



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

12

AGENDA REPORT
 Business | Discussion

April 8, 2019

TO: Commissioners

FROM: Keene Simonds, Executive Officer
 Linda Zambito, Analyst I

SUBJECT: Draft Municipal Service Review on the Julian Region

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a draft municipal service review on the Julian region. The draft has been prepared by staff consistent with the adopted workplan and represents an independent assessment of the availability, need, and performance of public services in the Julian region and specific to the six local agencies under Commission oversight. This includes preparing determinative statements addressing all of the factors required under statute as part of the municipal service review mandate. The draft is being presented for discussion and feedback ahead of staff initiating a public review period in anticipation of returning in June with final actions.

BACKGROUND

Municipal Service Review Mandate

State law directs San Diego LAFCO to regularly prepare municipal service reviews in conjunction with updating each local agency’s sphere of influence. The legislative intent of the municipal service review and its five-year cycle requirement is to proactively inform the Commission and the general public therein with regard to the availability and sufficiency of governmental services relative to current and future needs. Municipal service reviews statutorily inform required sphere of influence updates, and may also lead the Commission to

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take other actions, such as forming, consolidating, or dissolving one or more special districts.

**Current Workplan |
 Municipal Service Review on Julian Region**

San Diego LAFCO’s current workplan was adopted at a noticed hearing held on April 4, 2018 and outlines over two-dozen project goals for the fiscal year. This includes preparing a municipal service review on the Julian region and the six local agencies under Commission oversight that provide one or more public services in the approximate 81 square mile area. A listing of the six affected agencies included in the municipal service review follows.

Affected Agencies Municipal Service Review on the Julian Region			
Agency	Main Service Area	Type	Active Services
Cuyamaca Water District	Lake Cuyamaca Resort	Independent	Domestic Water
Julian Community Services District	Downtown Julian	Independent	Domestic Water
Julian-Cuyamaca Fire Protection District	Julian Region	Independent	Fire, EMS, & Ambulance
Lake Cuyamaca Recreation and Park District	Lake Cuyamaca	Independent	Community Recreation
Majestic Pines Community Service District	Kentwood-in-the-Pines	Independent	Domestic Water
Wynola Water District	Wynola	Independent	Domestic Water

It is pertinent to note the Julian-Cuyamaca Fire Protection District has been included in the municipal service review despite being subject to a pending dissolution proceeding. The inclusion of the agency allows the Commission to document baseline service information while also protecting from the need to prepare an addendum should the dissolution not proceed for any reason. The final municipal service review will be updated accordingly should the dissolution finalize before the Commission takes formal action on the document.

DISCUSSION

This item is for San Diego LAFCO to review the draft municipal service review on the Julian region consistent with the adopted workplan and ahead of staff initiating a formal public comment period. Feedback provided by the Commission – including requests for additional analysis – will be incorporated into a final municipal service review presented for future action and involve formally receiving the document and adopting an accompany resolution codifying the determinative statements. Associated sphere of influence updates for each affected agency will also be presented with the final municipal service review.

An Executive Summary (Chapter Two) anchors the municipal service review and outlines the key conclusions and findings generated to date. This includes addressing the mandatory factors required under statute anytime San Diego LAFCO performs a municipal service review. Examples include making independent statements on infrastructure needs and deficiencies, population projections, and opportunities and merits therein for reorganizations. Specific recommendations for action either by the Commission and or by one or more of the affected agencies are also enumerated in the Executive Summary.

ANALYSIS

Please see the Executive Summary provided as part of Attachment One.

ALTERNATIVES FOR ACTION

The draft municipal service review on the Julian region is being presented to San Diego LAFCO for discussion and feedback only.

RECOMMENDATION

It is recommended San Diego LAFCO provide feedback on the draft municipal service review on the Julian region – including direction on desired revisions – and ahead of staff circulating the item for public review and returning with a final version for action as early as June 2019.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for discussion as part of the business calendar. The following procedures, accordingly, are recommended in the consideration of this item:

- 1) Receive verbal report from staff unless waived;
- 2) Initial questions or clarifications from the Commission;
- 3) Invite comments from interested audience members (voluntary); and
- 4) Discuss item and provide feedback as requested.

Respectfully,



Keene Simonds
Executive Officer



Linda Zambito
Analyst I

Attachment:

1. Draft Municipal Service Review on the Julian Region | April 2019.

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San Diego County Local Agency Formation Commission



JULIAN REGION

Municipal Service Review | Government Code 56430

Affected Agencies

Cuyamaca Water District
Julian Community Services District
Julian-Cuyamaca Fire Protection District *
Lake Cuyamaca Recreation and Park District
Majestic Pines Community Services District
Wynola Water District

* Dissolution Pending

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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 all of the affected agencies as well as others – including the County of San Diego as the affected land use authority – in assisting in the preparation of this report.

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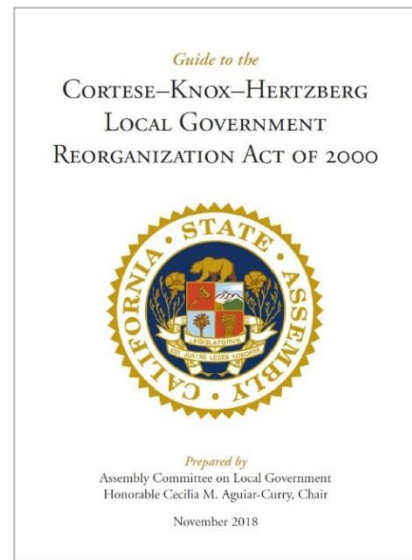
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CHAPTER ONE | INTRODUCTION

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 which will 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, densities, or subdivision requirements.

1.2. Regulatory Responsibilities

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 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, however, now authorize and encourage LAFCOs to initiate jurisdictional changes to form, consolidate, and dissolve special districts consistent with community needs.

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.

1.3 Planning Responsibilities

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

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.

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.

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 LAFCO planning responsibilities follows.

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.

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 below.

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.

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 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.

4. Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.
5. If the city or special district provides water, sewer, or fire, the present and probable need for those services within any disadvantaged unincorporated communities in the existing sphere.

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 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.

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).

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.
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

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.

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.

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 formula 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 Commission Roster		
Current as of April 1, 2019		
Commissioner	Appointing Authority	Affiliation
Chair Jo MacKenze	Independent Special Districts	Vista Irrigation District
Vice Chair Ed Sprague	Independent Special Districts	Olivenhain Municipal Water District
Catherine Blakespear	Cities Selection Committee	City of Encinitas
Jim Desmond	Board of Supervisors	County of San Diego
Dianne Jacob	Board of Supervisors	County of San Diego
Mark Kersey	City of San Diego Council	City of San Diego
Andy Vanderlaan	Commission	Representative of the Public
Bill Wells	Cities Selection Committee	City of El Cajon
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
Judy Hanson, Alternate	Independent Special Districts	Leucadia Wastewater District
Harry J. Mathis, Alternate	Commission	Representative of the Public

Immediate Past Members:

Bill Horn, Board of Supervisors, County of San Diego
 Lori Zapf, City of San Diego Council, City of San Diego
 Lorie Brag, Cities Selection Committee, City of Imperial Beach (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@sdcountry.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 for the Julian region in east-central San Diego County. 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 municipal services in the region over the next five years relative to the Commission’s regional growth management duties and responsibilities as established by the Legislature. This includes evaluating the current and future relationship between the availability, demand, and adequacy of municipal services in the Julian region and within the service areas of the six affected agencies directly subject to the Commission’s oversight. Information generated as part of the report will be used by the Commission in (a) guiding subsequent sphere updates, (b) informing future boundary changes, and – if merited – (c) initiating government reorganizations, such as special district formations, consolidations, and/or dissolutions.

The purpose of the report is to produce an independent “snapshot” of municipal service levels in the Julian region and within the six affected agencies’ directly under the Commission’s oversight. The Commission will draw on this information in guiding subsequent sphere updates, 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 on municipal services in the Julian region. It is expected San Diego LAFCO will revisit the report and key assumptions and benchmarks therein 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 follows.

Affected Agencies

The report explicitly includes six affected local agencies that provide one or more municipal services in the Julian region under the Commission’s oversight. The six affected agencies are Cuyamaca Water District, Julian Community Services District, Julian-Cuyamaca Fire Protection District, Lake Cuyamaca Recreation and Park District, Majestic Pines Community Services District, and Wynola Water District. It is also noted one of these agencies – Julian-Cuyamaca Fire Protection District – is subject to pending

dissolution proceedings. This agency remains part of the report for the benefit of documenting current service levels and serving to immunize the Commission from preparing an addendum should the dissolution not proceed for any reasons.

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. Markedly, this timeframe is consistent with the five-year cycle legislatively prescribed for municipal service reviews under G.C. Section 56430.

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 2013 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 to the Commission in making near-term projections (i.e., data from the last five years is most pertinent in projecting trends over the next five years).

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 LAFCO practice to utilize estimates by the San Diego Association of Governments and has given – and among other factors – the ability of Esri's mapping software to readily synch with the six affected special district boundaries in the Julian region. 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 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 municipal services. This approach informs macro-level determinations for all mandatory factors under statute in the Julian region and within the six affected agencies. 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

The report and its analysis focuses on averages system demands generated in each affected agency's service area during the 60-month study period in benchmarking infrastructure needs or deficiencies. This broader focus on averages provides a more reasonable account of system demands generated during the study period and helps to mitigate 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 each affected agency's financial solvency based on a review of available audited information during the report term, fiscal years 2013 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 service and governance factors required by the Legislature anytime San Diego LAFCO performs a municipal service review. The Executive Summary is preceded by individual agency profiles (Chapter Three) of all six affected agencies responsible for providing one or more public services in the Julian region under the direct oversight of the Commission in San Diego County. These profiles transition between narrative descriptions of the background and development of these agencies' service areas to quantifying specific data-driven categories and headlined by population and demographic trends, service capacities, and financial standing.

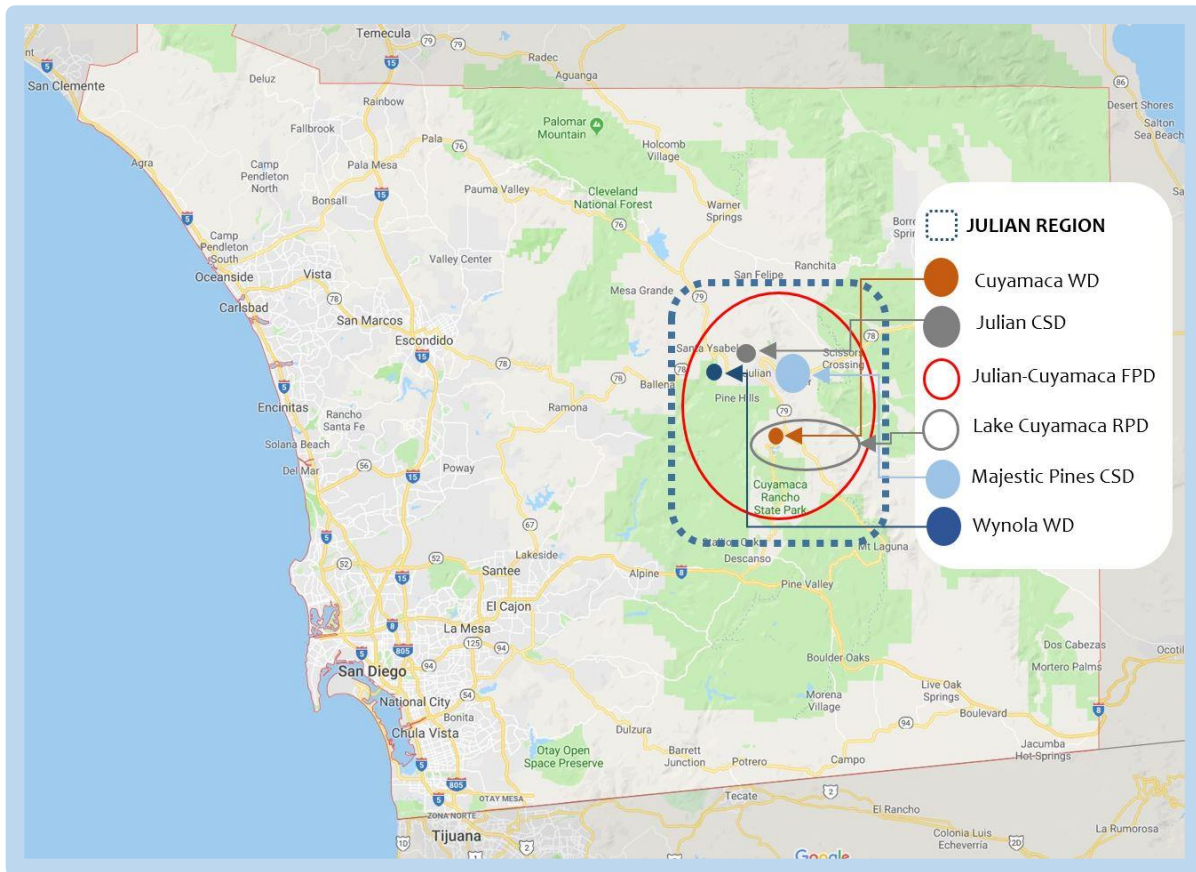
3.0 GEOGRAPHIC AREA & AFFECTED AGENCIES

The geographic area designated for this municipal service review is approximately 81 square miles in size or 52,000 acres.⁷ The geographic area has been purposefully designated by the Executive Officer to include all six local agencies in the greater Julian region under San Diego LAFCO oversight and separately provide one of three subject services: water; fire protection;

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

⁷ The geographic area generally follows the jurisdictional boundary of the Julian-Cuyamaca FPD.

and community recreation. These six affected agencies and their service areas within the designated geographic area are shown in the map below.



4.0 REPORT SUMMARY

4.1 General Conclusions

The Julian region comprises a sizeable portion of unincorporated San Diego County that is approximately the same geographical size as the Tri-City area (Oceanside, Vista, and San Marcos). The region remains largely rural, however, with an estimated fulltime population of 3,550 that increases to approximately 4,000 with second home residents arriving during weekends and summer months. There is also a significant tourist impact on daytime population in the region throughout the year and most notably in the fall months with annual apple-harvesting activities. Recent growth during the five-year report period has slightly exceeded historical rates with an estimated annual population increase of 0.80% and resulted in an approximate net addition of 300 fulltime residents and 160 new housing units. Notwithstanding the new growth, there remains no substantial demographic differences

within the individual communities that comprise the region – Cuyamaca, Julian, Lake Cuyamaca Resort, Kentwood-in-the Pines, Whispering Pines, and Wynola - with respect to common social and economic measurements. Towards this end, the region and residents within these communities tend to be measurably older, retired, and with less household income than the countywide averages.

The County of San Diego remains the primary provider of most municipal services in the region and this includes community planning, law enforcement, road maintenance, and waste disposal.⁸ The other municipal services in the region are the principal responsibility of the six affected local agencies under the Commission’s oversight and subject to this report: Cuyamaca WD; Julian CSD; Julian-Cuyamaca FPD; Lake Cuyamaca RPD; Majestic Pines CSD; and Wynola WD. All six of these affected local agencies were formed between 1961 and 1993 with most assuming service responsibilities from an earlier service provider (private and public) that – and for different reasons – did not meet community needs.

A review of the six affected agencies relative to the Commission’s growth management tasks and interests produces seven central conclusions. These conclusions collectively address the availability, need, and adequacy of the municipal services provided by the affected agencies and entirely generated from information detailed in the succeeding sections. Additionally, these conclusions are premised on the Commission’s own independent assessment relative to San Diego LAFCO’s growth management interests and generally drawn from the information collected and analyzed between 2014 and 2018.

- **No. 1 | Role in Supporting County Planning in Backcountry**

All six affected agencies were voluntarily formed by landowners to accommodate localized interests in the Julian region beginning in the 1960s. The agencies’ functions – i.e., water, fire protection, and community recreation – have grown in importance and are necessary in supporting current and planned uses in the region as well as providing a social and economic anchor for the greater “Backcountry” area.

- **No. 2 | Diseconomies of Scale**

Community preferences and supporting County land use policies therein to retain the rural nature of the Julian region limits the affected agencies in spreading out their costs among an expanding pool of landowners and/or ratepayers. This dynamic is particularly pertinent to the four agencies tasked with providing water service – Cuyamaca WD, Julian CSD, Majestic Pines CSD, and Wynola WD – where their costs to maintain physical infrastructure systems is prone to increases irrespective of management efficiencies.

⁸ The County also provides wastewater services for a small portion of the region that comprises the downtown Julian area.

- **No. 3 | Variations in Civic Engagement**

There exist marked differences in the level of civic engagement between the six affected agencies in the Julian region and their constituencies. All of the affected agencies operate websites, but only half provide access to agenda information. Some of the agencies regularly conduct monthly meetings while others are prone to cancellations and often meet only a few times a year. Further, most of the agencies have relied on appointments to fill one or more of their board seats in contrast to holding open and competitive elections.

- **No. 4 | Immediate Merit to Reorganize Julian-Cuyamaca FPD**

LAFCO recently approved a proposed reorganization initiated by the subject agencies to dissolve Julian-Cuyamaca FPD and concurrently transfer service responsibilities to the County of San Diego's Fire Authority through County Service Area No. 135. Approval was protested and currently on hold pending the final results of a special election. Markedly, should the reorganization proposal not proceed for any reason, LAFCO should consider initiating its own reorganization to dissolve Julian-Cuyamaca FPD and transfer services to the County Fire Authority as authorized State law.

- **No. 5 | Additional Merit to Explore Functional or Political Consolidations**

The constraints on economizing costs through new development and/or users in the Julian region suggest it would be prudent for the four affected agencies providing water service to explore opportunities to achieve greater efficiencies through functional and/or political consolidations. These discussions could be facilitated by the Commission and premised on identifying baseline options and deferring to the agencies to determine if sufficient interest exists thereafter to warrant more detailed exploration.

- **No. 6 | Most Agencies Have Adequate and Excess Capacities**

The majority of the affected agencies in the Julian region have developed adequate capacities to meet existing and anticipated demands in their jurisdictional boundaries into the immediate future less one notable exception. This exception involves Julian-Cuyamaca FPD whose fire protection and ambulance transport services are already over-capacity relative to available resources and increasingly dependent on outside providers to meet demands.

- **No. 7 | Financial Stresses Underlying Service Provision**

All six affected agencies have experienced moderate to significant financial stresses during the report period. These stresses are reflected by all of the agencies incurring negative trends in their savings ratio – ability to add to unrestricted reserves – as well as most experiencing multiple years of total and operating margin losses.

4.2 Recommendations

The following recommendations call for specific action either from San Diego LAFCO and or by the affected agencies 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 SANDAG in developing buildout estimates specific to each affected agency in the Julian region and incorporate the information into the next scheduled municipal service review.
2. Should the current reorganization proposal involving Julian-Cuyamaca FPD not proceed for any reason, it would be appropriate for San Diego LAFCO to initiate its own and similar action in the future based on the analysis of this municipal service review and as authorized under Government Code Section 56375(a)(3).
3. San Diego LAFCO should make available staff resources to convene and facilitate stakeholder meetings among the four affected agencies in the Julian region that provide water service to explore available options and benefits therein of functional or political consolidations.
4. San Diego LAFCO should revisit the analysis in this report as appropriate in conjunction with completing an upcoming municipal service review on the San Diego County Sanitation District and its provision of wastewater services in unincorporated areas of San Diego County – including a portion of the Julian region.
5. All six affected agencies in the Julian region should review the new and prescriptive requirements in Assembly Bill 2257 and Senate Bill 929 and make conforming changes to their websites as needed and in step with improving their communication with constituents and the general public.

6. San Diego LAFCO should proceed and update the spheres of influence all of the affected agencies in the Julian region with no changes, and in doing so satisfy its planning requirement under Government Code Section 56425.

5.0 WRITTEN DETERMINATIONS

The Commission 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 study's subsequent sections.

The underlying intent of the determinations is to provide a succinct detailing of all pertinent issues relating to the planning, delivery, and funding of public services in the Julian region specific to the Commission's growth management role and responsibilities. An abridged version of these determinations will be separately prepared for Commission consideration and adoption with the final report.

These determinations detail the pertinent issues relating to the planning, delivery, and funding of public services in the Julian region relative to the Commission's interests. Determinations based on data collected and analyzed between 2014 and 2018.

5.1 Growth and Population Projections

1. LAFCO estimates there are 3,550 total fulltime residents collectively served by six affected agencies in the Julian region as of the end of the report period.
2. The estimated total fulltime resident population at the end of the report period of 3,550 is entirely captured within Julian-Cuyamaca FPD with over one-half therein – or 2,010 – also located within other five affected agencies as follows.
 - (a) 165 residents in Cuyamaca WD
 - (b) 315 residents in Julian CSD
 - (c) 245 residents in Lake Cuyamaca RPD
 - (d) 1,112 residents in Majestic Pines CSD
 - (e) 173 residents in Wynola WD

3. The combined estimated annual rate of new fulltime population growth in the Julian region during the report period has been 0.80%, and is one-fifth lower than the corresponding rate for the entire San Diego County.
4. LAFCO estimates the combined resident population in the Julian region during weekends and/or peak summer months increases by nearly one-tenth to 3,877 in conjunction with the occupancy of second homes.
5. LAFCO assumes the estimated growth rates in the Julian region and within each of the affected agencies over the report period will hold in the immediate future given no significant developments are presently vested or proposed. To this end, it is projected the region will add 158 new fulltime residents and total 3,708 by 2028.
6. The projected total fulltime resident population over the succeeding five-year period - 3,708 residents - is entirely captured within Julian-Cuyamaca FPD boundary and separately apportioned within the other five affected agencies as follows.
 - (a) 173 residents in Cuyamaca WD
 - (b) 329 residents in Julian CSD
 - (c) 256 residents in Lake Cuyamaca RPD
 - (d) 1,163 residents in Majestic Pines CSD
 - (e) 180 residents in Wynola WD
7. LAFCO estimates the housing market has produced 80 new dwelling units in the Julian region over the five-year report period. This estimate represents less than 0.11% of the corresponding total new housing unit supply produced in San Diego County.
8. Household sizes have increased in the Julian region by nearly one-fifth over the preceding five-year period with gains in all six affected agencies' boundaries.
9. LAFCO should coordinate with the County of San Diego and develop buildout estimates specific to each affected special district in the Julian region and incorporate the information into the next scheduled municipal service review.

10. A review of current demographic information reveals no substantial differences within the six affected agencies in the Julian region, and as such indicates the individual communities are relatively homogenous in social and economic standing.
11. Residents in the Julian region are measurably older with a median age of 46.3 and nearly one-third higher than the corresponding countywide average of 35.3. This distinction in age is similarly illustrated with 33.8% of the region now collecting retirement compared to only 17.7% in all of San Diego County.
12. There has been a downward trend in economic resources in the Julian region with the unemployment and poverty rates increasing substantially over the preceding five-year period compared to an overall decrease in unemployment and slight increase in poverty within San Diego County.
13. The number of non-English speaking residents in the Julian region has more than doubled over the report period from 1.7% to 5.8%, but remains significantly below the 15.0% rate for all of San Diego County.

5.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities

1. The majority of the Julian region currently qualifies as a disadvantaged unincorporated community under State and local policy. Furthermore, a significant amount of lands immediately to the north and east of the region and the six affected agencies presently qualifies as disadvantaged unincorporated communities.
2. 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 in and immediately adjacent to the Julian region that qualify as disadvantaged unincorporated communities receive fire protection services from either Julian-Cuyamaca FPD or County Service Area No. 135.
 - (b) The majority of lands within and immediately adjacent to the Julian region that qualify as disadvantaged unincorporated communities receive water service from Cuyamaca WD, Julian CSD, Majestic Pines CSD, Wynola WD, or a private mutual water company.

- (c) A small portion of lands within and immediately adjacent to the Julian region that qualify as disadvantaged unincorporated communities receive wastewater services from San Diego County Sanitation District.

5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. The majority of the six affected agencies tasked with providing one or more municipal services within the Julian region have generally maintained a status quo with respect to relying on existing infrastructure and related facilities over the report period. Furthermore, none of the affected agencies have significant capital improvement projects planned over the succeeding five-year period.
2. The following statements apply to the Cuyamaca WD with respect to the availability, adequacy, and performance of its active municipal service: domestic water.
 - (a) Cuyamaca WD's water system has generally sufficient and excess capacity to meet current annual and average day demands under normal conditions with less certainty in single dry-year periods. Additional informational is needed to assess the adequacy of the system during peak-day demands.
 - i. Average annual water demands generated during the report period for the entire distribution system represents 32.7% of Cuyamaca WD's accessible maximum groundwater supply. It is assumed this available capacity under normal conditions will remain substantially unchanged through 2023.
 - ii. LAFCO projects – and absent a site-specific assessment – average annual water demands generated during the report period would represent 125.6% of Cuyamaca WD's estimated accessible raw groundwater supply under single-dry year drought conditions, and as such necessitate the District initiating voluntary and/or mandatory restrictions.
 - iii. Additional information is needed to assess system capacities with respect to supply and storage under peak-day demands.
 - (b) Cuyamaca WD has received eight drinking water violations from the State Water Quality Control Board since 2000. The last violation was issued in September 2010.

- (c) Additional information is needed to assess changes in Cuyamaca WD's daily water demands as measured by fulltime residents over the five-year report period for comparison to the corresponding growth rate in determining whether usage is intensifying or de-intensifying.
3. The following statements apply to the Julian CSD with respect to the availability, adequacy, and performance of its active municipal service: domestic water.
- (a) Julian CSD has sufficient and excess capacity in its water system to meet current and projected demands through the planning term of this report.
- i. Average annual water demands generated over the report period for the entire distribution system represents 12.8% of Julian CSD's accessible maximum groundwater supply. This ratio is expected to slightly increase based on current usage trends to 14.3% by 2023.
 - ii. LAFCO projects – and absent a site specific assessment – average annual water demands generated over the five-year report period would represent 49.2% of Julian CSD's projected accessible raw groundwater supply under single-dry year drought conditions.
 - iii. The highest peak-day demand recorded in Julian CSD during the report period equaled 0.091 million gallons, and represents 25.3% of the District's available daily raw groundwater supply under normal conditions.
 - iv. Average peak-day demands generated over the report period for the entire distribution system represents 66.6% of Julian CSD's total existing daily treatment capacity. This ratio is expected to decrease based on current usage trends to 52.5% by 2023.
 - v. Julian CSD's potable water storage capacity can accommodate up to 5.3 consecutive days of average peak-day demands generated over the report period without recharge. This ratio is expected to increase based on current usage trends to 6.8 by 2023.
- (b) Julian CSD has received 24 drinking water violations from the State Water Quality Control Board since 2000. The last violation was issued in October 2015.

- (c) Julian CSD's daily water demands as measured by fulltime residents slightly increased over the report period by 4.1% from 148 gallons to 154 gallons. This generally parallels the growth rate within the District of 4.3% and shows usage intensity has remained substantially the same.
4. The following statements apply to the Julian-Cuyamaca FPD with respect to the availability, adequacy, and performance of its active municipal services: fire protection; emergency medical; and ambulance transport.
- (a) Julian-Cuyamaca FPD's integrated fire protection and emergency medical services are dependent on available and otherwise able community volunteers and supplemented by interested reserves generally drawn from local academies. The availability of these resources have shown to be limited and resulted in decreasing service levels over the report period.
- i. The current staffing model consisting of volunteers and reserves to provide fire protection and emergency medical – and despite good faith efforts – has become antiquated and resulted in Julian-Cuyamaca FPD experiencing substantive service fluctuations and deficits during the report period.
 - ii. Overall onsite incidents within Julian-Cuyamaca FPD have averaged 1.3 daily over the report period. These demands have also increased overall by 13.8% and attributed to increased tourism in the Julian region.
 - iii. One of Julian-Cuyamaca FPD's two fire stations serving the Cuyamaca area has become unsafe to operate and in need of substantial improvements to meet current building and safety codes.
 - iv. The County of San Diego and CALFIRE have significantly supplemented fire protection and emergency medical services in Julian-Cuyamaca FPD during the report period, and in doing so help mitigate otherwise significant service deficiencies in the District. This is marked by the County and CALFIRE responding exclusively to one-fourth of all onsite responses in the District during the report period.
 - v. Julian-Cuyamaca FPD has responded exclusively to less than one-fifth of all onsite incidents within the District during the report period.

- (b) Julian-Cuyamaca FPD's ambulance transport services were established in 2014 in conjunction with being awarded an exclusive operating contract through the County of San Diego to serve the greater Julian area, which includes all of the District plus an additional 368 square miles. Limited resources have curtailed the District to strive to meet only the minimum contract requirement of providing one ambulance at all times during the report period.
 - (i) Staffing levels have fluctuated over the report period and currently consist of seven employees divided between two paramedics and five emergency medical technicians. This level of staffing leaves Julian-Cuyamaca FPD susceptible to coverage shortfalls.
 - (ii) Overall onsite incidents requiring ambulance transport within Julian-Cuyamaca FPD's contract service area have averaged 1.6 daily over the report period. These demands have increased overall by 18.8% and attributed to increased tourism paired with societal changes in medical care delivery.
 - (iii) Julian-Cuyamaca FPD operates one ambulance within an approximate 449 square mile. This deployment is insufficient and results in ongoing risk of delays and/or dependency on outside providers to respond to multiple incidents within the District.
 - (iv) Onsite responses in Julian-Cuyamaca FPD from outside ambulance providers have increased by more than one-fourth or 28.6% over the report period and underscore the need for the District to increase its own resources.
- 5. The following statements apply to the Lake Cuyamaca RPD with respect to the availability, adequacy, and performance of its lone municipal service: community recreation.
 - (a) Lake Cuyamaca RPD's community recreation services include fish stocking, day services, and overnight services. Additional information is needed to assess service levels and will be incorporated into the final report.

6. The following statements apply to the Majestic Pines CSD with respect to the availability, adequacy, and performance of active municipal service: domestic water.

- (a) Majestic Pines CSD has sufficient and excess capacity in its water system to meet current and projected demands through the planning term of this report.
 - i. Average annual water demands generated over the report period for the entire distribution system represents 13.1% of Majestic Pines CSD's accessible maximum groundwater supply. This ratio is expected to slightly increase based on current usage trends to 14.1% by 2023.
 - ii. LAFCO projects – and absent a site-specific assessment – the average annual water demand generated during the report period would represent 50.4% of Majestic Pines CSD's projected accessible raw groundwater supply under single-dry year drought conditions.
 - iii. The highest peak-day demand recorded in Majestic Pines CSD during the report period equaled 0.310 million gallons, and represents 48.4% of the District's available daily raw groundwater supply under normal conditions.
 - iv. Average peak-day demands generated over the report period for the entire distribution system represents 25.9% of Majestic Pines CSD's total existing daily treatment capacity. This ratio is expected to decrease based on current usage trends to 17.3% by 2023.
 - v. Majestic Pines CSD's potable water storage capacity can accommodate up to 4.6 consecutive days of average peak-day demands generated over the report period without recharge. This ratio is expected to increase based on usage trends to 5.8 by 2023.
- (b) Majestic Pines CSD has received a total of four drinking water violations from the State Water Quality Control Board since 2000. The last violation was issued in May 2010.

- (c) Majestic Pines CSD's daily water demands as measured by fulltime residents remained relatively stagnant over the five-year report period at 81 gallons. This contrasts with the parallel growth rate within the District of 4.3% and shows residents are de-intensifying usage.
7. The following statements apply to the Wynola WD with respect to the availability, adequacy, and performance of its active municipal service: domestic water.
- (a) Wynola WD has sufficient and excess capacity in its water system to meet current and projected demands through the planning term of this report.
- i. Average annual water demands generated over the report period for the entire distribution system represents 5.7% of Wynola WD's accessible maximum groundwater supply. This ratio is expected to slightly decrease based on current usage trends to 4.5% by 2023.
 - ii. LAFCO projects – and absent a site-specific assessment – the average annual water demand generated during the report period would represent 21.8% of Wynola WD's projected accessible raw groundwater supply under single-dry year drought conditions.
 - iii. The highest peak-day demand recorded in Wynola WD during the five-year report period equaled 0.080 million gallons, and represents 27.1% of the District's available daily raw groundwater supply under normal conditions.
 - iv. Wynola WD's potable water storage capacity can accommodate up to 2.1 consecutive days of average peak-day demands generated over the report period without recharge. This ratio is expected to slightly increase based on usage trends to 2.5 by 2023.
- (b) Wynola WD has received a total of five drinking water violations from the State Water Quality Control Board since 2000. The last violation was issued in September 2010.

- (c) Wynola WD's daily water demands as measured by fulltime residents significantly decreased over the report period by two-fifths or (39.6%) from 139 gallons to 84 gallons. This contrasts with the corresponding growth rate within the District of 4.3% and suggests residents are de-intensifying usage.
8. Other pertinent municipal services in the Julian region are primary provided by the County of San Diego and include community planning, law enforcement, road maintenance, waste disposal, and – specific to the region's developed center – wastewater. Community preferences to elevate the range and level of these County-provided services would require local funding and presumably need to delegate to an existing or new special district.

5.4 Agencies' Financial Ability to Provide Services

1. The six affected agencies in the Julian region operate with modest means in providing municipal services to their constituents and have experienced – albeit to different degrees – financial stresses during the report period.
2. The combined net position of the six affected agencies in the Julian region increased by one-third less than the corresponding inflation rate for the San Diego region during the report period.
3. Overall unrestricted fund balances for the six affected agencies in the Julian region collectively decreased during the report period by more than one-fifth.
4. Opportunities to increase direct revenues among all six affected agencies in the Julian region is substantively constrained given two external factors. First, opportunities to spread-out costs among additional customers is restricted given community preferences – which are reflected in local land use policies – to limit new growth. Second, opportunities to raise charges, fees, and/or establish assessments are constrained under State law to require majority voter approval.
5. The following statements apply to Cuyamaca WD.

- (a) Cuyamaca WD's net position modestly improved over the report period with an ending amount of \$0.278 and resulting in an overall change of 3.6%. All of the ending net position is categorized as unrestricted and sufficient to cover 30 months of operating expenses based on recent actuals.
- (b) Cuyamaca WD experienced an average annual total margin loss of (2.1%) during the report period. The operating margin experienced a similar loss of (2.6%).
- (c) Over the course of the report period, Cuyamaca WD has experienced a negative trend with respect to its total margin with a 9% reduction in total revenue and an increase in total expenses at nearly twice that rate.

6. The following statements apply to Julian CSD.

- (a) Julian CSD's net position steadily decreased over the report period with an ending amount of \$1.310 million and reflecting an overall change of (9.8%). The ending amount is also entirely categorized as restricted or invested in capital.
- (b) Julian CSD experienced an average annual total margin loss of (23.3%) during the report period. The operating margin also finished with an average loss of (9.5%) and underlies a considerable portion of total expenses involve debt payments.
- (c) Over the course of the report period, Julian CSD has made considerable progress in erasing its total margin deficit with growth in total revenues outpacing growth of operating expenses at a rate of 24 to 1.

7. The following statements apply to Julian-Cuyamaca FPD.

- (a) Julian-Cuyamaca FPD's net position remained relatively stagnant over the report period with an ending amount of \$3.300 million and reflecting an overall change of 0.8%. Close to one-fourth of the ending net position is categorized as unrestricted and sufficient to cover seven months of operating expenses based on recent actuals.

- (b) Julian-Cuyamaca FPD experienced an average annual total margin gain of 26.0% during the report period. The operating margin – however – finished with an average loss of (73.5%) and denotes the District’s dependency on unique and otherwise one-time revenues, such as grants, loans, and donations.
 - (c) Over the course of the report period, Julian-Cuyamaca FPD has experienced a negative trend with respect to its total margin with growth of total expenses outpacing growth of total revenues at a rate of by nearly one-half.
8. The following statements apply to Lake Cuyamaca RPD.
- (a) Lake Cuyamaca RPD’s net position significantly improved over the report period with an ending amount of \$2.609 million and reflecting an overall change of 38.4%. Close to one-tenth of the ending net position is categorized as unrestricted and sufficient to cover four months of operating expenses based on recent actuals.
 - (b) Lake Cuyamaca RPD experienced an average annual total margin gain of 7.0% during the report period with a matching operating margin.
 - (c) Over the course of the report period, Lake Cuyamaca RPD has successfully eliminated its operating margin deficit with total revenues increasing by 1.3% and total expenses decreasing by nearly five times that amount and resulting in an overall growth rate of 121%.
9. The following statements apply to Majestic Pines CSD.
- (a) Majestic Pines CSD’s net position decreased over the report period with an ending amount of \$1.708 million and reflecting an overall change of (6.9%). One-fourth of the ending net position is categorized as unrestricted and sufficient to cover eight months of operating expenses based on recent actuals.
 - (b) Majestic Pines CSD is the only affected agency in the Julian region with pension obligations and therefore subject to different net position reporting requirements. With adjustments to exclude pension reporting the ending net position tallies \$1.934 million and reflects an overall change of 5.4% and raises reserve coverage by four additional months.

- (c) Majestic Pines CSD experienced an average annual total margin of 6.3% during the report period. The operating margin – however – finished with an average loss of (14.8%) and attributed to a sizable deficit occurring in 2016-2017.
- (d) Over the course of the report period, Majestic Pines has experienced a sizeable negative trend with respect to its total margin with growth of total expenses outpacing growth of total revenues at a rate of nearly 20 to 1.

10. The following statements apply to Wynola WD.

- (a) Wynola WD's net position significantly improved over the report period with an ending amount of \$0.455 million and reflecting an overall change of 41.9%. Close to one-third of the ending net position is categorized as unrestricted and sufficient to cover 27 months of operating expenses based on recent actuals.
- (b) Wynola WD experienced an average annual total margin loss of (45.5%) during the report period with a matching operating margin. These losses are attributed to significant deficits occurring in the first three years of the report period. Over the last two years – and following a sizable water rate increase – these margins have averaged a gain of 23.1%.
- (c) Over the course of the report period, Wynola WD has experienced a negative trend with respect to its total margin with a 50% reduction in total revenues and 10% growth in total expenses.

5.5 Status and Opportunities for Shared Facilities and Resources

1. The six affected agencies in the Julian region have developed an informal network to communicate current and pending activities within their respective service areas and share best practices that ultimately benefit their constituents.
2. LAFCO recommends all six affected special districts in the Julian region expand and formalize their relationships and pursue cooperative arrangements to increase their respective economics of scale in procuring common services and supplies.

3. LAFCO recommends the four special districts providing water service in the Julian region jointly invest resources to prepare a water reliability report assessing each system's available supplies under different hydrologic periods based on shared planning assumptions.
4. LAFCO recommends the three affected special districts in the Julian region that are not already members of the California Association of Special Districts – Cuyamaca WD Lake Cuyamaca RPD, Majestic Pines CSD – consider participating in its free trial membership.

5.6 Local Accountability and Government Restructure Options

1. LAFCO recently approved a proposed reorganization initiated by the subject agencies to dissolve Julian-Cuyamaca FPD and concurrently transfer service responsibilities to the County of San Diego's Fire Authority through County Service Area No. 135. Approval was protested and currently awaiting the final results of a special election. Should the reorganization proposal not proceed for any reason, it would be appropriate for LAFCO to initiate its own and similar action in the future based on the analysis of this municipal service review and as authorized under Government Code Section 56375(a)(3).
2. The four affected special districts in the Julian region providing municipal water service face substantially similar operating and governance challenges. With this in mind, and at the discretion of the agencies to participate, it is recommended LAFCO make available staff resources to convene and facilitate stakeholder meetings to discuss options and benefits therein of functional or political consolidations.
3. LAFCO is separately scheduled to prepare a municipal service review on the San Diego County Sanitation District and its provision of wastewater services in unincorporated areas of San Diego County – including a portion of the Julian region. The analysis associated with this pending municipal service review may merit LAFCO revisiting this document and related governance options.
4. All six affected agencies in the Julian region operate websites. The content and usefulness of these websites, however, varies significantly and in some cases do not meet the minimum requirements established under recent legislation (Assembly Bill 2257 and Senate Bill 929). At a minimum all six affected agencies should review the

new legislation and make conforming changes to their websites as needed and in step with improving their communication with constituents and the general public.

5. None of the six affected agencies in the Julian region report providing municipal services beyond their jurisdictional boundaries. There also does not appear to be any pending needs or demands to establish services outside the affected agencies' existing boundaries and/or spheres of influence. Accordingly, and absent new information, it would be appropriate for LAFCO to proceed with updating and affirming – with no changes – all six affected agencies' spheres of influence.

CHAPTER THREE | AGENCY PROFILES

A. CUYAMACA WATER DISTRICT

1.0 OVERVIEW

The Cuyamaca Water District (WD) is an independent special district formed in 1982. Formation proceedings were initiated by landowners for purposes of assuming domestic water service responsibility from a private mutual water company in support of the Lake Cuyamaca Resort Subdivision in the unincorporated community of Julian. Cuyamaca WD encompasses an approximate 0.41 square mile or 260-acre jurisdictional



boundary and comprises mostly residential uses as well as campground concessions at Lake Cuyamaca. Governance is provided by a five-person board whose members are directly elected at-large by registered voters and serve staggered four-year terms.

Cuyamaca WD is currently organized as a limited purpose agency with municipal activities presently tied to only providing domestic water service. All water supplies are locally sourced through groundwater. Cuyamaca WD is also authorized – subject to LAFCO approving latent power activations – to provide wastewater and hydroelectric power services. The operating budget at the term of the report period (2017-2018) was \$0.095 million. The last audited financial statements cover 2017-2018 and show the net position totaling \$0.279 million and entirely categorized as unrestricted. This latter amount translates to sufficient reserves to cover 30 months of normal operating expenses.

LAFCO independently estimates the fulltime resident population within Cuyamaca WD is 165 as of the term of this report period and accommodated through 124 current housing units with close to two-fifths suspected as serving as second homes. This latter estimate suggests the resident population increases to approximately 230 during weekends and/or summer months. It is also projected the estimate of fulltime residents represents an overall increase of 10 since 2010 with a resulting annual growth rate of 0.81%, which is more than one-tenth below the corresponding countywide growth rate of 0.94%. The median household income

within Cuyamaca WD is \$63,818 based on the current five-year period average and is the highest in the Julian region.

2.0 BACKGROUND

2.1 Community Development

Cuyamaca WD is part of the unincorporated community of Julian with the latter's present-day development beginning with the discovery of gold in the 1860s with additional details footnoted.⁹ The area comprising Cuyamaca WD slowly developed thereafter with shoreline cabin uses following the construction of a dam in 1888 along Boulder Creek, which formed Lake Cuyamaca and served as one of the first water works projects in San Diego County. The area subsequently transitioned from cabins to single-family residences and marked by the County's approval of the first phase or unit of the Lake Cuyamaca Resort Subdivision in 1924. The development of the subdivision subsequently resulted in the creation of a private mutual water company to construct and operate a community water system.

2.2 Formation Proceedings

Cuyamaca WD's formation was petitioned by landowners in 1981 to take over domestic water service responsibilities for a private mutual water company. The formation of Cuyamaca WD was specific to providing domestic water service only; no other powers were proposed and/or envisioned for the District in the initiating application materials. LAFCO approved the formation with voter confirmation in April 1982.

2.3 Post Formation Proceedings

A summary of notable activities undertaken by Cuyamaca WD and/or affecting the District's service area following formation in 1982 is provided below.

- LAFCO performs its first formal review of Cuyamaca WD since its formation in conjunction with establishing a sphere for the District in 1984.
- LAFCO approves a concurrent sphere amendment and annexation of approximately 33 acres to Cuyamaca WD involving adjacent campground sites owned and operated by the Lake Cuyamaca Recreation and Park District in 2006.

⁹ An expanded overview of the development of the Julian region is provided in the profile section for the Julian-Cuyamaca Fire Protection District beginning on page 68 of this report.

- LAFCO updates with no changes Cuyamaca WD's sphere in 2007 and 2013.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Cuyamaca WD's existing boundary spans approximately 0.41 square miles in size and covers 260 unincorporated acres (parcels and public rights-of-ways) within one contiguous area. The jurisdictional boundary is entirely within the County of San Diego's land use authority and subject to the Cuyamaca Community Plan. The jurisdictional boundary is anchored by the Lake Cuyamaca Resort Subdivision. Overall there are currently 130 registered voters.

Cuyamaca WD's jurisdictional boundary spans 260 acres. The current density ratio is 1.6 residents per acre.

Total assessed value (land and structure) within Cuyamaca WD is set at \$38.018 million as of December 2018 and translates to a per acre value ratio of \$0.146 million. The former amount – \$38.018 million – further represents a per capita value of \$0.230 million based on the estimated fulltime population of 165. As a pre-Proposition 13 agency, Cuyamaca WD does not receive any portion of the current annual \$0.380 million in property tax revenue generated in its jurisdictional boundary.

Current assessed value in Cuyamaca WD is \$38.018 million and produces an annual property tax base of \$0.380 million. However, as a pre Proposition 13 agency, Cuyamaca WD does not receive any allocation of this annual revenue.

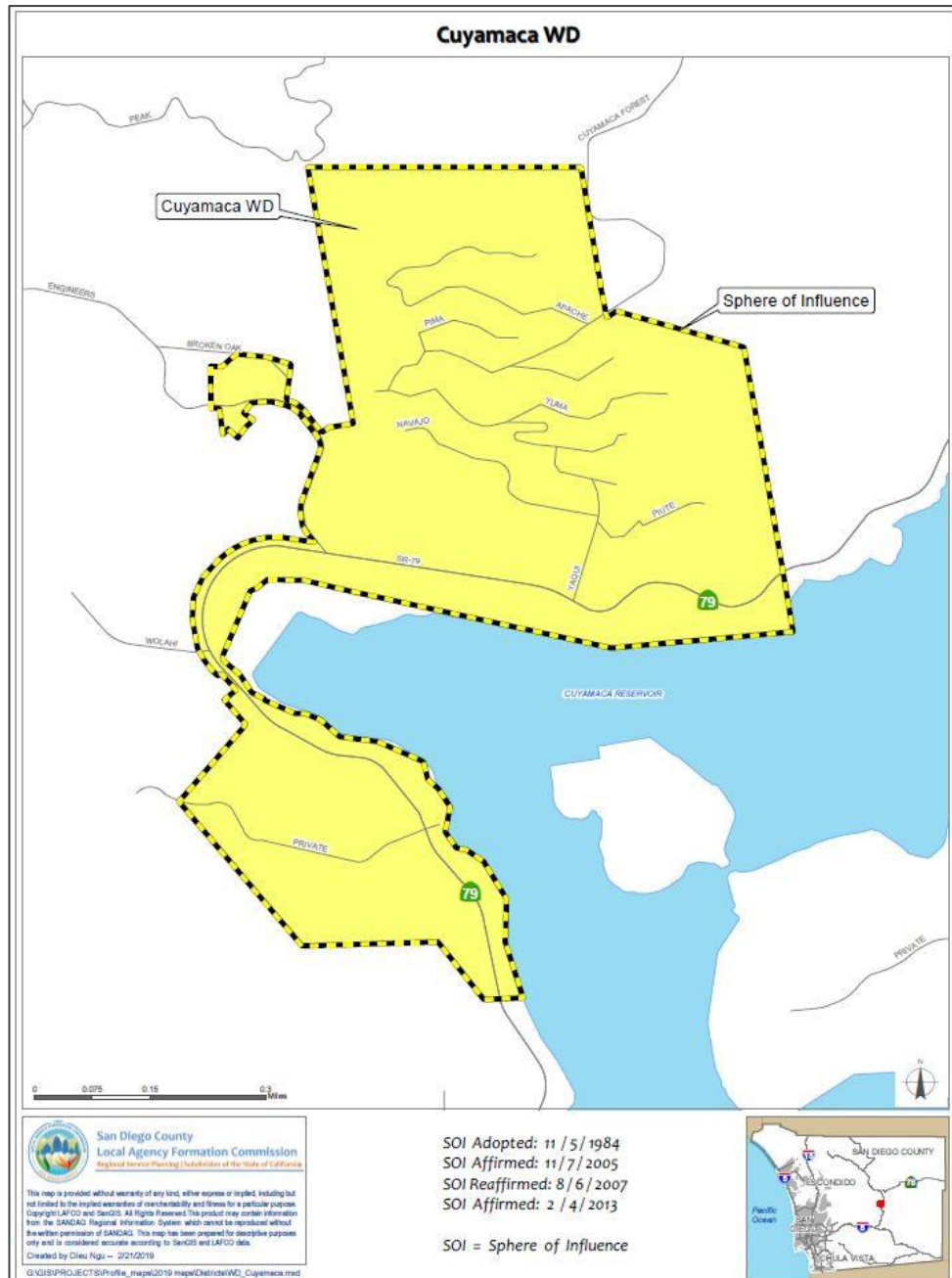
The jurisdictional boundary is currently divided into 228 legal parcels and spans 235 acres. (The remaining jurisdictional acreage consists of public right-of-ways.) Close to four-fifths – or 81% – of the parcel acreage is under private ownership with almost two-thirds having already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remainder of private acreage is undeveloped and consists of 93 vacant parcels that collectively total 69 acres. All lands within and immediately adjacent to the jurisdictional boundary qualify as a disadvantaged unincorporated community, as well as, all lands in the northern half of the jurisdictional boundary qualify as a disadvantaged unincorporated community.

Close to 80% of the jurisdictional boundary is under private ownership with 93 parcels totaling 69 acres remaining undeveloped.

3.2 Sphere of Influence

Cuyamaca WD's sphere was established by LAFCO in 1984 and last reviewed and updated in 2013. The sphere is coterminous with the jurisdictional boundary, and as such implies no boundary changes or outside service extensions are anticipated in the immediate future.

3.3 Current Boundary and Sphere Map



4.0 DEMOGRAPHICS

4.1 Population and Housing

Cuyamaca WD’s total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 165 as of the term of the five-year report period. This amount represents 0.005% of the current countywide total. It is also estimated the fulltime population has risen overall by 6.45% from 155 in 2010 and the last census reset. This translates to an annual change of 0.81%, which is approximately one-tenth lower than the corresponding countywide growth rate of 0.94%. It is projected the current growth rate will continue into the near-term and result in the fulltime population reaching 173 by 2023.

It is estimated there are 165 current fulltime residents within Cuyamaca WD. It is also projected the fulltime population will increase consistent with recent trends – or 0.81% annually – and reach 173 by 2023.

Cuyamaca WD Population				
Table 4.1a (Source: Esri LAFCO)				
Factor	2010	2018	2023	Annual Change %
Cuyamaca WD	155	165	173	0.81%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are presently 124 residential dwelling units within Cuyamaca WD. This amount has increased by one since 2010. With respect to current housing unit totals, 48% are owner-occupied, 14% are renter-occupied, and the remaining 38% are vacant with a sizeable portion suspected to serve as second homes. The average household size is 2.6 and has increased 19.2% from 2.2 over the preceding five-year period.

Housing production in Cuyamaca WD current totals 124 dwelling units. This includes the addition of one unit since 2010. The average monthly housing cost in Cuyamaca WD is \$1,243, which is one-fifth lower than the countywide average.

The mean monthly housing cost in Cuyamaca WD has increased by 6.2% from \$1,170 to \$1,243 based on the most recent five-year period averages. The mean monthly housing cost, however, remains well below the countywide average of \$1,578.

Cuyamaca WD Housing Characteristics		
Table 4.1b (Source: Esri LAFCO)		
Factor	Cuyamaca WD	San Diego County
2010 Housing Units	123	1,164,766
2018 Housing Units	124	1,236,184
... Change	1	71,418
2010 Household Size	2.2	2.79
2018 Household Size	2.6	2.87
... Change	19.2%	2.87%
Current Monthly Housing Cost	\$1,243	\$1,578
Current Vacancy Rate	39%	5.4%

4.2 Age Distribution

The median age of residents in Cuyamaca WD is 45.4 based on the current five-year period average. This amount shows the population is getting younger with the median age experiencing an overall decrease of (12.1%) from 50.9 over the preceding five-year period average. The current median age in Cuyamaca WD, nonetheless, remains significantly higher than the countywide average of 35.3. Residents in the prime working age group defined as ages 25 to 64 make up one-half of the total population at 50.8%.

Residents within Cuyamaca WD tend to be older with a medium age of 45.4; an amount that is more than one-fourth higher than the countywide average of 35.3. Also the majority – 50.8% – of the residents are aged within the prime working group of 25-64.

Cuyamaca WD Median Age			
Table 4.2a (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
Cuyamaca WD	50.9	45.4	(12.1%)
San Diego County	34.6	35.3	2.0%

Cuyamaca WD Prime Working Age, 25-64			
Table 4.2b (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
Cuyamaca WD	57.1%	50.8%	(11.0%)
San Diego County	53.4%	47.0%	(11.9%)

4.3 Income Characteristics

The median household income in Cuyamaca WD is \$63,818 based on the current five-year period average. This amount shows fulltime residents are receiving more pay with the median income experiencing an overall increase of 4.4% from the preceding five-year period average of \$61,109. The current median household income in Cuyamaca WD also now closely parallels the current countywide median of \$66,259. Separately, the current average rate of persons living below the poverty level in Cuyamaca WD is 9.1% and is more than one-half lower than the countywide rate of 14.0%. However, the poverty rate has also risen by 10.9% over the last five-year period and more than two-fifths higher than the change in the countywide rate for the period.

Cuyamaca WD residents' average median household income has experienced a moderate increase in recent years and is currently \$63,818. This amount is near the countywide median income \$66,529.

Cuyamaca WD Median Household Income			
Table 4.3a (Source: American Community Survey LAFCO)			
Category	2007-2011		Change %
	5-Year Average		
Cuyamaca WD	\$61,109	\$63,818	4.4%
San Diego County	\$63,857	\$66,529	4.2%

Cuyamaca WD Poverty Rate			
Table 4.3b (Source: American Community Survey LAFCO)			
Category	2007-2011		Change %
	5-Year Average		
Cuyamaca WD	8.2%	9.1%	10.9%
San Diego County	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Approximately 30.3% of residents age 25 and older in Cuyamaca WD hold bachelor degrees or higher based on the current five-year period average. This is an increase of 5.7% from the preceding five-year average period and draws closer to the current countywide average total of 36.5%. Separately, the unemployment rate is 4.1% and has increased by one-third over the preceding five-year period, but remains lower than the countywide rate of 4.9%. The non-English speaking population has grown in Cuyamaca WD from 1.1% to 5.8% over the two periods; over a four-fold increase. Over one-third of the population collects retirement - 34.2% - compared to the countywide average of 17.7%.

Unemployment levels within Cuyamaca WD have increased in recent years with the current five-year average totaling 4.1%. This amount is below the current countywide average of 4.9%. Separately, Cuyamaca WD has experienced a significant rise in non-English speaking residents by more than four-fold since 2010.

Cuyamaca WD Residents with Bachelor Degrees			
Table 4.4a (Source: American Community Survey LAFCO)			
Category	2007-2011		Change %
	5-Year Average		
Cuyamaca WD	28.7%	31.7%	5.7%
San Diego County	34.2%	36.5%	6.7%

Cuyamaca WD Non English Speaking			
Table 4.4b (Source: American Community Survey LAFCO)			
Category	2007-2011		Change %
	5-Year Average		
Cuyamaca WD	1.1%	5.8%	435.4%
San Diego County	16.1%	15.0%	(6.83%)

5.0 ORGANIZATION

5.1 Governance

Cuyamaca WD’s governance authority is established under the California Water District Act (Water Code §34000, et seq.) This principal act empowers Cuyamaca WD to provide a limited range of municipal services upon approval by LAFCO. As of date, Cuyamaca WD is authorized to only provide one municipal service: domestic water. All other powers enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO at a noticed public hearing before Cuyamaca WD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing an active service, Cuyamaca WD would also need to seek LAFCO approval at a notice public hearing. A list of active and latent Cuyamaca WD powers follow.

Active Service Powers

Domestic Water

Latent Service Powers

Wastewater

Hydroelectric Power

Cuyamaca WD has been governed since its formation in 1982 as an independent special district with registered voters comprising a five-member governing board. Members are either elected or appointed in lieu of a consented election to four-year terms with a rotating president system. The Board regularly meets on the fourth Monday of each month at the Lake Cuyamaca Restaurant located at 15027 Highway 79 in Julian. A current listing of the Board along with respective backgrounds and years served with Cuyamaca WD follows.

Cuyamaca WD Current Board Roster			
Table 5.1a (Source: Cuyamaca WD)			
Member	Position	Background	Years on Board
Ronald Brown	President	n/a	9
Carolyn Hilfiker	Vice President	n/a	1
George Merz	Treasurer	n/a	9
Gary Anderson	Member	n/a	12
Tim Doyle	Member	n/a	9

5.2 Administration

Section pending.

6.0 MUNICIPAL SERVICES

Cuyamaca WD provides one municipal service: domestic water. A summary analysis of this service follows with respect to capacities, demands, and performance.

6.1 Domestic Water Service

Cuyamaca WD’s domestic water services commenced at the time of its formation in 1982 and involved assuming ownership and operation of facilities previously held by a prior private mutual water company. The water system currently includes 159 metered connections and divided between residential (158) and commercial (1) within a single zone.¹⁰

Service Capacities

Cuyamaca WD’s domestic water supplies are all locally sourced and drawn from three active groundwater wells that lie within the northern quarter of the San Diego River Watershed and divided between three sites. These active wells range in depth from 350 to 600 subsurface feet and paired with current pumping capacities collectively provide Cuyamaca WD with an estimated maximum daily raw water supply of 0.187 million gallons or 0.57 acre-feet. If operated continually these amounts would translate to an annual raw water supply of 68.238 million gallons or 209.7 acre-feet under maximum conditions. No formal analysis has been performed to quantify the reliability of the raw water sources during different hydrological periods.

Cuyamaca WD Raw Water Supplies			
Table 6.1a (Source: Cuyamaca WD LAFCO)			
Source	Maximum Minute Capacity	Maximum Daily Capacity	Maximum Annual Capacity
Groundwater	130 gallons	0.187 million gallons or 0.57 acre feet	68.238 million gallons or 209.7 acre feet

Capacity amounts reflect existing pumping rates

All water supplies generated from Cuyamaca WD’s local groundwater sources receive basic chlorination before being pumped into two above-ground storage tanks located at the top of the pressure zone. Each tank is equipped with a water level indicator to automate pumping from one of the three active wells based on an operator controlled schedule. The delivery system is gravity-fed through two different loops of distribution

¹⁰ Connection information reflects data on file with the State Water Quality Control Board – Drinking Water Division.

lines that provide for a connected system. The combined storage capacity within the distribution system is 0.335 million gallons or 1.0 acre-feet.

Cuyamaca WD Water Storage			
Table 6.1b (Source: Cuyamaca WD LAFCO)			
Name	Constructed Year	Pressure Zone	Capacity
Tank No. 1	1987	Cuyamaca	0.125 million gallons
Tank No. 2	2002	Cuyamaca	0.210 million gallons
Total			0.335 million gallons or 1.03 acre-feet

Service Demands

Cuyamaca WD’s average annual water demand production over the five-year report period has been 22.000 million gallons or 67.5 acre feet. No other information on recent and/or current service demands has been provided as of date.

Cuyamaca WD Water Demands							
Table 6.1c (Source: Cuyamaca WD)							
Category	2014	2015	2016	2017	2018	Average	Trend
Annual Total	n/a	n/a	n/a	n/a	n/a	22.283 mg or 67.5 af	n/a
Average Day Total	n/a	n/a	n/a	n/a	n/a	61,050 g	n/a
... Per Resident	n/a	n/a	n/a	n/a	n/a	375 g	n/a
Peak Day Total	n/a	n/a	n/a	n/a	n/a	n/a	n/a
.... Peaking Factor	n/a	n/a	n/a	n/a	n/a	n/a	n/a

mg = million gallons
 af = acre feet

Service Performance

Cuyamaca WD’s domestic water system is operating with sufficient and excess capacity in supply with respect to accommodating exiting annual demands generated during the five-year report period. (Cuyamaca WD does not treat its groundwater supplies other than applying chorine.) It is assumed – but not quantifiable given limited information – the supply and storage can also accommodate demands, including peak-day usage, over the next five year period with the notable exception of anticipated supply shortfalls during single dry-year events. A prominent variable also remains and it involves the resiliency of Cuyamaca WD’s raw water supplies during different hydrological periods.

The following statements summarize and quantify existing and projected relationships between Cuyamaca WD’s capacities and demands now and going forward towards 2023. This includes referencing California’s Waterworks Standards (Title 22 of the Code of Regulations) and its requirements that all public community water systems have

sufficient source, treatment, and storage capacities to meet peak day demand system-wide and within individual zones. It also addresses water quality and rates.

Water Supplies:

- Average annual water production demands generated over the five-year report period for the entire distribution system represents 32.7% of Cuyamaca WD's accessible maximum raw water supply. It is assumed pending additional analysis the available capacity under these conditions will remain substantially unchanged over the next five-year period.
- It is assumed for planning purposes in this report the average annual water production demand generated over the five-year report period for the entire distribution system would represent 125.6% of Cuyamaca WD's projected accessible raw supply under single-dry year conditions as footnoted.¹¹ Voluntary and/or mandatory water restrictions, consequently, would be needed.
- No information is available with respect to peak-day demands in Cuyamaca WD over the five-year report period at this time. Accordingly, it is not known whether Cuyamaca WD's daily raw water supplies can independently accommodate high usage periods within the District.

Water Storage:

- No information is available with respect to peak-day demands in Cuyamaca WD over the five-year report period at this time. Accordingly, it is not known whether Cuyamaca WD's water storage can independently accommodate high usage periods within the District.

¹¹ In the absence of a site-specific assessment LAFCO is referencing the State Water Project Delivery Report (2013) and its use of the 1976-1977 drought as a baseline year to project single-dry year conditions and the reduction therein in water supplies by 74% relative to normal/maximum conditions. Under this projection Cuyamaca WD's available raw water supply would be reduced from 209.7 acre-feet to 54.5 acre-feet.

Water Quality:

- A review of the records maintained by the State Water Quality Control Board shows eight violations for drinking water standards have been issued to Cuyamaca WD since 2000. The last violation was issued in April 2018 and categorized as major and involved a positive test of trichloropropane.
- Cuyamaca WD’s most recent water quality report was issued in January 2018 and shows the results of self-monitoring conducted during 2017 or earlier as applicable. The report is divided into testing for both primary and secondary contaminant levels as prescribed by the State. No excessive containments were reported involving primary drinking water standards. Two excessive containments involving iron and turbidity were reported involving secondary drinking water standards.

Water Rates

- Cuyamaca WD charges two distinct fees for water service: (a) standby and (b) user. The fees were last updated in 2019 and collectively produce an equivalent monthly residential charge of \$63.75 based on usage of 250 gallons per day.

7.0 FINANCES

7.1 Financial Statements

Cuyamaca WD contracts with an outside accounting firm (Wilkinson, Hadley, King & Co. LLP) to prepare an annual report to review the District’s financial statements in accordance 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 Cuyamaca WD’s short and long-term fiscal health with specific focus on sustaining its single service function: domestic water.

Cuyamaca WD’s most recent financial statements for the five-year report period were issued for 2017-2018.¹² These statements show Cuyamaca WD experienced a moderate negative change over the prior fiscal year as its overall net position (regular accrual basis) decreased by

Most Recent Year-Ending Financial Statements	
Assets	\$282,541
Liabilities	\$3,890
Deferred Outflow/Inflow	\$0
Net Position	\$278,651

¹² The audit for 2017-2018 was issued by Wilkinson, Hadley, King, and Co. on December 30, 2018.

(5.0%) from \$0.294 million to \$0.279 million and primarily attributed to increasing capital depreciation. The accompanying auditor’s report did not identify any material weaknesses or related accounting concerns. A summary of year-end totals and related trends drawn from audited statements during the report period regarding assets, liabilities, and net position follows.

Agency Assets

Cuyamaca WD’s audited assets at the end of 2017-2018 totaled \$0.282 million and is 0.16% lower than the average year-end amount of \$0.283 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented one-third of the total amount – or \$0.095 million – and primarily tied to cash and investments. Assets classified as non-current represented the remaining two-thirds of the total amount – or \$0.187 million – and primarily tied to the water treatment facility. Overall assets for Cuyamaca WD have increased by 5.1% over the corresponding 60-month period.

Cuyamaca WD’s Assets							
Table 7.1a Source Cuyamaca WD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	33,751	55,657	76,122	98,070	95,220	182.1%	71,764
Non-Current	235,169	223,207	211,245	199,283	187,321	(20.3%)	211,245
	\$268,920	\$278,864	\$287,367	\$297,353	\$282,541	5.1%	\$283,009

Agency Liabilities

Cuyamaca WD’s audited liabilities at the end of 2017-2018 totaled \$3,890. No liabilities were recorded, notably, for the first two years of the five-year report period. The present amount of liabilities is entirely tied to current debts (accounts payable); no long-term debts were booked. Overall liabilities for Cuyamaca WD in the last three years of the report period have increased by 51.7%.

Cuyamaca WD’s Liabilities							
Table 7.1b Source Cuyamaca WD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	0	0	2,565	3,672	3,890	51.7%	2,025
Non-Current	0	0	0	0	0	0.0%	\$0
	-	-	\$2,565	\$3,672	\$3,890	51.7%	\$2,025

Net Position

Cuyamaca WD’s audited net position or equity at the end of 2017-2018 totaled \$0.279 million and represents the difference between the District’s total assets and total liabilities. This most recent year-end amount is 0.82% less than the average year-end sum of \$0.281 documented during the five-year report period. All of the net position is categorized as unrestricted and can be used for any purposes. Overall the net position for Cuyamaca WD has increased by 3.6% over the corresponding 60-month period.

Cuyamaca WD’s net position has modestly increased during the report period with an overall change of 3.6% from \$0.269 million to \$0.279 million.

Cuyamaca WD’s Net Position							
Table 7.1c Source Cuyamaca WD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Invested in Capital	0	0	0	0	0	n/a	n/a
Restricted	0	0	0	0	0	n/a	n/a
Unrestricted	268,920	278,864	284,802	293,681	278,651	3.6%	280,983
	\$268,920	\$278,864	\$284,802	\$293,681	\$278,651	3.6%	\$280,983

Cuyamaca WD maintains one general fund underlying the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled \$0.279 million and represents the available and spendable portion of the fund balance and subject to discretionary designations. The unrestricted amount represents 30 months of actual operating expenses based on 2017-2018.

7.2 Measurements | Liquidity, Capital, and Margin

A review of the audited financial statement issuances by Cuyamaca WD covering the five-year report period shows the District experienced positive results in two of three measurement categories – liquidity, capital, and margin – utilized in this review. This includes liquidity levels remaining above average during the report period with days’ cash increasing by more than two-fold and ending at 281. Similarly, the current ratio ended the period at 24.5. Cuyamaca WD also maintained high capital levels throughout the period and finished with a debt ratio of only 1% and translates to 99% of the net position not being subject to any external financing. In contrast, margin level showed the greatest range and/or volatility during the report period and ultimately decreased from (0.2%) to (15.9%). A summary of year-end liquidity, capital, margin, and management structure ratios follow.

Cuyamaca WD: Financial Measurements

Table 7.2a | Source LAFCO

Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Equipment Replacement	Savings Ratio
2013-2014	n/a	137.6	n/a	(0.2%)	(0.2%)	24	(0.2%)
2014-2015	n/a	203.2	n/a	11.1%	11.1%	19	12.5%
2015-2016	29.7	278.3	1%	6.3%	6.3%	18	6.7%
2016-2017	26.7	386.5	1%	9.3%	12%	26	10.2%
2017-2018	24.5	280.9	1%	(15.9)	(15.9)	27	(13.7%)
Average	27.0	257.3	1%	(2.1%)	(2.6%)	23	3.1%
Trend	(17.5%)	104.1%	n/a	(7850.0%)	(7850.0%)	12.5%	(6750.0%)

Liquidity

Capital

Margin

Management

7.3 Pension Obligations

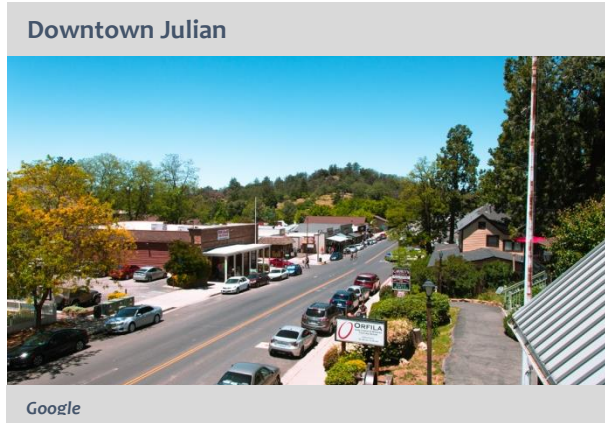
Cuyamaca WD does not have recorded pension obligations.

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B. JULIAN COMMUNITY SERVICES DISTRICT

1.0 OVERVIEW

The Julian Community Services District (CSD) is an independent special district formed in 1965. Formation proceedings were initiated by landowners and for the purpose of transferring domestic water service responsibilities from a private mutual water company within the downtown area of the unincorporated community of Julian. Julian CSD encompasses an approximate 0.45 square mile or 289 acres jurisdictional boundary that comprises a range of commercial, residential, and public-serving land uses. Governance is provided by a five-person board with members directly elected at-large by registered voters and serve staggered four-year terms.



Julian CSD is currently organized as a limited purpose agency with municipal activities tied to providing only domestic water service. All water supplies are locally sourced through groundwater. Julian CSD is also authorized – subject to LAFCO approving latent power activations – to provide a full range of other services under the principal act, including – but not limited to – wastewater, fire and police protection, and parks and recreation. The operating budget at the term of the report period (2017-2018) was \$0.231 million. The last audited financial statements cover 2016-2017 and show the net position totaling \$1.310 million with the unrestricted portion tallying (\$0.239 million); the substantive result of the latter amount denoting reserves are entirely restricted as a result of existing commitments.

LAFCO independently estimates the fulltime resident population within Julian CSD as of the term of the report period is 315 and accommodated through 183 current housing units with close to one-fifth suspected as serving as second homes. This latter estimate suggest the resident population increases to approximately 380 during weekends and/or summer months. It is projected this estimate of fulltime residents represents an overall increase of 20 since 2010 with a resulting annual growth rate of 0.85%, which is one-tenth below the corresponding countywide rate of 0.94%. It is also projected growth will continue consistent with recent trends given there are no substantive development projects planned in Julian

CSD and result in the fulltime population reaching 329 over the next five-year period. The median household income is \$47,846 based on the current five-year period average.

2.0 BACKGROUND

2.1 Community Development

Julian CSD is part of the unincorporated community of Julian with the latter's present-day development beginning with the discovery of gold in the 1860s with additional details footnoted.¹³ The area comprising Julian CSD was one of the first parts of Julian to develop and marked by the creation of a downtown commercial district along Main Street with many of the original structures still remaining. The entire service area is listed by the State of California as a historical landmark.

2.2 Formation Proceedings

Julian CSD's formation was petitioned by landowners in 1964 to take over domestic water service responsibilities from a private mutual water company that had been operating since the 1940s. The petition filing followed a series of regulatory actions taken by the State to place a moratorium on the mutual water company's ability to add new connections due to infrastructure deficiencies and marked by inadequate supplies. The State also prohibited the mutual water company from issuing additional stock, which prohibited it from raising funds to improve the water system. These events led the mutual water company and its owners – all of whom were landowners in the area – to petition the formation proceedings and transition water service responsibilities to a public agency eligible to apply and access government subventions to make the necessary improvements. LAFCO approved the formation with voter confirmation in February 1965.

2.3 Post Formation Activities

A summary of notable activities undertaken by Julian CSD and/or affecting the District's jurisdictional boundary following its formation in 1965 is provided below.

- Julian CSD drills a new well site north of its central service area in early 1970s. The resulting "Volcan Well" assumes status as the primary groundwater producer.

¹³ An expanded overview of the development of the greater Julian region is provided in the profile section for the Julian-Cuyamaca Fire Protection District beginning on page 68 of this report.

- Julian CSD declares a moratorium on new water connections in February 1987 in response to concerns regarding the sufficiency of storage supplies for fire protection purposes. The District lifts the moratorium in August 1988.
- LAFCO performs its first formal review of Julian CSD since formation in conjunction with establishing a sphere for the District in 1988.
- Julian CSD declares a moratorium on new water connections in July 1989 due to increasing water shortages emanating from a regional drought. The District lifts the moratorium later the same year.
- The State Water Resources Control Board commences an investigation into Julian CSD's water supplies after benzene is discovered in June 1989 as part of a new testing requirement for all community systems. The State's investigation traces the cause to leaking underground fuel storage tanks in the service area affecting several wells. The owner of the fuel tanks (Chevron) agrees to fund the establishment of a carbon filter for Julian CSD and conduct regular testing going forward.¹⁴
- Julian CSD develops a new well field outside of its service area at the base of Volcan Mountain in 1994, which becomes the primary water source proceeding forward.
- Julian CSD receives its first violation notice from the State Water Resources Control Board in March 2002 for exceeding coliform traces in the water supply. More than 20 subsequent violations for a variety of containment detections are issued to Julian CSD through 2015
- Julian CSD applies and receives a \$0.250 million grant in October 2009 as part of the American Recovery and Reinvestment Act of 2009. The proceeds are used to fully fund the replacement of approximately 2,800 feet of 60+ year old transmission lines as well as install new fire hydrants throughout the service area.
- LAFCO updates and affirms Julian CSD's sphere in 2007 and 2013 with no changes.

¹⁴ Between August 31, 1989 and September 13, 1989 all Julian CSD customers were advised to use only bottle water while a new treatment system was implemented.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Julian CSD's existing boundary spans approximately 0.45 square miles in size and covers 289 unincorporated acres (parcels and public rights-of-ways) between two non-contiguous areas. The jurisdictional boundary is entirely within the land use authority of the County of San Diego and subject to the Julian Community Plan. The jurisdictional boundary is anchored by downtown Julian and includes a mix of commercial, public, and residential uses. Overall there are 209 registered voters currently within the jurisdictional boundary.

Julian CSD's jurisdictional boundary spans 289 acres. The current density ratio is 0.9 residents per acre.

Total assessed value (land and structure) within Julian CSD is set at \$50.797 million as of December 2018 and translates to a per acre value ratio of \$0.175 million. The former amount – \$50.797 million – further represents a per capita value of \$0.161 million based on the estimated service population of 315. Julian CSD receives 0.000697% of the 1.0% in property taxes collected.

Current assessed value in Julian CSD is \$50.797 million and produces an annual property tax base of \$0.508 million. Less than 0.001% of the property tax revenue is allocated to Julian CSD.

The jurisdictional boundary is currently divided into 293 legal parcels and spans 254 acres. (The remaining jurisdictional acreage consists of public right-of-ways.) Close to nine-tenths – or 88% – of the parcel acreage is under private ownership with three-fourths having already

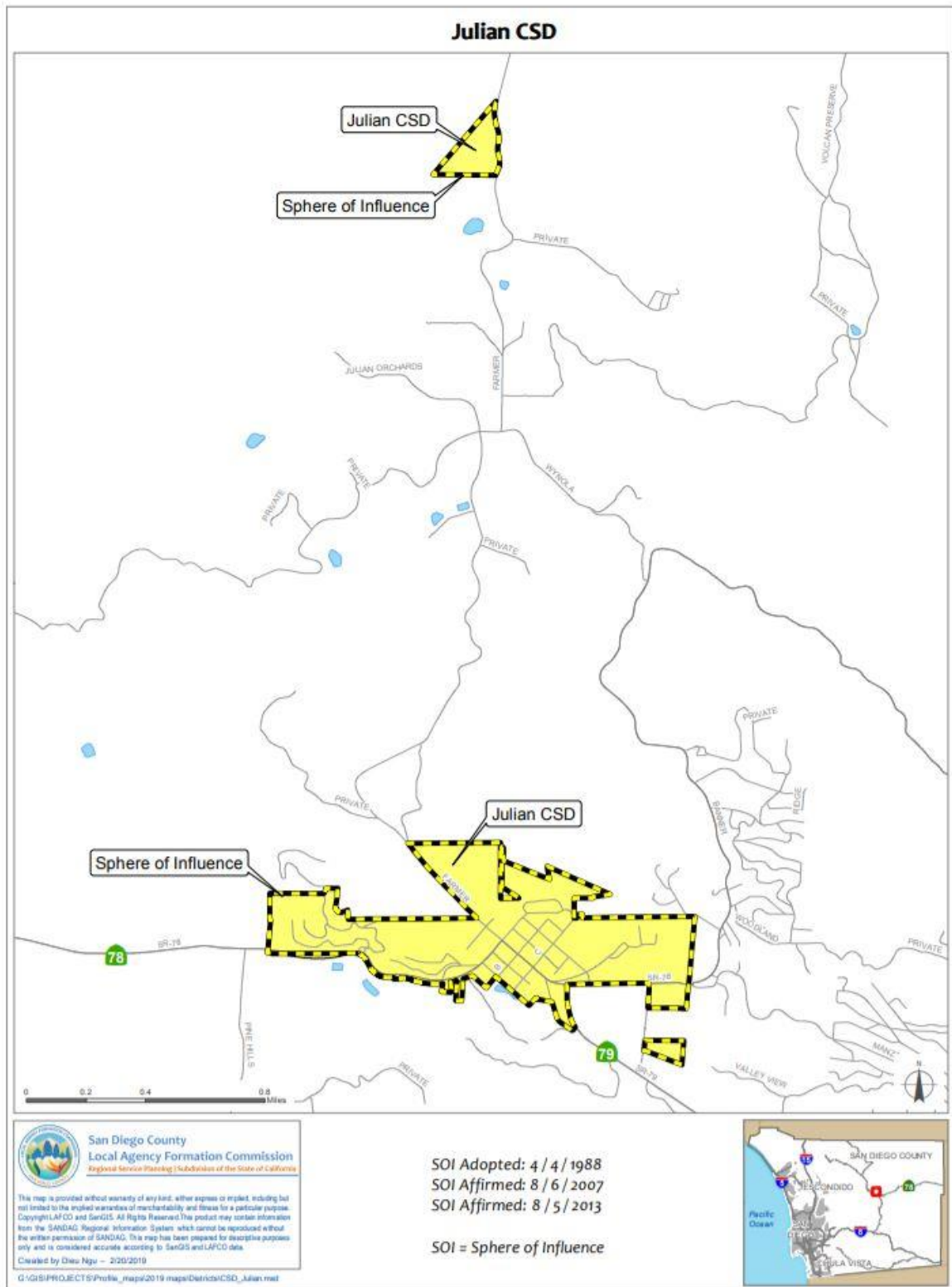
Close to 90% of the jurisdictional boundary is under private ownership with 95 parcels totaling 37 acres remaining undeveloped.

been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remainder of private acreage is undeveloped and consists of 95 vacant parcels that collectively total 37 acres. All lands within and immediately adjacent to the jurisdictional boundary qualify as a disadvantaged unincorporated community.

3.2 Sphere of Influence

Julian CSD's sphere was established by LAFCO in 1988 and last reviewed and updated in 2013. The sphere is completely coterminous with Julian CSD's jurisdictional boundary and reflects an existing Commission expectation no boundary changes or outside service extensions are anticipated in the immediate future

3.3 Current Boundary and Sphere Map



4.0 DEMOGRAPHICS

4.1 Population and Housing

Julian CSD’s total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 315 as of the term of the five-year report period. This amount represents 0.009% of the countywide total. It is also estimated the resident population has risen overall by 6.8% from 295 in 2010 and the last census reset. This amount translates to an annual change of 0.85%, which is one-tenth below the countywide rate of 0.94%. It is projected the current growth rate will continue into the near-term and result in the population increasing to 329 by 2023.

It is estimated there are 315 current fulltime residents within Julian CSD. It is also projected the resident population will increase consistent with recent trends – or 0.85% annually – and reach 329 by 2023.

Julian CSD | Resident Population

Table 4.1a (Source: Esri | LAFCO)

Category	2010	2018	2023	Annual Change %
Julian CSD	295	315	329	0.85%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are presently 183 residential housing units within Julian CSD. This amount represents an overall increase of 11 units since 2010 and translates to an average production rate of 1.4 new housing units per year. Further, 55% of the current housing unit total are owner-occupied, 25% are renter-occupied, and the remaining 20% are vacant with a sizeable portion suspected to serve as second homes. The average household size is 2.3 and has increased 3.5% over the preceding five-year period. The mean monthly housing cost has slightly decreased by (1.27%) from \$1,134 to \$1,120 based on the most recent five-year period averages, and is below the countywide cost of \$1,578.

Housing production in Julian CSD current totals 183 dwelling units. This includes the addition of 11 units – or 1.4 per year – since 2010. The average monthly housing cost in Julian CSD is \$1,120, and close to one-third lower than the countywide average.

Julian CSD | Housing Characteristics

Table 4.1b (Source: Esri | LAFCO)

Factor	Julian CSD	San Diego County
2010 Housing Units	172	1,164,766
2018 Housing Units	183	1,236,184
... Change	11	71,418
2010 Household Size	2.25	2.79
2018 Household Size	2.33	2.87
... Change	3.53%	2.87%
Current Monthly Housing Cost	\$1,120	\$1,578
Current Vacancy Rate	20.2%	5.4%

4.2 Age Distribution

The median age of residents in Julian CSD is 48.4 based on the current five-year period average. This amount shows the population is getting younger with the median age experiencing an overall decrease of (6.5%) from 51.8 over the preceding five-year period average. The current median age in Julian CSD remains significantly higher – or older – than the countywide average of 34.6. Residents in the prime working age group defined as ages 25 to 64 make up less than half of the total population at 46.8% and parallels the countywide average of 47.0%. This former amount also has decreased in Julian CSD by (16.9%) over the preceding five-year period.

Residents within Julian CSD tend to be older with a medium age of 48.4; an amount that is more than one-third higher than the countywide average of 35.3. Also the majority – 53.2% - of the residents are aged outside the prime working group of 25-64.

Julian CSD Median Age			
Table 4.2a (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
Julian CSD	51.8	48.4	(6.5%)
San Diego County	34.6	35.3	2.0%

Julian CSD Prime Working Age, 25-64			
Table 4.2b (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
Julian CSD	56.3%	46.8%	(16.9%)
San Diego County	53.4%	47.0%	(11.9%)

4.3 Income Characteristics

The median household income in Julian CSD is \$47,846 based on the current five-year period average. This amount shows fulltime residents are receiving less pay with the median income experiencing an overall decrease of (26.6%) from the preceding five-year period average of \$65,210. The current median household income in Julian CSD is also much lower in comparison to the current countywide median of \$66,259.

Julian CSD residents' average median household income has experienced a sharp decrease in recent years and is currently \$47,846. This amount is more than one-third less than the average countywide median income of \$66,259.

Separately, the current average rate of persons that are living below the poverty level in Julian CSD is 10.5% and lower than the countywide rate of 14.0%. However, this gap is closing with the poverty rate in Julian CSD rising by 36.0% over the last five-year period and more than five times the corresponding change countywide.

Julian CSD Median Household Income			
Table 4.3a (Source: American Community Survey LAFCO)			
Category	2007-2011		Change %
	5-Year Average		
Julian CSD	\$65,210	\$47,846	(27.7%)
San Diego County	\$63,857	\$66,529	4.2%

Julian CSD Poverty Rate			
Table 4.3b (Source: American Community Survey LAFCO)			
Category	2007-2011		Change %
	5-Year Average		
Julian CSD	7.74%	10.53%	36.0%
San Diego County	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Approximately 32% of Julian CSD residents that are age 25 and older hold bachelor degrees or higher based on the current five-year period average. This is an increase of 3.5% from the preceding five-year average period and nears the countywide average of 36.5%. Separately, the unemployment rate is 2.8% and marks a one-third decrease from 4.3% from the earlier five-year average and is lower than the countywide average of 4.9%. The non-English speaking population has grown in Julian CSD from 1.7% to 8.3%; a three-fold increase. Nearly one-third or 31.8% of the population collects retirement.

Unemployment levels within Julian CSD have decreased in recent years with the current five-year average totaling 2.8%. This amount is more than one-half lower than the current countywide average. Separately, Julian CSD has experienced a significant rise in non-English speaking residents by more than three-fold since 2010.

Julian CSD Residents with Bachelor Degrees			
Table 4.4a (Source: American Community Survey LAFCO)			
Category	2007-2011		Change %
	5-Year Average		
Julian CSD	31.6%	32.7%	3.51%
San Diego County	34.2%	36.5%	6.73%

Julian CSD Non English Speaking			
Table 4.4b (Source: American Community Survey LAFCO)			
Category	2007-2011		Change %
	5-Year Average		
Julian CSD	1.71%	8.33%	386.78%
San Diego County	16.1%	15.0%	(6.83%)

5.0 ORGANIZATION

5.1 Governance

Julian CSD’s governance authority is established under the Community Services District Law (Government Code §61000-61850). This principal act empowers Julian CSD to provide a full range of municipal services upon approval by LAFCO with the notable exception of direct land use control. As of date, Julian CSD is authorized to provide one municipal service: domestic water. All other powers enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO at a noticed public hearing before Julian CSD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing an active service, Julian CSD would also need to seek LAFCO approval at a noticed public hearing. A list comparing Julian CSD’s active and latent powers follows.

Active Service Powers

Water (Domestic Only)

Latent Service Powers

Fire Protection
Road, Bridge, and Curb
Park and Recreation
Police Protection
Street Lighting
Street Landscaping
Street Cleaning
Wastewater
Reclamation
Solid Waste
Vector Control
Animal Control
Broadband Facilities
Television and Radio Facilities
Library
Weed and Rubbish Abatement
Hydroelectric
Security
Cemetery
Finance Area Planning Commissions
Finance Municipal Advisory Councils
Mailbox Services

Julian CSD has been governed since its formation in 1965 as an independent special district with registered voters comprising a five-member governing board. Members are either elected or appointed in lieu of a consented election to staggered four-year terms with a rotating president system. The Board regularly meets on the third Tuesday each month at 2645 Farmers Road in Julian. A current listing of Julian CSD Board of Directors along with respective backgrounds and years served with the District follows.

Julian CSD Current Board Roster			
Table 5.1a (Source: Julian CSD)			
Member	Position	Background	Years on Board
William (Bill) H. Porter Jr.	President	n/a	n/a
Scott A. Arter	Treasurer	n/a	n/a
Herbert J. Ackermann	Director	n/a	n/a
Kristine Greenlee	Director	n/a	n/a
Roberta (Bobbi) Zane	Director	n/a	n/a

5.2 Administration

Section pending.

6.0 MUNICIPAL SERVICES

Julian CSD provides one municipal service: domestic water. A summary analysis of this service follows with respect to capacities, demands, and performance.

6.1 Domestic Water Service

Julian CSD’s domestic water services commenced at the time of its formation in 1965 and involved assuming ownership and operation of facilities previously held by a prior private mutual water company.¹⁵ The water system currently includes 215 metered connections and divided between residential (142), commercial (70), and agriculture (3) within a single zone.¹⁶

¹⁵ The water system was immediately expanded following Julian CSD’s formation to remedy supply shortages that had previously resulted in the State issuing a moratorium on new connections. The moratorium was subsequently lifted and the water system remained relatively unchanged for the next several decades. Notable infrastructure improvements began in the 1990s with the establishment of a treatment system funded by the Chevron Company and followed in the 2010s with the replacement of nearly 2,800 feet of the distribution system through a grant award from the American Recovery and Reinvestment Act.

¹⁶ Connection information reflects data on file with the State Water Quality Control Board – Drinking Water Division.

Service Capacities

Julian CSD’s domestic water supplies are all locally sourced and drawn from four active groundwater wells that lie within the northern quarter of the San Diego River Watershed and divided between two sites: Volcan Mountain and Jess Martin Park. Pumping rates at the well sites collectively provide Julian CSD with an estimated maximum daily raw water supply of 0.360 million gallons or 1.10 acre-feet. If operated continually these amounts would translate to an annual raw water supply of 131.140 million gallons or 403.2 acre-feet under maximum conditions. No formal analysis has been performed to quantify the reliability of the raw water sources during different hydrological periods.

Julian CSD Raw Water Supplies			
Table 6.1a (Source: Julian CSD LAFCO)			
Source	Maximum Minute Capacity	Maximum Daily Capacity	Maximum Annual Capacity
Groundwater	250 gallons	0.360 million gallons or 1.10 acre feet	131.140 million gallons or 403.2 acre feet

Capacity Amounts Reflect Existing Pumping Rates

All raw water supplies generated from the local groundwater sources are filtered by Julian CSD at a treatment facility located off of Farmer Road to remove iron and manganese. The daily treatment capacity is 0.125 million gallons or 0.38 acre-feet. Booster pumps convey treated water to two storage tanks located at the height of the single pressure zone with a combined capacity of 0.440 million gallons or 1.4 acre-feet. The tanks collectively provide pressure throughout the distribution system with an automated signal to activate pumps from the treatment facility as needed.

Julian CSD Treatment Facility		
Table 6.1b (Source: Julian CSD LAFCO)		
Name	Targeted Containments	Daily Treatment Capacity
Julian WTP	Iron and Manganese	0.125 million gallons or 0.38 acre-feet

Julian CSD Treated Water Storage			
Table 6.1c (Source: Julian CSD LAFCO)			
Name	Constructed Year	Pressure Zone	Capacity
Tank No. 1	n/a	Julian	0.220 million gallons
Tank No. 2	n/a	Julian	0.220 million gallons
Total			0.440 million gallons or 1.35 acre-feet

Service Demands

Julian CSD’s average annual water demand production over the five-year report period has been 16.797 million gallons or 51.5 acre feet. The most recent year-end amount showed total demand at 17.677 million gallons or 54.2 acre-feet and represents an average daily water demand of 48,430 gallons or 0.15 acre-feet. This latter amount is further broken down into equivalents of 225 gallons per day for every service connection and 154 gallons for every estimated fulltime resident. The average peak-day demand – the highest one-day sum in a given year – over the report period has been 83,200 gallons or 0.26 acre-feet. This latter amount produces an average peaking factor of 1.82 and shows high-demand periods increase water usage in Julian CSD by four-fifths.

With respect to trends, Julian CSD has experienced an overall increase of 7.3% in water demands – or 1.5% annually – over the five-year report period. The overall increase in water demands during the corresponding 60-month period exceeds the estimated sum change in population of 4.25% and suggests residents have intensified their water usage. This latter comment is further illustrated in daily per fulltime resident use increasing from 148 gallons to 154 gallons, a difference of 4.1%.

Julian CSD daily water demands as measured by per fulltime resident use has increased by 4.1% over the five-year report period from 148 gallons to 154 gallons. This contrasts with the growth rate of 4.25% during the report period and suggests residents are intensifying their water uses

Julian CSD Water Demands							
Table 6.1d (Source: Julian CSD and LAFCO)							
Category	2014	2015	2016	2017	2018	Average	Trend
Annual Total	16.474 mg or 50.55 af	15.391 mg or 47.22 af	17.138 mg or 52.58 af	17.033 mg or 52.26 af	17.677 mg or 54.24 af	16.797 mg or 51.54 af	7.30%
Average Day Total	45,135 g	42,169 g	46,952 g	46,666 g	48,430 g	46,020 g	7.30%
... Per Resident	148 g	137 g	151 g	149 g	154 g	151 g	4.1%
Peak Day Total	86,300 g	88,100 g	90,900 g	75,700 g	75,000 g	83,200 g	(13.1%)
... Peaking Factor	1.91	2.09	1.94	1.62	1.55	1.82	(18.8%)

mg = million gallons
af = acre feet

Service Performance

Julian CSD’s domestic water system is currently operating with sufficient and excess capacity in supply and storage with respect to accommodating existing demands based on usage generated during the five-year report period. It is also believed – but not documented in this report – Julian CSD’s treatment capacity sufficiently accommodates existing demands. Supply, treatment, and storage capacities are similarly expected to accommodate anticipated demands over the next five-year period. A prominent

variable, however, remains and it involves the resiliency of Julian CSD's raw water supplies during different hydrological periods.

The following statements summarize and quantify existing and projected relationships between Julian CSD's capacities and demands now and going forward to 2023. This includes referencing California's Waterworks Standards (Title 22 of the Code of Regulations) and its requirements all public community water systems have sufficient source, treatment, and storage capacities to meet peak day demand system-wide and within individual zones. It also addresses water quality and rates.

Water Supplies:

- Average annual water production demands generated over the five-year report period for the entire distribution system represents 12.8% of Julian CSD's accessible maximum raw supply. Assuming current trends continue this ratio will increase to 14.3% by 2023.
- It is assumed for planning purposes in this report the average annual water production demands generated over the five-year report period for the entire distribution system would represent 49.2% of Julian CSD's projected accessible raw supply under single-dry year conditions as footnoted.¹⁷ Assuming current trends continue this ratio will increase to 55.7% by 2023.
- Average peak-day water production demands generated over the five-year report period represent 23.1% of the new daily raw water supply available to Julian CSD under normal conditions. Assuming current trends continue the peak-day demand relative to available raw water supply will decrease to 18.1% by 2023.

Water Treatment:

- Average peak-day water projection demands generated over the five-year report period for the entire distribution system represents 66.6% of Julian CSD's existing daily treatment capacity. Assuming current trends continue this ratio will decrease to 52.5% by 2023.

¹⁷ In the absence of a site-specific assessment LAFCO is referencing the State Water Project Delivery Report (2013) and its use of the 1976-1977 drought as a baseline year to project single-dry year conditions and the reduction therein in water supplies by 74% relative to normal/maximum conditions. Under this projection Julian CSD's available raw water supply is reduced from 403.2 to 104.8 acre-feet.

Water Storage:

- Average peak-day water projection demands generated over the five-year report period for the entire distribution system represents 18.9% of Julian CSD's existing total potable storage capacity. Assuming current trends continue this ratio will decrease to 14.8% by 2023.
- Julian CSD's potable storage capacity can accommodate up to 5.3 consecutive days of average peak-day demands generated over the five-year report period for the entire distribution system without recharge. Assuming current trends continue this ratio will increase to 6.8 by 2023.

Water Quality:

- A review of the records maintained by the State Water Quality Control Board shows 24 violations for drinking water standards have been issued to Julian CSD since 2000. The last series of violations were issued in October 2015 and categorized as major and involve a positive test of exceeding levels of nitrates.
- Julian CSD's most recent water quality report was issued in July 2018 and shows the results of self-monitoring conducted during 2017 or earlier as applicable. The report is divided into testing for both primary and secondary contaminants as prescribed by the State. No excessive primary or secondary contaminants were identified.

Water Rates

- Julian CSD charges two distinct fees for water service: (a) standby and (b) user. The fees were last updated in 2016 and collectively produce an equivalent monthly residential charge of \$106.00 based on the usage of 250 gallons per day.

7.0 FINANCES

7.1 Financial Statements

Julian CSD contracts with an outside accounting consultant (Douglas R. Ashbrook) to prepare an annual report to review the District’s financial statements in accordance 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 Julian CSD’s short and long-term fiscal health with specific focus on sustaining its single service function: domestic water.

Julian CSD’s most recent financial statements for the five-year report period were issued for 2016-2017.¹⁸ These statements show Julian CSD experienced a modest negative change over the prior fiscal year as its overall net position (regular accrual basis) decreased by (3.4%)

Most Recent Year-Ending Financial Statements	
Assets	\$1,728,168
Liabilities	\$417,973
Deferred Outflow/Inflow	\$0
Net Position	\$1,310,195

from \$1.356 million to \$1.310 million and primarily attributed to an increase in liabilities. The accompanying auditor’s report did not identify an weaknesses or related accounting concerns. A summary of year-end totals and related trends drawn from audited statements during the report period regarding assets, liabilities, and net position follows.

Agency Assets

Julian CSD’s audited assets at the end of 2016-2017 totaled \$1.728 million and is (2.4%) lower than the average year-end amount of \$1.769 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented less than one-tenth of the total amount – or \$0.104 million – and primarily tied to cash and investments. Assets classified as non-current make up the remaining nine-tenths plus of the total – or \$1.624 million – with 47.0% of this amount being tied to four well sites. Overall assets for Julian CSD have decreased by (5.4%) over the corresponding 48-month period.

Julian CSD’s Assets							
Table 7.1a Source Julian CSD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	177,140	168,827	109,011	104,241	n/a	(41.2%)	139,805
Non-Current	1,650,596	1,595,735	1,647,977	1,623,927	n/a	(1.6%)	1,629,559
	\$1,827,736	\$1,764,562	\$1,756,988	\$1,728,168	n/a	(5.4%)	\$1,769,364

¹⁸ The audit for 2017-2018 was issued by Douglas R. Ashbrook on November 28, 2017.

Liabilities

Julian CSD’s audited liabilities at the end of 2016-2017 totaled \$0.418 million and is 8.2% higher than the average year-end amount of \$0.386 million documented during the five-year report period. Liabilities classified as current and representing obligations owed in the near-term accounted for slightly more than one-tenth of the amount and tied to accounts payable, including debt payments tied to two loans with the California Department of Water Resources.¹⁹ Overall liabilities for Julian CSD have increased by 11.2% over the corresponding 48-month period.

Julian CSD’s Liabilities							
Table 7.1b Source Julian CSD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	39,750	39,710	44,479	52,338	n/a	31.7%	44,069
Non-Current	336,165	310,156	356,688	365,635	n/a	8.8%	342,161
	\$375,914	\$349,866	\$401,167	\$417,973	n/a	11.2%	386,230

Net Position

Julian CSD’s audited net position or equity at the end of 2016-2017 totaled \$1.310 million and represents the difference between the District’s total assets and total liabilities. This most recent year-end amount is (5.3%) lower than the average year-end sum of \$1.383 million documented during the five-year report period. The positive portion of the net position is entirely tied to capital assets and/or legally restricted. The unrestricted portion of the balance ended the report period at (\$0.240 million). Overall the net position has decreased by (9.8%) over the corresponding 48-month period.

Julian CSD’s net position has decreased during the report period with an overall change of (9.8%) from \$1.452 million to \$1.310 million.

Julian CSD’s Net Position							
Table 7.1c Source Julian CSD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Invested in Capital	1,041,993	1,041,933	1,041,993	1,041,993	n/a	0.0%	1,041,978
Restricted	484,822	489,605	499,025	507,931	n/a	4.8%	495,346
Unrestricted	(74,993)	(116,902)	(185,197)	(239,729)	n/a	219.7%	(154,205)
	\$1,451,822	\$1,414,636	\$1,355,821	\$1,310,195	n/a	(9.8%)	1,383,119


Julian CSD maintains one general fund underlying the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled (\$0.239 million).

¹⁹ As of June 30, 2017, the outstanding payment balance for the two loans with the State of California totals \$283,182.


7.2 Measurements | Liquidity, Capital, and Margin

A review of the audited financial statement issuances by Julian CSD covering the five-year report period shows the District has experienced negative financial changes in all three measurement categories – liquidity, capital, and margin – utilized in this review. Liquidity levels have experienced the largest change with the current ratio decreasing from 4.5 to 2.0 and representing an overall decrease of (55.3%) and leaving Julian CSD with \$2.00 in available cash for every \$1.00 in pending and due debts. Days’ cash also decreased by (48.5%) and leaving Julian CSD with available funds to cover 141 days of normal business operations. Available capital also decreased with the debt ratio increasing by 17.6% from 21% to 24% with the latter representing the portion of net assets subject to external financing. The total margin also finished each year in a deficit with an overall average of (23.2%). A summary of ear-end liquidity, capital, margin, and management structure ratios follow.


Julian CSD: Financial Measurements							
Table 7.2a Source LAFCO							
Fiscal Year	Current Ratio	Days’ Cash	Debt Ratio	Total Margin	Operating Margin	Equipment Replacement	Savings Ratio
2013-2014	4.5	325	21%	(22.6%)	(22.6%)	23	(18.4)
2014-2015	4.3	295	20%	(0.1%)	(0.1%)	24	(0.1)
2015-2016	2.5	155	23%	(12.2%)	(12.2%)	25	(10.8)
2016-2017	2.0	145	24%	(3.2%)	(3.2%)	24	(3.1)
2017-2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average	3.3	230	22%	(9.5%)	(9.5%)	24	(0.1)
Trend	(55.3%)	(55%)	17.6%	(86.1%)	(86.1%)	5.3%	(83.4%)




Liquidity



Capital



Margin



Management

7.3 Pension Obligations

Julian CSD does not have any recorded pension obligations.

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D. JULIAN-CUYAMACA FIRE PROTECTION DISTRICT

1.0 OVERVIEW

The Julian-Cuyamaca Fire Protection District (JCFPD) is an independent special district formed in 1983. Formation proceedings were initiated by landowners for purposes of formalizing and merging services volunteer services within the unincorporated community of Julian. JCFPD encompasses an approximate 81.2 square mile or 52,148 acre jurisdictional boundary with land uses ranging from agriculture to residential paired with commercial in downtown Julian. Governance is provided by a five-person board whose members are directly elected at-large by registered voters and serve staggered four- year terms.



JCFPD is organized as a limited purpose agency with municipal operations activities tied to providing three distinct services: (a) structural fire protection; (b) emergency medical; and (c) ambulance with the latter dependent on a contract with the County of San Diego. It is also authorized – subject to LAFCO approving latent power expansions – to provide hazardous material transport/disposal and weed and rubbish abatement. The operating budget at the term of the report period (2017-2018) was \$0.563 million. The last audited financial statements cover 2017-2018 and show the net position totaling \$3.300 million with the unrestricted portion tallying \$0.798 million. This latter amount represents the equivalent of covering seven months of recent agency-wide operating expenses.

LAFCO independently estimates the fulltime resident service population within JCFPD is 3,550 as of the term of this report period and accommodated through 2,122 current housing units with close to one-fourth serving as second homes. This latter estimate suggests the resident population increases to approximately 3,877 during weekends and/or summer months. It is projected this estimate represents an overall increase of 327 fulltime residents since 2010 with a resulting annual growth rate of 0.85%, which contrasts with the corresponding countywide change of 0.94%. It is also projected growth will continue consistent with recent trends given there are no substantive development projects planned in Julian and result in the fulltime population reaching 3,708 over the next five-year period to 2023. The median household income is \$61,312 based on current five-year period averages.

2.0 BACKGROUND

2.1 Community Development

JCFPD’s present-day service area began its development as a mining settlement with the discovery of gold in the 1860s. The community of Julian subsequently emerged in the early 1870s and named after one of its earliest homesteaders, Mike Julian. Within a few years of the first mine opening the population of Julian reached approximately 1,500 with commercial development along Main Street taking form and highlighted by opening of hotels, boarding houses, and a general store. The community of Cuyamaca – which means “behind the clouds” to the indigenous Native Kumeyaay Americans – similarly, albeit at a lesser scale, began to develop during the 1870s with a peak population of 500 before all but disappearing by the end of the century in conjunction with the closure of the gold mines. (Cuyamaca would later reemerge as a semi-rural residential community paired with the creation of the Cuyamaca Rancho State Park in 1933.) Julian weathered the closure of the gold mines by transitioning the local economy towards agriculture and helped to stabilize the population at an estimated census count of 790 in 1900. Apple tree plantings proved particularly successful and became the focal point of Julian’s economy and marked by the establishment of an annual “apple day” parade in 1909. It was during this time local organized fire protection services began throughout the unincorporated areas of San Diego County following the Laguna Fire and with support from the County led to the establishment of the all-volunteer Julian and Lake Cuyamaca Fire Companies in the early 1970s.²⁰

2.2 Formation Proceedings

JCFPD’s formation was petitioned by landowners in 1981 to formally combine the Julian and Lake Cuyamaca Fire Companies for the explicit purposes of securing dedicated public funding to support fire and emergency medical services in the community. The proceedings, notably, were precipitated by the County of San Diego deciding in 1982 to begin drawing-down all financial support (subsidies, grants, insurance coverage, etc.) for volunteer fire companies in San Diego County and the expectation therein they would either

²⁰ Beginning in the 1920s and through the early 1970s, County of San Diego contracted with the California Department of Forestry (CDF) to retain CDF presence in the unincorporated area during the non-fire season. In 1973, the CDF contract was expanded with increased costs to provide structural fire protection to development outside of fire protection districts. Within a year, the County concluded that the contract was too costly and moved to phase-out support for fire protection by the end of the 1970s. Unincorporated communities were encouraged to seek structural fire protection by annexing to cities or existing fire protection districts or by organizing volunteer fire companies. By 1980, over 90 square miles of unincorporated territory had undergone annexation and the number of volunteer companies grew from 5 to 35 – Including in Julian and Lake Cuyamaca.

annex or form their own special districts. The County also incentivized the transition by agreeing to allocate a portion of base property taxes to volunteer companies that reorganized into public agencies. LAFCO approved the formation with a sphere and subsequent voter confirmation in March 1983.

2.3 Post Formation Activities

A summary of notable activities undertaken by JCFPD and/or affecting the District's service area following formation in 1983 is provided below.

- JCFPD transitions from an all-volunteer to combination paid/volunteer agency with the hiring of a fulltime chief in 1999.
- LAFCO approves the reorganization of County Service Area (CSA) No. 135 with expanded powers to provide fire protection and emergency medical services in 2008 and includes lands immediately adjacent to JCFPD.
- LAFCO updates and affirms with no changes JCFPD's sphere in 2005 and in 2007.
- JCFPD voters approve \$50 annual special parcel tax in 2006 to fund new fire station to serve the Julian service area. JCFPD concurrently receives 6.4 acres of land from the Frances H. Mosler Trust at 3407 Highway 79 to construct the new fire station.
- County of San Diego commences an annual \$60,000 subsidy in 2015 to help support JCFPD operations. The subsidy ends in 2018.
- County awards an exclusive operating contract with JCFPD in 2014 to provide ambulance transport services for the greater Julian region. County also agrees to assign a paramedic fire engine to help support JCFPD operations beginning in 2015.
- JCFPD completes construction on a new fire station (Station No. 56) to serve the Julian service area in 2017
- JCFPD files application for reorganization with LAFCO in April 2018 to dissolve and designate CSA No. 135 as the successor agency subject to certain term.

- LAFCO approves the reorganization to dissolve JCFPD and concurrently expand CSA No. 135's authority to assume fire protection and emergency medical services subject to protest proceedings in September 2018. LAFCO certifies the results the subsequent protest proceedings in December 2018 and through the County calls a special election for voters to confirm the reorganization. A special election by mail-ballot is subsequently scheduled for March 19, 2019.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

JCFPD's existing boundary spans approximately 81 square miles in size and covers 52,148 unincorporated acres (parcels and public rights-of-ways) within one contiguous area. The jurisdictional boundary is entirely within the land use authority

JCFPD's jurisdictional boundary spans 52,148 acres. The current density ratio is 14.7 fulltime residents per acre.

of the County of San Diego and bisected by two community planning areas: Julian to the north and Cuyamaca to the south. The northern portion of the jurisdictional boundary is anchored by the community of Julian and includes a mix of local and tourist-serving retail and commercial uses as well as public facilities. The southern half of the jurisdictional boundary makes up the Cuyamaca portion and is more rural with agrarian uses ranging from orchards to vineyards along with the Cuyamaca Rancho State Park.

Total assessed value (land and structure) within JCFPD is set at \$736.879 million as of December 2018 and translates to a per acre value ratio of \$0.014 million. The former amount further represents a per capita value of \$0.207 million based on the estimated service population of 3,550. JCFPD's set allocation of property tax proceeds – i.e., its share of the 1% collected on all assessor parcels under Proposition 13 – is **%.

Current assessed value in JCFPD is \$736.879 million and produces an annual property tax base of \$7.369 million.

The jurisdictional boundary is currently divided into 4,812 legal parcels and spans 51,479 acres. (The remaining jurisdictional acreage consists of public right-of-ways.) Close to one-half – or 48% – of the parcel acreage is under private ownership with almost three-fifths having already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning.

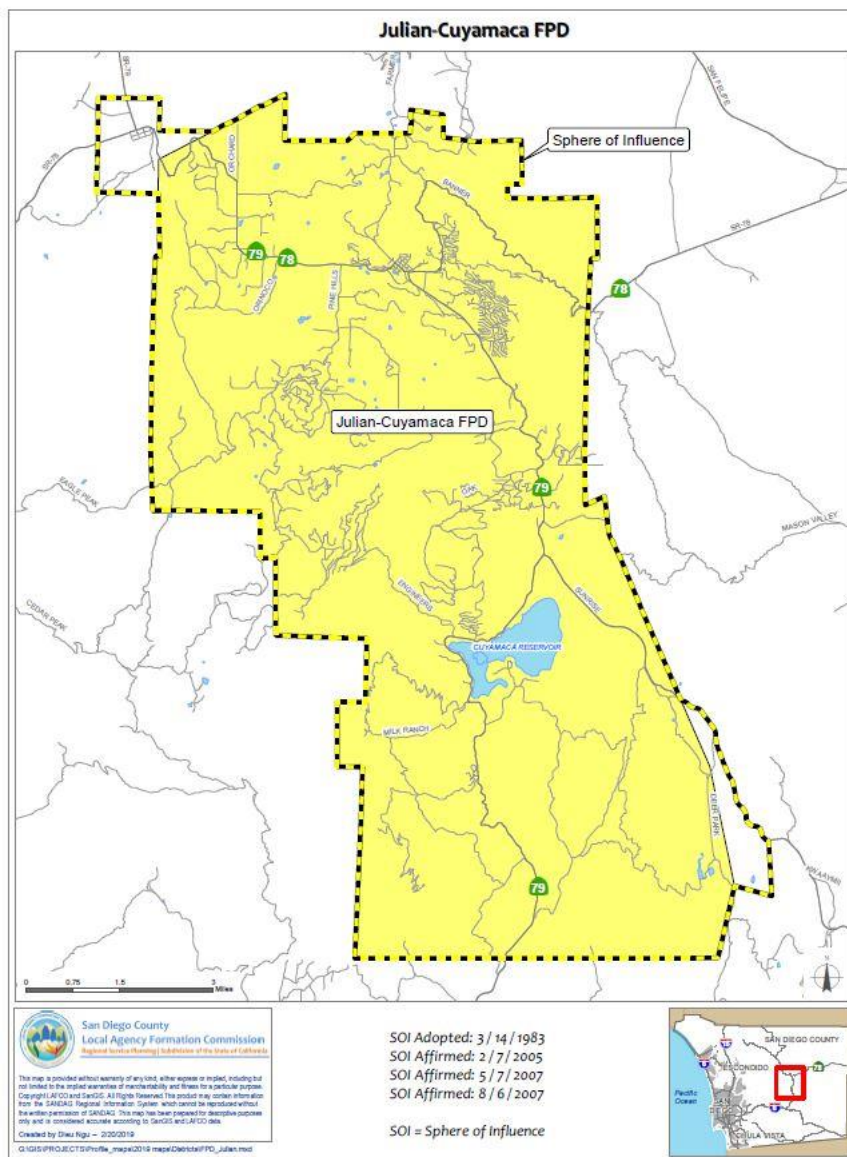
Close to 50% of the jurisdictional boundary is under private ownership with 2,433 parcels totaling 11,069 acres remaining undeveloped.

The remainder of private acreage is undeveloped and consists of 2,433 vacant parcels that collectively total 11,069 acres. Approximately three-fifths of the jurisdictional boundary

comprising the northern half of JCFPD and their adjacent lands qualify as a disadvantaged unincorporated community.

3.2 Sphere of Influence

JCFDP sphere was established by LAFCO in 1983 and last reviewed and updated in 2007. The sphere is nearly identical to the JCFPD jurisdictional boundary with the exception of including two distinct non-jurisdictional areas totaling 1,899 acres with the largest portion tied to the Santa Ysabel area at the intersection of State Highways 78 and 79. No part of the jurisdictional boundary lies outside the sphere.



4.0 DEMOGRAPHICS

4.1 Population and Housing

JCFPD’s total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 3,550 as of the term of the report period. This amount represents 0.11% of the countywide total. It is also estimated the fulltime resident population has expanded overall by 6.8% from 3,323 in 2010 and the last census reset; the net change of 327. The resulting annual growth rate is 0.85%, which falls below the countywide growth rate of 0.94%. It is projected the current growth rate will continue into the near-term and result in the fulltime population increasing to 3,708 by 2023.

It is estimated there are 3,550 current fulltime residents within JCFPD. It is also projected the fulltime population will increase consistent with recent trends – or 0.85% annually – and reach 3,708 by 2023.

JCFPD Resident Population				
Table 4.1a (Source: Esri LAFCO)				
Category	2010	2018	2023	Annual Change %
JCFPD	3,323	3,550	3,708	0.85%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are presently 2,122 residential dwelling units within JCFPD. This amount represents an overall increase of 80 units since 2010 and translates to an average production rate of 10 new housing units per year. Further, 55% of the current housing unit total are owner-occupied while 15% are renter-occupied, and the remaining 27% are vacant with a sizable portion suspected to serve as second homes. The average household size is 2.55 and has increased 17.5% over the preceding five-year period. The mean monthly housing costs in JCFPD have increased by 4.9% from \$1,126 to \$1,180 based on the most recent five-year period averages and falls below the countywide rate of \$1,578.

Housing production in JCFPD currently totals 2,122 dwelling units. This includes the addition of 80 units – or 10 per year – since 2010. The average monthly housing cost in JCFPD is \$1,180, and close to one-fourth lower than the countywide average.

JCFPD Housing Characteristics		
Table 4.1b (Source: Esri LAFCO)		
Factor	JCFPD	San Diego County
2010 Housing Units	2,042	1,164,766
2018 Housing Units	2,122	1,236,184
... Change	80	71,418
2010 Household Size	2.17	2.79
2018 Household Size	2.55	2.87
... Change	17.5%	2.87%
Current Monthly Housing Cost	\$1,180	\$1,578
Current Vacancy Rate	27%	5.4%

4.2 Age Distribution

The median age of residents in JCFPD is 46.3 based on the current five-year period average. This amount shows the population is getting younger with the median age experiencing an overall decrease of (9.5%) from 51.2 over the preceding five-year period average. The current median age in JCFPD, nonetheless, remains

Residents in JCFPD tend to be older with a medium age of 46.3; an amount one-third higher than the countywide rate of 35.3. The number of residents outside the prime working age has increased and is now approaching one-half or 49.5% of the total.

nearly one-fourth higher than the countywide average of 35.3. Residents in the prime working age group defined as ages 25 to 64 has shrunk by (16.9%) over the preceding five-year period from 56.3% to 50.5% and closer to the countywide rate of 47.0%

JCFPD Median Age			
Table 4.2a (Source: American Community Survey LAFCO)			
Category	2007-2011		Change %
	5-Year Average		
JCFPD	51.2	46.3	(9.5%)
San Diego County	34.6	35.3	2.0%

JCFPD Prime Working Age, 25-64			
Table 4.2b (Source: American Community Survey LAFCO)			
Category	2007-2011		Change %
	5-Year Average		
JCFPD	56.6%	46.8%	(16.9%)
San Diego County	53.4%	47.0%	(11.9%)

4.3 Income Characteristics

The median household income in JCFPD is \$61,312 based on the current five-year period average. This amount shows fulltime residents are receiving more pay with the median income experiencing an overall increase 4.1% from the preceding five-year period average of \$58,917 and now closer to the countywide rate of \$66,259. The current average rate of persons living below the poverty level in JCFPD is 10.2% and one-third lower than the countywide rate of 14.0%. However, the poverty rate in JCFPD has also increased over the preceding five-year period by nearly one-fifth.

JCFPD's median household income has experienced a moderate increase in recent years and is currently \$61,312; an amount that draws closer to the countywide rate of \$66,259. Poverty levels remain below countywide levels at 10.2%, but have also increased by almost one-fifth over the preceding five-year period.

JCFPD Median Household Income			
Table 4.3a (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
JCFPD	\$58,917	\$61,312	4.1%
San Diego County	\$63,857	\$66,529	4.2%

JCFPD Poverty Rate			
Table 4.3b (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
JCFPD	8.8%	10.2%	16.8%
San Diego County	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Approximately 28.9% of residents age 25 and older in JCFPD hold bachelor degrees or higher based on the current five-year period average. This is an increase of 4.1% from and the preceding five-average period, but still below the countywide average total of 36.5%. The unemployment rate is 4.6% and marks a one-third increase from 3.5% from the earlier five-year average and is lower than the countywide average of 4.9%. The non-English speaking population has more than doubled in Julian-Cuyamaca FPD from 1.7% to 5.8% over the two periods. Approximately one-third of the population collects retirement - 33.8% - compared to the countywide average of 17.7%.

Unemployment levels within JCFPD have decreased in recent years with the current five-year average totaling 4.6%. This amount is more than one-half lower than the current countywide average. Separately, Julian FPD has experienced a significant rise in non-English speaking residents by more than double since 2010.

JCFPD Residents with Bachelor Degrees			
Table 4.4a (Source: American Community Survey LAFCO)			
Jurisdiction	2007-2011	2012-2016	Change
	5-Year Average	5-Year Average	
JCFPD	27.7%	28.9%	4.1%
San Diego County	34.2%	36.5%	6.73%

JCFPD Non-English Speaking			
Table 4.4b (Source: American Community Survey LAFCO)			
Jurisdiction	2007-2011	2012-2016	Change
	5-Year Average	5-Year Average	
JCFPD	1.7%	5.8%	240.5%
San Diego County	16.1%	15.0%	(6.83%)

4.0 ORGANIZATION

5.1 Governance

JCFPD’s governance authority is established under the Fire Protection District Law (Health & Safety Code §13800, et seq.). This principal act was originally enacted in the 1920s and empowers JCFPD to provide a moderate range of municipal services upon approval by LAFCO. As of date, JCFPD is authorized to provide three distinct municipal services: (a) structural fire protection (b) emergency medical services; and (c) ambulance transport. All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before JCFPD would be allowed to initiate. Similarly, should JCFPD seek to divest itself of directly providing any of its activated services, it would need to receive LAFCO approval. A list of active and latent JCFPD powers follow.

Active Service Powers

Fire Protection
 Emergency Medical
 Ambulance Transport

Latent Service Powers

Hazardous Materials Transport & Disposal
 Weed and Rubbish Abatement

JCFPD has been governed since its formation in 1983 as an independent special district with governance provided by a five-member board. Members are either elected or appointed in lieu of a consented election to at-large four-year terms and must be registered to vote within JCFPD. Members annually select a President and Vice President to preside over meetings. The Board regularly meets on the second Tuesday of each month at Fire Station No. 56 in Julian. A current listing of the Board along with respective backgrounds and years served with the District follows.

JCFPD Current Board Roster			
Table 5.1a (Source: JCFPD)			
Member	Position	Background	Years on Board
Michael Menghini	President	n/a	n/a
Brian Kramer	Vice President	n/a	n/a
Joe Hutchinson	Treasurer	n/a	n/a
Bill Everett	Director	n/a	n/a
Evelina Hatch	Director	n/a	n/a

5.2 Administration

Section pending.

6.0 MUNICIPAL SERVICES

JCFPD provides three municipal services: (a) fire protection; (b) emergency medical; and (c) ambulance transport with the former two organized as one integrated function and serve as the primary District activity. A summary analysis follows with respect to capacities, demands, and performance.

6.1 Fire Protection and Emergency Medical Services

JCFPD's fire protection and emergency medical services (first responder) represent the primary function of the District and were established at the time of formation in 1983. These services were initially organized on an all-volunteer basis before transitioning to its current combination professional/volunteer model in step with JCFPD establishing a fulltime fire chief position in 1999. Fire protection and emergency medical services are primarily funded in proportional order by property taxes, special assessments, and grants.

Service Capacities

JCFPD's fire protection and emergency medical services' capacities are primarily dependent on human resources and currently staffed by 32 personnel divided between 20 volunteer firefighters and 12 on-call reserves.²¹ Volunteer firefighters are year-round Julian residents with selected appointees comprising the officer ranks (Chief, Battalion Chief, Captain, and Engineer and Firefighter). Reserves typically do not live in the District. Training is provided to volunteers by JCFPD to satisfy minimum standards established by the National Fire Protection Association (NFPA).²² This includes new volunteers attending an initial academy class followed by one evening training each week and one full day of training each month.²³ Volunteers sign up for work shifts and authorized to directly respond to incidents without first reporting to a fire station. All volunteers must receive and maintain CPR certification. Volunteers are not compensated. Reserves generally consist of local fire academy cadets in the process of earning their State firefighter certification and already certified as emergency medical technicians (EMTs). Reserves work traditional 24-hour shifts and do not receive stipends. All personnel – volunteers and reserves – are trained to provide basic life

²¹ Personnel levels as of December 2018.

²² NFPA is an international organization tasked with establishing organizational guidelines for fire agencies.

²³ Minimum qualifications to serve as a JCFPD volunteer firefighters include being at least 18 years of age, possession of a high school degree or its equivalent, and a valid Class C driver's license.

support (BLS).²⁴ The current adopted minimum staffing level for the JCFPD fire engine is two volunteers or reserve personnel.²⁵

JCFPD Fire and EMS Personnel						
Table 6.1a (Source: JCFPD)						
Category	2014	2015	2016	2017	2018	Average
Fire Chief	1	1	1	1	1	1
Volunteers	15-25	15-25	15-25	15-25	15-25	20
Reserves	8-12	8-12	8-12	8-12	8-12	10

JCFPD personnel levels are based on information collected in December 2018.

Actual services are delivered out of two fire stations – No. 56 in Julian and No. 57 in Lake Cuyamaca – with dispatch provided by the County through the Monte Vista Interagency Command Center. The majority of calls are delivered out of Station 56, which was built in 2017 and is approximately 6,000 square feet in size and includes resting accommodations for up to 14 along with a kitchen, bathroom and laundry facilities, and meeting rooms. It also serves as the administrative offices and hosts Board meetings. The second station – No. 57 in Lake Cuyamaca – is in need of improvements to meet current building and safety codes with uses currently limited to storage and/or staging. The following table summarizes fleet information.

JCFPD Fleet Information						
Table 6.1b (Source: JCFPD)						
Category	Fire Engines	Pumpers	Utility Trucks	Ambulance	Rescue	
Station 56 Julian	1	1	1	2	1	
Station 57 Lake Cuyamaca	1	0	0	0	0	
	2	1	1	2	1	

JCFPD personnel levels are based on information collected in December 2018.

Fire protection and emergency medical services have been recently augmented as a result of JCFPD entering into a no-fee contract in May 2018 with the County Fire Authority to receive supplemental support. The contract outlines provisions for County Fire Authority to dedicate a fire engine with a paramedic/first responder. The contract can be terminated by either party with a 120 day noting requirement.²⁶

²⁴ Basic Life Support (BLS) is emergency first aid procedures used to ensure a person's immediate survival including cardiopulmonary resuscitation, control of bleeding, treatment for shock and poisoning, stabilization of injuries and/or wounds and basic first aid. BLS does not include invasive procedures.

²⁵ One of the two personnel must be a licensed operator to drive the fire engine.

²⁶ The contract termination can also be expedited to 5 days with written concurrence from both parties.

Service Demands

Overall service demands for fire protection and emergency medical within JCFPD during the five-year report period have averaged 537 dispatched calls annually or 1.5 daily. Slightly more than one-tenth – or 11.9% – of all dispatched calls were canceled and resulted in onsite arrivals averaging 473 annually or 1.3 daily. A breakdown of onsite arrivals show nearly one-half were done in tandem involving both JCFPD and County/CALFIRE engines. Furthermore, JCFPD responded exclusively to 16% of actual onsite incidents compared to 23% for County/CALFIRE engines. The following table summarizes annual onsite demands – including agency responders – during the report period.

Over the five-year period actual onsite demands for fire and/or emergency medical services in JCFPD have averaged 1.3 daily. Of this amount, County/CALFIRE engines have exclusively responded to almost one-third more incidents than JCFPD.

JCFPD Fire and EMS Demands							
Table 6.1c (Source: CALFIRE)							
Year	2014	2015	2016	2017	2018	Average	Trend
Total Dispatched Incidents	473	551	594	519	546	537	15.4%
Total Onsite Incidents	421	494	513	458	479	473	13.8%
- Responded by JCFPD Only	20%	20%	10%	12%	19%	16%	(5.0%)
- Responded by County/CALFIRE Only	23%	23%	26%	22%	22%	23%	4.3%
- Responded by JCFPD & County/CALFIRE	49%	45%	44%	47%	54%	48%	10.2%

Overall onsite incidents have increased during the five-year report period by 13.7%.

Service Performance

Section pending.

6.2 Ambulance Services

JCFPD’s ambulance services were established in conjunction with the District being awarded an exclusive operating contract in 2014. The contract is with the County’s Health and Human Services Agency (HHS) and designates JCFPD as the authorized ambulance transport provider for the greater Julian region.²⁷ This contract area extends beyond JCFPD’s jurisdictional boundary and is approximately 449 square miles in size and includes the

²⁷ State law defines local responsibilities for administration of emergency medical services and authorizes counties to designate a local EMS agency to “plan, implement, and evaluate an emergency medical services system” for the respective county. To this end, the County of San Diego approved Board Policy K-12 in by Board Action in April 3, 1982 designating HHS as the local EMS agency and tasked it with the responsibility of developing an EMS program, including, but not limited to, operational policies, procedures, and protocols to ensure an effective and efficient EMS system throughout unincorporated San Diego County.

adjacent unincorporated communities of Ranchita and Pine Hills.²⁸ The contract originally termed on June 30, 2017 and has been extended through the exercising of two one-year extensions and now runs through June 30, 2019.²⁹ Ambulance services are organized as an enterprise and primarily funded in proportional order by service charges (patient billing) and baseline contract funding from HHS.³⁰

Service Capacities

JCFPD’s ambulance transport services are presently staffed by seven District employees divided between two paramedics and five emergency medical technicians (EMTs). Two ambulances are utilized. Additional on-call part-time paramedics and EMTs are also used by JCFPD to supplement paid staff as needed.³¹ JCFPD is required by HHS to provide one ambulance at all times staffed with one paramedic and one EMT personnel, and in doing so providing advanced life support (ALS) in the Julian contract area. Ambulance services are delivered out of Station No. 56 in Julian with dispatch provided by the County through the Monte Vista Interagency Command Center.

JCFPD Ambulance Personnel						
Table 6.2a (Source: JCFPD)						
Category	2014	2015	2016	2017	2018	Average
Paramedics	2	2	2	2	2	2
EMTs	5	5	5	5	5	5

JCFPD personnel levels are based on information collected in December 2018.

Service Demands

Overall service demands for ambulance transport within JCFPD’s contracted service area during the five-year report period have averaged 735 dispatched calls annually or 2.0 daily. One-fifth of these dispatched calls were canceled and resulted in onsite arrivals averaging 588 annually or 1.6 daily. Additionally, of this latter amount, almost two-fifths – or 38% – of all onsite responses were outside JCFPD’s jurisdictional boundary. Furthermore, and specific to just JCFPD’s boundary, the District

Over the five-year report period actual onsite demands for ambulance transport from JCFPD have averaged 1.6 daily with almost two-fifths involving lands outside the District but within its contracted service area with County HHS.

²⁸ The “Julian” operating area is one of four unincorporated areas within the county with a contracted ambulance provider. The other three operating areas are also in rural, eastern areas of San Diego County and are titled Valley Center, Grossmont/Otay Mesa, and Ocotillo Wells.
²⁹ One remaining one-year extension is available, and if exercised by HHS would extend the contract with JCFPD through June 30, 2020.
³⁰ JCFPD currently receives \$130,008 annually from HHS to help offset operational costs. JCFPD also previously received an annual \$60,000 subsidiary from the County for operation costs before it was terminated as part of an earlier contract clause in 2018.
³¹ Advance Life Support (ALS) is a higher level of emergency care procedures that may include defibrillation, airway management and invasive techniques such as IV therapy, intubation and/ or drug administration.

responded exclusively or in tandem to 88.7% of all onsite incidents during the report period with the remainder – 11.3% – involving outside providers.

JCFPD Ambulance Transport Demands							
Table 6.2b (Source: CALFIRE)							
Year	2014	2015	2016	2017	2018	Average	Trend
Total Dispatched Incidents	684	737	779	731	745	735	8.9%
Total Onsite Incidents	511	601	615	607	607	588	18.8%
Total Onsite Incidents - JCFPD Boundary	327	381	385	356	352	360	7.6%
- Responded by JCFPD Only	296	336	332	310	316	318	6.8%
- Responded by JCFPD + Other	3	2	3	1	0	2	(100.0%)
- Other Only	28	43	50	45	36	38	28.6%

Overall onsite incidents within the JCFPD contracted service area have increased during the five-year report period by 18.8%. Incidents specific to JCFPD’s jurisdictional boundary have increased by 7.6%.

Service Performance

Section pending.

7.0 FINANCES

7.1 Financial Statements

JCFPD contracts with an outside accounting firm (Sonnenberg & Company) to prepare an annual report to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting JCFPD’s statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing JCFPD’s short and long-term fiscal health with specific focus on sustaining its core service activities.

JCFPD’s most recent financial statements for the study period were issued for 2017-2018.³² These financial statements show JCFPD experienced a slight positive change over the prior fiscal year as its overall net position (regular accrual basis) for all activities increased by less than 0.8% from \$3.272 million to \$3.299 million. Underlying this change in net position is the result of completing the construction of the

Most Recent Year-Ending Financial Statements 2017-2018	
Assets	\$4,901,610
Liabilities	\$1,601,630
Outflow/Inflow	\$0
Net Position	\$3,299,989

³² The audit for 2017-2018 was issued by Sonnenberg & Company on November 16, 2018.

new fire station to serve the Julian service area and associated enlargement in capital assets. The accompanying auditor’s report identified several concerns and related uncertainties regarding JCFPD’s financial standing and highlighted by voters recently disapproving a ballot measure to increase annual benefit fees to cover increasing costs coupled with the loss of monetary support from the County. A summary of year-end totals and related trends drawn from the audited statements during the five-year report period regarding assets, liabilities, and net position follows.

Agency Assets

JCFPD’s audited assets at the end of 2017-2018 totaled \$4.902 million and are 25.7% higher than the average year-end amount of \$3.897 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented less than one-fifth of the total amount – or \$0.833 million – and primarily tied to cash and investments. Assets classified as non-current make up the remaining fourth-fifths of the total – or \$4.069 million – and marked by the completion of the new fire station serving the Julian service area. Overall assets for JCFPD have increased by 117.4% over the corresponding 60-month period.

JCFPD’s Assets							
Table 7.1a Source: JCFPD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	1,036,541	1,153,040	3,006,734	909,749	832,683	(19.7%)	1,387,749
Non-Current	1,218,045	1,406,864	1,687,067	4,167,692	4,068,927	234.1%	2,509,719
	\$2,254,586	\$2,559,904	\$4,693,801	\$5,077,441	\$4,901,610	117.4%	\$3,897,468

Agency Liabilities

JCFPD’s audited liabilities at the end of 2017-2018 totaled \$1.602 million and are 51.8% higher than the average year-end amount of \$1.055 million documented during the five-year report period. Liabilities classified as current and representing obligations owed in the near-term equaled less than 2.0% of the total – \$0.028 million – and largely tied to accounts payable and pending debt payments. Non-current liabilities represent the majority of the total –\$1.573 million – and nearly all of it tied to future debt payments for the new fire station in the Julian service area.³³ Overall liabilities for JCFPD have increased by 3027.8% over the corresponding 60-month period.

³³ The total cost of the new fire station – including planning, engineering, architecture, construction, and loan expenses – was \$3,063,586. The loan runs through 2035 with a total balance of \$1.6 million as of June 30, 2017.

JCFPD's Liabilities							
Table 7.1b Source: JCFPD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	14,359	9,488	60,271	181,174	28,171	96.2%	58,692
Non-Current	36,848	37,645	1,708,421	1,623,477	1,573,459	4170.1%	995,970
	\$51,207	\$47,133	\$1,768,692	\$1,804,651	\$1,601,630	3027.8%	\$1,054,662

Agency Net Position

JCFPD's audited net position or equity at the end of 2017-2018 totaled \$3.300 million and represents the difference between the District's total assets and total liabilities. This most recent year-end amount is 7.6% higher than the average year-end sum of \$3.067 million documented during the five-year report period. Approximately three-fourths of the most recent year-end amount – or \$2.502 million – is tied to capital assets and/or legally restricted. The remaining one-fourth of the most recent year-end – or \$0.798 million – is unrestricted. Overall the net position for JCFPD has increased by 0.8% over the corresponding 60-month period.

JCFPD's net position has increased during the report period with an overall change of 0.8% from \$3.273 million to \$3.300 million.

JCFPD's Net Position							
Table 7.1c Source: JCFPD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Invested in Capital	2,569,402	1,459,425	58,181	2,569,402	2,501,832	(2.6%)	1,831,648
Restricted	48,383	0	1,994,378	48,383	0	(100.0%)	418,229
Unrestricted	655,055	1,105,907	872,551	655,055	798,157	21.9%	817,325
	\$3,272,790	\$2,565,332	\$2,925,110	\$3,272,790	\$3,299,989	0.8%	\$3,067,202


JCFPD maintains two active funds underlying the net position.³⁴ The “general fund” is the primary account grouping and covers all JCFPD transactions for fire protection and emergency medical services. The general fund represents for four-fifths of the most recent audited net position amount at \$2.724 million with the unrestricted portion therein tallying \$0.400 million; the latter amount sufficient to cover seven months of normal fire and emergency medical service operating costs. The “enterprise fund” is the account grouping specific to covering all JCFPD transactions involving ambulance transport services and cannot be used for other purposes. The enterprise fund represents the remaining one-fifth of the most recent audited net position amount at \$0.576 million with the unrestricted portion therein tallying \$0.398 million; the latter amount sufficient to cover six months of normal ambulance service operating costs.

³⁴ A third fund – construction – is inactive as of 2017-2018.


7.2 Measurements | Liquidity, Capital, and Margin

A review of the audited financial statement issuances by JCFPD covering the five-year report period shows the District has experienced a significant and largely negative financial changes in all three measured categories – liquidity, capital, and margin – utilized in this document. Liquidity levels have experienced the largest change as measured by current ratio with year-end totals decreasing from 72.2 to 29.6; the latter leaving JCFPD with \$29.6 in available cash for every \$1.00 in obligations due within one year. Capital has also sizably decreased with the arrival of long-term debt associated with the construction of a new fire station in the Julian service area and marked by JCFPD’ S debt ratio rising from 2.3% to 32.7% (i.e., \$32.70 of every \$100 in FPD assets are financed.) The total margin has fluctuated and fallen during this period from 2.2% to 2.0%. Operating margins – however – have consistently been in deficit and reflect the JCFPD’s dependence on one-time or otherwise unique revenues, including donations, grants and other subventions. A summary of ear-end liquidity, capital, margin, and management structure ratios follow.


JCFPD: Financial Measurements							
Table 7.2a Source LAFCO							
Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Equipment Replacement	Savings Ratio
2013-2014	72.2	282.1	2.3%	2.2%	(26.1%)	177.3	2.2%
2014-2015	121.5	205.4	1.8%	2.2%	(13.1%)	184.6	2.2%
2015-2016	49.9	311.0	37.7%	92.4%	13.3%	193.5	1215.4%
2016-2017	5.0	78.9	35.5%	21.1%	(306.2%)	172.5	26.7%
2017-2018	29.6	368.7	32.7%	2.0%	(8.8%)	51.1	2.0%
Average	55.6	249.2	22.0%	26%	(0.7)	155.8	250%
Trend	(59.1%)	30.7%	1338.7%	(8.7%)	(66.4%)	(71.2)	(8.7%)




Liquidity



Capital



Margin



Management

7.3 Pension Obligations

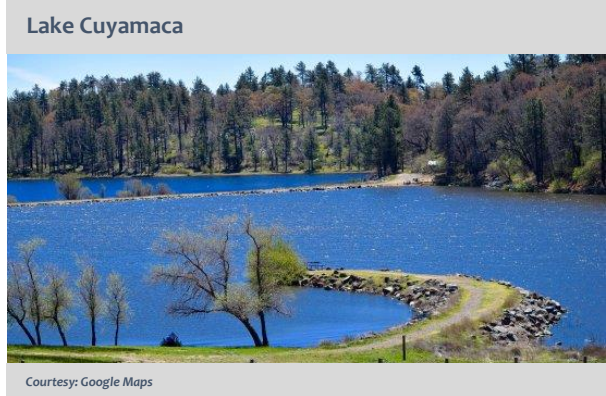
JCFPD does not have recorded pension obligations.

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E. LAKE CUYAMACA RECREATION AND PARK DISTRICT

1.0 OVERVIEW

The Lake Cuyamaca Recreation and Park District (RPD) is an independent special district formed in 1961. Formation proceedings were initiated by landowners for the purpose of providing a range of recreational services at Lake Cuyamaca in the unincorporated community of Julian. Lake Cuyamaca RPD encompasses an approximate 12.1 square mile or 7,743 acre jurisdictional boundary and mostly includes residential uses along the Lake Cuyamamca shoreline. Governance is provided by a seven-person board whose members are registered voters appointed by the County of San Diego Board of Supervisors and serve staggered four-year terms.



Lake Cuyamaca RPD is organized as a limited purpose agency with municipal activities tied to community recreation services. These services are prescribed under special legislation and allows Lake Cuyamaca RPD to currently co-operate community recreation services with the Helix Water District (WD), which owns Lake Cuyamaca and its water supplies. The operating budget at the term of the report period (2017-2018) was \$1.148 million. The last audited financial statements cover 2016-2017 and show the net position totaling \$2.609 million with the unrestricted portion tallying \$0.345 million. This latter amount translates to sufficient reserves to cover four months of normal operating expenses.

LAFCO independently estimates the resident population within Lake Cuyamaca RPD is 245 as of the term of this report period and accommodated through 189 current housing units with close to two-fifths suspected as serving primarily as second homes. This latter estimate suggest the resident population – and less overnight visitors at Lake Cuyamaca – increases to approximately 340 during weekends and/or summer months. It is also projected this estimate represents an overall increase of 15 new fulltime residents since 2010 with a corresponding annual growth rate of 0.77%, which is below the corresponding countywide growth rate of 0.94%. The median household income within Lake Cuyamaca RPD is \$63,818 based on the current five-year period average and is the highest in the Julian region.

2.0 BACKGROUND

2.1 Community Development

Lake Cuyamaca RPD is part of the unincorporated community of Julian with the latter's present-day service area development beginning with the discovery of gold in the 1860s with additional details footnoted.³⁵ The area comprising Lake Cuyamaca RPD's own development began with the construction of a dam in 1888 along Boulder Creek, which formed Lake Cuyamaca and served as of the first municipal water sources for the predecessor (Cuyamaca Water Company) to the Helix WD. Residential development along the shoreline followed and initially marked by the County of San Diego approving the first unit or phase of the Lake Cuyamaca Resort Subdivision in 1924.

2.2 Formation Proceedings

Lake Cuyamaca RPD's formation was facilitated through special legislation enacted in 1961 to create a hybrid governance system for a recreation and park district to be formed in the Lake Cuyamaca area to include both registered voters and landowners; the latter category representing an addition to baseline allowances under statute to account for the high number of second homes in the area. This special legislation followed increasing community interest in the area to formalize and manage recreational and related commercial services at Lake Cuyamaca and ensure its ongoing operations going forward through a contract relationship with the Lake's owner, Helix WD. Formation of the Lake Cuyamaca RPD was subsequently approved by the County Boundary Commission – a predecessor to LAFCO – with voter confirmation in November 1961.

2.3 Post Formation Activities

A summary of notable activities undertaken by Lake Cuyamaca RPD and/or affecting the District's service area following formation in 1961 is provided below.

8. The California Legislature amends Lake Cuyamaca RPD's enabling legislation to increase the composition of the Board from five to seven beginning in 1978.
- Lake Cuyamaca RPD builds two finger jetties to improve fish habitat.

³⁵ An expanded overview of the development of the Julian region is provided in the profile section for the Julian-Cuyamaca Fire Protection District beginning on page 68 of this report.

- LAFCO performs its first formal review of Lake Cuyamaca RPD in conjunction with establishing a sphere for the District in 2007.
- LAFCO updates and affirms the Lake Cuyamaca RPD sphere without changes in 2013.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Lake Cuyamaca RPD's existing boundary spans approximately 12.11 square miles in size and covers 7,743 unincorporated acres (parcels and public rights-of-ways) within one contiguous area. The jurisdictional boundary is entirely within the land use authority of the County of San Diego and subject to the Cuyamaca Community Plan. The jurisdictional boundary is anchored by Lake Cuyamaca and its largest residential development, Lake Cuyamaca Resort Subdivision. Overall there are currently 154 registered voters within Lake Cuyamaca RPD.

Lake Cuyamaca RPD's jurisdictional boundary spans 7,743 acres. The current density ratio is 31.6 fulltime residents per acre.

Total assessed value (land and structure) within Lake Cuyamaca RPD is set at \$73.694 million as of December 2018 and translates to a per acre value ratio of \$0.009 million. The former amount – \$73.694 million – further represents a per capita value of \$0.301 million based on the estimated service population of 245. Lake Cuyamaca RPD does not receive any property tax generated within its jurisdictional boundary as a result of setting its tax rate at 0.0% in 1978 and made permanent thereafter as a result of Proposition 13.

Current assessed value in Lake Cuyamaca RPD is \$73.694 million and produces an annual property tax base of \$0.734 million. Lake Cuyamaca RPD, however, does not receive any property tax as a result of having a 0% tax rate at the time Proposition 13 was enacted in 1978.

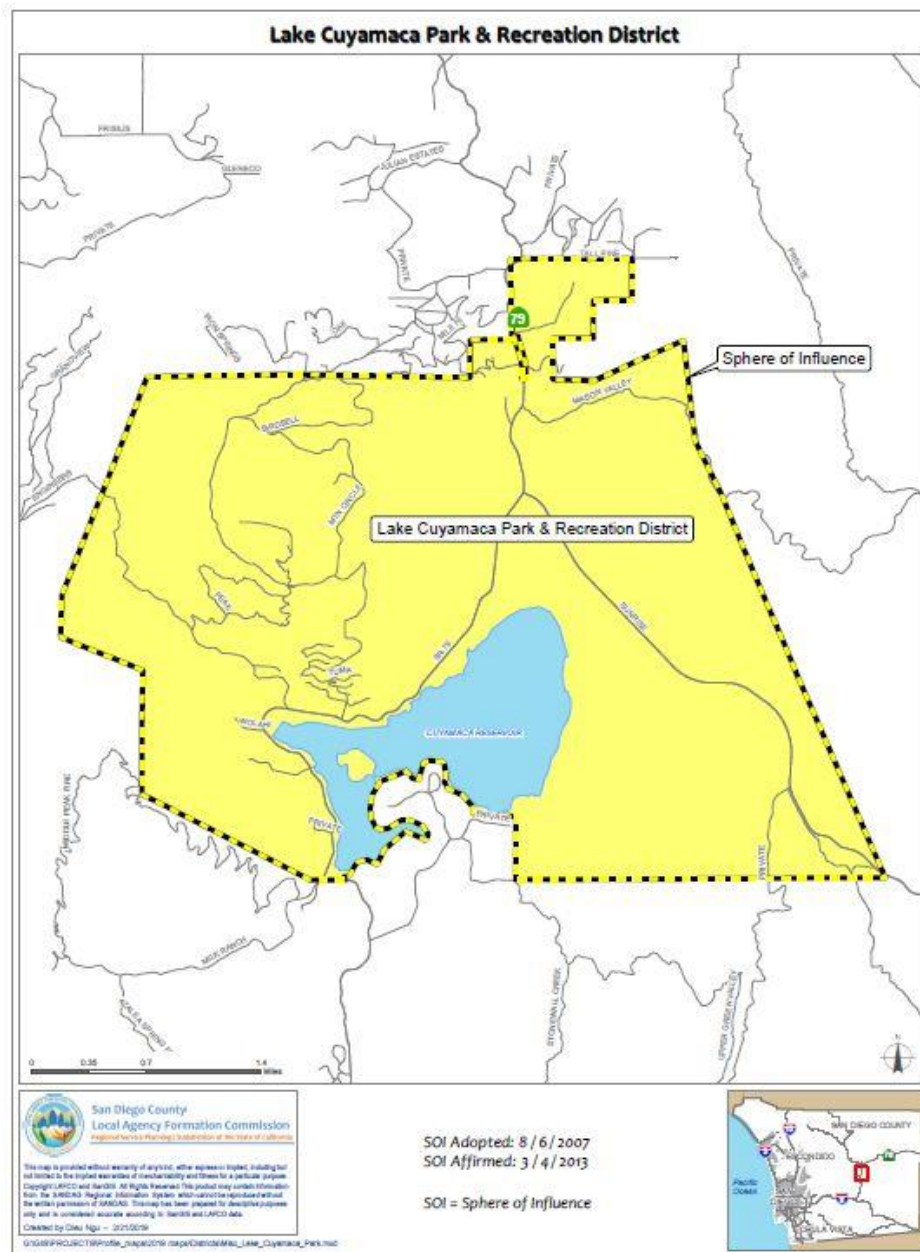
The jurisdictional boundary is currently divided into 393 legal parcels and spans 7,632 acres. (The remaining jurisdictional acreage consists of public right-of-ways.) Close to one-fifth – or 22% – of the parcel acreage is under private ownership with one-tenth having already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remainder of private acreage is undeveloped and consists of 166 vacant parcels that collectively total 903 acres. All lands in the northwest half of the jurisdictional boundary qualify as a disadvantaged unincorporated community.

Close to 22% of the jurisdictional boundary is under private ownership with 166 parcels totaling 903 acres remaining undeveloped.

3.2 Sphere of Influence

Lake Cuyamaca RPD's sphere was established by LAFCO in 2007 and last reviewed and updated in 2013. The sphere is completely coterminous with the jurisdictional boundary, and as such reflects an existing Commission expectation of no boundary changes or outside service extensions are anticipated in the immediate future

3.3 Current Boundary and Sphere Map



4.0 DEMOGRAPHICS

4.1 Population and Housing

Lake Cuyamaca RPD’s total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 245 as of the term of the study period and represents 0.007% of the countywide total. It is also estimated the resident population has risen overall by 7.0% from 230 in 2010 and the last census reset. This translates to an annual change of 0.77%, which falls below the corresponding countywide rate of 0.94%. It is projected the current growth rate will continue into the near-term and result in the fulltime population reaching 256 by 2023.

It is estimated there are 245 current fulltime residents within Lake Cuyamaca RPD. It is projected the fulltime population will increase consistent with recent trends and reach 256 by 2023.

Lake Cuyamaca RPD Population				
Table 4.1a (Source: Esri LAFCO)				
Factor	2010	2018	2023	Annual Change %
Lake Cuyamaca RPD	230	245	256	0.77%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are presently 189 residential dwelling units within Lake Cuyamaca RPD. This amount represents an overall net increase of three units since 2010. Further, of the current total, 46% are owner-occupied, 14% are renter-occupied, and the remaining 40% are vacant with a sizeable portion suspected as serving as second homes. The average household size is 2.5 as of 2016 and has increased 16.6% from 2.2 in 2011.

Housing production in Lake Cuyamaca RPD currently totals 189 dwelling units. This includes the net addition of three units since 2010. The average monthly housing cost in Lake Cuyamaca RPD is \$1,159, and just under three-fourths the countywide average.

The mean monthly housing costs in Lake Cuyamaca RPD have increased by 4.0% from \$1,115 to \$1,159 based on the most recent five-year period averages. The mean monthly housing costs remains, nonetheless below the countywide rate of \$1,578.

Lake Cuyamaca RPD Housing Characteristics		
Table 4.1b (Source: Esri LAFCO)		
Factor	Lake Cuyamaca RPD	San Diego County
2010 Housing Units	186	1,164,766
2018 Housing Units	189	1,236,184
... Change	3	71,418
2010 Household Size	2.2	2.79
2018 Household Size	2.5	2.87
... Change	16.6%	2.87%
Current Monthly Housing Cost	\$1,159	\$1,578
Current Vacancy Rate	40%	5.4%

4.2 Age Distribution

The median age of residents in Lake Cuyamaca RPD is 47.0 based on the current five-year period average. This amount shows the population is getting younger with the median age experiencing an overall decrease of (8.0%) from 51.1 over the preceding five-year period average. The current median age in Lake Cuyamaca RPD still remains significantly higher than the countywide average of 35.3. Residents in the prime working age group defined as ages 25 to 64 also make up half of the total population at 50.4% and reflects a (8.4%) decrease over the preceding five-year period from 55.0%.

Residents within Lake Cuyamaca RPD tend to be older with a medium age of 47.0; an amount that is more than one-third higher than the countywide average of 35.3.

Lake Cuyamaca RPD Median Age			
Table 4.2a (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
Lake Cuyamaca RPD	51.1	47.0	(8.0%)
San Diego County	34.6	35.3	2.0%

Lake Cuyamaca RPD Prime Working Age, 25-64			
Table 4.2b (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
Lake Cuyamaca RPD	55.0%	50.4%	(8.4%)
San Diego County	53.4%	47.0%	(11.9%)

4.3 Income Characteristics

The median household income in Lake Cuyamaca RPD is \$60,325 based on the current five-year period average. This amount shows fulltime residents are receiving more pay with the median income experiencing an overall increase of 5.4% from the preceding five-year period average of \$57,236. The current median household income in Lake Cuyamaca RPD has also drawn closer to the countywide rate of \$66,259. The current average rate of persons living below the poverty level in Lake Cuyamaca RPD is 10.3% and lower than the countywide rate of 14.0%.

Lake Cuyamaca RPD residents' average median household income has experienced a sharp decrease in recent years and is currently \$60,325. This amount is slightly below the countywide median income \$66,529.

Lake Cuyamaca RPD Median Household Income			
Table 4.3a (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
Lake Cuyamaca RPD	\$61,109	\$60,325	5.4%
San Diego County	\$63,857	\$66,529	4.2%

Lake Cuyamaca RPD Poverty Rate			
Table 4.3b (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
Cuyamaca WD	9.6%	10.3%	7.3%
San Diego County	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Approximately 28.3% of residents age 25 and older in Lake Cuyamaca RPD hold bachelor degrees or higher based on the current five-year period average. This marks an increase of 3.7% from and the preceding five-average period and brings it closer – albeit still substantively below – the countywide rate of 36.5%. The unemployment rate is 6.1% and doubled over the previous five-year average, but remains lower than the countywide average of 4.9%. The non-English speaking population has grown in Lake Cuyamaca RPD from 4.9% to 6.9% over the two periods; over a forty percent increase. Approximately one-third of the population collects retirement - 33.9% - compared to the countywide average of 17.7%.

Unemployment levels within Lake Cuyamaca RPD have significantly increased in recent years with the current five-year average totaling 6.1%. This amount is above the current countywide average. Separately, Lake Cuyamaca RPD has experienced a rise in non-English speaking residents by 40% since 2010.

Lake Cuyamaca RPD Residents with Bachelor Degrees			
Table 4.4a (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2017	Change %
	5-Year Average	5-Year Average	
Lake Cuyamaca RPD	27.3%	28.3%	3.7%
San Diego County	34.2%	36.5%	6.73%

Lake Cuyamaca PRD Non English Speaking			
Table 4.4b (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2017	Change %
	5-Year Average	5-Year Average	
Lake Cuyamaca RPD	4.9%	6.9%	40.8%
San Diego County	16.1%	15.0%	(6.83%)

5.0 ORGANIZATION

5.1 Governance

Lake Cuyamaca PRD’s governance authority is established under special legislation as the Lake Cuyamaca Recreation and Park District Act. This special legislation serves as the principal act and was initially established in 1961 and most recently amended in 1999. The principal act empowers Lake Cuyamaca RPD to provide an inclusive range of municipal services relating to community recreation with the ability to co-operate with any city, county, district, state, or federal agency. All prescribed services area considered active and summarized below. Should it ever seek to divest itself of directly providing any active services, Lake Cuyamaca RPD would need to seek LAFCO approval.

Active Service Powers

- Construct Recreation Services
- Operate Recreation Services

Latent Service Powers

Lake Cuyamaca RPD has been governed since its formation in 1961 as a dependent special district with an initial five-member board consisting of registered voters appointed by the County of San Diego Board of Supervisors. The principal act was amended in 1978 to increase the number of Board members to seven. All Board members serve staggered four-year terms with a rotating president system. The Board regularly meets every quarter at the Lake Cuyamaca Restaurant located at 15027 State Highway 79 in Julian. A current listing of the Board along with respective backgrounds and years served with the District follows.

Lake Cuyamaca RPD Current Board Roster			
Table ** (Source: Lake Cuyamaca RPD)			
Member	Position	Background	Years on Board
Gary Anderson	President	Entrepreneur	14
George Merz	Vice President	Retired	12
Roland Eddie	Director	Retired	5
Tom King	Director	Architect	1
Eric Otto	Director	Retired	6
Steve Vanderwalle	Secretary	Fireman	17
Vacant			

5.2 Administration

Section pending.

6.0 MUNICIPAL SERVICES

Lake Cuyamaca RPD's municipal services are statutorily limited to one broad category: community recreation. A summary analysis of this service follows with respect to capacities, demands, and performance.

6.1 Community Recreation

Lake Cuyamaca RPD's community recreation services are defined under special legislation to involve acquiring, constructing, improving, maintaining, and operating parks and recreation centers. These services are presently organized into the following three broad categories.

- **Fish Stocking**

Lake Cuyamaca RPD currently stocks 40,000 pounds of trout through outside fish farming vendors. Increasingly limited vendor supplies coupled with associated costs has prompted Lake Cuyamaca RPD to experiment with creating its own trout hatchery. The hatchery will supplement more than half of the original purchased stock. Other types of fish that are present are Florida bass, smallmouth bass, channel catfish, crappie, bluegill, and sturgeon. Fishing permits help recover costs.

- **Day Services**

Lake Cuyamaca RPD offers a variety of day services and headlined by maintaining and positing hiking trails and water activities; the latter including daily rentals for row boats, motor boats, pontoon boats, pedal boats and kayaks.

- **Overnight Services**

Lake Cuyamaca RPD's overnight accommodations serve as the District's primary revenue source and currently include ten cabins with three more planned for construction.³⁶ ***** tent and ***** recreational vehicle spots are also available.

³⁶ There are four types of cabins outfitted with varying amenities. Lake View Cabins are fully furnished and include kitchens, flat screen televisions, central A/C, outdoor decks and grills. Raccoon and Rainbow Condos consist of a duplex fully furnished with lofts and fireplaces. Anglers Retreat is a rustic converted ranger's cabin and includes a kitchenette. Sleepers Cabins are basic accommodations with wall heaters and outdoor showers.

7.0 FINANCES

7.1 Financial Statements

Lake Cuyamaca RPD contracts with an outside accounting firm (Nigro & Nigro, PC) to prepare an annual report to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting the statements in verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Lake Cuyamaca RPD’s short and long-term fiscal health with specific focus on sustaining its core service function: community recreation.

Lake Cuyamaca RPD’s most recent financial statements for the five-year report period were issued for 2016-2017.³⁷ These statements show Lake Cuyamaca RPD experienced a slight positive change over the prior fiscal year as its overall net position (regular accrual basis) increased by 0.83% from \$2.588 million to \$2,609 million and primarily attributed to an increase in operating revenues. The accompanying auditor’s report also provided an update on prior fiscal year recommendations and noted Lake Cuyamaca RPD had affirmatively proceeded to segregate accounting duties for a second person to begin performing routine bank reconciliations. The auditor’s report, however, noted two other earlier recommendations to establish a purchase order system and record unearned revenue at the period of collection had not been fully implemented as of date. A summary of year-end totals and related trends drawn from audited statements during the report period regarding assets, liabilities, and net position follows.

Most Recent Year-Ending Financial Statements	
Assets	\$2,727,494
Liabilities	\$118,383
Deferred Outflow/Inflow	\$0
Net Position	\$2,609,111

Agency Assets

Lake Cuyamaca RPD’s audited assets at the end of 2016-2017 totaled \$2.727 million and is 24% higher than the average year-end amount of \$2.240 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented less than one-fifth of the total amount – or \$0.446 million – and primarily tied to cash and investments. Assets classified as non-current make up the remaining fourth-fifths of the total – or \$2.281 million. Overall assets for Lake Cuyamaca RPD have increased by 34% over the corresponding 48-month period.

³⁷ The audit for 2016-2017 was issued by Nigro & Nigro, CP on January 3, 2017.

Lake Cuyamaca RPD's Assets

Table 7.1a | Source Lake Cuyamaca RPD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	543,131	488,094	515,492	446,039	n/a	(18%)	498,189
Non-Current	1,498,350	1,413,319	1,774,051	2,281,455	n/a	52%	1,741,794
	\$2,041,481	\$1,901,413	\$2,289,543	\$2,727,494	n/a	34%	\$2,239,983

Agency Liabilities

Lake Cuyamaca RPD's audited liabilities at the end of 2016-2017 totaled \$0.118 million and is 1.0% higher than the average year-end amount of \$0.117 million documented during the five-year report period. Liabilities classified as current and representing obligations owed in the near-term accounted for the entire amount and primarily tied to accounts payable; Lake Cuyamaca RPD has no long-term debts as of the last audited year. Overall liabilities for Lake Cuyamaca RPD have decreased over the corresponding 48-month period by (24%) as a result of clearing all long-term debts and marked by paying off a \$0.175 million loan from Helix WD to refurbish a parking lot.

Lake Cuyamaca RPD's Liabilities

Table 7.1b | Source Lake Cuyamaca RPD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	103,977	79,547	62,712	118,383	n/a	14%	91,155
Non-Current	52,500	35,000	17,500	0	n/a	(100%)	26,250
	\$156,477	\$114,547	\$80,212	\$118,383	n/a	(24%)	\$117,405

Net Position

Lake Cuyamaca RPD's audited net position or equity at the end of 2016-2017 totaled \$2.609 million and represents the difference between the District's total assets and total liabilities. This most recent year-end amount is 18% higher than the average year-end sum of \$2.217 million documented during the five-year report period. Close to nine-tenths of the net position is tied to capital assets with the majority tied to building and improvements. Overall the net position has increased by 38% over the corresponding 48-month period.

Lake Cuyamaca RPD's net position is trending positively during the report period with an overall change of 38% from \$1.885 million to \$2.609 million.

Lake Cuyamaca RPD's Net Assets

Table 7.1c | Source Lake Cuyamaca RPD


Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Invested in Capital	1,428,350	662,352	1,739,051	2,263,955	n/a	59%	1,523,427
Restricted	-	-	-	-	n/a	-	-
Unrestricted	456,654	1,124,514	848,507	345,156	n/a	(24%)	693,708
	\$1,885,004	\$1,786,866	\$2,587,558	\$2,609,111	n/a	38%	\$2,217,135

Lake Cuyamaca RPD maintains one general fund underlying the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled \$0.345 million and represents the available and spendable portion of the fund balance and subject to discretionary designations. The unrestricted amount represents four months of operating expenses based on 2016-2017.

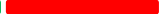
7.2 Measurements | Liquidity, Capital, and Margin

A review of the audited financial statement issuances by Lake Cuyamaca RPD covering the five-year report period shows the District has experienced moderate changes in all three measured categories – liquidity, capital, and margin – utilized in this document. Liquidity levels as measured by current ratio changed with year-end totals over the corresponding period from 5.2 to 3.7; the latter representing a difference of (29%) and leaving Lake Cuyamaca RPD with \$3.77 in available cash for every \$1 in obligations due within one year. This contrasts with days cash becoming more readily available during the period and rising by 28% from 123 to 157. Capital levels remained positive and improved with Lake Cuyamaca RPD’s debt ratio decreasing from 8.0% to 4.0% with the latter meaning \$4.00 of every \$100 in the net position financed. The total margin also remained largely positive. A summary of year-end liquidity, capital, margin, and management structure ratios follow.


Lake Cuyamaca RPD: Financial Measurements							
Table 7.2a Source LAFCO							
Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Equipment Replacement	Savings Ratio
2013-2014	5.2	122.8	8%	1%	1%	20	0.0
2014-2015	6.1	121.4	6%	(8%)	(8%)	23	(0.1)
2015-2016	8.2	217.2	4%	34%	34%	19	0.5
2016-2017	3.7	157.4	4%	1.9%	1%	18	0.0
2017-2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average	5.8	154.7	5.5%	7%	7%	20.2	0.12
Trend	(29%)	28%	(50%)	90%	0%	(10%)	0%




Liquidity



Capital



Margin



Management

7.3 Pension Obligations

Lake Cuyamaca RPD does not have recorded pension obligations.

E. MAJESTIC PINES COMMUNITY SERVICES DISTRICT

1.0 OVERVIEW

The Majestic Pines Community Services District (CSD) is an independent special district formed in 1993. Formation proceedings were initiated by landowners for the purpose of assuming domestic water service responsibility for the Kentwood-in-the-Pines and Whispering Pines Subdivisions within the unincorporated community of Julian and in step with the dissolution of County Service Area (CSA) No. 4. Majestic Pines CSD encompasses an approximate 1.63 square mile or 1,019 acre jurisdictional boundary that entirely comprises residential uses. Governance is provided by a five-person board whose members are directly elected at-large by registered voters and serve staggered four-year terms.



Majestic Pines CSD is currently organized as a limited purpose agency with municipal activities tied to providing only domestic water service. All water supplies are locally sourced through groundwater. Majestic Pines CSD is also authorized – subject to LAFCO approving latent power activations – to provide a full range of other services under the principal act, including – but not limited to – wastewater, fire and police protection, and parks and recreation. The operating budget at the term of the report period (2017-2018) was \$0.440 million. The last audited financial statements cover 2016-2017 and show the net position totaling \$1.707 million with the unrestricted portion tallying \$0.439 million. This latter amount represents the equivalent of eight months of operating expenses.

LAFCO independently estimates the fulltime resident population within Majestic Pines CSD is 1,112 as of the term of this report period and accommodated through 679 current housing units with close to one-fourth suspected as serving as second homes. This latter estimate suggest the resident population increases to approximately 1,390 during weekends and/or summer months. It is projected this estimate represents an overall increase of 71 fulltime residents since 2010 with a resulting annual growth rate of 0.90%, which nears the corresponding countywide change of 0.94%. It is also projected growth will continue consistent with recent trends given there are no substantive development projects planned in Majestic Pines CSD and result in the fulltime population reaching 1,163 over the next five-

year period to 2023. The median household income is \$47,353 based on the current five-year period average.

2.0 BACKGROUND

2.1 Community Development

Majestic Pines CSD is part of the unincorporated community of Julian with the latter's present-day service area development beginning with the discovery of gold in the 1860s with additional details footnoted.³⁸ The area comprising the Majestic Pines CSD began its own development in step with the County of San Diego approving the initial unit or phase of the Kentwood-in-the-Pines Subdivision in 1926. Subsequent phases of this and the adjacent Whispering Pines Subdivisions followed and ultimately paired with the creation of a community water system that eventually came under the ownership of a private water company. Operational challenges eventually overwhelmed the private water company and the County agreed to assume operations in conjunction with LAFCO approving the formation of CSA No. 4 in 1966.

2.2 Formation Proceedings

Majestic Pines CSD' formation was initially petitioned by landowners in 1982 to directly assume domestic water service responsibilities from the County through a concurrent dissolution of CSA No. 4 and purposed to mitigate concerns over increasing overhead costs to the community. This initial request, however, stalled and later withdrawn after State regulators communicated they would not approve a transfer of the operating permit. A second landowner petition for the reorganization was filed in 1992. This second attempt at formation followed confirmation with the State to transfer the operating permit and was approved by LAFCO with voter confirmation in September 1993.

2.3 Post Formation Activities

A summary of notable activities undertaken by Majestic Pines CSD and/or affecting the District's service area following formation in 1993 is provided below.

- LAFCO establishes a sphere of influence for Majestic Pines CSD in 1993.

³⁸ An expanded overview of the development of the Julian region is provided in the profile section for the Julian-Cuyamaca Fire Protection District beginning on page 68 of this report.

- LAFCO updates and affirms Majestic Pines CSD’s sphere in 2007 and again later in 2013 with no changes.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Majestic Pines CSD’s existing boundary spans approximately 1.63 square miles in size and covers 1,019 unincorporated acres (parcels and public rights-of-ways) within two non-contiguous areas. The jurisdictional boundary is entirely within the land use authority of the County of San Diego and subject to the Julian Community Plan. The jurisdictional boundary is anchored by two distinct and adjacent subdivision developments, Kentwood-in-the-Pines to the south and Whispering Pines to the north. Overall there are currently 768 registered voters within Majestic Pines CSD.

Majestic Pines CSD’s jurisdictional boundary spans 1,019 acres. The current density ratio is 0.91 residents per acre.

Total assessed value (land and structure) within Majestic Pines CSD is set at \$149.647 million as of December 2018 and translates to a per acre value ratio of \$0.147 million. The former amount further represents a per capita value of \$0.134 million based on the estimated fulltime population of 1,112. As a pre Proposition 13 agency, Majestic Pines CSD does not receive any portion of the current annual \$1.496 million in property tax revenue generated in its jurisdictional boundary.

Current assessed value in Majestic Pines CSD is \$149.647 million and produces an annual property tax base of \$1.496 million. However, as a pre Proposition 13 agency, Majestic Pines CSD does not receive any allocation of this annual revenue.

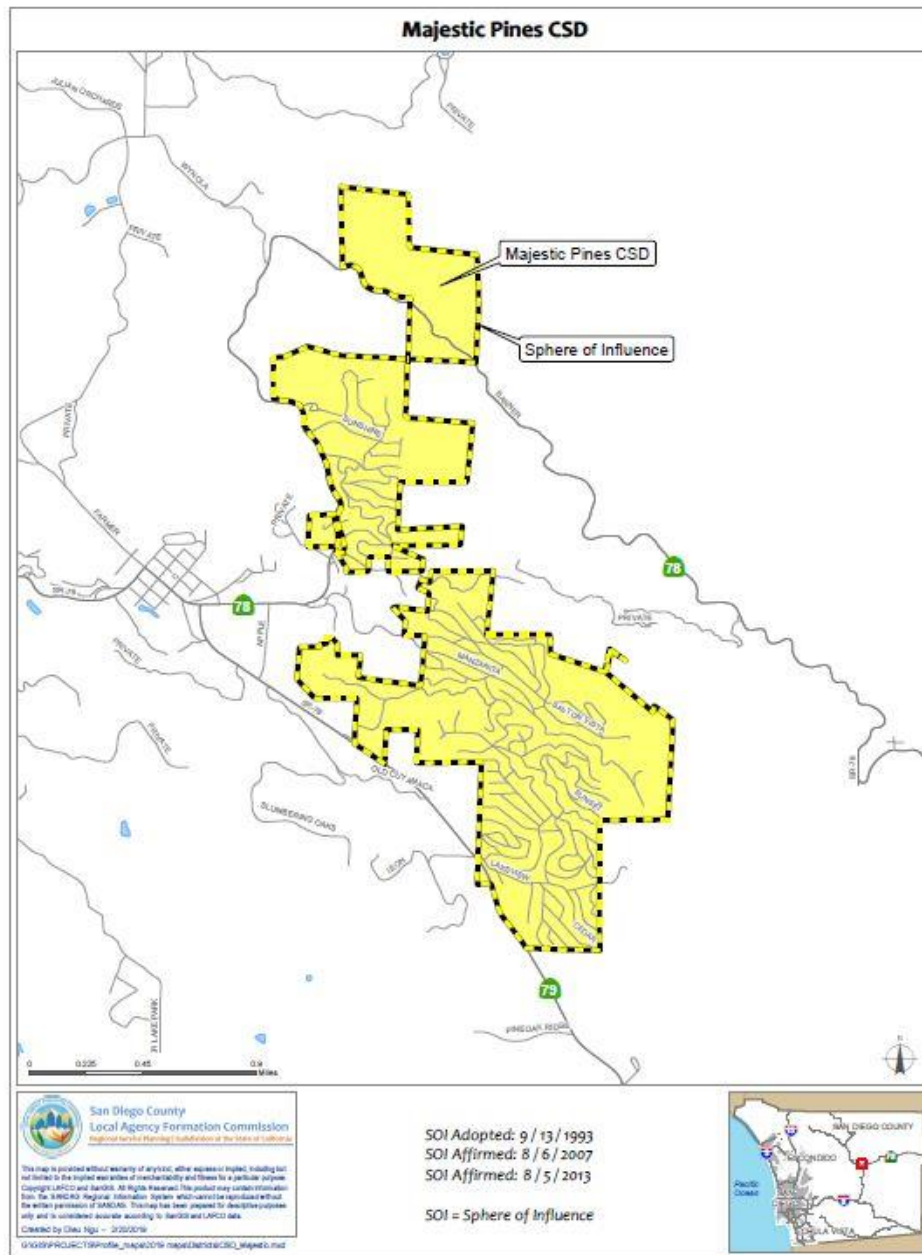
The jurisdictional boundary is currently divided into 1,479 legal parcels and spans 905 acres. (The remaining jurisdictional acreage consists of public right-of-ways.) Almost nine-tenths – or 87% – of the parcel acreage is under private ownership with more than four-fifths having already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remainder of private acreage is undeveloped and consists of 803 vacant parcels that collectively total 286 acres. All lands within and immediately adjacent to the jurisdictional boundary qualify as a disadvantaged unincorporated community.

More than four-fifths of the jurisdictional boundary is under private ownership. Of this amount, currently 803 parcels totaling 286 acres remain undeveloped.

3.2 Sphere of Influence

Majestic Pines CSD's sphere was established by LAFCO in 1993 and last reviewed and updated in 2013. The sphere is coterminous with Majestic Pines CSD's jurisdictional boundary and reflects an existing Commission expectation no boundary changes or outside service extensions are anticipated at this time.

3.3 Current Boundary and Sphere Map



4.0 DEMOGRAPHICS

4.1 Population and Housing

Majestic Pines CSD’s total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 1,112 as of the term of the report period. This amount represents 0.03% of the countywide total. It is also estimated the fulltime resident population has risen overall by 6.8% from 1,041 in 2010 and the last census reset. This translates to an annual change of 0.85%, which is one-tenth lower than the corresponding countywide growth rate of 0.94%. It is projected the current growth rate will continue in the near-term and result in a fulltime population of 1,163 by 2023.

It is estimated there are 1,112 current fulltime residents within Majestic Pines CSD. It is projected the population will increase consistent with recent trends and reach 1,163 by 2023.

Majestic Pines CSD Population				
Table 4.1a (Source: Esri LAFCO)				
Factor	2010	2018	2023	Annual Change %
Majestic Pines CSD	1,041	1,112	1,163	0.85%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are presently 679 residential dwelling units within Majestic Pines CSD. This amount represents an overall increase of 43 since 2010 and translates to the recent production of 5.4 new dwelling units per year. Further, of the current total, 55% are owner-occupied, 18% are renter-occupied, and the remaining 27% are vacant with a sizable portion therein suspected to serve as second homes. The average household size is 2.3 and has increased by 3.5% from 2.25 over the preceding five-year period. The mean monthly housing cost in Majestic Pines CSD has decreased by (1.8%) during this period from \$1,110 to \$1,090 and well below the countywide average of \$1,578.

Housing production in Majestic Pines CSD currently totals 679 dwelling units. This includes the addition of 43 units – or 5.4 per year – since 2010. The average monthly housing cost is \$1,090 and one-third less than the countywide average.

Majestic Pines CSD Housing Characteristics		
Table 4.1b (Source: Esri LAFCO)		
Factor	Majestic Pines CSD	San Diego County
2010 Housing Units	636	1,164,766
2018 Housing Units	679	1,236,184
... Change	43	71,418
2010 Household Size	2.25	2.79
2018 Household Size	2.33	2.87
... Change	3.53%	2.87%
Current Monthly Housing Cost	\$1,090	\$1,578
Current Vacancy Rate	27%	5.4%

4.2 Age Distribution

The median age of residents in Majestic Pines CSD is 48.7 based on the current five-year period average. This amount shows the population is getting younger with the median age experiencing an overall decrease of (6.1%) from 51.9 over the preceding five-year period average. The median age in Majestic Pines CSD, however, remains significantly higher than the countywide amount of 35.3. Residents in the prime working age group defined as ages 25 to 64 have also decreased over the two five-year periods by (16.7%) and now represent less than one-half – or 46.9% - of the population.

Residents within Majestic Pines CSD tend to be older with a medium age of 48.7; an amount that is more than one-third higher than the countywide average of 35.3. Residents also are increasingly falling out of the prime working age (25-64) and now represent less than one-half of the population.

Majestic Pines CSD Median Age			
Table 4.2a (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
Majestic Pines CSD	51.9	48.7	(6.1%)
San Diego County	34.6	35.3	2.0%

Majestic Pines CSD Prime Working Age, 25-64			
Table 4.2b (Source: American Community Survey LAFCO)			
Category	2007-2011	2012-2016	Change %
	5-Year Average	5-Year Average	
Majestic Pines CSD	56.3%	46.9%	(16.7%)
San Diego County	53.4%	47.0%	(11.9%)

4.3 Income Characteristics

The median household income in Majestic Pines CSD is \$47,353 based on the current five-year period average. This amount shows households are receiving significantly less pay with the median income experiencing an overall decrease of (25.7%) from the preceding five-year period average of \$63,763. The current median household income in Majestic Pines CSD also remains substantively lower than the countywide amount of \$66,259. Separately, the current average rate of persons living below the poverty level in Majestic Pines CSD is 11.1% and below the countywide rate of 14.0%. Poverty rates in Majestic Pines CSD, however, have increased by five times the countywide rate over the preceding five-year period.

Majestic Pines CSD' average median household income has experienced a sharp decrease in recent years and is currently \$47,353. This amount is more than one-fourth below the countywide median income of \$66,259. Poverty rates have also increased by more than one-third.

Majestic Pines CSD Median Household Income			
Table 4.3a (Source: American Community Survey LAFCO)			
Category	2007-2011 5-Year Average	2012-2016 5-Year Average	Change %
Majestic Pines CSD	\$63,763	\$47,353	(25.7%)
San Diego County	\$63,857	\$66,529	4.2%

Majestic Pines CSD Poverty Rate			
Table 4.3b (Source: American Community Survey LAFCO)			
Category	2007-2011 5-Year Average	2012-2016 5-Year Average	Change %
Majestic Pines CSD	8.1%	11.1%	37.9%
San Diego County	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Approximately 31.7% of residents age 25 and older in Majestic Pines CSD hold bachelor degrees or higher based on the current five-year period average. This is an increase of 2.7% from the preceding five-year average period, but still below the countywide average total of 36.5%. The unemployment rate is 3.1% which marks a one-third decrease from 4.6% from the earlier five-year average and is lower than the countywide average of 4.9%. The non-English speaking population has grown in Majestic Pines CSD from 1.7% to 8.1% over the two periods; over a four-fold increase. Nearly one-third of the population collects retirement - 31.7% - compared to the countywide average of 17.7%.

Unemployment levels within Majestic Pines CSD have decreased with the current five-year average totaling 3.1%. This amount is more than one-third lower than the current countywide average. Separately, Majestic Pines CSD has experienced a significant rise in non-English speaking residents by more than four-fold since 2010.

Majestic Pines CSD Residents with Bachelor Degrees			
Table 4.4a (Source: American Community Survey LAFCO)			
Category	2007-2011 5-Year Average	2012-2016 5-Year Average	Change %
Majestic Pines CSD	30.9%	31.7%	2.7%
San Diego County	34.2%	36.5%	6.7%

Majestic Pines CSD Non-English Speaking			
Table 4.4b (Source: American Community Survey LAFCO)			
Category	2007-2011 5-Year Average	2012-2016 5-Year Average	Change %
Majestic Pines CSD	1.7%	8.1%	369.2%
San Diego County	16.1%	15.0%	(6.83%)

5.0 ORGANIZATION

5.1 Governance

Majestic Pines CSD’s governance authority is established under the Community Services District Law (Government Code §61000-61850). This principal act empowers Majestic Pines CSD to provide a full range of municipal services upon approval by LAFCO with the notable exception of direct land use control. As of date, Majestic Pines CSD is authorized to provide one municipal service: domestic water. All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before Majestic Pines CSD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing an active service, Majestic Pines CSD would also need to seek LAFCO approval. A list comparing Majestic Pines CSD’s active and latent powers follows.

Active Service Powers

Water (domestic only)

Latent Service Powers

Fire Protection
Road, Bridge, and Curb
Park and Recreation
Police Protection
Street Lighting
Street Landscaping
Street Cleaning
Wastewater
Reclamation
Solid Waste
Vector Control
Animal Control
Broadband Facilities
Television and Radio Facilities
Library
Weed and Rubbish Abatement
Hydroelectric
Security
Cemetery
Finance Area Planning Commissions
Finance Municipal Advisory Councils
Mailbox Services

Majestic Pines CSD has been governed since its formation in 1993 as an independent special district with registered voters comprising a five-member governing board. Members are either elected or appointed in lieu of a consented election to staggered four-year terms with a rotating president system. The Board regularly meets on the third Wednesday each month located at 1405 Banner Road in Julian. A current listing of Majestic Pines CSD Board of Directors along with respective backgrounds and years served with the District follows.

Majestic Pines CSD Current Board Roster			
Table 5.1a (Source: Majestic Pines CSD)			
Member	Position	Background	Years on Board
Kurt Boettcher	President	n/a	n/a
Joseph Connolly	Vice President	n/a	n/a
John Jones	Treasurer	n/a	n/a
Robert Markart	Secretary	n/a	n/a
Kevin Dubler	Member	n/a	n/a

5.2 Administration

Section pending.

6.0 MUNICIPAL SERVICES

Majestic Pines CSD provides one municipal service: domestic water. A summary analysis of this service follows with respect to capacities, demands, and performance.

6.1 Domestic Water Service

Majestic Pines CSD’s domestic water services commenced at the time of its formation in 1993 and involved assuming ownership and operation of facilities that were previously held by CSA No. 4. The water system currently includes 699 metered connections all of which are categorized as residential and divided between three connected zones.³⁹ One of the zones serves the Whispering Pines Subdivision and accounts for approximately one-third of current connections. The other two zones serve the Kentwood-in-the-Pines Subdivision and the remaining two-thirds of connections and can gravity feed into the Whispering Pines zone.

³⁹ Connection information reflects data on file with the State Water Quality Control Board – Drinking Water Division.

Service Capacities

Majestic Pines CSD’s domestic water supplies are all locally sourced and drawn from three active groundwater wells that lie within the northern quarter of the San Diego River Watershed and divided between three sites. Pumping rates at the well sites collectively provide Majestic Pines CSD with an estimated maximum daily raw water supply of 0.641 million gallons or 1.97 acre-feet. If operated continually these amounts would translate to an annual raw water supply of 233.892 million gallons or 717.9 acre-feet under maximum conditions. No formal analysis has been performed to quantify the reliability of the raw water sources during different hydrological periods.

Majestic Pines CSD Raw Water Supplies			
Table 6.1a (Source: Majestic Pines CSD LAFCO)			
Source	Maximum Minute Capacity	Maximum Daily Capacity	Maximum Annual Capacity
Groundwater	445 gallons	0.641 million gallons or 1.97 acre feet	233.892 million gallons or 717.7 acre feet

Capacity Amounts Reflect Existing Pumping Rates

All raw water supplies generated from the local groundwater sources are processed by Majestic Pines CSD at one of three water treatment facilities. Each well site directs pumped groundwater to its own treatment facility for oxidation and sand filtering to remove iron and manganese. The combined daily treatment capacity of the three facilities is 0.648 million gallons or 1.99 acre-feet. Booster pumps convey treated water to storage tanks located at the height of both pressure zones. The combined storage capacity is 0.760 million gallons or 2.3 acre-feet. The three tanks collectively provide pressure throughout the distribution system with an automated signal to activate pumps from the treatment facilities based on an operator schedule as needed.

Majestic Pines CSD Treatment Facility		
Table 6.1b (Source: Majestic Pines CSD LAFCO)		
Name	Targeted Containments	Daily Treatment Capacity
Whispering Pines	Iron, Manganese, and Arsenic	0.180 million gallons
Kentwood No. 1	Iron and Manganese	0.180 million gallons
Kentwood No. 2	Iron and Manganese	0.288 million gallons
Total		0.648 million gallons or 1.99 acre-feet

Majestic Pines CSD Treated Water Storage			
Table 6.1c (Source: Majestic Pines CSD LAFCO)			
Name	Constructed Year	Pressure Zone	Capacity
Tank No. 1	n/a	Whispering Pines	0.320 million gallons
Tank No. 2	n/a	Kentwood Zone 1	0.220 million gallons
Tank No. 3	n/a	Kentwood Zone 2	0.220 million gallons
Total			0.760 million gallons or 2.33 acre-feet

Service Demands

Majestic Pines CSD’s average annual water demand production over the five-year report period has been 30.660 million gallons or 94.1 acre feet. The most recent year-end amount showed total demand at 32.900 million gallons or 100.95 acre-feet and represents an average daily water demand of 90,137 gallons or 0.28 acre-feet. This latter amount is further broken down into equivalents of 129 gallons per day for every service connection and 82 gallons for every estimated fulltime resident. The average peak-day demand – the highest one-day sum in a given year – over the report period has been 0.166 million gallons or 0.5 acre-feet. This latter amount produces an average peaking factor of 2.0 and shows high-demand periods increase water usage by double.

With respect to trends, Majestic Pines CSD has experienced an overall increase of 3.8% in water demands – or 0.8% annually – over the five-year report period. The overall increase in water demands over the corresponding 60-month period falls below the estimated sum change in population of 4.25% and suggests residents have de-intensified their water usage. This latter comment is further illustrated in daily per resident use generally stagnating between the start and end points at 81 gallons.

Majestic Pines CSD daily water demands as measured by per capita use has minimally increased by 0.3% over the five-year report period from 80.7 gallons to 80.9 gallons. This contrast with the growth rate of 4.25% during the report period, and suggest residents are de-intensifying their water uses.

Majestic Pines CSD Water Demands							
Table 6.1d (Source: Majestic Pines CSD and LAFCO)							
Category	2014	2015	2016	2017	2018	Average	Trend
Annual Total	31.700 mg or 97.3 af	28.700 mg or 88.1 af	28.900 mg or 88.7 af	31.100 mg or 95.4 af	32.900 mg or 101.2 af	30.660 mg or 94.1 af	3.8%
Average Day Total	86,849 g	78,630 g	79,178 g	85,205 g	90,137 g	84,000 g	3.8%
... Per Resident	81 g	72 g	72 g	77 g	81 g	77 g	0.3%
Peak Day Total	0.310 mg	0.120 mg	0.149 mg	0.126 mg	0.125 mg	0.166 mg	(59.7%)
.... Peaking Factor	3.6	1.5	1.9	1.5	1.4	2.0	(61.1%)

mg = million gallons
af = acre feet

Service Performance

Majestic Pines CSD's domestic water system is currently operating with sufficient and excess capacity in supply, treatment, and storage with respect to accommodating existing demands based on usage generated during the five-year report period. Supply, treatment, and storage capacities are similarly expected to accommodate anticipated demands over the next five-year period. A prominent variable, however, remains and it involves the resiliency of Majestic Pines CSD's raw water supplies during different hydrological periods and merits further evaluation.

The following statements summarize and quantify existing and projected relationships between Majestic Pines CSD's capacities and demands now and going forward to 2023. This includes referencing California's Waterworks Standards (Title 22 of the Code of Regulations) and its requirements all public community water systems have sufficient source, treatment, and storage capacities to meet peak day demand system-wide and within individual zones. It also addresses water quality and rates.

Water Supplies:

- Average annual water production demands generated over the five-year report period for the entire distribution system represents 13.1% of Majestic Pines CSD's accessible maximum raw supply. Assuming current trends continue this ratio will increase to 14.1% by 2023.
- It is assumed for planning purposes in this report the average annual water production demand generated over the five-year report period for the entire distribution system would represent 50.4% of Majestic Pines CSD's projected accessible raw supply under single-dry year conditions as footnoted.⁴⁰ Assuming current trends continue this ratio will increase to 54.1% by 2023.
- Average peak-day water production demands generated over the five-year report period represent 25.9% of the maximum daily raw water supply available to Majestic Pines CSD. Assuming current trends continue – and specifically over the last four years – this ratio will reset and decrease to 20.5% by 2023.

⁴⁰ In the absence of a site-specific assessment LAFCO is referencing the State Water Project Delivery Report (2013) and its use of the 1976-1977 drought as a baseline year to project single-dry year conditions and the reduction therein in water supplies by 74% relative to normal/maximum conditions. Under this projection Majestic Pines CSD's maximum available raw water supply is reduced from 717.7 acre-feet to 186.6 acre-feet.

Water Treatment:

- Average peak-day water projection demands generated over the five-year report period for the entire distribution system represents 25.9% of Majestic Pines CSD's existing total daily treatment capacity. Assuming current trends continue this ratio will decrease to 20.3% by 2023.

Water Storage:

- Average peak-day water projection demands generated over the five-year report period for the entire distribution system represents 21.8% of Majestic Pines CSD's existing total potable storage capacity. Assuming current trends continue and specifically over the last four years this ratio will decrease to 17.3% by 2023.
- Majestic Pines CSD's total potable storage capacity can accommodate up to 4.6 consecutive days of average peak-day demands generated over the five-year report period for the entire distribution system without recharge. Assuming current trends continue this ratio will increase to 5.8 by 2023.

Water Quality:

- A review of the records maintained by the State Water Quality Control Board shows four violations for drinking water standards have been issued to Majestic Pines CSD since 2000. The last violation was issued in May 2010 and categorized as minor for not filing a report with the State.
- Majestic Pines CSD's most recent water quality report was issued in March 2018 and shows the results of self-monitoring conducted during 2017. The report is divided into testing for both primary and secondary contaminants as prescribed by the State. No excessive primary or secondary contaminants were identified.

Water Rates

- Majestic Pines CSD charges two distinct fees for water service: (a) standby and (b) user. The fees were last updated in 2017 and collectively produce an equivalent monthly residential charge of \$72.00 based on the usage of 250 gallons per day.

7.0 FINANCES

7.1 Financial Statements

Majestic Pines CSD contracts with an outside accounting consultant (Douglas R. Ashbrook) to prepare an annual report to review the District’s financial statements in accordance 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 Majestic Pines CSD’s short and long-term fiscal health with specific focus on sustaining its core service function: domestic water.

Majestic Pines CSD’s most recent financial statements for the five-year report period were issued for 2016-2017.⁴¹ The statements show Majestic Pines CSD experienced a moderate negative change over the prior fiscal year as its overall net position (regular accrual basis) decreased by (6.6%) from \$1.829 million to \$1.708 million and primarily attributed to an increase in liabilities.⁴² The accompanying auditor’s report did not identify any weaknesses or other related concerns. A summary of year-end totals and related trends drawn from audited statements during the study period regarding assets, liabilities, and net position follows.

Most Recent Year-Ending Financial Statements	
Assets	\$2,324,196
Liabilities	\$659,008
Deferred Outflow/Inflow	\$50,694
Net Position	\$1,707,812
Net Position Adjusted Less Pension/Benefits	\$1,877,785

Agency Assets

Majestic Pines CSD’s audited assets at the end of 2016-2017 totaled \$2.324 million and is (1.8%) lower than the average year-end amount of \$2.366 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented less than one-fifth of the total amount – or \$0.429 million – and primarily tied to cash and investments. Assets classified as non-current make up the remaining four-fifths of the total – or \$1.895 million – with 91% of this amount being tied to buildings and equipment. Overall assets for Majestic Pines CSD have decreased by (1.0%) over the corresponding 48-month period (excludes 2017-2018).

⁴¹ The audit for 2016-2017 was issued by Douglas R. Ashbrook on November 28, 2017.

⁴² The ending net position is readjusted to \$1.935 million less new reporting requirements for pension and benefit obligations.

Majestic Pines CSD's Assets							
Table 7.1a Source Majestic Pines CSD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	773,078	967,108	474,530	428,824	n/a	(44.5%)	660,885
Non-Current	1,528,051	1,479,956	1,915,993	1,895,372	n/a	24.1%	1,704,843
	\$2,301,129	\$2,447,064	\$2,390,523	\$2,324,196	n/a	(1.0%)	\$ 2,365,728

Agency Liabilities

Majestic Pines CSD's audited liabilities at the end of 2016-2017 totaled \$0.659 million and is 22.0% higher than the average year-end amount of \$0.541 million documented during the five-year report period. Liabilities classified as current and representing obligations owed in the near-term accounted for slightly less than one-tenth of the amount and tied to accounts payable, including debt payments tied to a loan with the United States Department of Agriculture to construct a new water storage tank and distribution lines in 1996.⁴³ Liabilities classified as non-current comprise the remaining nine-tenths and cover loan debts as well as and pension and benefit obligations. Overall liabilities for Majestic Pines CSD have increased by 41.5% over the corresponding 48-month period and attributed to the introduction of new reporting requirements involving benefits.

Majestic Pines CSD's Liabilities							
Table 7.1b Source Majestic Pines CSD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	42,391	39,517	47,630	50,476	n/a	19.1%	45,004
Non-Current	423,379	409,379	541,969	608,532	n/a	43.7%	495,815
	\$465,770	\$448,896	\$589,599	\$659,008	n/a	41.5%	\$540,818

Net Position

Majestic Pines CSD's audited net position or equity at the end of 2016-2017 totaled \$1.708 million and represents the difference between the District's total assets and total liabilities. This most recent year-end amount is (7.3%) lower than the average year-end sum of \$1.842 documented during the five-year report period. Three-fourths of the ending net position – or \$1.202 million – of the net position is invested in capital assets or otherwise restricted. Overall the net position has decreased by (6.9%) over the corresponding 48-month period and without adjusting for new pension and benefit reporting requirements.

Majestic Pines CSD's net position has decreased during the report period with an overall change of (6.9%) from \$1.835 million to \$1.708 million. The net position – however – shows an overall increase of 5.4% over the report period ending at \$1.935 million if adjusted to exclude new pension and benefit reporting requirements.

⁴³ Majestic Pines CSD's loan with the United States Department of Agriculture was in the full amount of \$606,576. The current balance as of July 1, 2018 on the loan totaled 380,379 with a maturity date of March 2036.

Majestic Pines CSD's Net Position							
Table 7.1c Source Majestic Pines CSD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Invested in Capital	965,118	908,930	1,198,930	1,201,864	n/a	24.5%	1,068,711
Restricted	134,099	147,647	161,094	66,168	n/a	(50.7%)	127,252
Unrestricted	736,142	941,591	468,520	439,780	n/a	(40.3%)	646,508
Adjusted ...	\$1,835,359	\$1,998,168	\$1,828,544	\$1,707,812	n/a	(6.9%)	\$1,842,471
	\$1,835,359	\$1,998,168	\$1,975,134	\$1,934,785	n/a	5.4%	\$1,935,862

The adjustment adds monies to the net position otherwise booked as liabilities involving pension and other benefit obligations.

Majestic Pines CSD maintains one general fund underlying the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled \$0.440 million and represents the available and spendable portion of the fund balance and subject to discretionary designations. This unrestricted amount represents eight months of actual operating expenses and increases to twelve months when adjusted to exclude booked pension and benefit liabilities based on actual expenses in 2017-2018.

7.2 Measurements | Liquidity, Capital, and Margin

A review of the audited financial statement issuances by Majestic Pines CSD covering the five-year report period shows the District has experienced negative financial changes in all three measured categories – liquidity, capital, and margin – utilized in this study. This includes liquidity levels as measured by the current ratio decreasing by (53.4%) from 18.2 to 8.5 and leaving Majestic Pines CSD with \$8.50 in available cash for every \$1.00 in pending and due debts. This decline in liquidity is also illustrated in days cash, which decreased by (67.2%) during the period. Available capital also decreased with the debt ratio rising by 40.1% from 20% to 28% with the latter representing the portion of the net position subject to external financing. The total margin has also decreased from 15.1% to (24.0%). A summary of ear-end liquidity, capital, margin, and management structure ratios follow.

Majestic Pines CSD: Financial Measurements							
Table 7.2a Source LAFCO							
Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Equipment Replacement	Savings Ratio
2013-2014	18.2	785	20%	15.1%	18.3%	22	17.8%
2014-2015	24.5	965	18%	27.9%	13.3%	23	38.7%
2015-2016	10.0	347	25%	(12.7%)	(10.0%)	13	(11.3%)
2016-2017	8.5	257	28%	(24.0%)	(36.4%)	12	(19.4%)
2017-2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average	15.3	588.5	23%	2%	(4.0%)	17.6	6.5%
Trend	(53.4%)	(67.2%)	40.1%	(258.7%)	(298.5%)	(44.4%)	(208.6%)

Liquidity

Capital

Margin

Management

7.3 Pension Obligations

Section pending.

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F. WYNOLA WATER DISTRICT

1.0 OVERVIEW

The Wynola Water District (WD) is an independent special district formed in 1969. Formation proceedings were initiated by landowners for the purpose of supporting the development of the Wynola Estates; a planned development in the unincorporated community of Julian. Wynola WD encompasses an approximate 0.40 square mile or 255 acres jurisdictional boundary and entirely comprised of residential uses.



Governance is provided by a five-person board whose members are directly elected at-large by registered voters and serve staggered four-year terms.

Wynola WD is currently organized as a limited purpose agency with municipal activities presently tied only to providing domestic water service. All water supplies are locally sourced through groundwater. Wynola WD is also authorized – subject to LAFCO approving latent power activations – to provide wastewater and hydroelectric power services. The operating budget at the term of the report period was \$0.080 million (2017-2018). The last audited financial statements cover 2017-2018 with the net position totaling \$0.455 million with the unrestricted portion tallying \$0.144 million. This latter amount represents the equivalent of 27 months of normal operating expenses.

LAFCO independently estimates the fulltime resident service population within Wynola WD as of the term of the report period is 170 and accommodated through 73 current housing units. It is also projected this estimate of fulltime represents an overall increase of 11 since 2010 with a corresponding annual growth rate of 0.85%, which is one-tenth below the countywide rate. It is also projected growth will continue consistent with recent trends given there are no substantive development projects planned in Wynola WD and result in the fulltime population reaching 180 over the next five-year period to 2023. The median household income is \$63,818 based on the current five-year period average.

2.0 BACKGROUND

2.1 Community Development

Wynola WD is part of the unincorporated community of Julian with the latter's present-day development beginning with the discovery of gold in the 1860s with additional details footnoted.⁴⁴ The area comprising Wynola WD remained largely undeveloped with the exception of large family ranch and ancillary uses owned by the Mehm Family up and through the 1960s. It was during the 1960s when the Mehm Family began the planning process of dividing the lands into smaller lots as part of the first of three eventual phases – or units – of the Wynola Estates Subdivision. This included completing work on Unit One with the initial creation of two to three acre lots and private roadway network marked by its main arterial Springview Road.

2.2 Formation Proceedings

Wynola WD's formation was petitioned by the Mehm Family as the principal landowners in late 1968 in step with receiving approval from the County of San Diego to proceed with developing Unit One of the Wynola Estates Subdivision. The formation of Wynola WD was specific to providing domestic water service; no other powers were proposed and/or envisioned for the District in the initiating application materials. LAFCO approved the formation with voter confirmation in October 1969.

2.1 Post Formation Proceedings

A summary of notable activities undertaken by Wynola WD and/or affecting the District's service area following formation in 1969 is provided below.

- Mehm Family completes the construction of an initial water system in the early 1970 consisting of 6-inch cement mains along with eight well sites (Well 1 through 8).
- County approves Units Two and Three of the Wynola Estates in 1976 and 1981, respectively.
- LAFCO performs its first formal review of Wynola WD since its formation in conjunction with establishing a sphere for the District in 1984.

⁴⁴ An expanded overview of the development of the Julian region is provided in the profile section for the Julian-Cuyamaca Fire Protection District beginning on page 68 of this report.

- Wynola WD drills and activates Well Nos. 9 and 10 in 1996 and 2001, respectively.
- Wynola WD experiences significant damage from the Cedar Fire in 2003 and includes loosing Well No. 6. Wynola WD responds and drills and activates Well No. 11 in 2003.
- Several equipment failures occur in 2016 and Wynola WD requests and receives a \$50,000 grant from the County of San Diego to stabilize cash flow. Wynola WD proceeds to get voter approval for a \$1,000 per lot special assessment.
- LAFCO updates and affirms Wynola WD's sphere in 2007 and 2013 with no changes.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Wynola WD's existing boundary spans approximately 0.40 square miles in size and covers 255 unincorporated acres (parcels and public rights-of-ways) within one contiguous area. The jurisdictional boundary is entirely within the land use authority of the County of San Diego and subject to the Julian Community Plan.

Wynola WD's jurisdictional boundary spans 255 acres. The current density ratio is 1.5 residents per acre.

The jurisdictional boundary is entirely anchored by the Wynola Estates Subdivision. There are currently 130 registered voters within the jurisdictional boundary.

Total assessed value (land and structure) within Wynola WD is set at \$27.784 million as of December 2018 and translates to a per acre value ratio of \$0.107 million. The former amount – \$27.784 million – further represents a per capita value of \$0.163 million based on the estimated service population of 170. Wynola WD receives 0.00225% of the 1.0% in property taxes collected in its jurisdiction.

Current assessed value in Wynola WD is \$27.784 million and produces an annual property tax base of \$0.278 million. Less than 0.001% of the property tax revenue is allocated to Wynola WD.

The jurisdictional boundary is currently divided into 98 legal parcels and spans 249 acres. (The remaining jurisdictional acreage consists of public right-of-ways.) Almost all – or 98% – of the parcel acreage is under private ownership with

Nearly all of Wynola WD's jurisdictional boundary is under private ownership with 15 parcels totaling 46 acres remaining undeveloped.

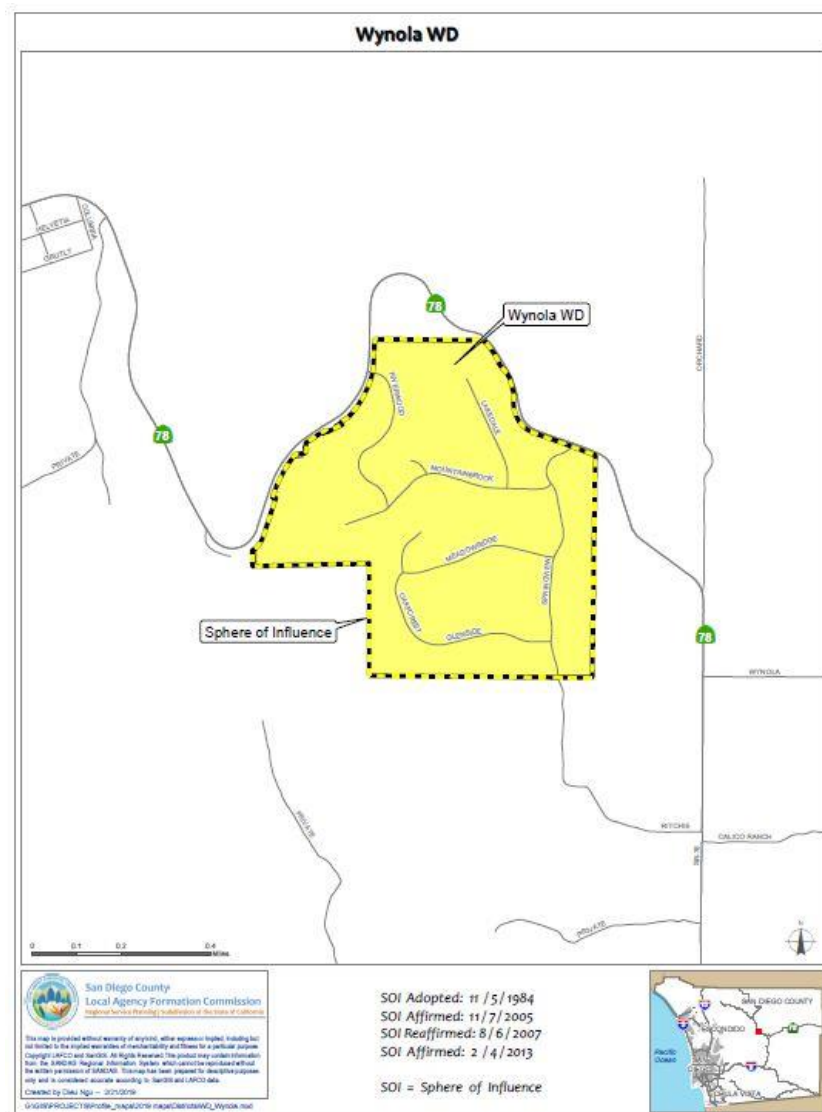
more than four-fifths having already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remainder of private

acreage is undeveloped and consists of 15 vacant parcels that collectively total 46 acres. All lands within and immediately adjacent to the jurisdictional boundary qualify as a disadvantaged unincorporated community.

3.2 Sphere of Influence

Wynola WD's sphere was established by LAFCO in 1984 and last reviewed and updated in 2013. The sphere is completely coterminous with Wynola WD's jurisdictional boundary and reflects an existing Commission expectation no boundary changes or outside service extensions are anticipated in the immediate future.

3.3 Current Boundary and Sphere Map



4.0 DEMOGRAPHICS

4.1 Population and Housing

Wynola WD’s total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 173 as of the term of the five-year report period. This amount represents 0.005% of the countywide total. It is also estimated the fulltime population has risen overall by 6.8% from 162 in 2010 and the last census reset. This translates to an annual growth rate of 0.85% and one-tenth below the countywide growth rate of 0.94%. It is projected the current growth rate will continue into the near-term and result in the fulltime population reaching 180 by 2023.

It is estimated there are 173 current fulltime residents within Wynola WD. It is also projected the resident population will increase consistent with recent trends – or 0.85% annually – and reach 180 by 2023.

Wynola WD Population				
Table 4.1a (Source: Esri LAFCO)				
Factor	2010	2018	2023	Annual Change %
Wynola WD	162	173	180	0.85%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are presently 73 residential dwelling units within Wynola WD. This amount has not increased since 2010. With respect to current housing unit totals, 81% are owner-occupied and 19% are renter-occupied with no identified vacancy. The average household size is 2.33 and has increased 3.6% over the preceding five-year period. The mean monthly housing costs in Wynola WD has decreased by (0.8%) from \$1,161 to \$1,152 based on the most recent five-year period averages. This current amount falls below the countywide cost of \$1,578.

Housing production in Wynola WD current totals 73 dwelling units. No units have been added since 2010. The average monthly housing cost in Wynola WD is \$1,152, and close to one-third lower than the countywide average.

Wynola WD Population		
Table 4.1b (Source: Esri LAFCO)		
Factor	Wynola WD	San Diego County
2010 Housing Units	73	1,164,766
2018 Housing Units	73	1,236,184
... Change	0	71,418
2010 Household Size	2.25	2.79
2018 Household Size	2.33	2.87
... Change	3.6%	2.87%
Current Monthly Housing Cost	\$1,152	\$1,578
Current Vacancy Rate	0%	5.4%

4.2 Age Distribution

The median age of residents in Wynola WD is 48.1 based on the current five-year period average. This amount shows the population is getting younger with the median age experiencing an overall decrease of (6.5%) from 51.7 over the preceding five-year period average. The current median age in Wynola WD, however, remains significantly higher than the countywide average of 35.3. Residents in the prime working age group (ages 25 to 64) make up less than half of the total population at 46.7% and is consistent with the countywide average of 47.0%. This latter amount also has decreased in Wynola WD by (17.2%) over the preceding five-year period.

Residents within Wynola WD tend to be older with a medium age of 48.1; an amount that is more than one-third higher than the countywide average of 35.3. Also the majority – 53.3% – of the residents are aged outside the prime working group of 25-64.

Wynola WD Median Age			
Table 4.2a (Source: American Community Survey LAFCO)			
Jurisdiction	2007-2011		Change
	5-Year Average		
Wynola WD	51.7	48.1	(6.5%)
San Diego County	34.6	35.3	2%

Wynola WD Prime Working Age: 25-64			
Table 4.2b (Source: American Community Survey LAFCO)			
Jurisdiction	2007-2011		Change
	5-Year Average		
Wynola WD	56.4%	46.7%	(17.2%)
San Diego County	53.4%	47%	(11.9%)

4.3 Income Characteristics

The median household income in Wynola WD is \$48,373 based on the current five-year period average. This amount represents a substantial decrease of (27.5%) from the preceding five-year period average of \$66,758. The current median household income in Wynola WD is also much lower in comparison to the current countywide median of \$66,259, which has separately increased over the preceding five-year period average by 4.2%. The current average rate of persons living below the poverty level in Wynola WD is 9.9%, which is lower than the countywide rate of 14.0%. This gap, however, is closing with the poverty rate in Wynola WD increasing by 33.8% over the last five-year period and more than four times the change in the countywide rate.

Wynola WD residents' average median household income has experienced a sharp decrease in recent years and is currently \$48,373. This amount is more than one-third less than the average countywide median income of \$66,758.

Wynola WD Median Household Income			
Table 4.3a (Source: American Community Survey LAFCO)			
Jurisdiction	2007-2011 5-Year Average	2012-2016 5-Year Average	Change
Wynola WD	\$66,758	\$48,373	(27.5%)
San Diego County	\$63,857	\$66,529	4.2%

Wynola WD Poverty Rate			
Table 4.3b (Source: American Community Survey LAFCO)			
Jurisdiction	2007-2011 5-Year Average	2012-2016 5-Year Average	Change
Wynola WD	7.4%	9.9%	33.8%
San Diego County	13%	14%	7.7%

4.4 Socioeconomic Indicators

Approximately 33.8% of residents that are age 25 and older in Wynola WD hold bachelor degrees or higher based on the current five-year period average. This is an increase of 4.3% from the preceding five-year average period, but still slightly below the countywide average total of 36.5%. Separately, the unemployment rate is 2.6% – and while sizably lower than the countywide average of 4.9% – marks more than a one-third increase from 4.1% from the earlier five-year average. It is also noted the non-English speaking population has grown in Wynola WD from 1.7% to 8.6%; a four-fold increase. Nearly one-third or 31.9% of the population collects retirement.

Unemployment levels within Wynola WD have decreased in recent years with the current five-year average totaling 2.6%. This amount is more than one-half lower than the current countywide average. Separately, Julian CSD has experienced a significant rise in non-English speaking residents by four-fold since 2010.

Wynola WD Residents with Bachelor Degrees			
Table 4.4a (Source: American Community Survey LAFCO)			
Jurisdiction	2007-2011 5-Year Average	2012-2016 5-Year Average	Change
Wynola WD	32.4%	33.8%	4.3%
San Diego County	34.2%	36.5%	6.73%

Wynola WD Non-English Speaking			
Table 4.4b (Source: American Community Survey LAFCO)			
Jurisdiction	2007-2011 5-Year Average	2012-2016 5-Year Average	Change
Wynola WD	1.7%	8.6%	405.9%
San Diego County	16.1%	15%	(6.83%)

5.0 ORGANIZATION

5.1 Governance

Wynola WD’s governance authority is established under the California Water District Act (Water Code §34000, et seq.) This principal act empowers Wynola WD to provide a limited range of municipal services upon approval by LAFCO. As of date, Wynola WD is authorized to provide only one municipal service: domestic water. All other powers enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO at a noticed public hearing before Wynola WD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing an active service, Wynola WD would also need to seek LAFCO approval at a notice public hearing. A list of active and latent powers follow.

Active Service Powers

Domestic Water

Latent Service Powers

Wastewater

Hydroelectric Power

Wynola WD has been governed since its formation in 1969 as an independent special district with registered voters comprising a five-member governing board. Members are either elected or appointed in lieu of a consented election to staggered four-year terms with a rotating president system. The Board regularly meets on the third Saturday each month at the Julian Public Library located at 1850 State Highway 78 in Julian. Members do not receive compensation for meeting attendance. A current listing of Wynola WD Board of Directors along with respective backgrounds and years served with the District follows.

Wynola WD Current Board Roster			
Table 5.1a (Source: Wynola WD)			
Member	Position	Background	Years on Board
Brian Lightbody	President	Engineer	n/a
Steven Kincaid	Vice President	Private Business Owner	2.5
Maura Maloof	Treasurer	Auditor	2.5
Tim Taschler	Secretary	Professional Money Manager	1.5
Bill Geckeler	Director	Professor	2.5

5.2 Administration

Section pending.

6.0 MUNICIPAL SERVICES

Wynola WD provides one municipal service: domestic water. A summary analysis of this service follows with respect to capacities, demands, and performance.

6.1 Domestic Water Service

Wynola WD’s domestic water services commenced at the time of its formation in 1969 and in conjunction with constructing a new system through the Mehm Family in the early 1970s to serve Unit One of the Wynola Estates Subdivision. The water system currently includes 72 metered connections all of which are categorized as residential and within a single zone.⁴⁵

Service Capacities

Wynola WD’s domestic water supplies are all locally sourced and drawn from five active groundwater wells that lie within the northern quarter of the San Diego River. These active wells range in depth from 780 to 1,020 subsurface feet and paired with current pumping capacities collectively provide Wynola WD with an estimated maximum daily raw water supply of 0.295 million gallons or 0.91 acre-feet. If operated continually these amounts would translate to a maximum annual raw water supply of 34.164 million gallons or 330.6 acre-feet. No formal analysis has been performed to quantify the reliability of the raw water sources during different hydrological periods.

Wynola WD Raw Water Supplies			
Table 6.1a (Source: Wynola WD LAFCO)			
Source	Maximum Minute Capacity	Maximum Daily Capacity	Maximum Annual Capacity
Groundwater	205 gallons	0.295 million gallons or 0.91 acre feet	107.748 million gallons or 330.6 acre feet

Capacity Amounts Reflect Existing Pumping Rates

All raw water supplies generated from the local groundwater sources are untreated.

⁴⁵ Connection information reflects data on file with the State Water Quality Control Board – Drinking Water Division.

Water pumped from the five active groundwater wells is directly conveyed into one of two adjacent above-ground tanks that are located next to the Wynola WD pump house. Each tank is equipped with a water level indicator to automate pumping from one of the five active wells based on an operator controlled schedule. The pump house conveys water from these two storage tanks into a third and final 5,000 gallon adjacent storage tank, which provides direct pressure for the distribution system and supported by a back-up generator. The distribution system spans one connected pressure zone and requires no other booster or pumping. The combined storage capacity is 0.115 million gallons or 0.35 acre-feet.

Wynola WD Water Storage				
Table 6.1b (Source: Wynola WD LAFCO)				
Name	Constructed Year	Pressure Zone	Capacity	
Tank No. 1	n/a	Wynola	0.045 million gallons	
Tank No. 2	n/a	Wynola	0.065 million gallons	
Tank No. 3	1996	Wynola	0.005 million gallons	
Total			0.115 million gallons or 0.35 acre-feet	

Service Demands

Wynola WD’s average annual water demand production over the five-year report period has been 6.098 million gallons or 18.7 acre feet. The most recent year-end amount showed total demand at 5.340 million gallons or 16.4 acre-feet and represents an average daily water demand of 14,630 gallons or 0.05 acre-feet. This latter amount is further broken down into equivalents of 203 gallons per day for every service connection and 86 gallons for every estimated fulltime resident. The average peak-day demand – the highest one-day sum in a given year – over the report period has been 0.055 million gallons or 0.17 acre-feet. This latter amount produces an average peaking factor of 3.29 and shows high-demand periods increase usage by more three times of normal.

With respect to trends, Wynola WD has experienced an overall decrease of (37.3%) in water demands – or (7.4%) annually – over the five year report period. The overall decrease in water demands during the corresponding 60-month period contrasts with the 4.25% increase in fulltime residents and suggests residents have de-intensified their water usage and corresponds with a

Wynola WD’s daily water demands as measured by per capita use significantly decreased by (39.6%) over the five-year report period from 139 gallons to 84 gallons. This contrasts with the parallel growth rate of 4.25% and substantiates usage is de-intensifying.

recent rate change.⁴⁶ This latter comment is illustrated in daily per resident use decreasing from 139 to 84 gallons during the 60-month period; a difference of (39.6%).

Wynola WD Water Demands							
Table 6.1c (Source: Wynola WD and LAFCO)							
Category	2014	2015	2016	2017	2018	Average	Trend
Annual Total	8,520 mg or 26.1 af	5,670 mg or 17.4 af	5,670 mg or 17.4 af	5,290 mg or 16.2 af	5,340 mg or 16.4 af	6,098 mg or 18.7 af	(37.3%)
Average Day Total	23,342 g	15,534 g	15,534 g	14,493 g	14,630 g	16,707 g	(37.3%)
... Per Resident	139 g	92 g	92 g	84 g	84 g	98 g	(39.6%)
Peak Day Total	80,000 g	75,000 g	40,000 g	40,000 g	40,000 g	55,000 g	(50.0%)
.... Peaking Factor	3.43	4.83	2.57	2.57	2.76	3.29	(19.5%)

mg = million gallons
 af = acre feet

Service Performance

Wynola WD’s domestic water system is currently operating with sufficient and excess capacity in supply and storage with respect to accommodating existing demands based on usage generated during the five-year report period. (Wynola WD does not treat its groundwater supplies.) These supply and storage capacities are similarly expected to accommodate anticipated demands over the next five-year period. A prominent variable, however, remains and it involves the resiliency of Wynola WD’s raw water supplies during different hydrological periods and merits further evaluation.

The following statements summarize and quantify existing and projected relationships between Wynola WD’s capacities and demands now and going forward to 2023. This includes referencing California’s Waterworks Standards (Title 22 of the Code of Regulations) and its requirements that all public community water systems have sufficient source, treatment, and storage capacities to meet peak day demand system-wide and within individual zones. It also addresses water quality and rates.

Water Supplies:

- Average annual water production demands generated over the five-year report period for the entire distribution system represents 5.7% of Wynola WD’s accessible maximum raw water supply. Assuming current trends continue – and specifically since the most recent rate increase was implemented with additional rate steps pending – this ratio will decrease to 4.5% by 2023.⁴⁷

⁴⁶ In July 2017, 67% of voters approved to increase the water rates over a five-year period effective January 2018. This results to an increasing percentage change annually beginning with 15% in Year 2 and ending with a 30% increase in Year 5.

⁴⁷ It is assumed annual demand trends will decrease each year through 2023 by (1.9%) consistent with the most recent three years.

- It is assumed for planning purposes in this report the average annual water production demand generated over the five-year report period for the entire distribution system would represent 21.8% of Wynola WD's projected accessible raw supply under single-dry year conditions as footnoted.⁴⁸ Assuming current trends continue this ratio will decrease to 17.3% by 2023.
- Average peak-day water production demands generated over the five-year report period for the entire distribution system represent 18.6% of the maximum daily raw water supply available to Wynola WD. Assuming current trends continue this ratio will decrease to 15.3% by 2023.

Water Treatment:

- Wynola WD does not operate treatment facilities; raw groundwater is directly conveyed into the distribution system with regular testing per State requirements.

Water Storage:

- Average peak-day water projection demands generated over the five-year report period for the entire distribution system represents 47.8% of Wynola WD's existing potable storage capacity. Assuming current trends continue this ratio will decrease to 39.2% by 2023.
- Wynola WD's potable storage capacity can accommodate up to 2.1 consecutive days of average peak-day demands generated over the five-year report period without recharge. This ratio is expected to increase to 2.5 over the next five years by 2023.

Water Quality:

- A review of the records maintained by the State Water Quality Control Board shows five violations for drinking water standards have been issued to Wynola WD since 2000. The last violation was issued in September 2010 and categorized as major and involved a positive test of coliform.

⁴⁸ In the absence of a site-specific assessment LAFCO is referencing the State Water Project Delivery Report (2013) and its use of the 1976-1977 drought as a baseline year to project single-dry year conditions and the reduction therein in water supplies by 74% relative to normal/maximum conditions. Under this projection Wynola WD's available raw water supply is reduced from 330.6 to 85.9 acre-feet.

- Wynola WD’s most recent water quality report was issued in May 2018 and shows the results of self-monitoring conducted during 2017. The report is divided into testing for both primary and secondary contaminant levels as prescribed by the State. No excessive containments were reported involving primary drinking water standards. Three excessive containments involving iron, manganese, and turbidity were reported involving secondary drinking water standards.

Water Rates

- Wynola WD charges two distinct fees for water service: (a) standby and (b) user. The fees were last updated in 2017 and collectively produce an equivalent monthly residential charge of \$65 based on the usage of 250 gallons per day. This amount will increase to 145.80 in \$2022 upon full implementation of an earlier voter approval.

7.0 FINANCES

7.1 Financial Statements

Wynola WD contracts with an outside accounting firm (Sonnenberg & Company) to prepare an annual report to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting Wynola WD’s statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Wynola WD’s short and long-term fiscal health with specific focus on delivering its single service function: domestic water.

Wynola WD’s most recent financial statements for the study period were issued for 2017-2018.⁴⁹ It shows Wynola WD experienced a positive change over the prior fiscal year as it overall net position (regular accrual basis) increased by 4.0% from \$0.438 million to \$0.455 million and attributed to a small operating surplus and increase in accounts receivable. The accompanying auditor’s report did not identify any material weaknesses or concerns. A summary of year-end totals and related trends drawn from audited statements during the report period regarding assets, liabilities, and net position follows.

Most Recent Year-Ending Financial Statements	
Assets	\$458,014
Liabilities	\$2,903
Deferred Outflow/Inflow	\$0
Net Position	\$455,111

⁴⁹ The audit for 2017-2018 was issued by Sonnenberg & Company on November 28, 2018.

Agency Assets

Wynola WD’s audited assets at the end of 2017-2018 totaled \$0.458 million and is 16.1% higher than the average year-end amount of \$0.395 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented less than one-third of the total amount – or \$0.147 million – and primarily tied to cash and investments. Assets classified as non-current make up the remaining two-thirds of the total – or \$0.311 million – with 50.0% of this amount being tied to three storage tanks and distribution system. Overall assets for Wynola WD have increased by 42.8% over the corresponding 60-month period.

Wynola WD’s Assets							
Table 7.1a Source Wynola WD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	194,023	202,676	186,036	133,364	146,940	(24.3%)	172,608
Non-Current	126,645	108,832	258,176	304,767	311,074	145.6%	221,899
	\$320,668	\$311,508	\$444,212	\$438,131	\$458,014	42.8%	\$394,507

Agency Liabilities

Wynola WD’s audited liabilities at the end of 2017-2018 totaled \$2,903 with an overall average during the five-year report period of \$867. This includes booking no liabilities during the first two years of the report period. Liabilities classified as current and representing obligations owed in the near-term accounted for the entire period-ending amount and tied to accounts payable.

Wynola WD’s Liabilities							
Table 7.1b Source Julian CSD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	0	0	958	473	2,903	n/a	867
Non-Current	0	0	24,341	0	0	n/a	4,868
	0	0	\$25,299	\$473	\$2,903	n/a	\$5,735

Net Position

Wynola WD’s audited net position or equity at the end of 2017-2018 totaled \$0.455 million and represents the difference between the District’s total assets and total liabilities. This most recent year-end amount is 17.1% higher than the average year-end sum of \$0.389 million

Wynola WD’s net position has substantively increased during the report period with an overall change of 41.9% from \$0.321 million to \$0.455 million.

documented during the five-year report period. Close to three-fifths of the most recent year-end amount – or \$0.311 million – is tied to capital assets and/or legally restricted. Overall the net position has increased by 41.9% over the corresponding 60-month period.

Wynola WD's Net Position							
Table 7.1c Source Wynola WD							
Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Invested in Capital	126,645	108,832	258,176	304,767	311,074	145.6%	221,899
Restricted	0	0	0	0	0	0.0%	0
Unrestricted	194,023	202,676	160,737	132,891	144,037	(25.8%)	166,873
	\$320,668	\$311,508	\$418,913	\$437,568	\$455,111	41.9%	\$388,722

Wynola WD maintains one general fund underlying the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled \$0.144 million and represents the available and spendable portion of the fund balance and subject to discretionary designations. The unrestricted amount represents 27 months of actual operating expenses in 2017-2018.

7.2 Measurements | Liquidity, Capital, and Margin

A review of the audited financial statement issuances by Wynola WD covering the five-year report period shows the District has experienced positive financial changes in two of the three measurement categories – liquidity, capital, and margin – used in this review. The lone negative measurement result involves liquidity levels and marked with the current ratio decreasing by nearly three-fourths from 194.2 to 50.6. Another liquidity measurement in days' cash also decreased during the report period by (29.4%). The other two measurements showed positive trends and highlighted with Wynola WD having high capital levels given the District finished the period with no long-term debt. Wynola WD also significantly improved margin levels over the last 24-month period with both positive operating and total ratios. A summary of year-end liquidity, capital, margin, and management structure ratios follow.

Wynola WD: Financial Measurements							
Table 7.2a Source LAFCO							
Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Equipment Replacement	Savings Ratio
2013-2014	n/a	1,237	0%	(42.7%)	(42.7%)	19	(0.3)
2014-2015	n/a	1,320	0%	(127.4%)	(127.4%)	20	(0.6)
2015-2016	194.2	1,305	6%	(103.7%)	(103.7%)	26	(0.5)
2016-2017	282.0	938	0%	24.4%	24.4%	36	0.3
2017-2018	50.6	873	0%	21.7%	21.7%	35	0.3
Average	175.6	1,135	1.2%	(45.5%)	(45.5%)	27	(0.2)
Trend	(73.9%)	(29.4%)	0.0	(150.8%)	(150.8%)	85.6%	(193%)

Liquidity

Capital

Margin

Management

7.3 Pension Obligations

Wynola WD does not have any recorded pension obligations.