself as district board (Section 13836). The appointed board may also delegate any or all of its powers to a fire commission (13844). The appointed board may adopt a resolution calling an election for a majority of voters to approve a governance transition to a directly-elected district board (13846(b)). Alternatively, the appointed board must also call an election if 25% or more of registered voters petition to hold an election to transition to a directly-elected district board (13846(b)).
3. San Diego LAFCO should coordinate with CSA No. 135 and assess the present and future role of the District in meeting all participating agencies’ needs specific to its public safety radio communications function. This includes assessing whether other participating agencies are interested in establishing a fixed District fee and evaluating thereafter the merits/demerits of boundary adjustments.

4. The distinct and separate municipal roles within CSA No. 135 suggests a reorganization of the District to formally separate into two entities and further sync its active service activities with current and future demands is appropriate at this time.

5. San Diego LAFCO believes the preferred reorganization option involving CSA No. 135 is to divest its fire protection and emergency medical service powers and concurrently form a new dependent fire protection district to serve as successor agency.

6. County of San Diego should proceed with a proposal request to San Diego LAFCO to reorganize CSA No. 135 as provided above and with the incentive of a fee waiver.

7. San Diego LAFCO should proceed and update CSA No. 135’s sphere with no changes and in doing so satisfy its planning requirement under G.C. Section 56425.

5.0 WRITTEN DETERMINATIONS

San Diego LAFCO is directed to prepare written determinations to address the multiple governance factors enumerated under G.C. Section 56430 anytime it prepares a municipal service review. These determinations serve as independent statements based on information collected, analyzed, and presented in this report. The underlying intent of the determinations are to provide a succinct detailing of all pertinent issues relating to the funding, administration, and delivery of public services provided by CSA No. 135 specific to the Commission’s growth management role and responsibilities. An abbreviated version of these determinations will be separately prepared for Commission consideration and adoption.

5.1 Growth and Population Projections

1. San Diego LAFCO independently estimates there are 1,068,027 total fulltime residents within CSA No. 135 as of the end of the report period.
2. San Diego LAFCO separately estimates there are 50,476 fulltime residents within CSA No. 135’s fire protection and emergency medical service zone as of the end of the report period. This amount equals 4.7% of the total District population.

3. San Diego LAFCO estimates the total annual rate of new fulltime population growth in CSA No. 135 during the report period has been 0.82%. This rate is one-tenth lower than the corresponding amount for all of San Diego County and reflects the District generally serves more rural and slower-growth oriented communities.

4. San Diego LAFCO projects the current growth rate within CSA No. 135 will generally hold over the report timeframe. Should this projection hold, the total fulltime resident population within the District will reach 1,112,575 by 2023. It is relatedly projected the fire protection and emergency medical service zone will reach 52,502.

5. San Diego LAFCO should coordinate with the County of San Diego and SANDAG to develop buildout estimates specific to CSA No. 135 and its two distinct service areas and incorporate the information into the next scheduled municipal service review.

6. Housing production in CSA No. 135 totals 387,976 dwelling units; an amount that has increased by 19,004 since 2010 or 2,376 per year through the end of the report period.

7. The average monthly housing cost in CSA No. 135 is $1,235 and (21.8%) less than the countywide average. Notably, the monthly housing cost within the fire protection zone is $1,026 and (16.9%) lower than the overall District amount.

8. Residents within CSA No. 135 tend to be measurably older with a medium age of 46.7; an amount that is one-third higher than the corresponding countywide average of 35.3. Approximately one-half of District residents are within the prime working age range of 25 to 64 with a current five-year average of 48.9%.

9. CSA No. 135 residents’ average median household income is $55,810 and close to one-fifth less than the countywide amount of $66,259. This disparity in household income levels has also widen over the report period with the District’s total decreasing by (5.5%) in comparison to the countywide total increasing by 4.2%.
10. Residents in CSA No. 135 continue to experience relatively high levels of unemployment with the current average equaling 7.8%; an amount that is more than one-third higher than the countywide average of 4.9%. District residents are also more likely to be retired compared to countywide averages at a rate of nearly 2 to 1.

### 5.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities

1. More than three-fifths of the CSA No. 135 jurisdictional boundary qualifies as a disadvantaged unincorporated community under San Diego LAFCO policy. This includes a considerable portion of east San Diego County as well as several other individual communities and include Bonsall, Bostonia, Crest, and Lincoln Acres.

2. More than four-fifths of CSA No. 135’s fire protection and emergency medical service zone qualifies as a disadvantaged unincorporated community under LAFCO policy.

3. Additional information is needed to fully determine the scale qualifying disadvantaged unincorporated community lands adjacent to CSA No. 135 that are not already within the boundary of fire protection provider. This qualifier aside, a preliminary review indicates most – if not all – of qualifying lands are located within the jurisdictional boundary of an authorized fire protection provider.

### 5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. CSA No. 135 has experienced minimal to substantive changes in municipal service demands over the five-year report period relative to their two distinct functions: public safety radio communications and fire protection and emergency medical services. The change is most substantive within the latter function and underlies the increasingly weighted significance of the District’s fire protection and emergency medical services.

2. With respect to CSA No. 135’s public safety radio communication function, San Diego LAFCO determines the following.

   (a) CSA No. 135’s public safety radio communication function was established at the time of the District’s formation in 1994.

   (b) San Diego LAFCO determines there are no applicable class categories relative to CSA No. 135’s public safety radio communication function under Government Code Section 56425(i) and Commission Rule No. 4.
(c) CSA No. 135’s public safety radio communication function is intended to directly support the Regional Communication System and its operations of an 800-megahertz radio system in San Diego and Imperial Counties. However, only three of the eleven member agencies within CSA No. 135 currently fund the Regional Communication System through a direct District fixed fee. The three agencies are the Cities of Del Mar, Poway, and Solana Beach.

(d) It appears the most germane measurement of CSA No. 135’s public safety radio communication function involves the number of active radio counts among the 11 District agencies that participate in the Regional Communication System. This measurement shows an overall increase in the number of assigned radio counts of more than one-tenth or 9.5% over the report period.

3. With respect to CSA No. 135’s fire protection and emergency medical service functions, San Diego LAFCO determines the following.

(a) CSA No. 135’s fire protection and emergency medical service functions are organized as one integrated service and commenced in 2008 as part of a latent power activation approved by San Diego LAFCO.

(b) San Diego LAFCO classifies the nature of CSA No. 135’s fire protection and emergency medical service functions as structural and advance life support, respectively, for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

(c) CSA No. 135 has been successful in implementing the Board of Supervisor’s “Hybrid Plan” and establishment therein of the County Fire Authority and currently serves as successor agency to 18 merged fire agencies and/or companies.

(d) The County Fire Authority’s contract with CAL FIRE underlies the Authority’s ability to provide fire protection and emergency medical services. This contract currently staffs the County Fire Authority with 141 fulltime equivalent personnel and divided between 120 sworn and 21 non-sworn positions; amounts that have more than doubled over the five-year report period in-step with the Authority’s expansion.
(e) Overall onsite incidents within CSA No. 135’s fire protection and emergency medical service zone have averaged 14.3 daily over the five-year report period. Demands have increased overall by 33% during this period with net raises in all five divisions that collectively cover the zone and its 1.597 million acres.

(f) The County Fire Authority has responded exclusively to 78% of all onsite incidents within CSA No. 135’s fire protection and emergency medical service zone during the five-year report period. This response rate has risen by 7.8% over the report period and substantiates the County Fire Authority has been successful in planning and syncing resources to meet demands in the District.

(g) The portion of onsite arrivals in CSA No. 135’s fire protection and emergency medical service zone exclusively provided by outside agencies decreased during the five-year report period by nearly two-fifths or (37.1%). This latter development further substantiates County Fire Authority’s ability to keep pace with demands without overreliance on outside automatic aid agreements.

5.4 Agencies’ Financial Ability to Provide Services

1. The County of San Diego is fiducially responsible for CSA No. 135 and its public safety radio communications and fire protection and emergency medical service functions.

2. The County of San Diego’s net position for governmental activities has decreased during the five-year report period with an overall audited change of (39.0%) from $4.341 billion to $2.646 billion and produces a net loss of $1.695 billion. This change is largely attributed to new pension and benefit reporting requirements. Additional details on the County’s financial standing as of the end of the report period follows.

(a) The overall change in the County’s net position on governmental activities – markedly – adjusts positively over the report period by 42.7% from $4.341 billion to $6.197 billion if excluding reportable pension and benefit obligations.

(b) The County General Fund primarily supports CSA No. 135 and its core activity: fire protection and emergency medical services. The General Fund finished the report period with a balance of $2.307 billion and sufficient to cover 7.4 months of normal County operating expenses.
Standard measurements used to assess the County’s liquidity, margin, and structure levels shows mixed results during the report period. The County’s bottom line, however, remained positive during the 60-month period with an average total margin of 4.7%.

The County’s combined funded ratio for pension obligations with the San Diego County Employees Retirement Association at the end of the five-year report period finished at 77.9% based on market value and is considered above-average to industry standards. This ratio has decreased overall by (1.9%) over the 60-month period.

5.5 Status and Opportunities for Shared Facilities and Resources

1. CSA No. 135 serves to regionalize the funding and organization of its active municipal functions – public safety radio communication and fire protection and emergency medical service – at a resource-savings to its constituents.

2. CSA No. 135’s public safety radio communication function is presently utilized in full by three of the eleven participating agencies with respect to using a dedicated District fixed fee. Additional outreach is needed to determine the interest among the other eight participating agencies to fully utilize the District and its ability to economize and share costs over an expanded area.

5.6 Local Accountability and Government Restructure Options

1. CSA No. 135 has evolved beyond its initial formation expectations and presently divided between two distinct activities – public safety radio communications and fire protection and emergency medical services – that have no substantive connection with one another in terms of administration, budgeting, and operations.

2. CSA No. 135’s public safety radio communications function is intended to organize and fund monies to support a third party – Regional Communication System – and its operation of an 800-megahertz radio system among 11 participating agencies in San Diego County. CSA No. 135 is not being fully utilized in its purpose, however, given only three of the eleven participating agencies have established a dedicated District fixed fee within their respective jurisdictions.
3. It is unclear if there is a clear benefit for the participating city agencies in CSA No. 135 without dedicated fixed fees to fund their respective apportionments for public safety radio communications to remain in the District.

4. San Diego LAFCO should coordinate with CSA No. 135 and assess the present and future role of the District in meeting all participating agencies’ needs specific to its public safety radio communications function. This includes assessing whether other participating agencies are interested in establishing a fixed District fee and evaluating thereafter the merits/demerits of boundary adjustments.

5. CSA No. 135 has successfully fulfilled its initial mandate established under the Board of Supervisor’s “Hybrid Plan” with respect to extending and improving fire protection and emergency medical services in otherwise unserved or underserved areas of unincorporated San Diego County through the County Fire Authority.

6. The County Fire Authority has evolved from its initial role as an administrative agent for providing fire protection and emergency medical services to unincorporated areas in San Diego County to assuming a more deliberate and substantive role in delivery. This transition, markedly, continues and has been affirmed by voters in recently making the County Fire Authority a permanent commitment under the County of San Diego Charter.

7. The distinct and separate municipal roles within CSA No. 135 suggests a reorganization of the District to formally separate into two entities and further sync its active service activities with current and future demands is appropriate at this time.

8. San Diego LAFCO believes the preferred reorganization option involving CSA No. 135 is to divest its fire protection and emergency medical service powers and concurrently form a new dependent fire protection district to serve as successor agency. This reorganization would leave CSA No. 135 to public safety radio communications only and provide the new fire protection district four distinct benefits proceeding forward:

(a) Formalizes the County Fire Authority’s authorized service area by transitioning from a latent power zone imbedded within CSA No. 135 to a clean and stand-alone jurisdictional boundary.

(b) Improves governance connectivity by providing the County Fire Authority a more traditional and applicable principal act that syncs with its continued evolution from organizer and funder to organizer, funder, and deliverer of fire protection and emergency medical services.
(c) Responds to voters and their approval to amend the County Charter to make the County Fire Authority and its services a committed County of San Diego function.

(d) Empowers the County Fire Authority to directly annex incorporated lands and in doing so respond to potential interest among landowners and registered voters.
CHAPTER THREE | AGENCY PROFILE

COUNTY SERVICE AREA NO. 135

1.0 OVERVIEW

County Service Area (CSA) No. 135 is a dependent special district formed in 1994. Formation proceedings were initiated by the County of San Diego for the initial and specific purpose of providing enhanced wireless public safety radio communications in the unincorporated area as well as nine incorporated communities in San Diego County with administration provided by the Sheriff’s Department. A tenth city was subsequently annexed into CSA No. 135 in 1995. CSA No. 135 encompasses a 3,740 square mile jurisdictional boundary and covers 88% of San Diego County. Governance is provided by the five-member Board of Supervisors whose members are elected by divisions and eligible to serve up to two four-year terms.

CSA No. 135 is currently organized as a limited purpose agency with municipal operations activities tied to providing three distinct functions: (a) public safety radio communications; (b) fire protection; and (c) emergency medical services. The latter two municipal functions – notably – are integrated and have become CSA No. 135’s primary service activity following a latent power activation approved by LAFCO in 2008. This approval corresponded with the creation of the County Fire Authority and contract with CAL FIRE and produces an internal zone for CSA No. 135 specific to fire protection and emergency medical services that covers approximately 67% of the overall District boundary. CSA No. 135 is also authorized – subject to LAFCO approving additional latent power activations – to provide an expanded range of municipal service functions with the notable exception of land use.

CSA No. 135’s adopted operating budget at the end of the report period (2017-2018) was $44,409 million. This amount is divided between $0.267 million dedicated to public safety radio communications and $44.142 million dedicated to fire protection and emergency medical services. The County’s last audited financial statements cover 2017-2018 and shows

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10 The total budget amount is program specific. With respect to public safety radio communications, this involves combining the adopted budgets of the three active regional communication zones (Del Mar, Poway, and Solana Beach) funded directly by CSA No. 135. With respect to fire protection and emergency medical services, this involves combining the adopted budgets for County Fire Authority and related service zones.
the net position for all governmental activities – which includes CSA No. 135 functions – totaling $2.646 billion and represents an overall decrease over the report period of (39.0%). The adjusted net position less pension and related post-employment obligations at the end of the report period, however, totals $6.196 billion and reflects an overall increase of 47.7% over the corresponding 60-month period. The General Fund is the primary source to support CSA No. 135 activities and finished with an available balance sufficient to cover 7.4 months of normal operating costs based on recent actuals.

LAFCO independently estimates the fulltime resident population within CSA No. 135 is 1,068,027 as of the term of this report period and accommodated through the existing construction of 386,207 housing units. The estimated population within the internal fire protection and emergency medical service zone is 50,476. It is also estimated the overall resident population within CSA No. 135 has increased by 67,597 since 2010 – or 8,450 per year – with a resulting annual growth rate of 0.82%. The median household income is $55,810 based on the current five-year period average and is more than one-tenth lower – or (15.8%) – than the corresponding countywide amount of $66,529. Approximately three-fifths of the jurisdictional boundary qualifies as a disadvantaged unincorporated community.

2.0 BACKGROUND

2.1 Community Development

CSA No. 135’s primary service area is the unincorporated area of San Diego County and began its modern-day development in the early 1800s. Large land grants or ranchos initially divided the area during this early period and served to anchor the eventual development of several distinct and still unincorporated communities and marked with early population concentrations in Alpine, Campo, and Fallbrook. Statehood in 1850 paralleled San Diego’s establishment as one of the original 27 counties with an overall estimated population of 793 with most residents located in the harbor area and incorporated soon after as the City of San Diego. Other communities – National City, Oceanside, Escondido, and Coronado – followed with their own incorporations through the end of the century with San Diego County’s overall population reaching an estimated 35,090 by 1900 with 15% – or 5,264 – remaining part of the unincorporated area.
Steady growth continued over the first half of the 1900s throughout San Diego County and reflected in the unincorporated area’s population reaching an estimated 136,624 by 1950 with close to two-thirds generated in a 10-year span between 1940 and 1950. Growth in the unincorporated area continued over the next 40 years with the population reaching an estimated 396,100 by 1990. This continued growth, notably and among other byproducts, resulted in the corresponding establishment of more than two dozen fire protection districts within more densely populated unincorporated areas starting with Lower Sweetwater in 1944 and ending with San Miguel Consolidated in 1988.

2.2 Formation Proceedings

CSA No. 135’s formation was initiated by the County of San Diego in June 1994 for purposes of improving and streamlining public safety radio communication for law enforcement and fire protection services for all unincorporated and certain incorporated areas (Carlsbad, Del Mar, Encinitas, Imperial Beach, Lemon Grove, Poway, San Marcos, Solana Beach, and Vista). The formation proceedings followed years of discussions among public safety officials with the resulting aim to fund and operate a wireless 800-megahertz radio communication system for shared use by the County Sheriff and participating fire agencies (cities and special districts) through County General Services and in doing so replace individual systems that ranged in reach from 150 to 400-megahertz. LAFCO approved the formation in October 1994 with subsequent protest proceedings delegated to the County. An election was not required with protest results and CSA No. 135’s formation became effective on December 9, 1994.

2.3 Post Formation Activities

A summary of notable activities undertaken by CSA No. 135 and/or affecting the District’s jurisdictional boundary and services following its formation in 1994 is provided below.

- LAFCO establishes a sphere of influence for CSA No. 135 in December 1994. The sphere is set as a larger-than-agency designation and includes all of San Diego County – including the nine cities outside the District at the time: Chula Vista; Coronado; El Cajon; Escondido; La Mesa; Oceanside; National City; San Diego; and Santee.

- The County of San Diego approves the creation of the Regional Communication Systems (RCS) in May 1995 with an accompanying $83.4 million expenditure plan to administer the 800-megahertz wireless radio communication system. The County also enters into a parallel agreement with the County of Imperial and several other participating cities and special districts to fund and govern RCS. The agreement
provides for the operation of RCS by the County through the Sheriff’s Department and establishes funding requirements for the participating agencies. The agreement also establishes an RCS Board of Directors to make recommendations to the Board of Supervisors. A provision is also included to allow non-participating agencies to use the RCS as paying customers subject to the approval of the Board of Supervisors.

- LAFCO approves the City of Santee’s proposal to annex into CSA No. 135 for purposes of participating in the organization and funding of the District’s public safety radio communication system in September 2005.

- Proposition 218 takes effect on July 1, 1997 to require new and/or increased general taxes, assessments, and fees receive majority voter approval with limited exceptions. County Counsel concludes CSA No. 135 charges are subject to Proposition 218 and recommends the agencies sponsor CSA No. 135 zone rate approvals within their respective jurisdictions. Three agencies – City of Del Mar, City of Poway, and City of Solana Beach – subsequently receive voter approval to establish fixed CSA No. 135 zone fees. All other agencies begin to fund their participation in RCS through other means, including the use of general fund monies.

- The “Cedar Fire” consumes approximately 280,000 acres in San Diego County in October 2003. The fire destroys 2,800 buildings and kills 15 people.

- LAFCO updates and affirms CSA No. 135’s sphere of influence as a larger-than-agency designation with no changes in August 2007.

- The “Witch Creek-Guejito Fire” consumes approximately 290,000 acres in San Diego County in October 2007. The fire destroys 1,650 buildings and kills seven.

- In November 2004, San Diego County voters approve Proposition C and its advisory query on whether the County of San Diego should consolidate fire protection services in the unincorporated area. The measure passes with 81% of voters in favor.

- LAFCO approves a proposal from CSA No. 135 to activate its latent power to provide fire protection and emergency medical services in November 2008. Approval is designed as the first of three phases in empowering the recently created County Fire Authority to assume service responsibilities for most of the unincorporated area following extensive studying by LAFCO and the County.\(^{11}\)

\(^{11}\) The initial fire protection and emergency medical service zone established as part of the approval spans 942,818 acres and includes all
- LAFCO approves the second of three planned expansions of CSA No. 135’s activated fire protection and emergency medical service zone with the concurrent dissolution of five dependent special districts – CSA Nos.’ 109, 110, 111, 112, and 113 – in December 2011. The reorganization is initiated by CSA No. 135 and covers 137,000 acres and includes the Mt. Laguna, Palomar, Boulevard, Campo, and San Pasqual communities.

- RCS approves a comprehensive update to the regional communication system in 2013. The update is titled Next Generation or “NextGen” and involves a comprehensive update utilizing a competitive bid contract with Motorola Solutions.

- LAFCO approves part of the third planned expansions of CSA No. 135’s activated fire protection and emergency medical service zone with the concurrent dissolution of two independent special districts – Pine Valley and San Diego Rural FPDs – in August 2015. The reorganization is jointly initiated by all three affected agencies and covers 490,000 acres and includes the Descanso, Dulzura, Glencliff, Jacumba Jamul, Lyons, and Pine Valley areas as well as the Barona, Sycuan, and Viejas tribal territories.

- LAFCO approves the last component of the third planned expansion of CSA No. 135’s activated fire protection and emergency medical service zone with the concurrent dissolution of the Julian-Cuyamaca FPD in September 2018. The reorganization is jointly initiated by both affected agencies and covers 52,000 acres and includes the Julian and Cuyamaca communities. The reorganization is completed in April 2019 following a successful protest hearing and subsequent special election held on May 19, 2019 with 54% of registered voters confirming the approval.

- LAFCO approves the expansion of CSA No. 135’s activated fire protection and emergency medical service zone with the concurrent service divestiture of the Mootamai, Pauma, and Yuima Municipal Water Districts (MWDs) in December 2018. The reorganization is jointly initiated by all four affected agencies and covers 18,600 acres and includes the Pauma community along State Route 76.

- San Diego County voters approve an amendment to the County of San Diego Charter establishing the County Fire Authority as an organizational unit in November 2018.

unincorporated lands located outside existing special district boundaries. This includes several unincorporated communities – De Luz Heights, Ocotillo Wells, Ranchita, Shelter Valley, Sunshine Summit, and Warner Springs – in eastern San Diego County that were previously served by volunteer fire companies. The volunteer companies are absorbed by the County Fire Authority as part of the approval process.
3.0 BOUNDARIES

3.1 Jurisdictional Boundary

CSA No. 135’s overall jurisdictional boundary spans approximately 3,740 square miles and covers 2.393 million acres (parcels, water bodies, and public rights-of-ways). The County of San Diego is the primary land use authority and overlaps 95.4% of the jurisdictional boundary. The remaining jurisdictional acres – 4.6% of the total – are incorporated and divided between nine cities and in order of magnitude are Carlsbad, Poway, San Marcos, Encinitas, Vista, Santee, Imperial Beach, Lemon Grove, Solana Beach, and Del Mar. Overall there are 631,800 registered voters currently within the jurisdictional boundary.

<table>
<thead>
<tr>
<th>Land Use Authority</th>
<th>Total Acres</th>
<th>% of Total Acres</th>
<th>Number of Registered Voters</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of San Diego</td>
<td>2,283,950</td>
<td>95.43</td>
<td>315,639</td>
</tr>
<tr>
<td>City of Carlsbad</td>
<td>25,028</td>
<td>1.05</td>
<td>74,601</td>
</tr>
<tr>
<td>City of Poway</td>
<td>25,039</td>
<td>1.05</td>
<td>30,733</td>
</tr>
<tr>
<td>City of San Marcos</td>
<td>15,595</td>
<td>0.65</td>
<td>46,666</td>
</tr>
<tr>
<td>City of Encinitas</td>
<td>12,531</td>
<td>0.52</td>
<td>42,341</td>
</tr>
<tr>
<td>City of Vista</td>
<td>11,943</td>
<td>0.50</td>
<td>45,920</td>
</tr>
<tr>
<td>City of Santee</td>
<td>10,686</td>
<td>0.45</td>
<td>35,336</td>
</tr>
<tr>
<td>City of Imperial Beach</td>
<td>2,842</td>
<td>0.12</td>
<td>15,264</td>
</tr>
<tr>
<td>City of Lemon Grove</td>
<td>2,504</td>
<td>0.10</td>
<td>14,924</td>
</tr>
<tr>
<td>City of Solana Beach</td>
<td>2,183</td>
<td>0.09</td>
<td>9,097</td>
</tr>
<tr>
<td>City of Del Mar</td>
<td>1,143</td>
<td>0.05</td>
<td>3,279</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,393,444</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>631,800</strong></td>
</tr>
</tbody>
</table>

Within CSA No. 135’s jurisdictional boundary exists one latent power zone approved by LAFCO subsequent to formation and dedicated to fire protection and emergency medical services. This zone is approximately 2,495.5 square miles – or 1,597 million acres – and covers 66.7% of the total jurisdictional boundary and consists entirely of unincorporated lands. The zone accounts for 58.6% of the entire unincorporated area in San Diego County. Overall there are 24,474 registered voters within this zone.
Total assessed value (land and structure) within CSA No. 135’s overall jurisdictional boundary is $184.7 billion of December 2019 and translates to a per acre value ratio of $0.77 million. The former amount further represents a per capita value of $0.172 million based on the estimated service population of 1,068,027.

The CSA No. 135 jurisdictional boundary is currently divided into 451,230 legal parcels totaling 2,350,502 acres excluding roads and public rights-of-way. Close to three-fifths of the total parcel acreage – or 1,346,591 – is under public ownership. The rest of the total parcel acreage – or 1,003,911 – is privately owned. The privately-owned acreage is further divided into 442,022 parcels with 80.1% already categorized as developed and/or improved to date, albeit not necessarily at the highest density allowed. The remaining private acreage is undeveloped and consists of 84,044 parcels that collectively total 429,224 acres.¹²

Approximately three-fifths – or 61.8% – of the jurisdictional boundary qualifies as a disadvantaged unincorporated community based on current LAFCO policies. This includes a considerable portion of east San Diego County as well as several other individual communities and include Bonsall, Bostonia, Crest, and Lincoln Acres.

¹² Exactly three-fifths of the total private undeveloped acreage in CSA No. 135 also lies within the District’s fire protection and emergency medical service zone.
### 3.2 Sphere of Influence

CSA No. 135’s sphere of influence was established by LAFCO in 1994 as part of the formation approval process and specific to its public safety radio communication service function. The sphere has been subsequently updated and presently spans 4,260 square miles or 2,726 million acres and purposefully covers all of San Diego County. The sphere includes 333,180 non-jurisdictional acres that collectively comprise the nine local cities – Chula Vista, Coronado, El Cajon, Escondido, La Mesa, Oceanside, National City, San Diego, and Santee – that elected not to be included in the District at the time of formation. LAFCO established a secondary sphere in 2008 specific to the activation of CSA No. 135’s fire protection and emergency medical service zone. The secondary sphere is coterminous to the active zone and spans 2,495 square miles or 1.597 million acres.

### 3.3 Current Boundary and Sphere Map

There are 29 distinct special study areas specific to CSA No. 135’s fire/ems function. These study areas collectively total 45,487 acres. Nine of these study areas were approved for annexation into CSA No. 135’s fire/ems latent power boundary and other fire protection districts in 2019 pending the completion of terms. The other study areas are unincorporated islands surrounded by cities.
4.0 DEMOGRAPHICS

4.1 Population and Housing

The CSA No. 135 total fulltime resident population within its entire jurisdictional boundary is independently estimated by LAFCO at 1,068,027 as of the term of the five-year report period. This estimate represents 31.9% of the countywide total. It is also estimated the overall resident population has risen by 6.5% from 1,000,430 in 2010 and the last census reset, which results in a net addition of 67,597 over the eight-year period. This translates to an annual population change of 0.82% and is more than one-tenth – or (12.8%) – lower than the corresponding countywide rate of 0.94%. The current estimate also produces a population density of 1 resident for every 2.2 acres. It is projected the current growth rate will generally maintain in the near-term and result in CSA No. 135’s resident population increasing by 44,548 and reach 1,112,575 by 2023.

LAFCO independently estimates the resident population within CSA No. 135’s fire protection and emergency medical service zone is 50,476 as of the term of the five-year report period. This estimate equals 4.7% of the overall jurisdictional boundary. It also represents an overall increase of 6.3% from 47,387 in 2000 and translates to an annual change of 0.79%. It is projected the population will similarly increase by 2,026 to 52,508 by 2023.

<table>
<thead>
<tr>
<th>CSA No. 135</th>
<th>Resident Population</th>
<th>Table 4.1a (Source: Esri and San Diego LAFCO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor</td>
<td>2010</td>
<td>2018</td>
</tr>
<tr>
<td>Jurisdictional Boundary</td>
<td>1,000,430</td>
<td>1,068,027</td>
</tr>
<tr>
<td>... Fire Protection + EMS Zone</td>
<td>47,387</td>
<td>50,476</td>
</tr>
<tr>
<td>San Diego County</td>
<td>3,095,264</td>
<td>3,344,136</td>
</tr>
</tbody>
</table>

There are presently 387,976 housing units within CSA No. 135’s jurisdictional boundary. This amount has increased by 19,004 since 2010 for an annual average gain of 2,112 units. With respect to current housing characteristics, 60.5% are owner-occupied, 32.3% are renter-occupied, and the remaining 7.2% are vacant. The average household size is 2.64 and has decreased by (0.4%) from 2.65 during the report period. The mean monthly housing cost in

It is estimated there are 1,068,027 current fulltime residents within CSA No. 135. It is projected the population will increase consistent with recent trends and add 44,548 residents and reach 1,112,575 by 2023.

The estimated population within CSA No. 135’s fire protection and emergency medical service zone is 50,476. This estimate is projected to increase by 2,026 and reach 52,502 by 2023.

Housing production in CSA No. 135 currently totals 387,976 dwelling units; an amount that has increased by 19,004 since 2010. The average monthly housing cost in CSA No. 135 is $1,235 and (21.8%) less than the countywide average. Notably, the monthly housing cost within the fire protection zone is $1,026 and (16.9%) lower than the overall CSA No. 135 amount.
CSA No. 135 has decreased by (3.6%) from $1,281 to $1,235 based on the most recent five-year period averages. This current monthly housing cost in CSA No. 135, notably, is one-fifth – or (21.8%) – lower than the countywide total of $1,578. Further, the mean housing cost in the fire and emergency medical service zone is (16.9%) lower than the overall District average.

### CSA No. 135 Housing Breakdown

<table>
<thead>
<tr>
<th>Factor</th>
<th>2010 Housing Units</th>
<th>2018 Housing Units</th>
<th>Change</th>
<th>2007-2011 Housing Cost</th>
<th>2012-2016 Housing Cost</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jurisdictional Boundary</td>
<td>368,972</td>
<td>387,976</td>
<td>5.2%</td>
<td>$1,281</td>
<td>$1,235</td>
<td>(3.6%)</td>
</tr>
<tr>
<td>... Fire Protection + EMS Zone</td>
<td>17,774</td>
<td>18,732</td>
<td>5.4%</td>
<td>$1,069</td>
<td>$1,026</td>
<td>(4.0%)</td>
</tr>
<tr>
<td>San Diego County</td>
<td>1,164,766</td>
<td>1,236,184</td>
<td>6.1%</td>
<td>$1,540</td>
<td>$1,578</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Housing costs reflect five-year monthly median values

### 4.2 Age Distribution

The median age of residents in CSA No. 135 is 46.7 based on the current five-year period average. This amount represents an overall increase of 4.3% from 44.7 over the preceding five-year period average; it is also nearly one-third – or 32.2% – higher than the countywide average of 35.3. Residents in the fire protection and emergency medical service zone are also moderately older than the overall CSA No. 135 average at 48.6. Residents in the prime working age group defined as ages 25 to 64 make up slightly less than half of the total population within CSA No. 135 at 48.9% and remained relatively stagnant over the report period.

### CSA No. 135 Resident Age Breakdown

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jurisdictional Boundary</td>
<td>44.7</td>
<td>46.7</td>
<td>4.3%</td>
<td>49.9%</td>
<td>48.9%</td>
<td>(2.0%)</td>
</tr>
<tr>
<td>... Fire Protection + EMS Zone</td>
<td>46.7</td>
<td>48.6</td>
<td>4.1%</td>
<td>51.4%</td>
<td>49.9%</td>
<td>(2.9%)</td>
</tr>
<tr>
<td>San Diego County</td>
<td>34.6</td>
<td>35.3</td>
<td>2.0%</td>
<td>53.4%</td>
<td>47.0%</td>
<td>(12.0%)</td>
</tr>
</tbody>
</table>

(continued)
4.3 Income Characteristics

The median household income in CSA No. 135 is $55,810 based on the current five-year period average. This amount represents an overall decrease of (5.5%) from the preceding five-year period average of $59,031. The current median household income in CSA No. 135 is also close to one-fifth lower – or (15.8%) – than countywide amount of $66,259, which has separately increased over the preceding five-year period by 4.2%. The median household income within the fire protection and emergency medical service zone is also lower than the overall CSA No. 135 amount at $51,007. The current average rate of persons living below the poverty level in CSA No. 135 is 14.9% and slightly lower than the countywide rate of 14.0%. However, the poverty rate in CSA No. 135 has increased by more than one-tenth over the last five-year period and nearly double the corresponding change in the countywide rate.

| CSA No. 135 Income Characteristics Table 4.3a (Source: Esri and San Diego LAFCO) |
|-----------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Jurisdictional Boundary                       | $59,031          | $55,810          | (5.5%)          | 13.3%            | 14.9%            | 12.0%          |
| ... Fire Protection + EMS Zone               | $54,714          | $51,007          | (6.8%)          | 14.6%            | 16.5%            | 13.0%          |
| San Diego County                             | $63,857          | $66,529          | 4.2%            | 13.0%            | 14.0%            | 7.7%           |

4.4 Socioeconomic Indicators

Unemployment levels within CSA No. 135 remain relatively high and have increased by nearly three-fourths – or 73.3% – over the most recent five-year block average from 4.5% to 7.8%. The current unemployment rate within CSA No. 135 also remains more than one-third – or 37.2% – higher than the countywide average of 4.9%. The unemployment rate within the fire protection and emergency medical service zone also exceeds the overall CSA No. 135 tally at 8.6%. More than one-fourth of the population currently collects retirement at 26.1% and exceeds the countywide average of 17.7%. Separately, formal educational levels as measured by adult residents with bachelor degrees within CSA No. 135 are also lower at 24.9% compared to the countywide average of 36.5%. The non-English speaking population...
has decreased by almost one-third from 12.6% to 8.6% over the two five-year period averages and contrasts with the current countywide average of 15.0%.

### CSA No. 135

**Socioeconomic Indicators Breakdown**

Table 4.3b (Source: Esri and San Diego LAFCO)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jurisdictional Boundary</td>
<td>4.5</td>
<td>7.8</td>
<td>73.3%</td>
<td>12.6</td>
<td>12.8</td>
<td>(1.6%)</td>
</tr>
<tr>
<td>... Fire Protection + EMS Zone</td>
<td>4.7</td>
<td>8.6</td>
<td>83.0%</td>
<td>8.6</td>
<td>8.7</td>
<td>1.2%</td>
</tr>
<tr>
<td>San Diego County</td>
<td>5.6</td>
<td>4.9</td>
<td>(12.5%)</td>
<td>16.1</td>
<td>15.0</td>
<td>(6.8%)</td>
</tr>
</tbody>
</table>

### 5.0 ORGANIZATION

#### 5.1 Governance

CSA No. 135’s governance authority is established under the County Service Area Act and codified under Government Code Sections 25210-25217.4. This principal act was established in 1953 and comprehensively updated in 2009 through the Senate Local Government Committee. The principal act empowers all 58 counties in California with alternative methods to directly finance and/or provide a wide range of municipal service functions in the unincorporated area upon approval by LAFCO. CSAs may also serve incorporated areas with the adopted written consent of the affected city councils. CSA No. 135 is currently authorized to provide three distinct municipal service functions: (a) public safety radio communications; (b) fire protection; and (c) emergency medical. All other powers enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO. Similarly, should it ever seek to divest itself of directly providing an active service, CSA No. 135 would also need to seek LAFCO approval. A list comparing CSA No. 135’s active and latent powers follows along with applicable class functions in parenthesis.

**Active Service Powers**
- Radio Communications
- Fire Protection (structural)
- Emergency Medical (advance)

**Latent Service Powers**
- Law Enforcement and Police Protection
- Recreation, Parks, and Open Space
- Libraries
- Television Stations and Related Services
- Water
- Wastewater
- Pest and Vector Abatement

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13 Commissioner and County Supervisor Greg Cox (alt) participated in the working group convened by the Senate Local Government Committee representing California Counties.

14 CSA No. 135’s radio communications activities are provided under a miscellaneous category under Government Code Section 25213.
CSA No. 135 is a dependent special district and operates as an extended unit of the County of San Diego. Governance is provided by the five-member Board of Supervisors who are elected by district with a current average size of 0.669 million residents. CSA No. 135’s jurisdictional boundary extends into four of the five supervisory districts with the largest overlap within Districts 2 and 5. The County conducts business for CSA No. 135 as needed and as part of regular and special meetings of the Board of Supervisors. A current listing of the Board along with respective backgrounds follows.

### CSA No. 135
#### Current Governing Board

Table 5.1a (Source: County of San Diego and San Diego LAFCO)

<table>
<thead>
<tr>
<th>Member (District)</th>
<th>Position</th>
<th>Years on CSA No. 135 Board</th>
<th>Professional Background</th>
<th>% of Supervisory District in Boundary</th>
<th>% of Supervisory District in Fire Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dianne Jacob (2)</td>
<td>President</td>
<td>11</td>
<td>Educator</td>
<td>52%</td>
<td>67%</td>
</tr>
<tr>
<td>Greg Cox (1)</td>
<td>Vice President</td>
<td>11</td>
<td>Educator</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Jim Desmond (5)</td>
<td>Director</td>
<td>2</td>
<td>Aviation</td>
<td>46%</td>
<td>32%</td>
</tr>
<tr>
<td>Nathan Fletcher (4)</td>
<td>Director</td>
<td>2</td>
<td>Educator</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Kristin Gaspar (3)</td>
<td>Director</td>
<td>3</td>
<td>Finance</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

#### 5.2 Administration

The County of San Diego Board of Supervisors delegates the administration of CSA No. 135 based on service function as summarized below.
The County Sheriff Department is delegated administrative responsibilities specific to CSA No. 135’s public safety radio communication service function. These responsibilities are tasked to the Wireless Services Division under the Sheriff’s Management Service Bureau and a subcomponent of managing RCS. There are currently 50.0 budgeted fulltime equivalent employees in the Wireless Service Division that are divided between County and RCS activities. The Wireless Division also receives regular input and recommendations from an 18-member advisory RCS Board drawn from representatives of the 122 current participating agencies. The current Wireless Division Manager is David Brooks.

The County Fire Authority is delegated administrative responsibilities specific to CSA No. 135’s integrated fire protection and emergency medical services. The County Fire Authority operates under the Public Safety Group and Assistant Chief Administrator Holly Porter and consist of 22.0 budgeted fulltime equivalent employees. (This amount does not include contract CAL FIRE staffing.) The County Fire Authority receives regular input and recommendations from a nine-member Fire Advisory Board and – among other items – administers a contract with CAL FIRE for field operations. The current County Fire Authority Director is Herman Reddick.

Legal services for CSA No. 135 are provided by County Counsel.

6.0 MUNICIPAL SERVICES

CSA No. 135 is authorized to provide three distinct municipal functions: (a) public safety radio communications; (b) fire protection; and (c) emergency medical services. A summary analysis of these municipal functions follows with respect to capacities, demands, and performance during the five-year report period.

6.1 Public Safety Radio Communications

CSA No. 135’s public safety radio communication service represents the earliest purpose of the District and was established at the time of its formation in December 1994. The initial intent in forming CSA No. 135 was to provide the organizational and financial framework for the County of San Diego to establish an 800-megahertz radio system. All 11 agencies in CSA No. 135 are member agencies of RCS, but only three – Cities of Del Mar, Poway, and Solana Beach – have established fixed District fees. The others continue using general fund monies to CSA No. 135.

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15 The RCS Board meets as needed at the RCS’s office at 5595 Overland Avenue, Suite 101 in San Diego, California.
16 The Fire Advisory Committee meets quarterly at the County Fire Authority’s office at 5510 Overland Avenue in San Diego, California.
public safety radio communications system for the principal use of the Sheriff Department as well as other local fire protection and law enforcement agencies. It was expected – notably – all of the member agencies (County and ten cities) would establish a fixed CSA No. 135 service charge within their jurisdictions to proportionally fund RCS as the assigned operator of the radio communication system. However, and as of date, only three member agencies – Cities of Del Mar, Poway, and Solana Beach – have dedicated CSA No. 135 fixed fees. The eight remaining member agencies (County, Cities of Carlsbad, Encinitas, Imperial Beach, Lemon Grove, San Marcos, Santee, and Vista,) fund their proportional shares from general funds.

Service Capacities

RCS is the end provider of CSA No. 135’s public safety radio communication activity and operates an 800-megahertz trunked network for currently 122 distinct users in San Diego and Imperial Counties. The current users include the 11 member agencies within CSA No. 135 along with 110 contracting agencies. The current 800-megahertz system entered service in 1998 with an initial distribution of 3,248 radios on the network. Key infrastructure underlying the communications network is summarized below.

- **Trunked Voice System** - consists of the radio transmission equipment located at remote radio sites and the centralized system networking and management equipment necessary to provide voice radio services to the participating agencies in the RCS service area.

- **Microwave Backhaul Network** - consists of the point-to-point radio and data switching equipment necessary to interconnect the sites where components of the trunked radio system and conventional radio systems (network hub and remote radio sites) are located.

- **Conventional Voice System** - consists of non-trunked ("conventional") radio base station equipment installed at remote radio sites to support voice radio communications between users of the RCS trunked radio system and non-RCS user agencies as required in day-to-day, mutual aid and disaster operations. The conventional voice system also provides limited backup voice communications capability in the event of a trunked system failure.
Service Demands

Overall service demands for public safety radio services as measured by assigned radios among the 11 member agencies that comprise CSA No. 135 during the five-year report period have averaged 16,513. Assigned radio counts among these member agencies have also steadily increased each year with an overall change of 9.5%. The County of San Diego is the single largest member user and accounts for 37.1% of radio counts among CSA No. 135 agencies. Contracting agencies’ radio counts have decreased during the report period by (31.5%) and produces an overall radio count change within RCS of 3.9%.

<table>
<thead>
<tr>
<th>RCS’ Public Radio Communications</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>Average</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of San Diego</td>
<td>6,248</td>
<td>6,298</td>
<td>6,389</td>
<td>6,340</td>
<td>6,399</td>
<td>6,335</td>
<td>2.4%</td>
</tr>
<tr>
<td>Other RCS Member Agencies</td>
<td>9,520</td>
<td>10,052</td>
<td>10,425</td>
<td>10,870</td>
<td>10,178</td>
<td>10,178</td>
<td>14.2%</td>
</tr>
<tr>
<td>CSA No. 135 Subtotal...</td>
<td>15,768</td>
<td>16,891</td>
<td>16,765</td>
<td>17,269</td>
<td>16,513</td>
<td>16,513</td>
<td>9.5%</td>
</tr>
<tr>
<td>RCS Contracting Agencies</td>
<td>2,492</td>
<td>1,240</td>
<td>1,303</td>
<td>1,706</td>
<td>1,836</td>
<td>1,836</td>
<td>(31.5%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>18,260</td>
<td>18,131</td>
<td>18,068</td>
<td>18,975</td>
<td>18,349</td>
<td>18,349</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

CSA No. 135 subtotal includes all 11 member agencies.

Service Performance

No specific measurements have been identified.

6.2 Fire Protection and Emergency Medical Services

CSA No. 135’s integrated fire protection and emergency medical services (pre-hospital care) now represent the primary function of the District and were established at the time of a latent power activation approval by LAFCO in 2008 and covers seven-tenths of the District boundary. The activation represented a significant marker in a multi-year planning effort by the Board of Supervisors to create the County Fire Authority and formalize fire protection in the unincorporated area with additional details footnoted. The creation of the County Fire Authority also coincided with the County entering into a Cooperative Agreement with CAL

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17 LAFCO’s approval to activate CSA No. 135’s latent powers in 2008 fulfilled the first of a three-part County plan to extend fire protection throughout the unincorporated area and marked by initially assuming services for nearly one dozen volunteer companies. The second part was approved by LAFCO in December 2011 and expanded the latent powers area by over 136,000 acres and in step with the concurrent dissolutions of five dependent special districts: CSA No. 109, 110, 111, 112, and 113. The third part involves dissolution of independent special districts and concurrent expansion of CSA No. 135’s latent powers to assume fire protection responsibilities therein. This final step commenced in 2015 with LAFCO approving reorganizations involving Pine Valley and San Diego Rural FPDs.
FIRE with two distinct components. The first component involves a “Schedule A” contract for CAL FIRE to provide staffing services to deliver fire protection and emergency medical services within the activated zone. The second component involves an “Amador” contract to keep open select CAL FIRE stations throughout the calendar year in San Diego County. Additional details on the Cooperative Agreement is provided in the accompanying footnote.\(^\text{18}\) Funding for the County Fire Authority and its ancillary activities as CSA No. 135 is primarily dependent on discretionary general fund allocations made by the Board of Supervisors and represent 63% of all budgeted revenues during the report period.\(^\text{19}\)

**Service Capacities**

CSA No. 135’s fire protection and emergency medical services’ capacities are organized through the County Fire Authority and primarily dependent on human resources derived from the County’s Schedule A contract with CAL FIRE. The contract provides the County Fire Authority with 141.0 fulltime equivalent personnel and divided between 120.0 sworn and 21.0 non-sworn positions as of the end of the five-year report period. The County also augments field operations through a volunteer reserve firefighter program that includes approximately 70 participants. The County’s contract also provides support services including code enforcement and dispatch with the latter provided through CAL FIRE’s Monte Vista Interagency Command Center in El Cajon. CAL FIRE’s unit chief for San Diego County serves as the County fire chief.

CAL FIRE sworn personnel assigned to the County Fire Authority operate out of one of 22 fire stations with 17 directly owned by the County. The remaining five stations utilized by the County Fire Authority are owned by the State and partially funded by the County as part of an Amador contract.\(^\text{20}\) (County Fire also regularly draws resources from four additional CAL FIRE stations that operate year-round and serve the communities of Campo, Dulzura, Lyons Valley, and Warner Springs.) Engine staffing levels within each station varies between two and six.

<table>
<thead>
<tr>
<th>County Fire Authority Contracted Staffing Levels with CAL FIRE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 6.2a (Source: County of San Diego)</td>
</tr>
<tr>
<td><strong>Category</strong></td>
</tr>
<tr>
<td>Sworn Personnel</td>
</tr>
<tr>
<td>Non-Sworn Personnel</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

\(^{18}\) The Cooperative Agreement states the County Fire Authority has the sole authority in determining service levels and this includes determining personnel assignments. The County Fire Authority draws on the County General Plan and its own internal Standards of Cover Risk Assessment in informing personnel assignments.

\(^{19}\) The Fire Authority’s overall budgeted revenues during the report period totaled $145.6 million with $91.6 drawn from general fund allocations.

\(^{20}\) Another 12 CAL FIRE stations are located in San Diego County and provide automatic aid and ancillary support to the County Fire Authority.
The County Fire Authority organizes fire protection and emergency medical service functions within its activated zone into five distinct divisions briefly described below.

- The Central Division is the largest coverage area and spans approximately 45.4% of the activated zone – or 694,629 acres – and includes the unincorporated communities of Julian, Ocotillo Wells, Ranchita, Shelter Valley, and Warner Springs. Onsite incidents within the Central Division during the report period have averaged 1,230 per year or 3.4 per day with most responding out of Station No. 56 (Julian).

- The Southern Division covers approximately 33.4% of the activated zone – or 511,088 acres – and includes the unincorporated communities of Descanso, Jamul, Otay, and Pine Valley. Onsite incidents within the Southern Division during the report period have averaged 3,475 per year or 9.5 per day with most responding out of Station No. 38 (Otay).

- The Desert Division covers approximately 12.5% of the activated zone – or 190,912 acres – and includes the unincorporated area adjacent to Borrego Springs. Onsite incidents within the Desert Division during the report period average less than 5 per year and responses drawn from multiple stations in neighboring divisions.

- The Northern Division covers approximately 7.0% of the activated zone – or 107,200 acres – and includes the unincorporated communities of Del Luz, Palomar Mountain, and Pauma Valley. Onsite incidents within the Northern Division during the report period have averaged 500 per year or 1.4 per day with most responding out of Station No. 70 (Rincon).

- The Western Division covers approximately 1.6% of the activated zone – or 25,152 acres – and includes the unincorporated communities of Harbison Canyon and Sycamore Canyon. Onsite incidents within the Western Division during the report period have averaged 233 per year or 0.6 per day with most responding out of Station No. 24 (Harbison).

The following table summarizes station information for the County Fire Authority with respect to division placement, ownership type, and staffing, and recent incident volume.
## County Fire Authority
### Fire Stations’ Assignments

**Table 6.2b (Source: CAL FIRE)**

<table>
<thead>
<tr>
<th>Station No.</th>
<th>Division</th>
<th>Station Type</th>
<th>Staffing Levels</th>
<th>Responses in FY2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 16 (De Luz)</td>
<td>Northern</td>
<td>Amador</td>
<td>3-person daily</td>
<td>79</td>
</tr>
<tr>
<td>No. 24 (Harbison Canyon)</td>
<td>Western</td>
<td>County</td>
<td>3-person daily</td>
<td>216</td>
</tr>
<tr>
<td>No. 31 (Potrero)</td>
<td>Southern</td>
<td>Amador</td>
<td>3-person daily</td>
<td>342</td>
</tr>
<tr>
<td>No. 36 (Jamul)</td>
<td>Southern</td>
<td>County</td>
<td>4-person daily</td>
<td>493</td>
</tr>
<tr>
<td>No. 37 (Deerhorn Valley)</td>
<td>Southern</td>
<td>County</td>
<td>3-person daily</td>
<td>91</td>
</tr>
<tr>
<td>No. 38 (Otay)</td>
<td>Southern</td>
<td>County</td>
<td>4-person daily</td>
<td>1,203</td>
</tr>
<tr>
<td>No. 42 (Lake Morena)</td>
<td>Southern</td>
<td>County</td>
<td>2-person daily</td>
<td>177</td>
</tr>
<tr>
<td>No. 43 (Jacumba)</td>
<td>Southern</td>
<td>County</td>
<td>2-person daily</td>
<td>222</td>
</tr>
<tr>
<td>No. 44 (Pine Valley)</td>
<td>Southern</td>
<td>County</td>
<td>3-person daily</td>
<td>341</td>
</tr>
<tr>
<td>No. 45 (Descanso)</td>
<td>Southern</td>
<td>County</td>
<td>2-person daily</td>
<td>299</td>
</tr>
<tr>
<td>No. 47 (Boulevard)</td>
<td>Southern</td>
<td>Amador</td>
<td>3-person daily</td>
<td>282</td>
</tr>
<tr>
<td>No. 49 (Mount Laguna)</td>
<td>Southern</td>
<td>County</td>
<td>2-person daily</td>
<td>58</td>
</tr>
<tr>
<td>No. 51 (Cuyamaca)</td>
<td>Central</td>
<td>Amador</td>
<td>3-person daily</td>
<td>n/a</td>
</tr>
<tr>
<td>No. 53 (Shelter)</td>
<td>Central</td>
<td>County</td>
<td>2-person daily</td>
<td>124</td>
</tr>
<tr>
<td>No. 54 (Ocotillo Wells)</td>
<td>Central</td>
<td>County</td>
<td>2-person daily</td>
<td>95</td>
</tr>
<tr>
<td>No. 56 (Julian)</td>
<td>Central</td>
<td>County</td>
<td>3-person daily</td>
<td>471</td>
</tr>
<tr>
<td>No. 58 (Ranchita)</td>
<td>Central</td>
<td>County</td>
<td>2-person daily</td>
<td>35</td>
</tr>
<tr>
<td>No. 59 (Sunshine Summit)</td>
<td>Central</td>
<td>County</td>
<td>2-person daily</td>
<td>204</td>
</tr>
<tr>
<td>No. 70 (Rincon)</td>
<td>Northern</td>
<td>Amador</td>
<td>6-person daily</td>
<td>300</td>
</tr>
<tr>
<td>No. 79 (Palomar)</td>
<td>Northern</td>
<td>County</td>
<td>2-person daily</td>
<td>109</td>
</tr>
<tr>
<td>No. 84 (San Pasqual)</td>
<td>Northern</td>
<td>County</td>
<td>3-person daily</td>
<td>58</td>
</tr>
<tr>
<td>No. 85 (Intermountain)</td>
<td>Central</td>
<td>County</td>
<td>2-person daily</td>
<td>233</td>
</tr>
</tbody>
</table>

**Notes:**
Station No. 84 is staffed by the City of San Diego. County Fire Authority also regularly draws resources from four other CAL FIRE stations that operate year-round and serve the communities of Campo, Dulzura, Lyons Valley, and Warner Springs.

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**County Fire Authority and CAL FIRE Stations in San Diego County**
Service Demands

Overall service demands for fire protection and emergency medical services within the CSA No. 135 zone and through the County Fire Authority during the five-year report period have averaged 6,296 dispatched calls annually or 17.2 daily. More than four-fifths – or 82.9% – of all dispatched calls resulted in onsite arrivals with the latter averaging 5,229 annually or 14.3 daily. The single largest volume of onsite incidents during the period occurred in 2017-2018 and tallied 5,844 or 16.0 per day. The number of overall onsite incidents per year within CSA No. 135’s fire protection and emergency medical service zone has increased by 28.3%.

An overall breakdown of actual arrivals show the County Fire Authority responded to 89.4% of all onsite incidents during the report period within the CSA No. 135 fire protection and emergency medical service zone. The breakdown also shows the County Fire Authority responded exclusively to 78.3% of all actual onsite incidents within the zone and increased over the report period by one-third – or 32.8%. The data similarly shows the portion of onsite arrivals in the zone exclusively provided by other outside agencies through automatic or mutual aid agreements decreased during the report period by (37.1%). This latter development signals the County Fire Authority’s ability to keep pace with demands without overreliance on outside resources. The following table summarizes annual calls paired with onsite arrivals – including agency responders – and associated trends in the zone during the corresponding 60-month period.

<table>
<thead>
<tr>
<th>County Fire Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Dispatch and Onsite Demands in CSA No. 135 Zone</td>
</tr>
<tr>
<td>Table 6.3c (Source: CAL FIRE)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>Average</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Dispatched Incidents</td>
<td>5,537</td>
<td>5,807</td>
<td>6,408</td>
<td>6,524</td>
<td>7,103</td>
<td>6,296</td>
<td>28.3</td>
</tr>
<tr>
<td>Total Onsite Responses</td>
<td>4,400</td>
<td>4,645</td>
<td>5,497</td>
<td>5,759</td>
<td>5,844</td>
<td>5,229</td>
<td>32.8</td>
</tr>
<tr>
<td>- Responded by Fire Authority Only</td>
<td>75.5%</td>
<td>74.9%</td>
<td>79.8%</td>
<td>79.9%</td>
<td>81.3%</td>
<td>78.3%</td>
<td>7.8%</td>
</tr>
<tr>
<td>- Responded by Fire Authority and Others</td>
<td>11.7%</td>
<td>10.5%</td>
<td>10.7%</td>
<td>11.8%</td>
<td>10.7%</td>
<td>11.1%</td>
<td>(8.7%)</td>
</tr>
<tr>
<td>- Responded by Other Agencies Only</td>
<td>12.7%</td>
<td>14.6%</td>
<td>9.5%</td>
<td>8.4%</td>
<td>8.0%</td>
<td>10.6%</td>
<td>(37.1%)</td>
</tr>
</tbody>
</table>

Source: CAL FIRE

A more micro review of demands show more than three-fifths of all onsite responses during the report period were generated within the Southern Division and in 2017-2018 accounted for 3,755 of the 5,844 incidents. All divisions experienced increases in onsite responses with the largest percentage change occurring in the Western Division at 60.0%
Service Performance

It appears the capacities of CSA No. 135 through the County Fire Authority as measured by staffing and equipment are sufficiently sized to readily accommodate existing demands within its activated fire protection and emergency medical service zone relative to local conditions. The sufficiency is quantified with the County Fire Authority responding exclusively to nearly four-fifths of all onsite incidents within the zone during the five-year report period. This sufficiency is similarly quantified by the County Fire Authority’s relatively low and decreasing dependency on outside agencies during the report period with an average of only 11 out of 100 onsite incidents necessitating aid-only responses.

Actual response times generated during the report period are also positive and show improvements for the County Fire Authority with respect to onsite arrivals within CSA No. 135’s fire protection and emergency medical zone. This improvement is highlighted by an overall decrease in annual average response times throughout the zone of (13.5%) from 15:34 to 13:28. The County Fire Authority also improved compliance with the response time standards established in the County General Plan and this includes a 20.0% increase in meeting medical incident standards in the zone.

The County Fire Authority has kept pace with the overall rise in service demands in CSA No. 135’s fire protection and emergency medical zone and has increased the percentage of exclusive onsite responses from 75.5% to 81.3% during the report period.

Despite an increase in overall demands, the County Fire Authority successfully lowered its overall average year response during the report period by more than one-tenth from 15:34 to 13:28.

### County Fire Authority Response Times in CSA No. 135 Zone

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>Average</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Response Time</td>
<td>0:15:34</td>
<td>0:14:47</td>
<td>0:14:01</td>
<td>0:13:30</td>
<td>0:13:28</td>
<td>0:14:16</td>
<td>-13.5%</td>
</tr>
<tr>
<td>... Compliance to Adopted Standards</td>
<td>79.0%</td>
<td>74.0%</td>
<td>79.0%</td>
<td>84.0%</td>
<td>80.0%</td>
<td>79.2%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Medical Incident Response Time</td>
<td>0:13:05</td>
<td>0:12:19</td>
<td>0:11:30</td>
<td>0:11:11</td>
<td>0:11:26</td>
<td>0:11:54</td>
<td>-12.6%</td>
</tr>
<tr>
<td>... Compliance to Adopted Standards</td>
<td>50.0%</td>
<td>54.0%</td>
<td>60.0%</td>
<td>62.0%</td>
<td>60.0%</td>
<td>57.2%</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

Notes:
The County General Plan establishes response time benchmarks for fire protection and emergency medical services for the unincorporated area. These benchmarks are adjusted based on land use characteristics and uniformly subject to an 80% target rate; i.e., it is the County policy for onsite responses to meet their corresponding benchmark 80% of the time. Specific benchmarks follow.

- Urban Areas: 08:00
- Rural Areas: 13:00
- Outlying Areas: 23:00
- Desert Areas: 48:00
7.0 FINANCES

7.1 Financial Statements

The County of San Diego contracts with an outside consultant to review the County’s government-wide financial statements in accordance with established governmental accounting standards. The audit is presented to the Board of Supervisors as part of a Comprehensive Annual Financial Report and attests to the County’s overall assets, liabilities, and net position. The government-wide financial statements distinguish County functions between those principally supported by taxes and intergovernmental revenues (“governmental activities”) and those from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (“business-type activities”). CSA No. 135 is included in the governmental activities listing. The audited statements provide quantitative measurements in assessing the County’s short and long-term fiscal health with respect to all committed service activities – including public safety radio communications and integrated fire protection and emergency medical. The current outside consultant is Vavrinek, Trine, Day & Company LLP (San Diego).

The County’s most recent audited financial statements for the five-year report period were issued for 2017-2018. These audited statements specific to governmental activities show the County experienced a positive change over the prior fiscal year as the net position (regular accrual basis) increased by 2.8% from $2.575 billion and primarily attributed to an increase in capital assets. The accompanying auditor’s report did not identify any weaknesses or related accounting concerns. A detailing of year-end totals and trends during the report period for governmental activities follows with respect to assets, liabilities, and net position.

Agency Assets

The County’s audited assets for governmental activities at the end of 2017-2018 totaled $7.751 billion and finished 7.5% higher than the average year-end amount of $7.213 billion documented during the five-year report period. Assets classified

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21 CSA No. 135 has a direct financial relationship with the County and entirely dependent on the Board of Supervisors in setting the annual budget and making all related fiscal decisions.

22 Vavrinek, Trine, Day & Company recently merged into Eide Bailly LLP.

23 The audit for 2017-2018 was issued on November 15, 2018.

24 Excludes business-type activities.
as current with the expectation they could be liquidated within a year represented slightly more than one-half of the total amount – or $4.130 billion – with 76.7% tied to cash and investments. Assets classified as non-current and not readily liquid make up the remainder of the total – or $3.621 billion – with 80.0% tied to capital items. Overall assets for the County and its governmental activities have increased by 13.7% over the 60-month period.

### Agency Liabilities

The County’s audited liabilities for governmental activities at the end of 2017-2018 totaled $6.066 billion and finished 19.5% higher than the average year-end amount of $4.885 billion documented during the five-year report period. Liabilities classified as current and representing obligations owed within the year accounted for slightly more than one-tenth of the total with the majority tied to unearned revenue. Liabilities classified as non-current and considered long-term debts make up the remaining amount with two-thirds tied to pension and post-employment obligations. Liabilities have increased overall by 145.5% over the corresponding 60-month period.
Net Position

The County’s audited net position or equity with respect to governmental activities at the end of 2017-2018 totaled $2.646 billion and represents the difference between total assets and total liabilities along with adjusting for deferred resources (i.e., pension outflows and inflows).

This most recent year-end amount is (9.8%) lower than the average year-end sum of $2.919 billion documented during the five-year report period. The net position on governmental activities has changed overall by (39.0%) during the corresponding 60 months. Adjusting the net position to exclude new pension and benefit reporting – which was implemented in 2014-2015 – shows an overall increase of 42.7% or $1.855 billion.

County of San Diego
Audited Net Position: Governmental Activities Only

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>5-Year Average</th>
<th>5-Year Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>3,015,405,000</td>
<td>3,042,783,000</td>
<td>3,124,804,000</td>
<td>3,730,429,000</td>
<td>3,229,874,000</td>
<td>3,108,658,800</td>
<td>(0.5%)</td>
</tr>
<tr>
<td>Restricted</td>
<td>668,832,000</td>
<td>619,565,000</td>
<td>604,917,000</td>
<td>596,862,000</td>
<td>666,597,000</td>
<td>63,155,600</td>
<td>(290.6%)</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>655,954,000</td>
<td>(1,268,029,000)</td>
<td>(1,090,381,000)</td>
<td>(1,151,871,000)</td>
<td>(1,250,068,000)</td>
<td>(820,868,000)</td>
<td>(39.0%)</td>
</tr>
<tr>
<td>Adjusted...</td>
<td>4,341,191,000</td>
<td>2,391,318,000</td>
<td>2,639,340,000</td>
<td>2,675,474,000</td>
<td>2,646,403,000</td>
<td>2,919,345,200</td>
<td>42.7%</td>
</tr>
</tbody>
</table>

Note:
The adjustment adds monies to the net position otherwise booked as liabilities involving pension and other benefit obligations.

The County maintains four distinct funds – general, special revenue, debt service, and capital projects – underlying the net position of its governmental activities. The general fund is the primary funding source for the CSA No. 135 and specifically its fire protection and emergency medical service functions and finished the last audited fiscal year with a balance of $2.307 billion. This amount represents the available and spendable portion of the fund balance subject to discretionary designations and represents 7.4 months of actual operating expenses in 2017-2018.25

The County General Fund primarily supports CSA No. 135 and its core activity: fire protection and emergency medical services. The General Fund finished the report period with an available balance to cover 7.4 months of normal operating expenses.

---

25 Actual general fund expenses in 2017-2018 totaled $2.307 billion and translate to a monthly cost of $311.0 million.
7.2 Measurements | Liquidity, Capital, and Margin

A review of the audited financial statement issuances covering the five-year report period shows the County of San Diego experienced mixed results with respect to the three measured categories – liquidity, capital, and margin – utilized in this document. Liquidity levels based on tracking the County’s current ratio declined during the period by more than one-tenth but nevertheless finished relatively healthy at 6.2 to 1 and shows $6.20 in cash for each $1.00 in near-term obligations. Similarly, capital levels within the County fluctuated with positive changes in debt ratio (i.e., aggregate relationship between total assets and total liabilities) versus negative changes in debt to net-position (i.e., portion of net position subject to long-term debt or borrowing.) The County’s bottom line during the period remained positive overall with an average total margin of 4.7%. A summary of liquidity, capital, margin, and structure ratio trends follow.

<table>
<thead>
<tr>
<th>County of San Diego</th>
<th>Financial Measurements – Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>**Table 7.2a</td>
<td>Source: San Diego LAFCO**</td>
</tr>
<tr>
<td>Fiscal Year</td>
<td>Current Ratio</td>
</tr>
<tr>
<td>2013-2014</td>
<td>7.1 to 1</td>
</tr>
<tr>
<td>2014-2015</td>
<td>6.8 to 1</td>
</tr>
<tr>
<td>2015-2016</td>
<td>6.1 to 1</td>
</tr>
<tr>
<td>2016-2017</td>
<td>6.7 to 1</td>
</tr>
<tr>
<td>2017-2018</td>
<td>6.2 to 1</td>
</tr>
<tr>
<td>Average</td>
<td>6.6 to 1</td>
</tr>
<tr>
<td>Trend</td>
<td>(12.6%)</td>
</tr>
</tbody>
</table>

Adjustments to debt ratio and debt-to-net position have been made by LAFCO staff to exclude pension and benefit obligation costs given the costs were added to the financial statements in the middle of the report period as a result of changes enacted by GASB 68 and 75. Summary definitions of the measurements follow.

**Current Ratio** (Liquidity)
Compares available assets against near-term obligations; the minimum desirable ratio is 1.0 and means for every dollar in liability the agency has one dollar available to pay.

**Days’ Cash** (Liquidity)
Measures the number of days the agency can fund normal operations without any new cash income; an appropriate minimum threshold is 180 days.

**Debt Ratio** (Capital)
Measures the relationship between the agency’s total assets and liabilities; the higher the ratio the more susceptible the agency is to long-term cash flow stresses.

**Debt to Net Position** (Capital)
Measures the amount of long-term debt or borrowing of the agency against its accumulated net worth.

**Total Margin** (Margin)
Measures the bottom line of the agency with respect to comparing all revenues to all expenses; a positive percentage is desirable within the caveat capital improvement expenditures may appropriately result in a negative percentage in individual years.

**Operating Margin** (Margin)
Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans; a consistent positive percentage shows the agency has established a structured budget.
7.3 Pension Obligations

CSA No. 135 through its dependent status under the County of San Diego provides a defined pension benefit plan to employees through an investment risk-pool contract with the San Diego County Employees’ Retirement Association or SDCERA. This pension contract provides County employees, divided between safety and general, with specified retirement benefits and includes annual cost-of-living adjustments. Actual pension benefits are based on the date of hire and assignment therein to one of five tiers – 1, A, B, C, and D – with a formula range for non-safety employees between a high of 3.0% at 60 (A) to a low of 1.62% at 65 (D). Plan costs are affected by the age, years of service and compensation of active members.

Participant Information

As of the end of the report period there were 17,869 active pension members with an average age of 44.1 along with 11.0 years of average service credit. These active members also have an average compensation of $72,245. The total number of active members have increased overall by 2.3% during the report period. The total number of retired pension members and beneficiaries were 19,028 with an average monthly benefit of $3,170. The current active-to-inactive participant ratio is 0.9 to 1.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>17,466</td>
<td>17,656</td>
<td>17,768</td>
<td>17,994</td>
<td>17,869</td>
</tr>
<tr>
<td>Inactive</td>
<td>16,373</td>
<td>17,186</td>
<td>17,734</td>
<td>18,247</td>
<td>19,028</td>
</tr>
<tr>
<td>Total Enrollees</td>
<td>33,839</td>
<td>34,842</td>
<td>35,502</td>
<td>36,241</td>
<td>36,897</td>
</tr>
<tr>
<td>Active-Inactive Ratio</td>
<td>1.1 to 1</td>
<td>1.0 to 1</td>
<td>1.0 to 1</td>
<td>1.0 to 1</td>
<td>0.9 to 1</td>
</tr>
</tbody>
</table>

Funded Status

The County of San Diego’s composite unfunded pension liability at the end of 2017-2018 totaled $3,488 million (2017-2018). This amount – which reflects the monies owned and not covered by assets – finished nearly one-tenth higher than the five-year report period average and translates to a funding ratio of 77.9% based on market value. Overall the County’s funded ratio decreased by (6.5%) during the report period.

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26 All new employees are assigned to Tier D and after 30 years of service will be eligible to receive an annual pension payment equal to 48.6% of their highest average salary over a three-year period beginning at age 65.
## County of San Diego | Pension Funding Status

Table 7.3b | Source: SDCERA

<table>
<thead>
<tr>
<th>Category</th>
<th>FT2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>Trend</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Liabilities</td>
<td>12,141,149</td>
<td>13,080,080</td>
<td>14,437,090</td>
<td>14,937,872</td>
<td>15,763,237</td>
<td>29.8%</td>
<td>14,071,886</td>
</tr>
<tr>
<td>Unfunded Liability</td>
<td>2,031,241</td>
<td>2,794,133</td>
<td>4,095,860</td>
<td>3,542,598</td>
<td>3,488,760</td>
<td>71.8%</td>
<td>3,190,518</td>
</tr>
<tr>
<td>Funded Ratio</td>
<td>83.3%</td>
<td>78.6%</td>
<td>71.5%</td>
<td>76.3%</td>
<td>77.9%</td>
<td>(6.5%)</td>
<td>77.5%</td>
</tr>
</tbody>
</table>

*Market Valuation*
APPENDIX A
Map of CSA No. 135
Public Safety Radio Communications

CSA No. 135 (Regional Communications)
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APPENDIX C

Map of CSA No. 135

Disadvantaged Unincorporated Communities
APPENDIX C
Map of CSA No. 135
Disadvantaged Unincorporated Communities

2016 Disadvantaged Unincorporated Communities (DUC): CSA No. 135 Fire/EMS Service Area

The 2016 DUC Annual Median Household Income (AMI) is $57,739, so Qualified Census Tracts with an median household income of $54,191 or less.

## APPENDIX D
### Comparison Chart: CSAs v. FPDs

<table>
<thead>
<tr>
<th>Category</th>
<th>CSA Law</th>
<th>FPD Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boundaries</td>
<td>Restricted ... unincorporated focus ... consent by resolution to inclusion ... contiguous or noncontiguous</td>
<td>Restrictionless ... unincorporated or incorporated ... contiguous or noncontiguous</td>
</tr>
<tr>
<td>Oversight</td>
<td>CNH Applies</td>
<td>CNH Applies</td>
</tr>
<tr>
<td>Formation Proceedings</td>
<td>Affected county can initiate application ... notice of hearing pursuant to 6061</td>
<td>Affected county or city can initiate application ... notice of hearing pursuant to 6061</td>
</tr>
<tr>
<td>Governing Board</td>
<td>Dependent Only ... board of supervisors</td>
<td>Independent or Dependent ... board of supervisors or council option ... directly elected board option ... hybrid appointed by board or council</td>
</tr>
<tr>
<td>Delegation Authority</td>
<td>None</td>
<td>Any or all CFD Commission (5-7 Members)</td>
</tr>
<tr>
<td>Advisory Committees</td>
<td>Available</td>
<td>Available within zones</td>
</tr>
<tr>
<td>Meeting Requirements</td>
<td>At least annually (budget)</td>
<td>At least once every three months</td>
</tr>
<tr>
<td>Eminent Domain Power</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Power to Self-insure</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Service Powers</td>
<td>Expansive (Focus on Organization and Funding) ... Fire Protection ... Rescue ... Emergency Medical ... Hazardous Materials ... Ambulance ... Weed and Rubbish Abatement ... Police Protection ... Recreation ... Libraries ... Television Communications ... Water ... Wastewater ... Pest and Vector Control ... Street, Road, Bridges, etc. ... Street Lighting and Landscaping ... Garbage ... Fund, Land Use Planning ... Soil Conservation ... Animal Control ... Transportation ... Cemeteries ... Undergrounding Utilities ... Airports ... Flood Control ... Community Facilities</td>
<td>Limited (Focus on Organizing, Funding, and Delivery) ... Fire Protection ... Rescue ... Emergency Medical ... Hazardous Materials ... Ambulance ... Weed and Rubbish Abatement</td>
</tr>
<tr>
<td>Code Enforcement Powers</td>
<td>Not Specified</td>
<td>Yes</td>
</tr>
<tr>
<td>Special Tax Authority</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Benefit Assessment Authority</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Mello Roos Authority</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Issuance of Bonds</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Bond Limit</td>
<td>5% of Assessed Value</td>
<td>10% of Assessed Value</td>
</tr>
<tr>
<td>Service Charges and Fees</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Establish Service Zones</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Employee Benefits Program</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Employee Relations System</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>... involving credit/fund with county ... FY loan allowance with county ... ability to grant leaves of absence in lieu of TDP per LC 4850</td>
<td>... ability to grant leaves of absence in lieu of TDP per LC 4850</td>
</tr>
</tbody>
</table>
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APPENDIX E
Comments Received by April 17, 2020
Good afternoon Keene;

As requested, here are a few additional thoughts regarding the CSA 135 Draft MSR:

1. Finding #4, p. 19. Financial Standing. It’s noted that the net financial position excludes pension obligations. While I understand it’s complicated to wend into the equation, particularly with a State contractor that measures its debt somewhat differently, it is such a substantially sizeable factor (politically & fiscally) that it should probably be considered. It appears as though it was factored into the financial position of the Valley Center MSR agencies.

2. Section 5.1, p. 22. Although I’m not familiar with the method by which your staff obtained population & housing projections, I am curious as to what extent the relatively recent advent of accessory dwelling units will have upon growth. Personally, I believe these will skyrocket in the DUC portions of the unincorporated areas, where land is plentiful, money is tight, and the regulations now vastly streamlined.

3. Section 5.3, p. 25, findings e-g, capacity to serve. While completely accurate, would recommend not overstating these statistics, in that no agency should have any problem covering 14.3 calls per day with 22 stations. Of greatest significance is that it’s relying less and less upon automatic aid, meaning that it’s not unduly relying upon neighboring agencies.

4. Section 5.6, p. 27, finding 6. County fire authority permanency. May wish to consider, as an element of establishing the County Fire Authority’s permanence, the establishment of a community facilities district to fund augmentation/preservation of services. At the end of the day, as communities reach build-out (city or unincorporated), they will be faced with keeping up with inflation, which typically hovers close to 3%, when Prop 13 caps property tax increases to 2% annually. San Bernardino County Fire has a mechanism that would be worth exploring.

5. Structural Fire/EMS Study areas, p. 36. Can you comment on these; first I’ve heard of them.

6. As a component of this process, there may be unique situations where lands should be annexed from CSA 135 into neighboring fire protection districts. Perhaps this is related to my previous question.

7. Service performance, p. 49. It’s encouraging to see response times improve. That said, it might be useful to know what compliance looks like for each of the County General Plan areas (urban, rural, etc.).

8. Finances, p. 50-53. Beginning with the end in mind, in as much as the County Fire Authority will become an dependent special district, more and more it will be relevant to know how it is performing relative to its own benchmarks (as opposed to the County as a whole). The point being, at the end of the day the present provider is a contractor; when costs go up, they send a bill, and the County presumably has little say, other than negotiating what services it would like to alter (like a menu), or what it can offer in like in kind exchange.

9. Pension obligations, p. 54. Mentioned above, although here County’s pension obligations are cited. Not sure this is relevant when discussing the health of the State’s pension system.

Best;

Steve
Blank for Photocopying
April 17, 2020

Keene Simonds  
San Diego LAFCO  
9335 Hazard Way, Suite 200  
San Diego, CA 92123

SD LAFCO – Municipal Service Review on County Service Area No. 135 (CSA-135)

Mr. Simonds,

On March 2, 2020 (Item #7a), you presented the draft Municipal Service Review (MSR) on CSA-135 to the LAFCO Commission. CSA-135 has three active municipal functions: public safety radio communications; fire protection and emergency medical services. The establishment of the County Fire Authority in 2008 has steadily increased the level of fire protection and emergency medical services in CSA-135.

The County Fire Authority supports the draft MSR recommendations. Upon the approval and authorization of the San Diego County Board of Supervisors, we would look forward to working with LAFCO on the reorganization and transition of fire protection services into a new dependent fire protection district for reasons identified in the MSR.

Should you have any questions, please contact us at the phone numbers above or by email.

Respectfully,

Herman Reddick  
Director  
San Diego County Fire Authority

Tony Mecham  
Unit and County Fire Chief  
CAL FIRE San Diego
Hi Keene –

This email was received regarding CSA 135.

Thanks

From: Robert Smith <julian.area.citizens.council@gmail.com>
Sent: Friday, April 17, 2020 3:45 PM
To: Luckett, Tamaron <Tamaron.Luckett@sdcounty.ca.gov>
Subject: CSA 135

Good Afternoon,

Feedback has been received from multiple citizens who feel that it is worthless (or dangerous to their safety) to speak up on the CSA 135 draft. We have collected responses to the March 11, 2020 publishing and attempted to protect those who have been targeted for commenting on their desire for continued safety. 59 separate responses are represented here.

The public notice was printed on the back of a newspaper with very poor readership. It is concerning that this is difficult to understand, unclear in purpose and that the “draft” service report is merely a matter of form rather than an actual, honest report. While it is not really clear what the intent here is, CSA 135 has not shown itself to be transparent and straightforward in their dealings and locals are concerned that this is more deception or carefully planned promotion of self-interest.

CSA 135 is not able to meet the needs of the Julian and surrounding community. The process by which the local services in the area were taken over was filled with what would mildly be called “irregularities”, but more realistically could be referred to as blatant dishonesty and thuggery. There was no need to annihilate any fire department and the means by which this was done was so dishonest that we would hope most involved would be ashamed that they stood by- or worse yet participated. Some people seemed so clearly bought that it is nauseating. Funds were misused, locals and emergency first responders mistreated and threatened and service has declined.

A small look at the current state:

1. Locals often call each other instead of 911 to get to the hospital due to wait times, poor treatment by SDCFA, a lack of trust, and other issues.

2. In Julian our emergency medical responders used to also be safety employees. Now the medical responders are not safety employees and have limited capacity to assist in anything but medical. This is not appropriate for a rural service area and has cost lives.

3. One woman waited 45 minutes for medical response while her partner was in distress and she begged for help on the phone. When the responders finally arrived they mentioned that they didn’t like her driveway and
were concerned about the paint on their truck getting scratched. Her partner died though he was 5 minutes from the station.

4. Those who call the local service for help are petrified that they cannot speak up as some have been threatened with a slow response if they don’t support a takeover.

5. The skill level of the current staff in fighting fires, stabilizing vehicles and other emergency services is poor and the result has been loss of life and property with enormous risk to others.

6. In a recent incident when SDCFA did not show up for over 25 minutes, a local sheriff was forced to begin CPR which he clearly did not know how to perform – and he had no understanding that he needed to turn over CPR to a higher level of care (when an RN and EMT arrived). The SDCFA staff were unable to handle the call volume that day and refused to take report when they finally arrived; this is dangerous and does not follow standard process among other concerns.

7. Staffing levels are lower than they were when JCFPD was given the opportunity to have appropriate training and academies and staffing. Once the saboteurs were removed the safety of the community increased and community involvement, key to rural community safety, increased.

8. Cal-Fire staff collected money for a non-existent charity in a boot drive in December. Per their staff, the money was given to a previous JCFPD board member who voted, on the 4th illegal vote, to dissolve the district.

9. The community was falsely told that no services would be reduced or eliminated but this is false.

10. The district has not been dissolved but the vehicles and community assets were stolen. Some have reappeared in places they should not be and others are missing.

The community’s input was ignored in this process of stripping them of their resources and safety. The “vote” that was held did not include accurate information, disenfranchised voters, and was based on an illegal process filled with unresolved Brown Act violations. The lies that were told are not acceptable and will not be forgotten; from the application to LAFCO to the “we will work with you” it is all unacceptable. It is time for CSA 135 to quit with their bag of tricks and be transparent, honest and open about the stolen safety of the communities affected.

Robert Smith
APPENDIX F
Municipal Service Review Sources

Agency Contacts

CSA No. 135
Herman Reddick, Director, County Fire Authority
Tony Mecham, Chief, County Fire Authority
Nick Schuler, Deputy Chief, County Fire Authority
Susan Quasarano, Program Manager, Office of Emergency Services
Jenna Lee, Analyst, County Fire Authority
David Brooks, Wireless Services Director, County Sherriff
Gayda Pia, Wireless Services Analyst, County Sherriff

County of San Diego Planning and Development Services
Sandi Hazelwood, Planning Manager, Planning and Development Services, County of San Diego
Kevin Johnson, Land Use Planner, Planning and Development Services, County of San Diego

Principal Documents

County of San Diego Audit Reports FY2014 to 2018
County of San Diego “Agency Questionnaire on CSA No. 135”; 2018
LAFCO Formation File on CSA No. 135; 1993-1994
LAFCO “Funding Fire Protection”; 2003
LAFCO “Macro Report: Reorganization of Structural Fire Protection and EMS”; 2005
LAFCO Latent Power Activation (Fire/EMS) on CSA No. 135; 2007-2008

Principal Online Resources

County of San Diego
www.sandiegocounty.gov
www.sandiegocounty.gov/sdcfa

Esri Demographics – Business Analyst (Paid Subscription)
www.esri.com/en-us/arcgis

San Diego County Employees Retirement Association
www.sdcer.org

A complete source list is part of the project file and available for viewing by contacting LAFCO
RESOLUTION NO.

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

MUNICIPAL SERVICE REVIEW ON COUNTY SERVICE AREA NO. 135

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 adopted a workplan calendaring projects for 2019-2020; and

WHEREAS, the Commission’s Executive Officer and staff prepared an agency-specific municipal service review on County Service Area No. 135 and its three active service functions – public safety radio communications, fire protection, and emergency medical services – consistent with statute and the adopted workplan; and

WHEREAS, the Executive Officer’s written report on the municipal service review was presented to the Commission in a manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at public meetings involving the municipal service review on March 2, 2020 and May 4, 2020;

WHEREAS, as part of the municipal service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

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

1. The Commission determines this municipal service review is a project under the California Environmental Quality Act but qualifies for an exemption from further action as an informational document consistent with State Guidelines Section 15306.
2. The Commission has duly considered the Executive Officer’s written report on the municipal service review and recommendations therein on the availability, need, and adequacy of public services provided by County Service Area No. 135 relative to community needs.

3. The Commission adopts the statement of written determinations generated from information presented in the Executive Officer’s written report on the municipal service review as set forth in Exhibit “A.”

4. The Commission refers the public to the Executive Officer’s written report on the municipal service review for additional details and important context, including – but not limited to – documenting active and latent service powers.

PASSED AND ADOPTED by the Commission on May 4, 2020 by the following vote:

AYES: 

NOES: 

ABSENT: 

ABSTAINING: 

ATTEST: 

Keene Simonds  
Executive Officer
EXHIBIT A

MUNICIPAL SERVICE REVIEW ON THE VALLEY CENTER REGION

STATEMENT OF DETERMINATIONS
GOVERNMENT CODE SECTION 56430

The following statements have been generated from the final report prepared as part of the scheduled municipal service review on County Service Area No. 135. Abbreviations and/or acronyms, accordingly, are incorporated into the statements below for brevity.

1. With respect to growth and population projections for the affected areas as required under Section 56430(a)(1), the Commission independently determines the following.

   a) San Diego LAFCO independently estimates there are 1,068,027 total fulltime residents within CSA No. 135 as of the end of the report period.

   b) San Diego LAFCO separately estimates there are 50,476 fulltime residents within CSA No. 135’s fire protection and emergency medical service zone as of the end of the report period. This amount equals 4.7% of the total District population.

   c) San Diego LAFCO estimates the total annual rate of new fulltime population growth in CSA No. 135 during the report period has been 0.82%. This rate is one-tenth lower than the corresponding amount for all of San Diego County and reflects the District generally serves more rural and slower-growth oriented communities.

   d) San Diego LAFCO projects the current growth rate within CSA No. 135 will generally hold over the report timeframe. Should this projection hold, the total fulltime resident population within the District will reach 1,112,575 by 2023. It is relatedly projected the fire protection and emergency medical service zone will reach 52,502.

   e) San Diego LAFCO should coordinate with the County of San Diego and SANDAG to develop buildout estimates specific to CSA No. 135 and its two distinct service areas and incorporate the information into the next scheduled municipal service review.

   f) Housing production in CSA No. 135 totals 387,976 dwelling units; an amount that has increased by 19,004 since 2010 or 2,376 per year through the end of the report period.

   g) The average monthly housing cost in CSA No. 135 is $1,235 and (21.8%) less than the countywide average. Notably, the monthly housing cost within the fire protection zone is $1,026 and (16.9%) lower than the overall District amount.
2. With respect to the location and characteristics of disadvantaged unincorporated communities within the affected areas as required under Section 56430(a)(2), the Commission independently determines the following.

a) More than three-fifths of the CSA No. 135 jurisdictional boundary qualifies as a disadvantaged unincorporated community under San Diego LAFCO policy. This includes a considerable portion of east San Diego County as well as several other individual communities and include Bonsall, Bostonia, Crest, and Lincoln Acres.

b) More than four-fifths of CSA No. 135’s fire protection and emergency medical service zone qualifies as a disadvantaged unincorporated community under LAFCO policy.

c) Additional information is needed to fully determine the scale qualifying disadvantaged unincorporated community lands adjacent to CSA No. 135 that are not already within the boundary of fire protection provider. This qualifier aside, a preliminary review indicates most – if not all – of qualifying lands are located within the jurisdictional boundary of an authorized fire protection provider.

3. With respect to the capacity of public facilities and infrastructure needs and deficiencies within the affected areas as required under Section 56430(a)(3), the Commission independently determines the following.

a) CSA No. 135 has experienced minimal to substantive changes in municipal service demands over the five-year report period relative to their two distinct functions: public safety radio communications and fire protection and emergency medical services. The change is most substantive within the latter function and underlies the increasingly weighted significance of the District’s fire protection and emergency medical services.

b) With respect to CSA No. 135’s public safety radio communication function, San Diego LAFCO determines the following.

i. CSA No. 135’s public safety radio communication function was established at the time of the District’s formation in 1994.

ii. San Diego LAFCO determines there are no applicable class categories relative to CSA No. 135’s public safety radio communication function under Government Code Section 56425(i) and Commission Rule No. 4.

iii. CSA No. 135’s public safety radio communication function is intended to directly support the Regional Communication System and its operations of an 800-megahertz radio system in San Diego and Imperial Counties. However, only three of the eleven member agencies within CSA No. 135 currently fund the Regional Communication System through a direct District fixed fee. The three agencies are the Cities of Del Mar, Poway, and Solana Beach.
iv. It appears the most germane measurement of CSA No. 135’s public safety radio communication function involves the number of active radio counts among the 11 District agencies that participate in the Regional Communication System. This measurement shows an overall increase in the number of assigned radio counts of more than one-tenth or 9.5% over the report period.

c) With respect to CSA No. 135’s fire protection and emergency medical service functions, San Diego LAFCO determines the following.

i. CSA No. 135’s fire protection and emergency medical service functions are organized as one integrated service and commenced in 2008 as part of a latent power activation approved by San Diego LAFCO.

ii. San Diego LAFCO classifies the nature of CSA No. 135’s fire protection and emergency medical service functions as structural and advance life support, respectively, for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

iii. CSA No. 135 has been successful in implementing the Board of Supervisor’s “Hybrid Plan” and establishment therein of the County Fire Authority and currently serves as successor agency to 18 merged fire agencies and/or companies.

iv. The County Fire Authority’s contract with CAL FIRE underlies the Authority’s ability to provide fire protection and emergency medical services. This contract currently staffs the County Fire Authority with 141 fulltime equivalent personnel and divided between 120 sworn and 21 non-sworn positions; amounts that have more than doubled over the five-year report period in-step with the Authority’s expansion.

v. Overall onsite incidents within CSA No. 135’s fire protection and emergency medical service zone have averaged 14.3 daily over the five-year report period. Demands have increased overall by 33% during this period with net raises in all five divisions that collectively cover the zone and its 1.597 million acres.

vi. The County Fire Authority has responded exclusively to 78% of all onsite incidents within CSA No. 135’s fire protection and emergency medical service zone during the five-year report period. This response rate has risen by 7.8% over the report period and substantiates the County Fire Authority has been successful in planning and syncing resources to meet demands in the District.

vii. The portion of onsite arrivals in CSA No. 135’s fire protection and emergency medical service zone exclusively provided by outside agencies decreased during the five-year report period by nearly two-fifths or (37.1%). This latter development further substantiates County Fire Authority’s ability to keep pace with demands without overreliance on outside automatic aid agreements.
4. With respect to the financial ability of agencies to provide services within the affected areas as required under Section 56430(a)(4), the Commission independently determines the following.

   a) The County of San Diego is fiduciarily responsible for CSA No. 135 and its public safety radio communications and fire protection and emergency medical service functions.

   b) The County of San Diego’s net position for governmental activities has decreased during the five-year report period with an overall audited change of (39.0%) from $4.341 billion to $2.646 billion and produces a net loss of $1.695 billion. This change is largely attributed to new pension and benefit reporting requirements. Additional details on the County’s financial standing as of the end of the report period follows.

      i. The overall change in the County’s net position on governmental activities – markedly – adjusts positively over the report period by 42.7% from $4.341 billion to $6.197 billion if excluding reportable pension and benefit obligations.

      ii. The County General Fund primarily supports CSA No. 135 and its core activity: fire protection and emergency medical services. The General Fund finished the report period with a balance of $2.307 billion and sufficient to cover 7.4 months of normal County operating expenses.

      iii. Standard measurements used to assess the County’s liquidity, margin, and structure levels shows mixed results during the report period. The County’s bottom line, however, remained positive during the 60-month period with an average total margin of 4.7%.

      iv. The County’s combined funded ratio for pension obligations with the San Diego County Employees Retirement Association at the end of the five-year report period finished at 77.9% based on market value and is considered above-average relative to industry standards. This ratio has decreased overall by (1.9%) over the 60-month period.

5. With respect to the status and opportunities therein for shared services within the affected areas as required under Section 56430(a)(5), the Commission independently determines the following.

   a) CSA No. 135 serves to regionalize the funding and organization of its active municipal functions – public safety radio communication and fire protection and emergency medical service – at a resource-savings to its constituents.

   b) CSA No. 135’s public safety radio communication function is presently utilized in full by three of the eleven participating agencies with respect to using a dedicated District fixed fee. Additional outreach is needed to determine the interest among the other eight participating agencies to fully utilize the District and its ability to economize and share costs over an expanded area.
6. With respect to accountability and opportunities and merits therein for governance alternatives as required under Section 56430(a)(6), the Commission independently determines the following.

a) CSA No. 135 has evolved beyond its initial formation expectations and presently divided between two distinct activities – public safety radio communications and fire protection and emergency medical services – that have no substantive connection with one another in terms of administration, budgeting, and operations.

b) CSA No. 135’s public safety radio communications function is intended to organize and fund monies to support a third party – Regional Communication System – and its operation of an 800-megahertz radio system among 11 participating agencies in San Diego County. CSA No. 135 is not being fully utilized in its purpose, however, given only three of the eleven participating agencies have established a dedicated District fixed fee within their respective jurisdictions.

c) It is unclear if there is a clear benefit for the participating city agencies in CSA No. 135 without dedicated fixed fees to fund their respective apportionments for public safety radio communications to remain in the District.

d) San Diego LAFCO should coordinate with CSA No. 135 and assess the present and future role of the District in meeting all participating agencies’ needs specific to its public safety radio communications function. This includes assessing whether other participating agencies are interested in establishing a fixed District fee and evaluating thereafter the merits/demerits of boundary adjustments.

e) CSA No. 135 has successfully fulfilled its initial mandate established under the Board of Supervisor’s “Hybrid Plan” with respect to extending and improving fire protection and emergency medical services in otherwise unserved or underserved areas of unincorporated San Diego County through the County Fire Authority.

f) The County Fire Authority has evolved from its initial role as an administrative agent for providing fire protection and emergency medical services to unincorporated areas in San Diego County to assuming a more deliberate and substantive role in delivery. This transition, markedly, continues and has been affirmed by voters in recently making the County Fire Authority a permanent commitment under the County of San Diego Charter.

g) The distinct and separate municipal roles within CSA No. 135 suggests a reorganization of the District to formally separate into two entities and further sync its active service activities with current and future demands is appropriate at this time.

h) San Diego LAFCO believes the preferred reorganization option involving CSA No. 135 is to divest its fire protection and emergency medical service powers and concurrently form a new dependent fire protection district to serve as successor agency. This reorganization would leave CSA No. 135 to public safety radio communications only and provide the new fire protection district three distinct benefits proceeding forward:

i. Formalizes the County Fire Authority’s authorized service area by transitioning from a latent power zone imbedded within CSA No. 135 to a clean and stand-alone jurisdictional boundary.
ii. Improves governance connectivity by providing the County Fire Authority a more traditional and applicable principal act that syncs with its continued evolution from organizer and funder to organizer, funder, and deliverer of fire protection and emergency medical services.

iii. Responds to voters and their approval to amend the County Charter to make the County Fire Authority and its services a committed County of San Diego function.

iv. Empowers the County Fire Authority to directly annex incorporated lands and in doing so respond to potential interest among landowners and registered voters.
AGENDA REPORT
Public Hearing

May 4, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
       Linda Heckenkamp, Analyst I

SUBJECT: Sphere of Influence Updates for the Valley Center Region

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider approving sphere of influence updates for three special districts in the Valley Center region. The updates are being presented as part of the Commission’s five-year study requirement to review and – as needed – make changes to spheres in step with designating cities and special districts’ appropriate and near-term service areas. The updates draw on information included in a recently prepared municipal service review and recommends the Commission proceed to affirm all three special districts’ – Valley Center Community Services District, Valley Center Fire Protection District, and Valley Center Municipal Water District – spheres without changes. Two related actions to remove an existing study area and create a new study area involving the Valley Center Municipal Water District are also recommended.

BACKGROUND

Spheres of Influence

LAFCOs establish and maintain spheres of influence for all cities and most special districts to designate the territory it independently believes represents the appropriate and probable future service areas and jurisdictional boundaries of the affected agencies. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the
spheres of the affected local agencies with limited exceptions. Recent legislation also now requires LAFCOs to review all local agencies’ spheres every five years and update as appropriate and based on information generated as part of a municipal service review.

Informing Document to Sphere Update | Municipal Service Review on Valley Center Region

San Diego LAFCO recently completed a municipal service review on the Valley Center region consistent with the adopted workplan. The municipal service review serves as the Commission’s independent evaluation of the availability, need, and adequacy of public services in the region and specific to the three local agencies under LAFCO oversight: Valley Center Community Services District (CSD); Valley Center Fire Protection Districts (FPD); and Valley Center Municipal Water District (MWD). A final report on the municipal service review was accepted by the Commission at its March 2, 2020 meeting and – among other items – recommended the Commission proceed to affirm the agencies’ spheres without changed.

DISCUSSION

This item is for San Diego LAFCO to consider recommendations to approve updates to the spheres for three special districts under Commission oversight in the Valley Center region. The recommendations are drawn from the recently prepared municipal service review for the Valley Center region and would affirm the existing sphere designations for the three special districts without changes while also taking two related actions on study areas specific to Valley Center MWD. Sphere descriptions and related details follows.

- **Valley Center CSD**
  The sphere was established by San Diego LAFCO in 1986 and last reviewed and updated in 2013. The sphere spans approximately 66.3 square miles covering 42,438 unincorporated acres (parcels and public rights-of-ways) within one contiguous area. The sphere does not include any non-jurisdictional lands. The sphere – however – does exclude 584 jurisdictional acres consisting of seven incorporated parcels that are located within the City of Escondido and represents 1.4% of the District boundary. This incorporated area mostly consists of semi-rural and general commercial uses. There are no existing special study areas. No changes have been identified by staff in reviewing the sphere designation and in consultation with Valley Center CSD representatives at this time. However, and consistent with the earlier municipal service review, revisiting the sphere ahead of the next five-year review may be appropriate should a separately recommended reorganization into a dependent CSA proceed and engender additional considerations.
• **Valley Center FPD**
  The sphere was established by San Diego LAFCO in 1984 and last reviewed and updated in 2007. The sphere spans approximately 84.6 square miles covering 54,130 unincorporated acres (parcels and public rights-of-ways) within two distinct non-contiguous areas.\(^1\) The sphere does not include any non-jurisdictional lands. The sphere – however – does exclude 4,187 jurisdictional acres consisting of 334 unincorporated parcels that are located within the Escondido sphere of influence and represents 7.7% of the District boundary. Most of the excluded area from the sphere involves the Lake Wolford and surrounding watershed lands adjacent to the City of Escondido. There are no existing special study areas. No changes have been identified by staff in reviewing the existing sphere designation and in consultation with Valley Center FPD representatives at this time. Changes may be warranted ahead and/or as part of the next scheduled update should – and among other items – a closer and expanded review of first-responder data show Valley Center FPD’s actual service demands merit further alignment with the sphere.

• **Valley Center Municipal Water District**
  The sphere was established by San Diego LAFCO in 1984 and last reviewed and updated in 2014. The sphere spans approximately 100.9 square miles in size covering 64,557 unincorporated acres (parcels and public rights-of-ways) within two contiguous areas. The sphere includes 1,712 non-jurisdictional acres consisting of 62 unincorporated parcels with the majority lying along the southeastern boundary. There are no jurisdictional lands outside the sphere. There is one existing special study area totaling approximately 1,049 acres in size and consists of the now-defunct Gregory Canyon landfill site. No changes have been identified by staff in reviewing the existing sphere designation and in consultation with Valley Center MWD representatives at this time. However, changes to special study areas do appear warranted and involve the following actions:

  - Resolve and eliminate the existing special study area designation for the formerly proposed Gregory Canyon landfill site comprising 21 parcels totaling approximately 1,049 acres. This existing special study area lies immediately outside Valley Center MWD’s sphere and was established in 2004 as part of the proposed Gregory Canyon landfill site. The development is no longer under consideration by the County of San Diego. Eliminating the special study area designation is appropriate.

  - Designate and create a new special study area involving an approximate 384 development site spanning 12 unincorporated parcels. The development site is known as “Meadowood” and was approved by the County of San Diego in 2012. It also presently lies within Valley Center MWD’s sphere and jurisdiction as part of a LAFCO approval in 2014 (No. RO12-11). However, due to physical site constraints, the Meadowood landowners are preparing a new reorganization application proposing detachment from Valley Center MWD and concurrent annexation to Rainbow MWD for water and wastewater services. This proposed reorganization

\(^1\) The smaller area that lies outside of the sphere of influence is approximately 219 acres.
application is pending and the special study area designation is recommended to facilitate the anticipated sphere changes for the affected agencies.

**ANALYSIS**

Proceeding with updates to affirm all three affected special districts’ spheres in the Valley Center region is appropriate and serves to maintain baseline expectations of limited to modest service expansions for the agencies in the next five-year period. The two special study area actions involving Valley Center MWD are also appropriate for reasons detailed. Further, should new information emerge during the next five-year period warranting changes, it would be appropriate for applicants to make requests for individual amendments and allow the Commission to review the merits therein on a case-by-case basis.

**RECOMMENDATION**

It is recommended San Diego LAFCO approve updates to affirm without changes the spheres for the three affected special districts in the Valley Center region while also taking two distinct special study area actions to Valley Center MWD as specified. This recommendation is consistent with Alternative One as outlined in the succeeding section.

**ALTERNATIVES FOR ACTION**

The following alternative actions are available to San Diego LAFCO and can be accomplished through a single-approved motion.

**Alternative One (recommended):**
Adopt the draft resolution provided as Attachment One approving updates to affirm all three affected special districts’ spheres without changes along with taking the following additional actions to Valley Center MWD

a) Resolve and eliminate an existing special study area involving the Gregory Canyon Landfill site; and

b) Designate and create a new study area involving the Meadowood site.

**Alternative Two:**
Continue the item and request additional information from staff as needed.
PROCEDURES FOR CONSIDERATION

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) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Commission.
3) Open the hearing and invite comments in the following order:
   - representatives from the affected agencies
   - other interested parties and the general public
4) Discuss item and consider the staff recommendation.

On behalf of the Executive Officer,

[Signature]

Linda Heckenkamp
Analyst I

Attachment:

1) Draft Resolution Approving Updates to Affirm Existing Spheres
   - Map of Valley Center Community Services District Shown as Exhibit B
   - Map of Valley Center Fire Protection District as Shown as Exhibit C
   - Map of Valley Center Municipal Water District Shown as District D
San Diego LAFCO
May 4, 2020 Regular Meeting
Agenda Item No. 6c | Sphere of Influence Updates for the Valley Center Region

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RESOLUTION NO.
RESOLUTION OF THE
SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS

SPHERE OF INFLUENCE UPDATES FOR THE VALLEY CENTER REGION

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 56425 to establish spheres of influence for all local agencies under Commission oversight with the added statutory directive that all jurisdictional changes 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 completed a municipal service review on public services within an unincorporated area in east San Diego County known as “Valley Center” consistent with statute and includes the Valley Center Community Services District, Valley Center Fire Protection District and the Valley Center Municipal Water District, hereafter referred as the “affected agencies”; and

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

WHEREAS, the Executive Officer’s written report and recommendations on sphere of influence updates for the affected agencies in the Valley Center region was presented to the Commission in a manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public meeting concerning the sphere of influence updates in the Valley Center region on March 2nd, 2020;

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 regards to certain factors.

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby finds, determines, and orders the following:
1. The Commission determines the sphere of influence updates for the affected agencies in the Valley Center region represent a project under the California Environmental Quality Act, but exempt from further review under the “general rule” provided under State Guidelines 15061(b)(3). This exemption appropriately applies given it can be seen with certainty 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 has considered the Executive Officer’s written report on the sphere of influence updates and recommendations therein for the affected agencies.

3. The Commission makes the statements set forth in Exhibit “A” in determining the spheres of influence for the affected agencies.

4. The Commission APPROVES updates for the affected agencies to affirm with no changes the existing sphere of influence designations and two Special Study Area designation changes for Valley Center Municipal Water District.

   a) The updated sphere of influence for Valley Center Community Services District is affirmed as shown as Exhibit “B”.

   b) The updated sphere of influence for Valley Center Fire Protection District is affirmed as shown as Exhibit “C”.

   c) The updated sphere of influence for Valley Center Municipal Water District is affirmed as shown as Exhibit “D”.

   d) The Gregory Canyon Landfill Special Study Area designation for the Valley Center Municipal Water District is removed as shown as Exhibit “D”.

   e) The Meadowood Special Study Area designation is established for the Valley Center Municipal Water District as shown as Exhibit D”.

PASSED AND ADOPTED by the Commission on May 4th, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

ATTEST:

_____________________________
TAMARON LUCKETT
Executive Assistant
EXHIBIT A

SPHERE OF INFLUENCE UPDATES FOR THE VALLEY CENTER REGION

STATEMENT OF DETERMINATIONS
GOVERNMENT CODE SECTION 56425

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 areas within the proposed sphere of influence updates are entirely unincorporated and under the land use authority of the County of San Diego. Most of the subject lands have been developed consistent with County land use policy for low-density single-family residential. Remaining land uses in the area are limited and range from commercial to agricultural and open space. Overall there are an estimated 29,603 fulltime residents.

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 areas within the proposed sphere of influence updates reflect the appropriate current and near-term jurisdictional boundaries as well as service areas of the affected agencies as determined by the Commission.

   b) The existing Special Study Area designation for the Gregory Canyon Landfill project area adjacent to Valley Center Municipal Water District should be removed as the project has been abandoned and the local conditions and circumstances of concern have been resolved.

   c) A Special Study Area designation for the Meadowood project area within the Valley Center Municipal Water District should be established in anticipation of a proposed reorganization with Rainbow Municipal Water District.

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 services and adequacy therein for the areas 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 with the proposed sphere of influence updates have established social and economic interdependencies with the affected agencies through existing or – in limited instances – expected provision of municipal services. These existing interdependencies have been memorialized by the Commission in past actions to include the lands in the spheres of influence of the affected agencies.
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 areas within the proposed sphere of influence updates that qualify as disadvantaged unincorporated communities under State and local policy.
EXHIBIT B

SPHERE OF INFLUENCE UPDATES FOR THE VALLEY CENTER REGION
VALLEY CENTER COMMUNITY SERVICES DISTRICT

SOI Adopted: 6/2/1986
SOI Updated: 11/7/2005
SOI Affirmed: 8/6/2007
SOI Affirmed: 8/5/2013

SOI = Sphere of Influence
EXHIBIT C

SPHERE OF INFLUENCE UPDATES FOR THE VALLEY CENTER REGION
VALLEY CENTER FIRE PROTECTION DISTRICT

SOI Adopted: 11/5/1984
SOI Affirmed: 2/7/2005
SOI Affirmed: 5/7/2007
SOI Reaffirmed: 8/6/2007
SOI Affirmed: 3/3/2014

SOI = Sphere of Influence
EXHIBIT D

SPHERE OF INFLUENCE UPDATES FOR THE VALLEY CENTER REGION
VALLEY CENTER MUNICIPAL WATER DISTRICT

Valley Center MWD

Proposed Meadowood Special Study Area
Gregory Canyon Landfill Special Study Area
Sphere of Influence

SOI Adopted: 12/3/1984
SOI Updated: 9/8/2003
SOI Affirmed: 8/6/2007
SOI Amended/Affirmed: 4/7/2014
SOI = Sphere of Influence
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May 4, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: Adoption of Final Workplan and Budget for 2020-2021

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider recommendations from the Executive Officer in adopting a final workplan and budget for 2020-2021. Both items return following their adoption in draft-form in March and subsequent public review and include revisions. The revisions to the workplan expand the total number of projects from 20 to 26 and add incomplete activities from the current fiscal year as well as one new task to begin live-streaming Commission meetings online. The revisions to the budget eliminate a previously planned increase to ensure overall operating costs match the current fiscal year amount of $1.916 million. The use of reserves as offsetting revenues has also been revised and increased to match the current fiscal year amount and in doing so ensure overall agency contributions remain the same.

BACKGROUND

Annual Budget Process

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 shall be equal to the budget adopted for the previous fiscal year unless LAFCO formally finds any reduced costs will allow the it to meet its prescribed regulatory and planning duties.
Prescriptive Funding Sources

State law mandates operating costs for LAFCOs shall be annually funded among their represented agency membership categories. San Diego LAFCO’s operating costs, accordingly, are divided among four distinct membership categories with the largest apportionment assigned to the County of San Diego at 28.6%. The independent special districts and cities less the City of San Diego are also apportioned funding percentages of 28.6% with individual amounts divided thereafter based on total revenue shares in a given fiscal year. The City of San Diego – and based on special legislation providing the City a dedicated seat on LAFCO – is responsible for the remaining 14.3% of annual operating costs.

Current Budget

San Diego LAFCO’s adopted final budget for 2019-2020 totals $1.916 million. This amount represents the total approved operating expenditures divided between three active expense units: salaries and benefits; service and supplies; and other. A matching revenue total was also budgeted to provide a projected year-end net of $0 and with the purposeful aid of a planned $0.072 million transfer from reserves. Budgeted revenues are divided between four active units: intergovernmental contributions; service charges; earnings; and miscellaneous. The total fund balance as of July 1, 2019 was $1.447 million.

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DISCUSSION

This agenda item is for San Diego LAFCO to consider recommendations from the Executive Officer in adopting a final (a) workplan and (b) budget for the upcoming fiscal year. Both items return to the Commission from their initial presentation and adoption in March and subsequent 45-day public review and comment period. This included providing direct notice to all 77 local funding agencies as required under statute as well as presenting to both the Cities and Special Districts Advisory Committees. No formal comments on either document have been received as of the date – April 21st – of this agenda report. A summary discussion of the main components underlying both items and revisions made since March follows.

Summary | Final Workplan in 2020-2021

The final workplan outlines 26 specific projects divided between statutory (legislative directives) and administrative (discretionary matters) activities. The projects are also listed in sequence by assigned priority between high, moderate, and low with the former category organized as a “top-ten” and represents the most pertinent Commission activities. The workplan has been revised since March to include six additional projects along with all the
activities previously listed. The six additional projects consists of five from the current workplan that are now expected to extend past June and include a municipal service review on resource conservation districts and an update to the Preservation of Open Space and Agricultural Lands Policy. The sixth project added to the workplan is new and involves live-streaming Commission meetings online. All projects are listed in the final workplan and provided as Attachment One (Exhibit A).

Summary
Final Budget in 2020-2021

The final budget developed by the Executive Officer in conjunction with funding the referenced workplan sets expenses for the upcoming fiscal year at $1,916 million. This amount purposefully matches the current fiscal year total and eliminates the previously planned 1.9% cost or $36,358 increase included in the draft in March. This revision addresses subsequent COVID-19 impacts and interest therein to avoid new impacts to the funding agencies and without effecting previously approved cost-of-living adjustments for non-management employees or drawing down on additional reserves. Key revisions reflected in the final budget to maintain current fiscal year costs include the following changes.

- Delay the start-date of the new Analyst I/II employee to August 2020.
- Eliminate budgeted increases to per diems and management compensation.
- Reduce consultant use involving legislative services.
- Reduce funding for out-of-county travel/training.

The final budget also incorporates a revision to the budgeted use of reserves as off-setting revenues. This revision increases the budgeted use of reserves to the current fiscal year total – $72,600 – instead of proceeding with the draft’s provision of a one-third reduction. This revision ensures overall contributions by the funding agencies will remain the same. The final budget in general ledger format is provided as Attachment One (Exhibit B).

ANALYSIS

The final workplan and budget include moderate revisions in response to new information following the earlier draft approvals in March. Revisions reflected in the workplan include adding five projects that are being continued from the current fiscal year given additional time is needed to complete. This includes – notably – proceeding with stakeholder outreach in preparing an update to the Commission’s Open Space and Agricultural Lands Preservation Policy as well as a comprehensive municipal service review on resource conservation district services, which – and among other items – will address existing boundary/service disputes.

1 While all projects included in the draft remain in the final, the Executive Officer has revised the priority listing for some of the activities in conjunction with accommodating the referenced addition of six activities. This includes lowering the priority level of the two new municipal service reviews calendared in the upcoming fiscal year (Oceanside/Carlsbad and Encinitas Regions) from “moderate” to “low.”
A sixth addition reflected in the workplan involves live-streaming of Commission meetings and respond to the need and benefit of offering real-time alternatives to physical attendance and informed by new social distancing expectations tied to COVID-19. Revisions to the final budget also address COVID-19 impacts and the baseline objective to strike previously planned expense increases and ensure no new costs to the funding agencies. The final budget also retains a relatively healthy fund balance at $1.472 million and provides the Commission with options should additional measures be needed now or in 2021-2022.

RECOMMENDATION

It is recommended San Diego LAFCO approve the final 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):

(a) Adopt the attached resolution provided as Attachment One approving the final workplan (Exhibit A) and final budget (Exhibit B) for 2020-2021 with any changes.

(b) Authorize the Executive Officer to request the Auditor-Controller’s Office calculate and apportion 1,693,700 in total agency contributions by July 1st.

Alternative Two:
Continue consideration of the item to its next regular meeting scheduled for June 1, 20202 and provide direction to the Executive Officer as needed.

PROCEDURES FOR CONSIDERATION

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) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Commission.
3) Open the hearing and invite comments.
4) Discuss item and consider the staff recommendation.

Respectfully,

Keene Simonds
Executive Officer

Attachment:

1) Draft Resolution
   - Exhibit A: Final Workplan
   - Exhibit B: Final Budget
RESOLUTION No. ___

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

ADOPTING A FINAL WORKPLAN AND BUDGET
FISCAL YEAR 2020-2021

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 in facilitating efficient 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 prepared a written report and recommendations on a proposed workplan and budget for 2020-2021 that was adopted by the Commission on March 2, 2020 and subsequently circulated for review and comment by all funding agencies; and

WHEREAS, the Commission has heard and fully considered all the evidence on a final workplan and budget for 2020-2021 presented at a public hearing held on May 4, 2020;

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 final workplan for 2020-2021 shown as Exhibit A is APPROVED.

2. The final budget for 2020-2021 shown as Exhibit B is APPROVED.

The foregoing resolution was duly and regularly adopted by the Commission at a public hearing held on May 4, 2020 by the following vote:

Yes: ______________________

No: ______________________

Abstain: ____________________

Attest:

__________________________
Keene Simonds
Executive Officer
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2020-2021 Workplan

Introduction:

Local Agency Formation Commissions’ (LAFCOs) operate under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2001 (“CKH”) and are delegated regulatory and planning responsibilities by the Legislature to oversee the formation and subsequent development of local government agencies and their municipal service areas. Common regulatory functions include approving jurisdictional changes and outside service requests. Common planning functions include preparing studies to independently evaluate the availability, performance, and need for municipal services and establishing and updating spheres of influence – which are the Legislature’s version of urban growth boundaries and gatekeepers to future jurisdictional changes – for all cities and special districts. All regulatory and planning activities undertaken by LAFCOs may be conditioned and must be consistent with policies and procedures.

Objective:

This document represents San Diego LAFCO’s (“Commission”) formal 2020-2021 Workplan. The Workplan draws on the recommendations of the Executive Officer as vetted and approved by the Commission. The Workplan is divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low. The underlying intent of the Workplan is to serve as a management tool to allocate Commission resources in a transparent manner over the 12-month period. Further, while it is a stand-alone document, the Workplan should be reviewed in relationship to the adopted operating budget given the planned goals and activities are facilitated and or limited accordingly. Additionally, and as needed, the Commission reserves discretion to amend the Workplan during the fiscal year to address changes in resources and or priorities and to carry-forward projects into subsequent years.

Executive Summary:

The 2020-2021 Workplan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities. This includes continuing work on existing projects established – but not yet completed – from earlier fiscal years and marked by completing municipal service reviews for the Escondido, Vista, San Marcos, and Fallbrook-Rainbow regions. Several policy updates are also scheduled and include reviewing LAFCO’s existing policies regarding the identification and authorization of special district service functions and classes. Other administrative projects filling the Analyst I/II position and securing a long-term office lease.
<table>
<thead>
<tr>
<th>Priority</th>
<th>Level</th>
<th>Type</th>
<th>Project</th>
<th>Description and Key Issues</th>
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<tbody>
<tr>
<td>Continual</td>
<td>...</td>
<td>Statutory</td>
<td>Applicant Proposals</td>
<td>LAFCO will prioritize resources to address proposals involving boundary changes and outside service requests and includes the following prominent proposals already on file or expected to be filed in 2020-2021:</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>- Fallbrook PUD/Rainbow MWD/County Water Authority</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Reorganization of CSA No. 135 into FPD</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Fallbrook PUD Latent Powers Activation</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Reorganization of Valley Center CSD into CSA</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Harvest Hills (Escondido et al)</td>
</tr>
<tr>
<td>Continual</td>
<td>...</td>
<td>Administrative</td>
<td>Targeted LAFCO Presentations</td>
<td>LAFCO will prioritize public outreach; emphasis on informing stakeholders ahead of MSR work</td>
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<tr>
<td>1</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>Fallbrook-Rainbow Region</td>
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<tr>
<td>2</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>Escondido Region Part II</td>
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<tr>
<td>3</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>Resource Conservation Services</td>
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<td>Policy Review</td>
<td>Ag and Open Space</td>
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<td>High</td>
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<td>Policy Review</td>
<td>Rule No. 4</td>
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<td>Poway Region</td>
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<td>MSR</td>
<td>San Marcos Region</td>
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<tr>
<td>8</td>
<td>High</td>
<td>Statutory</td>
<td>MSR</td>
<td>Vista Region</td>
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<td>9</td>
<td>High</td>
<td>Administrative</td>
<td>Analyst III/II Position</td>
<td>Perform recruitment and hire of a new Analyst III/I</td>
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<td>10</td>
<td>High</td>
<td>Administrative</td>
<td>Office Space</td>
<td>Current lease for office space with County of San Diego expires in August 2020 with no extension options</td>
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<td>11</td>
<td>Moderate</td>
<td>Statutory</td>
<td>MSR</td>
<td>Ramona Region</td>
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<tr>
<td>12</td>
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<td>Statutory</td>
<td>MSR</td>
<td>Pauma Valley Region</td>
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<td>13</td>
<td>Moderate</td>
<td>Administrative</td>
<td>Cities Advisory Committee</td>
<td>Staff and maintain feedback with Cities Advisory Committee and hold no less than two formal meetings</td>
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<tr>
<td>14</td>
<td>Moderate</td>
<td>Administrative</td>
<td>Special Districts Advisory Committee</td>
<td>Staff and maintain feedback with Special Districts Advisory Committee and hold no less than three formal meetings</td>
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<td>15</td>
<td>Moderate</td>
<td>Administrative</td>
<td>Live-Streaming</td>
<td>Expand LAFCO’s real-time accessibility to the general public to include live streaming meetings</td>
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<td>16</td>
<td>Moderate</td>
<td>Administrative</td>
<td>2019-2020 Audit</td>
<td>Coordinate outside consultant’s review of financial statements for 2019-2020 and identify opportunities to improve accounting system</td>
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<tr>
<td>17</td>
<td>Moderate</td>
<td>Administrative</td>
<td>Policy Review</td>
<td>Study Schedule</td>
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<td>18</td>
<td>Moderate</td>
<td>Administrative</td>
<td>SANDAG</td>
<td>Re-establish regular participation in SANDAG's Technical Working Group (TWG)</td>
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<tr>
<td>19</td>
<td>Moderate</td>
<td>Administrative</td>
<td>State Groundwater Management Act</td>
<td>Prepare report on State Groundwater Management Act (SGMA) Implementation in San Diego County relative to LAFCO duties/interests</td>
</tr>
<tr>
<td>20</td>
<td>Moderate</td>
<td>Administrative</td>
<td>CALAFCO</td>
<td>Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference</td>
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<td>21</td>
<td>Low</td>
<td>Administrative</td>
<td>Application Procedures</td>
<td>Streamline existing application packet to be more user-friendly; address new statutory requirements</td>
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<td>22</td>
<td>Low</td>
<td>Statutory</td>
<td>MSR</td>
<td>Oceanside and Carlsbad Region</td>
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<tr>
<td>23</td>
<td>Low</td>
<td>Statutory</td>
<td>MSR</td>
<td>Encinitas Region</td>
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<tr>
<td>24</td>
<td>Low</td>
<td>Administrative</td>
<td>SOI/MSR Annual Report</td>
<td>Prepare annual report to serve as living record of all sphere actions in San Diego County</td>
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<tr>
<td>25</td>
<td>Low</td>
<td>Administrative</td>
<td>Local Agency Directory</td>
<td>Create user-friendly publication identifying and summarizing local governmental agencies subject to LAFCO oversight</td>
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<tr>
<td>26</td>
<td>Low</td>
<td>Administrative</td>
<td>Social Media</td>
<td>Establish policies and procedures to expand outreach to capture alternate media forums</td>
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## OPERATING EXPENSES

### Salaries and Benefits Unit

<table>
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<tr>
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<tr>
<td>51110-51310</td>
<td>Salaries and Wages</td>
<td>1,105,599</td>
<td>617,838</td>
<td>689,719</td>
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<td>51410</td>
<td>Retirement - SDCERA</td>
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<td>166,680</td>
<td>239,780</td>
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<td>51415</td>
<td>Retirement - OPEB</td>
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<td>7,256</td>
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<td>51421</td>
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<td>27,841</td>
<td>41,958</td>
<td>37,308</td>
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<td>51450</td>
<td>Payroll Taxes (Social Security and Medicare)</td>
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<td>35,613</td>
<td>48,958</td>
<td>46,163</td>
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<td>5150-51550</td>
<td>Group Insurance (Health and Dental)</td>
<td>-</td>
<td>74,615</td>
<td>96,958</td>
<td>95,405</td>
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<td>51560</td>
<td>Unemployment Insurance</td>
<td>-</td>
<td>2,255</td>
<td>4,032</td>
<td>1,93</td>
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### Services and Supplies Unit

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<tr>
<td>52074</td>
<td>Telecommunications</td>
<td>500</td>
<td>2,266</td>
<td>2,500</td>
<td>3,860</td>
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<td>52178</td>
<td>Vehicle - Maintenance</td>
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<td>489</td>
<td>2,000</td>
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<td>52182</td>
<td>Vehicle - Fuel</td>
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<td>401</td>
<td>1,500</td>
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<td>52280</td>
<td>Memberships</td>
<td>15,000</td>
<td>11,328</td>
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<td>52304</td>
<td>Miscellaneous</td>
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<td>52330</td>
<td>Office: General</td>
<td>1,000</td>
<td>15,233</td>
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<td>52332</td>
<td>Office: Postage</td>
<td>500</td>
<td>-</td>
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<td>52334</td>
<td>Office: Printing</td>
<td>7,500</td>
<td>-</td>
<td>10,000</td>
<td>4,795</td>
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<td>52336</td>
<td>Office: Books and Guidelines</td>
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<td>3,609</td>
<td>2,000</td>
<td>3,226</td>
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<tr>
<td>52338</td>
<td>Office: Drafting/Engineering</td>
<td>50</td>
<td>-</td>
<td>50</td>
<td>-</td>
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<tr>
<td>52344</td>
<td>Office: Supplies and Furnishings</td>
<td>18,000</td>
<td>13,140</td>
<td>17,500</td>
<td>9,302</td>
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<td>52354</td>
<td>Office: County Mail Services</td>
<td>9,000</td>
<td>10,037</td>
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<td>18,896</td>
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<td>52370</td>
<td>Professional Services: Consultants</td>
<td>382,500</td>
<td>326,850</td>
<td>259,110</td>
<td>398,125</td>
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<td>52490</td>
<td>Publications and Legal Notices</td>
<td>7,500</td>
<td>7,085</td>
<td>5,000</td>
<td>10,382</td>
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<tr>
<td>52504</td>
<td>Leases: Equipment</td>
<td>4,000</td>
<td>5,498</td>
<td>6,500</td>
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<tr>
<td>52530</td>
<td>Leases: Office Space</td>
<td>80,000</td>
<td>79,789</td>
<td>79,880</td>
<td>79,555</td>
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<td>52550</td>
<td>Special Expenses: County Overhead</td>
<td>155,000</td>
<td>47,826</td>
<td>155,000</td>
<td>113,842</td>
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<td>52562</td>
<td>Special Expenses: New Hire Backgrounds</td>
<td>-</td>
<td>527</td>
<td>-</td>
<td>689</td>
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<tr>
<td>52566</td>
<td>Special Expenses: Minor Equipment</td>
<td>1,000</td>
<td>1,164</td>
<td>1,000</td>
<td>2,788</td>
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<tr>
<td>52567</td>
<td>Computer Training</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
<td>-</td>
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<tr>
<td>52568</td>
<td>Travel and Training</td>
<td>1,130</td>
<td>47,130</td>
<td>10,000</td>
<td>8,724</td>
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<td>52612</td>
<td>Employee Auto</td>
<td>1,000</td>
<td>14,390</td>
<td>1,000</td>
<td>25,432</td>
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<tr>
<td>52704-52722</td>
<td>Reimbursements: Network</td>
<td>31,500</td>
<td>27,137</td>
<td>30,000</td>
<td>26,450</td>
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<td>52723</td>
<td>Reimbursements: Data Center</td>
<td>45,000</td>
<td>45,214</td>
<td>45,000</td>
<td>30,728</td>
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<tr>
<td>52725</td>
<td>Reimbursements: Financial Services</td>
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<td>18,888</td>
<td>20,000</td>
<td>27,556</td>
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<td>52726-52732</td>
<td>Reimbursements: Desktop Computing</td>
<td>27,700</td>
<td>47,462</td>
<td>25,000</td>
<td>25,311</td>
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<tr>
<td>52734</td>
<td>Reimbursements: Help Desk</td>
<td>2,500</td>
<td>3,154</td>
<td>3,000</td>
<td>4,743</td>
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<td>52750-52754</td>
<td>Reimbursements: Catalog Equipment</td>
<td>51,000</td>
<td>23,973</td>
<td>45,000</td>
<td>32,097</td>
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<tr>
<td>52758</td>
<td>Reimbursements: Vehicle Lease</td>
<td>3,000</td>
<td>1,986</td>
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<td>1,986</td>
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Total: | 881,300 | 736,535 | 770,090 | 865,684 | 692,117 | 697,928 | 661,588 | (30,529) | -4.4% |
### OPERATING EXPENSES CONTINUED

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<thead>
<tr>
<th>Account No.</th>
<th>Description</th>
<th>FY 2017-18</th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
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<tbody>
<tr>
<td>53585</td>
<td>Equipment Depreciation</td>
<td>2,500</td>
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<tr>
<td>54955-54961</td>
<td>Fixed Assets</td>
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<td>EXPENSE TOTALS</td>
<td>1,986,899</td>
<td>1,906,694</td>
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### OPERATING REVENUES

#### Intergovernmental Unit

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<tr>
<td>45918.1</td>
<td>Apportionments</td>
<td>County</td>
<td>467,171</td>
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<td>45918.2</td>
<td>Apportionments</td>
<td>Cities (less SD)</td>
<td>467,171</td>
<td>475,684</td>
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<td>45918.3</td>
<td>Apportionments</td>
<td>City of San Diego</td>
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<td>45918.4</td>
<td>Apportionments</td>
<td>Special Districts</td>
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<td>REVENUE TOTALS</td>
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<td>1,664,894</td>
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#### Service Charges Unit

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<td>46234</td>
<td>Service Charges</td>
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<td>20,000</td>
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<td>REVENUE TOTALS</td>
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<td>1,906,694</td>
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#### Earnings Unit

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<th>FY 2019-20</th>
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<td>Interest and Dividends</td>
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<td>REVENUE TOTALS</td>
<td>1,986,899</td>
<td>1,906,694</td>
<td>1,916,300</td>
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#### Miscellaneous Unit

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<thead>
<tr>
<th>Account No.</th>
<th>Description</th>
<th>FY 2017-18</th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>47540</td>
<td>Transfer from Fund Balance</td>
<td>220,000</td>
<td>72,600</td>
<td>72,600</td>
</tr>
<tr>
<td></td>
<td>REVENUE TOTALS</td>
<td>1,986,899</td>
<td>1,906,694</td>
<td>1,916,300</td>
</tr>
</tbody>
</table>

### OPERATING NET

<table>
<thead>
<tr>
<th></th>
<th>FY 2017-18</th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING NET</td>
<td>-150,011</td>
<td>-56,352</td>
<td>-98,901</td>
</tr>
</tbody>
</table>

### FUND BALANCE | JUNE 30th

<table>
<thead>
<tr>
<th></th>
<th>FY 2017-18</th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed</td>
<td>175,000</td>
<td>175,000</td>
<td>550,000</td>
</tr>
<tr>
<td>Assigned</td>
<td>75,000</td>
<td>75,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Unassigned</td>
<td>1,357,486</td>
<td>1,196,652</td>
<td>797,953</td>
</tr>
<tr>
<td>REVENUE NET</td>
<td>1,916,300</td>
<td>(0)</td>
<td>0.0%</td>
</tr>
</tbody>
</table>