San Diego County
Local Agency Formation Commission

SAN DIEGO COUNTY SANITATION DISTRICT

Municipal Service Review | Government Code 56430

Service Areas
Alpine-Lakeside
Campo
East Otay Mesa
Julian
Pine Valley
Spring Valley
Winter Gardens

Final Report | August 2019

Project Manager
Linda Zambito, Analyst I

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ACKNOWLEDGEMENT

San Diego County LAFCO gratefully acknowledges the time and effort of officials and staff with San Diego County Sanitation District – with added appreciation to Susan Spotts, Kyehee Kim and Daniel Brogadir – in assisting in the preparation of this report.

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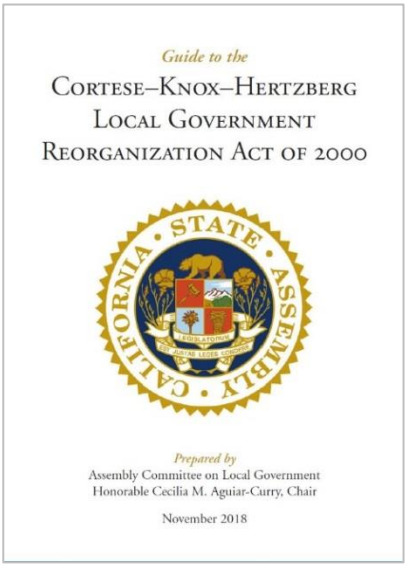
CHAPTER ONE | INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

1.1 Authority and Objectives



Local Agency Formation Commissions (LAFCOs) were established in 1963 and are political subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs' authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") with principal oversight provided by the Assembly Committee on Local Government.[1] LAFCOs are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities, towns, and special districts as well as their municipal service areas. LAFCOs' creation were engendered by Governor Edmund "Pat" Brown Sr. (1959-1967) to more effectively address the needs of California's growing and diversifying population with an emphasis on promoting governmental efficiencies. Towards this end, LAFCOs are commonly referred to as the Legislature's "watchdog" for local governance issues.[2]

Guiding LAFCOs' regulatory and planning powers is to fulfill specific purposes and objectives that collectively construct the Legislature's regional growth management priorities outlined under Government Code (G.C.) Section 56301. This statute reads:

> *"Among the purposes of the commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions. One of the objects of the commission is to make studies and furnish information to contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities."*

[1] Reference California Government Code Section 56000 et. seq.
[2] In its ruling on City of Ceres v. City of Modesto, the 5th District Court of Appeals referred to LAFCOs as the "watchdog" of the Legislature to "guard against the wasteful duplication of services." (July 1969)

LAFCO decisions are legislative in nature and therefore are not subject to an outside appeal process. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals so long as not establishing any terms that directly control land uses.

1.2 Regulatory Responsibilities

LAFCOs have been responsible since 1963 to oversee formation, expansion, reorganization, and dissolution actions involving cities, towns, and special districts in California with limited exceptions.

LAFCOs' principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California.[3] LAFCOs are also tasked with overseeing the approval process for cities, towns, and special districts to provide new or extended services beyond their jurisdictional boundaries by contracts or agreements. LAFCOs also oversee special district actions to either activate new services and service classes or divest existing services. LAFCOs generally exercise their regulatory authority in response to applications submitted by affected agencies, landowners, or registered voters. Recent amendments to CKH also authorize and encourage LAFCOs to initiate jurisdictional changes to form, consolidate, and dissolve special districts consistent with community needs.

1.3 Planning Responsibilities

LAFCOs are tasked with planning the location of future urban uses through two interrelated activities: (a) establish and update spheres of influence as gatekeepers to future jurisdictional changes and (b) prepare municipal service reviews to independently evaluate the availability and performance of governmental services relative to community needs.

LAFCOs inform their regulatory actions through two central planning responsibilities: (a) making sphere of influence ("sphere") determinations and (b) preparing municipal service reviews. Sphere determinations have been a core planning function of LAFCOs since 1971 and serve as the Legislature's version of "urban growth boundaries" with regard to cumulatively delineating the appropriate interface between urban and non-urban uses within each county. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted as part of CKH and intended to inform – among other activities – sphere determinations. The Legislature mandates, notably, all sphere changes as of 2001 be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs. An expanded summary of the function and role of these two planning responsibilities follows.

[3] CKH defines "special district" to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

Spheres of Influence

LAFCOs establish, amend, and update spheres for all cities, towns, and most special districts in California to designate the territory it independently believes represents the appropriate and probable future service areas and jurisdictional boundaries of the affected agencies. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions as footnoted.[4] Further, an increasingly important role involving sphere determinations relate to their use by regional councils of governments as planning areas in allocating housing need assignments for counties, cities, and towns.

Spheres serve as the Legislature's version of urban growth boundaries and – among other items – delineates where cities, towns, or districts may seek future annexations or outside service approvals with LAFCOs. All jurisdictional changes must be consistent with the affected agencies' spheres with limited exceptions.

Starting January 1, 2008, LAFCOs must review and update all local agencies' spheres every five years. In making sphere determinations, LAFCOs are required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to orient LAFCOs in addressing the core principles underlying the sensible development of local agencies consistent with the anticipated needs of the affected communities. The five mandated planning factors are summarized in short-form below.

1. Present and planned land uses in the area, including agricultural and open-space.

2. Present and probable need for public facilities and services in the area.

3. Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.

4. Existence of any social or economic communities of interest in the area.

5. If the city or special district provides water, sewer, or fire, the need for those services in any disadvantaged unincorporated communities in the existing sphere.

[4] Exceptions in which jurisdictional boundary changes do not require consistency with the affected agencies' spheres include annexations of State correctional facilities or annexations to cities/towns involving city/town owned lands used for municipal purposes with the latter requiring automatic detachment if sold to a private interest.

Municipal Service Reviews

Municipal service reviews serve as a centerpiece to CKH's enactment in 2001 and represent comprehensive studies of the level, range, and performance of governmental services provided within defined geographic areas. LAFCOs generally prepare municipal service reviews to explicitly inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. Advisory guidelines on the preparation of municipal service reviews were published by the Governor's Office of Planning and Research in 2003 and remain the lone statewide document advising LAFCOs in fulfilling this mandate.

All municipal service reviews – regardless of their intended purpose – culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing. The seven mandated service factors are summarized below in short-form with additional details footnoted.[5]

Municipal service reviews fulfill the Legislature's interests in LAFCOs regularly assessing the adequacy and performance of local governmental services in order to inform possible future actions ranging from sphere determinations to reorganizations.

1. Growth and population projections for the affected area.

2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.

4. Financial ability of agencies to provide services.

5. Status and opportunities for shared facilities.

[5] Determination No. 5 was added to the municipal service review process by Senate Bill 244 effective January 1, 2012. The definition of "disadvantaged unincorporated community" is defined under G.C. Section 56330.5 to mean inhabited territory that constitutes all or a portion of an area with an annual median household income that is less than 80 percent of the *statewide* annual median household income; the latter amount currently totaling $53,735 (emphasis added).

6. Accountability for community service needs, including structure and operational efficiencies.

7. Matters relating to effective or efficient service delivery as required by policy.

1.4 LAFCO Decision-Making

State law directs all LAFCO members to independently discharge their responsibilities for the good of the region and irrespective of the interests of their appointing authorities.

LAFCOs are generally governed by 11-member board comprising three county supervisors, three city councilmembers, three independent special district members, and two representatives of the general public. Some larger LAFCOs – including San Diego – also have additional board seats dedicated to specific cities as a result of special legislation. All members serve four-year terms and divided between "regulars" and "alternates" and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs have sole authority in administering its legislative responsibilities and decisions therein are not subject to an outside appeal process. All LAFCOs are independent of local government with the majority employing their own staff; an increasingly smaller portion of LAFCOs, however, choose to contract with their local county government for staff support services. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the membership. All LAFCOs must also appoint their own legal counsel.

1.5 Prescriptive Funding

CKH prescribes local agencies fully fund LAFCOs' annual operating costs. Counties are generally responsible for funding one-third of LAFCO's annual operating costs with remainder one-third portions allocated to the cities/towns and independent special districts. The allocations to cities/towns and special districts are calculated based on standard formula using general tax revenues unless an alternative method has been approved by a majority of the local agencies. The funding proportions will also differ should the LAFCO have additional representation as a result of special legislation. LAFCOs are also authorized to collect proposal fees to offset local agency contributions.

2.0 SAN DIEGO LAFCO

2.1 Adopted Policies and Procedures

The majority of San Diego LAFCO's ("Commission") existing policies and procedures were initially established in the 1970s and subsequently updated in the 2000s in step with the enactment of CKH. These policies and procedures collectively guide the Commission in implementing LAFCO law in San Diego County in a manner consistent with regional growth management priorities as determined by the membership with sufficient discretion to address local conditions and circumstances. This includes overarching policies and procedures to align present and planned urban uses with existing cities and special districts and discourage proposals that would convert prime agricultural and open-space lands unless otherwise orderly relative to community needs and or sufficiently mitigated. The Commission has also established pertinent policies and procedures specific to preparing sphere updates and municipal service reviews. This includes direction to the Executive Officer to regularly prepare municipal service reviews in appropriate scope and level to inform the Commission in updating spheres in regular five-year intervals.

2.2 Commission Information

San Diego LAFCO holds regular meetings on the first Monday of each month at the County of San Diego Administration Center located at 1600 Pacific Highway in San Diego, California. Meetings start at 9:00 A.M. Agenda materials are posted online generally no less than one week in advance of a regular meeting. The current Commissioner roster follows.

San Diego LAFCO Membership
Current as of June 1, 2019

Commissioner	Appointing Authority	Affiliation
Chair Jo MacKenze	Independent Special Districts	Vista Irrigation District
Vice Chair Dianne Jacob	Board of Supervisors	County of San Diego
Jim Desmond	Board of Supervisors	County of San Diego
Mark Kersey	City of San Diego Council	City of San Diego
Mary Casillas Salas	Cities Selection Committee	City of Chula Vista
Andy Vanderlaan	Commission	Representative of the Public
Bill Wells	Cities Selection Committee	City of El Cajon
Barry Willis	Independent Special Districts	Alpine Fire Protection District
Chris Cate, Alternate	City of San Diego Council	City of San Diego
Greg Cox, Alternate	Board of Supervisors	County of San Diego
Serge Dedina, Alternate	Cities Selection Committee	City of Imperial Beach
Erin Lump, Alternate	Independent Special Districts	Rincon del Diablo Municipal Water
Harry J. Mathis, Alternate	Commission	Representative of the Public

Immediate Past Members in 2019:
Catherine Blakespear, Cities Selection Committee, City of Encinitas
Ed Sprague, Independent Special Districts, Olivenhain Municipal Water District
Judy Hanson, Independent Special Districts, Leucadia Wastewater District (alt)

2.3 Contact Information

San Diego LAFCO's administrative office is located within the County of San Diego's Operations Center at 9335 Hazard Way in San Diego (Kearny Mesa). Visitor parking is available. Appointments to discuss proposals or other matters are encouraged and can be scheduled by calling 858.614.7755. Communication by email is also welcome and should be directed to lafco@sdcounty.ca.gov. Additional information regarding San Diego LAFCO's programs and activities is also online by visiting www.sdlafco.org.

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CHAPTER TWO | EXECUTIVE SUMMARY

1.0 OVERVIEW

This report represents San Diego LAFCO's scheduled municipal service review of the San Diego County Sanitation District (SD) and its public wastewater services. The report has been prepared by staff and consistent with the scope of work approved by the Executive Officer. The underlying aim of the report is to produce an independent assessment of wastewater services provided by San Diego County SD and within its multiple and distinct service areas over the next five-year period relative to the Commission's regional growth management duties and responsibilities as established by the Legislature. Information generated as part of the report will be used by the Commission to (a) guide a subsequent sphere of influence update, (b) inform future boundary changes, and – if merited – (c) initiate future government reorganizations.

> The purpose of the report is to produce an independent "snapshot" of the availability, adequacy, and performance of San Diego County SD and its public wastewater services. The Commission will draw on this information in guiding a subsequent sphere update, informing future boundary changes, and if merited serve as the source document to initiate one or more reorganizations.

1.1 Key Premises, Assumptions, and Benchmarks

The report has been oriented in scope and content to serve as an ongoing monitoring program of San Diego County SD and its current municipal service activity: wastewater. It is expected San Diego LAFCO will revisit the report and key assumptions and benchmarks therein approximately every five years consistent with the timetable set by the Legislature and memorialized under adopted policy. This will also allow the Commission – among other tasks – to assess the accuracy of earlier projections and make appropriate changes in approach as needed as part of future reports. Key assumptions and benchmarks affecting scope and content in this report follow.

Looking Back | Determining the Data Collection Range or Report Period

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

Looking Forward | Setting the Report's Timeframe

The timeframe for the report has been oriented to cover the next five-year period through 2023 with the former (five years) serving as the analysis anchor as contemplated under State law. This timeframe is consistent with the five-year cycle legislatively prescribed for municipal service reviews under G.C. Section 56430 and expected therein to inform all related sphere of influence and boundary actions undertaken during this period involving the San Diego County SD unless otherwise merited.

Calculating Population Estimates and Projections

Past and current residential population estimates in the report draw on data generated by Esri and their own mapping analyses of census tracts. This approach differs from past Commission practice to utilize estimates by the San Diego Association of Governments or SANDAG and done so given – and among other factors – the ability of Seri's mapping software to readily synch with special district boundaries. Projections over the succeeding five-year period are made by LAFCO and apply the estimated growth trend in each service area over the last 60 months with limited exceptions; i.e., population growth over the last five years is generally expected to hold over the next five years.

Focusing on Macro-Level Determinations

The report focuses on central service outputs with respect to quantifying availability, demand, and adequacy of San Diego County SD's public wastewater services relative to current and near-term needs. A prominent example involves focusing on average day demands within the affected service areas relative to associated collection, treatment, and/or discharge capacities. This approach informs macro-level determinations for all mandatory factors under statute. When applicable, the report notes the need for more micro-level analysis as part of addendums or future municipal service reviews.

Benchmarking Infrastructure Needs and Deficiencies

Similar to the preceding factor, the analysis focuses on overall average system demands generated during the five-year report period in each of San Diego County SD's service areas in benchmarking infrastructure needs or deficiencies. This broader focus on averages provides a more reasonable account of system demands and helps to control against one-year outliers in analyzing overall relationships with capacities.

Benchmarking Fiscal Solvency

Several diagnostic tools are used to assess and make related determinations on San Diego County SD's financial solvency based on a review of available audited information during the report period, fiscal years 2014 to 2018. This includes an emphasis on analyzing current ratio, debt-to-net assets, and total margin. These specific diagnostics provide the Commission with reasonable benchmarks to evaluate liquidity, capital, and margin and calculated to track overall trends and final-year standing.

2.0 STUDY ORGANIZATION

This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated within the report.[6] This includes addressing the mandatory factors required for consideration by the Legislature anytime San Diego LAFCO performs a municipal service review. The Executive Summary is preceded by a detailed agency profile (Chapter Three) on San Diego County SD. The profile anchors the document and transitions between qualitative and quantitative analyses with the latter headlined by measuring population and demographic trends, service capacities and related needs, and financial standing.

3.0 GEOGRAPHIC AREA

The geographic area designated for this municipal service review is approximately 47 square miles or 30,000 acres in size. The geographic area has been purposefully designated by the Executive Officer to include all seven services areas that collectively comprise the jurisdictional boundary of the San Diego County SD and surrounding lands. These seven service areas and surrounding lands that make up the geographic area of this municipal service review are summarized below and shown in the accompanying map.

- Alpine-Lakeside
  The combined service area is approximately 12,380 acres in size in central San Diego County. The Lakeside portion is the larger of the two and lies immediately east of the City of Santee and generally north of Interstate 8. The Alpine portion lies to the east of Lakeside in the adjacent foothills along Interstate 8.

- Campo
  The service area is 457 acres in size and lies 50 miles east of the City of El Cajon along State Highway 94 near the international border in southeast San Diego County.

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

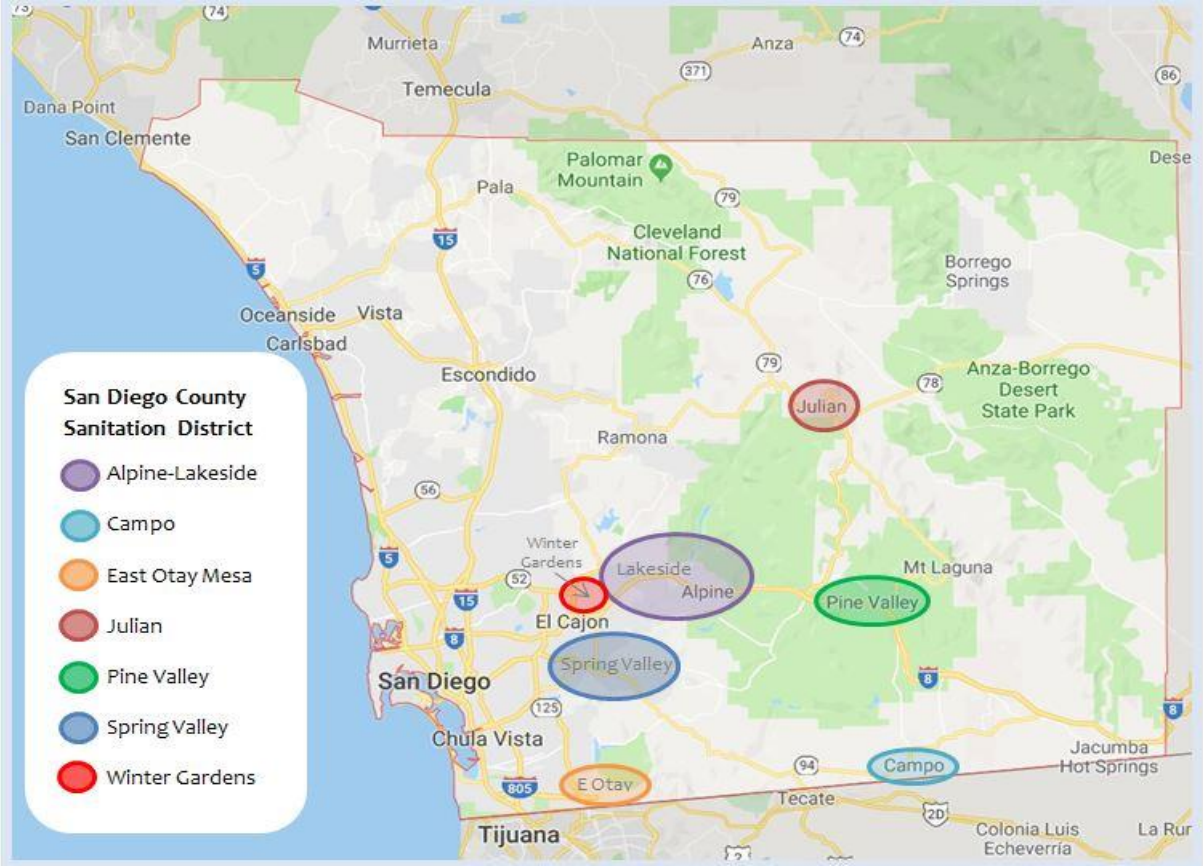
- East Otay Mesa
  The service area is approximately 2,627 acres in size and immediately north of the international border along new State Highway 11 in southcentral San Diego County.

- Julian
  The service area is 118 acres in size and lies 35 miles northeast of the City of Poway and encompasses the downtown Julian community in eastern San Diego County.

- Pine Valley
  The service area is 28 acres in size and lies 30 miles east of the City of El Cajon along Old State Highway 80 off of Interstate 8 in eastern San Diego County.

- Spring Valley
  The service area is 12,915 acres in size and lies along State Highway 94 immediately adjacent to the City of El Cajon in southcentral San Diego County.

- Winter Gardens
  The service area is 1,046 acres in size and immediately adjacent to City of El Cajon and the intersection of Interstate 8/State Highway 67 in southcentral San Diego County.



4.0 REPORT SUMMARY

4.1 General Conclusions

The San Diego County SD serves as the successor agency to multiple special districts that were collectively consolidated into one governing entity in 2011 for purposes of streamlining administration and operations of public wastewater services throughout central and eastern San Diego County. San Diego County SD now serves as the single largest special district wastewater utility in the unincorporated area with an estimated fulltime population nearing 150,000. This latter amount represents close to one-third of the total unincorporated population and underlies San Diego County SD's integral role in helping the County of San Diego effectuate its land use policies and accommodate housing opportunities for all incomes. Recent growth within San Diego County SD and its seven service areas follows historical patterns and falls slightly below countywide averages, and reflects the District generally serves more rural and slower-growth oriented communities.

A review of San Diego County SD relative to San Diego LAFCO's growth management tasks and interests as prescribed under statute produces five central conclusions. These conclusions collectively address the availability, need, and adequacy of San Diego County SD's wastewater services and range in substance from addressing demand-to-capacity relationships in all seven service areas to overall financial standing. The conclusions are independently drawn and sourced to information collected and analyzed by the Commission between 2014 and 2018 and detailed in the agency profile.

- **No. 1 | Byproduct of a Successful Reorganization**
  San Diego County SD has been successful in achieving its formation purpose to improve public wastewater services within its jurisdictional boundary and multiple service areas therein. This improvement is marked by eliminating previously complex and fragmented systems into one streamlined governance structure with greater economies of scale to plan, fund, and implement capital improvements for the benefit of all seven service areas. This success – and among other purposes – serves as a model for other potential reorganizations in San Diego County.

- **No. 2 | Regional Distinctions in Service Areas**
  San Diego County SD serves two distinct regions with markedly different service needs and demographics. Service needs are bifurcated in intensity with the central service areas – Alpine-Lakeside, East Otay Mesa, Spring Valley, and Winter Gardens – involving collection only in contrast to the eastern service areas – Campo, Julian, and Pine Valley – involving collection, treatment, and discharge. Demographics also show

ratepayers in the central service areas are generally younger with additional education and income compared to the eastern service areas.

- **No. 3 | Adequate and Excess Capacities in Most Service Areas**
  San Diego County SD has adequate capacity in six of its seven service areas – Alpine-Lakeside, Campo, East Otay Mesa, Julian, Pine Valley, and Spring Valley – to accommodate current and projected near-term demands. This comment is substantiated given none of the systems' average demands generated during the five-year report period exceed 60% of their associated capacities. Capacity in the seventh service area – Winter Gardens – is more limited with average demand tallying 89%.

- **No. 4 | Financial Standing Remains Positive**
  San Diego County SD has experienced a steady decline in its net position during the five-year report period with an overall decrease – and excluding pension obligations – of (1.4%) due to ongoing margin losses that underlie a (38.1%) change in its operating reserve ratio. This decline is largely attributed to San Diego County SD implementing a five-year rate restructure that draws down on reserves in phasing an ultimate 45.0% raise in customer wastewater rates by 2021-2022. Notwithstanding this recent draw-down, San Diego County SD remains in good overall financial standing and finished the period with relatively healthy levels of liquidity and capital with the latter reflected by a debt ratio of less than 10%.

- **No. 5 | Defer Comprehensive Sphere of Influence Update**
  A preliminary review indicates a comprehensive update to San Diego County SD's sphere is merited to consider changes involving several of the service areas. This includes – and among other considerations – expanding the sphere to accommodate future wastewater expansions into adjacent lands qualifying as disadvantaged unincorporated communities. The scale and scope of the update suggests a deferral to the next municipal service review would be appropriate and allow additional time to coordinate with San Diego County SD and other interested stakeholders.

4.2 Recommendations

The following recommendations call for specific action either from San Diego LAFCO and or San Diego County SD based on information generated as part of this report and outlined below in order of their placement in Section 5.0 (Written Determinations). Recommendations for Commission action are dependent on a subsequent directive from the membership and through the adopted work plan.

1. San Diego LAFCO should coordinate with the County of San Diego and develop residential buildout estimates specific to each service area in San Diego County SD and incorporate the information into the next scheduled municipal service review.

2. San Diego LAFCO should coordinate with San Diego County SD to assess opportunities and costs therein to establish public wastewater services for lands adjacent to existing District infrastructure that are urban in nature or qualify as disadvantaged unincorporated communities.

3. San Diego County SD should revisit its agreement with the City of El Cajon to wheel wastewater from the Spring Valley service area to the City of San Diego for treatment and discharge to allow for additional flows given approaching limitations.

4. Unmetered connections to San Diego County SD's collection system in the Spring Valley service area masks true demands generated by the District and merits remedy to more accurately synch future system improvements to user benefits.

5. San Diego LAFCO should revisit the analysis in this report as appropriate in conjunction with completing an upcoming municipal service review on the City of San Diego and its treatment and discharge of wastewater collected – and from among other sources – San Diego County SD's central service areas.

6. San Diego County SD is currently implementing a five-year rate restructure that will increase rates nine percent annually across all service areas through 2021-2022 with the intent of remedying recent margin losses. The next municipal service review serves as an opportunity for the Commission to revisit the topic and San Diego County SD's ability to effectively realign and match costs with rates in step with considering substantive sphere of influence expansions.

7. San Diego County SD and Otay Water District should explore reorganization options in the Jamacha Basin to better economize existing wastewater services in the area.

8. San Diego County SD is partnering with the City of El Cajon, Padre Dam Municipal Water District, and Helix Water District to develop a reuse program to purify collected wastewater into a new water supply in the central service area. This partnership appropriately responds to the need to establish reliable local water supplies in the region and suggest the Commission merits of potentially expanding San Diego County SD powers to include retail recycled water service.

9. San Diego County SD should take additional efforts to distinguish its role to ratepayers as a stand-alone governmental entity separate from the County of San Diego, and this includes – and among other items – posting meeting information along with associated agendas and minutes on its website.

10. San Diego LAFCO should proceed to affirm San Diego County SD's sphere with no changes with the explicit intention of preparing a comprehensive update ahead and or as part of the next municipal service review in step with a more holistic assessment of wastewater needs within adjacent lands to District service areas.

5.0 WRITTEN DETERMINATIONS

These determinations detail the pertinent issues relating to the planning, delivery, and funding of San Diego County SD's public wastewater services relative to the Commission's interests. Determinations based on data collected and analyzed between 2014 and 2018.

San Diego LAFCO is directed to prepare written determinations to address the multiple governance factors enumerated under G.C. Section 56430 anytime it prepares a municipal service review. These determinations serve as independent statements based on information collected, analyzed, and presented in this report. The underlying intent of the determinations is to provide a succinct detailing of all pertinent issues relating to the planning, delivery, and funding of San Diego County SD's public wastewater services specific to the Commission's growth management role and responsibilities. An abbreviated version of these determinations will be separately prepared for Commission consideration and adoption with the final report.

5.1 Growth and Population Projections

1. San Diego LAFCO estimates there are 149,789 total fulltime residents within San Diego County SD as of the end of the report period.

2. The estimated total fulltime resident population within San Diego County SD at the end of the report period of 149,789 is divided between seven distinct service areas throughout unincorporated San Diego County as follows.

   (a) 92,717 residents in Spring Valley

   (b) 43,389 residents in Alpine-Lakeside

   (c) 12,873 residents in Winter Gardens

   (d) 598 residents in Campo

(e) 153 residents in Julian

(f) 51 residents in Pine Valley

(g) 8 residents in East Otay Mesa

3. San Diego LAFCO estimates the combined annual rate of new fulltime population growth in San Diego County SD during the report period has been 0.67%. This rate is two-fifths lower than the corresponding amount for all of San Diego County and reflects the District generally serves more rural and slower-growth oriented communities.

4. San Diego LAFCO assumes the estimated growth rate in San Diego County SD and in each of its seven service areas will hold over the report timeframe given no significant residential developments are presently vested or proposed. To this end, it is projected the District will add 5,716 new fulltime residents totaling 155,505 by 2023 and divided between the seven service areas as follows.

(a) 96,015 residents in Spring Valley; a net addition of 3,298

(b) 45,305 residents in Alpine-Lakeside; a net addition of 1,916

(c) 630 residents in Campo; a net addition of 32

(d) 13,333 residents in Winter Gardens; a net addition of 460

(e) 159 residents in Julian; a net addition of 6

(f) 54 residents in Pine Valley; a net additional of 3

(g) 9 residents in East Otay Mesa; a net addition of 1

5. San Diego LAFCO estimates 2,034 new dwelling units have been built within San Diego County SD over the report period with more than nine-tenths located within the Spring Valley and Alpine-Lakeside service areas. This trend illustrates an internal distinction with these two service areas serving as the epicenter of current and future residential growth in the District.

6. The average monthly housing cost in San Diego County SD has remained relatively stagnant over the five-year report period and presently totals $1,721, which is one-tenth higher than the countywide amount.

7. Significant non-residential growth is planned within the East Otay Mesa service area and expected to parallel the completion of State Highway 11 and proposed new commercial port of entry with Mexico. Should this development proceed as planned the East Otay Mesa will become a prominent service area for San Diego County SD and demand and generate greater District resources going forward.

8. San Diego LAFCO should coordinate with the County of San Diego and develop residential buildout estimates specific to each service area in San Diego County SD and incorporate the information into the next scheduled municipal service review.

9. A review of demographic information reveals distinct contrasts in economic and social standing in San Diego County SD between its central and eastern service areas. These distinctions show the central service areas – Spring Valley, Alpine-Lakeside, East Otay Mesa, and Winter Gardens – are generally younger with additional education and income compared to the eastern service areas – Campo, Julian, and Pine Valley.

5.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities

1. All of San Diego County SD's eastern service areas – Campo, Julian, and Pine Valley – are entirely within and or immediately adjacent to lands currently qualifying as disadvantaged unincorporated communities under State and local policy.

2. Approximately one-fifth of lands within and/or adjacent to San Diego County SD's central service areas – Spring Valley, Lakeside, and Winter Gardens – qualify as disadvantaged unincorporated communities under State and local policy.

3. State law emphasizes LAFCO consider the availability of fire protection, water, and wastewater services in disadvantaged unincorporated communities as part of the municipal service review process. To this end, the following statements apply.

   (a) All lands within and immediately adjacent to San Diego County SD that qualify as disadvantaged unincorporated communities already receive organized fire protection services from County Service Area No. 135, Lakeside Fire Protection District, or San Miguel Consolidated Fire Protection District.

(b) The majority of lands within and immediately adjacent to San Diego County SD that qualify as disadvantaged unincorporated communities receive water service from Cuyamaca Water District, Wynola Water District, Julian Community Services District, Majestic Pines Community Services District, Lakeside Water District, Campo Water Maintenance District or Helix Water District.

(c) A considerable amount of lands immediately adjacent to San Diego County SD that qualify as disadvantaged unincorporated communities do not receive wastewater services and are wholly dependent on private septic systems.

4. San Diego LAFCO should coordinate with San Diego County SD to assess opportunities and costs to establish public wastewater services for lands adjacent to existing District infrastructure that qualify as disadvantaged unincorporated communities and incorporate this information into a future municipal service review.

5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. San Diego County SD's lone municipal service – wastewater – commenced at the time of its formation in 2011 and involved assuming operation of preexisting facilities in various condition that presently comprise seven distinct service areas in the District.

2. San Diego County SD's wastewater operations are bifurcated by function with the central service areas – Alpine-Lakeside, East Otay Mesa, Spring Valley, and Winter Gardens – involving collection only in contrast to the eastern service areas – Campo, Julian, and Pine Valley – involving collection, treatment, and discharge.

3. San Diego County SD has made a concerted effort to streamline and improve service levels since its 2011 formation. These efforts are highlighted by immediately preparing master plans for all seven service areas and have directly informed numerous projects to upgrade, rehab, and repair infrastructure throughout the District.

4. The average total daily flow of wastewater collected by San Diego County SD and within its seven service areas over the five-year report period tallies 14.4 million gallons, or a LAFCO estimated 96.2 gallons for every person. Additional wastewater flow tallies generated in each service area over the 60-month period follows.

(a) Average daily flows in Alpine-Lakeside have tallied 2.75 million gallons. This amount translates to a daily estimate of 64.4 gallons for every person and 173.7 gallons for every occupied housing unit.

(b) Average daily flows in Campo have tallied 0.046 million gallons. This amount translates to a daily estimate of 87.0 gallons for every person and 514.4 gallons for every occupied housing unit.

(c) Average daily flows in East Otay Mesa have tallied 0.220 million gallons and translates to an estimated 16,923 gallons per connection.

(d) Average daily flows in Julian have tallied 0.024 million gallons. This amount translates to a daily estimate of 159.4 gallons for every person and 333.2 gallons for every occupied housing unit.

(e) Average daily flows in Pine Valley have tallied 0.0086 million gallons. This amount translates to a daily estimate of 178.3 gallons for every person and 324 gallons for every occupied housing unit.

(f) Average daily flows in Spring Valley have tallied 10.4 million gallons. This amount translates to a daily estimate of 129.3 gallons for every person and 351.1 gallons for every occupied housing unit.

(g) Average daily flows in Winter Gardens have tallied 0.887 million gallons. This amount translates to a daily estimate of 72.4 gallons for every person and 200.1 gallons for every occupied housing unit.

5. The average total daily flow of wastewater collected by San Diego County SD during the report period has experienced changes within the individual service areas from a low of (2.0%) in Spring Valley to a high of 11.2% in Julian.

6. Two of San Diego County SD's service areas – Alpine-Lakeside and Julian – have experienced increases in their average daily wastewater flows that markedly exceed their corresponding changes in estimated growth during the five-year report period. This dynamic suggests these service areas' collection systems are prone to relatively higher levels of infiltration and inflow from groundwater and runoff.

7. Five of San Diego County SD's service areas' – Campo, East Otay Mesa, Pine Valley, Spring Valley, and Winter Gardens – average daily wastewater flows fall below their estimated growth during the five-year report period. This dynamic suggests these service areas' collection systems are in relatively good shape with respect to protecting against excessive infiltration from groundwater and runoff.

8. The collection systems for six of the seven service areas in San Diego County SD – Alpine-Lakeside, Campo, East Otay Mesa, Julian, Pine Valley, and Spring Valley – are adequately sized in accommodating current and projected near-term demands. This comment is substantiated given none of the collection systems' average day demands generated during the report period exceed 60% of their associated capacities.

9. San Diego County SD's collection system for the Winter Gardens' service area is nearing its contracted capacity to convey wastewater through the City of El Cajon to the City of San Diego for treatment and discharge and merits review by the District. This comment is substantiated given the collection system's average day demand generated during the report period is at 89% of capacity.

10. San Diego County SD's collection system for Spring Valley receives and wheels wastewater flows to the City of San Diego from several adjacent agencies through two dozen connections with the majority unmetered. These unmetered connections mask true demands generated in Spring Valley specific to the District and merits remedy to more accurately synch system improvements to user benefits.

11. San Diego LAFCO will review the sufficiency of treatment and discharge services provided for San Diego County SD's central service areas – Alpine-Lakeside, East Otay Mesa, Spring Valley, and Winter Gardens – as part of a future municipal service review involving the City of San Diego and will revisit the analysis of this report as needed.

12. San Diego County SD's treatment and discharge facilities for the eastern service areas – Campo, Julian, and Pine Valley – are adequately sized in accommodating current and projected near-term demands. This comment is substantiated given none of the three service areas' peak-day demands generated in the collection systems during the five-year report period exceed 75% of their associated treatment and discharge capacities.

5.4 Agencies' Financial Ability to Provide Services

1. San Diego County SD has experienced a decline in its financial standing during the report period and marked by an overall decrease of nearly one-tenth – or (7.8%) – in its net position and largely attributed to changes in pension obligations. Excluding pension obligations adjusts – but does not eliminate – the overall decline in the District's net position over the 60-month period to (1.4%).

2. San Diego County SD operates exclusively as an enterprise fund and is responsible for fully recovering its operating costs with operating revenues borne from user charges collected within all seven service areas. To this end, the District should continue to revisit user charges and pursue updates to remedy consistent operating losses experienced over the report period that collectively averaged (7.0%).

3. San Diego County SD's current rate schedule for wastewater services is uniformly applied across all seven of its service areas with a present annual charge of $399 for single-family residences. The uniform rate structure creates economies of scale and allows the District to absorb and balance changes in expenses within individual service areas with less immediate impact to ratepayers.

4. Non-operating revenues for San Diego County SD during the report period has been limited to interest earned on its fund balance through investments managed by the County of San Diego Auditor's Office. This supplemental revenue has been able to reduce – but not eliminate – the District's operating losses and produced a total margin average of (5.5%) during the report period.

5. Opportunities to increase direct revenues within San Diego County SD's eastern service areas – Campo, Julian, and Pine Valley – in support of their respective public wastewater systems through additional users is constrained due to existing land use policies. The substantive result – and in the absence of fee increases – is a dependency on new development in the central service areas – Alpine-Lakeside, East Otay Mesa, Spring Valley, and Winter Gardens – to generate additional ratepayer revenue ratepayers to keep pace with costs.

6. Irrespective of recent downward trends, San Diego County SD remains in good overall financial standing and finished the most audited fiscal year in 2017-2018 with relatively healthy levels of liquidity and capital. This latter measurement is headlined by the District finishing the report period with a debt ratio of less than 10%; a relatively low amount for a utility with considerable infrastructure holdings.

5.5 Status and Opportunities for Shared Facilities and Resources

1. San Diego County SD's ratepayers have benefited from the ongoing costs savings tied to the 2011 formation and ability therein to economize administrative resources in providing public wastewater services within seven distinct service areas.

2. San Diego County SD should explore opportunities to partner with public and private water providers within its eastern service areas – Campo, Julian, and Pine Valley – to repurpose wastewater into recycled supplies for beneficial use within the District's jurisdictional boundary.

3. San Diego County SD and Otay Water District should explore reorganization options in the Jamacha Basin to better economize existing wastewater services in the area.

4. San Diego County SD is partnering with the City of El Cajon, Padre Dam Municipal Water District, and Helix Water District to develop a reuse program to purify collected wastewater into a new water supply in the central service area. This partnership appropriately responds to the need to establish reliable local water supplies in the region and the Commission encourages the agencies to continue to develop and ultimately implement this program.

5.6 Local Accountability and Government Restructure Options

1. The multi-agency consolidation underlying the formation of the San Diego County SD in 2011 has been successful in improving governance within all seven service areas. This improvement is marked by eliminating previously complex and fragmented systems into one streamlined governing structure with greater economies of scale to plan, fund, and implement capital improvements.

2. Ratepayers within San Diego County SD benefit from the District employing capable and dedicated management that appear to effectively administer day-to-day activities consistent with governing directives and community needs.

3. San Diego County SD should take additional efforts to distinguish its role as a stand-alone governmental entity separate from the County of San Diego and improve accountability to District ratepayers. This includes – and among other opportunities – posting meeting information and associated agendas and minutes specific to the District on its website.

4. The scope and geographic diversity of San Diego County SD's jurisdictional boundary suggests it would be appropriate for San Diego LAFCO to proceed with affirming the sphere of influence with no changes with the explicit intention of preparing a comprehensive update ahead or as part of the next municipal service review. Deferring a comprehensive update would allow LAFCO and the District to partner in a more holistic assessment of wastewater needs adjacent to existing service areas, including lands qualifying as disadvantaged unincorporated communities.

CHAPTER THREE | AGENCY PROFILE

SAN DIEGO COUNTY SANITATION DISTRICT

1.0 OVERVIEW

County of San Diego
Kearny Mesa Campus | Public Works

Photo Credit: County of San Diego

The San Diego County SD is a dependent special district formed in 2011 as part of a multi-agency reorganization of public wastewater services in several unincorporated communities in San Diego County. Formation proceedings were initiated by the County Board of Supervisors in consultation with LAFCO to consolidate the County's administration of nine dependent special districts. Reorganization involved the dissolution of eight of the dependent special districts and annexation of territory therein to the Spring Valley SD, which was concurrently renamed as San Diego County SD. San Diego County SD encompasses an approximate 46.2 square mile or 29,571-acre jurisdictional boundary divided between seven distinct service areas. Governance is provided by the five-member Board of Supervisors whose members are elected by divisions and eligible to serve up to two four-year terms.

San Diego County SD is currently organized as a limited purpose agency with municipal activities tied to providing only wastewater services. The collection of wastewater is facilitated through approximately 432 miles of sewer lines for processing at one of four wastewater treatment facilities with the majority of overall flows conveyed to the City of San Diego's Point Loma Treatment Plant. San Diego County SD is also authorized – subject to LAFCO approving latent power activations – to provide water, garbage, and street cleaning services. The operating budget at the end of the report period (2017-2018) was $28.6 million. The net position as of the last audited financial statements in June 30, 2018 was $118.7 million with the unrestricted portion tallying $40.7 million. This latter amount represents the equivalent of 16 plus months of normal operating expenses.

LAFCO independently estimates the fulltime resident population within San Diego County SD is 149,789 as of the end of this report period and accommodated through 57,543 current housing units. The estimated population is divided between the seven service areas with three-fifths – or 92,717 – residing in Spring Valley. It is also estimated the overall population

has increased by 8,044 since 2010 with a resulting combined annual growth rate of 0.67%, which is more than one-third below the overall countywide rate of 0.94%. It is assumed for purposes of this report growth and development within San Diego County SD will continue consistent with recent trends and result in the population reaching 155,505 over the next five-year period to 2023. The median household income is $76,447 based on the current five-year period average and bookend within is seven service areas between a low of $41,250 in Campo and a high of $90,491 in East Otay Mesa.

2.0 BACKGROUND

2.1 Community Development

San Diego County SD's primary service area is Spring Valley and it accounts' for more than three-fifths of the current estimated resident population within the District. The present-day development of Spring Valley began in the early 1860s in conjunction with homesteader Squire Augustus Ensworth acquiring the then-federal lands and proceeding to develop the area's first commercial ranch with agriculture and livestock.

Spring Valley
Campo Road, Circa 1890s

Photo Credit: Spring Valley Historical Society

Despite the arrival of railroad and opening of a train station in the early 1880s development in Spring Valley was limited due to a lack of reliable water supplies and – among other outcomes – undermined the County Board of Supervisors' approval in 1887 of the La Presa Subdivision; the first planned development in the area. Remedies to improve water supplies eventually led to the creation of the Spring Valley Irrigation District in 1913 and facilitated an agreement with the City of San Diego to receive potable deliveries from Lake Cuyamaca. The delivery of potable water proved prosperous for agricultural interests and Spring Valley became populated with numerous avocado farms and led local landowners in the 1920s to self-title the area as the "Avocado Capital of the United States." Parallel interests in residential development also was renewed and highlighted by the Board of Supervisors' approving the Casa de Oro Avocado Estates Subdivision in 1928. The end of World War II accelerated the transition from agrarian to residential uses in Spring Valley with the population increasing between 1940 and 1950 by more than two-fold from 1,050 to 3,500 and directly preceding the formation of the Spring Valley Sanitary District in 1952.

Additional community background information relating to the other six current service areas comprising San Diego County SD follows.[7]

7 An eighth service area – Harmony Grove – was detached in 2018 as part of a reorganization involving the Rincon del Diablo Municipal Water District.

- The Alpine-Lakeside combined service area is the second largest population source for San Diego County SD. Its development began in the 1870s with Alpine homesteader John Harbison establishing a commercial honey business with more than 2,000 bee hives. Development of the adjacent Lakeside community began in 1880s with the El Cajon Land Company promoting the community for resort uses in conjunction with establishing water diversions from Lake Cuyamaca. Both communities fully transitioned in the 1950s to predominate residential uses and as bedroom communities for the San Diego metropolitan center. Wastewater services were established in 1952 and 1955 with the formations of the Alpine and Lakeside Sanitation Districts, respectively.

- The Winter Gardens service area is the third largest population source for the San Diego County SD. Its present-day development began with the County Board of Supervisors approving the original Winter Gardens Subdivision in 1927, which was further divided and developed into additional residential lots over the succeeding forty years. Wastewater services were established in 1964 with the formation of the Winter Gardens Sewer Maintenance District.

- The Campo service area represents the fourth largest population source for San Diego County SD. Campo's present-day development began in the 1880s and originated with becoming an entry point with Mexico and providing associated commercial and residential uses for border patrols. Wastewater services were established in 1945 with the formation of the Campo Sewer Maintenance District.

- The Julian service area represents the fifth largest population source for San Diego County SD. Julian's present-day development began with the discovery of gold in the 1860s and marked by the creation of a downtown commercial district along Main Street and accentuated by surrounding residential uses. Wastewater services were established in 1945 with the formation of the Julian Sanitation District.

- The Pine Valley service area represents the sixth largest population source for San Diego County SD. Pine Valley's present-day development began with cattle grazing in the 1890s and transitioned to rural residential uses by the 1920s and initially as seasonal second homes and later augmented with commercial uses to accommodate travelers along old State Highway 80. Wastewater services were established in 1968 with the formation of the Pine Valley Sanitation District.

- The East Otay Mesa service area is largely industrial and is the smallest population source for San Diego County SD. East Otay Mesa's present-day development began in the 1990s as a planned international commerce center with uses therein ranging from commercial assembly to heavy industrial with immediate access to a planned border crossing with Mexico. Wastewater services were established in 1999 with the formation of the East Otay Sewer Maintenance District.

2.2 Formation Proceedings

San Diego County SD's formation was initiated by resolution of the County of San Diego Board of Supervisors in February 2010 to consolidate wastewater services among nine dependent special districts under County management into a single agency. This involved dissolving the Alpine, Julian, Lakeside, and Pine Valley Sanitation Districts as well as the Campo, East Otay Mesa, Harmony Grove, and Winter Gardens Sewer Maintenance Districts and annexing the affected territory into the Spring Valley Sanitation District as the sole successor agency with the referenced renaming. The reorganization filing followed an earlier LAFCO municipal service review in 2007 covering public wastewater services in San Diego County. The municipal service review included a recommendation for the County to explore consolidating its separate wastewater operations into a single-entity for purposes of reducing administrative costs and standardizing user rates. LAFCO approved the reorganization subject to protest in September 2010. Protest proceedings did not require an election and LAFCO proceeded to order the reorganization effective July 1, 2011.

2.3 Post Formation Activities

A summary of notable activities undertaken by San Diego County SD and/or affecting the District's jurisdictional boundary following its formation in 2011 is provided below.

- San Diego County SD completes sewer master plans for all seven of its service areas through contract with Atkins Design and Engineering. The master plans incorporate 20-year capital improvement plans and associated sewer rate evaluations.

- The Harmony Grove service area is detached from San Diego County SD in 2018. The detachment is part of a reorganization involving the concurrent expansion of Rincon del Diablo Municipal Water District's authorized wastewater service area to include the approximate 425-acre unincorporated development (Harmony Grove Village).

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

San Diego County SD's jurisdictional boundary spans 46.2 square miles with 99.8% being unincorporated and under the land use authority of the County of San Diego. The remainder of the jurisdictional boundary lies within the City of National City.

San Diego County SD's existing boundary spans approximately 46.2 square miles in size and covers 29,571 acres (parcels and public rights-of-ways) between seven non-contiguous areas with more than two-fifths in Spring Valley. Nearly all of the jurisdictional boundary – approximately 99.8% – is unincorporated and under the land use authority of the County of San Diego. The remaining portion of jurisdictional lands – approximately 0.02% of the total – is incorporated and under the land use authority of the City of National City. Overall there are 86,731 registered voters currently within the jurisdictional boundary.

San Diego County SD | Boundary Breakdown By Service Area
Table 3.1a (Source: Esri and San Diego LAFCO)

Service Area	Total Assessor Parcel Acres	% of Total Accessor Parcel Acres	Total Assessor Parcels	Number of Registered Voters
Spring Valley	12,915	43.7%	26,398	51,742
Alpine-Lakeside	12,380	41.9%	15,267	28,040
Campo	457	1.5%	308	394
Julian	118	0.4%	190	99
East Otay Mesa	2,627	8.9%	103	1
Pine Valley	28	0.1%	60	42
Winter Gardens	1,046	3.5%	3,136	6,413
Totals	29,571	100.0%	45,462	86,731

San Diego County SD | Boundary Breakdown By Land Use Authority
Table 3.1b (Source: Esri and San Diego LAFCO)

Land Use Authority	Total Assessor Parcel Acres	% of Total Accessor Parcel Acres	Total Assessor Parcels	Number of Registered Voters
County of San Diego	29,566	99.98	45,453	86,726
City of National City	5	0.02	9	5
Totals	29,571	100.0%	45,462	86,731

Total assessed value (land and structure) is set at $14.7 million as of April 2019 and translates to a per acre value ratio of $497.11. The former amount further represents a per capita value of $98.14 based on the estimated service population of 149,789. San Diego County SD does not receive any annual property tax revenue generated within its jurisdictional boundary and operates entirely as an enterprise.

Close to three-fourths of the jurisdictional boundary is under private ownership, and of this amount approximately one-half has been developed.

The jurisdictional boundary is currently divided into 45,462 legal parcels and spans 29,571 acres. (The remaining jurisdictional acreage consists of public right-of-ways.) Close to three-fourths – or 73.8% – of the parcel acreage is under private ownership with one-half having already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remainder of private acreage is entirely undeveloped and consists of 4,737 vacant parcels that collectively total 6,631 acres. Approximately one-tenth of the jurisdictional boundary qualifies as a disadvantaged unincorporated community. This includes all of the Campo and Julian service areas and portions of the Alpine-Lakeside and Spring Valley service areas.[8]

3.2 Sphere of Influence

San Diego County SD's sphere was established by LAFCO in 2011 in conjunction with approving the formation proceedings. The sphere spans 57.6 square miles and covers 36,844 acres and further distinguished by the following features:

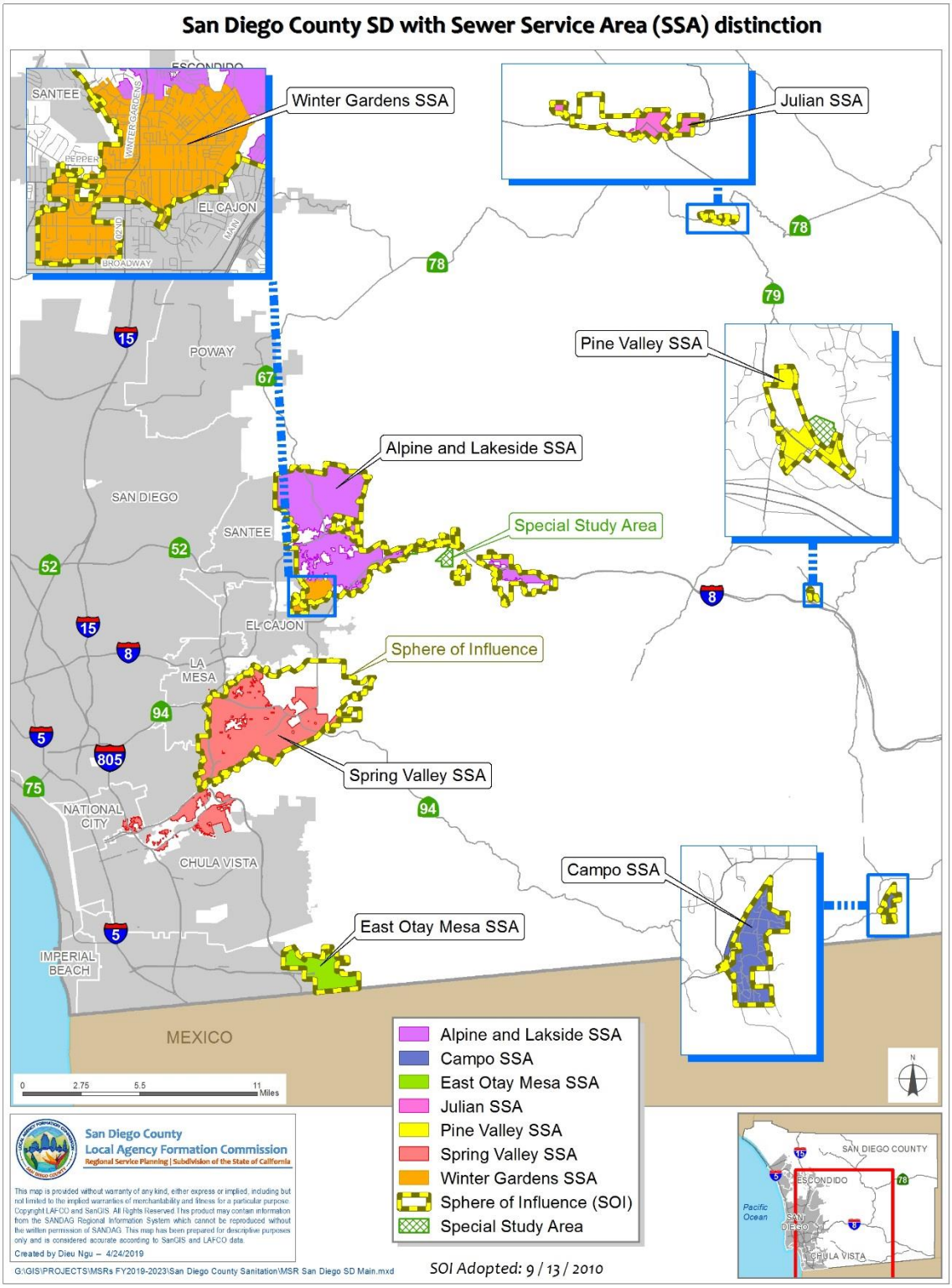
- The sphere excludes 9,141 acres of jurisdictional acres. This excluded acreage represents one-fourth of the total jurisdictional boundary and lies entirely in the Spring Valley service area and within or immediately adjacent to the Cities of Chula Vista and National City. The existing exclusion of these lands marks LAFCO's standing policy expectation the territory be detached.

- The sphere includes 9,379 acres of non-jurisdictional acres. This additional acreage represents one-tenth of the total jurisdictional boundary and lies within multiple service areas with the majority within Spring Valley. The existing inclusion of the lands marks LAFCO's standing policy expectation the territory be annexed when the timing is deemed appropriate.

- The sphere includes three distinct special study areas. All three study areas lie outside the jurisdictional boundary and collectively total 396.2 acres and affect the Alpine-Lakeside (two) and Pine Valley (one) service areas. The establishment of these three study areas reflects a standing policy expectation for LAFCO to perform additional analysis to determine whether it would be appropriate to formally add affected territory to the sphere as part of future update.

[8] Maps showing the exact locations of qualifying disadvantaged unincorporated communities within and adjacent to the San Diego County SD jurisdictional boundary is provided as an appendix.

3.3 Current Boundary and Sphere Map



4.0 DEMOGRAPHICS

4.1 Population and Housing

San Diego County SD's total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 149,789 as of the term of the five-year report period. This amount represents 4.5% of the countywide total with three-fifths – or 61.9% – of the District estimate residing with the Spring Valley service area. The Alpine-Lakeside service area follows and accounts for another one-tenth of the total District estimate with the remainder divided in order of magnitude between the Campo, Julian, Pine Valley, Winter Gardens, and East Otay Mesa's service areas. It is also estimated the total population within San Diego County SD has risen overall by 6.0% from 141,745 in 2010 and the last census reset. This amount translates to an annual change of 0.67%, which is two-fifths below the countywide rate of 0.94%. The Campo service area expereinced the largest relative increase in popluation in the District with the annual rate rising by 1.1% since 2010. It is projected the current growth rate will continue into the near-term and result in the population increasing within the District to 155,505 by 2023.

It is estimated there are 149,789 current fulltime residents within San Diego County SD with nearly nine-tenths within its two primary service areas: Spring Valley at 92,717 and Alpine-Lakeside at 43,389.

San Diego County SD | Population Breakdown By Service Area
Table 4.1a (Source: Esri and San Diego LAFCO)

Service Area	2010	2018	Annual Change	Projected 2023
Spring Valley	88,071	92,717	0.63%	96,015
Alpine-Lakeside	40,608	43,389	0.81%	45,305
Campo	545	598	1.13%	630
Julian	143	153	0.82%	159
East Otay Mesa	8	8	0.0%	9
Pine Valley	48	51	0.74%	54
Winter Gardens	12,322	12,873	0.53%	13,333
Totals	141,745	149,789	0.67%	155,505

There are presently 52,492 residential housing units within San Diego County SD. This amount represents an overall increase of 2,034 units since 2010 and translates to an average production rate of 226 new housing units per year. Further, 59.4% of the current housing unit total are owner-occupied, 36.7% are renter-occupied, and the remaining 3.9% are vacant. The average household size is 3.2 and has increased 6.0% over the preceding five-year period. The mean monthly housing cost has slightly increased by 0.22% from $1,717.36 to $1,721 based on

Housing production within San Diego County SD currently totals 52,492 dwelling units with 31,432 – or three-fifths – located in the Spring Valley service area. The average monthly housing cost in San Diego County SD is $1,721.16 and bookend by a low of $874.00 in the Campo service area and a high of $2,118.54 in the East Otay Mesa service area.

the most recent five-year period averages, and is one-tenth higher than the countywide cost of $1,578. The Winter Gardens' service area has expereinced the largest relative increase in housing costs in the District with the average rising by 15.6% since 2010.

San Diego County SD | Housing Breakdown By Service Area
Table 4.1b (Source: American Community Survey and San Diego LAFCO)

Service Area	2010 Housing Units	2018 Housing Units	Change	2010 Monthly Housing Cost	2018 Monthly Housing Cost	Change
Spring Valley	30,196	31,432	4.1%	1,852.03	1,801.46	(2.7%)
Alpine-Lakeside	15,523	16,168	4.2%	1,567.93	1,613.53	2.9%
Campo	162	166	2.5%	782.00	8,74.00	11.8%
Julian	87	93	6.9%	1,161.00	1,152.00	(0.8%)
East Otay Mesa	3	3	0.0%	2,137.25	2,118.54	(0.9%)
Pine Valley	48	51	6.3%	1,181.00	1,345.00	13.9%
Winter Gardens	4,439	4,579	3.2%	1,254.28	1,449.81	15.6%
Totals	50,458	52,492	4.0%	$1,717.36	$1,721.20	2.5%

4.2 Age Distribution

The median age of residents in San Diego County SD is 38.4 based on the current five-year period average. This amount is divided between a low of 30.8 in East Otay Mesa and a high of 48.1 in Julian. The overall amount shows the population is getting older with the median age experiencing a net change of 3.6% from 37.1 over the preceding five-year period average. Residents in the prime working age group defined as ages 25 to 64 make up over one-half of the total District population at 52.8% and parallels the countywide average of 47.0%. The highest concentration of prime working age residents by service area is in Pine Valley at 55.3%.

Residents within San Diego County SD tend to be older with a medium age of 38.4; an amount that is less than one-tenth higher than the countywide average of 35.3. The overall average is bookended by an average low of 30.8 in the East Otay Mesa service area and an average high of 48.1 in the Julian service area.

San Diego County SD | Age Breakdown By Service Area
Table 4.2 (Source: American Community Survey and San Diego LAFCO)

Service Area	2010 Median Age	2018 Median Age	Change	2010 Prime Working Age	2018 Prime Working Age	Change
Spring Valley	38	38	0.1%	52.6%	52.2%	(1.3%)
Alpine-Lakeside	38	41	7.6%	52.0%	53.3%	2.5%
Campo	35	42	18.4%	50.8%	51.2%	0.8%
Julian	52	48	(6.9%)	56.4%	46.7%	(17.2%)
East Otay Mesa	31	31	0.8%	55.6%	54.1%	(2.7%)
Pine Valley	50	42	(15.4%)	57.6%	55.3%	(3.9%)
Winter Gardens	36	36	(0.1%)	52.3%	52.9%	1.2%
Totals	37.1	38.4	3.6%	52.7%	52.8%	0.2%

4.3 Income Characteristics

The median household income in San Diego County SD is $76,447 based on the current five-year period average. This amount is divided between a low of $41,250 in Campo and a high of $90,491 in East Otay Mesa. The overall amount shows residents are overall receiving more pay with the median income changing by 1.8% from the preceding five-year period average of $75,104. Separately, the current average rate of persons that are living below the poverty level in San Diego County SD is 10.8% and booked by a low of 8.1% in Pine Valley and a high of 20% in Campo. The countywide average of persons living below the poverty level is 14.0%.

San Diego County SD residents' average median household income has experienced a modest overall increase of 1.8% since 2010 and currently averages $76,447; the latter exceeding the countywide rate by more than one-tenth. Poverty rates in the District also fall below the countywide rate.

San Diego County SD | Income Breakdown By Service Area
Table 4.3 (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Median HH Income	2012-2016 Median HH Income	Change	2007-2011 Poverty Rate	2012-2016 Poverty Rate	Change
Spring Valley	77,137	75,775	(1.77%)	9.73	11.69	20.12%
Alpine-Lakeside	75,857	77,828	2.60%	7.07	9.57	35.24%
Campo	58,200	41,250	(29.12%)	23.40	20.00	(14.53%)
Julian	66,758	48,373	(27.54%)	7.40	9.90	33.78%
East Otay Mesa	72,626	90,491	24.60%	12.68	8.13	(35.93%)
Pine Valley	66,758	81,000	47.74%	9.00	8.30	(7.78%)
Winter Gardens	56,209	51,576	(8.24%)	15.78	18.23	15.52%
Totals	75,104	76,447	1.8%	9.3%	10.8%	16.5%

4.4 Socioeconomic Indicators

Approximately 4.7% of able adults within San Diego County SD are unemployed based on the current five-year period average. This amount is divided between a low of 2.6% in Julian and a high of 7.5% in Campo. Overall unemployment rates in the District have positively decreased by one-fourth from the earlier five-year average and now closely match the countywide rate of 4.9%. There has also been a positive change in educational levels with rates increasing close to one-tenth and producing a five-year average of 25.3% of residents 25 or older with bachelor degrees. Nearly one-fifth – or 21.0% – of District residents currently collect retirement. The non-English speaking population in the District has decreased from 9.7% to 9.2% and remains substantially below the countywide rate of 15.0%.

Unemployment levels within San Diego County SD have decreased in recent years by one-fourth with the current five-year average totaling 4.7% and closely matches the countywide rate.

San Diego County SD | Socioeconomic Indicators Breakdown By Service Area
Table 4.4 (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Unemployment Rate	2012-2016 Unemployment Rate	Change	2007-2011 Non English	2012-2016 Non English	Change
Spring Valley	6.93	5.83	(15.85%)	11.10%	11.37%	2.45%
Alpine-Lakeside	6.01	3.72	(38.11%)	3.91%	3.29%	(15.73%)
Campo	3.50	7.50	114.29%	15.90%	8.00%	(49.69%)
Julian	4.10	2.60	(36.59%)	1.70%	8.60%	405.88%
East Otay Mesa	6.25	2.88	(53.82%)	29.61%	26.59%	(10.20%)
Pine Valley	1.90	5.70	200.00%	0.40%	2.70%	575.00%
Winter Gardens	6.72	5.29	(21.26%)	8.42%	10.19%	21.08%
Totals	6.4	4.7	(26.9%)	9.67%	9.2%	(4.5%)

5.0 ORGANIZATION

5.1 Governance

San Diego County SD's governance authority is established under the County Sanitation District Act of 1923 ("principal act") and codified under Public Health and Safety Code Sections 4700-4858. This principal act – which was enacted concurrently with an update to the similar provisions of the California Sanitary District Act – empowers San Diego County SD to provide a moderate range of municipal services upon approval by LAFCO. As of date, San Diego County SD is authorized to provide only one municipal service – wastewater – with class functions being collection, treatment, and discharge. All other powers and any associated class functions enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO at a noticed public hearing before San Diego County SD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing an active service or class function therein, San Diego County SD would also need to seek LAFCO approval. A list comparing active and latent powers follows.

Active Service Powers	**Latent Service Powers**
Wastewater	Solid Waste
- collection	Recycled Water
- treatment	Storm Drainage
- discharge	Street Cleaning/Sweeping

Governance of San Diego County SD is dependently provided by the County of San Diego and through its five-member Board of Supervisors that are elected by supervisorial division to staggered four-year terms. San Diego County SD holds meetings as needed and as part of regular meetings held by the Board of Supervisors. A current listing of Board of Supervisors along with respective backgrounds follows.

San Diego County SD | Current Governing Board Roster
Table 5.1 (Source: San Diego County SD)

Member	Position	Background	Board Years on San Diego County SD
Dianne Jacob	President	Educator	8
Greg Cox	Vice President	Educator	8
Jim Desmond	Director	Aviation	1
Nathan Fletcher	Director	Educator	1
Kristin Gaspar	Director	Finance	2

5.2 Administration

The County of San Diego Public Works Department is delegated administrative responsibilities over San Diego County SD and its day-to-day activities. The Public Works Director – Richard E. Crompton – serves as the General Manager with operations provided through the Wastewater Management Division; the latter currently comprising 33 budgeted fulltime employees as of the term of the report period and divided between three units: a) District Administration, b) Collections, Engineering and Operations, and c) Facility Engineering and Operations. Legal services are provided by County Counsel.

6.0 MUNICIPAL SERVICES

San Diego County SD provides one municipal service: wastewater. A summary analysis of this service follows with respect to capacities, demands, and performance.

6.1 Wastewater Services

San Diego County SD's wastewater services commenced at the time of its formation in 2011 and involved assuming ownership and operation of facilities that presently comprise seven distinct service areas within the District. Four of these service areas – Alpine-Lakeside, East Otay Mesa, Spring Valley, and Winter Gardens – involve collection only and convey untreated sewer to the City of San Diego's Point Loma Treatment Facility for treatment and discharge. The remaining three service areas – Campo, Julian, and Pine Valley – involve collection along with onsite treatment and disposal. San Diego County SD overall currently registers 36,179 active wastewater connections through 432 miles of sewer lines largely through gravity and augmented with the aid of eight pumping stations. A standard rate uniformly applies to all seven areas as detailed in the accompanying footnote.[9]

[9] In April 2017, the Board of Directors approved a five-year wastewater adjustment consisting of an 8.65% rate increase in the first year and a 9.0% rate increase annually beginning in FY 2019 and ending in FY 2022. At the end of the five-year adjustment the monthly rate would be $43.08 - an overall increase of 53.6% from the monthly cost of $28 in 2017. This rate increase is applied to all service areas across the board with the purpose of the five-year rate adjustment to stabilize revenues sources in relation to operation costs.

A. Spring Valley

System Overview

San Diego County SD's service area in Spring Valley currently includes 23,159 active wastewater connections and accounts for 69.5% of the total number of connections within the District. The origins of the wastewater system dates back to 1952 with the formation of the predecessor agency, Spring Valley Sanitation District. The service area is approximately 30 square miles in size and generally lies along State Highway 94 in southeast San Diego County and includes several distinct unincorporated communities and/or neighborhoods. This includes Casa de Oro, Rancho San Diego, La Presa Dictionary Hill, Mt. Helix, and Bancroft. All wastewater collected within the service area is conveyed largely by gravity with the assistance of four public pump stations (Jamacha, Ramona Avenue, Rancho San Diego, and Vista Del Lago) to the City of San Diego's Point Loma Facility for advanced secondary treatment and ocean discharge via adjacent infrastructure of the Metro Wastewater Joint Powers Authority ("METRO"). Flows collected in the service area – pertinently – includes collection from six other adjacent agencies with their own contracts with the Point Loma Facility and further footnoted.[10]

Spring Valley | Active Wastewater Connections
Table 6.1A | Source: San Diego Sanitation SD

Year	Residential	Non-Residential	Total
2014	22,241	1,238	23,479
2015	22,542	1,438	23,980
2016	22,560	1,427	23,987
2017	21,272	1,420	22,692
2018	21,738	1,421	23,159
Average	22,071	1,3889	23,459
Trends	(2.3%)	14.8%	(1.4%)

System Capacities

The Spring Valley service area's maximum daily wastewater capacity to convey collected sewage to the Point Loma Facility for subsequent treatment and disposal is 10.353 million gallons. This amount is specific to the San Diego County SD share allocated to Spring Valley and equals 59.1% of the total daily capacity contracted to the District as a signatory member of METRO. All related infrastructure – including pipeline sizes, pumps, and emergency

> The Spring Valley service area's maximum daily capacity to convey wastewater to the Point Loma Facility for treatment and disposal is 10.353 million gallons.

[10] There are six other agencies with interties connecting into the Spring Valley service area for purposes of conveying wastewater flow to the Point Loma Facility. These agencies are the Cities of San Diego, Chula Vista, Lemon Grove, La Mesa, and National City as well as the Otay Water District and collectively have 36 connections to the Spring Valley system with the majority – 24 – being unmetered.

storage – are designed towards aligning with this capacity with the Point Loma Facility.

System Demands

The Spring Valley service area's average annual wastewater collection demand generated during the five-year report period for subsequent treatment and disposal at the Point Loma Facility has been approximately 3.827 billion gallons. Of this amount, it is estimated by LAFCO the average annual share specific to San Diego County SD users in the service area has been 1.607 billion gallons. This latter average amount serves as a macro overview of system demands and represents a daily average flow of 10.5 million gallons. It also translates over the report period to an estimated 129.3 gallons per day for each resident or 351.1 gallons per day for each occupied housing unit; it also translates to 452.5 gallons for every service connection. Average annual wastewater demands overall during the report period have decreased by (2.0%).

The estimated average annual wastewater flows generated during the report period among San Diego County SD users in the Spring Valley service area has been 1.607 billion gallons; an amount that translates to 4.404 million gallons per day.

Supplementary micro measurements of recent wastewater demands within Spring Valley specific to San Diego County SD service area users are summarized below and reflected in the proceeding table.

- Average daily dry-weather wastewater flows over the five-year report period within Spring Valley directed attributed to San Diego County SD service area users is estimated at 4.972 million gallons. This flow typically is recorded between May and October and tallied an estimated 4.912 million gallons as of the report term with an overall change of (3.3%) over the 60-month period.

- Average daily wet-weather wastewater flows over the five-year report period within Spring Valley directly attributed to San Diego County SD service area users estimated at 5.560 million gallons. This flow typically is recorded between November and April and tallied an estimated 5.314 million gallons as of the report term with an overall change of 9.8% over the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period within Spring Valley directly attributed to San Diego County SD service area users is estimated at 7.002 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.42.

Spring Valley | Recent Wastewater Demands

Table 6.2A | Source: San Diego County SD and San Diego LAFCO

	Average Daily Flows		Average Dry-Weather Flows		Average Wet-Weather Flows		Recorded Peak-Day Flows	
Year	All	SDCSD	All	SDCSD	All	SDCSD	All	SDCSD
2014	10.846	4.555	10.776	4.526	11.696	4.912	17.245	7.243
2015	9.964	4.185	11.476	4.820	13.667	5.740	15.843	6.654
2016	10.109	4.246	11.594	4.869	13.714	5.760	16.073	6.751
2017	10.867	4.564	13.644	5.730	14.459	6.073	17.279	7.257
2018	10.640	4.469	11.696	4.912	12.652	5.314	16.918	7.106
Average	10.485	4.404	11.837	4.972	13.237	5.560	16.671	7.002
Trend	(3.3%)	(3.3%)	9.8%	9.8%	13.2%	13.2%	(3.3%)	(3.3%)

Notes:
All amounts are in million gallons unless provided otherwise.
LAFCO has calculated flows within SDCSD to reflect a flat 42% of the service area total.

Service Performance

San Diego County SD is currently operating with sufficient and excess capacity within its Spring Valley service area in accommodating exiting estimated District user demands generated during the five-year report period. This statement is substantiated with the estimated average day demands among San Diego County SD users during the report period equaling 42.5% of the District's contracted capacity for treatment and discharge with the Point Loma Facility. This available capacity and excess therein is not expected to substantively change over the next five-year period.

LAFCO estimates San Diego County SD is presently operating at 42.5% capacity within its service area in Spring Valley. (This estimate excludes projected flows wheeled through the service area by six other agencies.)

B. Alpine-Lakeside

System Overview

San Diego County SD's service area in Alpine-Lakeside comprises two adjacent wastewater systems and currently includes 10,109 combined active connections as of the end of the report period. This amount is divided between Alpine with 1,556 and Lakeside with 8,553 and jointly accounts for 27.9% of the total number of connections within San Diego County SD. The origins of the two wastewater systems comprising the service area date back to the formation of the two predecessor agencies, Alpine Sanitation District in 1952 and the Lakeside Sanitation District in 1955. The combined service area is approximately 24.7 square miles in size. The Lakeside portion of service area is the larger of the two and lies immediately east of the City of Santee and generally north of Interstate 8 in eastern San Diego County. The Alpine portion of the service area lies to the east of Lakeside in the adjacent foothills along Interstate 8. Wastewater

collected within Alpine flows directly into Lakeside with the aid of two public pump stations (Galloway and Harbison Canyon). Wastewater in the Lakeside system is conveyed largely by gravity with the assistance of two other public pump stations (Woodcreek and Moreno) to adjacent METRO infrastructure and subsequently sent to the Point Loma Facility for advanced secondary treatment and ocean discharge.[11]

Alpine-Lakeside Service Area | Active Wastewater Connections
Table 6.1B| Source: San Diego Sanitation SD

Year	Residential	Non-Residential	Total
2014	8,530	746	9,276
2015	9,315	910	10,225
2016	9,383	906	10,289
2017	9,192	897	10,089
2018	9,197	912	10,109
Average	9,123	874	9,998
Trends	7.8%	22.3%	9.0%

System Capacities

The Alpine-Lakeside service area's maximum daily wastewater capacity to convey collected sewage to the Point Loma Facility for subsequent treatment and disposal is 4.841 million gallons. This amount is specific to the San Diego County SD share allocated to Alpine-Lakeside and equals 27.7% of the total daily capacity contracted to the District as a signatory of METRO. All related infrastructure – including pipeline sizes, pump stations, and emergency storage facilities – are designed towards aligning with the contract capacity at the Point Loma Facility.

The Alpine-Lakeside service area's maximum daily capacity to convey wastewater to the Point Loma Facility for treatment and disposal is 4.841 million gallons.

System Demands

The Alpine-Lakeside service area's average annual wastewater collection demand generated during the five-year report period and for ultimate treatment and disposal at the Point Loma Facility has been approximately 1.004 billion gallons. This amount serves as a macro overview of system demands and represents a daily average flow of 2.751 million gallons. It also translates over the report period to an estimated 64.4 gallons per day for each resident or 173.7 gallons per day for each occupied housing unit; it also translates to 272.1 gallons for every service connection. Average annual wastewater demands overall during the report period have increased by 7.2%.

Average annual wastewater flows generated during the report period in the Alpine-Lakeside service area has been 1.004 billion gallons; an amount that translates to 2.751 million gallons per day.

[11] No other flows enter the combined service area from outside agencies.

Supplementary micro measurements of recent wastewater demands within Alpine-Lakeside are summarized below and reflected in the proceeding table.

- Average daily dry-weather wastewater flows over the five-year report period within Alpine-Lakeside have been 2.742 million gallons. This flow typically is recorded between May and October and tallied 2.887 million gallons as of the report term with an overall change of 7.6% over the 60-month period.

- Average daily wet-weather wastewater flows over the five-year report period within Alpine-Lakeside have been 3.607 million gallons. This flow typically is recorded between November and April and tallied 3.709 million gallons as of the report term with an overall change of 16.0% over the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period within Alpine-Lakeside have been 4.374 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.59.

Alpine-Lakeside | Recent Wastewater Demands
Table 6.2B | Source: San Diego County SD

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2014	2.695	2.683	3.198	4.285
2015	2.707	2.700	3.301	4.304
2016	2.668	2.666	3.633	4.242
2017	2.790	2.775	4.195	4.446
2018	2.890	2.887	3.709	4.595
Average	2.751	2.743	3.607	4.374
Trend	7.2%	7.6%	16.0%	7.2%

Notes:
All amounts are in million gallons unless provided otherwise.

Service Performance

San Diego County SD is currently operating with sufficient and excess capacity within its Alpine-Lakeside service area in accommodating exiting demands generated during the five-year report period. This statement is substantiated with average day demands during the report period equaling 56.8% of the contracted capacity assigned to the service area by the District via METRO for treatment and discharge at the Point Loma Facility. This available capacity and excess therein is not expected to substantively change over the next five-year period.

San Diego County SD is presently operating at 56.8% capacity within the Alpine-Lakeside service area.

C. Winter Gardens

System Overview

San Diego County SD's service area in Winter Gardens currently includes 2,489 active connections as of the end of the report period and accounts for 6.9% of the total number of connections within the District. The wastewater system's origins date back to 1964 with the formation of the predecessor agency for the system, Winter Gardens Sewer Maintenance District. The service area is approximately 1.6 square miles in size and immediately adjacent to the City of El Cajon and northeast of the intersection of Interstate 8 and State Highway 67 in southeast San Diego County. All wastewater collected in the service area is conveyed entirely by gravity and wheeled through the City of El Cajon and subsequently sent via METRO infrastructure to the Point Loma Facility for advanced secondary treatment and ocean discharge.[12]

Winter Gardens Service Area | Active Wastewater Connections
Table 6.1C | Source: San Diego Sanitation SD

Year	Residential	Non-Residential	Total
2014	2,284	138	2,422
2015	2,297	179	2,476
2016	2,409	179	2,588
2017	2,300	174	2,474
2018	2,313	176	2,489
Average	2,321	169	2,490
Trends	1.3%	27.5%	2.8%

System Capacities

The Winter Gardens service area's maximum daily wastewater capacity to convey collected sewage to the Point Loma Facility for subsequent treatment and disposal is 1.200 million gallons. This amount is specific to the San Diego County SD share allocated to Winter Gardens and equals 6.9% of the total daily capacity contracted to the District as a signatory of METRO. All related infrastructure – including pipeline sizes – are designed towards aligning with this contracted capacity at the Point Loma Facility. An additional capacity consideration also applies to Winter Gardens and involves a separate agreement with El Cajon to allow the District to wheel its wastewater through the City to a connecting METRO trunk line leading to Point Loma. This wheeling agreement prescribes the maximum average day flow from Winter Gardens into El Cajon at 1.000 million gallons.

The Winter Gardens service area's maximum daily capacity to convey wastewater to the Point Loma Facility for treatment and disposal is 1.200 million gallons. A separate wheeling agreement with El Cajon provides connectivity to the Point Loma Facility and prescribes a maximum average daily flow of 1.000 million gallons.

[12] No other flows enter the combined service area from outside agencies.

System Demands

Average annual wastewater flows generated during the report period in the Winter Gardens service area has been 323.8 million gallons; an amount that translates to 0.887 million gallons per day.

The Winter Gardens service area's average annual wastewater collection demand generated during the five-year report period and for ultimate treatment and disposal at the Point Loma Facility has been approximately 323.8 million gallons. This amount serves as a macro overview of system demands and represents a daily average flow of 0.887 million gallons. It also translates over the report period to an estimated 72.4 gallons per day for each resident or 200.1 gallons per day for each occupied housing unit; it also translates to 356.3 gallons for every service connection. Average annual wastewater demands overall during the report period have increased by 0.5%.

Supplementary micro measurements of recent wastewater demands within Winter Gardens are summarized below and reflected in the proceeding table.

- Average daily dry-weather wastewater flows over the five-year report period within Winter Gardens have been 0.614 million gallons. This flow typically is recorded between May and October and recently tallied 0.619 million gallons as of the report term with an overall change of (1.9%) over the 60-month period.

- Average daily wet-weather wastewater flows over the five-year report period within Winter Gardens have been 0.665 million gallons. This flow typically is recorded between November and April and tallied 0.704 million gallons as of the report term with an overall change of 4.8% over the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period within Winter Gardens have been 1.410 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.59.

Winter Gardens | Recent Wastewater Demands
Table 6.2C | Source: San Diego County SD

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2014	0.920	0.632	0.671	1.463
2015	0.854	0.555	0.550	1.358
2016	0.871	0.554	0.561	1.385
2017	0.866	0.712	0.838	1.377
2018	0.925	0.620	0.704	1.471
Average	0.887	0.614	0.665	1.41
Trend	0.5%	(1.9%)	4.8%	0.5%

Notes:
All amounts are in million gallons unless provided otherwise.

Service Performance

San Diego County SD is presently operating at 88.7% capacity within the Winter Gardens service area relative to the wheeling agreement with the City of El Cajon to convey sewer to the Point Loma Facility.

San Diego County SD is currently operating with available – albeit modest – capacity within its Winter Gardens service area in accommodating exiting estimated user demands generated during the five-year report period. This statement is substantiated with average day demands during the report period equaling 73.9% of the contracted capacity assigned to the service area by the District via METRO for treatment and discharge at the Point Loma Facility. The capacity to wheel wastewater through El Cajon, however, is more limited with average day flows over the report period representing 88.7% of its contract capacity with the City. These available capacities – while sufficient at this time – merit attention in the near term with respect to the ability to accommodate existing as well as additional demands within the service area.

D. East Otay Mesa

System Overview

San Diego County SD's service area in East Otay Mesa currently includes 13 active connections as of the end of the report period and accounts for 0.4% of the total number of connections within the District. The wastewater system's origins date back to 1999 with the formation of the predecessor agency for the system, the East Otay Sewer Maintenance District. The service area is approximately 4.1 square miles in size and immediately north of the international border with Mexico and near Otay Mesa Road's intersection with State Highway 125 in southeast San Diego County. All wastewater collected in the service area is generally conveyed by gravity to adjacent METRO infrastructure and subsequently to the Point Loma Facility for advanced secondary treatment and ocean discharge.[13]

East Otay Mesa Service Area | Active Wastewater Connections
Table 6.1D | Source: San Diego Sanitation SD

Year	Residential	Non-Residential	Total
2014	0	9	9
2015	0	11	11
2016	0	14	14
2017	0	13	13
2018	0	13	13
Average	0	12	12
Trends	-	44.4%	44.4%

[13] No other flows enter the combined service area from outside agencies.

System Capacities

The East Otay Mesa service area's maximum daily capacity to convey wastewater to the Point Loma Facility for treatment and disposal is 1.000 million gallons.

The East Otay Mesa service area's maximum daily wastewater capacity to convey collected sewage to the Point Loma Facility for subsequent treatment and disposal is 1.000 million gallons. This amount is specific to the San Diego County SD share allocated to East Otay Mesa and equals 5.7% of the total daily capacity contracted to the District as a signatory of METRO. All related infrastructure – including pipeline sizes – are designed towards aligning with this capacity at the Point Loma Facility.

System Demands

Average annual wastewater flows generated during the report period in the East Otay Mesa service area has been 80.4 million gallons; an amount that translates to 0.220 million gallons per day.

The East Otay Mesa service area's average annual wastewater collection demand generated during the five-year report period and for ultimate treatment and disposal at the Point Loma Facility has been approximately 80.4 million gallons. This amount serves as a macro overview of system demands and represents a daily average flow of 0.220 million gallons. It also translates over the report period to an estimated 16,923 gallons per day for each connection. (There are no residential users within the service area.) Average annual wastewater demands overall during the report period have decreased by (0.5%).

Supplementary micro measurements of recent wastewater demands within East Otay Mesa are summarized below and reflected in the proceeding table.

- Average daily dry-weather wastewater flows over the five-year report period within East Otay Mesa have been 0.220 million gallons. This flow typically is recorded between May and October and has been largely consistent year to year and most recently tallied 0.220 million gallons as of the report term. The overall change has been (0.5%) over the 60-month period.

- Average daily wet-weather wastewater flows over the five-year report period within East Otay Mesa have been 0.317 million gallons. This flow typically is recorded between November and April and has been largely consistent year to year and most recent tallied 0.317 million gallons as of the report term. The overall change has been (0.3%) over the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period within East Otay Mesa have been 0.350 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.59.

East Otay Mesa | Recent Wastewater Demands
Table 6.2D | Source: San Diego County SD

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2014	0.221	0.221	0.318	0.351
2015	0.219	0.219	0.315	0.348
2016	0.220	0.220	0.317	0.350
2017	0.220	0.222	0.320	0.353
2018	0.220	0.220	0.317	0.350
Average	0.220	0.220	0.317	0.350
Trend	(0.5%)	(0.5%)	(0.3%)	(0.5%)

Notes:
All amounts are in million gallons unless provided otherwise

Service Performance

San Diego County SD is currently operating with sufficient and excess capacity within its East Otay Mesa service area in accommodating exiting estimated user demands generated during the five-year report period. This statement is substantiated with average day demands during the report period equaling 22.0% of the contracted capacity assigned to the service area by the District via METRO for treatment and discharge at the Point Loma Facility. This available capacity and excess therein is not expected to substantively deviate over the next five-year period, but is expected to change over a longer period in conjunction with the area's planned development as an transport center for goods entering from and/or into Mexico.

San Diego County SD is presently operating at 22.0% capacity within the East Otay Mesa service area.

E. Campo

System Overview

San Diego County SD's service area in Campo currently includes 251 active connections as of the end of the report period and accounts for 0.7% of the total number of District connections. The wastewater system's origins date back to 1945 with the formation of the predecessor agency for the system, the Campo Sewer Maintenance District. The service area is 0.7 square miles in size and lies 50 miles east of the City of El Cajon along State Highway 94 near the international border in southeast San Diego County. All wastewater collected is conveyed entirely by gravity to the adjacent Rancho Del Campo Facility for secondary treatment and discharge into percolation ponds.

Campo Service Area | Active Wastewater Connections
Table 6.1E | Source: San Diego Sanitation SD

Year	Residential	Non-Residential	Total
2014	234	8	242
2015	230	9	239
2016	235	7	242
2017	237	9	246
2018	243	8	251
Average	236	8	244
Trends	3.9%	0.0%	3.7%

System Capacities

The Campo service area's maximum daily capacity at the Rancho Del Campo Facility is 0.133 million gallons.

The Campo service area's maximum daily wastewater treatment and discharge at the Rancho Del Campo Facility is 0.113 million gallons. All related infrastructure – including pipeline sizes – are designed towards aligning with this capacity.

System Demands

Average annual wastewater flows generated during the report period in the Campo service area has been 16.936 million gallons; an amount that translates to 0.046 million gallons per day.

The Campo service area's average annual wastewater demand (collection, treatment, and discharge) generated during the five-year report period has been approximately 16.936 million gallons. This amount serves as a macro overview of system demands and represents a daily average flow of 0.046 million gallons. It also translates over the report period to an estimated 87.7 gallons per day for each resident or 515.4 gallons per day for each occupied housing unit; it also translates to 183.3 gallons for every service connection. Average annual demands overall during the report period have decreased by (0.5%).

Supplementary micro measurements of recent wastewater demands within Campo are summarized below and reflected in the proceeding table.

- Average daily dry-weather wastewater flows over the five-year report period within Campo have been 0.039 million gallons. This flow typically is recorded between May and October and most recently tallied 0.040 million gallons as of the report term with an overall change of (9.3%) during the 60-month period.

- Average daily wet-weather wastewater flows over the five-year report period within Campo have been 0.049 million gallons. This flow typically is recorded between November and April and most recently tallied 0.054 million gallons as of the report term with an overall change of 12.5% during the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period within Campo have been 0.074 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.61.

Campo | Recent Wastewater Demands
Table 6.2E | Source: San Diego County SD

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2014	0.044	0.044	0.048	0.071
2015	0.044	0.039	0.050	0.069
2016	0.040	0.038	0.045	0.063
2017	0.045	0.037	0.050	0.072
2018	0.059	0.040	0.054	0.094
Average	0.046	0.039	0.049	0.074
Trend	32.9%	(9.3%)	12.5%	32.9%

Notes:
All amounts are in million gallons unless provided otherwise.

Service Performance

San Diego County SD is currently operating with sufficient and excess capacity within its Campo service area in accommodating exiting estimated user demands generated during the five-year report period. This statement is substantiated with average day demands during the report period equaling 40.7% of the current treatment and discharge capacity at the Rancho del Campo Facility. This available capacity and excess therein is not expected to substantively change over the next five-year period.

San Diego County SD is presently operating at 34.6% capacity within the Campo service area.

F. Julian

System Overview

San Diego County SD's service area in Julian currently includes 105 active connections as of the end of the report period and accounts for 0.3% of the total number of District connections. The wastewater system's origins date back to 1945 with the formation of the predecessor agency for the system, the Julian Sanitation District. The service area is 0.4 square miles in size and lies 35 miles northeast of the City of Poway and encompasses the downtown Julian community in northeast San Diego County. All wastewater is conveyed by gravity without public pump stations to the adjacent Julian Wastewater Facility for secondary treatment and discharge through spray irrigation of District lands.

Julian Service Area | Active Wastewater Connections
Table 6.1F | Source: San Diego Sanitation SD

Year	Residential	Non-Residential	Total
2014	50	51	101
2015	50	55	105
2016	50	55	105
2017	50	55	105
2018	50	55	105
Average	50	54	104
Trends	-	7.8%	4.0

System Capacities

The Julian service area's maximum daily wastewater treatment and discharge at the Julian Wastewater Facility is 0.040 million gallons. All related infrastructure – including pipeline sizes – are designed towards aligning with this capacity.

The Julian service area's maximum daily capacity at the Julian Wastewater Facility is 0.040 million gallons.

System Demands

The Julian service area's average annual wastewater demand (collection, treatment, and discharge) generated during the five-year report period has been approximately 8.789 million gallons. This amount serves as a macro overview of system demands and represents a daily average flow of 0.024 million gallons. It also translates over the report period to an estimated 159.4 gallons per day for each resident or 333.2 gallons per day for each occupied housing unit; it also translates to 228.6 gallons for every service connection. Average annual demands overall during the report period have increased 11.2% despite an effective moratorium on new connections as detailed in the accompanying footnote.[14]

Average annual wastewater flows generated during the report period in the Julian service area has been 8.789 million gallons; an amount that translates to 0.024 million gallons per day.

Supplementary micro measurements of recent wastewater demands within Julian are summarized below and reflected in the proceeding table.

- Average daily dry-weather wastewater flows over the five-year report period within Julian have been 0.022 million gallons. This flow typically is recorded between May and October and most recently tallied 0.021 million gallons as of the report term with an overall change of (8.7%) during the 60-month period.

[14] In June 1989, the Board of Supervisors approved Policy I-113 and placed restrictions on future sewer connections in Julian. These restrictions were augmented in November 2015 to allow for the transfer of assigned sewer capacity between parcels when property owners agree and the transfer will not result in total flows to the treatment plant that cause an exceedance of permitted capacity.

- Average daily wet-weather wastewater flows over the five-year report period within Julian have been 0.027 million gallons. This flow typically is recorded between November and April and most recently tallied 0.025 million gallons as of the report term with no overall change during the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period within Julian have been 0.038 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.58.

Julian | Recent Wastewater Demands
Table 6.2F | Source: San Diego County SD

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2014	0.023	0.023	0.025	0.037
2015	0.022	0.018	0.027	0.036
2016	0.023	0.021	0.028	0.036
2017	0.026	0.026	0.029	0.042
2018	0.026	0.021	0.025	0.041
Average	0.024	0.022	0.027	0.038
Trend	11.2%	(8.7%)	-	11.2%

Notes:
All amounts are in million gallons unless provided otherwise.

Service Performance

San Diego County SD is presently operating at 60.0% capacity within the Julian service area.

San Diego County SD is currently operating with sufficient and excess capacity within its Julian service area in accommodating exiting estimated user demands generated during the five-year report period. This statement is substantiated with average day demands during the report period equaling 60.0% of the current treatment and discharge capacity at the Julian Wastewater Facility. This available capacity and excess therein is not expected to substantively change over the next five-year period.

G. Pine Valley

System Overview

San Diego County SD's service area in Pine Valley currently includes 53 active connections as of the end of the report period and accounts for 0.1% of the total number of District connections. The wastewater system's origins date back to 1968 with the formation of the predecessor agency for the system, the Pine Valley Sanitation District. The service area is 0.08 square miles in size and lies 30 miles east of the City of El Cajon and along Old State Highway 80 off of Interstate 8 in southeast San Diego County. All wastewater

collected is conveyed by gravity without public pump stations to the adjacent Pine Valley Wastewater Facility for secondary treatment and discharge into percolation ponds.

Pine Valley Service Area | Active Wastewater Connections
Table 6.1G | Source: San Diego Sanitation SD

Year	Residential	Non-Residential	Total
2014	40	9	49
2015	42	9	51
2016	42	9	51
2017	42	10	52
2018	43	10	53
Average	42	9	51
Trends	7.5%	11.1%	8.2%

System Capacities

The Pine Valley service area's maximum daily wastewater treatment and discharge at the Pine Valley Wastewater Facility is 0.040 million gallons. All related infrastructure – including pipeline sizes – are designed towards aligning with this capacity.

The Pine Valley service area's maximum daily capacity at the Pine Valley Wastewater Facility is 0.040 million gallons.

System Demands

The Pine Valley service area's average annual wastewater demand (collection, treatment, and discharge) generated during the five-year report period has been approximately 3.270 million gallons. This amount serves as a macro overview of system demands and represents a daily average flow of 0.0090 gallons. It also translates over the report period to an estimated 178.3 gallons per day for each resident or 324.0 gallons per day for each occupied housing unit; it also translates to 162.3 gallons for every service connection. Average annual demands overall during the report period have increased 3.5%.

Average annual wastewater flows generated during the report period in the Pine Valley service area has been 3.270 million gallons; an amount that translates to 8,960 gallons per day.

Supplementary micro measurements of recent wastewater demands within Pine Valley are summarized below and reflected in the proceeding table.

- Average daily dry-weather wastewater flows over the five-year report period within Pine Valley have been 8,680 gallons. This flow typically is recorded between May and October and most recently tallied 8,800 million gallons as of the report term with an overall change of (17.0%) during the 60-month period.

- Average daily wet-weather wastewater flows over the five-year report period within Pine Valley have been 11,560 gallons. This flow typically is recorded between November and April and most recently tallied 8,900 gallons as of the report term with an overall change of (19.1%) during the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period within Pine Valley have been 14,246 gallons. This latter amount produces a peak-factor relative to average day demands of 1.59.

Pine Valley | Recent Wastewater Demands
Table 6.2G | Source: San Diego County SD

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2014	8,603	10,600	11,000	14,000
2015	8,111	6,900	9,800	13,000
2016	10,411	7,500	17,700	17,000
2017	8,795	9,600	10,400	14,000
2018	8,904	8,800	8,900	14,000
Average	8,960	8,680	11,560	14,246
Trend	3.5%	(17.0%)	(19.1%)	3.5%

Service Performance

San Diego County SD is presently operating at 22.5% capacity within the Pine Valley service area.

San Diego County SD is currently operating with sufficient and excess capacity within its Pine Valley service area in accommodating exiting estimated user demands generated during the five-year report period. This statement is substantiated with average day demands during the report period equaling 22.5% of the current treatment and discharge capacity at the Pine Valley Wastewater Facility. This available capacity and excess therein is not expected to substantively change over the next five-year period.

7.0 FINANCES

7.1 Financial Statements

The County of San Diego Auditor-Controller prepares annual financial statements for the San Diego County SD. These statements are subsequently reviewed as part of an outside audit process for conformance with established governmental accounting standards. This includes vetting the statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing San Diego County SD's short and long-term fiscal health with specific focus on sustaining its single service activity: wastewater. The current outside accounting consultant – Varina, Trine, Day & Company – has prepared annual reviews throughout the report period.

San Diego County SD's most recent financial statements for the report period were issued for 2017-2018. These statements show San Diego County SD experienced a negative change over the prior fiscal year as its overall net position (regular accrual basis) for all activities decreased by (2.9%) from $122.2 million to $118.7 million and primarily attributed to an increase in current liabilities and specifically within accounts payable. The accompanying auditor's report did not identify any weaknesses or related accounting concerns. A detailing of year-end totals and trends during the five-year report period follows with respect to assets, liabilities, and net position.

Most Recent Year-Ending Financial Statements (2017-2018)	
Assets + Deferred Outflows	$131,054,000
Liabilities + Deferred Inflows	$12,393,000
Net Position	$118,661,000

Agency Assets

San Diego County SD's audited assets at the end of 2017-2018 totaled $128.2 million and finished 0.3% higher than the average year-end amount of $127.8 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented roughly two-fifths of the total amount – or $50.3 million – and almost entirely tied to cash and investments. Assets classified as non-current and not readily liquid make up the remaining three-fifths of the total – or $77.9 million and entirely tied to capital with four-fifths of this amount involving sewer collection systems. Overall assets for San Diego County SD have decreased by (1.2%) over the corresponding 60-month period.

San Diego County SD's assets overall have decreased by (1.2%) during the report period. This overall decrease is primarily tied to an internal decline of (13.0%) in cash and investments.

San Diego County SD | Audited Assets over Report Period
Table 7.1a | Source: County of San Diego

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	$ 57,883,000	$ 57,535,000	$ 55,418,000	$ 58,422,000	$ 50,300,000	(13.1%)	$ 55,911,600
Non-Current	$ 71,938,000	$ 70,152,000	$68,573,000	$ 70,818,000	$ 77,926,000	8.3%	$ 71,881,400
	$129,821,000	$127,687,000	$123,991,000	$129,240,000	$128,226,000	(1.2%)	$ 127,793,000

Agency Liabilities

San Diego County SD's audited liabilities at the end of 2017-2018 totaled $11.8 million and finished is 58.2% higher than the average year-end amount of $7.5 million documented during the five-year report period. Liabilities classified as current and representing obligations owed in the near-term accounted for one-third

San Diego County SD's liabilities overall have increased by 976.5% during the report period with three-fifths tied to now booking pension obligations. The adjusted change in liabilities less pension obligations is 231.7%.

of the amount and primarily tied to accounts payable. Liabilities classified as non-current and representing long-term obligations account for the remaining two-thirds of the total and predominately associated with booking pension obligations beginning in 2014-2015. Excluding pension obligations reduces the overall increase in liabilities during the corresponding 60-month period by two-fifths from 976.5% to 231.7%.

San Diego County SD | Audited Liabilities over Report Period
Table 7.1b | Source: County of San Diego

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	$ 971,000	$ 2,553,000	$ 557,000	$ 1,618,000	$ 3,509,000	261.4%	$ 1,841,600
Non-Current	$ 132,000	$ 4,533,000	$ 6,021,000	$ 9,271,000	$ 8,365,000	6237.1%	$ 5,664,400
	$ 1,103,000	$ 7,086,000	$ 6,578,000	$ 10,889,000	$ 11,874,000	976.5%	$ 7,506,000

Net Position

San Diego County SD's audited net position or equity at the end of 2017-2018 totaled $118.7 million and represents the difference between the District's total assets and total liabilities along with adjusting for deferred resources. This most recent year-end amount is (2.5%) lower than the average year-end sum of $121.7 million documented during the five-year report period. Two-thirds of the ending net position – or $77.9 million – is tied to capital assets. Overall the net position has decreased by (7.8%) over the corresponding 60-month period and without adjusting for new pension and benefit reporting requirements. Adjusting the net position to exclude pension obligations the overall change is (1.4%).

San Diego County SD's net position has steadily decreased during the report period with an overall change of (7.8%) from $128.7 million to $118.7 million. The overall decrease in the net position – however – adjusts to (1.4%) ending at $126.9 million if excluding pension obligations.

San Diego County SD | Audited Net Position over Report Period
Table 7.1c | Source: County of San Diego and San Diego LAFCO

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Invested in Capital	$71,938,000	$70,152,000	$68,573,000	$70,818,000	$77,926,000	8.3%	$71,881,400
Unrestricted	$56,780,000	$50,107,000	$50,089,000	$51,356,000	$40,735,000	(28.3%)	$49,813,400
	$128,718,000	$120,259,000	$118,662,000	$122,174,000	$118,661,000	(7.8%)	$121,694,800
Adjusted …	$128,718,000	$124,665,000	$124,560,000	$131,303,000	$126,876,000	(1.4%)	$127,224,400

Note:
The adjustment adds monies to the net position otherwise booked as liabilities involving pension obligations.

San Diego County SD maintains one general fund underlying the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled $40.7 million and represents the available and spendable portion of the fund balance and subject to discretionary designations. This unrestricted amount represents 15 months of

actual operating expenses and increases to 18 months when adjusted to exclude booked pension and benefit liabilities based on actual expenses in 2017-2018.

7.2 Measurements | Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by San Diego County SD covering the five-year report period shows the District generally experienced downward financial changes in all four measured categories – liquidity, capital, margin, and structure – utilized in this document. This includes sizable decreases in liquidity and capital and marked by current ratio declining by three-fourths and debt ratio increasing by more than ten-fold. It also includes margin levels finishing four of the five fiscal years in deficits and produced an average total margin for the entire period of (5.5%), albeit with a slight trend improvement of 0.9%. The operating reserve ratio – i.e., the percent of funds available to cover cash shortages and/or emergencies – also decreased during the period by (38.1%). A summary of year-end liquidity, capital, margin, and administration structure ratios follow.

San Diego County SD experienced downward financial changes in all four measured categories – liquidity, capital, margin, and structure – utilized in this document. The substantive effect is a decrease in the operating reserve ratio of (38.1%).

San Diego County SD
Financial Measurements
Table 7.2 | Source: San Diego LAFCO

Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Debt to Net Position	Total Margin	Operating Margin	Operating Reserves Ratio	Equipment Replacement
2013-2014	59.6	799.4	0.9%	0.1%	(11.4%)	(12.6%)	201.4%	21.4
2014-2015	22.6	734.6	6.4%	4.8%	(13.1%)	(14.0%)	163.8%	20.1
2015-2016	99.5	758.4	5.6%	5.5%	(6.4%)	(7.8%)	174.0%	21.5
2016-2017	36.1	908.7	8.4%	7.9%	12.9%	12.1%	200.9%	22.5
2017-2018	14.3	600.5	9.5%	7.5%	(11.3%)	(14.2%)	124.7%	22.1
Average	46.4	760.3	6.2%	5.1%	(5.5%)	(7.0%)	170.8%	21.5
Trend	(76.0%)	(24.9%)	1013.0%	7200.1%	0.9%	(12.7%)	(38.1%)	3.3%
	Liquidity		Capital		Margin		Structure	

7.3 Pension Obligations

San Diego County SD through its dependent status under the County of San Diego provides a defined pension benefit plan to employees through an investment risk-pool contract with the San Diego County Employees' Retirement Association (SDCERA). This pension contract provides employees divided between safety and general with specified retirement benefits and includes annual cost-of-living adjustments. Actual pension benefits are based on the date of hire and assignment therein to one of five tiers – 1, A, B, C, and D – with a formula

range between a low of 1.67% at age 62 (D) to a high of 3.0% at age 55 (B).[15]

Funded Status

The County of San Diego's composite unfunded pension liability at the end of 2017-2018 totaled $3.488 million (2017-2018). This amount – which reflects the monies owned and not covered by assets – finished nearly one-tenth higher than the five-year report period average and translates to a funding ratio of 77.9% based on market value. Overall the County's funded ratio decreased by (6.5%) during the report period.

County of San Diego | Pension Funding Status
Table 7.3 | Source: SDCERA

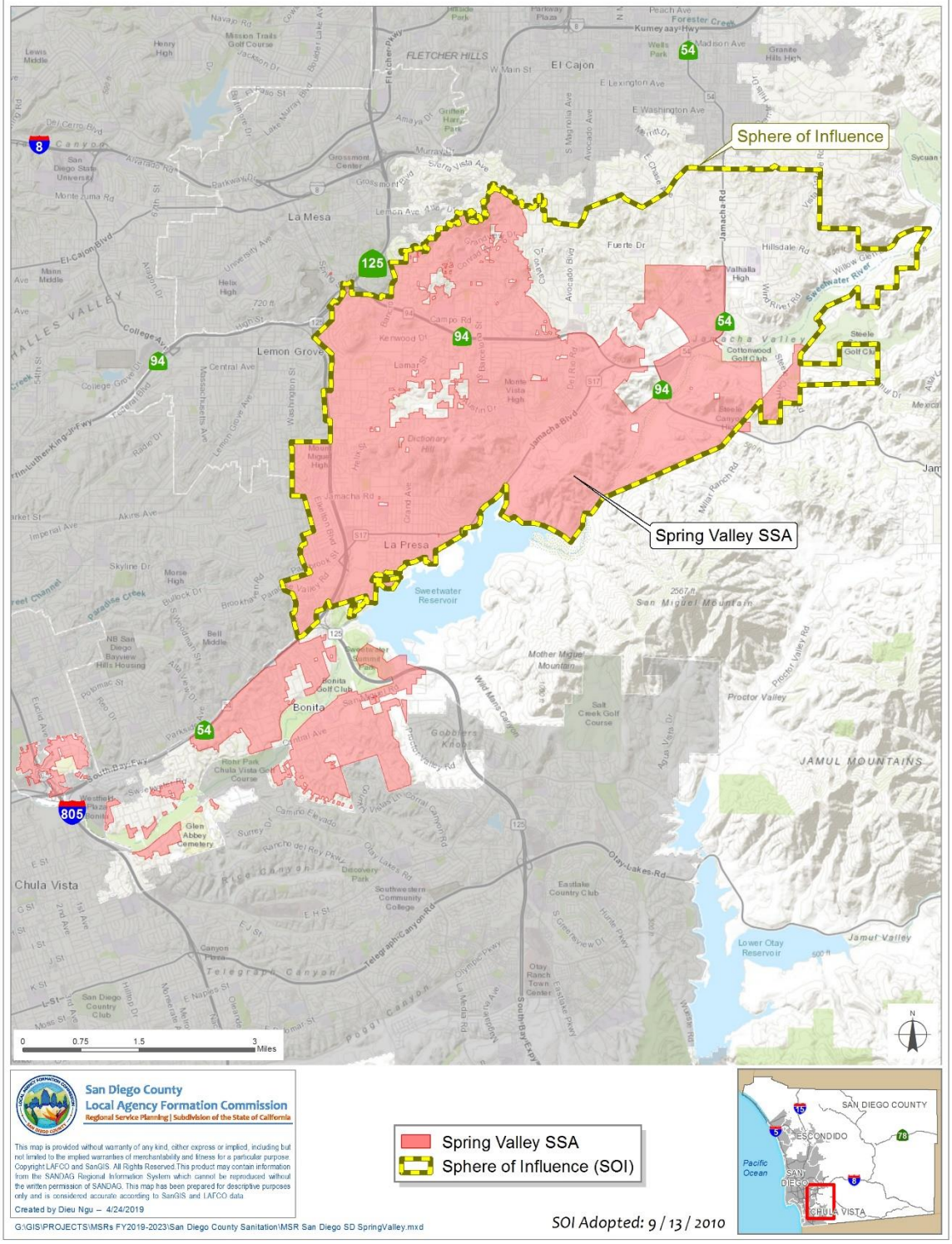
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Pension Assets	10,109,908	10,285,947	10,253,230	11,395,274	12,274,477	21.4%	10,863,767
Pension Liabilities	12,141,149	13,080,080	14,437,090	14,937,872	15,763,237	29.8%	14,071,886
Unfunded Liability	2,031,241	2,794,133	4,095,860	3,542,598	3,488,760	71.8%	3,190,518
Funded Ratio	83.3%	78.6%	71.5%	76.3%	77.9%	(6.5%)	77.5%

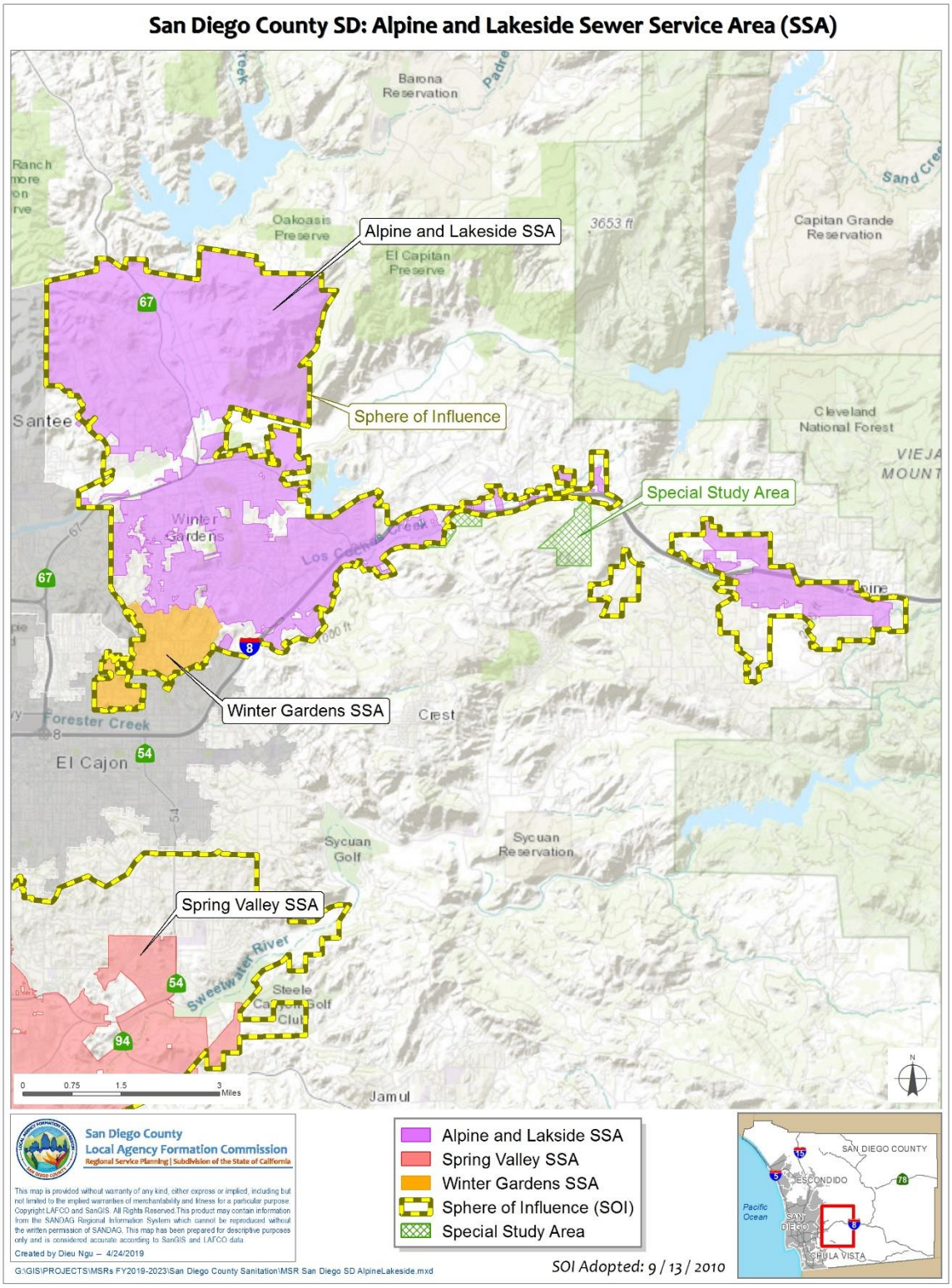
Market Valuation

[15] All new employees are assigned to Tier D and after 30 years of service will be eligible to receive an annual pension payment equal to 50.1% of their highest average salary over a year-year period beginning at age 62.

Appendix A | Boundary Maps

San Diego County SD: Spring Valley Sewer Service Area (SSA)




San Diego County SD: Alpine and Lakeside Sewer Service Area (SSA)
Alpine and Lakeside SSA
Sphere of Influence
Special Study Area
Winter Gardens SSA
Spring Valley SSA
Barona Reservation
Oakoasis Preserve
El Capitan Preserve
3653 ft
Capitan Grande Reservation
Santee
Cleveland National Forest
Winter Gardens
Los Coches Creek
Forester Creek
El Cajon
Crest
Sycuan Golf
Sycuan Reservation
Sweetwater River
Steele Canyon Golf Club
Jamul
0 0.75 1.5 3 Miles
San Diego County Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California
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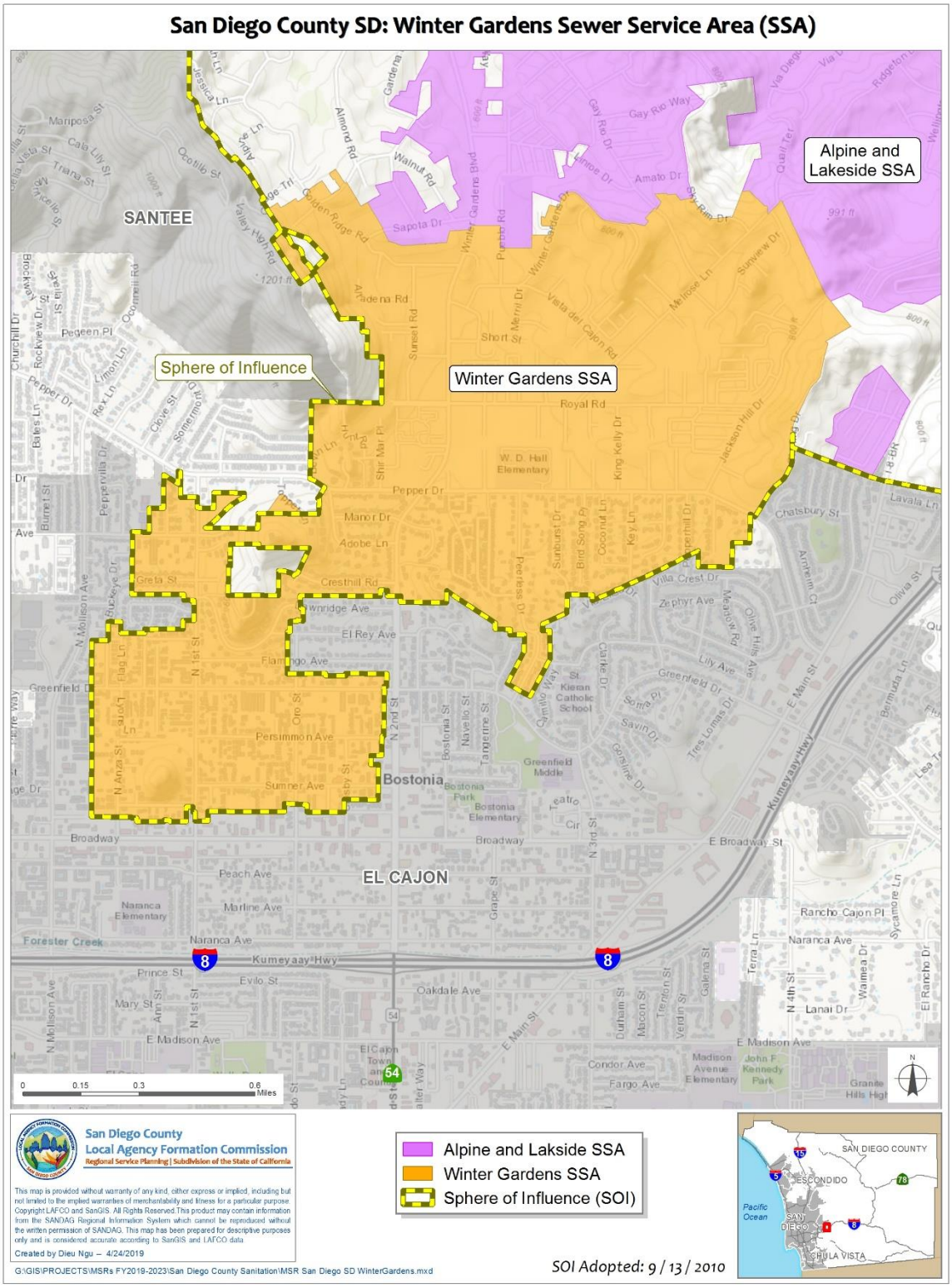
Alpine and Lakside SSA
Spring Valley SSA
Winter Gardens SSA
Sphere of Influence (SOI)
Special Study Area
SOI Adopted: 9 / 13 / 2010
SAN DIEGO COUNTY
ESCONDIDO
Pacific Ocean
SAN DIEGO
CHULA VISTA


San Diego County SD: Winter Gardens Sewer Service Area (SSA)
Alpine and Lakeside SSA
Winter Gardens SSA
Sphere of Influence
SANTEE
Bostonia
EL CAJON
Alpine and Lakside SSA
Winter Gardens SSA
Sphere of Influence (SOI)
SOI Adopted: 9 / 13 / 2010
San Diego County
Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California
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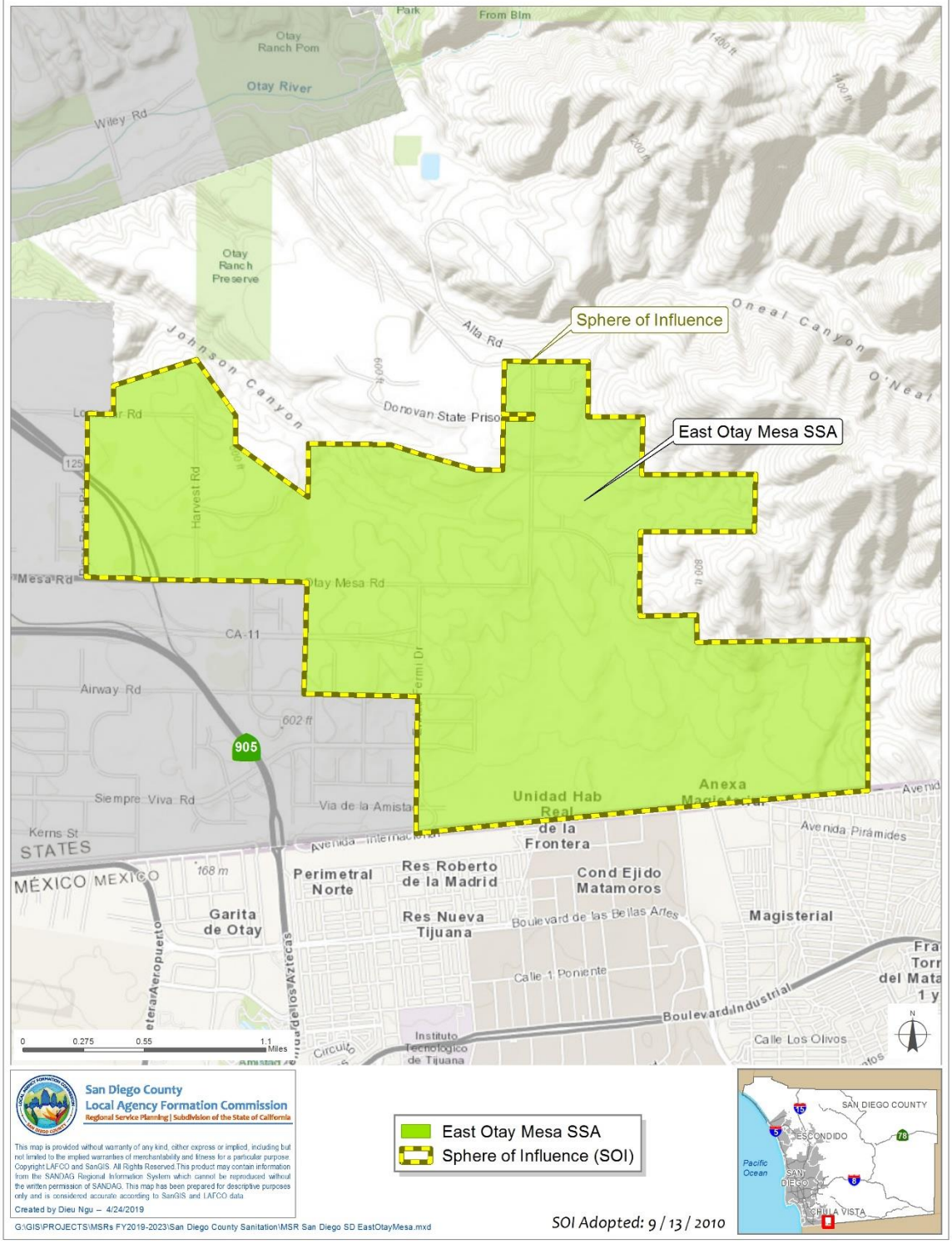
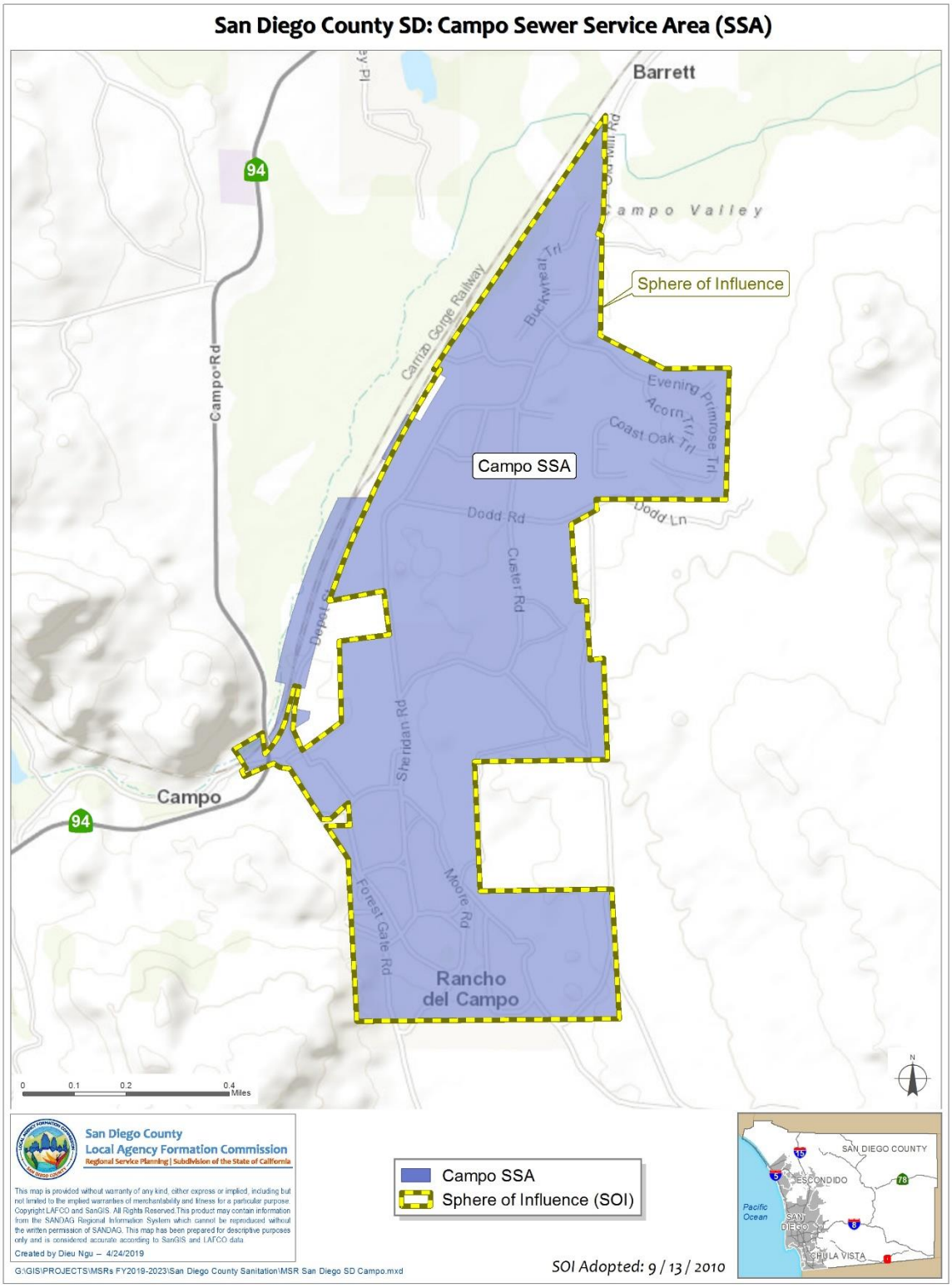
SAN DIEGO COUNTY
ESCONDIDO
SAN DIEGO
CHULA VISTA
Pacific Ocean

San Diego County SD: East Otay Mesa Sewer Service Area (SSA)




San Diego County SD: Campo Sewer Service Area (SSA)
Barrett
Campo Valley
Sphere of Influence
Campo SSA
Campo Rd
Campo
Rancho del Campo
Dodd Rd
Dodd Ln
Custer Rd
Sheridan Rd
Moore Rd
Forest Gate Rd
Buckwheat Trl
Evening Primrose Trl
Acorn Trl
Coast Oak Trl
Campo Railway
94
0 0.1 0.2 0.4 Miles
N
San Diego County
Local Agency Formation Commission
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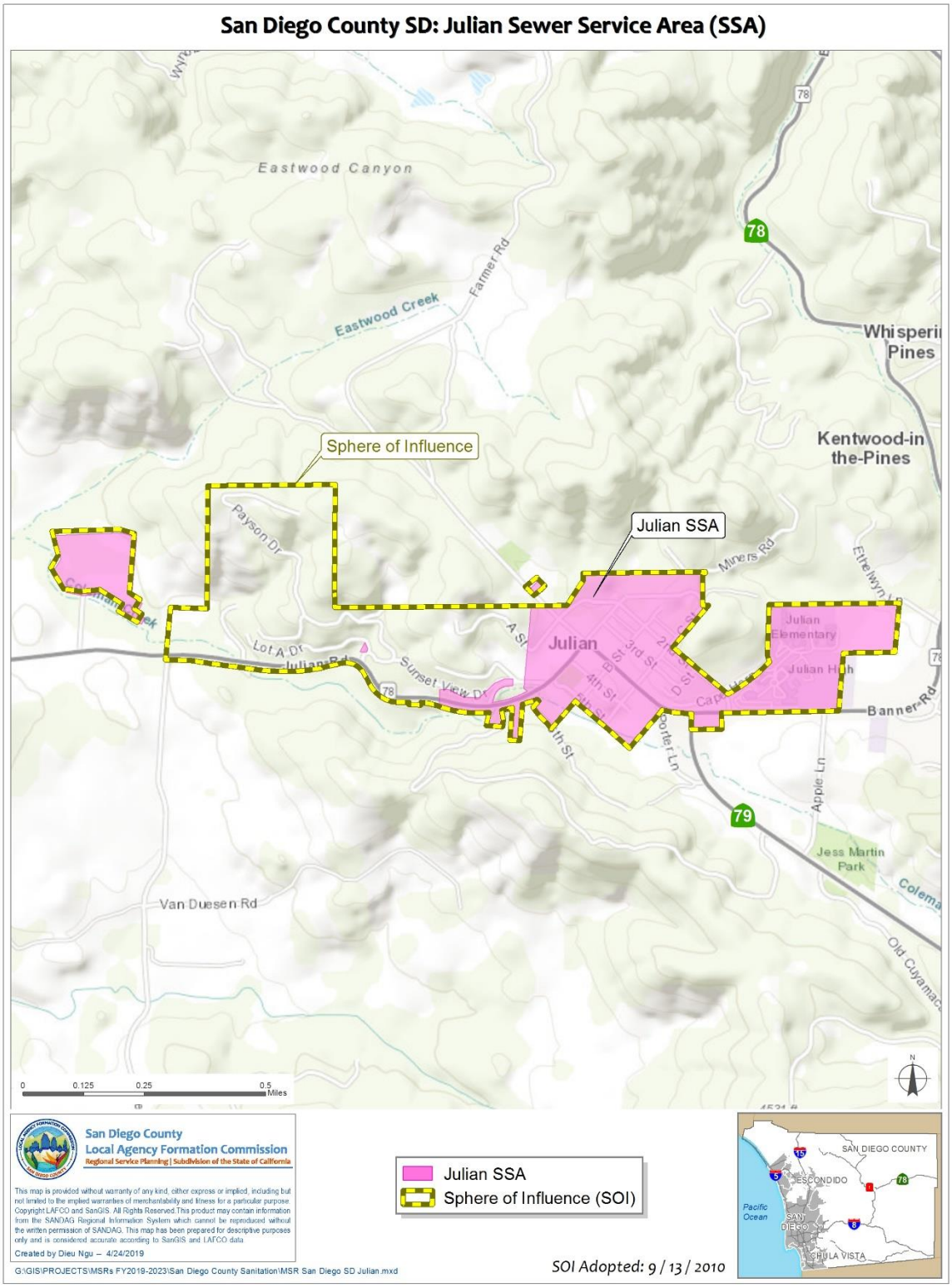
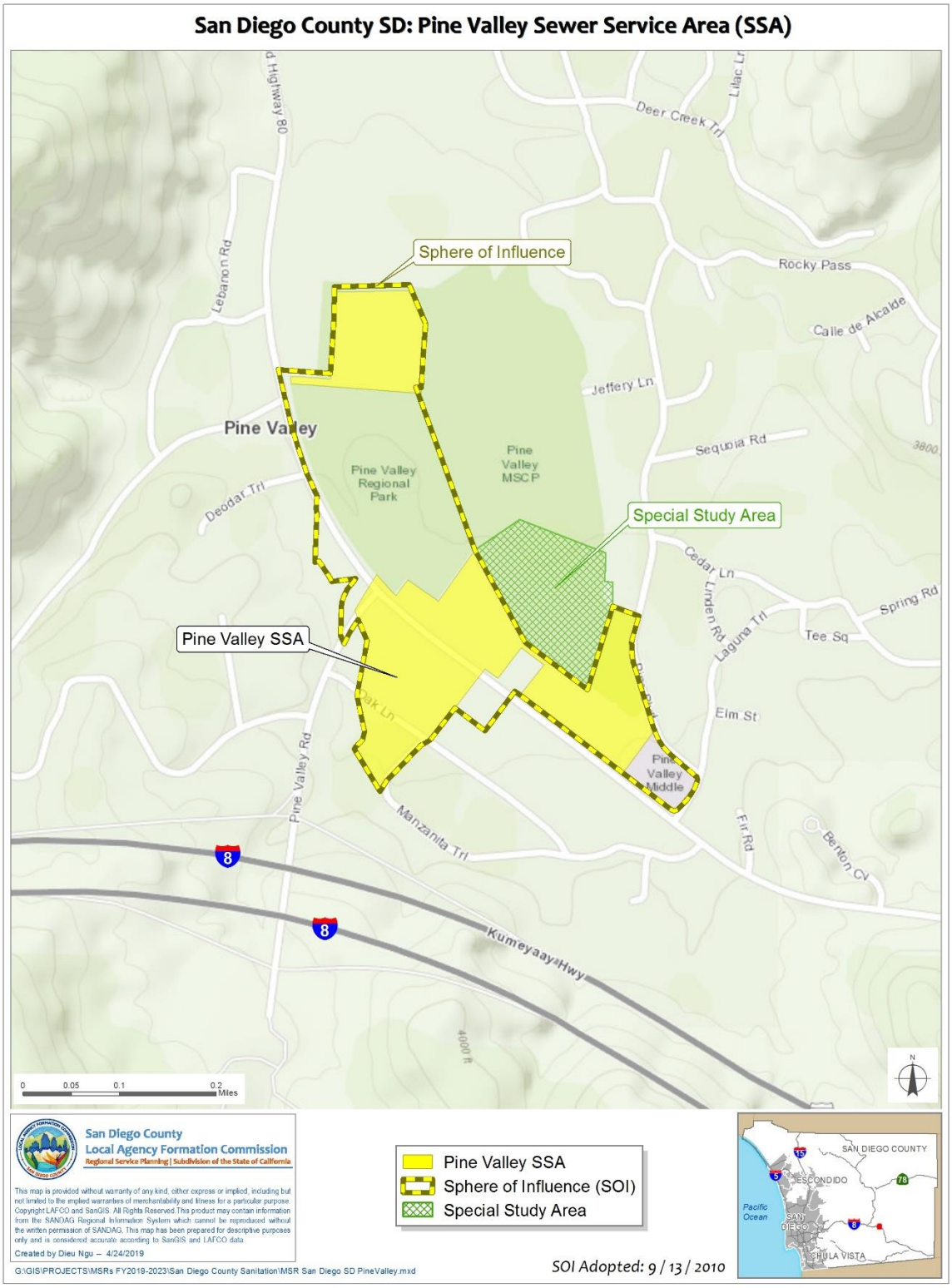
Campo SSA
Sphere of Influence (SOI)
SOI Adopted: 9 / 13 / 2010
SAN DIEGO COUNTY
ESCONDIDO
Pacific Ocean
SAN DIEGO
CHULA VISTA

San Diego County SD: Julian Sewer Service Area (SSA)




San Diego County SD: Pine Valley Sewer Service Area (SSA)
Sphere of Influence
Special Study Area
Pine Valley SSA
Pine Valley
Pine Valley Regional Park
Pine Valley MSCP
Pine Valley Middle
Deer Creek Trl
Rocky Pass
Calle de Alcalde
Jeffery Ln
Sequoia Rd
Deodar Trl
Cedar Ln
Linden Rd
Laguna Trl
Tee Sq
Spring Rd
Elm St
Oak Ln
Pine Valley Rd
Manzanita Trl
Fir Rd
Benton Cv
Kumeyaay Hwy
Lebanon Rd
Lilac Ln
3800
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San Diego County
Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California
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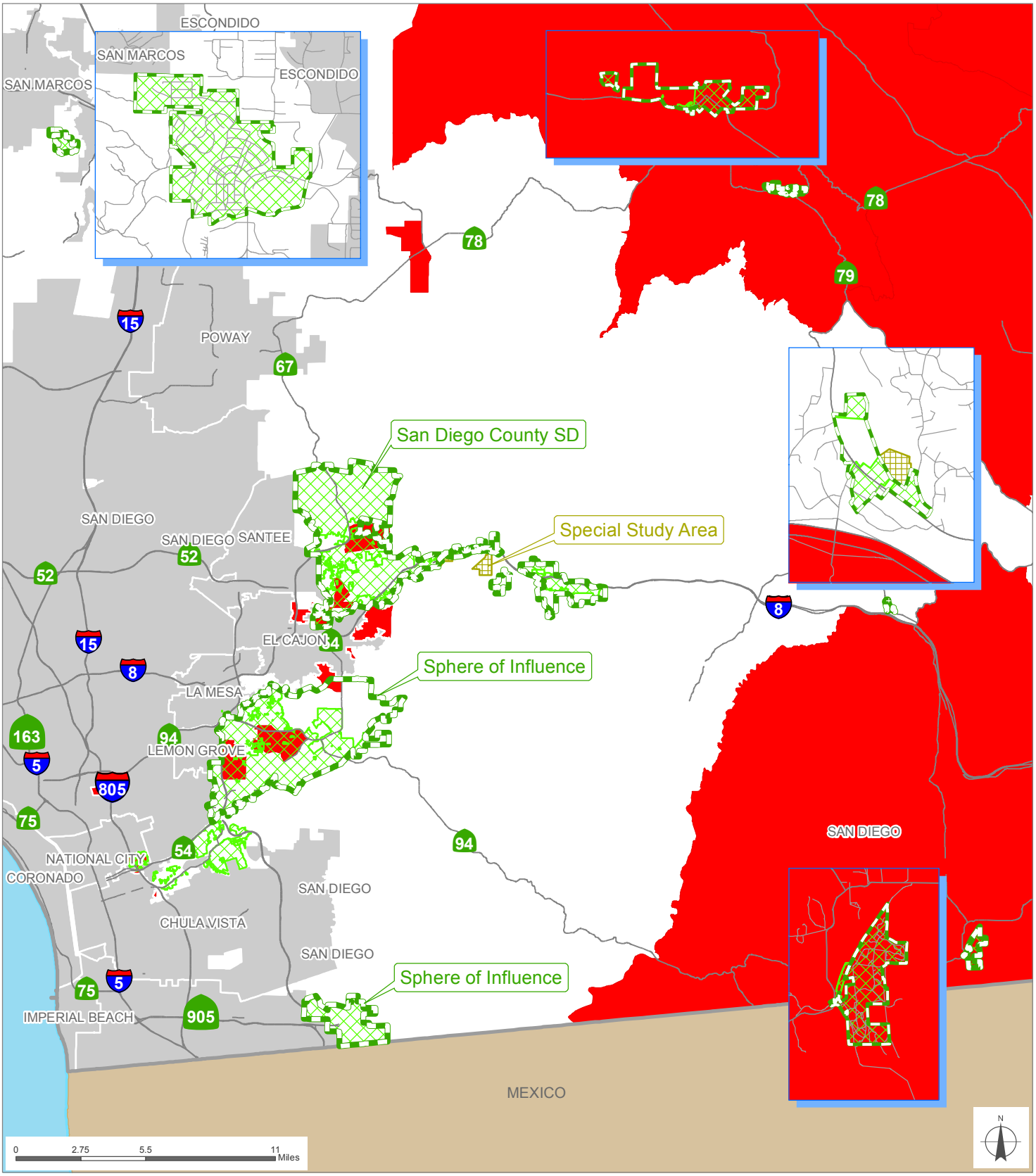
Pine Valley SSA
Sphere of Influence (SOI)
Special Study Area
SOI Adopted: 9 / 13 / 2010
SAN DIEGO COUNTY
ESCONDIDO
Pacific Ocean
SAN DIEGO
CHULA VISTA

Appendix B
Disadvantaged Unincorporated Communities (DUC) Maps

2016 Disadvantaged Unincorporated Communities (DUC): San Diego County SD [MAP 1 of 2]



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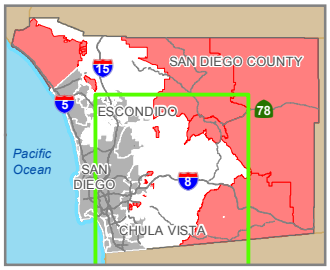
2016 DUC Annual Median Houshold Income

Qualifying Census Tracts ($54,191 or less)

The 2016 1-year Statewide Annual Median Household Income (AMHI) is $67,739, A Qualifying DUC has an AMHI that is 80% or less than the Statewide AMHI. Shown on this map are Census Tracts with a median household income of $54,191 or less. Source: 2016 American Community Survey, U.S. Census Bureau.



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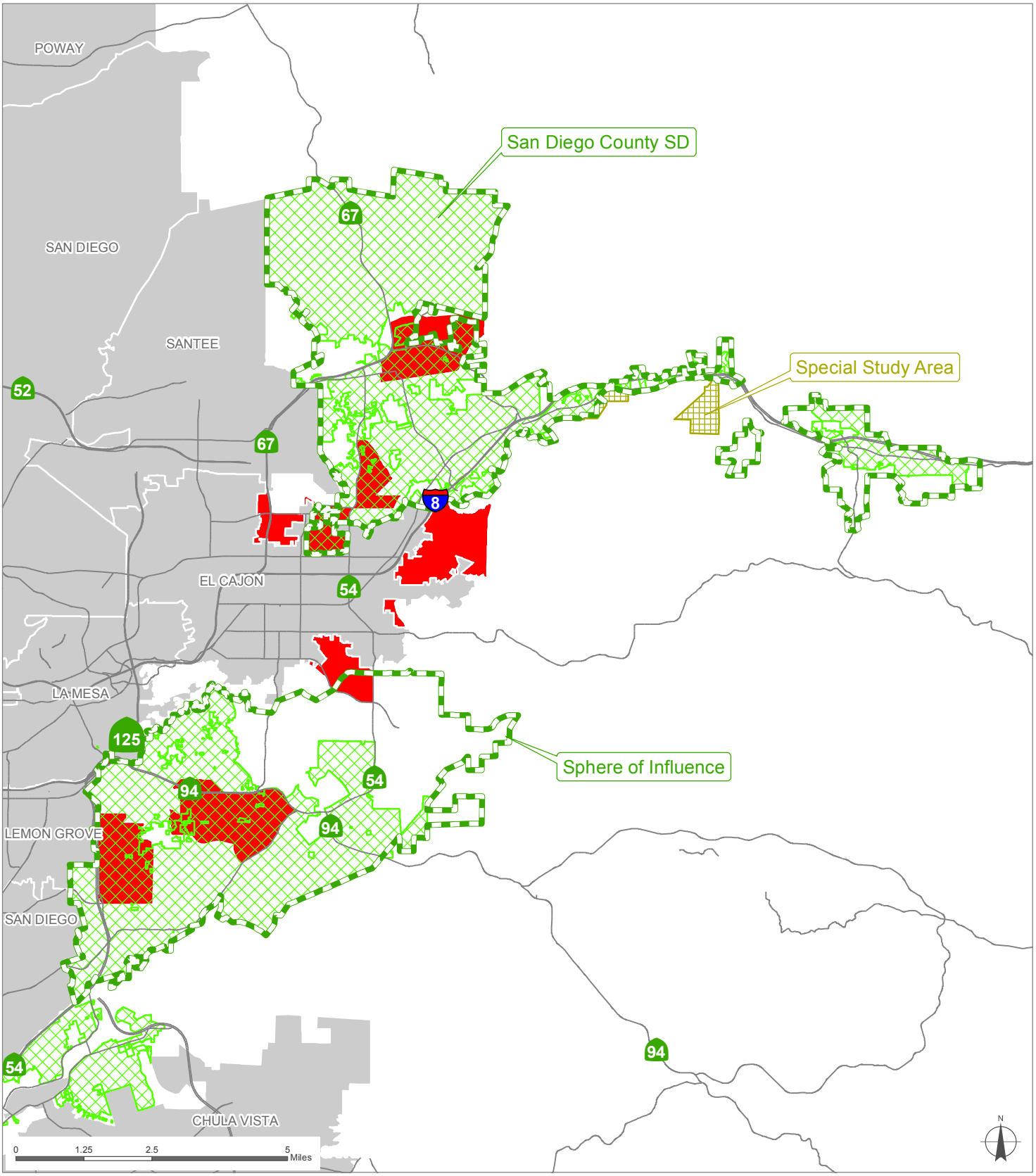
2016 Disadvantaged Unincorporated Communities (DUC):San Diego County SD [MAP 2 of 2]



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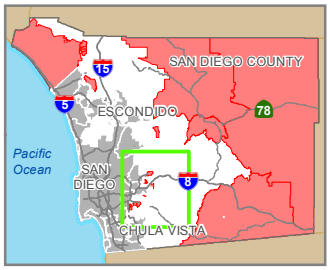
Created by Dieu Ngu -- 1/10/2018

2016 DUC Annual Median Houshold Income

Qualifying Census Tracts ($54,191 or less)

The 2016 1-year Statewide Annual Median Household Income (AMHI) is $67,739, A Qualifying DUC has an AMHI that is 80% or less than the Statewide AMHI. Shown on this map are Census Tracts with a median household income of $54,191 or less. Source: 2016 American Community Survey, U.S. Census Bureau.



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Outside Sources

Agency Contacts

San Diego County Sanitation District
Daniel Brogadir, Public Works Manager

San Diego County Sanitation District
Susan Spotts, Administrative Analyst II

San Diego County Sanitation District
Kyehee Kim, Civil Engineer

Websites

American Community Survey / Demographic Information
www.census.gov

California Public Employees Retirement System / Local Agency Pension Information
www.calpers.ca.gov

Environmental Systems Research Institute
www.esri.com

California Integrated Water Quality System
www.ciwqs.waterboards.ca.gov

East County Advanced Water Purification
www.eastcountyawp.com

Publications / Documents

San Diego County Sewer Master Plans

Black & Veatch – Wastewater Cost of Service Charge Study

County of San Diego Comprehensive Annual Financial Reports (CAFR)

San Diego Local Agency Formation Commission –

2007 Municipal Service Review and Sphere of Influence Update
2010 San Diego County Sanitation District Reorganization
2010 Municipal Service Review and Sphere of Influence Update

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