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

SPECIAL MEETING AGENDA
SPECIAL DISTRICTS ADVISORY COMMITTEE

Friday, March 20, 2020

Meeting Location
County of San Diego Operations Center
5510 Overland Avenue, Room 472 (4th Floor)
San Diego, California 92123

Participation by Phone
Dial-In Number: 415-376-6329
Pin Number: 809915#

1. **9:30 AM – CALL TO ORDER BY CHAIR**

2. **ROLL CALL BY SECRETARY**

3. **EXECUTIVE OFFICER REPORT**

4. **CONSENT ITEMS**
   All items calendared as consent are considered ministerial or non-substantive and subject to a single motion approval. Any member of the Committee can request discussion.

   a) **Approval of Meeting Minutes | December 20, 2019 (action)**
   The Committee will consider draft summary minutes prepared for the last meeting held on December 20, 2019. Staff recommends the Committee approve the summary minutes with any changes or clarifications as needed.

   b) **Progress Report on 2019-2020 Workplan (information)**
   The Committee will receive a progress report on accomplishing specific projects included in the adopted workplan for 2019-2020. Information only.

   c) **Update on Current and Pending Proposals (information)**
   The Committee will receive a report identifying current proposals on file as well as pending submittals anticipated to be filed in the near-term. Information only.

5. **BUSINESS ITEMS**

   a) **Proposed 2020-2021 Workplan and Budget (discussion)**
   The Committee will review the Commission's proposed workplan and budget for 2020-2021. The item is being presented for discussion and feedback ahead of the Commission considering a final action on both documents at its May 2020 meeting.

BUSINESS ITEMS CONTINUED…

b) **Draft Municipal Service Review on County Service Area No. 135 (discussion)**
The Committee will review a draft municipal service review report prepared on County Service Area No. 135 and its public safety communication and fire protection functions. The accompanying presentation will highlight pertinent conclusions and recommendations generated in the draft report and is being presented for discussion and feedback ahead of preparing a final document for action by the Commission in May 2020.

c) **Update on Agricultural and Open Space Lands Policy (discussion)**
The Committee will receive an update on a scheduled update to LAFCO's Agricultural and Open Space Lands Policy. The item is being presented for discussion and feedback ahead of the Commission's review of the update at its April 2020 meeting.

6. PUBLIC COMMENTS

7. COMMITTEE MEMBER ANNOUNCEMENTS

8. ADJOURNMENT

Attest to Posting:

Ruth Arellano
Executive Assistant

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.

4a

AGENDA REPORT
Consent | Action

March 20, 2020

TO: Special Districts Advisory Committee

FROM: Ruth Arellano, Executive Assistant

SUBJECT: **Approval of Meeting Minutes for December 20, 2019**

SUMMARY

The Special Districts Advisory Committee ("Committee") will receive action minutes prepared for the last meeting held on Friday, December 20, 2019. 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 action minutes prepared by staff for the December 20, 2019 meeting consistent with the Brown Act.

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ANALYSIS

The attached action minutes for the December 20, 2019 meeting accurately reflect the Committee's deliberations as recorded by staff. An audio recording of the meeting has also been posted on the San Diego County Local Agency Formation Commission's website.

RECOMMENDATION

It is recommended the Committee approve the draft action minutes prepared for the December 20, 2019 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 action minutes prepared for the December 20, 2019 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: as stated

DRAFT MINUTES

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
SPECIAL DISTRICTS ADVISORY COMMITTEE
DECEMBER 20, 2019 SPECIAL MEETING

ROLL CALL

Chair Kimberly Thorner called the meeting to order at 9:30 a.m. and then requested a roll call from the Committee Clerk.

Committee Members Present:
Chair Kimberly Thorner (Olivenhain MWD); Vice Chair Julie Nygaard (Tri-City HCD); Gary Arant (Valley Center MWD); Jack Bebee (Fallbrook PUD); Fred Cox (Rancho Santa Fe FPD); Bill Haynor (Whispering Palms CSD); Tom Kennedy (Rainbow MWD); Hector Martinez (South Bay ID); Mark Robak (Otay WD); Augie Scalzitti (Padre Dam MWD) (arrived 9:37 am); Joel Scalzitti (Helix WD) (arrived 9:37 am); and Robert Thomas (Pomerado CD) (left 10:55 am).

Committee Members Absent:
Sheryl Landrum (Resource Conservation District of Greater San Diego County); Larry Converse (Ramona MWD); and Tom Pocklington (Bonita-Sunnyside FPD).

The following members of LAFCO staff were present at roll call: Executive Officer Keene Simonds; Commission Counsel Aleks Giragosian; Chief Policy Analyst Robert Barry; Analyst Linda Zambito; GIS Analyst Dieu Ngu; and Executive Assistant Ruth Arellano.

PLEDGE OF ALLEGIANCE
At the request of the Chair, the Honorable Matt Hall with City of Carlsbad and Carlsbad Municipal Water District led the Pledge of Allegiance.

AGENDA REVIEW
Chair Thorner asked if there were any revisions to the agenda. Executive Officer Keene Simonds stated no revisions were needed to the agenda but added submitted correspondence associated with Agenda Item 3 was inadvertently left out of the printed agenda report and staff is passing out copies on the dais. Mr. Simonds also informed the Committee of two recent departures from the Committee: Greg Thomas and Larry Converse. With no revisions or other clarifications, the Committee proceeded as planned.

PUBLIC COMMENTS
Chair Thorner invited public comments. None received.

PRESENTATIONS

Chief Stephen Abbott with the North County Fire Protection District and Rachel Mason with the Fallbrook Regional Healthcare District provided an overview of their agencies' efforts to coordinate medical services within their respective jurisdictional boundaries.

Committee discussion followed and concluded with Chair Thorner thanking Mr. Abbot and Ms. Mason for their presentation.

CONSENT ITEMS

Item 1
Approval of Minutes of October 21, 2019 (action)
The Committee considered draft summary minutes prepared for the last meeting held on October 11, 2019. Recommend approval.

Item 2
Update on Current and Pending Proposals (information)
A report was provided to the Committee members present regarding current and pending proposals on file and anticipated with LAFCO. Information only.

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On motion of Tom Kennedy and seconded by Julie Nygaard and carried unanimously with the remaining Committee members present (12-0), to approve the consent calendar consistent with the recommendations provided in the associated agenda reports.

BUSINESS ITEMS

Item No. 3
Request for Committee Recommendation |
Leucadia Wastewater District's Authority to Provide Retail Recycled Water
Executive Officer Keene Simonds provided the staff presentation and summarized his referral to the Committee and the continuance from the October 11, 2019 meeting. Mr. Simonds requested the Committee consider the new information – including work from the Subcommittee (Thorner, Bebee, and Haynor) on the topic – and make an independent recommendation on the query raised by Carlsbad Municipal Water District determining whether Leucadia Wastewater District requires LAFCO approval to provide retail recycled water to the La Costa Resort. Chair Thorner followed and detailed the subcommittee's own analysis and recommendation that no LAFCO approval is necessary given Leucadia Wastewater District has sufficiently established grandfathered rights to provide retail recycled water service to the affected territory.

The Committee proceeded to receive comments from the following attendees:
- Cindi McMahon, Legal Counsel with Carlsbad MWD
- Matt Hall, Board Director with Carlsbad MWD

BUSINESS ITEMS CONTINUED…

Item No. 3 Continued

Committee discussion followed.

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On motion of Tom Kennedy, seconded by Gary Arant, it was proposed the Committee accept the Subcommittee's recommendation that (a) Leucadia Wastewater District has established grandfathered rights to retail recycled water to the affected territory and (b) the Commission review Rule No. 4 and update its provisions as it sees fit. The motion passed 11-1 with Julie Nygaard opposing.

Item No. 4
Election Update and Related Committee Direction | Nominations for the Special Districts Advisory Committee
The Committee received an update on the scheduled election involving one of the two regular special district seats on the Commission and preferences therein with respect to establishing a nomination committee and coordinating a candidate forum with CSDA.

Committee discussion followed.

Consistent with adopted policies and procedures, Chair Thorner proceeded to appoint Haynor, Martinez, and J. Scalzitti to the Nominating Committee. The Chair also requested staff to coordinate the election process to include a candidate forum with CSDA.

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Direction only.

Item No. 5
Selection of Chair and Vice Chair for 2020
Executive Officer Keene Simonds requested the Committee appoint a Chair and Vice Chair for the 2020 calendar year pursuant to adopted policies and procedures.

Committee discussion followed.

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On motion of Jack Bebee and seconded by Gary Arant and carried unanimously with the remaining Committee members present (12-0), to approve Kimberly Thorner as Chair and Julie Nygaard as Vice Chair for the 2020 Special Districts Advisory Committee.

COMMITTEE MEMBER REPORTS AND ANNOUNCEMENTS
None

EXECUTIVE OFFICER REPORT
None

ADJOURNMENT TO NEXT REGULAR MEETING
There being no further business to come before the Special Districts Advisory Committee, the meeting was adjourned at 11:04 a.m. to the next scheduled meeting on March 20, 2020.

Attest:
Ruth Arellano
Executive Assistant

4b

AGENDA REPORT
Consent | Information

March 20, 2020

TO: Special Districts Advisory Committee

FROM: Keene Simonds, Executive Officer

SUBJECT: **Progress Report on 2019-2020 Workplan**

SUMMARY

The Special Districts Advisory Committee ("Committee") will receive a progress report with respect to the Commission accomplishing specific projects included in its adopted workplan for 2019-2020. The report is being presented to the Committee to review as well as to discuss potential amendments for future Commission consideration as needed.

BACKGROUND

2019-2020 Workplan

The Commission's current fiscal year workplan was adopted at a noticed public hearing held on April 3, 2019. The workplan includes 27 projects and divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low.

DISCUSSION

This item provides the Committee an update on the 27 targeted projects established by the Commission for the fiscal year. This includes staff assigning one of four status categories to projects ranging from pending to complete and detailed in Attachment One. The item is being presented for information with the invitation for the Committee to discuss in more details and

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this includes identifying potential amendments for future Commission consideration.

ANALYSIS

The Commission is generally proceeding as planned and has initiated work on 21 of the 27 projects included in the adopted workplan and represents more than three-fourths – or 78% – of the total through two-thirds of the fiscal year. Six projects are now complete and highlighted by completing municipal service reviews on the San Diego County Sanitation District and the Valley Center region. Other notable projects underway with the expectation of completing in the next few months include a memorandum of understanding with the County of San Diego to formalize service support and associated compensation between the two agencies as well as an update to the Agricultural and Open-Space Lands Policy.

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.

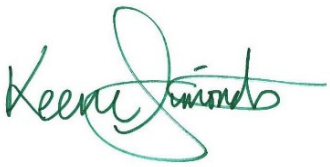
ALTERNATIVES FOR ACTION

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 Committee.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

1) 2019-2020 Workplan with Status Notations

San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

2019-2020 Workplan

Introduction:

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

Objective:

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

Executive Summary:

The 2019-2020 Workplan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities. This includes continuing work on existing projects established – but not yet completed – from earlier fiscal years and marked by completing municipal service reviews for the Vista and San Marcos regions. New priority municipal service reviews involving the Fallbrook region, resource conservation services, and County Service Area No. 135 are also included as well as performing a policy review on outside service extensions. Other high priority projects include working with the County of San Diego to update an existing memorandum of understanding between the two agencies and preparing separate policy reviews on agricultural preservation and outside service extensions.

Priority	Level	Type	Project	Description and Key Issues	Status
Continual	...	Statutory	High Priority Proposals	San Marcos (Highlands), Escondido (Safari Highlands), et al.	Ongoing
Continual	...	Administrative	Targeted LAFCO Presentations	Public outreach; emphasis on informing stakeholders ahead of MSR work	Ongoing
1	High	Statutory	MSR | Fallbrook Region	Fallbrook PUD, Rainbow MWD, San Luis Rey MWD, & North County FPD; address latent power query by Fallbrook PUD	Underway
2	High	Statutory	MSR | Resource Conservation	Mission RCD, Upper San Luis Rey RCD, & Greater San Diego; address 56133 issues and consolidation opportunities	Underway
3	High	Statutory	MSR | CSA No. 135	Agency-specific review; explore governance options given County Charter amendment codifying fire protection services	Near Completion
4	High	Administrative	MOU with County	Update and expand current MOU from 1974; reflect current agency relationships and needs	Underway
5	High	Statutory	MSR | San Marcos Region	San Marcos, San Marcos FPD, and Vallecitos WD	Underway
6	High	Statutory	MSR | Vista Region	Vista, Vista ID, Vista FPD, and Buena Sanitation	Underway
7	High	Administrative	Policy Review | Outside Services	Update polices involving outside service extensions under 56133; establish local definitions and exemptions	Pending
8	High	Administrative	Cities Advisory Committee	Re-establish dormant Cities Advisory Committee in conjunction with informing Study Schedule and other germane topics	**Completed**
9	High	Statutory	MSR | Escondido Region	Rincon del Diablo MWD and Deer Springs FPD (Part I) and Escondido (Part II)	Near Completion
10	High	Statutory	MSR | SD County Sanitation District	Multiple community wastewater systems located throughout San Diego County	**Completed**
11	High	Administrative	Job Class and Salary Review	Specific to non-executive positions; focus on alignment and retention via Personnel Committee	Near Completion
12	High	Administrative	Policy Review | Ag Policy	Update existing policies and procedures involving agricultural preservation; incorporate stakeholder outreach	Underway
13	Moderate	Administrative	RFP for Auditing Services	Complete competitive proposal process to select new outside consultant to provide outside auditing services	**Completed**
14	Moderate	Administrative	2018-2019 Audit	Issue financial statements for 2018-2019; best practice and preceded by RFP (Item No. 13)	Underway
15	Moderate	Statutory	MSR | Pauma Valley	Pauma MWD, Pauma CSD, Yuima MWD, Mootamai MWD, and Rincon Ranch CSD	Underway
16	Moderate	Statutory	MSR | Valley Center Region	Valley Center MWD, Valley Center CSD, and Valley Center FPD	**Completed**
17	Moderate	Statutory	MSR | Poway Region	Review is agency-specific to Poway	Underway
18	Moderate	Statutory	MSR | Ramona Region	Review is agency-specific to Ramona MWD	Underway
19	Moderate	Administrative	Update Application Procedures	Streamline existing packet to be more user-friendly; address new statutory requirements	Pending
20	Moderate	Administrative	Districts Advisory Committee	Conduct no less than two quarterly meetings and solicit feedback on germane topics	**Completed**
21	Moderate	Administrative	Video Recording	Establish video recording of Commission meetings and online posting to expand community outreach	**Completed**
22	Moderate	Administrative	CALAFCO	Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference	Near Completion
23	Low	Administrative	Informational Report on SGMA	State Groundwater Management Act (SGMA) implementation in San Diego County relative to LAFCO duties/interests	Pending
24	Low	Administrative	SOI/MSR Annual Report	Prepare annual report to serve as living record of all sphere actions in San Diego County	Pending
25	Low	Administrative	LAFCO Brochure	Branding tool for distribution to State and other local agencies	Underway
26	Low	Administrative	Local Agency Directory	User-friendly publication identifying local governmental agencies under LAFCO oversight in San Diego County	Pending
27	Low	Administrative	Social Media Policies and Protocols	Establish policies and procedures to expand outreach to capture alternate media forums; link with new website	Pending

4c

AGENDA REPORT
Consent | Information

March 20, 2020

TO: Special Districts Advisory Committee

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

SUBJECT: **Current Proposals and Related Activities**

SUMMARY

The Special Districts Advisory Committee ("Committee") will receive a report summarizing active proposals on file with the Commission. The report is being presented for purposes of detailing current workload and for information only.

BACKGROUND

LAFCO Processing

LAFCO proceedings for consideration of proposed changes of organization or reorganizations – which may include incorporations, formations, annexations, detachments, mergers, consolidations, and service function activations or divestures – are typically initiated by outside applicants (landowners, registered voters, and 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 by San Diego LAFCO staff for completeness and status letters are sent to the applicants within 30 days. If additional documentation is required, proposals are deemed incomplete and the status letters will itemize the needed information. Once complete, proposals are scheduled for Commission consideration and placed on the agenda

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as consent, business, or hearing items based on noticing requirements.[1] Overall, most proposals are forwarded to the Commission within six months from the date of submittal.

DISCUSSION

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

ANALYSIS

San Diego LAFCO remains active in processing over one dozen applicant proposals. Most submitted proposals involve single lots in the unincorporated area subject to a tentative development approval and as such require annexation to a water and/or wastewater provider. More notable proposals include Fallbrook Public Utility District and its recent proposal filing to activate its latent powers to provide parks and recreation as well as street maintenance throughout its jurisdictional boundary. Staff also anticipates several substantive proposals to be submitted to San Diego LAFCO in the next few months based on ongoing discussions with proponents.[2] Three of these pending proposals involve city annexations in North County to accommodate relatively large residential subdivision projects and include Harvest Hills (Escondido), Sager Ranch (Escondido), and Rancho Lomas Verdes (Vista). Proposal submittals are also anticipated by Fallbrook Public Utility District and Rainbow Municipal Water District to separately detach from the San Diego County Water Authority and annex to Eastern Municipal Water District. A proposal submittal to form a new County Service Area to assume water service duties for a private for-profit provider in Live Oak Springs (Boulevard) is also expected shortly.

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.

(over)

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

[2] Staff uses discretion in listing pending proposals and limits notice to only activities to be initiated by a local governmental agency. Pending proposals to be initiated by landowners and/or registered voters are not disclosed until an actual filing is made.

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.

On behalf of staff,

Linda Heckenkamp
Analyst I

Attachment:

1) Active and Pending Proposals as of March 13, 2020

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	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSALS | PENDING COMMISSION ACTION				
1	DA08-10	"Avocado Way-Potter Annexation" - Vallecitos WD (Annexation)	Robert Barry	Proposal application submitted in March 2008 for a proposed annexation to Vallecitos WD to obtain sewer service for two existing residences along Avocado Way but deemed incomplete in April 2008 status letter. A new status letter was sent to the applicant in January 2018 stating the proposal will be considered abandoned unless notified otherwise. The current property owner has responded and conveyed their interest to proceed with the annexation. Ongoing discussions with Vallecitos WD as of 2018.
2	RO08-09	"South Mollison Ave-Snyder Reorganization" - City of El Cajon (Annexation)	Robert Barry	Proposal application submitted in May 2008 for a proposed annexation to the City of El Cajon. The annexation area includes approximately 1.25 acres and is subject to a proposed multi-family residential project and was deemed incomplete in June 2008 status letter. A new status letter was sent in January 2018 to the applicant, new property owner, and City stating the proposal will be considered abandoned unless notified otherwise. No response to date.
3	RO08-15 SA08-15	"Crestlake Estates Reorganization" - San Diego County SD (Annexation) - Lakeside FPD (Annexation) - CSA 69 (Annexation)	Robert Barry	Proposal application submitted in May 2008 requesting a reorganization to provide sewer services to an approved Tentative Map allowing the development of 60 single-family residences and was deemed incomplete in June 2008 status letter. A new status letter was sent to the applicant in February 2018 stating the proposal will be considered abandoned unless notified otherwise. No response to date.
4	DA12-02	"Lorch Annexation" - Borrego WD (Annexation)	Robert Barry	Proposal application submitted in March 2012 to annex approximately 9.4 acres to the Borrego Water District to provide water service to one parcel. The site is within the adopted sphere. but deemed incomplete in an April 2012 status letter. A new status letter was sent in January 2018 stating the proposal will be considered abandoned unless notified otherwise. Borrego WD responded to the letter and has reinitiated discussions with the landowner regarding possible service terms.
5	RO06-17	"Tobacco Road Reorganization" - City of Escondido (Annexation)	Robert Barry	Proposal application submitted in March 2006 to annex six parcels to the City of El Cajon for wastewater Service. In 2006, LAFCO approved two out of service agreements to allow the City of Escondido to provide sewer service to two residences with failing septic systems located along Tobacco Road. The agreements between the City and landowners required the annexation of the two parcels. The proposal was deemed incomplete in April 2006 status letter. A new status letter was sent in January 2018 stating the proposal will be considered abandoned unless notified otherwise. Two of the affected landowners have responded to the letter and are now working with the City in determining if the other landowners are interested/willing to proceed with the annexation at this time.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
6	DA16-10	"CSA 17 Harmony Grove Annexation" - CSA 17 (Annexation)	Linda Zambito	Proposal submitted in May 2016 to approximately 3,600 acres to CSA 17 for ambulance service. It was required as cross-condition of the Rancho Santa Fe Fire Protection District Reorganization: Dissolution of CSA No. 107 (Elfin Forest/Harmony Grove). The proposal was 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 2019 to provide assistance.
7	RO16-11	"Rancho Hills Annexation" - Rancho Santa Fe CSD (Annexation)	Robert Barry	Proposal submitted in October 2016 to annex a portion of a 37-lot residential subdivision titled "Rancho Hills" to Rancho Santa Fe CSD for wastewater service. A concurrent latent power expansion for Olivenhain MWD is needed to accommodate sewer to the remaining project site. The proposal was 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.
8	RO19-04	"Ortega – Olde Highway 80 Change of Organization" - San Diego County Sanitation District (Annexation)	Linda Zambito	Proposal submitted in February 2019 by landowner petition, involves the annexation of two residential lots totaling approximately 5.07 acres for wastewater service. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
9	CO19-15 OAS19-15	"Hamilton-Felicita Reorganization" - City of Escondido (Annexation) - CSA No. 135 (Detachment) - Rincon del Diablo MWD (ID"E") (Exclusion)	Linda Zambito	Proposal submitted in August 2019 by landowner petition involving a reorganization of two unincorporated parcels totaling approximately 0.63 acres to the City of Escondido. Both parcels are developed with a single-family residence experiencing a failed/failing septic system with DEH documentation. Temporary wastewater OAS administratively approved by XO and ratified by Commission. Reorganization involves annexation to Escondido with concurrent detachment from CSA No. 135 (Regional Communications) and exclusion from RDDMWD ID"E." The submitted proposal application is scheduled for the April 6th Commission hearing.
10	SA19-26 RO19-26 OAS19-26	"Valiano - Eden Valley Reorganization" City of Escondido (Sphere Amendment, Contractual Wastewater Service Agreement San Marcos FPD (Annexation) Rancho Santa Fe FPD (Sphere Amendment, Detachment)	Robert Barry	Proposal submitted in November 2019 by landowner petition and the City of Escondido for reorganization of one unincorporated parcel totaling approximately 10.76 acres involving annexation to the San Marcos Fire Protection District (FPD) and concurrent detachment and sphere exclusion from the Rancho Santa Fe FPD; and, amendments to the spheres of influence for the Cities of Escondido (inclusion) and San Marcos (exclusion) for two noncontiguous unincorporated parcels totaling 82.9 acres and subject to a 240.6 acre County of San Diego-approved Specific Plan (TM-5575); and, approval of a contractual wastewater agreement between the landowner of the unincorporated Specific Plan area and the City of Escondido to extend City wastewater service to 326 single-family residences to be constructed within the Escondido sphere. The submitted proposal application is incomplete and pending staff's analysis. On January 27, 2020, the San Diego Superior Court overturned the County development approvals for the project. The proposal processing will be suspended pending appeal or withdrawal by the applicant.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
11	LP(E)19-27	"Fallbrook Public Utility District Latent Power Expansion Park & Rec et,al."	Robert Barry	Proposal submitted in November 2019 by Board resolution, involves the activation of the Fallbrook PUD's latent power to exercise park and recreation, street lighting and roads and street functions within its boundaries. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
12	CO20-01	"Anthony Heights - Lupa Change of Organization" – Vallecitos Water District (Annexation)	Robert Barry	Proposal submitted in February 2020 by landowner petition, involves the annexation of one residential lot totaling approximately 1.35 acres for wastewater service. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
ACTIVE | <u>POST COMMISSION ACTION</u>				
13	SA16-20 LP16-20	"CSA 135 Islands Reorganization" - CSA 135 – LP Fire Area (Latent Powers Expansion) - Bonita-Sunnyside FPD (Annexation) - Lakeside FPD (Annexation) - San Miguel FPD (Annexation) - Ramona MWD (Annexation)	Robert Barry	Proposal submitted November 2016 and involved the annexation of remaining unserved Islands 2, 3, and 4 within Heartland area and reorganization of local fire service territory among five agencies: CSA 135; Bonita-Sunnyside FPD; Lakeside FPD; Ramona MWD; and San Miguel FPD. Reorganization proposal submitted by resolution of the San Diego County Fire Authority. Involves annexation to the subject agencies and expansion of CSA No. 135's latent powers to provide fire protection and emergency medical services to three unincorporated and unserved island areas totaling approximately 21,048 acres. A concurrent amendment to add the affected territory to the subject agencies' spheres of influence is also required to accommodate the proposed action. The proposal was approved by the Commission on February 4, 2018 and is now pending recordation once all terms are satisfied. A noticed protest hearing was held on March 13, 2019 at the LAFCO office. No protest was received by affected registered voters or landowners.
14	SA18-07 OAS18-07	"Carmichael Drive – Wyman Service Agreement" - City of La Mesa (Sphere Amendment, OAS)	Robert Barry	Proposal involves an outside-of-agency wastewater service extension agreement between the property owner and the City of La Mesa for wastewater sewer service to one developed single-family residence located outside of the La Mesa sphere of influence. The purpose of the request is to allow the landowner to proceed with an intensity improvement to develop an accessory workshop unit, which exceeds the permitted capacity of the existing onsite septic system. The proposal was approved by the Commission on April 8, 2018 and is now pending recordation once all terms are satisfied.
15	CO19-29	"Orpheus Avenue – Gupta Change of Organization" -Leucadia Wastewater District (Annexation)	Linda Zambito	Proposal submitted in December 2019 by Board resolution, involves the annexation of approximately 0.995 acres within its boundaries for connection to public wastewater service. The submitted proposal application is scheduled for the March 2nd Commission hearing.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
PENDING PROPOSAL SUBMITTALS (No project manager; inquiries should be direct to Robert Barry)				
16	Pending	"Harvest Hills Reorganization" - City of Escondido		This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido with submittal to LAFCO anticipated for late 2020. The anticipated proposal involves annexation of approximately 1,098 acres to the City for the primary purpose of developing a 550-lot residential subdivision. All of the affected territory lies outside the current City sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and issues have been communicated to the City and are currently under joint-review with other stakeholders. Project was originally titled as "Safari Highlands."
17	Pending	"Rancho Lomas Verde Reorganization" - City of Vista		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.
18	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.
19	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. On January 27, the San Diego Superior Court overturned the County development approvals for the project.
20	Pending	Fallbrook Public Utility District and Rainbow Municipal Water District Reorganization		This anticipated reorganization involves detachment of two retail member agencies from the overlying wholesale imported water provider – the San Diego County Water Authority – and concurrent annexation to Eastern Municipal Water District (Riverside County).
21	Pending	Boulevard CSA – County of San Diego		This anticipated reorganization involves the creation of a new County Service Area to take responsibility of a failing private water company located in the unincorporated community of Live Oak Springs in the south eastern portion of San Diego County.

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AGENDA REPORT
Business | Discussion

March 20, 2020

TO: Special Districts Advisory Committee

FROM: Keene Simonds, Executive Officer

SUBJECT: **Proposed Workplan and Budget for 2020-2021**

SUMMARY

The Special Districts Advisory Committee ("Committee") will review a proposed Commission workplan and budget for 2020-2021. Both documents were tentatively approved by Commission at its March 2nd meeting and currently under public review and comment. The proposed workplan outlines 20 specific project goals and continues to focus on the preparation of municipal service reviews in northern San Diego County. The proposed budget draws on the workplan and tallies $1.953 million in expenses, which represents an overall increase of 1.9% and largely tied to adjustments in non-management salaries and benefits. The item is being presented for discussion with feedback – including recommendations – and will be incorporated into final documents for presentation at the Commission's May 4th meeting.

BACKGROUND

Annual Budget Process

The Commission is responsible under State law to adopt a proposed budget by May 1st and a final budget by June 15th. A mandatory review by all local funding agencies is required between the two adoption periods. State law also specifies the proposed and final budgets shall – at a minimum – be equal to the budget adopted for the previous fiscal year unless

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LAFCO formally finds any reduced costs will nonetheless allow the membership to meet its prescribed regulatory and planning duties.

Prescriptive Funding Sources

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

DISCUSSION

This item is for the Committee to review and provide feedback on the Commission's proposed workplan and budget for 2020-2021. The review is part of a current public review and comment period with final action scheduled by the Commission at its May 4th meeting. A summary discussion of the main components underlying both documents follows.

Summary | Proposed Workplan in 2020-2021

The proposed workplan outlines 20 specific projects and provided as Attachment One. The projects are listed in sequence by assigned priority between high, moderate, and low. The projects are also divided between new items and tasks continued from the current fiscal year with the latter category including several active municipal service reviews that – and for a variety of factors – require more time to complete.

Summary | Proposed Budget in 2020-2021

The proposed budget is provided as Attachment Two and sets expenses at $1.953 million; a net increase of $36,358 or 1.9% over the current fiscal year. A matching amount of revenues is budgeted with one notable internal distinction. This distinction involves increasing agency contributions by $48,958 or 2.9% to cover the difference in purposefully reducing the use of off-setting reserves by one-third from $72,600 in 2019-2020 to $50,000 in 2020-2021.

ANALYSIS

The proposed workplan outlines 20 specific project goals for the fiscal year that responsively addresses the Commission's regulatory and planning responsibilities in context to local conditions. The workplan also – pertinently – continues to be premised on prioritizing proposal work above all other activities. This includes several current and/or pending high-profile proposals and marked by concurrent applications by Fallbrook Public Utility District

and Rainbow Municipal Water District to detach from the County Water Authority and annex to Eastern Municipal Water District. The workplan also incorporates the third year of the current study schedule with continued emphasis on the North County region and this includes competing studies underway involving the Fallbrook, San Marcos, and Vista regions. A separate policy review on the study schedule itself and opportunity to amendment the document to reflect current progress and preferences is also planned.

The proposed budget supports the workplan and generally serves as a status quo with respect to maintaining existing service levels and resources and this includes maintain staffing levels at 8.0 fulltime employees. The proposed budget, nonetheless, provides for a moderate overall increase in operating expenses of $36,358 or 1.9%. The increase is largely tied to adjustments in salaries and benefits and attributed to a planned 3.0% cost-of-living adjustment previously approved by the Commission as well as accommodating changes for non-management personnel. Reducing the use of reserves as offsetting revenues by one-third over the current fiscal year also continues the Commission's interest to ultimately square operating costs with agency contributions.

RECOMMENDATION

It is recommended the Committee provide feedback on the proposed Commission workplan and budget for 2020-2021 – including recommendations on desired revisions. Staff will incorporate the feedback received from the Committee into preparing final versions of both documents ahead of the Commission taking formal action at its May 4th meeting.

ALTERNATIVES FOR ACTION

This item is being presented for discussion and feedback only; no action.

PROCEDURES FOR CONSIDERATION

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.
2) Initial questions or request for clarifications.
3) Discuss item and provide feedback as requested.

Respectfully,

Keene Simonds
Executive Officer

Attachments:

1) Proposed Workplan for 20-21
2) Proposed Budget for 20-21

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

2020-2021 Workplan (Draft)

Introduction:

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

Objective:

This document represents San Diego LAFCO's ("Commission") formal 2020-2021 Workplan. The Workplan draws on the recommendations of the Executive Officer as vetted and approved by the Commission. The Workplan is divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low. The underlying intent of the Workplan is to serve as a management tool to allocate Commission resources in a transparent manner over the 12-month period. Further, while it is a stand-alone document, the Workplan should be reviewed in relationship to the adopted operating budget given the planned goals and activities are facilitated and or limited accordingly. Additionally, and as needed, the Commission reserves discretion to amend the Workplan during the fiscal year to address changes in resources and or priorities and to carry-forward projects into subsequent years.

Executive Summary:

The 2020-2021 Workplan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities. This includes continuing work on existing projects established – but not yet completed – from earlier fiscal years and marked by completing municipal service reviews for the Vista, San Marcos, and Fallbrook regions. New municipal service reviews involving the Oceanside/Carlsbad and Encinitas regions are also included in the Workplan as well as performing a policy review on LAFCO's task to identify and authorize special district service functions and classes. Other new projects include filling a vacant Analyst I/II position and re-establishing participation with SANDAG.

Priority	Level	Type	Project	Description and Key Issues
Continual	...	Statutory	Applicant Proposals	LAFCO will prioritize resources to address proposals involving boundary changes and outside service requests; current/pending proposals: - Fallbrook PUD/Rainbow MWD/County Water Authority - Reorganization of CSA No. 135 into FPD - Fallbrook PUD Latent Powers Activation - Reorganization of Valley Center CSD into CSA - Harvest Hills (Escondido et al) - Valiano (Escondido et al)
Continual	...	Administrative	Targeted LAFCO Presentations	LAFCO will prioritize public outreach; emphasis on informing stakeholders ahead of MSR work
1	High	Statutory	MSR | Fallbrook Region	Reviews of Fallbrook PUD, Rainbow MWD, San Luis Rey MWD, & North County FPD
2	High	Statutory	MSR | Escondido Region Part II	Review of the City of Escondido; follows completion of Part I (Rincon del Diablo MWD and Deer Springs FPD) in 2019-2020
3	High	Administrative	Policy Review | Rule No. 4	Update Rule No. 4 and it provisions guiding LAFCO's duty to identify and establish special districts' service functions and classes
4	High	Statutory	MSR | San Marcos Region	Reviews of the City of San Marcos, San Marcos FPD, and Vallecitos WD
5	High	Statutory	MSR | Vista Region	Reviews of the City of Vista, Vista ID, Vista FPD, and Buena SD
6	High	Statutory	MSR | Oceanside and Carlsbad Region	Reviews of Cities of Oceanside and Carlsbad as well as Carlsbad MWD and Morro Hills
7	High	Administrative	Analyst I/II Position	Perform recruitment and hire of a new Analyst I/II
8	High	Administrative	Cities Advisory Committee	Staff and maintain feedback with Cities Advisory Committee and hold no less than two formal meetings
9	High	Administrative	Special Districts Advisory Committee	Staff and maintain feedback with Special Districts Advisory Committee and hold no less than three formal meetings
10	High	Administrative	Policy Review | Study Schedule	Update study schedule calendaring municipal service reviews to reflect current progress and related observations
11	Moderate	Administrative	2019-2020 Audit	Coordinate outside consultant's review of financial statements for 2019-2020 and identify opportunities to improve accounting system
12	Moderate	Statutory	MSR | Encinitas Region	Reviews of the City of Encinitas and Leucadia WWD, Olivenhain MWD, and San Dieguito WD
13	Moderate	Administrative	SANDAG	Re-establish regular participation in SANDAG's Technical Working Group (TWG)
14	Moderate	Administrative	State Groundwater Management Act	Prepare report on State Groundwater Management Act (SGMA) implementation in San Diego County relative to LAFCO duties/interests
15	Moderate	Administrative	Application Procedures	Streamline existing application packet to be more user-friendly; address new statutory requirements
16	Low	Administrative	CALAFCO	Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference
17	Low	Administrative	SOI/MSR Annual Report	Prepare annual report to serve as living record of all sphere actions in San Diego County
18	Low	Administrative	Local Agency Directory	Create user-friendly publication identifying and summarizing local governmental agencies subject to LAFCO oversight
19	Low	Administrative	Office Space	Review options on office space ahead of Aug 2021 decision to exercise 5-year lease option at 9335 Hazard Way
20	Low	Administrative	Social Media	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 2017-2018		FY 2018-2019		FY 2019-2020		FY 2020-2021		
		Adopted	Actuals	Adopted	Actuals	Adopted	Estimated	Proposed	Difference	
Salaries and Benefits Unit										
Account No.	Description									
51110-51310	Salaries and Wages	1,100,599	617,838	689,719	638,748	752,780	708,716	782,597	29,817	4.0%
51410	Retirement - SDCERA	-	166,680	239,780	230,865	258,148	251,041	276,452	18,304	7.1%
51415	Retirement - OPEB	-	7,256	10,560	10,091	10,539	10,067	11,136	597	5.7%
51421	Retirement - OPEB Bonds	-	27,841	41,598	37,308	40,321	38,564	42,605	2,285	5.7%
51450	Payroll Taxes (Social Security and Medicare)	-	35,613	48,958	46,163	53,393	48,902	56,418	3,025	5.7%
51510-51550	Group Insurance (Health and Dental)	-	74,615	96,958	95,405	100,234	100,408	103,116	2,882	2.9%
51560	Unemployment Insurance	-	235	4,032	163	3,769	1,817	2,000	(1,769)	-46.9%
		1,100,599	930,078	1,131,604	1,058,743	1,219,183	1,159,516	**1,274,324**	**55,141**	**4.5%**
Services and Supplies Unit										
Account No.	Description									
52074	Telecommunications	500	2,266	2,500	3,860	3,600	3,686	3,636	36	1.0%
52178	Vehicle - Maintenance	2,000	489	2,000	610	1,500	900	980	(520)	-34.7%
52182	Vehicle - Fuel	1,500	401	1,500	367	1,000	600	1,000	-	0.0%
52270	Memberships	15,000	11,328	13,000	14,601	28,139	23,651	25,412	(2,727)	-9.7%
52304	Miscellaneous	50	6,001	50	20	50	10	50	-	0.0%
52330	Office: General	1,000	15,253	8,500	6,399	7,420	7,000	7,420	-	0.0%
52332	Office: Postage	500	-	500	84	500	413	500	-	0.0%
52334	Office: Printing	7,500	-	10,000	4,795	10,000	10,000	10,000	-	0.0%
52336	Office: Books and Guidelines	2,000	3,609	2,000	3,226	2,000	1,700	2,000	-	0.0%
52338	Office: Drafting/Engineering	50	-	50	-	50	-	50	-	0.0%
52344	Office: Supplies and Furnishings	18,000	13,140	17,500	9,302	17,800	11,678	15,800	(2,000)	-11.2%
52354	Office: County Mail Services	9,000	10,037	9,000	18,896	10,000	11,587	10,000	-	0.0%
52370	Professional Services: Consultants	382,500	326,850	259,110	398,125	204,505	227,704	198,215	(6,290)	-3.1%
52490	Publications and Legal Notices	7,500	7,085	5,000	10,382	4,650	5,698	4,650	-	0.0%
52504	Leases: Equipment	4,000	5,498	6,500	8,137	6,600	6,393	6,600	-	0.0%
52530	Leases: Office Space	80,000	79,789	79,880	79,555	82,657	82,657	84,764	2,107	2.5%
52550	Special Expenses: County Overhead	155,000	47,826	155,000	113,842	100,896	81,020	91,507	(9,389)	-9.3%
52562	Special Expenses: New Hire Backgrounds	-	572	-	689	-	-	-	-	0.0%
52566	Special Expenses: Minor Equipment	1,000	1,164	1,000	2,788	1,000	1,000	1,000	-	0.0%
52602	Computer Training	2,000	-	2,000	-	2,000	-	2,000	-	0.0%
52610	Travel and Training | In County	500	11,301	5,000	6,634	4,500	7,032	4,500	-	0.0%
52612	Employee Auto	10,000	8,724	10,000	9,069	9,700	9,244	9,700	-	0.0%
52622	Travel and Training | Out of County	1,000	14,390	10,000	25,432	23,550	21,086	23,550	-	0.0%
52704-52722	Reimbursements: Network	31,500	27,137	30,000	26,450	30,000	34,332	30,000	-	0.0%
52723	Reimbursements: Data Center	45,000	48,214	45,000	30,728	45,000	36,190	45,000	-	0.0%
52725	Reimbursements: Financial Systems	20,000	18,888	20,000	27,556	20,000	24,174	20,000	-	0.0%
52726-52732	Reimbursements: Desktop Computing	27,700	47,462	25,000	25,311	25,000	31,557	25,000	-	0.0%
52734	Reimbursements: Help Desk	2,500	3,154	3,000	4,743	3,000	2,734	3,000	-	0.0%
52750-52754	Reimbursements: Catalog Equipment	51,000	23,973	45,000	32,097	45,000	22,743	45,000	-	0.0%
52758	Reimbursements: Vehicle Lease	3,000	1,986	2,000	1,986	2,000	1,986	2,000	-	0.0%
		881,300	736,535	770,090	865,684	692,117	666,773	**673,334**	**(18,783)**	**-2.7%**

OPERATING EXPENSES CONTINUED...

Other Units

Account No.	Description	FY 2017-2018 Adopted	FY 2017-2018 Actuals	FY 2018-2019 Adopted	FY 2018-2019 Actuals	FY 2019-2020 Adopted	FY 2019-2020 Estimated	FY 2020-2021 Proposed	Difference	
53585	Equipment Depreciation	2,500	2,019	2,500	2,500	2,500	2,500	2,500	-	0.0%
54955-54961	Fixed Assets	2,500	-	2,500	-	2,500	-	2,500	-	0.0%
		5,000	2,019	5,000	2,500	5,000	2,500	**5,000**	**-**	**0.0%**
	EXPENSE TOTALS	1,986,899	1,668,632	1,906,694	1,926,927	1,916,300	1,828,789	**1,952,658**	**36,358**	**1.9%**

OPERATING REVENUES

Intergovernmental Unit

Account No.	Description	FY 2017-2018 Adopted	FY 2017-2018 Actuals	FY 2018-2019 Adopted	FY 2018-2019 Actuals	FY 2019-2020 Adopted	FY 2019-2020 Estimated	FY 2020-2021 Proposed	Difference	
45918.1	Apportionments | County	467,171	467,171	475,684	475,684	486,771	486,771	500,760	13,988	2.9%
45918.2	Apportionments | Cities (less SD)	467,171	467,171	475,684	475,684	486,771	486,771	500,760	13,988	2.9%
45918.3	Apportionments | City of San Diego	233,586	233,586	237,842	237,842	243,386	243,386	250,380	6,994	2.9%
45918.4	Apportionments | Special Districts	467,171	467,171	475,684	475,684	486,771	486,771	500,760	13,988	2.9%
		1,635,099	1,635,099	1,664,894	1,664,894	1,703,700	1,703,700	**1,752,658**	**48,958**	**2.9%**

Service Charges Unit

Account No.	Description									
46234	Service Charges	125,000	168,009	125,000	82,147	125,000	136,941	130,000	5,000	4.0%
		125,000	168,009	125,000	82,147	125,000	136,941	**130,000**	**5,000**	**4.0%**

Earnings Unit

Account No.	Description									
44105	Interest and Dividends	6,800	15,535	6,800	19,052	15,000	28,054	20,000	5,000	33.3%
		6,800	15,535	6,800	19,052	15,000	28,054	**20,000**	**5,000**	**33.3%**

Miscellaneous Unit

Account No.	Description									
47540	Transfer from Fund Balance	220,000	-	110,000	217,186	72,600	72,600	50,000	(22,600)	-31.1%
		220,000	-	110,000	217,186	72,600	72,600	**50,000**	**(22,600)**	**-31.1%**
	REVENUE TOTALS	1,986,899	1,818,643	1,906,694	1,983,279	1,916,300	1,941,296	**1,952,658**	**36,358**	**1.9%**

OPERATING NET		**-**	**150,011**	**-**	**56,352**	**-**	**112,506**	**-**		

FUND BALANCE | JUNE 30th				
	Committed	175,000	175,000	550,000
	Assigned	75,000	75,000	125,000
	Unassigned	1,357,486	1,196,652	811,558
		1,607,486	1,446,652	1,486,558

5b

AGENDA REPORT
Business | Discussion

March 20, 2020

TO: Special Districts Advisory Committee

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

SUBJECT: **Draft Municipal Service Review on County Service Area No. 135**

SUMMARY

The Special Districts Advisory Committee ("Committee") will review a draft municipal service review on County Service Area (CSA) No. 135. The draft has been prepared as part of the adopted workplan and represents an independent assessment of CSA No. 135 and its active municipal functions – public safety radio communications and integrated fire protection and emergency medical services – with respect to availability, demand, and performance. A notable recommendation included in the draft involves reorganizing CSA No. 135 to establish a new stand-alone dependent fire protection district. The draft is being presented to the Committee for discussion with the associated feedback being incorporated into a final document for presentation and action by the Commission at its May 4th meeting.

BACKGROUND

Municipal Service Review Mandate

State law directs the Commission to regularly prepare municipal service reviews in conjunction with updating each local agency's sphere of influence. The legislative intent of the municipal service review and its five-year cycle requirement is to proactively inform the Commission and the general public therein regarding the availability and sufficiency of governmental services relative to current and future community needs. Municipal service

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reviews statutorily inform required sphere of influence updates and may also lead the Commission to take other actions under its authority, such as forming, consolidating, or dissolving one or more special districts.

Current Workplan | Municipal Service Review on CSA No. 135

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

DISCUSSION

This item is for the Committee to review the draft municipal service review on CSA No. 135. The draft has been prepared consistent with the adopted workplan and presently out for public review and comment through April 17th. Feedback provided by the Committee – including requests for additional analysis – will be incorporated into a final document for future presentation to the Commission in step with considering other related actions, including – but not limited to – performing a sphere of influence update on CSA No. 135.

An Executive Summary (Chapter Two) anchors the municipal service review and outlines the key conclusions and findings generated to date and provided as Attachment One. This includes addressing the mandatory factors required under statute anytime San Diego LAFCO performs a municipal service review. Examples include making independent statements on infrastructure needs and deficiencies, population estimates, financial resources, and opportunities and merits therein for reorganizations. Specific recommendations for action either by the Commission and/or by one or more of the affected agencies are also enumerated in the Executive Summary and includes reorganizing and splitting CSA No. 135 to include a new dependent fire protection district.

ANALYSIS

See Executive Summary provided as part of Attachment One.

RECOMMENDATION

It is recommended the Committee provide feedback on the draft municipal service review on CSA No. 135 – including recommendations on additional analysis and/or related policy considerations. Staff will incorporate the feedback into preparing a final document ahead of the Commission taking formal action at its May 4th meeting.

ALTERNATIVES FOR ACTION

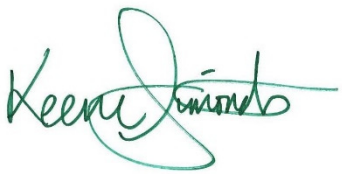
This item is being presented to the Committee for discussion and feedback; no action.

PROCEDURES

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

1) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Committee.
4) Discuss item and provide feedback as requested.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

1) Draft Municipal Service Review on CSA No. 135 Executive Summary

Note:
A complete copy of the draft report is available by visiting the LAFCO website at www.sdlafco.org

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CHAPTER TWO | EXECUTIVE SUMMARY

1.0 OVERVIEW

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

> The purpose of the report is to produce an independent "snapshot" of the availability, adequacy, and performance of CSA No. 135. The Commission will draw on this information in guiding a subsequent sphere update, informing future boundary changes, and if merited serve as the source document to initiate one or more reorganizations.

1.1 Key Premises, Assumptions, and Benchmarks

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

Looking Back | Determining the Data Collection Range or Report Period

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

Looking Forward | Setting the Report's Timeframe

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

Calculating Population Estimates and Projections

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

Focusing on Macro-Level Determinations

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

Benchmarking Infrastructure Needs and Deficiencies

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

Benchmarking Fiscal Solvency

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

2.0 STUDY ORGANIZATION

This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated within the report.[6] This includes addressing the mandatory factors required for consideration by the Legislature anytime San Diego LAFCO performs a municipal service review. The Executive Summary is proceeded by a detailed agency profile (Chapter Three) on CSA No. 135. The profile anchors the document and transitions between qualitative and quantitative analyses with the latter headlined by measuring population and demographic trends, service capacities, and financial standing.

3.0 GEOGRAPHIC AREA

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

4.0 REPORT SUMMARY

4.1 General Themes and Conclusions

CSA No. 135 serves two distinct municipal roles on behalf of the County of San Diego and a considerable portion of its constituents. The first and initial role of CSA No. 135 was established at the time of its formation in 1994 to provide enhanced public safety radio communications in the unincorporated area as well as in participating incorporated communities in San Diego County (Carlsbad, Del Mar, Encinitas, Imperial Beach, Lemon Grove, Poway, San Marcos,

[6] The Executive Summary distinguishes between "conclusions," "determinations," and "recommendations." Conclusions are general policy takeaways. Determinations address specific legislative factors. Recommendations address actions drawn from the determinations.

Santee, Solano Beach, and Vista).[7] This involved establishing the governmental means to create a dedicated funding mechanism to support a regional communication system and in doing so sync otherwise incompatible radio systems among first-responders. It was similarly expected the County and affected cities would establish a fixed fee within their jurisdictions to directly fund the regional communication system through CSA No. 135. However, the subsequent passage of Proposition 218 (1996) and requirement to receive voter approval for new fees changed direction and only three member agencies – Del Mar, Poway, and Solana Beach – proceeded to establish fixed fees for CSA No. 135; the remaining member agencies fund the regional communication system through general fund monies. The result is a substantive deviation in CSA No. 135's implementation given only three of the eleven member agencies directly fund the resulting 800-megahertz public safety radio system operated by Regional Communication Systems through a District fixed fee.

While CSA No. 135's role in providing public safety radio communications has decreased in scale relative to initial formation expectations the opposite applies to the District's functions with respect to fire protection and emergency medical services. These integrated functions were established in 2008 as part of a LAFCO-approved latent power activation and corresponded with the creation of the County Fire Authority and produces an internal service zone covering close to two-thirds of the District boundary. The expansion CSA No. 135 followed an earlier recommendation by LAFCO byway of two earlier Commission reports on reorganizing fire protection in the unincorporated area titled "Macro" and "Micro" as well as the County's responding document titled as the "Hybrid Plan." The Hybrid Plan directly informed the County in proceeding with an application subsequently approved by LAFCO to utilize CSA No. 135 as the governance means to organize and fund fire protection and emergency medical services in the unincorporated area over three distinct steps.[8] All three steps in the Hybrid Plan have been completed and the County Fire Authority is now the successor to 18 former fire service agencies and/or companies. The County also has memorialized its commitment to providing fire services through a voter-approved amendment to the County Charter in November 2018 by formally adding the County Fire Authority as an organizational unit.

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

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

between 2014 and 2018 and detailed in the agency profile.

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

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

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

- **No. 4 | Positive Financial Standing**
  The County of San Diego – which is fiducially responsible for CSA No. 135 and its municipal functions – improved its financial standing during the five-year report period as measured by its audited net position with an overall 42.7% increase less pension obligations. This improvement is also reflected and aided by an average total margin of 4.7% over the corresponding 60-month period.

- **No. 5 | Merits to Reorganize and Establish a New Fire Protection District**
  The distinct and separate municipal roles within CSA No. 135 suggest there is sufficient merit to pursue a reorganization of the District to formally separate into two entities and further sync its active service activities with current and future demands. The preferred option involves reorganizing CSA No. 135 to divest its fire protection and emergency medical service powers and concurrently form a new dependent fire protection district governed by the Board of Supervisors to serve as successor agency.[9] This reorganization would leave CSA No. 135 to public safety radio communications only and provide the new fire protection district – and among other benefits – a more traditional governance model for the County Fire Authority to organize, fund, and – distinct from CSA intentions – deliver fire protection and emergency medical services.

4.2 Recommendations

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

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

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

[9] Public Health and Safety Code Division 12 Part 2.7 governs fire protection districts and specifies in the case of a district containing only unincorporated territory the district board at the time of formation may be elected or may be appointed by the appointed by the board of supervisors – including appointing itself as district board (Section 13836). The appointed board may also delegate any or all of its powers to a fire commission (13844). The appointed board may adopt a resolution calling an election for a majority of voters to approve a governance transition to a directly-elected district board (13846(b)). Alternatively, the appointed board must also call an election if 25% or more of registered voters petition to hold an election to transition to a directly-elected district board (13846(b)).

3. CSA No. 135 via the County Fire Authority should continue to explore opportunities to partner with independent special districts in maximizing fire protection and emergency medical services in unincorporated San Diego County. This includes – and among other opportunities – syncing fire prevention activities within the unincorporated area and under the common land use authority of the County.

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

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

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

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

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

5.0 WRITTEN DETERMINATIONS

These determinations detail the pertinent issues relating to the funding, administration, and delivery of CSA No. 135's public services based on data collected and analyzed between 2014 and 2018.

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

5.1 Growth and Population Projections

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

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

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

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

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

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

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

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

9. CSA No. 135 residents' average median household income is $55,810 and close to one-fifth less than the countywide amount of $66,259. This disparity in household income levels has also widen over the report period with the District's total decreasing by (5.5%) in comparison to the countywide total increasing by 4.2%.

10. Residents in CSA No. 135 continue to experience relatively high levels of unemployment with the current average equaling 7.8%; an amount that is more than one-third higher than the countywide average of 4.9%. District residents are also more likely to be retired compared to countywide averages at a rate of nearly 2 to 1.

5.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities

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

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

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

5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

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

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

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

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

(c) CSA No. 135's public safety radio communication function is intended to directly support the Regional Communication System and its operations of an 800-megahertz radio system in San Diego and Imperial Counties. However, only three of the eleven member agencies within CSA No. 135 currently fund the Regional Communication System through a direct District fixed fee. The three agencies are the Cities of Del Mar, Poway, and Solana Beach.

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

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

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

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

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

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

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

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

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

5.4 Agencies' Financial Ability to Provide Services

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

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

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

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

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

(d) The County's combined funded ratio for pension obligations with the San Diego County Employees Retirement Association at the end of the five-year report period finished at 77.9% based on market value and is considered average relative to industry standards. This ratio has decreased overall by (1.9%) over the prior 48-month period in which statements are available.

5.5 Status and Opportunities for Shared Facilities and Resources

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

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

3. CSA No. 135 and through the County Fire Authority should continue to explore opportunities to partner with independent special districts in maximizing fire protection and emergency medical services in unincorporated San Diego County. This includes – and among other opportunities – syncing fire prevention activities within the unincorporated area and under the common land use authority of the County.

5.6 Local Accountability and Government Restructure Options

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

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

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

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

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

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

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

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

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

(b) Improves governance connectivity by providing the County Fire Authority a more traditional and applicable principal act that syncs with its continued evolution from organizer and funder to organizer, funder, and deliverer of fire protection and emergency medical services.

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

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

5c

AGENDA REPORT
Business | Discussion

March 20, 2020

TO: Special Districts Advisory Committee

FROM: Keene Simonds, Executive Officer
Linda Heckenkamp, Analyst

SUBJECT: **Administrative Draft |**
Update on Agricultural and Open Space Lands Policy

SUMMARY

The Special Districts Advisory Committee ("Committee") will receive an update on work performed to date in updating the Commission's "Protection of Agricultural and Open Space Lands Policy." This includes reviewing an administrative draft prepared by staff based on earlier input from the Commission and community stakeholders. The item is being presented to the Committee for discussion and feedback ahead of staff presenting a formal draft update to the Commission for possible action before the end of the fiscal year.

BACKGROUND

Current Workplan | Scheduled Update to Agricultural and Open Space Lands Policy

The Commission's current workplan was adopted at a noticed hearing held on April 3, 2019 and outlines over two-dozen project goals for the fiscal year. One of these scheduled projects involves an update to the Commission's Preservation of Open-Space and Agricultural Lands Policy 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 work performed to date by staff in updating the Preservation of Open-Space and Agricultural Lands Policy. This includes reviewing an administrative draft reflecting initial Commission input and stakeholder outreach with the latter including the San Diego Farm Bureau, Sierra Club, and Building Industry Association of San Diego. The item is being presented to the Committee for discussion and feedback with additional details below.

Potential Revisions

The Commission's Preservation of Open-Space and Agricultural Lands Policy was adopted in November 1978 and most recently amended in May 1998.[1] 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 and efficient development of an area. The existing policy does not provide any local discretionary thresholds in preserving, protecting, and/or otherwise aiding agricultural and open-space resources.

Potential revisions identified by staff are reflected in the attached administrative draft provided as Attachment One and include the following.

- Distinguish Between Agricultural and Open Space Lands
  Bifurcate the policy to explicitly distinguish between agricultural and open space lands and their distinct societal functions relative to the Commission's duties.

- Use of Open Space as Municipal Greenbelts
  Encourage the County and cities to strategically designate and maintain open space lands as municipal greenbelts and create community separators in San Diego County.

- Address All Agricultural
  Expand the policy provisions from its existing focus on prime agriculture to address all agriculture (i.e., unique farmland, farmland of statewide or local importance, etc.).

- Distinguish Between In-Ground and Above-Ground Agriculture
  Revise the policy to acknowledge above-ground agriculture activities may warrant special and/or separate consideration from in-ground activities.

- Extending Municipal Services to Support Agricultural Uses
  Broaden the policy to contemplate instances when the extension of municipal services to agricultural lands through jurisdictional changes and contract arrangements may be appropriate in maintaining economic vitality.

[1] Technical updates to the policy to update cross-references were performed by the Executive Officer in January 2001 and June 2015.

ANALYSIS

The suggested revisions to the Preservation of Open-Space and Agricultural Lands Policy collectively take aim at further balancing the Commission's statutory directive to protect against the premature loss of agriculture and open space lands while meeting its interest to reflect local conditions. This includes – most notably – distinguishing between open space and agricultural lands and their core societal functions and reorienting the Commission's objective specific to agriculture from protecting and preserving to protecting and enhancing.

RECOMMENDATION

It is recommended the Committee provide feedback on the administrative draft update to the Agricultural and Open Space Lands Policy, including recommendations on revisions and/or additional analysis. Staff will incorporate the feedback into preparing a formal draft update to the Commission before the end of the fiscal year.

ALTERNATIVES FOR ACTION

This item is being presented to the Committee for discussion and feedback; no action.

PROCEDURES

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

1) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Committee.
4) Discuss item and provide feedback as requested.

Respectfully,

Keene Simonds
Executive Officer

Attachments:

1) Administrative Draft Update to Agricultural and Open Space Lands Policy (track-changes)
2) CALAFCO White Paper

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LEGISLATIVE POLICY L–101

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 and enhancement of open space and ~~prime~~ agricultural lands and provide guidance therein to applicants and other interested parties.

Background

The State Legislature has instructed Local Agency Formation Commissions to establish policies that address the preservation of open space and agriculture (Govt. Codes § 56300 and 56377). This includes considering the effects of all spheres of influence and jurisdictional changes on open space and agricultural lands (Govt. Codes § 56425 and 56668). Additional instruction involves prime agricultural lands. ~~LAFCOs are required to consider how spheres of influence or changes of local governmental organization could affect open space and prime agricultural lands.~~ Specifically, 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 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. Make appropriate distinctions between open space and agriculture and their separate functions and benefits.

2. Protect and preserve open space lands against their premature conversion.

   (a) Discourage proposals that would convert open space to other uses.

   (b) The Commission reserves discretion to consider proposals involving the conversion of open space based on local conditions and in conjunction with ensuring orderly growth and development.

   (c) Encourage the County of San Diego and incorporated cities to coordinate the designation and protection of open space lands and associated uses as community greenbelts and separators.

3. Protect and support agricultural lands and their uses.

   (a) Discourage proposals that would convert any agricultural lands – including and of highest priority 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;~~

(b) The Commission reserves discretion to consider proposals involving the conversion of agriculture based on local conditions and in conjunction with ensuring orderly growth and development. This includes considering the economic viability of agricultural uses within the affected territory.

(c) Encourage landowners to establish and/or expand agriculture uses if permissible under zoning. This includes – but not limited to – the Commission considering proposals to extend municipal services in support of maintaining and enhancing agricultural uses.

(d) Recognize the uniqueness of agricultural uses in San Diego County to include above-ground and mobile production, such as nurseries, that merit separate considerations when applying State statutes.

~~Require prezoning of territory (city only) to identify areas subject to agricultural/preservation and planned development;~~

~~3~~4. Follow San Diego LAFCO's adopted procedures when reviewing proposals that could effect 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.~~

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

~~Cross-reference~~Appendix:

SAN DIEGO LAFCO PROCEDURES:
-Open Space and Agricultural Preservation

APPENDIX A

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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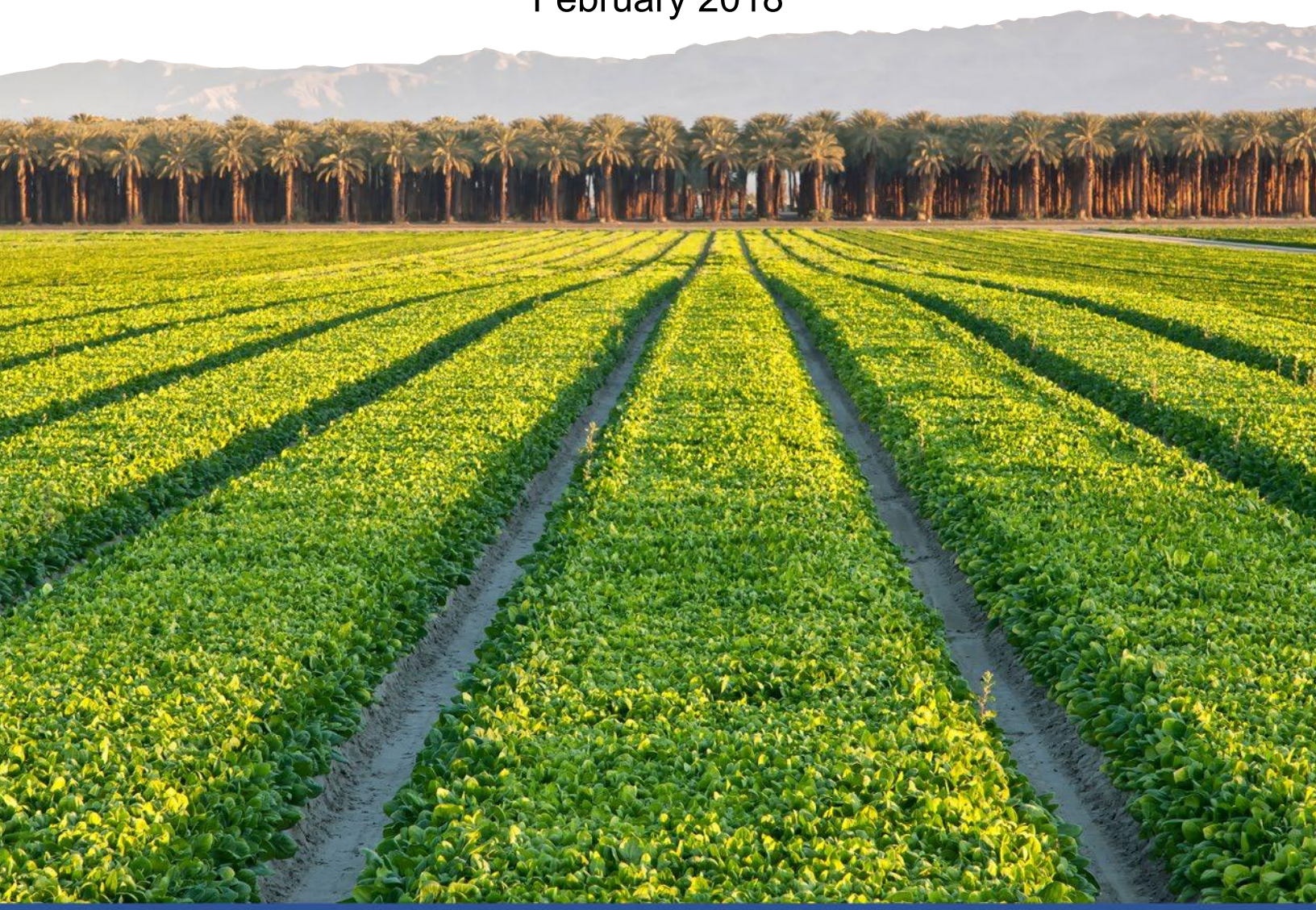
CALAFCO WHITE PAPER

State of the Art on Agricultural Preservation

February 2018



A collaboration of American Farmland Trust and the California Association of Local Agency Formation Commissions

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

A Research Report of the
HELEN K. CAHILL CENTER FOR
FARMLAND CONSERVATION POLICY INNOVATION

CALAFCO WHITE PAPER

State of the Art on Agricultural Preservation

Contents

Acknowledgments

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Purpose and Objectives

The purpose of this white paper is to inform and inspire Local Agency Formation Commissions (LAFCos) that are seeking to establish or enhance policies that preserve agricultural land, while simultaneously promoting orderly growth and development. The California Association of Local Agency Formation Commissions (CALAFCO) invited American Farmland Trust (AFT) to work collaboratively on this white paper to exchange and share perspectives on their respective experiences in successful policy implementation and development. This paper explores the parameters of agricultural land preservation and provides guidance in the development of agricultural land preservation policies for individual LAFCos to consider.

This white paper discusses the importance of agriculture to our local communities and why the California Legislature has equipped LAFCos with the powers to curtail urban sprawl and discourage expansion onto the state's agricultural lands. The paper examines LAFCos' statutory role in preserving agricultural lands and presents opportunities for how LAFCos can incorporate the preservation of agricultural land into their local policies. Brief case studies are provided throughout to demonstrate how individual LAFCos have interpreted this responsibility locally through their own policies.

White Paper Objectives:

1) Provide an understanding of the economic, environmental, and cultural importance of agriculture to local communities and the state at large.
2) Explain the components of an effective and comprehensive LAFCo agricultural preservation policy, including the role of policies that encourage "Avoiding," "Minimizing," and "Mitigating" the loss of farmland.
3) Explain the role of the California Environmental Quality Act (CEQA)[1] in both annexation proposals that impact agriculture and in requirements for adopting agricultural preservation policies.
4) Explain the role of LAFCo in city and county planning processes and how to encourage continuous communication and collaborative planning and studies between public agencies.
5) Demonstrate the circumstances in which LAFCo may wish to consider an agricultural preservation policy.

A Unique Perspective from AFT

AFT believes in the importance of protecting farmland while supporting sustainable community growth. AFT promotes LAFCos as key players in conserving agricultural land since most productive farmland is located around cities. Having actively promoted farmland conservation in California for nearly two decades, AFT offers insight on why it is important to preserve farmland and presents best practices.

A Unique Perspective from CALAFCO

The Legislature intends LAFCos to be responsive to local challenges as well state priorities. An individual LAFCo's policies can lay out LAFCo's statutory mandate to balance the state interest in the preservation of open space and prime agricultural lands with the need for orderly development. LAFCos have used their planning authority to anticipate and reduce or avoid the loss of agricultural land. Across the state, LAFCo experiences reflect the variance of practices on agricultural preservation between rural, suburban and urban counties.

Introduction

The Legislature created a LAFCo in each county in 1963 with the intent that they fulfill state policy to encourage orderly growth and development. These objectives were deemed essential to the social, fiscal, and economic well-being of the state. The Legislature recognized that the logical formation and determination of local agency boundaries was an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services.

It was also the intent of the Legislature that each LAFCo "establish written policies and procedures and exercise its powers pursuant to statute [Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act)] in a manner consistent with those policies and procedures and in a manner that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns." (Gov. Code §56300.) These written policies and procedures were required to be adopted by LAFCos by January 1, 2002.

Since 1963, each LAFCo has overseen the growth of its cities and special districts through incorporations, annexations and, since 1973, the establishment of spheres of influence (which were only enforced beginning in 1985). At the time, converting lands once used for agricultural purposes to urban land uses was seen as a necessary part of accommodating the growth of California's cities. It was common for city and county leaders to see agricultural lands around cities as areas for future urbanization, with the assumption that this type of urban development would assure the economic health of the community and provide much needed housing.

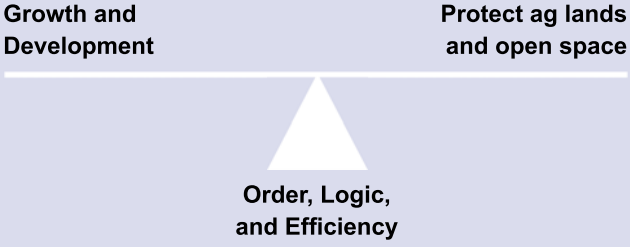
Two years after the creation of LAFCos, the state enacted California Land Conservation Act of 1965 (commonly referred to as the Williamson Act) to address the growing concern that the growth of California cities was coming at the expense of losing agricultural lands. The original purpose of

the Williamson Act was to counteract tax laws that often encouraged the conversion of agricultural land to urban uses (i.e., if you were being taxed at urban rates you might as well sell to urban developers). This act enabled local governments to enter into contracts with private landowners for the purpose of creating agricultural preserves that restrict specific parcels of land to agricultural or related open-space use in exchange for reduced property taxes. Over time, this approach has had mixed success. In an earlier regulatory era, when the subdivision of land far from a city and formation of special districts to provide municipal services was a common practice, creating agricultural preserves under Williamson Act contract was deemed necessary to limit development of those parcels. The likelihood that agricultural land could be converted to urban or rural development was high enough to justify the reduction in property tax revenue in exchange for limiting the land's development potential.

Today, much of the land under Williamson Act contract in many counties is far from a city's sphere of influence, where conversion of the most productive farmland most frequently occurs. Yet, the agricultural lands that are under pressure of being converted to non-agricultural uses are most often located on the urban fringe. Due to development speculation of these lands, they are less likely to be protected under a Williamson Act contract, making the role of LAFCo ever more important.

LAFCos were created to implement the state's growth management and preservation goals. To achieve these objectives, LAFCos were given the sole authority to regulate the boundaries and service areas of cities and most special districts. Though they do not have local land use authority, LAFCos exercise their authority by denying, approving, or conditionally approving expansion proposals by cities and special districts. With this broad authority, each LAFCo uses its own discretion to act in a manner that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. Figure 1 depicts the balance that LAFCos are expected to achieve through their actions.

Figure 1. LAFCO's Balancing Act



Varying Definitions of "Prime" Agricultural Lands

As discussed further below, preserving prime agricultural land is a key statutory mandate of LAFCo. To measure and understand the importance of California's remaining prime agricultural land, this paper defines what constitutes prime agricultural land. This can be a challenge because federal, state, and local agencies, including LAFCos, all operate under different laws and requirements each setting out different definitions of prime farmland.

As defined by the United States Department of Agriculture, prime farmland is

> Land that has the best combination of physical and chemical characteristics for producing food, feed, forage, fiber, and oilseed crops and is also available for these uses. It has the

> soil quality, growing season, and moisture supply needed to produce economically sustained high yields of crops when treated and managed according to acceptable farming methods, including water management. In general, prime farmlands have an adequate and dependable water supply from precipitation or irrigation, a favorable temperature and growing season, acceptable acidity or alkalinity, acceptable salt and sodium content, and few or no rocks. They are permeable to water and air. Prime farmlands are not excessively erodible or saturated with water for a long period of time, and they either do not flood frequently or are protected from flooding."[2]

AFT relies on the California Department of Conservation's Farmland Mapping and Monitoring Program (FMMP) definition of prime farmland, which originated from the USDA definition. The FMMP was established by the State of California in 1982 to produce agricultural resource maps, based on soil quality and land use. The FMMP maps are updated every two years using aerial photographs, a computer-based mapping system, public review, and field reconnaissance. The FMMP definition of Prime Farmland is "land which has the best combination of physical and chemical characteristics for the production of crops. It has the soil quality, growing season, and moisture supply needed to produce sustained high yields of crops when treated and managed, including water management, according to current farming methods. Prime Farmland must have been used for the production of irrigated crops at some time during the two update cycles prior to the mapping date. It does not include publicly owned lands for which there is an adopted policy preventing agricultural use."[3] FMMP also maps farmland that is classified as less than prime, such as Unique Farmland, Farmland of Statewide Importance, Farmland of Local Importance (which is defined by local jurisdictions and accepted by FMMP), Urban and Built-up Land, and Other Land.

LAFCos operate according to their own definition,[4] which identifies prime agricultural land as:

> 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 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 plant products an annual gross value of not less than four hundred dollars ($400) per acre for three of the previous five calendar years.

Land that would not qualify as Prime under USDA or FMMP definitions of Prime, may qualify as Prime under the LAFCo definition; for example, Unique Farmland, and Farmland of Statewide

Importance, and grazing land can still meet the LAFCo definition of prime agricultural land. Although LAFCos monitor the conversion of Prime Farmland within their own jurisdictions, CALAFCO does not monitor that conversion statewide. Therefore, the following section utilizes the FMMP definition of Prime Farmland to illustrate the trends affecting farmland in California, which, from AFT's perspective, demonstrate the urgency of protecting what remains.

An AFT View: Why It Is Important to Preserve What We Have Left—What's at Risk?

California boasts some of the most productive farmland on the planet, as measured in terms of the ratio of agricultural inputs to outputs. This productivity is largely possible because of California's Mediterranean climate and fertile soils, which require fewer inputs and are less subject to unfavorable climate conditions and pest pressures. This is important for many reasons, including state and national food security, California's prospects for economic growth and competitiveness on the agricultural market, and the efficient utilization of scarce resources such as water.

For nearly four decades, AFT has monitored the conversion of agricultural lands to development, and estimates that nationally, we lose approximately an acre every minute. In California, where the state has been monitoring the conversion of farmland to urban development since the early 1980s, the average rate of loss is 40,000 acres per year. At this rate, California will lose an additional two million acres by 2050, most of which will be prime farmland.

Current Trends

Of California's approximately 100 million acres of land, 31 million acres or one-third, are used for agriculture. Of this agricultural land, 19 million acres are used for grazing land and 12 million acres are used to grow crops. That figure may seem significant, but only about 9 million acres of this cropland are considered to be prime, unique or of statewide importance (as defined by the California Department of Conservation's FMMP).[5] This resource is diminishing and is likely to continue to do so, mostly due to conversion to urban development, but also from other causes. Considering that not all remaining farmland is ideal for agriculture due to current and future water stress, climate and temperature changes, and other constraints such as strong soil salinity, protecting what is left is paramount.

In the last 30 years, California has lost more than one million acres of farming and grazing land, and about half of that loss was prime farmland. Figure 2 below provides a snapshot from the California Department of Conservation of what has happened to farmland over that period.

Economic and Cultural Benefits

California is the leading agricultural producer in the United States. Its agricultural abundance includes more than 400 commodities. Over a third of the nation's vegetables and two-thirds of the nation's fruits and nuts are grown in California.[6] California is the sole producer of an array of commodities consumed by people all over the world. Nearly all of the domestically grown grapes, pomegranates, olives, artichokes, and almonds are grown in California, and over three-quarters

of the nation's strawberries and lettuce come from the golden state.[7] Ensuring the protection of the state's agricultural lands is essential to protecting California's agricultural economy, and supports numerous other social and environmental benefits to our communities.

Figure 2. Quick Facts on California Farmland, 1984–2012

Did you know, over the course of 30 years…

- Over 1.4 million acres of agricultural land in California were removed from farming uses (a rate of nearly one square mile every four days)
- Of converted land, 49 percent was prime farmland
- For every 5 acres leaving agricultural use, 4 acres converted to urban land

Source California Department of Conservation, Farmland Mapping and Monitoring Program Farmland Mapping and Monitoring Program, *California Farmland Conversion Summary 1984–2014 and California Farmland Conversion Report, 2015*

Agriculture plays a significant role in many of the state's regions, fueling local economies, providing employment, and maintaining over a century of cultural heritage. In 2014, the farm gate value of the state's 76,400 farms and ranches was a record $54 billion, double the size of any other state's agriculture industry. Of the $54 billion, over $21 billion was attributed to California's agricultural exports.[8] Not only is California the country's largest agricultural producer, it is the largest exporter of agricultural products. Agricultural products are one of California's top five exports.[9]

Agriculture creates significant ripple effects (i.e. multipliers) throughout California's economy. Each dollar earned within agriculture fuels a more vigorous economy by stimulating additional activity in the form of jobs, labor income and value-added processes. Farm production is closely linked to many other industries: the production of farm inputs, the processing of food and beverages, the textile industry, transportation and financial services. According to the University of California Agricultural Issues Center, which is located at UC Davis and studies the multiplier effects of California farm industry and closely related processing industries, the combined sectors generated 6.7 percent of the state's private sector labor force (including part-time workers), 1.3 percent of the Gross State Product (GSP) and 6.1 percent of the state labor income in 2009. The Center calculated that during that year, a $1 billion increase of the value added from agricultural production and processing results in a total of $2.63 billion of GSP.[10]

Including multiplier effects, each job in agricultural production and processing in 2009 accounted for 2.2 jobs in the California economy as a whole, and each farming job generated 2.2 total jobs. Agricultural production and processing are especially significant to the economy of California's Central Valley where, including ripple effects, they generated 22 percent of the private sector employment and 20.1 percent of the private sector labor income in 2009. Excluding ripple effects, agriculture directly accounted for 10.2 percent of jobs and 9.2 percent of labor income that year.[11]

When California loses productive agricultural lands, it loses the income and jobs associated with those lands. Despite the economic contribution to the state, agricultural lands are under pressure from a variety of forces that have the potential to significantly affect the food production capacity that contributes to the food security of the state, nation and world. Preserving farmland means preserving not only our food security but regional economic productivity, income levels, and jobs throughout the farming and food sectors.

In California, agriculture is an important cultural identity to many communities, ranging from large-scale farming operations to small-scale family farms and geographically spanning many regions throughout the state, from coastal metropolitan regions to the heart of the San Joaquin Valley. The expanse of agricultural products that California farmers offer adds to the uniquely California cultural scenery, abundance of fresh food, and greatly contributes to quality of life.

Environmental Benefits

Although agricultural practices may sometimes have environmental downsides, agricultural use of land also contributes numerous benefits to the environment and communities. Agriculture is both vulnerable to climate change, and can help mitigate the impacts of climate change. Protecting agricultural lands will help communities reduce vehicle miles traveled (VMT) and greenhouse gas emission associated with vehicle travel by avoiding sprawl. Agricultural lands also have huge potential to sequester carbon. These two benefits make the preservation of these lands important strategies in meeting the long-term climate change goals under *California's 2017 Climate Change Scoping Plan*.[12] Additionally, their preservation is vital to maintaining groundwater recharge. The areas where our highest quality farmland is located are the areas that provide for the greatest groundwater recharge. Protecting agriculture keeps land porous and helps rebuild aquifers. One of the most important actions leaders and communities can take to address future water stresses is protecting the prime farmland that is best suited to replenishing groundwater supplies.

Accounting for Natural Resources Using a Multiple Benefit Approach

The Bay Area Greenprint is a new online mapping tool that reveals the multiple benefits of natural and agricultural lands across the region. It was designed to help integrate natural resource and agricultural lands data into policies and planning decisions that will influence the future of San Francisco Bay Area's vibrant environment, economy and regional character.

Intact ecosystems can provide important benefits for the human population in the Bay Area and throughout the state. The Bay Area Greenprint is an opportunity to aid planners from cities, counties, and LAFCos in understanding and conveying that protecting agricultural land, as a part of intact ecosystems, can provide important benefits for residents in the Bay Area. By conducting multi-benefit assessments (agricultural + habitat + biodiversity + recreation + groundwater + carbon sequestration), the Greenprint provides a more complete understanding of the costs and tradeoffs of developing the region's natural and working lands. It will also assist stakeholders in understanding and communicating both climate change threats and opportunities as well as the multiple values of the Bay Area landscape.

For more information, please visit the tool at www.bayareagreenprint.org

LAFCos' Mandate to Preserve Agricultural Lands

Cortese-Knox-Hertzberg Local Government Reorganization Act 2000 (CKH Act)

> *Among the purposes of a commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, encouraging the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.* (Gov. Code §56301, emphasis added.)

Preserving prime agricultural lands and open space is a key statutory mandate of LAFCos and the CKH Act provides direction to LAFCos on certain policies, priorities, and information that LAFCos should, and/or must consider when analyzing boundary change proposals that could potentially impact agricultural lands. The CKH Act includes policies specific to agricultural preservation, including:

- Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing non-prime agricultural lands, unless the action would not promote the planned, orderly, efficient development of an area. (Gov. Code §56377(a).)
- Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency. (Gov. Code §56377(b).)
- Factors to be considered [by the Commission] in the review of a proposal shall include the effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016. (Gov. Code § 56668(e).)

Approaches to LAFCo Agricultural Preservation Policies

Though the CKH Act provides some policies specific to agricultural preservation, these are baseline parameters and guidelines from which individual LAFCos can carry out their mandate. Ultimately, a LAFCo's broad powers will guide and influence annexation decisions and how a LAFCo will respond to the need to balance urban growth and preserving agriculture and open space.

To equip individual LAFCos with the ability to respond to local conditions and circumstances, the CKH Act calls for a LAFCo to:

> . . . establish written policies and procedures and exercise its powers pursuant to this part in a manner consistent with those policies and procedures and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. (Gov. Code §56300(a).)

Over the years, LAFCos, on an individual basis, have adopted various local policies and procedures to assist them in their effort to preserve agricultural lands. These policies generally call for the avoidance, minimization, and mitigation of adverse impacts to agricultural lands.

Avoidance consists of anticipating and taking measures to avoid creating adverse impacts to agricultural lands from the outset, such as steering development away from agricultural lands to avoid their conversion to other uses. This most efficiently occurs at the time a city or county is updating its general plan and the issue can be viewed at a regional level and not based on an individual proposal.

Minimization consists of measures to reduce the duration, intensity, and significance of the conversion and/or the extent of adverse impacts to agricultural lands (including direct, indirect and cumulative impacts as appropriate) that cannot be completely avoided.

Mitigation consists of measurable preservation outcomes, resulting from actions applied to geographic areas typically not impacted by the proposed project, that compensate for a project's significant adverse impacts to agricultural lands that cannot be avoided and/or minimized.

Figure 3. Hierarchy for Agricultural Land Preservation Strategies

LAFCo's unique mandates to preserve prime agricultural lands and discourage urban sprawl, and the fact that agricultural lands are a finite and irreplaceable resource, make it essential to avoid adversely impacting agricultural lands in the first place.

Applying These Approaches

These three approaches form an agricultural preservation hierarchy that should, if followed sequentially—avoid, minimize, and then mitigate adverse impacts. These approaches and the recommended applications below may serve as a guide for LAFCos to adopt an agricultural preservation policy, including criteria to guide LAFCo's review of boundary change proposals, thereby possibly streamlining the evaluation of proposals. It may also serve as a guide for proactive participation and collaborative discussion during a city's general plan update. Collaborative planning may help jurisdictions better understand and prepare for the requirements of LAFCo early in the planning process.

Avoidance is preferable because it is the best way to ensure that agricultural lands are not adversely impacted, whereas minimization and mitigation actions include, by definition, some level of residual impact to agricultural lands. Avoidance can also help LAFCos address other important mandates, such as curbing urban sprawl and encouraging the efficient delivery of services by encouraging vacant and underutilized lands within urban areas to be developed before prime agricultural and agricultural land is annexed for non-agricultural purposes. Avoidance is also consistent with the growing recognition at the state level that future development should, when and where possible, be directed into infill areas located within existing urban footprints to limit the amount of transportation related greenhouse gases generated. LAFCos can adopt specific policies and procedures that encourage cities to first utilize their existing vacant and underutilized lands within urban areas for development. What LAFCos can do to **AVOID** conversion of agricultural lands:

- Consider removal of excessive amounts of land from city spheres of influence, (i.e. where SOI is much larger than what is needed over a long-range development horizon).
- Adopt policies that encourage cities to implement more efficient development patterns, adopt stable growth boundaries that exclude agricultural lands, promote infill first, and consider alternative locations within city limits in order to remove development pressure on agricultural lands.
- Encourage continuous communication and collaborative planning and studies between public agencies to ensure that consideration of avoidance begins as early as possible in a jurisdiction's planning process.
- Participate in city general plan update processes to discourage the premature conversion of agricultural lands and to limit development pressure on agricultural lands.

Case Study: Reducing the Spheres of Influence

In 2007, the Kings County LAFCo reduced its spheres of influence through its Comprehensive City and Community District Municipal Service Review (MSR) and SOI Update. The LAFCo utilized the MSR requirement from the Cortese-Knox Hertzberg Local Government Reorganization Act of 2000 to coordinate future urban growth considerations in a more streamlined and accountable manner. In developing the MSRs, Kings LAFCo rewarded the good planning efforts of its four cities by reaffirming well planned areas with planned services, while areas within existing spheres of influence not currently planned for urban growth would require more extensive MSR updates. This approach allowed Kings LAFCo an opportunity to successfully remove almost 11,000 acres from future growth consideration where urban services were not planned and agriculture was the established use.

- Discourage extension of urban services outside city boundaries for new development.
- Request that the Lead Agency CEQA assessment includes analysis of alternatives that do not result in conversion of agricultural lands as defined in the CKH Act.
- Require that the jurisdiction demonstrate that infill or more efficient use of land is not possible *prior* to considering SOI expansion and/or annexation into agricultural lands.

Minimizing adverse impacts to agricultural lands should be considered and applied to the maximum extent practicable if all project alternatives have been considered and avoidance is truly not feasible. Minimization, by definition, means reducing the significance of the conversion and/or reducing the adverse impacts by making changes to a project. In other words, some impacts will be incurred, however, they will be less severe than if changes had not been implemented. Minimization measures must be carefully planned, implemented and monitored to assess and to ensure their long-term effectiveness.

What LAFCos can do to **MINIMIZE** conversion of agricultural lands:

- Encourage continuous communication and collaborative planning and studies between public agencies and LAFCo.
- During a city's general plan update process, encourage jurisdictions to adopt a long-term growth management strategy that provides for more efficient development.
- Encourage jurisdictions to adopt a "Plan for Agricultural Preservation."
- Encourage more efficient use of land to limit development of surrounding farmland. Require that the jurisdiction demonstrate that infill or more efficient use of land is not feasible *prior* to considering SOI expansion and/or annexation into agricultural lands.
- Encourage proposals to show that urban development will be contiguous with existing or proposed development; that a planned, orderly, and compact urban development pattern will result; and that leapfrog, non-contiguous urban development patterns will not occur.
- During a CEQA process, request that jurisdictions demonstrate how a proposal will affect the physical and economic integrity of impacted and surrounding agricultural lands.
- As part of a city's general plan process, encourage jurisdictions to map, analyze, and describe all agricultural lands within or adjacent to land proposed for annexation, including analysis of any multiple land-based values such as

Case Study: Greenbelts and Agreements

Ventura County has established greenbelts around its urban areas. Greenbelts are created through voluntary agreements between the Board of Supervisors and one or more City Councils regarding development of agricultural and/or open space areas beyond city limits. They protect open space and agricultural lands and reassure property owners located within these areas that lands will not be prematurely converted to uses that are incompatible with agriculture.

Cities commit to not annex any property within a greenbelt while the Board agrees to restrict development to uses consistent with existing zoning.

Ventura County LAFCo will not approve a sphere update if the territory is within one of the greenbelt areas unless all parties to the greenbelt agreement are willing to accept an amendment to the agreement.

The Ventura policies generally follow Gov. Code §56377.

agricultural, biodiversity, recreation, groundwater, and carbon sequestration, to identify areas of high natural resource value where development is best avoided.

- Encourage agreements among jurisdictions that outline conditions for expanding boundaries. Agreements can be recognized by LAFCo.
- Recommend project requirements to protect agricultural lands adjoining land covered in applications to LAFCo, both to prevent their premature conversion to non-agricultural uses and to minimize potential conflicts between proposed urban development and adjacent agricultural uses, such as:
  - Agricultural buffers. A buffer is typically an on-site strip of land along the perimeter of a development proposal. These provide a way to minimize conflict by creating spatial separation and other barriers such as walls and landscaping between agricultural operations and urban residents. Buffers may be established through city-county agreements and encouraged under locally adopted LAFCo policies.
  - Encourage the adoption of right-to-farm ordinances. These ordinances are developed to offset the perception that typical farming practices are a "nuisance" by 1) providing dispute resolution mechanisms for neighbors as an alternative to filing nuisance-type lawsuits against farming operations; and 2) notifying prospective buyers about the realities of living near farms before they purchase property.
  - Development of educational and informational programs to promote the continued viability of surrounding agricultural land.
  - Encourage the development of a real estate disclosure ordinance to fully inform all directly affected prospective property owners about the importance of maintaining productive agriculture in the area.

Mitigation of impacts to agricultural lands should be considered and applied to the maximum extent practicable if all project alternatives have been considered and avoidance is truly not feasible and if minimization measures have been applied, but adverse impacts remain significant. Mitigation measures must be carefully planned, implemented and monitored to assess and to ensure their long-term effectiveness. Regardless of the type of mitigation measures pursued, this path will inevitably lead to a net loss of agricultural land if it is converted. Some key agricultural mitigation principles to consider include:

- Is the proposed mitigation a fair exchange for the loss of the agricultural resource?
- Is the proposed mitigation designed, implemented and monitored to achieve

Case Study:
Mitigation through Memorandums of Understanding/Agreement

Some LAFCos, including San Luis Obispo and Monterey, have entered into MOUs or MOAs with local land use jurisdictions. Such agreements enable the local jurisdictions to express their intent to jointly pursue orderly city-centered growth and agricultural preservation. In San Luis Obispo, the agreement is with San Luis Obispo County. In Monterey, LAFCo has developed agreements with the County and four of the five cities within the agriculturally rich Salinas Valley (Salinas, Soledad, Greenfield and Gonzales) to encourage development of MOAs and MOUs. Though on one occasion, Monterey LAFCo was a third party to the MOA (with Greenfield), the regular practice has been to encourage each city and the County to enter into the MOA/MOU.

clear, stated and measurable outcomes for agricultural preservation?

- Will the proposed mitigation result in a genuine positive change on the ground, which would not have occurred anyway?
- Will the proposed mitigation result in permanent protection of agricultural land, given that the loss of agricultural land is generally irreversible?

Case Study: A Mitigation Menu

Contra Costa LAFCo recently adopted a policy that allows the applicant to choose from a menu of mitigation measures. Those measures can include a 1:1 policy whereby each acre lost is mitigated by an acre preserved for agricultural use. Other options can include fees in lieu of land, conservation easements, agricultural buffers, compliance with an approved habitat conservation plan, and participation in other development programs such as transfer or purchase of development credits. Under this policy, Contra Costa LAFCo will consider any reasonable proposal. If the applicant does not suggest a measure, the Commission has the option to impose one or deny the project.

Examples of typical measures include:

- The acquisition and transfer of *ownership* of agricultural land to an agricultural conservation entity for permanent protection of the land.
- The acquisition and transfer of *agricultural conservation* easements to an agricultural conservation entity for permanent protection of the land.
- The payment of in-lieu fees to an agricultural conservation entity that are sufficient to fully fund the cost of acquisition and administration/management of agricultural lands or agricultural conservation easements for permanent protection.

CEQA and Agricultural Preservation

Working proactively with local agencies to avoid or minimize impacts to agricultural land in the first place is preferable to mitigation. Agricultural mitigation requirements (for example, protecting other off-site lands at a certain ratio) are beneficial, but do not prevent agricultural land from being converted.

However, as a last resort, CEQA can be a tool to help LAFCos leverage agricultural preservation in furtherance of LAFCos' state-mandated purpose. Even in the absence of locally adopted agricultural preservation policies, agencies are required to consider project impacts on agricultural resources. Therefore, LAFCos can still promote agricultural preservation even when the local political climate may not allow for strong local policies. CEQA does not require LAFCos to adopt local agricultural conservation or mitigation policies, but some LAFCos may find it useful to adopt clear and transparent expectations via a local policy.

Public Resources Code, Section 21002 states (emphasis added):

> *The Legislature finds and declares that it is the policy of the state that public agencies should not approve projects as proposed if there are* ***feasible alternatives or feasible mitigation measures available which would***

Note

LAFCo can suggest, request, or require feasible mitigation measures, even in the absence of local agricultural preservation policies.

> ***substantially lessen the significant environmental effects of such projects****, and that the procedures required by this division are intended to assist public agencies in systematically identifying both the significant effects of proposed projects and the feasible alternatives or* ***feasible mitigation measures which will avoid or substantially lessen such significant effects****. The Legislature further finds and declares that in the event specific economic, social, or other conditions make infeasible such project alternatives or such mitigation measures, individual projects may be approved in spite of one or more significant effects thereof.*

Pursuant to CEQA, public agencies shall not approve projects as proposed if there are feasible alternatives or feasible mitigation measures that would substantially lessen the significant environmental effects of the project.

LAFCo as a Responsible Agency

Typically, a LAFCo will review a CEQA document, such as an Environmental Impact Report (EIR) or Negative Declaration as a "responsible agency". Under CEQA, the "lead agency" means the public agency which has the principal responsibility for carrying out or approving a project which may have a significant effect upon the environment.[13] A responsible agency is any public agency, other than the lead agency, which has the responsibility for carrying out or approving the project.[14] Normally, the lead agency is the agency with general governmental powers such as a city or a county. Agencies with limited powers such as LAFCos, or agencies providing a public service or utility service, tend to be a responsible agency. However, LAFCos may be the lead agency and typically serve in this role for certain projects such as approvals of sphere of influences or out-of-agency municipal service extensions.

In the role of responsible agency, LAFCos can apply some leverage because LAFCo approval is necessary to implement the project. As a responsible agency, LAFCo has an obligation to address environmental impacts within its jurisdiction. If a LAFCo has adopted local agricultural preservation policies such as required conservation ratios, buffering setbacks, etc., LAFCo can comfortably assert recommendations on a project while the lead agency is still processing the CEQA document because: (1) the lead agency, in desiring LAFCo approval, likely will be amendable to compliance with LAFCo requirements and policies; and (2) the project proponent presumably would prefer to make any project changes and/or revisions to the CEQA document in compliance with LAFCo policy up front rather than waiting until the matter is before the LAFCo, thereby optimizing the time spent securing approvals. However, a LAFCo does *not* have to have formally adopted local policies in order for LAFCo to recommend that the lead agency require a given mitigation measure such as a conservation easement to mitigate for conversion of agricultural lands. CEQA's mandate requires the lead agency to implement feasible alternatives and mitigation measures whether or not a LAFCo has a locally adopted policy. Further, even if a lead agency or project proponent is not amenable to complying with LAFCo recommendations, if LAFCo believes that a project would have a significant impact to agricultural lands that the lead agency has not identified, the LAFCo, as a responsible agency, could require subsequent environmental review. In the context of that subsequent environmental review, a LAFCo could impose its own mitigation measures to protect agricultural lands if necessary to protect against a true threat to its resource.

Notice of Preparation (For EIRs only, not Negative Declarations)

If a LAFCo is a responsible agency on a project, it should respond in writing to the Notice of Preparation. The response should identify the significant environmental issues and reasonable alternatives and mitigation measures that the responsible agency will need to have explored in the draft EIR.[15] This is LAFCo's opportunity to notify the lead agency of any relevant policies and potential concerns with a project that should be included in the EIR analysis. The LAFCo should be clear and forthright about project issues and LAFCo policies and requirements at the outset in the interest of providing the earliest possible notice to the interested parties. This will enhance the LAFCo's long-term credibility in the community and help keep political and other relationships in a positive state.

The intent is to avoid, minimize, and mitigate project impacts to agricultural land. Questions to consider during the NOP process include: Do options exist to minimize or avoid impacts to agricultural land? Should project alternatives be considered? What mitigation measures should be included?

Here are a few code sections to keep on hand. The following statutes can be cited to provide support when promoting LAFCo agricultural preservation goals:

- CKH Act, California Government Code, Section 56377: In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider . . . (a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.
- CEQA Guidelines, Title 14, California Code Regulations, Section 15041: The responsible agency may require changes in a project to lessen or avoid only the effects, either direct or indirect, of that part of the project which the agency will be called on to carry out or approve.
- CEQA Guidelines, Title 14, California Code Regulations, Section 15096(g)(2): When an EIR has been prepared for a project, the Responsible Agency shall not approve the project as proposed if the agency finds any feasible alternative or feasible mitigation measures within its powers that would substantially lessen or avoid any significant effect the project would have on the environment. With respect to a project which includes housing development, the Responsible Agency shall not reduce the proposed number of housing units as a mitigation measure if it determines that there is another feasible specific mitigation measure available that will provide a comparable level of mitigation.

Draft EIR or Negative Declaration

At the draft EIR or Negative Declaration stage of the process, a LAFCo may comment on the adequacy of the draft environmental document's analysis, mitigation measures and conclusions. The

A Note About Ag Mitigation Ratios

Conservation easements are effective and commonly used mitigation strategies. However, they do not make up for the loss of agricultural land and may not necessarily reduce the impact of agricultural land loss to a less than significant level.

lead agency is required to consult with LAFCo if it is a responsible agency. Among questions to think about during either draft EIR or Negative Declaration review: Are the analysis and stated impacts to agricultural land sound, reasonable and acceptable to LAFCo? Have all feasible project alternatives and mitigation measures been considered and required?

A LAFCo should ordinarily only make substantive comments regarding those activities involved in the project that are within LAFCo's scope of authority under the CKH Act, or aspects of the project required to be approved by LAFCo, and should be supported by specific documentation when possible. In a CEQA responsible agency role, LAFCos are required to advise the lead agency on environmental effects, and shall either submit to the lead agency complete and detailed performance objectives for mitigation measures addressing those effects or refer the lead agency to appropriate, readily available guidelines or reference documents concerning mitigation measures. If the responsible agency is not aware of mitigation measures that address identified effects, the responsible agency must so state.[16]

Examples of potential project alternatives to reduce impacts to agricultural lands include, among others: reduced footprint, clustered density, setbacks and buffers. Examples of feasible mitigation measures include: right to farm deed restrictions, setbacks and buffers, and conservation easements on a 1:1, 2:1 or 3:1 ratio.

Evaluation of and Response to Comments/Final EIR (For EIRs only, not Negative Declarations)

After the public comment period closes, the lead agency then evaluates and provides a written response to comments received. The written response by the lead agency must describe the disposition of the issues raised, detailing why any specific comments or suggestions were not accepted. There must be a good faith, reasoned analysis in the response. Unsupported conclusory statements will not suffice. The lead agency cannot simply make generalizations stating that requiring conservation easements is not economically feasible, for example. As a responsible agency, LAFCo should review the written response provided and determine if it adequately resolves the issues raised in its Draft EIR comment letter. If not, LAFCo should reiterate its remaining concerns via letter and/or orally at the public hearing to certify the EIR.

Approval of a Negative Declaration or EIR

When approving a project, the lead agency must find that either (1) the project as approved will not have a significant effect on the environment; or (2) the agency has eliminated or substantially lessened all significant effects where feasible, and determined that any remaining significant effects are found to be unavoidable. Therefore, even if the lead agency is adopting a Statement of Overriding Considerations, it does *not* relieve the agency from the requirement to adopt all feasible mitigation measures. In other words, an EIR Statement of Overriding Considerations is not a "free pass" to avoid mitigation. As a responsible agency, LAFCos should be involved in the CEQA process to ensure, as much as possible, the lead agency has implemented all feasible mitigation measures.

Mitigation Monitoring and Reporting Program

Although mitigation monitoring is the lead agency's responsibility (and LAFCos should ensure mitigation language is written to ensure the responsibility for monitoring and tracking clearly lies with the lead agency and the timing mechanism is clear), as a responsible agency it is good practice to keep tabs on local development timing to follow up and ensure any required mitigation actually occurs.

LAFCo as a Lead Agency

At times, LAFCos may act as the lead agency on a CEQA document. Examples include adoption of SOIs or approval of service extensions. However, often times LAFCos choose to not serve as the lead agency on a project where significant impacts may occur. For example, a LAFCo may choose not to enlarge a city's SOI until a development project has been proposed (and the land use authority as lead agency has conducted CEQA review instead) so that the LAFCo can process the SOI update concurrent with annexation. However, if a LAFCo finds itself as the lead agency on a project, the discussion above regarding lead agency requirements now would apply to LAFCo.

Caution Regarding Reliance on Habitat Conservation Plans as Agricultural Mitigation

Habitat Conservation Plans (HCPs) often permit developers to pay an in-lieu fee for the purchase of comparable habitat to mitigate for a development's impact to sensitive species. Generally, the priority under HCPs is to mitigate for special status species, not necessarily agricultural land. An HCP would not necessarily address loss of agricultural land as an agricultural resource itself, but would rather address the loss of agricultural land in terms of the associated impacts to special-status species and sensitive habitats. This is a generalization as there is no "one size fits all" answer whether an HCP can or should be used as a mitigation strategy to mitigate for project impacts to agricultural land. Thus, LAFCos cannot automatically assume that HCPs will provide adequate mitigation for the loss of agricultural lands and fact-specific analysis would be required.

If use of an HCP for mitigation is proposed by the lead agency, that HCP needs to be reviewed to determine how the fees will be used and if comparable, compensatory mitigation will be provided. In other words, question how the HCP will use the fee. Does the fee get used just to place the land into a conservation easement that prohibits future development or will it be used for habitat restoration that will eliminate agricultural uses (such as mitigation for wetland or vernal pool mitigation)? The second key question is how the fee relates to the impact. Does it result in an appropriate ratio that compensates for the lands to be developed or is the proposed conservation easement "stacked" with other easements? Many conservation easements used for raptor habitat, for example, will prohibit vineyards and orchards, thereby limiting a raptor's ability to hunt, thus placing constraints on agricultural productivity. If the lead agency cannot demonstrate that the HCP fee would fully mitigate for the loss of agricultural land, other mitigation options should be explored outside of the HCP.

Working with Cities and Counties

City and county planning processes directly influence whether local agriculture is sustainable and viable. LAFCos can play an important role early on in a jurisdiction's planning processes and can encourage continuous communication and collaborative planning between agencies.

In addition to adopting their own local LAFCo policies, LAFCos can help cities and counties adopt meaningful agricultural preservation policies in their general plans. By taking the initiative to engage and build relationships with cities and counties, LAFCo can influence local agencies in their planning processes and advocate for the protection of farmland and the farming economy. The Governor's Office of Planning and Research considers early consultation and collaboration between local agencies and LAFCo on annexations to be a best practice. This includes coordinating on CEQA review, general process and procedures, and fiscal issues.

By providing feedback throughout the general plan adoption process, LAFCos are able to coordinate with and encourage local agencies to adopt strong farmland protection policies in their general plans, specific plans, plans for development in unincorporated areas, and even within city limits. By engaging in a dialogue over plan development with cities and counties long before those agencies submit formal applications, LAFCo can help ensure that applications will be successful.

LAFCos can formalize this kind of proactive participation in local planning processes by tracking city and county agendas and planning cycles, anticipating when such jurisdictions will pursue plan updates or make amendments, and including general plan participation in LAFCo annual work plans. Formalizing this participation through the LAFCo annual work plan provides structure for ongoing engagement, and over time, normalizes the interaction so that cities and counties will come to expect LAFCo to be actively engaged.

Not only can LAFCos engage in early, informal discussions about what kinds of policies would be useful and compatible with LAFCo policies and mandates, but they can also submit formal comments as part of the public planning process. The executive officer can submit these formal comments on behalf of the commission.

To help local agencies assess the impacts of their plans on agricultural resources, LAFCos can draw information from many sources. The California Department of Conservation's Farmland Mapping and Monitoring Program can provide information about valuable farmland, including statistical trend data that can be used for analyzing impacts on agricultural resources. Storie index maps can help LAFCos understand the location of the best soils, so that urban growth can be directed away from those areas. LAFCos should also track the location of agricultural conservation easements, and properties under Williamson Act contracts. The county agricultural commissioner's office can help other local agencies understand local agriculture and how planning decisions will have an effect.

LAFCos can help cities make good decisions with regard to annexations, following the avoid-minimize-mitigate protocol mentioned earlier in this white paper. LAFCos have the power to review and approve annexations with or without amendment, wholly, partially, or conditionally, or disapprove proposed annexations, reorganizations, and incorporations, consistent with written policies, procedures, and guidelines adopted by the commission. By working with a city early on in

the process, LAFCo can provide ongoing guidance in the development of an annexation proposal, encouraging attributes that will lead to its success.

LAFCo can also influence county planning processes via the formation or expansion of special districts.

Best Practices for LAFCos

When considering an agricultural preservation policy, the following actions provide background operational context:

1. *An appropriately-scaled policy framework is necessary.*

   A policy framework implements a goal, which ideally describes the end-state desired by a LAFCo. Each policy implemented over time, and as applicable, incrementally fulfills a LAFCo's goal. The end-state should reflect the LAFCo's values and by extension the values of the greater community of local agencies that it serves.

   A policy adopted without a corresponding over-arching goal is less effective.

2. *The agricultural preservation policy must be consistent with the authority and limitations of a LAFCo.*

   LAFCos have broad statutory authority to approve, approve with conditions, or deny proposals for a change of organization or reorganization initiated by a petition or by resolution of application.[17] However, LAFCos shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.[18]

3. *LAFCos should have commitment from the local agencies involved in the implementation of the policy.*

   LAFCo policies should be developed in consultation with the affected local agencies and stakeholders in the county. Also, policies should be developed so that they work in coordination with the local agencies' approval process. Preferably, LAFCo policies are consistent and complementary with cities' general plans and the master plans of special districts under LAFCo's jurisdiction.

4. *The policy should be simple, uncomplicated, and easy for the local agency staff to administer and the public to understand.*

   Over 78 percent of LAFCos are staffed with four or fewer employees.[19] This means that most LAFCos have very limited resources with which to implement and monitor complicated policies, implementation or mitigation measures.

5. *The policy should include a programmatic incentive for proposal applicants to either agree with the effect of the policy or not protest implementation.*

   Once adopted, the policy should influence how local agencies implement their growth plans.

6. *Importantly, local agencies, stakeholders and the public must know about and understand the agricultural preservation policy and its potential use. In other words, a public education program is essential.*

   Community involvement in the development of the goal and its supporting policy is critical. Such input should be requested, synthesized, and reflected in the goal to represent the community's interest. LAFCo interests are best served when the community's understanding is clear about how that goal is achieved, how long it should take to reach, and how one or more policies is used to reach it.

7. *There should be flexibility in the specific details of how a given proposal can implement overarching policy goals.*

   Individual LAFCo policies can lay out a LAFCo's statutory mandate to balance the state interest in the preservation of open space and prime agricultural lands against the need for orderly development. A policy can state that a proposal provide for planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. But the policy does not have to prescribe a specific course of action that an applicant should take in order to be considered satisfactory in addressing this overarching policy goal. The policy places the onus on the applicant to explain or justify how the proposal balances the state interest in the preservation of open space and prime agricultural lands against the need for orderly development. The policy can be explicit in asserting a LAFCo's authority to deem incomplete and/or deny proposals that do not adequately put forth a rationale for a LAFCo to weigh against the policy goals.

Endnotes

1. California Pubic Resources Code, Section 21000 et seq.

2. SSM, USDA Handbook No. 18, October 1993. United States Department of Agriculture. Accessed on August 9, 2017: https://www.nrcs.usda.gov/wps/portal/nrcs/detail/null/?cid=nrcs143_014052.

3. California Department of Conservation Farmland Mapping and Monitoring Protection Program. Accessed January 15, 2018: http://www.conservation.ca.gov/dlrp/fmmp/Documents/soil_criteria.pdf.

4. California Government Code Section 56064.

5. California Department of Conservation, Farmland Mapping and Monitoring program (FMMP).

6. California Department of Food and Agriculture, 2015.

7. U.S. Census of Agriculture, National Agricultural Statistics Service, 2015.

8. California Department of Food and Agriculture, 2015.

9. U.S. Census Bureau, 2016.

10. *The Measure of California Agriculture*, 2012 update. University of California Agricultural Issues Center. Accessed on December 13, 2017: http://aic.ucdavis.edu/publications/moca/MOCAbrochure2013.pdf.

11. Ibid.

12. California Air Resources Board. *California's 2017 Climate Change Scoping Plan*. Accessed on December 15, 2017: https://www.arb.ca.gov/cc/scopingplan/scopingplan.htm.

13. California Public Resources Code, Section 21067.

14. California Public Resources Code, Section 21069.

15. CEQA Guidelines Section 15082 (b).

16. CEQA Guidelines Section 15086 (c) and (d).

17. California Government Code Section 56375 (a)(1): The commission shall have the powers and duties to review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission.

California Government Code Section 56021: "Change of organization" means any of the following:

(a) A city incorporation.
(b) A district formation.
(c) An annexation to a city.
(d) An annexation to a district.
(e) A detachment from a city.
(f) A detachment from a district.
(g) A disincorporation of a city.
(h) A district dissolution.
(i) A consolidation of cities.
(j) A consolidation of special districts.
(k) A merger of a city and a district.
(l) Establishment of a subsidiary district.
(m) The exercise of new or different functions or classes of services, or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district.

18. California Government Code Section 56375 (a)(6).

19. CALAFCO survey, CaLAFCO.org, 2015.