



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

**6a**

**AGENDA REPORT**  
 Public Hearing | Action

February 5, 2024

**TO:** Commissioners

**FROM:** Keene Simonds, Executive Officer  
 Carolanne Ieromnimon, Analyst II

**SUBJECT: Proposed “City of Carlsbad Change of Organization” |  
 Detachment from Leucadia Wastewater District and Concurrent Sphere of  
 Influence Action (CO23-09)**

**SUMMARY**

The San Diego County Local Agency Formation Commission (LAFCO) will consider a change of organization proposal initiated by resolution of the City of Carlsbad to detach approximately 202 acres of incorporated territory from the Leucadia Wastewater District (WD). The affected territory as submitted comprises three non-contiguous area that are largely developed with residential uses and connected to Carlsbad’s wastewater system. Overall, the affected territory comprises 50 legal parcels that are further defined by ownership into 277 unique assessor parcels. The proposal purpose is to eliminate an existing overlap between Carlsbad and Leucadia WD and in doing so make explicit Carlsbad is the authorized wastewater service provider going forward. Staff recommends conditional approval of the proposal with a conforming sphere amendment involving one of the three areas within the affected territory plus delegate protest proceedings to the Executive Officer and make exemption findings under the California Environmental Quality Act. It is also recommended the Commission waive Policy L-106 and its provisions that would otherwise require a new municipal service review to inform the sphere amendment given the last study of record is more than five years old.

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## BACKGROUND

### Applicant Request

San Diego LAFCO has received a change of organization proposal initiated by resolution of the Carlsbad City Council requesting approval to detach approximately 202 acres of incorporated territory from Leucadia WD. The affected territory as submitted comprises three non-contiguous inhabited areas developed largely with residential and commercial uses along with public open-space. The affected territory consists of 50 legal parcels that are further defined with 277 unique assessor parcels with the latter reflecting several properties under tenancy in common ownership arrangements. The estimated resident population within the affected territory 1,235. The overall assessed land value is \$148.668 million.

A summary description of the three areas making up the affected territory follows as well as shown on the map provided on the next page.

- “Area 1” represents the portion of the affected territory within Carlsbad’s southern coastline along Carlsbad Boulevard between Island Way and San Marcos Creek. It includes 14 legal parcels and spans approximately 104 acres – 51.5% of the total affected territory – with the largest segment involving a portion of the South Carlsbad State Beach. The estimated resident population is 193.<sup>1</sup>
- “Area 2” represents the portion of the affected territory within the Voscana neighborhood located off Poinsettia Lane and its intersection with Artemisia Court. It includes 26 legal parcels and spans approximately 82 acres – 40.6% of the total affected territory. The estimated resident population of 961.<sup>2</sup>
- “Area 3” represents the portion of the affected territory within the La Costa neighborhood located off of Dove Lane near its intersection with El Camino Real. It includes 10 legal parcels and spans approximately 16 acres – 7.9% of the total affected territory. The estimated resident population of 81.<sup>3</sup>

### Regional Setting

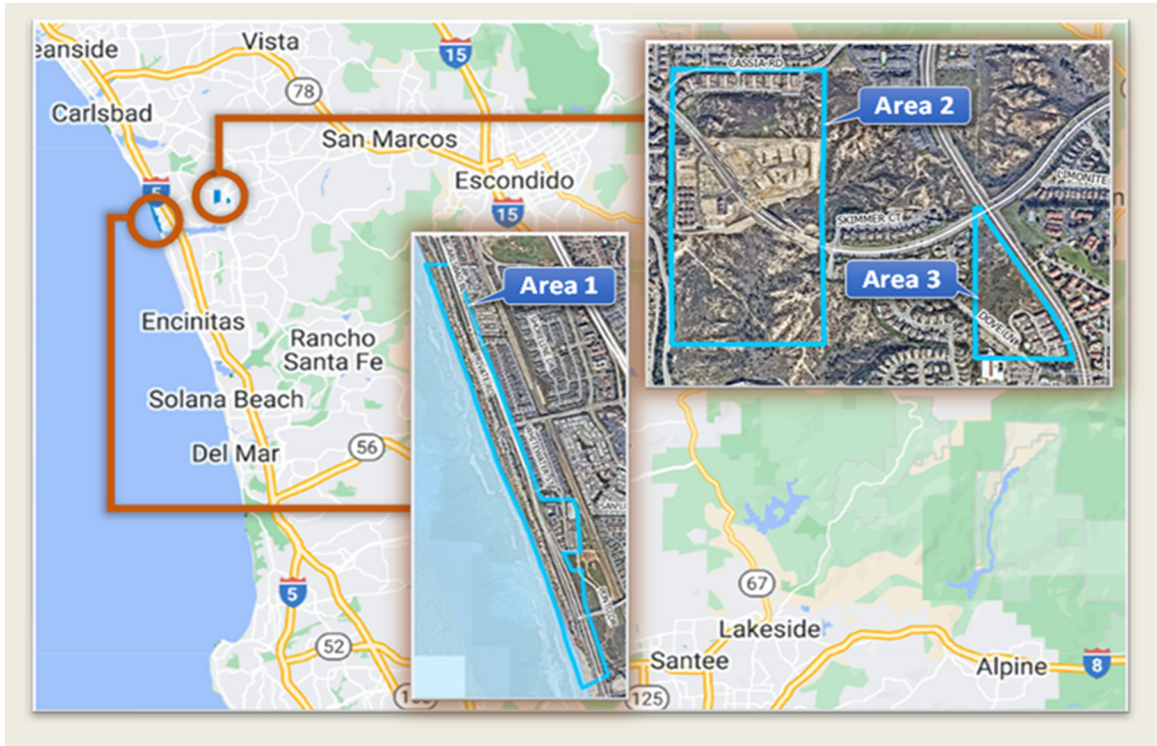
The affected territory lies in northern San Diego County and entirely within Carlsbad. Area 1 is a coastal neighborhood and includes a portion of South Carlsbad State Beach. Areas 2 and 3 are newer inland neighborhoods. All of the affected territory lies within County Supervisorial District No. 3 (Terra Lawson-Remer), Assembly District No. 77 (Tasha Boerner), and Senate District No. 38 (Catherine Blakespear). An aerial map of the affected territory and its regional setting follows. Attachment One shows the affected territory relative to the proposed boundary change involving Leucadia WD.

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<sup>1</sup> Area 1’s total assessed land value of \$21,067,955.

<sup>2</sup> Area 2’s total assessed land value of \$106,728,437.

<sup>3</sup> Area 3’s total assessed land value of \$20,871,402.



### Subject Agency

The proposed change of organization filed with San Diego LAFCO involves one subject agency: Leucadia WD.<sup>4</sup> A summary of the subject agency in terms of governance, resident population, municipal functions, and financial standing follows.

- **Leucadia WD** is an independent special district established in 1959 and governed by an elected five-member board. Administration is delegated to an appointed general manager – Paul Bushee – who oversees a current full-time budgeted staff of 19. Leucadia WWD currently provides two active municipal functions: wastewater (collection, treatment, and discharge classes) and recycled water (wholesale and retail classes) with the latter being geographically restricted. The jurisdictional boundary spans 9,600 acres or 15 square miles and generally divided between the City of Carlsbad on the north and the City of Encinitas on the south with an overall projected District population of 60,773. LAFCO most recently updated Leucadia WWD’s sphere in 2013 with a larger-than-agency designation marked by the inclusion of 547 non-jurisdictional acres. The most recently prepared audit shows Leucadia WWD’s net position at \$146.4 million as of June 30, 2022. This accrued amount reflects an overall three-year change of (0.41%) and includes an unrestricted portion of \$23.2 million. The total cash balance at the end of the last audited year totals \$6.2 million and equivalent to covering 13 months of recent actual operating costs.<sup>5</sup>

<sup>4</sup> State law defines “subject agency” to mean any district or city for which a change of organization or change of organization is proposed.

<sup>5</sup> Leucadia WD’s actual operating expense as listed in the most recent audit tallies \$5.373 million.

## Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and/or spheres of influence of nine local agencies directly subject to San Diego LAFCO’s planning and regulatory responsibilities. These agencies qualify as “affected agencies” relative to the proposed change of organization and listed below.<sup>6</sup>

- Carlsbad Municipal Water District
- City of Carlsbad
- County Service Area No. 135 (Regional Communications)
- Leucadia WD
- Metropolitan Water District of Southern California
- North County Transit District
- Resource Conservation District of Greater San Diego
- San Diego County Water Authority
- Tri City Healthcare District

The affected territory also lies within the following school and college districts, and accordingly have received notice of the proposal: Carlsbad Unified School District and Mira Costa Community College District.

## DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the change of organization proposal to detach the affected territory from Leucadia WD. The Commission may also consider applying approval conditions so long as it does not directly regulate land use, property development, or subdivision requirements. Additional discussion with respect to proposal purpose, current and planned land uses, and Commission focus follows.

## Proposal Purpose

The purpose of the proposed change of organization before San Diego LAFCO is to eliminate an existing overlap between two public wastewater service providers and in doing so better align the respective service areas consistent with both agencies’ current and planned infrastructure. The change of organization would make explicit under State Law via LAFCO that Carlsbad is the designated wastewater provider for the affected territory going forward. The timing of the proposal ties to the culmination of discussions between Carlsbad and Leucadia WD with the latter interested in moving forward now to help ensure future elections are limited to actual WD ratepayers.

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<sup>6</sup> State law defines “affected local agency” as any entity that contains, or would contain, or whose sphere contains or would contain, any territory for which a change of organization is proposed or ordered. Notice of the proposal and hearing were provided to the agencies.

## Current and Planned Land Uses

The entire affected territory is incorporated, inhabited, and developed with residential as well as some commercial and open-space uses consistent with Carlsbad’s land use policies. Planned uses for all three areas comprising the affected territory follows.

- Area 1 is designated under the Carlsbad General Plan as either Open Space, Visitor Serving, or Residential-15. The predominate zoning assignment is Residential Density - M. This zoning assignment scales minimum lot sizes between 0.14 acres for a one-family dwelling unit and 0.23 acres for two or more family dwelling units.
- Area 2 is designated under the Carlsbad General Plan as either Residential – 8, - 15, or – 23 with a common zoning assignment of Residential Density - M. This zoning assignment scales minimum lot sizes between 0.14 acres for a one-family dwelling unit and 0.23 acres for two or more family dwelling units.
- Area 3 is designated under the Carlsbad General Plan as either Open Space, Local Shopping, or Residential-15. The predominate zoning assignment is Residential Density - MQ. This zoning assignment scales minimum lot sizes between 0.14 acres for a one-family dwelling unit and 0.23 acres for two or more family dwelling units.

No development plans are associated with the change of organization proposal.

## Commission Focus

Three central and sequential policy items underlie San Diego LAFCO’s consideration of the proposed change of organization. These policy items take the form of determinations and orient the Commission to consider the stand-alone merits of a (a) sphere of influence amendment, (b) timing of the change of organization itself, and (c) whether modifications or approval terms are appropriate. The Commission must also consider other relevant statutes in, and outside LAFCO law as further detailed in the proceeding section.

## ANALYSIS

San Diego LAFCO’s analysis of the proposed change of organization is divided into two subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section relative to both statutory and local policy considerations. The second subsection considers other germane issues and highlighted by applicability under the California Environmental Quality Act (CEQA).



## Central Policy Items

### Item No. 1 |

#### Conforming Sphere of Influence Amendment

The proposed change of organization necessitates San Diego LAFCO to consider a conforming sphere of influence action for the subject agency specific to Area 3 to achieve consistency with the requested jurisdictional changes as required under statute and practice. Consideration of the amendment involves removing all of Area 3 from the Leucadia WD sphere and premised on LAFCO’s overall statutory responsibility to designate spheres to demark the affected agencies’ appropriate jurisdictional boundary and/or service areas now and into the immediate future as determined by the Commission. Areas 1 and 2 are already excluded from the Leucadia WD sphere and readily conform to the proposal.

With the above scope in mind, the proceeding analysis is organized to consider three related factors necessitated under statute and local policy. The statutory factors relate to an informing municipal service review along with addressing the general relationship between the agency and affected territory.<sup>7</sup> Local policies involve consideration of L-102 and its provisions to guide sphere actions in San Diego County.

- Sphere Factor No. 1:  
Consideration of a Municipal Service Review

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Statute requires LAFCO to prepare municipal service reviews to inform its related task to regularly review and update all local agencies’ spheres of influence. The statute further directs LAFCO perform sphere updates every five years as needed. The most recent series of municipal service reviews prepared by LAFCO germane to the affected territory and affected/subject agencies were completed in 2016. Requiring one or more new municipal service reviews – however and specific to informing the proposed change of organization – does not appear warranted. This conclusion ties to the relatively limited scope of the amendment and the nature of the underlying request (i.e., detachment from Leucadia WD)

- Sphere Factor No. 2:  
Consideration of the Agency-Affected Territory Relationship

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The Legislature prescribes consideration of five factors anytime LAFCOs act on spheres of influence. These factors parallel the macro topics in municipal service reviews with a generalized focus on the relationship with the affected territory – including service needs and adequacy of available services. The factors also orient the Commission to broadly consider the relationship between current and planned land uses in the affected territory plus – and as needed – effects on qualifying disadvantaged unincorporated communities. The factors and staff analysis follow.

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<sup>7</sup> Reference to Government Codes 56430 and 56425, respectively.

- With respect to **present and planned land uses**, the portion of the affected territory subject to the sphere amendment – Area 3 – comprises 16 acres spanning 10 legal parcels. These parcels are largely developed with residential and mixed-commercial units as well as open-space areas consistent with their planned uses under the Carlsbad Zoning Ordinance and assigned uses therein ranging from Open-Space (OS) to Residential 15 (R-15) and Local Shopping (CL). These present and planned uses are readily compatible with the conforming amendment.
  - With respect to **present and probable need for one or more public services**, the portion of the affected territory subject to the conforming sphere amendment – Area 3 – is already connected to Carlsbad’s public wastewater system in support of its current development. The present and continued need for public wastewater is readily compatible with the conforming amendment.
  - With respect to **overall adequacy of the agencies’ public services**, a 2016 municipal service review on Carlsbad attests to the overall sufficiency of resources (infrastructure, finances, etc.) to continue to provide wastewater throughout its existing service area. Additional analysis on the ability for Carlsbad to continue to accommodate service to the affected territory subject to the conforming sphere amendment – Area 3 – is included in the proceeding section. The overall adequacy of the wastewater system is readily compatible with the conforming amendment.
  - With respect to **social or economic communities of interest if relevant to the agencies**, the affected territory subject to the conforming sphere amendment – Area 3 – has no current and/or planned need for municipal services provided by Leucadia WD. This lack of existing and anticipated communities of interest with Leucadia WD provides consistency with the conforming amendment.
  - With respect to **present and probable need for services involving any disadvantaged unincorporated communities**, none of the affected territory qualifies under LAFCO statute.
- Sphere Factor No. 3:  
Consideration of Policy L-102

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San Diego LAFCO’s policies guiding sphere of influence actions are primarily codified under L-102. This policy was adopted in August 1990 and last substantively updated in June 2000. It directs the Commission to utilize spheres to guide deliberations on future changes of organizations and in doing so – and among other growth management objectives – help reflect and preserve community identities. The policy further directs LAFCO to use spheres to discourage duplication of municipal services and similarly encourages local agency consolidations, whether functional or political. The amendment necessary to accommodate the proposed change of organization to remove A-3 from the Leucadia WD sphere conforms with L-102. Most directly, the amendment would eliminate duplicative jurisdictional boundaries and consolidates public wastewater service responsibility under Carlsbad going forward.

**CONCLUSION |  
MERITS OF A CONFORMING SPHERE OF INFLUENCE AMENDMENT**

The conforming amendment to remove Area 3 from Leucadia WD’s sphere of influence and in doing so accommodate the proposed change of organization is sufficiently justified under both statute and local policy. Justification is marked by the preceding analysis and largely premised on the following two related assumptions. First it is assumed the Commission determines a new municipal service review is not necessary given the otherwise limited scope of service impacts associated with the annexation and a waiver is appropriate. Second, it is assumed the transition of the affected territory out of Leucadia WD’s sphere would correct an overlap in the jurisdictional boundaries between Leucadia WD and Carlsbad and in doing so, better align the service areas with existing infrastructure.

**Item No. 2 |  
Change of Organization’s Timing**

San Diego LAFCO’s consideration of the proposed change of organization’s timing draws on analyzing baseline factors required in statute as well as applicable policies set by the Commission. Most of the baseline factors in statute focuses on disclosing and otherwise addressing compatibility issues with external goals and policies of other State, regional, and local agencies as well as assessing the ability of subject agencies providing services going forward.<sup>8</sup> Applicable local policies prompted for consideration are headlined by L-107 and its attention to disclosing and/or addressing any known or perceived jurisdictional disputes.

Analysis of these two related timing factors follows.

- Timing Factor No. 1:

Baseline Considerations: Regional Policies + Service Relationships

State law prescribes the mandatory consideration of certain and multifaceted factors anytime LAFCOs consider jurisdictional changes. These factors range in substance from disclosures – such as the affected territory’s current land uses, assessed values, registered voter counts, and so on – to discretionary analyses. This latter category is highlighted by evaluating the proposed detachment’s relationship to community needs as well as the service capacities and related financial resources of the receiving agency. A summary of key conclusions generated in reviewing these discretionary matters for the proposed change of organization regarding (a) service needs, (b) service availability and capacities, and (c) related financial considerations follow.

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<sup>8</sup> Reference to Government Code Section 56668.



- With respect to **service needs**, the affected territory’s existing residential and mixed commercial uses currently receive public wastewater from Carlsbad. Detachment of the affected territory from Leucadia WD eliminates an unnecessary overlap and in doing so syncs Carlsbad and Leucadia’s boundaries to better align with their actual infrastructure.
  - With respect to **service availability and capacities**, Carlsbad has available and sufficient collection and contracted treatment capacities to continue to meet current service demands in the affected territory at its planned maximum uses. Materially, the present existing average day wastewater flow generated within the affected territory is 0.085 million gallons. This amount represents 1.5% of Carlsbad’s existing flow demands with the City separately having 3.013 million gallons of remaining capacity available to accommodate new demands going forward.
  - With respect to **related financial considerations**, Carlsbad has adequate financial resources and related administrative controls to continue to provide wastewater services to the affected territory. This comment is reflected in the staff analysis of recent audited statements, which shows Carlsbad having established relatively healthy levels of liquidity and capital highlighted by a current ratio of \$12 to 1 and a debt ratio of 7.9%, respectively. These measurements provide reasonable assurances of Carlsbad’s overall favorable short and long-term financial outlook.
- Timing Factor No. 2:  
Consideration of Policy L-107

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San Diego LAFCO adopted L-107 in May 2010 to require all applicants to disclose jurisdictional disputes or related items that are associated with their proposal filings.<sup>9</sup> No jurisdictional disputes have been disclosed by Carlsbad or Leucadia WD. LAFCO staff, similarly, has not identified any disputes or related concerns involving other local agencies in the administrative review.

**CONCLUSION |  
MERITS OF CHANGE OF ORGANIZATION TIMING**

The timing of the change of organization to detach the affected territory from Leucadia WD is warranted. Justification is marked by the preceding analysis and appropriately serves to designate Carlsbad as the exclusive public wastewater service provider for the affected territory and in doing so sync to existing infrastructure investments. Additional analysis supporting the conclusion is provided in Appendix A.

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<sup>9</sup> If applicable, and unless waived by the Executive Officer, the policy requires applicants and/or their representatives to consult with opponents to resolve any known issues – concerns, disputes, etc. – before the item is formally considered by the Commission.<sup>9</sup> If an agreement is reached through the consultation process, the policy states the Commission shall consider the provisions as part of the application. If an agreement is not reached despite exhausting good-faith efforts, the policy states the Commission shall proceed to consider the application as submitted.

### Item No. 3 |

#### Modifications and Terms

No modifications to the submitted change of organization have been identified by San Diego LAFCO staff meriting Commission consideration at this time. This includes confirmation that the detachment of the affected territory would not generate any corridors and/or otherwise illogical jurisdictional features for the subject agency. Staff is recommending standard terms of approval and marked by tasking the applicant (Carlsbad) to cover all final filing costs.

#### CONCLUSION | MODIFICATIONS AND TERMS

No modifications appear warranted. Standard approval terms are recommended and include receipt of all remaining payments associated with the processing of the proposal by the Commission through recordation.

#### Other Statutory Considerations

##### Exchange of Property Tax Revenues

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before San Diego LAFCO can consider any jurisdictional change unless an applicable master agreement applies. The associated statutes also empower the County of San Diego to make all related property tax exchange determinations on behalf of special districts. Staff has confirmed the County Board of Supervisors has adopted a master agreement to govern the tax exchange for the proposed change of organization. The master agreement specifies no transfer of property taxes would occur following the detachment of the affected territory from Leucadia WD.

##### Environmental Review

San Diego LAFCO is obligated under CEQA to assess whether environmental impacts would result from activities approved under the Commission’s authority, either as a lead or responsible agency. The Commission is tasked with making two distinct findings under CEQA in consideration of the proposed change of organization. Staff’s analysis follows.

- San Diego LAFCO serves as lead agency under CEQA for the conforming sphere of influence action associated with accommodating the change of organization. It is recommended the Commission find this action – and specifically the amendment of the Leucadia WD’s sphere to exclude Area 3 – is a project under CEQA but exempt from further review under State Guidelines 15061(b)(3). This exemption appropriately applies given it can be seen with certainty that spheres are planning policies and any associated actions (establishment, update, or amendment) in and of itself does not change the environment or authorize any new uses or services.

- Carlsbad serves as lead agency under CEQA for considering the physical effects of the change of organization as the initiating party. In this role as lead agency, Carlsbad has determined the change of organization – and specifically the detachment of the affected territory from Leucadia WD – is a project under CEQA but exempt from further review under State CEQA Guidelines Section 15319(a) given the proposed change of organization involves the annexation of private public structures that are consistent with the City’s General Plan and there is no additional planned development associated with the affected territory. Staff independently believes this is a reasonable determination and as responsible agency, concur with Carlsbad’s finding.

### **Protest Proceedings**

An approval of the change of organization by San Diego LAFCO would require protest proceedings under Government Code Section 57000. As allowed under State Law and further contemplated under local policy, it is recommended the Commission delegate these proceedings to the Executive Officer and hold a noticed hearing to accept written objections filed by registered voters and/or landowners within the affected territory. The following threshold would apply in valuing protests and determining next steps:

- Should less than 25.0% of (a) registered voters and/or (b) landowners holding less than 25% of the assessed value of land within the affected territory file written protests the reorganization will be ordered without an election.
- Should 25.0% to 50.0% of (a) registered voters and/or (b) landowners holding 25.0% to 50.0% of the assessed value of land within the affected territory file written protests the reorganization will be ordered subject to an election at a future date.
- Should more than 50.0% of (a) registered voters and/or (b) landowners holding 50.0% or more of the assessed value of land within the affected territory file written protests the reorganization will be terminated.

### **RECOMMENDATION**

Staff recommends conditional approval of the change of organization proposal as submitted along with a conforming sphere of influence amendment as detailed. This recommendation and ancillary actions are consistent with Alternative One as listed in the proceeding section.

### **ALTERNATIVES FOR ACTION**

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):

Adopt the attached draft resolution conditionally approving the proposal as submitted (without modifications) and conforming sphere of influence amendment along with delegating protest, making required findings under CEQA, and waiving Policy L-106.

Alternative Two:

Continue consideration to the next regular meeting.

Alternative Three:

Disapprove the change of organization proposal with direction to staff to return at the next regular meeting with a conforming resolution for adoption.

**VI. PROCEDURES FOR CONSIDERATION**

This item has been placed on San Diego LAFCO's agenda for action as part of a noticed public hearing given the associated need for a sphere of influence amendment. The following procedures are suggested.

1. Commissioner disclosures, if any.
2. Receive verbal presentation from staff unless waived.
3. Open the public hearing and invite testimony beginning with the applicant.
4. Discuss the item and consider the staff recommendation.

On behalf of the Executive Officer,



Carolanne Ieromnimon  
Analyst II

Appendices:

- A) Analysis Boundary Change Factors

Attachments:

- 1) Map of the Affected Territory
- 2) Draft LAFCO Resolution of Approval
- 3) Application Materials

## **APPENDIX A**

### **Government Code Section 56668**

#### **Proposal Review Factors**

- a) **Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, in the next 10 years.**
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The affected territory as submitted comprises three non-contiguous areas within Carlsbad's jurisdictional boundary that collectively span 50 legal parcels and approximately 202 acres. (The legal parcels are further defined into 277 unique assessor parcels.) All three areas comprising the affected territory are largely built out and adjacent to areas similarly developed to their expected maximum density within the immediate future. The total estimated resident population is 1,235. Overall, the affected territory's total assessed land value of \$148,667,794.

- b) **The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.**
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Carlsbad serves as the primary purveyor of general governmental services to the affected territory. These governmental services include community planning, roads, fire protection, law enforcement, and wastewater. Other pertinent service providers include Carlsbad Municipal Water District (domestic water). This proposal addresses only wastewater service and is the focus of the succeeding analysis.

- **Continued Delivery of Public Wastewater to Affected Territory**

Carlsbad has already established wastewater service (collection, treatment, and discharge) to the affected territory. The present existing average day wastewater flow generated within the affected territory is 0.085 million gallons. This amount represents 1.5% of Carlsbad's existing flow demands with the City separately having 3.013 million gallons of remaining capacity available to accommodate new demands going forward.

- c) **The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on local governmental structure.**
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Approving the change of organization to detach the affected territory from Leucadia WD would formalize and strengthen relevant economic and social ties between the lands and local government. Specifically, the change of organization would serve as a boundary clean-up and make explicit Carlsbad serves as the designated and exclusive wastewater provider for the affected territory going forward.



**d) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies/priorities set forth in G.C. Section 56377.**

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Approving the proposed change of organization and detachment from Leucadia WD would eliminate an existing overlap between Leucadia WD and Carlsbad and better align the respective service areas consist with existing infrastructure. Approval would be consistent with the Commission’s adopted policies to sync urbanized uses with urbanized services. The affected territory does not contain “open-space” as defined under LAFCO law and no conflicts exists under Government Code Section 56377. Additional analysis concerning conformance with germane Commission policies follows.

- San Diego LAFCO Policy L-107 requires applicants to disclose and address potential jurisdictional issues associated with their proposals and if applicable requires a consultation process with affected agencies, interested parties, or organizations to help discuss and potentially remedy concerns unless waived by the Executive Officer. No jurisdictional disputes or related concerns were identified or disclosed by the applicant or by affected agencies or interested parties in the review of the proposal.

**e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.**

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The affected territory does not contain “prime agricultural land”, or “agricultural land” as defined under LAFCO law. Specifically, the affected territory does not contain lands currently used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program. Approval of the proposal and detachment from Leucadia WD would have no effect on maintaining the physical and economic integrity of agricultural lands.

**f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment, the creation of islands or corridors of unincorporated territory, and other similar matters.**

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LAFCO is in receipt of a draft map and geographic description of the affected territory that details metes and bounds that appears consistent with the standards of the State Board of Equalization and conforming with lines of assessment. LAFCO approval would be conditioned on approval of the map and geographic description by the County Assessor’s Office and address any modifications enacted by the Commission. No irregular or otherwise illogical boundary features would be generated from proposal approval.

**g) A regional transportation plan adopted pursuant to Section 65080.**

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The proposed change of organization would eliminate an existing overlap between Leucadia WD and Carlsbad and better align the respective service areas consist with existing infrastructure. The proposal and its anticipated outcomes do not generate any known conflicts with *San Diego Forward*, the regional transportation plan adopted by the San Diego Association of Governments.

**h) Consistency with the city or county general and specific plans.**

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See page 6 of the agenda report.

**i) The sphere of influence of any local agency affected by the proposal.**

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See page 5 of the agenda report.

**j) The comments of any affected local agency or other public agency.**

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Notice of the submitted change of organization proposal was distributed to all affected and subject agencies as required under LAFCO law. Notices were also provided to all local college and school districts. No written comments on the proposal were received ahead of preparing this agenda report for distribution on January 29, 2024.

**k) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.**

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Information collected and reviewed as part of this proposal indicates Carlsbad – as the defacto receiving agency – having sufficient and available financial resources and administrative controls therein relative to continuing to provide public wastewater to the affected territory. This statement is supported by the following factors.

- Carlsbad’s last audit covers 2021-2022 and shows the City finished with ample liquidity levels with an agency-wide current ratio of 12 to 1 (i.e., \$12.0 in current assets for every \$1.00 in current liabilities).
- Carlsbad finished 2021-2022 with sufficient capital levels and marked by a moderately low debt ratio of 7.9% (i.e., only \$7.90 out of every \$100.00 in net assets are financed.)
- Carlsbad has experienced mostly an upward trend in the last three audited fiscal years with an average total margin of 0.4%. However, the most recent year – 2021-2022 – the City finished with an overall total margin of (8.5%).

**l) Timely availability of adequate water supplies for projected needs as specified in G.C. Section 65352.5.**

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The affected territory’s existing mixed commercial and residential uses are presently within and connected to the Carlsbad Municipal Water District’s retail potable water system with wholesale supplies provided by the San Diego County Water Authority. Approval of the proposed change of organization would not affect the timely availability of water supplies to the affected territory.

**m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments.**

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The proposed change of organization would not impact any local agencies in accommodating their regional housing needs.

**n) Any information or comments from the landowners, voters, or residents.**

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No written or formal comments have been submitted to San Diego LAFCO staff as of the date of the posting of the agenda report on January 29, 2024.

**o) Any information relating to existing land use designations.**

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See above analysis for (h).

**p) The extent to which the proposal will promote environmental justice.**

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The change of organization is expected to have a positive impact on environmental justice by further promoting the availability of public wastewater service within the affected territory and in doing so provide further protections within the watershed. Consideration of existing environmental justice factors within the affected territory draw on staff analyzing data available from the California Environmental Protection Agency through its online assessment tool (CalEnviroScreen 4.0). Two composite percentile rankings for the affected territory are generated within this analysis and involves (a) pollution burdens and (b) susceptible population to pollution burdens relative to all census tracts in California.

- The affected territory’s **composite pollution burden ranking** falls in the 68 percentiles with an internal range between 7 to 94 percentiles. Eight pollution burden measurements exceed the 50 percentile and considered relatively high. These eight measurements comprise (a) one air quality effects involving diesel as well as (b) seven environmental effects involving traffic, pesticides, cleanup sites, groundwater threats, hazardous waste, solid waste, and impaired water.

- The affected territory’s **composite susceptible population** ranking falls in the 31 percentiles with an internal range between 3 to 44 percentiles. None of these at-risk groups exceed the 50 percentile and neither measurements exceed the 70-percentile. Given all fall under the 50 percentile, they are considered less significant in magnitude.

A summary of all tracked pollution burdens and susceptible population follows.

<b>Census Tracts 6073017813 &amp; 6073022100</b>	
<b>Pollution Burdens and Susceptible Population</b>	
Table 2.6a (Source: California Environmental Protection Agency and SD LAFCO)	
<b>C</b>	<b>Affected Territory + Surrounding Lands</b>
Census Tract No.	<b>6073017813</b> <b>6073022100</b>
Estimated Population	14,023
<b>Pollution Burden</b>	<b>Weighted Percentile</b>
<b>... Percentile</b>	<b>68.46</b>
Indicator   Air Quality: Ozone	32.15
Indicator   Air Quality: PM 2.5:	39.54
Indicator   Air Quality: Diesel PM:	59.52
Indicator   Pesticides:	92.99
Indicator   Toxic Releases:	21.18
Indicator   Traffic:	72.87
Indicator   Drinking Water Contaminants:	10.37
Indicator   Lead in Housing:	7.50
Effects   Cleanup Sites:	48.24
Effects   Groundwater Threats:	51.30
Effects   Hazardous Waste:	93.99
Effects   Impaired Water:	72.39
Effects   Solid Waste:	53.12
<b>Sensitive Population</b>	<b>Weighted Percentile</b>
<b>... Percentile</b>	<b>12.09</b>
Population   Asthma:	3.14
Population   Low Birth Weight:	15.55
Population   Cardiovascular Disease:	9.52
Population   Education:	38.26
Population   Linguistic Isolation:	44.40
Population   Poverty:	29.60
Population   Unemployment:	42.72
Population   Housing Burden:	25.46

q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information is relevant to the affected territory.

The Carlsbad General Plan contains a hazard mitigation plan for potential fire, flooding and earthquakes. The affected territory lies within a moderate wildfire hazard area as well as a medium-low earthquake hazard area.

**r) Section 56668.3(a)(1) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annex to the district.**

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Approval of the change of organization would be in the best interest of the current and future landowners and/or visitors of the affected territory. Specifically, approval would eliminate an existing boundary overlap between Carlsbad and Leucadia WD and in doing so make explicit Carlsbad shall be responsible for providing public wastewater to the affected territory now and going forward.



# Map 1: Proposal Area 1




Camino de Las Ondas

Agenda Item No. 6a | Attachment One



CO23-09

## "CITY OF CARLSBAD CHANGE OF ORGANIZATION" | DETACHMENT FROM LEUCADIA WASTEWATER DISTRICT AND CONCURRENT SPHERE OF INFLUENCE ACTION

-  Leucadia WD SOI
  -  Proposal Area
  -  Leucadia WD
- SOI = Sphere of Influence



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

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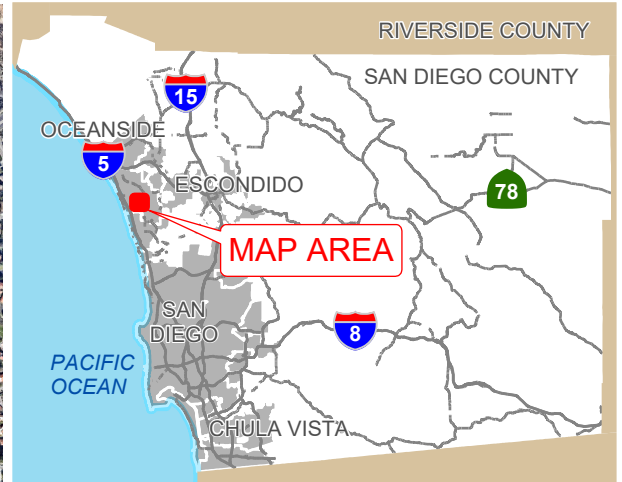
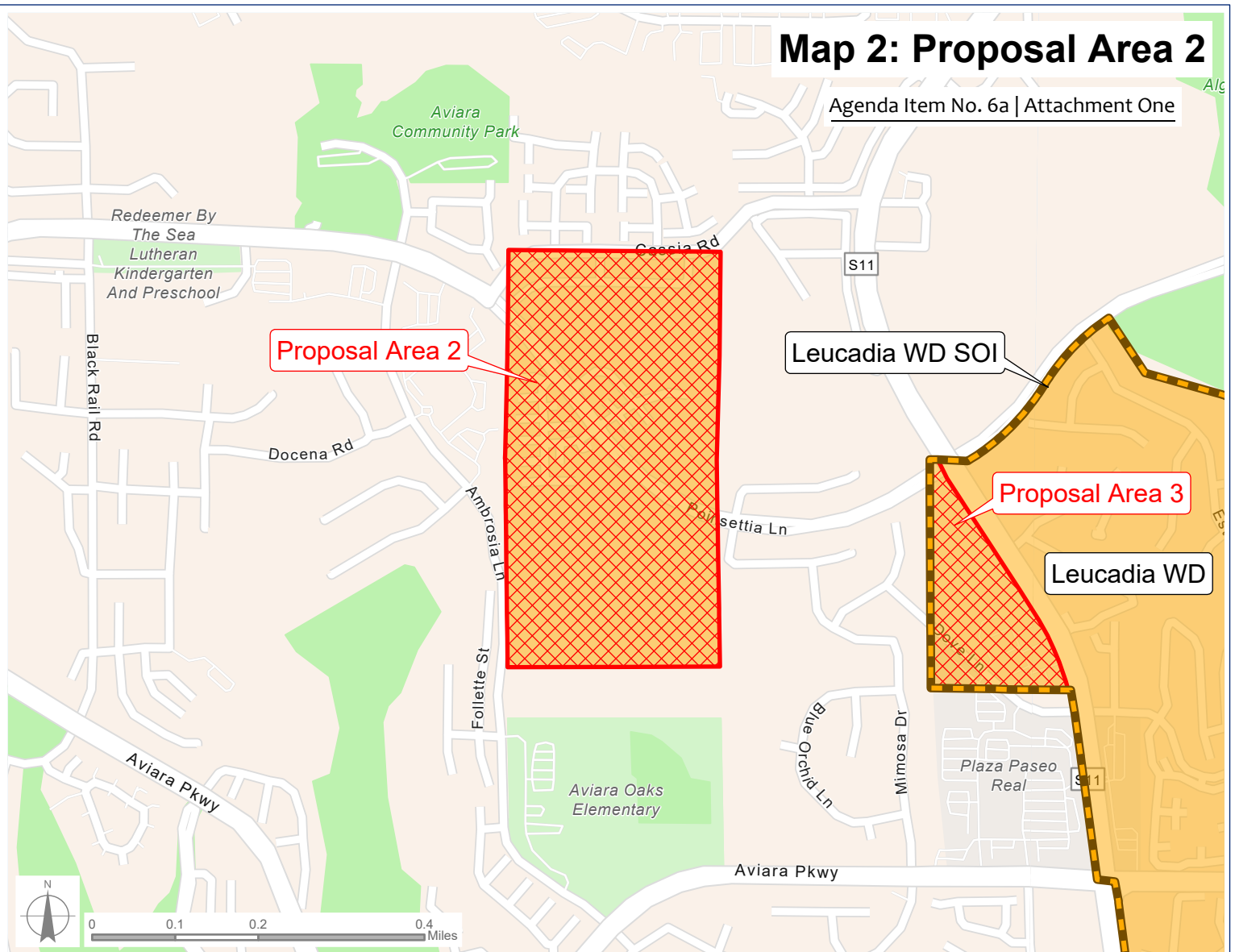
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# Map 2: Proposal Area 2

Agenda Item No. 6a | Attachment One



CO23-09

## "CITY OF CARLSBAD CHANGE OF ORGANIZATION" | DETACHMENT FROM LEUCADIA WASTEWATER DISTRICT AND CONCURRENT SPHERE OF INFLUENCE ACTION

-  Leucadia WD SOI
  -  Proposal Area
  -  Leucadia WD
- SOI = Sphere of Influence



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

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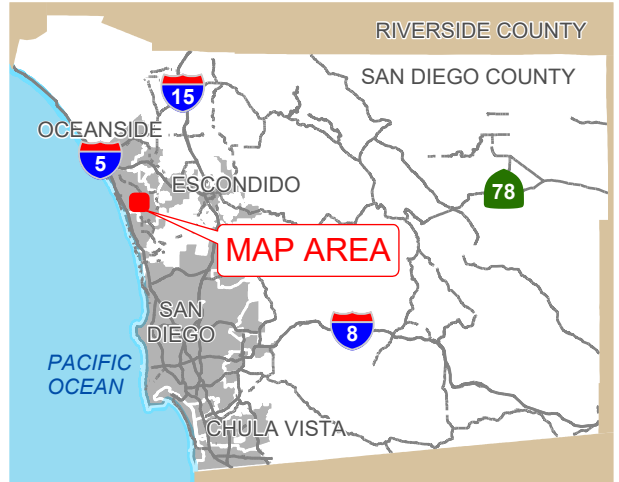
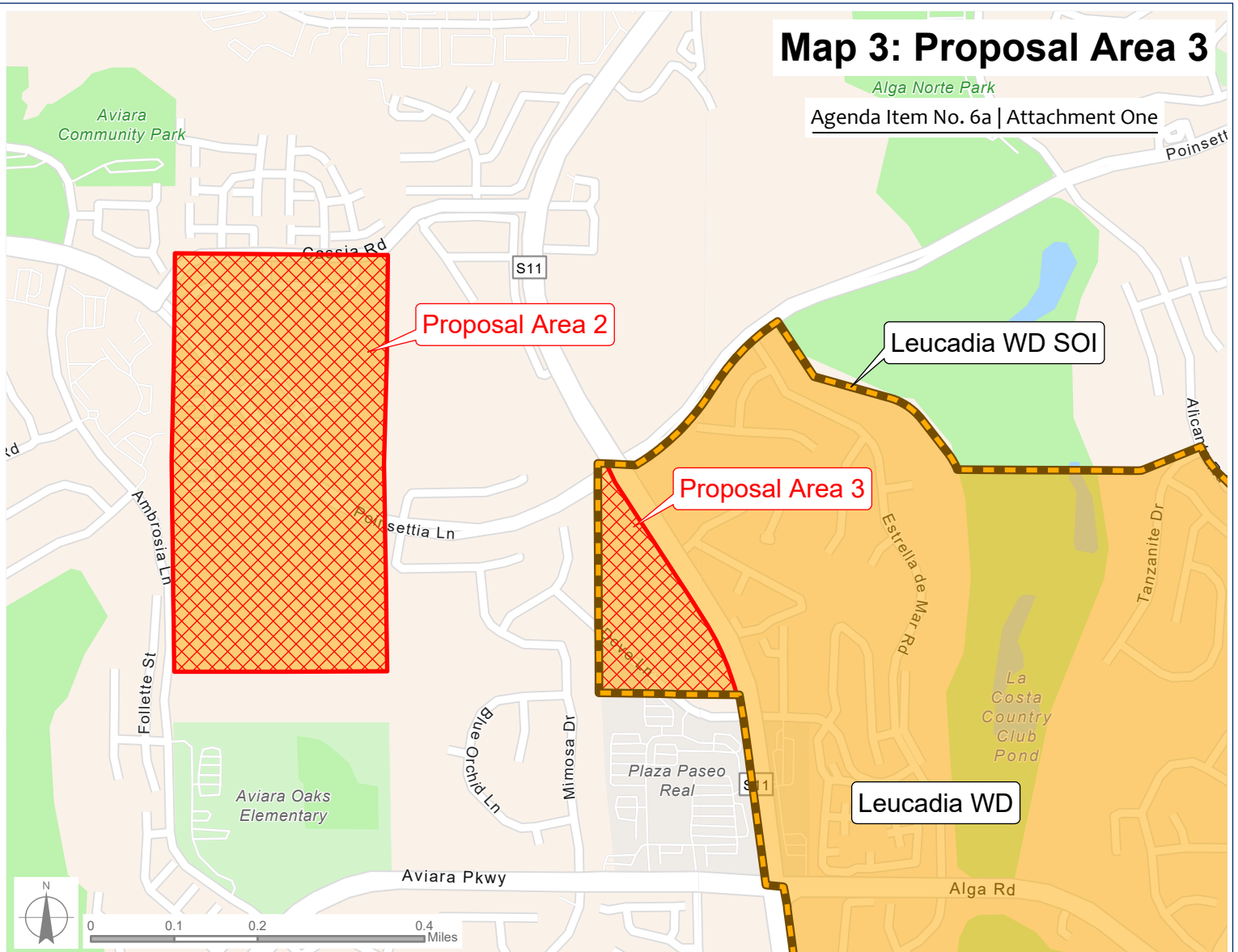
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# Map 3: Proposal Area 3

Alga Norte Park  
 Agenda Item No. 6a | Attachment One



CO23-09

## "CITY OF CARLSBAD CHANGE OF ORGANIZATION" | DETACHMENT FROM LEUCADIA WASTEWATER DISTRICT AND CONCURRENT SPHERE OF INFLUENCE ACTION

- Leucadia WD SOI
  - Proposal Area
  - Leucadia WD
- SOI = Sphere of Influence



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

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RESOLUTION NO. \_\_\_\_\_

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS and APPROVING A CHANGE OF ORGANIZATION

“CITY OF CARLSBAD CHANGE OF ORGANIZATION”  
DETACHMENT FROM THE LEUCADIA WASTEWATER DISTRICT AND  
CONCURRENT SPHERE OF INFLUENCE ACTION  
LAFCO FILE NO. CO23-09

**WHEREAS**, on July 17, 2023, the City of Carlsbad filed a resolution to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as “Commission,” pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

**WHEREAS**, the application seeks approval of a change of organization to detach three non-contiguous areas totally approximately 202 acres of combined incorporated territory within the City of Carlsbad from the Leucadia Wastewater District; and

**WHEREAS**, the affected territory as proposed includes a combined total of 50 legal parcels that are developed with multiple residential and mixed commercial units as well as certain open space; and

**WHEREAS**, an applicable master property tax transfer agreement applies to the proposed change of organization dated December 14, 1982; and

**WHEREAS**, the proposed change of organization necessitates the Commission consider a certain conforming sphere of influence amendment to accommodate the jurisdictional change; and

**WHEREAS**, the Commission’s Executive Officer has reviewed the proposed change of organization and prepared a report with recommendations; and

**WHEREAS**, the Executive Officer’s report and recommendations on the proposal have been presented to the Commission in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on February 5, 2024; and

**WHEREAS**, the Commission considered all the factors required by law under Government Code Sections 56425 and 56668 as well as adopted local policies and procedures.

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER**  
as follows:

1. The public hearing was held on the date set therefore, and due notice of said meeting was given in the manner required by law.
2. At the public hearing, the Commission called for, heard, and considered all public comments by interested parties and read and considered the Executive Officer's report.
3. The Commission is tasked under the California Environmental Quality Act (CEQA) in considering the potential impacts of the proposal as it separately relates to the (a) accommodating sphere of influence amendment and (b) change of organization itself. The Commission's findings follow.
  - a) San Diego LAFCO serves as lead agency under CEQA for the conforming sphere of influence action associated with accommodating the change of organization. It is recommended the Commission find this action – and specifically the amendment of the Leucadia WD's sphere to exclude "Area 3" of the affected territory – is a project under CEQA but exempt from further review under State Guidelines 15061(b)(3). This exemption appropriately applies given it can be seen with certainty that spheres are planning policies and any associated actions (establishment, update, or amendment) in and of itself does not change the environment or authorize any new uses or services.
  - b) Carlsbad serves as lead agency under CEQA for considering the physical effects of the change of organization as the initiating party. In this role as lead agency, Carlsbad has determined the change of organization – and specifically the detachment of the affected territory from Leucadia WD – is a project under CEQA but exempt from further review under State CEQA Guidelines Section 15319(a) given the proposed change of organization involves the annexation of private public structures that are consistent with the City's General Plan and there is no additional planned development associated with the affected territory. Staff independently believes this is a reasonable determination and as responsible agency, concur with Carlsbad's finding.
4. The Commission CONDITIONALLY APPROVES the sphere of influence amendment for Leucadia Wastewater District to accommodate and otherwise match the change of organization as shown in the vicinity map provided as Exhibit A.
  - a) Approval includes the Commission making findings under Government Code Section 56425 consistent with the statements provided in the accompanying Executive Officer's written report.
  - b) Approval is contingent upon the approval and related issuance of a Certificate of Completion for the change of organization.

5. The Commission APPROVES the change of organization without modifications as described below and subject to conditions as provided. Approval involves all of the following:
  - a) Detachment of the affected territory from the Leucadia WD is shown in “Exhibit B” and described in “Exhibit C.”
6. The Commission CONDITIONS all approvals on the following terms being satisfied by February 5, 2025 unless an extension is requested in writing and approved by the Executive Officer:
  - a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.
  - b) Submittal to the Commission of final map and geographic description of the affected territory as approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Division.
  - c) Submittal to the Commission of the following payments:
    - A check made payable to LAFCO in the amount of \$100.00 for the County of San Diego-Clerk Recorder to reimburse for filing a CEQA Notice of Exemptions consistent with the findings in the resolution.
    - A check made payable to the State Board of Equalization for processing fees in the amount of \$2,000.00.
    - A check made payable to LAFCO to reimburse for the actual costs of noticing the proposal for both the public hearing and protest hearing in the San Diego Union Tribune
7. The Commission waives L-106 and the otherwise provision to prepare a municipal service review to inform the associated sphere of influence amendment authorized as part of this proposal.
8. The Commission assigns the proposal the following short-term designation:

“City of Carlsbad Change of Organization”
9. The affected territory as designated by the Commission is inhabited as defined in Government Code Section 56046.
10. The Commission delegates conducting authority proceedings under Government Code Section 56662 to the Executive Officer.
11. The Leucadia Wastewater District is a registered-voter districts.

12. The Leucadia Wastewater District all utilize the County of San Diego assessment roll.
13. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the City of Carlsbad as provided under Government Section 57328.
14. The effective date of the approval shall be the date of recordation but not before the completion of a 30-day reconsideration period and conducting authority proceedings and only after all terms have been completed as attested by the Executive Officer.
15. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defects, errors, irregularities, or omissions.
16. The Executive Officer is hereby authorized and directed to transmit copies of this resolution as provided in Sections 56880-56882 of the Government Code.
17. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

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PASSED AND ADOPTED by the Commission on 5<sup>th</sup> of February, 2024 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\*\*

Attest:

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Keene Simonds  
Executive Officer



**EXHIBIT A**  
**VICINITY MAP OF THE AFFECTED TERRITORY**  
**SPHERE OF INFLUENCE AMENDMENT**

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**EXHIBIT B**  
**MAP OF THE AFFECTED TERRITORY**

-Placeholder-

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**EXHIBIT C**  
**DESCRIPTION OF THE AFFECTED TERRITORY**

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**RESOLUTION NO. 2023-143**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARLSBAD, CALIFORNIA, REQUESTING THE SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION TO HOLD PROCEEDINGS FOR THE LEUCADIA WASTEWATER DISTRICT CHANGE OF ORGANIZATION DETACHMENT AND DELEGATING AUTHORITY TO THE CITY MANAGER OR DESIGNEE TO SIGN THE APPLICATION AND OTHER DOCUMENTS NECESSARY TO COMPLETE THE CHANGE OF ORGANIZATION

WHEREAS, the City Council of the City of Carlsbad, California has determined that it desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code Section 56000 *et seq.*, for a proposed Change of Organization for detachment of certain areas within city limits from the Leucadia Wastewater District, or Leucadia, wastewater service area; and

WHEREAS, those areas are indicated along with the application in Attachment A; and

WHEREAS, in some cases, service areas were established before development needs were known; and

WHEREAS, as development in parts of the City of Carlsbad has occurred, the city has provided wastewater collection services within the Leucadia Wastewater District service area due to the city's existing infrastructure; and

WHEREAS, Leucadia Wastewater District has no plans to extend wastewater collection facilities to serve these areas and supports the detachment in order to revise the approved service area boundary; and

WHEREAS, the San Diego County Local Agency Formation Commission, or LAFCO, is authorized to initiate proceedings for this proposed Change of Organization without a petition of landowners or registered voters upon approval by the City Council and certified Resolution approving the LAFCO application; and

WHEREAS, the City Planner has reviewed this proposed Change of Organization under the California Environmental Quality Act, or CEQA, and has determined it to be categorically exempt from CEQA pursuant to Section 15319 (a) because the annexation of existing private structures is consistent with the city's General Plan and there is no planned development in the subject areas inconsistent with the city's General Plan; and

WHEREAS, a copy of the CEQA exemption will be retained in the Utilities Department file and filed with the San Diego County to serve as verification of the City Planner's evaluation and the record of the CEQA environmental determination.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Carlsbad, California, as follows:


1. That the above recitations are true and correct.
2. That the San Diego County Local Agency Formation Commission is requested to start proceedings for the proposed Change of Organization that includes the territories described in Attachment A, according to the terms and conditions stated above and, in a manner, provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
3. That the City Manager or designee is delegated authority to sign the application and other documents necessary to complete the Change of Organization.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the City Council of the City of Carlsbad on the 6th day of June, 2023, by the following vote, to wit:

AYES: Bhat-Patel, Acosta, Burkholder, Luna.  
NAYS: None.  
ABSTAIN: Blackburn.  
ABSENT: None.



\_\_\_\_\_  
KEITH BLACKBURN, Mayor



\_\_\_\_\_  
for SHERRY FREISINGER, City Clerk  
(SEAL)

