



# San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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## SPECIAL MEETING

### SPECIAL DISTRICTS ADVISORY COMMITTEE

**Wednesday, October 26, 2022 at 9:30 A.M**

Video and Teleconference Attendance Only

Live Public Viewing Available on San Diego LAFCO's YouTube Channel

Chair Kimberly Thorner

Vice Chair Jack Bebee

Jack Bebee Fallbrook PUD	Diane Hansen Palomar Health HCD	Marty Miller Vista ID	Oliver Smith Valley Center MWD
Ann Baldrige RCD of Greater SDC	Tom Kennedy Rainbow MWD	Mark Robak Otay WD	Kimberly Thorner Olivenhain MWD
Paul Bushee Leucadia WWD	Albert Lau Santa Fe ID	Joel Scalzitti Helix WD	John van Doorn North County FPD
James Gordon Deer Springs FPD	Hector Martinez South Bay ID	Mike Sims Bonita-Sunnyside FPD	Dave McQuead Rancho Santa Fe FPD

This meeting will be held by video and telephone conference only consistent with AB 361 and authorization by the Commission. The public may watch the meeting live using the link on our website home page ([www.sdlafco.org](http://www.sdlafco.org)).

The public may participate in the meeting by submitting eComments and/or registering to speak:

1. Submitting eComments:
  - a) All eComments should be emailed to Michaela Peters at [michaela.peters@sdcounty.ca.gov](mailto:michaela.peters@sdcounty.ca.gov).
  - b) eComments received before 4:00 P.M on Tuesday, October 25, 2022 will be distributed to the Committee and posted online before the meeting.
  - c) eComments may also be emailed during the meeting and relayed by LAFCO staff to the Committee in real time. These eComments will be posted online after the meeting.
2. Registering to Speak by Video or Telephone:
  - a) Register by email to Dieu Ngu at [dieu.ngu@sdcounty.ca.gov](mailto:dieu.ngu@sdcounty.ca.gov) before 8:00 A.M. on Wednesday, October 26, 2022. You may also register by phone at 619-321-3380. Instructions will follow.

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

a) Roll Call

b) Pledge Of Allegiance

**2. AGENDA REVIEW**

The Executive Officer will summarize the agenda as well as to advise of any requested changes.

**3. OPEN TIME**

This time is reserved for any member of the public to address the Committee on a germane topic that is not directly part of the agenda. Individuals are limited to three minutes. Individuals representing an agency or organization are limited to seven minutes. The Chair may adjust time allowances as needed.

**4. BUSINESS ITEMS**

a) **Approval of Meeting Minutes for March 18, 2022 (action)**

The Committee will consider draft summary minutes prepared for the last meeting held on March 18, 2022. Staff recommends approval as presented.

b) **Update on Fallbrook PUD and Rainbow MWD Reorganizations (discussion & possible action)**

The Committee will receive an update on the current administrative reviews underway involving two related proposals filed by Fallbrook PUD and Rainbow MWD that include detachments from the San Diego County Water Authority. The proposals have been administratively combined by the Executive Officer and are expected to be presented to the Commission for formal deliberations as early as February 2023. The update summarizes key policy issues underlying the proposals and tentative conclusions reached by staff to date. The update is being presented to the Committee for discussion and feedback. The Committee may also consider making formal recommendations to be forwarded to the Commission.

c) **Draft Policy Update on Municipal Service Reviews (discussion & possible action)**

The Committee will review a draft policy update governing the Commission's municipal service reviews. The item is being presented to the Committee for discussion and feedback as part of a formal public review and comment period and ahead of presenting a final document to the Commission at a future meeting. The Committee may also consider making formal recommendations to be forwarded to the Commission.

**5. COMMITTEE MEMBER REPORTS**

**6. ADJOURNMENT**

Attest to Posting:

Erica Blom, Committee Secretary

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Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or a copy of all the documents constituting the agenda packet for a meeting upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting.

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

**4a**

**AGENDA REPORT**  
 Business | Action

October 26, 2022

**TO:** Special Districts Advisory Committee  
**FROM:** Erica Blom, Executive Assistant  
**SUBJECT:** Approval of Meeting Minutes for March 18, 2022

**SUMMARY**

The Special Districts Advisory Committee will receive action minutes prepared for the last meeting held on Friday, March 18, 2022. The minutes are in draft-form and being presented for formal approval with any corrections identified by the Committee.

**BACKGROUND**

The Ralph M. Brown Act was enacted in 1953 and establishes 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 the Committee Secretary for the March 18, 2022 meeting consistent with the Brown Act.

**ANALYSIS**

The attached action minutes for the March 18, 2022 meeting accurately reflect the Committee’s deliberations as recorded by the Committee Secretary. A video recording of the meeting has also been posted online at [www.sdlafco.org/meetings](http://www.sdlafco.org/meetings).

<p><b>Administration</b>          Keene Simonds, Executive Officer          2550 Fifth Avenue, Suite 725          San Diego, California 92103-6624          T 619.321.3380 F 619.404.6508  <a href="http://www.sdlafco.org">www.sdlafco.org</a>  <a href="mailto:lafco@sdcounty.ca.gov">lafco@sdcounty.ca.gov</a></p>	<p><b>Chair Jim Desmond</b>          County of San Diego  <b>Joel Anderson</b>          County of San Diego  <b>Nora Vargas, Alt.</b>          County of San Diego</p>	<p><b>Vice Chair Paul McNamara</b>          City of Escondido  <b>Mary Casillas Salas</b>          City of Chula Vista  <b>Kristi Becker, Alt.</b>          City of Solana Beach</p>	<p><b>Chris Cate</b>          City of San Diego  <b>Marni von Wilpert, Alt.</b>          City of San Diego</p>	<p><b>Jo MacKenzie</b>          Vista Irrigation  <b>Barry Willis</b>          Alpine Fire Protection  <b>David A. Drake, Alt.</b>          Rincon del Diablo</p>	<p><b>Andy Vanderlaan</b>          General Public  <b>Harry Mathis, Alt.</b>          General Public</p>
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## RECOMMENDATION

It is recommended the Committee approve the draft action minutes prepared for the March 18, 2022 meeting as presented and 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 March 18, 2022 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,



Erica Blom  
Executive Assistant

Attachment: as stated

**DRAFT**  
**SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION**  
**SPECIAL DISTRICTS ADVISORY COMMITTEE**  
**SPECIAL MEETING**  
**MARCH 18, 2022**

Leucadia Wastewater District  
Administrative Office  
1960 La Costa Avenue  
Carlsbad, California 92009

**1. CALL TO ORDER AND WELCOMING COMMENTS BY CHAIR**

Chair Kimberly Thorner called the meeting to order at 12:08 p.m. and welcomed the Committee members.

**2. ROLL CALL BY SECRETARY**

Chair Kimberly Thorner requested a roll call from the Committee Secretary.

Committee Members Present:

Chair Kimberly Thorner (Olivenhain MWD)  
Vice Chair Jack Bebee (Fallbrook PUD)  
Ann Baldridge (RCD of Greater San Diego County)  
Paul Bushee (Leucadia WWD)  
Diane Hansen (Palomar Health HCD – joined at 12:10p.m.)  
Mark Robak (Otay WD)  
Mike Sims (Bonita-Sunnyside FPD)  
Oliver Smith (Valley Center MWD)  
John Van Doorn (North County FPD)

Committee Members Absent:

James Gordon (Deer Springs FPD)  
Tom Kennedy (Rainbow MWD)  
Albert Lau (Santa Fe ID)  
Hector Martinez (South Bay ID)  
Marty Miller (Vista ID)  
Joel Scalzitti (Helix WD)  
Robert Thomas (Pomerado CD)

The Committee Secretary confirmed a quorum with nine members present. The following members of San Diego LAFCO staff were present at roll call: Executive Officer Keene Simonds; Local Government Analyst Priscilla Allen; Local Government Analyst Carolanne Ieromnimon; Commission Clerk Tamaron Lockett; GIS Analyst Dieu Ngu; Consultant Adam Wilson; and Executive Assistant Erica Blom serving as Committee Secretary.

**3. PLEDGE OF ALLEGIANCE**

Chair Kimberly Thorner led the Pledge of Allegiance.

#### 4. PUBLIC COMMENTS

Chair Kimberly Thorner asked if there were any members of the public who wished to speak.

The Committee Secretary confirmed there were no pre-registered speakers and no live email comments.

#### 5. COMMITTEE MEMBER REPORTS

Chair Kimberly Thorner invited Committee members to share updates within their districts.

No Committee member updates.

#### 6. BUSINESS ITEMS

##### a) Approval of Meeting Minutes for December 17, 2021 (action)

The Committee considered draft summary minutes prepared for the last meeting held on December 17, 2021. Recommend approval.

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On motion by Paul Bushee and seconded by Jack Bebee, the Committee unanimously approved the minutes for the December 17, 2021 meeting as presented.

Executive Officer Keene Simonds asked LAFCO staff to introduce themselves to the Committee.

##### b) Review of Draft Workplan and Budget for 2022-2023 (discussion)

The Committee received a verbal presentation from Executive Officer Keene Simonds on San Diego LAFCO's draft workplan and budget for 2022-2023. Comments received by the Committee – including proposed revisions – will be incorporated into a final workplan and budget for Commission approval at a future meeting. Item presented for discussion and feedback.

Committee discussion followed.

##### c) Update on the Ad Hoc Advisory Committee for the Fallbrook PUD and Rainbow MWD Reorganization Proposals (information)

The Committee received an update from Consultant Adam Wilson on the Ad Hoc Advisory Committee for the Fallbrook Public Utility District (PUD) and Rainbow Municipal Water District (MWD) reorganization proposals and their task to advise LAFCO staff in the administrative reviews. Item presented for information only with an opportunity for the Committee to provide feedback as the administrative reviews continue.

Committee discussion followed.

#### 7. WORKING GROUP REPORTS

Chair Kimberly Thorner thanked Chris Palmer, CSDA, for his work and invited him to speak. Chris Palmer provided an update to the Committee.

Chair Kimberly Thorner informed the Committee that Robert Thomas (Pomerado CD) is no longer on the Committee.

**8. ADJOURNMENT**

There being no further business to come before the Special Districts Advisory Committee, the meeting was adjourned at 1:25 p.m. to the next scheduled meeting.

Attest:

Erica Blom  
Committee Secretary

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**San Diego County**  
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**4b**

**AGENDA REPORT**  
 Business | Action

October 26, 2022

**TO:** Special Districts Advisory Committee

**FROM:** Priscilla Mumpower, Analyst II  
 Adam Wilson, Lead Consultant

**SUBJECT:** Update on Fallbrook PUD and Rainbow MWD Reorganizations

**SUMMARY**

The Special Districts Advisory Committee (“Committee”) will receive an update on the current administrative reviews underway involving two related proposals filed by Fallbrook PUD and Rainbow MWD that include detachments from the San Diego County Water Authority. The proposals have been administratively combined by the Executive Officer and are expected to be presented to the Commission for formal deliberations as early as February 2023. The update includes a prospectus summarizing key policy issues underlying the proposals and tentative conclusions reached by staff to date. The update is being presented to the Committee for discussion and feedback. The Committee may also consider making formal recommendations to be forwarded to the Commission.

**BACKGROUND**

**Reorganization Filings**

San Diego LAFCO received separate reorganization proposals in March 2020 from Fallbrook PUD and Rainbow MWD to concurrently (a) detach from the San Diego County Water Authority and (b) annex to Eastern MWD. The stated purpose of the reorganizations is to achieve cost-savings for the applicants and their constituents by transitioning the purchase of wholesale water service.

<p><b>Administration</b>          Keene Simonds, Executive Officer          2550 Fifth Avenue, Suite 725          San Diego, California 92103          T 619-321-3380  <a href="http://www.sdlafco.org">www.sdlafco.org</a>  <a href="mailto:lafco@sdcounty.ca.gov">lafco@sdcounty.ca.gov</a></p>	<p><b>Chair Jim Desmond</b>          County of San Diego</p> <p><b>Joel Anderson</b>          County of San Diego</p> <p><b>Nora Vargas, Alt.</b>          County of San Diego</p>	<p><b>Paul McNamara, Vice Chair</b>          City of Escondido</p> <p><b>Mary Casillas Salas</b>          City of Chula Vista</p> <p><b>Kristi Becker, Alt.</b>          City of Solana Beach</p>	<p><b>Chris Cate</b>          City of San Diego</p> <p><b>Marni von Wilpert, Alt.</b>          City of San Diego</p>	<p><b>Jo MacKenzie</b>          Vista Irrigation</p> <p><b>Barry Willis</b>          Alpine Fire Protection</p> <p><b>David A. Drake, Alt.</b>          Rincon del Diablo</p>	<p><b>Andy Vanderlaan</b>          General Public</p> <p><b>Harry Mathis, Alt.</b>          General Public</p>
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## DISCUSSION

This item is for the Committee to receive an update on the administrative reviews currently underway for the Fallbrook PUD and Rainbow MWD reorganization proposals to detach from County Water Authority and annex to Eastern MWD. The update is informed by the attached prospectus outlining key policy topics generated to date along with LAFCO staff's tentative conclusions. The update provides the Committee the opportunity to ask questions, provide comments, and/or make recommendations in step with staff completing the administrative reviews and presenting the proposals to the Commission as early as February 2023.

## ANALYSIS

See the attached prospectus.

## RECOMMENDATION

It is recommended the Committee provide feedback on the update via the attached prospectus along with any recommendations as appropriate.

## ALTERNATIVES FOR ACTION

None.

## PROCEDURES

This item has been placed on the Committee's agenda for discussion and possible action as part of the business calendar. The following procedures are recommended in the consideration of this item:

- 1) Receive verbal presentation from staff unless waived.
- 2) Invite comments from interested audience members.
- 3) Discuss item and provide feedback as requested.

On behalf of the Executive Officer,



Priscilla Mumpower  
Analyst II

Attachment:

- 1) Prospectus: Fallbrook PUD and Rainbow MWD Reorganizations



# Proposed Reorganizations

FALLBROOK PUD +  
RAINBOW MWD

PROSPECTUS

REPORT SUMMARY | October 2022



## OVERVIEW

This prospectus covers San Diego LAFCO's current administrative review of two related proposals filed by Fallbrook Public Utility District (PUD) and Rainbow Municipal Water District (MWD) that have been administratively combined by the Executive Officer. The combined proposal affects – directly or indirectly – a sizable portion of San Diego County residents and is expected to be presented to the Commission for formal deliberations as early as February 2023. This prospectus summarizes key policy issues underlying the proposals to date and tentative conclusions reached by LAFCO staff. The role of the prospectus is to help communicate these policy issues and facilitate early input from all interested parties – public or private – before LAFCO staff completes the administrative reviews.

### **PROPOSAL FILINGS: What Fallbrook PUD and Rainbow MWD are Asking to Do...**

Fallbrook PUD and Rainbow MWD via separate filings in March 2020 are requesting LAFCO approval to transfer wholesale water service responsibilities within their combined 124 square mile jurisdictional boundaries from the San Diego County Water Authority to Eastern MWD in Riverside County. The requested transfer necessitates multiple jurisdictional changes and related approvals by LAFCO and headlined by concurrently (a) detaching the affected territory from the County Water Authority and (b) annexing into Eastern MWD. The stated purpose of the proposals is to achieve cost-savings with Fallbrook and Rainbow estimating the per acre-foot wholesale charge would decrease by (25%) from \$1,608 with the County Water Authority to \$1,195 with Eastern MWD with the latter secured by a MOU.

[ [sdlafco.org](http://sdlafco.org) ]

## PROPOSAL FILINGS: What the County Water Authority is Asking in Response...

The County Water Authority is on record via resolution stating they will oppose the proposals unless:

- Rainbow and Fallbrook guarantee all obligations as promised to their own ratepayers are met.
- Detachments will not increase reliance on the Bay-Delta
- Detachments will not adversely affect other County Water Authority member agencies and San Diego County as a region financially or environmentally.
- Detachments will not diminish the County Water Authority's voting power at MET.

### Fallbrook PUD and Rainbow MWD

#### Fallbrook PUD

General Manager **Jack Bebee**

Formed in 1922

Estimated Population is 33,986

Avg Annual Water Demand is 9,161 AF

6% of Customers are Ag

38% of Water Demand is Ag



#### Rainbow MWD

General Manager **Tom Kennedy**

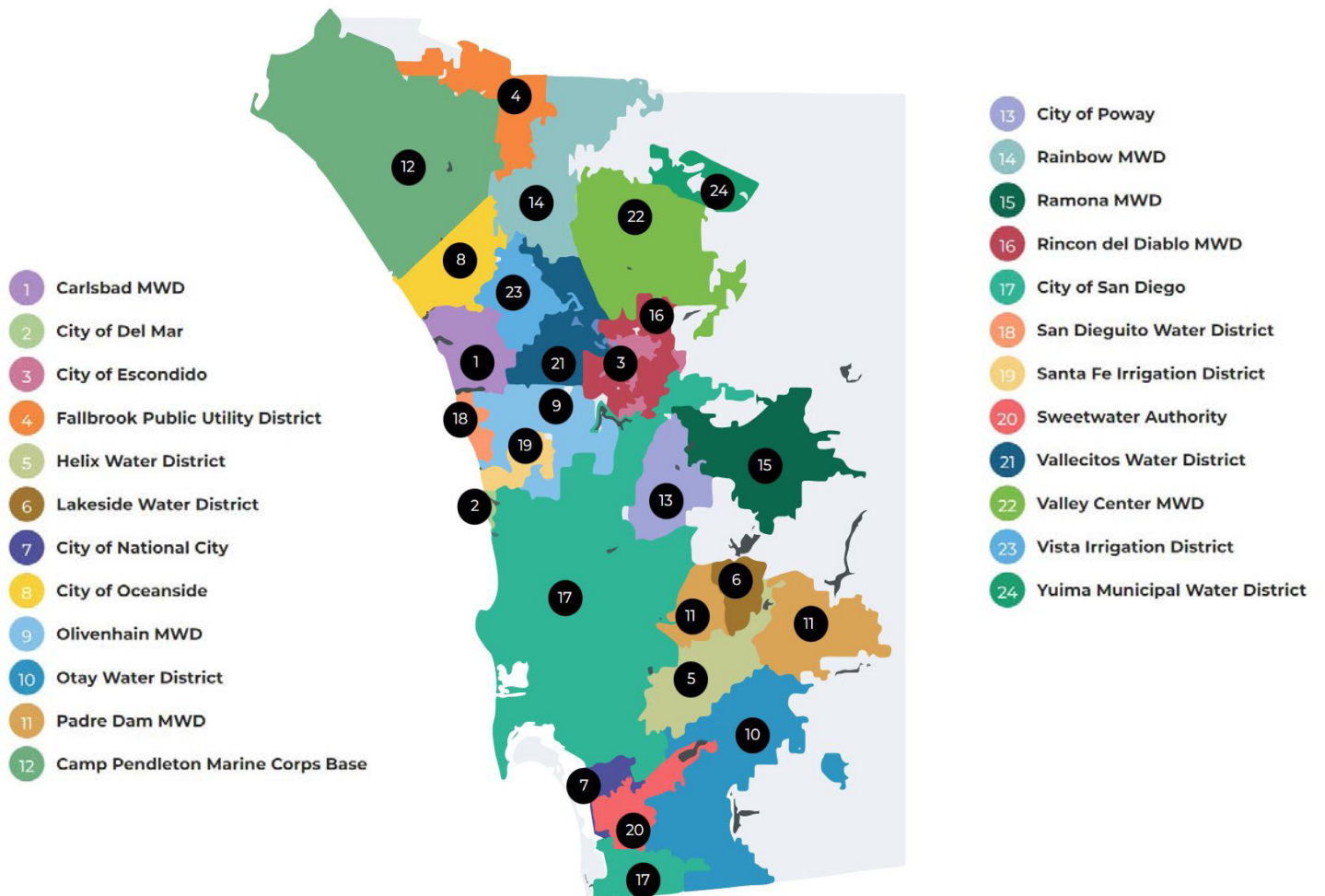
Formed in 1953

Estimated Population is 22,130

Avg Annual Water Demand is 16,976 AF

29% of Customers are Ag

67% of Water Demand is Ag





## ADMINISTRATIVE REVIEW What's Been Done to Date...

### Approval of MOU with Riverside LAFCO

In response to the proposal filings, San Diego and Riverside LAFCOs have entered into a memorandum of understanding (MOU) to establish tasks and responsibilities. The MOU designates San Diego as lead in preparing all related analysis and this includes completing a municipal service review on Eastern MWD to inform a conforming sphere of influence action to accommodate any annexation approvals. The MOU specifies San Diego shall actively consult with Riverside in processing the reorganizations and related studies. All approvals are delegated to San Diego.

### Approval of Alternative Conducting Authority Proceedings

As allowed under statute, San Diego LAFCO has approved a request from the County Water Authority to apply alternative conducting authority proceedings should the Commission approve Fallbrook PUD and/or Rainbow MWD's proposals. This means – markedly – any proposal approval will bypass standard protest proceedings and directly proceed to a confirmation election of registered voters.

### Establishment of an Advisory Committee & Technical Expertise from Dr. Michael Hanemann

Given the complexities and associated jurisdictional disputes underlying the proposals, San Diego LAFCO has created a 10-member Ad Hoc Committee to advise the Executive Officer through the administrative review process. The Ad Hoc includes representatives from all four subject agencies plus at-large members. The Ad Hoc has held 12 meetings to date with the majority focusing on three specific topics involving water supply reliability, ratepayer impacts, and possible true-up costs (exit fees) with technical analysis provided by Dr. Michael Hanemann with Arizona State University. The work of the Ad Hoc is expected to conclude shortly.

### Property Tax Exchange Process

As required for all proposed jurisdictional changes, a property tax exchange analysis has been prepared for the Fallbrook PUD and Rainbow MWD proposals through the County of San Diego. This analysis concludes an existing tax exchange resolution previously adopted by the Board of Supervisors applies to the proposals and means if approved all property tax revenues (AB8 and unitary) currently allocated to the County Water Authority would transfer to Eastern MWD – which totals \$388,216 in 2022-2023. The analysis also concludes that the County Water Authority's existing fixed charges collected on the tax roll within Fallbrook and Rainbow – which presently totals \$723,604 – would be eliminated. The property tax exchange is considered complete, though it can be revisited if needed.



Solar panels facilitate well pumping in Fallbrook, California.



## » Administrative Review

### Fallbrook Region Municipal Service Review (MSR)

As a prerequisite to considering the proposed jurisdictional changes, San Diego LAFCO has prepared and completed a municipal service review on the Fallbrook region and the local agencies operating therein subject to the Commission's oversight – including Fallbrook PUD and Rainbow MWD. The final report outlines nine central conclusions relative to LAFCO's growth management tasks and interests based on data collected and analyzed between 2016 and 2020. This includes concluding Fallbrook PUD and Rainbow MWD have experienced clear and measurable financial stresses during the report period and reflected in substantive declines in their liquidity, capital, and margin levels.

### Addendum to MSR on Eastern MWD

As a separate prerequisite to considering the proposed jurisdictional changes, San Diego LAFCO is preparing an addendum to Riverside LAFCO's most recent MSR on Eastern MWD. The addendum provides gap analysis in bringing data current with respect to Eastern MWD's potable water functions (wholesale and retail) and finances. The addendum is presently under administrative review by Riverside LAFCO and will be forwarded to the Commission in step with presenting both proposals.



## TENTATIVE LAFCO STAFF CONCLUSIONS Where Staff's Analysis to Date is Going...

The following conclusions are purposefully premised as “tentative” and directly informed by analysis performed to date with the key qualifier, the administrative review remains active. Some tentative conclusions, nonetheless, are more firm than others. LAFCO staff welcomes the public’s review and comment on these tentative conclusions.

### **LAFCO Statute Governs**

LAFCO statute – and not the County Water Authority Act – governs consideration of the proposals. Among other pertinent outcomes this means LAFCO has broad authority to condition any proposal approvals using the Commission’s quasi-legislative powers.

### **Eastern MWD’s Supplies are Reliable**

Although the County Water Authority’s potable supply portfolio is superior given its diversification, Eastern MWD’s own supply via MET is adequate and can reasonably accommodate demands now and going forward for both Fallbrook PUD and Rainbow MWD.

### **Eastern MWD’s Finances are Healthy**

Standard measurements used to assess the Eastern MWD’s financial standing shows it trended positively over the last five fiscal years with respect to liquidity, capital, and margin levels. The latter is highlighted by Eastern MWD finishing with positive total margins in four of the five years with an overall average of 4.5%

### **Fallbrook PUD and Rainbow MWD’s Ratepayers Will See Cost-Savings**

LAFCO estimates the average monthly household impact for Fallbrook and Rainbow ratepayers is \$20.21 and \$26.79, respectively assuming full pass-through to ratepayers.

### **County Water Authority Member Agencies’ Ratepayers Will See Cost-Increases**

LAFCO estimates through the help of an Ad Hoc Working Group the average monthly household impact for the remaining members agencies of the County Water Authority is \$2.20 assuming full pass-through to ratepayers. The City of San Diego impact (largest CWA customer) is estimated at \$1.05 per month/per household.

### **Approval of the Proposals is Reasonable if Conditioned on an Exit Fee**

It would be appropriate to condition approval to require an annual true-up – or exit fee – equal to the estimated revenue loss (water sales, property taxes, available fees) for the County Water Authority should both Fallbrook PUD and Rainbow MWD detach. The purpose of the exit fee is to provide the County Water Authority a period of adjustment. This annual amount has been estimated by Dr. Hanemann in the short run at \$12.6 million.



### **Five Years is an Appropriate Length for an Exit Fee**

As referenced, the purpose of an exit fee is to provide the County Water Authority and its remaining member agencies a level of financial protection in the short run while they adjust to the changed financial situation associated with Fallbrook PUD and Rainbow MWD detaching. Five years appears to be an appropriate standard to apply an annual exit fee.

### **Offsetting the Exit Fee to Reflect Ancillary County Water Authority Savings is Reasonable**

The County Water Authority would save money should Fallbrook PUD and Rainbow MWD detach that would otherwise be expended on proceeding with the previously planned construction of the ESP North County Pump Station. The value of the associated savings – however – remains a topic of ongoing analysis.



## » TENTATIVE LAFCO STAFF CONCLUSIONS

### Loss of Voting Rights at MET is a Valid Concern with a Possible Solution

Should Fallbrook PUD and Rainbow MWD detach from the County Water Authority and annex into Eastern MWD a proportional change in voting rights at MET would follow. The estimated value of voting rights – though relatively small – is substantive given it falls within the margin of a recent key vote at MET involving the selection of their new general manager. One possible and otherwise merited solution would involve applying a separate condition to require a MOU between Eastern MWD and County Water Authority to retain the voting apportionment associated with Fallbrook and Rainbow for at least the first five years.

### Class 20 CEQA Exemptions Are Appropriate

Consistent with the findings made by Fallbrook PUD and Rainbow MWD in their resolutions of application, Class 20 exemptions appropriately apply to both proposals. These exemptions appropriately apply given the underlying action involves the transfer of existing municipal service functions within the same area with no additional powers or expansions.

### Other Terms and/or Measures May Also Be Appropriate Based on Commission Preferences

#### Possible examples:

- A LAFCO prescribed “roll-out” requiring Fallbrook PUD and Rainbow MWD to remain member agencies with County Water Authority for a specified period of time before allowing the detachments to formally proceed.
- Requiring the completion of a municipal service review on the County Water Authority.

### Other Terms and/or Measures Raised by Others Appear Problematic

#### Example:

- The County Water Authority is on record requesting San Diego LAFCO condition any proposal approvals on expanding the “affected territory” for purposes of calling an election to include all registered voters within its member agencies’ boundaries. Commission Counsel does not believe this option is available to the Commission.





## ADMINISTRATIVE REVIEW What Remains to be Done...

### Complete Staff Report & Address all Statutory and Local Policy Factors

San Diego LAFCO staff is currently preparing a report on the Fallbrook PUD and Rainbow MWD proposals with recommendations that includes addressing all review factors required under State law as well as local policy. The former is headlined by considering all of the factors required under Government Code Section 56668 and ranges in scope from addressing the proposals' conformance growth and development objectives to relationship to environmental justice. The latter is marked by L-107 and consideration of options in addressing known jurisdictional disputes.

### Scheduling a Public Hearing

San Diego LAFCO staff anticipates scheduling a public hearing for the Commission to begin its deliberations on the Fallbrook PUD and Rainbow MWD proposal as part of a combined item in February 2023. Notice will be provided to all subject and affected agencies and published in the UT no less than 21 days in advance.

### Additional Information

Additional information on the combined proposals is available online. This includes pertinent documents, including but not limited to, applications submitted by both Fallbrook PUD and Rainbow MWD, agenda materials for all Ad-Hoc Committee meetings, as well as all correspondence received to-date.

### Receive Written Comments

The public is invited to provide comments on this prospectus and the combined proposal as part of the administrative review process.

Written comments received by Wednesday, November 30, 2022, will be incorporated into preparing a draft document to be presented at a future meeting and tentatively scheduled for February 6, 2023. Comments and questions should be directed to Priscilla Mumpower, Analyst II by e-mail at [priscilla.mumpower@sdcounty.ca.gov](mailto:priscilla.mumpower@sdcounty.ca.gov) or by telephone at **619.321.3380**.

Separate public review and comment period will be noticed and ahead of presenting a final staff report to the Commission.



**San Diego County**  
**Local Agency Formation Commission**  
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**4C**

**AGENDA REPORT**  
 Business | Action

October 26, 2022

**TO:** Special Districts Advisory Committee

**FROM:** Keene Simonds, Executive Officer  
 Priscilla Mumpower, Analyst II

**SUBJECT: Draft Policy Update:  
 Strategy for Conducting and Using Municipal Service Reviews (L-106)**

**SUMMARY**

The Special Districts Advisory Committee (“Committee”) will review a draft policy update involving the conducting of municipal service reviews. The draft update has been prepared as part of the Commission’s adopted workplan and represents a comprehensive revision to reflect current and best practices developed since the policy was established in 2003. The item is being presented for discussion and feedback – including any Committee recommendations – ahead of preparing a final version for future Commission consideration.

**BACKGROUND**

**Current Policy on Municipal Service Reviews**

San Diego LAFCO’s “Strategy for Conducting and Using Municipal Service Reviews” policy was adopted by the Commission in April 2003 with technical revisions subsequently approved in August 2008 and June 2015. The existing policy focuses on outlining procedures and related process expectations in the preparation of municipal service reviews. This includes provisions outlining criteria in developing scopes of work, deferral procedures, and prescribing levels of inquiry. A copy of the current policy is provided as Attachment One.

<p><b>Administration</b>          Keene Simonds, Executive Officer          2550 Fifth Avenue, Suite 725          San Diego, California 92103          T 619-321-3380          www.sdlafco.org          lafco@sdcounty.ca.gov</p>	<p><b>Chair Jim Desmond</b>          County of San Diego</p> <p><b>Joel Anderson</b>          County of San Diego</p> <p><b>Nora Vargas, Alt.</b>          County of San Diego</p>	<p><b>Paul McNamara, Vice Chair</b>          City of Escondido</p> <p><b>Mary Casillas Salas</b>          City of Chula Vista</p> <p><b>Kristi Becker, Alt.</b>          City of Solana Beach</p>	<p><b>Chris Cate</b>          City of San Diego</p> <p><b>Marni von Wilpert, Alt.</b>          City of San Diego</p>	<p><b>Jo MacKenzie</b>          Vista Irrigation</p> <p><b>Barry Willis</b>          Alpine Fire Protection</p> <p><b>David A. Drake, Alt.</b>          Rincon del Diablo</p>	<p><b>Andy Vanderlaan</b>          General Public</p> <p><b>Harry Mathis, Alt.</b>          General Public</p>
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## DISCUSSION

This item is for the Committee to review a draft update to the Commission’s policies on municipal service reviews and provide feedback – including any formal recommendations. The draft represents a comprehensive revision and substantively transitions the policy focus from procedures to outcomes. Six revisions headline the draft and summarized below.

- Make explicit the role and use of municipal service reviews in informing other regulatory and planning activities. Specific citations include:
  - Guide the scope of any subsequent sphere of influence updates required for all local agencies every five years under separate statute.
  - Guide consideration of any subsequent jurisdictional changes involving the subject agencies and/or affected territories over the proceeding 60-month period.
  - Serve as the document of record in regulating the nature, location, and extent of authorized special district service functions and classes.
- Require new municipal service reviews to be prepared before considering proposals requiring conforming sphere of influence amendments if the subject agencies and/or affected territories have not been evaluated over the preceding 60-month period.
- Maintain a five-year study schedule calendaring municipal service reviews and draw on this document in initiating specific studies through the annual workplan process.
- Delegate full responsibility to preparing municipal service reviews – including approving scopes of work, setting performance measurements, and making determinative statements – to the Executive Officer.
- Establish baseline community engagement standards to enhance the ability of the Commission to address current and future needs in municipal service reviews. Specific baseline measures include:
  - Attend no less than one public meeting for each subject agency to directly advise the council/board and their constituents in step within initiating a new municipal service review.
  - Actively use social media accounts to disseminate information at key points in the preparation and review of municipal service reviews.
- Encourage additional community engagement measures to be taken on a case-by-case basis – including, but not limited to – holding workshops, conducting surveys, and making presentations to community stakeholders.

A copy of the draft update is provided as Attachment Two.

## ANALYSIS

The draft update to San Diego LAFCO’s policies on municipal service reviews aims to reflect current and best practices developed over the last several years with an overall focus on addressing goals and outcomes. As detailed above, this includes making explicit the cornerstone role of municipal service reviews in directly informing other Commission responsibilities. Further, and in contrast with earlier practice, the update positions municipal service reviews as the bellwethers in determining whether sphere of influence changes should be explored for individual agencies. The policy focus towards goals and outcomes is also reflected in delegating core municipal service review processes – like establishing scopes of work – to the Executive Officer.

## RECOMMENDATION

It is recommended the Committee provide feedback on the draft update to the Commission’s policies on municipal service reviews – including making any formal recommendations for forwarding to the full Commission.

## ALTERNATIVES FOR ACTION

None.

## PROCEDURES

This item has been placed on the Committee’s agenda for discussion and possible action as part of the business calendar. The following procedures are recommended in the consideration of this item:

- 1) Receive verbal presentation from staff unless waived.
- 2) Invite comments from interested audience members.
- 3) Discuss item and provide feedback as requested.

On behalf of the Executive Officer,



Priscilla Mumpower  
Analyst II

### Attachments:

- 1) Current Policy on Municipal Service Reviews:  
“Strategy for Conducting and Using Municipal Service Reviews” (L-106)
- 2) Draft Policy Update on Municipal Service Reviews:  
“Municipal Service Reviews”

**Special Districts Advisory Committee**

October 26, 2022 Special Meeting

Agenda Item No. 4c | Draft Policy Update on Municipal Service Reviews

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**Subject:**

STRATEGY FOR CONDUCTING AND USING MUNICIPAL SERVICE REVIEWS

**Purpose**

To establish a framework that will assist the Local Agency Formation Commission in the timing, funding and preparation of municipal service reviews, while maintaining a focus on the service review determinations specified in State Law (GC 56430).

**Background**

AB 2838 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000) requires Local Agency Formation Commissions to conduct countywide, regional, or sub-regional municipal service reviews either before, or in conjunction with the establishment or updates of spheres to help ensure the efficient provision of local governmental services. The process of information collection, data analysis, and development of the service review determinations requires a high level of participation and cooperation between San Diego LAFCO and local agencies.

**Policy**

It is the policy of the San Diego Local Agency Formation Commission to use the following six strategies to assist in the planning and preparation of municipal service reviews:

1. *Scope of Work:* In order to successfully manage the data collection and analysis processes and guide service reviews toward timely completion, each service review should have a well-defined scope of work that incorporates the following:
  - a. Develop and adhere to a realistic and manageable scope of work.
  - b. Define the services to be reviewed.
  - c. Identify unambiguous geographic boundaries for study areas.
  - d. Define the time period under review.
2. Defer review of services or service providers, which are marginally related to the pending service review, to subsequent service reviews, if necessary and appropriate. *Requests for Information:* Collection of data is dependent on the

cooperation and voluntary participation of local agencies. Requests for information should not represent an undue burden to local agencies and should be conducted in the following manner to maximize cooperation and participation levels:

- a. Discourage multiple requests for information unless there are compelling reasons.
  - b. Limit requests for information to matters that are essential to conduct the service review and relevant to the nine determinations required by Government Code § 56430.
3. *Service Review Time Frame:* Service reviews provide a snapshot view of service delivery issues and are not meant to be ongoing studies. The following approaches will enable service reviews to be conducted in the shortest amount of time:
- a. Develop a task and time schedule for each service review and adhere to it.
  - b. Confine data collection to the time period established under the scope of work unless there are compelling reasons to expand the time frame.
4. *Regional View:* Service reviews represent programmatic or macro-level information reports. The following approaches will reinforce the programmatic focus of service reviews:
- a. Adhere to the seven service review determinations in maintaining a programmatic view of service delivery.
  - b. Focus on service delivery programs, procedures, policies and rules, rather than individuals who may be involved in the service delivery programs.
  - c. Collect micro-level data only if necessary and if associated with programmatic aspects of service delivery.
5. *Level of Inquiry:* Multiple agencies may be involved with a service review. Individual agencies may be subject to different levels of review and inquiry based on the following:

- a. Allow for variation within the type and amount of information requested for each service review and from each local agency based on unique circumstances. Utilize the judgment of staff, commissioners, advisory committees, stakeholders, public and agencies, etc., to establish an appropriate level of inquiry and data collection.
  - b. Defer the collection of data that is marginally related to the pending service review to subsequent service reviews.
6. *Data Accuracy:* Accurate data is essential for making meaningful conclusions and determinations. In some cases, LAFCO staff may not be qualified to ascertain accuracy of data and will need to obtain outside assistance. In other instances, either raw data, or conclusions of service review may not be germane to LAFCO's purview of the service review determinations required by State Law. In order to maintain focus on accuracy and relevancy of data:
- a. Utilize LAFCO staff, the Commission's advisory committees, local service agencies, or other appropriate organizations to determine data accuracy and relevancy.
  - b. Refer service reviews to other regulatory agencies if data is determined to pertain to areas outside of LAFCO's purview, or is not relevant to a pending service review.
  - c. Draft Municipal Service Reviews (MSR's) shall be provided to the affected agencies and public through direct mail or posting on the Commission website ([www.sdlafco.org](http://www.sdlafco.org)) for comment.

Adopted: April 7, 2003  
 Technically  
 Updated: August 25, 2008  
 June 23, 2015



**Subject:**

MUNICIPAL SERVICE REVIEWS

**Purpose:**

Serve as a framework to the Commission in conducting municipal service reviews with a commitment to community engagement.

**Background:**

The Commission is responsible under State law to inform all regular sphere of influence updates by conducting comprehensive studies on the availability, demand, and performance of local municipal services within the county, region or subregion (Government Code Section 56430).

**Policy:**

It is the policy of the Commission:

1. Goals and Objectives:

- a) The Commission will use municipal service reviews as a principal resource to proactively inform future planning and regulatory actions under its purview and mission to facilitate orderly growth and development.
- b) The Commission will draw on the municipal service reviews to directly inform the appropriate scope and scale of sphere of influence updates performed for all local agencies under State law (Section 56425).
- d) The Commission will draw on the municipal service reviews to help inform proposed jurisdictional changes involving the affected agencies and/or territories over the proceeding 60-month period.
- e) The Commission will draw on recommendations in the municipal service reviews to initiate any related jurisdictional changes as allowed under State law (Section 56375).
- f) The Commission will use municipal service reviews in consultation with Rule No. 4 to establish, amend, and regulate the nature, location, and extent of any functions or class of services provided by individual special districts.
- g) As a general rule, the Commission will require a new municipal service review to be prepared before considering a proposal that necessitates one or more sphere of influence amendments where the subject agencies have not been evaluated in a study over the preceding 60-month period. Waivers may be considered on a case-by-case basis based on recommendations of the Executive Officer.

## 2. Timing:

- a) The Commission will maintain a five-year study schedule for municipal service reviews to provide advance notice of timing to local agencies, the public, and other stakeholders as well as encourage project syncing whenever practical.
- b) The Commission will consult the five-year study schedule in initiating specific municipal service reviews through the annual workplan process.

## 3. Funding:

- a) The Commission will be responsible for funding municipal service reviews calendared in the five-year study schedule and subsequently added to adopted annual workplans.
- b) The Commission will collect maintenance fees on applicant proposals to proportionally contribute to the funding of future municipal service reviews.
- c) The applicants will be responsible for funding municipal service reviews undertaken outside the five-year study schedule and necessitated to accommodate proposed spheres of influence amendments.

## 4. Preparing:

- a) The Commission delegates responsibility to the Executive Officer to prepare municipal service reviews. This includes approving scopes of work and associated timelines in consultation with the subject agencies.
- b) The Executive Officer should consult with the Cities and Special Districts' Advisory Committees in establishing appropriate performance measures within the municipal service reviews.
- c) The Executive Officer shall prepare a written report on the municipal service review with recommendations and related determinative statements that address the factors required for consideration in statute (Section 56430(a)).

## 5. Community Engagement:

- a) The Commission will prioritize budgeting resources to accommodate proactive community engagement as part of the municipal service review process and as a direct means to identify community needs.

b) The Commission tasks the Executive Officer to ensure the following baseline measures for community engagement are practiced in preparing municipal service reviews:

- Staff shall establish a dedicated page on the LAFCO website to serve as an ongoing repository for key project materials in step with initiating new municipal service reviews.
- Staff shall attend regularly scheduled public meetings for each subject agency to directly advise the council/board and their constituents of the initiation of municipal service reviews.
- Staff shall regularly utilize social media accounts to timely disseminate information on municipal service reviews, and this includes translating posts as appropriate under the Commission's translation policy.
- Staff will provide formal public review and comment periods of no less than 45 days between the draft and final presentations of municipal service reviews to the Commission.

b) As appropriate, and as an enhancement to the above baseline measures, the Executive Officer should consider taking any of the following additional outreach efforts for initiated municipal service reviews:

- Hold public workshops – especially with respect to engaging any disadvantaged and/or historically marginalized communities.
- Conduct surveys within the affected communities to – and among other topics – help identify community needs.
- Solicit opportunities to make staff presentations to subject agencies and other organized stakeholders on the municipal service reviews to highlight and receive community input on key topics.

#### 6. Commission Action:

a) The Commission will consider all final municipal service reviews as part of scheduled public hearings that are noticed consistent with sphere of influence actions under State law (Section 56427).

b) The Commission's consideration of final municipal service reviews will culminate with the following two completing actions:

- Receive and file the written report on the municipal service review and in doing so attest the document provides sufficient information for the Commission to make informed decisions under statute.
- Adopt a resolution making determinative statements that draw from the final municipal service review on all prescribed factors required under statute and local policy (Section 56430).

7. Post Commission Action:

- a) The Executive Officer will provide prompt written notice of completed municipal service reviews to all subject agencies with a request that the document be forwarded to the full council/board.
- b) The Executive Officer shall ensure posting of all completed municipal service views online as well as provide bounded copies to local libraries with a request they be added to the circulation catalog.