



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

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**AMENDED**

**SPECIAL MEETING AGENDA**  
**SPECIAL DISTRICTS ADVISORY COMMITTEE**

Friday, March 15, 2019

County of San Diego Administration Center  
1600 Pacific Highway, Room 402A  
San Diego, California 92101

**Chair Kimberly Thorner**  
Olivenhain Municipal Water District

**Vice Chair Julie Nygaard**  
Tri-City Health Care District

**9:30 A.M. – CALL TO ORDER BY CHAIR**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**AGENDA REVIEW**

The Chair will consider requests to remove or rearrange items on the agenda.

**PUBLIC COMMENTS**

This portion of the meeting is reserved for persons desiring to address the Committee on any matter not on the current agenda germane to the Committee. All statements that require a response will be referred to LAFCO staff for reply in writing or will be placed on a future agenda.

**COMMITTEE MEMBER REPORTS AND ANNOUNCEMENTS**

This portion of the meeting is dedicated to members providing brief updates on their respective agency activities and related community announcements.

**CONSENT ITEMS**

All items calendared as consent are considered ministerial or non-substantive and subject to a single motion approval. The Chair will also consider requests to pull an item for discussion.

**1. Approval of Meeting Minutes | December 14, 2018 (Action)**

The Committee will consider draft minutes prepared for the last regular meeting held on December 14, 2018. Staff recommends the Committee approve the minutes with any changes or clarification as needed.

**2. Ratification of Appointments to the Committee (Action)**

The Committee will consider formal ratification of Chair appointments to the Committee to fill unexpired terms for Tony Michel (Rancho Santa Fe Fire Protection District), Teresa Thomas (South Bay Irrigation District), and Dennis Shepard (North County Cemetery District).

**3. Update on Current and Pending Proposals (Information)**

The Committee will review a report identifying current proposals on file with the Commission and key policy and/or service issues therein. The report also identifies pending proposals staff anticipates being filed with the Commission in the near-term. Information only.

**BUSINESS ITEMS**

**4. Review of Proposed LAFCO Workplan and Budget for FY 2019-20 (Discussion)**

The Committee will review the Commission’s proposed workplan and budget for FY 2019-20. The item is being presented for discussion and feedback ahead of the Commission considering a final action at its April 2019 meeting.

**5. Review of Pending Commission Policy Updates (Discussion)**

The Committee will receive a report on two pending policy updates per the current workplan. The updates involve the “Fund Balance Policy” and “Protection of Agricultural and Open Space Lands Policy.” The item is being presented for discussion and feedback ahead of the Commission’s review of the updates at its April 2019 meeting.

**6. Government Code Section 56133 (Information)**

The Committee will receive a primer on Government Code Section 56133 and its provisions requiring cities and districts to request and receive written approval from the Commission before providing new or extended services outside their jurisdictional boundaries by contracts or agreements. This item is being presented for information only.

**EXECUTIVE OFFICER REPORT**

**ADJOURNMENT TO NEXT REGULAR MEETING**

Friday, June 21, 2019

Attest to Posting:



Ruth Arellano  
Executive Assistant

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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) working days prior to the meeting at 858-614-7755 for any requested arraignments or accommodations.

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**1**

**AGENDA REPORT**  
 Consent | Action

March 15, 2019

**TO:** Committee Members  
**FROM:** Ruth Arellano, Executive Assistant  
**SUBJECT:** **Approval of Meeting Minutes for December 14, 2018**

**SUMMARY**

The San Diego Special Districts Advisory Committee (“Committee”) will receive minutes prepared for the last meeting held on Friday, December 14, 2018. The minutes are in draft-form and being presented for formal approval with any desired corrections or clarifications as requested by the Committee.

**BACKGROUND**

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

**DISCUSSION**

This item is for the Committee to consider approving summary minutes for the December 14, 2018 meeting.

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## ANALYSIS

The attached summary minutes for the December 14, 2018 meeting accurately reflect the Committee's actions as recorded by staff. An audio recording of the meeting has also been posted on the LAFCO website.

## RECOMMENDATION

It is recommended the Committee approve the draft minutes prepared for the December 14, 2018 meeting as presented. This recommendation is consistent with Alternative One in the proceeding section.

## ALTERNATIVES FOR ACTION

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

Alternative One (recommended):

Approve the draft minutes prepared for the December 14, 2018 meeting with any desired corrections or clarifications.

Alternative Two:

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

## PROCEDURES

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

Respectfully,



Ruth Arellano  
Executive Assistant

Attachment:

- 1) Draft Meeting Minutes for December 14, 2018

**DRAFT**  
**LOCAL AGENCY FORMATION COMMISSION**  
**SPECIAL DISTRICTS ADVISORY COMMITTEE**  
**DECEMBER 14, 2018 MEETING**

**1**

There being a quorum present, the meeting was convened at 9:30 a.m., by Chairwoman Kimberly Thorner (Olivenhain MWD). Other Committee members in attendance: Vice Chairwoman Julie Nygaard (Tri-City HCD); Gary Arant (Valley Center MWD); Jack Bebee (Fallbrook PUD); Bill Haynor (Whispering Palms CSD); Tom Kennedy (Rainbow MWD); Erin Lump (Rincon del Diablo MWD); John Pastore (Rancho Santa Fe CSD); and Mark Robak (Otay WD). Committee members absent: Tony Michel (Rancho Santa Fe FPD); Augie Scalzitti (Padre Dam MWD); Joel Scalzitti (Helix WD); Dennis Shepard (North County CD); Robert Thomas (Pomerado CD); and Terry Thomas (South Bay Irrigation District). LAFCO staff in attendance: Executive Officer Keene Simonds; John Traylor, LAFCO Consultant; Linda Zambito, Local Governmental Analyst; Executive Assistants Ruth Arellano and Tamaron Luckett; and Administrative Assistant Erica Blom.

**PLEDGE OF ALLEGIANCE**

Committee member Tom Kennedy led the Pledge of Allegiance at the meeting.

**AGENDA REVIEW**

Chairwoman Thorner indicated that there were no revisions to the agenda and called the meeting to order.

**ROLL CALL AND INTRODUCTIONS**

Roll call was performed with Committee and staff members providing brief self-introductions.

**OPEN TIME**

Chairwoman Thorner indicated there were no speaker slips received from members of the public for comments.

**PRESENTATIONS/UPDATES**

Chairwoman Thorner informed the Committee three members – Tony Michel (Rancho Santa Fe Fire Protection District), Dennis Sheppard (North County Cemetery District) and Terry Thomas (South Bay Irrigation District) – have left their special districts and are no longer on the Committee. Chairwoman Thorner noted she would proceed with making appointments to fill the unexpired terms with ratification from the Committee at the next meeting in March 2019.

Chairwoman Thorner asked the Committee members present to inform the Committee about any updates within their districts. Julie Nygaard provided an update to the Committee on the Countywide Oversight Board for Successor Redevelopment Agencies.

## **CONSENT ITEMS**

### **Item 1**

#### **Approval of Minutes of June 15, 2018**

On motion of Erin Lump, seconded by Bill Haynor, and carried unanimously by the remaining Committee members present; the Committee dispensed with reading the minutes of the June 15, 2018 and approved said minutes.

### **Item 2**

#### **Special District Elections to Appoint Members to LAFCO**

Executive Officer Keene Simonds informed the Committee of upcoming elections for the Special Districts seats for two LAFCO Commissioner positions each consisting of four-year terms. Mr. Simonds requested feedback from the Committee and to assist with outreach to the Special Districts during the election nominations. Mr. Simonds indicated coordination with the San Diego Chapter of the California Special Districts Association would also be very helpful. Discussion followed with feedback as requested.

## **BUSINESS ITEMS**

### **Item No. 3**

#### **Proposed Comprehensive LAFCO Fee Schedule Update**

Executive Officer Keene Simonds provided a brief overview regarding the new LAFCO fee schedule and requested feedback and recommendations from the Committee. Mr. Simonds explained the uniformity of the proposal fees currently is based on parcel size and the new fees will be based on the level of analysis and review. He indicated the baseline proposal fees will go from \$2,600.00 to \$6,600.00 and the more complex proposals will require additional fees. Discussion followed.

### **Item No. 4**

#### **Update on Proposals**

Executive Officer Keene Simonds informed the Committee of the existing and pending proposal chart. This included deferring to Consultant John Traylor and Analyst Linda Zambito to provide an update on the “Julian-Cuyamaca Fire Protection District Reorganization.” Discussion followed.



**Item No. 5**

**Selection of Chair and Vice Chair for 2019**

The Committee agreed to re-nominate and re-appoint the current officers to remain for the 2019 year as the Chair and Vice Chair positions.

On motion by Gary Arant and seconded by Tom Kennedy, the Committee members present voted unanimously to re-appoint Kim Thorner and Julie Nygaard as the Advisory Committee's Chair and Vice Chair respectively.

**STAFF UPDATES**

Executive Officer Keene Simonds announced the hiring of a new Local Governmental Analyst, Alex Vidal who will be starting the LAFCO staff in January 2019. He also informed the Committee of upcoming LAFCO Commissioner term expirations in 2019.

**ADJOURNMENT TO NEXT REGULAR MEETING**

There being no further business to come before the Special Districts Advisory Committee, the meeting was adjourned at 10:50 a.m. to the scheduled meeting on March 15, 2019.

**RUTH ARELLANO  
EXECUTIVE ASSISTANT  
SAN DIEGO LOCAL AGENCY FORMATION COMMISSION**

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**AGENDA REPORT**  
 Consent | Action

March 15, 2019

**TO:** Committee Members  
**FROM:** Keene Simonds, Executive Officer  
**SUBJECT:** **Ratification of Chair Appointments |  
 Appointments to the Special District Advisory Committee**

**SUMMARY**

The San Diego Special Districts Advisory Committee (“Committee”) will consider a procedural item to ratify Chair appointments to fill the unexpired terms created with the departures of Tony Michel (Rancho Santa Fe Fire Protection District), Teresa Thomas (South Bay Irrigation District), and Dennis Shepard (North County Cemetery District). Chair Thorner has proceeded to fill two of the three vacated seats with the appointments of Sheryl Landrum (Resource Conservation District of Greater San Diego County) and Larry Converse (Ramona Municipal Water District). A third appointment remains pending. The ratification process is provided under policy and is being presented for formal approval.

**BACKGROUND**

**Special Districts Advisory Committee**

The Committee was created in August 1971 and tasked with providing feedback on germane topics to assist LAFCO in fulfilling its prescribed regulatory and planning functions. The Committee consists of 16 members collectively drawn from the current 59 independent special districts in San Diego County and comprise both elected and staff officials. Members serve four-year terms and are appointed by the independent special districts through an election process administered by LAFCO staff. Committee policies also allow the Chair to appoint members to fill unexpired terms as needed.

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## Current Vacancies

Three members of the Committee recently resigned as a result of leaving their special districts. All three members – Tony Michel (Rancho Santa Fe Fire Protection District), Teresa Thomas (South Bay Irrigation District), and Dennis Shepard (North County Cemetery District) – leave unexpired terms on the Committee.

## DISCUSSION

This procedural item is for the Committee to consider formal ratification of the Chair’s appointments to fill two of the three vacant and unexpired terms as summarized below.

- Sheryl Landrum has been appointed to assume the unexpired term of Tony Michel. Ms. Landrum is the current General Manager for Resource Conservation District of Greater San Diego County. The appointment runs through September 2020.
- Larry Converse has been appointed to assume the unexpired term of Dennis Sheppard. Mr. Converse is the current Fire Chief via CALFIRE for the Ramona Municipal Water District. The appointment runs through September 2020.

A third appointment is pending to fill the unexpired term formerly belonging to Teresa Thomas and will be presented to the Committee for ratification at a future meeting.

## ANALYSIS

The appointments summarized in the preceding section have been made by the Chair consistent with policy and help to ensure the Committee roster remains relatively full. All appointments are effective immediately and run through the referenced term date above.

## RECOMMENDATION

It is recommended the Committee proceed to ratify the Chair appointments consistent with the option listed as Alternative One in the succeeding section.

## ALTERNATIVES FOR ACTION

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

### Alternative One (recommended):

Ratify the Chair appointments to the Committee as follows:

- a) Sheryl Landrum is appointed to an unexpired term ending on September 30, 2020.
- b) Larry Converse is appointed to an unexpired term ending on September 30, 2020.

Alternative Two:

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

Alternative Three

Take no action. This item would suspend the Chair appointments to the Committee.

**PROCEDURES**

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

Respectfully,



Keene Simonds  
Executive Officer

Attachments: none

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**AGENDA REPORT**  
 Consent | Information

March 15, 2019

**TO:** Committee Members

**FROM:** Robert Barry, Chief Policy Analyst  
 Linda Zambito, Analyst I  
 Alex Vidal, Analyst I

**SUBJECT:** **Current Proposals and Related Activities**

**SUMMARY**

The San Diego Special Districts Advisory Committee (“Committee”) will receive a report summarizing active proposals on file with LAFCO. The report is being presented for purposes of detailing current workload and for information only.

**BACKGROUND**

**LAFCO Proceedings**

LAFCO proceedings for consideration of proposed changes of organization or reorganizations – which include incorporations, formations, annexations, detachments, mergers, consolidations, and service power activations or divestitures – may be initiated by landowner/voter petition or resolution by local 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, proposals are reviewed for completeness and status letters are sent to applicants within 30 days. If proposals require additional documentation they are deemed incomplete and the status letters will itemize any needed information. Once proposals are deemed complete they are

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scheduled for Commission hearing. Proposals involving outside service extension requests follow separate proceedings and may be administratively approved by the Executive Officer if addressing documented public health or safety threats.

## **DISCUSSION**

This item is being presented for information only and identifies all active proposals currently on file with LAFCO along with pending submittals as detailed in Attachment One.

## **ANALYSIS**

San Diego LAFCO remains active in processing over two dozen jurisdictional change proposals and outside service requests. This includes several substantive actions and highlighted by continuing to work on post-hearing activities tied to the “Julian-Cuyamaca Fire Protection District Reorganization.” Other substantive items that are nearing hearing before the Commission include the “Pauma Valley Fire Reorganization,” which is expected to be presented no later than May 2019.

## **RECOMMENDATION**

This item is presented to the Committee for information only. It is recommended the Committee review the report with the invitation to discuss and ask questions of staff.

## **ALTERNATIVES FOR ACTION**

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

## **PROCEDURES**

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

On behalf of staff,



Linda Zambito  
Analyst I

Attachment:  
1) Active Proposals



File Number	Proposal Name   Affected Agencies	Project Manager	Proposal Summary
<b>ACTIVE PROPOSALS   PENDING COMMISSION ACTION</b>			
1	DA08-10 "Avocado Way-Potter Annexation" - Vallecitos WD (Annexation)	Robert Barry	Proposed annexation to Vallecitos WD to obtain sewer service for two existing residences along Avocado Way. Proposal application submitted in March 2008, 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.
2	RO08-09 "South Mollison Ave-Snyder Reorganization" - City of El Cajon (Annexation)	Robert Barry	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. Proposal application submitted in May 2008, but 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.
3	RO08-15 SA08-15 "Crestlake Estates Reorganization" - San Diego County SD (Annexation) - Lakeside FPD (Annexation) - CSA 69 (Annexation)	Robert Barry	The proposed reorganization would provide sewer services to an approved Tentative Map allowing the development of 60 single-family residences. Proposal application submitted in May 2008, but 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.
4	DA12-02 "Lorch Annexation" - Borrego WD (Annexation)	Robert Barry	Annexation of approximately 9.4 acres to the Borrego Water District to provide water service to one parcel. The site is within the adopted sphere. Proposal application submitted in March 2012, but deemed incomplete in 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.
5	RO06-17 "Tobacco Road Reorganization" - City of Escondido (Annexation)	Robert Barry	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. To implement this condition, a reorganization including six other parcels was submitted to LAFCO in March 2006, but 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 proceeding forward in determining if the other landowners are interested/willing to proceed with the annexation at this time.

## SAN DIEGO LAFCO PROPOSAL SUMMARY

6	DA16-10	<p>“CSA 17 Harmony Grove Annexation”</p> <ul style="list-style-type: none"> <li>- CSA 17 (Annexation)</li> </ul>	Linda Zambito	<p>Proposal submittal required as cross-condition of the Rancho Santa Fe Fire Protection District Reorganization: Dissolution of CSA No. 107 (Elfin Forest/Harmony Grove). This involves requiring the initiation of the annexation of approximately 3,600 acres to CSA 17 for ambulance service. Proposal application submitted in May 2016, but deemed incomplete in June 2016 status letter. The CSA 17 Advisory Committee has opposed the annexation. A negotiated property tax exchange agreement is also necessary. LAFCO staff met with the applicant in August 2018 to provide assistance.</p>
7	RO16-11	<p>“Rancho Hills Annexation”</p> <ul style="list-style-type: none"> <li>- Rancho Santa Fe CSD (Annexation)</li> </ul>	Robert Barry	<p>Proposed annexation to Rancho Santa Fe CSD to establish sewer service to a portion of a 37-lot residential subdivision titled “Rancho Hills.” A concurrent latent power expansion for Olivenhain MWD is needed to accommodate sewer to the remaining project site. Proposal application submitted in October 2016, but deemed incomplete in November 2016 status letter. Applicant has requested the proposal processing be placed on hold. Staff has remained in contact with the applicant and is awaiting their confirmation to proceed.</p>
8	SA16-13 RO16-13	<p>“Windmill Construction Reorganization”</p> <ul style="list-style-type: none"> <li>- City of La Mesa (Annexation)</li> <li>- San Miguel FPD (Detachment)</li> <li>- CSA 135 (Detachment)</li> </ul>	Robert Barry	<p>Proposal submitted as an outside service extension request with the City of La Mesa. The proposal has transitioned into a reorganization as a City condition of service to develop a single residential lot of approximately 0.15 acre. The City of La Mesa has approved a General Plan Amendment to expand their planning boundaries and establish a land use designation for the affected territory. Proposal application submitted in October 2016, but deemed incomplete in November 2016 status letter. Staff is in contact with the applicant and City to address outstanding information needed to complete administrative review.</p>
9	SA17-07 RO17-07	<p>“San Marcos Highlands Reorganization”</p> <ul style="list-style-type: none"> <li>- City of San Marcos (Annexation)</li> <li>- San Marcos FPD (Annexation)</li> <li>- Vista FPD (Detachment)</li> <li>- Vallecitos WD (Sphere Amendment, Annexation)</li> <li>- Vista ID (Detachment)</li> </ul>	Robert Barry	<p>Proposal involves annexation of approximately 125 acres 189-SFR development to the City of San Marcos. Proposal submitted by resolution of the City of San Marcos and involves annexation of approximately 125 acres to the City with concurrent reorganizations between the San Marcos FPD and the Vista FPD for fire protection services, and between the Vallecitos WD and Vista ID for the provision of sewer and water services. The City of San Marcos has approved development plans and environmental review for the referenced development titled “San Marcos Highlands.” The City’s approvals included a condition requiring the City and the County to execute a habitat protection agreement with State and Federal agencies for the proposal area. The submitted proposal application is incomplete pending receipt of additional documentation – including the referenced habitat document – and information from the applicant to complete staff’s analysis.</p>
10	SA18-07 OAS18-07	<p>“Carmichael Drive – Wyman Service Agreement”</p> <ul style="list-style-type: none"> <li>- City of La Mesa</li> </ul>	Robert Barry	<p>Proposal involves an outside service extension for the City of La Mesa to provide sewer service to one developed single-family lot. 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 onsite septic system. The affected territory lies outside La Mesa’s sphere of influence. The submitted proposal application is incomplete pending additional analysis.</p>

## SAN DIEGO LAFCO PROPOSAL SUMMARY

11	DD18-10	<p>“Pala Detachment”</p> <ul style="list-style-type: none"> <li>- San Luis Rey MWD (Detachment)</li> </ul>	Robert Barry	Proposed by petition of the landowners is a detachment of approximately 334.33 acres from the San Luis Rey Municipal Water District. The proposal area includes 11 unincorporated parcels that are owned by the Pala Band of Mission Indians, but are not part of the Pala Reservation area. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.
12	RO18-13 SA18-13	<p>“Pauma Valley Fire Reorganization”</p> <ul style="list-style-type: none"> <li>- CSA No. 135 (Latent Powers Expansion)</li> <li>- Pauma Valley MWD (Divestiture)</li> <li>- Yuima MWD (Divestiture)</li> <li>- Mootamai MWD (Divestiture)</li> </ul>	Linda Zambito	Proposal submitted in August 2018 by resolution from Pauma Valley MWD, Yuima MWD, Mootamai MWD and CSA No. 135, involves the divesture of fire and EMS to CSA No. 135, and requires a latent power expansion and sphere amendment. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.
13	RO18-16	<p>“Stonemark Estates Reorganization”</p> <ul style="list-style-type: none"> <li>- City of Vista (Annexation)</li> <li>- Buena SD (Detachment)</li> <li>- Vista FPD (Detachment)</li> </ul>	Robert Barry	Proposal submitted in October 2018 by resolution from the City of Vista, involves the annexation of an approximately 31.75 acres and concurrent detachment from Buena Sanitation and Vista Fire Protection. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.
14	CO18-18 DA18-18	<p>“Eolus Avenue – Ryan Change of Organization”</p> <ul style="list-style-type: none"> <li>- Leucadia Wastewater District (Annexation)</li> </ul>	Linda Zambito	Proposal submitted by resolution from Leucadia Wastewater District in December 2018 and involves the annexation of an approximately 0.69 acre lot. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.
15	RO19-01 SA19-01	<p>“Lomas De Oro Court Change of Organization” -</p> <ul style="list-style-type: none"> <li>- Leucadia Wastewater District (Detachment)</li> </ul>	Alex Vidal	Proposal submitted by landowner petition in February 2019 involving detachment from the Leucadia WWD. Affected territory includes two developed incorporated parcels totaling approximately 1.18 acres. Detachment from Leucadia WWD is requested as a City of Encinitas condition of wastewater service to the parcels. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.
16	RO19-02	<p>“Salem – Snyder Road Change of Organization”</p> <ul style="list-style-type: none"> <li>- Otay Water District (Annexation)</li> </ul>	Robert Barry	Proposal submitted in February 2019 by landowner petition, involves annexation of an approximately 1.49 acre residential lot 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.
17	RO19-03	<p>“Bonsignore – Guava Lane Change of Organization”</p> <ul style="list-style-type: none"> <li>- Otay Water District (Annexation)</li> </ul>	Linda Zambito	Proposal submitted in February 2019 by landowner petition, involves the annexation of an approximately 0.98 acre residential lot 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.

## SAN DIEGO LAFCO PROPOSAL SUMMARY

18	Ro19-04	<p>“Ortega – Olde Highway 80 Change of Organization”</p> <ul style="list-style-type: none"> <li>- San Diego County Sanitation District (Annexation)</li> </ul>	Linda Zambito	<p>Proposal submitted in February 2019 by landowner petition, involves the annexation of two residential lots approximately 5.07 acre 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.</p>
<p><b>ACTIVE   <u>POST COMMISSION ACTION</u></b></p>				
19	RO18-09	<p>“Julian – Cuyamaca FPD Reorganization”</p> <ul style="list-style-type: none"> <li>- Julian – Cuyamaca FPD (Dissolution)</li> <li>- CSA 135 (Latent Power Expansion)</li> </ul>	John Traylor	<p>Reorganization involves dissolution of the approximate 52,100 acre Julian-Cuyamaca FPD and concurrent authorization for CSA No. 135 to assume fire protection and emergency medical services for the approximate 51,800 acre affected territory. The submitted proposal is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis. The proposal was approved by the Commission on September 10, 2018 with a subsequent protest hearing held on October 16, 2018. Protest from registered voters is sufficient to require an election and is separately addressed as part of Agenda Item No. 15.</p>
20	SS17-10 LP17-10 RO17-10	<p>“Harmony Grove Village Reorganization”</p> <ul style="list-style-type: none"> <li>- Rincon Del Diablo (Latent Power Establishment)</li> <li>- San Diego County SD (Detachment)</li> </ul>	Robert Barry	<p>This reorganization proposal was submitted by resolution of the Rincon del Diablo Municipal Water District (MWD) and involves activation of the MWD’s latent power for sewer service within the approximate 450 acre Harmony Grove Village (HGV) service area of the San Diego County Sanitation District (SD). The HGV is presently located within the MWD’s service area and sphere of influence for water service. The proposed reorganization would detach the HGV area from the San Diego County SD, establish a service-specific sphere of influence for the detachment area, and activate the MWD’s latent sewer power to assume responsibility for the provision of sewer service within the HGV. The proposal was approved by the Commission on June 4, 2018 and is now pending recordation once all terms are satisfied.</p>
21	DA18-14	<p>“Andreiko-Glaucus St. Annexation”</p> <ul style="list-style-type: none"> <li>- Leucadia Wastewater District (Annexation)</li> </ul>	Linda Zambito	<p>Proposal submitted by resolution from Leucadia Wastewater District and involves the annexation of an approximately 0.34 acre lot. The proposal was approved by the Commission on February 4, 2018 and is now pending recordation once all terms are satisfied.</p>
22	DA16-15 SA16-15	<p>“Alpine Islands Annexation”</p> <ul style="list-style-type: none"> <li>- Alpine FPD (Annexation)</li> <li>- CSA 135 – LP Fire Area (Latent Powers Divesture)</li> </ul>	Robert Barry	<p>Proposal involves the annexation of approximately 6,600+ acres of remaining non-jurisdictional lands within Alpine FPD’s existing sphere and as part of the continued draw-down following dissolution of Rural FPD. Proposal application submitted in September 2016, but application deemed incomplete in November 2016 status letter. Alpine FPD continues to negotiate a property tax exchange agreement with the County. The proposal was approved by the Commission on February 4, 2019 and is now pending recordation once all terms are satisfied. A noticed protest hearing is scheduled for March 13, 2019 at the LAFCO office.</p>

## SAN DIEGO LAFCO PROPOSAL SUMMARY

23	SA16-20 LP16-20	<p>“CSA 135 Islands Reorganization”</p> <ul style="list-style-type: none"> <li>- CSA 135 – LP Fire Area (Latent Powers Expansion)</li> <li>- Bonita-Sunnyside FPD (Annexation)</li> <li>- Lakeside FPD (Annexation)</li> <li>- San Miguel FPD (Annexation)</li> <li>- Ramona MWD (Annexation)</li> </ul>	Robert Barry	<p>Proposal involves 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 is scheduled for March 13, 2019 at the LAFCO office.</p>
24	DA18-15	<p>“Menchaca-St. Paul St Annexation”</p> <ul style="list-style-type: none"> <li>- Vallecitos Water District (Annexation)</li> </ul>	Linda Zambito	<p>Proposal submitted in September 2018 by landowner petition from Vallecitos Water District, involves the annexation of an approximately 1.59 acre lot. The proposal was approved by the Commission on March 4, 2018 and is now pending recordation once all terms are satisfied.</p>
25	CO18-17 DA18-17	<p>“Nordahl Road-Diaz Change of Organization”</p> <ul style="list-style-type: none"> <li>- Vallecitos Water District (Annexation)</li> </ul>	Robert Barry	<p>Proposal submitted in October 2018 by landowner petition, involves the annexation of an approximately 3.8 acre lot. The proposal was approved by the Commission on March 4, 2018 and is now pending recordation once all terms are satisfied.</p>

### PENDING PROPOSAL SUBMITTALS

(No project manager; inquiries should be direct to Robert Barry)

26	Pending	<p>“Safari Highlands Reorganization”</p> <ul style="list-style-type: none"> <li>- City of Escondido</li> </ul>		<p>This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido with an expected submittal to LAFCO later in 2018. 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.</p>
27	Pending	<p>“Rancho Lomas Verde Reorganization”</p> <ul style="list-style-type: none"> <li>- City of Vista</li> </ul>		<p>This anticipated reorganization 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.</p>

## SAN DIEGO LAFCO PROPOSAL SUMMARY

28	Pending	“Sager Ranch Reorganization” - City of Escondido		This anticipated reorganization involves annexation of approximate 1,800 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.
29	Pending	Valiano Specific Plan (TM-5575)		This anticipated reorganization involves the Eden Hills project and specific to accommodating sewer services (among a variety of options) for the planned development of approximately 239 acres to include 326 residential units.
30	Pending	Harmony Grove Village South (TM-626)		This anticipated reorganization involves the 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.
31	Pending	Otay Mesa Landfill – City of Chula Vista		This anticipated reorganization involves the Otay Mesa Landfill annexation to the City of Chula Vista.
32	Pending	Orchard Hills Reorganization – Vista Irrigation District & Vallecitos Water district		This anticipated reorganization involves a County of San Diego tentative map (TM5570) for a 20-lot residential subdivision on 12.5 acres. Proposed detachment from Vista ID and annexation to Vallecitos WD for wastewater and water services.



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

**4**

**AGENDA REPORT**  
 Business | Discussion

March 15, 2019

**TO:** Committee Members  
**FROM:** Keene Simonds, Executive Officer  
**SUBJECT:** **Committee Review | Proposed LAFCO Workplan and Budget for 2019-2020**

**SUMMARY**

The San Diego Special Districts Advisory Committee (“Committee”) will review a proposed LAFCO workplan and budget for 2019-2020. Both documents were tentatively approved by LAFCO at its February 4, 2019 meeting and currently under public review and comment. The proposed workplan outlines over two dozen specific project goals with one-third tied to preparing scheduled municipal service reviews. The proposed budget draws on the workplan and tallies \$1,913,300 in expenses, which represents an overall increase of \$6,607 or 0.3% and tied to adjustments in salaries and benefits. A matching amount of revenues and increases therein are also budgeted with one notable internal distinction; agency contributions are set to increase by \$35,806 or 2.2% in conjunction with decreasing the use of reserves by one-third from \$110,000 in 2018-2019 to \$72,600 in 2019-2020. The item is being presented for discussion with feedback – including recommendations – incorporated into final documents for presentation at LAFCO’s April 8, 2019 meeting.

**BACKGROUND**

LAFCO adopts an annual workplan and budget to direct and fund resources throughout the fiscal year. The workplan is divided between statutory (legislative directives) and administrative (discretionary matters) activities with individual projects listed in priority – high, moderate, and low. The budget is in line-item format and under a single general fund.

<b>Administration</b> Keene Simonds, Executive Officer County Operations Center 9335 Hazard Way, Suite 200 San Diego, California 92123 T 858.614.7755 F 858.614.7766 www.sdlafco.org	<b>Jim Desmond</b> County of San Diego	<b>Catherine Blakespear</b> City of Encinitas	<b>Mark Kersey</b> City of San Diego	<b>Chair Jo MacKenzie</b> Visita Irrigation	<b>Andy Vanderlaan</b> General Public
	<b>Dianne Jacob</b> County of San Diego	<b>Bill Wells</b> City of El Cajon	<b>Chris Cate, Alternate</b> City of San Diego	<b>Vice Chair Ed Sprague</b> Olivenhain Municipal Water	<b>Harry Mathis, Alternate</b> General Public
	<b>Greg Cox, Alternate</b> County of San Diego	<b>Serge Dedina, Alternate</b> City of Imperial Beach		<b>Judy Hanson, Alternate</b> Leucadia Wastewater	

LAFCO revenues are largely drawn from agency contributions as provided under State law and 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.

## **DISCUSSION**

This item is for the Committee to review and provide feedback on LAFCO’s proposed workplan and budget for 2019-2020. The review is part of a current public review and comment period with final action scheduled by LAFCO at its April 8, 2019 meeting. A summary discussion of the main components underlying both documents follows.

### **Summary | Proposed Workplan in 2019-2020**

The proposed workplan outlines 25 specific projects and provided as Attachment One. The majority of the projects are new with several directly tied to LAFCO’s separately adopted study schedule with the remaining items continued from the current fiscal year.

### **Summary | Proposed Operating Budget in 2019-2020**

The proposed operating budget is provided as Attachment Two and sets expenses at \$1,913,300; a net increase of \$6,607 or 0.3% over the current fiscal year and accommodates increases in salaries and benefits. A matching amount of revenues is budgeted, and as such also reflects a corresponding increase over the current fiscal year with one notable distinction. This distinction involves increasing agency contributions by \$35,806 or 2.2% to cover the difference in purposefully reducing the use of off-setting reserves by one-third from \$110,000 in 2018-2019 to \$72,600.

## **ANALYSIS**

The proposed workplan outlines two-dozen project goals for the fiscal year that responsively addresses LAFCO’s expanding regulatory and planning responsibilities. Processing boundary change proposals will continue to be a priority with several notable projects already on file with LAFCO and likely to extend into 2019-2020 along with several expected new filings; the latter highlighted by reorganizations involving the Cities of Escondido (Safari Highlands), Vista (Rancho Lomas Verdes), and Chula Vista (Otay Landfill). The workplan also incorporates the second year of the current study schedule with an emphasis on the North County region paired with a review of CSA No. 135 that is expected to assess reorganization options in conjunction with the recent County Charter amendment. Other notable high priority projects include conducting a policy review on outside service extensions to help ensure implementation consistency with Commission preferences as well as re-establishing the Cities Advisory Committee.



**San Diego LAFCO**

March 15, 2019 Committee Meeting

Agenda Item No. 4 | Proposed LAFCO Workplan and Budget for 2019-2020

The proposed operating budget supports the workplan and provides for a moderate overall increase in operating expenses from \$1,906,694 to \$1,913,300; a difference of \$6,607 or 0.3%. The increase is largely tied to adjustments in salaries and benefits and attributed to continuing to implement the decision ahead of the current fiscal year to restore historical staffing levels and insource projects that would otherwise be directed to consultants. The related savings in consultant costs – notably – is helping to absorb the added expenses in salaries and benefits as well as provide additional resources to invest in more staff training and development with additional details footnoted.<sup>1</sup>

**ALTERNATIVES FOR ACTION**

The proposed LAFCO workplan and budget for 2019-2020 is being presented to the Committee for discussion and feedback only; no actions are proposed.

**RECOMMENDATION**

It is recommended the Committee provide feedback on the proposed LAFCO workplan and budget for 2019-2020 – including recommendations on desired revisions. Staff will incorporate the feedback received from the Committee into preparing final versions of both documents ahead of LAFCO taking formal action at its April 8, 2019 meeting.

**PROCEDURES**

This item has been placed on the Committee’s agenda for discussion as part of the business calendar. The following procedures apply.

- 1) Receive verbal report from staff unless waived;
- 2) Initial questions or clarifications from the Committee;
- 3) Discuss item and provide feedback as requested.

Respectfully,



Keene Simonds  
Executive Officer

Attachments:

- 1) Proposed Workplan for 2019-2020
- 2) Proposed Budget for 2019-2020

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<sup>1</sup> The proposed budget includes \$204,505 in professional services and represents an overall decrease over the current fiscal year of (\$54,605) or (21%). Budgeted funds are divided between the following services: \$88,800 for legal; \$83,490 for general consulting (municipal service review support); \$24,000 for accounting; and \$8,215 for other.

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# San Diego County Local Agency Formation Commission

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

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### 2019-2020 Workplan (Proposed)

#### 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 a policy review on outside service extensions with a focus on establishing local definitions and exemptions.

Priority	Level	Type	Project	Description and Key Issues
1	High	Statutory	High Priority Proposals	San Marcos (Highlands), Escondido (Safari Highlands), Chula Vista (Otay Landfill), Rincon Del Diablo MWD (Valiano)
2	High	Administrative	Targeted LAFCO Presentations	Public outreach; emphasis on informing stakeholders ahead of MSR work
3	High	Statutory	MSR   Fallbrook Region	Reviews of Fallbrook PUD, Rainbow MWD, San Luis Rey MWD, & North County FPD; address latent power query by Fallbrook PUD
4	High	Statutory	MSR   Resource Conservation	Reviews of Mission RCD, Upper San Luis Rey RCD, & Greater San Diego; address 56133 issues and consolidation opportunities
5	High	Statutory	MSR   CSA No. 135	Agency-specific review; explore governance options given recent County Charter amendment codifying fire protection services
6	High	Administrative	MOU with County	Update and expand current MOU from 1974; reflect current agency relationships and needs
7	High	Statutory	MSR   San Marcos Region	Reviews of San Marcos, San Marcos FPD, and Vallecitos WD
8	High	Statutory	MSR   Vista Region	Reviews of Vista, Vista ID, Vista FPD, and Buena Sanitation
9	High	Administrative	Policy Review   Outside Services	Update polices involving outside service extensions under 56133; establish local definitions and exemptions
10	High	Administrative	Cities Advisory Committee	Re-establish dormant Cities Advisory Committee in conjunction with informing Study Schedule and other germane topics
11	Moderate	Administrative	RFP for Auditing Services	Comply with State law and restrictions on using same auditor for more than six consecutive fiscal years
12	Moderate	Administrative	2018-2019 Audit	Issue financial statements for 2018-2019; best practice and preceded by RFP (Item No. 11)
13	Moderate	Statutory	MSR   Pauma Valley	Pauma MWD, Pauma CSD, Yuima MWD, Mootamai MWD, and Rincon Ranch CSD
14	Moderate	Statutory	MSR   Valley Center Region	Valley Center MWD, Valley Center CSD, and Valley Center FPD
15	Moderate	Statutory	MSR   Poway Region	Review is agency-specific to Poway
16	Moderate	Statutory	MSR   Ramona Region	Review is agency-specific to Ramona MWD
17	Moderate	Administrative	Update Application Procedures	Streamline existing packet to be more user-friendly; address new statutory requirements
18	Moderate	Administrative	Special District Advisory Committee	Maintain feedback by conducting quarterly meetings as well as establishing formal reporting system back to Commission
19	Moderate	Administrative	Video Recording	Establish video recording of Commission meetings and online posting to expand outreach services
20	Moderate	Administrative	CALAFCO	Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference
21	Low	Administrative	Informational Report on SGMA	State Groundwater Management Act (SGMA) implementation in San Diego County relative to LAFCO duties/interests
22	Low	Administrative	Informational Report on JPAs	Follow up to SB 1266 and requirement for municipal-serving JPAs to file with LAFCOs
23	Low	Administrative	LAFCO Brochure	Restart project to digitize LAFCO records; incorporate online public access
24	Low	Administrative	Local Agency Directory	User-friendly publication identifying and summarizing local governmental agencies and services
25	Low	Administrative	Social Media Policies and Protocols	Establish policies and procedures to expand outreach to capture alternate media forums



# San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## OPERATING EXPENSES

		FY 2016-2017		FY 2017-2018		FY 2018-2019		FY 2019-2020		
		Adopted	Actual	Adopted	Actual	Adopted	Estimated	Proposed	Difference	
<b>Salaries and Benefits Unit</b>										
<u>Account No.</u>	<u>Description</u>									
51110-51310	Salaries and Wages	1,073,177	538,165	1,100,599	617,838	689,719	641,200	752,780	63,061	9.1%
51410	Retirement - SDCERA	-	187,262	-	166,680	239,780	230,440	258,148	18,368	7.7%
51415	Retirement - OPEB	-	9,323	-	7,256	10,560	10,098	10,539	(20)	-0.2%
51421	Retirement - OPEB Bonds	-	34,496	-	27,841	41,598	38,636	40,321	(1,278)	-3.1%
51450	Payroll Taxes (Social and Medicare)	-	36,919	-	35,613	48,958	45,253	53,393	4,435	9.1%
51510-51550	Group Insurance (Health and Dental)	-	69,440	-	74,615	96,958	91,099	100,234	3,276	3.4%
51560	Unemployment Insurance	-	154	-	235	4,032	3,690	3,769	(263)	-6.5%
		<b>1,073,177</b>	<b>875,759</b>	<b>1,100,599</b>	<b>930,078</b>	<b>1,131,604</b>	<b>1,060,416</b>	<b>1,219,183</b>	<b>87,579</b>	<b>7.7%</b>
<b>Services and Supplies Unit</b>										
<u>Account No.</u>	<u>Description</u>									
52074	Telecommunications	500	-	500	2,266	2,500	3,496	3,600	1,100	44.0%
52178	Vehicle - Maintenance	2,000	1,456	2,000	489	2,000	1,022	1,500	(500)	-25.0%
52182	Vehicle - Fuel	1,500	1,096	1,500	401	1,500	882	1,000	(500)	-33.3%
52270	Memberships	10,107	8,107	15,000	11,328	13,000	12,503	25,139	12,139	93.4%
52304	Miscellaneous	50	-	50	6,001	50	-	50	-	0.0%
52330	Office: General	1,000	-	1,000	15,253	8,500	6,290	7,420	(1,080)	-12.7%
52332	Office: Postage	500	-	500	-	500	-	500	-	0.0%
52334	Office: Printing	7,500	20	7,500	-	10,000	5,502	10,000	-	0.0%
52336	Office: Books and Guidelines	2,000	-	2,000	3,609	2,000	921	2,000	-	0.0%
52338	Office: Drafting/Engineering	50	-	50	-	50	-	50	-	0.0%
52344	Office: Supplies and Furnishings	17,500	10,806	18,000	13,140	17,500	12,203	17,800	300	1.7%
52354	Office: County Mail Services	9,500	8,220	9,000	10,037	9,000	28,949	10,000	1,000	11.1%
52370	Professional Services: Consultants	402,500	408,717	382,500	326,850	259,110	372,745	204,505	(54,605)	-21.1%
52490	Publications and Legal Notices	2,500	57	7,500	7,085	5,000	6,560	4,650	(350)	-7.0%
52504	Leases: Equipment	-	4,779	4,000	5,498	6,500	6,262	6,600	100	1.5%
52530	Leases: Office Space	77,000	75,722	80,000	79,789	79,880	79,590	82,657	2,777	3.5%
52550	Special Expenses: County Overhead	100,000	196,412	155,000	47,826	155,000	109,272	100,896	(54,104)	-34.9%
52562	Special Expenses: New Hire Backgrounds	-	-	-	572	-	1,085	-	-	0.0%
52566	Special Expenses: Minor Equipment	1,000	-	1,000	1,164	1,000	3,538	1,000	-	0.0%
52602	Computer Training	2,000	-	2,000	-	2,000	-	2,000	-	0.0%
52610	Travel and Training   In County	500	-	500	11,301	5,000	1,792	4,500	(500)	-10.0%
52612	Employee Auto	10,000	8,802	10,000	8,724	10,000	10,000	9,700	(300)	-3.0%
52622	Travel and Training   Out of County	1,000	-	1,000	14,390	10,000	26,238	23,550	13,550	135.5%
52704-52722	Reimbursements: Network	33,500	29,140	31,500	27,137	30,000	28,804	30,000	-	0.0%
52723	Reimbursements: Data Center	51,000	52,403	45,000	48,214	45,000	33,139	45,000	-	0.0%
52725	Reimbursements: Financial Systems	6,000	20,940	20,000	18,888	20,000	30,667	20,000	-	0.0%
52726-52732	Reimbursements: Desktop Computing	40,200	28,248	27,700	47,462	25,000	30,882	25,000	-	0.0%
52734	Reimbursements: Help Desk	2,500	4,531	2,500	3,154	3,000	3,177	3,000	-	0.0%
52750-52754	Reimbursements: Catalog Equipment	117,480	27,121	51,000	23,973	45,000	41,123	45,000	-	0.0%
52758	Reimbursements: Vehicle Lease	2,500	166	3,000	1,986	2,000	1,986	2,000	-	0.0%
		<b>901,887</b>	<b>886,743</b>	<b>881,300</b>	<b>736,535</b>	<b>770,090</b>	<b>858,629</b>	<b>689,117</b>	<b>(80,973)</b>	<b>-10.5%</b>

**OPERATING EXPENSES CONTINUED...**

Other Units										
Account No.	Description									
53585	Equipment Depreciation	2,500	2,019	2,500	2,019	2,500	2,500	2,500	-	0.0%
54955-54961	Fixed Assets	1,500	-	2,500	-	2,500	-	2,500	-	0.0%
		<b>4,000</b>	<b>2,019</b>	<b>5,000</b>	<b>2,019</b>	<b>5,000</b>	<b>2,500</b>	<b>5,000</b>	<b>-</b>	<b>0.0%</b>
	EXPENSE TOTALS	1,979,064	1,764,521	1,986,899	1,668,632	1,906,694	1,921,545	1,913,300	6,607	0.3%

**OPERATING REVENUES**

		FY 2016-2017		FY 2017-2018		FY 2018-2019		FY 2019-2020		
		Adopted	Actual	Adopted	Actual	Adopted	Estimated	Proposed		
								Difference		
<b>Intergovernmental Unit</b>										
Account No.	Description									
45918.1	Apportionments   County	451,018	451,018	467,171	467,171	475,684	475,684	485,914	10,230	2.2%
45918.2	Apportionments   Cities (less SD)	451,018	451,018	467,171	467,171	475,684	475,684	485,914	10,230	2.2%
45918.3	Apportionments   City of San Diego	225,509	225,509	233,586	233,586	237,842	237,842	242,957	5,115	2.2%
45918.4	Apportionments   Special Districts	451,018	450,090	467,171	467,171	475,684	475,684	485,914	10,230	2.2%
		<b>1,578,564</b>	<b>1,577,636</b>	<b>1,635,099</b>	<b>1,635,099</b>	<b>1,664,894</b>	<b>1,664,894</b>	<b>1,700,700</b>	<b>35,806</b>	<b>2.2%</b>
<b>Service Charges Unit</b>										
Account No.	Description									
46234	Service Charges	150,000	186,717	125,000	168,009	125,000	80,000	125,000	-	0.0%
		<b>150,000</b>	<b>186,717</b>	<b>125,000</b>	<b>168,009</b>	<b>125,000</b>	<b>80,000</b>	<b>125,000</b>	<b>-</b>	<b>0.0%</b>
<b>Earnings Unit</b>										
Account No.	Description									
44105	Interest and Dividends	5,500	-	6,800	15,535	6,800	22,524	15,000	8,200	120.6%
		<b>5,500</b>	<b>-</b>	<b>6,800</b>	<b>15,535</b>	<b>6,800</b>	<b>22,524</b>	<b>15,000</b>	<b>8,200</b>	<b>120.6%</b>
<b>Miscellaneous Unit</b>										
Account No.	Description									
47540	Transfer from Fund Balance	250,000	-	220,000	-	110,000	110,000	72,600	(37,400)	-34.0%
		<b>250,000</b>	<b>-</b>	<b>220,000</b>	<b>-</b>	<b>110,000</b>	<b>110,000</b>	<b>72,600</b>	<b>(37,400)</b>	<b>-34.0%</b>
	REVENUE TOTALS	1,984,064	1,764,353	1,986,899	1,818,643	1,906,694	1,877,418	1,913,300	6,606	0.3%
<b>OPERATING NET</b>		<b>5,000</b>	<b>(168)</b>	<b>-</b>	<b>150,011</b>	<b>-</b>	<b>(44,127)</b>	<b>-</b>		
<b>FUND BALANCE   JUNE 30th</b>										
	Committed		175,000		-		175,000			
	Assigned		97,075		75,000		75,000			
	Unassigned		1,136,620		1,394,699		1,366,702			
			<b>1,408,695</b>		<b>1,469,699</b>		<b>1,616,702</b>			



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

**5**

**AGENDA REPORT**  
 Business | Discussion

March 15, 2019

**TO:** Committee Members

**FROM:** Keene Simonds, Executive Officer  
 Alex Vidal, Analyst I

**SUBJECT:** **Committee Review |  
 Pending LAFCO Policy Updates**

**SUMMARY**

The Committee will receive a report on two pending policy updates per the current LAFCO workplan. The updates involve LAFCO’s “Fund Balance Policy” and “Protection of Agricultural and Open Space Lands Policy.” The item is being presented for discussion and feedback ahead of staff presenting updates at LAFCO’s April 8, 2019 meeting.

**BACKGROUND**

**Current Workplan**

San Diego LAFCO’s current workplan was adopted at a noticed hearing held on April 4, 2018 and outlines over two-dozen project goals for the fiscal year. The workplan includes preparing two high priority updates. The first update involves the Fund Balance Policy and timed in response to LAFCO’s review of the 2018-2019 operating budget and interest therein by the membership to formalize standards in managing agency reserves. The second update involves the Preservation of Open-Space and Agricultural Lands Policy as a high priority and – among other considerations – timed in response to the issuance of a topical CALAFCO white paper exploring industry best practices.

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## DISCUSSION

This item is for the Committee to review and provide feedback on two pending policy updates and ahead of presentation at LAFCO's April 8, 2019 meeting. The updates are drawn from the adopted workplan and summarized below.

### Fund Balance Policy

LAFCO's Fund Balance Policy was adopted in June 2013. Adoption responded to earlier guidelines issued by the Governmental Accounting Standards Board (GASB) under Statement No. 54 and its provisions to ensure uniformity in the reporting of fund balances among public agencies. The existing policy codifies the central components of GASB 54 and establishes fund balance classifications for spendable monies. The existing policy does not provide any local discretionary thresholds in managing and spending reserves.

Potential amendments identified by staff and discussed at LAFCO's March 4<sup>th</sup> meeting are summarized below for Committee review.

- Establishing Minimum/Maximum Reserve Levels  
Staff proposes establishing a minimum designation of unassigned monies in the fund balance equal to 33.3% of budgeted operating expenses. This unassigned amount would provide four months of monies to cover expected operating costs and serve as cash-flow while agency contributions are collected in the beginning of the fiscal year. Also – and based on feedback from the March 4<sup>th</sup> meeting – staff proposes establishing a maximum reserve level equal to 50% of budgeted expenses.
- Committed Contingency  
Staff proposes establishing a perennial designation of committed monies in the fund balance equal to 8.3% of budgeted operating expenses. This committed amount would provide one month of monies and specific to covering unexpected shortfalls incurred during the fiscal year.
- Executive Officer Authority to Assign Monies  
Staff proposes delegating authority to the Executive Officer to assign monies in the fund balance for the specific purpose of legal expenses and costs associated with processing proposals with approved fee waivers/reductions. This delegation is limited to \$125,000 to match the Executive Officer's procurement authority.
- Crediting Excess Unassigned Monies  
Staff proposes establishing procedures for LAFCO to credit unassigned monies in the fund balance to the funding agencies should the available amount exceed the minimum reserve level. The Commission would determine whether credits are authorized as part of the annual budget process with individual amounts to be equal to the agency's proportional share of the apportionment total in the most recent fiscal year. Credits would automatically be provided to the funding agencies should the unassigned monies exceed the maximum reserve level.



- Restoration of the Minimum Reserve Level  
Staff proposes procedures for the Executive Officer to present a restoration plan to LAFCO for approval should unassigned monies in the fund balance fall below the minimum reserve level. The plan shall outline procedures to restore the unassigned fund balance to the minimum reserve level within three fiscal years.
- Regular Commission Review  
Staff proposes the Commission conduct a regular review of the fund balance no less than once a fiscal year as part of the annual budget process. The regular review will inform the Commission whether actions are appropriate with respect to fund balance commitments, issuing agency credits, and – if needed – considering a restoration plan prepared by the Executive Officer.

### Preservation of Open-Space and Agricultural Lands Policy

LAFCO's Preservation of Open-Space and Agricultural Lands Policy was adopted in November 1978 and most recently amended in May 1998.<sup>1</sup> The policy restates germane provisions of LAFCO law with respect to the preservation of open-space and agricultural land with statutory cross-references. This includes a premising statement to discourage proposals that would convert prime agricultural or open-space lands to other uses unless such an action would promote the planned orderly, efficient development of an area. The existing policy does not provide any local discretionary thresholds in preserving and/or otherwise protecting agricultural and open-space resources.

Potential amendments identified by staff and discussed at LAFCO's March 4<sup>th</sup> meeting are summarized below for Committee review.

- Clarifying Intentions in Protecting Agricultural and Open Space Lands  
Staff proposes – and based on feedback from the March 4<sup>th</sup> meeting – LAFCO clarify its intentions with respect to potential proposals that would involve the conversion of agricultural and open-space lands. The clarification would amend an existing policy statement that discourages proposals that would convert prime agricultural or open-space lands unless it would otherwise promote planned and orderly growth. The amendment would broaden the statement to reference all agricultural lands and strike the existing qualifier (i.e., unless promote planned orderly growth.)
- Addressing Inconsistencies in General Plans  
Staff proposes the addition of a new policy statement to address and remedy instances when inconsistencies exist in the general plans of the affected land use authorities with respect to designating agricultural and open space lands. The policy statement provides LAFCO shall exercise discretion in considering proposals in these circumstances, but – and in the absence of justification otherwise – will defer to the County General Plan for land use designations.

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<sup>1</sup> Technical updates to the policy to update cross-references were performed by the Executive Officer in January 2001 and June 2015.

- Extending Municipal Services to Support Agricultural Uses

Staff proposes the addition of a new policy statement to contemplate instances when the extension of municipal services to agricultural lands through jurisdictional changes and contract arrangements may be appropriate. The policy statement serves to ready LAFCO to affirmatively respond to these types of circumstances in step with memorializing its interest to support the economic viability of agricultural production in San Diego County.

## **ANALYSIS**

The pending updates to LAFCO's Fund Balance Policy and Preservation of Open-Space and Agricultural Lands Policy collectively intend to take aim at establishing more discretionary thresholds, and in doing so better reflect local conditions and membership preferences. This includes revising the Fund Balance Policy to establish a minimum and maximum unassigned reserve levels equal to four and six months of operating expenses, respectively. It also includes revising the Preservation of Open-Space and Agricultural Lands Policy to strengthen and broaden LAFCO's intentions to disapprove proposals involving the conversion of all agricultural and open space resources by striking existing qualifications.

## **ALTERNATIVES FOR ACTION**

The pending updates on the Fund Balance Policy and Preservation of Open-Space and Agricultural Lands Policy are being presented to the Committee for discussion and feedback only; no action is proposed.

## **RECOMMENDATION**

It is recommended the Committee provide feedback on the pending updates on the Fund Balance Policy and Preservation of Open-Space and Agricultural Lands Policy. Staff will incorporate the feedback received from the Committee in presenting complete drafts to LAFCO as part of its April 8, 2019 meeting.

(over)

## **PROCEDURES**

This item has been placed on the Committee's agenda for discussion as part of the business calendar. The following procedures apply.

- 1) Receive verbal report from staff unless waived;
- 2) Initial questions or clarifications from the Committee;
- 3) Discuss item and provide feedback as requested.

Respectfully,



Keene Simonds  
Executive Officer

Attachments:

- 1) Existing Fund Balance Policy with Track Changes (staff suggestions to date)
- 2) Existing Open Space and Agricultural Lands Policy with Track Changes (staff suggestions to date)

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**Subject**

SAN DIEGO LAFCO FUND BALANCE

**Purpose**

This policy establishes guidelines and requirements for the classification of fund balances consistent with the Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**Background**

The term, “fund balance” is used to describe the difference between assets and liabilities reported within a fund. In the past, fund balances have been classified into three separate components: reserved; designated; and undersigned. Limitations were associated with these classifications with respect to the purpose and usage of funds. The force of these limitations could vary significantly, depending on the funding source.

The Governmental Accounting Standards Board (GASB) issued Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for implementation in 2011. This new standard does not affect the calculation of fund balance; however, it altered various components used to report it. There are also new categories and terminology reflected in an approach that focuses on the constraints placed on the specific purposes of the funds. GASB Statement Number 54 applies to governmental funds, such as LAFCO’s General Fund.

With the shift of focus of GASB Statement Number 54, emphasis is now placed on the extent to which the government agency (LAFCO) is bound to honor constraints on the specific purposes for which amounts in the fund can be spent, rather than availability of fund resources. Under this new GASB, fund balances are classified as “non-spendable” and “spendable”. Spendable categories are further classified as *restricted, committed, assigned, and unassigned*. Definitions and LAFCO policies for non-spendable and spendable categories follow:

- *Non-Spendable:* Amounts that cannot be spent or are not in spendable form (i.e. prepaid items, land held for resale, long-term receivables), or are legally or contractually required to be maintained intact.
- *Restricted:* Amounts that are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments. They may also be internally imposed by enabling legislation. Examples are debt service reserves, gas tax funds and grants.
- *Committed:* Amounts committed for specific purposes by formal action of the governing body, such as enacted ordinances and resolutions, which prevent the amounts from being used for any other purpose without the governing body's formal action. These also include contractual obligations to the extent that existing resources have been specifically committed for us in satisfying those contractual requirements.
- *Assigned:* Amounts intended to be used for specific purposes without formal action by the governing body. This authority to determine the portions of a fund's balance that is to be assigned and reported as "assigned" in the agency's Comprehensive Annual Financial Report (CAFR) may be delegated to the Executive Officer or the Executive Officer's designee.
- *Unassigned:* Amounts in the General Fund in excess of non-spendable, restricted, committed, and assigned fund balances. For LAFCO, the General Fund Contingency Reserve and remaining spendable amounts which are not included in one of the other classifications would be classified as "unassigned" for presentation in the CAFR.

## Policy

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

1. Classify its fund balance in accordance with the Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Reporting of fund balance in LAFCO's CAFR will be based on the amounts and classifications listed in the fund balance summary of LAFCO's annual budget made by the Commission or its delegate as provided in this policy. Classification of fund balance reflects the current plans of the Commission with respect to the use of fund balance. These plans represent current intention and are subject to change and assignment. Furthermore, the classification of funds (reflecting current plans for asset use) does not in any way limit the ability ~~of LAFCO~~ to use those funds for other purposes, as deemed necessary by ~~LAFCO~~the Commission.
2. ~~Classify Under GASB Statement Number 54, monies in the~~ fund balances ~~will be classified~~ as "non-spendable" and "spendable" consistent with GASB Statement Number 54. Spendable categories will be further classified as restricted, committed, assigned, and unassigned as described below.
  - a. Non-Spendable: The Commission shall designate fund balance monies as "non-spendable" for amounts that cannot be spent or are not in spendable form (i.e. prepaid items, land held for resale, long-term receivables), or are legally or contractually required to be maintained intact.
  - b. Restricted (Spendable): The Commission shall designate fund balance monies as "restricted" for amounts that are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments. The Commission may also restrict fund balance if required by internally imposed enabling legislation or regulations.

- c. Committed (Spendable): The Commission shall designate fund balance monies as “committed” for amounts committed intended for specific purposes by formal action ~~of the San Diego LAFCO,~~ such as enacted ordinances, resolutions, actions items, or budgetary decisions, ~~which formal action of LAFCO.~~ Committed funds also include contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Additionally:
- i. The Commission shall designate an amount equal to one-month or 8.3% of budgeted operating expenses as committed unless waived as part of the annual budget process. These monies are intended to cover unexpected shortfalls during the fiscal year, and serve as a substitute in budgeting an annual contingency.
- d) Assigned (Spendable): The Commission delegates to the ~~or Executive Officer~~ may the authority to designate fund balance monies as “assigned” for ~~amounts intended to be used for specific purposes~~ with or without formal action. This delegation is limited to \$125,000 per fiscal year and specific to legal expenses and costs associated with processing proposals with approved fee waivers. ~~This authority to determine the portions of a fund’s balance that is to be reported as “Assigned” in LAFCO’s CAFR may be delegated to the Executive Officer or the Executive Officer’s designee.~~ Additionally:
- i. The designation of assigned monies in cumulative excess of \$125,000 per fiscal year requires formal Commission approval.
  - ii. The designation of assigned monies cannot result in unassigned monies falling below the minimum reserve level as described in this policy.



- e) Unassigned (Spendable): The Commission shall designate fund balance monies as “unassigned” for amounts ~~in the General Fund~~ that are in excess of non-spendable, restricted, committed, and assigned fund balances. ~~For LAFCO, the General Fund Contingency Reserve and remaining spendable amounts which are not included in one of the other classifications shall be classified as “Unassigned” for presentation in the CAFR.~~ Additionally:
- i. The Commission shall maintain a minimum reserve level of unassigned monies equal to four months or 33.3% of budgeted operating expenses. These monies are intended to protect against cash flow shortfalls related to the timing of the collection of agency apportionments in the fiscal year.
  - ii. If excess unassigned monies are available beyond the minimum reserve level described in this policy, the Commission may authorize credits to reduce new agency apportionments as part of the annual budget process. Individual credit amounts shall be equal to the affected agency’s proportional share of overall invoiced apportionments in the current fiscal year.
  - iii. Should unassigned monies equal less than the minimum reserve level described in this policy, the Executive Officer shall present a restoration plan to the Commission for approval. The restoration plan shall provide options with a recommendation to replenish unassigned monies to meet the minimum reserve level within three fiscal years.
  - iv. The Commission shall maintain a maximum reserve level of unassigned monies equal to six months or 50% of budgeted operating expenses. Should unassigned monies exceed this maximum reserve level the Commission shall return to the monies to funding agencies consistent with the provisions outlined in (e)(ii) of this policy.

## F-101 FISCAL POLICY

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3. Review the fund balance no less than once per fiscal year as part of the annual budget process and take action as appropriate under this policy.

Adopted: June 3, 2013

Amended: TBD

**Subject**

PRESERVATION OF OPEN SPACE AND AGRICULTURAL LANDS

**Purpose**

To further the policies and priorities of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 regarding the preservation of open space and prime agricultural lands.

**Background**

The State Legislature has instructed Local Agency Formation Commissions to establish policies that address the preservation of open space (Govt. Codes § 56300 and 56377). LAFCOs are required to consider how spheres of influence or changes of local governmental organization could affect open space and prime agricultural lands. Commissions are directed to guide development away from prime agricultural lands – unless that action would not promote the planned, orderly and efficient development of an area – and to encourage development of existing vacant or non-prime agricultural lands within a jurisdiction before approving any proposal that would allow development of open-space lands outside of an agency’s boundary (Govt. Code § 56377). Proposals must be further reviewed for their effect on maintaining the physical and economic integrity of agricultural lands (Govt. Code § 56668).

Gov. Code § 56064 contains a definition of “Prime Agricultural Land.” “Prime agricultural land” means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

- (a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.
- (b) Land that qualifies for rating 80 through 100 Storie Index Rating.
- (c) Land that supports livestock used for the production of food and fiber and

L-101 LEGISLATIVE POLICY

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that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

- (d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.
- (e) Land that has returned from the production of unprocessed agricultural plan products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

**Policy**

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

- ~~1. Discourage proposals that would convert any agricultural – including but not limited to prime agricultural – or open space lands to other uses, unless such an action would not promote the planned, orderly, efficient development of an area or the affected jurisdiction has identified all prime agricultural lands within its sphere of influence and adopted measures that would effectively preserve prime agricultural lands for agricultural use;~~
- ~~2. Require rezoning of territory (city only) to identify areas subject to agricultural/preservation and planned development.~~
- 2. Exercise discretion in considering proposals where there are inconsistencies involving agricultural and open-space designations among the affected land use authorities. Notwithstanding these potential inconsistencies, and in the absence of justification otherwise, the Commission will rely on the County of San Diego General Plan in determining applicable land use designations.

Commented [S1]: i.e., tie goes to the County

LEGISLATIVE POLICY L-101

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4.3. Follow San Diego LAFCO's adopted procedures when reviewing proposals that could adversely affect agricultural and open-space lands and provided herein as Appendix A ~~to define agricultural and open space lands and to determine when a proposal may adversely affect such lands.~~

**Commented [S2]:** Eliminate cross-reference to a pay-wall document; transition to providing as an appendix

Adopted: November 6, 1978  
Amended: June 4, 1990  
Amended: May 4, 1998  
Technically Updated: January 1, 2001  
Technically Updated: June 16, 2015  
Amended: TBD

Appendix: Cross-reference:

**SAN DIEGO LAFCO PROCEDURES:**  
-Open Space and Agricultural Preservation

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## Open Space and Agricultural Preservation

The Cortese-Knox-Hertzberg Act requires LAFCOs to consider how adoption of spheres of influence or changes of local governmental organization could affect open space and prime agricultural lands. In determining spheres of influence, LAFCOs are directed to prepare a written statement of determinations with respect to the present and planned land uses including agricultural and open space lands (56425(e)(1)).

In reviewing and approving or disapproving proposals for changes of organization, LAFCOs must consider the effect of the proposal on maintaining the physical and economic integrity of agricultural lands (56668) and guide development away from existing prime agricultural and open space lands and towards areas containing non-prime agricultural lands — unless that action would not promote the planned, orderly, efficient development of an area (56377(a)). LAFCOs are further directed to encourage development of existing vacant or non-prime agricultural lands within a jurisdictional boundary or sphere of influence before approving a proposal that would allow development of open-space lands outside of the jurisdiction (56377(b)).

### Definitions

**Agricultural Lands:** Agricultural land means land currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotational program, or land enrolled in an agricultural subsidy or set-aside program (56016).

**Prime Agricultural Land:** Prime agricultural land means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications (56064):

1. Land that, if irrigated, qualifies for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification whether or not the land is actually irrigated, provided that irrigation is feasible;
2. Land that qualifies for rating 80 through 100 Storie Index Rating;
3. Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July 1967, developed pursuant to Public Law 46, December 1935;

4. Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a non-bearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre; or
5. Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years;

**Open Space:** Open space is any parcel or area of land or water that is substantially unimproved and devoted to an open-space use and designated on a local, regional or state open space plan as any of the conditions described in Section 65560(b)(1) through (6).

### **Procedure**

The following criteria will be considered when reviewing a proposal that could adversely affect agricultural and open space lands:

1. The use and value of the proposal area and surrounding parcels;
2. Determination as to whether any of the proposal area is designated for agricultural preservation by adopted local plans, including Local Coastal Plans and the County Agricultural Element; and
3. Determination of:
  - A. Whether public facilities would be extended through or adjacent to any other agricultural lands to provide services to the development anticipated on the proposal property;
  - B. Whether the proposal area is adjacent to or surrounded by existing urban or residential development;
  - C. Whether surrounding parcels may be expected to develop to urban uses within the next five years; and
  - D. Whether natural or man-made barriers would serve to buffer the proposal area from existing urban uses.

**Special Annexation Procedures for Williamson Act Territory (51243.5, 56738, 56752)**



The Williamson Act provides that a property owner may enter into a contract with a county or city whereby the assessed property taxes are reduced in return for keeping the property in an agricultural preserve for a minimum of ten years. Except as provided in Government Code Section 51243.5, on and after the effective date of an annexation by a city of any land under contract with the county, the city shall succeed to all rights, duties, and powers of the county under the contract.

A city may refuse to succeed to a Williamson Act contract if either of the following conditions exist:

1. Prior to December 8, 1971 the land being annexed was within one mile of the city boundary when the contract was executed and the city filed a resolution protesting the contract with the board of supervisors; or
2. Prior to January 1, 1991: (a) the land being annexed was within one mile of the city boundary; (b) the city had filed a resolution protesting the contract with LAFCO; (c) LAFCO held a hearing to consider the protest; (d) LAFCO made a finding of inconsistency with future land use; and (e) LAFCO approved the city's protest.

Please refer to the applicable code sections for specific procedures regarding the annexation of Williamson Act territory.

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**6**

**AGENDA REPORT**  
 Business | Discussion

March 15, 2019

**TO:** Committee Members

**FROM:** Keene Simonds, Executive Officer  
 Robert Barry, Chief Policy Analyst

**SUBJECT:** **Committee Review |  
 Primer on Government Code Section 56133**

**SUMMARY**

The Committee will receive a report on Government Code Section 56133 and its provisions requiring cities and special districts to receive written approval from LAFCOs to provide new or extended contractual services outside their jurisdictional boundaries. The report and the accompanying staff presentation highlights the statute’s most germane provisions and increasing relevance to LAFCOs in accomplishing their objective to plan and regulate orderly boundaries. The item is being presented for discussion and as part of the Committee’s ongoing education with respect to pertinent LAFCO responsibilities.

**BACKGROUND**

**Enabling Legislation**

Government Code Section 56133 was enacted by Assembly Bill 1335 (Mike Gotch – San Diego) with an initial effective date of January 1, 1994. The statute was later reset to January 1, 2001 and requires cities and special districts to request and receive written approval from LAFCOs before providing contractual services outside their jurisdictional boundaries less certain and limited exceptions. LAFCOs exercise discretion under the statute in approving requests – including the ability to apply conditions – with two notable

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limitations. LAFCOs can only approve outside services within the affected agency's sphere of influence in anticipation of a future change of organization, such as an annexation. Further, LAFCOs also can only approve outside services beyond the affected agency's sphere to address documented public health or safety threats.

## Legislative Intent

Government Code Section 56133's enactment remedied a statutory loophole allowing cities and special districts to circumvent LAFCOs and the annexation process by directly providing contract services outside their boundaries; a practice that had become increasingly common – significantly – in response to annexation denials. The resulting remedy requiring cities and special districts to receive approval from LAFCOs before providing outside contractual services serves to reinforce the significance of jurisdictional boundaries and spheres of influence in controlling and guiding urban growth in California.

## DISCUSSION

This item is for the Committee to receive an introductory report on Government Code Section 56133 and its provisions requiring LAFCO approval for cities and special districts to provide new or extended contract services outside their boundaries with limited exceptions. The report will be supplemented by a staff presentation and serves as a primer on the statute's most germane implementing provisions and as part of the Committee's ongoing education in discussing pertinent LAFCO responsibilities. Key topics are summarized below and will be the focus of the staff presentation.

- Key Terms  
The statute is premised on several undefined terms, and as such defers to individual LAFCOs to determine applicability. This includes defining “service,” “new,” and “extended.”
- Health and Safety Threats  
LAFCOs are authorized to approve agency requests to provide new or extended services beyond their spheres of influence only in response to existing or pending health and safety threats to the public and residents. The statute specifies the threats need to be documented.
- Exemptions  
Subsection (e) outlines certain statutory exemptions in which cities and special districts' outside contractual services do not require LAFCO approval. This includes – most notably – contracts between two or more public agencies in which the services to be provided are equal substitutes for services already provided.
- Conditioning Approvals  
The statute allows LAFCOs to condition approvals for agencies to provide new or extended outside contractual services. Examples include conditioning approvals for the landowners to file annexation proposals with LAFCOs for future processing.

## ANALYSIS

Government Code Section 56133 represents a significant expansion in LAFCOs' regulatory powers over cities and special districts by directly managing municipal service areas. It also – relatedly – reinforces the legislative expectation cities and special districts limit their service activities generally to lands within their jurisdictional boundaries unless special circumstances warrant otherwise. This latter comment is illustrated by the statute's restrictions on LAFCOs to only approve outside services in anticipation of future annexations unless addressing documented public health or safety threats. Allowable exemptions are also restricted under statute. These restrictions – while well intentioned – create challenges for LAFCOs in accommodating otherwise sensible outside services given local conditions, such as proximity to existing infrastructure.

## ALTERNATIVES FOR ACTION

This introductory report on Government Code Section 56133 is being presented to the Committee for information and discussion only; no action is proposed.

## RECOMMENDATION

It is recommended the Committee discuss the item and provide feedback on additional information requests as needed.

## PROCEDURES

This item has been placed on the Committee's agenda for discussion as part of the business calendar. The following procedures apply.

- 1) Receive verbal report from staff unless waived;
- 2) Initial questions or clarifications from the Committee;
- 3) Discuss item as requested.

Respectfully,



Keene Simonds  
Executive Officer

Attachments: none

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