



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

SPECIAL MEETING SPECIAL DISTRICTS ADVISORY COMMITTEE AMENDED AGENDA

Friday, December 16, 2022 at 9:30 A.M

Leucadia Wastewater District
1960 La Costa Avenue
Carlsbad, California 92009

Chair Kimberly Thorner
Vice Chair Jack Bebee

Moderator Adam Wilson

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

Dave McQuead
Rancho Santa Fe FPD

James Gordon
Deer Springs FPD

Hector Martinez
South Bay ID

Mike Sims
Bonita-Sunnyside FPD

San Diego LAFCO will hold the December 16th meeting in person at the Leucadia Wastewater District located at 1960 La Costa Avenue, Carlsbad, CA 92009. In person attendance by the public is welcome with visitor parking available. The public may also watch, listen, and otherwise participate in the meeting remotely by any of the following options.

1. The public may watch and listen to the meeting live on YouTube using the link provided on our website homepage (www.sdlafco.org).
2. The public may watch, listen, and participate in the meeting by Zoom (<https://zoom.us/>) or by telephone at (669) 900-9128 using Meeting ID: 849 2710 0838 and Passcode: 623740.

Please use the “raise your hand” function in Zoom or push *9 by telephone if/when you wish to speak. Then wait until your name is called before speaking.

The public may also provide eComments on any item by emailing to tamaron.luckett@sdcounty.ca.gov

- eComments received before 4:00P.M. on Thursday, December 15, 2022 will be distributed to the Committee and posted online before the meeting. They will also be referenced during the meeting.
- 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.

1. 9:30 A.M. – CALL TO ORDER BY CHAIR

a) Roll Call

b) Pledge Of Allegiance

2. AGENDA REVIEW

The Moderator 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 germane topics that are not directly part of the agenda. Individuals are limited to three minutes. Individuals representing agencies or organizations are limited to seven minutes.

4. BUSINESS ITEMS

a) Approval of Meeting Minutes for October 26, 2022 (action)

The Committee will consider draft summary minutes prepared for the last meeting held on October 26, 2022. Staff recommends approval as presented.

Contact: Michaela Peters, Administrative Assistant

b) Update on Adopted Workplan (discussion)

The Committee will receive an update on San Diego LAFCO accomplishing the 30 specific projects included in adopted workplan for 2022-2023. Discussion only.

Contact: Carol Ieromnimon, Analyst I

c) Update on Special District Elections and Possible Actions (discussion & possible action)

The Committee will discuss a proposed timetable to conduct elections on behalf of the Special Districts Selection Committee to seat one regular and one alternative member on San Diego LAFCO. The current seat-holders' (Barry Willis and David Drake, alt.) four-year terms end in April 2023. Feedback is also requested with respect to outreach and coordinating the election process with the San Diego County Chapter of the California Special Districts Association. The Chair will also consider making appointments to the Nominating Committee.

Contact: Tamaron Lockett, Commission Clerk

d) Draft Policy Establishment on Out-of-Agency Services (discussion & possible action)

The Committee will review a draft policy to govern outside service requests for cities and special districts under Government Code Section 56133. The draft policy has been prepared as part of San Diego LAFCO's adopted workplan and responds to growing attention towards out-of-agency services and related local controversies. The draft was initially presented to the Commission at its November meeting and is being forwarded to the Commission for discussion. The Committee may take action specific to making related recommendations.

Contact: Carol Ieromnimon, Analyst I

BUSINESS ITEMS CONTINUED...

e) 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 to detach from the San Diego County Water Authority. The update follows the Committee's recent review in October of a draft prospectus prepared on the administrative reviews and staff's tentative conclusions. The update is being presented to the Committee for discussion and possible action with respect to making related recommendations to the Commission.

Contact: Priscilla Mumpower, Analyst II

f) Appointment to Fill an Unexpired Term (action)

The chair will consider input from the committee with respect to filling an unexpired term associated with the leave of John van Doorn with North County Fire Protection District (FPD). The vacated term runs to October 2024. The chair may consider making an appointment at or after the meeting.

5. COMMITTEE MEMBER REPORTS

6. ADJOURNMENT

Attest to Posting:



Michaela Peters
Administrative 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.

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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

December 16, 2022

TO: Special Districts Advisory Committee

FROM: Erica Blom, Executive Assistant
 Michaela Peters, Administrative Assistant

SUBJECT: **Approval of Meeting Minutes for October 26, 2022**

SUMMARY

The Special Districts Advisory Committee (“Committee”) will receive action minutes prepared for the last meeting held on Wednesday, October 26, 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 October 26, 2022 meeting consistent with the Brown Act.

<p>Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103-6624 T 619.321.3380 F 619.404.6508 www.sdlafco.org lafco@sdcounty.ca.gov</p>	<p>Chair Jim Desmond County of San Diego</p> <p>Joel Anderson County of San Diego</p> <p>Nora Vargas, Alt. County of San Diego</p>	<p>Vacant Cities Selection Committee</p> <p>Vacant Cities Selection Committee</p> <p>Kristi Becker, Alt. City of Solona Beach</p>	<p>Vacant City of San Diego</p> <p>Marni von Wilpert, Alt. City of San Diego</p>	<p>Jo MacKenzie Vista Irrigation</p> <p>Barry Willis Alpine Fire Protection</p> <p>David A. Drake, Alt. Rincon del Diablo</p>	<p>Andy Vanderlaan General Public</p> <p>Harry Mathis, Alt. General Public</p>
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ANALYSIS

The attached action minutes for the October 26, 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.

RECOMMENDATION

It is recommended the Committee approve the draft action minutes prepared for the October 26, 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 October 26, 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 MINUTES
SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
SPECIAL DISTRICTS ADVISORY COMMITTEE**

**SPECIAL MEETING
OCTOBER 26, 2022**

Held by Videoconference
As Allowed Under Governor's Order N-29

1. CALL TO ORDER BY CHAIR

**Item 1a
Roll Call**

Chair Kimberly Thorner called the meeting to order at 9:32 a.m. and requested a roll call from the Committee Secretary.

Committee Members Present:

Chair Kimberly Thorner (Olivenhain MWD)
Vice Chair Jack Bebee (Fallbrook PUD)
Ann Baldrige (RCD of Greater San Diego County)
James Gordon (Deer Springs FPD)
Tom Kennedy (Rainbow MWD)
Albert Lau (Santa Fe ID)
Dave McQuead (Rancho Santa Fe FPD)
Marty Miller (Vista ID)
Joel Scalzitti (Helix WD)
Mike Sims (Bonita-Sunnyside FPD)
Oliver Smith (Valley Center MWD)
John Van Doorn (North County FPD – joined at 10:36 a.m.)

Committee Members Absent:

Paul Bushee (Leucadia WWD)
Diane Hansen (Palomar Health HCD)
Hector Martinez (South Bay ID)
Mark Robak (Otay WD)

The Committee Secretary confirmed a quorum with twelve members present. The following members of San Diego LAFCO staff were also present: Executive Officer Keene Simonds; Local Government Analyst II Priscilla Mumpower; Local Government Analyst I Carolanne Ieromnimon; Administrative Assistant Michaela Peters; GIS Analyst Dieu Ngu; Consultant Adam Wilson; Legal Counsel Aleks Giragosian; and Executive Assistant Erica Blom serving as Committee Secretary. Also virtually present was CSDA's Chris Palmer.

Item 1b
Pledge Of Allegiance

Chair Kimberly Thorner asked Tom Kennedy to lead the Pledge of Allegiance.

2. AGENDA REVIEW

Chair Kimberly Thorner asked the Executive Officer if there were requests to remove or rearrange items on the agenda. The Executive Officer stated no changes were needed to the agenda and gave an outline of the day's meeting. The Executive Officer also noted the meeting was being live streamed and provided instructions for members of the public on how to participate.

3. OPEN TIME

Chair Kimberly Thorner asked if there were any members of the public who wished to address the Committee on a germane topic that is not directly part of the agenda. The Administrative Assistant confirmed there were no pre-registered speakers and no live email comments.

4. BUSINESS ITEMS

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

The Committee considered draft summary minutes prepared for the last meeting held on March 18, 2022. Recommend approval.

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On motion by Mike Sims and seconded by Jack Bebee, with Albert Lau, Dave McQuead, and Marty Miller abstaining, the Committee approved the minutes for the March 18, 2022 meeting as presented.

b) Update on the Fallbrook PUD and Rainbow MWD Reorganization (discussion)

The Committee received 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 staff presentation was provided by Consultant Adam Wilson and Analyst II Priscilla Mumpower and focused on a draft prospectus summarizing key policy items and tentative LAFCO staff conclusions. Committee discussion followed.

The Administrative Assistant confirmed there were two e-mail comments received immediately prior to the meeting from members of the public and proceeded to read the comments into the record:

- Gary Hurst, Director of Ramona Municipal Water District
- Jose Martinez, General Manager of Otay Water District

The Committee Secretary confirmed there were two speakers who wished to directly address the Committee on the item. Chair Kimberly Thorner invited comments from the following persons:

- Mel Katz, Chairman of San Diego County Water Authority, and local business owner
- Mark Hattam, Special Legal Counsel for San Diego County Water Authority

Extensive Committee discussion followed.

c) Draft Policy Update on Municipal Service Reviews (discussion)

The Committee received a proposed draft policy update governing San Diego LAFCO's scheduling, preparation, and consideration of municipal service reviews.

The Executive Officer provided the staff presentation and outlined key features of the proposed draft policy update.

The Administrative Assistant confirmed there were no earlier comments received on the item.

The Committee Secretary also confirmed there were no registered speakers for the item.

Committee discussion followed.

5. COMMITTEE MEMBER REPORTS

Chair Kimberly Thorner invited Committee members to share updates within their districts or related news of interest.

Albert Lau stated on behalf of the CSDA San Diego Chapter, their next meeting will be held at The Butcher Shop on November 17th. Tom Kennedy also noted on behalf of the CSDA San Diego chapter, they are looking for board nominees.

Joel Scalzitti shared with the Committee of Helix Water District's new General Manager, Brian Olney. He also shared that Helix Water District was granted a WIFIA loan.

Marty Miller shared with the Committee that next year will be Vista Irrigation District's 100-year anniversary and a celebration is being planned.

6. ADJOURNMENT

There being no further business to come before the Special Districts Advisory Committee, the meeting was adjourned at 11:00 a.m. to the next scheduled meeting.

Attest:

Erica Blom
Committee Secretary

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4b

AGENDA REPORT
 Business | Discussion

December 16, 2022

TO: Special Districts Advisory Committee
FROM: Carolanne Ieromnimon, Analyst I
SUBJECT: Update on Adopted Workplan

SUMMARY

The Special Districts Advisory Committee (“Committee”) will receive an update on San Diego Local Agency Formation Commission (LAFCO) accomplishing the 30 specific projects included in the adopted workplan for 2022-2023. This includes noting through the first five full months, close to 60% of all workplan projects are underway in some substantive manner with three either completed or nearing their completion. The item is being presented to the Committee for informational purposes with the opportunity to discuss specific projects.

BACKGROUND

San Diego LAFCO’s current fiscal year workplan was adopted at a noticed public hearing held in June 2022. The workplan is a multi-year planning tool that is developed and updated annually. The current workplan includes 30 projects and divided into two distinct categories – statutory and administrative – along with priority assignments ranging from high to low.

DISCUSSION

This item provides the Committee with an updated status report on LAFCO’s workplan projects for the current fiscal year. This includes staff assigning one of four status categories to projects ranging from pending to complete and detailed in Attachment One.

Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321.3380 www.sdlafco.org lafco@sdcounty.ca.gov	Chair Jim Desmond County of San Diego Joel Anderson County of San Diego Nora Vargas, Alt. County of San Diego	Vacant Cities Selection Committee Vacant Cities Selection Committee Kristi Becker, Alt. City of Solana Beach	Vacant City of San Diego Marni von Wilpert, Alt. City of San Diego	Jo MacKenzie Vista Irrigation Barry Willis Alpine Fire Protection David Drake, Alt. Rincon del Diablo	Chair Andy Vanderlaan General Public Harry Mathis, Alt. General Public
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ANALYSIS

San Diego LAFCO has initiated work on 17 of the 30 projects in the adopted workplan through the end of November. Most of the initiated work involves multi-year projects that have been forwarded from the prior fiscal year and includes several comprehensive municipal service reviews in the North County region. One of these municipal service reviews covering the Escondido region is now complete. Two other projects – policy updates on municipal service review guidelines and out-of-agency services – are approaching their completion. Staff also anticipates advancing three other municipal service reviews covering the San Marcos, Vista, and Oceanside regions in draft form starting in the new calendar year.

Respectfully,



Carolanne Ieromnimon
Analyst I

Attachment:

- 1) 2022-2023 Workplan with Status Notations

ADOPTED WORKPLAN FOR FY2022-2023

Priority	Level	Type	Project	Description and Key Issues	Status
Ongoing	...	Statutory	Applicant Proposals and Requests	LAFCO will prioritize resources to address all applicant proposals and related requests	
Ongoing	...	Administrative	Targeted LAFCO Presentations	LAFCO will prioritize public outreach; emphasis on informing stakeholders ahead of MSR work	
Ongoing	...	Statutory	Workplan and Budget	LAFCO will approve a workplan and budget and preform quarterly reviews throughout the fiscal year	
1	High	Administrative	Recruiting, Hiring + Onboarding New Staff	Fill two vacated budgeted positions involving the Administrative Assistant and Analyst I/II/III	Underway
2	High	Statutory	Policy Review MSRs	Consider revisions to existing policies on MSRs to enhance community engagement procedures	Near Completion
3	High	Statutory	Policy Review Outside Services	Consider revisions to existing policies on overseeing outside services – including exemptions	Near Completion
4	High	Statutory	MSR San Marcos Region	Complete the scheduled reviews of the City of San Marcos, San Marcos FPD, & Vallecitos WD	Underway
5	High	Statutory	MSR Vista Region	Complete the scheduled reviews of the City of Vista, Vista ID, Vista FPD, & Buena SD	Underway
6	High	Statutory	MSR Oceanside Region	Complete scheduled reviews of the City of Oceanside, Oceanside Harbor, and Morro Hills CSD	Underway
7	High	Statutory	MSR Carlsbad Region	Complete scheduled reviews of the City of Carlsbad as well as Carlsbad MWD and Leucadia WWD	Pending
8	High	Administrative	RCD Ad Hoc Committee	Coordinate work of the Ad Hoc Committee in implementing recommendations in MSR on RCDs in San Diego County	Underway
9	High	Statutory	Policy Review Commission Rule No. 4	Complete a comprehensive update to Rule No. 4 and its provisions to address special districts' service functions and classes	Underway
10	High	Administrative	Website Refresh	Initiate a refresh of the LAFCO website to include more user-friendly tools and expanded content	Underway
11	Moderate	Administrative	SALC Grant Ag Trends	Continue second year of SALC grant award to identify and track agricultural trends in San Diego County	Underway
12	Moderate	Statutory	MSR CWA-MET	Initiate scheduled review of wholesale water suppliers – CWA (comprehensive) and MET (abbreviated)	Pending
13	Moderate	Administrative	Special Districts Advisory Committee	Provide administrative support to the Special Districts Advisory Committee and hold no less than three formal meetings in FY	Underway
14	Moderate	Administrative	Cities Advisory Committee	Provide administrative support to the Cities Advisory Committee and hold no less than two formal meetings in FY	Underway
15	Moderate	Statutory	Special District Elections	Conduct special district elections for two seats (regular and alternate) on the Commission	Pending
16	Moderate	Administrative	2021-2022 Audit	Complete outside audit of financial statements for 2021-2022 for and ensure consistency with accounting standards	Pending
17	Moderate	Administrative	Legislative Proposal G.C. 56133	Sponsor and/or otherwise facilitate an amendment to clarify LAFCOs' determine exemption eligibility under Section 56133	Underway
18	Moderate	Statutory	Policy Review Island Annexations	Consider options to define “substantially surrounded” and provide related mapping to inform update to island annexation policies	Pending
19	Moderate	Statutory	MSR Escondido Region Part II	Complete the scheduled review of the City of Escondido via an addendum process in partnership with the City and Concordia Homes	Near Completion
20	Moderate	Statutory	Governance Study Escondido Region	Prepare study identifying and analyzing the merits of potential reorganizations involving the City of Escondido and Rincon del Diablo MWD	Pending
21	Moderate-Low	Administrative	Annual Local Agency Directory	Update and publish an annual local agency directory subject to LAFCO oversight	Pending
22	Moderate-Low	Administrative	SOI/MSR Annual Report	Update and publish an annual report documenting all recorded municipal service review and sphere of influence actions	Pending
23	Moderate-Low	Administrative	Commissioner Onboarding Packets	Create onboarding packets for new Commissioners to help orient new members to key roles, duties, and organizational practices	Pending
24	Moderate-Low	Administrative	Informational Report LAFCO at 60	Prepare a report on San Diego LAFCO's history and key decisions ahead of its 60th Anniversary in June 2023	Underway
25	Moderate-Low	Administrative	Informational Report Property Tax Exchange	Prepare a report primer on current property tax exchange processes in statute and applicable agreements	Pending
26	Low	Administrative	Informational Report JPAs	Prepare a report summarizing JPAs in San Diego County subject to LAFCO reporting under SB 1261	Pending
27	Low	Administrative	Public Access Television	Work with local cable companies and associated non-profits to begin broadcasting LAFCO meetings on local government channels	Pending
28	Low	Administrative	Application Procedures	Streamline existing application packet to be more user-friendly; address new statutory requirements	Pending
29	Low	Administrative	SANDAG	Participate in SANDAG's Technical Working Group (TWG) and provide updates to the Commission on shared interests as needed	Underway
30	Low	Administrative	Southern California LAFCOs	Participate in quarterly meetings with other Southern California LAFCOs and related projects and/or trainings	Underway

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4C

AGENDA REPORT
 Business | Action

December 16, 2022

TO: Special Districts Advisory Committee
FROM: Tamaron Lockett, Commission Clerk
SUBJECT: Update on Special District Elections and Possible Related Actions

SUMMARY

The Special Districts Advisory Committee (“Committee”) will discuss a proposed timetable to conduct elections on behalf of the Special Districts Selection Committee to seat a regular and alternative member on San Diego LAFCO. The current seat-holders’ (Barry Willis and David Drake, alt.) four-year terms end in April 2023. Feedback is also requested with respect to outreach and coordinating the election process with the San Diego County Chapter of the California Special Districts Association. The Chair will also consider making appointments to the Nominating Committee with any associated directions.

BACKGROUND

Statutory Provisions

State law prescribes the composition of San Diego LAFCO shall include 13 Commissioners divided between eight regular and five alternate members. Members are drawn from five distinct categories and this includes three representatives from independent special districts (two regular and one alternate). The Independent Special District Committee (board presidents) is responsible under statute for making the three appointments by election with administration therein provided by LAFCO staff.

Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321.3380 www.sdlafco.org lafco@sdcounty.ca.gov	Chair Jim Desmond County of San Diego Joel Anderson County of San Diego Nora Vargas, Alt. County of San Diego	Vacant Cities Selection Committee Vacant Cities Selection Committee Kristi Becker, Alt. City of Solana Beach	Vacant City of San Diego Marni von Wilpert, Alt. City of San Diego	Jo MacKenzie Vista Irrigation Barry Willis Alpine Fire Protection David Drake, Alt. Rincon del Diablo	Andy Vanderlaan General Public Harry Mathis, Alt. General Public
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All Commission seats are four-year terms that commence on the first Monday of May of the applicable year.¹ Terms go with the seat and not the member. Should a Commissioner leave LAFCO early for any reason, the successor appointee assumes the unexpired term.

Existing District Representation

San Diego LAFCO's current regular special district representatives are Jo MacKenzie with Vista Irrigation District and Barry Willis with Alpine Fire Protection District. The current alternate representative is David Drake with Rincon del Diablo Municipal Water District. A complete Commissioner roster with term dates is attached.

A complete listing of all current Commission terms is provided as Attachment One.

DISCUSSION

This item is for the Committee to review and discuss a tentative timeline to conduct special district elections for LAFCO ahead of new four-year term beginning in May 2023 involving the regular seat currently held by Barry Willis and the alternate seat currently held by David Drake. The Committee will also consider providing feedback to the Chair in appointing a Nominating Committee to review candidates and make a recommendation for distribution to all independent special districts. Additional discussion follows.

Tentative Election Timeline

Unless otherwise advised by the Committee, staff anticipates issuing formal written notice to all 58 independent special districts on December 19, 2022 inviting nominations for the expiring terms involving one of the regular seats and the alternate seat. The nominating period will remain open through February 21, 2023 with the option to extend if needed. Staff anticipates issuing ballots to all independent districts on February 24, 2023 within an opportunity for a Nominating Committee to meet beforehand and make recommendations. A six-week election is planned with ballots due back by April 7, 2023.

Nominating Committee & Eligible Candidates

The Committee's adopted policies provides for the establishment of a three-person Nominating Committee to make recommendations with respect to special district candidates running for election on LAFCO. The Nominating Committee shall consist of eligible Committee appointees made by the Chair whose terms will not expire until the following year. Committee members currently eligible for appointment are as follows:

- Oliver Smith (Valley Center MWD)
- Paul Bushee (Leucadia WWD)
- Diane Hanson (Palomar Health)

¹ Reference to Government Code Section 56334.

- Joel Scalzitti (Helix WD)
- Ann Baldrige (RCD of Greater San Diego County)
- Hector Martinez (South Bay ID)
- Marty Miller (Vista ID).

ANALYSIS

The tentative election timeline outlined in the preceding section follows recent practice and provides additional time beyond the minimum 30-day noticing requirement under statute for both nominations and ballots to be returned to LAFCO. It also allows for LAFCO staff to incorporate any recommendations from the Nominating Committee into the ballot materials as applicable as well as coordinate a candidate forum with the San Diego Chapter of CSDA at their next quarterly meeting on February 16, 2023. Nonetheless, and at its collective preference, the election timeline can be amended by the Committee to allow for additional nominating and/or balloting time. This includes utilizing an allowance under statute for incumbents to retain their seat on LAFCO until their successor has been duly appointed. Separately, the Committee may also provide feedback to the Chair on the appointments and tasks of a Nominating Committee as well as any additional outreach to be performed by LAFCO staff.

RECOMMENDATION

Review and discuss as requested

ALTERNATIVES FOR ACTION

None. Any action by the Committee – including making formal recommendations to the Commission and/or LAFCO staff – can be accommodated through a successful motion.

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.

Respectfully,



Tameron Lockett
Commission Clerk

San Diego LAFCO

December 16, 2022 Meeting

Agenda Item No. 4c | Update on Special District Elections

Attachment:

- 1) Commissioner Terms

**GENERAL DISTRIBUTION
SAN DIEGO LAFCO COMMISSIONER ROSTER**

OFFICERS 2022

CHAIRMAN: JIM DESMOND
VICE CHAIRMAN: PAUL MCNAMARA

REGULAR MEMBERS

ALTERNATE MEMBERS

County Representatives

County Alternate

* **Supervisor Jim Desmond** 05/23
1600 Pacific Hwy., Room 335
San Diego, CA 92101
(619) 531-5555

* **Supervisor Joel Anderson** 05/25
1600 Pacific Hwy., Room 335
San Diego, CA 92101
(619) 531-5522

* **Supervisor Nora Vargas** 05/25
1600 Pacific Hwy., Room 335
San Diego, CA 92101
(619) 531-5511

City Representatives

City Alternate

Mayor Mary Casillas Salas 05/23
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91910
(619) 409-5931

Mayor Paul McNamara 05/23
City of Escondido
201 North Broadway
Escondido, CA 92025-2798
(760) 839-4610

Deputy Mayor Kristi Becker 05/25
City of Solana Beach
635 S. Highway 101
Solana Beach, CA 92075
(858) 720-2430

City of San Diego Representatives

City of San Diego Alternate

* **Councilmember Chris Cate** 05/25
202 C Street, MS 10A
San Diego, CA 92101
(619) 236-6616

* **Councilmember Marni von Wilpert** 05/25
202 C Street, 10th Floor
San Diego, CA 92101
(619) 236-6655

Special Districts Representatives

Special Districts Alternate

Jo Mackenzie 05/24
Vista Irrigation District
1391 Engineer St
Vista, CA 92083
(619) 597-3100

Baron "Barry" T. Willis 05/23
Alpine Fire Protection District
1364 Tavern Road
Alpine, CA 91901
(619) 445-2635

David Drake 05/23
Rincon del Diablo Municipal Water District
1920 North Iris Lane
Escondido, CA 92026
(760) 745-5522

Public-at-Large Representatives

Public-at-Large Alternate

Andrew Vanderlaan 05/25
2550 Fifth Avenue, Suite 725
San Diego, CA 92103
(619) 321-3380

Harry Mathis 05/23
2550 Fifth Avenue, Suite 725
San Diego, CA 92103
(619) 321-3380

* = Appointment reviewed annually by appointing authority.

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4d

December 16, 2022

TO: Special Districts Advisory Committee

FROM: Keene Simonds, Executive Officer
 Carolanne Ieromnimon, Analyst I

SUBJECT: Draft Policy Establishment on Out-of-Agency Services

AGENDA REPORT
 Business | Action

SUMMARY

The Special Districts Advisory Committee (“Committee”) will review a draft policy to govern outside service approvals for cities and special districts. The draft policy has been prepared as part of San Diego Local Agency Formation Commission’s (LAFCO) adopted workplan and responds to growing attention towards out-of-agency services that are due in part to increased communications as part of the municipal service review program. The draft reflects and amplifies existing practices and marked by establishing definitions and exemptions to focus the statute’s local applicability. The item was initially presented to the Commission at its November meeting and is being forwarded to the Committee for discussion and feedback. The Committee may take action in making formal recommendations.

DISCUSSION

This item is for the Committee to review a draft policy governing the process in receiving, evaluating, and acting on out-of-agency service requests. The draft is being presented for feedback – including direction on possible revisions – as part of an ongoing public review and comment period. The draft largely focuses on formalizing existing practices and provisions and headlined by the following five features.

- Make explicit the Commission’s policy preference to consider out-of-agency service requests on an exception basis when otherwise merited new or extended municipal services cannot be accommodated through jurisdictional changes.
- Establish local definitions for “new” and “extended” services and in doing so frame the overall extent of the Commission’s regulation of out-of-agency services as follows.

<p>Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103-6624 T 619.321.3380 www.sdlafco.org lafco@sdcounty.ca.gov</p>	<p>Chair Jim Desmond County of San Diego</p> <p>Joel Anderson County of San Diego</p> <p>Nora Vargas, Alt. County of San Diego</p>	<p>Vacant Cities Selection Committee</p> <p>Vacant Cities Selection Committee</p> <p>Kristi Becker, Alt. City of Solana Beach</p>	<p>Vacant City of San Diego</p> <p>Marni von Wilpert, Alt. City of San Diego</p>	<p>Jo MacKenzie Vista Irrigation</p> <p>Barry Willis Alpine Fire Protection</p> <p>David A. Drake, Alt. Rincon del Diablo</p>	<p>Andy Vanderlaan General Public</p> <p>Harry Mathis, Alt. General Public</p>
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- New services would involve the actual delivery of a municipal functions or classes to previously unserved non-jurisdictional lands and/or the re-commencement of functions or classes after a discontinuous period of six or more months.
- Extended services mean the intensification of municipal functions or classes to served (actual) non-jurisdictional lands that requires a zoning change.
- Make explicit the Commission determines statutory and local exemptions eligibility and provide an expedited process for cities and special districts to receive confirmation from the Executive Officer at no cost.
- Establish local exemptions as follows subject to Executive Officer confirmation.
 - Services provided on an entirely advisory basis.
 - Services provided through automatic aid.
 - Services involving fleet management and equipment sharing.
- Distinguish the review and approval authority between the Commission and Executive Officer as follows.
 - The Commission shall consider all non-emergency requests at a public meeting with recommendations provided by the Executive Officer.
 - The Executive Officer shall consider all emergency requests via public health and safety threats and provide notice to the Commission at the next public meeting. This includes delegation to the Executive Officer in determining when public health and safety threats exist.

A copy of the draft policy is attached.

ANALYSIS

The draft policy before the Committee serves to remedy an ongoing omission with respect to providing clear and formal direction on how the San Diego LAFCO chooses to meet its delegated duty to regulate out-of-agency services. Addressing this omission – markedly – has become a higher priority given increased conversations with cities and special districts through the municipal service review process and the Commission’s overall interest to sync spheres of influence to reflect and accommodate orderly service areas. The timing of the draft policy also syncs with recent out-of-agency service disputes between local agencies coming forward. Towards this end, and as detailed above, the draft largely aims to reflect and amplify existing practices that have generally served the Commission well – including delegating emergency requests to the Executive Officer. Proposed local definitions and exemptions similarly reflect existing and best practices and serves to efficiently scale implementation of Section 56133.

RECOMMENDATION

Review and discuss as requested.

ALTERNATIVES FOR ACTION

None. Any related action by the Committee – including making formal recommendations to the Commission and/or LAFCO staff – can be accommodated through a successful motion.

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.

Respectfully,



Carolanne Ieromnimon
Analyst I

Attachments:

- 1) Draft Policy on Out-of-Agency Services
- 2) Section 56133

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POST COMMISSION DISCUSSION

Updated on November 8, 2022

Subject:

OUT-OF-AGENCY SERVICES
(Exclusive of Fire Protection Services)

Purpose:

Serve as a guide to the Commission in receiving, evaluating, and acting on requests for cities and special districts to provide new or extended services other than fire protection outside their jurisdictional boundaries.

Background:

State law requires cities and special districts to request and receive Commission approval before providing new or extended outside services by contracts or agreements with limited exemptions (Government Code Section 56133).¹

Policy:

It is the policy of the Commission:

1. Goals and Priorities:

- a) The Commission will consider out-of-agency service requests whenever otherwise merited new or extended services cannot be reasonably accommodated through annexations or other jurisdictional changes.
- b) The Commission shall only approve out-of-agency service requests for cities and special districts involving territory within their spheres of influence in anticipation of future jurisdictional changes.
 - i. The Commission will exercise its independent discretion in potentially prescribing the timing of future jurisdictional changes through its authority to condition out-of-agency service approvals.
- c) The Commission shall only approve out-of-agency service requests for cities and special districts involving territory outside their spheres of influence in response to existing or pending public health and safety threats.
 - i. The Commission will exercise its independent discretion in determining when existing or pending public health and safety threats exist based on available documentation.

¹ Contracts involving fire protection services are separately addressed under Government Code Section 56134 and are not covered under this policy.

2. Definitions:

- a) "Agreement" and/or "contract" shall mean a formal written arrangement contemplated under Section 56133.
- b) "Service" shall mean any authorized municipal service functions and/or classes provided by cities and special districts other than fire protection as well as those exempted by the Commission within Section 3 of this policy.
- c) "New service" shall mean the actual provision of municipal service functions or classes to previously unserved non-jurisdictional lands.
 - i. New service shall also mean the re-commencement of actual services after a discontinuous period of six or more months.
- d) "Extended service" shall mean the intensification of municipal service functions and/or classes to served (actual) non-jurisdictional lands that require a zoning change.

3. Applicability:

- a) Eligibility of all statutory exemptions under 56133(e) as well as local exemptions provided under this policy is the exclusive responsibility of the Commission.
 - i. Cities and special districts may request a no-cost written response from the Commission with respect to whether any proposed out-of-agency services are eligible for exemption under 56133 (e).
 - ii. The Commission delegates all inquiries for exemption eligibility under 56133(e) to the Executive Officer.
 - iii. The Executive Officer shall provide written responses to the inquiring cities or special districts expeditiously.
- b) The following municipal service functions and/or classes are not subject to Commission review and approval under Section 56133.
 - i. Services involving fire protection. These out-of-agency services are addressed under separate Commission policy.

- ii. Services provided on an entirely advisory basis where no monetary compensation – directly or indirectly and other than reimbursements – is received by the contracted cities or special districts.
 - iii. Services provided between two or more cities and/or special districts through automatic aid agreements.
 - iv. Services provided between two or more cities and/or special districts involving fleet and/or equipment sharing or management.
4. Request Procedures:
- a) All requests for out-of-agency service approvals shall be made in writing by cities and special districts and filed with the Executive Officer. Requests shall be made in letter form, signed by the city/district manager, and include the following items:
 - i. Description of the level and range of services to be provided.
 - ii. Identification of the affected territory.
 - iii. Description on how the services will be provided and funded.
 - iv. A copy of the proposed service agreement or contract.
 - v. Application fee.
 - b) As applicable, documentation substantiating existing or impending threats to public health and/or safety shall accompany any requests for out-of-agency service approvals.
 - i. Requests involving wastewater should include correspondence with County Environmental Health and Quality Department addressing the threats to public health and/or safety.
5. Evaluation Procedures:
- a) The Commission shall follow all review procedures under Section 56133.
 - b) Requests for out-of-agency service approvals that are not premised on addressing public health and/or safety threats shall be considered by the Commission consistent with the following local procedures.

- i. The Executive Officer shall confirm in writing within 30 days of receipt whether the out-of-agency service request is complete.
 - ii. Incomplete requests shall be referred back to the cities and special districts no later than 30 days from initial receipt with an enumeration of all outstanding items.
 - iii. Complete requests shall be presented to the Commission along with Executive Officer recommendations at the next available meeting.
 - iii. Commission shall approve, approve with conditions, or deny by majority vote of members present.
- c) Requests for out-of-agency services premised on addressing public health and/or safety threats are delegated to the Executive Officer for consideration consistent with the following local procedures.
- i. The Executive Officer shall provide notice to any known alternative service providers before taking any actions on requests.
 - ii. The Executive Officer shall take written action on completed requests as soon as reasonably practicable to either approve, approve with conditions, or deny.
 - iii. The Executive Officer shall provide notice to the Commission of his or her action at the next available meeting for information only.

6. Reconsideration

- a) If a request is approved with conditions or denied, the applicant may request reconsideration.
- b) No outside party – individual or agency – may request reconsideration or otherwise appeal a decision by the Commission or Executive Officer.

Government Code Section 56133

56133.

(a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the commission.

(b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization.

(c) If consistent with adopted policy, the commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory, if both of the following requirements are met:

(1) The entity applying for approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.

(2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.

(d) The executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of requests made pursuant to this section to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the extended services. If the new or extended services are disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(e) This section does not apply to any of the following:

(1) Two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

(2) The transfer of nonpotable or nontreated water.

(3) The provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.

- (4) An extended service that a city or district was providing on or before January 1, 2001.
- (5) A local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundary.
- (6) A fire protection contract, as defined in subdivision (a) of Section 56134.
- (f) This section applies only to the commission of the county in which the extension of service is proposed.



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

4e

AGENDA REPORT
 Business | Action

December 16, 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 the proposals filed by Fallbrook Public Utility District (PUD) and Rainbow Municipal Water District (MWD) to detach from the San Diego County Water Authority. The update follows the presentation of a draft prospectus in October summarizing key policy issues to date and staff’s tentative conclusions. The update provides the Committee the opportunity to draw on additional time in the review of the draft prospectus and subsequent comments received in providing feedback – including specific recommendations – to LAFCO staff as the administrative reviews proceed. The Committee will also receive a revised timeline to complete the administrative reviews.

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 County Water Authority and (b) annex to Eastern MWD and have been administratively combined by the Executive Officer. 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>Administration 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>Chair Jim Desmond County of San Diego</p> <p>Joel Anderson County of San Diego</p> <p>Nora Vargas, Alt. County of San Diego</p>	<p>Vacant Cities Selection Committee</p> <p>Vacant Cities Selection Committee</p> <p>Kristi Becker, Alt. City of Solana Beach</p>	<p>Vacant City of San Diego</p> <p>Marni von Wilpert, Alt. City of San Diego</p>	<p>Jo MacKenzie Vista Irrigation</p> <p>Barry Willis Alpine Fire Protection</p> <p>David A. Drake, Alt. Rincon del Diablo</p>	<p>Andy Vanderlaan General Public</p> <p>Harry Mathis, Alt. 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. The update serves three distinct purposes. First, the update provides the Committee an opportunity to revisit the draft prospectus presented in October with the benefit of additional time to consider the underlying topics and offer additional feedback and/or formal recommendations. This also includes reviewing comments received from other local agencies and interested parties. Second, the Committee will receive a revised timeline from LAFCO staff to complete the administrative reviews and schedule a public hearing for the Commission. Third, and relatedly, the Committee can confirm whether it would like to review the staff report and its recommendations on the proposals before it goes to the Commission with the opportunity to forward any formal comments.

ANALYSIS

Attention to the written comments received on the draft prospectus is suggested in conjunction with the Committee revisiting the document as part of this update. A total of 10 written comments were received by the November 30th deadline and are now posted on the LAFCO website.¹ All of the comment letters received by LAFCO provide substantive feedback on the topics in the draft prospectus and will be formally addressed by staff in a memorandum that will be subsequently made public. In the interim, staff believes it is appropriate to highlight the comment letter received by the County Water Authority as one of the two “subject agencies” to the reorganization proposals.² Some of the notable comments made by the County Water Authority are summarized in short-order form below.

- CWA Comment No. 9:
Asserts LAFCO should perform more detailed analysis on ratepayer benefits/impacts to the reorganizations beyond residential households.
- CWA Comment No. 10:
Asserts the total net annual impact to the detachments is \$16.439 million compared to the \$12.580 million cited in the draft prospectus. (Further addressed in Comment No. 11 and ties to CWA stating LAFCO is using an underestimate of 2022 water use.)
- CWA Comment No. 11(a):
Asserts any credits applied against the potential exit fees involving the Emergency Storage Project (ESP) should be analyzed in relationship to the presumed borrowing that would otherwise be required of CWA to cover the associated costs over 30 years.

¹ [Fallbrook PUD & Rainbow MWD Wholesaler Reorganization \(2020\) | San Diego LAFCO \(sdlafco.org\)](#)

² Eastern MWD is the other subject agency and did not submit a comment letter on the draft prospectus.

- CWA Comment No. 11(b):
Asserts the five-year exit fee suggested in the draft prospectus is too short and inconsistent with applicable industry standards. The comment proceeds to identify 10 to 20 years as the current industry standard.
- CWA Comment No. 13:
Asserts the use of Class 20 findings for the reorganizations as suggested in the draft prospectus would be inappropriate given – among other items – “unusual circumstances” that trigger the exception to the exemption provision in CEQA.

With respect to next steps, LAFCO staff has revised its timeline to complete the administrative reviews of the reorganization proposals and present the items to the Commission. The revised timeline is attached and pushes back the anticipated Commission hearing date from February 2023 to April 2023. Staff welcomes comments on the revised timeline and whether any additional adjustments are merited with respect to the Committee’s interest in helping to inform the staff analysis of the two proposals.

RECOMMENDATION

Review and discuss, as requested.

ALTERNATIVES FOR ACTION

None. Any action by the Committee – including making formal recommendations to the Commission and/or LAFCO staff – can be accommodated through a successful motion.

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.

Respectfully,



Priscilla Mumpower
Analyst II

Attachments:

- 1) Draft Prospectus: Fallbrook PUD and Rainbow MWD Reorganizations
- 2) Revised Timeline

Special Districts Advisory Committee

December 16, 2022 Meeting

Agenda Item No. 4e | Update on Fallbrook PUD and Rainbow MWD Reorganizations

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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]

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 adversely affect other County Water Authority member agencies and San Diego County as a region financially or environmentally.
- Detachments will not increase reliance on the Bay-Delta
 - 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**

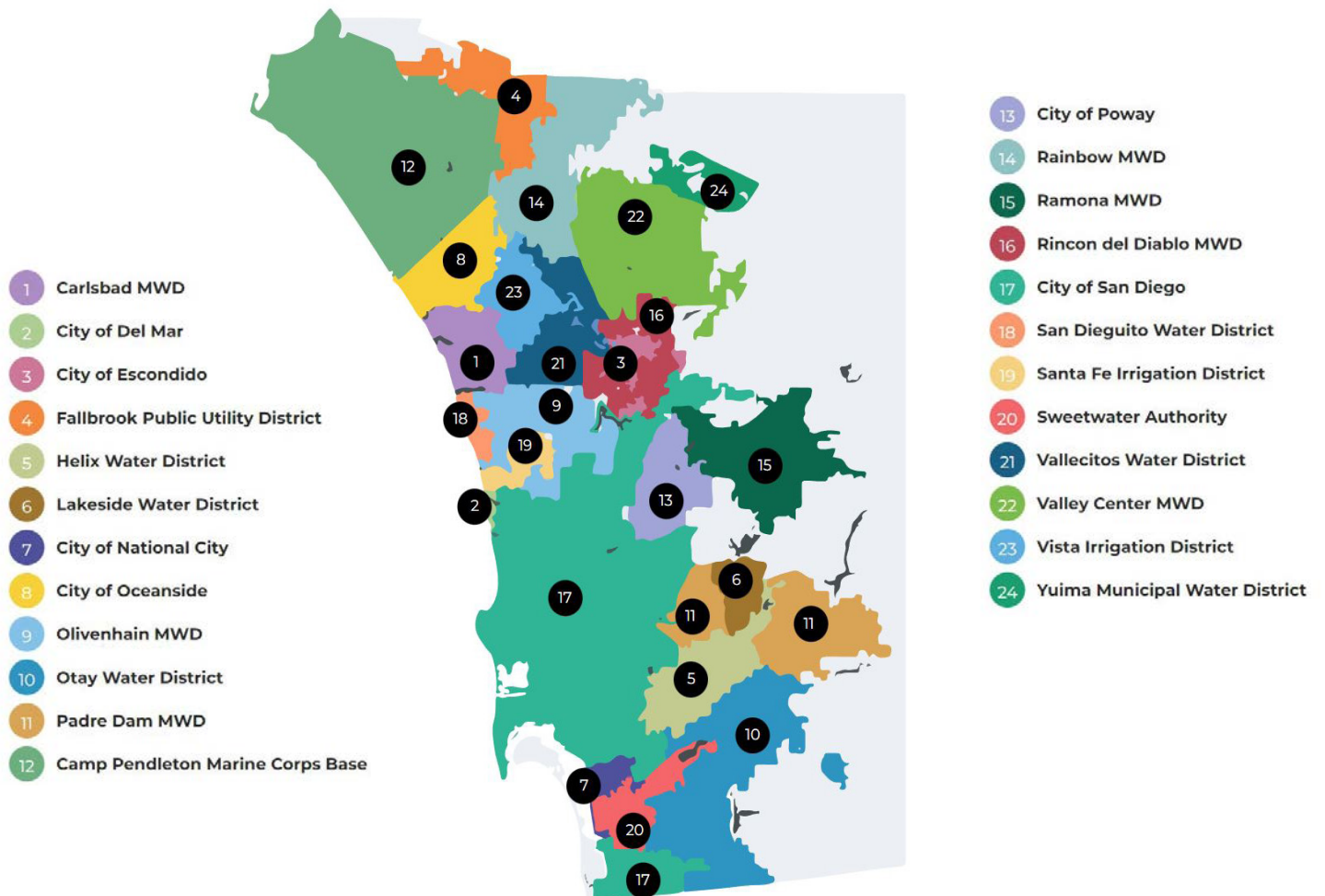
Formed in 1953

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 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.

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MEMORANDUM TO SAN DIEGO LAFCO

To: Ms. Priscilla Mumpower
From: Mr. Adam Wilson, Consultant
Date: December 13, 2022

RE: AMENDED SCHEDULE FOR RAINBOW AND FALLBROOK DETACHMENT PROPOSALS

This memorandum serves to notify San Diego LAFCO that the current timeline for the Rainbow and Fallbrook detachment proposals has been amended from its previous submittal to the LAFCO Commission in October. The updated timeline continues to emphasize on bringing each application to completion as efficiently as possible.

My duties to date have been predominately to serve as Moderator to the Rainbow / Fallbrook Ad Hoc Committee and serving in a project manager capacity with all stakeholders.

Based on my participatory role and existing circumstances related to the overall complexities of the proposals, the volume of material being evaluated and convening multiple stakeholder meetings, all this information combined warrant a change in schedule.

Therefore, I'd like to generally present the following as the new outlined schedule:

- Issued DRAFT prospectus and summary report for stakeholder input (October 26)
- Presented prospectus to Special District Advisory Committee (October 26 & December 16)
- Presented prospectus to Cities Advisory Committee (October 27)
- Received formal comments to DRAFT prospectus (November 30)
- Complete the review of formal comments to DRAFT prospectus (TBD)
- Riverside LAFCO Commission hearing to consider MSR Addendum to Eastern MWD (January)
- Convene the Rainbow / Fallbrook Ad Hoc Committee for final review (January 13; tentative)
- Bring forward Final Staff Report with recommendations and conditions for LAFCO Commission consideration (March 2023)

Lastly, I would like to make additional note that this information has been generally presented to the subject agencies and/or their representatives.

Thank you for the opportunity to provide you this update.

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