

September 11, 2006

# 9 & 10

TO: San Diego Local Agency Formation Commission

FROM: Executive Officer  
Local Governmental Analyst

SUBJECT: Upper San Diego River Municipal Service Review, Sphere Update, and Reorganization (MSR04-21;SR04-21;RO05-56)

## **EXECUTIVE SUMMARY**

The Upper San Diego River Municipal Service Review, Sphere Update, and Reorganization has been initiated by resolutions of Padre Dam Municipal Water District (MWD), Lakeside Water District (WD), and Riverview WD in order to reorganize Lakeside WD and Riverview WD into a single water district, and detach the territory of the two districts from Padre Dam MWD, which is the existing wholesale water provider to the Lakeside and Riverview Water Districts.

The proposed reorganization would significantly alter the existing arrangement for provision of municipal services in the Municipal Service Review (MSR) area; therefore, Commission approval of a comprehensive sphere of influence update and service review is necessary. Three of the primary local agencies within the MSR area, Padre Dam MWD, Lakeside WD and Riverview WD, contracted with a consultant firm to prepare a Municipal Service Review, Sphere of Influence Update, and Reorganization proposal for submittal to LAFCO.

Currently, Padre Dam MWD, a member of the San Diego County Water Authority (CWA), is the wholesale imported water provider to Lakeside WD and Riverview WD, as well as the sewer service provider to the Lakeside WD water service area. The Lakeside Sanitation District (SD), a dependent special district of the County of San Diego, is the sewer service provider to the majority of the Riverview WD water service area.

The three primary local agencies (Padre Dam MWD, Lakeside WD, and Riverview WD) have each adopted resolutions that propose a reorganization whereby: (1) the Riverview WD would be dissolved; (2) its

Riverview WD's water service area would be annexed by Lakeside WD; (3) Lakeside WD would then detach from the Padre Dam MWD and become a independent member agency of the CWA; and (4) the Lakeside SD would annex the former Padre Dam MWD sewer service area portion within Lakeside WD.

Padre Dam MWD would retain its current active sewer service customers within the Lakeside WD service area; Lakeside SD would provide sewer service to the remaining residents in the reorganized Lakeside WD. The County of San Diego Board of Supervisors, as the Board of Directors for the Lakeside SD, approved the District's proposed annexation of the subject portion of Padre Dam MWD's sewer service area within the Lakeside WD on May 18, 2005.

The San Diego CWA has approved preliminary conditions for seating of the reorganized Lakeside WD as a member agency of the CWA upon completion of the CWA membership process. Until Lakeside WD has satisfied the terms and conditions of CWA membership, the existing wholesale/retail water service arrangement with Padre Dam MWD will continue. The proposed Lakeside WD detachment from Padre Dam MWD is conditioned by CWA to take effect once Lakeside WD has been seated on the Authority and thereby gained entitlement to CWA imported water.

San Diego LAFCO has not received any letters of opposition to the proposed reorganization from affected agencies or the public. All of the primary districts have adopted resolutions in support of the proposed reorganization. Commission adoption of the Upper San Diego River Municipal Service Review, Sphere of Influence Update, and Reorganization will reduce layers of local government, consolidate municipal service provision, and support the efficient provision of municipal services to the subregion. Therefore, for the reasons cited in the Executive Officer's report, it is recommended that the Commission approve the proposal. Additional discussion follows.

## **UPPER SAN DIEGO RIVER MUNICIPAL SERVICE REVIEW**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000-57550) states that the purposes of LAFCO include: discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation, development, and coordination of local agencies based on local conditions and circumstances.

In order to carry out these purposes, LAFCO is charged with the responsibility for developing and determining the sphere of influence for each local governmental agency within the county and for enacting policies designed to promote the logical and orderly development of areas within the sphere. A sphere of influence is statutorily defined as a plan for the probable physical boundaries and service area of a local agency, as determined by LAFCO. State law requires LAFCO to review and update, as necessary, the adopted sphere of influence of each local governmental agency not less than every five years.

Within the process of establishing or updating spheres of influence, LAFCO is required to conduct a comprehensive review of the municipal services provided and to prepare a written statement of its determinations. The municipal service review and determinations are to be completed before, or in conjunction with, but no later than the time LAFCO is

considering an action to establish or update a sphere of influence. In performing a municipal service review, LAFCO is directed to survey all of the agencies that provide the identified service or services within the designated geographic area.

The Upper San Diego River Municipal Service Review represents a comprehensive evaluation of the provision of water, sewer, and recycled water services on a sub-regional geographic basis. Within the Upper San Diego River Municipal Service Review area (Map 1), the primary local agencies providing the subject municipal services are:

- Padre Dam Municipal Water District (MWD);
- Lakeside Water District (WD);
- Riverview Water District (WD);
- Lakeside Sanitation District (SD);
- And, to a lesser extent, Helix Water District (WD).

Padre Dam MWD is a multi-service agency authorized to provide water, sewer, recycled water, and park/recreation services within its service area. Lakeside WD, Riverview WD, and Lakeside SD are single-service agencies with authorization to provide water service (Lakeside WD and Riverview WD) and sewer service (Lakeside SD).

Lakeside SD has been generally evaluated relative to its involvement in one sub-component of the proposed reorganization. A comprehensive service review of all of the County Sanitation Districts is undergoing preparation in which the Lakeside Sanitation District (SD) will be evaluated in more detail.

Helix WD also provides water and park/recreation services to a portion of the MSR study area, but is not a primary focus of the Upper San Diego River Municipal Service Review, Sphere Update, and Reorganization. The services provided by Helix WD were comprehensively studied as part of the Southern San Diego County Water and Sewer Service MSR (February 2, 2004).

### ***Padre Dam MWD***

Padre Dam MWD (Map 4) was established in 1955 as the Rio San Diego MWD. At that time, the Lakeside Irrigation District relinquished its seat on CWA to the newly formed Rio San Diego MWD, which then became the wholesale water provider to the Lakeside Irrigation District, Riverview Water District, and the Santee County Water District. Rio San Diego MWD was merged with the Santee County Water District in 1976 and was renamed Padre Dam MWD the following year. In 1985-86, Padre Dam MWD absorbed the Crest Public Utilities District and acquired the Fletcher and Alpine Highlands Water Districts.

#### ***Infrastructure and Service Provision***

Padre Dam MWD provides water, sewer, and recycled water within a service area of 85 square miles (57,160 acres), to a total of 22,438 accounts. The District reports 12,975 accounts receiving water and sewer services, 8,350 receiving water only, and 1,492 receiving sewer only. Padre Dam MWD provides sewer service to the City of Santee, parts of El Cajon, and the County of San Diego. Water service is also provided to the City of Santee, parts of El Cajon, and the unincorporated areas of Lakeside, Flinn Springs,

Harbison Canyon, Blossom Valley, Alpine, Dehesa, and Crest. The District reports its overall service area population estimate as 126,254.

Padre Dam MWD is also the wholesale water provider to the Lakeside WD and Riverview WD for retail sale to their respective customers. Padre Dam MWD utilizes a master facilities planning process for planning infrastructure and debt bonding for financing its capital improvements. The current Integrated Facilities Plan (IFP) covers the years 2002-2020.

### ***Lakeside WD***

The Lakeside Water District (WD) (Map 7) was formed in 1924 as the Lakeside Irrigation District (ID). Lakeside ID, as a founding member of the San Diego County Water Authority in 1944, was one of the local water districts that were entitled to imported Colorado River water. In the 1950's, the surrounding water districts to Lakeside ID began to experience water supply problems due to accelerated population growth, but were unable to join the CWA as individual members. In 1955, the affected water districts attempted to create a long-term solution to these local water supply issues. An agreement was made whereby Lakeside ID would relinquish its seat on the CWA to the new Rio San Diego MWD, which would then become the wholesale water supplier for Lakeside ID, as well as the other smaller water districts such as Riverview WD, and Santee County WD. In 1973, the Lakeside ID and the Lakeside Farms WD merged and the combined district changed its name in 1979 to the Lakeside Water District to better reflect its retail water services.

#### *Infrastructure and Service Provision*

Lakeside WD serves a population of approximately 25,000 over a service area of 6,304 acres within the unincorporated community of Lakeside. The District reports serving approximately 4,700 metered accounts, with less than 5 percent for agricultural uses. Lakeside WD utilizes a five-year Capital Improvement Plan (CIP) for planning infrastructure. The current CIP covers the years 2003-2008.

### ***Riverview WD***

The Riverview Water District (WD) (Map 6) was originally formed in 1916 as a private water company. In 1954, the water company contracted for imported water with the Metropolitan Water District of Southern California (MET) and changed its name to the Riverview Water District. Since 1955, the District has purchased CWA imported water via its wholesale relationship with the Padre Dam MWD and its predecessor, the Rio San Diego MWD.

#### *Infrastructure and Service Provision*

Riverview WD serves a population of approximately 10,500 over a service area of 1,294 acres within the unincorporated community of Lakeside. The District has approximately 2,148 metered accounts, with irrigation uses accounting for 10 percent. Riverview WD utilizes a 10-year CIP for planning infrastructure. The current CIP covers the years 2003-2012.

## **Lakeside SD**

The Lakeside Sanitation District (SD) (Map 9) was formed in 1965 and is a dependant district governed by the San Diego County Board of Supervisors and administrated by the County Department of Public Works (DPW). The County of San Diego DPW Wastewater Management Section (WWM) is responsible for maintaining sewer lines, pump stations, and force mains for the unincorporated area of Lakeside. Lakeside SD's service area is approximately 5,075 acres.

### *Infrastructure and Service Provision*

Lakeside SD does not treat the wastewater flow from Lakeside; it is discharged into the City of San Diego Metro System for treatment and disposal through a joint powers agreement with Alpine SD and Padre Dam MWD. The District has a rated capacity of 3.909 million gallons per day (mgd) with an average flow of 3.162 mgd. The District's current Integrated Facilities Plan covers the years 2002-2011.

The City of San Diego's Metro System treats the wastewater from the County of San Diego (including Lakeside/Alpine, Spring Valley, Wintergardens, and East Otay Mesa), the Cities of San Diego, Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, National City, and Poway, the Padre Dam Municipal Water District, the Lemon Grove Sanitation District, and the Otay Water District. The Metropolitan Wastewater Department's Point Loma Wastewater Treatment Plant (PLWTP) facility processes up to 180 million gallons a day of wastewater generated by 2.2 million residents over a 450 square mile service area. The plant has a treatment capacity of 240 mgd.

## **Helix WD**

The Helix Water District (WD) (Map 1) was formed in 1913 as the La Mesa, Lemon Grove, and Spring Valley Irrigation District and continues to operate under the Irrigation District Law of the State of California. Helix WD provides water and park/recreation services to an overall service area of 31,560 acres (roughly 50 square miles), with 54,004 service connections. The District gained entitlement to imported Colorado River water in 1926 by purchasing the Cuyamaca Water Company. The District was a charter member of the San Diego CWA in 1944 and changed its name to the Helix WD in 1973. In 1978, the District contracted with the CWA to supply treated water to Padre Dam MWD and Otay Water District.

### *Infrastructure and Service Provision*

Helix WD serves a population of 234,166 within the cities of La Mesa, El Cajon, and Lemon Grove, the community of Spring Valley, and a small area of Lakeside near the R. M. Levy Water Treatment Plant. District facilities include the R. M. Levy Water Treatment Plant, with a rated design capacity of 106 million gallons per day, the 30-million gallon Grossmont Reservoir and 22 storage tanks located throughout Helix's boundaries, giving Helix a total filtered water storage capacity of 64 million gallons. The WD utilizes a 10-year Capital Improvement Plan for planning infrastructure. The current CIP covers the years 2003-2012.

**San Diego County Water Authority (CWA) & Metropolitan Water District of Southern California (MET)**

The San Diego County Water Authority was formed in 1944 by the California State Legislature for the purpose of importing water to the region. The CWA is made up of 23 member agencies (cities and special districts) that provide retail water service to approximately 2.7 million residents. CWA purchases imported water from the Metropolitan Water District of Southern California for delivery to its member agencies via two north-south aqueducts. The CWA currently supplies 75-95 percent of the water to a service area of 920,000 acres (1,438 square miles) that comprises the western third of San Diego County. CWA has adopted a Regional Water Facilities Master Plan that guides the major capital improvements needed to meet its expected water demands through the year 2030.

**Upper San Diego River Municipal Service Review Determinations Summary**

When updating spheres of influence, LAFCO is required by State Law to conduct a review of the municipal services provided and prepare a written statement of its determinations with respect to each of the following nine categories:

- 1. Infrastructure needs or deficiencies.
- 2. Growth and population projections for the affected area.
- 3. Financing constraints and opportunities
- 4. Cost avoidance opportunities.
- 5. Opportunities for rate restructuring.
- 6. Opportunities for shared facilities.
- 7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.
- 8. Evaluation of management efficiencies.
- 9. Local accountability and governance.

The MSR proposal submitted by the primary local agencies within the Upper San Diego River sub-region provides written determinations for the nine subject areas as required by State Law. In general, the determinations indicate that municipal services are being provided to the subject MSR area in an adequate manner. The following discussion summarizes the determinations into four broad categories: Infrastructure and Service Planning; Financial; Administrative; and Need for Additional Studies.

**Infrastructure and Service Planning**

*Infrastructure needs or deficiencies.*

*Growth and population projections for the affected area.*

The infrastructure determinations affirm that existing capacities are sized to meet the districts' current and seasonal needs and note that no capital system deficiencies or infrastructure regulatory violations have been cited.

All of the primary agencies report that existing and expected infrastructure deficiencies have been addressed within their on-going Capital Improvement Plans. No excess or underutilized capacities are reported. The determinations also state that municipal services are provided equitably district-wide. All of the primary agencies in the MSR area report compliance with CWA 10-day storage capacity for planned winter shutdowns.

The determinations note that there are differences between Padre Dam MWD, Lakeside WD, and Riverview WD, in terms of the built-out levels of their respective service areas. Lakeside WD, and Riverview WD serve areas close to their built-out levels and the Districts are mainly concerned with maintaining their existing water infrastructure. Padre Dam MWD provides multiple services to areas with additional development potential. The determinations state that Padre Dam MWD has planning provisions in place in order to accommodate the expected service demand increases associated with the San Diego Association of Governments' (SANDAG) regional population projections.

## ***Financial***

*Financing constraints and opportunities*

*Cost avoidance opportunities.*

*Opportunities for rate restructuring.*

*Opportunities for shared facilities.*

The financial determinations indicate that the Districts' projected enterprise fee-based revenues will sufficiently subsidize the existing services provided by the Districts, as well as endow their capital reserves to meet their anticipated long-range service needs. Because of the development differences between the Districts' respective service areas, there are differences in their individual needs for debt financing to support major capital programs for water and sewer. The Districts all require that infrastructure expansion to serve new development be constructed and funded by private developers.

Padre Dam MWD provides both water and sewer services to areas that are still developing, such as the City of Santee. Anticipated increases in future service demands, and the expected needs for the major capital improvements to ensure adequate long-term supply capacities, require Padre Dam MWD to utilize debt financing as well as pay-as-you-go funding. This approach allows the MWD to spread the system maintenance and capital improvement costs over a longer time period. The Lakeside WD and Riverview WD service areas are considered to be close to 100 percent built-out and future development is projected to be minimal; therefore, the Districts focus on pay-as-you-go funding for system maintenance.

The determinations state that the primary agencies utilize cost avoidance methods such as subcontracting various operational and administrative tasks, and participating in the Interagency Shared Services Program. The determinations report that little opportunity exists for rate restructuring or additional shared facilities. The Districts all structure their rates to provide incentives for conservation and participate in a Shared Resources Group with other local water districts to reduce mutual costs.

The determinations note that all of the Districts have had independent audit reports as of fiscal year 2003, and that all rate increases from 2001-03 were below the San Diego County Consumer Price Index (CPI) increases in the same time period.

### ***Administrative***

*Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.*

*Evaluation of management efficiencies.*

*Local accountability and governance.*

The administrative determinations state that the Districts all implement various forms of out-sourcing to manage staff levels and maximize cost savings. The determinations report that the Districts engage in local accountability efforts such as posting agendas on the Internet and scheduling Board meetings for the evenings to accommodate customers at work during business hours.

The determination regarding Government Structure Options supports the concept of a reorganization between the Padre Dam MWD and its wholesale water customers (Lakeside WD and Riverview WD) that proposes to dissolve the Riverview WD and annex its water service area to Lakeside WD, and then detach the reorganized Lakeside WD from Padre Dam MWD and establish it as a member agency of the CWA.

The determination concludes that this reorganization would produce efficiencies by eliminating the overlap of the wholesale/retail water relationship, providing Lakeside WD customers entitlement to imported CWA water, and by reducing redundant programs, staff, and Boards of Directors.

In addition, Padre Dam MWD is the sewer service provider to its retail water service area within Lakeside WD; therefore, the complete detachment of the Lakeside WD retail water area from Padre Dam MWD would also require a sewer service successor agency to sustain the affected area's current levels of sewer service entitlement.

As Lakeside SD is the current sewer service provider to the majority of the Riverview WD service area, it is proposed that the Lakeside SD annex the Lakeside WD retail water service area and consolidate the sewer service provision to the reorganized Lakeside WD.

### ***Need for Additional Studies***

The MSR determinations suggest the need for additional studies of several peripheral areas with the potential to receive municipal services in the future. These areas are discussed and designated special study areas because of remaining unresolved jurisdictional and environmental issues that prevent their inclusion in the Districts' service areas or spheres of influence at this time.

The study areas include the reservation lands of the Sycuan and Viejas tribes, as well as the East Elliot area of the City of San Diego (Map 11). Discussion of these study areas is included to provide continuity to the evolving status of jurisdictional boundaries and to



provide guidance for future sphere studies. Subsequent sphere updates and municipal service reviews will revisit these areas to evaluate their feasibility for service provision at that time.

If the affected jurisdictions resolve these jurisdictional and environmental issues and apply to LAFCO for annexation of these areas prior to the next scheduled sphere update, a new sphere update may be determined to be necessary. This would require an update to the municipal service review and sphere update studies and their associated environmental determinations.

## **UPPER SAN DIEGO RIVER SPHERE OF INFLUENCE UPDATE**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review and update, as necessary, the adopted sphere of influence of each local governmental agency not less than every five years.

In the process of establishing or updating a sphere of a local agency, LAFCO is required to prepare a written statement of determinations regarding each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The existing spheres of influence for the primary districts in the Upper San Diego River MSR area were each adopted in 1985 as larger-than-agency spheres. While a sphere designation is a planning tool that indicates a probable physical service boundary, it can also serve to anticipate the potential for future reorganizations of local governmental agencies.

Generally, a larger-than-agency sphere of influence will include all of: the area within the subject agency's existing service boundary; adjacent areas with the physical potential to be served; and any other areas that are anticipated to require service provision within the next 10-15 years.

Additional types of spheres include: smaller than district-wide (where another agency may provide services more efficiently to the subject area); coterminous with its existing boundary (when there is no anticipated need for service provision beyond the existing boundary, or not enough current information to support inclusion in the sphere at the time; and, a zero sphere (which assumes that the service provision responsibilities and functions of the agency should or will be absorbed by a successor agency).

Updating a sphere with a 10-15 year planning horizon requires coordination between service providers and land use authorities to better synchronize infrastructure provision

with existing land use plans and policies. Coordination on the local level enables communities, cities, and regions to plan more effectively for both growth and sustainability.

## **Existing Spheres of Influence**

### ***Padre Dam MWD***

The sphere of influence for Padre Dam MWD (Map 4) was adopted in 1985 as a larger than district sphere, but is essentially coterminous with the District's water service area. There is a 573-acre area outside of, and adjacent to, the District's northern boundary that represents the larger-than-agency sphere portion. This area is designated to be removed from the District's sphere due to a lack of nearby infrastructure and topographical constraints on extension of services. In addition, the area is outside of the CWA boundary and would therefore require annexation to both CWA and MET prior to being eligible to receive any potential water service.

Padre Dam MWD is authorized to provide water, sewer, and recycled water services within its service boundary. Because the District is authorized to provide those services district-wide, LAFCO discretionary approval is only necessary when the District proposes to serve areas outside of the District's existing boundary.

Since the adoption of the sphere, there have been a total of five sphere amendments (additions and detachments) with a resulting net addition of 56.69 acres to the District and its sphere area.

### ***Lakeside WD***

The sphere for Lakeside WD (Map 7) was adopted in 1985 as a larger-than-district sphere. Since its adoption, there has been one sphere amendment that added 32.31 acres. As Padre Dam MWD is the water provider to Lakeside WD, Lakeside WD's sphere generally corresponds with the northern and eastern portion of Padre Dam MWD's wholesale water service area. The total acreage within the sphere and outside of the service area is 3,527 acres.

### ***Riverview WD***

The sphere for Riverview WD (Map 6) was adopted in 1985 as a larger-than-district sphere that is generally coterminous with the District's service boundary and the southern portion of the Padre Dam MWD wholesale water service area. There have been no sphere amendments since its adoption. The current acreage within the District's sphere and outside the District's service area is 338 acres.

### ***Lakeside SD***

The sphere for Lakeside SD (Map 9) was adopted in 1985 as a larger-than-district sphere. Since the adoption of the sphere, there have been a total of 19 sphere amendments with a resulting addition of 185.9 acres to the District and its sphere area. The current acreage within the sphere and outside of the District's service area is 1,250 acres.

## ***Helix WD***

The sphere for Helix WD (Map 1) was adopted in 1983 as a smaller-than-district sphere. The territory in the former Crest Public Utility District and San Diego River Basin was excluded from Helix WD's sphere and absorbed by the Padre Dam MWD in 1985. The remainder of Helix WD's sphere is coterminous with the District's boundary. Since the adoption of the sphere, there have been a total of six sphere amendments (additions and detachments) with a resulting net addition of 49.0 acres to the District and its sphere area.

## ***San Diego County Water Authority & Metropolitan Water District of Southern California***

At its May 2005 meeting, the San Diego LAFCO reaffirmed the practice of establishing, amending, and updating the spheres of influence for the CWA and MET concurrently with the spheres of its member agencies. San Diego LAFCO also revised its sphere of influence policy to clarify the status of the CWA and MET spheres as coterminous with the sphere boundaries of its member agencies.

Since CWA and MET boundaries determine the area in which imported water is permitted to be delivered to its member agency's retail customers, proposed alterations of the member agency's adopted spheres of influence (expansions, retractions, reclassifications), may influence future service entitlements and land development patterns. With exception of the 573-acre area to be removed from the spheres of Padre Dam MWD and Lakeside WD, no additional changes to the adopted spheres for the CWA or MET are proposed as part of the Upper San Diego River Reorganization.

## **Proposed Spheres of Influence & Sphere Study Areas**

### ***Padre Dam MWD***

The current sphere of influence for Padre Dam MWD is proposed to be reduced by removal of the wholesale water service area serving Lakeside WD and Riverview WD, as well as a 573-acre area located outside of its northern border (Map 5). The removal of the wholesale water service area will allow for the proposed detachment of the Lakeside WD from the Padre Dam MWD; the adjacent 573-acre area is not located within proximity of infrastructure and is outside of CWA/MET boundaries.

A 129-acre portion of the wholesale water service area is recommended for retention in Padre Dam MWD's sphere. This area is within the Riverview WD retail water service area, but the districts have determined that the area would be better served by Padre Dam MWD. The remainder of the Padre Dam MWD sphere will continue to be coterminous with its district boundary.

There are several adjacent areas designated as sphere study areas for Padre Dam MWD (Map 11). These include: the East Elliot area (water, sewer, and recycled water services to 3,336 acres); the Sycuan Indian Reservation area (water service to 482 acres); the Viejas Indian Reservation area (water service to 1,705 acres), which includes an area along the Old Highway 80; and the Barona Indian Reservation area (recycled water service).

These areas are designated sphere study areas because there is not enough information to justify including them in Padre Dam MWD's sphere at this time. Subsequent sphere

updates will re-examine these areas to determine if the outstanding jurisdictional and/or environmental issues still remain in effect.

### ***Lakeside WD***

The larger-than-agency sphere for the Lakeside WD is proposed to be expanded to include the Riverview WD retail water service area. The sphere expansion is in anticipation of the proposed annexation of Riverview WD's service area by Lakeside WD. A 573-acre portion is proposed to be removed from the Lakeside WD sphere due to a lack of nearby infrastructure and the need for annexation of the subject territory to CWA and MET. The landowners of Lakeside Downs, a residential project that is currently undergoing processing by the County of San Diego, have requested detachment from the Lakeside WD to consolidate water and sewer service provision to the proposed project from Padre Dam MWD. Lakeside WD has consented to the detachment and the proposed project area should be removed from the Lakeside WD sphere in anticipation of the change of jurisdiction. The remainder of the Lakeside WD sphere will continue to be coterminous with the current Padre Dam MWD wholesale water service boundary. (Map 8)

### ***Riverview WD***

The sphere for Riverview WD is recommended to be re-designated as a zero sphere. This designation indicates that another agency could better serve the area. With MSR determinations supporting a proposed reorganization, and 100 percent consent of the affected districts, the Lakeside WD is acknowledged as the most likely successor agency to Riverview WD. (Map 6)

### ***Lakeside SD***

The sphere for Lakeside SD is proposed to be expanded to include the remainder of the existing Padre Dam MWD wholesale water service area, in anticipation of its annexation to the sanitation district. Lakeside SD is the current sewer service provider to the majority of the Riverview WD retail water service area. Expansion of the sanitation district's sphere to include the remainder of the existing Padre Dam MWD wholesale water service area will consolidate sewer service provision to the reorganized Lakeside WD, and will not change the geographic area in which current or future sewer service is provided. (Map 10)

### ***Helix WD***

The sphere for Helix WD is proposed to be expanded to include a 789-acre area that is currently located in the Padre Dam MWD wholesale water service area. The districts have determined that Helix WD would be the most efficient water service provider to the area and it is recommended that it be included in Helix WD's sphere. No other changes to the Helix WD sphere are proposed. (Map 3)

## **Upper San Diego River Sphere of Influence Determination Summary**

### ***(1) The present and planned land uses in the area, including agricultural and open-space lands.***

The present land uses in the Upper San Diego River Area are characterized by low-density residential and industrial uses in the northern portion, and Town Center-type residential and commercial uses in the more developed southern portion. While semi-public/public open space uses are present, agriculture uses account for only 5-10 percent of the water service connections in the area.

### ***(2) The present and probable need for public facilities and services in the area.***

As previously discussed, the Padre Dam MWD, Lakeside WD, and Riverview WD service areas are different in terms of their respective built-out levels. While the Lakeside WD and Riverview WD service areas are close to 100 percent built-out, the Padre Dam MWD provides services to areas still considered to be developing.

### ***(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.***

Present capacities and adequacy of public service provision have been examined in the Upper San Diego River MSR. The MSR determinations affirmed that existing capacities are sized to meet the districts' current and seasonal needs, and that municipal services are being provided to the MSR area in an adequate manner.

### ***(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.***

No social or economic communities of interest have been determined to be relevant to the subject agencies.

## **“UPPER SAN DIEGO RIVER REORGANIZATION”**

### **(RO05-56, PADRE DAM MWD; LAKESIDE WD; RIVERVIEW WD; LAKESIDE SD)**

#### **Background**

Since the establishment of the wholesale/retail water relationship between Padre Dam MWD, Lakeside WD and Riverview WD in 1955, there have been many informal discussions of the potential for consolidating the agencies. The predecessor to Padre Dam MWD, Rio San Diego MWD, was merged in 1976 with one of its original wholesale customers, the Santee County Water District (CWD), and was renamed Padre Dam MWD in 1977. The 1976 merger with Santee CWD created a Padre Dam MWD service area that almost completely enclosed the Lakeside WD and Riverview WD. At that time, the Lakeside WD Board formally stated its opposition to any effort to consolidate the district with Padre Dam MWD. In 1985, Padre Dam MWD merged with the Crest Public Utilities District and, in 1986, acquired the Fletcher and Alpine Highlands Water Districts.

The adoption of spheres of influence for Padre Dam MWD, Lakeside WD, and Riverview WD in 1985-86 re-examined the potential for reorganization of the districts into a single, consolidated agency, as well as the potential for a consolidation of Lakeside and Riverview WDs, and recommended further studies.

Currently, Padre Dam MWD, a member of the CWA, is the wholesale water provider to Lakeside WD and Riverview WD, as well as the sewer service provider to the Lakeside WD water service area. The Lakeside SD, a dependent special district of the County of San Diego, is the sewer service provider to the majority of the Riverview WD water service area.

The three primary local agencies in the MSR area (Padre Dam MWD, Lakeside WD, and Riverview WD) have each adopted resolutions that propose a reorganization whereby: (1) the Riverview WD would be dissolved; (2) Riverview WD's water service area would be annexed by Lakeside WD; (3) Lakeside WD would then detach from the Padre Dam MWD and become an independent member agency of the CWA; and, (4) the Lakeside SD would annex the former Padre Dam MWD sewer service area portion within Lakeside WD. Padre Dam MWD would retain its current active sewer service customers within the Lakeside WD service area; Lakeside SD would provide sewer service to the remaining residents in the Lakeside WD.

In 2003, when the primary agencies initiated the process of reorganization, State Law required that two districts had to have been formed under the same principal act to be eligible for consolidation. If the districts were formed under different principal acts, one would need to be dissolved and annexed by the other for a consolidation to occur.

As of January, 2005, the law has changed to allow consolidation of two districts formed under differing principal acts. Since the reorganization process was initiated under the old statute, and no formal reorganization application had been submitted to LAFCO, the Districts were given the option of choosing how the reorganization would be processed. The primary Districts have chosen to continue pursuing dissolution/annexation to combine Riverview WD and Lakeside WD.

## **Components of Proposed Reorganization**

### ***Riverview WD Dissolution***

The dissolution of Riverview WD is necessary as the precursor to merging with Lakeside WD into a single district. State Law, as of 2004, required any two special districts attempting to consolidate to have been formed under the same principal act. As Lakeside WD and Riverview WD were formed under different principal acts, a merger of the two districts would require one to be absorbed by the other via annexation of its service area.

The dissolution of Riverview WD was initiated by resolution of its Board of Directors to provide for the anticipated merger with Lakeside WD. The Districts have determined that this dissolution will benefit the existing Riverview WD customers by producing efficiencies via reduction of redundant programs, staff, and Boards of Directors.

### ***Lakeside WD annexation of Riverview WD service area***

The Lakeside WD annexation of the Riverview WD retail water service area is the second part of the merger of the two districts. By annexing the Riverview WD retail water service area, and serving as the successor agency to the dissolved district, Lakeside WD will become the primary retail water service provider to the existing customers in the Padre Dam wholesale water service area.

### ***Lakeside WD detachment from Padre Dam MWD / Lakeside WD CWA Membership***

The detachment of Lakeside WD from Padre Dam MWD is intended to eliminate the wholesale/retail relationship between the districts and to consolidate water service provision to the reorganized Lakeside WD retail water service area. The CWA has conditionally approved the membership of Lakeside WD upon completion of its membership application process. Membership to CWA will provide entitlement to CWA imported water as well as a seat on the Board of Directors.

### ***Lakeside WD annexation of remainder of Padre Dam MWD Wholesale Water Area***

As part of the detachment of the reorganized Lakeside WD from the Padre Dam MWD, Lakeside WD will annex the remainder of the Padre Dam MWD wholesale service area. This annexation will enable the retention of water service entitlements to the wholesale area following its detachment from Padre Dam MWD.

### ***Detachment of proposed “Lakeside Downs” project area from Lakeside WD***

The proposed “Lakeside Downs” residential development project is requesting detachment from the Lakeside WD to consolidate water and sewer service provision to the project from Padre Dam MWD. Padre Dam MWD has agreed to provide water and sewer services to the proposed project and Lakeside WD has not protested the proposed detachment.

### ***Lakeside SD annexation of northern portion of Padre Dam MWD Wholesale Water Area***

As Padre Dam MWD is authorized to provide sewer service district-wide, the proposed detachment of Lakeside WD, which represents the northern portion of Padre Dam MWD’s wholesale water service area, would also require a successor agency to assume sewer service responsibility for the affected territory. Lakeside SD currently provides sewer service to the majority of Riverview WD customers in the southern portion of the Padre Dam MWD wholesale water area.

It is proposed that Lakeside SD annex the remainder of the wholesale water service area, and thereby consolidate sewer service provision to the reorganized Lakeside WD. Since Padre Dam MWD had previously provided sewer service to its entire wholesale water area, the annexation of the remainder of the area by the sanitation district will sustain continuity of sewer service entitlements to the landowners.

The County of San Diego Board of Supervisors, as the Board of Directors for the Lakeside Sanitation District, approved the District’s proposed annexation of the portion of Padre Dam MWD’s sewer service area within the Lakeside WD service area on May 18, 2005.

## **Terms and Conditions for the proposed Reorganization**

On February 23, 2005, the primary agencies involved in the proposed reorganization (Padre Dam MWD, Lakeside WD, and Riverview WD) signed a joint agreement that itemizes the terms and conditions for the proposed detachment of the reorganized Lakeside WD from Padre Dam MWD. This agreement specifies procedures for: the transfer of local property tax revenues; the financial obligations of the reorganized Lakeside WD; the proposed four-phase plan for water delivery to the reorganized Lakeside WD; and, plans for alternate water delivery, adjusted wheeling charges, and use of the water delivery system during emergencies.

In August and September of 2005, the primary agencies adopted resolutions fixing the terms and conditions for the proposed reorganization and requesting LAFCO to initiate proceedings. The following discussion summarizes the individual districts' terms and conditions:

### ***Lakeside WD and Riverview WD***

Lakeside WD and Riverview WD's Board of Directors adopted identical terms and conditions for the proposed reorganization. The terms and conditions specify Lakeside WD's designation as successor to the Riverview WD; establishes the addition of two Riverview WD Directors (to be selected by the Riverview WD Board of Directors) to the Lakeside WD Board of Directors for a new total of seven Directors; re-drawing the Lakeside WD division boundaries within the first year of the reorganization; and the reversion to a five-member Board of Directors following the next general election. The general manager of Lakeside WD will serve as the general manager of the reorganized district.

The terms and conditions also state that both staffs from the Lakeside WD and Riverview WD will be retained for an 18-month period following the reorganization. During this time, current staff levels and benefits will be maintained. Following the 18-month transition period, the staff will be reorganized "to reflect the needs of the reorganized district," and the staff benefit package will be standardized.

### ***Padre Dam MWD***

The Padre Dam MWD Board of Directors adopted terms and conditions that are substantially similar to the Lakeside WD and Riverview WD terms and conditions. In addition, Padre Dam MWD's terms and conditions authorize the Lakeside SD to extend and/or continue any sewer service charges or assessments to the area proposed for annexation to the district.

### ***Lakeside SD***

The San Diego County Board of Supervisors, as the Board of Directors for the Lakeside SD, adopted a resolution consenting to the proposed annexation. The resolution specified a condition that excludes the proposed Lakeside Downs development area from the area to be annexed by Lakeside SD.



## **CWA**

The County Water Authority has adopted preliminary conditions for Lakeside WD's membership; final conditions have been developed for CWA Board consideration in late August 2006. As discussed earlier, the reorganization of the districts, if approved by the Commission, would only be recorded once the CWA has notified LAFCO that its terms and conditions for Lakeside WD's membership have been met.

## **CONCLUSION & RECOMMENDATION**

The proposed Upper San Diego River Municipal Service Review, Sphere of Influence Update, and Reorganization have been developed over more than three years of discussions between the districts. LAFCO staff assisted the districts' efforts by participating in working group meetings and providing procedural guidance prior to submittal.

Since the proposal was submitted, San Diego LAFCO has not received any letters of opposition to the proposed reorganization from affected agencies or the public. All of the primary districts have adopted resolutions in support of the proposed reorganization.

The Municipal Service Review determinations conclude that municipal services are being efficiently provided to the subject area and that additional efficiencies could be obtained by reorganizing the subject agencies. Terms and conditions have been adopted by the subject districts that specify the reorganization procedures. Commission approval of the proposed reorganization will not extend municipal services outside of any currently served territory or create new special districts; it would reorganize the MSR area's service provision responsibilities between existing public agencies.

Commission adoption of the Upper San Diego River Municipal Service Review, Sphere of Influence Update, and Reorganization will reduce layers of local government, consolidate municipal service provision, and support the efficient provision of municipal services to the subregion; therefore, for the reasons cited in the Executive Officer's report, it is recommended that the Commission approve the proposal.

## **EXECUTIVE OFFICER RECOMMENDATION**

- (1) Find in accordance with the Executive Officer's determination, that pursuant to Section 15306 of the State CEQA Guidelines, the Municipal Service Review is not subject to the environmental impact evaluation process because it consists of basic data collection and research which does not result in a serious or major disturbance to an environmental resource. The Municipal Service Review is strictly for information gathering purposes, and is part of a study leading to an action which LAFCO has not yet approved; and
- (2) Find in accordance with the Executive Officer's determination, that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, the Sphere of Influence Update is not subject to the environmental impact evaluation process because the Sphere of

Influence Update proposal does not have the potential for causing a significant effect on the environment. The sphere of influence update consists of sphere changes or affirmations that will not change the overall geographic area covered by the existing spheres that LAFCO has previously adopted for the subject agencies; and

- (3) Find in accordance with the Executive Officer's determination, that pursuant to Section 15320 of the State CEQA Guidelines, the reorganization is not subject to the environmental impact evaluation process because the proposal consists of changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised; and
- (4) Adopt the form of resolution approving the Municipal Service Review for the reasons set forth in the Executive Officer's Report, and the Municipal Service Review / Sphere of Influence Update Study (Attachment 4); and
- (5) Adopt the written Municipal Service Review Determinations as proposed in Attachment 1; and
- (6) Adopt the form of resolution approving the Sphere of Influence Update for the reasons set forth in the Executive Officer's Report, and the Municipal Service Review / Sphere of Influence Update Study (Attachment 4); and
- (7) Update or reaffirm the existing spheres of influence for the Padre Dam MWD, Lakeside WD, Riverview WD, Lakeside SD, and Helix WD as shown in Attachment 4 and Maps 4-11; and
- (8) Adopt the written Sphere of Influence Update Statements of Determinations as proposed in Attachment 2; and
- (9) Adopt the form of resolution approving this reorganization for the reasons set forth in the Executive Officer's Report, waiving the Conducting Authority proceedings according to Government Code Section 56663(c), and ordering the reorganization subject to the conditions listed in Attachment 3.

Respectfully submitted,

MICHAEL D. OTT  
Executive Officer

ROBERT BARRY  
Local Governmental Analyst

MDO:RB:tjc

Attachments:

Attachment 1: Municipal Service Review Determinations

Attachment 2: Sphere of Influence Determinations

Attachment 3: Reorganization Terms and Conditions

Attachment 4: Upper San Diego River MSR/SOI Update/Reorganization Study (Binder)

List of Maps

Map 1: Overall Upper San Diego River MSR Area

Map 2: Upper San Diego River MSR Primary Agencies

Map 3: Upper San Diego River MSR Primary Agencies Spheres

Map 4: Padre Dam MWD Existing District Boundary and Sphere of Influence

Map 5: Padre Dam MWD Proposed District Boundary and Sphere of Influence

Map 6: Riverview WD Existing District Boundary and Sphere of Influence

Map 7: Lakeside WD Existing District Boundary and Sphere of Influence

Map 8: Lakeside WD Proposed District Boundary and Sphere of Influence

Map 9: Lakeside SD Existing District Boundary and Sphere of Influence

Map 10: Lakeside SD Proposed District Boundary and Sphere of Influence

Map 11: Upper San Diego River MSR Special Study Areas

# ATTACHMENT 1

## **MUNICIPAL SERVICE REVIEW DETERMINATIONS**

## Municipal Service Review Determinations

### Government Code § 56430

Government Code § 56430 requires LAFCO to conduct comprehensive reviews of municipal services and prepare written statements or determinations for nine categories of inquiry. Determinations are not findings of fact, rather, they are "...declaratory statements that make a conclusion, based on all the information and evidence presented to the Commission."<sup>22</sup> The determinations are based on a comprehensive analysis of local agency service information. The comprehensive analysis establishes the basis for commission determinations and conclusions about the adequacy of service provision. The Commission, other agencies, or the public may use determinations to provide guidance for future decision; however, the determinations themselves do not represent recommendations for action.

A summary of the Upper San Diego River Municipal Service Review Determinations is provided in Tables 1.5-1 through 1.5-9 below.

**Table 1.5-1**  
**Determination 1: Infrastructure Needs and Deficiencies**

#### **Determination 1: Infrastructure Needs or Deficiencies**

In authorizing the preparation of municipal service reviews, the State Legislature has focused on one of LAFCO's core missions – encouraging the efficient provision of public services. Infrastructure needs or deficiencies, which refers to the adequacy of existing and planned public facilities in relation to how public services are – and will be – provided to citizens, impacts the efficient delivery of public services. Infrastructure can be evaluated in terms of capacity, condition, availability, quality and correlation amount operational, capital improvement, and finance plans. There may be unmet infrastructure needs due to budget constraints or other factors; however, identification of efficiencies may promote public understanding and support for needed improvements.

#### **Lakeside Water District (WD) – Water Service**

#### **Determination 1: Infrastructure Needs or Deficiencies**

- 1.0 The Lakeside WD potable water infrastructure appears adequate to provide efficient service.**

Indicators of system weakness, such as non-compliance with San Diego County Water Authority (SDCWA) emergency guidelines are not present. During the three year review

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<sup>22</sup> *Final Local Agency Formation Commission Municipal Service Review Guidelines, Governor's Office of Planning and Research, August 2003, pg. 44.*

period, no regulatory violations or citations of deficiency were issued to Lakeside WD nor was any incidence reported of infrastructure insufficiency causing delayed or abandoned development.

**1.1 The Lakeside WD potable water infrastructure is considered adequate in terms of provisions for emergency service.**

The Lakeside WD infrastructure is appropriately sized for current, seasonal, and emergency water needs. The water systems are characterized by flexibility, strategic redundancy, and alternative water sources. The District has the capacity to withstand a planned 10-day winter shutdown of SDCWA service.

**1.2 The Lakeside WD pursues a long-term strategy to reduce reliance on imported water.**

The Lakeside WD partners with SDCWA to diversify water resources through joint development of infrastructure, conservation and water recycling programs, and groundwater storage and recovery projects.

**1.3 Overall planning for the future Lakeside WD water infrastructure appears adequate.**

The Lakeside WD engages in strategic planning for five-year horizons through capital improvement plans. Lakeside WD recently completed their 2003-2008 five-year Capital Improvement Plan (CIP) and is in the first year of the new five-year CIP.

**1.4 Fire flow in some areas of the Lakeside WD service area may be inadequate.**

The Lakeside WD reports possible water pressure differentials in some areas due to topography and the historical development of the District. As pipes are replaced or new service is provided, facilities are constructed to meet the most recent fire flow water pressure requirements.

**1.5 The Lakeside WD focuses mainly on the maintenance, replacement, and upgrade of their existing water facilities.**

The Lakeside WD is 90% built-out; therefore, the District focuses mainly on the maintenance, replacement, and upgrade of their existing water facilities.

**Riverview Water District (WD) – Water Service**

**Determination 1: Infrastructure Needs or Deficiencies**

**1.6 The Riverview WD potable water infrastructure appears adequate to provide efficient service.**

Indicators of system weakness, such as non-compliance with SDCWA emergency guidelines are not present. During the three year review period, no regulatory violations or citations of deficiency were issued to Riverview WD, nor was any incidence reported of infrastructure insufficiency causing delayed or abandoned development.

**1.7 The Riverview WD potable water infrastructure is considered adequate in terms of provisions for emergency services.**

The Riverview WD infrastructure is appropriately sized for current, seasonal, and emergency water needs. The water system is characterized by flexibility, strategic redundancy, and alternative water sources. The District has the capacity to withstand a planned 10-day winter shutdown of SDCWA service.

**1.8 The Riverview WD pursues a long-term strategy to reduce reliance on imported water.**

The Riverview WD partners with SDCWA to diversify water resources through joint development of infrastructure, conservation and water recycling programs, and groundwater storage and recovery projects.

**1.9 Overall planning for the future Riverview WD water infrastructure appears adequate.**

The Riverview WD engages in strategic planning for five-or ten-year horizons through master plans or capital improvement plans. Riverview WD maintains a ten-year CIP.

**1.10 Fire flow in some areas of the Riverview WD service area may be inadequate.**

The Riverview WD reports possible water pressure differentials in some areas due to topography and the historical development of the District. As pipes are replaced or new service is provided, facilities are constructed to meet the most recent fire flow water pressure requirements.

**1.11 The Riverview WD focuses mainly on the maintenance, replacement, and upgrade of their existing water facilities.**

The Riverview WD is 95% built-out; therefore, the District focuses mainly on the maintenance, replacement, and upgrade of their existing water facilities.

**Padre Dam Municipal Water District (MWD) – Water Service**

**Determination 1: Infrastructure Needs or Deficiencies**

**1.12 The Padre Dam MWD potable water infrastructure appears adequate to provide efficient service.**

Indicators of system weakness, such as non-compliance with SDCWA emergency guidelines are not present. During the three year review period, no regulatory violations or citations of deficiency were issued to Padre Dam MWD, nor was any incidence reported of infrastructure insufficiency causing delayed or abandoned development.

**1.13 The Padre Dam MWD potable water infrastructure is considered adequate in terms of provisions for emergency service.**

The Padre Dam MWD infrastructure is appropriately sized for current, seasonal, and emergency water needs. The water systems are characterized by flexibility, strategic redundancy, and alternative water sources. The District has the capacity to withstand a planned 10-day winter shutdown of SDCWA service.

**1.14 The Padre Dam MWD pursues a long-term strategy to reduce reliance on imported water.**

The Padre Dam MWD partners with SDCWA to diversify water resources through joint development of infrastructure, conservation and water recycling programs, and groundwater storage and recovery projects.

**1.15 Overall planning for the future Padre Dam MWD water infrastructure appears adequate.**

The Padre Dam MWD engages in strategic planning through integrated facilities plans and capital improvement plans. Padre Dam MWD's most recent Integrated Facilities Plan (IFP) was adopted in March 2002. The IFP was then used to develop a comprehensive list of prioritized capital improvements through the year 2020.

**1.16 Fire flow in some areas of the Padre Dam MWD service area may be inadequate.**

The Padre Dam MWD currently has limited areas where fire flow does not meet current standards. This is because the District's original water delivery system was built in the late 1960s and the system was built to meet the fire flow requirements of that time. The minimum flows now required for residential and commercial development exceed the design requirements of the 1960s. As pipes are replaced or new service is provided, facilities are constructed to meet the most recent fire flow water pressure requirements.

**Padre Dam Municipal Water District (MWD) – Wastewater Service**

**Determination 1: Infrastructure Needs or Deficiencies**

**1.17 The Padre Dam MWD infrastructure for reclaimed wastewater is appropriately placed in areas where the cost of reclamation systems can be justified.**

Infrastructure to produce and distribute reclaimed wastewater is present within a limited portion of the study area. Nonetheless, even limited reclaimed wastewater resources are generally held to be of regional benefit in reducing dependence on METRO and increasing the availability of local water supplies. The scope of the region's reclaimed wastewater system is based on the relative cost/benefit of construction, market demand, and geographic restrictions imposed by the San Diego Regional Water Quality Control Board.

**1.18 Overall planning for the future Padre Dam MWD wastewater infrastructure appears adequate.**

The Padre Dam MWD engages in strategic planning through integrated facilities plans and capital improvement plans. Padre Dam MWD's most recent Integrated Facilities Plan (IFP) was adopted in March 2002. The IFP was then used to develop a comprehensive list of prioritized capital improvements through the year 2020.

**1.19 Padre Dam MWD emergency planning for the wastewater infrastructure appears adequate.**

The Padre Dam MWD's IFP assessed various risks and recommended specific actions for mitigating those risks including increased security, purchase of portable generators,



reinforced facilities, and other measures. In the event of failure of the District's water reclamation facility, all wastewater flows can be diverted to the METRO system.

Table 1.5-2  
Determination 2: Growth and Population Projections

**Determination 2: Growth and Population Projections**

Efficient provision of public services is linked to an agency's ability to plan for future need. For example, a water purveyor must be prepared to supply water for existing and future levels of demand and also be able to determine where future demand will occur. The municipal service review evaluates whether projections for future growth and population patterns are integrated into an agency's planning function.

**Lakeside Water District – Water Service**

**Determination 2: Growth and Population Projections**

- 2.0 The Lakeside WD must coordinate with general-purpose agencies in planning for future services.**

The Lakeside WD does not have land use authority and is limited to anticipating the outcomes that jurisdictions with land use authority create. It is imperative that planning to accommodate growth takes place within a collaborative of agencies with land use authority and agencies with service delivery responsibility.

- 2.1 The Lakeside WD serves an essentially built out area with some potential for increased infill development that would be served with existing lines and capacity.**

Lakeside WD's total water production has increased approximately 0.5% per year for the last 14 years. The District serves an essentially built out area (90% built out) with some potential for increased infill development that would be served with existing lines and capacity.

**Riverview Water District – Water Service**

**Determination 2: Growth and Population Projections**

- 2.2 The Riverview WD must coordinate with general-purpose agencies in planning for future services.**

The Riverview WD does not have land use authority and is limited to anticipating the outcomes that jurisdictions with land use authority create. It is imperative that planning to accommodate growth takes place within a collaborative of agencies with land use authority and agencies with service delivery responsibility.

- 2.3 Projected new development with the essentially built-out Riverview WD is expected to be relatively minor.**

Water purchases have increased by approximately 1% to 2% each year for the past 18 years. Projected new development within the 95% built-out Riverview WD is expected to be relatively minor.

**2.4 The Padre Dam MWD engages in long-term planning to anticipate and accommodate growth.**

The Padre Dam MWD acknowledges the need to integrate population projections into their planning processes and relies on SANDAG population forecasts as data sources. SANDAG data is generally adjusted to reflect the agency's growth and consumption experiences and then integrated into proprietary models for calculating future service demands.

**2.5 The Padre Dam MWD must coordinate with general-purpose agencies in planning for future services.**

The Padre Dam MWD does not have land use authority and is limited to anticipating the outcomes that jurisdictions with land use authority create. It is imperative that planning to accommodate growth takes place within a collaborative of agencies with land use authority and agencies with service delivery responsibility.

**Padre Dam Municipal Water District – Wastewater Service**

**Determination 2: Growth and Population Projections**

**2.6 The Padre Dam MWD engages in long-term planning to anticipate and accommodate growth.**

The Padre Dam MWD acknowledges the need to integrate population projections into their planning processes and relies on SANDAG population forecasts as data sources. SANDAG data is generally adjusted to reflect the agency's growth and consumption experiences and then integrated into proprietary models for calculating future service demands.

**2.7 The Padre Dam MWD must coordinate with general-purpose agencies in planning for future services.**

The Padre Dam MWD does not have land use authority and is limited to anticipating the outcomes that jurisdictions with land use authority create. It is imperative that planning to accommodate growth takes place within a collaborative of agencies with land use authority and agencies with service delivery responsibility.

**Table 1.5-3  
Determination 3: Financing Constraints and Opportunities**

**Determination 3: Financing Constraints and Opportunities**

LAFCOs must weigh a community's public service needs against the resources available to fund the services. During the municipal service review, financing constraints and opportunities, which have an impact on the delivery of services, are identified to enable LAFCO, local agencies, and the public to assess whether agencies are capitalizing on financing opportunities. For example, a service review could reveal that two or more water agencies that are each deficient in storage capacity and which individually lack financial resources to construct additional facilities may benefit from creating a joint venture to finance and construct regional storage facilities. Service reviews may also disclose innovations for contending with financing constraints, which may be of considerable value to numerous agencies.

**Lakeside Water District – Water Service**

**Determination 3: Financing Constraints and Opportunities**

**3.0 The Lakeside WD is financially autonomous and limited to funding sources allowed under State Law.**

The Lakeside WD, as a State-created autonomous unit of local government, has sovereignty over fiscal issues – subject to State Law. The District conforms to restrictions of Prop 13 and Prop 218 in assessing fees, benefit assessment, and general and special taxes.

**3.1 The Lakeside WD is operating revenue for water services is primarily obtained from enterprise funds.**

Water sales provide 88% of Lakeside WD's operating revenues.

**3.2 Property tax revenue provides and insignificant portion of the Lakeside WD's overall fiscal need.**

The agencies that levied a pre-Prop 13 property tax rate, receive an increment of revenue from the 1% property tax. The Lakeside WD receives an allocation of 2%. Since 1993, a total of approximately \$300,954 has been taken from Lakeside WD by the State. Currently, the state has plans to take more of the property taxes; however, the duration and amount of taxes have yet to be resolved.

**3.3 Options for funding the Lakeside WD's water infrastructure appear to be adequate. The District does not forecast short- or long-term constraints that limit the ability to provide infrastructure upgrades and improvements.**

Lakeside WD's upgraded infrastructure is financed from annual revenues including property tax and water sales, and capacity fees paid by developers which meet the criteria of AB1600. New infrastructure will be constructed and funded by private developers. The Lakeside WD does not have bonded indebtedness; therefore, it has no bond rating.

## Riverview Water District – Water Service

### Determination 3: Financing Constraints and Opportunities

- 3.4 The Riverview WD is financially autonomous and limited to funding sources allowed under State Law.**

The Riverview WD, as a State-created autonomous unit of local government, has sovereignty over fiscal issues – subject to State Law.

- 3.5 The Riverview WD is operating revenue for water services is primarily obtained from enterprise funds.**

Water sales provide 59% of Riverview WD's operating revenues.

- 3.6 Property tax revenue does not account for any portion of the Riverview WD's overall fiscal need.**

Riverview WD does not receive property taxes.

- 3.7 Options for funding the Riverview WD's water infrastructure appear to be adequate. The District does not forecast short- or long-term constraints that limit the ability to provide infrastructure upgrades and improvements.**

Riverview WD's upgraded infrastructure is funded through water sales, capacity fees, and system charges. New infrastructure will be constructed and funded by private developers. Riverview WD does not have bonded indebtedness; therefore, it does not have a bond rating.

## Padre Dam Municipal Water District – Water Service

### Determination 3: Financing Constraints and Opportunities

- 3.8 The Padre Dam MWD is financially autonomous and limited to funding sources allowed under State Law.**

The Padre Dam MWD, as a State-created autonomous unit of local government, has sovereignty over fiscal issues – subject to State Law. The District conforms to restrictions of Prop 13 and Prop 218 in assessing fees, benefit assessment, and general and special taxes.

- 3.9 The Padre Dam MWD's operating revenue for water services is primarily obtained from enterprise funds.**

The Padre Dam MWD water sales provide 50% of the District's operating revenues.

- 3.10 Property Tax revenue provides an insignificant portion of the Padre Dam MWD's overall fiscal need.**

The agencies that levied a pre-Prop 13 property tax rate, receive an increment of revenue from the 1% property tax. The Padre Dam MWD receives an allocation equal to approximately 5.7% of operating revenue. Since 1993, a total of approximately \$8,000,000

has been taken from Padre Dam MWD property taxes by the state. Currently, the state has plans to take more of the property taxes; however the duration and amount of taxes have yet to be resolved.

- 3.11 Options for funding the Padre Dam MWD’s water infrastructure appear to be adequate. The District does not forecast short- or long-term constraints that limit the ability to provide infrastructure upgrades and improvements.**

The Padre Dam MWD uses a mixture of pay-as-you-go and long-term debt to fund infrastructure upgrades and improvements. New infrastructure will be constructed and funded by private developers. Padre Dam MWD has a rating from Standard and Poor’s of “AAA” and “Aaa” from Moody’s and notes that its rating is due to financial status and management of the agency. These ratings are the highest ratings available.

### **Padre Dam Municipal Water District – Wastewater Service**

#### **Determination 3: Financing Constraints and Opportunities**

- 3.12 The Padre Dam MWD is financially autonomous and limited to funding sources allowed under State Law.**

The Padre Dam MWD, as a State-created autonomous unit of local government, has sovereignty over fiscal issues – subject to State Law. The District conforms to restrictions of Prop 13 and Prop 218 in assessing fees, benefit assessment, and general and special taxes. (Reference to Determination 3.8)

- 3.13 The Padre Dam MWD’s operating revenue for sewer services is primarily obtained from enterprise funds.**

The Padre Dam MWD sewer charges provide 34% of the operating revenues.

- 3.14 Property Tax revenue provides an insignificant portion of the Padre Dam MWD’s overall fiscal need.**

The agencies that levied a pre-Prop 13 property tax rate, receive an increment of revenue from the 1% property tax. The Padre Dam MWD receives an allocation equal to approximately 5.7% of operating revenue. Since 1993, a total of approximately \$8,000,000 has been taken from Padre Dam MWD property taxes by the state. Currently, the state has plans to take more of the property taxes; however the duration and amount of taxes have yet to be resolved. (Reference to Determination 3.10)

- 3.15 Options for funding the Padre Dam MWD’s water infrastructure appear to be adequate. The District does not forecast short- or long-term constraints that limit the ability to provide infrastructure upgrades and improvements.**

The Padre Dam MWD uses a mixture of pay-as-you-go and long-term debt to fund infrastructure upgrades and improvements. New infrastructure will be constructed and funded by private developers. Padre Dam MWD has a rating from Standard and Poor’s of “AAA” and “Aaa” from Moody’s and notes that its rating is due to financial status and management of the agency. These ratings are the highest ratings available. (Reference to Determination 3.11)

**Table 1.5-4  
Determination 4: Cost Avoidance Opportunities**

**Determination 4: Cost Avoidance Opportunities**

LAFCO's role in encouraging efficiently provided public services depends, in part, on helping local agencies explore cost avoidance opportunities. The municipal service review explores cost avoidance opportunities including, but not limited to: (1) eliminating duplicative services; (2) reducing high administration to operation cost ratios; (3) replacing outdated or deteriorating infrastructure and equipment, building, or facilities; (4) reducing inventories of underutilized equipment, building, or facilities; (5) redrawing overlapping or inefficient service boundaries; (6) replacing inefficient purchasing or budgeting practices; (7) implementing economies of scale; and (8) increasing profitable outsourcing.

**Lakeside Water District – Water Service**

**Determination 4: Cost Avoidance Opportunities**

- 4.0 The Lakeside WD implements a form of privatization to depress staff levels and generate cost savings.**

The Lakeside WD uses outside consultants for engineering, legal, and financial services and has contracts for outside labor and other services including construction, large paving projects, janitorial, computer services and programming, electrical, printing and graphic design, laboratory work, property managers, etc. Additionally, the District uses part-time employees for all meter reading, billing, valve exercising and meter change outs. The District also participates in the Interagency Shared Services Program with five other agencies and is currently represented by Padre Dam MWD on the San Diego County Water Authority Board.

**Riverview Water District – Water Service**

**Determination 4: Cost Avoidance Opportunities**

- 4.1 The Riverview WD implements a form of privatization to depress staff levels and generate cost savings.**

The Riverview WD uses outside consultants for engineering, legal, and audit services and participates in the Interagency Shared Services Program with Helix WD, Padre Dam MWD, Otay WD and Lakeside WD.

**Padre Dam Municipal Water District – Water Service**

**Determination 4: Cost Avoidance Opportunities**

- 4.2 The Padre Dam MWD implements a form of privatization to depress staff levels and generate cost savings.**

Some operational contracts (landscaping, maintenance, janitorial, etc.) are awarded to private companies after a cost/benefit analysis. The District also uses a private firm for its audits.

## Padre Dam Municipal Water District – Wastewater Service

### Determination 4: Cost Avoidance Opportunities

- 4.3 The Padre Dam MWD implements a form of privatization to depress staff levels and generate cost savings.

Some operational contacts (landscaping, maintenance, janitorial, etc.) are awarded to private companies after a cost/benefit analysis. The District also uses a private firm for its audits. (Reference to Determination 4.2)



**Table 1.5-5  
Determination 5: Opportunities for Rate Restructuring**

**Determination 5: Opportunities for Rate Restructuring**

When applicable, the municipal service review examines agency rates, which are charged for public services, to identify opportunities for rate restructuring without impairing the quality of service. Agency rates are scrutinized for: (1) rate setting methodologies; (2) conditions that could impact future rates; and (3) variances among rates, fees taxes, charges, etc., within an agency. Service reviews may identify strategies for rate restructuring, which would further the LAFCO mission of ensuring efficiency in providing public services.

**Lakeside Water District – Water Service**

**Determination 5: Opportunities for Rate Restructuring**

**5.0 Enterprise fees for water service within the Lakeside WD relate to the cost of producing and delivering water services.**

Lakeside WD may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. Topography, geology, geopolitical boundaries, age of infrastructure, capacity of storage and treatment facilities, and the weather all impact the cost of providing services.

**5.1 The Lakeside WD’s water rates are structured to reward low water consumption.**

The Lakeside WD imposes graduated rates that incrementally increase as units of consumption increase; consumers are offered incentives to conserve each time a unit rate increases.

**5.2 During the 3 year reporting period, the Lakeside WD implemented rate increases that were generally below increases for the same period in the San Diego County Consumer Price Index.**

Rate increases within the Lakeside WD for the study period were below the San Diego County Consumer Price Index increase.

**5.3 The Lakeside WD uses discretionary funds to periodically stabilize consumer rates.**

Unrestricted net assets are periodically used to lower effective commodity rates and insulate consumers from increasing costs or temporary cost spikes. Local governments are not required to maintain a fund specifically for rate stabilization. Any unrestricted net assets may be utilized to moderate effective rates through depressing rising rates, issuing billing credits, or distributing direct refunds.

**5.4 Comparing the Lakeside WD rate structure to rate structures for the Riverview WD and Padre Dam MWD is difficult.**

Attempts to draw meaningful conclusions between agencies in the Upper San Diego River area are difficult because each agency adopts rate structures to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies.

## Riverview Water District – Water Service

### Determination 5: Opportunities for Rate Restructuring

- 5.5 Enterprise fees for water service within the Riverview WD relate to the cost of producing and delivering water services.**

Riverview WD may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. Topography, geology, geopolitical boundaries, age of infrastructure, capacity of storage and treatment facilities, and the weather will all impact the cost of providing services.

- 5.6 The Riverview WD's water rates are structured to reward low water consumption.**

The Riverview WD imposes graduated rates that incrementally increase as units of consumption increase; consumers are offered incentives to conserve each time a unit rate increase.

- 5.7 During the 3 year reporting period, the Riverview WD implemented rate increases that were generally below increases for the same period in the San Diego County Consumer Price Index.**

Rates increases within the Riverview WD for the study period were below San Diego County Consumer Price Index increase.

- 5.8 The Riverview WD uses discretionary funds to periodically stabilize consumer rates.**

Unrestricted net assets are periodically used to lower effective commodity rates and insulate consumers from increasing costs or temporary cost spikes. Local governments are not required to maintain a fund specifically for rate stabilization. Any unrestricted net assets may be utilized to moderate effective rates through depressing rising rates, issuing billing credits, or distributing direct refunds.

- 5.9 Comparing the Riverview WD rate structure to rate structures for the Lakeside WD and Padre Dam MWD is difficult.**

Attempts to draw meaningful conclusions between agencies in the Upper San Diego River area are difficult because each agency adopts rate structures to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies.

## Padre Dam Municipal Water District – Water Service

### Determination 5: Opportunities for Rate Restructuring

- 5.10 Enterprise fees for water service within the Padre Dam MWD relate to the cost of producing and delivering water services.**

The Padre Dam MWD may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. The District makes rate decision by using a computerized rate model which passes-through external costs and provides for infrastructure replacement. Topography, geology, geopolitical boundaries, age of infrastructure, capacity of storage and treatment facilities, and the weather will all impact the cost of providing services.

**5.11 The Padre Dam MWD's water rates are structured to reward low water consumption.**

The Padre Dam MWD imposes graduated rates that incrementally increase as units of consumption increase; consumers are offered incentives to conserve each time a unit rate increases.

**5.12 The Padre Dam MWD imposes appropriate internal variations in rates.**

The Padre Dam MWD reports that internal variances in rates occur only under the authority of policies that permit the creation of zones where geographically specific costs can be recovered from the customers receiving benefits.

**5.13 During the 3 year reporting period, the Padre Dam MWD implemented rate increases that were generally below increases for the same period in the San Diego County Consumer Price Index.**

Rates increases within the Padre Dam MWD for the study period were below San Diego County Consumer Price Index increase.

**5.14 The Padre Dam MWD uses discretionary funds to periodically stabilize consumer rates.**

Unrestricted net assets are periodically used to lower effective commodity rates and insulate consumers from increasing costs or temporary cost spikes. Local governments are not required to maintain a fund specifically for rate stabilization. Any unrestricted net assets may be utilized to moderate effective rates through depressing rising rates, issuing billing credits, or distributing direct refunds.

**5.15 Comparing the Padre Dam MWD and Riverview WD rate structure to rate structures for the Riverview WD and Lakeside WD is difficult.**

Attempts to draw meaningful conclusions between agencies in the Upper San Diego River area are difficult because each agency adopts rate structures to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies.

**Padre Dam Municipal Water District – Wastewater Service**

**Determination 5: Opportunities for Rate Restructuring**

**5.16 The Padre Dam MWD imposes appropriate internal variations in sewer charges.**

The Padre Dam MWD internal variances in sewer charges occur only under the authority of policies that permit the creation of zones where geographically specific costs can be recovered from the customers receiving benefits.

**5.17 During the 3 year reporting period, the Padre Dam MWD implemented sewer charges increases that were generally below increases for the same period in the San Diego County Consumer Price Index.**

Sewer charges increases within the Padre Dam MWD for the study period were below San Diego County Consumer Price Index increase.

**5.18 The Padre Dam MWD uses discretionary funds to periodically stabilize consumer sewer charges.**

Unrestricted net assets are periodically used to lower effective commodity rates and insulate consumers from increasing costs or temporary cost spikes. Local governments are not required to maintain a fund specifically for rate stabilization. Any unrestricted net assets may be utilized to moderate effective rates through depressing rising rates, issuing billing credits, or distributing direct refunds.

Table 1.5-6  
Determination 6: Opportunities for Shared Facilities

**Determination 6: Opportunities for Shared Facilities**

Public service costs may be reduced and service efficiencies increased if service providers develop strategies for sharing resources. For example, service providers in San Diego County currently share communication center, wastewater treatment facilities and distribution lines. Sharing facilities and excess system capacity decreases duplicative efforts, may lower costs, and minimizes unnecessary resource consumption. The service review inventories facilities within the study area to determine if facilities are currently being used to capacity and whether efficiencies can be achieved by accommodating the facility needs of adjacent agencies. Options for planning future shared facilities are also considered.

**Lakeside Water District – Water Service**

**Determination 6: Opportunities for Shared Facilities**

**6.0 There is no inventory of excess capacity in water systems within the Lakeside WD.**

The Lakeside WD's capacity is generally appropriately sized for current and seasonal needs. However, the Lakeside WD does not operate a package groundwater treatment plant that has an extra 600 to 700 gpm, which could be used in cases of emergency.

**6.1 The Lakeside WD participates in sharing facilities through system interconnections with the Riverview WD and Padre Dam MWD.**

The Lakeside WD maintains agreements with the Riverview WD and Padre Dam MWD that interconnect distribution systems to create infrastructure redundancies and allow water supplies to be moved among agencies in an emergency.

**6.2 The Lakeside WD participates with the Riverview WD, Padre Dam MWD, and Helix WD in a collaborative system to share resources.**

The Lakeside WD participates with the Riverview WD, Padre Dam MWD, Helix WD, and four other East County Water Agencies in a Shared Resources Group that collaborates on common issues and maintains an equipment cooperative. Under this agreement, the participating Districts share staff, equipment, and information to reduce mutual costs and maximize resources.

**Riverview Water District – Water Service**

**Determination 6: Opportunities for Shared Facilities**

**6.3 There is no inventory of excess capacity in water systems within the Riverview WD.**

The Riverview WD's capacity is generally appropriately sized for current and seasonal needs.

**6.4 The Riverview WD participates in sharing facilities through system interconnections with the Lakeside WD and Padre Dam MWD.**

The Riverview WD maintains agreements with the Lakeside WD and Padre Dam MWD that interconnect distribution systems to create infrastructure redundancies and allow water

supplies to be moved among agencies in an emergency.

**6.5 The Riverview WD participates with the Lakeside WD and Padre Dam MWD (and Helix WD) in a collaborative system to share resources.**

The Riverview WD participates with the Lakeside WD, Padre Dam MWD, Helix WD, and four other East County Water Agencies in a Shared Resources Group that collaborates on common issues and maintains an equipment cooperative. Under this agreement, the participating Districts share staff, equipment, and information to reduce mutual costs and maximize resources.

**Padre Dam Municipal Water District – Water Service**

**Determination 6: Opportunities for Shared Facilities**

**6.6 There is no inventory of excess capacity in water systems within the Padre Dam MWD.**

Padre Dam MWD's capacity is generally appropriately sized for current and seasonal needs. However, the Padre Dam MWD reports that excess recycled water is available during the winter months.

**6.7 The Padre Dam MWD participates in sharing facilities through system interconnections with the Lakeside WD and Riverview WD.**

The Padre Dam MWD maintains agreements with the Lakeside WD and Riverview WD that interconnect distribution systems to create infrastructure redundancies and allow water supplies to be moved among agencies in an emergency.

**6.8 The Padre Dam MWD (and Helix WD) participates with the Lakeside WD and Riverview WD in a collaborative system to share resources.**

The Padre Dam MWD participates with the Lakeside WD, Riverview WD, Helix WD, and four other East County Water Agencies in a Shared Resources Group that collaborates on common issues and maintains an equipment cooperative. Under this agreement, the participating Districts share staff, equipment, and information to reduce mutual costs and maximize resources.

**Padre Dam Municipal Water District – Wastewater Service**

**Determination 6: Opportunities for Shared Facilities**

**6.9 There is no inventory of excess capacity in sewer systems within the Padre Dam MWD.**

The Padre Dam MWD reports that there is no excess capacity in sewer systems within the District. The District capacity is generally appropriately sized for current and seasonal needs.

**6.10 The Padre Dam MWD participates in numerous agreements to cooperate in joint ownership of regional facilities; to provide mutual aid in emergency situations; and to jointly resolve regional wastewater issues.**

The District is a signatory to an agreement with the City of San Diego to discharge wastewater to the City's Metropolitan Wastewater System (METRO). The District may buy,

sell, or exchange all or part of its contract capacity to participating agencies, subject to approval of the City of San Diego.

Table 1.5-7

**Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers**

**Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers**

The municipal service review provides a tool to comprehensively study existing and future public service conditions and to evaluate organizational options for accommodating growth, preventing urban sprawl and ensuring that critical services are efficiently and cost-effectively provided. While the service review does not require LAFCO to initiate changes of organization based on service review finding, LAFCO, local agencies, and the public may subsequently use service reviews to pursue changes to services, local jurisdictions or spheres of influence. LAFCOs may examine efficiencies that could be gained through: (1) functional reorganizations within existing agencies; (2) amending or updating spheres of influence; (3) annexations or detachments from cities or special districts; (4) formation of new special districts; (5) special district dissolutions; (6) mergers of special districts with cities; (7) establishment of subsidiary districts; or (8) any additional reorganization options found in Govt. Code §56000 et. Seq.

**Lakeside Water District – Water Service**

**Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers**

**7.0 The wholesale water relationship between the Lakeside WD, Riverview WD and Padre Dam MWD is being evaluated for efficiency.**

Currently, the Padre Dam MWD boundary encompasses the Lakeside and Riverview Water Districts. Neither of the two smaller water Districts has a water supply source; each depends on the Padre Dam MWD for wholesale supply. The three Districts have determined that detachment from Padre Dam MWD by Lakeside WD and Riverview WD would eliminate the wholesale layer of government. Furthermore, reorganization of the Lakeside WD and Riverview WD would eliminate boards of directors, and reduce redundant programs and staffing, which would produce efficiencies. Padre Dam MWD, Lakeside WD and Riverview WD propose that all areas outside of Padre's proposed retail water boundaries except for current water and sewer customers also be de-annexed from the Padre Dam sewer service area. Concurrently, these areas would be annexed to and provided sewer service by the Lakeside Sanitation District. This would reduce the amount of area with overlapping water service providers.

**Riverview Water District – Water Service**

**Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers**

**7.1 The wholesale water relationship between the Lakeside WD, Riverview WD, and Padre Dam MWD is being evaluated for efficiency.**

Currently, the Padre Dam MWD boundary encompasses the Lakeside and Riverview Water Districts. Neither of the two smaller water Districts has a water supply source; each depends on the Padre Dam MWD for wholesale supply. The three Districts have



determined that detachment from Padre Dam MWD by Lakeside WD and Riverview WD would eliminate the wholesale layer of government. Furthermore, reorganization of the Lakeside WD and Riverview WD would eliminate boards of directors, and reduce redundant programs and staffing, which would produce efficiencies. Padre Dam MWD, Lakeside WD and Riverview WD propose that all areas outside of Padre's proposed retail water boundaries except for current water and sewer customers also be de-annexed from the Padre Dam sewer service area. Concurrently, these areas would be annexed to and provided sewer service by the Lakeside Sanitation District. This would reduce the amount of area with overlapping water service providers. (Reference to Determination 7.0)

### **Padre Dam Municipal Water District – Water Service**

#### **Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers**

##### **7.2 The Padre Dam MWD's water system is under an umbrella of the SDCWA.**

The Padre Dam MWD's is a member agency of SDCWA. Although the agency has developed alternative water sources, it depends on SDCWA as its primary source of supply. SDCWA sets standards for primary source of supply. Additionally, the SDCWA sets standards for emergency planning; partners in development of regional storage and treatment facilities; and generally performs many of the functions of an umbrella agency. Member agencies may not provide water service beyond SDCWA boundaries.

##### **7.3 The wholesale water relationship between the Lakeside WD, Riverview WD and Padre Dam MWD is being evaluated for efficiency.**

Currently, the Padre Dam MWD boundary encompasses the Lakeside and Riverview Water Districts. Neither of the two smaller water Districts has a water supply source; each depends on the Padre Dam MWD for wholesale supply. The three Districts have determined that detachment from Padre Dam MWD by Lakeside WD and Riverview WD would eliminate the wholesale layer of government. Furthermore, reorganization of the Lakeside WD and Riverview WD would eliminate boards of directors, and reduce redundant programs and staffing, which would produce efficiencies. Padre Dam MWD, Lakeside WD and Riverview WD propose that all areas outside of Padre's proposed retail water boundaries except for current water and sewer customers also be de-annexed from the Padre Dam sewer service area. Concurrently, these areas would be annexed to and provided sewer service by the Lakeside Sanitation District. This would reduce the amount of area with overlapping water service providers. (Reference to Determination 7.0)

### **Padre Dam Municipal Water District – Wastewater Service**

#### **Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers**

##### **7.4 The detachment of Lakeside and Riverview Water Districts from the Padre Dam MWD could change the provision of wastewater services with the MSR study area.**

As part of the proposed detachment and reorganization, a majority of the area outside of Padre's proposed retail water boundaries not currently receiving sewer service would also be detached from the Padre Dam sewer service area. Concurrently, these areas would be annexed to and provided sewer service by the Lakeside Sanitation District. This

reorganization would affect the unincorporated areas within Lakeside WD. At the request of the Lakeside Sanitation District and existing customers, three areas that are currently receiving service from Padre Dam MWD will remain in Padre Dam MWD's service area for sewer and/or water service, creating minimal overlapping service areas and political boundaries between Padre Dam MWD and the newly reorganized water district. The areas that will continue to receive sewer and/or water service by Padre Dam MWD and thus be excluded from annexation into Lakeside Sanitation District include the Riverside Drive, Ferry Ranch, and Lakeside Downs neighborhoods. These areas are illustrated and discussed in the Sphere of Influence section of this report.

Table 1.5-8  
Determination 8: Evaluation of Management Efficiencies

**Determination 8: Evaluation of Management Efficiencies**

Management efficiency refers to the effectiveness of an agency's internal organization to provide efficient, quality public services. Efficiently managed agencies consistently implement plans to improve service delivery, reduce waste, eliminate duplications of effort, contain costs, maintain qualified employees, build and maintain adequate contingency reserves, and encourage and maintain open dialogues with the public and other public and private agencies. The service review evaluated management efficiency by analyzing agency functions, operations, and practices – as well as the agency's ability to meet current and future service demands. Services are evaluated in relation to available resources and consideration of service provision constraints.

**Lakeside Water District – Water Service**

**Determination 8: Evaluation of Management Efficiencies**

**8.0 The Lakeside WD receives an annual independently-conducted auditor's report.**

An independent auditor's report, conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, is routinely completed by Lakeside WD.

**8.1 There are no mandatory standards for determining appropriate levels of reserves (unrestricted net assets).**

Neither, the California Constitution, State Statues, the State Controller, or county auditors provide standards upon which decision-makers may rely in determining levels of reserves to maintain.

**8.2 The Lakeside WD should review and update policies for retention and use of reserve funds. Agencies are encouraged to adopt policy to guide official decisions and disclose to reserve fund actions.**

While there is no accepted model to determine appropriate levels of reserve funds, there is a widely accepted belief that decisions concerning reserves should be shaped by policy guidelines to help decision-makers discriminate among many fiscal choices and to facilitate public understanding of how decisions are made. The Government Finance Officers Association (GFOA) recommends that policies include a timeframe and specific plans for increasing or decreasing reserve levels if fund balances are inconsistent with the adopted policy.

**8.3 Privatization is used throughout the Lakeside WD service area to provide cost savings.**

In order to realize cost savings, the Lakeside WD uses outside consultants for engineering, legal, and financial services and has contracts for outside labor and other services including construction, large paving projects, janitorial, computer services and programming, electrical, printing and graphic design, laboratory work, property managers, etc.

Additionally, part-time labor is used extensively and provides significant cost savings because fringe benefits are not paid.

**8.4 Management-to-staff ratios within the Lakeside WD are reasonably low.**

The Lakeside WD has a management-to-staff ratio of 11.1%. Privatization, which depresses staff levels, often obscures the total resources of agencies.

**8.5 The Lakeside WD record of employee turnover is reasonably stable.**

Rates for termination, resignation, and retirement within the three-year reporting period are reasonably consistent within the agency. Lakeside WD has had zero to two full-time employee terminations or resignations per year within the past three years. During the reporting period, the District had no retirements or layoffs.

**Riverview Water District – Water Service**

**Determination 8: Evaluation of Management Efficiencies**

**8.6 The Riverview WD receives an annual independently-conducted auditor’s report.**

An independent auditor’s report, conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, is routinely completed by Riverview WD.

**8.7 There are no mandatory standards for determining appropriate levels of reserves (unrestricted net assets).**

Neither, the California Constitution, State Statues, the State Controller, or county auditors provide standards upon which decision-makers may rely in determining levels of reserves to maintain.

**8.8 The Riverview WD should review and update policies for retention and use of reserve funds. Agencies are encouraged to adopt policy to guide official decisions and to disclose reserve fund actions.**

While there is no accepted model to determine appropriate levels of reserve funds, there is a widely accepted belief that decisions concerning reserves should be shaped by policy guidelines to help decision-makers discriminate among many fiscal choices and to facilitate public understanding of how decisions are made. The GFOA recommends that policies include a timeframe and specific plans for increasing or decreasing reserve levels if fund balances are inconsistent with the adopted policy.

**8.9 Privatization is used throughout the Riverview WD service area to provide cost savings.**

In order to realize cost savings, the Riverview WD uses outside consultants for engineering, legal, and audit services.

**8.10 Management-to-staff ratios within the Riverview WD are reasonably low.**

The Riverview WD has a management-to-staff ratio of 15.4%. Privatization, which depresses staff levels, often obscures the total resources of agencies.

**8.11 The Riverview WD record of employee turnover is reasonably stable.**

The Riverview WD has had zero to two terminations, one to three resignations, zero to one retirement, and zero to one layoff per year in the past three years.

**Padre Dam Municipal Water District – Water Service**

**Determination 8: Evaluation of Management Efficiencies**

**8.12 The Padre Dam MWD receives an annual independently-conducted auditor’s report.**

An independent auditor’s report, conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, is routinely completed by Padre Dam MWD.

**8.13 There are no mandatory standards for determining appropriate levels of reserves (unrestricted net assets).**

Neither, the California Constitution, State Statues, the State Controller, or county auditors provide standards upon which decision-makers may rely in determining levels of reserves.

**8.14 The Padre Dam MWD should review and update policies for retention and use of reserve funds. Agencies are encouraged to adopt policy to guide official decisions and to disclose reserve fund actions.**

While there is no accepted model to determine appropriate levels of reserve funds, there is a widely accepted belief that decisions concerning reserves should be shaped by policy guidelines to help decision-makers discriminate among many fiscal choices and to facilitate public understanding of how decisions are made. The GFOA recommends that policies include a timeframe and specific plans for increasing or decreasing reserve levels if fund balances are inconsistent with the adopted policy.

**8.15 Privatization is used throughout the Padre Dam MWD service area to provide cost savings.**

The Padre Dam MWD reports using outside consultants or contractors to provide services such as landscaping, maintenance, and janitorial services in order to realize cost savings. The District also uses a private firm for its audits.

**8.16 Management-to-staff ratios within the Lakeside WD are reasonably low.**

The Padre Dam MWD has a management-to-staff ratio of 4.1%. Privatization, which depresses staff levels, obscures the total resources of agencies.

**8.17 The Padre Dam MWD record of employee turnover is reasonably stable.**

In 1998, the District’s Finance Department restructured the department by replacing two senior accountants with just one senior accountant and an entry level accounting specialist position permanently saving \$93,000 per year in direct salary reduction. The Padre Dam MWD reorganized parks operations in 1999 and eliminated five positions. In 2000, two positions were eliminated and staff supervision in three operational departments changed, resulting in an employee turnover rate of 5. In 2001, the District’s turnover rate was six. In that year, the Administrative Services Department was eliminated and staff reassigned to

other departments, one public affairs position was added, and three positions were eliminated (one through retirement). The Operations Department reorganized by assigning two field crews of three workers to one supervisor, adding one crew each to the eastern service area and the western service area for capital projects.

## **Padre Dam Municipal Water District – Wastewater Service**

### **Determination 8: Evaluation of Management Efficiencies**

#### **8.18 The Padre Dam MWD receives an annual independently-conducted auditor’s report.**

An independent auditor’s report, conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, is routinely completed by Padre Dam MWD. (Reference to Determination 8.12)

#### **8.19 There are no mandatory standards for determining appropriate levels of reserves (unrestricted net assets).**

Neither, the California Constitution, State Statues, the State Controller, or county auditors provide standards upon which decision-makers may rely in determining levels of reserves to maintain. (Reference to Determination 8.13)

#### **8.20 The Padre Dam MWD should review and update policies for retention and use of reserve funds. Agencies are encouraged to adopt policy to guide official decisions and to disclose reserve fund actions.**

While there is no accepted model to determine appropriate levels of reserve funds, there is a widely accepted belief that decisions concerning reserves should be shaped by policy guidelines to help decision-makers discriminate among many fiscal choices and to facilitate public understanding of how decisions are made. The GFOA recommends that policies include a timeframe and specific plans for increasing or decreasing reserve levels if fund balances are inconsistent with the adopted policy. (Reference to Determination 8.14)

#### **8.21 Privatization is used throughout the Padre Dam MWD service area to provide cost savings.**

The Padre Dam MWD reports using outside consultants or contractors to provide services such as landscaping, maintenance, and janitorial services in order to realize cost savings. The District also uses a private firm for it audits. (Reference to Determination 8.15)

#### **8.22 Management-to-staff ratios within the Lakeside WD are reasonably low.**

The Padre Dam MWD has a management-to-staff ratio of 4.1%. Privatization, which depresses staff levels, obscures the total resources of agencies. (Reference to Determination 8.16)

#### **8.23 The Padre Dam MWD record of employee turnover is reasonably stable.**

In 1998, the District’s Finance Department restructured the department by replacing two senior accountants with just one senior accountant and an entry level accounting specialist position permanently saving \$93,000 per year in direct salary reduction. The Padre Dam MWD reorganized parks operations in 1999 and eliminated five positions. In 2000, two positions were eliminated and staff supervision in three operational departments changed,

resulting in an employee turnover rate of 5. In 2001, the District's turnover rate was six. In that year, the Administrative Services Department was eliminated and staff reassigned to other departments, one public affairs position was added, and three positions were eliminated (one through retirement). The Operations Department reorganized by assigning two field crews of three workers to one supervisor, adding one crew each to the eastern service area and the western service area for capital projects.

Table 1.5-9  
Determination 9: Local Accountability and Governance

**Determination 9: Local Accountability and Governance**

In making a determination of local accountability and governance, LAFCO considers the degree to which the agency fosters local accountability. Local accountability and governance refers to public agency decision-making and operational and management processes that: (1) include an accessible and accountable elected or appointed decision-making body and agency staff; (2) encourage and value public participation; (3) disclose budgets, programs, and plans; (4) solicit public input when considering rate changes and work and infrastructure plans; and (5) evaluate outcomes of plans, programs, and operations and disclose results to the public.

**Lakeside Water District – Water Service**

**Determination 9: Local Accountability and Governance**

- 9.0 The Lakeside WD limits its activities to services authorized by state charter or principle act. Services are extended beyond boundaries only when lawful.**

The Lakeside WD does not engage in any activity that is not delineated in its principle act.

- 9.1 The Lakeside WD complies with requirements for conducting public meetings.**

Lakeside WD posts agendas as required by law. The District also posts agenda on their website. Meetings are held at the District office in the evening (5:30 p.m.). Agenda items are flexible to accommodate public participation. The District also publishes a community newsletter called *Pipeline*, to inform District customers of the latest events. No incidences of Brown Act violations have been reported.

- 9.2 The Lakeside WD should redouble recruiting efforts for candidates for board of directors' seats.**

During the reporting period, all three 2002 Lakeside WD candidates ran unopposed. However, this may be due to general service member satisfaction with the District's operations.

**Riverview Water District – Water Service**

**Determination 9: Local Accountability and Governance**

- 9.3 The Riverview WD limits its activities to services authorized by state charter or principle act. Services are extended beyond boundaries only when lawful.**

The Riverview WD does not engage in any activity that is not delineated in its principle act.

- 9.4 The Riverview WD complies with requirements for conducting public meetings.**

Riverview WD posts agendas as required by law on their website. The District holds regularly scheduled public meetings at established times as posted on the agendas, the district website, and the district newsletter. Public comment periods are provided as prescribed by State Law. No incidences of Brown Act violations have been reported.



## Padre Dam Municipal Water District – Water Service

### Determination 9: Local Accountability and Governance

- 9.5 The Padre Dam MWD limits its activities to services authorized by state charter or principle act. Services are extended beyond boundaries only when lawful.**

The Padre Dam MWD does not engage in any activity that is not delineated in its principle act.

- 9.6 The Padre Dam MWD complies with requirements for conducting public meetings.**

The Padre Dam MWD holds regularly scheduled public meetings that are held at established times. Agendas are posted 72 hours in advance for regularly scheduled meetings and 24 hours in advance for special meetings. Agendas are mailed to local newspapers, other public agencies, and individuals on the mailing list. Each agenda has a public comment period as prescribed by State Law where member of the public can address the Board. Board meetings start at 3:30 p.m.; however, issues concerning rates are scheduled for 6:00 p.m. to accommodate customers who work during business hours. No incidences of Brown Act violations have been reported.

- 9.7 The Padre Dam MWD maintains outreach programs to inform and engage the public.**

Various methods, such as direct mail, flyers and postcards, school announcements, messages on bills, website information, customer newsletters, new customer kits for general information, door hangers, literature available in the lobby of the administrative offices, and tours of facilities are used by the Padre Dam MWD to increase visibility and engage the public in agency activities. In addition, customer input is often gathered during major projects affecting direction of the Padre Dam MWD.

## Padre Dam Municipal Water District – Wastewater Service

### Determination 9: Local Accountability and Governance

- 9.8 The Padre Dam MWD limits its activities to services authorized by state charter or principle act. Services are extended beyond boundaries only when lawful.**

The Padre Dam MWD does not engage in any activity that is not delineated in its principle act. (Reference to Determination 9.5)

- 9.9 The Padre Dam MWD complies with requirements for conducting public meetings.**

The Padre Dam MWD holds regularly scheduled public meetings that are held at established times. Agendas are posted 72 hours in advance for regularly scheduled meetings and 24 hours in advance for special meetings. Agendas are mailed to local newspapers, other public agencies, and individuals on the mailing list. Each agenda has a public comment period as prescribed by State Law where member of the public can address the Board. Board meetings start at 3:30 p.m.; however, issues concerning rates are scheduled for 6:00 p.m. to accommodate customers who work during business hours. No incidences of Brown Act violations have been reported. (Reference to Determination 9.6)

**9.10 The Padre Dam MWD maintains outreach programs to inform and engage the public.**

Various methods, such as direct mail, flyers and postcards, school announcements, messages on bills, website information, customer newsletters, new customer kits for general information, door hangers, literature available in the lobby of the administrative offices, and tours of facilities are used by the Padre Dam MWD to increase visibility and engage the public in agency activities. In addition, customer input is often gathered during major projects affecting direction of the Padre Dam MWD. (Reference to Determination 9.7)

## ATTACHMENT 2

### **SPHERE OF INFLUENCE DETERMINATIONS**

## **Lakeside Sanitation District Sphere of Influence Determinations**

### ***(1) The present and planned land uses in the area, including agricultural and open-space lands.***

The present land uses in the Lakeside SD service area (5,075 acres) are characterized by low-density residential and industrial uses in the northern portion, and Town Center-type residential and commercial uses in the more developed southern portion. While semi-public/public open space uses are present, agriculture uses account for only 5-10 percent of the water service connections in the area. The current acreage within the sphere and outside of the district's service area is 1,250 acres.

### ***(2) The present and probable need for public facilities and services in the area.***

The Lakeside SD provides sewer service to the unincorporated communities of Lakeside, Crest, and Flinn Springs. While Lakeside is considered to be closer to built-out, the Crest and Flinn Springs areas are still considered to be developing. It is probable that the SD will receive future requests for sewer service from these developing unincorporated areas. The County of San Diego Board of Supervisors Policy I-106 restricts the extension of sewer services outside of the SD's boundary unless a waiver to the policy has been granted.

The proposed "Upper San Diego River Reorganization" includes the detachment of Lakeside WD from Padre Dam MWD. As Padre Dam MWD is also responsible for sewer service in the proposed detachment area, the reorganization additionally proposes that the Lakeside SD annex the subject territory (8,130 acres) in order to provide continuity to the existing sewer service entitlements following the reorganization of the districts. It is recommended that the Lakeside SD sphere of influence be expanded to include the proposed annexation area.

### ***(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.***

Present capacities and adequacy of public service provision have been examined in the Upper San Diego River MSR. The MSR determinations affirmed that existing capacities are sized to meet the SD's current and seasonal needs, and that municipal services are being provided to the MSR area in an adequate manner.

### ***(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.***

No social or economic communities of interest have been determined to be relevant to the subject agencies.

## **Riverview Water District Sphere of Influence Determinations**

### ***(1) The present and planned land uses in the area, including agricultural and open-space lands.***

The present land uses in the Riverview WD service area (1,294 acres) are characterized by low-density residential and industrial uses in the northern portion, and Town Center-type residential and commercial uses in the more developed southern portion. While semi-public/public open space uses are present, agriculture uses account for only 5-10 percent of the water service connections in the area.

### ***(2) The present and probable need for public facilities and services in the area.***

Riverview WD's service area is close to 100 percent built-out; therefore, it is probable that the WD will not experience unexpected service demands. As such, the WD focuses on existing water system upgrades and maintenance. The current acreage within the district's sphere and outside the district's service area is 338 acres.

Because of the pending reorganization that proposes to dissolve the Riverview WD and annex its service area to the Lakeside WD, it is recommended that the Riverview WD sphere be changed to a zero sphere in anticipation of the change in water service provision responsibility to the Lakeside WD.

### ***(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.***

Present capacities and adequacy of public service provision have been examined in the Upper San Diego River MSR. The MSR determinations affirmed that existing capacities are sized to meet the districts' current and seasonal needs, and that municipal services are being provided to the MSR area in an adequate manner.

### ***(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.***

No social or economic communities of interest have been determined to be relevant to the subject agencies.

## **Lakeside Water District Sphere of Influence Determinations**

### ***(1) The present and planned land uses in the area, including agricultural and open-space lands.***

The present land uses in the Lakeside WD service area (6,304 acres) are characterized by low-density residential and industrial uses in the northern portion, and Town Center-type residential and commercial uses in the more developed southern portion. While semi-public/public open space uses are present, agriculture uses account for only 5-10 percent of the water service connections in the area. The total acreage within the WD's sphere and outside of its service area is 3,527 acres.

### ***(2) The present and probable need for public facilities and services in the area.***

Lakeside WD's service area is close to 100 percent built-out; therefore, it is probable that the WD will not experience unexpected future service demands. As such, the WD focuses on existing water system upgrades and maintenance. The WD relies on SANDAG population forecasts to guide their strategic planning efforts. The WD's most recent Capital Improvement Plan covers the years 2003-2008.

The proposed "Upper San Diego River Reorganization" intends to dissolve the Riverview WD and annex its service area to the Lakeside WD. The Lakeside WD sphere of influence is recommended to be expanded to include the Riverview WD service area, as well as the remainder of the Padre Dam MWD wholesale water service area, in anticipation of Lakeside WD's detachment from Padre Dam MWD.

### ***(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.***

Present capacities and adequacy of public service provision have been examined in the Upper San Diego River MSR. The MSR determinations affirmed that existing capacities are sized to meet the WD's current and seasonal needs, and that municipal services are being provided in an adequate manner.

### ***(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.***

No social or economic communities of interest have been determined to be relevant to the subject agencies.

## **Padre Dam Municipal Water District Sphere of Influence Determinations**

### ***(1) The present and planned land uses in the area, including agricultural and open-space lands.***

The present land uses in Padre Dam MWD's service area are characterized by low-density residential and industrial uses in the northern portion, and Town Center-type residential and commercial uses in the more developed southern portion. While semi-public/public open space uses are present, agriculture uses account for only 5-10 percent of the water service connections in the area.

### ***(2) The present and probable need for public facilities and services in the area.***

Padre Dam MWD provides services to areas still considered to be developing such as the City of Santee and the unincorporated communities of Blossom Valley, Dehesa, Crest, Alpine, Harbison Canyon, and Flinn Springs. The MWD relies on SANDAG population forecasts to guide their strategic planning efforts. The MWD's most recent Integrated Facilities Plan was adopted in March 2002 and its list of prioritized capital improvements is specified to the year 2020.

### ***(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.***

Present capacities and adequacy of public service provision have been examined in the Upper San Diego River MSR. The MSR determinations affirmed that existing capacities are sized to meet the MWD's current and seasonal needs, and that municipal services are being provided in an adequate manner.

### ***(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.***

No social or economic communities of interest have been determined to be relevant to the subject agencies.

## ATTACHMENT 3

### **REORGANIZATION TERMS AND CONDITIONS**



Terms and Conditions  
"Upper San Diego River Reorganization"  
(RO05-56)

(Section references pertain to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code § 56000 et. Seq.)

The proposed "Upper San Diego River Reorganization" (RO05-56) is to be subject to the following terms and conditions:

1. The terms and conditions set forth in the "Agreement between Padre Dam Municipal Water District (MWD), Riverview Water District (WD), and Lakeside Water District (WD) Regarding Detachment from Padre Dam" dated February 23, 2005, setting forth the obligations of Padre Dam MWD, Lakeside WD and Riverview WD with regard to the Reorganization, including but not limited to, the transfer of property tax revenue, the payment of debt service, the payment of wheeling charges, the payment of Wholesale Water Fund revenue, delivery of water, the use of Padre Dam's water delivery system during emergencies, and other related issues. The "Agreement between Padre Dam Municipal Water District, Riverview Water District and Lakeside Water District Regarding Detachment from Padre Dam" dated February 23, 2005 is attached hereto as Exhibit "G". (Government Code §56886)
2. The Lakeside Sanitation District (SD) shall be authorized to extend and/or continue any and all previously authorized and collected charges, fees, assessments and general or special taxes previously collected by the Lakeside SD upon the territory to be annexed to the Lakeside SD. (§56886(t))
3. The terms and conditions for the Dissolution of Riverview WD and annexation of the Riverview WD Territory to Lakeside WD shall be as set forth below, which terms and conditions are substantially similar to those terms and conditions set forth in the Resolutions of both Lakeside WD and Riverview WD "Fixing Terms and Conditions for the Reorganization of the Lakeside Water District and the Riverview Water District" (Riverview WD Resolution No. 04-04 and Lakeside WD Resolution No. 04-08) adopted by the Board of Directors of Riverview WD and the Board of Directors of Lakeside WD at a joint meeting on August 24, 2004, copies of which is attached hereto as Exhibit "H". (§56886)
  - a. Dissolution of the Riverview Water District:
    - i. As of the effective date of the reorganization, Riverview WD shall be dissolved, terminated, disincorporated and extinguished and all its corporate powers and authority shall cease. (§56886(p))

b. Designation of Successor Agency:

- ii. Lakeside WD is designated as the successor to Riverview WD for the purpose of succeeding to all the rights, duties and obligations of the Riverview WD. (§56886(m))

c. Effective Date:

- iii. The effective date for the reorganization shall be the date of recordation of the LAFCO Certificate of Completion. (§56886(p))

d. Transfer of Assets and Assumption of Liability:

- i. All lands, tangible assets and monies, including cash on hand, accounts receivable, accounts payable, and any obligations of Riverview WD will be transferred over to Lakeside WD on the effective date of the reorganization. (§56886(a-i))
- ii. Lakeside WD will be required to honor the existing contracts and agreements that Riverview WD has entered into as of the effective date of the reorganization. (§56886(m))

e. Charges and Fees:

- i. There will be no special taxes, assessments, or service charges associated with the dissolution of Riverview WD and annexation of the Riverview WD territory to Lakeside WD. (§56886(b))
- ii. The use of Riverview WD capacity fees will be restricted to capital improvement projects as required under AB1600, as it has been revised from time to time. (§56886(b))

f. Miscellaneous Conditions:

- i. Upon the effective date of the reorganization the Riverview WD Board of Directors will select two of their members to be added to the Board of Directors of Lakeside WD for a total of seven board members. During the first year of operation of the newly reorganized district, new division boundaries will be established by the board consisting of five divisions balanced by population as required by law. Total board membership will revert to a total of five board members as future general elections occur. (§56886(n))
- ii. Both staffs will be retained for a period of 18 months beginning on the effective date of the Reorganization. The general manager of Lakeside WD will continue as the general manager of the

reorganized district. The Riverview WD general manager will continue temporarily in the capacity of administrative or technical assistant for a maximum period of 18 months, at which time the position will be eliminated. After 18 months, the staff will be reorganized to reflect the needs of the reorganized district. It is expected that staff levels will be reduced through attrition, but the possibility exists that some positions will be eliminated. Fringe benefits will be maintained as currently provided by the respective districts. After the 18-month transition period, the fringe benefit package will be standardized. (§56886(l))

- iii. All rates, fees and charges will be uniform as soon as practical, after the necessary public hearings, notifications, nexus studies, and final board action. (§56886(b))

g. Relationship of Successor Agency to SDCWA / MWDSC

- i. Lakeside WD will become a separate unit of the San Diego County Water Authority (SDCWA) upon: approval by the SDCWA board of directors; satisfaction of the requirements of Section 10.3 of the County Water Authority Act; and satisfaction of the terms and conditions, if any, fixed by the SDCWA board of directors. [Because the territory of the proposed reorganized Lakeside WD is located wholly within the boundaries of the Metropolitan Water District of Southern California (“MWDSC”) no additional Met approval is necessary, subject to Lakeside WD becoming a separate unit of SDCWA.] (§56886(v))
- ii. After the effective date of the Reorganization, and satisfaction of the requirements of paragraph g.i., Lakeside WD will be a separate unit of the SDCWA.(§56886(v))

- 4. All processing and administration fees, rates and charges related to the proposed Reorganization, the Sphere of Influence Update proposal and the Municipal Service Review proposal, including any and all processing and administration fees, rates and charges as set out in LAFCO’s processing and filing fees schedule, and including Board of Equalization Fees shall be paid for as follows:

- a. Padre Dam MWD, Lakeside WD and Riverview WD shall be responsible for payment of the cost associated with the detachment component of the Reorganization, and shall also be responsible for payment of the cost associated with detachment of the sewer service area from Padre Dam MWD annexation of said sewer service area to the Lakeside SD, which costs shall be shared in a manner consistent with the cost sharing provisions of the

“Memorandum of Understanding Among the Padre Dam Municipal Water District, Lakeside Water District and Riverview Water District Regarding Cost Sharing for Studies Necessary for Detachment Proceedings” dated April 8, 2003, a copy of which is attached hereto as Exhibit “I.”

- b. Lakeside WD and Riverview WD shall be responsible for payment of the cost associated with the dissolution of Riverview WD and annexation of the former Riverview WD territory to Lakeside WD.
  - c. Padre Dam MWD, Lakeside WD and Riverview WD shall be responsible for payment of the cost associated with Sphere of Influence Update proposal and the Municipal Service Review proposal, which costs shall be shared in a manner consistent with the cost sharing provisions of the “Memorandum of Understanding Among the Padre Dam Municipal Water District, Lakeside Water District and Riverview Water District Regarding Cost Sharing for Studies Necessary for Detachment Proceedings” dated April 8, 2003. (§56886(v))
5. As of the date of adoption of the Commission’s Resolution approving the District’s dissolution, the Riverview Water District is prohibited from taking any of the following actions, unless it first finds that an emergency situation exists as defined in Section 54956.65 of the California Government Code:
- a. Approving any increase in compensation or benefits for members of the government governing board, its officers, or the executive officer of the District.
  - b. Appropriating, encumbering, expending, or otherwise obligating any revenue of the District beyond that provided in the current budget at the time the dissolution is approved by the Commission (§56885.5(a)(4)).

# 9 & 10

**SAN DIEGO LOCAL AGENCY FORMATION COMMISSION  
SEPTEMBER 11, 2006**

**AGENDA ITEM NO. 9 & 10**

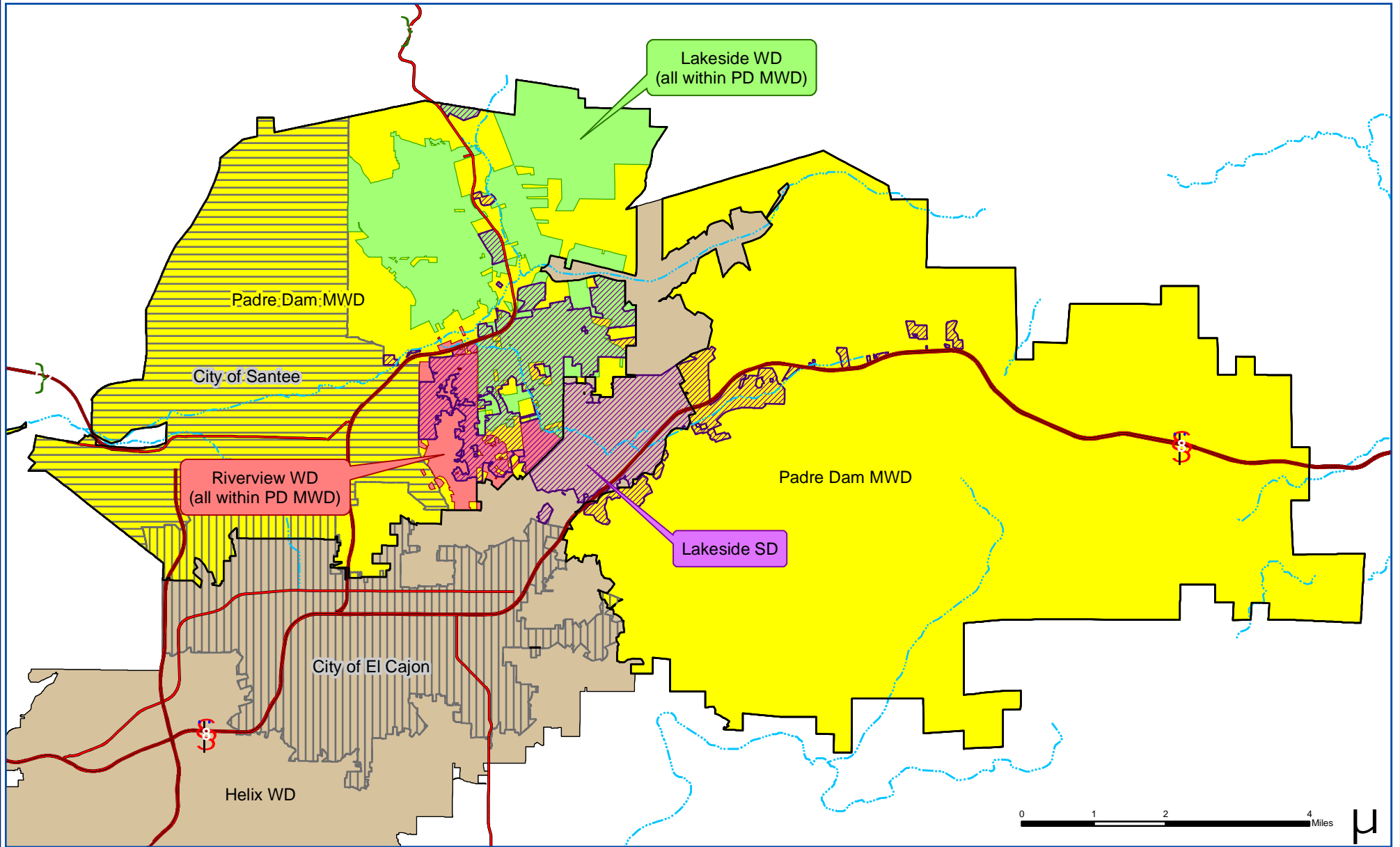
**PROPOSED “UPPER SAN DIEGO RIVER” MUNICIPAL SERVICE REVIEW  
AND  
“UPPER SAN DIEGO RIVER REORGANIZATION”  
(MSR04-21;SR04-21;RO05-56)**

**ATTACHMENT 4**

**UPPER SAN DIEGO RIVER  
MSR / SOI UPDATE / REORGANIZATION STUDY  
(BINDER)**

# Upper San Diego River MSR: Overall Area

# MAP 1



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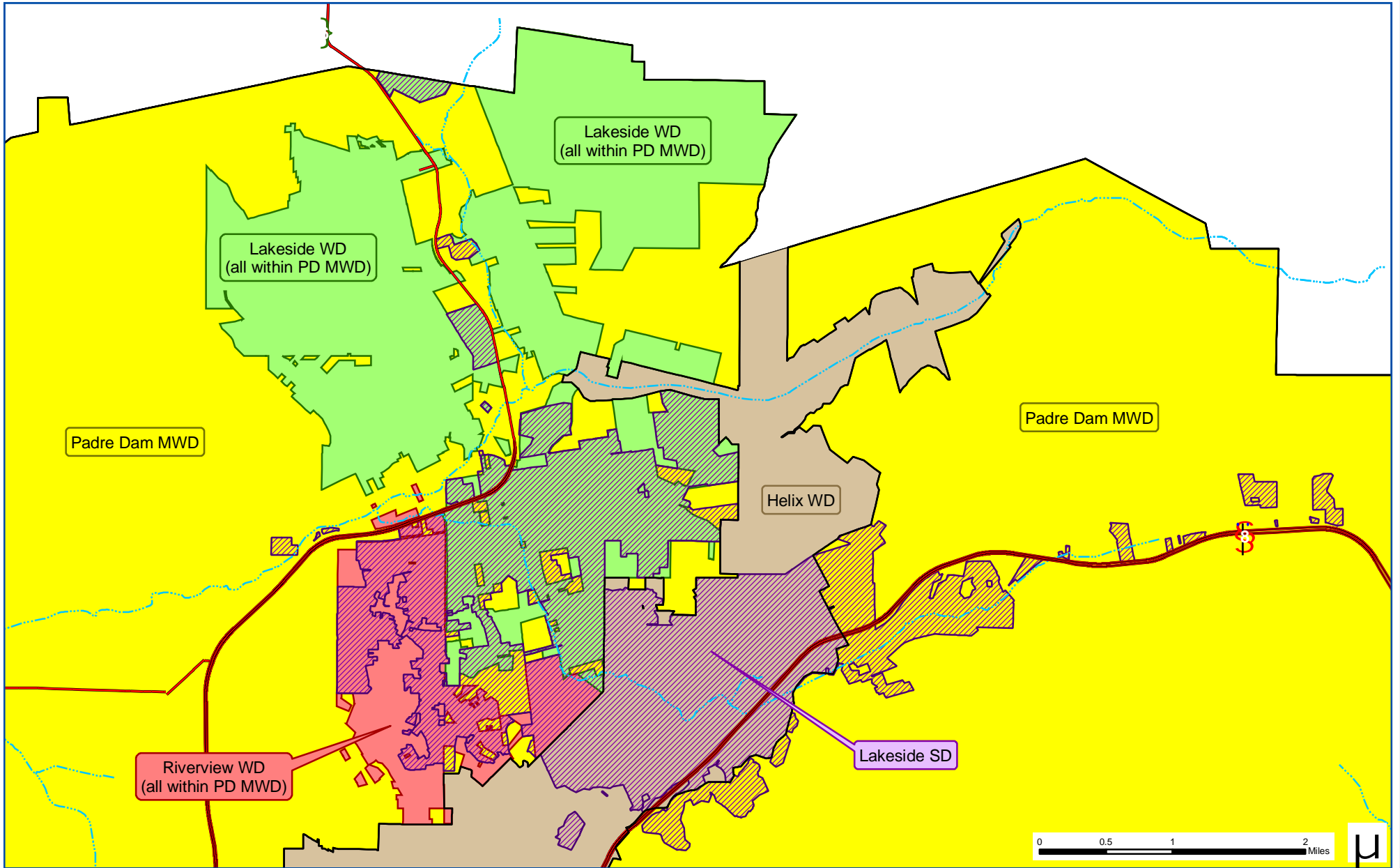
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## LEGEND

- |               |                  |
|---------------|------------------|
| Padre Dam MWD | City of Santee   |
| Riverview WD  | City of El Cajon |
| Lakeside WD   | Helix WD         |
| Lakeside SD   | Rivers           |

# Upper San Diego River MSR: Subject Agencies

MAP 2



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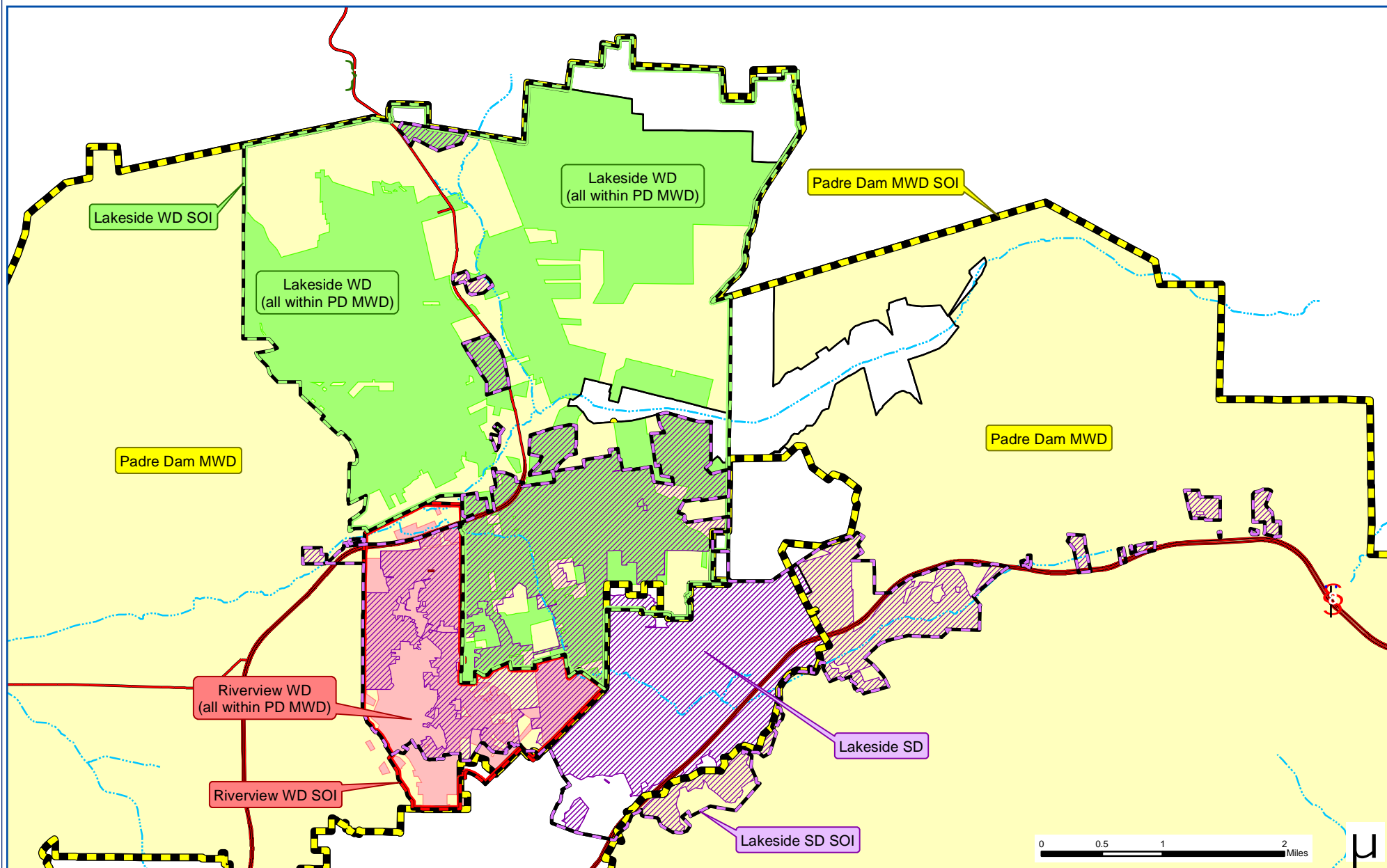
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### LEGEND

- |               |             |
|---------------|-------------|
| Padre Dam MWD | Lakeside SD |
| Riverview WD  | Helix WD    |
| Lakeside WD   | Rivers      |

# Upper San Diego River MSR: Subject Agencies' Sphere of Influence



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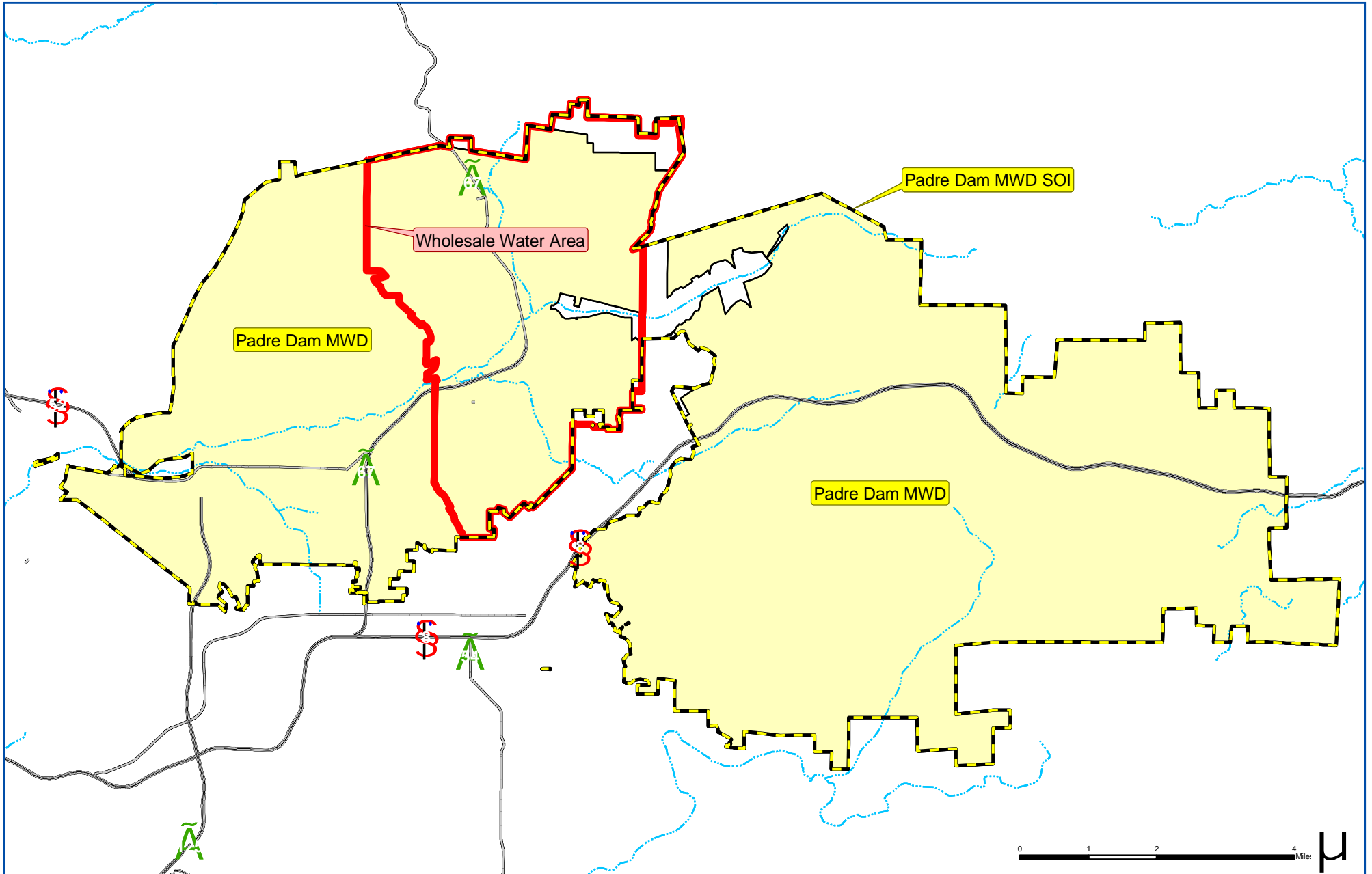
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- |               |                   |
|---------------|-------------------|
| Lakeside SD   | Lakeside SD SOI   |
| Lakeside WD   | Lakeside WD SOI   |
| Riverview WD  | Riverview WD SOI  |
| Padre Dam MWD | Padre Dam MWD SOI |
| Rivers        |                   |



# Padre Dam MWD: Existing District and Sphere of Influence (SOI)

## MAP 4






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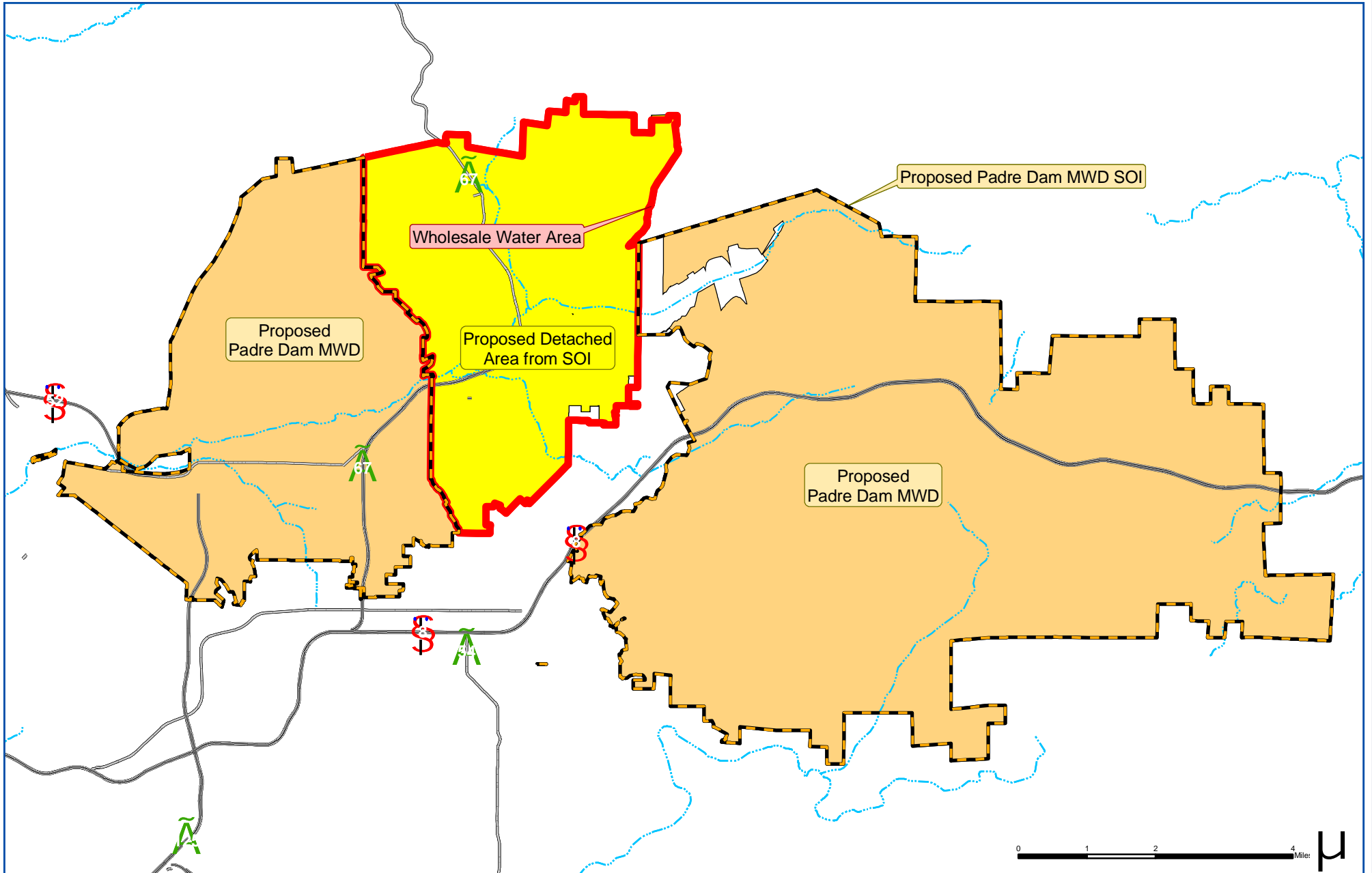
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-  Padre Dam MWD
-  Padre Dam MWD SOI
-  Wholesale Water Area

# Padre Dam MWD: Proposed District and Sphere of Influence (SOI)

# MAP 5



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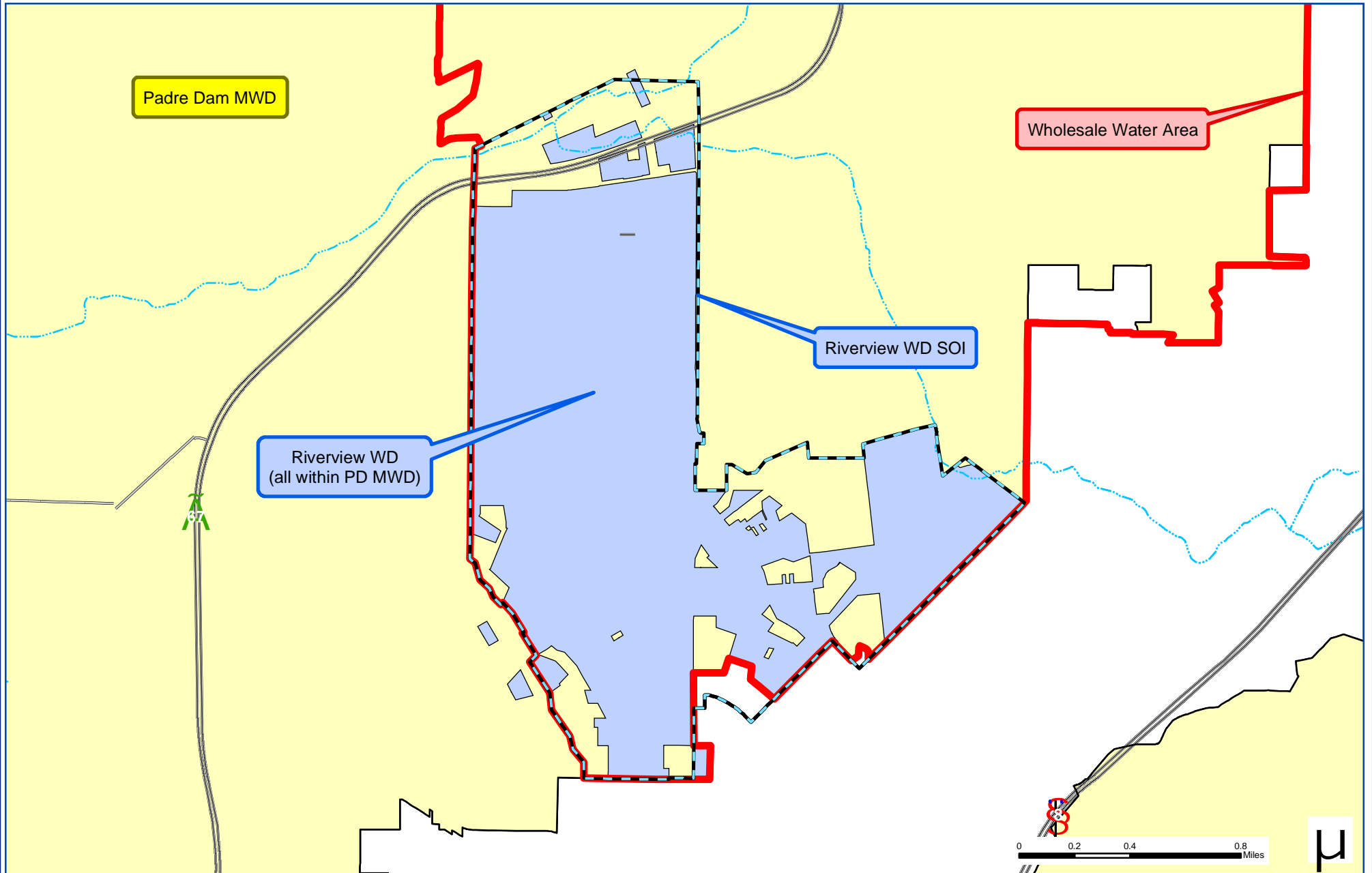
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- Proposed Padre Dam MWD
- Proposed Padre Dam MWD SOI
- Wholesale Water Area

# Riverview WD: Existing District and Sphere of Influence (SOI)

## MAP 6



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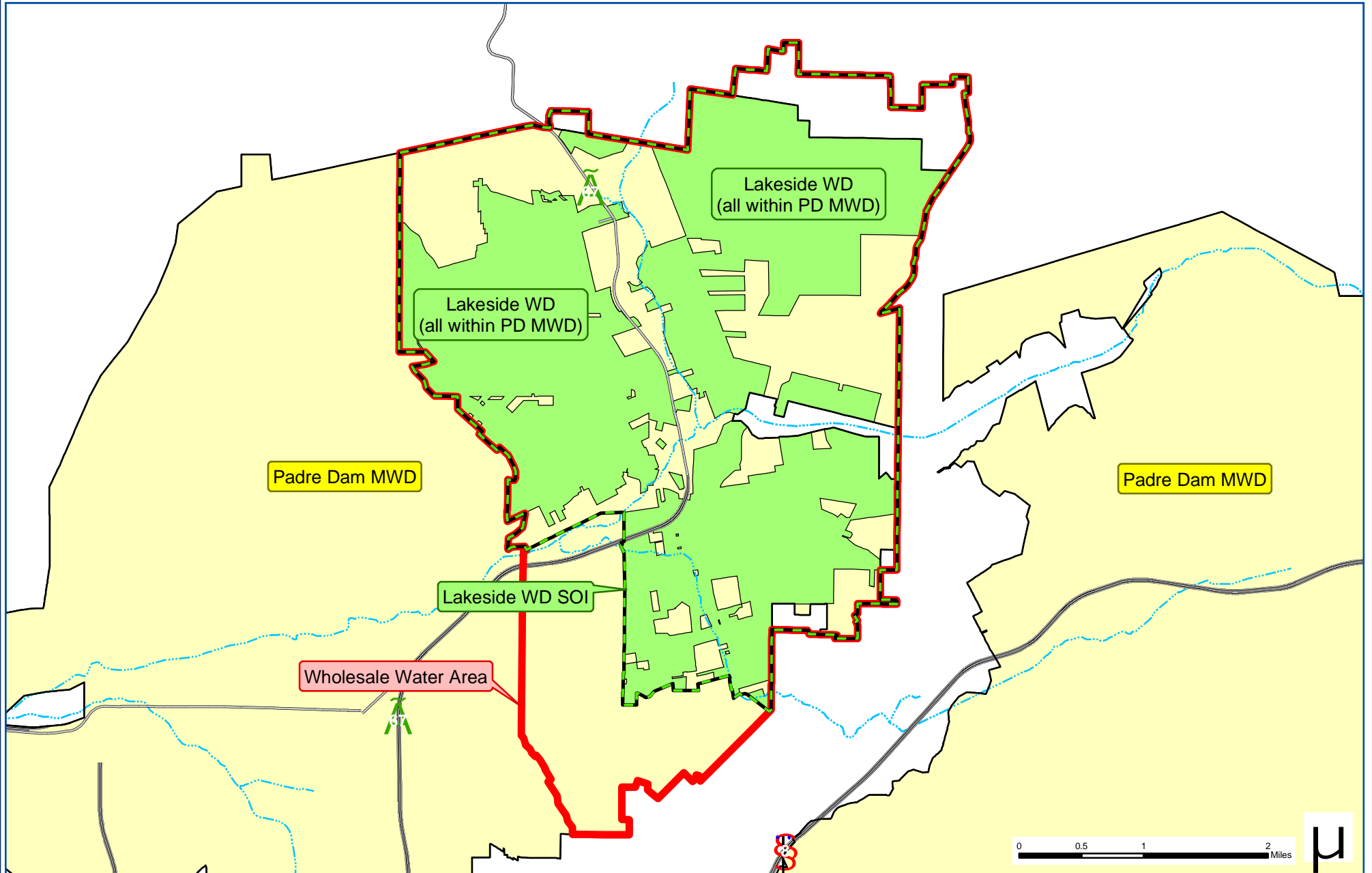
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- Riverview WD
- Riverview WD SOI
- Wholesale Water Area

# Lakeside WD: Existing District and Sphere of Influence (SOI)

## MAP 7






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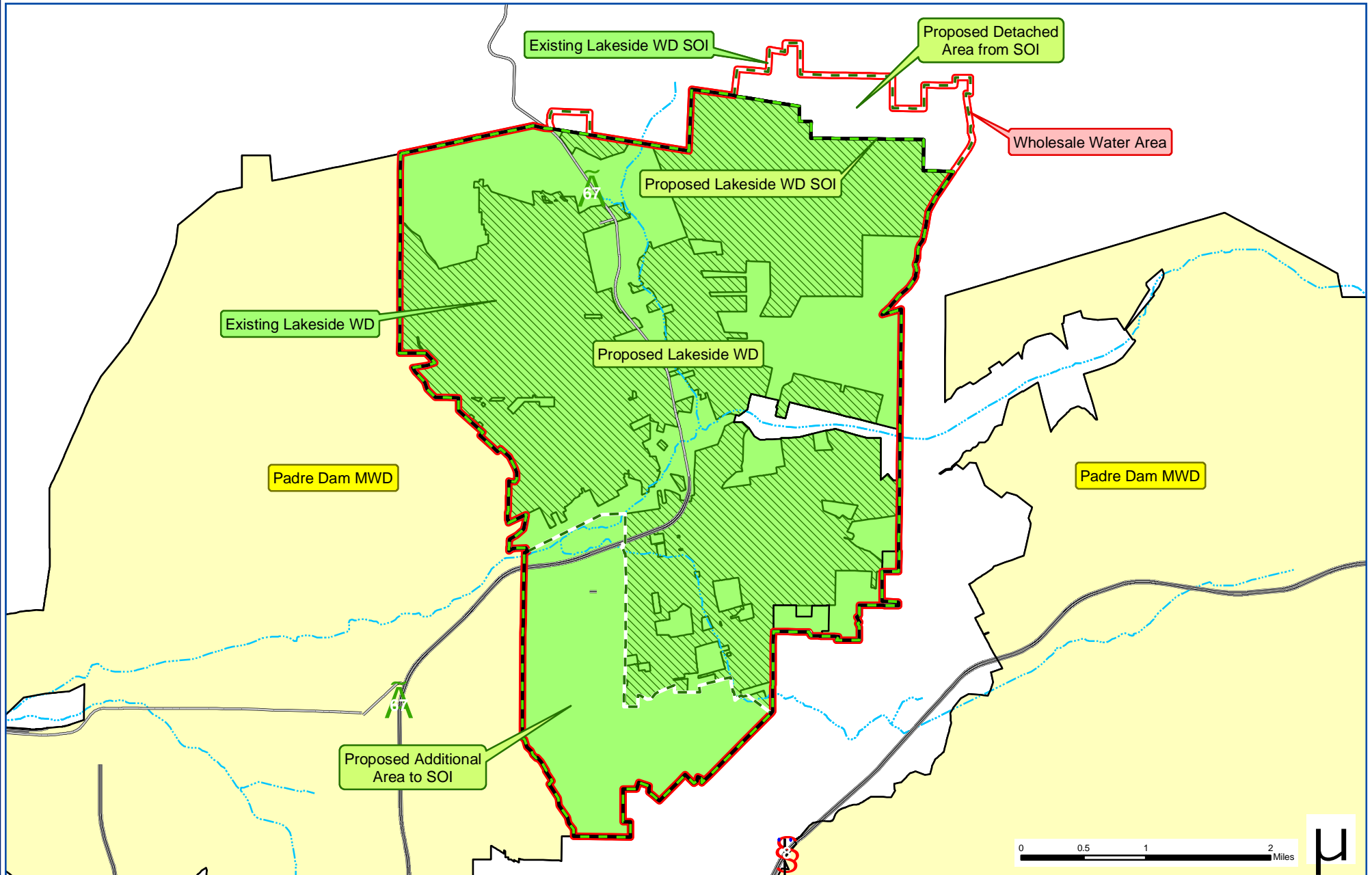
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-  Lakeside WD
-  Lakeside WD SOI
-  Wholesale Water Area

# Lakeside WD: Proposed District and Sphere of Influence (SOI)

MAP 8



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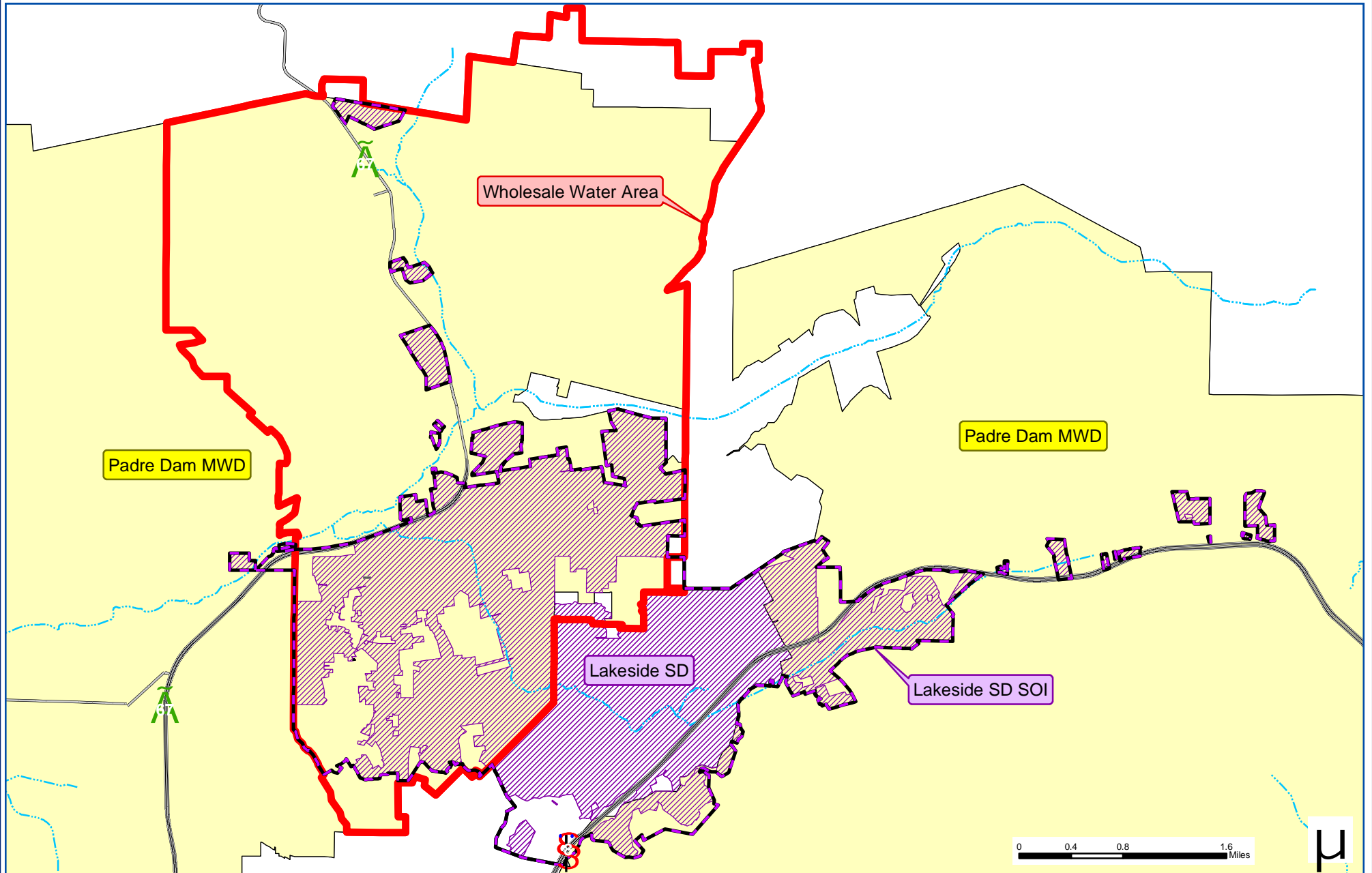
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- Proposed Lakeside WD SOI
- Wholesale Water Area

# Lakeside SD: Existing District and Sphere of Influence (SOI)

MAP 9



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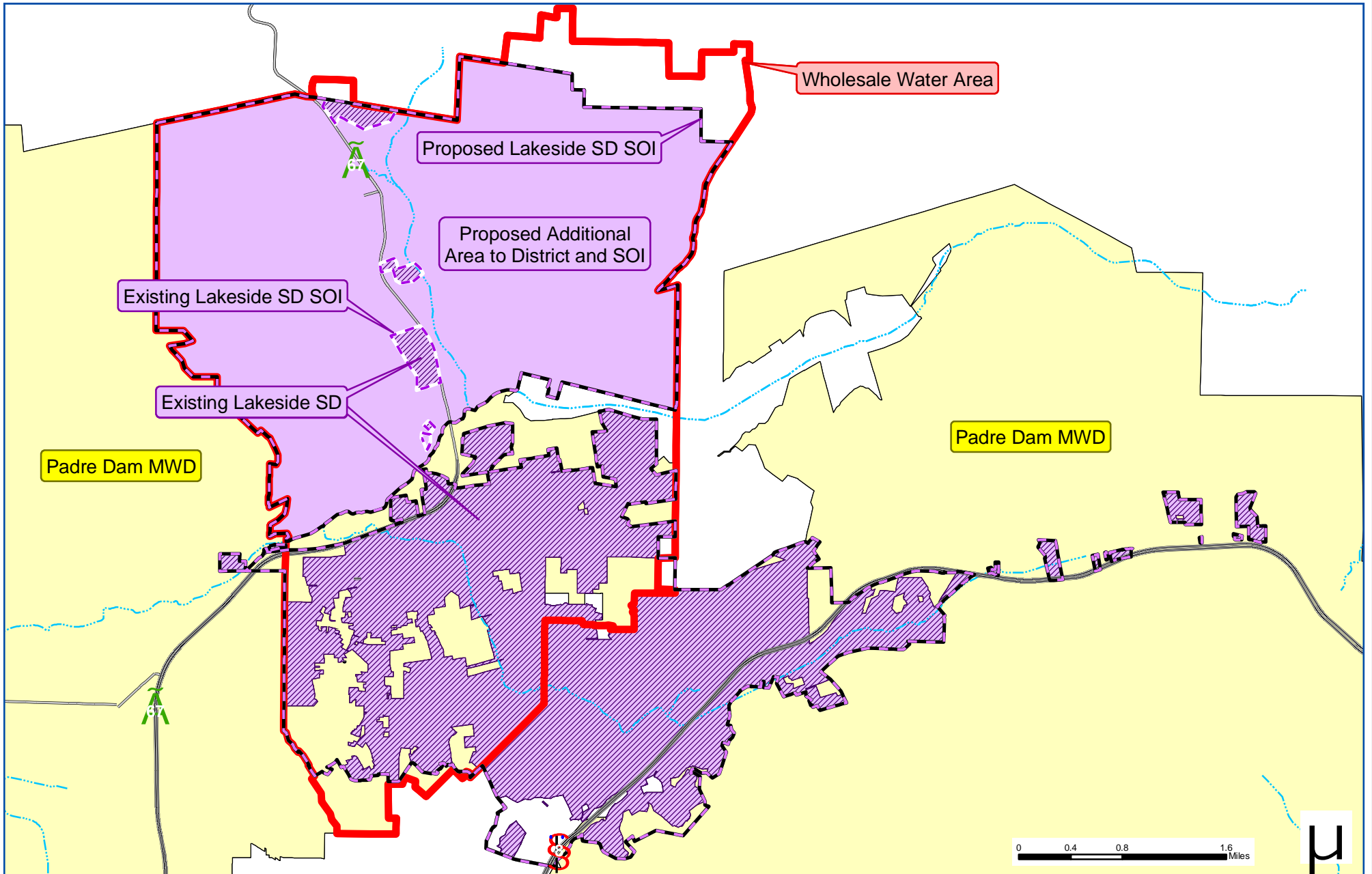
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- Lakeside SD
- Lakeside SD SOI
- Wholesale Water Area

# Lakeside SD: Proposed District and Sphere of Influence (SOI)

MAP 10



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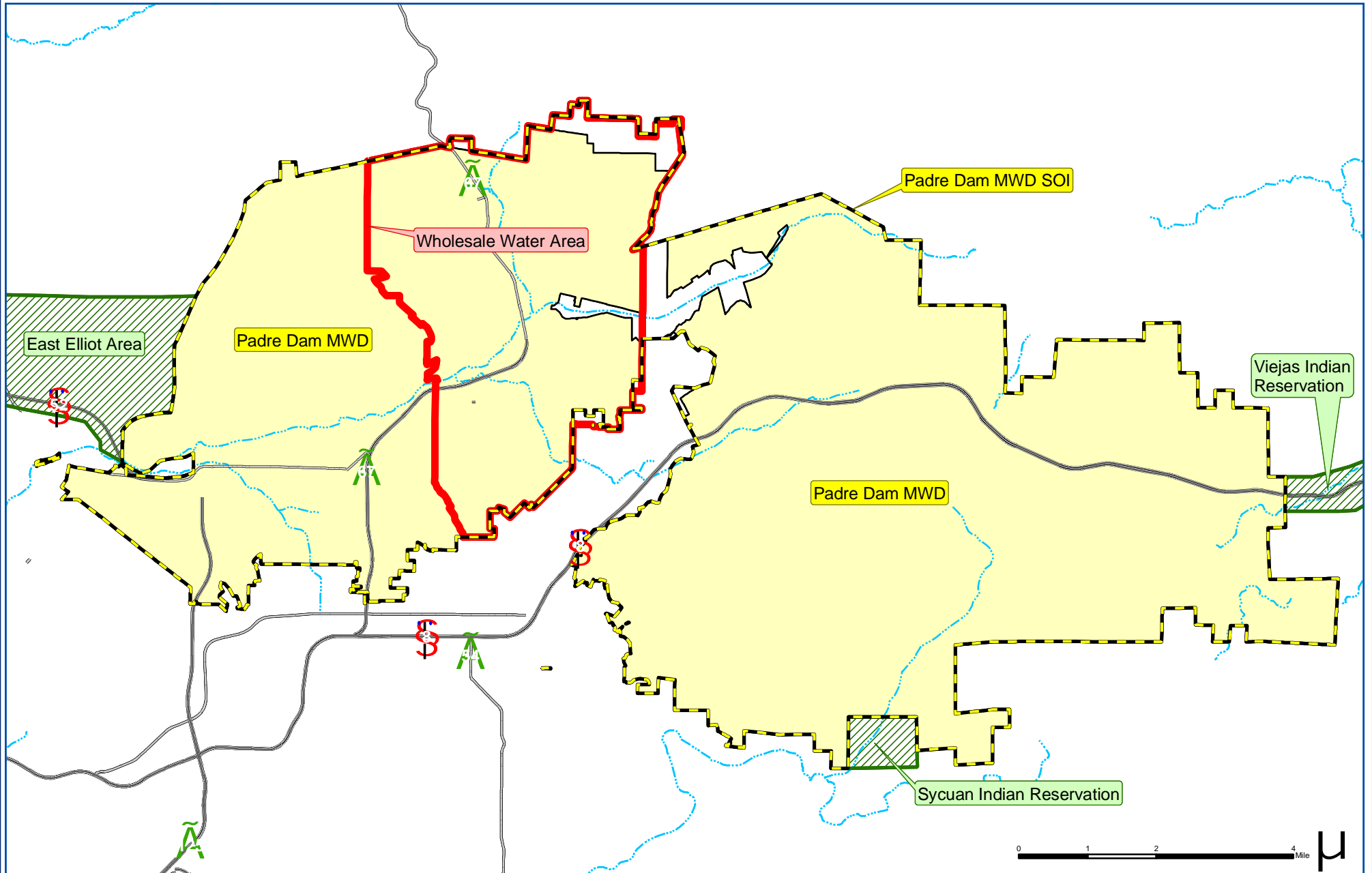
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- Proposed Lakeside SD
- Proposed Lakeside SD SOI
- Wholesale Water Area

# Upper San Diego River MSR: Special Study Areas

MAP 11







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-  Special Study Area
-  Padre Dam MWD
-  Padre Dam MWD SOI
-  Wholesale Water Area