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

REGULAR MEETING AGENDA

SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION

MONDAY, MARCH 2, 2020 9:00 A.M.
COUNTY ADMINISTRATION CENTER | ROOM 302
1600 PACIFIC HIGHWAY
SAN DIEGO, CALIFORNIA

Chair Dianne Jacob
Vice Chair Andy Vanderlaan

1. **9:00 A.M. – WELCOME AND ROLL CALL**

2. **PLEDGE OF ALLEGIANCE**

3. **AGENDA REVIEW**
The Chair will consider requests to remove or rearrange items on the agenda.

4. **PUBLIC COMMENT**
Opportunity for members of the public to speak to the Commission on any subject matter within the Commission's jurisdiction but not an item listed on the agenda. Each speaker's presentation may not exceed three minutes. (Please note for items listed on the agenda, speakers should fill out a speaker slip and address the Commission when the item is discussed, and their name is called.)

5. **CONSENT ITEMS**
All items calendared as consent are considered ministerial or non-substantive and subject to a single motion approval. The Chair will also consider requests to pull an item for discussion.

a) **Approval of Meeting Minutes for January 6, 2020 (action)**
The Commission will consider approving action minutes prepared for the January 6, 2020 regular meeting. Recommendation to approve.

b) **Budget Update for 2019-2020 | 2nd Quarter Actuals with Year-End Projections (action)**
The Commission will review a report comparing budgeted and actual transactions for 2019-2020 through the second quarter. The report projects the Commission will finish with an operating surplus of $0.112 million or 6%. Savings in salaries and benefits along with additional application fees underlie the projected surplus. Recommendation to accept and file.

c) **Commission Ratification | Recorded Payments for December 2019 and January 2020 (action)**
The Commission will review payments received and made for the months of December 2019 and January 2020. These payments cover all recorded transactions for the period and include $315,578 in total distributions made by the Executive Officer. Recommendation to ratify.

CONSENT ITEMS CONTINUED…

d) **Proposed "Orpheus Avenue-Gupta Change of Organization" | Annexation to the Leucadia Wastewater District; CO19-29 (action)**
The Commission will consider a change of organization proposal filed by the Leucadia Wastewater District to annex approximately 1.0 acres of unincorporated territory within its sphere of influence. The affected territory as submitted includes one legal lot divided into two assessor parcels with an existing gas station in the City of Encinitas. The proposal purpose is to extend public wastewater service to facilitate a remodel to include a quick-service restaurant. Staff recommends approval with a modification to include 2.7 acres of adjacent public right-of-way. The County of San Diego Assessor's Office identifies the subject parcels as 256-121-29 and 256-121-34.

e) **Progress Report on 2019-2020 Workplan (action)**
The Commission will receive a progress report on accomplishing specific projects included in the adopted workplan for 2019-2020. The report notes more than three-fourths of all workplan projects have been initiated with five already completed. Recommendation to accept and file.

f) **Current Proposals and Related Activities (information)**
The Commission will receive a report identifying active proposals on file with the Commission as well as pending submittals. This item is for information only.

g) **Update on the Special Districts Advisory Committee (information)**
The Commission will receive an update on the composition of the Special Districts Advisory Committee and the results of a recent election affecting eight of the sixteen Committee seats. The update is for information only.

6. PUBLIC HEARING ITEMS

Public hearing items require expanded public notification per provisions in State law.

a) **Final Report and Related Actions | Municipal Service Review on the Valley Center Region (action)**
The Commission will receive a final report prepared as part of the scheduled municipal service review on the Valley Center region. The final report returns with limited revisions from its draft presentation in January and represents an independent evaluation of public services in the Valley Center region and specific to the three local agencies under LAFCO oversight: Valley Center Community Services District; Valley Center Fire Protection District; and Valley Center Municipal Water District. Staff recommends the Commission formally accept the final report along with adopting a resolution making determinations on all of the factors required under statute.

b) **Sphere of Influence Updates for the Valley Center Region | CANCELLED**
The Executive Officer previously scheduled a public hearing for the March 2nd meeting for the Commission to consider sphere of influence updates in the Valley Center region involving the Valley Center Community Services District, Valley Center Fire Protection District, and Valley Center Municipal Water District. The hearing, however, has been cancelled due to an omission with the original notice and will be rescheduled for April 6th.

c) **Adoption of Proposed Workplan and Budget for 2020-2021**
The Commission will consider recommendations from the Executive Officer in adopting a proposed workplan and budget for 2020-2021. The proposed workplan outlines 20 specific project goals and continues to focus on the preparation of municipal service reviews in northern San Diego County. The proposed budget draws on the workplan and tallies $1.953 million in expenses, which represents an overall increase of 1.9%. A matching amount of revenues are also budgeted. Adoption will precede a formal public review and conclude with final actions in May.

7. **BUSINESS ITEMS**
Business items involve regulatory, planning, or administrative items that do not require a hearing.

a) **Draft Municipal Service Review on County Service Area No. 135 (discussion)**
The Commission will review a draft municipal service review on County Service Area (CSA) No. 135. The draft has been prepared as part of the adopted workplan and represents an independent assessment of CSA No. 135 and its active municipal functions – public safety radio communications, fire protection, and emergency medical services – with respect to availability, demand, and performance. This includes preparing determinative statements addressing the factors required under statute as part of the municipal service review mandate. A notable recommendation included in the draft involves reorganizing CSA No. 135 to establish a new and stand-alone dependent fire protection district. The draft is being presented for discussion and feedback ahead of staff initiating a public review in anticipation of returning in May with final actions.

8. **EXECUTIVE OFFICER REPORT**

9. **COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS**

10. **CLOSED SESSION**
None

11. **ADJOURNMENT TO NEXT MEETING**
April 6, 2020

Attest to Posting:

Tamaron Luckett
Executive Assistant

All associated agenda reports are available for viewing at www.sdlafco.org.

Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or a copy of all the documents constituting the agenda packet for a meeting upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting. Please contact the LAFCO office at least three (3) business days prior to the meeting for any requested arraignments or accommodations.

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San Diego County
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5a

AGENDA REPORT
Consent | Action

March 2, 2020

TO: Commissioners

FROM: Tamaron Luckett, Executive Assistant

SUBJECT: **Approval of Meeting Minutes for January 6, 2020**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the regular meeting held on Monday, January 6, 2020. The minutes are in action-form and being presented for formal approval with any desired corrections or clarifications as requested by the Commission.

BACKGROUND

The Ralph M. Brown Act was enacted by the State Legislature in 1953 and – among other items – requires public agencies to maintain written minutes for qualifying meetings.

DISCUSSION

This item is for San Diego LAFCO to consider approving action minutes for the January 6, 2020 regular meeting. The attendance record for the meeting follows.

- All members were present except Commissioners Mark Kersey (regular), Chris Cate (alternate), and Greg Cox (alternate).

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Mary Casillas Salas
City of Chula Vista
Bill Wells
City of El Cajon
Paul McNamara, Alternate
City of Escondido
Mark Kersey
City of San Diego
Chris Cate, Alternate
City of San Diego
Jo MacKenzie
Vista Irrigation
Barry Willis
Alpine Fire Protection
Erin Lump, Alternate
Rincon del Diablo MWD
Vice Chair Andy Vanderlaan
General Public
Harry Mathis, Alternate
General Public

ANALYSIS

The attached draft minutes for the January 6, 2020 regular meeting accurately reflect San Diego LAFCO's actions as recorded by staff. A video recording of the meeting has also been posted on the Commission's website (www.sdlafco.org).

RECOMMENDATION

It is recommended San Diego LAFCO approve the draft minutes prepared for the January 6, 2020 regular meeting as presented. This recommendation is consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Approve the draft minutes prepared for the January 6, 2020 regular meeting with any desired corrections or clarifications.

Alternative Two:
Continue item to the next regular meeting and provide direction to staff as needed.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,

Tamaron Luckett
Executive Assistant

Attachment:

1) Draft Meeting Minutes for January 6, 2020

DRAFT MINUTES
SAN DIEGO LAFCO
January 6, 2020 REGULAR MEETING

1. CALL TO ORDER | ROLL CALL

The regular meeting was called to order at 9:00 a.m. by Chair Dianne Jacob in the County of San Diego Administration Center located at 1600 Pacific Highway, Room 302, in San Diego, California.

The Commission Clerk performed the roll call with the following attendance recorded.

Regulars Present:	Jim Desmond, County of San Diego Dianne Jacob, County of San Diego (CHAIR) Jo MacKenzie, Vista Irrigation District Mary Casillas Salas, City of Chula Vista Andy Vanderlaan, Public (VICE CHAIR) Bill Wells, City of El Cajon Barry Willis, Alpine Fire Protection District
Alternates Present:	Erin Lump, Rincon del Diablo Municipal Water District Paul McNamara, City of Escondido Harry Mathis, Public
Members Absent:	Mark Kersey, City of San Diego (regular) Chris Cate, City of San Diego (alternate) Greg Cox, County of San Diego (alternate)

The Commission Clerk confirmed a quorum was present with seven voting members. Also present at the dais: Executive Officer Keene Simonds; Commission Counsel Carmen Brock; Analyst Linda Zambito; and Executive Assistant Tamaron Luckett serving as Commission Clerk.

Commissioner Lump arrived at 9:10 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner MacKenzie led the Commission in the Pledge of Allegiance.

3. AGENDA REVIEW

Chair Jacob asked the Executive Officer if there were requests to remove or rearrange items on the agenda. Executive Officer stated no changes to the agenda were needed and recommend the Commission proceed as planned.

4. PUBLIC COMMENT

Chair Jacob asked the public if anyone would like to address the Commission on any item not related to the agenda. Seeing no audience members approach the dais Chair Jacob ended the public comment period.

5. CONSENT ITEMS

Item 5a
Approval of meeting Minutes for December 3, 2019
Item presented to approve draft summary minutes prepared for the Commission's December 3, 2019 regular meeting. Recommendation to approve.

Item 5b
Commission Ratification | Recorded Payments for November 2019
Item presented to ratify recorded payments made and received by the Executive Officer for the month of November. Recommendation to approve.

Item 5c
Proposed "Valley Vista Road-Gutierrez Change of Organization" | Annexation to the San Diego County Sanitation District; CO19-25
Item presented to consider a change of organization proposal filed by an interested landowner to annex 0.6 unincorporated acres to the San Diego County Sanitation District. The proposal's purpose is to extend public wastewater service to a single-family residence and accommodate a planned improvement to build an accessory dwelling unit. Recommendation to approve with a discretionary modification to include 0.1 acres of adjacent public right-of-way on Valley Vista Road along with standard terms as well as waive protest proceedings.

Item 5d
Progress Report on 2019-2020 Workplan
Item presented to receive a progress report or specific projects as part of the 2019-2020 workplan. Recommendation to accept and file.

Item 5e
Current Proposals and Related Activities
Item presented to update current proposals on file with LAFCO as well as identify anticipated submittals. Item for information only.

Chair Jacob identified the items listed on the consent calendar and asked if any Commissioners would like to pull an item, and if not make a motion.

**

Commissioner Desmond motioned to approve the consent calendar as recommended in the associated agenda reports with a second from Commissioner Vanderlaan. Roll call requested:

AYES: Desmond, Jacob, MacKenzie, Salas, Vanderlaan, Wells, and Willis
NOES: None
ABSENT: Cate, Cox and Kersey
ABSTAINING: None

The Commission Clerk confirmed the motion was approved 7-0.

6. PUBLIC HEARING ITEMS

Item 6a
Proposed "Las Flores Drive Change of Organization" |
Annexation to Vallecitos Water District and Sphere Amendment; DA19-12
Item presented to consider a change of organization proposal filed by an interested landowner to annex 0.6 incorporated acres in the City of San Marcos to the Vallecitos Water District. The proposal's purpose is to extend wastewater service to facilitate the remodeling of an existing single-family residence. Recommendation to approve the proposal with discretionary modification to include 0.2 acres of the adjacent public right-of-way on Las Flores Drive along and conforming a sphere amendment. Standard terms and waiver of protest proceedings also recommended.

Executive Officer Keene Simonds presented the item to the Commission.

Chair Jacob opened the public hearing and asked the Commission if there were any questions for staff. Without any questions Chair Jacob proceeded to invite any members of the audience to address the Commission on this topic. Seeing no one approach the dais Chair Jacob closed the public hearing.

**

Commissioner Salas motioned to approve the staff recommendation as provided in the agenda report with a second from Commissioner Wells. Roll call requested:

AYES: Desmond, Jacob, MacKenzie, Salas, Vanderlaan, Wells, and Willis
NOES: None
ABSENT: Cate, Cox and Kersey
ABSTAINING: None

The Commission Clerk confirmed the motion was approved 7-0.

7. BUSINESS ITEMS

Item 7a
Draft Municipal Service Review on the Valley Center Region
Item presented for discussion and feedback on the draft municipal service review on the Valley Center region. The draft has been prepared as part of the adopted workplan and represents LAFCO's periodical review of the three local agencies in the Valley Center region under the Commission's oversight: Valley Center Community Services District; Valley Center Fire Protection District; and Valley Center Municipal Water District. The draft also includes determinative statements addressing all factors required under statute as part of the municipal service review mandate.

Analyst Linda Zambito summarized the draft report with respect to its key conclusions and recommendations and welcomed Commission feedback ahead of initiating a formal 45-day public review and comment period.

Chair Jacob asked if there were any initial questions or comments from the Commission. Without any comments Chair Jacob invited comments from the public. Comments were received from the following persons:

- Fire Chief Joseph Napier with Valley Center Fire Protection District.
- Stephen Abbott with San Diego County Fire Districts Association.
- Director Darcy LaHaye with Valley Center Parks and Recreation District.
- Board President Larry Glavinic with Valley Center Parks and Recreation District.
- General Manager Gary Arant with the Valley Center Municipal Water District.

General discussion followed from the Commission.

8. EXECUTIVE OFFICER REPORT

None

9. COMMISSION ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

None

10. CLOSED SESSION

Chair Jacob announced the Commission would proceed into closed session at 9:38 a.m. for the following four items as provided on the agenda.

Item 10a
Conference with Legal Counsel – Anticipated Litigation:
Pursuant to Government Code Section 54956.9(d)(2)): Significant expose to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9. (One case.)

**

Chair Jacob reconvened the regular meeting back into open session at 9:42 a.m. with Commission Counsel Carmen Brock announcing there were no reportable actions.

11. ADJOURNMENT TO NEXT MEETING

With no further business the Chair adjourned the meeting at 9:45 a.m.

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AGENDA REPORT
Consent | Action

March 2, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Erica Blom, Administrative Assistant

SUBJECT: **Budget Update for 2019-2020 |**
2nd Quarter Actuals with Year-End Projections

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a report comparing budgeted and actual transactions for 2019-2020 through the second quarter. The report projects the Commission will finish with an operating surplus of $0.112 million or 6%. Savings in salaries and benefits along with additional application fees underlie the projected surplus. Should the projected surplus hold it will allow the Commission to fully replenish the budgeted use of reserves as offsetting revenues in the fiscal year and leave an overall net increase to the fund balance of $0.039 million. The report is being presented to the Commission to accept and file as well as provide direction to staff as needed.

BACKGROUND

San Diego LAFCO's adopted budget for 2019-2020 totals $1.916 million. This amount represents the total approved operating expenditures for the fiscal year divided between three active expense units: salaries and benefits; service and supplies; and other. A matching revenue total was also budgeted to provide a projected year-end net of $0 and with the purposeful aid of a planned $0.072 million transfer from unassigned reserves. Budgeted revenues are divided between four active units: intergovernmental contributions; service

Jim Desmond, County of San Diego
Chair Dianne Jacob, County of San Diego
Greg Cox, Alternate, County of San Diego
Mary Casillas Salas, City of Chula Vista
Bill Wells, City of El Cajon
Paul McNamara, Alternate, City of Escondido
Mark Kersey, City of San Diego
Chris Cate, Alternate, City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Erin Lump, Alternate, Rincon del Diablo MWD
Vice Chair Andy Vanderlaan, General Public
Harry Mathis, Alternate, General Public

charges; earnings; and miscellaneous.[1] The Commission's total fund balance as of July 1, 2019 was $1.447 million.[2] No amendments have been approved to date.

DISCUSSION

This item is for San Diego LAFCO to receive an update comparison of (a) budget to (b) actual expenses and revenues through the second quarter (December 31st). The report provides the Commission the opportunity to track expenditure trends and consider year-end operating projections from the Executive Officer. The report is being presented to the Commission to formally accept and file along with providing related direction to staff as needed.

Summary | Operating Expenses

San Diego LAFCO's budgeted operating expense total for 2019-2020 is $1.916 million. Actual expenses booked through the second quarter totaled $0.865 million. This booked amount represents 45% of the budgeted total with 50% of the fiscal year complete. A breakdown of budget to actual expenses by unit through December 31st follows.

Expense Units	Adopted	Actuals Through 12/31	Percent Expended	Unexpended Balance
1) Salaries and Benefits	1,219,183	588,662	48.3	630,521
2) Services and Supplies	692,117	276,750	40.0	415,367
3) Other	5,000	0	0	5,000
Total	**$1,916,300**	**$865,412**	**45.2%**	**$1,050,888**

Actuals through the second quarter of the fiscal year and related analysis suggest San Diego LAFCO is on pace to finish with $1.829 million in total expenses. Should this projection hold the Commission will achieve an unexpended budgeted savings in expenses of $0.088 million or 5%. An expanded discussion on budgeted and actuals through the first six months along with year-end projections within the three expense units follow.

Expense Unit | Salaries and Benefits

San Diego LAFCO budgeted $1.219 million in salaries and benefits for 2019-2020 with the proceeds largely tied to funding 8.0 fulltime equivalent employees as well as existing retiree obligations.[3] Through the second quarter actual expenses within the affected line item accounts totaled $0.589 million or 48% of the budgeted amount with 50% of the fiscal year complete. Going forward it is expected overall actuals will total $1.160 million through the end of the fiscal year. If this projection holds the Commission will achieve an overall unit savings of $59,667 or 5% less any amendments.

[1] State law mandates operating costs for LAFCOs shall be annually funded among their represented agency membership categories. San Diego LAFCO's operating costs, accordingly, are divided among four distinct membership categories with the largest apportionment assigned to the County of San Diego at 28.6%. The independent special districts and cities less the City of San Diego are also apportioned funding percentages of 28.6% with individual amounts divided thereafter based on total revenue shares in a given fiscal year. The City of San Diego – and based on special legislation providing the City a dedicated seat on LAFCO – is responsible for the remaining 14.3% of annual operating costs.

[2] The fund balance total of $1.447 million includes $0.772 million in unassigned monies. The remainder – $0.675 million – is currently committed and/or assigned by the Commission for specific purposes.

[3] Commission per diem payments are also booked in the salaries account.

Expense Unit | Services and Supplies

San Diego LAFCO budgeted $0.692 million in services and supplies for 2019-2020 to provide funding for direct support services. Most of the budgeted funds are dedicated to professional services to cover such items as bookkeeping and legal services as well as making reimbursements to the County for office rent, information technology, and general overhead. Through the second quarter actual expenses within the affected line item accounts totaled $0.277 million or 40% of the budgeted amount with 50% of the fiscal year complete. Close to one-third of these booked expenses – or $82,236 – involve professional services and represent the single largest actual cost in the unit with almost two-fifths tied to legal. Going forward it is expected overall actuals will total $0.667 million through the end of the fiscal year. If this projection holds the Commission will achieve an overall unit savings of $25,344 or 4% less any amendments.

Expense Unit | Other

San Diego LAFCO budgeted $5,000 in two separate units to collectively address equipment depreciation and potential fixed asset purchases in 2019-2020. The Commission has not billed any charges through the second quarter. Going forward it is expected actuals will total $2,500 and result in a year-end balance of $2,500 or 50% less any amendments.

Summary | Operating Revenues

San Diego LAFCO's budgeted operating revenue total for 2019-2020 is $1.916 million. Actual revenues through the second quarter totaled $1.834 million. This amount represents 96% of the budgeted total with 50% of the fiscal year complete. A breakdown of budget to actual revenues within each of the four affected units through December 31st follows.

Revenue Units	Adopted	Actuals Through 12/31	Percent Collected	Outstanding Balance
1) Intergovernmental	1,703,700	1,703,700	100.0	0
2) Service Charges	125,000	111,941	89.6	13,059
3) Earnings	15,000	18,703	124.7	(3,703)
4) Miscellaneous	72,600	0	0	72,600
Total	**$1,916,300**	**$1,834,344**	**95.7%**	**$81,956**

Actuals through the second quarter and related analysis suggest San Diego LAFCO's year-end revenue totals will tally $1.941 million. Should this projection hold the Commission will achieve a budgeted surplus of $0.025 million or 1% and attributed to additional application fee revenues. An expanded discussion on budgeted and actual revenues in the four units through the first six months along with year-end projections follows.

Revenue Unit | Intergovernmental Fees

San Diego LAFCO budgeted $1.704 million in intergovernmental fees in 2019-2020. This total budgeted amount was subsequently divided between San Diego LAFCO's four agency membership categories based on statutory formula. The County of San Diego, independent districts, and cities less San Diego all received apportionments equaling $0.487 million. The remaining amount – $0.244 million – was apportioned to the City of San Diego. All apportionments were collected during the first six months.

Revenue Unit | Service Charges

San Diego LAFCO budgeted $0.125 million in application fees in 2019-2020. Through the second quarter the Commission collected $0.112 million in application fees and represents 90% of the budgeted amount with 50% of the fiscal year complete. It is expected actuals will total $0.137 million by the end of the fiscal year and reflect both additional application activity as well as implementing a recent fee schedule update. Should this projection hold the Commission will achieve a budgeted surplus of $0.013 million or 10%.

Revenue Unit | Interest

San Diego LAFCO budgeted $0.015 million in interest earnings in 2019-2020. Through the second quarter the Commission collected $0.019 million in interest earnings and represents 125% of the budgeted total. Staff anticipates the unit ultimately tallying $0.028 million and result in a year-end surplus of $0.013 million or 87%.

Revenue Unit | Miscellaneous

San Diego LAFCO budgeted $0.073 million in operating transfers from unassigned reserves in 2019-2020. This transfer was purposefully budgeted in conjunction to use reserves to reduce increases in agency contributions. No transfers were made through the second quarter. A full transfer is expected for budgeting purposes at this time but will be reduced and/or eliminated should an overall surplus occur.

ANALYSIS

Activity through the second quarter of the fiscal year shows San Diego LAFCO is generally proceeding advantageously and without the need for any correcting amendments. Savings in salaries and benefits paired with additional application fees – and this includes implementing the new fee schedule – underlie the projected year-end operating surplus of $0.113 million or 6%. Should the projected surplus hold it will allow the Commission to fully replenish the budgeted use of reserves as offsetting revenues in the fiscal year and leave an overall net increase to the fund balance of $0.039 million.

RECOMMENDATION

It is recommended San Diego LAFCO accept and file the report and provide related direction to staff as needed. This recommendation is consistent with Alternative One outlined below.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Accept and file the report with any additional direction to staff as needed.

Alternative Two:
Continue to a future meeting and provide direction to staff with respect to any additional analysis or information requested.

PROCEDURES

This item has been placed on the agenda as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,

Keene Simonds

Keene Simonds
Executive Officer

Attachment:

1) 2019-2020 Operating Budget with Actuals Through December 31st and Year-End Projections

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

OPERATING EXPENSES

		FY 2017-2018		FY 2018-2019		FY 2019-2020				
		Adopted	Actuals	Adopted	Actuals	Adopted	Actuals Through 12-31-19	Actuals % Expended	Projected Year End	Projected % Expended
Salaries and Benefits Unit										
Account No.	Description									
51110-51310	Salaries and Wages	1,100,599	617,838	689,719	638,748	752,780	357,384	47.5%	708,716	94.1%
51410	Retirement - SDCERA	-	166,680	239,780	230,865	258,148	129,775	50.3%	251,041	97.2%
51415	Retirement - OPEB	-	7,256	10,560	10,091	10,539	5,190	49.2%	10,067	95.5%
51421	Retirement - OPEB Bonds	-	27,841	41,598	37,308	40,321	19,733	48.9%	38,564	95.6%
51450	Payroll Taxes (Social and Medicare)	-	35,613	48,958	46,163	53,393	24,195	45.3%	48,902	91.6%
51510-51550	Group Insurance (Health and Dental)	-	74,615	96,958	95,405	100,234	52,312	52.2%	100,408	100.2%
51560	Unemployment Insurance	-	235	4,032	163	3,769	73	1.9%	1,817	48.2%
		1,100,599	930,078	1,131,604	1,058,743	**1,219,183**	**588,662**	**48.3%**	**1,159,516**	**95.1%**
Services and Supplies Unit										
Account No.	Description									
52074	Telecommunications	500	2,266	2,500	3,860	3,600	1,844	51.2%	3,686	102.4%
52178	Vehicle - Maintenance	2,000	489	2,000	610	1,500	443	29.5%	900	60.0%
52182	Vehicle - Fuel	1,500	401	1,500	367	1,000	165	16.5%	600	60.0%
52270	Memberships	15,000	11,328	13,000	14,601	28,139	17,731	63.0%	23,651	84.1%
52304	Miscellaneous	50	6,001	50	20	50	10	20.0%	10	20.0%
52330	Office: General	1,000	15,253	8,500	6,399	7,420	2,059	27.7%	7,000	94.3%
52332	Office: Postage	500	-	500	84	500	165	33.0%	413	82.5%
52334	Office: Printing	7,500	-	10,000	4,795	10,000	1,199	12.0%	10,000	100.0%
52336	Office: Books and Guidelines	2,000	3,609	2,000	3,226	2,000	474	23.7%	1,700	85.0%
52338	Office: Drafting/Engineering	50	-	50	-	50	-	0.0%	-	0.0%
52344	Office: Supplies and Furnishings	18,000	13,140	17,500	9,302	17,800	4,671	26.2%	11,678	65.6%
52354	Office: County Mail Services	9,000	10,037	9,000	18,896	10,000	4,635	46.3%	11,587	115.9%
52370	Professional Services: Consultants	382,500	326,850	259,110	398,125	204,505	82,236	40.2%	227,704	111.3%
52490	Publications and Legal Notices	7,500	7,085	5,000	10,382	4,650	5,279	113.5%	5,698	122.5%
52504	Leases: Equipment	4,000	5,498	6,500	8,137	6,600	2,557	38.7%	6,393	96.9%
52530	Leases: Office Space	80,000	79,789	79,880	79,555	82,657	40,938	49.5%	82,657	100.0%
52550	Special Expenses: County Overhead	155,000	47,826	155,000	113,842	100,896	27,007	26.8%	81,020	80.3%
52562	Special Expenses: Hires - Backgrounds	-	572	-	689	-	-	0.0%	-	-
52566	Special Expenses: Minor Equipment	1,000	1,164	1,000	2,788	1,000	641	64.1%	1,000	100.0%
52602	Computer Training	2,000	-	2,000	-	2,000	-	0.0%	-	0.0%
52610	Travel and Training | In County	500	11,301	5,000	6,634	4,500	3,516	78.1%	7,032	156.3%
52612	Employee Auto	10,000	8,724	10,000	9,069	9,700	4,622	47.6%	9,244	95.3%
52622	Travel and Training | Out of County	1,000	14,390	10,000	25,432	23,550	10,543	44.8%	21,086	89.5%
52704-52722	Reimbursements: Network	31,500	27,137	30,000	26,450	30,000	13,733	45.8%	34,332	114.4%
52723	Reimbursements: Data Center	45,000	48,214	45,000	30,728	45,000	14,476	32.2%	36,190	80.4%
52725	Reimbursements: Financial Systems	20,000	18,888	20,000	27,556	20,000	12,087	60.4%	24,174	120.9%
52726-52732	Reimbursements: Desktop Computing	27,700	47,462	25,000	25,311	25,000	15,778	63.1%	31,557	126.2%
52734	Reimbursements: Help Desk	2,500	3,154	3,000	4,743	3,000	1,367	45.6%	2,734	91.1%
52750-52754	Reimbursements: Catalog Equipment	51,000	23,973	45,000	32,097	45,000	7,581	16.8%	22,743	50.5%
52758	Reimbursements: Vehicle Lease	3,000	1,986	2,000	1,986	2,000	993	49.6%	1,986	99.3%
		881,300	736,535	770,090	865,684	**692,117**	**276,750**	**40.0%**	**666,773**	**96.3%**

OPERATING EXPENSES CONTINUED...

Other Units

Account No.	Description	FY 2017-2018 Adopted	FY 2017-2018 Actuals	FY 2018-2019 Adopted	FY 2018-2019 Actuals	FY 2019-2020 Adopted	Actuals Through 12-31-19	Percent Collected	Projected Year End	Projected % Collected
53585	Equipment Depreciation	2,500	2,019	2,500	2,500	2,500	-	0.0%	2,500.00	100.0%
54955-54961	Fixed Assets	2,500	-	2,500	-	2,500	-	0.0%	-	0.0%
		5,000	2,019	5,000	2,500	**5,000**	**-**	**0.0%**	**2,500.00**	**50.0%**
	EXPENSE TOTALS	1,986,899	1,668,632	1,906,694	1,926,927	**1,916,300**	**865,412**	**45.2%**	**1,828,789**	**95.4%**

OPERATING REVENUES

Account No.	Description	FY 2017-2018 Adopted	FY 2017-2018 Actuals	FY 2018-2019 Adopted	FY 2018-2019 Actuals	FY 2019-2020 Adopted	Actuals Through 12-31-19	Percent Collected	Projected Year End	Projected % Collected
Intergovernmental Unit										
45918.1	Apportionments | County	467,171	467,171	475,684	475,684	486,771	486,771	100.0%	486,771	100.0%
45918.2	Apportionments | Cities (less SD)	467,171	467,171	475,684	475,684	486,771	486,771	100.0%	486,771	100.0%
45918.3	Apportionments | City of San Diego	233,586	233,586	237,842	237,842	243,386	243,386	100.0%	243,386	100.0%
45918.4	Apportionments | Special Districts	467,171	467,171	475,684	475,684	486,771	486,771	100.0%	486,771	100.0%
		1,635,099	1,635,099	1,664,894	1,664,894	**1,703,700**	**1,703,700**	**100.0%**	**1,703,700**	**100.0%**
Service Charges Unit										
46234	Service Charges	125,000	168,009	125,000	82,147	125,000	111,941	89.6%	136,941	109.6%
		125,000	168,009	125,000	82,147	**125,000**	**111,941**	**89.6%**	**136,941**	**109.6%**
Earnings Unit										
44105	Interest and Dividends	6,800	15,535	6,800	19,052	15,000	18,703	124.7%	28,054	187.0%
		6,800	15,535	6,800	19,052	**15,000**	**18,703**	**124.7%**	**28,054**	**187.0%**
Miscellaneous Unit										
47540	Transfer from Fund Balance	220,000	-	110,000	217,186	72,600	-	0.0%	72,600.00	100.0%
		220,000	-	110,000	217,186	**72,600**	**-**	**0.0%**	**72,600.00**	**100.0%**
	REVENUE TOTALS	1,986,899	1,818,643	1,906,694	1,983,279	**1,916,300**	**1,834,344**	**95.7%**	**1,941,296**	**101.3%**
	OPERATING NET	-	**150,011**	-	**56,352**	-			**112,506**	

FUND BALANCE | JUNE 30th

	FY 2017-2018	FY 2018-2019
Committed	175,000	175,000
Assigned	75,000	75,000
Unassigned	1,357,486	1,196,652
	1,607,486	1,446,652

FUND BALANCE | JULY 1st

Committed	
... Stabilization	250,000
... Opportunity	300,000
Assigned	125,000
Unassigned	771,652
	1,446,652

5c

AGENDA REPORT
Consent | Action

March 2, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Erica Blom, Administrative Assistant

SUBJECT: **Commission Ratification | Recorded Payments for December 2019 and January 2020**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a report identifying all payments received and made for the months of December 2019 and January 2020. These payments cover all recorded transactions for the two-month period and include $315,578 in total distributions made by the Executive Officer with more than three-fifths tied to reimbursements to the County of San Diego for payroll, rent, overhead, and information technology services. The payments are being presented for formal ratification.

BACKGROUND

Accounting Policies and Procedures

San Diego LAFCO's policies provide direction to the Executive Officer to establish and maintain appropriate accounting controls for all financial transactions on behalf of the Commission. These policies specify the Executive Officer shall ensure accounting controls conform to standard procedures commonly enlisted by local governmental. Purchasing allowances are specified and include bid procedures for transactions at or above $10,000 and separate Commission approval for transactions at or above $125,000.

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Paul McNamara, Alternate
City of Imperial Beach
Mark Kersey
City of San Diego
Chris Cate, Alternate
City of San Diego
Jo MacKenzie
Vista Irrigation
Barry Willis
Alpine Fire Protection
Erin Lump, Alternate
Rincon del Diablo MWD
Vice Chair Andy Vanderlaan
General Public
Harry Mathis, Alternate
General Public

DISCUSSION

This item is for San Diego LAFCO to consider ratification of all payments made and received by the Executive Officer in December 2019 and January 2020. A detailing of these transactions prepared by the Administrative Assistant is provided in Attachment One. The item also provides the Commission the opportunity to provide feedback on related matters and inform potential changes in accounting procedures going forward.

ANALYSIS

San Diego LAFCO's recorded payments made by the Executive Officer for December 2019 and January 2020 totaled $315,578 with 72% – or $226,756 – tied to expenditures with the County of San Diego. This includes covering payroll obligations, office rent, and information technology services. Professional service expenses represent most of the remaining expenditures during the period and tallied $73,257 and include legal and contract planning activities. Recorded revenues during the period totaled $24,278 with most of the monies drawn from collecting an application fee from Fallbrook Public Utility District. All transactions recorded during the period are consistent with the adopted budget.

RECOMMENDATION

It is recommended San Diego LAFCO ratify the payments received and made by the Executive Officer for December 2019 and January 2020 as presented. This recommendation is consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Ratify the recorded payments received and made by the Executive Officer in December 2019 and January 2020 as shown in Attachment One.

Alternative Two:
Continue to the next regular meeting and provide direction to staff as needed.

Alternative Three
Take no action.[1]

(continued)

[1] Payment ratifications are not required under LAFCO policy, but are presented to the Commission per practice.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,

Erica A. Blom

Erica Blom
Administrative Assistant

Attachments:

1) Recorded Payments in December 2019
2) Recorded Payments in January 2020

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SAN DIEGO LAFCO
Expenses by Vendor Detail
December 2019

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | After Effects						
	12/12/2019	52330 · Office Expense	20.99	Monthly Video Editing Software	credit card	3558-60 · SDCCU Visa Credit Card
E | Amazon						
	12/1/2019	52330 · Office Expense	14.00	Amazon Prime Monthly Payment	credit card	3558-60 · SDCCU Visa Credit Card
E | Ambius						
	12/12/2019	52370.J · Professional Services	97.94	Monthly Office Plants Service	check	3558 · SDCCU Checking
E | Andrew Vanderlaan						
	12/20/2019	52622 · Training/Registration Out-County	441.11	CALAFCO Annual Conference Travel Reimbursements	check	3558 · SDCCU Checking
E | ARCC (Assessor Recorder Coutny)						
	12/4/2019	52490 · Publications	50.00	NOE Fee | Sweetwater Rd. Reorg (RO19-16)	check	3558 · SDCCU Checking
	12/4/2019	52490 · Publications	50.00	NOD Fee | Sweetwater Rd. Reorg (RO19-16)	check	3558 · SDCCU Checking
	12/4/2019	52490 · Publications	50.00	NOE Fee | Wilmott-Champagne Blvd. Reorg (RO19-08)	check	3558 · SDCCU Checking
	12/4/2019	52490 · Publications	50.00	NOE Fee | Catalina Ave. Reorg (RO19-13)	check	3558 · SDCCU Checking
	12/4/2019	52490 · Publications	50.00	NOE Fee | Catalina Ave. Reorg (SA19-13)	check	3558 · SDCCU Checking
			250.00			
E | AT&T Mobility						
	12/2/2019	52074 · Telecommunications	306.44	Monthly Cell Phone Bill | EO and Analysts	check	3558 · SDCCU Checking
	12/24/2019	52074 · Telecommunications	306.44	Monthly Cell Phone Bill | EO and Analysts	check	3558 · SDCCU Checking
			612.88			
E | Billing Hostway						
	12/2/2019	52370.E · Professional Services	21.95	Monthly Website Support	check	3558 · SDCCU Checking
	12/24/2019	52370.E · Professional Services	21.95	Monthly Website Support	check	3558 · SDCCU Checking
			43.90			
E | Blue Barn Creative LLC						
	12/4/2019	52370 · Professional Services	1,000.00	Video Recording Services for Commission Meeting	check	3558 · SDCCU Checking
	12/4/2019	52370 · Professional Services	1,000.00	Video Recording Services for Commission Meeting	electronic	1000 · County Account (44595)
			2,000.00			
E | Claim Jumper						
	12/20/2019	52610 · Non-Travel/In-County	200.06	Quarterly Staff Meeting	debit card	3558 · SDCCU Checking
E | Colantuono, Highsmith & Whatley						
	12/4/2019	52370.B · Professional Services	7,316.00	Special Counsel Services	electronic	1000 · County Account (44595)
	12/12/2019	52610 · Non-Travel/In-County	355.21	Business Travel Reimbursement	check	3558 · SDCCU Checking
	12/13/2019	52370.B · Professional Services	14,052.00	Special Counsel Services	electronic	1000 · County Account (44595)
	12/24/2019	52610 · Non-Travel/In-County	82.36	Business Travel Reimbursement	check	3558 · SDCCU Checking
			21,805.57			
E | Cordata						
	12/12/2019	52330 · Office Expense	49.90	Document Storage	check	3558 · SDCCU Checking
E | County of San Diego						
	12/1/2019	52530 · Office Lease	6,823.06	Rent	electronic	1000 · County Account (44595)
	12/1/2019	52354 · Mail/Postage ISF	688.25	Mail/Postage Services	electronic	1000 · County Account (44595)
	12/1/2019	52178 · Vehicle Maintenance	27.89	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	12/1/2019	52182 · Vehicle Fuel	36.94	Vehicle Fuel	electronic	1000 · County Account (44595)
	12/1/2019	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	12/1/2019	52721 et al. · Communications (IT) Services	16,361.47	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	12/13/2019	51110 et al. · Employee Payroll	45,347.68	Payroll | Pay Period 2020-12	electronic	1000 · County Account (44595)
	12/27/2019	51110 et al. · Employee Payroll	42,029.13	Payroll | Pay Period 2020-13	electronic	1000 · County Account (44595)
	12/2/2019	52344 · Stores Unallocated	9.38	County Surcharge | Office Depot Order	electronic	1000 · County Account (44595)
	12/5/2019	52504 · Equipment Rental	3.57	County Surcharge | Xerox	electronic	1000 · County Account (44595)
	12/9/2019	52344 · Stores Unallocated	1,019.32	Office Supplies | Office Depot Order	electronic	1000 · County Account (44595)
	12/10/2019	52344 · Stores Unallocated	13.46	County Surcharge | Office Depot Order	electronic	1000 · County Account (44595)
	12/16/2019	52504 · Equipment Rental	1.89	County Surcharge | Xerox	electronic	1000 · County Account (44595)
	12/31/2019	52344 · Stores Unallocated	269.66	Office Supplies | Office Depot Order	electronic	1000 · County Account (44595)
	12/31/2019	52344 · Stores Unallocated	3.56	County Surcharge | Office Depot Order	electronic	1000 · County Account (44595)
			112,800.75			
E | Culligan of San Diego						
	12/13/2019	52330 · Office Expense	79.00	Monthly Water Service	check	3558 · SDCCU Checking
E | Earl John Traylor						
	12/4/2019	52370.F · Professional Services	5,130.00	Consultant Services | Fire	electronic	1000 · County Account (44595)

SAN DIEGO LAFCO

Expenses by Vendor Detail

December 2019

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | Harry Ehrlich						
	12/2/2019	52370.F · Professional Services	1,200.00	Consultant Services | Legislation	electronic	1000 · County Account (44595)
	12/24/2019	52610 · Non-Travel/In-County	782.37	Mileage Reimbursement	check	3558 · SDCCU Checking
	12/24/2019	52370.F · Professional Services	1,700.00	Consultant Services | Legislation	electronic	1000 · County Account (44595)
			3,682.37			
E | Jo Ann MacKenzie						
	12/13/2019	52622 · Training/Registration Out-County	363.74	CALAFCO Legislative Committee Travel Reimbursements	check	3558 · SDCCU Checking
	12/16/2019	52622 · Training/Registration Out-County	447.88	CALAFCO Board Meting Travel Reimbursements	check	3558 · SDCCU Checking
	12/18/2019	52622 · Training/Registration Out-County	386.28	CALAFCO Subcomimttee - Protest Travel Reimbursements	check	3558 · SDCCU Checking
			1,197.90			
E | Leaf & Cole LLP						
	12/13/2019	52370.H · Professional Services	6,600.00	Consultant Services | Accounting	electronic	1000 · County Account (44595)
E | Lucy Dunn						
	12/12/2019	52622 · Training/Registration Out-County	471.57	CALAFCO Annual Conference Travel Reimbursements (Speaker)	check	3558 · SDCCU Checking
E | Price Self Storage						
	12/13/2019	52504 · Equipment Rental	70.00	Storage Unit Monthly Payment	debit card	3558 · SDCCU Checking
E | Renato Rodriguez						
	12/4/2019	52330 · Office Expense	60.00	Refreshments for Commission Meeting at CAC	check	3558 · SDCCU Checking
	12/24/2019	52330 · Office Expense	60.00	Refreshments for SDAC Meeting at CAC	check	3558 · SDCCU Checking
			120.00			
E | San Diego Union Tribune						
	12/12/2019	52490 · Publications	303.72	PHN for November 2019 Meeting (DA19-14)	check	3558 · SDCCU Checking
	12/16/2019	52490 · Publications	599.97	PHN for December 2019 Meeting (RO19-13) & (RO19-08)	check	3558 · SDCCU Checking
			903.69			
E | SDCCU						
	12/13/2019	52304 · Miscellaneous Expense	10.00	Bank Service Charge for Check Cancelation	electronic	3558 · SDCCU Checking
E | Seasons 52						
	12/9/2019	52610 · Non-Travel/In-County	186.77	Southern Region EO Meeting (reimburseents expected)	debit card	3558 · SDCCU Checking
E | Simon's Café & Catering						
	12/2/2019	52610 · Non-Travel/In-County	10.00	Tip for Simon's Cafe	cash	1040 · Petty Cash
	12/2/2019	52610 · Non-Travel/In-County	87.92	Lunch for Sex Harrasement Prevention Training	credit card	3558-60 · SDCCU Visa Credit Card
			97.92			
E | State Board of Equalization						
	12/2/2019	52490 · Publications	3,500.00	SBE Fees for Julian-Cuyamaca FPD Reorg (RO18-09)	check	3558 · SDCCU Checking
E | Sunny Donuts						
	12/20/2019	52330 · Office Expense	23.98	Refreshments for SDAC Meeting at CAC	credit card	3558-60 · SDCCU Visa Credit Card
E | The Toll Roads						
	12/27/2019	52622 · Training/Registration Out-County	301.42	Travel to OC Meeting (will be partially refunded)	debit card	3558 · SDCCU Checking
E | TK Donuts						
	12/2/2019	52330 · Office Expense	22.95	Refreshments for Commission Meeting at CAC	credit card	3558-60 · SDCCU Visa Credit Card
E | USPS						
	12/2/2019	52332 · Postage	55.00	Roll of Forever Stamps	cash	1040 · Petty Cash
E | Xerox						
	12/6/2019	52504 · Equipment Rental	648.27	Xerox Rental	electronic	1000 · County Account (44595)
	12/16/2019	52504 · Equipment Rental	344.46	Xerox Rental	electronic	1000 · County Account (44595)
			992.73			
EXPENSE TOTAL			161,782.40			

SAN DIEGO LAFCO

Expenses by Vendor Detail

December 2019

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
R | CALAFCO						
	12/23/2019	52622 · Training/Registration Out-County	350.00	Refund for 2019 Annual Conference Program Chair (KS)	check	1000 · County Account (44595)
R | County of San Diego						
	12/31/2019	45918 · LAFCO Apportionment	279.59	LAFCO Apportionment for FZY19-20	electronic	1000 · County Account (44595)
	12/31/2019	49200 · Interest & Dividends	2,668.87	Interest Payment to Account 46725	electronic	1001 · General Fund (46725)
	12/31/2019	49200 · Interest & Dividends	756.69	Interest Payment to Account 46726	electronic	1002 · Special Projects Fund (46726)
	12/31/2019	49200 · Interest & Dividends	633.34	Interest Payment to Account 46727	electronic	1003 · Jurisdictional Fund (46727)
			4,338.49			
R | Fallbrook PUD						
	12/1/2019	46234 · Applications	16,653.00	LAFCO Processing Fees (LPA19-27)	check	1000 · County Account (44595)
R | KB Home						
	12/19/2019	52490 · Publications	446.90	PHN Fees (RO17-07)	check	1000 · County Account (44595)
R | Robert Gualtieri						
	12/10/2019	52490 · Publications	100.00	Recording Fees (RO19-13)	check	1000 · County Account (44595)
	12/10/2019	52490 · Publications	332.52	PHN Fees (RO19-13)	check	1000 · County Account (44595)
			432.52			
R | Robert Wilmott						
	12/12/2019	52490 · Publications	50.00	Recording Fees (RO19-08)	check	1000 · County Account (44595)
	12/12/2019	52490 · Publications	267.45	PHN Fees (RO19-08)	check	1000 · County Account (44595)
			317.45			
REVENUE TOTAL			22,538.36			

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SAN DIEGO LAFCO
Expenses by Vendor Detail
January 2020

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | After Effects						
	1/12/2020	52330 · Office Expense	20.99	Monthly Video Editing Software	credit card	3558-60 · SDCCU Visa Credit Card
E | Amazon						
	1/1/2020	52330 · Office Expense	14.00	Amazon Prime Monthly Payment	credit card	3558-60 · SDCCU Visa Credit Card
E | Ambius						
	1/9/2020	52370.J · Professional Services	97.94	Monthly Office Plants Service	check	3558 · SDCCU Checking
E | Amtrak						
	1/26/2020	52622 · Training/Registration Out-County	170.10	Transportation | Southern Region CCL Meeting (EO, JM, and AV)	debit card	3558 · SDCCU Checking
E | ARCC (Assessor Recorder Coutny)						
	1/7/2020	52490 · Publications	50.00	NOE Fee | Las Flores Dr. (CO19-12)	check	3558 · SDCCU Checking
	1/7/2020	52490 · Publications	50.00	NOE Fee | Las Flores Dr. (SA19-12)	check	3558 · SDCCU Checking
	1/7/2020	52490 · Publications	50.00	NOE Fee | Valley Vista-Gutierrez (CO19-25)	check	3558 · SDCCU Checking
	1/7/2020	52490 · Publications	50.00	NOE Fee | Rains-Acacia Ave. (CO19-07)	check	3558 · SDCCU Checking
			200.00			
E | AT&T Mobility						
	1/28/2020	52074 · Telecommunications	304.54	Monthly Cell Phone Bill | EO and Analysts	check	3558 · SDCCU Checking
E | Blue Barn Creative LLC						
	1/17/2020	52370 · Professional Services	1,000.00	Video Recording Services for Commission Meeting	electronic	1000 · County Account (44595)
E | Canon Business Solutions						
	1/28/2020	52330 · Office Expense	16.50	Copier Maintenance	check	3558 · SDCCU Checking
E | Chase Design Inc						
	1/3/2020	52370.I · Professional Services	3,450.00	Agency Brochure Development	electronic	1000 · County Account (44595)
E | Claim Jumper						
	1/6/2020	52610 · Non-Travel/In-County	86.13	LAFCO - Fire Authority Meeting	debit card	3558 · SDCCU Checking
E | Colantuono, Highsmith & Whatley						
	1/17/2020	52370.B · Professional Services	10,238.00	Special Counsel Services	electronic	1000 · County Account (44595)
E | Cordata						
	1/28/2020	52330 · Office Expense	49.90	Document Storage	check	3558 · SDCCU Checking
E | County of San Diego						
	1/1/2020	52530 · Office Lease	6,823.06	Rent	electronic	1000 · County Account (44595)
	1/1/2020	52354 · Mail/Postage ISF	630.38	Mail/Postage Services	electronic	1000 · County Account (44595)
	1/1/2020	52178 · Vehicle Maintenance	27.89	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	1/1/2020	52182 · Vehicle Fuel	0.00	Vehicle Fuel	electronic	1000 · County Account (44595)
	1/1/2020	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	1/1/2020	52721 et al. · Communications (IT) Services	18,047.23	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	1/10/2020	51110 et al. · Employee Payroll	43,255.62	Payroll | Pay Period 2020-14	electronic	1000 · County Account (44595)
	1/24/2020	51110 et al. · Employee Payroll	44,472.82	Payroll | Pay Period 2020-15	electronic	1000 · County Account (44595)
	1/2/2020	52504 · Equipment Rental	2.95	County Surcharge | Xerox	electronic	1000 · County Account (44595)
	1/29/2020	52504 · Equipment Rental	2.50	County Surcharge | Xerox	electronic	1000 · County Account (44595)
	1/30/2020	52344 · Stores Unallocated	520.51	Office Supplies | Office Depot Order	electronic	1000 · County Account (44595)
	1/30/2020	52344 · Stores Unallocated	6.88	County Surcharge | Office Depot Order	electronic	1000 · County Account (44595)
			113,955.33			
E | Culligan of San Diego						
	1/7/2020	52330 · Office Expense	48.50	Monthly Water Service	check	3558 · SDCCU Checking
E | ESRI						
	1/17/2020	52622 · Training/Registration Out-County	1,495.00	Registration for ESRI Conference 2020 (DN)	check	3558 · SDCCU Checking
E | Harry Ehrlich						
	1/3/2020	52610 · Non-Travel/In-County	791.87	Mileage Reimbursement	check	3558 · SDCCU Checking
	1/24/2020	52370.F · Professional Services	1,800.00	Consultant Services | Legislation	electronic	1000 · County Account (44595)
			2,591.87			
E | Leaf & Cole LLP						
	1/3/2020	52370.H · Professional Services	2,485.00	Consultant Services | Accounting	electronic	1000 · County Account (44595)
	1/27/2020	52370.H · Professional Services	4,050.00	Consultant Services | Accounting (Audit Preparation)	electronic	1000 · County Account (44595)
			6,535.00			
E | Linda Zambito						
	1/28/2020	52622 · Training/Registration Out-County	60.23	CALAFCO University Travel Reimbursements	check	3558 · SDCCU Checking

SAN DIEGO LAFCO
Expenses by Vendor Detail
January 2020

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | Planwest Partners Inc						
	1/3/2020	52370.F · Professional Services	4,218.00	Consultant Services | MSR	electronic	1000 · County Account (44595)
	1/17/2020	52370.F · Professional Services	7,778.50	Consultant Services | MSR	electronic	1000 · County Account (44595)
			11,996.50			
E | Price Self Storage						
	1/12/2020	52504 · Equipment Rental	75.00	Storage Unit Monthly Payment	debit card	3558 · SDCCU Checking
E | Renato Rodriguez						
	1/7/2020	52330 · Office Expense	60.00	Refreshments for Commission Meeting at CAC	check	3558 · SDCCU Checking
E | Roadrunner Publication						
	1/9/2020	52490 · Publications	380.80	PHN for Valley Center MSR	credit card	3558-60 · SDCCU Visa Credit Card
E | San Diego Fire Chief's Association						
	1/9/2020	52270 · Memberships	150.00	Membership Fees (EO and Analysts)	check	3558 · SDCCU Checking
E | San Diego Union Tribune						
	1/28/2020	52490 · Publications	237.75	PHN for Las Flores Dr. (DA19-12)	check	3558 · SDCCU Checking
E | TK Donuts						
	1/7/2020	52330 · Office Expense	24.35	Refreshments for Commission Meeting at CAC	credit card	3558-60 · SDCCU Visa Credit Card
E | Xerox						
	1/8/2020	52504 · Equipment Rental	537.23	Xerox Rental	electronic	1000 · County Account (44595)
EXPENSE TOTAL			153,795.66			

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
R | County of San Diego						
	1/31/2020	49200 · Interest & Dividends	569.65	Interest Payment to Account 46725	electronic	1001 · General Fund (46725)
	1/31/2020	49200 · Interest & Dividends	645.33	Interest Payment to Account 46726	electronic	1002 · Special Projects Fund (46726)
	1/31/2020	49200 · Interest & Dividends	273.59	Interest Payment to Account 46727	electronic	1003 · Jurisdictional Fund (46727)
			1,488.57			
R | The Toll Roads						
	1/12/2020	52622 · Training/Registration Out-County	251.50	Refund for Overcharge from 12/27/19	electronic	3558 · SDCCU Checking
REVENUE TOTAL			1,740.07			

5d

AGENDA REPORT
Consent | Action

March 2, 2020

TO: Commissioners

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

SUBJECT: **Proposed "Orpheus Avenue-Gupta Change of Organization" | Annexation to the Leucadia Wastewater District (CO19-29)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a change of organization proposal filed by the Leucadia Wastewater District (WWD) to annex approximately 1.0 acres of incorporated territory within the District's sphere of influence. The affected territory as submitted includes one legal lot divided into two assessor parcels with an existing gas station in the City of Encinitas. The proposal purpose is to extend public wastewater service to facilitate a remodel and expansion to include a quick-service restaurant. Staff recommends approval of the proposal with a modification to include 2.7 acres of adjacent public right-of-way along Orpheus Avenue and Leucadia Boulevard. Standard approval terms are also recommended along with waiving protest proceedings.

BACKGROUND

Applicant Request

San Diego LAFCO has received a proposal from Leucadia WWD on behalf of an interested landowner (Ravi Gupta) requesting approval to annex approximately 1.0 acres within the District's sphere of influence. The affected territory as submitted comprises two assessor parcels already developed with an existing gas station (Chevron) that includes a mini-mart and

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Barry Willis
Alpine Fire Protection
Erin Lump, Alternate
Rincon del Diablo MWD
Vice Chair Andy Vanderlaan
General Public
Harry Mathis, Alternate
General Public

auto service mechanic shop with a situs of 865 Orpheus Avenue in the City of Encinitas. The existing gas station was built in 1970 and currently utilizes an onsite septic tank. The County of San Diego Assessor identifies the two subject assessor parcels as 256-121-29 and 256-121-34.

Affected Territory

The following map shows the approximate location of the affected territory. Attachment One shows the affected territory relative to the proposed boundary change involving the lone subject agency (Leucadia WWD) and the principal affected agency (City of Encinitas).

Source: San Diego LAFCO

Subject Agency

The proposed change of organization filed with San Diego LAFCO involves one subject agency: Leucadia WWD.[1] A summary of the subject agency in terms of resident population, municipal service functions, and financial standing follows.

- Leucadia WWD is an independent special district formed in 1959 and provides wastewater services within an approximate 15 square-mile service area with a projected resident service population of 63,000. The jurisdictional boundary is divided between two municipalities with the City of Encinitas on the north and the City of Carlsbad on the south. Key infrastructure includes 218 miles of wastewater lines that collects and conveys wastewater for treatment and discharge to the Encina Wastewater Authority; a joint-powers authority co-membered by the District and operator of the Encina Wastewater Pollution Control Facility in Carlsbad. LAFCO most recently updated Leucadia WWD's sphere of influence in 2013 and it includes 547 non-jurisdictional acres. The undesignated fund balance as of July 30, 2019

[1] State law defines "subject agency" to mean any district or city for which a change of organization or reorganization is proposed.

totaled $32.7 million and sufficient to cover 27 months of normal operating costs based on the current budget.

Affected Local Agencies

The affected territory lies within the jurisdictional boundaries and/or spheres of influence of four local agencies directly subject to San Diego LAFCO. These agencies qualify as "affected agencies" relative to the proposed change of organization and listed below.[2]

- City of Encinitas
- San Dieguito Water District
- San Diego County Water Authority
- CSA No. 17 (San Dieguito Ambulance)
- CSA No. 135 (Regional Communications)

DISCUSSION

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

Proposal Purpose

The primary purpose of the proposed change of organization before San Diego LAFCO is to facilitate the remodel and expansion of the existing gas station comprising the affected territory by making available public wastewater service. The City of Encinitas has conditionally approved a use permit for the remodel and involves demolishing an existing mini-mart and auto-service shop and construct a new and larger marketplace and quick-service restaurant. Connection to Leucadia WWD is a condition of approval. Leucadia WWD's wastewater main is located immediately adjacent to the affected territory within the public right-of-way on Orpheus Avenue and accessible by a private lateral connection.

Development Potential

The City of Encinitas General Plan designates the affected territory as Visitor Serving Commercial (VSC) with a matching zoning assignment. This latter assignment prescribes a minimum lot size of 0.2 acres and would allow the affected territory to be further divided up to a maximum of four legal lots. The City of Encinitas approved a major use permit in December 2018 to allow the landowner to proceed with a remodel and expansion as described in the preceding section.

[2] State law defines "affected local agency" as any entity that contains, or would contain, or whose sphere contains or would contain, any territory for which a change of organization is proposed or ordered. Notice of the proposal and hearing were provided to the agencies.

Commission Focus

Two central and sequential policy items underlie the San Diego LAFCO's consideration of the change of organization. These policy items ultimately take the form of determinations and orient the Commission to consider the stand-alone merits of the (a) timing of the change of organization and (b) whether discretionary boundary modifications or approval terms are appropriate. The Commission must also consider other relevant statutes as detailed.

ANALYSIS

San Diego LAFCO's analysis of the proposed change of organization is divided into two subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section regarding the timing of the change of organization relative to the factors mandated for review by the Legislature and local policies as well as whether modifications and terms are appropriate in further addressing Commission goals and policies. The second subsection considers other germane issues and highlighted by applicability under the California Environmental Quality Act (CEQA) and the disposition of protest proceedings.

Central Policy Items

Item No. 1 |
Change of Organization Timing

The timing of the change of organization appears appropriate. This conclusion draws from the analysis of the factors required for consideration under statute anytime jurisdictional changes are proposed along with locally adopted Commission policies. Most of the prescribed factors and applicable policies focus on the impacts of the proposed annexation on the service and financial capacities of the *receiving* agency, Leucadia WWD (emphasis added). A summary of key conclusions generated in the review of these factors and applicable local policies follow with a complete analysis provided in Appendix A.

- Service Needs
  Annexation of the affected territory to Leucadia WWD would represent a logical and orderly expansion of the District's jurisdictional boundary and wastewater services therein and marked by accommodating a planned intensification of an infill commercial use. Additional details on relevant service needs follow.

  - The Commission has previously designated Leucadia WWD as the appropriate long-term wastewater provider for the affected territory through the standing inclusion of land within the District's sphere of influence. Annexation now implements this standing expectation through a public process and accommodates the expressed interest of the affected landowner as evident in their decision to request Leucadia WWD initiate the proceedings.

- Annexation of the affected territory to Leucadia WWD for purpose of establishing public wastewater services going forward is consistent with the adopted commercial land use policies of the City of Encinitas; the current and appropriate long-term land use authority as determined by Commission and marked by the subject lands' standing inclusion in the City's sphere of influence.

- There is an existing need for public wastewater service to accommodate the current and planned commercial use within the affected territory given the alternative would be to maintain a private on-site septic system. This alternative – among other items – would counter the Commission's interest and practice in discouraging private septic systems in developing urban areas.

- Service Capacities and Levels
  Leucadia WWD has available and sufficient collection and contracted treatment capacities to accommodate projected service demands within the affected territory at its planned maximum uses without expanding any public infrastructure. Additional details on relevant service capacities and levels follow.

  - An existing Leucadia WWD wastewater main is located immediately adjacent to the affected territory within the public right-of-way on Orpheus Avenue and accessible through an approximately 50-foot lateral connection. The adjacent right-of-way is already entirely within Leucadia WWD's jurisdiction.

  - It is projected the maximum average day wastewater demand generated within the affected territory based on its planned expanded commercial use is 3,440 gallons. This amount represents 0.11% of the existing available capacity of Leucadia WWD, and as such can be readily accommodated without additional resources or infrastructure planning.

- Service Funding and Costs
  Leucadia WWD has the financial resources coupled with administrative controls to provide wastewater services to the affected territory in support of its current and planned development without adversely impacting current ratepayers. This comment is reflected in the staff analysis of Leucadia WWD's recent audited statements which shows – among other items – the District remained profitable in each of the last three audited fiscal years with an average total margin of 151%.

Conclusion | Merits of Change of Organization Timing

The timing of the change of organization and annexation therein of the affected territory to Leucadia WWD is warranted. Justification is marked by the preceding analysis and highlighted by appropriately responding to the need for wastewater service in a developing urban area and reflects available capacities and infrastructure. Additional analysis supporting the conclusion is provided in Appendix A.

**Item No. 2 |
Modifications and Terms**

Staff believes one modification to the submitted change of organization proposal is appropriate and it involves San Diego LAFCO adding the adjacent public right-of-way to the centerline of Orpheus Avenue. This recommendation expands the annexation by 2.7 acres of public right of way. The recommended modification does not have a material effect on the applicant. Applying standard approval terms also appears appropriate. A map of the affected territory with the recommended modification is provided as Attachment One.

Conclusion | Modifications and Terms

One modification appears warranted to expand the affected territory to include 2.7 acres of adjacent public right-of-way on Orpheus Avenue and Leucadia Boulevard in providing a more orderly Leucadia WWD boundary. Standard terms are recommended.

Other Statutory Considerations

Exchange of Property Tax Revenues

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

Environmental Review

Leucadia WWD serves as the lead agency for assessing potential impacts of the proposal under CEQA given the District has initiated the change of organization proceedings. Leucadia WWD has determined the action qualifies as a project, but is exempt from further review under State CEQA Guidelines Section 15319(a). Staff independently concurs Leucadia WWD has made an appropriate determination given the affected territory contains existing private structures consistent with the applicable zoning and there is no corresponding need for an expansion of public infrastructure.

Protest Proceedings

Protest proceeding for the change of organization may be waived by San Diego LAFCO should the Commission proceed with an approval under Government Code Section 56662. The waiver appropriately applies under this statute given the affected territory is uninhabited as defined under LAFCO law, the subject agency has not filed an objection to the waiver, and the landowner has consented to the underlying action.[3] Applying the recommended modification to include the adjacent public right-of-way on Orpheus Avenue and Leucadia Boulevard to the affected territory also does not trigger protest.

RECOMMENDATION

Staff recommends approval of the change of organization proposal with modifications as specified along with standard terms. This recommendation is consistent with Alternative One in the proceeding section and generates the following boundary change in Leucadia WWD:

- Annexation of all 3.7 acres of the affected territory as modified to Leucadia WWD.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO and can be accomplished with a single-motion:

Alternative One (recommended):
Adopt the attached draft resolution approving the change of organization proposal with a modification to include the adjacent public right-of-way on Orpheus Avenue and Leucadia Boulevard along with standard terms.

Alternative Two:
Continue consideration to the next regular meeting.

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

(continued)

[3] LAFCO law defines uninhabited as territory in which 11 or less registered voters reside.

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified.

On behalf of the Executive Officer,

Linda Heckenkamp
Analyst I

Appendices:

A) Analysis of Boundary Change Factors

Attachments:

1) Map of the Affected Territory with Recommended Modification
2) Draft Resolution of Approval

APPENDIX A

Government Code Section 56668
Proposal Review Factors

a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.

The affected territory as submitted is approximately 0.995 acres in size and within the City of Encinitas. It includes one legal lot that is divided for tax purposes into two assessor parcels with a common situs of 865 Orpheus Avenue (256-121-29 and 31). The affected territory is currently developed with a gas station that includes service bays and a mini-mart. Staff independently recommends expanding the affected territory to include 2.7 acres on the adjacent public right-of-way on Orpheus Avenue. The City of Encinitas General Plan designates and zones the subject parcels for commercial uses. No significant growth is anticipated in the surrounding area within the next 10-year period with the qualifier there are undeveloped properties to the immediate south that are zoned for low-density residential uses. Total assessed value (land and structures) of the affected territory is $1,371,768 as of February 2020.

b) The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

The City of Encinitas acts as the primary purveyor of general governmental services to the affected territory. This includes community planning, roads, and public safety with the latter including fire protection and law enforcement via a contract with the County Sheriff. Other pertinent service providers include San Dieguito Water District (domestic water) and County Service Area No. 17 (ambulance). This proposal affects only wastewater and is the focus of the succeeding analysis.

- **Extending Public Wastewater to Affected Territory**
  The affected territory and its existing commercial uses is currently dependent on an on-site septic system. The septic system was established in 1970 with the construction of the current gas station, and as such is being removed in-step with the planned remodel and expansion of the site. Connection to Leucadia WWD is readily available through an approximate 50-foot lateral to an existing wastewater main located within the adjacent public right-of-way on Orpheus Avenue. It is projected the average daily wastewater flow for the affected territory at its planned maximum use is approximately 3,440 gallons per day. This projected amount represents less than 0.11% of the current 3.100 million gallons of available and remaining

daily contracted capacity allocated to Leucadia WWD.

c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on local governmental structure.

Approving the change of organization and annexation therein to Leucadia WWD would recognize and strengthen existing economic and social ties between the District and the affected territory. These ties were initially established in the 1980's when the Commission included the entire area into Leucadia WWD's sphere of influence and signaling the lands would eventually warrant public wastewater service from the District when appropriate.

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

Approving the proposed change of organization and annexation to Leucadia WWD would facilitate a planned improvement to the affected territory to remodel and expand the existing gas station and its ancillary uses to include a new marketplace and quick-serve restaurant. This planned improvement has been approved by the City of Encinitas and termed – and among other factors – on annexation and connection to Leucadia WWD. Approval would be consistent with the Commission's adopted policies to sync urban type uses with urban type services. The affected territory does not qualify as "open-space" as defined under LAFCO law and no conflicts exists under G.C. Section 56377. Additional analysis concerning applicability of germane Commission policies follow.

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

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

The affected territory does not qualify as "prime agricultural land" under LAFCO law. Specifically, the lands are not currently used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program. Approval of the change of organization proposal and annexation to Leucadia WWD would have no effect on maintaining the physical and economic integrity of agricultural lands.

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

LAFCO is in receipt of a draft map and geographic description of the affected territory that details metes and bounds consistent with the standard of the State Board of Equalization. Approval would be conditioned on a final map and description conforming to the referenced standards and address any modifications required by the Commission. Approval for reorganization of the affected territory would not create service islands or corridors.

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

The proposed change of organization would facilitate the improvement and expansion of an existing commercial use in an established and urbanizing metropolitan area and within close proximity to two major transportation corridors in North Coast Highway 101 and Interstate 5. The proposal, accordingly, does not conflict with San Diego Forward, the regional transportation plan prepared by San Diego Association of Governments (SANDAG).

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

The City of Encinitas General Plan identifies the affected territory land use designation and zoning for the affected territory as Visitor Serving Commercial VSC. These existing and planned uses are consistent with the proposal's purpose to provide public wastewater.

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

The affected territory lies entirely within the sphere of influence designated for the Leucadia WWD. Additional details are provided in the analysis provided on page 10.

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

Staff provided notice of the change of organization proposal to all subject and affected agencies as required under LAFCO law. No written comments were received ahead of preparing this agenda report for distribution on February 21, 2020.

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

Information collected and reviewed as part of this proposal indicates Leucadia WWD appears to have established sufficient financial resources and administrative controls therein relative to providing public wastewater to the affected territory without adversely impacting existing ratepayers. This statement is supported by the following factors.

- Leucadia WWD's last audit covers 2018-2019 and shows the District finished with good liquidity levels with an agency-wide current ratio of 8.0 (i.e., $8.00 in current assets for every $1.00 in current liabilities).

- Leucadia WWD finished 2018-2019 with high capital as evident by a relatively low debt ratio of 4.9% (i.e., only $4.90 out of every $100.00 in net assets are financed.)

- Leucadia WWD has remained profitable in each of the last three audited fiscal years with an average operating margin of 151%. The most recent year – 2018-2019 – the operating margin was 32.9%.

The landowners of the affected territory will pay all required fees and service charges commensurate with Leucadia WWD's adopted fee ordinance in establishing wastewater services. At present, the wastewater service charge is $5,089 per Equivalent Dwelling Unit (EDU) and $343.68 per year for each EDU. The wastewater rates are fixed and are not based on flow or water usage. Serving one additional home as a result of approval of the proposed annexation will not adversely impact existing ratepayers.

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

The affected territory's existing residential uses are already within and connected to San Dieguito Water District's retail domestic water system with wholesale supplies provided by the San Diego County Water Authority. Approval of the change of organization would not affect the timely availability of water supplies to the affected territory.

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

The proposed change of organization would extend wastewater service to facilitate the planned improvement and expansion of an existing gas station consistent with the commercial zoning established by the City of Encinitas. Additional employment generated as a result of the planned improvement is expected to have a negligible impact on the City of Encinitas with respect to future housing need assignments by SANDAG.

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

The affected territory is considered uninhabited as defined by LAFCO law (containing 11 registered voters or less). The landowner supports the proposed change of organization and has provided their written consent to the proceedings.

o) Any information relating to existing land use designations.

See above analysis for (h).

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

As used in this review factor, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. The proposed change of organization does not include locating new public facilities. Approval of the proposed change of organization is not anticipated to influence and/or hinder the promotion of environmental justice in the affected territory or within the adjacent areas.

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

The City of Encinitas General contains a hazard mitigation plan for potential fire, flooding and earthquakes. The affected territory lies outside any threat designations.

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

Approval of the change of organization proposal would be in the best interest of the current and future landowners by providing access to reliable public wastewater service going forward.

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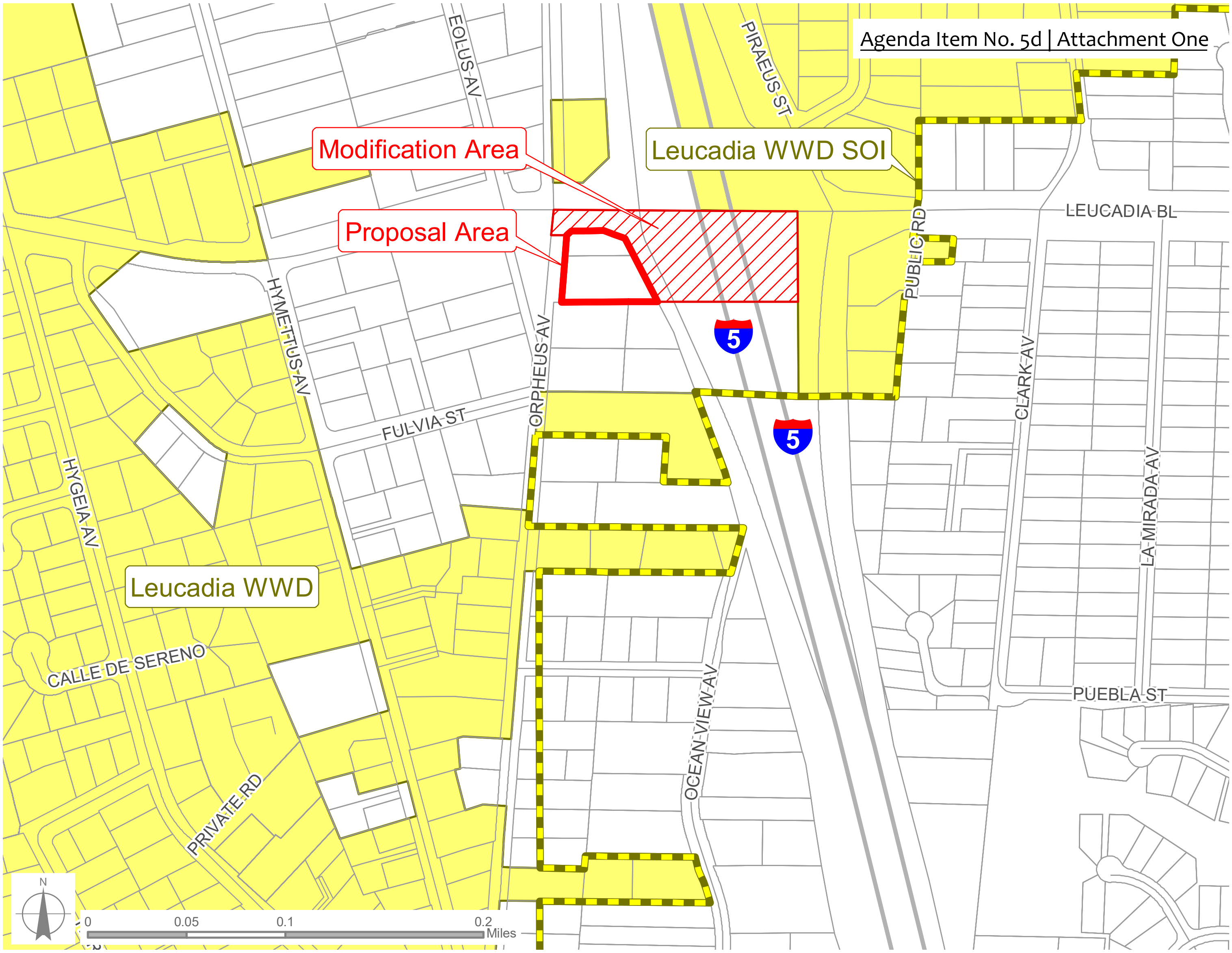

CO19-29 PROPOSED "ORPHEUS AVENUE - GUPTA CHANGE OF ORGANIZATION" TO LEUCADIA WASTEWATER DISTRICT

SOI = Sphere of Influence

- Proposal Area
- Modification Area
- Leucadia WWD
- Leucadia WWD SOI

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

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Created by Dieu Ngu -- 2/19/2020

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RESOLUTION NO._______

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A REORGANIZATION

"ORPHEUS AVENUE-GUPTA CHANGE OF ORGANIZATION" ANNEXATION TO THE LEUCADIA WASTEWATER DISTRICT LAFCO FILE NO. CO19-29

WHEREAS, on December 27, 2019, Leucadia Wastewater District filed a resolution to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as "Commission," pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application seeks approval of a change of organization to annex approximately 0.995 acres of incorporated territory within the City of Encinitas to the Leucadia Wastewater District; and

WHEREAS, the affected territory as proposed includes two incorporated assessor parcels developed with an existing gas station and identified by the County of San Diego Assessor's Office as 256-121-29 and 256-121-34; and

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

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

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

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on March 2, 2020; and

WHEREAS, the Commission considered all the factors required by law under Government Code Section 56668 and adopted local policies and procedures.

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

1. The public meeting was held on the date set therefore, and due notice of said meeting was given in the manner required by law.

2. At the public meeting, the Commission considered the Executive Officer's report.

3. Leucadia Wastewater District serves as the lead agency for assessing potential impacts of the proposal under CEQA given the District has initiated the change of organization proceedings. Leucadia WWD has determined the action qualifies as a project, but is exempt from further review under State CEQA Guidelines Section 15319(a) given the affected territory contains existing private structures consistent with the applicable zoning and there is no corresponding need for an expansion of public infrastructure. The Commission serves as the responsible agency and independently concurs Leucadia WWD has made an appropriate determination.

4. The Commission APPROVES the change of organization with a discretionary modification as described below and subject to conditions as provided. Approval involves all of the follow:

    a) The affected territory is modified to include the adjacent incorporated public right-of-way to the centerline on Orpheus Avenue and Leucadia Boulevard.

    b) Annexation of the affected territory as modified to the Leucadia Wastewater District is shown in "Exhibit A-1" and described in "Exhibit A-2."

5. The Commission CONDITIONS all approvals on the following terms being satisfied by March 2, 2020 unless an extension is requested in writing and approved by the Executive Officer:

    a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.

    b) Submittal to the Commission of final map and geographic description of the affected territory as approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Division.

    c) Submittal to the Commission of the following payments:

        - A check made payable to LAFCO in the amount of $50.00 for the County of San Diego-Clerk Recorder to reimburse for filing a CEQA Notice of Exemption consistent with the findings in the resolution.

        - A check made payable to the State Board of Equalization for processing fees in the amount of $300.00.

6. The Commission assigns the proposal the following short-term designation:

    "Orpheus Avenue - Gupta Change of Organization"

7. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.

8. The Commission waives conducting authority proceedings under Government Code Section 56662.

9. The Leucadia Wastewater District is a registered-voter district.

10. The Leucadia Wastewater District utilizes the County of San Diego assessment roll.

11. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the Leucadia Wastewater District as provided under Government Section 57328.

12. The effective date of the approval a shall be the date of recordation but not before the completion of a 30-day reconsideration period and only after all terms have been completed as attested by the Executive Officer.

13. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defects, errors, irregularities, or omissions.

14. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Sections 56880-56882 of the Government Code.

15. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

**

PASSED AND ADOPTED by the Commission on March 2, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

____

Keene Simonds
Executive Officer

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EXHIBIT A
MAP OF THE AFFECTED TERRITORY

-Placeholder-

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EXHIBIT B
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

-Placeholder-

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RESOLUTION NO. 2322

A RESOLUTION OF APPLICATION BY THE BOARD OF DIRECTORS OF LEUCADIA WASTEWATER DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO TAKE PROCEEDINGS FOR THE PROPOSED GUPTA CHANGE OF ORGANIZATION

RESOLVED, by the Board of Directors of the Leucadia Wastewater District, that

WHEREAS, the Board of Directors of the LEUCADIA WASTEWATER DISTRICT (LWD), San Diego County, State of California, desires to initiate proceedings pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with Section 56000 of the California Government Code for the proposed Gupta Change of Organization; and

WHEREAS, the proposed Gupta Change of Organization includes annexation of the Gupta territory ***(APNs 256-121-29 & 34-00)*** to the LWD; and

WHEREAS, the reasons for this proposed Change of Organization are as follows:

1. LWD is empowered to and is engaged in the collection, treatment, and disposal of wastewater and has existing facilities to provide wastewater service to the territory proposed to be annexed.
2. The owners of the territory desire to utilize the LWD facilities.
3. The territory to be annexed is within LWD's Sphere of Influence.

WHEREAS, the territory subject to the proposed Change of Organization is inhabited, and a description of the external boundary of the territory is set forth in Exhibit "A" and a map thereof is set forth in Exhibit "B", both attached hereto and by this reference incorporated herein; and

WHEREAS, LWD requests that the proposed Change of Organization be subject to the following terms and conditions:

1. The annexed property is thereafter subject to capacity fees, sewer service fees, and all other district-wide Ordinances and Resolutions of LWD.

WHEREAS, LAFCO is authorized to approve this proposed Change of Organization without notice or hearing and without an election. If no express effective date is indicated, the effective date of the Change of Organization shall be the date of recordation of the Certificate of Completion and Resolution ordering the change of organization by the County Recorder.

WHEREAS, the staff of LWD has reviewed this proposed Change of Organization under the California Environmental Quality Act (CEQA) and has found it to be categorically exempt from CEQA pursuant to Section 15319 (a) of the California Environmental Quality Act.

NOW, THEREFORE, this Resolution of Application is hereby approved and adopted by the Board of Directors of the LEUCADIA WASTEWATER DISTRICT. The Local Agency Formation Commission of San Diego County is hereby requested to take proceedings for the proposed Change of Organization that includes the territory as described in Exhibit "A" and shown in Exhibit "B", according to the terms and conditions stated above and in a manner provided by the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000.

PASSED AND ADOPTED at a Regular meeting of the Board of Directors held on December 11th, 2019 by the following vote:

AYES:	Kulchin, Juliussen, Omsted, Hanson
NOES:	None.
ABSTAIN:	None.
ABSENT:	Sullivan

David Kulchin, President

ATTEST:

Paul Bushee, General Manager
(SEAL)

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AGENDA REPORT
Consent | Action

March 2, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: **Progress Report on 2019-2020 Workplan**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a progress report on accomplishing specific projects included in the adopted workplan for 2019-2020. The report notes more than three-fourths of all workplan projects have been initiated with five already completed and highlighted by a comprehensive municipal service review on the San Diego County Sanitation District and re-establishing the Cities Advisory Committee. The report is being presented to the Commission to receive and file as part of its regular review and update as well as to discuss potential amendments for future consideration.

BACKGROUND

2019-2020 Workplan

San Diego LAFCO's current fiscal year workplan was adopted at a noticed public hearing held on April 3, 2019. The workplan includes 27 projects and divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low. The intent of the workplan is to serve as a management tool to allocate resources over the 12-month period and track performance. Towards this end, the Commission reserves discretion to amend the workplan to address changes in priorities or resources as well as to continue projects into subsequent fiscal years.

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Mark Kersey
City of San Diego
Chris Cate, Alternate
City of San Diego
Jo MacKenzie
Vista Irrigation
Barry Willis
Alpine Fire Protection
Erin Lump, Alternate
Rincon del Diablo MWD
Vice Chair Andy Vanderlaan
General Public
Harry Mathis, Alternate
General Public

DISCUSSION

This item provides San Diego LAFCO with its regular status update on the 27 targeted projects established for the fiscal year. This includes staff assigning one of four status categories to projects ranging from pending to complete and detailed in Attachment One. The item is being presented for the Commission to formally receive and file as well as provide general direction on listed projects. The item also provides the Commission the opportunity to discuss the merits of amendments for future consideration.

ANALYSIS

San Diego LAFCO is generally proceeding as planned and has initiated work on 21 of the 27 projects included in the adopted workplan and represents more than three-fourths – or 78% – of the total through two-thirds of the fiscal year. Five projects are now complete and involve a municipal service review on the San Diego County Sanitation District, selecting a new outside auditor, establishing video recordings for regular meetings, and holding regular meetings of the Cities and Special Districts Advisory Committees. Five additional projects are nearing completion and includes scheduled municipal service reviews involving the Valley Center region and County Service Area No. 135. Other notable projects underway with the expectation of presenting to the Commission in the next few meetings include a memorandum of understanding with the County of San Diego to formalize service support and associated compensation between the two agencies.

RECOMMENDATION

It is recommended San Diego LAFCO receive and file the item with the invitation to discuss and/or request revisions for future consideration. This recommendation would be accommodated by taking the actions outlined in the proceeding section as Alternative One.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

<u>Alternative One (recommended):</u>
Receive and file the item as presented.

<u>Alternative Two:</u>
Continue consideration of the item to a future meeting and provide direction to staff for more information as needed.

<u>Alternate Three:</u>
Take no action.

PROCEDURES

This item has been placed on the San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,

Keene Simonds
Executive Officer

Attachment:

1) 2019-2020 Workplan with Status Notations

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

2019-2020 Workplan

Introduction:

Local Agency Formation Commissions' (LAFCOs) operate under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2001 ("CKH") and are delegated regulatory and planning responsibilities by the Legislature to oversee the formation and subsequent development of local government agencies and their municipal service areas. Common regulatory functions include approving jurisdictional changes and outside service requests. Common planning functions include preparing studies to independently evaluate the availability, performance, and need for urban services and establishing and updating spheres of influence – which are the Legislature's version of urban growth boundaries and gatekeepers to future jurisdictional changes – for all cities and special districts. All regulatory and planning activities undertaken by LAFCOs may be conditioned and must be consistent with policies and procedures.

Objective:

This document represents San Diego LAFCO's ("Commission") formal 2019-2020 Workplan. The Workplan draws on the recommendations of the Executive Officer as vetted and approved by the Commission. The Workplan is divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low. The underlying intent of the Workplan is to serve as a management tool to allocate Commission resources in a transparent manner over the 12-month period. Further, while it is a stand-alone document, the Workplan should be reviewed in relationship to the adopted operating budget given the planned goals and activities are facilitated and or limited accordingly. Additionally, and as needed, the Commission reserves discretion to amend the Workplan during the fiscal year to address changes in resources and or priorities and to carry-forward projects into subsequent years.

Executive Summary:

The 2019-2020 Workplan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities. This includes continuing work on existing projects established – but not yet completed – from earlier fiscal years and marked by completing municipal service reviews for the Vista and San Marcos regions. New priority municipal service reviews involving the Fallbrook region, resource conservation services, and County Service Area No. 135 are also included as well as performing a policy review on outside service extensions. Other high priority projects include working with the County of San Diego to update an existing memorandum of understanding between the two agencies and preparing separate policy reviews on agricultural preservation and outside service extensions.

Priority	Level	Type	Project	Description and Key Issues	Status
Continual	…	Statutory	High Priority Proposals	San Marcos (Highlands), Escondido (Safari Highlands), et al.	Ongoing
Continual	…	Administrative	Targeted LAFCO Presentations	Public outreach; emphasis on informing stakeholders ahead of MSR work	Ongoing
1	High	Statutory	MSR | Fallbrook Region	Fallbrook PUD, Rainbow MWD, San Luis Rey MWD, & North County FPD; address latent power query by Fallbrook PUD	Underway
2	High	Statutory	MSR | Resource Conservation	Mission RCD, Upper San Luis Rey RCD, & Greater San Diego; address 56133 issues and consolidation opportunities	Underway
3	High	Statutory	MSR | CSA No. 135	Agency-specific review; explore governance options given County Charter amendment codifying fire protection services	Near Completion
4	High	Administrative	MOU with County	Update and expand current MOU from 1974; reflect current agency relationships and needs	Underway
5	High	Statutory	MSR | San Marcos Region	San Marcos, San Marcos FPD, and Vallecitos WD	Underway
6	High	Statutory	MSR | Vista Region	Vista, Vista ID, Vista FPD, and Buena Sanitation	Underway
7	High	Administrative	Policy Review | Outside Services	Update polices involving outside service extensions under 56133; establish local definitions and exemptions	Pending
8	High	Administrative	Cities Advisory Committee	Re-establish dormant Cities Advisory Committee in conjunction with informing Study Schedule and other germane topics	**Completed**
9	High	Statutory	MSR | Escondido Region	Rincon del Diablo MWD and Deer Springs FPD (Part I) and Escondido (Part II)	Near Completion
10	High	Statutory	MSR | SD County Sanitation District	Multiple community wastewater systems located throughout San Diego County	**Completed**
11	High	Administrative	Job Class and Salary Review	Specific to non-executive positions; focus on alignment and retention via Personnel Committee	Near Completion
12	High	Administrative	Policy Review | Ag Policy	Update existing policies and procedures involving agricultural preservation; incorporate stakeholder outreach	Underway
13	Moderate	Administrative	RFP for Auditing Services	Complete competitive proposal process to select new outside consultant to provide outside auditing services	**Completed**
14	Moderate	Administrative	2018-2019 Audit	Issue financial statements for 2018-2019; best practice and preceded by RFP (Item No. 13)	Underway
15	Moderate	Statutory	MSR | Pauma Valley	Pauma MWD, Pauma CSD, Yuima MWD, Mootamai MWD, and Rincon Ranch CSD	Underway
16	Moderate	Statutory	MSR | Valley Center Region	Valley Center MWD, Valley Center CSD, and Valley Center FPD	Near Completion
17	Moderate	Statutory	MSR | Poway Region	Review is agency-specific to Poway	Underway
18	Moderate	Statutory	MSR | Ramona Region	Review is agency-specific to Ramona MWD	Underway
19	Moderate	Administrative	Update Application Procedures	Streamline existing packet to be more user-friendly; address new statutory requirements	Pending
20	Moderate	Administrative	Districts Advisory Committee	Conduct no less than two quarterly meetings and solicit feedback on germane topics	**Completed**
21	Moderate	Administrative	Video Recording	Establish video recording of Commission meetings and online posting to expand community outreach	**Completed**
22	Moderate	Administrative	CALAFCO	Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference	Near Completion
23	Low	Administrative	Informational Report on SGMA	State Groundwater Management Act (SGMA) implementation in San Diego County relative to LAFCO duties/interests	Pending
24	Low	Administrative	SOI/MSR Annual Report	Prepare annual report to serve as living record of all sphere actions in San Diego County	Pending
25	Low	Administrative	LAFCO Brochure	Branding tool for distribution to State and other local agencies	Underway
26	Low	Administrative	Local Agency Directory	User-friendly publication identifying local governmental agencies under LAFCO oversight in San Diego County	Pending
27	Low	Administrative	Social Media Policies and Protocols	Establish policies and procedures to expand outreach to capture alternate media forums; link with new website	Pending

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AGENDA REPORT
Consent | Information

March 2, 2020

TO: Commissioners

FROM: Robert Barry, Chief Policy Analyst
Linda Heckenkamp, Analyst I

SUBJECT: **Current Proposals and Related Activities**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report identifying active proposals on file with the Commission as well as a summary of pending proposal submittals. The item is for information only and concurrently satisfies LAFCO's reporting requirement to affected agencies for special district annexation proposals that are submitted by landowners or registered voters.

BACKGROUND

Processing Procedures and Timelines

LAFCO proceedings for consideration of proposed changes of organization or reorganizations – which may include incorporations, formations, annexations, detachments, mergers, consolidations, and service function activations or divestures – are typically initiated by outside applicants (landowners, registered voters, and local agencies). LAFCOs may also initiate proposals specific to forming, consolidating, or dissolving special districts if consistent with the recommendations of approved municipal service reviews. Following submittal, proposals are reviewed by San Diego LAFCO staff for completeness and status letters are sent to the applicants within 30 days. If additional documentation is required, proposals are deemed incomplete and the status letters will itemize the needed information. Once complete, proposals are scheduled for Commission consideration and placed on the agenda as consent, business, or hearing items based on noticing requirements.[1] Overall, most proposals are forwarded to the Commission within six months from the date of submittal.

DISCUSSION

This item is being presented for information only and identifies all active proposals currently on file with San Diego LAFCO. The report also – and for telegraphing purposes of future workload – identifies pending proposals staff anticipates being filed with LAFCO in the near term. A summary of the active and pending proposals follow and further detailed in Attachment One. The information item also serves to concurrently satisfy the Commission's reporting requirement to provide notice on agendas to affected special districts when annexation proposals are initiated by petition of landowners or registered voters.[2]

Active Proposals & Related Notifications

There are 15 active proposals currently on file with San Diego LAFCO as of date. The active proposals range in scope from pre-Commission (13) to post-Commission (2) with the latter category representing items already approved but awaiting the completion of conducting authority proceedings (i.e., protest) or terms. One new proposal has been filed since the last Commission meeting in January involving a requested annexation to the Vallecitos Water District for the provision of wastewater service and is identified below.

- "Anthony Heights – Lupa Change of Organization" |
  Annexation to the Vallecitos Water District (CO20-01)

The notification of the preceding proposal submittal starts a 60-day period for Vallecitos Water District to transmit a resolution to LAFCO requesting termination of the annexation proceedings. The termination resolution must cite financial or service-related concerns supported by substantial evidence in the record as justification for the request.

Pending Proposals

There are six substantive proposals anticipated to be submitted to San Diego LAFCO in the next few months based on ongoing discussions with proponents.[3] Three of these pending proposals involve city annexations in North County to accommodate relatively large residential subdivision projects and include Harvest Hills (Escondido), Sager Ranch (Escondido), and Rancho Lomas Verdes (Vista). Proposal submittals are also anticipated by Fallbrook Public Utility District and Rainbow Municipal Water District to detach from the San Diego County Water Authority and annex to Eastern Municipal Water District. A proposal

[1] The Executive Officer may also place proposals otherwise meriting consent on the business calendar to solicit additional review and discussion if warranted. Separately, applications involving outside-of-agency service extension requests follow separate proceedings and may be administratively approved by the Executive Officer if addressing documented public health or safety threats.

[2] Government Code Section 56857 directs LAFCOs to provide notice on agendas of any proposal involving special districts that have been initiated by landowners or registered voters. The agenda notification starts a 60-day period in which the affected special districts may request termination of the proceedings due to financial or service-related concerns.

[3] Staff uses discretion in listing pending proposals and limits notice to only activities to be initiated by a local governmental agency. Pending proposals to be initiated by landowners and/or registered voters are not disclosed until an actual filing is made.

submittal to form a new County Service Area to assume water service duties for a private for-profit provider in Live Oak Springs (Boulevard) is also expected shortly.

ANALYSIS

San Diego LAFCO remains active in processing over one dozen applicant proposals. Most submitted proposals are on file for less than one calendar year and actively progress through the review process. This includes two recent and substantive proposals involving requested latent powers activation by Fallbrook Public Utility District and various actions associated with the Valiano development proposal. Several proposals on file with the Commission for more than five years are anticipated to be considered abandoned and terminated pending additional contact from the applicant. To this end, and consistent with earlier Chair direction, staff anticipates presenting draft policy language to authorize the Executive Officer to terminate or otherwise abandon proposals non-active for five years. Staff anticipates presenting this latter item by the end of the fiscal year.

RECOMMENDATION

This item is presented to San Diego LAFCO for information only. It is recommended the Commission review the report with the invitation to discuss and ask questions of staff.

ALTERNATIVES FOR ACTION

This item is being presented for information only; no action is necessary.

PROCEDURES

This item has been placed on the San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

On behalf of staff,

Linda Heckenkamp
Analyst I

Attachment:

1) Active and Pending Proposals as of March 2, 2020

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	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSALS | PENDING COMMISSION ACTION				
1	DA08-10	"Avocado Way-Potter Annexation" - Vallecitos WD (Annexation)	Robert Barry	Proposal application submitted in March 2008 for a proposed annexation to Vallecitos WD to obtain sewer service for two existing residences along Avocado Way but deemed incomplete in April 2008 status letter. A new status letter was sent to the applicant in January 2018 stating the proposal will be considered abandoned unless notified otherwise. The current property owner has responded and conveyed their interest to proceed with the annexation. Ongoing discussions with Vallecitos WD as of 2018.
2	RO08-09	"South Mollison Ave-Snyder Reorganization" - City of El Cajon (Annexation)	Robert Barry	Proposal application submitted in May 2008 for a proposed annexation to the City of El Cajon. The annexation area includes approximately 1.25 acres and is subject to a proposed multi-family residential project and was deemed incomplete in June 2008 status letter. A new status letter was sent in January 2018 to the applicant, new property owner, and City stating the proposal will be considered abandoned unless notified otherwise. No response to date.
3	RO08-15 SA08-15	"Crestlake Estates Reorganization" - San Diego County SD (Annexation) - Lakeside FPD (Annexation) - CSA 69 (Annexation)	Robert Barry	Proposal application submitted in May 2008 requesting a reorganization to provide sewer services to an approved Tentative Map allowing the development of 60 single-family residences and was deemed incomplete in June 2008 status letter. A new status letter was sent to the applicant in February 2018 stating the proposal will be considered abandoned unless notified otherwise. No response to date.
4	DA12-02	"Lorch Annexation" - Borrego WD (Annexation)	Robert Barry	Proposal application submitted in March 2012 to annex approximately 9.4 acres to the Borrego Water District to provide water service to one parcel. The site is within the adopted sphere. but deemed incomplete in an April 2012 status letter. A new status letter was sent in January 2018 stating the proposal will be considered abandoned unless notified otherwise. Borrego WD responded to the letter and has reinitiated discussions with the landowner regarding possible service terms.
5	RO06-17	"Tobacco Road Reorganization" - City of Escondido (Annexation)	Robert Barry	Proposal application submitted in March 2006 to annex six parcels to the City of El Cajon for wastewater Service. In 2006, LAFCO approved two out of service agreements to allow the City of Escondido to provide sewer service to two residences with failing septic systems located along Tobacco Road. The agreements between the City and landowners required the annexation of the two parcels. The proposal was deemed incomplete in April 2006 status letter. A new status letter was sent in January 2018 stating the proposal will be considered abandoned unless notified otherwise. Two of the affected landowners have responded to the letter and are now working with the City in determining if the other landowners are interested/willing to proceed with the annexation at this time.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
6	DA16-10	"CSA 17 Harmony Grove Annexation" - CSA 17 (Annexation)	Linda Zambito	Proposal submitted in May 2016 to approximately 3,600 acres to CSA 17 for ambulance service. It was required as cross-condition of the Rancho Santa Fe Fire Protection District Reorganization: Dissolution of CSA No. 107 (Elfin Forest/Harmony Grove). The proposal was deemed incomplete in June 2016 status letter. The CSA 17 Advisory Committee has opposed the annexation. A negotiated property tax exchange agreement is also necessary. LAFCO staff met with the applicant in August 2019 to provide assistance.
7	RO16-11	"Rancho Hills Annexation" - Rancho Santa Fe CSD (Annexation)	Robert Barry	Proposal submitted in October 2016 to annex a portion of a 37-lot residential subdivision titled "Rancho Hills" to Rancho Santa Fe CSD for wastewater service. A concurrent latent power expansion for Olivenhain MWD is needed to accommodate sewer to the remaining project site. The proposal was deemed incomplete in November 2016 status letter. Applicant has requested the proposal processing be placed on hold. Staff has remained in contact with the applicant and is awaiting their confirmation to proceed.
8	R019-04	"Ortega – Olde Highway 80 Change of Organization" - San Diego County Sanitation District (Annexation)	Linda Zambito	Proposal submitted in February 2019 by landowner petition, involves the annexation of two residential lots totaling approximately 5.07 acres for wastewater service. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
9	RO19-15 OAS19-15	"Hamilton-Felicita Reorganization" - City of Escondido (Annexation) - CSA No. 135 (Detachment) - Rincon del Diablo MWD (ID"E") (Exclusion)	Linda Zambito	Proposal submitted in August 2019 by landowner petition involving a reorganization of two unincorporated parcels totaling approximately 0.63 acres to the City of Escondido. Both parcels are developed with a single-family residence experiencing a failed/failing septic system with DEH documentation. Temporary wastewater OAS administratively approved by XO and ratified by Commission. Reorganization involves annexation to Escondido with concurrent detachment from CSA No. 135 (Regional Communications) and exclusion from RDDMWD ID"E." The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
10	SA19-26 RO19-26 OAS19-26	"Valiano - Eden Valley Reorganization" City of Escondido (Sphere Amendment, Contractual Wastewater Service Agreement San Marcos FPD (Annexation) Rancho Santa Fe FPD (Sphere Amendment, Detachment)	Robert Barry	Proposal submitted in November 2019 by landowner petition and the City of Escondido for reorganization of one unincorporated parcel totaling approximately 10.76 acres involving annexation to the San Marcos Fire Protection District (FPD) and concurrent detachment and sphere exclusion from the Rancho Santa Fe FPD; and, amendments to the spheres of influence for the Cities of Escondido (inclusion) and San Marcos (exclusion) for two noncontiguous unincorporated parcels totaling 82.9 acres and subject to a 240.6 acre County of San Diego-approved Specific Plan (TM-5575); and, approval of a contractual wastewater agreement between the landowner of the unincorporated Specific Plan area and the City of Escondido to extend City wastewater service to 326 single-family residences to be constructed within the Escondido sphere. The submitted proposal application is incomplete and pending staff's analysis. On January 27, 2020, the San Diego Superior Court overturned the County development approvals for the project. The proposal processing will be suspended pending appeal or withdrawal by the applicant.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
11	LP(E)19-27	"Fallbrook Public Utility District Latent Power Expansion Park & Rec et,al."	Robert Barry	Proposal submitted in November 2019 by Board resolution, involves the activation of the Fallbrook PUD's latent power to exercise park and recreation, street lighting and roads and street functions within its boundaries. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
12	CO19-29	"Orpheus Avenue – Gupta Change of Organization" -Leucadia Wastewater District (Annexation)	Linda Zambito	Proposal submitted in December 2019 by Board resolution, involves the annexation of approximately 0.995 acres within its boundaries for connection to public wastewater service. The submitted proposal application is scheduled for the March 2nd Commission hearing.
13	CO20-01	"Anthony Heights - Lupa Change of Organization" – Vallecitos Water District (Annexation)	Robert Barry	Proposal submitted in February 2020 by landowner petition, involves the annexation of one residential lot totaling approximately 1.35 acres for wastewater service. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
ACTIVE | <u>POST COMMISSION ACTION</u>				
14	SA16-20 LP16-20	"CSA 135 Islands Reorganization" - CSA 135 – LP Fire Area (Latent Powers Expansion) - Bonita-Sunnyside FPD (Annexation) - Lakeside FPD (Annexation) - San Miguel FPD (Annexation) - Ramona MWD (Annexation)	Robert Barry	Proposal submitted November 2016 and involved the annexation of remaining unserved Islands 2, 3, and 4 within Heartland area and reorganization of local fire service territory among five agencies: CSA 135; Bonita-Sunnyside FPD; Lakeside FPD; Ramona MWD; and San Miguel FPD. Reorganization proposal submitted by resolution of the San Diego County Fire Authority. Involves annexation to the subject agencies and expansion of CSA No. 135's latent powers to provide fire protection and emergency medical services to three unincorporated and unserved island areas totaling approximately 21,048 acres. A concurrent amendment to add the affected territory to the subject agencies' spheres of influence is also required to accommodate the proposed action. The proposal was approved by the Commission on February 4, 2018 and is now pending recordation once all terms are satisfied. A noticed protest hearing was held on March 13, 2019 at the LAFCO office. No protest was received by affected registered voters or landowners.
15	SA18-07 OAS18-07	"Carmichael Drive – Wyman Service Agreement" - City of La Mesa (Sphere Amendment, OAS)	Robert Barry	Proposal involves an outside-of-agency wastewater service extension agreement between the property owner and the City of La Mesa for wastewater sewer service to one developed single-family residence located outside of the La Mesa sphere of influence. The purpose of the request is to allow the landowner to proceed with an intensity improvement to develop an accessory workshop unit, which exceeds the permitted capacity of the existing onsite septic system. The proposal was approved by the Commission on April 8, 2018 and is now pending recordation once all terms are satisfied.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
PENDING PROPOSAL SUBMITTALS (No project manager; inquiries should be direct to Robert Barry)				
16	Pending	"Harvest Hills Reorganization" - City of Escondido		This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido with submittal to LAFCO anticipated for late 2020. The anticipated proposal involves annexation of approximately 1,098 acres to the City for the primary purpose of developing a 550-lot residential subdivision. All of the affected territory lies outside the current City sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and issues have been communicated to the City and are currently under joint-review with other stakeholders. Project was originally titled as "Safari Highlands."
17	Pending	"Rancho Lomas Verde Reorganization" - City of Vista		This anticipated reorganization involves annexation of approximately 300 acres to the City of Vista and concurrent detachments from CSA 135 and the Vista FPD to facilitate a 153-lot residential development. Close to three-fourths of the project area lies outside the current City sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and issues have been communicated to the City and are currently under joint-review with other stakeholders.
18	Pending	"Sager Ranch Reorganization" - City of Escondido		This anticipated reorganization involves annexation of approximate 1,800 acres to the City of Escondido and concurrent detachments from CSA 135 and the Valley Center FPD. The reorganization would facilitate the development of approximately 200 acres to include 203 residential units and a 225-room resort. Portions of the project area lies outside the current City sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and issues have been communicated to the City and are currently under joint-review with other stakeholders.
19	Pending	Harmony Grove Village South (TM-626)		This anticipated reorganization involves the Harmony Grove Village South project and specific to accommodating sewer services (among a variety of options) for the planned development of approximately 111 acres to include 453 residential units. On January 27, the San Diego Superior Court overturned the County development approvals for the project.
20	Pending	Fallbrook Public Utility District and Rainbow Municipal Water District Reorganization		This anticipated reorganization involves detachment of two retail member agencies from the overlying wholesale imported water provider – the San Diego County Water Authority – and concurrent annexation to Eastern Municipal Water District (Riverside County).
21	Pending	Boulevard CSA – County of San Diego		This anticipated reorganization involves the creation of a new County Service Area to take responsibility of a failing private water company located in the unincorporated community of Live Oak Springs in the south eastern portion of San Diego County.

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AGENDA REPORT
Consent | Information

March 2, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Ruth Arellano, Executive Assistant

SUBJECT: **Update on the Special Districts Advisory Committee**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an update on composition of the Special Districts Advisory Committee and the results of a recent election affecting eight of the sixteen Committee seats. The update is for information only.

BACKGROUND

Special Districts Advisory Committee

The Special Districts Advisory Committee was created in August 1971 by San Diego LAFCO and consists of 16 members collectively drawn from the 58 independent special districts in San Diego County. Members serve four-year terms and are appointed by the independent special districts through an election process administered by LAFCO staff. (Committee rules allow its Chair to appoint members to fill unexpired terms as needed.) The Committee meets quarterly and is tasked with providing feedback – including recommendations – on germane topics to assist LAFCO in fulfilling its regulatory and planning functions.

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Mark Kersey
City of San Diego
Chris Cate, Alternate
City of San Diego
Jo MacKenzie
Vista Irrigation
Barry Willis
Alpine Fire Protection
Erin Lump, Alternate
Rincon del Diablo MWD
Vice Chair Andy Vanderlaan
General Public
Harry Mathis, Alternate
General Public

DISCUSSION

This item provides San Diego LAFCO with an update on the current composition of the Special Districts Advisory Committee following the recent conclusion of an election affecting eight of the sixteen Committee seats. The election preceded a call for nominations that produced 11 candidates and concluded with a quorum of ballots being received by the January 6, 2020 deadline. Elections results follow with a full Committee roster attached.

Election Results |
Special Districts Advisory Committee, January 2020

	Candidate	District	Vote Total
1	Kimberly Thorner *	Olivenhain Municipal Water District	24
2	Tom Kennedy *	Rainbow Municipal Water District	23
3	Jack Bebee *	Fallbrook Public Utility District	22
4	James Gordon	Deer Springs Fire Protection District	22
5	Robert Thomas *	Pomerado Cemetery District	19
6	Albert Lau	Santa Fe Irrigation District	19
7	Mark Robak *	Otay Water District	19
8	Mike Simms	Bonita-Sunnyside Fire Protection District	18
	Brian Boggeln	Alpine Fire Protection District	15
	Courtney Provo	Mission Resource Conservation District	11
	Fred Cox *	Rancho Santa Fe Fire Protection District	8
	Richard Williams	Yuima Municipal Water District	0

Notes:
a) Incumbents identify with an asterisk (*)
b) The election to the Advisory Committee involves the top eight voter receipts
c) Mr. Cox was a write-in-candidate

ANALYSIS

The Special Districts Advisory Committee continues to provide value to San Diego LAFCO with respect to providing timely feedback on jurisdictional proposals and studies ahead of consideration by the Commission. The Committee also serves as a venue for staff to preview potential workplan projects and resolve jurisdictional disputes between two or more special districts. The next quarterly meeting of the Committee is scheduled for March 20, 2020.

RECOMMENDATION

This item is presented to San Diego LAFCO for information only. It is recommended the Commission review the report with the invitation to discuss and ask questions of staff.

ALTERNATIVES FOR ACTION

This item is being presented for information only; no action.

PROCEDURES

This item has been placed on the San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

On behalf of staff,

Ruth Arellano
Executive Assistant
Clerk to the Advisory Committee

Attachment:

1) Current Committee Roster

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SAN DIEGO COUNTY LAFCO
SPECIAL DISTRICTS ADVISORY COMMITTEE ROSTER

2020 Officers | Chair: Kimberly Thorner | Vice Chair: Julie Nygaard

GARY ARANT (10/20)
Valley Center MWD
29300 Valley Center Road
Valley Center, CA 92082
(760) 749-4500

JACK BEBEE (10/23)
Fallbrook PUD
PO Box 2290
Fallbrook, CA 92089-2290
(760) 728-1125 Ext. 1105

BILL HAYNOR (10/20)
Whispering Palms CSD
605 Third Street
Encinitas, CA 92024
(760) 942-4147

TOM KENNEDY (10/23)
Rainbow MWD
3707 Old Highway 395
Fallbrook, CA 92028-9372
(760) 728-1178

JAMES GORDON (10/23)
Deer Springs FPD
8709 Circle R Drive
Escondido, CA 92026
(760) 479-8001

JULIE NYGAARD (10/20)
Tri–City HCD
4002 Vista Way
Oceanside, CA 92056
(760) 940-3347

FRED COX (10/20)
Rancho Santa Fe FPD
P.O. Box 410
Rancho Santa Fe, CA 92067
(858) 756-5971

MIKE SIMMS (10/23)
Bonita–Sunnyside FPD
4900 Bonita Road
Bonita, CA 91902
(619) 479-2393

AUGIE SCALZITTI (10/20)
Padre Dam MWD
9300 Fanita Parkway
Santee, CA 92071
(619) 448-3111

JOEL SCALZITTI (10/20)
Helix Water District
7811 University Avenue
La Mesa, CA 91941
(619) 667-6205

SHERYL LANDRUM (10/20)
RCD of Greater San Diego County
11769 Waterhill Road
Lakeside, CA 92040
(619) 562-0096

ROBERT THOMAS (10/23)
Pomerado Cemetery District
14361 Tierra Bonita Road
Poway, CA 92064
(858) 748-5760

HECTOR MARTINEZ (10/20)
South Bay Irrigation District
505 Garrett Avenue
Chula Vista, CA 91911
(619) 427-0868

KIMBERLY THORNER, ESQ (10/23)
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024
(760) 753-6466

ALBERT LAU (10/23)
Santa Fe ID
5920 Linea Del Cielo
Rancho Santa Fe, CA 92067
(858) 756-2424

MARK ROBAK (10/23)
Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, CA 91978-2096
(619) 670-2280

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

6a

AGENDA REPORT
Public Hearing

March 2, 2020

TO: Commissioners

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

SUBJECT: **Final Report and Related Actions | Municipal Service Review on the Valley Center Region**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a final report prepared as part of the scheduled municipal service review on the Valley Center region. The final report returns with limited revisions from its draft presentation in January and represents an independent evaluation of the availability, need, and adequacy of public services in the Valley Center region and specific to the three local agencies under LAFCO oversight: Valley Center Community Services District; Valley Center Fire Protection District; and Valley Center Municipal Water District. Staff recommends the Commission formally accept the final report along with adopting a resolution making determinations on all of the factors required under statute as part of the municipal service review directive.

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 regarding the availability and sufficiency of

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Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Erin Lump, Alternate, Rincon del Diablo MWD
Vice Chair Andy Vanderlaan, General Public
Harry Mathis, Alternate, General Public

governmental services relative to current and future community needs. Municipal service reviews statutorily inform required sphere of influence updates and may also lead the Commission to take other actions under its authority, such as forming, consolidating, or dissolving one or more special districts.

Current Workplan | Municipal Service Review on the Valley Center Region

San Diego LAFCO's current workplan was adopted at a noticed hearing held on April 3, 2019 and outlines specific project goals for the fiscal year. This includes preparing a municipal service review on the Valley Center region and the three local agencies – Valley Center Community Services District, Valley Center Fire Protection District, and Valley Center Municipal Water District – under Commission oversight that provide one or more public services in the approximate 120 square mile area. The municipal service review represents the first detailed report prepared by the Commission on the Valley Center region since 2003.

Draft Report and Public Review

Staff presented a draft municipal service review on the Valley Center region for discussion at San Diego LAFCO's January 6, 2020 meeting. The presentation included an overview by staff on the draft's key conclusions and recommendations and immediately preceded the initiation of a 45-day public review and comment period through February 19th. Notice of the public review and comment period was provided to all three affected agencies as well as the County of San Diego and published in the Valley Roadrunner. Formal comments on the draft report were received from Valley Center Municipal Water District and the County Parks and Recreation Department and have been added as appendices.

DISCUSSION

This item is for San Diego LAFCO to complete its scheduled municipal service review on the Valley Center region. This includes accepting a final report prepared by staff and highlighted by an Executive Summary outlining key conclusions and recommendations. This also includes adopting a resolution memorializing the municipal service review and approving the written determinations included in the final report and addressing all of the factors required for consideration under statute.

ANALYSIS

The final municipal service review on the Valley Center region before San Diego LAFCO remains substantively intact and retains all key conclusions and recommendations presented in the draft and outlined in the Executive Summary (Chapter Two). This includes – most notably and with the support of the agencies – recommending the reorganization of the independent Valley Center Community Services District into a dependent County Service Area and in doing so utilizing the County of San Diego's economies of scale in providing park and recreation amenities. Revisions that have been incorporated into the final are generally technical corrections and/or clarifications with the majority generated from comments received from and pertaining to the Valley Center Municipal Water District.

RECOMMENDATION

It is recommended San Diego LAFCO proceed to formally accept the final municipal service review on the Valley Center region and adopt a resolution approving the associated determinations addressing all factors required under statute. This recommendation is consistent with Alternative One as outlined in the succeeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO and can be accomplished through a single-approved motion.

Alternative One (recommended):

a) Accept the final report provided as Attachment One representing the scheduled municipal service review on the Valley Center region.

b) Adopt the attached resolution provided as Attachment Two making the requisite determinations as required under statute as part of the scheduled municipal service review on Valley Center region.

Alternative Two:
Continue the item and request additional information from staff as needed.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for action as part of a noticed public hearing. The following procedures are recommended in the consideration of this item:

1) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Commission.
3) Invite comments from interested audience members.
4) Discuss item and consider the staff recommendation.

Respectfully,

Linda Heckenkamp
Analyst I

Attachments:

1) Final Municipal Service Review on the Valley Center Region
2) Resolution Making Determinations

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SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

VALLEY CENTER REGION
Municipal Service Review | Government Code 56430

Affected Agencies
Valley Center Community Services District
Valley Center Fire Protection District
Valley Center Municipal Water District

Final Report | March 2020

Project Manager
Linda Heckenkamp

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ACKNOWLEDGEMENT

San Diego County LAFCO gratefully acknowledges the time and effort of officials and staff with the affected agencies in assisting in the preparation of this report.

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A. VALLEY CENTER MUNICIPAL WATER DISTRICT

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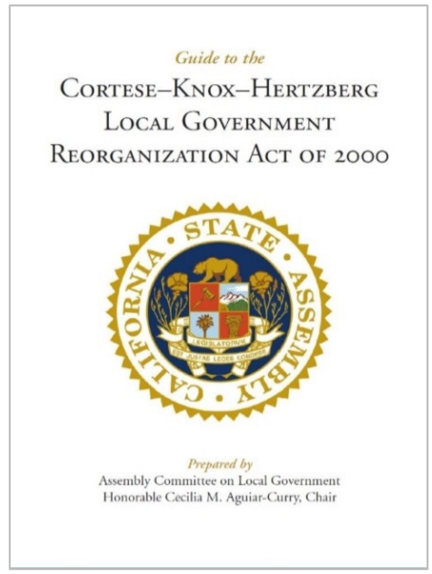
CHAPTER ONE | INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

1.1 Authority and Objectives



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

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

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

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1 Reference California Government Code Section 56000 et. seq.

2 In its ruling on City of Ceres v. City of Modesto, the 5th District Court of Appeals referred to LAFCOs as the "watchdog" of the Legislature to "guard against the wasteful duplication of services." (July 1969)

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

1.2 Regulatory Responsibilities

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

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

1.3 Planning Responsibilities

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

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

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

Spheres of Influence

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

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

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

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

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

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

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

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

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

Municipal Service Reviews

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

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

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

1. Growth and population projections for the affected area.

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

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

4. Financial ability of agencies to provide services.

5. Status and opportunities for shared facilities.

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

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

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

1.4 LAFCO Decision-Making

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

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

1.5 Prescriptive Funding

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

2.0 SAN DIEGO LAFCO

2.1 Adopted Policies and Procedures

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

2.2 Commission Information

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

San Diego LAFCO Membership
Current as of January 1, 2020

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

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

2.3 Contact Information

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

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CHAPTER TWO | EXECUTIVE SUMMARY

1.0 OVERVIEW

This report represents San Diego LAFCO's scheduled municipal service review for the Valley Center region in northern 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 Valley Center region and within the service areas of the three 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 of influence 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 Valley Center region and within the three 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 Valley Center region. It is expected San Diego LAFCO will revisit the report and key assumptions and benchmarks therein approximately every five years consistent with the timetable set by the Legislature and memorialized under adopted policy. This will also allow the Commission – among other tasks – to assess the accuracy of earlier projections and make appropriate changes in approach as needed as part of future reports. Key assumptions and benchmarks affecting scope and content in this report follow.

Affected Agencies

The report explicitly evaluates three affected local agencies providing one or more municipal services in the Valley Center region under the Commission's oversight. The three affected agencies – and in order of their formation dates – are Valley Center Municipal Water District (MWD), Valley Center Fire Protection District (FPD), and Valley Center Community Services District (CSD) and collectively serve as the primary providers of water, wastewater, recycled water, fire protection, ambulance, and park and recreation services in the region with additional details footnoted.[6]

Looking Back | Determining the Data Collection Range or Report Period

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

Looking Forward | Setting the Report's Timeframe

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

Calculating Population Estimates and Projections

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

Focusing on Macro-Level Determinations

The report focuses on central service outputs with respect to quantifying availability, demand, and adequacy of municipal services provided in the Valley Center region and within the three affected agencies. A prominent example involves focusing on annual system-wide demands generated during the five-year report period as opposed to specific

[6] The western portion of the Valley Center region also lies within the jurisdictional boundary of the Deer Springs FPD and is evaluated as part of a separate municipal service review on the Escondido region (October 2019). Separately, the Valley Center Cemetery District will be evaluated as part of a countywide study on cemetery services calendared in 2021-2022.

areas or zones. This approach informs macro-level determinations for all mandatory factors under statute. When applicable, the report notes the need for more micro-level analysis as part of addendums or future municipal service reviews.

Benchmarking Infrastructure Needs and Deficiencies

Similar to the preceding factor the report and its analysis focuses on average 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 and helps to control against one-year outliers in analyzing overall relationships with capacities.

Benchmarking Fiscal Solvency

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

2.0 STUDY ORGANIZATION

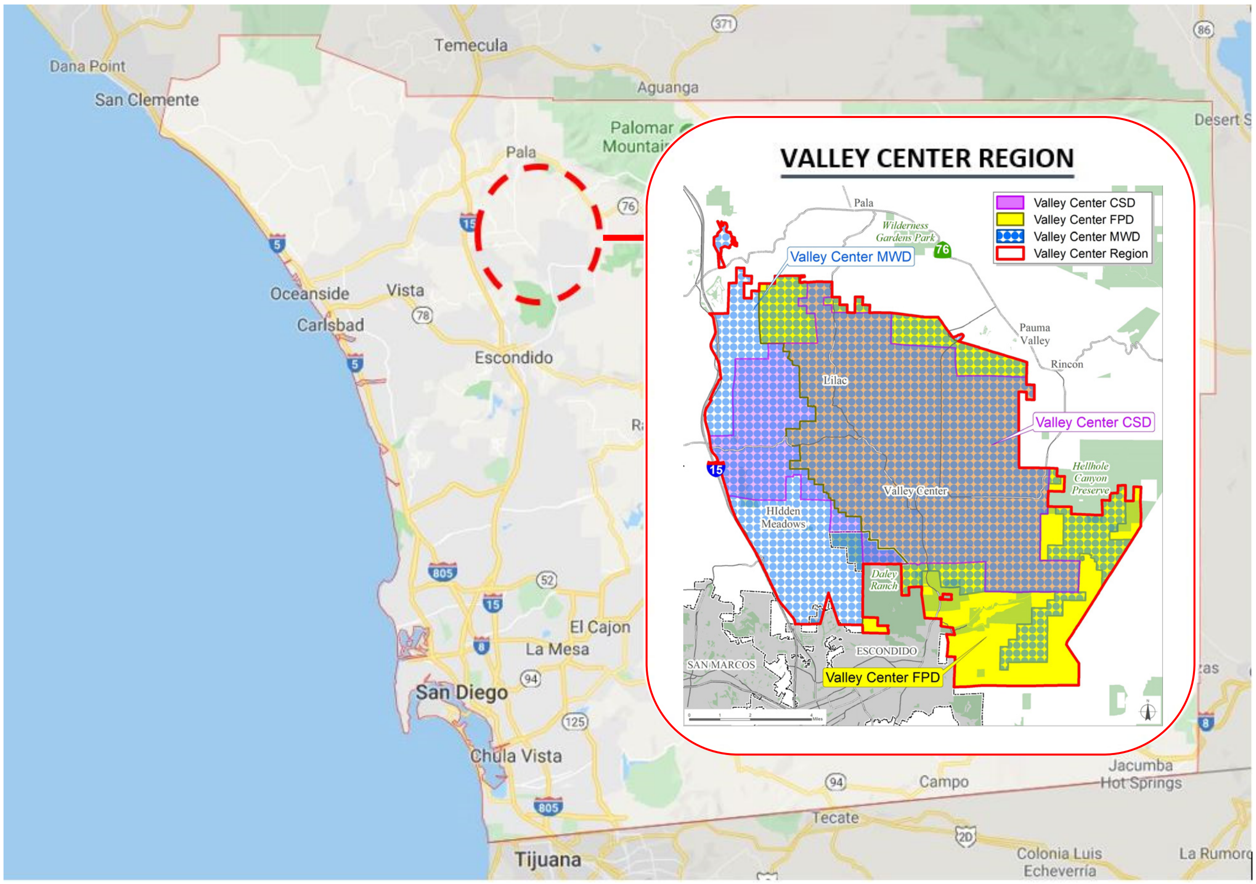
This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated within the report.[7] This includes addressing the mandatory factors required for consideration by the Legislature anytime San Diego LAFCO performs a municipal service review. The Executive Summary is proceeded by individual agency profiles (Chapter Three) of the three affected agencies covered in this report that provide one or more municipal service functions in the Valley Center region. The profiles transition between narrative descriptions of the background and development of these agencies' service areas to quantifying specific data-driven categories. This includes quantifying demographic trends, service capacities, and financial standing.

3.0 GEOGRAPHIC AREA

The geographic area designated for this municipal service review is close to 120 square miles in size. The geographic area has been purposefully designated by the Executive Officer to span all three local agencies' jurisdictional boundaries and spheres of influence in the greater

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

Valley Center region under San Diego LAFCO oversight that separately provide one or more urban supporting services. The geographic area is generally north of the City of Escondido, east of Interstate 15, south of State Route 76, and east of the Cleveland National Forest. The three affected agencies and their service areas within the designated geographic area are shown in the vicinity map below.



4.0 REPORT SUMMARY

4.1 General Themes and Conclusions

The Valley Center region encompasses a geographically distinct subarea of "North County" outside the City of Escondido and adjacent to one of San Diego County's most traveled commute corridors in Interstate 15.[8] The region's distinctions are also reflected in its post-World War II growth and unique cross-blending of agricultural and residential development. This development – markedly – is directly attributed to Valley Center MWD's formation in 1954 and ensuing delivery of a reliable water supply to support both agricultural activities and

[8] Reference to SANDAG's State of the Commute, 2015-2016.

residential estate uses that now characterize most of the region. The subsequent formations of Valley Center CSD in 1966 and Valley Center FPD in 1982 addressed other and resulting municipal service needs involving recreation and fire protection, respectively, and completes the current and relatively confined extent of local government in the region.

The Valley Center region more recently has undergone a substantive and ongoing transition as an increasing number of agricultural uses have either downsized or converted and given way to large planned residential development projects. This transition is primarily attributed to the combination of higher water rates for agricultural users and demand for housing. The substantive result is an estimated one-third increase in the Valley Center region's population from 21,857 in 2000 to 29,295 in 2018 with a resulting annual change of 1.9%; an amount that is nearly double the corresponding rate for all of San Diego County.[9] The annual growth rate during the report period has slowed to 0.84% with a net increase of 1,357 between 2014 and 2018. The growth rate – however – is excepted to rise again with three prominent developments – Meadowood (824 units), Orchard Run (300 units), and Park Circle (332 units) – already approved by the County of San Diego with the latter project due to break ground in 2020. Another prominent and larger project in the region – Lilac Hills Ranch – is also currently under review by the County and proposes 1,746 units.

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

- **No. 1 | Changing Community Character**
  The Valley Center region continues to transition towards more suburban development and highlighted by an estimated population increase of more than one-third since 2000. This transition is expected to continue with several prominent projects in the queue and underlies the changing social and economic character in Valley Center from less agriculture to more residential and establishment therein as a distinct bedroom community in San Diego County.

[9] It is estimated the overall resident population of San Diego County increased from 2,813,795 in 2000 to 3,344,136 in 2018 and produces an annual growth rate of 1.0%.

- **No. 2 | Expanding Community Needs**
  The changing community character in the Valley Center region and influx of new residents has contributed to evolving and expanding community needs within all three affected agencies. Markedly, all three affected agencies have experienced significant increases and/or changes in service demands and – albeit to different degrees among the three agencies – necessitate additional infrastructure resources to meet community needs now and going forward.

- **No. 3 | Variations in Financial Stress**
  All three affected agencies in the Valley Center region have experienced financial stress during the five-year report period that merits additional LAFCO attention. The level of financial stress varies and reflected for both Valley Center MWD and Valley Center FPD incurring operating margin losses in all five years and contributing to sizable decreases in their respective net positions over the 60-month period. Valley Center CSD financial stress is more systemic given its diseconomies of scale to fund ongoing park and recreation amenities along with low reserves with the cumulative effect of leaving the District increasingly vulnerable to service disruptions.

- **No. 4 | Distinct and Valued Roles**
  All three affected agencies in the Valley Center region serve separate and valued municipal functions in support of the community's growth and development. The current configuration and separation of these roles effectuates the individual agency expertise and exceeds the perceived benefits in pursuing a regional consolidation.

- **No. 5 | Realigning Park and Recreation Services**
  The Valley Center region's ongoing transition to more residential uses highlights the increasing importance of park and recreation services to current and future families. Accordingly, it appears appropriate to revisit Valley Center CSD's present governance model and consider realignment to reflect industry practices and make better use of the County of San Diego's economies of scale in providing park and recreation amenities through the transition into a stand-alone County Service Area. This realignment – notably – is consistent with the CSD Board's expressed interest in exploring reorganization and request for LAFCO to consider available options as part of the municipal service review process.

4.2 Recommendations

The following recommendations call for specific action either from San Diego LAFCO and or one or more of 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 to develop buildout estimates specific to each affected agency in the Valley Center region and incorporate the information into the next scheduled municipal service review.

2. San Diego LAFCO should address and reconcile Valley Center MWD's recycled water service activity as part of a future update to Commission Rule No. 4 with respect to formally identifying the function, class, and authorized location under statute.

3. Future opportunities to share and/or consolidate resources between Valley Center FPD and the County of San Diego merit continued attention going forward. Exploring these future opportunities is consistent with San Diego LAFCO's standing policy objective to facilitate the orderly extension of the County Fire Authority in unincorporated San Diego County based on timing with community preferences.

4. San Diego LAFCO believes – and irrespective of prompts otherwise in statute given overlapping boundaries – the three affected agencies' existing and separate operations appropriately serves the region and preliminary analysis suggests exploring a regional consolidation is not merited at this time.

5. San Diego LAFCO recommends the County of San Diego require future development approvals connect to Valley Center MWD's wastewater facilities and avoid the creation of new systems in the region unless special or local conditions merit otherwise. This includes engineering, environmental, and economic considerations.

6. Valley Center CSD should immediately remedy existing deficiencies with its annual audit process and establish present-day values for its capital assets less appropriate depreciation amounts. These efforts would substantiate the District's financial statements and create added trust with its constituents and help ensure their ongoing financial investment in the agency is appropriately reciprocated.

7. Reorganization of the Valley Center CSD into a new County Service Area to directly draw on the expanded resources of the County of San Diego Parks and Recreation Department coupled with a more direct connection to developer-paid amenities appears merited at this time.

8. San Diego LAFCO recommends Valley Center CSD and the County of San Diego consider a coordinated reorganization proposal to transition CSD into a new stand-alone County Service Area with the incentive of Commission fee waiver. It would be appropriate to term a reorganization on the creation of an advisory committee consisting of the current CSD Board to continue to provide local input on park and recreation services and priorities in Valley Center.

9. San Diego LAFCO should proceed and update the spheres for all three affected agencies in the Valley Center region with no changes, and in doing so satisfy its planning requirement under G.C. Section 56425.

5.0 WRITTEN DETERMINATIONS

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

> These determinations detail the pertinent issues relating to the planning, delivery, and funding of public services in the Valley Center region and specific to Valley Center MWD, Valley Center FPD, and Valley Center CSD. Determinations based on data collected and analyzed between 2014 and 2018.

5.1 Growth and Population Projections

1. San Diego LAFCO independently estimates there are 29,295 total fulltime residents collectively served by the three affected agencies in the Valley Center region as of the end of the five-year report period.

2. The estimated total fulltime resident population in the Valley Center region at the end of the five-year report period of 29,295 largely overlaps among the three affected agencies with individual estimates as follows:

   (a) 28,210 residents in Valley Center MWD.

   (b) 19,097 residents in Valley Center FPD.

   (c) 19,008 residents in Valley Center CSD.

3. San Diego LAFCO estimates the combined annual rate of new fulltime population growth in the Valley Center region during the five-year report period has been 0.84% and has netted 1,896 new residents. The annual rate since 2000, however, has been 1.9% and reflects the significant amount of growth and development in the region.

4. The annual population growth rates among the three affected agencies in the Valley Center region during the five-year report period have varied with individual estimates as follows:

   (a) 0.84% in Valley Center MWD.

   (b) 1.1% in Valley Center FPD.

   (c) 1.0% in Valley Center CSD.

5. Accommodating the estimated population growth in the Valley Center region during the five-year report period has been the construction 294 new residential units, which represents an overall increase in the local housing supply of 2.8%.

6. The estimated population growth has contributed to an approximate one-fourth decrease in the number of vacant housing units in the Valley Center region from 8.0% to 6.1% during the five-year report period.

7. The Valley Center region remains predominately rural with an overall average of 2.5 acres for every one resident. This rate – however – has decreased during the five-year report period by nearly one-tenth and 2.7 acres for every one resident and reflects the changing and increasing development of the region.

8. San Diego LAFCO projects the current growth rate within the Valley Center region and within the three affected agencies will generally hold over the report timeframe. However, additional and more intensive growth is expected in the longer run given the region's proximity to Interstate 15 coupled with increasing economic challenges for area landowners to maintain lands in agricultural production.

9. San Diego LAFCO should coordinate with the County of San Diego and SANDAG to develop buildout estimates specific to each affected agency in the Valley Center region and incorporate the information into the next scheduled municipal service review.

10. A review of current demographics reveals no substantial differences within the three affected agencies in the Valley Center region, and as such indicates the individual communities are relatively homogenous in social and economic standing and – notably – contrasts with countywide averages. Additional demographic details follow.

    (a) Residents in the Valley Center region tend to be older with a median age of 43.1 and nearly one-fourth higher than the corresponding countywide average of 35.3. This distinction in age is similarly illustrated with 23.4% of the region now collecting retirement compared to only 17.7% in all of San Diego County.

    (b) Monthly housing costs in the Valley Center region have modestly decreased over the five-year report period and attributed – among other factors – to increased housing stock. The region's average monthly housing cost of $1,958, however, remains one-fifth higher than the countywide average of $1,578.

    (c) Residents in the Valley Center region have experienced moderate increases in their household incomes during the five-year report period with the present median amount at $81,654 and one-fifth above the countywide average of $66,529.

5.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities

1. No lands within or immediately adjacent to the Valley Center region currently qualifies as a disadvantaged unincorporated community under San Diego LAFCO policy.

5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. All three affected agencies in the Valley Center region have experienced sizeable increases and/or changes in municipal service demands over the five-year report period. The increase and change in demands – albeit to different levels – necessitate

additional infrastructure resources among all three agencies to accommodate expected growth and most pertinent to Valley Center CSD given existing deficiencies.

2. The following statements apply to the Valley Center MWD with respect to the availability, adequacy, and performance of its three active municipal service functions: potable water; recycled water; and wastewater.

(a) With respect to potable water, San Diego LAFCO determines the following.

i. Valley Center MWD's potable water function commenced in 1955 and classified as retail for purposes of identifying powers under G.C. Section 56425(i) and Commission Rule No. 4. This activated power covers the entire District jurisdictional boundary.

ii. Valley Center MWD is a member agency of San Diego County Water Authority and its entire potable water supplies are drawn from imported water. The availability of these pretreated supplies has proven increasingly reliable due to ongoing investments and absent a significant infrastructure failure is considered relatively stable and can withstand normal weather fluctuations.

iii. Valley Center MWD's potable water supplies and associated infrastructure sufficiently meet existing demands and are expected to hold through the timeframe of this report. This statement is substantiated given the average annual water production demands during the five-year report period represents only 19% of the District's maximum accessible supply based on infrastructure capacity to the San Diego County Water Authority. Further, the average peak-day demand during the report period represents 40% of the District's available supply.

iv. Valley Center MWD's potable storage is sufficiently sized and can readily accommodate peak-day demands with the five-year report period average representing 29% of existing capacity. This existing storage amount is sufficient to cover 3.5 days of average daily usage without recharge.

v. Valley Center MWD's potable water demand as measured on a per capita basis has decreased by (25.9%) over the five-year report period. This contrast with an overall estimated growth rate of 4.2% and suggest – among other factors, including changes in agricultural practices – users are de-intensifying their water uses.

(b) With respect to recycled water, San Diego LAFCO determines the following.

i. Valley Center MWD's recycled water function commenced in 2005 and currently involves retailing to one customer, Woods Valley Ranch Golf Course. San Diego LAFCO should address this active service function under Government Code Section 56425(i) as part of a future policy update to Commission Rule No. 4 with respect to formally identifying the function, class, and authorized location as deemed appropriate by the Commission.

ii. The current average demand of recycled water during the five-year report period has been 0.200 million gallons per day at Valley Center MWD's Woods Valley Ranch Canyon Reclamation Facility and is solely used for irrigation by the Woods Valley Golf Course.

iii. Valley Center MWD is exploring opportunities to establish recycled water service within the Moosa service area in coordination with a development application on file with the County of San Diego known as Lilac Hills Ranch.

(c) With respect to wastewater services, San Diego LAFCO determines the following.

i. Valley Center MWD's wastewater function commenced in 1975 classified as collection, treatment, and disposal for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

ii. Valley Center MWD's wastewater function is currently limited to two distinct service areas: Moosa and Woods Valley.

iii. Valley Center MWD's Moosa facilities are designed to accommodate an average daily wastewater flow of 0.440 million gallons. The current average daily demand over the five-year report period has been 0.298 million gallons and equals 67% of the total system capacity. The capacity consumption – pertinent – increases to 87% based on average peak-day flows during the period and is approaching facility limitations.

iv. The Moosa Reclamation has been designed to accommodate an expansion to increase the average daily wastewater flow capacity to 1.0 million gallons subject to funding of capital improvements. This expansion capability provides remedy to existing peak-day flows approaching current capacity and pertinently enables the District to accommodate additional growth in the area.

v. Valley Center MWD's Woods Valley facilities are designed to accommodate an average daily wastewater flow of 0.275 million gallons. The current average daily demand over the five-year report period has been 0.0.41 million gallons and equals 15% of the total system capacity. The capacity consumption increases to 19% based on average peak-day flows during the period.

vi. The average peaking factors during the five-year report period within Valley Center MWD's two wastewater systems – Moosa and Woods Valley – are less than 1.3 and substantiate both collection systems are in good condition with limited inflow and infiltration from runoff and groundwater.

3. The following statements apply to the Valley Center FPD with respect to the availability, adequacy, and performance of its three active municipal service functions: fire protection/rescue; emergency medical; and ambulance transport.

(a) With respect to fire protection/rescue and emergency medical, San Diego LAFCO determines the following.

i. Valley Center FPD's fire protection/rescue and emergency medical functions are organized as one integrated service and commenced in 1983.

ii. San Diego LAFCO classifies the nature of Valley Center FPD's fire protection/rescue function as structural for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

iii. Valley Center FPD has successfully transitioned its fire protection/rescue and emergency medical function from an initial all-volunteer organization to its current combination career/reserve all-career organization beginning in 2013.

iv. Overall onsite incidents within Valley Center FPD have averaged 4.0 daily over the five-year report period. Demands have increased overall by 135% during this period and are largely attributed to overall growth factor as well as increased activity at the casinos and special events at local businesses such as Bates Nuts Farm and Lavender Fields.

v. Valley Center FPD has responded exclusively to 87% of all onsite incidents within the District during the five-year report period without the aid of outside agencies. This response rate substantiates the District has generally developed and maintained adequate resources to meet existing demands.

vi. Valley Center FPD's ability to continue to sufficiently meet demands requires additional resources and adaption to the jurisdictional boundary's ongoing transition from rural to suburban. This transition – notably – is marked by serving an increasing number of geographically separated neighborhoods and has contributed to rising average travel response times from 10.43 to 11.12 minutes during the five-year report period.

vii. Valley Center FPD recently retained an outside consultant to prepare a standards of coverage study on the District with recommendations therein to adopt a travel response standard of 8:00 minutes as well as construct a third fire station near the intersection of Cole Grade Road and Cole Grade Lane.

(b) With respect to ambulance transport, San Diego LAFCO determines the following.

i. Valley Center FPD's ambulance transport function was established in 2015 in conjunction with being awarded an exclusive operating contract through the County of San Diego to serve the greater Valley Center area. The contracted service area includes all of the District and an additional 768.8 square mile.

ii. San Diego LAFCO classifies Valley Center FPD's ambulance transport function as advance life support or ALS for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

iii. Valley Center FPD separately contracts with Mercy Medical Transportation to supplement ambulance transport services. This contract provides Valley Center FPD the ability to effectively provide ALS ambulance transport through the combination of Mercy paramedics and District emergency medical technicians.

iv. Overall onsite incidents within Valley Center FPD's contract service area have averaged 3.2 daily over the five-year report period with nearly nine-tenths – or 87% – originating in the District. Demands have risen overall by 19% and attributed to increasing population and societal changes in medical care.

4. The following statements apply to the Valley Center CSD with respect to the availability, adequacy, and performance of its lone active municipal service function: park and recreation.

   i. Valley Center CSD's park and recreation function was established at the time of the District's formation in 1966.

   ii. San Diego LAFCO determines there are no applicable class categories relative to Valley Center CSD's park and recreation function under Government Code Section 56425(i) and Commission Rule No. 4.

   iii. Valley Center CSD's public facilities currently total 73.5 acres and divided between five distinct sites within it jurisdictional boundary. One of the sites – however – involves Star Valley Park and its 45.5 acres, which remains closed to the public in the absence of funding to make improvements and address liability concerns; the substantive result is an available parkland total within the District of 28.0 acres.

   iv. Valley Center CSD's current available parkland produces a ratio of 1.5 acres for every 1,000 residents. This ratio falls substantially below baseline standards established by the State of California for local communities under the Quimby Act, which specifies 3.0 acres for every 1,000 residents.

   v. Valley Center CSD does not have a master plan or other formal document to guide park and recreation services within the District. The absence of this type of document hinders the District's ability to strategically plan and allocate resources in a manner consistent with Board objectives and priorities.

5.4 Agencies' Financial Ability to Provide Services

1. The three affected agencies in the Valley Center region operate with significantly different financial means in providing municipal services to their constituents and experienced – albeit to differently – fiscal stress during the five-year report period.

2. The combined net position of the three affected agencies in the Valley Center region decreased by more than one-tenth – or 12.8% – from $102.8 million to $89.6 million during the five-year report period.

3. The ability of the three affected agencies to fund their municipal service functions through new assessments and taxes appears constrained given current constituent reluctance as evident by the recent defeat of Measure SS; a proposed $180 annual parcel tax by Valley Center FDP and disapproved by voters in November 2018.

4. Valley Center MWD's net position has decreased during the five-year report period with an overall change of (13.7%) from $97.2 million to $83.9 million and produces a net loss of $13.3 million. Additional details on financial standing follow.

   (a) The unrestricted portion of Valley Center MWD's net position has decreased by (47.5%) over the five-year report period finishing with a balance equal to cover 2.5 months of actual operating expenses.

   (b) Valley Center MWD experienced an average annual total margin gain of 3.3% during the five-year report period. The operating margin, however, finished each year in deficit with an average loss of (3.1%) and reflects the District's reliance on general property tax revenues to help meet enterprise operating costs.

   (c) Valley Center MWD finished the five-year report period with a sizeable reduction in available capital and is attributed to new loans with the State of California to expand the Woods Valley Ranch Reclamation Facility. This reduction is reflected in the District's debt-to-net position totaling 65.0% at the end of the period and means nearly two-thirds of the net position is tied to long-term financing.

   (d) Valley Center MWD's combined funded ratio for pension obligations with CalPERS at the end of the five-year report period finished at 60.9% and considered in critical status based on federal standards for retirement systems. This ratio has also decreased overall by (1.9%) over the prior 48-month period in which statements are available.

5. Valley Center FPD's net position has steadily decreased each year during the five-year report period with an overall change of (13.6%) from $5.2 million to $4.5 million and produces a net loss of $0.698 million. Additional details on financial standing follow.

(a) The unrestricted portion of Valley Center FPD's net position has increased by 3.2% over the five-year report period ending with a balance equal to cover 12.0 months of actual operating expenses.

(b) Valley Center FPD experienced an average annual total margin loss of (10.7%) during the five-year report period. The average operating margin trended similarly during the period at (11.2%).

(c) Valley Center FPD finished the five-year report period with limited long-term obligations and reflected with both the District's debt ratio and debt-to-net position ratios falling under 7.0%.

(d) Valley Center FPD does not have any recorded pension obligations. Employees participate in a 457(b) deferred compensation program instead.

6. Valley Center CSD's net position has steadily increased each year during the five-year report period with an overall change of 180.8% from $0.458 million to $1.286 million and produces a net gain of $0.828 million. Additional details on financial standing follow.

(a) The unrestricted portion of Valley Center CSD's net position has increased by 107.0% over the five-year report period with an ending balance equal to cover 6.0 months of actual operating expenses. This latter amount – notably and as a non-enterprise agency – leaves the District susceptible to service interruptions and highlights the importance of cash-flow management.

(b) Valley Center CSD experienced an average annual total margin gain of 26.3% during the five-year report period. The average operating margin finished close to one-half lower, but nonetheless in positive territory at 14.7%.

(c) Valley Center CSD finished the five-year report period with nearly no long-term obligations reflected with both the District's debt ratio and debt-to-net position ratios ending at 1.5% and 0.0%, respectively.

(d) Valley Center CSD does not have any recorded pension obligations.

(e) Valley Center CSD audited financial statements – importantly – during the five-year report period do not inventory capital assets. This significant omission merits correction and undermines the validity of the stated net position given over four-fifths of the District's balance sheet is unsubstantiated.

5.5 Status and Opportunities for Shared Facilities and Resources

1. All three affected agencies have established responsive shared resources with other agencies in fulfilling their responsibilities to provide specified municipal functions to their respective constituents in the Valley Center region. Examples follow.

   (a) Valley Center MWD has established interties with the City of Escondido, Rainbow MWD, and Yuima MWD as well as the San Pasqual Band of Mission Indians to receive and provide treated potable water supplies to one another in the event of emergencies and/or other interruptions in normal operations. These interties provide important redundancy protections in the broader region and particularly germane to help redirect supplies in response to earthquake and wildfire events.

   (b) Valley Center FPD maintains automatic aid agreements with several adjacent service providers – including City of Escondido, CAL FIRE, and the Rincon and San Pasqual Indian Bands – to receive and provide fire protection/rescue and emergency medical services within their respective boundaries based on dispatch proximity. These agreements are particularly pertinent to maintain for Valley Center FPD to address multiple incidents within its boundary given size and topography service challenges.

   (c) Valley Center CSD coordinates closely with the County of San Diego and its Parks and Recreation Department in providing services within the District boundary. This includes utilizing developer fees generated from the County's Parkland Dedicated Ordinance to fund new park and recreation amenities through a Board of Supervisors approval process.

2. Opportunities to share and/or consolidate resources between Valley Center FPD and the County of San Diego merit continued attention. Exploring these opportunities is consistent with San Diego LAFCO's standing policy objective to facilitate the orderly extension of the County Fire Authority and its role to organize and provide fire protection services in unincorporated San Diego County.

5.6 Local Accountability and Government Restructure Options

1. All three affected agencies in the Valley Center region are governed by responsive officials and illustrated by holding regular monthly meetings, timely posting agendas and minutes online, and employing and/or otherwise contracting professional staff. All three agencies advantageously contribute to the region and its distinct character.

2. All three affected agencies in the Valley Center region share substantially similar jurisdictional boundaries and are authorized with common service powers under their principal acts subject to San Diego LAFCO approval. San Diego LAFCO believes – and irrespective of prompts otherwise in statute – the agencies' existing and separate operations appropriately serves the region and preliminary analysis suggests exploring a regional consolidation is not sufficiently merited at this time.

3. San Diego LAFCO has previously designated Valley Center MWD as the appropriate current and future wastewater provider in the Valley Center region. Accordingly, and in the absence of unique conditions meriting otherwise, San Diego LAFCO recommends the County of San Diego require all future development approvals connect to the District's wastewater facilities and avoid new systems in the region.

4. Valley Center CSD should remedy existing deficiencies with its annual audit process and establish present-day values for its capital assets less appropriate depreciation amounts. These efforts would substantiate the District's financial statements and create added trust with its constituents and help ensure their ongoing financial investment in the agency is appropriately reciprocated.

5. Valley Center CSD operates under a governance model that is increasingly antiquated relative to industry standards and use therein of economies of scale and new development to fund existing and new park and recreation services. This antiquation is reflected in the District's ability to secure grants to purchase the Valley Star Park site but without the resources to fund and maintain improvements. A reorganization of the District and transition to a new County Service Area to directly draw on the expanded resources of the County Parks and Recreation Department coupled with a more direct connection to syncing developer funding appears sufficiently merited.

6. San Diego LAFCO encourages Valley Center CSD and the County of San Diego to consider a coordinated reorganization proposal filing with the Commission consistent with the preceding determination and under mutually acceptable terms. This includes

– but not limited to – considering the creation of an advisory committee for the new County Service Area consisting of the current CSD Board to continue to provide local input on park and recreation services and priorities in Valley Center.

7. None of the three affected agencies in the Valley Center region report providing municipal services beyond their jurisdictional boundaries except for limited automatic aid responses by Valley Center FPD. 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 San Diego LAFCO to proceed with updating and affirming – with no changes – the affected agencies' spheres.

CHAPTER THREE | AGENCY PROFILES

A. VALLEY CENTER MUNICIPAL WATER DISTRICT

1.0 OVERVIEW

Valley Center Region

Courtesy: Google Maps

The Valley Center Municipal Water District (MWD) is an independent special district formed in 1954. Formation proceedings were initiated by landowners for purposes of establishing a member agency of the San Diego County Water Authority ("Water Authority") to provide retail water service within the Valley Center region and in doing so facilitate agricultural and residential developments. Formation proceedings were part of a second phase of local agencies throughout San Diego County joining and retailing the wholesale supplies the Water Authority was beginning to import from the Colorado River through its own agreement with the Metropolitan Water District of Southern California. Valley Center MWD encompasses a 100-square mile jurisdictional boundary and generally lies to the north of the City of Escondido with small portion – approximately 1,219 acres – within the City. The unincorporated communities of Valley Center and Deer Springs anchor the jurisdictional boundary with several distinct residential developments within and include Circle R, Hidden Meadows, Welk Resort, and Woods Valley Ranch. Governance is provided by a five-person board with members elected by divisions and serve staggered four-year terms. The average tenure on the Board among current members is 10 years.

Valley Center MWD is currently organized as a multi-purpose agency with municipal activities presently tied to providing three distinct service functions: (a) potable water; (b) wastewater; and (c) recycled water with the latter two limited to certain geographic areas within the jurisdictional boundary. Valley Center MWD is also authorized – subject to LAFCO approving latent power activations – to provide fire protection, community recreation, solid waste and garbage, and electric services. The operating budget at the term of the report period (2017-2018) was $50.1 million. The last audited financial statements cover 2017-2018 and show the net position totaling $83.9 million with the unrestricted portion tallying $10.8 million. This latter amount represents the equivalent of 2.5 months of recent actual operating expenses.

LAFCO independently estimates the fulltime resident population within Valley Center MWD is 28,210 as of the term of this report period and accommodated through the existing construction of 10,347 housing units. It is also projected the estimate of fulltime residents represents an overall increase of 1,826 since 2010 – or 228 annually – with a resulting annual growth rate of 0.84%, which is below the countywide rate of 0.94%. The median household income within Valley Center MWD is $81,812 based on the current five-year period average and is more than one-fifth higher than the countywide average of $66,529.

2.0 BACKGROUND

2.1 Community Development

Early Valley Center Post Office
Lilac Road, Circa 1910

Courtesy: San Diego Union Tribune

Valley Center MWD's service area began its present-day development in the mid-1800s in parallel with the creation and awards of land grants – or ranchos – throughout California by the Mexican government. The Rancho Guejito covers a sizeable portion of the service area and was granted to Jose Orozco in 1845 and preceded a series of subsequent land divisions and arrival of permanent settlers. Bear Valley was the initial name given to the area based on having the largest historical encounter with a 2,200-pound California Grizzly Bear in 1886 before giving way to Valley Center towards the end of the century.

The first census performed estimated the Valley Center area's population at 265 in 1890. Valley Center's population expanded to nearly 1,000 by the 1920s and supported with the development of commercial cotton and rubber plantations in the area. Other agricultural crops began to follow – including nuts and citrus orchards – and contributed to Valley Center's continued and gradual development with the population reaching 2,500 by the early 1950s.

2.2 Formation Proceedings

Valley Center MWD's formation was petitioned by landowners in November 1953 to establish a connection to the Colorado River through the Water Authority and the recent completion of the San Diego Aqueduct. Formation proceedings followed several years of community discussions to address limited and/or otherwise unreliable surface and groundwater supplies and allowed landowners to tax themselves to fund the necessary public improvements to establish a water system in Valley Center. The San Diego County Boundary Change

Commission approved the formation in January 1954 subject to voter confirmation.[10] A special election was subsequently held in June 1954 and voters confirmed the formation with 87% – or 409 of the 472 ballots – voting in favor. A director was appointed for each of Valley Center MWD's five divisions at the time as well.

2.3 Post Formation Proceedings

A summary of notable activities undertaken by Valley Center MWD and/or affecting the District's service area following formation in 1954 is provided below.

- Valley Center MWD concurrently annexes into the Water Authority and Metropolitan Water District of Southern California in May 1955.

- Valley Center MWD issues $1.6 million in general obligation bonds following voter approval to build the District's first water distribution and storage facilities in January 1956, including transmission lines connecting to the San Diego Aqueduct.

- The first of eight eventual annexations to Valley Center MWD is approved in October 1960 and cumulatively the District's jurisdictional boundary increases by 14.7% from 56,254 acres to 64,540 acres.

- Valley Center MWD voters approve general obligation bond issues totaling $4.6 million in January 1964 and November 1967 to fund additional water system improvements.

- Valley Center MWD commences construction of Lake Turner in August 1970 with financial assistance from the Bureau of Reclamation by building a dam along Moosa Creek. The project is completed one year later and serves to store access water generated from the San Diego Aqueduct.

- Valley Center MWD establishes wastewater services in May 1975 with the construction of the Lower Moosa Canyon collection and treatment facilities to serve the western jurisdictional boundary, including Hidden Meadows and Circle R developments.

- LAFCO establishes a larger-than-agency sphere of influence for Valley Center MWD in December 1984 to include approximately 1,712 non-jurisdictional acres.

[10] The San Diego County Boundary Commission was a technical governing body tasked with approving the accuracy and completeness of proposed jurisdictional changes prior to the State establishing LAFCOs in 1963. All actions of the Boundary Commission were subject to voter approval unless waived by the County Board of Supervisors.

- An extended statewide drought and cutback in Water Authority supplies Metropolitan Water District to remove agricultural price supports and severely impacts the District's agricultural customer base beginning in January 1990.

- Valley Center MWD enrolls in Metropolitan Water District's reinstated Interim Agricultural Water Program in May 1994 and receives reduced water prices in exchange for being interruptible during droughts.

- Valley Center MWD completes a master plan for its water system that includes $65 million in targeted capital improvements in May 2002.

- Valley Center MWD accepts control and operation of the Woods Valley Ranch Water Reclamation Facility in July 2005 and begins providing wastewater and associated recycled water service to the Woods Valley Ranch Subdivision.

- Valley Center MWD approves an expansion of the Woods Valley Ranch Water Reclamation Facility in November 2005 to serve the South Village area.

- LAFCO updates and affirms Valley Center MWD's sphere of influence and its larger-than-agency designation with no changes in April 2014.

- LAFCO approves a concurrent sphere of influence amendment and annexation of approximately 270 acres to Valley Center MWD in December 2014 to facilitate the development of the Meadowood Subdivision.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Valley Center MWD's jurisdictional boundary spans 100 square miles and covers 2.4% of all of San Diego County. Almost all of the jurisdictional boundary is unincorporated and overlaps the land use authority of the County of San Diego with a small remainder – 2% - within the City of Escondido.

Valley Center MWD's existing boundary spans approximately 100 square miles and covers 64,557 unincorporated acres (parcels and public rights-of-ways). The County of San Diego is the predominant land use authority and overlaps 98% of the jurisdictional boundary with most of the lands subject to the Valley Center Community Plan. The small remainder of the jurisdictional boundary is within the City of Escondido. The primary land use within the jurisdictional boundary is agricultural and low to moderate residential estate along with local supporting commercial. There is also a major casino – Valley View – in the jurisdictional boundary. Distinct areas the jurisdictional boundary include several specific plan developments: Circle R Resort; Lilac Ranch; Live Oak Ranch; Orchard Run; Ridge Ranch; and Woods Valley Ranch. Overall there are currently 19,012 registered voters in Valley Center MWD.

Valley Center MWD
Boundary Breakdown By Land Use Authority
Table 3.1a (Source: Esri and San Diego LAFCO)

Land Use Authority	Total Assessor Parcel Acres	% of Total Accessor Parcel Acres	Total Assessor Parcels	Number of Registered Voters
County of San Diego	63,338	98%	39,421	18,985
City of Escondido	1,219	2%	28	27
TOTAL	**64,557**	**100%**	**39,449**	**19,012**

Total assessed value (land and structure) within Valley Center MWD is set at $4.895 billion as of November 2019 and translates to a per acre value ratio of $0.075 million. It also represents a per capita value of $0.173 million based on the estimated fulltime population of 28,210. Valley Center MWD receives 0.045% of the 1.0% in property taxes annually collected within the jurisdictional boundary.

Valley Center MWD receives $0.05 cents for every $1.00 dollar in property tax collected within its jurisdictional boundary.

The jurisdictional boundary is currently divided into 39,499 parcels and spans 63,293 acres. (The remaining jurisdictional acreage consists of public right-of-ways and related dedications.) Four-fifths – 80.0% – of the parcel acreage is under private ownership with close to two-thirds having already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remaining private acreage is undeveloped and consists of 2,733 vacant parcels that collectively total 18,374 acres. No lands within or adjacent to the jurisdictional boundary qualify as a disadvantaged unincorporated community under LAFCO policy.

Close to 80% of the jurisdictional boundary is under private ownership with 2,733 parcels totaling 18,374 acres remaining entirely undeveloped as of date.

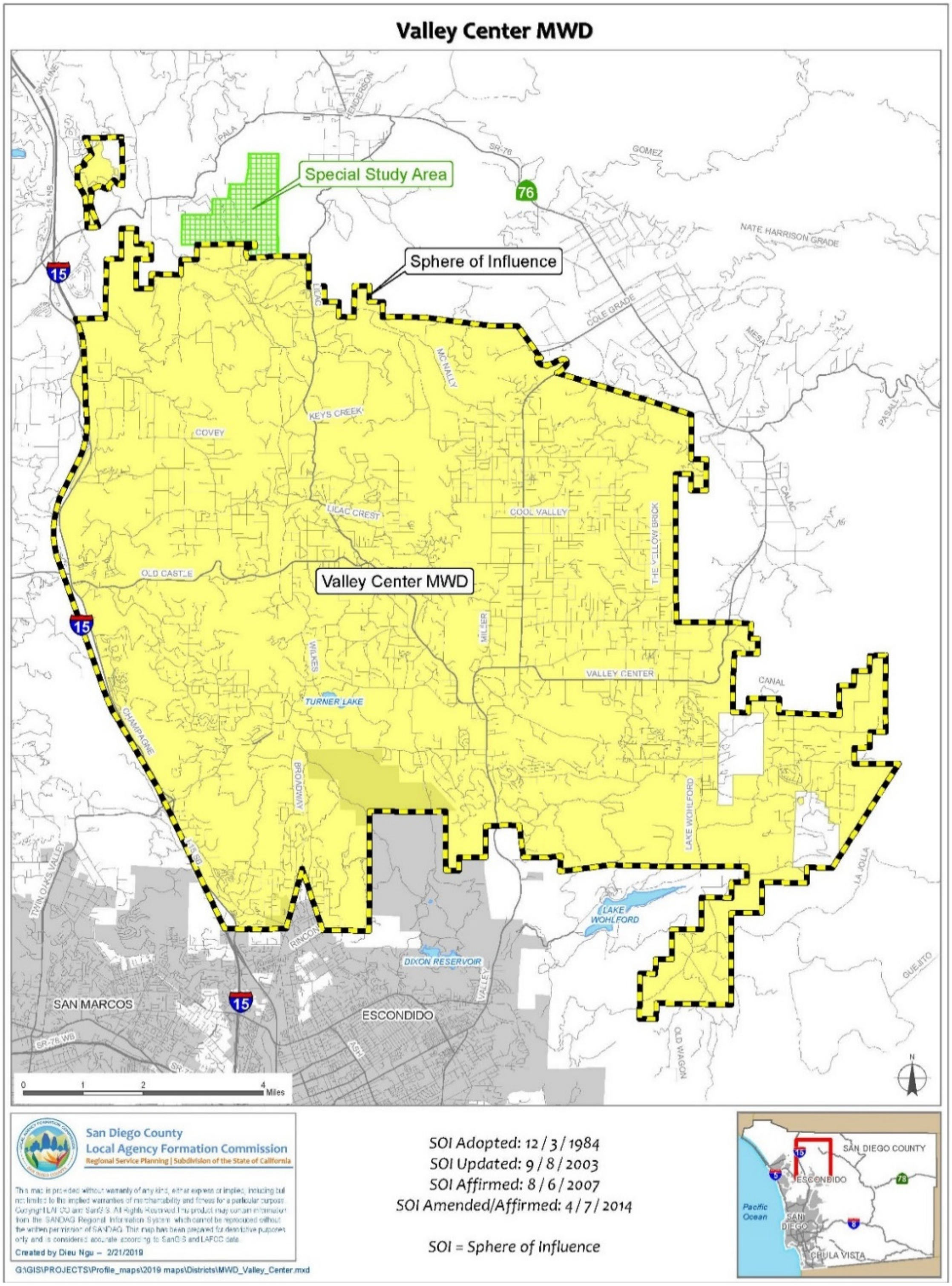
3.2 Sphere of Influence

Valley Center MWD's sphere was established by LAFCO in December 1984. The sphere presently spans 66,090 acres and includes 1,712 non-jurisdictional acres with the majority lying along the southeast District perimeter and within two distinct "island" areas. If these non-jurisdictional acres are annexed it would increase the physical size of Valley Center MWD by 2.7%. No jurisdictional

Valley Center MWD's sphere is 2.7% larger than the jurisdictional boundary and includes 1,712 non jurisdictional acres. It also includes a special study area dating back to 2014 and cited as the Gregory Canyon landfill site.

lands lie outside the sphere. There is also an approximate 1,046-acre special study area assigned to the sphere that was added in 2014 and referred to as Gregory Canyon landfill site.

3.3 Current Boundary and Sphere Map



4.0 DEMOGRAPHICS

4.1 Population and Housing

Valley Center MWD's total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 28,210 as of the term of the five-year report period. This amount represents 0.84% of the countywide total. It is also estimated the fulltime population has risen overall by 6.9% from 26,384 in 2010 and the last census reset. This translates to an annual change of 0.84%, 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 29,415 by 2023. The jurisdiction has a current population density of 1 resident for every 2.3 acres and underlies the overall rural character of the service area.

It is estimated there are 28,210 fulltime residents within Valley Center MWD at the end of the report period. It is also projected the fulltime population will increase consistent with recent trends – or 0.84% annually – and reach 29,415 by 2024.

Valley Center MWD
Resident Population
Table 4.1a (Source: Esri | San Diego LAFCO)

Factor	2010	2018	2023	Annual Change %
Valley Center MWD	26,384	28,210	29,415	0.84%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are presently 10,347 residential housing units within Valley Center MWD's jurisdictional boundary. This amount has increased by 521 since 2010. With respect to current housing characteristics, 76.0% are owner-occupied, 18.0% are renter-occupied, and the remaining 6.0% are vacant with a sizeable portion suspected to serve as second homes. The average household size is 3.0 and has increased 3.1% from 2.9 over the preceding five-year period. The mean monthly housing cost has decreased by (5.3%) from $2,064 to $1,953 based on the most recent five-year period averages. The mean monthly housing cost, however, remains above the countywide average of $1,578.

Housing production in Valley Center MWD currently totals 10,347 dwelling units. This includes the addition of 521 units since 2010. The average monthly housing cost in Valley Center MWD is $1,953, which is close to one-fifth higher than the countywide average.

Valley Center MWD
Housing Breakdown
Table 4.1b (Source: American Community Survey and San Diego LAFCO)

Jurisdiction	2010 Housing Units	2018 Housing Units	Change	2010 Monthly Housing Cost	2018 Monthly Housing Cost	Change
Valley Center MWD	9,826	10,347	5.3%	$2,064	$1,955	(5.3%)
San Diego County	1,164,766	1,236,184	6.1%	$1,540	$1,578	2.5%

4.2 Age Distribution

The median age of residents in Valley Center MWD is 43.2 based on the current five-year period average. This amount shows the population is generally holding with the median age experiencing an overall change of (0.7%) from 43.5 over the preceding five-year period average. The current median age in Valley Center MWD, 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 slightly more than one-half of the estimated total population at 51.8%.

Residents within Valley Center MWD tend to be older with a medium age of 43.2; an amount that is more than one-fourth higher than the countywide average of 35.3. The majority – 51.8% – of the residents are also aged within the prime working group of 25-64.

Valley Center MWD
Resident Age Breakdown
Table 4.2a (Source: American Community Survey and San Diego LAFCO)

Service Area	2010 Median Age	2018 Median Age	Change	2010 Prime Working Age	2018 Prime Working Age	Change
Valley Center MWD	43.5	43.2	(0.7%)	53.1%	51.8%	(2.5%)
San Diego County	34.6	35.3	2.0%	53.4%	47.0%	(11.9)%

4.3 Income Characteristics

The median household income in Valley Center MWD is $81,812 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 3.4% from the preceding five-year period average of $79,089. The current median household income in Valley Center MWD is nearly one-fifth higher than the current countywide median of $66,259. Separately, the current average rate of persons living below the poverty level in Valley Center MWD is 11.9% and has increased by nearly one-half – or 45.0% – over the earlier five-year period. The poverty rate in Valley Center MWD remains measurably lower than the countywide rate of 14.0%.

Valley Center MWD residents' average median household income has experienced a moderate increase in recent years and is currently $81,812. This amount is close to one-fourth higher than the countywide median income $66,529.

Valley Center MWD
Resident Income Breakdown
Table 4.3a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Median HH Income	2012-2016 Median HH Income	Change	2007-2011 Poverty Rate	2012-2016 Poverty Rate	Change
Valley Center MWD	$79,089	$81,812	3.4%	8.2%	11.9%	45.0%
San Diego County	$63,857	$66,529	4.2%	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Approximately 4.1% of adult residents in Valley Center MWD are unemployed based on the current five-year period average. This amount is close to one-fifth – or 19.5% – lower than the corresponding countywide average. Unemployment levels have also affirmatively decreased by more than one-tenth – (13.0%) – from the previous five-year average of 4.7%. Separately, there has been a modest change in educational levels as measured by adults 25 or older with bachelor degrees with the overall rate decreasing by (3.8%) over the previous five-year period from 32.9% to 31.6%. Nearly one-fourth – or 23.4% – of the population currently collects retirement income. The non-English speaking percentage of the population has decreased during this period from 11.2% to 8.1%; an overall difference of (27.9%).

Valley Center MWD
Socioeconomic Indicators Breakdown
Table 4.4a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Unemployment Rate	2012-2016 Unemployment Rate	Change	2007-2011 Non English	2012-2016 Non English	Change
Valley Center MWD	4.7%	4.1%	(13.0%)	11.2%	8.1%	(27.9%)
San Diego County	5.6%	4.9%	(12.5%)	16.1%	15.0%	(6.8%)

5.0 ORGANIZATION

5.1 Governance

Valley Center MWD's governance authority is established under the Municipal Water District Act of 1911 and codified under Water Code Section 71000-73001. This principal act empowers Valley Center MWD to provide a moderate rage of municipal services upon approval by LAFCO. Valley Center MWD is currently authorized to provide three municipal service functions: water; wastewater; and recycled water. All other service functions (i.e., powers) enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO at a noticed public hearing. Similarly, should it ever seek to divest itself of directly providing an active service function, Valley Center MWD would also need to seek LAFCO approval at a notice public hearing. A list showing Valley Center MWD's active and latent service functions follows with applicable service classes.

Active Service Functions
Potable Water (retail)
Wastewater (collection, treatment, and disposal)
Recycled Water (retail)

Latent Service Functions
Fire Protection
Community Recreation
Storm Drainage
Solid Waste/Garbage
Hydroelectric/Wind/Solar Power

Governance of Valley Center MWD is independently provided by a five-member Board of Directors. Each member of the Board is elected by registered voters within their designated division to a four-year term. The Board includes two appointed officer positions: President and Vice President. The Board regularly meets on the first and third Mondays of each month at the District office located at 29300 Valley Center Road. Directors receive a $100 per diem for each meeting attended. Summary minutes are prepared for all meetings; audio and video recordings are not provided. A current listing of the Board along with respective backgrounds and years served with Valley Center MWD follows.

Board meetings are regularly scheduled on the first and third Mondays of each month. All Board members receive a $100 per diem for their attendance.

Valley Center MWD
Current Governing Board Roster
Table 5.1a (Source: Valley Center MWD)

Member	Board Position	Years on the Board	Background
Robert Polito	President	30	Farmer, Rancher
Randy Haskell	Vice President	18	Farmer
Enrico Ferro	Director	3	Farmer
Daniel Holtz	Director	1	Agricultural Engineer
Oliver Smith	Director	1	Electronics Engineer

5.2 Administration

Valley Center MWD appoints an at-will General Manager to oversee all District activities. The current General Manager – Gary Arant – was appointed in March 1989 and oversees a budgeted staff of 70 fulltime equivalent employees and divided between five departments: (a) general adminstration; (b) engineering; (c) field operations; (d) finance; and (e) information technology. Overall budgeted staff has increased during the five-year report period by 9 or 14.3%. Legal services are provided by contract from the Law Offices of Best, Best and Krieger and Partner Paula de Sousa Mills (San Diego).

Valley Center MWD Administration Offices
29300 Valley Center Road, Valley Center, CA 92082

Photo Credit: Valley Center MWD

6.0 MUNICIPAL SERVICES

Valley Center MWD is authorized to provide three distinct municipal service functions: (a) potable water; (b); wastewater; and (c) recycled water. A summary analysis of these service functions follows with respect to capacities, demands, and performance during the five-year report period.

6.1 Potable Water Service

Valley Center MWD's potable water services represent the District's principal service function and involves retail only. Services commenced following Valley Center MWD's formation in 1955 and the construction of an initial water system that has evolved in conjunction with the service area's development. The water system presently includes multiple pump and storage facilities and serves approximately three-fourths of all lands within the jurisdictional boundary. It also relies entirely on treated supplies from the Water Authority and spans nine pressure zones that are connected through approximately 300 miles of distribution lines. The water system at the end of the report period tallied 10,222 active connections with 8,709 – or 85.2% – classified as residential, 1,513 non-residential comprised of agricultural customers, and commercial accounts.

> Valley Center MWD's potable water service is retail class only and is activated throughout its jurisdictional boundary. Residential users make up nine-tenths of all active connections and have increased overall by 4.7% - or 391 - over the report period.

Service Capacities

Valley Center MWD's potable water supplies are entirely imported and drawn from the Water Authority and secured through a 1955 membership agreement. The membership agreement entitles Valley Center MWD to purchase for subsequent retailing an unrestricted amount of potable water based on availability from the Water Authority, which is a wholesale member of the Metropolitan Water District of Southern California. Valley Center MWD has direct access to the Water Authority's transmission line (San Diego Aqueduct) through seven interconnections. Valley Center MWD estimates the current maximum daily capacity of its water system via the interconnections to the Water Authority and associated infrastructure is 105.3 million gallons or 323.1 acre-feet. If

> Valley Center MWD's agreement with the Water Authority allows the District to purchase an unrestricted amount of pretreated potable water supplies based on availability. The infrastructure capacities, however, prescribe the maximum potential annual supplies of 117,933 acre-feet.

operating continually these daily capacity amounts translate to an annual maximum available water supply of 38.4 billion gallons or 117,933.4 acre-feet.[11]

Valley Center MWD |
Available Potable Water Supplies
Table 6.1a (Source: Valley Center MWD)

Service Area	Direct Source	Maximum Daily Infrastructure Capacity	Rated Maximum Annual Infrastructure Capacity
Jurisdictional Boundary	Water Authority	105.3 million gallons or 323.1 acre feet	38.4 billion gallons or 117,933.4 acre feet

All potable water supplies retailed by Valley Center MWD are pretreated by the Water Authority; the District does not own its own water treatment facilities.[12]

Treated water enters Valley Center MWD's distribution system from one of seven direct connections to the Water Authority's transmission line and supplies nine pressure zones. Storage is provided by 41 local reservoir facilities with a combined capacity of 141.2 million gallons or 433.4 acre-feet and concurrently maintain pressure in the distribution system.

Valley Center MWD has 141.2 million gallons – or 433.4 acre-feet – of potable storage within its distribution system.

Valley Center MWD |
Potable Water Storage
Table 6.1b (Source: Valley Center MWD)

Pressure Zone	# of Reservoirs	Earliest Construction	Elevation Range	Storage Capacity
One	3	1963	Less than 1,050 feet	6.4 million gallons
Two	9	1956	1,050 to 1,200 feet	27.9 million gallons
Three	2	1966	1,201 to 1,350 feet	0.9 million gallons
Four	10	1965	1,351 to 1,500 feet	12.0 million gallons
Five	1	1978	1,501 to 1,650 feet	5.0 million gallons
Six	5	1956	1,651 to 1,800 feet	12.0 million gallons
Seven	7	1966	1,801 to 1,950 feet	72.6 million gallons
Eight	1	1968	1,951 to 2,100 feet	0.8 million gallons
Nine	3	1969	2,101 to 2,300 feet	3.6 million gallons
			TOTAL	**141.2 million gallons or 433.4 acre feet**

[11] Valley Center MWD maintains interties with the City of Escondido, Rainbow MWD, and Yuima MWD to receive and provide supplies in the event of emergency interruptions to the San Diego Aqueduct. Valley Center MWD also provides supplemental and emergency water supplies to the San Pasqual Band of Mission Indians.

[12] The majority of supplies originating from the Metropolitan Water District of Southern California (Colorado and Sacramento Bay Delta) are blended and pretreated at Metropolitan's Lake Skinner Filtration Facility in Riverside County before conveyance into San Diego County. The Lake Skinner Filtration Facility has a daily treatment capacity of 630.0 million gallons.

Service Demands

Valley Center MWD's total average annual potable water demand production over the five-year report period has been 7.278 billion gallons or 22,337 acre feet. The most recent year-end amount showed total demand at 7.017 billion gallons and represents an average daily water demand of 19.225 million gallons. This latter amount is further broken down into the equivalent of 681 gallons for every estimated fulltime resident based on a projected resident water service population of 28,210. The average peak-day demand – the highest one-day sum in a year – over the report period was 42.100 million gallons. This latter amount produces an average peaking factor of 2.11 and shows high-demand periods increase usage by more than double.

With respect to trends, Valley Center MWD has experienced an overall reduction of (23.4%) in water demands – or (4.7%) annually – over the five-year report period. The overall reduction in water demands over the corresponding 60-month period contrasts with the estimated 4.2% increase in population and largely attributed to decreases in water usage by agricultural customers due to costs. Overall demands and trends during the report period follow.

Valley Center MWD's overall daily potable water demands as measured by per capita use has decreased by (25.9%) over the five-year report period from 920 gallons to 681 gallons. This contrast with the overall growth rate of 4.2% during the report period and suggests – among other factors, including changes in agricultural usage – users are de-intensifying their water uses.

Valley Center MWD |
Potable Water Demands
Table 6.1c (Source: Valley Center MWD and SD LAFCO)

Category	2014	2015	2016	2017	2018	Average	Trend
Annual Total	9.158 bg 28,105 af	7.968 bg 24,453 af	5.946 bg 18,248 af	6.303 bg 19,343 af	7.017 bg 21,534 af	7.278 bg 22,337 af	(23.4%)
Average Day Total	25.090 mg	21.832 mg	16.292 mg	17.270 mg	19.225 mg	19.941 mg	(23.4%)
… Per Resident	920 g	794 g	587 g	617 g	681 g	720 g	(25.9%)
Peak Day Total	44.967 mg	41.708 mg	39.753 mg	41.383 mg	42.686 mg	42.099 mg	(5.1%)
… Peaking Factor	1.79	1.91	2.44	2.40	2.220	2.15	23.9%

af = acre feet
bg = billion gallons
mg = million gallons
g = gallons

Agricultural customers represent Valley Center MWD's principal potable water users and accounted for nearly three-fourths – or 73.8% – of all sales during the report period. The percentage of agricultural usage, however, declined during the 60-month period by (8.1%).

Service Performance

Valley Center MWD's potable water system is operating with sufficient and excess capacities in supply and storage in accommodating existing demands based on usage generated during the five-year report period. These capacities are similarly expected to accommodate anticipated demands over the next five-year period with variables – including resiliency during different hydrological periods – having been appropriately evaluated by Valley Center MWD in its Urban Water Management Plan, which was most recently updated in June 2016.

The following statements summarize and quantify existing and projected relationships between Valley Center MWD'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.

<u>Water Supply</u>

- The average annual water production demands generated over the report period for the entire distribution system represents 18.9% of Valley Center MWD's accessible maximum treated supply through its connections to the Water Authority. The average peak-day demand represents 40% of the available supply.

<u>Water Storage</u>:

- Average peak-day demands over the report period for the entire distribution system represents 28.4% of Valley Center MWD's existing total potable storage capacity. The total potable storage capacity can separately accommodate up to 3.5 consecutive days of average day demands generate over the report period without recharge.

<u>Water Quality</u>:

- A review of the records maintained by the State Water Quality Control Board shows there have been no violations issued for drinking water standards to Valley Center MWD during the report period. The last violation was issued in July 7, 2000 and involved a positive coliform sample and was subsequently cleared.

- Valley Center MWD's most recent water quality report was issued in February 2019 and shows the results of self-monitoring conducted during 2018. 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

- Valley Center MWD ratepayers for two related charges for domestic water service: (a) operations and (b) usage. It also passes through the Infrastructure Access Charge from the San Diego County Water Authority. The charges were last adjusted in January 2018. Based upon the average monthly usage calculation detailed in the accompanying footnote, the combined commodity and fixed charges produce an equivalent monthly single-family residential charge of $138.54 or $1,662 annually based on the household overall domestic usage of 446 gallons per day, or 151.76 gallons per capita.[13]

6.2 Wastewater Services

Valley Center MWD's wastewater service comprises three classes (collection, treatment, and disposal) and activated throughout its jurisdictional boundary, although only currently provided within two distinct service areas in the District.

Valley Center MWD's wastewater service operations commenced in 1975 with the construction of the Lower Moosa Canyon Reclamation Facility. The Lower Moosa Canyon system presently serves an approximate 5,400-acre area in the west end of the jurisdictional boundary and includes the Hidden Meadows, Circle R, and Lawrence Welk Resort developments. It is estimated the resident population within this service area is 6,913. Valley Center MWD established a second wastewater system within the construction and operation of the Woods Valley Ranch Reclamation Facility in 2005. The Woods Valley Ranch system presently serves an approximate 1,600-acre in the south-central area of the jurisdictional boundary and includes the Woods Valley Ranch's North and South Villages. It is estimated the resident population within this service area is 820. A description of the demands, capacities, and performances within each of the two distinct service areas follows.

[13] Valley Center MWD is rural residential, agricultural community with a wide range of residential types, from standard residential sub-divisions to residences with large lots (2-5 acres) supporting large landscaped areas, gardens, casual, non-commercial agriculture as well as animal husbandry. As such determining the "average" or "typical" residential household use is difficult. For the purposes of the MSR, the District took the total residential, or domestic deliveries in FY 2018-2019 and divided that by the number of domestic accounts for the year and determined a gross average domestic use for the year, which was .50 AF/per year, or 162,915 gallons. This was the basis for determining the average residential bill and cost per year.

A. Moosa Service Area

Service Capacities

> The maximum daily capacity at the Lower Moosa Canyon Reclamation Facility is 0.440 million gallons.

Valley Center MWD's wastewater system in the Moosa service area consists of collection, treatment, and disposal. The collection system includes approximately 21 miles of gravity lines and conveys sewage to the Lower Moosa Canyon Reclamation Facility located along Circle R Drive and east of North Old Highway 395. The collection system currently includes 2,469 active connections with 97.7% (84 commercial accounts) categorized as residential. Individual low-pressure grinder pump units are also utilized to convey flows from the Rimrock subdivision to the gravity collection system. The Lower Moosa Canyon Reclamation Facility provides secondary-level treatment and has a current maximum permit capacity of 0.440 million gallons a day.[14] All treated wastewater is discharged into adjacent percolation ponds and sprayed area for evaporation.

Service Demands

> The average daily wastewater flows generated during the report period in the Lower Moosa service area has been 0.298 million gallons and an overall decease of (1.6%).

Average annual wastewater demands generated within the Moosa service area during the five-year report period has been approximately 109.0 million gallons. This amount serves as a macro overview of system demands and represents a daily average flow of 0.298 million gallons. It also translates over the report period to an estimated 121 gallons for every service connection. Average annual demands overall during the report period have decreased by (1.6%).

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

- Average daily dry-weather wastewater flows over the five-year report period within Moosa have been 0.285 million gallons. This flow typically is recorded between May and October and most recently tallied 0.276 million gallons as of the report term with an overall change of (4.7%) during the 60-month period.

[14] Valley Center MWD reports the Lower Moosa Reclamation Facility has the design ability to expand its daily treatment capacity to 1.0 million gallons.

- Average daily wet-weather wastewater flows over the five-year report period within Moosa have been 0.330 million gallons. This flow typically is recorded between November and April and most recently tallied 0.315 million gallons as of the report term with an overall change of (7.6%) during the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period within Moosa have been 0.387 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.30.

Moosa Service Area | Recent Wastewater Demands
Table 6.2a | Source: Valley Center MWD

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2014	0.304 mgd	0.299 mgd	0.341 mgd	0.395 mgd
2015	0.298 mgd	0.274 mgd	0.334 mgd	0.387 mgd
2016	0.288 mgd	0.284 mgd	0.316 mgd	0.374 mgd
2017	0.301 mgd	0.293 mgd	0.344 mgd	0.391 mgd
2018	0.299 mgd	0.276 mgd	0.315 mgd	0.388 mgd
Average	0.298 mgd	0.285 mgd	0.330 mgd	0.387 mgd
Trend	(1.6%)	(4.7%)	(7.6%)	(1.8%)

Notes: "mg" refers to millions gallons

Service Performance

Valley Center MWD is currently operating with sufficient and excess capacity within its Moosa service area in accommodating exiting estimated user demands generated during the five-year report period. This statement is substantiated with average day demand during the report period equaling 67.2% of the current treatment and discharge capacity at the Lower Moosa Canyon Reclamation Facility. The capacity consumption increases to 87.2% based on average peak-day flows during the period. These available capacities and excesses therein are not expected to substantively change over the next five-year period.

> Valley Center MWD's wastewater system is presently operating at 67% capacity within the Moosa service area.

User Charges and Fees

Valley Center MWD charges most customers within the Moosa service area $56.45 per month for wastewater service. Customers within the Rimrock subdivision are charged a higher amount at $103.03, reflecting the additional charge of $46.58 to cover the cost of operating, maintaining and ultimately replacing the low-pressure grinder pump units. given additional pumping costs. Charges are collected by monthly invoicing. The wastewater rates were last updated in February 2018.

B. Woods Valley Ranch Service Area

Service Capacities

The maximum daily capacity at the Woods Valley Ranch Reclamation Facility is 0.275 million gallons.

Valley Center MWD's wastewater system in the Woods Valley Ranch service area consists of collection, treatment, and disposal. The collection system includes approximately 5 miles of gravity lines and conveys sewage to the Woods Valley Ranch Canyon Reclamation Facility located along Woods Valley Road east of Valley Center Road. The collection system currently includes 293 active connections with 93.5% (19 commercial accounts) categorized as residential. The Woods Valley Ranch Reclamation Facility provides tertiary-level treatment and has a current maximum permit capacity of 0.275 million gallons a day. All treated wastewater is discharged and reclaimed for irrigation at the adjacent Woods Valley Ranch Golf Course.

Service Demands

The average daily wastewater flows generated during the report period in the Woods Valley Ranch service area has been 0.041 million gallons and an overall increase of 10.3%.

Average annual wastewater demands generated within the Woods Valley Ranch service area during the five-year report period has been approximately 15.0 million gallons. This amount serves as a macro overview of system demands and represents a daily average flow of 0.041 million gallons. It also translates over the report period to an estimated to 143 gallons for every service connection. Average annual demands overall during the report period have increased by 10.3%.

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

- Average daily dry-weather wastewater flows over the five-year report period within Woods Valley Ranch have been 0.039 million gallons. This flow typically is recorded between May and October and most recently tallied 0.040 million gallons as of the report term with an overall change of 5.3%.

- Average daily wet-weather wastewater flows over the five-year report period within Woods Valley Ranch have been 0.043 million gallons. This flow typically is recorded between November and April and most recently tallied 0.048 million gallons as of the report term with an overall change of 17.1%.

- Average daily peak-day wastewater flows over the five-year report period within Woods Valley Ranch have been 0.053 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.29.

Woods Valley Ranch | Recent Wastewater Demands
Table 6.2b | Source: Valley Center MWD

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2014	0.039 mgd	0.038 mgd	0.041 mgd	0.053 mgd
2015	0.039 mgd	0.037 mgd	0.041 mgd	0.053 mgd
2016	0.040 mgd	0.039 mgd	0.043 mgd	0.049 mgd
2017	0.043 mgd	0.040 mgd	0.044 mgd	0.057 mgd
2018	0.043 mgd	0.040 mgd	0.048 mgd	0.055 mgd
Average	0.041 mgd	0.039 mgd	0.043 mgd	0.053 mgd
Trend	10.3%	5.3%	17.1%	3.8%

Notes: “mg” refers to millions gallons

Service Performance

Valley Center MWD is currently operating with sufficient and excess capacity within its Woods Valley Ranch service area in accommodating existing estimated user demands generated during the five-year report period. This statement is substantiated with average day demand during the report period equaling 14.9% of the current treatment and discharge capacity at the Woods Valley Ranch Facility. The capacity consumption increases 19.3% based on average peak-day flows during the period. These available capacities and excesses therein are not expected to substantively change over the next five-year period.

Valley Center MWD’s wastewater system is presently operating at 15% capacity within the Woods Valley Ranch service area.

User Charges and Fees

Valley Center MWD charges all customers within the Woods Valley Ranch service area $98.60 per month for gravity wastewater service. Some of customers connected after completion of the Phase II recent capacity expansion project are also charged $46.58 monthly (as done in the Rimrock Area) to cover the cost of the low-pressure grinder pump operation, maintenance and ultimate replacement of the unit. All charges are collected on the annual property tax bill. The wastewater rates were last updated in February 2018.

6.3 Recycled Water Service

Valley Center MWD's recycled water service operations formally commenced in 2005 and limited to the Woods Valley Ranch service area. Tertiary recycled water is generated from the Woods Valley Ranch Canyon Reclamation Facility and is presently retailed only to the Woods Valley Ranch Golf Course for irrigation. Valley Center MWD has no other customers. The treatment facility can produce a maximum of up to 0.275 million gallons of tertiary recycled water per day.

7.0 FINANCES

7.1 Financial Statements

Valley Center MWD contracts with an outside accounting firm to prepare an annual report to review the District's financial statements in accordance with established governmental accounting standards. This includes auditing Valley Center MWD statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Valley Center MWD's short and long-term fiscal health with specific focus on delivering its activated service functions. The current outside consultant is Leaf and Cole LLP (San Diego).

Most Recent Year-Ending Financial Statements (2017-2018)	
Assets	144,934,811
Liabilities	67,909,909
Deferred Outflow/Inflow	6,856,065
Net Position	$83,880,967

Valley Center MWD's most recent financial statements for the five-year report period were issued for 2017-2018.[15] These statements show Valley Center MWD experienced a moderate change over the prior fiscal year as the overall net position (regular accrual basis) decreased by (5.7%) from $88.7 million to $83.9 million and primarily attributed to increasing capital depreciation. The accompanying auditor's report did not identify any material weaknesses or related accounting concerns. A detailing of year-end totals and trends during the five-year report period follows with respect to assets, liabilities, and net position.

[15] The audit for 2017-2018 was issued by Leaf and Cole LLP on December 30, 2018.

Agency Assets

Valley Center MWD's audited assets at the end of 2017-2018 totaled $144.9 million and is 15.8% higher than the average year-end amount of $125.1 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented more than one-fourth of the total amount – or $41.9 million – and primarily tied to cash and investments. Assets classified as non-current and not readily liquid make up the remainder of the total amount – or $103.0 million – and primarily tied to the capital assets with four-fifths therein tied to the water distribution system. Overall assets for Valley Center MWD have increased by 30.9% over the corresponding 60-month period.

Valley Center MWD's assets have increased by nearly one-third during the report period. The increase is primarily attributed to year-end surpluses and rise in cash and investments from $18.4 to $24.6 million over the 60-month period.

Valley Center MWD
Audited Assets
Table 7.1a | Source: Valley Center MWD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	33,386,749	31,059,299	28,436,526	32,770,669	41,910,310	25.5	33,512,711
Non-Current	77,301,872	80,370,472	93,438,220	103,903,217	103,024,501	33.3	91,607,656
Total	$110,688,621	$111,429,771	$121,874,746	$136,673,886	$144,934,811	30.9%	$125,120,367

Agency Liabilities

Valley Center MWD's audited liabilities at the end of 2017-2018 totaled $67.9 million and finished 66.8% higher than the average year-end amount of $40.7 million documented during the five-year report period. Liabilities classified as current and representing obligations owed within the year accounted for one-fifth of the amount and primarily tied to accounts payable and customer deposits. Liabilities classified as non-current and considered long-term debts make up the remainder of the total amount with the largest single obligation tied to loan debt service tied to the expansion of the Woods Valley Ranch Wastewater Treatment Facility.[16] Overall liabilities for Valley Center MWD have increased by 403.2% over the corresponding 60-month period.

Valley Center MWD's liabilities overall have increased by more than four-fold during the report period. This overall increase is largely attributed to Valley Center MWD assuming $26.7 million in long-term debt during 2017-2018 with most of proceeds tied to improvements to the Woods Valley Ranch Reclamation Facility.

[16] Valley Center MWD maintains four separate loans with the State of California Water Resources Control Board that collectively total $26.753 million in ending balances as of June 30, 2018 to expand the Woods Valley Ranch Reclamation Facility. The largest loan ending balance is $16.693 million and commenced in December 2017 with payments through December 2036. The loans have an interest rate of 2.2% and assessed on property owners of record within the assessment district and collected on the property tax roll. The loans are considered "land-secured" debt as the debt service on the loans is attached to the land itself. Valley Center MWD maintains a fifth and final loan with San Diego Gas and Electric to retrofit two pump stations and has an ending balance of $0.078 million as of June 30, 2018.

Valley Center MWD
Audited Liabilities
Table 7.1b | Source: Valley Center MWD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	11,301,748	8,910,995	11,033,945	9,552,689	13,692,454	21.2	10,898,366
Non-Current	2,193,762	19,503,221	28,304,544	44,806,052	54,217,455	2371.4	29,805,007
Total	$13,495,510	$28,414,216	$39,338,489	$54,358,741	$67,909,909	403.2%	$40,703,373

Net Position

Valley Center MWD's audited net position or equity at the end of 2017-2018 totaled $83.8 million and represents the difference between the District's total assets and total liabilities along with adjusting for deferred resources (i.e., pension outflows and inflows). This most recent year-end amount is (4.5%) less than the average year-end sum of $87.8 documented during the five-year report period. Close to nine-tenths of the ending net position – or $73.043 million – is tied to capital assets and/or legally restricted. Overall the net position for Valley Center MWD has decreased by (13.7%) over the corresponding 60-month period and without adjusting for new pension (GASB 68) and benefit (GASB 75) reporting requirements. Adjusting to exclude pension obligations the overall change in Valley Center MWD's net position has been 14.1%.

Valley Center MWD's net position has decreased during the report period with an overall change of (13.7%) from $97.166 million to $83.880 million. An adjustment to exclude new pension reporting requirements – however – shows the net position increasing by 14.1%.

Valley Center MWD
Audited Net Position
Table 7.1c | Source: Valley Center MWD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Invested in Capital	75,462,875	79,423,330	84,494,979	79,597,730	71,684,014	(5.0)	78,132,586
Restricted	1,047,564	947,142	1,075,636	1,177,622	1,359,327	29.8	1,121,458
Unrestricted	20,655,672	3,026,744	276,747	7,988,857	10,837,626	(47.5)	8,557,130
Total	97,166,111	83,397,216	85,847,362	88,764,211	83,880,967	(13.7%)	$87,811,173

Valley Center MWD maintains one combined enterprise fund accounting for all service functions that underlies the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled $10.8 million and represents the accrued spendable portion of the fund balance and subject to discretionary designations. The unrestricted amount represents 2.5 months of operating expenses and increases to 8.8 months when adjusted to exclude booked pension and benefit liabilities based on actuals in 2017-2018.

The unrestricted portion of Valley Center MWD's net position has decreased by over one-tenth over the report period and finished 2017-2018 with a balance equal to cover two months of operating expenses.

7.2 Measurements | Liquidity, Capital, Margin

Standard measurements used to assess Valley Center MWD's financial standing shows decreases in the District's capital, margin, and structure levels during the report period. The most notable change involves capital and the District finishing the report period with a debt-to-net position of 65.0% and reflects a twenty-seven-fold increase.

LAFCO's review of the audited financial statement issuances by Valley Center MWD covering the five-year report period shows the District generally experienced downward results in three of the four measurement categories – liquidity, capital, margin, and structure – utilized in this document. Liquidity levels mark the lone positive change during the report period as measured by both current ratio and days cash with the latter category improving by nearly one-third and finishing at 187, which equates to six months of available cash flow. Valley Center MWD most notable declines involve capital and margin levels. This includes Valley Center MWD's debt-to-net position ending the report period at 65.0% and reflects nearly two-thirds of the net position is tied to long-term financing and reduces the ability to secure additional outside capital.[17] Valley Center MWD also finished each of the five fiscal years with negative operating margins with an overall average of (3.1%). General revenues – and specifically property taxes – have augmented losses in the enterprise activities and contribute to Valley Center MWD finishing each year with total margin gains. A summary of liquidity, capital, margin, and structure ratios follow.

Valley Center MWD
Financial Measurements
Table 7.2a | Source: San Diego LAFCO

Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Debt to Net Position	Total Margin	Operating Margin	Operating Reserves Ratio	Equipment Replacement
2013-2014	3.0 to 1	142.3	12.2%	2.3%	3.9%	(1.8%)	40.5%	20.4
2014-2015	3.5 to 1	158.8	26.3%	25.0%	1.4%	(4.9%)	6.4%	22.8
2015-2016	2.6 to 1	136.9	32.3%	34.8%	1.9%	(6.0%)	0.7%	23.3
2016-2017	3.4 to 1	175.3	38.3%	51.2%	5.8%	(0.9%)	18.3%	25.8
2017-2018	3.1 to 1	187.4	44.9%	65.0%	3.5%	(2.6%)	21.1%	26.0
Average	3.1 to 1	160.1	30.8%	35.7%	3.3%	(3.1%)	17.4%	23.7
Trend	3.6%	31.7%	267.9%	2780.5%	(11.3%)	46.6%	(48.0%)	27.3%

Current Ratio (Liquidity)
Compares available assets against near-term obligations; the minimum desirable ratio is 1.0 and means for every dollar in liability the agency has one dollar available to pay.

Days' Cash (Liquidity)
Measures the number of days the agency can fund normal operations without any new cash income; an appropriate minimum threshold is 180 days. This measurement focuses on immediate cash available to the agency in comparison to the current ratio.

Debt Ratio (Capital)
Measures the relationship between the agency's total assets and liabilities; the higher the ratio the more susceptible the agency is to long-term cash flow stresses.

Debt to Net Position (Capital)
Measures the amount of long-term debt or borrowing of the agency against its accumulated net worth; an appropriate maximum standard threshold is 50%.

Total Margin (Margin)
Measures the bottom line of the agency with respect to comparing all revenues to all expenses; a positive percentage is desirable within the caveat capital improvement expenditures may appropriately result in a negative percentage in individual years.

[17] Valley Center MWD notes the long-term financing is made up of debt totaling $25.649 million with $22.719 categorized as "land-secured" and $2.930 secured by full faith and credit on revenue.

Operating Margin (Margin)
Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans; a consistent positive percentage shows the agency has established a structured budget.

Operating Reserves Ratio (Structure)
Measures the percent of available monies of an agency to cover unforeseen shortfalls; an appropriate maximum standard threshold is 50%.

Equipment Replacement Ratio (Structure)
Measures the average age of depreciable equipment and facilities; the lower the number the younger the infrastructure with the assumption therein better efficiencies/effectiveness.

7.3 Pension Obligations

Valley Center MWD provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems (CalPERS). This pension contract provides employees with specified retirement benefits based on the date of hire and placement in one of two category types: "classic" and "non-classic." Additional pension details based on actuarial valuations issued by CalPERS during the five-year report period with respect to formulas, enrollees, contributions, and funded status follows.

Pension Formulas and Enrollees

Valley Center MWD provides one of two types of defined pension benefits. Over nine-tenths of all pension enrollees qualify for "classic" benefits with start dates before January 1, 2013 and involve a 2.7 @ 55 formula. The remaining and newer employees hired after January 1, 2013 qualify as "non-classic" and involve a 2.0 @ 62 formula.

The last annual valuation issued during the five-year report period followed 2017-2018 and identified 125 total participants within Valley Center MWD's pension program. This total represents an overall increase of six during the corresponding 48-month period in which information is readily available dating back to 2014-2015. The total is also divided between enrollee type (i.e., active, separated, transferred, retired) and produces a current positive worker-to-retiree ratio of 1.9 to 1. A summary of benefits for all two category types follow.

- Classic miscellaneous employees have start dates before January 1, 2013 and represent 94.4% – or 118 – of the 125 total enrollees. These employees receive a defined benefit based on a 2.7% at 55 formula. This formal provides eligible retirees with 30 years of total service credit 81% of their highest one year of salary each year beginning at age 55.

- Non-classic miscellaneous employees have start dates after January 1, 2013 and represent 5.6% – or seven – of the 125 total enrollees. These employees receive a defined benefit based on a 2.0% at 62 pension formula. This formal provides eligible retirees with 30 years of total service credit 60% of their highest annual salary based on a three-year average each year beginning at age 62.

Valley Center MWD
Pension Enrollee Information
Table 7.3a | Source: CalPERS

Type	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Active	n/a	61.0	62.0	61.0	60.0
Transferred	n/a	14.0	13.0	13.0	12.0
Separated	n/a	9.0	11.0	11.0	11.0
Retired	n/a	35.0	36.0	39.0	42.0
Total Enrollees	**n/a**	**119.0**	**122.0**	**124.0**	**125.0**
Worker-to-Retiree Ratio	**n/a**	**2.4 to 1**	**2.4 to 1**	**2.2 to 1**	**2.0 to 1**

Funding Status

Valley Center MWD's total and composite unfunded liability in the most recent valuation issued during the five-year report period totaled $59.726 million (2017-2018). This amount reflects the accrued monies owned and not covered by assets in both pension programs (classic and non-classic) and translates to a composite funded ratio of 60.2% based on market value. Valley Center MWD's funded ratio has decreased overall by (1.9%) during the report period.

Valley Center MWD's combined funded ratio as of the last annual valuation is 60.2%. This ratio has decreased overall by (0.3%) during the corresponding 48-month period dating back to 2014-2015.

Valley Center MWD
Pension Funding Status
Table 7.3c | Source: CalPERS

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trends
Pension Assets	n/a	30,059,055	30,640,129	33,873,285	35,939,159	19.6%
Pension Liabilities	n/a	49,029,947	52,440,180	55,628,214	59,726,676	21.8%
Unfunded Liability	n/a	(18,970,892)	(21,800,051)	(21,754,929)	(23,787,517)	25.4%
Funded Ratio	n/a	61.3%	58.4%	60.9%	60.2%	(1.9%)

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B. VALLEY CENTER FIRE PROTECTION DISTRICT

1.0 OVERVIEW

Eastern Valley Center
Valley View Casino

Photo Credit: Google

The Valley Center Fire Protection District (FPD) is an independent special district formed in 1982. Formation proceedings were initiated by landowners for purposes of assuming and formalizing fire protection services previously provided to the unincorporated community by the Valley Center Volunteer Fire Company. Valley Center FPD encompasses an 84-square mile jurisdictional boundary and lies to the northeast of the City of Escondido. The unincorporated community of Valley Center anchors the jurisdictional boundary and its two central village areas – "Valley Center" and "Pala Vista" – along with the Orchard Run and Woods Valley Ranch subdivisions. Governance is provided by a five-person board with members directly elected at large and serve staggered four-year terms. The average tenure on the Board among the current members is five years.

Valley Center FPD is presently organized as a multi-purpose agency with municipal operations activities tied to providing three distinct service functions – (a) fire protection/rescue, (b) emergency medical, and (c) ambulance – with the latter supplemented through a contract with Mercy Medical Transportation. Valley Center FPD 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 $2.932 million. The last audited financial statements cover 2017-2018 and show Valley Center FPD's net position totaling $4.453 million with the unrestricted portion tallying $3.248 million. This latter amount represents the equivalent of covering 12.0 months of recent agency-wide operating expenses.

LAFCO independently estimates the fulltime resident population within Valley Center FPD is 19,097 as of the term of this report period and accommodated through the construction of 6,762 current housing units. It is also projected the estimate of fulltime residents represents an overall increase of 1,539 since 2010 – or 192 annually – with a resulting annual growth rate of 1.1%, which is above the corresponding countywide rate of 0.94%. The median household income within Valley Center FPD is $80,345 based on the current five-year period average and exceeds the countywide average of $66,529 by nearly one-fifth.

2.0 BACKGROUND

2.1 Community Development

Bear Valley Courthouse
Cole Grade Road; Circa 1890s

Photo Credit: Valley Center History Museum

Valley Center FPD's service area began its present-day development in the mid-1800s in parallel with the creation and awards of land grants – or ranchos – throughout California by the Mexican government. The Rancho Guejito covers a sizeable portion of the current service area and was granted to Jose Orozco in 1845 and preceded a series of subsequent land divisions and arrival of permanent settlers. Bear Valley was the initial name given to the service area based on having the largest historical encounter with a 2,200-pound California Grizzly Bear in 1886 before giving way to Valley Center by the end of the century.

The first census performed for the Valley Center area estimated the population at 265 in 1890. Valley Center's population expanded to close to 1,000 by the 1920s and supported by the development of commercial cotton and rubber plantations in the area. Other agricultural crops began to follow – including nuts and citrus orchards – and contributed to the gradual growth of Valley Center with the population reaching an estimated 2,500 by the early 1950s. The formation of the Valley Center Municipal Water District in 1954 and availability of a reliable water source further expanded growth and development with respect to both agricultural and residential uses and the Valley Center population reached an estimated 4,000 by 1970. The Valley Center Volunteer Fire Company was subsequently created in 1975 to provide basic fire protection for the service area and established a fire station at the intersection of Lilac and Valley Center Valley Roads through community donations along with equipment and vehicles provided by the County of San Diego.

2.2 Formation Proceedings

Valley Center FPD's formation was petitioned by landowners in September 1981 through an organized effort facilitated by the Valley Center Citizens Committee for the explicit purposes of securing dedicated local funding to support organized fire and emergency medical services in the community. Formation proceedings, notably, were precipitated by the County of San Diego and its decision to discontinue funding (subsidies, grants, insurance coverage, etc.) all volunteer fire companies in San Diego County and the expectation therein the companies would either annex or form their own special districts. The petition also countered a parallel filing made by the County to include Valley Center as part of a larger FPD to cover approximately 2,300 square miles of unserved unincorporated lands. LAFCO approved the formation of Valley Center FPD in February 1982 subject to voter approval and conditioned on the passing of an availability charge to provide baseline funding for fulltime paid personnel to augment ongoing volunteer activities. Voters subsequently approved the formation and the accompanying availability charge in June 1982 with 75% of the electorate in favor.[18] The election also included the sitting of the initial board of directors.

2.3 Post Formation Activities

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

- Valley Center FPD assumes responsibility from the County of San Diego for fire protection in November 1982 and concurrently establishes a contract with CAL FIRE for support services to include both administration and field operations.

- The County of San Diego Board of Supervisors adopts a resolution in November 1983 to permanently transfer a portion of its annual property tax proceeds to the Valley Center FPD. The portion equals 37% of the subsidy previously provided by the County to the Valley Center Volunteer Fire Company.

- LAFCO establishes Valley Center FPD's sphere of influence in November 1984. The sphere is set as a smaller-than-agency designation and excludes southwest jurisdictional lands that lie within the sphere of the City of Escondido (Daley Ranch) with the premise these lands will ultimately be served by the City.

- Valley Center FPD enters into a "Schedule A" contract with CAL FIRE and funds year-round staffing at one of three CAL FIRE stations in the District in 1983.

- The County of San Diego enters into an agreement with Valley Center FPD to begin providing an annual subsidy to cover fire protection services within the District in April 2007. The agreement provides County funding to cover Valley Center FPD's costs to maintain its Schedule A contract with CAL FIRE.

[18] The final vote tally approving Valley Center FPD's formation and the availability charge was 74.8% (1,430) for to 25.2% (482) against.

- LAFCO updates and affirms Valley Center FPD's sphere of influence as a smaller-than-agency designation with no changes as part of a countywide review of fire protection districts in August 2007.

- Valley Center FPD hires a fulltime fire chief and proceeds to transfer support services from CAL FIRE to San Pasqual Reservation Fire Department between May and September 2013.

- LAFCO updates and affirms Valley Center FPD's sphere of influence with smaller-than-district designation with no changes in March 2014.

- Valley Center FPD ends its contract with San Pasqual Reservation Fire Department and assumes full and direct control of administration and operations of the District in January 2015 in conjunction with hiring a new fulltime fire chief.

- Valley Center FPD contracts with Citygate Associates to review standards of coverage and receives a final report in March 2017. The final report recommends Valley Center FPD build a third station and add three fire engines to meet service demands within its jurisdictional boundary.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Valley Center FPD's existing boundary spans approximately 84.5 square miles in size and covers 54,130 unincorporated acres (parcels and public rights-of-ways). The County of San Diego is the sole land use authority within the jurisdictional boundary with most of the lands included in the Valley Center Community Plan, which was last updated in 2011. The primary land use within the jurisdictional boundary is low to moderate residential estate along with agriculture and local supporting commercial. The jurisdictional boundary includes two village areas (Pala Vista and Valley Center) under the Community Plan that serve as the intended population centers and are adjacent to two older subdivisions, Orchard Run and Woods Valley Ranch. The San Pasqual Reservation also lies within the east end of the District. Overall there are currently 11,662 registered voters within Valley Center FPD.

> Valley Center FPD's jurisdictional boundary spans 54 square miles and covers 2.0% of all of San Diego County. All of the jurisdictional boundary is unincorporated and overlaps the land use authority of the County of San Diego.

Valley Center FPD
Boundary Breakdown By Land Use Authority
Table 3.1a (Source: Esri and San Diego LAFCO)

Land Use Authority	Total Assessor Parcel Acres	% of Total Accessor Parcel Acres	Total Assessor Parcels	Number of Registered Voters
County of San Diego	54,130	100%	7,669	11,662

Total assessed value (land and structure) within Valley Center FPD is set at $2.780 billion as of November 2019 and translates to a per acre value ratio of $0.051 million. The former amount separately represents a per capita value of $0.146 million based on the estimated fulltime population of 19,097. Valley Center FPD receives 1.1% of the annual 1.0% of property tax collected in the District.

Valley Center FPD receives $0.01 cents for every $1.00 dollar in property tax collected within its jurisdictional boundary.

The jurisdictional boundary is currently divided into 7,669 parcels and spans 53,477 acres. (The remaining jurisdictional acreage consists of public right-of-ways or related dedications.) More than nine-tenths – 90.4% – of the parcel acreage is under private ownership with exactly 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 1,835 vacant parcels that collectively total 16,131 acres. No lands within or adjacent to the Valley Center FPD jurisdictional boundary qualify as a disadvantaged unincorporated community under LAFCO policy.

There are 1,835 privately owned parcels within Valley Center FPD that remain vacant and span 16,131 acres; an amount that represents more than one-fourth of the entire District.

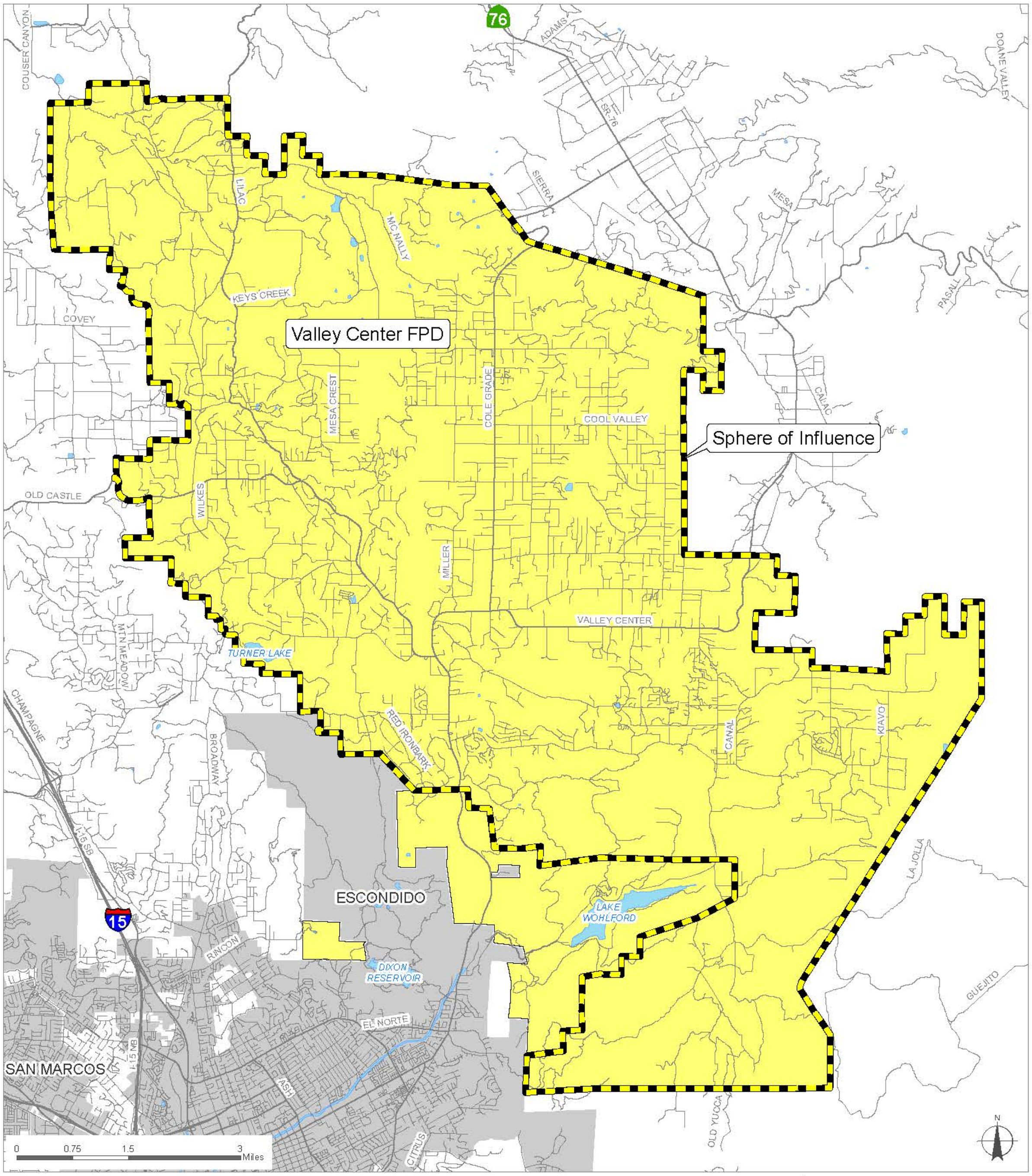
3.2 Sphere of Influence

Valley Center FPD's sphere of influence was established by LAFCO in November 1984. The sphere has been subsequently updated in 2007 and 2014 without changes and presently spans 6.5 square miles or 49,943 acres. The sphere does not include any non-jurisdictional lands. The sphere – however – does exclude 4,187 jurisdictional acres that are simultaneously located within the sphere of City of Escondido and represents 7.7% of the District boundary. The jurisdictional lands lying outside the sphere generally comprise the Lake Wolford area.

Valley Center FDP's sphere of influence is 7.7% smaller than the District and excludes 4,187 jurisdictional acres and comprise the Daley Ranch and Lake Wolford areas.

3.3 Current Boundary and Sphere

Valley Center FPD



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

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SOI Adopted: 11 / 5 / 1984
SOI Affirmed: 2 / 7 / 2005
SOI Affirmed: 5 / 7 / 2007
SOI Reaffirmed: 8 / 6 / 2007
SOI Affirmed: 3 / 3 / 2014

SOI = Sphere of Influence

4.0 DEMOGRAPHICS

4.1 Population and Housing

It is estimated there are 19,097 fulltime residents within Valley Center FPD at the end of the report period. It is also projected the fulltime population will increase consistent with recent trends – or 1.1% annually – and reach 20,126 by 2023.

Valley Center FPD's total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 19,097 as of the term of the five-year report period. This amount represents 0.55% of the countywide total. It is also estimated the fulltime population has risen overall by 8.8% from 17,558 in 2010 and the last census reset. This translates to an annual change of 192 or 1.1%, which is approximately one-fifth higher 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 20,126 by 2023. The jurisdiction has a current population density of 1 resident for every 2.8 acres and underlies the overall rural character of the service area.

Valley Center FPD
Resident Population
Table 4.1a (Source: Esri and San Diego LAFCO)

Factor	2010	2018	2023 (projected)	Annual Change %
Valley Center FPD	17,558	19,097	20,126	1.06%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

Housing production in Valley Center FPD currently totals 6,762 dwelling units. This includes the addition of 409 units since 2010. The average monthly housing cost in Valley Center FPD is $1,953 and is close to one-fifth higher than the countywide average.

There are presently 6,762 residential housing units within Valley Center FPD as of the term of the five-year report period. This amount has increased by 409 – or 51 units per year – since 2010. With respect to current housing characteristics, 74.2% are owner-occupied, 20.2% are renter-occupied, and the remaining 5.6% are vacant with a sizeable portion suspected to serve as second homes. The average household size is 3.0 and has increased 1.3% from 2.9 over the preceding five-year period. The mean monthly housing cost in Valley Center FPD has decreased by (4.9%) from $2,039 to $1,939 based on the most recent five-year period averages. The mean monthly housing cost, however, remains well above the countywide average of $1,578.

Valley Center FPD
Housing Breakdown
Table 4.1b (Source: American Community Survey and San Diego LAFCO)

Jurisdiction	2010 Housing Units	2018 Housing Units	Change	2010 Monthly Housing Cost	2018 Monthly Housing Cost	Change
Valley Center FPD	6,353	6,762	6.2%	$2,039	$1,958	(5.9%)
San Diego County	1,164,766	1,236,184	6.1%	$1,540	$1,578	2.5%

4.2 Age Distribution

The median age of residents in Valley Center FPD is 42.4 based on the current five-year period average. This amount shows the population is generally holding with the median age experiencing an overall change of 0.6% from 42.2 over the preceding five-year period average. However, the current median age in Valley Center FPD 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 more than one-half of the estimated total population at 52.1%.

Residents within Valley Center FPD tend to be older with a medium age of 44.2; an amount that is more than one-fourth higher than the countywide average of 35.3. The majority – 52.8% – of the residents are also aged within the prime working group of 25-64.

Valley Center FPD
Resident Age Breakdown
Table 4.2a (Source: American Community Survey and San Diego LAFCO)

Service Area	2010 Median Age	2018 Median Age	Change	2010 Prime Working Age	2018 Prime Working Age	Change
Valley Center FPD	42.2	42.4	0.6%	52.6%	52.1%	(0.9%)
San Diego County	34.6	35.3	2.0%	53.4%	47.0%	(11.9)%

4.3 Income Characteristics

The median household income in Valley Center FPD is $80,345 based on the current five-year period average. This amount shows fulltime residents are receiving slightly more pay with the median income experiencing an overall increase of 1.5% from the preceding five-year period average of $79,193. The current median household income in Valley Center FPD is also nearly one-fifth higher than the current countywide median of $66,259. Separately, the current average rate of persons living below the poverty level in Valley Center FPD is 12.0% and has increased over one-half – or 52.6% – over the earlier five-year period and more than five times greater the corresponding change in the

Valley Center FPD residents' average median household income has experienced a moderate increase in recent years and is currently $80,345. This amount is close to one-fourth higher than the countywide median income $66,529. The rate of persons living below the poverty rate – however – has increased by more than one-half and at more than five times the corresponding countywide rate.

countywide rate. The poverty rate in Valley Center FPD's poverty rate has relatedly moved closer to the countywide rate of 14.0%.

Valley Center FPD
Resident Income Breakdown
Table 4.3a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Median HH Income	2012-2016 Median HH Income	Change	2007-2011 Poverty Rate	2012-2016 Poverty Rate	Change
Valley Center FPD	$79,193	$80,345	1.5%	7.9%	12.0%	52.6%
San Diego County	$63,857	$66,529	4.2%	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Approximately 4.3% of adult residents in Valley Center FPD are unemployed based on the current five-year period average. This amount is more than one-tenth – or 14.0% – lower than the corresponding countywide average of 4.9%. Unemployment levels are also on the decline and have affirmatively decreased by (6.5%) – from the previous five-year average of 4.6%. Educational levels as measured by adults 25 or older with bachelor degrees has modestly regressed with the overall rate decreasing by (2.9%) over the previous five-year period from 31.7% to 30.7%. Nearly one-fourth – or 23.1% – of the population currently collects retirement income. The non-English speaking percentage of the population has decreased during this period from 11.4% to 8.0%; an overall difference of (29.6%).

Valley Center FPD
Socioeconomic Indicators Breakdown
Table 4.4a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Unemployment Rate	2012-2016 Unemployment Rate	Change	2007-2011 Non English	2012-2016 Non English	Change
Valley Center FPD	4.6%	4.3%	(7.4%)	11.4%	8.0%	(29.6%)
San Diego County	5.6%	4.9%	(12.5%)	16.1%	15%	(6.8%)

5.0 ORGANIZATION

Valley Center FPD's governance authority is established under the Fire Protection District Law and codified under Health and Safety Code Section 13800 et seq. This principal act empowers Valley Center FPD to provide a moderate range of municipal services upon approval by LAFCO. Valley Center FPD is currently authorized to provide three municipal service functions: (a) fire protection/rescue; (b) emergency medical services; and (c) ambulance. All other service functions (i.e. powers) enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO before Valley Center FPD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing an active service function, Valley Center FPD would also need to seek LAFCO approval at a noticed public hearing. A list of active and latent Valley Center FPD service functions along with applicable classes follows.

Active Service Functions
Fire Protection/Rescue (structural)
Emergency Medical (advance life support)
Ambulance Transport

Latent Service Functions
Hazardous Materials Transport & Disposal
Weed and Rubbish Abatement

Governance of Valley Center FPD is independently provided by a five-member Board of Directors. Each member of the Board is elected by registered voters at-large to four-year terms. The Board includes four appointed officer positions: President; Vice President; Secretary; and Treasurer. The Board regularly meets on the last Sunday of each month at Valley Center Municipal Water District's Administrative Office located at 29300 Valley Center Road in Valley Center. Directors receive a $100 per diem for each meeting attended. Summary minutes are prepared for all meetings; audio and video recordings are not provided. A current listing of the Board with respective backgrounds and years served with Valley Center FPD follows.

Board meetings are regularly scheduled on the last Sunday of each month at Valley Center MWD's Administrative Office. Board members receive a $100 per diem for their attendance.

Valley Center FPD
Current Governing Board Roster
Table 5.1a (Source: Valley Center FPD)

Member	Board Position	Years on the Board	Background
Phil Bell	President	9	Fire Service/ Finance
Steve Hutchinson	Vice President	5	Agriculture/ Academic
Jeremy Abrams	Secretary	1	Electrician/ IBEW Board
Mike O'Connor	Treasurer	3	Fire Service/ Agriculture
Jim Wold	Board Member	7	Fire Service/ Business Owner

5.2 Administration

Valley Center FPD appoints an at-will Fire Chief to oversee all District activities. The current Fire Chief – Joe Napier – was appointed by the Board in November 2014 and oversees a budgeted staff of 24 fulltime equivalent employees along with 30 firefighter and paramedic reserves. Valley Center FPD contracts for legal services with White and Bright LLP (Escondido).[19]

Valley Center FPD Administration Offices
29300 Valley Center Road, Valley Center CA 92082

Photo Credit: Valley Center FPD

[19] Valley Center FPD also maintains retainers with Liebert Cassidy and Whitmore for personnel matters.

6.0 MUNICIPAL SERVICES

Valley Center FPD currently provides three municipal service functions: (a) fire protection/rescue; (b) emergency medical; and (c) ambulance transport with the former two organized as one integrated operation and serve as the primary District activity. Services commenced in 1983 following Valley Center FPD's formation and as successor to an all-volunteer fire company. A summary analysis of these active service functions follows with respect to capacities, demands, and performance.

6.1 Fire Protection/Rescue and Emergency Medical Services

Valley Center FPD's fire protection/rescue services are categorized as structural. Emergency medical services area categorized as advance life or ALS.

Valley Center FPD's fire protection/rescue 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 career/reserve model in step with Valley Center FPD establishing a fulltime fire chief position in June 2013 following the termination of a contractual service agreement with CAL FIRE. Fire protection/rescue and emergency medical services are primarily funded in proportional order by benefit fees, property taxes, and special assessments.

Service Capacities

Valley Center FPD's fire protection/rescue services are currently staffed by 24 fulltime personnel and supplemented by 30 part time firefighter reserves.

Valley Center FPD's fire protection/rescue and emergency medical services' capacities are primarily dependent on human resources and currently staffed between 24 fulltime personnel and 30 part time firefighter reserves.[20] The Fire Chief is supported by two Division Chiefs (Community Risk and Emergency Operations) along with an Administrative Captain (Community Development).[21] The Division Chiefs collectively manage six engine companies equally divided between Valley Center FPD's two stations and three shifts. Station No. 1 operates a Type-1 fire engine staffed with a captain, engineer and firefighter-paramedic. It also operates a paramedic ambulance staffed with one firefighter-paramedic and one firefighter-emergency medical technician (EMT). Fire Station No. 2 also operates a Type-1 fire engine staffed with a captain, engineer and firefighter-paramedic along with a Type-6 paramedic rescue squad staffed with one firefighter-paramedic and one firefighter-EMT. Command duty coverage is provided by a 24-hour chief officer and a 24-hour duty arson

[20] Personnel levels as of September 2019.
[21] An Administrative Secretary and District Bookkeeper also provide administrative support of service capacities.

investigator. Both stations are continuously staffed by twelve-person shifts that extend 24 hours. All personnel are trained to ALS.[22] The current adopted minimum staffing level for the Valley Center FPD is one duty chief officer, one duty arson investigator, three persons per fire engine, two persons on an ambulance and two persons on a paramedic rescue squad.[23] Training requirements are provided in the accompanying footnote.[24]

Valley Center FPD
Staffing Levels
Table 6.1a | Source: Valley Center FPD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Average	Trend
Public Safety	15	15	18	21	28	19.4	46.4%
Public Safety - Reserves	30	30	30	30	30	30	0%
Non-Public Safety	2	2	2	2	2	2	0%
Total	47	47	49	52	59	51.4	20.3%

Actual fire protection/rescue and emergency medical services are delivered out of two Valley Center FPD stations based on dispatch provided by the County of San Diego through the North County Dispatch Joint Powers Agreement. Station details follow.

- Station No. 1 is located towards the center of the jurisdictional boundary at 28234 Lilac Road at its intersection of Valley Center Road. Station No. 1 was built in 1981 and serves as the administrative offices and is the reporting location for Mercy Ambulance. Station No. 1 has responded on average to 60% of all onsite incidents over the five-year report period. Valley Center FPD currently assigns six public safety personnel to Station No. 1 every 24-hour period.

- Station No. 2 is located towards the eastern parameter of the jurisdictional boundary at 28205 North Wolford Road at its intersection with Valley Center Road. Station No. 2 was built in 1989. Station No. 2 has responded on average to 40% of all onsite incidents over the five-year report period. Valley Center FPD currently assigns five public safety personnel to Station No. 2 every 24-hour period.

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[22] 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.

[23] One of the two personnel must be a DMV and California State Certified licensed operator to drive the fire engine.

[24] Training is provided to staff and reserves by Valley Center FPD and the North Zone Training Cadre to satisfy minimum standards established by the National Fire Protection Association (NFPA) and the Insurance Services Office (ISO). This includes new recruits attending an initial 380-hour California State Fire Marshal's Accredited Academy followed by a 40-hour department orientation academy. Each captain, engineer and firefighter are required to participate in two hours of training every shift and 20 hours of training each month. Part time firefighter reserves are generally in the process of earning their State Firefighter 1 certification which requires additional hours of specialized training. All reserve firefighters are already certified as EMTs or licensed paramedics. Reserves work traditional 24-hour shifts and receive an hourly rate of $13.00 to $14.50 per hour.

The following table summarizes station staffing and fleet vehicle assignments.

Valley Center FPD
Fire Stations' Assignments
Table 6.1b (Source: Valley Center FPD)

Factor	Station No. 1	Station No. 2	Total
24 hr. Public Safety Staffing	7	5	12
Non-Public Safety Staffing	2	0	2
Fire Engines	2	2	4
Ambulance (VCF and Mercy)	1	1	2
Paramedic Squad	0	1	1
Command Vehicles	4	0	4
Other Fleet Vehicles	2	2	7

Based on information collected in September 2019.

Valley Center FPD maintains automatic and mutual aid agreement with all of the agencies listed below:

- Carlsbad Fire Department
- Deer Springs Fire Protection District
- Encinitas Fire Department
- Escondido Fire Department
- North County Fire Protection District
- Oceanside Fire Department
- Pauma Reservation Fire
- Pala Reservation Fire
- Rancho Santa Fe Fire Protection District
- Rincon Reservation Fire
- Solana Beach Fire Department
- San Marcos Fire Department
- San Pasqual Reservation Fire
- Vista Fire Department
- CAL FIRE

Service Demands

> Over the five-year report period actual onsite arrivals for fire and/or emergency medical services in Valley Center FPD have been on the rise with an overall average of 4.0 per day. Of this amount, Valley Center FPD has been the exclusive responder 86.6% of the time and without the aid of outside agencies.

Overall service demands for fire protection/rescue and emergency medical within Valley Center FPD during the five-year report period have averaged 1,565 dispatched calls annually or 4.3 daily. Almost one-tenth – or 8.2% – of all dispatched calls were canceled and resulted in onsite arrivals averaging 1,446 annually or 4.0 daily. A breakdown of onsite arrivals shows Valley Center FPD responded to 87.1% of all incidents during the report period within its jurisdictional boundary. The breakdown also shows Valley Center FPD responded exclusively to 86.6% of actual onsite incidents within its jurisdiction during the report period. Both dispatch calls and onsite arrivals have all increased by more than double. The following table summarizes annual calls and onsite arrivals – including agency responders – as well as trends during the corresponding 60-month period.

Valley Center FPD
Dispatch and Onsite Demands
Table 6.1c (Source: VCFPD and North County Communication Dispatch)

Year	2014	2015	2016	2017	2018	Average	Trend
Total Dispatched Incidents	804	1,392	1,714	1,923	1,992	1,565	147.8%
Total Onsite Responses	760	1,328	1,595	1,760	1,789	1,446	135.4%
- Responded by Valley Center FPD Only	90.9%	78.8%	86.1%	86.8%	90.6%	86.6%	(0.3%)
- Responded by Other Agencies Only	n/a	n/a	n/a	n/a	n/a	n/a	n/a
- Responded by Valley Center FPD and Others	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Service Performance

Valley Center FPD's capacities as measured by staffing and equipment are sufficiently sized to readily accommodate existing demands within its jurisdictional boundary relative to local conditions highlighted by the District serving a semi-rural and expansive area. The District currently has an Insurance Service Office (ISO) rating of a 3/3X and is considered appropriate for a largely semi-rural area with a suburban core surrounded by rural and agricultural lands.[25] The sufficiency is quantified with Valley Center FPD responding to nearly all onsite incidents within its jurisdictional boundary during the five-year report period. This sufficiently is similarly quantified by Valley Center FPD's relatively low and insubstantial dependency on outside agencies during the report period with only 11 of every 100 onsite incidents necessitating assistance from outside agencies.

[25] The ISO Classification system ranges from 1 to 10, with 1 being the highest.

6.2 Ambulance Services

Valley Center FPD's ambulance services were established in conjunction with the District being awarded an exclusive operating contract in July 2015. The contract is with the County of San Diego's Health and Human Services Agency (HHS) and designates Valley Center FPD as the authorized paramedic services and ambulance transport provider for the greater Valley Center region.[26] Valley Center FDP separately contracts with Mercy Medical Transportation to supplement ambulance transport services. The contract originally termed on June 2019 and has been extended through two one-year extensions and now runs through June 2021. Ambulance services are organized as an enterprise and primarily funded in proportional order by service charges (patient billing) and baseline contract funding from HHS.

Service Capacities

Valley Center FPD's ambulance transport services are presently staffed by six personnel and divided between three paramedics and three EMTs. Staffing levels have remained consistent during the report period.

Valley Center FPD's ambulance transport services are presently staffed by six personnel divided between three contracted Mercy paramedics and three District EMTs. One ambulance is operated on a 24-hour basis. Additional part-time reserve firefighter-paramedics and firefighter-EMTs are also used by Valley Center FPD to supplement fulltime personnel as needed.[27] Valley Center FPD 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 Valley Center area. Ambulance services are delivered out of Station 1 with dispatch provided by the County through the North Communications Fire Dispatch Center.

Valley Center FPD
Ambulance Personnel
Table 6.2a (Source: Valley Center FPD)

Category	2014	2015	2016	2017	2018	Average
Paramedics	3	3	3	3	3	3
EMTs	3	3	3	3	3	3

VCFPD personnel levels are based on information collected in November 2019.

[26] 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.

[27] 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.

Service Demands

Over the five-year report period actual onsite demands for ambulance transport from Valley Center FPD have averaged 3.2 daily with almost nine-tenths involving lands within the District.

Overall service demands for ambulance transport within Valley Center FPD's contracted service area during the five-year report period have averaged 2,276 dispatched calls annually or 6.2 daily. Close to one-fifth – or 48.2% –of dispatched calls were canceled and resulted in onsite arrivals averaging 1,178 annually or 3.2 daily. With respect to onsite incidents, 87.3% involved lands within Valley Center FPD.

Valley Center FPD
Ambulance Transport Demands
Table 6.2b (Source: VCFPD and Mercy Medical Transport)

Year	2014	2015	2016	2017	2018	Average	Trend
Total Dispatched Incidents	1,570	1,958	2,425	2,676	2,753	2,276	75.4%
Total Onsite Incidents – Contract Area	1,058	1,128	1,155	1,243	1,307	1,178	23.5%
…Within Valley Center FPD Boundary	564	1122	1074	1176	1205	1,028	113.7%

Overall onsite incidents within the Valley Center FPD contracted service area have increased during the five-year report period by 75.4%. Incidents specific to Valley Center FPD's jurisdictional boundary have increased by 113.7%.

Service Performance

Analysis of service performance will be deffered into a future municipal service review.

7.0 FINANCES

7.1 Financial Statements

Valley Center FPD contracts with an outside accounting consultant to prepare an annual report to review the District's financial statements in accordance with established governmental accounting standards. This includes auditing Valley Center FPD's statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Valley Center FPD's short and long-term fiscal health with specific focus on delivering its active service functions. The current outside consultant is Leaf & Cole LLP (San Diego).

Most Recent Year-Ending Financial Statements (2017-2018)	
Assets	4,704,258
Liabilities	251,130
Deferred Outflow/Inflow	0
Net Position	$4,453,128

Valley Center FPD's most recent audited financial statements for the five-year report period were issued for 2017-2018.[28] These audited statements show Valley Center FPD experienced a moderate negative change over the prior fiscal year as its overall net position (regular accrual basis) for all activities decreased by (3.2%) from $4.599 million to $4.453 million. Underlying this change in net position is decrease sizeable draw down on unrestricted funds necessary to cover a sizeable total margin loss of (18.5%) in 2017-2018. The accompanying auditor's report did not identify any weakness or related accounting concerns. A detailing of year-end totals and trends during the five-year report period follows with respect to Valley Center FPD's assets, liabilities, and net position.

Agency Assets

Valley Center FPD's assets have decreased by (13.2%) during the report period. The overall decrease is primarily attributed to year-end margin losses and decline in cash equivalents from $4.9 to $3.4 million over the 60-month period.

Valley Center FPD's audited assets at the end of 2017-2018 totaled $4.704 million and are (8.7%) lower than the average year-end amount of $5.152 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented nearly four-fifths of the total amount – or $3.401 million – and primarily tied to cash and investments. Assets classified as non-current make up the remainder of the total – or $1.303 million – and primarily attributed to depreciable capital with one-half of this amount tied to fire engines and ancillary vehicles. Overall, all assets for Valley Center FPD have decreased by (13.2%) over the corresponding 60-month period.

Valley Center FPD
Audited Assets
Table 7.1a | Source: Valley Center FPD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	4,665,308	4,154,331	4,137,520	4,030,214	3,400,892	(27.1%)	4,077,653
Non-Current	755,665	1,199,289	1,134,889	980,036	1,303,366	72.5%	1,072,649
Total	$5,420,973	$5,353,620	$5,272,409	$5,010,250	$4,704,258	(13.2%)	$5,150,302

[28] The audit for 2017-2018 was issued by Leaf & Cole LLP on October 16, 2018.

Agency Liabilities

Valley Center FPD's liabilities overall have decreased by (6.7%) during the report period. The lone long-term liability for Valley Center FPD at the end of the report period involves $0.97 million remaining lease balance involving a fire truck acquired in 2013.

Valley Center FPD's audited liabilities at the end of 2017-2018 totaled $0.251 million and are (28.9%) lower than the average year-end amount of $0.353 million documented during the five-year report period. Liabilities classified as current and representing obligations owed in the near-term account for three-fifths – $0.153 million – of the total and largely tied to accounts payable. Non-current liabilities represent the remaining total – or $0.098 million – and entirely tied to payments remaining on a lease purchase of a new fire truck in August 2013. (The lease ends in August 2019.) Overall, all liabilities have decreased by (6.7%) over the corresponding 60-month period.

Valley Center FPD
Audited Liabilities
Table 7.1b | Source: Valley Center FPD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	269026	44,450	136,441	218,154	153,151	(43.1%)	164,244
Non-Current	0	372,436	282,242	193,246	97,979	(73.7)%	189,181
Total	$269,026	$416,886	$418,683	$411,400	$251,130	(6.7%)	$353,425

Note: Non-current liabilities' trend reflects a 4-year change between FY15 to FY18.

Agency Net Position

Valley Center FPD's net position has steadily decreased each year during the report period with an overall change of (13.6%) from $5.151 million to $4.453 million. The net change has been a loss of ($0.698 million).

Valley Center FPD's audited net position or equity at the end of 2017-2018 totaled $4.453 million and represents the difference between the District's total assets and total liabilities. This most recent year-end amount is (7.2%) lower than the average year-end sum of $4.796 million documented during the five-year report period. More than one-fourth of the ending net position – or $1.205 million – is tied to capital assets with the remainder categorized as unrestricted. The net position for Valley Center FPD has decreased each year and overall by (13.6%) through the corresponding 60-month period.

Valley Center FPD
Audited Net Position
Table 7.1c | Source: Valley Center FPD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Average	5-Year Trend
Capital	755,665	816,853	852,647	786,790	1,205,387	88,468	59.5%
Restricted	1,247,870	1,354,834	-	-	-	520,541	(100%)
Unrestricted	3,148,412	2,755,047	4,001,079	3,812,060	3,247,741	3,392,868	3.2%
	$5,151,947	$4,926,734	$4,853,726	$4,598,850	$4,453,128	$4,796,877	(13.6%)

Valley Center FPD maintains two active funds – general and mitigation – underlying the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled $3.248 million and represents the accrued spendable portion of the fund balance subject to discretion designations.[29] This unrestricted amount represents 12.0 months of operating expenses based on actuals in 2017-2018.[30]

The unrestricted portion of Valley Center FPD's net position has increased by 3.2% over the report period and finished 2017-2018 with a balance equal to cover 12 months of operating expenses.

7.2 Measurements | Liquidity, Capital, and Margin

LAFCO's review of the audited financial statement issuances by Valley Center FPD covering the five-year report period shows the District generally experienced downward financial changes relative to the four measurement categories – liquidity, margin, capital and structure – utilized in this document. Liquidity measurements were mixed with the current ratio increasing by more than one-fourth – or 28.1% – from 17.3 to 1 to 22.2 to 1 versus days cash decreasing by one-half – or (50.3%) – from 801 to 398 and collectively shows short-term assets are on the rise but readily available cash is on the decline. Measurements for margin and capital were more decidedly downward during the report period and marked by total and operating margins both finishing the report period with double-digit negative averages at (10.7%) and (11.2%), respectively. Capital also diminished during the report period with increases in both the debt ratio and debt-to-net position measurements. Debt levels – nonetheless – finished the report period well below the 50% threshold standard followed by most public agencies. A summary of liquidity, margin, capital, and structure ratio trends for Valley Center FPD follow.

Most of the standard measurements used to assess Valley Center FPD's liquidity, margin, capital, and structure levels during the report period show declining trends and marked by averaging double-digit margin (total and operating) losses. Other measurements show more subtle changes, and this includes debt levels increasing but remaining relatively low overall.

Valley Center FPD
Financial Measurements
Table 7.2a | Source: San Diego LAFCO

Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Debt to Net Position	Total Margin	Operating Margin	Operating Reserves Ratio	Equipment Replacement
2013-2014	17.3 to 1	800.9	5.0%	0.0%	2.6%	(0.7%)	141.5%	26.1
2014-2015	93.4 to 1	491.1	7.8%	7.6%	(29.3%)	(33.1%)	85.0%	14.5
2015-2016	30.3 to 1	570.6	7.9%	5.8%	(4.0%)	(5.6%)	145.4%	20.3
2016-2017	18.5 to 1	539.5	8.2%	4.2%	(4.3%)	(5.5%)	133.6%	21.9
2017-2018	22.2 to 1	397.5	5.3%	2.2%	(18.5%)	(11.1%)	100.4%	19.6
Average	36.4 to 1	559.7	6.8%	4.0%	(10.7%)	(11.2%)	121.2%	20.5
Trend	28.1%	(50.3%)	7.6%	n/a	(800.5%)	(1574.4%)	(29.0%)	(24.8%)

[29] $2.270 million of the unrestricted total is unassigned and readily available.
[30] Actual operating expenses in 2017-2018 totaled $3.234 million.

Current Ratio (Liquidity)
Compares available assets against near-term obligations; the minimum desirable ratio is 1.0 and means for every dollar in liability the agency has one dollar available to pay.

Days' Cash (Liquidity)
Measures the number of days the agency can fund normal operations without any new cash income; an appropriate minimum threshold is 180 days. This measurement focuses on immediate cash available to the agency in comparison to the current ratio.

Debt Ratio (Capital)
Measures the relationship between the agency's total assets and liabilities; the higher the ratio the more susceptible the agency is to long-term cash flow stresses.

Debt to Net Position (Capital)
Measures the amount of long-term debt or borrowing of the agency against its accumulated net worth; an appropriate maximum standard threshold is 50%.

Total Margin (Margin)
Measures the bottom line of the agency with respect to comparing all revenues to all expenses; a positive percentage is desirable within the caveat capital improvement expenditures may appropriately result in a negative percentage in individual years.

Operating Margin (Margin)
Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans; a consistent positive percentage shows the agency has established a structured budget.

Operating Reserves Ratio (Structure)
Measures the percent of available monies of an agency to cover unforeseen shortfalls; an appropriate maximum standard threshold is 50%.

Equipment Replacement Ratio (Structure)
Measures the average age of depreciable equipment and facilities; the lower the number the younger the infrastructure with the assumption therein better efficiencies/effectiveness.

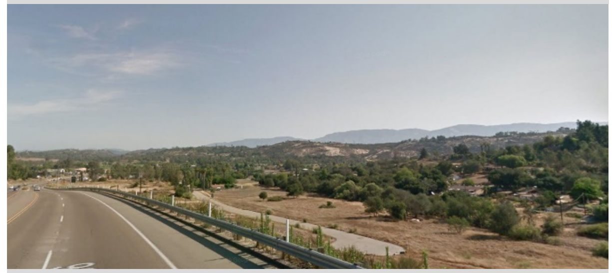
7.3 Pension Obligations

Valley Center FPD does not have recorded pension obligations.

C. VALLEY CENTER COMMUNITY SERVICES DISTRICT

1.0 OVERVIEW

Valley Center
Northbound State Route 6 | East to Woods Valley



Courtesy: Google

The Valley Center Community Services District (CSD) is an independent special district formed in 1966. Formation proceedings were initiated by landowners for the purposes of assuming ownership and operation of a community hall and providing related and local recreation services in the unincorporated community of Valley Center. Valley Center CSD encompasses a 66-square mile jurisdictional boundary and generally lies north of the City of Escondido with a small portion – less than 550 acres – within the City. The unincorporated community of Valley Center anchors the jurisdictional boundary and its two central village areas – "Valley Center" and "Pala Vista" – along with the Orchard Run and Woods Valley Ranch subdivisions. Governance is provided by a five-person board with members directly elected by geographic divisions and serve staggered four-year terms. The average tenure on the Board among the current members is three years.

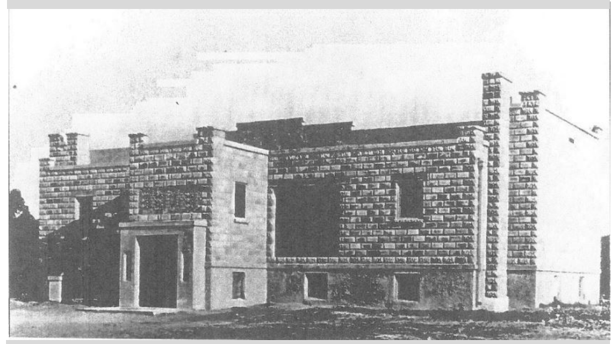
Valley Center CSD is presently organized as a limited purpose agency with municipal service functions tied to providing only park and recreation and highlighted by operating the Valley Center Community Hall. Other facilities include Adams Park and Cole Grade Field. Valley Center CSD is also authorized – subject to LAFCO approving latent power expansions – to provide a full range of other municipal service functions under the District's principal act, including – but not limited to – water, wastewater, and fire protection. The operating budget at the term of the report period (2017-2018) was $0.431 million. The last audited financial statements cover 2017-2018 and show Valley Center CSD's net position totaling $1.287 million with the unrestricted portion tallying $0.187 million. This latter amount translates to sufficient reserves to cover five months of recent operating expenses.

LAFCO independently estimates the fulltime resident population within Valley Center CSD is 19,008 as of the term of this report period and accommodated through the construction of 6,720 current housing units in the District. It is also projected the estimate of fulltime residents represents an overall increase of 1,442 since 2010 – or 180 annually – with a resulting annual growth rate of 1.0%, which is above the corresponding countywide rate of 0.94%. The median household income within Valley Center CSD is $83,929 based on the current five-year period average and exceeds the countywide average of $66,529 by more than one-fifth.

2.0 BACKGROUND

2.1 Community Development

Valley Center Schoolhouse
28246 Lilac Road, Circa 1920s



Courtesy: Valley Center CSD

Valley Center CSD's service area began its present-day development in the mid-1800s in parallel with the creation and awards of land grants – or ranchos – throughout California by the Mexican government. The Rancho Guejito covers a sizeable portion of the service area and was granted to Jose Orozco in 1845 and preceded a series of subsequent land divisions and arrival of permanent settlers. Bear Valley was the initial name given to the area based on having the largest historical encounter with a 2,200-pound Grizzly Bear in 1886 before giving way to Valley Center by the end of the century.

The first census performed estimated the Valley Center area's population at 265 in 1890. Valley Center's population expanded to close to 1,000 by 1920 and aided with the development of commercial cotton and rubber plantations in the area. It was also during this time three small school districts in the area – Vesper, Watkins, and Valley – began the process to consolidate into the Valley Center Union School District and resulted in the construction of a new schoolhouse at the present day site of 28246 Lilac Road in 1922. Other agricultural crops in the area also began to emerge towards mid-century – including nuts and citrus orchards – and the Valley Center area's population reached an estimated 1,500 by 1950. It was also during this period that the arrival of more families to the area necessitated additional and more modern school facilities. The school district responded by converting the 1922 schoolhouse on Lilac Road into the Community Hall and transferring students to a new and larger schoolhouse on Cole Grade Road in 1947. Maintenance of the Community Hall, however, proved expensive and the school district sold the building in the late 1950s to the Valley Center Municipal Water District (MWD) with a leaseback to continue to operate programs and allow its use by local community organizations.

2.2 Formation Proceedings

Valley Center CSD's formation was petitioned by landowners in October 1965 in conjunction with a recommendation of the Valley Center Chamber of Commerce for the explicit purpose to assume ownership and operation of the Community Hall at 28246 Lilac Road and provide local recreational services in the Valley Center area going forward. Notably, at the time for formation proceedings, the Community Hall had become the regular meeting location for several local groups and organizations – including the Valley Center Chamber of Commerce – and necesitated more maintainence beyond the scope and interest of the Valley Center Union School District.[31] LAFCO approved the formation of Valley Center CSD in December 1965 subject to voter approval along with setting the jursidctional boundary to generally follow the Valley Center Union School District boundary with purposeful exclusions to avoid overlap with the Pauma Valley CSD. Voters subsequently approved the formation proceedings along with electing an initial board of directors in July 1966.

2.3 Post Formation Activities

A summary of notable activities undertaken by Valley Center CSD and/or affecting the District's service area following formation in 1966 is provided below.

- Valley Center CSD acquires the 1.6-acre Community Hall property from Valley Center MWD by quit claim in 1967.

- Valley Center CSD acquires 2.0 acres of adjacent land to the Community Hall site in 1977. The District proceeds to lease the property to the Valley Center FPD for $1 per year through 2077 and in doing so facilitates the construction of Fire Station No. 1.

- Valley Center CSD acquires 10.5 acres of adjacent land to the Community Hall site by quit claim from the County of San Diego in 1979. The District proceeds to build baseball and softball fields.

- Valley Center CSD enters into a lease with the Valley Center Unified School District in 1979 involving 6.0 acres. The District proceeds to develop Adams Park with recreational amenities ranging from picnic tables to tennis courts.

- LAFCO establishes Valley Center CSD's sphere of influence in June 1986. The sphere is set to be coterminous with the jurisdictional boundary.

- Valley Center CSD acquires 5.8 acres in 1993 through quit claim from the County of San Diego. The District proceeds to build the Cole Grade Multi-Purpose Field.

[31] Beginning in the 1950s the Valley Center Union School District leased and operated the Community Hall from the Valley Center Municipal Water District. Oher regular users of the Community Hall as listed in the formation materials filed with LAFCO included the Valley Center Chuck Wagon Club, Valley Center – Pauma Valley Farm Bureau, Mission Indian Federation, Valley Center Soil Conservation District, San Pasqual Indian Band, Valley Center Teacher-Parent Club, Valley Center Grange No. 631, Cub Scouts of America, and Valley Center 4-H Club.

- Valley Center CSD acquires 2.1 acres through quit claim from the County of San Diego in 1995. The District proceeds to construct the John M. Scibilia Softball Field.

- LAFCO updates and affirms Valley Center CSD's sphere of influence in November 2005 with no changes.

- Valley Center CSD makes approximately $0.400 million in improvements to Adams Park to include a new dance floor, stage, and gazebo in 2008.

- LAFCO updates and affirms Valley Center CSD's sphere of influence in August 2013 and excludes 584 acres of jurisdictional land that overlaps with the City of Escondido and part of the "Daley Ranch" property.

- Valley Center CSD acquires a portion of what is now Star Valley Park consisting of 15.5 acres for $0.300 million in 2016. The District purchases the remaining 29.0 acres in 2017 for $0.530 million with a Neighborhood Reinvestment Grant.

- Valley Center CSD formally requests LAFCO explore reorganization for the District as part of the schedule municipal service review in October 2019.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Valley Center CSD's jurisdictional boundary spans 66 square miles and covers 1.6% of all of San Diego County. Almost all of the jurisdictional boundary is unincorporated and overlaps the land use authority of the County of San Diego with the exception of 550 acres within the City of Escondido.

Valley Center CSD's existing boundary spans approximately 66 square miles and covers 42,438 unincorporated acres (parcels and public rights-of-ways). The County of San Diego is the predominant land use authority and overlaps 99% of the jurisdictional boundary with most of the lands included in the Valley Center Community Plan. The remaining portion of the jurisdictional boundary is incorporated and lies in the City of Escondido and part of "Daley Ranch" property. The primary land use within the jurisdictional boundary is agricultural and low to moderate residential estate uses along with local supporting commercial. Residential uses are clustered within two village areas (Pala Vista and Valley Center) as well as several distinct subdivisions and include Orchard Run, Woods Valley Ranch, Hidden Meadows, and Castle Creek.[32] Overall there are currently 12,171 registered voters within Valley Center CSD.

Valley Center CSD
Boundary Breakdown By Land Use Authority
Table 3.1a (Source: Esri and San Diego LAFCO)

Land Use Authority	Total Assessor Parcel Acres	% of Total Accessor Parcel Acres	Total Assessor Parcels	Number of Registered Voters
County of San Diego	41,244	99%	34,637	12,171
City of Escondido	550	1%	7	0
TOTAL	**41,794**	**100%**	**34,644**	**12,171**

Total assessed value (land and structure) within Valley Center CSD is set at $3.176 billion as of November 2019 and translates to a per acre value ratio of $0.075 million. The former amount – $3.176 billion – further represents a per capita value of $0.167 million based on the estimated fulltime population of 19,008. Valley Center CSD receives 0.1% of the annual 1.0% of property tax collected in the District.

Valley Center CSD receives $0.01 cents for every $1.00 dollar in property tax collected within its jurisdictional boundary.

The jurisdictional boundary is currently divided into 34,644 parcels spanning 41,794 acres. (The remaining jurisdictional acreage consists of public right-of-ways.) More than nine-tenths – 91.8% – of the parcel acreage is under private ownership with four-fifths of this amount 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 1,713 vacant parcels that collectively total 11,793 acres. No lands within or adjacent to the jurisdictional boundary qualify as a disadvantaged unincorporated community under LAFCO policy.

There are 1,713 privately owned parcels within Valley Center CSD that remain vacant and span 11,793 acres; an amount that represents more than one-fourth of the entire District.

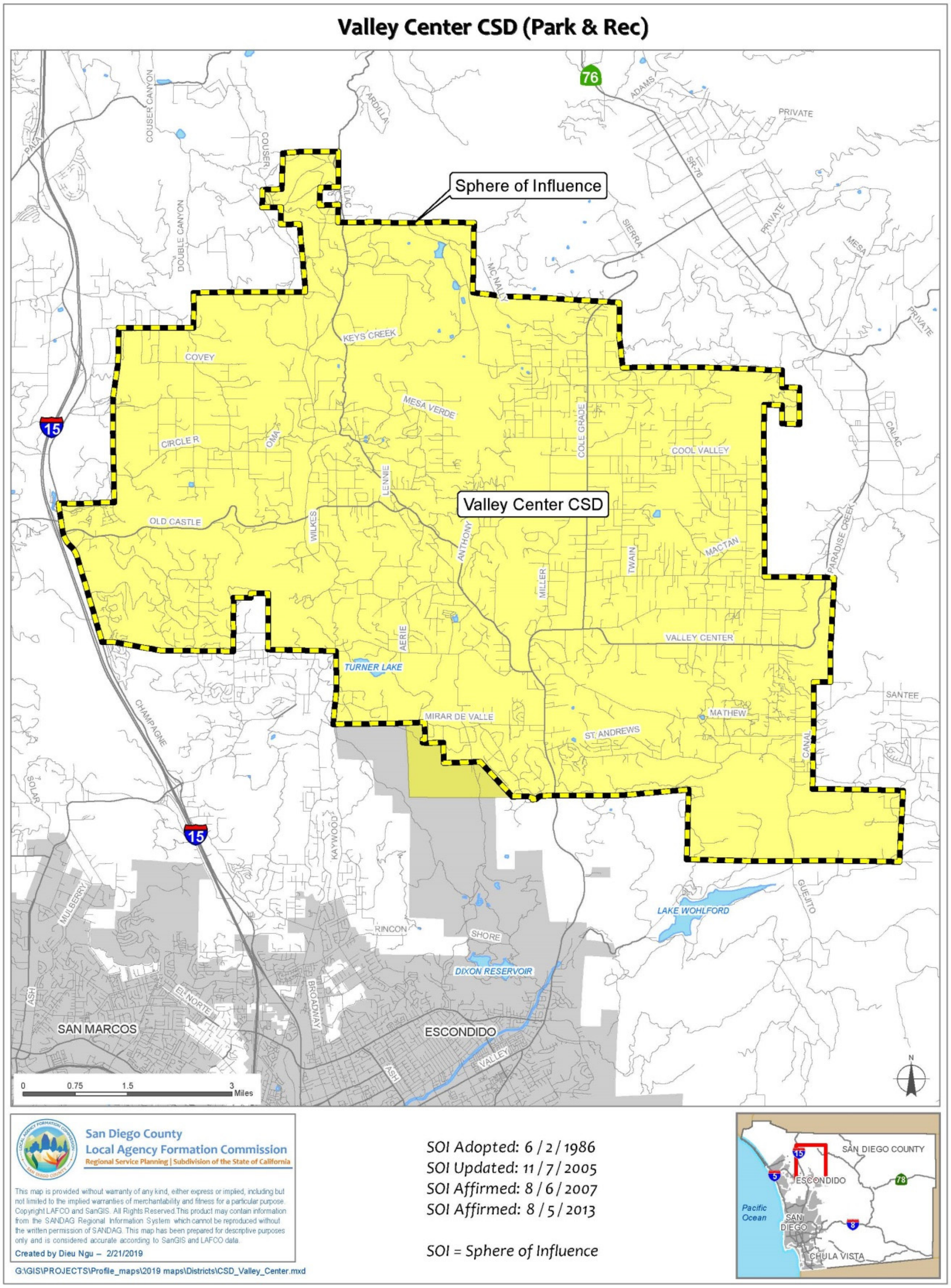
3.2 Sphere of Influence

Valley Center CSD's sphere of influence was established by LAFCO in June 1986 and last reviewed and updated in August 2013. The sphere does not include any non-jurisdictional lands. The sphere – however – excludes 584 jurisdictional acres that are concurrently located within the City of the Escondido and represents 1.4% of the District boundary. The jurisdictional lands lying outside the sphere comprise a portion of the Daley Ranch property.

Valley Center CSD's sphere of influence is 1.4% smaller than the District and excludes 584 jurisdictional acres and comprise a portion of the Daley Ranch property within the City of Escondido.

[32] Prominent commercial uses within Valley Center CSD include the Welk Resort and Harrah and Valley View Casinos.

3.3 Current Boundary and Sphere Map



4.0 DEMOGRAPHICS

4.1 Population and Housing

Valley Center CSD's total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 19,008 as of the term of the five-year report period. This amount represents 0.57% of the countywide total. It is also estimated the fulltime population has risen overall by 8.3% from 17,566 in 2010 and the last census reset. This translates to an annual change of 1.0% and above 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 19,969 by 2023. The jurisdiction has a current population density of 1 resident for every 2.2 acres and underlies the overall rural character of the service area.

It is estimated there are 19,008 fulltime residents within Valley Center CSD at the end of the report period. It is also projected the fulltime population will increase consistent with recent trends – or 1.0% annually – and reach 19,969 by 2023.

Valley Center CSD
Resident Population
Table 4.1a (Source: Esri and San Diego LAFCO)

Factor	2010	2018	2023 (projected)	Annual Change %
Valley Center CSD	17,566	19,008	19,969	0.99%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are 6,720 residential housing units within Valley Center CSD as of the report period term. This amount has increased by 335 – or 42 annually – since 2010. With respect to current housing characteristics, 73.7% are owner-occupied, 19.9% are renter-occupied, and the remaining 6.3% are vacant with a sizeable portion suspected to serve as second homes. The average household size is 2.97 and has increased by 2.4% from 2.90 over the preceding five-year period. The mean monthly housing cost in Valley Center CSD has decreased by (3.7%) from $2,070 to $1,994 based on the most recent five-year period averages. The mean monthly housing cost, however, remains well above the countywide average of $1,578.

Housing production in Valley Center CSD totals 6,720 dwelling units as of the term of the report period. This includes the addition of 335 units since 2010. The average monthly housing cost in Valley Center CSD is $1,994, which is close to one-fifth higher than the countywide average.

Valley Center CSD
Housing Breakdown
Table 4.1b (Source: American Community Survey and San Diego LAFCO)

Jurisdiction	2010 Housing Units	2018 Housing Units	Change	2010 Monthly Housing Cost	2019 Monthly Housing Cost	Change
Valley Center CSD	6,385	6,720	5.8%	$2,070	$1,994	(3.7%)
San Diego County	1,164,766	1,236,184	6.1%	$1,540	$1,578	2.5%

4.2 Age Distribution

The median age of residents in Valley Center CSD is 44.21 based on the current five-year period average. This amount shows the population is holding with the median age experiencing an overall change of 0.1% from 44.17 over the preceding five-year period average. The current median age in Valley Center CSD 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 slightly more than one-half of the estimated total population at 51.9%.

Residents within Valley Center CSD tend to be older with a medium age of 44.2; an amount that is more than one-fourth higher than the countywide average of 35.3. Also the majority – 51.8% – of the residents are aged within the prime working group of 25-64.

Valley Center CSD
Resident Age Breakdown
Table 4.2a (Source: American Community Survey and San Diego LAFCO)

Service Area	2010 Median Age	2018 Median Age	Change	2010 Prime Working Age	2018 Prime Working Age	Change
Valley Center CSD	44.2	44.2	0.1%	53.1%	52.0%	(2.1%)
San Diego County	34.6	35.3	2.0%	53.4%	47.0%	(12.0)%

4.3 Income Characteristics

The median household income in Valley Center CSD is $83,929 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 6.3% from the preceding five-year period average of $78,923. The current median household income in Valley Center CSD is more than one-fourth higher than the current countywide median of $66,259. Separately, the current average rate of persons living below the poverty level in Valley Center CSD is 12.0% and has increased by nearly two-fifths – or 43.3% – over the earlier five-year period and approaching the countywide rate of 14.0%.

Valley Center CSD residents' average median household income has experienced a moderate increase in recent years and is currently $83,929. This amount is more than one-fourth higher than the countywide median income $66,529. The rate of persons living below the poverty rate – however – has increased by nearly one-half to 12.0% and is now approaching the countywide rate of 14.0%.

Valley Center CSD
Resident Income Breakdown
Table 4.3a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Median HH Income	2012-2016 Median HH Income	Change	2007-2011 Poverty Rate	2012-2016 Poverty Rate	Change
Valley Center MWD	$78,923	$83,929	6.3%	8.4%	12.0%	43.30%
San Diego County	$63,857	$66,529	4.2%	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Unemployment within Valley Center CSD is relatively low at 4.0% based on the current five-year period average. This amount represents an overall and positive change of (12.9%) compared to the previous five-year average and below the corresponding countywide tally of 4.9%. Educational levels as measured by adults 25 or older with bachelor degrees has slightly regressed with the overall rate decreasing by (4.6%) over the previous five-year period from 33.5% to 31.9% and continues to fall below the countywide rate of 36.5%. Nearly one-fourth – or 24.2% – of the population currently collects retirement income. The non-English speaking percentage of the population has decreased during this period from 10.5% to 7.3%; an overall difference of (29.8%).

Valley Center CSD
Socioeconomic Indicators Breakdown
Table 4.4a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Unemployment Rate	2012-2016 Unemployment Rate	Change	2007-2011 Non English	2012-2016 Non English	Change
Valley Center CSD	4.5%	3.9%	(12.8%)	10.5%	7.3%	(29.8%)
San Diego County	5.6%	4.9%	(12.5%)	16.1%	15%	(6.8%)

5.0 ORGANIZATION

5.1 Governance

Valley Center CSD's governance authority is established under the Community Services District Law and codified under Government Code Section 61000-61850. This principal act empowers Valley Center CSD to provide a full range of municipal service functions upon approval by LAFCO with the notable exception of direct land use control. Valley Center CSD is currently authorized to provide one municipal service function: (a) recreation and park. All other service functions (i.e., powers) enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO at a noticed hearing before Valley Center CSD would be allowed to initiate. Similarly, should Valley Center CSD seek to divest itself of directly providing an active service function, it would need to receive LAFCO approval at a noticed public hearing. A list of active and latent Valley Center CSD service functions follow.

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

Governance of Valley Center CSD is independently provided by a five-member Board of Directors. Each member of the Board is elected by registered voters. All Board members serve staggered four-year terms with a rotating president system. The Board regularly meets every third Monday at 6:30pm at Valley Center CSD's Community Hall located at 28246 Lilac Road. Directors do not receive per diems and serve without compensation. Summary minutes are prepared for all meetings; audio and video recordings are not provided. A current listing of the Board along with respective backgrounds and years served with the District follows.

Valley Center PRD
Current Governing Board Roster
Table 5.1a (Source: Valley Center CSD)

Member	Board Position	Years on the Board	Background
Larry Glavinic	President	6	Businessman
Carol Johnson	Vice President	3	Entrepreneur
Shannon Laird	Director	5	Businessman
Kathy MacKenzie	Director	1	Real Estate
Bill Trok	Director	2	Pastor

5.2 Administration

Valley Center CSD's Office and Community Hall
28246 Lilac Road

Photo Credit: Valley Center CSD

Valley Center CSD appoints an at-will General Manager to oversee all District activities. The current General Manager – Darcy LaHaye – was appointed in May 2016 and oversees a budgeted staff of 1.5 and includes a part-time secretary. The General Manager also oversees approximately 15-20 seasonal employees with the majority working during the summer months and provide community pool instruction. Valley Center CSD contracts for legal services with White and Bright, LLP (Escondido).

6.0 MUNICIPAL SERVICES

Valley Center CSD is currently authorized to provide one municpal service function: park and recreation. A summary analysis of this service follows with respect to capacities, demands, and performance.

6.1 Park and Recreation

Valley Center CSD's park and recreation services commenced following the District's formation in 1966 and is functionally divided into two broad categories – community parks and rental facilities – with an emphais on local serving amentities.

Community Parks

Valley Center CSD owns 67.5 acres of community parks within its jurisdictional bounary and divided between four distinct sites. Nearly all of the parcels comprising the four community parks were purchased direclty from the County of San Diego through quitclaims or funded through the County's Park Lands Dedication Ordinance (PLDO).

Valley Center CSD also leases and operates a fifth community park (Adams) 6.0 acres in size from the Valley Center-Pauma Unified School District. A summary of all five community parks and their amentities follows.

- Community Hall and Athletic Fields
  This site is approximately 10.5 acres in size and includes the original 1922 schoolhouse subsequently repurposed as a Community Hall and purchased by Valley Center CSD from the County through a quitclaim in 1967. The Community Hall is equipped with a commercial kitchen with its main chamber holding up to 150 persons. There are also two smaller rooms available that can each accommodate up to 50 persons. Athletic fields – including a baseball diamond – lie adjacent to the Community Hall and followed a separate quit claim from the County.

- Scibilia Field
  This site is approximately 3.1 acres in size and includes a softball field. Valley Center CSD purchased the majority of the site in July 10, 1995 from the County through a quitclaim and opended to the public in 1995.

- Cole Grade Park
  This site is approximately 5.8 acres in size and includes a multi-use field and highlighted by softball and soccer fields. Valley Center CSD purchased the site in 1993 from the County through a quitclaim and opended to the public in 2006.

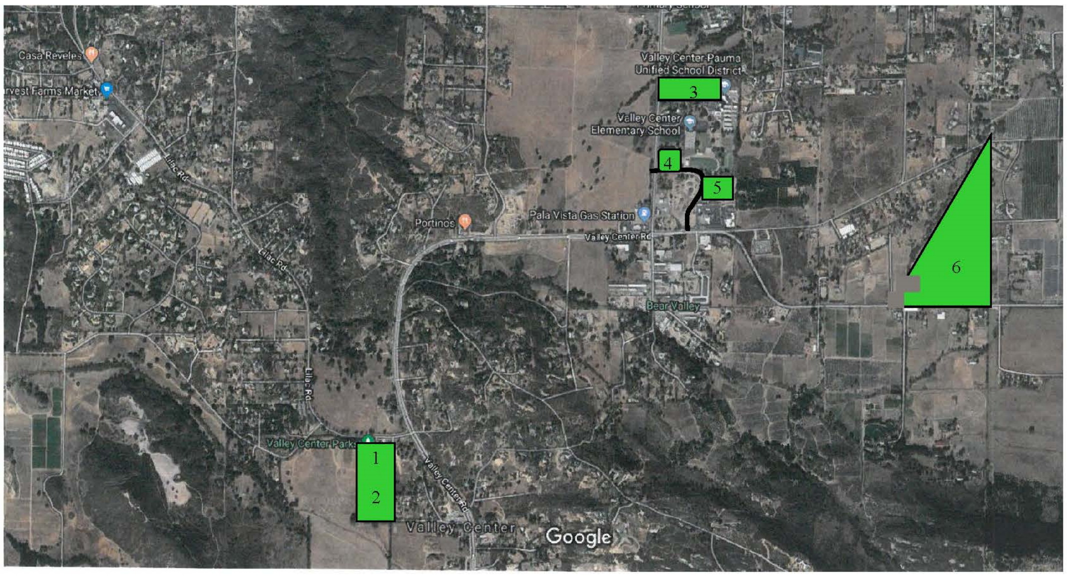
- Star Valley Park
  This site is approximately 45.5 acres in size and is presently unimporved and closed to the public. Valley Center CSD purchased the site over two phases in 2014 and and 2017 with the majority of proceeds generated from a Neigborhood Reinvestment Grant adminstered by the County.

- Adams Community Park
  This site is approximately 6.0 acres in size and includes a community swimming pool with dressing rooms, six tennis courts, and picnic tables. Valley Center CSD began leasing the site from the Valley Center-Pauma Unified School District in July 1976 and it currently runs through June 2020.

A map showing all five community parks follows.

Valley Center Parks and Recreation

Our Parks



1. Community Hall	1.6 acres
2. Athletic Fields	10.5 acres
3. Robert Adams Community Park - Pool - Tennis Courts	6 acres
4. Scibilia Field - Girls Softball	3.09 acres
5. Cole Grade Park Multi Use Field	5.83 acres
6. Star Valley Park - (undeveloped park)	44.48 acres
Total Park Acreage	**71.5 acres**

Rental Facilities

Valley Center CSD offers a variety of day services and headlined by maintaining and positing softball, tennis courts, swim lessons, group exercise classes, soccer, little league and equestrian. In addition to daily services Valley Center CSD offer facility rental to the Community Hall, athletic fields, pavilion, and community pool. A number of local community groups regularly reserve weekly spaces in the facilities such as:

Mercy & Truth Fellowship
Calvary Valley Center
Valley Center Community Planning Group
Valley Center Rotary
Valley Center Real Estate Professionals
Valley Center republican Women
Loreta's Best
Optimist Club
Ridge Ranch Homeowner Association
San Diego Women, Infants and Children (WIC)
Spirit Martial Arts

7.0 FINANCES

7.1 Financial Statements

Valley Center CSD contracts with an outside accounting consultant to prepare an annual report reviewing the District's financial statements in accordance with established governmental accounting standards. This includes auditing Valley Center CSD's statements in verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Valley Center CSD's short and long-term fiscal health with specific focus on delivering its lone active municipal service function: parks and recreation. The current outside consultant is Fetcher and Company (Roseville).

Most Recent Year-Ending Financial Statements (2017-2018)	
Assets	$1,303,398
Liabilities	$16,647
Outflow/Inflow	$0
Net Position	$1,286,751

Valley Center CSD's most recent audited financial statements for the five-year report period were issued for 2017-2018.[33] These statements show Valley Center CSD experienced a sizable and positive change over the prior fiscal year as the District's overall net position (regular accrual basis) increased by 11.9% from $1.150 million to $1.286 million. Underlying this change in net position is a net surplus and marked by a total margin gain of 28.6% during the fiscal year. A detailing of year-end totals and trends during the report period follows with respect to assets, liabilities, and net position.

[33] The audit for 2017-2018 was issued by Fechter and Company on August 17, 2018.

Agency Assets

Valley Center CSD's assets have increased by nearly two-fold – or 182.8% – during the report period. The overall increase is primarily attributed to year-end margin gains and increases in cash equivalents from $0.093 to $0.200 million over the 60-month period.

Valley Center CSD's audited assets at the end of 2017-2018 totaled $1.304 million and is 60.0% higher than the average year-end amount of $0.814 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 $0.204 million – and primarily tied to cash and investments. Assets classified as non-current make up the remaining total – or $1.100 million and entirely categorized as capital facilities. Overall assets for Valley Center CSD have increased by 182.8% over the corresponding 60-month period.

Valley Center CSD
Audited Assets
Table 7.1a | Source: Valley Center CSD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Trend	5-Year Average
Current	93,212	108,621	107,806	156,169	204,004	118.9%	133,962
Non-Current	367,846	437,952	488,784	1,009,470	1,099,394	199.0%	680,797
Total	$461,058	$546,573	$596,590	$1,165,639	$1,303,398	182.7%	$814,760

Agency Liabilities

Valley Center CSD's liabilities remain modest but nonetheless have increased by nearly five-fold – or 497.3% – during the report period from $0.002 to $0.016 million. The increase is largely attributed to booking unearned revenues during the corresponding 60-month period. There are no long-term debts.

Valley Center CSD's audited liabilities at the end of 2017-2018 totaled $0.016 million and finished 42.2% higher than the average year-end amount of $0.012 million documented during the five-year report period. All liabilities finished the report period categorized as current and represent obligations owed within the year and equally divided between accounts payable and unearned revenues. Overall liabilities for Valley Center CSD have increased by 497.3% over the corresponding 60-month period.

Valley Center CSD
Audited Liabilities
Table 7.1b | Source: Valley Center CSD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Trend	5-Year Average
Current	2,787	8,781	14,961	15,365	16,647	497.3%	11,708
Non-Current	-	-	-	-	-	0.0%	0
Total	$2,787	$8,781	$14,961	$15,365	$16,647	497.3%	$11,708

Net Position

Valley Center CSD's net position is trending positively during the report period with gains each year. The net position has improved overall from $0.458 to $1.286 million; a difference of 180.8%.

Valley Center CSD's audited net position or equity at the end of 2017-2018 totaled $1.287 million and represents the difference between the District's total assets and total liabilities. This most recent year-end amount is 60.3% higher than the average year-end sum of $0.803 million documented during the five-year report period. More than four-fifths of the ending net position – or $ 1.100 million – is tied to capital assets with the remainder categorized as unrestricted. Overall the net position for Valley Center CSD has increased by 180.8% over the corresponding 60-month period.

Valley Center CSD
Audited Net Position
Table 7.1c | Source: Valley Center CSD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Trend	5-Year Average
Invested in Capital	367,846	437,952	488,784	1,009,470	1,099,394	198.9%	680,689
Restricted	-	-	-	-	n/a	-	-
Unrestricted	90,425	99,840	92,845	140,804	187,357	107.0%	122,254
Total	$458,271	$537,792	$581,629	$1,150,274	$1,286,751	180.8%	$802,943

The unrestricted portion of Valley Center CSD's net position has increased by 107.0% over the report period and finished 2017-2018 with a balance equal to cover 6 months of operating expenses.

Valley Center PRD maintains one active fund – general – underlying the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled $0.187 million and represents the available and spendable portion of the fund balance and subject to discretionary designations. The unrestricted amount represents six months of operating expenses based on actuals in 2017-2018.[34]

7.2 Measurements | Liquidity, Capital, and Margin

Standard measurements used to assess Valley Center CSD's financial standing shows the District finished the report period with positive capital and margin levels. However, liquidity levels have either declined and/or remain low and create stresses on cash-flow and generate added importance on finishing with net surpluses. It also does not appear the District is funding capital depreciation.

LAFCO's review of the audited financial statement issuances by Valley Center CSD covering the five-year report period shows the District generally experienced improvements in most of the standard measurement categories – liquidity, capital, margin, and structure – utilized in this document. Positive gains in both operating and total margins highlighted the improvements in financial standing with both measurements averaging no less than

[34] Actual operating expenses in 2017-2018 totaled $0.341 million.

14.7% during the report period. Valley Center CSD also incurred minimal liabilities during the report period and resulting in high capital levels as measured by finishing with a debt ratio of 1.3%. Liquidity levels, however, remain low and marked by the current ratio decreasing by (63.4%) and ending at 12.3 to 1 and shows a sizable decline in the ability of Valley Center CSD to cover short-term expenses. Similarly, and despite increasing, Valley Center CSD's days' cash finished the report period at 214.6, which is low for a non-enterprise operation and increases the District to cash-flow restrictions at the beginning of the fiscal year given property taxes are typically not distributed for three to four months. Further, and pertinently, Valley Center CSD is not presently booking expenses towards funding capital depreciation or identifying capital asset balances in the audit.

Valley Center CSD
Financial Measurements
Table 7.2a | Source: San Diego LAFCO

Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Debt to Net Position	Total Margin	Operating Margin	Operating Reserves Ratio	Equipment Replacement
2013-2014	33.4 to 1	112.2	0.6%	0.0%	6.0%	6.0%	29.8%	n/a
2014-2015	12.4 to 1	132.2	1.6%	0.0%	21.2%	21.2%	33.9%	n/a
2015-2016	7.2 to 1	107.8	2.5%	0.0%	11.3%	8.9%	27.0%	n/a
2016-2017	10.2 to 1	177.7	1.3%	0.0%	64.5%	13.1%	45.0%	n/a
2017-2018	12.3 to 1	214.6	1.3%	0.0%	28.6%	24.3%	54.9%	n/a
Average	15.1 to 1	148.9	1.5%	0.0%	26.3%	14.7%	38.1%	n/a
Trend	(63.4%)	91.3%	111.2%	0.0%	378.0%	307.2%	84.2%	n/a

Current Ratio (Liquidity)
Compares available assets against near-term obligations; the minimum desirable ratio is 1.0 and means for every dollar in liability the agency has one dollar available to pay.

Days' Cash (Liquidity)
Measures the number of days the agency can fund normal operations without any new cash income; an appropriate minimum threshold is 180 days. This measurement focuses on immediate cash available to the agency in comparison to the current ratio.

Debt Ratio (Capital)
Measures the relationship between the agency's total assets and liabilities; the higher the ratio the more susceptible the agency is to long-term cash flow stresses.

Debt to Net Position (Capital)
Measures the amount of long-term debt or borrowing of the agency against its accumulated net worth; an appropriate maximum standard threshold is 50%.

Total Margin (Margin)
Measures the bottom line of the agency with respect to comparing all revenues to all expenses; a positive percentage is desirable within the caveat capital improvement expenditures may appropriately result in a negative percentage in individual years.

Operating Margin (Margin)
Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans; a consistent positive percentage shows the agency has established a structured budget.

Operating Reserves Ratio (Structure)
Measures the percent of available monies of an agency to cover unforeseen shortfalls; an appropriate maximum standard threshold is 50%.

Equipment Replacement Ratio (Structure)
Measures the average age of depreciable equipment and facilities; the lower the number the younger the infrastructure with the assumption therein better efficiencies/effectiveness.

7.3 Pension Obligations

Valley Center CSD does not have recorded pension obligations.

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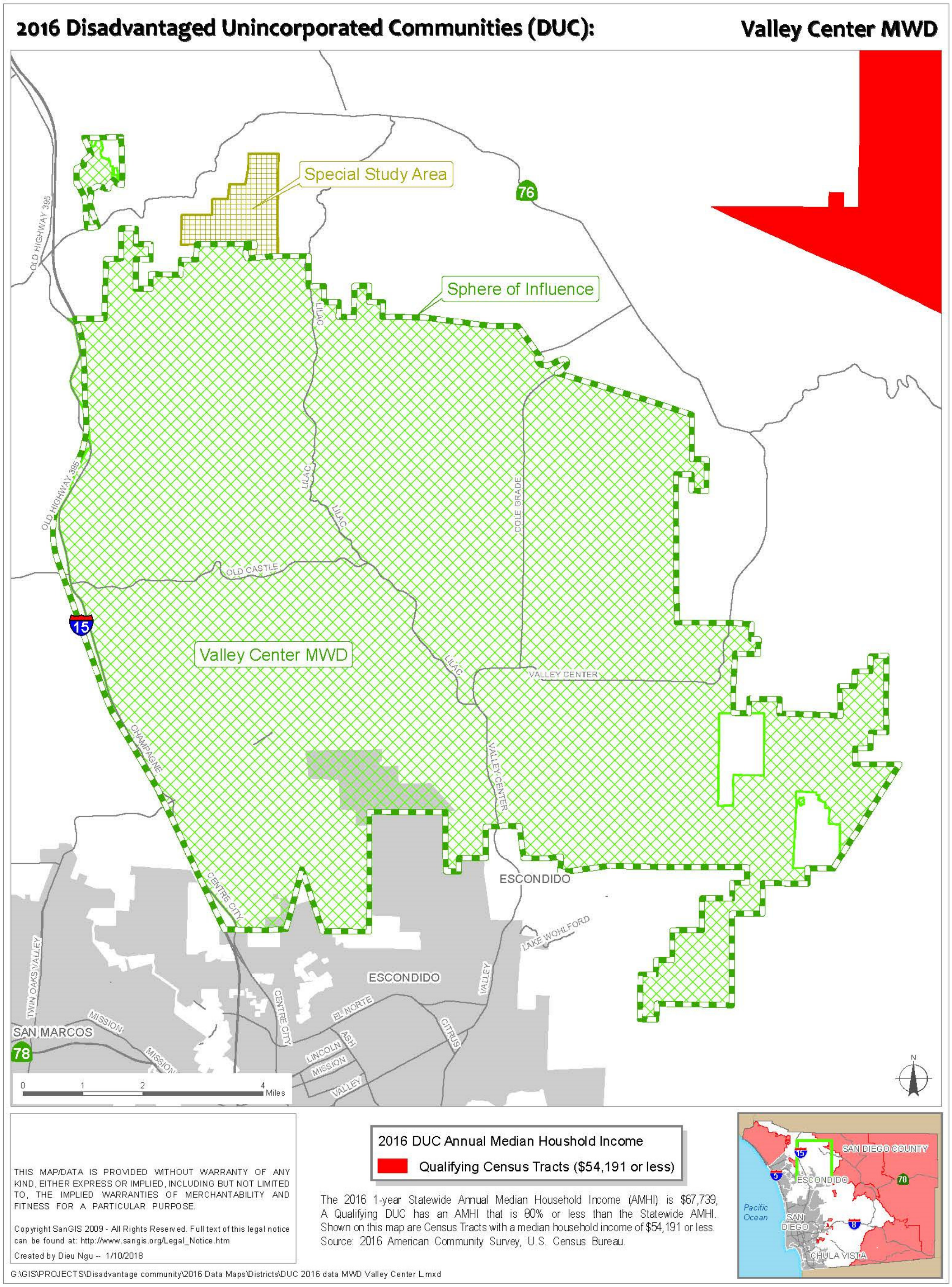
Appendix A
Disadvantaged Unincorporated Communities



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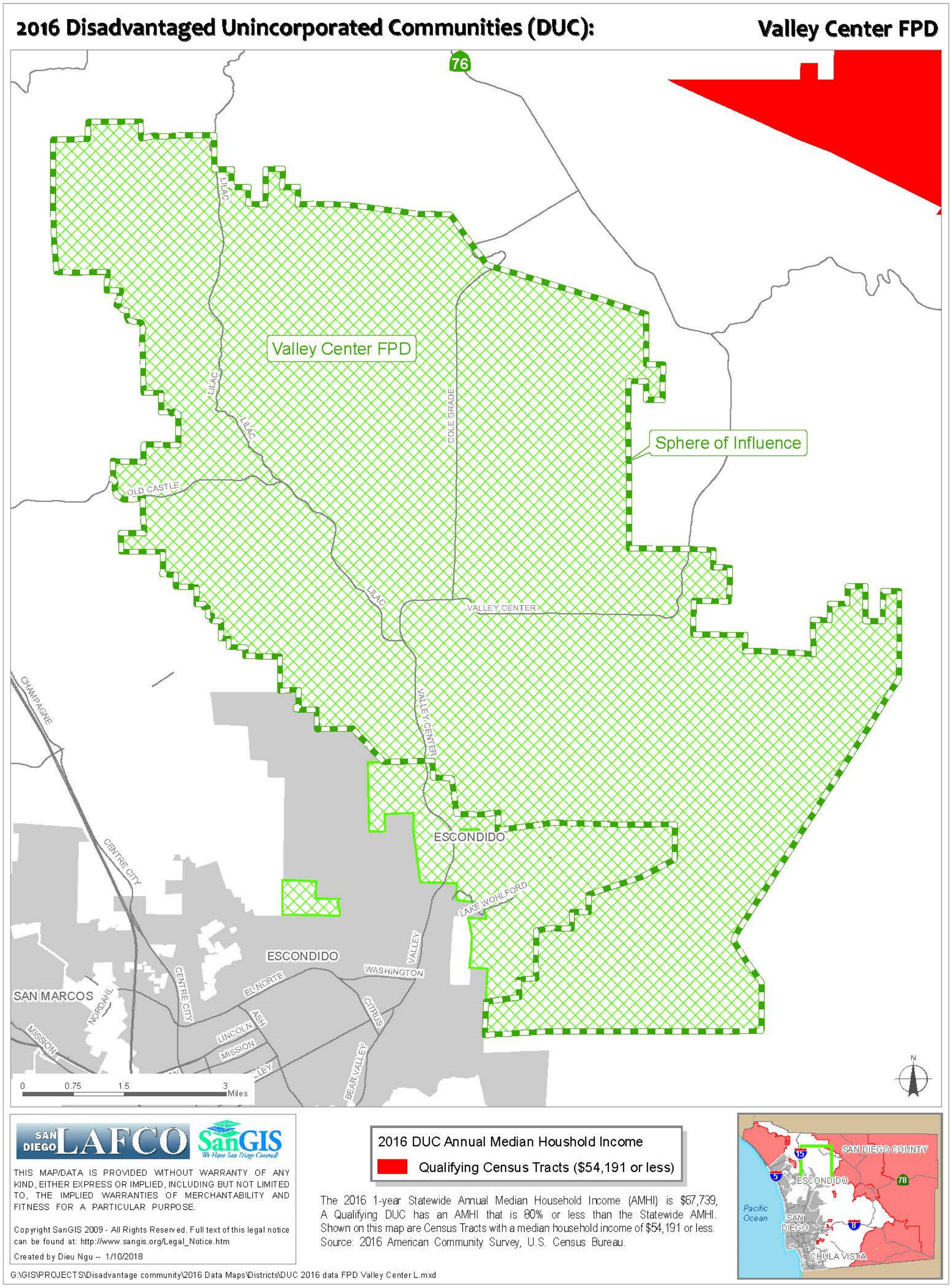
2016 Disadvantaged Unincorporated Communities (DUC):
Valley Center FPD
76
Valley Center FPD
Sphere of Influence
LILAC
COLE GRADE
OLD CASTLE
VALLEY CENTER
CHAMPAGNE
CENTRE CITY
ESCONDIDO
LAKE WOHLFORD
VALLEY
WASHINGTON
EL NORTE
SAN MARCOS
NORDAHL
MISSION
LINCOLN
ASH
CITRUS
BEAR VALLEY
0 0.75 1.5 3 Miles
N
SAN DIEGO LAFCO
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Created by Dieu Ngu -- 1/10/2018
2016 DUC Annual Median Houshold Income
Qualifying Census Tracts ($54,191 or less)
The 2016 1-year Statewide Annual Median Household Income (AMHI) is $67,739. A Qualifying DUC has an AMHI that is 80% or less than the Statewide AMHI. Shown on this map are Census Tracts with a median household income of $54,191 or less. Source: 2016 American Community Survey, U.S. Census Bureau.
SAN DIEGO COUNTY
ESCONDIDO
Pacific Ocean
SAN DIEGO
CHULA VISTA
G:\GIS\PROJECTS\Disadvantage community\2016 Data Maps\Districts\DUC 2016 data FPD Valley Center L.mxd

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Appendix B
Document Sources

Outside Sources

Agency Contacts

Valley Center Municipal Water District
Gary Arant, General Manager

Valley Center Fire Protection District
Joe Napier, Fire Chief

Valley Center Community Services District
Darcy LaHaye, General Manager

Websites

American Community Survey / Demographic Information
www.census.gov

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

Environmental Systems Research Institute
www.esri.com

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

Publications / Documents

County of San Diego General Plan and Adopted Community Plans
San Diego LAFCO Background Files and Agency Questionnaires
San Diego Regional Agricultural Water Management Plan (RAWMP)
Valley Center Community Services District Comprehensive Annual Financial Reports
Valley Center Fire Protection District Standards of Coverage (Deployment) Study
Valley Center Fire Protection District Comprehensive Annual Financial Reports
Valley Center Municipal Water District 2015 Urban Water Management Plan Update
Valley Center Municipal Water District Comprehensive Annual Financial Reports
Valley Center Municipal Water District Sewer Master Plan

A complete source list is available by contacting San Diego LAFCO.

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Appendix C
Comments Received

VALLEY CENTER
MUNICIPAL WATER DISTRICT
A Public Agency Organized July 12, 1954

Board of Directors
Robert A. Polito
President
Randy D. Haskell
Vice President
Enrico P. Ferro
Director
Daniel E. Holtz
Director
Oliver J. Smith
Director

December 31, 2019

Honorable Dianne Jacob, Chair
County of San Diego Local Agency Formation Commission
9335 Hazard Way, Suite 200
San Diego, CA 92123

Re: Valley Center Municipal Water District Draft MSR Comments

Dear Chair Jacob;

We have reviewed the complete Draft Municipal Service Review for our agency and have the following comments which we would like to have provided in material going to the Commission for the January 6, 2020 Commission Meeting, as well as included in the public record of that meeting.

Our comments are as follows:

1. Page 21, 2nd Paragraph

In the discussion about the transition from agricultural to more urban, the draft states, "The transition is primarily attributed to the combination of higher water rates for agricultural users due to reductions in subsidies caused by recent droughts and demand for housing near transportation corridors."

This is not correct. The dollar amount of the "subsidies" has actually increased from $33 per acre foot in 1990, to over $550 per acre foot currently. Unfortunately, the wholesale price of water has also increased at the same time or even at a faster clip. In terms of rate differential, the discount then and now has represented a 27% to 30% differential to M&I rates. Further, these are not "subsidies" but reflect that, ***in exchange for a lower water rate, commercial agricultural users have accepted a lower level of reliability during droughts and emergencies*** by having no access to IID Transfer / Canal Lining or Desalinated Seawater supplies, reduced access to the SDCWA Emergency Storage Project Supply, and precluded from access to the SDCWA Carry-over Storage supply.

As for housing demand near transportation corridors leading to reduction in agricultural activity, the land which had hosted the largest crops in terms of water usage in Valley Center, avocados, was/is on steep, rocky land and was recently downzoned by the County of San Diego to the point where it is physically and economically unsuitable for development.

29300 Valley Center Road • P.O. Box 67 • Valley Center, CA 92082
(760) 735-4500 • FAX (760) 749-6478 • TDD (760) 749-2665 • www.valleycenterwater.org • e-mail vcwater@valleycenterwater.org

In fact, it has been the dramatic overall increase in the cost of wholesale water from MWD and the SDCWA (233% since 2000; from $470/AF to $1552/AF in 2019) which has reduced ag activity and associated water demand.

2. Page 23; 4.2, Recommendations, Item 2.

"2. San Diego LAFCO should address and reconcile Valley Center MWD's recycled water service activity as part of a future update to Commission Rule No. 4 with respect to formally identifying the function, class and authorized location under statute."

Prior to adoption of the final MSR, we would appreciate clarification as to what is being proposed in this recommendation.

As an inland discharge agency, all wastewater being treated by VCMWD is being and will be reclaimed, either directly by landscape irrigation or indirectly by groundwater recharge through percolation. As part of our wastewater treatment and reclamation planning we look for and evaluate sites for reclamation near the treatment source having landscape applications which can accept the higher TDS water, and overlying groundwater basins or sub-basins with RWQCB Basin Plan Objectives allowing for the application of the reclaimed water.

Valley Center MWD staff looks forward to additional discussion with LAFCO staff as to specific context and intention of this recommendation.

3. Page 23; 4.2 Recommendation, Item 5.

"5. San Diego LAFCO recommends the County of San Diego require future development approvals connect to Valley Center MWD's wastewater facilities and avoid the creation of new systems in the region unless unique and special conditions merit otherwise."

While this recommendation points to an ideal solution, the reality is that for inland discharge systems with limited and sometimes finite disposal or absorption capacity, requiring all development to connect to existing systems may not be practical or even feasible. Further, LAFCO should consider that Valley Center MWD has a large service area and it may not be practical or economically feasible to connect developments in the far-reaches of the service area to existing wastewater treatment facilities. Finally, LAFCO should also be mindful that many areas in Valley Center are zoned for large, 2-acre+ parcels amendable to sub-surface disposal and will not require connection to conventional wastewater treatment facilities.

We would advise that the recommendation should be more along the lines of: "San Diego LAFCO recommends that wherever economically or physically feasible, new development should be required to connect to the two existing systems, subject to an engineering, environmental and economic review by VCMWD to determine the need for conventional wastewater treatment, accessibility to existing facilities, and current and potential treatment and disposal capacity."

Same comment applies for Page 35, Section 5.5, Item 3.

4. P. 27, 5.3, Capacity of Public Facilities and Infrastructure Needs and Deficiencies, Item 2. (a), Ii.

"ii. Valley Center MWD's potable water supplies are entirely drawn by *contract* from the San Diego County Water Authority."

VCMWD does not, nor do any of the other member agencies, have a "contract" with the SDCWA. We are a member agency, are a part of the SDCWA governing structure and, as such, have access to the water they deliver, subject to our demands and the SDCWA's limitations on delivery, in terms of aqueduct capacity and/or imported water supply availability.

5. P. 34, Section 5.5, Status and Opportunities for Shared Facilities and Resources, 1.(a)

"Valley Center MWD has established interties with the City of Escondido, Rainbow MWD and Yuima MWD, as well as the San Pasqual Band of Mission Indians.....

Not only does VCMWD have interties with adjacent agencies, it also has 7 aqueduct connections located from the extreme southern end to the extreme northern end of its service area on two completely separate SDCWA Aqueducts, tied to two treatment plants; one operated outside San Diego County by MWD (Skinner), and one operated by SDCWA (Twin Oaks). In addition, it has access to one 50 mgd Desal Plant and the almost 200,000 AF of SDCWA ESP and Carry-over Storage. Further, we also have a Mutual Aide Agreement with the SDCWA and all the 23 other SDCWA Member Agencies. Finally, the Aqueduct, Treatment, Conveyance and Storage system owned and operated by the SDCWA fully connects and integrates all of its 24 member agencies. This system, along with the cooperative nature and shared resources of its member agencies, has historically provided a very high degree of operational flexibility and reliability for the San Diego Region.

6. Page 40, Agency Profile, 2.3, Post Formation Proceedings (top page 40)

"A statewide drought and cutback in Water Authority supplies prompts Valley Center MWD to eliminate agricultural supply supports....

This is incorrect. The price supports for commercial agriculture were provided by MWD under the Ag Discount Program passed through the SDCWA to the SDCWA Member Agencies. The MWD board stopped the discount in early 1990 in response to the drought, not Valley Center MWD.

The MWD Board vote to resume the Agricultural Discount Program did resume in May of 1994 as the *Interim Ag Water Program (IAWP)*, an action in which Valley Center MWD played a central role in advocating for and securing the program. The SDCWA added the Special Ag

Water Rate (SAWR) Program on top of the IAWP in 1998 to offset the cost impact of the SDCWA Emergency Storage Project, expanded the SAWR in 2003 to offset the cost impact of the IID Transfer Agreement, again in 2007 to offset the cost of the SDCWA Carry-over Storage Project, and again in 2015 to offset the cost of the Carlsbad Desalination supply. MWD ended IAWP in 2012, but the SDCWA continued the SAWR which then later became the Transitional SAWR and has recently taken action to make it a permanent program.

7. Page 41 – Agency Profile, 3.0 Boundaries, 3.1 Jurisdictional Boundary

"There are now two major casinos – Harrah's Rincon and Valley View – in its jurisdictional boundary."

Valley View, owned by the San Pasqual Band, is in the Valley Center MWD Boundary; Harrah's, owned and served by the Rincon Band, is not within the Valley Center MWD Boundary.

8. Page 49 – Service Demands (first paragraph)

Reporting 681 gpd as the average daily demand per person for the fulltime population, without pointing out that the overall VCMWD water usage includes commercial agricultural use, is somewhat misleading in the context of comparing urban type water use.

9. Page 50 – Service Performance (top of the page)

"**Rincon del Diablo MWD's** potable water system….."

10. Page 59 – Section 7.2, Measurements; Liquidity, Capital, Margin

In fairness, you might mention that the decline in capital is tied to annual depreciation on the existing water and wastewater system in a period where there has not been much in terms of new capital contributions either from VCMWD CIP and/or new development. You are also not taking into account that much of the negative annual operational outcome is due to a non-cash depreciation expense charged to operational expenses.

Further, your statement in this paragraph that "Valley Center MWD's debt to net position…..reduces the ability to secure outside capital" would only be valid if the underwriting community stopped at a "macro level" analysis of the District financial condition.

This concludes our comments at this time. Thank you for the opportunity to comment.

As stated above, Valley Center MWD would request that this letter of comment be included in materials going to the Commission and in the public record of the LAFCO Commission Meeting on January 6, 2020.

If you should have any questions or need additional information regarding these comments, please feel free to contact me at your earliest convenience.

Sincerely;

Gary Arant
General Manager

cc: Honorable Jim Desmond, Chair
Honorable San Diego LAFCO Commissioners
Keene Simonds, Executive Officer

RECEIVED

JAN 23 2020

SAN DIEGO LAFCO

County of San Diego

BRIAN ALBRIGHT
DIRECTOR
(858) 966-1301

DEPARTMENT OF PARKS AND RECREATION
5500 OVERLAND AVENUE, SUITE 410, SAN DIEGO, CA 92123
Administrative Office (858) 694-3030
www.sdparks.org

January 21, 2020

San Diego Local Agency Formation Commission (LAFCO)
9335 Hazard Way, Suite 200
San Diego, CA 92123

Letter of Support for Reorganization of the Valley Center Community Service District to a Community Service Area

Dear LAFCO:

On behalf of the County of San Diego Department of Parks and Recreation (DPR), I would like to express our support of LAFCO's Draft Municipal Service Review (MSR) recommendation that the Valley Center Community Service District (CSD) be reorganized into a standalone Community Service Area (CSA), with the Board of Supervisors as the governing body and DPR managing the CSA.

A vital part of any CSA is public input regarding the maintenance and operations of its local parks and recreation centers. Public input has many sources. One vital source of public input is provided by appointing an advisory committee to the CSA. A CSA Advisory Committee is made up of volunteers who represent the community and are appointed by the County Board of Supervisors. We support the Draft MSR recommendation that the current CSD Board Members be appointed to serve as the initial CSA Advisory Committee.

Valley Center has grown tremendously in the past 20 years; the population has increased by a third, and parks and programs managed by CSD have been pushed to maximum use. Additional maintenance and service are needed to continue to provide the community with high-quality recreational offerings. The County of San Diego and DPR have a long history of providing financial support to the Valley Center CSD through various programs, including the Park Lands Dedication Ordinance and Neighborhood Reinvestment Grant Program.

I appreciate LAFCO's assessment of the CSD and the completion of the Draft MSR. DPR looks forward to working with the current CSD Board members if they are appointed to the CSA Advisory Committee to improve the parks and programs. If you have any questions or would like to schedule meetings, please contact Dave Knopp, Chief of North Operations, at Dave.Knopp@sdcounty.ca.gov.

Sincerely,

Dave Knopp for

Jason Hemmens
Acting Director

COUNTY OF SAN DIEGO PARKS AND RECREATION

CAPRA ACCREDITED

RESOLUTION NO.

RESOLUTION OF THE
SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS

MUNICIPAL SERVICE REVIEW ON THE VALLEY CENTER REGION

WHEREAS, the San Diego County Local Agency Formation Commission, hereinafter referred to as the "Commission", is a political subdivision of the State of California with regulatory and planning responsibilities to facilitate orderly growth and development under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the Commission is responsible under Government Code Section 56430 to regularly prepare municipal service reviews to independently and comprehensively evaluate the sufficiency of local governmental services to inform its regulatory and other planning activities; and

WHEREAS, the Commission adopted a workplan calendaring projects for 2019-2020; and

WHEREAS, the Commission's Executive Officer and staff prepared a regional municipal service review on public services within an unincorporated area in northern San Diego County known as "Valley Center" consistent with statute and the adopted workplan; and

WHEREAS, the municipal service review includes an evaluation of public services provided by the Valley Center Municipal Water District, Valley Center Fire Protection District, and Valley Center Community Services District, hereafter referred as the "affected agencies"; and

WHEREAS, the Executive Officer's written report on the municipal service review was presented to the Commission in a manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at public meetings concerning the municipal service review and most recently on March 2, 2020;

WHEREAS, as part of the municipal service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby finds, determines, and orders the following:

1. The Commission determines this municipal service review is a project under the California Environmental Quality Act but qualifies for an exemption from further action as an informational document consistent with State Guidelines Section 15306.

2. The Commission has duly considered the Executive Officer's written report on the municipal service review and recommendations therein on the availability, need, and adequacy of public services provided in Valley Center and among the affected agencies.

3. The Commission adopts the statement of written determinations generated from information presented in the Executive Officer's written report on the municipal service review as set forth in Exhibit "A."

4. The Commission refers the public to the Executive Officer's written report on the municipal service review for additional details and important context, including – but not limited to – documenting each agency's active and latent service powers.

PASSED AND ADOPTED by the Commission on March 2, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

ATTEST:

____

Keene Simonds
Executive Officer

EXHIBIT A

MUNICIPAL SERVICE REVIEW ON THE VALLEY CENTER REGION

STATEMENT OF DETERMINATIONS
GOVERNMENT CODE SECTION 56430

The following statements have been generated from the final report prepared as part of the scheduled municipal service review on the Valley Center region. Abbreviations and/or acronyms, accordingly, are incorporated into the statements below for brevity.

1. With respect to growth and population projections for the affected areas as required under Section 56430(a)(1), the Commission independently determines the following.

   a) San Diego LAFCO independently estimates there are 29,295 total fulltime residents collectively served by the three affected agencies in the Valley Center region as of the end of the five-year report period.

   b) The estimated total fulltime resident population in the Valley Center region at the end of the five-year report period of 29,295 largely overlaps among the three affected agencies with individual estimates as follows:

      i. 28,210 residents in Valley Center MWD.

      ii. 19,097 residents in Valley Center FPD.

      iii. 19,008 residents in Valley Center CSD

   c) San Diego LAFCO estimates the combined annual rate of new fulltime population growth in the Valley Center region during the five-year report period has been 0.84% and has netted 1,896 new residents. The annual rate since 2000, however, has been 1.9% and reflects the significant amount of growth and development in the region.

   d) The annual population growth rates among the three affected agencies in the Valley Center region during the five-year report period have varied with individual estimates as follows:

      i. 0.84% in Valley Center MWD.

      ii. 1.1% in Valley Center FPD.

      iii. 1.0% in Valley Center CSD.

   e) Accommodating the estimated population growth in the Valley Center region during the five-year report period has been the construction 294 new residential units, which represents an overall increase in the local housing supply of 2.8%.

f) The estimated population growth has contributed to an approximate one-fourth decrease in the number of vacant housing units in the Valley Center region from 8.0% to 6.1% during the five-year report period.

g) The Valley Center region remains predominately rural with an overall average of 2.5 acres for every one resident. This rate – however – has decreased during the five-year report period by nearly one-tenth and 2.7 acres for every one resident and reflects the changing and increasing development of the region.

h) San Diego LAFCO projects the current growth rate within the Valley Center region and within the three affected agencies will generally hold over the report timeframe. However, additional and more intensive growth is expected in the longer run given the region's proximity to Interstate 15 coupled with increasing economic challenges for area landowners to maintain lands in agricultural production.

i) San Diego LAFCO should coordinate with the County of San Diego and SANDAG to develop buildout estimates specific to each affected agency in the Valley Center region and incorporate the information into the next scheduled municipal service review.

j) A review of current demographics reveals no substantial differences within the three affected agencies in the Valley Center region, and as such indicates the individual communities are relatively homogenous in social and economic standing and – notably – contrasts with countywide averages. Additional demographic details follow.

   (a) Residents in the Valley Center region tend to be older with a median age of 43.1 and nearly one-fourth higher than the corresponding countywide average of 35.3. This distinction in age is similarly illustrated with 23.4% of the region now collecting retirement compared to only 17.7% in all of San Diego County.

   (b) Monthly housing costs in the Valley Center region have modestly decreased over the five-year report period and attributed – among other factors – to increased housing stock. The region's average monthly housing cost of $1,958, however, remains one-fifth higher than the countywide average of $1,578.

   (c) Residents in the Valley Center region have experienced moderate increases in their household incomes during the five-year report period with the present median amount at $81,654 and one-fifth above the countywide average of $66,529.

2. With respect to the location and characteristics of disadvantaged unincorporated communities within the affected areas as required under Section 56430(a)(2), the Commission independently determines the following.

   a) No lands within or immediately adjacent to the Valley Center region currently qualifies as a disadvantaged unincorporated community under San Diego LAFCO policy.

3. With respect to the capacity of public facilities and infrastructure needs and deficiencies within the affected areas as required under Section 56430(a)(3), the Commission independently determines the following.

   a) All three affected agencies in the Valley Center region have experienced sizeable increases and/or changes in municipal service demands over the five-year report period. The increase and change in demands – albeit to different levels – necessitate additional infrastructure resources among all three agencies to accommodate expected growth and most pertinent to Valley Center CSD given existing deficiencies.

   b) The following statements apply to the Valley Center MWD with respect to the availability, adequacy, and performance of its three active municipal service functions: potable water; recycled water; and wastewater.

      1. With respect to potable water, San Diego LAFCO determines the following.

         i. Valley Center MWD's potable water function commenced in 1955 and classified as retail for purposes of identifying powers under G.C. Section 56425(i) and Commission Rule No. 4. This activated power covers the entire District jurisdictional boundary.

         ii. Valley Center MWD is a member agency of San Diego County Water Authority and its entire potable water supplies are drawn from imported water. The availability of these pretreated supplies has proven increasingly reliable due to ongoing investments and absent a significant infrastructure failure is considered relatively stable and can withstand normal weather fluctuations.

         iii. Valley Center MWD's potable water supplies and associated infrastructure sufficiently meet existing demands and are expected to hold through the timeframe of this report. This statement is substantiated given the average annual water production demands during the five-year report period represents only 19% of the District's maximum accessible supply based on infrastructure capacity to the San Diego County Water Authority. Further, the average peak-day demand during the report period represents 40% of the District's available supply.

         iv. Valley Center MWD's potable storage is sufficiently sized and can readily accommodate peak-day demands with the five-year report period average representing 29% of existing capacity. This existing storage amount is sufficient to cover 3.5 days of average daily usage without recharge.

         v. Valley Center MWD's potable water demand as measured on a per capita basis has decreased by (25.9%) over the five-year report period. This contrast with an overall estimated growth rate of 4.2% and suggest – among other factors, including changes in agricultural practices – users are de-intensifying their water uses.

2. With respect to recycled water, San Diego LAFCO determines the following.

   i. Valley Center MWD's recycled water function commenced in 2005 and currently involves retailing to one customer, Woods Valley Ranch Golf Course. San Diego LAFCO should address this active service function under Government Code Section 56425(i) as part of a future policy update to Commission Rule No. 4 with respect to formally identifying the function, class, and authorized location as deemed appropriate by the Commission.

   ii. The current average demand of recycled water during the five-year report period has been 0.200 million gallons per day at Valley Center MWD's Woods Valley Ranch Canyon Reclamation Facility and is solely used for irrigation by the Woods Valley Golf Course.

   iii. Valley Center MWD is exploring opportunities to establish recycled water service within the Moosa service area in coordination with a development application on file with the County of San Diego known as Lilac Hills Ranch.

3. With respect to wastewater services, San Diego LAFCO determines the following.

   i. Valley Center MWD's wastewater function commenced in 1975 classified as collection, treatment, and disposal for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

   ii. Valley Center MWD's wastewater function is currently limited to two distinct service areas: Moosa and Woods Valley.

   iii. Valley Center MWD's Moosa facilities are designed to accommodate an average daily wastewater flow of 0.440 million gallons. The current average daily demand over the five-year report period has been 0.298 million gallons and equals 67% of the total system capacity. The capacity consumption – pertinent – increases to 87% based on average peak-day flows during the period and is approaching facility limitations.

   iv. The Moosa Reclamation has been designed to accommodate an expansion to increase the average daily wastewater flow capacity to 1.0 million gallons subject to funding of capital improvements. This expansion capability provides remedy to existing peak-day flows approaching current capacity and pertinently enables the District to accommodate additional growth in the area.

   v. Valley Center MWD's Woods Valley facilities are designed to accommodate an average daily wastewater flow of 0.275 million gallons. The current average daily demand over the five-year report period has been 0.0.41 million gallons and equals 15% of the total system capacity. The capacity consumption increases to 19% based on average peak-day flows during the period.

   vi. The average peaking factors during the five-year report period within Valley Center MWD's two wastewater systems – Moosa and Woods Valley – are less than 1.3 and substantiate both collection systems are in good condition with limited inflow and infiltration from runoff and groundwater.

c) The following statements apply to the Valley Center FPD with respect to the availability, adequacy, and performance of its three active municipal service functions: fire protection/rescue; emergency medical; and ambulance transport.

1. With respect to fire protection/rescue and emergency medical, San Diego LAFCO determines the following.

   i. Valley Center FPD's fire protection/rescue and emergency medical functions are organized as one integrated service and commenced in 1983.

   ii. San Diego LAFCO classifies the nature of Valley Center FPD's fire protection/rescue function as structural for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

   iii. Valley Center FPD has successfully transitioned its fire protection/rescue and emergency medical function from an initial all-volunteer organization to its current combination career/reserve all-career organization beginning in 2013.

   iv. Overall onsite incidents within Valley Center FPD have averaged 4.0 daily over the five-year report period. Demands have increased overall by 135% during this period and are largely attributed to overall growth factor as well as increased activity at the casinos and special events at local businesses such as Bates Nuts Farm and Lavender Fields.

   v. Valley Center FPD has responded exclusively to 87% of all onsite incidents within the District during the five-year report period without the aid of outside agencies. This response rate substantiates the District has generally developed and maintained adequate resources to meet existing demands.

   vi. Valley Center FPD's ability to continue to sufficiently meet demands requires additional resources and adaption to the jurisdictional boundary's ongoing transition from rural to suburban. This transition – notably – is marked by serving an increasing number of geographically separated neighborhoods and has contributed to rising average travel response times from 10.43 to 11.12 minutes during the five-year report period.

   vii. Valley Center FPD recently retained an outside consultant to prepare a standards of coverage study on the District with recommendations therein to adopt a travel response standard of 8:00 minutes as well as construct a third fire station near the intersection of Cole Grade Road and Cole Grade Lane.

2. With respect to ambulance transport, San Diego LAFCO determines the following.

i. Valley Center FPD's ambulance transport function was established in 2015 in conjunction with being awarded an exclusive operating contract through the County of San Diego to serve the greater Valley Center area. The contracted service area includes all of the District and an additional 768.8 square mile.

ii. San Diego LAFCO classifies Valley Center FPD's ambulance transport function as advance life support or ALS for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

iii. Valley Center FPD separately contracts with Mercy Medical Transportation to supplement ambulance transport services. This contract provides Valley Center FPD the ability to effectively provide ALS ambulance transport through the combination of Mercy paramedics and District emergency medical technicians.

iv. Overall onsite incidents within Valley Center FPD's contract service area have averaged 3.2 daily over the five-year report period with nearly nine-tenths – or 87% – originating in the District. Demands have risen overall by 19% and attributed to increasing population and societal changes in medical care.

d) The following statements apply to the Valley Center CSD with respect to the availability, adequacy, and performance of its lone active municipal service function: park and recreation.

i. Valley Center CSD's park and recreation function was established at the time of the District's formation in 1966.

ii. San Diego LAFCO determines there are no applicable class categories relative to Valley Center CSD's park and recreation function under Government Code Section 56425(i) and Commission Rule No. 4.

iii. Valley Center CSD's public facilities currently total 73.5 acres and divided between five distinct sites within it jurisdictional boundary. One of the sites – however – involves Star Valley Park and its 45.5 acres, which remains closed to the public in the absence of funding to make improvements and address liability concerns; the substantive result is an available parkland total within the District of 28.0 acres.

iv. Valley Center CSD's current available parkland produces a ratio of 1.5 acres for every 1,000 residents. This ratio falls substantially below baseline standards established by the State of California for local communities under the Quimby Act, which specifies 3.0 acres for every 1,000 residents.

v. Valley Center CSD does not have a master plan or other formal document to guide park and recreation services within the District. The absence of this type of document hinders the District's ability to strategically plan and allocate resources in a manner consistent with Board objectives and priorities.

4. With respect to the financial ability of agencies to provide services within the affected areas as required under Section 56430(a)(4), the Commission independently determines the following.

a) All three affected agencies in the Valley Center region operate with significantly different financial means in providing municipal services to their constituents and experienced – albeit to differently – fiscal stress during the five-year report period.

b) The combined net position of the three affected agencies in the Valley Center region decreased by more than one-tenth – or 12.8% – from $102.8 million to $89.6 million during the five-year report period.

c) The ability of the three affected agencies to fund their municipal service functions through new assessments and taxes appears constrained given current constituent reluctance as evident by the recent defeat of Measure SS; a proposed $180 annual parcel tax by Valley Center FDP and disapproved by voters in November 2018.

d) Valley Center MWD's net position has decreased during the five-year report period with an overall change of (13.7%) from $97.2 million to $83.9 million and produces a net loss of $13.3 million. Additional details on financial standing follow.

   i. The unrestricted portion of Valley Center MWD's net position has decreased by (47.5%) over the five-year report period finishing with a balance equal to cover 2.5 months of actual operating expenses.

   ii. Valley Center MWD experienced an average annual total margin gain of 3.3% during the five-year report period. The operating margin, however, finished each year in deficit with an average loss of (3.1%) and reflects the District's reliance on general property tax revenues to help meet enterprise operating costs.

   iii. Valley Center MWD finished the five-year report period with a sizeable reduction in available capital and is attributed to new loans with the State of California to expand the Woods Valley Ranch Reclamation Facility. This reduction is reflected in the District's debt-to-net position totaling 65.0% at the end of the period and means nearly two-thirds of the net position is tied to long-term financing.

   iv. Valley Center MWD's combined funded ratio for pension obligations with CalPERS at the end of the five-year report period finished at 60.9% and considered in critical status based on federal standards for retirement systems. This ratio has also decreased overall by (1.9%) over the prior 48-month period in which statements are available.

e) Valley Center FPD's net position has steadily decreased each year during the five-year report period with an overall change of (13.6%) from $5.2 million to $4.5 million and produces a net loss of $0.698 million. Additional details on financial standing follow.

   i. The unrestricted portion of Valley Center FPD's net position has increased by 3.2% over the five-year report period ending with a balance equal to cover 12.0 months of actual operating expenses.

ii. Valley Center FPD experienced an average annual total margin loss of (10.7%) during the five-year report period. The average operating margin trended similarly during the period at (11.2%).

iii. Valley Center FPD finished the five-year report period with limited long-term obligations and reflected with both the District's debt ratio and debt-to-net position ratios falling under 7.0%.

iv. Valley Center FPD does not have any recorded pension obligations. Employees participate in a 457(b) deferred compensation program instead.

f) Valley Center CSD's net position has steadily increased each year during the five-year report period with an overall change of 180.8% from $0.458 million to $1.286 million and produces a net gain of $0.828 million. Additional details on financial standing follow.

i. The unrestricted portion of Valley Center CSD's net position has increased by 107.0% over the five-year report period with an ending balance equal to cover 6.0 months of actual operating expenses. This latter amount – notably and as a non-enterprise agency – leaves the District susceptible to service interruptions and highlights the importance of cash-flow management.

ii. Valley Center CSD experienced an average annual total margin gain of 26.3% during the five-year report period. The average operating margin finished close to one-half lower, but nonetheless in positive territory at 14.7%.

iii. Valley Center CSD finished the five-year report period with nearly no long-term obligations reflected with both the District's debt ratio and debt-to-net position ratios ending at 1.5% and 0.0%, respectively.

iv. Valley Center CSD does not have any recorded pension obligations.

v. Valley Center CSD audited financial statements – importantly – during the five-year report period do not inventory capital assets. This significant omission merits correction and undermines the validity of the stated net position given over four-fifths of the District's balance sheet is unsubstantiated.

5. With respect to the status and opportunities therein for shared services within the affected areas as required under Section 56430(a)(5), the Commission independently determines the following.

a) All three affected agencies have established responsive shared resources with other agencies in fulfilling their responsibilities to provide specified municipal functions to their respective constituents in the Valley Center region. Examples follow.

i. Valley Center MWD has established interties with the City of Escondido, Rainbow MWD, and Yuima MWD as well as the San Pasqual Band of Mission Indians to receive and provide treated potable water supplies to one another in the event of emergencies and/or other interruptions in normal operations. These interties provide important redundancy protections in the broader region and particularly germane to help redirect supplies in response to earthquake and wildfire events.

ii. Valley Center FPD maintains automatic aid agreements with several adjacent service providers – including City of Escondido, CAL FIRE, and the Rincon and San Pasqual Indian Bands – to receive and provide fire protection/rescue and emergency medical services within their respective boundaries based on dispatch proximity. These agreements are particularly pertinent to maintain for Valley Center FPD to address multiple incidents within its boundary given size and topography service challenges.

iii. Valley Center CSD coordinates closely with the County of San Diego and its Parks and Recreation Department in providing services within the District boundary. This includes utilizing developer fees generated from the County's Parkland Dedicated Ordinance to fund new park and recreation amenities through a Board of Supervisors approval process.

b) Opportunities to share and/or consolidate resources between Valley Center FPD and the County of San Diego merit continued attention. Exploring these opportunities is consistent with San Diego LAFCO's standing policy objective to facilitate the orderly extension of the County Fire Authority and its role to organize and provide fire protection services in unincorporated San Diego County.

6. With respect to accountability and opportunities and merits therein for governance alternatives as required under Section 56430(a)(6), the Commission independently determines the following.

a) All three affected agencies in the Valley Center region are governed by responsive officials and illustrated by holding regular monthly meetings, timely posting agendas and minutes online, and employing and/or otherwise contracting professional staff. All three agencies advantageously contribute to the region and its distinct character.

b) The All three affected agencies in the Valley Center region share substantially similar jurisdictional boundaries and are authorized with common service powers under their principal acts subject to San Diego LAFCO approval. San Diego LAFCO believes – and irrespective of prompts otherwise in statute – the agencies' existing and separate operations appropriately serves the region and preliminary analysis suggests exploring a regional consolidation is not sufficiently merited at this time.

c) San Diego LAFCO has previously designated Valley Center MWD as the appropriate current and future wastewater provider in the Valley Center region. Accordingly, and in the absence of unique conditions meriting otherwise, San Diego LAFCO recommends the County of San Diego require all future development approvals connect to the District's wastewater facilities and avoid new systems in the region.

d) All Valley Center CSD should remedy existing deficiencies with its annual audit process and establish present-day values for its capital assets less appropriate depreciation amounts. These efforts would substantiate the District's financial statements and create added trust with its constituents and help ensure their ongoing financial investment in the agency is appropriately reciprocated.

e) It Valley Center CSD operates under a governance model that is increasingly antiquated relative to industry standards and use therein of economies of scale and new development to fund existing and new park and recreation services. This antiquation is reflected in the District's ability to secure grants to purchase the Valley Star Park site but without the resources to fund and maintain improvements. A reorganization of the District and transition to a new County Service Area to directly draw on the expanded resources of the County Parks and Recreation Department coupled with a more direct connection to syncing developer funding appears sufficiently merited.

f) San Diego LAFCO encourages Valley Center CSD and the County of San Diego to consider a coordinated reorganization proposal filing with the Commission consistent with the preceding determination and under mutually acceptable terms. This includes – but not limited to – considering the creation of an advisory committee for the new County Service Area consisting of the current CSD Board to continue to provide local input on park and recreation services and priorities in Valley Center.

g) None of the three affected agencies in the Valley Center region report providing municipal services beyond their jurisdictional boundaries except for limited automatic aid responses by Valley Center FPD. 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 San Diego LAFCO to proceed with updating and affirming – with no changes – the affected agencies' spheres.

6b

AGENDA REPORT
Public Hearing

March 2, 2020

TO: Commissioners

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

SUBJECT: **Sphere of Influence Updates for the Valley Center Region | CANCELLED**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) previously scheduled a public hearing for the March 2nd meeting to consider sphere of influence updates in the Valley Center region involving the Valley Center Community Services District, Valley Center Fire Protection District, and Valley Center Municipal Water District. An omission with the notice, however, was subsequently identified and required the cancellation of the hearing with the expectation of a new notice being issued for LAFCO to return to the item on April 6th.

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Paul McNamara, Alternate
City of Escondido
Mark Kersey
City of San Diego
Chris Cate, Alternate
City of San Diego
Jo MacKenzie
Vista Irrigation
Barry Willis
Alpine Fire Protection
Erin Lump, Alternate
Rincon del Diablo MWD
Vice Chair Andy Vanderlaan
General Public
Harry Mathis, Alternate
General Public

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6c

AGENDA REPORT
Public Hearing

March 2, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: **Adoption of Proposed Workplan and Budget for 2020-2021**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider recommendations from the Executive Officer in adopting a proposed workplan and budget for 2020-2021. The proposed workplan outlines 20 specific project goals and continues to focus on the preparation of municipal service reviews in northern San Diego County. The proposed budget draws on the workplan and tallies $1.953 million in expenses, which represents an overall increase of 1.9% and largely tied to adjustments in salaries and benefits. A matching amount of revenues are also budgeted with one notable internal distinction; agency contributions are set to increase by $48,958 or 2.9% in conjunction with the decrease use of reserves by nearly one-third from $72,600 in 2019-2020 to $50,000 in 2020-2021. Adoption will precede a formal public review and conclude with final actions in May.

BACKGROUND

Annual Budget Process

San Diego LAFCO is responsible under State law to adopt a proposed budget by May 1st and a final budget by June 15th. A mandatory review by all local funding agencies is required between the two adoption periods. State law also specifies the proposed and final budgets shall – at a minimum – be equal to the budget adopted for the previous fiscal year unless

Jim Desmond
County of San Diego
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Rincon del Diablo MWD
Vice Chair Andy Vanderlaan
General Public
Harry Mathis, Alternate
General Public

LAFCO formally finds any reduced costs will nonetheless allow the membership to meet its prescribed regulatory and planning duties.

Prescriptive Funding Sources

State law mandates operating costs for LAFCOs shall be annually funded among their represented agency membership categories. San Diego LAFCO's operating costs, accordingly, are divided among four distinct membership categories with the largest apportionment assigned to the County of San Diego at 28.6%. The independent special districts and cities less the City of San Diego are also apportioned funding percentages of 28.6% with individual amounts divided thereafter based on total revenue shares in a given fiscal year. The City of San Diego – and based on special legislation providing the City a dedicated seat on LAFCO – is responsible for the remaining 14.3% of annual operating costs.

Current Budget

San Diego LAFCO's adopted final budget for 2019-2020 totals $1.916 million. This amount represents the total approved operating expenditures divided between three active expense units: salaries and benefits; service and supplies; and other. A matching revenue total was also budgeted to provide a projected year-end net of $0 and with the purposeful aid of a planned $0.072 million transfer from reserves. Budgeted revenues are divided between four active units: intergovernmental contributions; service charges; earnings; and miscellaneous. The total fund balance as of July 1, 2019 was $1.447 million.

Budgeted FY20 Expenses	Budgeted FY20 Revenues	Budgeted FY20 Year End Balance	Beginning FY20 Fund Balance
$1.916	$1.916	$0	$1.447

amounts in millions

DISCUSSION

This agenda item is for San Diego LAFCO to consider recommendations from the Executive Officer in adopting a proposed (a) workplan and (b) budget for the upcoming fiscal year. Adoption of these documents would immediately precede a formal public review and comment period – including providing copies to all 77 local funding agencies – with final actions scheduled for the May meeting. A summary discussion of the main components underlying both the proposed workplan and operating budget follows.

Summary | Proposed Workplan in 2020-2021

The proposed workplan draws on a review of San Diego LAFCO needs and goals by the Executive Officer and ahead of receiving input and direction from the Commission. It outlines 20 specific projects divided between statutory (legislative directives) and administrative (discretionary matters) activities. The projects are listed in sequence by assigned priority between high, moderate, and low. The projects are also divided between new items and tasks continued from the current fiscal year. A summary of all high priority projects follows with the entire listing provided as part of Attachment One (Exhibit A).

- No. 1 | MSR-SOI for the Fallbrook Region (Continued)
  This project is drawn from the adopted study schedule and involves a comprehensive study of the Fallbrook region and includes preparing a municipal service review covering four agencies under the Commission's oversight. The affected agencies are the Fallbrook Public Utility District, Rainbow Municipal Water District, San Luis Rey Municipal Water District, and North County Fire Protection District. The municipal service review will inform subsequent sphere of influence updates for the agencies and – among other items – help inform a separately filed request by Fallbrook to activate its latent powers to provide park and recreation services.

- No. 2 | MSR-SOI for the Escondido Region – Part II (Continued)
  This project is drawn from the adopted study schedule and involves a comprehensive study of Escondido region specific to the City of Escondido; the other agencies (Rincon del Diablo Municipal Water District and Deer Springs Fire Protection District) in the region were reviewed in Part I, which was completed in 2019-2020. The municipal service review – notably – and is being prepared by the City of Escondido and as part of a prior arrangement and will include additional focus on an anticipated reorganization proposal involving Harvest Hills (Safari Highland) development. Subsequent sphere of influence updates for all agencies in the region will draw on both Parts I and II.

- No. 3 | Policy Review on Rule No. 4 (New)
  This project is part of a periodical review of existing policies to consider whether revisions are appropriate to address changes in law and/or practices as well as current membership preferences. A policy review on Rule No. 4 and its guidance to the Commission in identifying and authorizing special districts' service functions and classes as required under statute has been identified by the Executive Officer and informed by a related recommendation by the Special Districts Advisory Committee. A key issue underlying the update involves the appropriate categorization of recycled water.

- No. 4 | MSR-SOI for San Marcos Region (Continued)
  This project is drawn from the adopted study schedule and involves a comprehensive study of the San Marcos region and includes preparing a municipal service review covering three agencies under the Commission's oversight. The affected agencies are the City of San Marcos, San Marcos Fire Protection District, and Vallecitos Water District. This project is being prepared in parallel to a separate study involving the Vista region (detailed below) given overlapping service provision and will conclude with sphere of influence updates for all the agencies in the region.

- No. 5 | MSR-SOI for Vista Region (Continued)
  This project is drawn from the adopted study schedule. It involves a comprehensive study of the Vista region and includes preparing a municipal service review covering four agencies under the Commission's oversight. The affected agencies are the City of Vista, Vista Irrigation District, Vista Fire Protection District, and Buena Sanitation District. This project is being prepared in parallel to a separate study involving the San Marcos region (detailed above) given overlapping service provision and will conclude with sphere of influence updates for all the agencies in the region.

- No. 6 | MSR-SOI for Oceanside/Carlsbad Region (New)
  This project is drawn from the adopted study schedule and involves a comprehensive study of the Oceanside/Carlsbad region and includes preparing a regional municipal service review covering five agencies under the Commission's oversight. The affected agencies are the City of Oceanside, City of Carlsbad, Carlsbad Municipal Water District, and Morro Hills Community Services District. The municipal service review will inform subsequent sphere of influence updates for all agencies in the region.

- No. 7 | Filling Analyst I/II Position (New)
  This project involves the recruitment, hiring, and filling of an Analyst I/II position that was unexpectedly vacated in October 2019. Most of the underlying activities will be performed directly by the LAFCO staff with assistance from County Human Resources and will be timed to align the recruitment to attract recent college graduates.

- Nos. 8 and 9 | Cities and Special Districts Advisory Committees (Continued)
  These two projects involve staffing both Advisory Committees during the fiscal year with the goal of holding no less than two meetings for the cities and three meetings for the special districts during the fiscal year. Specific focus of the Committees is to provide feedback to the Executive Officer and the Commission on various LAFCO activities with a focus on vetting controversial proposals and municipal service reviews.

- No. 10 | Policy Review on Study Schedule (New)
  This project provides the Commission an opportunity to revisit its current five-year study schedule calendaring municipal service reviews through 2022-2023. This includes considering amendments to reflect the current status of calendared studies as well as to provide feedback on overall content and scope and adjustments proceeding forward.

Summary | Proposed Budget in 2020-2021

The proposed operating budget developed by the Executive Officer in conjunction with funding the referenced workplan sets expenses at $1.953 million; a net increase of $36,358 or 1.9% over the current fiscal year. The operating expense total is divided between labor and non-labor costs at an approximate 65-to-35 percent split. Savings in non-labor costs – and most notably involving professional services – underlie the overall decrease in expenses and attributed to continuing the insourcing of work activities through staff that began in

2018-2019 that would otherwise be outsourced to consultants. A matching amount of revenues is budgeted with one notable internal distinction. This distinction involves increasing agency contributions by $48,958 or 2.9% to cover the difference in purposefully reducing the use of off-setting reserves by approximately one-third from $72,600 in 2019-2020 to $50,000. A general ledger outlining of all proposed expenses and revenues is provided as part of Attachment One (Exhibit A).

ANALYSIS

The proposed workplan outlines 20 specific project goals for the fiscal year that responsively addresses San Diego LAFCO's regulatory and planning responsibilities in context to local conditions. The workplan also – pertinently – continues to be premised on prioritizing proposal work above all other activities. This includes several current and/or pending high-profile proposals and marked by concurrent applications by Fallbrook Public Utility District and Rainbow Municipal Water District to detach from the County Water Authority and annex to Eastern Municipal Water District. The workplan also incorporates the third year of the current study schedule with continued emphasis on the North County region and this includes competing studies underway involving the Fallbrook, San Marcos, and Vista regions. A separate policy review on the study schedule itself and opportunity to amendment the document to reflect current progress and preferences is also planned.

The proposed budget supports the workplan and generally serves as a status quo with respect to maintaining existing service levels and resources and this includes maintain staffing levels at 8.0 fulltime employees. The proposed budget, nonetheless, provides for a moderate overall increase in operating expenses from $1,916,300 to $1,952,658; a difference of $36,358 or 1.9%. The increase is largely tied to adjustments in salaries and benefits and attributed to a planned 3.0% cost-of-living adjustment previously approved by the Commission as well as accommodating changes for non-management personnel. Additional monies in salaries are also budgeted to increase per diems from $200 to $225.[1] Savings in non-labor and specifically in a planned reduction in consultant usage is helping to limit the overall increase to the referenced 2.9% amount. Reducing the use of reserves as offsetting revenues by one-third over the current fiscal year also continues the Commission's interest to ultimately square operating costs with agency contributions.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed workplan and budget as presented with any desired changes. This recommendation is consistent with taking the actions identified in the proceeding section as Alternate One.

[1] Increasing per diem amounts would require a separate policy amendment and will be separately presented to the Commission.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):

(a) Adopt the attached resolution provided as Attachment One approving the proposed workplan (Exhibit A) and proposed budget (Exhibit B) for 2020-2021 with any desired changes.

(b) Direct the Executive Officer to circulate the adopted proposed workplan and budget for 2020-2021 for review and comment by the funding agencies and the general public; and

(c) Direct the Executive Officer to return with a final workplan and budget for 2020-2021 for adoption as part of noticed hearing on May 4, 2020.

Alternative Two:
Continue consideration of the item to its next regular meeting scheduled for April 6, 20202 and provide direction to the Executive Officer with respect to any additional information requests.

PROCEDURES FOR CONSIDERATION

This item has been placed on the agenda for action as part of a noticed public hearing. The following procedures, accordingly, are recommended in the Commission's consideration.

1) Receive verbal report from staff unless waived.
2) Invite questions from the Commission.
3) Open the hearing and invite comments from audience members.
4) Close the public hearing, discuss item, and consider recommendation.

Respectfully,

Keene Simonds
Executive Officer

Attachments:

1) Draft Resolution
   - Exhibit A: Proposed Workplan
   - Exhibit B: Proposed Budget

RESOLUTION No. ___

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

ADOPTING A PROPOSED WORKPLAN AND BUDGET FISCAL YEAR 2020-2021

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the San Diego County Local Agency Formation Commission ("Commission") to perform certain regulatory and planning duties in facilitating efficient and accountable local government; and

WHEREAS, the Commission is required to annually adopt proposed and final budgets by May 1st and June 15th, respectively; and

WHEREAS, the Executive Officer has prepared a written report and recommendations on a proposed workplan and budget for 2020-2021; and

WHEREAS, the Commission has heard and fully considered all the evidence on a proposed workplan and budget for 2020-2021 presented at a public hearing held on March 2, 2020;

WHEREAS, the adoption of a workplan and budget are not projects under the California Environmental Quality Act.

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

1. The proposed workplan for 2020-2021 shown as Exhibit A is APPROVED.
2. The proposed budget for 2020-2021 shown as Exhibit B is APPROVED.
3. The Executive Officer is directed to circulate copies of the approved workplan and operating budget for public review and comment – including notice all LAFCO funding agencies – and return with a final workplan and budget no later than June 1, 2020.

The foregoing resolution was duly and regularly adopted by the Commission at a public hearing held on March 2, 2020 by the following vote:

Yes: ______________________

No: ______________________

Abstain: ______________________

Attest:

____

Keene Simonds
Executive Officer

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Exhibit A

San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

2020-2021 Workplan (Draft)

Introduction:

Local Agency Formation Commissions' (LAFCOs) operate under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2001 ("CKH") and are delegated regulatory and planning responsibilities by the Legislature to oversee the formation and subsequent development of local government agencies and their municipal service areas. Common regulatory functions include approving jurisdictional changes and outside service requests. Common planning functions include preparing studies to independently evaluate the availability, performance, and need for municipal services and establishing and updating spheres of influence – which are the Legislature's version of urban growth boundaries and gatekeepers to future jurisdictional changes – for all cities and special districts. All regulatory and planning activities undertaken by LAFCOs may be conditioned and must be consistent with policies and procedures.

Objective:

This document represents San Diego LAFCO's ("Commission") formal 2020-2021 Workplan. The Workplan draws on the recommendations of the Executive Officer as vetted and approved by the Commission. The Workplan is divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low. The underlying intent of the Workplan is to serve as a management tool to allocate Commission resources in a transparent manner over the 12-month period. Further, while it is a stand-alone document, the Workplan should be reviewed in relationship to the adopted operating budget given the planned goals and activities are facilitated and or limited accordingly. Additionally, and as needed, the Commission reserves discretion to amend the Workplan during the fiscal year to address changes in resources and or priorities and to carry-forward projects into subsequent years.

Executive Summary:

The 2020-2021 Workplan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities. This includes continuing work on existing projects established – but not yet completed – from earlier fiscal years and marked by completing municipal service reviews for the Vista, San Marcos, and Fallbrook regions. New municipal service reviews involving the Oceanside/Carlsbad and Encinitas regions are also included in the Workplan as well as performing a policy review on LAFCO's task to identify and authorize special district service functions and classes. Other new projects include filling a vacant Analyst I/II position and re-establishing participation with SANDAG.

Priority	Level	Type	Project	Description and Key Issues
Continual	…	Statutory	Applicant Proposals	LAFCO will prioritize resources to address proposals involving boundary changes and outside service requests; current/pending proposals: - Fallbrook PUD/Rainbow MWD/County Water Authority - Reorganization of CSA No. 135 into FPD - Fallbrook PUD Latent Powers Activation - Reorganization of Valley Center CSD into CSA - Harvest Hills (Escondido et al) - Valiano (Escondido et al)
Continual	…	Administrative	Targeted LAFCO Presentations	LAFCO will prioritize public outreach; emphasis on informing stakeholders ahead of MSR work
1	High	Statutory	MSR | Fallbrook Region	Reviews of Fallbrook PUD, Rainbow MWD, San Luis Rey MWD, & North County FPD
2	High	Statutory	MSR | Escondido Region Part II	Review of the City of Escondido; follows completion of Part I (Rincon del Diablo MWD and Deer Springs FPD) in 2019-2020
3	High	Administrative	Policy Review | Rule No. 4	Update Rule No. 4 and it provisions guiding LAFCO's duty to identify and establish special districts' service functions and classes
4	High	Statutory	MSR | San Marcos Region	Reviews of the City of San Marcos, San Marcos FPD, and Vallecitos WD
5	High	Statutory	MSR | Vista Region	Reviews of the City of Vista, Vista ID, Vista FPD, and Buena SD
6	High	Statutory	MSR | Oceanside and Carlsbad Region	Reviews of Cities of Oceanside and Carlsbad as well as Carlsbad MWD and Morro Hills
7	High	Administrative	Analyst I/II Position	Perform recruitment and hire of a new Analyst I/II
8	High	Administrative	Cities Advisory Committee	Staff and maintain feedback with Cities Advisory Committee and hold no less than two formal meetings
9	High	Administrative	Special Districts Advisory Committee	Staff and maintain feedback with Special Districts Advisory Committee and hold no less than three formal meetings
10	High	Administrative	Policy Review | Study Schedule	Update study schedule calendaring municipal service reviews to reflect current progress and related observations
11	Moderate	Administrative	2019-2020 Audit	Coordinate outside consultant's review of financial statements for 2019-2020 and identify opportunities to improve accounting system
12	Moderate	Statutory	MSR | Encinitas Region	Reviews of the City of Encinitas and Leucadia WWD, Olivenhain MWD, and San Dieguito WD
13	Moderate	Administrative	SANDAG	Re-establish regular participation in SANDAG's Technical Working Group (TWG)
14	Moderate	Administrative	State Groundwater Management Act	Prepare report on State Groundwater Management Act (SGMA) implementation in San Diego County relative to LAFCO duties/interests
15	Moderate	Administrative	Application Procedures	Streamline existing application packet to be more user-friendly; address new statutory requirements
16	Low	Administrative	CALAFCO	Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference
17	Low	Administrative	SOI/MSR Annual Report	Prepare annual report to serve as living record of all sphere actions in San Diego County
18	Low	Administrative	Local Agency Directory	Create user-friendly publication identifying and summarizing local governmental agencies subject to LAFCO oversight
19	Low	Administrative	Office Space	Review options on office space ahead of Aug 2021 decision to exercise 5-year lease option at 9335 Hazard Way
20	Low	Administrative	Social Media	Establish policies and procedures to expand outreach to capture alternate media forums

Exhibit B

OPERATING EXPENSES

Salaries and Benefits Unit

Account No.	Description	FY 2017-2018 Adopted	FY 2017-2018 Actuals	FY 2018-2019 Adopted	FY 2018-2019 Actuals	FY 2019-2020 Adopted	FY 2019-2020 Estimated	FY 2020-2021 Proposed	Difference	
51110-51310	Salaries and Wages	1,100,599	617,838	689,719	638,748	752,780	708,716	782,597	29,817	4.0%
51410	Retirement - SDCERA	-	166,680	239,780	230,865	258,148	251,041	276,452	18,304	7.1%
51415	Retirement - OPEB	-	7,256	10,560	10,091	10,539	10,067	11,136	597	5.7%
51421	Retirement - OPEB Bonds	-	27,841	41,598	37,308	40,321	38,564	42,605	2,285	5.7%
51450	Payroll Taxes (Social Security and Medicare)	-	35,613	48,958	46,163	53,393	48,902	56,418	3,025	5.7%
51510-51550	Group Insurance (Health and Dental)	-	74,615	96,958	95,405	100,234	100,408	103,116	2,882	2.9%
51560	Unemployment Insurance	-	235	4,032	163	3,769	1,817	2,000	(1,769)	-46.9%
		1,100,599	930,078	1,131,604	1,058,743	1,219,183	1,159,516	**1,274,324**	**55,141**	**4.5%**

Services and Supplies Unit

Account No.	Description	FY 2017-2018 Adopted	FY 2017-2018 Actuals	FY 2018-2019 Adopted	FY 2018-2019 Actuals	FY 2019-2020 Adopted	FY 2019-2020 Estimated	FY 2020-2021 Proposed	Difference	
52074	Telecommunications	500	2,266	2,500	3,860	3,600	3,686	3,636	36	1.0%
52178	Vehicle - Maintenance	2,000	489	2,000	610	1,500	900	980	(520)	-34.7%
52182	Vehicle - Fuel	1,500	401	1,500	367	1,000	600	1,000	-	0.0%
52270	Memberships	15,000	11,328	13,000	14,601	28,139	23,651	25,412	(2,727)	-9.7%
52304	Miscellaneous	50	6,001	50	20	50	10	50	-	0.0%
52330	Office: General	1,000	15,253	8,500	6,399	7,420	7,000	7,420	-	0.0%
52332	Office: Postage	500	-	500	84	500	413	500	-	0.0%
52334	Office: Printing	7,500	-	10,000	4,795	10,000	10,000	10,000	-	0.0%
52336	Office: Books and Guidelines	2,000	3,609	2,000	3,226	2,000	1,700	2,000	-	0.0%
52338	Office: Drafting/Engineering	50	-	50	-	50	-	50	-	0.0%
52344	Office: Supplies and Furnishings	18,000	13,140	17,500	9,302	17,800	11,678	15,800	(2,000)	-11.2%
52354	Office: County Mail Services	9,000	10,037	9,000	18,896	10,000	11,587	10,000	-	0.0%
52370	Professional Services: Consultants	382,500	326,850	259,110	398,125	204,505	227,704	198,215	(6,290)	-3.1%
52490	Publications and Legal Notices	7,500	7,085	5,000	10,382	4,650	5,698	4,650	-	0.0%
52504	Leases: Equipment	4,000	5,498	6,500	8,137	6,600	6,393	6,600	-	0.0%
52530	Leases: Office Space	80,000	79,789	79,880	79,555	82,657	82,657	84,764	2,107	2.5%
52550	Special Expenses: County Overhead	155,000	47,826	155,000	113,842	100,896	81,020	91,507	(9,389)	-9.3%
52562	Special Expenses: New Hire Backgrounds	-	572	-	689	-	-	-	-	0.0%
52566	Special Expenses: Minor Equipment	1,000	1,164	1,000	2,788	1,000	1,000	1,000	-	0.0%
52602	Computer Training	2,000	-	2,000	-	2,000	-	2,000	-	0.0%
52610	Travel and Training | In County	500	11,301	5,000	6,634	4,500	7,032	4,500	-	0.0%
52612	Employee Auto	10,000	8,724	10,000	9,069	9,700	9,244	9,700	-	0.0%
52622	Travel and Training | Out of County	1,000	14,390	10,000	25,432	23,550	21,086	23,550	-	0.0%
52704-52722	Reimbursements: Network	31,500	27,137	30,000	26,450	30,000	34,332	30,000	-	0.0%
52723	Reimbursements: Data Center	45,000	48,214	45,000	30,728	45,000	36,190	45,000	-	0.0%
52725	Reimbursements: Financial Systems	20,000	18,888	20,000	27,556	20,000	24,174	20,000	-	0.0%
52726-52732	Reimbursements: Desktop Computing	27,700	47,462	25,000	25,311	25,000	31,557	25,000	-	0.0%
52734	Reimbursements: Help Desk	2,500	3,154	3,000	4,743	3,000	2,734	3,000	-	0.0%
52750-52754	Reimbursements: Catalog Equipment	51,000	23,973	45,000	32,097	45,000	22,743	45,000	-	0.0%
52758	Reimbursements: Vehicle Lease	3,000	1,986	2,000	1,986	2,000	1,986	2,000	-	0.0%
		881,300	736,535	770,090	865,684	692,117	666,773	**673,334**	**(18,783)**	**-2.7%**

OPERATING EXPENSES CONTINUED...

Other Units

Account No.	Description	FY 2017-2018 Adopted	FY 2017-2018 Actuals	FY 2018-2019 Adopted	FY 2018-2019 Actuals	FY 2019-2020 Adopted	FY 2019-2020 Estimated	FY 2020-2021 Proposed	Difference	%
53585	Equipment Depreciation	2,500	2,019	2,500	2,500	2,500	2,500	2,500	-	0.0%
54955-54961	Fixed Assets	2,500	-	2,500	-	2,500	-	2,500	-	0.0%
		5,000	2,019	5,000	2,500	5,000	2,500	**5,000**	**-**	**0.0%**
	EXPENSE TOTALS	1,986,899	1,668,632	1,906,694	1,926,927	1,916,300	1,828,789	**1,952,658**	**36,358**	**1.9%**

OPERATING REVENUES

Account No.	Description	FY 2017-2018 Adopted	FY 2017-2018 Actuals	FY 2018-2019 Adopted	FY 2018-2019 Actuals	FY 2019-2020 Adopted	FY 2019-2020 Estimated	FY 2020-2021 Proposed	Difference	%
Intergovernmental Unit										
45918.1	Apportionments | County	467,171	467,171	475,684	475,684	486,771	486,771	500,760	13,988	2.9%
45918.2	Apportionments | Cities (less SD)	467,171	467,171	475,684	475,684	486,771	486,771	500,760	13,988	2.9%
45918.3	Apportionments | City of San Diego	233,586	233,586	237,842	237,842	243,386	243,386	250,380	6,994	2.9%
45918.4	Apportionments | Special Districts	467,171	467,171	475,684	475,684	486,771	486,771	500,760	13,988	2.9%
		1,635,099	1,635,099	1,664,894	1,664,894	1,703,700	1,703,700	**1,752,658**	**48,958**	**2.9%**
Service Charges Unit										
46234	Service Charges	125,000	168,009	125,000	82,147	125,000	136,941	130,000	5,000	4.0%
		125,000	168,009	125,000	82,147	125,000	136,941	**130,000**	**5,000**	**4.0%**
Earnings Unit										
44105	Interest and Dividends	6,800	15,535	6,800	19,052	15,000	28,054	20,000	5,000	33.3%
		6,800	15,535	6,800	19,052	15,000	28,054	**20,000**	**5,000**	**33.3%**
Miscellaneous Unit										
47540	Transfer from Fund Balance	220,000	-	110,000	217,186	72,600	72,600	50,000	(22,600)	-31.1%
		220,000	-	110,000	217,186	72,600	72,600	**50,000**	**(22,600)**	**-31.1%**
	REVENUE TOTALS	1,986,899	1,818,643	1,906,694	1,983,279	1,916,300	1,941,296	**1,952,658**	**36,358**	**1.9%**
	OPERATING NET	-	**150,011**	-	**56,352**	-	**112,506**	-		

FUND BALANCE | JUNE 30th

	FY 2017-2018	FY 2018-2019	FY 2019-2020
Committed	175,000	175,000	550,000
Assigned	75,000	75,000	125,000
Unassigned	1,357,486	1,196,652	811,558
	1,607,486	1,446,652	1,486,558

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AGENDA REPORT
Business | Discussion

March 2, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
John Traylor, Local Governmental Consultant

SUBJECT: **Draft Municipal Service Review on County Service Area No. 135**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a draft municipal service review on County Service Area (CSA) No. 135. The draft has been prepared as part of the adopted workplan and represents an independent assessment of CSA No. 135 and its active municipal functions – public safety radio communications, fire protection, and emergency medical services – with respect to availability, demand, and performance. This includes preparing determinative statements addressing the factors required under statute as part of the municipal service review mandate and headlined by infrastructure needs, financial standing, and reorganization opportunities. A notable recommendation included in the draft involves reorganizing CSA No. 135 to establish a new and stand-alone dependent fire protection district. The draft is being presented for discussion and feedback ahead of staff initiating a public review in anticipation of returning in May 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

Jim Desmond, County of San Diego
Chair Dianne Jacob, County of San Diego
Greg Cox, Alternate, County of San Diego
Mary Casillas Salas, City of Chula Vista
Bill Wells, City of El Cajon
Paul McNamara, Alternate, City of Escondido
Mark Kersey, City of San Diego
Chris Cate, Alternate, City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Erin Lump, Alternate, Rincon del Diablo MWD
Vice Chair Andy Vanderlaan, General Public
Harry Mathis, Alternate, General Public

Commission and the general public therein regarding the availability and sufficiency of governmental services relative to current and future community needs. Municipal service reviews statutorily inform required sphere of influence updates and may also lead the Commission to take other actions under its authority, such as forming, consolidating, or dissolving one or more special districts.

Current Workplan | Municipal Service Review on CSA No. 135

San Diego LAFCO's current workplan was adopted at a noticed hearing held on April 3, 2019 and outlines specific project goals for the fiscal year. This includes preparing an agency-specific municipal service review on CSA No. 135 and its active service functions (public safety radio communications, fire protection, and emergency medical). The municipal service review represents the first detailed report prepared by the Commission on CSA No. 135 since activating its fire protection and emergency medical service powers in 2008.

DISCUSSION

This item is for San Diego LAFCO to review the draft municipal service review on CSA No. 135 consistent with the adopted workplan and ahead of staff initiating a formal 45-day 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 to receive and file along with an accompany resolution codifying the determinative statements. An associated sphere of influence update 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 estimates, financial resources, 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

See Executive Summary provided as part of Attachment One.

RECOMMENDATION

It is recommended San Diego LAFCO provide feedback on the draft municipal service review on CSA No. 135. This includes providing direction on desired revisions and/or additions ahead of staff circulating the draft for public review and returning with a final version for action as early as May 4, 2020.

ALTERNATIVES FOR ACTION

The item is being presented to San Diego LAFCO for discussion and feedback only.

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 presentation from staff unless waived.
2) Initial questions or clarifications from the Commission.
3) Invite comments from interested audience members.
4) Discuss item and provide feedback as requested.

Respectfully,

Keene Simonds
Executive Officer

Attachment:

1) Draft Municipal Service Review on CSA No. 135

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SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION

COUNTY SERVICE AREA NO. 135

Municipal Service Review | Government Code 56430

Affected Municipal Functions
Public Safety Radio
Fire Protection
Emergency Medical

Draft Report | March 2020

Project Manager
E. John Traylor
Local Government Consultant

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ACKNOWLEDGEMENT

San Diego County LAFCO gratefully acknowledges the time and effort of officials with the County of San Diego in the preparation of this report. This includes special consideration for Jenna Lee with County Fire Authority and Gayda Pia with the County Sheriff's Department – Wireless Division for generating specific data for use by LAFCO.

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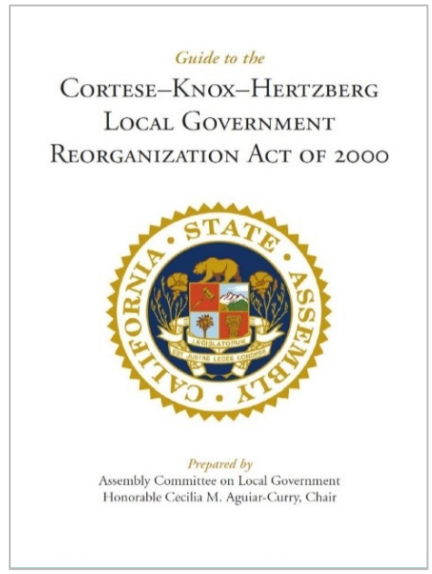
CHAPTER THREE | AGENCY PROFILE

CHAPTER ONE | INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

1.1 Authority and Objectives



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

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

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

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

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

1.2 Regulatory Responsibilities

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

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

1.3 Planning Responsibilities

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

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

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

Spheres of Influence

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

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

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

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

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

Municipal Service Reviews

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

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

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

1. Growth and population projections for the affected area.

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

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

4. Financial ability of agencies to provide services.

5. Status and opportunities for shared facilities.

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

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

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

1.4 LAFCO Decision-Making

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

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

1.5 Prescriptive Funding

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

2.0 SAN DIEGO LAFCO

2.1 Adopted Policies and Procedures

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

2.2 Commission Information

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

San Diego LAFCO Membership
Current as of January 1, 2020

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

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

2.3 Contact Information

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

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CHAPTER TWO | EXECUTIVE SUMMARY

1.0 OVERVIEW

> The purpose of the report is to produce an independent "snapshot" of the availability, adequacy, and performance of CSA No. 135. The Commission will draw on this information in guiding a subsequent sphere update, informing future boundary changes, and if merited serve as the source document to initiate one or more reorganizations.

This report represents San Diego LAFCO's scheduled municipal service review of County Service Area (CSA) No. 135. 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 CSA No. 135 and its active municipal functions – public safety radio communications, fire protection, and emergency medical services – with respect to availability, demand, and performance relative to the Commission's regional growth management duties and responsibilities as established by the Legislature. Information generated as part of the report will be used by the Commission to (a) guide a subsequent sphere of influence update, (b) inform future boundary changes, and – if merited – (c) recommend and/or initiate future government 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 CSA No. 135 and specifically its three active municipal functions: public safety radio communications; fire protection; and emergency medical services. It is expected San Diego LAFCO will revisit the report and key assumptions and benchmarks approximately every five years consistent with the timetable set by the Legislature and memorialized under adopted policy. This will also allow the Commission to assess the accuracy of earlier projections and make appropriate changes in approach as needed as part of future reports. Key assumptions and benchmarks affecting scope and content in this report follow.

Looking Back | Determining the Data Collection Range or Report Period

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

Looking Forward | Setting the Report's Timeframe

The timeframe for the report has been oriented to cover the next five-year period through 2023 with the former (five years) serving as the analysis anchor as contemplated under State law. This timeframe is consistent with the five-year cycle prescribed for municipal service reviews under G.C. Section 56430 and expected therein to inform all related sphere of influence and boundary actions undertaken during this period involving CSA No. 135 and/or the affected municipal functions unless otherwise merited.

Calculating Population Estimates and Projections

Past and current residential population estimates in the report draw on data generated by Esri and their own mapping analyses of census tracts. This approach differs from past Commission practice to utilize estimates by the San Diego Association of Governments or SANDAG and done so given – and among other factors – the ability of Esri's mapping software to readily sync with special district boundaries. Projections over the succeeding five-year period are made by LAFCO and apply the estimated growth trend in CSA No. 135's distinct service zones over the last 60 months with limited exceptions; i.e., population growth over the last five years is generally expected to hold over the next five years.

Focusing on Macro-Level Determinations

The report focuses on central service outputs with respect to quantifying availability, demand, and adequacy of CSA No. 135's municipal functions relative to current and near-term needs. A prominent example involves focusing on annual demands for fire protection and emergency medical services and the percentage of onsite incidents therein that are exclusively responded to by the District (i.e., County Fire Authority). This approach informs macro-level determinations for all mandatory factors under statute. When applicable, the report notes the need for more micro-level analysis as part of addendums or future municipal service reviews.

Benchmarking Infrastructure Needs and Deficiencies

Similar to the preceding factor the report and its analysis focuses on average system demands and associated trends generated 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 and helps to control against one-year outliers in analyzing overall relationships with capacities.

Benchmarking Fiscal Solvency

Several diagnostic tools are used to assess and make related determinations on CSA No. 135's financial solvency via the County of San Diego as the parent government organization based on a review of available audited information during the report period, fiscal years 2014 to 2018. This includes an emphasis on analyzing current ratio, debt-to-net assets, and total margin. These specific diagnostics provide the Commission with reasonable benchmarks to evaluate liquidity, capital, and margin and calculated to track overall trends and final-year standing.

2.0 STUDY ORGANIZATION

This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated within the report.[6] This includes addressing the mandatory factors required for consideration by the Legislature anytime San Diego LAFCO performs a municipal service review. The Executive Summary is proceeded by a detailed agency profile (Chapter Three) on CSA No. 135. The profile anchors the document and transitions between qualitative and quantitative analyses with the latter headlined by measuring population and demographic trends, service capacities, and financial standing.

3.0 GEOGRAPHIC AREA

The geographic area designated for this municipal service review is close to 3,740 square miles in size. The geographic area has been purposefully designated by the Executive Officer to span the entire jurisdictional boundary of CSA No. 135 and includes all unincorporated lands in San Diego County as well as all Cities of Carlsbad, Del Mar, Encinitas, Imperial Beach, Lemon Grove, Poway, San Marcos, Santee, Solana Beach, and Vista.

4.0 REPORT SUMMARY

4.1 General Themes and Conclusions

CSA No. 135 serves two distinct municipal roles on behalf of the County of San Diego and a considerable portion of its constituents. The first and initial role of CSA No. 135 was established at the time of its formation in 1994 to provide enhanced public safety radio communications in the unincorporated area as well as in participating incorporated communities in San Diego County (Carlsbad, Del Mar, Encinitas, Imperial Beach, Lemon Grove, Poway, San Marcos,

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

Santee, Solano Beach, and Vista).[7] This involved establishing the governmental means to create a dedicated funding mechanism to support a regional communication system and in doing so sync otherwise incompatible radio systems among first-responders. It was similarly expected the County and affected cities would establish a fixed fee within their jurisdictions to directly fund the regional communication system through CSA No. 135. However, the subsequent passage of Proposition 218 (1996) and requirement to receive voter approval for new fees changed direction and only three member agencies – Del Mar, Poway, and Solana Beach – proceeded to establish fixed fees for CSA No. 135; the remaining member agencies fund the regional communication system through general fund monies. The result is a substantive deviation in CSA No. 135's implementation given only three of the eleven member agencies directly fund the resulting 800-megahertz public safety radio system operated by Regional Communication Systems through a District fixed fee.

While CSA No. 135's role in providing public safety radio communications has decreased in scale relative to initial formation expectations the opposite applies to the District's functions with respect to fire protection and emergency medical services. These integrated functions were established in 2008 as part of a LAFCO-approved latent power activation and corresponded with the creation of the County Fire Authority and produces an internal service zone covering close to two-thirds of the District boundary. The expansion CSA No. 135 followed an earlier recommendation by LAFCO byway of two earlier Commission reports on reorganizing fire protection in the unincorporated area titled "Macro" and "Micro" as well as the County's responding document titled as the "Hybrid Plan." The Hybrid Plan directly informed the County in proceeding with an application subsequently approved by LAFCO to utilize CSA No. 135 as the governance means to organize and fund fire protection and emergency medical services in the unincorporated area over three distinct steps.[8] All three steps in the Hybrid Plan have been completed and the County Fire Authority is now the successor to 18 former fire service agencies and/or companies. The County also has memorialized its commitment to providing fire services through a voter-approved amendment to the County Charter in November 2018 by formally adding the County Fire Authority as an organizational unit.

A review of CSA No. 135 relative to San Diego LAFCO's growth management tasks and interests as prescribed under statute produces five central themes or conclusions. These conclusions collectively address the availability, need, and adequacy of CSA No. 135 services. The conclusions are independently drawn and sourced to information collected and analyzed

[7] The City of Santee was annexed into CSA No. 135 in September 1995.
[8] The first step in the Hybrid Plan involved merging all volunteer fire companies into CSA No. 135. The second step involved merging all other CSAs providing fire protection and emergency medical services into CSA No. 135. The third and final step involved merging Pine Valley and San Diego Rural Fire Protection Districts into CSA No. 135. The Hybrid Plan was deemed completed with the merger of the Julian Cuyamaca Fire Protection District into CSA No. 135 in April 2019.

between 2014 and 2018 and detailed in the agency profile.

- **No. 1 | Two Distinct and Separate Municipal Roles**
  Two distinct municipal roles comprise CSA No. 135 and divided between (a) public safety radio communications and (b) fire protection and emergency medical services. These two roles are separately organized within the County of San Diego and other than sharing enabling powers through CSA No. 135 have no substantive connection with one another in terms of administration, budgeting, and operations.

- **No. 2 | Different and Reduced Role in Public Safety Radio Communications**
  CSA No. 135 was initially formed in 1994 to organize and directly fund public safety radio communication system throughout the District's jurisdictional boundary and on behalf of 11 member agencies. CSA No. 135's direct funding of public safety radio communications, however, has diverged and is limited to only three member agencies – Cities of Del Mar, Poway, and Solana Beach – to date. The other eight member agencies in CSA No. 135 fund the associated services through other discretionary resources outside the intended role of the District.

- **No. 3 | Expanding Role in Fire Protection and Emergency Medical Services**
  CSA No. 135 has been successful in fulling its role to organize and fund fire protection and emergency medical services in the unincorporated area through the County Fire Authority following LAFCO's approval of a latent power activation in 2008. This includes completing all three steps in the County's Hybrid Plan and marked by serving as successor to 18 merged fire agencies and/or companies and in doing so becoming first responder for approximately 70% of the unincorporated area. The role of the County Fire Authority has also expanded beyond initial formation expectations and now a formal commitment under the County of San Diego Charter.

- **No. 4 | Positive Financial Standing**
  The County of San Diego – which is fiducially responsible for CSA No. 135 and its municipal functions – improved its financial standing during the five-year report period as measured by its audited net position with an overall 42.7% increase less pension obligations. This improvement is also reflected and aided by an average total margin of 4.7% over the corresponding 60-month period.

- **No. 5 | Merits to Reorganize and Establish a New Fire Protection District**
  The distinct and separate municipal roles within CSA No. 135 suggest there is sufficient merit to pursue a reorganization of the District to formally separate into two entities and further sync its active service activities with current and future demands. The preferred option involves reorganizing CSA No. 135 to divest its fire protection and emergency medical service powers and concurrently form a new dependent fire protection district governed by the Board of Supervisors to serve as successor agency.[9] This reorganization would leave CSA No. 135 to public safety radio communications only and provide the new fire protection district – and among other benefits – a more traditional governance model for the County Fire Authority to organize, fund, and – distinct from CSA intentions – deliver fire protection and emergency medical services.

4.2 Recommendations

The following recommendations call for specific action either from San Diego LAFCO and/or CSA No. 135 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 to develop buildout estimates specific to CSA No. 135 and for its two distinct service areas – public safety radio communications and fire protection/emergency medical services – and incorporate the information into the next scheduled municipal service review.

2. San Diego LAFCO should perform additional review to fully determine the scale of qualifying disadvantaged unincorporated community lands adjacent to CSA No. 135 that are not already within the boundary of fire protection provider. This additional review appropriately satisfies statutory prompts and should be incorporated into future municipal service reviews as needed.

[9] Public Health and Safety Code Division 12 Part 2.7 governs fire protection districts and specifies in the case of a district containing only unincorporated territory the district board at the time of formation may be elected or may be appointed by the appointed by the board of supervisors – including appointing itself as district board (Section 13836). The appointed board may also delegate any or all of its powers to a fire commission (13844). The appointed board may adopt a resolution calling an election for a majority of voters to approve a governance transition to a directly-elected district board (13846(b)). Alternatively, the appointed board must also call an election if 25% or more of registered voters petition to hold an election to transition to a directly-elected district board (13846(b)).

3. CSA No. 135 via the County Fire Authority should continue to explore opportunities to partner with independent special districts in maximizing fire protection and emergency medical services in unincorporated San Diego County. This includes – and among other opportunities – syncing fire prevention activities within the unincorporated area and under the common land use authority of the County.

4. San Diego LAFCO should coordinate with CSA No. 135 and assess the present and future role of the District in meeting all participating agencies' needs specific to its public safety radio communications function. This includes assessing whether other participating agencies are interested in establishing a fixed District fee and evaluating thereafter the merits/demerits of boundary adjustments.

5. The distinct and separate municipal roles within CSA No. 135 suggests a reorganization of the District to formally separate into two entities and further sync its active service activities with current and future demands is appropriate at this time.

6. San Diego LAFCO believes the preferred reorganization option involving CSA No. 135 is to divest its fire protection and emergency medical service powers and concurrently form a new dependent fire protection district to serve as successor agency.

7. County of San Diego should proceed with a proposal request to San Diego LAFCO to reorganize CSA No. 135 as provided above and with the incentive of a fee waiver.

8. San Diego LAFCO should proceed and update CSA No. 135's sphere with no changes and in doing so satisfy its planning requirement under G.C. Section 56425.

5.0 WRITTEN DETERMINATIONS

> These determinations detail the pertinent issues relating to the funding, administration, and delivery of CSA No. 135's public services based on data collected and analyzed between 2014 and 2018.

San Diego LAFCO is directed to prepare written determinations to address the multiple governance factors enumerated under G.C. Section 56430 anytime it prepares a municipal service review. These determinations serve as independent statements based on information collected, analyzed, and presented in this report. The underlying intent of the determinations are to provide a succinct detailing of all pertinent issues relating to the funding, administration, and delivery of public services provided by CSA No. 135 specific to the Commission's growth management role and responsibilities. An abbreviated version of these determinations will be separately prepared for Commission consideration and adoption in conjunction with receiving the final report at a noticed hearing.

5.1 Growth and Population Projections

1. San Diego LAFCO independently estimates there are 1,068,027 total fulltime residents within CSA No. 135 as of the end of the report period.

2. San Diego LAFCO separately estimates there are 50,476 fulltime residents within CSA No. 135's fire protection and emergency medical service zone as of the end of the report period. This amount equals 4.7% of the total District population.

3. San Diego LAFCO estimates the total annual rate of new fulltime population growth in CSA No. 135 during the report period has been 0.82%. This rate is one-tenth lower than the corresponding amount for all of San Diego County and reflects the District generally serves more rural and slower-growth oriented communities.

4. San Diego LAFCO projects the current growth rate within CSA No. 135 will generally hold over the report timeframe. Should this projection hold, the total fulltime resident population within the District will reach 1,112,575 by 2023. It is relatedly projected the fire protection and emergency medical service zone will reach 52,502.

5. San Diego LAFCO should coordinate with the County of San Diego and SANDAG to develop buildout estimates specific to CSA No. 135 and its two distinct service areas and incorporate the information into the next scheduled municipal service review.

6. Housing production in CSA No. 135 totals 387,976 dwelling units; an amount that has increased by 19,004 since 2010 or 2,376 per year through the end of the report period.

7. The average monthly housing cost in CSA No. 135 is $1,235 and (21.8%) less than the countywide average. Notably, the monthly housing cost within the fire protection zone is $1,026 and (16.9%) lower than the overall District amount.

8. Residents within CSA No. 135 tend to be measurably older with a medium age of 46.7; an amount that is one-third higher than the corresponding countywide average of 35.3. Approximately one-half of District residents are within the prime working age range of 25 to 64 with a current five-year average of 48.9%.

9. CSA No. 135 residents' average median household income is $55,810 and close to one-fifth less than the countywide amount of $66,259. This disparity in household income levels has also widen over the report period with the District's total decreasing by (5.5%) in comparison to the countywide total increasing by 4.2%.

10. Residents in CSA No. 135 continue to experience relatively high levels of unemployment with the current average equaling 7.8%; an amount that is more than one-third higher than the countywide average of 4.9%. District residents are also more likely to be retired compared to countywide averages at a rate of nearly 2 to 1.

5.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities

1. More than three-fifths of the CSA No. 135 jurisdictional boundary qualifies as a disadvantaged unincorporated community under San Diego LAFCO policy. This includes a considerable portion of east San Diego County as well as several other individual communities and include Bonsall, Bostonia, Crest, and Lincoln Acres.

2. More than four-fifths of CSA No. 135's fire protection and emergency medical service zone qualifies as a disadvantaged unincorporated community under LAFCO policy.

3. Additional information is needed to fully determine the scale qualifying disadvantaged unincorporated community lands adjacent to CSA No. 135 that are not already within the boundary of fire protection provider. This qualifier aside, a preliminary review indicates most – if not all – of qualifying lands are located within the jurisdictional boundary of an authorized fire protection provider.

5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. CSA No. 135 has experienced minimal to substantive changes in municipal service demands over the five-year report period relative to their two distinct functions: public safety radio communications and fire protection and emergency medical services. The change is most substantive within the latter function and underlies the increasingly weighted significance of the District's fire protection and emergency medical services.

2. With respect to CSA No. 135's public safety radio communication function, San Diego LAFCO determines the following.

   (a) CSA No. 135's public safety radio communication function was established at the time of the District's formation in 1994.

   (b) San Diego LAFCO determines there are no applicable class categories relative to CSA No. 135's public safety radio communication function under Government Code Section 56425(i) and Commission Rule No. 4.

(c) CSA No. 135's public safety radio communication function is intended to directly support the Regional Communication System and its operations of an 800-megahertz radio system in San Diego and Imperial Counties. However, only three of the eleven member agencies within CSA No. 135 currently fund the Regional Communication System through a direct District fixed fee. The three agencies are the Cities of Del Mar, Poway, and Solana Beach.

(d) It appears the most germane measurement of CSA No. 135's public safety radio communication function involves the number of active radio counts among the 11 District agencies that participate in the Regional Communication System. This measurement shows an overall increase in the number of assigned radio counts of more than one-tenth or 9.5% over the report period.

3. With respect to CSA No. 135's fire protection and emergency medical service functions, San Diego LAFCO determines the following.

(a) CSA No. 135's fire protection and emergency medical service functions are organized as one integrated service and commenced in 2008 as part of a latent power activation approved by San Diego LAFCO.

(b) San Diego LAFCO classifies the nature of CSA No. 135's fire protection and emergency medical service functions as structural and advance life support, respectively, for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

(c) CSA No. 135 has been successful in implementing the Board of Supervisor's "Hybrid Plan" and establishment therein of the County Fire Authority and currently serves as successor agency to 18 merged fire agencies and/or companies.

(d) The County Fire Authority's contract with CAL FIRE underlies the Authority's ability to provide fire protection and emergency medical services. This contract currently staffs the County Fire Authority with 141 fulltime equivalent personnel and divided between 120 sworn and 21 non-sworn positions; amounts that have more than doubled over the five-year report period in-step with the Authority's expansion.

(e) Overall onsite incidents within CSA No. 135's fire protection and emergency medical service zone have averaged 14.3 daily over the five-year report period. Demands have increased overall by 33% during this period with net raises in all five divisions that collectively cover the zone and its 1.597 million acres.

(f) The County Fire Authority has responded exclusively to 78% of all onsite incidents within CSA No. 135's fire protection and emergency medical service zone during the five-year report period. This response rate has risen by 7.8% over the report period and substantiates the County Fire Authority has been successful in planning and syncing resources to meet demands in the District.

(g) The portion of onsite arrivals in CSA No. 135's fire protection and emergency medical service zone exclusively provided by outside agencies decreased during the five-year report period by nearly two-fifths or (37.1%). This latter development further substantiates County Fire Authority's ability to keep pace with demands without overreliance on outside automatic aid agreements.

5.4 Agencies' Financial Ability to Provide Services

1. The County of San Diego is fiducially responsible for CSA No. 135 and its public safety radio communications and fire protection and emergency medical service functions.

2. The County of San Diego's net position for governmental activities has decreased during the five-year report period with an overall audited change of (39.0%) from $4.341 billion to $2.646 billion and produces a net loss of $1.695 billion. This change is largely attributed to new pension and benefit reporting requirements. Additional details on the County's financial standing as of the end of the report period follows.

   (a) The overall change in the County's net position on governmental activities – markedly – adjusts positively over the report period by 42.7% from $4.341 billion to $6.197 billion if excluding reportable pension and benefit obligations.

   (b) The County General Fund primarily supports CSA No. 135 and its core activity: fire protection and emergency medical services. The General Fund finished the report period with a balance of $2.307 billion and sufficient to cover 7.4 months of normal County operating expenses.

(c) Standard measurements used to assess the County's liquidity, margin, and structure levels shows mixed results during the report period. The County's bottom line, however, remained positive during the 60-month period with an average total margin of 4.7%.

(d) The County's combined funded ratio for pension obligations with the San Diego County Employees Retirement Association at the end of the five-year report period finished at 77.9% based on market value and is considered average relative to industry standards. This ratio has decreased overall by (1.9%) over the prior 48-month period in which statements are available.

5.5 Status and Opportunities for Shared Facilities and Resources

1. CSA No. 135 serves to regionalize the funding and organization of its active municipal functions – public safety radio communication and fire protection and emergency medical service – at a resource-savings to its constituents.

2. CSA No. 135's public safety radio communication function is presently utilized in full by three of the eleven participating agencies with respect to using a dedicated District fixed fee. Additional outreach is needed to determine the interest among the other eight participating agencies to fully utilize the District and its ability to economize and share costs over an expanded area.

3. CSA No. 135 and through the County Fire Authority should continue to explore opportunities to partner with independent special districts in maximizing fire protection and emergency medical services in unincorporated San Diego County. This includes – and among other opportunities – syncing fire prevention activities within the unincorporated area and under the common land use authority of the County.

5.6 Local Accountability and Government Restructure Options

1. CSA No. 135 has evolved beyond its initial formation expectations and presently divided between two distinct activities – public safety radio communications and fire protection and emergency medical services – that have no substantive connection with one another in terms of administration, budgeting, and operations.

2. CSA No. 135's public safety radio communications function is intended to organize and fund monies to support a third party – Regional Communication System – and its operation of an 800-megerhertz radio system among 11 participating agencies in San Diego County. CSA No. 135 is not being fully utilized in its purpose, however, given only three of the eleven participating agencies have established a dedicated District fixed fee within their respective jurisdictions.

3. It is unclear if there is a clear benefit for the participating city agencies in CSA No. 135 without dedicated fixed fees to fund their respective apportionments for public safety radio communications to remain in the District.

4. San Diego LAFCO should coordinate with CSA No. 135 and assess the present and future role of the District in meeting all participating agencies' needs specific to its public safety radio communications function. This includes assessing whether other participating agencies are interested in establishing a fixed District fee and evaluating thereafter the merits/demerits of boundary adjustments.

5. CSA No. 135 has successfully fulfilled its initial mandate established under the Board of Supervisor's "Hybrid Plan" with respect to extending and improving fire protection and emergency medical services in otherwise unserved or underserved areas of unincorporated San Diego County through the County Fire Authority.

6. The County Fire Authority has evolved from its initial role as an administrative agent for providing fire protection and emergency medical services to unincorporated areas in San Diego County to assuming a more deliberate and substantive role in delivery. This transition, markedly, continues and has been affirmed by voters in recently making the County Fire Authority a permanent commitment under the County of San Diego Charter.

7. The distinct and separate municipal roles within CSA No. 135 suggests a reorganization of the District to formally separate into two entities and further sync its active service activities with current and future demands is appropriate at this time.

8. San Diego LAFCO believes the preferred reorganization option involving CSA No. 135 is to divest its fire protection and emergency medical service powers and concurrently form a new dependent fire protection district to serve as successor agency. This reorganization would leave CSA No. 135 to public safety radio communications only and provide the new fire protection district three distinct benefits proceeding forward:

(a) Formalizes the County Fire Authority's authorized service area by transitioning from a latent power zone imbedded within CSA No. 135 to a clean and stand-alone jurisdictional boundary.

(b) Improves governance connectivity by providing the County Fire Authority a more traditional and applicable principal act that syncs with its continued evolution from organizer and funder to organizer, funder, and deliverer of fire protection and emergency medical services.

(c) Responds to voters and their approval to amend the County Charter to make the County Fire Authority and its services a committed County of San Diego function.

(d) Empowers the County Fire Authority to directly annex incorporated lands and in doing so respond to potential interest among landowners and registered voters.

CHAPTER THREE | AGENCY PROFILE

COUNTY SERVICE AREA NO. 135

1.0 OVERVIEW

County Service Area No. 135
1600 Pacific Highway, San Diego California
County of San Diego Administration Building

Photo Credit: County of San Diego

County Service Area (CSA) No. 135 is a dependent special district formed in 1994. Formation proceedings were initiated by the County of San Diego for the initial and specific purpose of providing enhanced wireless public safety radio communications in the unincorporated area as well as nine incorporated communities in San Diego County with administration provided by the Sheriff's Department. A tenth city was subsequently annexed into CSA No. 135 in 1995. CSA No. 135 encompasses a 3,740 square mile jurisdictional boundary and covers 88% of San Diego County. Governance is provided by the five-member Board of Supervisors whose members are elected by divisions and eligible to serve up to two four-year terms.

CSA No. 135 is currently organized as a limited purpose agency with municipal operations activities tied to providing three distinct functions: (a) public safety radio communications; (b) fire protection; and (c) emergency medical services. The latter two municipal functions – notably – are integrated and have become CSA No. 135's primary service activity following a latent power activation approved by LAFCO in 2008. This approval corresponded with the creation of the County Fire Authority and contract with CAL FIRE and produces an internal zone for CSA No. 135 specific to fire protection and emergency medical services that covers approximately 67% of the overall District boundary. CSA No. 135 is also authorized – subject to LAFCO approving additional latent power activations – to provide an expanded range of municipal service functions with the notable exception of land use.

CSA No. 135's adopted operating budget at the end of the report period (2017-2018) was $44.409 million. This amount is divided between $0.267 million dedicated to public safety radio communications and $44.142 million dedicated to fire protection and emergency medical services.[10] The County's last audited financial statements cover 2017-2018 and shows

[10] The total budget amount is program specific. With respect to public safety radio communications, this involves combining the adopted budgets of the three active regional communication zones (Del Mar, Poway, and Solana Beach) funded directly by CSA No. 135. With respect to fire protection and emergency medical services, this involves combining the adopted budgets for County Fire Authority and related service zones.

the net position for all governmental activities – which includes CSA No. 135 functions – totaling $2.646 billion and represents an overall decrease over the report period of (39.0%). The adjusted net position less pension and related post-employment obligations at the end of the report period, however, totals $6.196 billion and reflects an overall increase of 47.7% over the corresponding 60-month period. The General Fund is the primary source to support CSA No. 135 activities and finished with an available balance sufficient to cover 7.4 months of normal operating costs based on recent actuals.

LAFCO independently estimates the fulltime resident population within CSA No. 135 is 1,068,027 as of the term of this report period and accommodated through the existing construction of 386,207 housing units. The estimated population within the internal fire protection and emergency medical service zone is 50,476. It is also estimated the overall resident population within CSA No. 135 has increased by 67,597 since 2010 – or 8,450 per year – with a resulting annual growth rate of 0.82%. The median household income is $55,810 based on the current five-year period average and is more than one-tenth lower– or (15.8%) – than the corresponding countywide amount of $66,529. Approximately three-fifths of the jurisdictional boundary qualifies as a disadvantaged unincorporated community.

2.0 BACKGROUND

2.1 Community Development

Eastern San Diego County
Old Highway 80 approaching Alpine, Circa 1930s

Photo Credit: Alpine Historical Center

CSA No. 135's primary service area is the unincorporated area of San Diego County and began its modern-day development in the early 1800s. Large land grants or ranchos initially divided the area during this early period and served to anchor the eventual development of several distinct and still unincorporated communities and marked with early population concentrations in Alpine, Campo, and Fallbrook. Statehood in 1850 paralleled San Diego's establishment as one of the original 27 counties with an overall estimated population of 793 with most residents located in the harbor area and incorporated soon after as the City of San Diego. Other communities – National City, Oceanside, Escondido, and Coronado – followed with their own incorporations through the end of the century with San Diego County's overall population reaching an estimated 35,090 by 1900 with 15% – or 5,264 – remaining part of the unincorporated area.

Steady growth continued over the first half of the 1900s throughout San Diego County and reflected in the unincorporated area's population reaching an estimated 136,624 by 1950 with close to two-thirds generated in a 10-year span between 1940 and 1950. Growth in the unincorporated area continued over the next 40 years with the population reaching an estimated 396,100 by 1990. This continued growth, notably and among other biproducts, resulted in the corresponding establishment of more than two dozen fire protection districts within more densely populated unincorporated areas starting with Lower Sweetwater in 1944 and ending with San Miguel Consolidated in 1988.

2.2 Formation Proceedings

CSA No. 135's formation was initiated by the County of San Diego in June 1994 for purposes of improving and streamlining public safety radio communication for law enforcement and fire protection services for all unincorporated and certain incorporated areas (Carlsbad, Del Mar, Encinitas, Imperial Beach, Lemon Grove, Poway, San Marcos, Solana Beach, and Vista). The formation proceedings followed years of discussions among public safety officials with the resulting aim to fund and operate a wireless 800-megahertz radio communication system for shared use by the County Sheriff and participating fire agencies (cities and special districts) through County General Services and in doing so replace individual systems that ranged in reach from 150 to 400-megahertz. LAFCO approved the formation in October 1994 with subsequent protest proceedings delegated to the County. An election was not required with protest results and CSA No. 135's formation became effective on December 9, 1994.

2.3 Post Formation Activities

A summary of notable activities undertaken by CSA No. 135 and/or affecting the District's jurisdictional boundary and services following its formation in 1994 is provided below.

- LAFCO establishes a sphere of influence for CSA No. 135 in December 1994. The sphere is set as a larger-than-agency designation and includes all of San Diego County – including the nine cities outside the District at the time: Chula Vista; Coronado; El Cajon; Escondido; La Mesa; Oceanside; National City; San Diego; and Santee.

- The County of San Diego approves the creation of the Regional Communication Systems (RCS) in May 1995 with an accompanying $83.4 million expenditure plan to administer the 800-megahertz wireless radio communication system. The County also enters into a parallel agreement with the County of Imperial and several other participating cities and special districts to fund and govern RCS. The agreement provides for the operation of RCS by the County through the Sheriff's Department and establishes funding requirements for the participating agencies. The agreement also establishes an RCS Board of Directors to make recommendations to the Board of Supervisors. A provision is also included to allow non-participating agencies to use the RCS as paying customers subject to the approval of the Board of Supervisors.

- LAFCO approves the City of Santee's proposal to annex into CSA No. 135 for purposes of participating in the organization and funding of the District's public safety radio communication system in September 2005.

- Proposition 218 takes effect on July 1, 1997 to require new and/or increased general taxes, assessments, and fees receive majority voter approval with limited exceptions. County Counsel concludes CSA No. 135 charges are subject to Proposition 218 and recommends the agencies sponsor CSA No. 135 zone rate approvals within their respective jurisdictions. Three agencies – City of Del Mar, City of Poway, and City of Solana Beach – subsequently receive voter approval to establish fixed CSA No. 135 zone fees. All other agencies begin to fund their participation in RCS through other means, including the use of general fund monies.

- The "Cedar Fire" consumes approximately 280,000 acres in San Diego County in October 2003. The fire destroys 2,800 buildings and kills 15 people.

- LAFCO updates and affirms CSA No. 135's sphere of influence as a larger-than-agency designation with no changes in August 2007.

- The "Witch Creek-Guejito Fire" consumes approximately 290,000 acres in San Diego County in October 2007. The fire destroys 1,650 buildings and kills seven.

- In November 2004, San Diego County voters approve Proposition C and its advisory query on whether the County of San Diego should consolidate fire protection services in the unincorporated area. The measure passes with 81% of voters in favor.

- LAFCO approves a proposal from CSA No. 135 to activate its latent power to provide fire protection and emergency medical services in November 2008. Approval is designed as the first of three phases in empowering the recently created County Fire Authority to assume service responsibilities for most of the unincorporated area following extensive studying by LAFCO and the County.[11]

[11] The initial fire protection and emergency medical service zone established as part of the approval spans 942,818 acres and includes all

- LAFCO approves the second of three planned expansions of CSA No. 135's activated fire protection and emergency medical service zone with the concurrent dissolution of five dependent special districts – CSA Nos.' 109, 110, 111, 112, and 113 – in December 2011. The reorganization is initiated by CSA No. 135 and covers 137,000 acres and includes the Mt. Laguna, Palomar, Boulevard, Campo, and San Pasqual communities.

- RCS approves a comprehensive update to the regional communication system in 2013. The update is titled Next Generation or "NextGen" and involves a comprehensive update utilizing a competitive bid contract with Motorola Solutions.

- LAFCO approves part of the third planned expansions of CSA No. 135's activated fire protection and emergency medical service zone with the concurrent dissolution of two independent special districts – Pine Valley and San Diego Rural FPDs – in August 2015. The reorganization is jointly initiated by all three affected agencies and covers 490,000 acres and includes the Descanso, Dulzura, Glencliff, Jacumba Jamul, Lyons, and Pine Valley areas as well as the Barona, Sycuan, and Viejas tribal territories.

- LAFCO approves the last component of the third planned expansion of CSA No. 135's activated fire protection and emergency medical service zone with the concurrent dissolution of the Julian-Cuyamaca FPD in September 2018. The reorganization is jointly initiated by both affected agencies and covers 52,000 acres and includes the Julian and Cuyamaca communities. The reorganization is completed in April 2019 following a successful protest hearing and subsequent special election held on May 19, 2019 with 54% of registered voters confirming the approval.

- LAFCO approves the expansion of CSA No. 135's activated fire protection and emergency medical service zone with the concurrent service divestiture of the Mootamai, Pauma, and Yuima Municipal Water Districts (MWDs) in December 2018. The reorganization is jointly initiated by all four affected agencies and covers 18,600 acres and includes the Pauma community along State Route 76.

- San Diego County voters approve an amendment to the County of San Diego Charter establishing the County Fire Authority as an organizational unit in November 2018.

unincorporated lands located outside existing special district boundaries. This includes several unincorporated communities – De Luz Heights, Ocotillo Wells, Ranchita, Shelter Valley, Sunshine Summit, and Warner Springs – in eastern San Diego County that were previously served by volunteer fire companies. The volunteer companies are absorbed by the County Fire Authority as part of the approval process.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

CSA No. 135's overall jurisdictional spans 3,740 square miles and covers 87.8% of all San Diego County. Almost all of the jurisdictional boundary is unincorporated with the remainder lying within the Cities of Carlsbad, Del Mar, Encinitas, Imperial Beach, Lemon Grove, Poway, San Marcos, Santee, Solana Beach, and Vista.

CSA No. 135's overall jurisdictional boundary spans approximately 3,740 square miles and covers 2.393 million acres (parcels, water bodies, and public rights-of-ways). The County of San Diego is the primary land use authority and overlaps 95.4% of the jurisdictional boundary. The remaining jurisdictional acres – 4.6% of the total – are incorporated and divided between nine cities and in order of magnitude are Carlsbad, Poway, San Marcos, Encinitas, Vista, Santee, Imperial Beach, Lemon Grove, Solana Beach, and Del Mar. Overall there are 631,800 registered voters currently within the jurisdictional boundary.

CSA No. 135
Overall Boundary Breakdown By Land Use Authority
Table 3.1a (Source: Esri and San Diego LAFCO)

Land Use Authority	Total Acres	% of Total Acres	Number of Registered Voters
County of San Diego	2,283,950	95.43	315,639
City of Carlsbad	25,028	1.05	74,601
City of Poway	25,039	1.05	30,733
City of San Marcos	15,595	0.65	46,666
City of Encinitas	12,531	0.52	42,341
City of Vista	11,943	0.50	45,920
City of Santee	10,686	0.45	35,336
City of Imperial Beach	2,842	0.12	13,264
City of Lemon Grove	2.504	0.10	14,924
City of Solana Beach	2,183	0.09	9,097
City of Del Mar	1,143	0.05	3,279
TOTAL	**2,393,444**	**100.0%**	**631,800**

CSA No. 135's fire protection and emergency medical service zone covers approximately two-thirds of the total jurisdictional boundary and includes only unincorporated lands.

Within CSA No. 135's jurisdictional boundary exists one latent power zone approved by LAFCO subsequent to formation and dedicated to fire protection and emergency medical services. This zone is approximately 2,495.5 square miles – or 1.597 million acres – and covers 66.7% of the total jurisdictional boundary and consists entirely of unincorporated lands. The zone accounts for 58.6% of the entire unincorporated area in San Diego County. Overall there are 24,474 registered voters within this zone.

CSA No. 135
Boundary Breakdown of Fire Protection and Emergency Medical Zone
Table 3.1b (Source: Esri and San Diego LAFCO)

Land Use Authority	Total Acres	% of Total Acres	Total Assessor Parcels	Number of Registered Voters
County of San Diego	1,597,130	100%	27,166	24,474

Total assessed value (land and structure) within CSA No. 135's overall jurisdictional boundary is $184.7 billion of December 2019 and translates to a per acre value ratio of $0.77 million. The former amount further represents a per capita value of $0.172 million based on the estimated service population of 1,068,027.

> There are 84,044 privately owned parcels within CSA No. 135 that remain entirely vacant and span 429,224 acres; an amount that represents almost two-fifths – 17.9% – of the entire District.

The CSA No. 135 jurisdictional boundary is currently divided into 451,230 legal parcels totaling 2,350,502 acres excluding roads and public rights-of-way. Close to three-fifths of the total parcel acreage – or 1,346,591 – is under public ownership. The rest of the total parcel acreage – or 1,003,911 – is privately owned. The privately-owned acreage is further divided into 442,022 parcels with 80.1% already categorized as developed and/or improved to date, albeit not necessarily at the highest density allowed. The remaining private acreage is undeveloped and consists of 84,044 parcels that collectively total 429,224 acres.[12]

CSA No. 135
Land Use Features
Table 3.1c (Source: Esri and San Diego LAFCO)

Features	CSA No. 135 Entire Jurisdictional Boundary	CSA No. 135 Fire Protection and EMS Zone
Total Jurisdictional Acres	2,393,444	1,597,130
Total Jurisdictional Parcels	451,230	31,044
Privately-Owned Parcels	442,022	27,166
... *Percent Already Developed*	*80.9%*	*51.8%*
Privately-Owned Parcel Acreage	1,003,911	460,615
... *Percent Already Developed*	*57.2%*	*43.8%*
Vacant Privately-Owned Parcels	84,044	13,082
Vacant Privately-Owned Parcel Acreage	429,224	259,036
Assessed Value	$184.692 billion	$6.008 billion

Approximately three-fifths – or 61.8% – of the jurisdictional boundary qualifies as a disadvantaged unincorporated community based on current LAFCO policies. This includes a considerable portion of east San Diego County as well as several other individual communities and include Bonsall, Bostonia, Crest, and Lincoln Acres.

[12] Exactly three-fifths of the total private undeveloped acreage in CSA No. 135 also lies within the District's fire protection and emergency medical service zone.

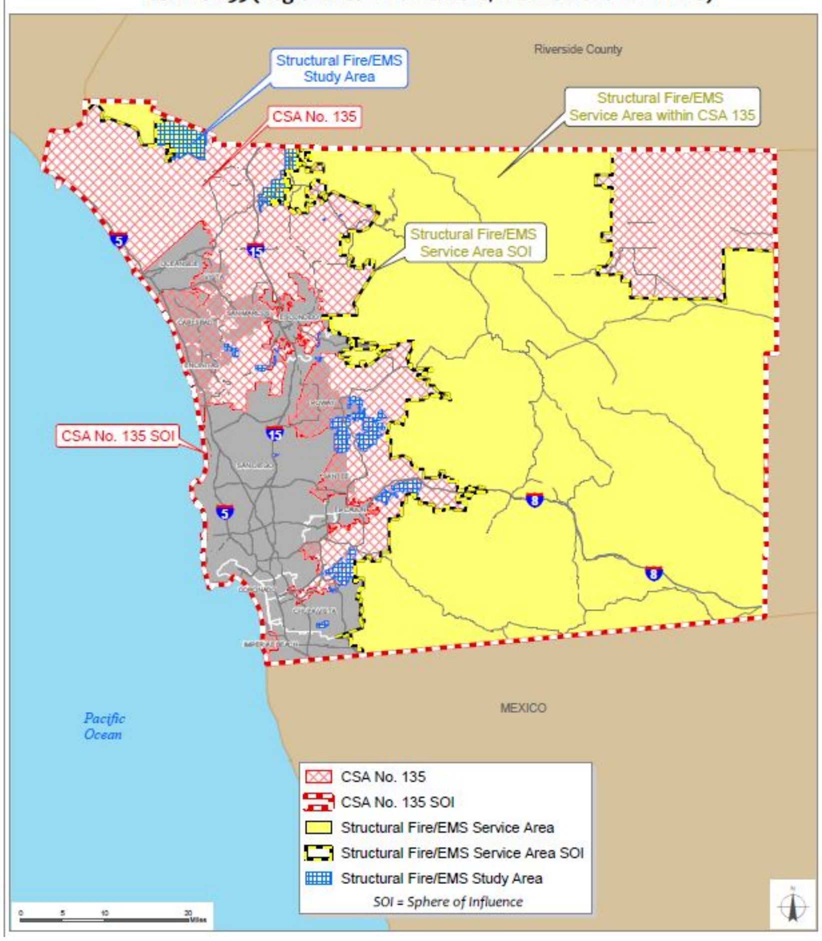
3.2 Sphere of Influence

CSA No. 135's sphere of influence was established by LAFCO in 1994 as part of the formation approval process and specific to its public safety radio communication service function. The sphere has been subsequently updated and presently spans 4,260 square miles or 2.726 million acres and purposefully covers all of San Diego County. The sphere includes 333,180 non-jurisdictional acres that collectively comprise the nine local cities – Chula Vista, Coronado, El Cajon, Escondido, La Mesa, Oceanside, National City, San Diego, and Santee – that elected not to be included in the District at the time of formation. LAFCO established a secondary sphere in 2008 specific to the activation of CSA No. 135's fire protection and emergency medical service zone. The secondary sphere is coterminous to the active zone and spans 2,495 square miles or 1.597 million acres.

> CSA No. 135's sphere of influence is 13.9% larger than the jurisdictional boundary and includes 333,180 non-jurisdictional acres. A secondary sphere specific to fire protection and emergency medical services exist and is coterminous with the activated zone.

3.3 Current Boundary and Sphere Map

CSA No. 135 (Regional Communications/Fire Protection and EMS)



4.0 DEMOGRAPHICS

4.1 Population and Housing

It is estimated there are 1,068,027 current fulltime residents within CSA No. 135. It is projected the population will increase consistent with recent trends and add 44,548 residents and reach 1112,575 by 2023.

The CSA No. 135 total fulltime resident population within its entire jurisdictional boundary is independently estimated by LAFCO at 1,068,027 as of the term of the five-year report period. This estimate represents 31.9% of the countywide total. It is also estimated the overall resident population has risen by 6.5% from 1,000,430 in 2010 and the last census reset, which results in a net addition of 67,597 over the eight-year period. This translates to an annual population change of 0.82% and is more than one-tenth – or (12.8%) – lower than the corresponding countywide rate of 0.94%. The current estimate also produces a population density of 1 resident for every 2.2 acres. It is projected the current growth rate will generally maintain in the near-term and result in CSA No. 135's resident population increasing by 44,548 and reach 1,112,575 by 2023.

The estimated population within CSA No. 135's fire protection and emergency medical service zone is 50,476. This estimate is projected to increase by 2,026 and reach 52,502 by 2023.

LAFCO independently estimates the resident population within CSA No. 135's fire protection and emergency medical service zone is 50,476 as of the term of the five-year report period. This estimate equals 4.7% of the overall jurisdictional boundary. It also represents an overall increase of 6.3% from 47,387 in 2000 and translates to an annual change of 0.79%. It is projected the population will similarly increase by 2,026 to 52,508 by 2023.

CSA No. 135
Resident Population
Table 4.1a (Source: Esri and San Diego LAFCO)

Factor	2010	2018	2023 (projected)	Annual Change %
Jurisdictional Boundary	1,000,430	1,068,027	1,112,575	0.82%
… *Fire Protection + EMS Zone*	47,387	50,476	52,502	0.79%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

Housing production in CSA No. 135 currently totals 387,976 dwelling units; an amount that has increased by 19,004 since 2010. The average monthly housing cost in CSA No. 135 is $1,235 and (21.8%) less than the countywide average. Notably, the monthly housing cost within the fire protection zone is $1,026 and (16.9%) lower than the overall CSA No. 135 amount.

There are presently 387,976 housing units within CSA No. 135's jurisdictional boundary. This amount has increased by 19,004 since 2010 for an annual average gain of 2,112 units. With respect to current housing characteristics, 60.5% are owner-occupied, 32.3% are renter-occupied, and the remaining 7.2% are vacant. The average household size is 2.64 and has decreased by (0.4%) from 2.65 during the report period. The mean monthly housing cost in

CSA No. 135 has decreased by (3.6%) from $1,281 to $1,235 based on the most recent five-year period averages. This current monthly housing cost in CSA No. 135, notably, is one-fifth – or (21.8%) – lower than the countywide total of $1,578. Further, the mean housing cost in the fire and emergency medical service zone is (16.9%) lower than the overall District average.

CSA No. 135
Housing Breakdown
Table 4.1b (Source: Esri and San Diego LAFCO)

Factor	2010 Housing Units	2018 Housing Units	Change	2007-2011 Housing Cost	2012-2016 Housing Cost	Change
Jurisdictional Boundary	368,972	387,976	5.2%	$1,281	$1,235	(3.6%)
... Fire Protection + EMS Zone	*17,774*	*18,732*	*5.4%*	*$1,069*	*$1,026*	*(4.0%)*
San Diego County	1,164,766	1,236,184	6.1%	$1,540	$1,578	2.5%

Housing costs relfect five-year monthly median values

4.2 Age Distribution

The median age of residents in CSA No. 135 is 46.7 based on the current five-year period average. This amount represents an overall increase of 4.3% from 44.7 over the preceding five-year period average; it is also nearly one-third – or 32.2% – higher than the countywide average of 35.3. Residents in the fire protection and emergency medical service zone are also moderately older than the overall CSA No. 135 average at 48.6. Residents in the prime working age group defined as ages 25 to 64 make up slightly less than half of the total population within CSA No. 135 at 48.9% and remained relatively stagnant over the report period.

Residents within CSA No. 135 tend to be measurably older with a medium age of 46.7; an amount that is one-third higher than the corresponding countywide average of 35.3. Approximately one-half of CSA No. 135's residents are within the prime working age range of 25 to 64 with a current five-year average of 48.9%.

CSA No. 135
Resident Age Breakdown
Table 4.2a (Source: Esri and San Diego LAFCO)

Factor	2010 Median Age	2019 Median Age	Change	2007-2011 Prime Working Age (25-64)	2012-2016 Prime Working Age (25-64)	Change
Jurisdictional Boundary	44.7	46.7	4.3%	49.9%	48.9%	(2.0%)
... Fire Protection + EMS Zone	46.7	48.6	4.1%	51.4%	49.9%	(2.9%)
San Diego County	34.6	35.3	2.0%	53.4%	47.0%	(12.0%)

(continued)

4.3 Income Characteristics

CSA No. 135 residents' average median household income is $55,810 and close to one-fifth less than the countywide amount of $66,259. This disparity in household income levels has also widen over the report period with CSA No. 135's total decreasing by (5.5%) in comparison to the countywide total increasing by 4.2%.

The median household income in CSA No. 135 is $55,810 based on the current five-year period average. This amount represents an overall decrease of (5.5%) from the preceding five-year period average of $59,031. The current median household income in CSA No. 135 is also close to one-fifth lower – or (15.8%) – than countywide amount of $66,259, which has separately increased over the preceding five-year period by 4.2%. The median household income within the fire protection and emergency medical service zone is also lower than the overall CSA No. 135 amount at $51,007. The current average rate of persons living below the poverty level in CSA No. 135 is 14.9% and slightly lower than the countywide rate of 14.0%. However, the poverty rate in CSA No. 135 has increased by more than one-tenth over the last five-year period and nearly double the corresponding change in the countywide rate.

CSA No. 135
Income Characteristics
Table 4.3a (Source: Esri and San Diego LAFCO)

Factor	2007-2011 HH Income	2012-2016 HH Income	Change	2007-2011 Poverty Rate	2012-2016 Poverty Rate	Change
Jurisdictional Boundary	$59,031	$55,810	(5.5%)	13.3%	14.9%	12.0%
... *Fire Protection + EMS Zone*	*$54,714*	*$51,007*	*(6.8%)*	*14.6%*	*16.5%*	*13.0%*
San Diego County	$63,857	$66,529	4.2%	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Residents within CSA No. 135 continue to experience relatively high levels of unemployment with the current average equaling 7.8%; an amount that is more than one-third higher than the countywide average of 4.9. Residents within CSA No. 135 are also more likely to be retired compared to countywide averages at a rate of nearly 2 to 1.

Unemployment levels within CSA No. 135 remain relatively high and have increased by nearly three-fourths – or 73.3% – over the most recent five-year block average from 4.5% to 7.8%. The current unemployment rate within CSA No. 135 also remains more than one-third – or 37.2% – higher than the countywide average of 4.9%. The unemployment rate within the fire protection and emergency medical service zone also exceeds the overall CSA No. 135 tally at 8.6%. More than one-fourth of the population currently collects retirement at 26.1% and exceeds the countywide average of 17.7%. Separately, formal educational levels as measured by adult residents with bachelor degrees within CSA No. 135 are also lower at 24.9% compared to the countywide average of 36.5%. The non-English speaking population has decreased by almost one-third from 12.6% to 8.6% over the two five-year period averages and contrasts with the current countywide average of 15.0%.

CSA No. 135
Socioeconomic Indicators Breakdown
Table 4.3b (Source: Esri and San Diego LAFCO)

Factor	2007-2011 Unemployment	2012-2016 Unemployment	Change	2007-2011 Non English	2012-2016 Non English	Change
Jurisdictional Boundary	4.5	7.8	73.3%	12.6	12.8	(1.6%)
... Fire Protection + EMS Zone	4.7	8.6	*83.0%*	*8.6*	*8.7*	*1.2%*
San Diego County	5.6	4.9	(12.5%)	16.1	15.0	(6.8%)

5.0 ORGANIZATION

5.1 Governance

CSA No. 135's governance authority is established under the County Service Area Act and codified under Government Code Sections 25210-25217.4. This principal act was established in 1953 and comprehensively updated in 2009 through the Senate Local Government Committee.[13] The principal act empowers all 58 counties in California with alternative methods to directly finance and/or provide a wide range of municipal service functions in the unincorporated area upon approval by LAFCO. CSAs may also serve incorporated areas with the adopted written consent of the affected city councils. CSA No. 135 is currently authorized to provide three distinct municipal service functions: (a) public safety radio communications; (b) fire protection; and (c) emergency medical.[14] All other powers enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO. Similarly, should it ever seek to divest itself of directly providing an active service, CSA No. 135 would also need to seek LAFCO approval. A list comparing CSA No. 135's active and latent powers follows along with applicable class functions in parenthesis.

Active Service Powers	**Latent Service Powers**
Radio Communications	Law Enforcement and Police Protection
Fire Protection (structural)	Recreation, Parks, and Open Space
Emergency Medical (advance)	Libraries
	Television Stations and Related Services
	Water
	Wastewater
	Pest and Vector Abatement

[13] Commissioner and County Supervisor Greg Cox (alt) participated in the working group convened by the Senate Local Government Committee representing California Counties.
[14] CSA No. 135's radio communications activities are provided under a miscellaneous category under Government Code Section 25213.

Active Service Powers

Latent Service Powers… Continued

Roads and Streets
Street Lighting and Landscaping
Solid Waste
Funding Planning Services
Soil Conservation
Animal Control
Funding Municipal Advisory Councils
Transportation
Geologic Hazard Abatement
Cemeteries
Conversion of Overhead Transmission Facilities
Airports
Flood Control
Community Cultural and Recreational Facilities
Broadband Internet Services

CSA No. 135 is governed by the County of San Diego with business transacted by the five-member Board of Supervisors as needed.

CSA No. 135 is a dependent special district and operates as an extended unit of the County of San Diego. Governance is provided by the five-member Board of Supervisors who are elected by district with a current average size of 0.669 million residents. CSA No. 135's jurisdcitonal boundary extends into four of the five supervisoral districts with the largest overlap within Districts 2 and 5. The County conducts business for CSA No. 135 as needed and as part of regular and special meetings of the Board of Supervisors. A current listing of the Board along with respective backgrounds follows.

CSA No. 135
Current Governing Board
Table 5.1a (Source: County of San Diego and San Diego LAFCO)

Member (District)	Position	Years on CSA No. 135 Board	Professional Background	% of Supervisorial District in Boundary	% of Supervisorial District in Fire Zone
Dianne Jacob (2)	President	11	Educator	52%	67%
Greg Cox (1)	Vice President	11	Educator	1%	1%
Jim Desmond (5)	Director	2	Aviation	46%	32%
Nathan Fletcher (4)	Director	2	Educator	0%	0%
Kristin Gaspar (3)	Director	3	Finance	1%	0%

5.2 Administration

The County of San Diego Board of Supervisors delegates the administration of CSA No. 135 based on service function as summarized below.

- The County Sheriff Department is delegated administrative responsibilities specific to CSA No. 135's public safety radio communication service function. These responsibilities are tasked to the Wireless Services Division under the Sheriff's Management Service Bureau and a subcomponent of managing RCS. There are currently 50.0 budgeted fulltime equivalent employees in the Wireless Service Division that are divided between County and RCS activities. The Wireless Division also receives regular input and recommendations from an 18-member advisory RCS Board drawn from representatives of the 122 current participating agencies.[15] The current Wireless Division Manager is David Brooks.

- The County Fire Authority is delegated administrative responsibilities specific to CSA No. 135's integrated fire protection and emergency medical services. The County Fire Authority operates under the Public Safety Group and Assistant Chief Administrator Holly Porter and consist of 22.0 budgeted fulltime equivalent employees. (This amount does not include contract CAL FIRE staffing.) The County Fire Authority receives regular input and recommendations from a nine-member Fire Advisory Board and – among other items – administers a contract with CAL FIRE for field operations.[16] The current County Fire Authority Director is Herman Reddick.

Legal services for CSA No. 135 are provided by County Counsel.

6.0 MUNICIPAL SERVICES

CSA No. 135 is authorized to provide three distinct municipal functions: (a) public safety radio communications; (b) fire protection; and (c) emergency medical services. A summary analysis of these municipal functions follows with respect to capacities, demands, and performance during the five-year report period.

6.1 Public Safety Radio Communications

CSA No. 135's public safety radio communication service represents the earliest purpose of the District and was established at the time of its formation in December 1994. The initial intent in forming CSA No. 135 was to provide the organizational and financial framework for the County of San Diego to establish an 800-megahertz

> CSA No. 135's public safety radio service functions cover the entire District boundary and collect monies to fund RCS and its 800-megahertz radio system. All 11 agencies in CSA No. 135 are member agencies of RCS, but only three – Cities of Del Mar, Poway, and Solana Beach – have established fixed District fees. The others contribute general fund monies to CSA No. 135.

[15] The RCS Board meets as needed at the RCS's officed at 5595 Overland Avenue, Suite 101 in San Diego, California.
[16] The Fire Advisory Committee meets quarterly at the County Fire Authority's office at 5510 Overland Avenue in San Diego, California.

public safety radio communications system for the principal use of the Sheriff Department as well as other local fire protection and law enforcement agencies. It was expected – notably – all of the member agencies (County and ten cities) would establish a fixed CSA No. 135 service charge within their jurisdictions to proportionally fund RCS as the assigned operator of the radio communication system. However, and as of date, only three member agencies – Cities of Del Mar, Poway, and Solana Beach – have dedicated CSA No. 135 fixed fees. The eight remaining member agencies (County, Cities of Carlsbad, Encinitas, Imperial Beach, Lemon Grove, San Marcos, Santee, and Vista,) fund their proportional shares from general funds.

Service Capacities

RCS is the end provider of CSA No. 135's public safety radio communication activity and operates an 800-megahertz trunked network for currently 122 distinct users in San Diego and Imperial Counties. The current users include the 11 member agencies within CSA No. 135 along with 110 contracting agencies. The current 800-megahertz system entered service in 1998 with an initial distribution of 3,248 radios on the network. Key infrastructure underlying the communications network is summarized below.

- **Trunked Voice System -** consists of the radio transmission equipment located at remote radio sites and the centralized system networking and management equipment necessary to provide voice radio services to the participating agencies in the RCS service area.

- **Microwave Backhaul Network** - consists of the point-to-point radio and data switching equipment necessary to interconnect the sites where components of the trunked radio system and conventional radio systems (network hub and remote radio sites) are located.

- **Conventional Voice System -** consists of non-trunked ("conventional") radio base station equipment installed at remote radio sites to support voice radio communications between users of the RCS trunked radio system and non-RCS user agencies as required in day-to-day, mutual aid and disaster operations. The conventional voice system also provides limited backup voice communications capability in the event of a trunked system failure.

Service Demands

Overall service demands for public safety radio services as measured by assigned radios among the 11 member agencies that comprise CSA No. 135 during the five-year report period have averaged 16,513. Assigned radio counts among these member agencies have also steadily increased each year with an overall change of 9.5%. The County of San Diego is the single largest member user and accounts for 37.1% of radio counts among CSA No. 135 agencies. Contracting agencies' radio counts have decreased during the report period by (31.5%) and produces an overall radio count change within RCS of 3.9%.

RCS' Public Radio Communications
Wireless Radio Counts
Table 6.1a (Source: RCS and SD LAFCO)

Category	FY2014	FY2015	FY2016	FY2017	FY2018	Average	Trend
County of San Diego	6,248	6,298	6,389	6,340	6,399	6,335	2.4%
Other RCS Member Agencies	9,520	9,573	10,502	10,425	10,870	10,178	14.2%
CSA No. 135 Subtotal...	**15,768**	**15,871**	**16,891**	**16,765**	**17,269**	**16,513**	**9.5%**
RCS Contracting Agencies	2,492	2,441	1,240	1,303	1,706	1,836	(31.5%)
TOTAL	18,260	18,312	18,131	18,068	18,975	18,349	3.9%

CSA No. 135 subtotal includes all 11 member agencies.

Service Performance

Additional analysis pending.

6.2 Fire Protection and Emergency Medical Services

CSA No. 135's integrated fire protection and emergency medical service functions involve structural and advance life support classes, respectively. These service functions are limited to 69.6% of the CSA No. 135 boundary and generally include all unincorporated lands that lie outside another fire protection district.

CSA No. 135's integrated fire protection and emergency medical services (pre-hospital care) now represent the primary function of the District and were established at the time of a latent power activation approval by LAFCO in 2008 and covers seven-tenths of the District boundary. The activation represented a significant marker in a multi-year planning effort by the Board of Supervisors to create the County Fire Authority and formalize fire protection in the unincorporated area with additional details footnoted.[17] The creation of the County Fire Authority also coincided with the County entering into a Cooperative Agreement with CAL

[17] LAFCO's approval to activate CSA No. 135's latent powers in 2008 fulfilled the first of a three-part County plan to extend fire protection throughout the unincorporated area and marked by initially assuming services for nearly one dozen volunteer companies. The second part was approved by LAFCO in December 2011 and expanded the latent powers area by over 136,000 acres and in step with the concurrent dissolutions of five dependent special districts: CSA No. 109, 110, 111, 112, and 113. The third part involves dissolution of independent special districts and concurrent expansion of CSA No. 135's latent powers to assume fire protection responsibilities therein. This final step commenced in 2015 with LAFCO approving reorganizations involving Pine Valley and San Diego Rural FPDs.

FIRE with two distinct components. The first component involves a "Schedule A" contract for CAL FIRE to provide staffing services to deliver fire protection and emergency medical services within the activated zone. The second component involves an "Amador" contract to keep open select CAL FIRE stations throughout the calendar year in San Diego County. Additional details on the Cooperative Agreement is provided in the accompanying footnote.[18] Funding for the County Fire Authority and its ancillary activities as CSA No. 135 is primarily dependent on discretionary general fund allocations made by the Board of Supervisors and represent 63% of all budgeted revenues during the report period.[19]

Service Capacities

CSA No. 135's fire protection and emergency medical services' capacities are organized through the County Fire Authority and primarily dependent on human resources derived from the County's Schedule A contract with CAL FIRE. The contract provides the County Fire Authority with 141.0 fulltime equivalent personnel and divided between 120.0 sworn and 21.0 non-sworn positions as of the end of the five-year report period. The County also augments field operations through a volunteer reserve firefighter program that includes approximately 70 participants. The County's contract also provides support services including code enforcement and dispatch with the latter provided through CAL FIRE's Monte Vista Interagency Command Center in El Cajon. CAL FIRE's unit chief for San Diego County serves as the County fire chief.

CAL FIRE sworn personnel assigned to the County Fire Authority operate out of one of 22 fire stations with 17 directly owned by the County. The remaining five stations utilized by the County Fire Authority are owned by the State and partially funded by the County as part of an Amador contract.[20] (County Fire also regularly draws resources from four additional CAL FIRE stations that operate year-round and serve the communities of Campo, Dulzura, Lyons Valley, and Warner Springs.) Engine staffing levels within each station varies between two and six.

County Fire Authority
Contracted Staffing Levels with CAL FIRE
Table 6.2a (Source: County of San Diego)

Category	FY2014	FY2015	FY2016	FY2017	FY2018	Average	Trend
Sworn Personnel	45.0	51.0	74.0	109.0	120.0	79.8	187.5%
Non-Sworn Personnel	8.0	9.0	12.0	18.0	21.0	13.6	162.5%
Total	**53.0**	**60.0**	**86.0**	**127.0**	**141.0**	**93.4**	**166.0%**

[18] The Cooperative Agreement states the County Fire Authority has the sole authority in determining service levels and this includes determining personnel assignments. The County Fire Authority draws on the County General Plan and its own internal Standards of Cover Risk Assessment in informing personnel assignments.
[19] The Fire Authority's overall budgeted revenues during the report period totaled $145.6 million with $91.6 drawn from general fund allocations.
[20] Another 12 CAL FIRE stations are located in San Diego County and provide automatic aid and ancillary support to the County Fire Authority.

The County Fire Authority organizes fire protection and emergency medical service functions within its activated zone into five distinct divisions briefly described below.

- The Central Division is the largest coverage area and spans approximately 45.4% of the activated zone – or 694,629 acres – and includes the unincorporated communities of Julian, Ocotillo Wells, Ranchita, Shelter Valley, and Warner Springs. Onsite incidents within the Central Division during the report period have averaged 1,230 per year or 3.4 per day with most responding out of Station No. 56 (Julian).

- The Southern Division covers approximately 33.4% of the activated zone – or 511,088 acres – and includes the unincorporated communities of Descanso, Jamul, Otay, and Pine Valley. Onsite incidents within the Southern Division during the report period have averaged 3,475 per year or 9.5 per day with most responding out of Station No. 38 (Otay).

- The Desert Division covers approximately 12.5% of the activated zone – or 190,912 acres – and includes the unincorporated area adjacent to Borrego Springs. Onsite incidents within the Desert Division during the report period average less than 5 per year and responses drawn from multiple stations in neighboring divisions.

- The Northern Division covers approximately 7.0% of the activated zone – or 107,200 acres – and includes the unincorporated communities of Del Luz, Palomar Mountain, and Pauma Valley. Onsite incidents within the Northern Division during the report period have averaged 500 per year or 1.4 per day with most responding out of Station No. 70 (Rincon).

- The Western Division covers approximately 1.6% of the activated zone – or 25,152 acres – and includes the unincorporated communities of Harbison Canyon and Sycamore Canyon. Onsite incidents within the Western Division during the report period have averaged 233 per year or 0.6 per day with most responding out of Station No. 24 (Harbison).

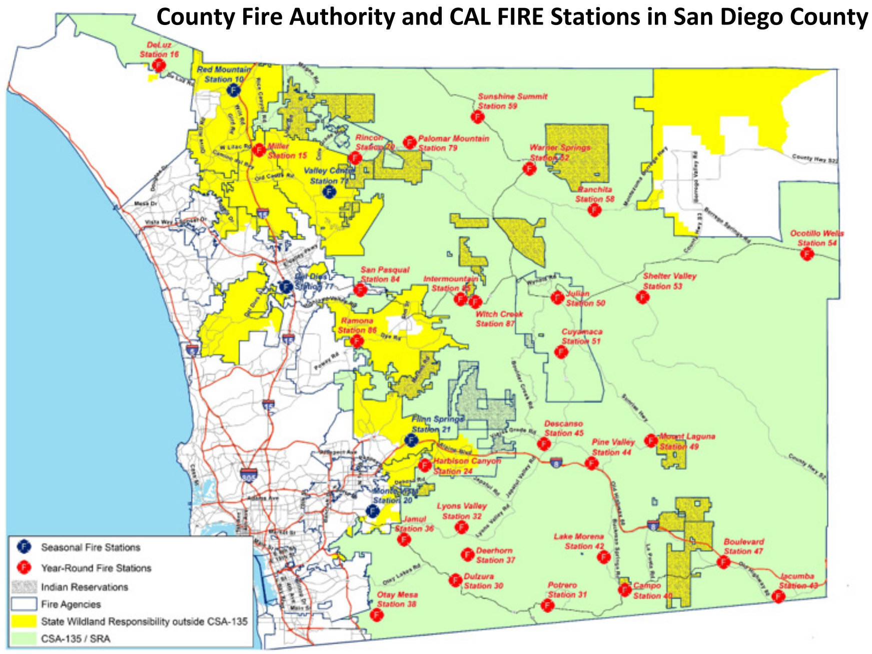
The following table summarizes station information for the County Fire Authority with respect to division placement, ownership type, and staffing, and recent incident volume.

County Fire Authority
Fire Stations' Assignments
Table 6.2b (Source: CAL FIRE)

Station	Division	Station Type	Staffing Levels	Reponses In FY2017-2018
Station No. 16 (De Luz)	Northern	Amador	3-person daily	79
Station No. 24 (Harbison Canyon)	Western	County	3-person daily	216
Station No. 31 (Potrero)	Southern	Amador	3-person daily	342
Station No. 36 (Jamul)	Southern	County	4-person daily	493
Station No. 37 (Deerhorn Valley)	Southern	County	3-person daily	91
Station No. 38 (Otay)	Southern	County	4-person daily	1,203
Station No. 42 (Lake Morena)	Southern	County	2-person daily	177
Station No. 43 (Jacumba)	Southern	County	2-person daily	222
Station No. 44 (Pine Valley)	Southern	County	3-person daily	341
Station No. 45 (Descanso)	Southern	County	2-person daily	299
Station No. 47 (Boulevard)	Southern	Amador	3-person daily	282
Station No. 49 (Mount Laguna)	Southern	County	2-person daily	58
Station No. 51 (Cuyamaca)	Central	Amador	3-person daily	n/a
Station No. 53 (Shelter)	Central	County	2-person daily	124
Station No. 54 (Ocotillo Wells)	Central	County	2-person daily	95
Station No. 56 (Julian)	Central	County	3-person daily	471
Station No. 58 (Ranchita)	Central	County	2-person daily	35
Station No. 59 (Sunshine Summit)	Central	County	2-person daily	204
Station No. 70 (Rincon)	Northern	Amador	6-person daily	300
Station No. 79 (Palomar)	Northern	County	2-person daily	109
Station No. 84 (San Pasqual)	Northern	County	3-person daily	58
Station No. 85 (Intermountain)	Central	County	2-person daily	233

Notes:
Station No. 84 is staffed by the City of San Diego. County Fire Authority also regularly draws resources from four other CAL FIRE stations that operate year-round and serve the communities of Campo, Dulzura, Lyons Valley, and Warner Springs.

County Fire Authority and CAL FIRE Stations in San Diego County



Service Demands

Over the five-year report period actual onsite arrivals for fire protection and/or emergency medical services in the CSA No. 135 zone through the County Fire Authority have been on the rise and averaged 14.3 daily.

Overall service demands for fire protection and emergency medical services within the CSA No. 135 zone and through the County Fire Authority during the five-year report period have averaged 6,296 dispatched calls annually or 17.2 daily. More than four-fifths – or 82.9% – of all dispatched calls resulted in onsite arrivals with the latter averaging 5,229 annually or 14.3 daily. The single largest volume of onsite incidents during the period occurred in 2017-2018 and tallied 5,844 or 16.0 per day. The number of overall onsite incidents per year within CSA No. 135's fire protection and emergency medical service zone has increased by 28.3%.

An overall breakdown of actual arrivals show the County Fire Authority responded to 89.4% of all onsite incidents during the report period within the CSA No. 135 fire protection and emergency medical service zone. The breakdown also shows the County Fire Authority responded exclusively to 78.3% of all actual onsite incidents within the zone and increased over the report period by one-third – or 32.8%. The data similarly shows the portion of onsite arrivals in the zone exclusively provided by other outside agencies through automatic or mutual aid agreements decreased during the report period by (37.1%). This latter development signals the County Fire Authority's ability to keep pace with demands without overreliance on outside resources. The following table summarizes annual calls paired with onsite arrivals – including agency responders – and associated trends in the zone during the corresponding 60-month period.

County Fire Authority
Overall Dispatch and Onsite Demands in CSA No. 135 Zone
Table 6.3c (Source: CAL FIRE)

Year	FY2014	FY2015	FY2016	FY2017	FY2018	Average	Trend
Total Dispatched Incidents	5,537	5,807	6,408	6,624	7,103	6,296	28.3
Total Onsite Responses	4,400	4,645	5,497	5,759	5,844	5,229	32.8
- Responded by Fire Authority Only	75.5%	74.9%	79.8%	79.9%	81.3%	78.3%	7.8%
- Responded by Fire Authority and Others	11.7%	10.5%	10.7%	11.8%	10.7%	11.1%	(8.7%)
- Responded by Other Agencies Only	12.7%	14.6%	9.5%	8.4%	8.0%	10.6%	(37.1%)

Source: CAL FIRE

A more micro review of demands show more than three-fifths of all onsite responses during the report period were generated within the Southern Division and in 2017-2018 accounted for 3,755 of the 5,844 incidents. All divisions experienced increases in onsite responses with the largest percentage change occurring in the Western Division at 60.0%

Service Performance

It appears the capacities of CSA No. 135 through the County Fire Authority as measured by staffing and equipment are sufficiently sized to readily accommodate existing demands within its activated fire protection and emergency medical service zone relative to local conditions. The sufficiency is quantified with the County Fire Authority responding exclusively to nearly four-fifths of all onsite incidents within the zone during the five-year report period. This sufficiency is similarly quantified by the County Fire Authority's relatively low and decreasing dependency on outside agencies during the report period with an average of only 11 out of 100 onsite incidents necessitating aid-only responses.

The County Fire Authority has kept pace with the overall rise in service demands in CSA No. 135's fire protection and emergency medical zone and has increased the percentage of exclusive onsite responses from 75.5% to 81.3% during the report period.

Actual response times generated during the report period are also positive and show improvements for the County Fire Authority with respect to onsite arrivals within CSA No. 135's fire protection and emergency medical zone. This improvement is highlighted by an overall decrease in annual average response times throughout the zone of (13.5%) from 15:34 to 13:28. The County Fire Authority also improved compliance with the response time standards established in the County General Plan and this includes a 20.0% increase in meeting medical incident standards in the zone.

Despite an increase in overall demands, the County Fire Authority successfully lowered its overall average year response during the report period by more than one-tenth from 15:34 to 13:28.

County Fire Authority
Response Times in CSA No. 135 Zone
Table 6.3d (Source: CAL FIRE)

Year	FY2014	FY2015	FY2016	FY2017	FY2018	Average	Trend
Overall Response Time	0:15:34	0:14:47	0:14:01	0:13:30	0:13:28	0:14:16	-13.5%
… Compliance to Adopted Standards	79.0%	74.0%	79.0%	84.0%	80.0%	79.2%	1.3%
Medical Incident Response Time	0:13:05	0:12:19	0:11:30	0:11:11	0:11:26	0:11:54	-12.6%
… Compliance to Adopted Standards	50.0%	54.0%	60.0%	62.0%	60.0%	57.2%	20.0%

Notes:
The County General Plan establishes response time benchmarks for fire protection and emergency medical services for the unincorporated area. These benchmarks are adjusted based on land use characteristics and uniformly subject to an 80% target rate; i.e., it is the County policy for onsite responses to meet their corresponding benchmark 80% of the time. Specific benchmarks follow.

Urban Areas:	08:00
Rural Areas:	13:00
Outlying Areas:	23:00
Desert Areas:	48:00

7.0 FINANCES

7.1 Financial Statements

The County of San Diego contracts with an outside consultant to review the County's government-wide financial statements in accordance with established governmental accounting standards.[21] The audit is presented to the Board of Supervisors as part of a Comprehensive Annual Financial Report and attests to the County's overall assets, liabilities, and net position. The government-wide financial statements distinguish County functions between those principally supported by taxes and intergovernmental revenues ("governmental activities") and those from other functions that are intended to recover all or a significant portion of their costs through user fees and charges ("business-type activities"). CSA No. 135 is included in the governmental activities listing. The audited statements provide quantitative measurements in assessing the County's short and long-term fiscal health with respect to all committed service activities – including public safety radio communications and integrated fire protection and emergency medical. The current outside consultant is Vavrinek, Trine, Day & Company LLP (San Diego).[22]

The County's most recent audited financial statements for the five-year report period were issued for 2017-2018.[23] These audited statements specific to governmental activities show the County experienced a positive change over the prior fiscal year as the net position (regular accrual basis) increased by 2.8% from $2.575 to $2.646 billion and primarily attributed to an increase in capital assets.[24] The accompanying auditor's report did not identify any weaknesses or related accounting concerns. A detailing of year-end totals and trends during the report period for governmental activities follows with respect to assets, liabilities, and net position.

Most Recent Year-Ending Financial Statements (2017-2018) Governmental Activities Only	
Assets	$7.751 billion
Liabilities	$6.066 billion
Outflow/Inflow	$0.961 billion
Net Position	**$2.646 billion**

Agency Assets

The County's audited assets for governmental activities at the end of 2017-2018 totaled $7.751 billion and finished 7.5% higher than the average year-end amount of $7.213 billion documented during the five-year report period. Assets classified

Assets for the County's governmental activities have increased by more than one-tenth over the five-year report period. This overall increase is primarily attributed to year-end surpluses underlying the rise in cash and investments from $2.360 to $3.169 billion; a net change of $809.0 million.

21 CSA No. 135 has a direct financial relationship with the County and entirely dependent on the Board of Supervisors in setting the annual budget and making all related fiscal decisions.
22 Vavrinek, Trine, Day & Company recently merged into Eide Bailly LLP.
23 The audit for 2017-2018 was issued on November 15, 2018.
24 Excludes business-type activities.

as current with the expectation they could be liquidated within a year represented slightly more than one-half of the total amount – or $4.130 billion – with 76.7% tied to cash and investments. Assets classified as non-current and not readily liquid make up the remainder of the total – or $3.621 billion – with 80.0% tied to capital items. Overall assets for the County and its governmental activities have increased by 13.7% over the 60-month period.

County of San Diego
Audited Assets: Governmental Activities Only
Table 7.1a | Source: County of San Diego

Category	FY2014	FY2015	FY2016	FY2017	FY2018	5-Year Average	5-Year Trend
Current	3,378,192,000	3,513,102,000	3,693,689,000	3,847,381,000	4,129,712,000	3,712,415,200	22.2%
Non-Current	3,437,789,000	3,449,207,000	3,497,103,000	3,495,506,000	3,621,177,000	3,500,156,400	5.3%
Total	**6,815,981,000**	**6,962,309,000**	**7,199,792,000**	**7,342,887,000**	**7,750,889,000**	**7,212,571,600**	**13.7%**

Agency Liabilities

Liabilities for the County's governmental activities have more than doubled during the report period and largely attributed to the introduction of reporting pension and related obligations.

The County's audited liabilities for governmental activities at the end of 2017-2018 totaled $6.066 billion and finished 19.5% higher than the average year-end amount of $4.885 billion documented during the five-year report period. Liabilities classified as current and representing obligations owed within the year accounted for slightly more than one-tenth of the total with the majority tied to unearned revenue. Liabilities classified as non-current and considered long-term debts make up the remaining amount with two-thirds tied to pension and post-employment obligations. Liabilities have increased overall by 145.5% over the corresponding 60-month period.

County of San Diego
Audited Liabilities: Governmental Activities Only
Table 7.1b | Source: County of San Diego

Category	FY2014	FY2015	FY2016	FY2017	FY2018	5-Year Average	5-Year Trend
Current	479,411,000	518,283,000	597,485,000	573,152,000	670,504,000	567,767,000	39.9%
Non-Current	1,990,919,000	3,891,460,000	4,479,203,000	5,830,117,000	5,395,146,000	4,317,369,000	171.0%
Total	**2,470,330,000**	**4,409,749,000**	**5,076,688,000**	**6,403,269,000**	**6,065,650,000**	**4,885,136,000**	**145.5%**

(continued)

Net Position

The County's net position on governmental activities has steadily decreased during the report period with an overall change of (39.0%) from $4.341 to $2.646 billion. The overall decrease in the net position – however – adjusts positively to 42.7% ending at $6.197 billion if excluding pension and benefit obligations.

The County's audited net position or equity with respect to governmental activities at the end of 2017-2018 totaled $2.646 billion and represents the difference between total assets and total liabilities along with adjusting for deferred resources (i.e., pension outflows and inflows). This most recent year-end amount is (9.8%) lower than the average year-end sum of $2.919 billion documented during the five-year report period. The net position on governmental activities has changed overall by (39.0%) during the corresponding 60 months. Adjusting the net position to exclude new pension and benefit reporting – which was implemented in 2014-2015 – shows an overall increase of 42.7% or $1.855 billion.

County of San Diego
Audited Net Position: Governmental Activities Only
Table 7.1c | Source: County of San Diego

Category	FY2014	FY2015	FY2016	FY2017	FY2018	5-Year Average	5-Year Trend
Capital	3,015,405,000	3,042,782,000	3,124,804,000	3,130,429,000	3,229,874,000	3,108,658,800	7.1%
Restricted	669,832,000	619,565,000	604,917,000	596,862,000	666,597,000	63,1554,600	(0.5%)
Unrestricted	655,954,000	(1,268,029,000)	(1,090,381,000)	(1,151,817,000)	(1,250,068,000)	(820,868,000)	(290.6%)
	4,341,191,000	**2,391,318,000**	**2,639,340,000**	**2,575,474,000**	**2,646,403,000**	**2,919,345,200**	**(39.0%)**
Adjusted...	4,341,191,000	4,344,157,000	5,221,298,000	6,550,656,000	6,196,636,000	5,330,787,600	42.7%

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

The County General Fund primarily supports CSA No. 135 and its core activity: fire protection and emergency medical services. The General Fund finished the report period with an available balance to cover 7.4 months of normal operating expenses.

The County maintains four distinct funds – general, special revenue, debt service, and capital projects – underlying the net position of its governmental activities. The general fund is the primary funding source for the CSA No. 135 and specifically its fire protection and emergency medical service functions and finished the last audited fiscal year with a balance of $2.307 billion. This amount represents the available and spendable portion of the fund balance subject to discretionary designations and represents 7.4 months of actual operating expenses in 2017-2018.[25]

[25] Actual general fund expenses in 2017-2018 totaled 2.307 billion and translate to a monthly cost of $311.0 million.

7.2 Measurements | Liquidity, Capital, and Margin

Standard measurements used to assess the County of San Diego's liquidity, margin, and structure levels shows mixed results during the report period. The County's bottom line, however, remained positive during the 60-month period with an average total margin of 4.7%.

A review of the audited financial statement issuances covering the five-year report period shows the County of San Diego experienced mixed results with respect to the three measured categories – liquidity, capital, and margin – utilized in this document. Liquidity levels based on tracking the County's current ratio declined during the period by more than one-tenth but nevertheless finished relatively healthy at 6.2 to 1 and shows $6.20 in cash for each $1.00 in near-term obligations. Similarly, capital levels within the County fluctuated with positive changes in debt ratio (i.e., aggregate relationship between total assets and total liabilities) versus negative changes in debt to net-position (i.e., portion of net position subject to long-term debt or borrowing.) The County's bottom line during the period remained positive overall with an average total margin of 4.7%. A summary of liquidity, capital, margin, and structure ratio trends follow.

County of San Diego
Financial Measurements – Governmental Activities
Table 7.2a | Source: San Diego LAFCO

Fiscal Year	Current Ratio	Days' Cash	Debt Ratio (Adjusted)	Debt to Net Position (Adjusted)	Total Margin	Operating Margin
2013-2014	7.1 to 1	n/a	36.2%	56.9%	8.3%	n/a
2014-2015	6.8 to 1	n/a	35.3%	102.7%	7.0%	n/a
2015-2016	6.1 to 1	n/a	10.5%	94.5%	5.7%	n/a
2016-2017	6.7 to 1	n/a	33.1%	94.3%	(1.6%)	n/a
2017-2018	6.2 to 1	n/a	32.5%	95.1%	4.2%	n/a
Average	**6.6 to 1**	**n/a**	**29.5%**	**88.7%**	**4.7%**	**n/a**
Trend	**(12.6%)**		**(10.5%)**	**67.0%**	**(50.0%)**	

Adjustments to debt ratio and debt-to-net position have been made by LAFCO staff to exclude pension and benefit obligation costs given the costs were added to the financial statements in the middle of the report period as a result of changes enacted by GASB 68 and 75. Summary definitions of the measurements follow.

Current Ratio (Liquidity)
Compares available assets against near-term obligations; the minimum desirable ratio is 1.0 and means for every dollar in liability the agency has one dollar available to pay.

Days' Cash (Liquidity)
Measures the number of days the agency can fund normal operations without any new cash income; an appropriate minimum threshold is 180 days.

Debt Ratio (Capital)
Measures the relationship between the agency's total assets and liabilities; the higher the ratio the more susceptible the agency is to long-term cash flow stresses.

Debt to Net Position (Capital)
Measures the amount of long-term debt or borrowing of the agency against its accumulated net worth.

Total Margin (Margin)
Measures the bottom line of the agency with respect to comparing all revenues to all expenses; a positive percentage is desirable within the caveat capital improvement expenditures may appropriately result in a negative percentage in individual years.

Operating Margin (Margin)
Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans; a consistent positive percentage shows the agency has established a structured budget.

7.3 Pension Obligations

CSA No. 135 through its dependent status under the County of San Diego provides a defined pension benefit plan to employees through an investment risk-pool contract with the San Diego County Employees' Retirement Association or SDCERA. This pension contract provides County employees, divided between safety and general, with specified retirement benefits and includes annual cost-of-living adjustments. Actual pension benefits are based on the date of hire and assignment therein to one of five tiers – 1, A, B, C, and D – with a formula range for non-safety employees between a high of 3.0% at 60 (A) to a low of 1.62% at 65 (D).[26] Plan costs are affected by the age, years of service and compensation of active members.

Participant Information

As of the end of the report period there were 17,869 active pension members with an average age of 44.1 along with 11.0 years of average service credit. These active members also have an average compensation of $72,245. The total number of active members have increased overall by 2.3% during the report period. The total number of retired pension members and beneficiaries were 19,028 with an average monthly benefit of $3,170. The current active-to-inactive participant ratio is 0.9 to 1.

County of San Diego
Pension Enrollee Information
Table 7.3a | Source: San Diego LAFCO

Type	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Active	17,466	17,656	17,768	17,994	17,869
Inactive	16,373	17,186	17,734	18,247	19,028
Total Enrollees	**33,839**	**34,842**	**35,502**	**36,241**	**36,897**
Active-Inactive Ratio	**1.1 to 1**	**1.0 to 1**	**1.0 to 1**	**1.0 to 1**	**0.9 to 1**

Funded Status

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

[26] All new employees are assigned to Tier D and after 30 years of service will be eligible to receive an annual pension payment equal to 48.6% of their highest average salary over a three-year period beginning at age 65.

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

Category	FT2014	FY2015	FY2016	FY2017	FY2018	Trend	Average
Pension Assets	10,109,908	10,285,947	10,253,230	11,395,274	12,274,477	21.4%	10,863,767
Pension Liabilities	12,141,149	13,080,080	14,437,090	14,937,872	15,763,237	29.8%	14,071,886
Unfunded Liability	2,031,241	2,794,133	4,095,860	3,542,598	3,488,760	71.8%	3,190,518
Funded Ratio	83.3%	78.6%	71.5%	76.3%	77.9%	(6.5%)	77.5%

Market Valuation

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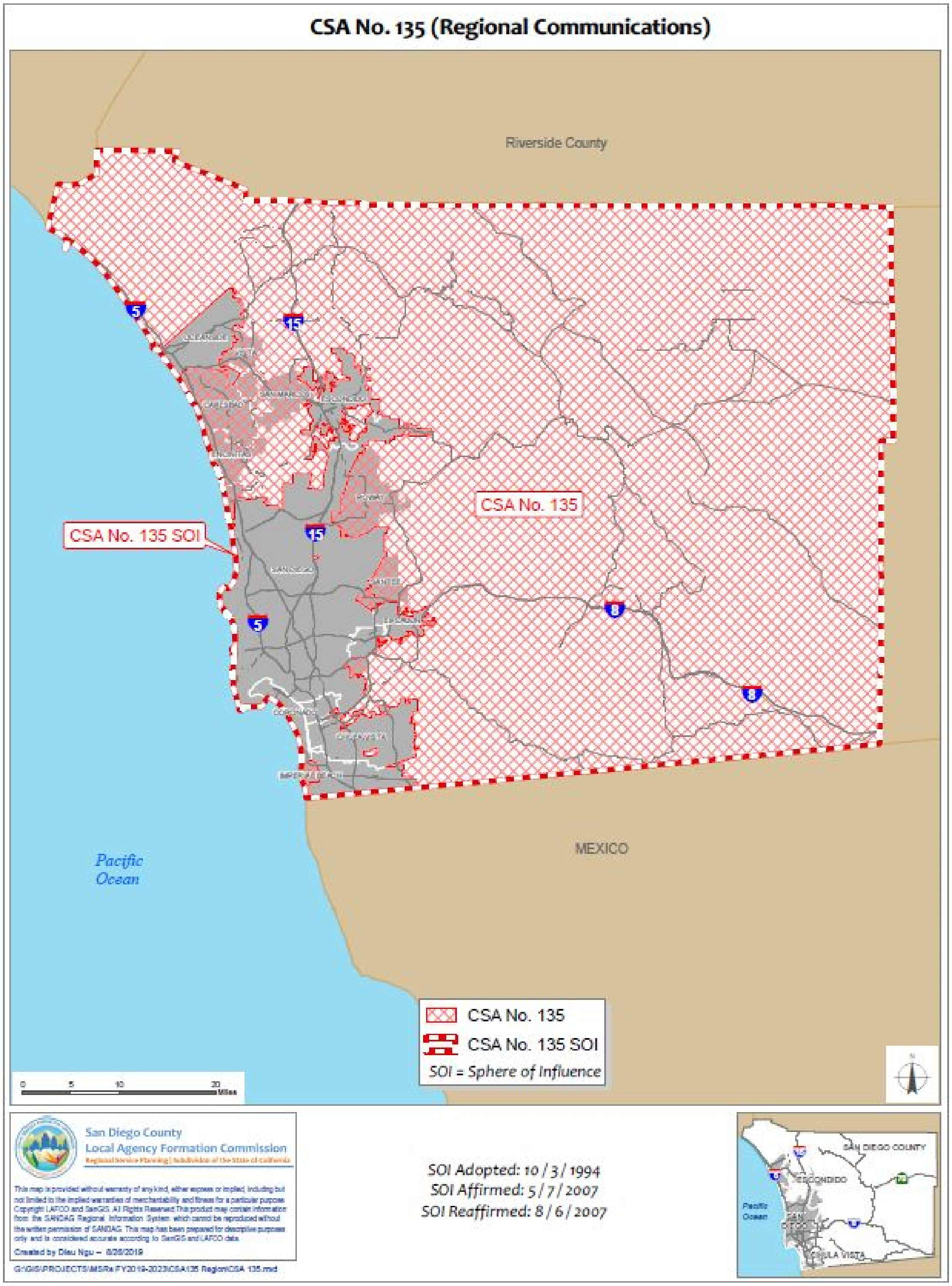
APPENDIX A
Map of CSA No. 135
Public Safety Radio Communications



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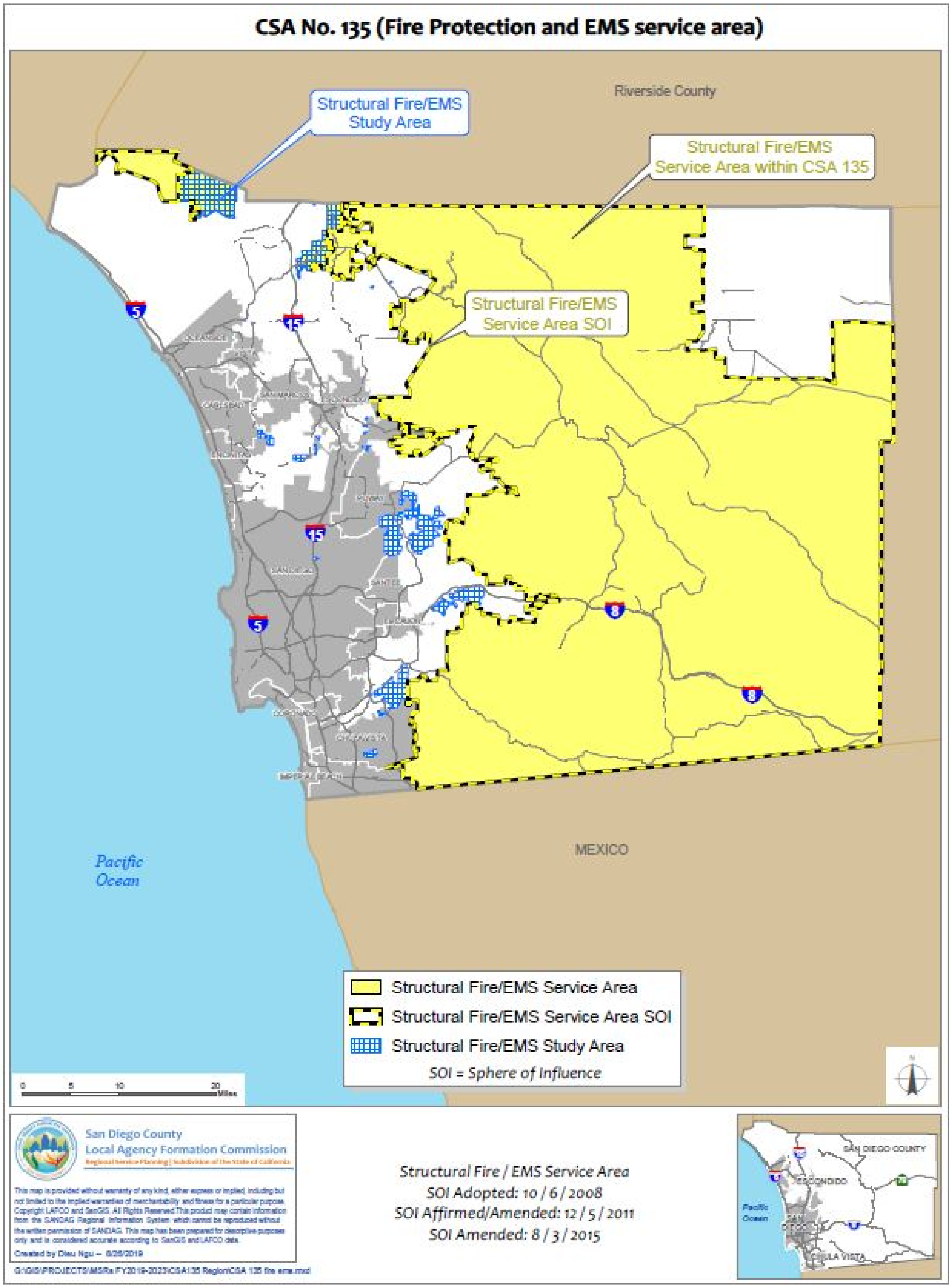
APPENDIX B
Map of CSA No. 135
Fire Protection and Emergency Medical



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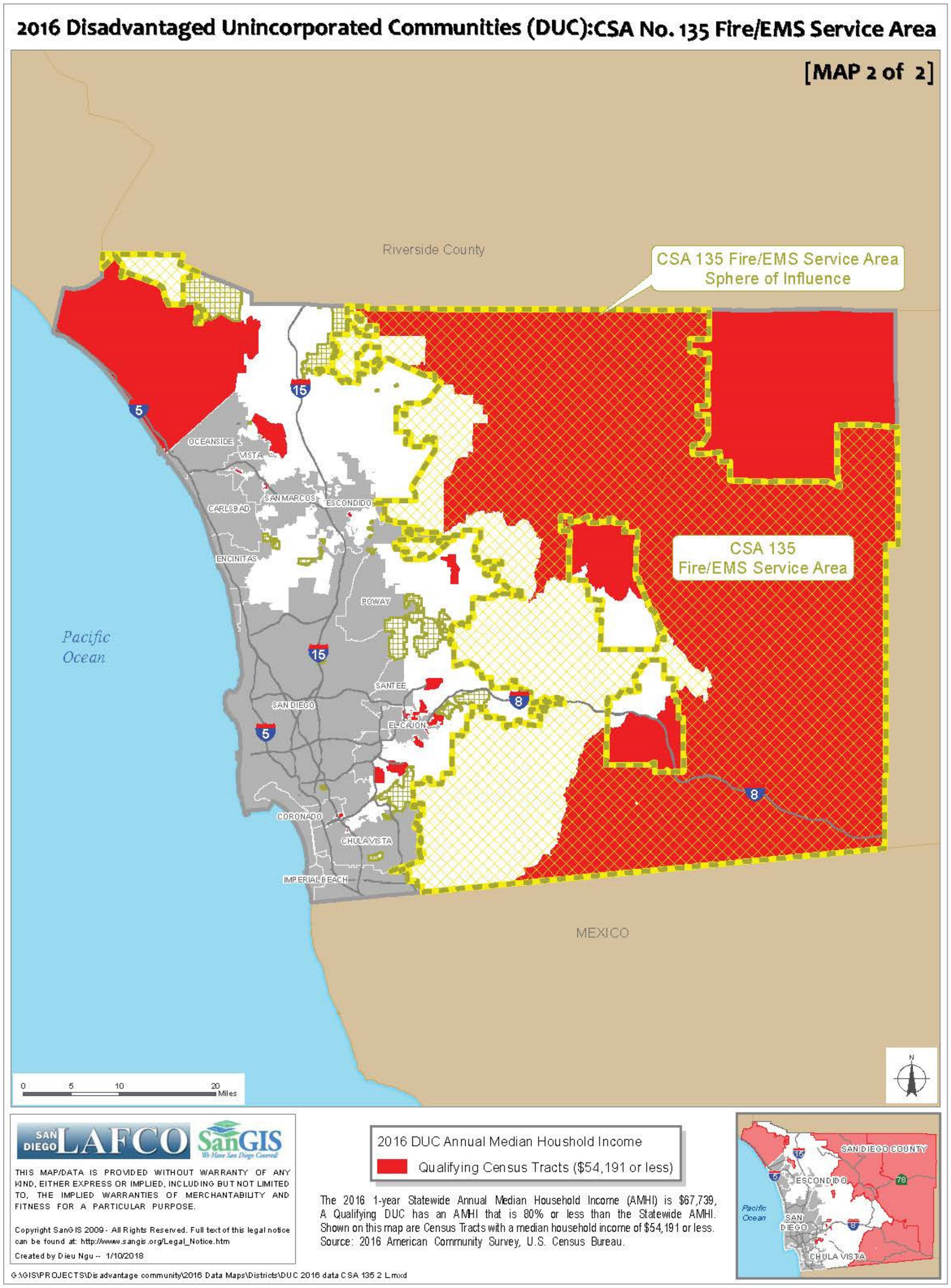
APPENDIX C
Map of CSA No. 135
Disadvantaged Unincorporated Communities

APPENDIX C
Map of CSA No. 135
Disadvantaged Unincorporated Communities



APPENDIX D
Comparison Chart: CSAs v. FPDs

Category	CSA Law	FPD Law
Boundaries	Restricted ... unincorporated focus ... cities most consent by resolution to inclusion ... contiguous or noncontiguous	Restrictionless ... unincorporated or incorporated ... contiguous or noncontiguous
Oversight	CKH Applies	CKH Applies
Formation Proceedings	Affected county can initiate application ... notice of hearing pursuant to 6061	Affected county or city can initiate application notice of hearing pursuant to 6061
Governing Board	Dependent Only ... board of supervisors	Independent or Dependent ... board of supervisors or council option ... directly elected board option ... hybrid: appointed by board or council
Delegation Authority	None	Any or all to Fire Commission (5-7 Members)
Advisory Committees	Available	Available within Zones
Meeting Requirements	At least annually (budget)	At least once every three months
Eminent Domain Power	Yes	Yes
Power to Self-Insure	No	Yes
Service Powers	Expansive (Focus on Organization and Funding) ... Fire Protection ... Rescue ... Emergency Medical ... Hazardous Materials ... Ambulance ... Weed and Rubbish Abatement ... Police Protection ... Recreation ... Libraries ... Television Communications ... Water ... Wastewater ... Pest and Vector Control ... Street, Road, Bridges, Etc. ... Street Lighting and Landscaping ... Garbage ... Fund Land Use Planning ... Soil Conservation ... Animal Control ... Transportation ... Cemeteries ... Undergrounding Utilities ... Airports ... Flood Control ... Community Facilities	Limited (Focus on Organizing, Funding, and Delivery) ... Fire Protection ... Rescue ... Emergency Medical ... Hazardous Materials ... Ambulance ... Weed and Rubbish Abatement
Code Enforcement Powers	Not Specified	Yes
Special Tax Authority	Yes	Yes
Benefit Assessment Authority	Yes	Yes
Mello Roos Authority	No	Yes
Issuance of Bonds	Yes	Yes
Bond Limit	5% of Assessed Value	10% of Assessed Value
Service Charges and Fees	Yes	Yes
Establish Service Zones	Yes	Yes
Employee Benefits Program	No	Yes
Employee Relations System	No	Yes
Miscellaneous	... revolving credit/fund with county; $2.0m ... FY loan allowance with county	... ability to grant leaves of absence in lieu of TDP per LC 4850

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APPENDIX E
Document Sources

A complete list will be provided as part of the final report. In the interim, a working source list is available at the LAFCO Office.

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