



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

6a

AGENDA REPORT
 Public Hearing

May 3, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer
 Priscilla Allen, Analyst I

SUBJECT: **Proposed “Meadowood Reorganization” | Concurrent Annexation to Rainbow Municipal Water District with Detachment from Valley Center Municipal Water District and Conforming Sphere of Influence Amendments (RO20-10 et al.)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a reorganization proposal filed by Rainbow Municipal Water District (MWD) with the principal action to annex 266.9 acres of unincorporated territory near the intersection of the Rainbow and Valley Center communities. A concurrent detachment from Valley Center Municipal Water District (MWD) is also proposed. The proposal purpose is to facilitate the planned development of a 844-unit residential subdivision – “Citro” – through the extension of public water and wastewater services and would supersede an existing outside service agreement between the two subject agencies. (The development project was until recently known as “Meadowood” and noticed accordingly.) Staff recommends conditional approval of the proposal as submitted along with conforming sphere of influence amendments to both subject agencies as well as waiving protest proceedings.

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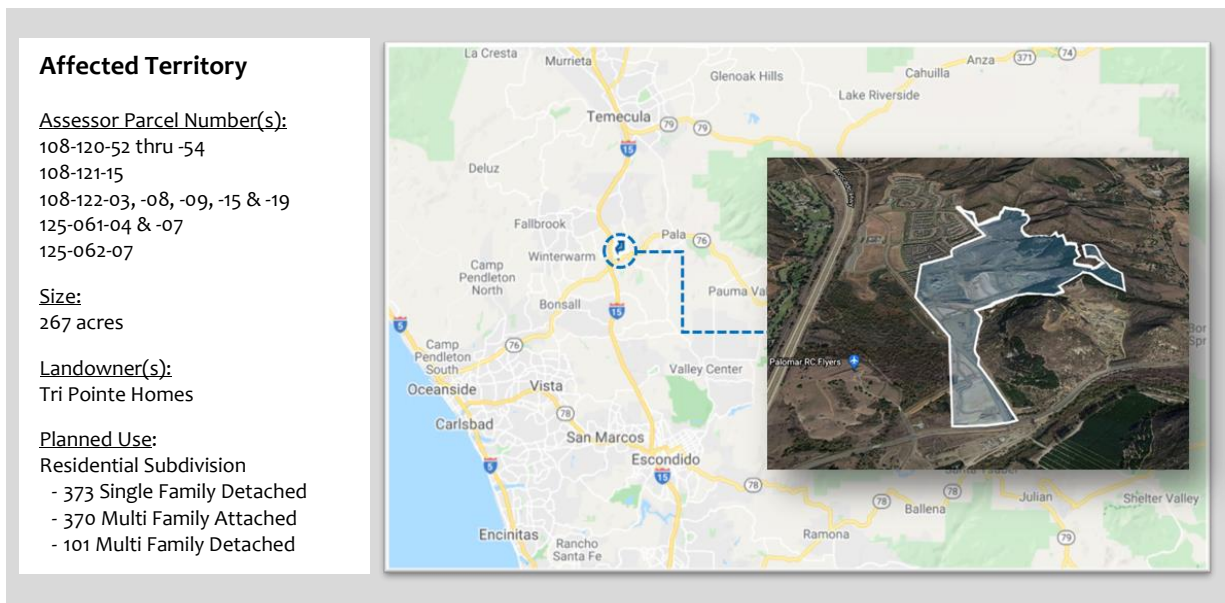
BACKGROUND

Applicant Request

San Diego LAFCO has received a reorganization proposal by resolution from Rainbow MWD requesting approval to reorganize and annex approximately 267 acres of unincorporated territory in north Valley Center. A concurrent detachment from Valley Center MWD is also proposed to avoid jurisdictional overlap with respect to water and wastewater service responsibilities. The affected territory as submitted comprises 12 undeveloped parcels all under common ownership (Tri Pointe Homes – formerly Pardee Homes). The County of San Diego Assessor’s Office identifies the subject parcels as 108-120-52, 108-120-53, 108-120-54, 108-121-15, 108-122-03, 108-122-08, 108-122-09, 108-122-15, 108-122-19, 125-061-04, 125-061-07, and 125-062-07. None of the subject parcels have been assigned situs addresses as of date.

Regional Setting

The affected territory lies within the unincorporated community of Valley Center at its northern parameter near the transition into Rainbow. State Route 76 (Pala Road) and Horse Ranch Creek Road provide access to the affected territory with the former providing access to Interstate 15 with the Cities of Escondido (south) and Oceanside (west) both within 15 miles in distance. An aerial map of the affected territory and its regional setting follows. Attachment One shows the affected territory relative to the proposed boundary changes involving the two subject agencies (Rainbow and Valley Center MWDs).



Subject Agencies

The proposed reorganization before San Diego LAFCO involves two subject agencies: Rainbow MWD and Valley Center MWD. A summary of the subject agencies in terms of their governance, resident population, municipal functions, and financial standing follows.

- Rainbow MWD is an independent special district formed in 1953 with an estimated residential population of 22,130. The jurisdictional boundary spans 80 square miles and generally overlays the unincorporated community of Rainbow in northern San Diego County with several distinct residential developments within and include Morro Hills and Pala Mesa. A small portion of the jurisdictional boundary – less than one square mile – also overlays the City of Oceanside. A directly elected five-member Board of Directors governs Rainbow MWD and its two active municipal functions: water (potable and retail classes) and wastewater (collection, treatment, and disposal classes). LAFCO established a sphere of influence for Rainbow MWD in 1984, which was last updated in 2007 with a larger-than-agency designation to include 987 non-jurisdictional acres and equals 1.9% of the jurisdictional boundary. Rainbow MWD’s audited net position is \$88.2 million as of June 30, 2020 and has increased by 4.7% over the prior three audited fiscal years.
- Valley Center MWD is an independent special district formed in 1954 with an estimated residential population of 28,210. The jurisdictional boundary spans 100 square miles and generally overlays the unincorporated communities of Valley Center and Deer Springs with several distinct residential developments within and include Circle R, Hidden Meadows, Welk Resort, and Woods Valley Ranch. A directly elected five-member Board of Directors governs Valley Center MWD and its three active municipal functions: water (potable and retail classes); recycled water (retail class); and wastewater (collection, treatment, and disposal classes) with the latter two limited to certain geographic areas within the MWD jurisdictional boundary. LAFCO established a sphere of influence for Valley Center MWD in 1984, which was last updated in 2007 with a larger-than-agency designation 1,712 non-jurisdictional acres and equals 2.7% of the jurisdictional boundary. Valley Center MWD’s audited net position is \$86.4 million as of June 30, 2020 and has increased by 3.0% over the prior three audited fiscal years.

Affected Local Agencies

The affected territory lies within the jurisdictional boundaries and/or spheres of influence of 11 local agencies directly subject to San Diego LAFCO. These agencies qualify as “affected agencies” relative to the proposed reorganization and listed below.¹

- County Service Area No. 81 (Fallbrook Local Parks)
- County Service Area No. 135 (Regional Communications)
- Fallbrook Regional Healthcare District
- Metropolitan Water District of Southern California
- Mission Resource Conservation District
- North County Fire Protection District
- Palomar Health Healthcare District
- San Diego County Flood Control District

¹ 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.

- San Diego County Street Lighting District
- San Diego County Water Authority
- Valley Center MWD

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the proposed reorganization and the principal action to annex the affected territory to Rainbow MWD. An associated boundary change to concurrently detach the affected territory from Valley Center MWD is also proposed to avoid overlapping jurisdictions with respect to water and wastewater services. The Commission may also consider applying conditions so long as it does not directly regulate land use, property development, or subdivision requirements. Additional discussion on proposal purpose, development opportunities, and Commission focus follows.

Proposal Purpose

The purpose of the proposed reorganization before San Diego LAFCO is to formally transfer jurisdictional responsibilities for providing water and wastewater to the affected territory and its planned development from Valley Center MWD to Rainbow MWD given proximity to existing infrastructure. The reorganization would supersede an existing outside water and wastewater service agreement between the two subject agencies entered in March 2020.² The reorganization has also been timed to enable the applicant/developer to form a community facilities district within the next few months in order to fund the necessary improvements and proceed with opening home sales as planned this summer.

Development Potential

The entire affected territory is unincorporated with all land uses subject to existing County of San Diego General Plan and zoning designations. The Meadowood Specific Plan was adopted by the Board of Supervisors in January 2012 and involves development of the affected territory into a 844-unit residential subdivision with dedications for a school site, public trails, and open-space. No additional density can be accommodated within the affected territory under the Specific Plan. Additional intensity – however – may be allowed under the County’s accessory dwelling unit (ADU) ordinance and its provision to allow one ADU in association with each 373 single-family detached residence.³

Commission Focus

Three central and sequential policy items underlie San Diego LAFCO’s consideration of the proposed reorganization. These policy items take the form of determinations and orient the Commission to consider the interrelated merits as it relates to (a) conforming sphere of influence actions, (b) timing of the reorganization, and (c) whether modifications or approval

² San Diego LAFCO was consulted in the development of the outside water and wastewater agreement between the two subject agencies with the Executive Officer determining the agreement qualified for an exemption and did not require formal Commission approval under Government Code Section 56133(e).

³ ADUs would be subject to County review for conformance with applicable lot size and setback regulations.

terms are appropriate. The Commission must also consider other relevant statutes in and outside LAFCO law as detailed.

ANALYSIS

San Diego LAFCO’s analysis of the proposed reorganization is divided into two distinct subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section and headlined by analyzing the merits of amending the subject agencies’ spheres of influence and the proposed reorganization itself. The second subsection considers other germane statutory issues required for LAFCO proposal consideration and this includes complying with the California Environmental Quality Act (CEQA).

Central Policy Items

Item No. 1 | Conforming Sphere of Influence Amendments

The proposed reorganization necessitates San Diego LAFCO consider two concurrent conforming sphere of influence actions to achieve consistency with the requested boundary changes as required under statute. The first action involves an amendment to the adopted Valley Center MWD sphere of influence to remove the affected territory. The second action involves amendment to the adopted Rainbow MWD sphere of influence to include the affected territory. Consideration of the concurrent sphere actions are premised on the Commission’s statutory responsibility to designate spheres to demark the affected agencies’ appropriate future service areas relative to community needs as determined by the membership. Staff believes it would be merited for the Commission, accordingly, to proceed and approve the conforming sphere amendments for the cumulative effect of recognizing the Rainbow MWD – and not Valley Center MWD – as the appropriate provider of water and wastewater services for the affected territory. These amendments appropriately assign deference to proximity of existing infrastructure as well as reflect Rainbow MWD’s contractual service commitments involving the affected territory. Staff also believes the scope of the amendment to include the affected territory into Rainbow MWD’s sphere can be accommodated without a municipal service review given – and among other factors – the substantial documentation prepared to date as part of the associated development project.

CONCLUSION | MERITS OF CONFORMING SPHERE OF INFLUENCE AMENDMENTS

Proceeding with conforming actions to amend the Valley Center MWD sphere of influence to remove the affected territory and concurrently amend the Rainbow MWD sphere of influence to include the affected territory is sufficiently warranted. Justification is marked by the preceding analysis and support the Commission’s determinations to designate the Rainbow MWD as the appropriate and exclusive water and wastewater service provider for the affected territory going forward. Additional analysis supporting the conclusion is provided in Appendix A.

Item No. 2 | Reorganization Timing

The timing of the proposed reorganization before San Diego LAFCO – and specifically the primary action to annex the affected territory to Rainbow MWD and secondary action to detach from the Valley Center MWD – appears appropriate. This conclusion draws from the analysis of the statutory factors required for consideration of proposed jurisdictional changes along with locally adopted Commission policies. Most of the prescribed review factors for the proposed reorganization focus on the service and financial capacities of the receiving agency, Rainbow MWD (emphasis added). A summary of key conclusions generated in the review of these proposal factors and applicable local policies follows.

- Service Needs

The affected territory is located within an urbanizing area of northern San Diego County and subject to an approved development project under the Meadowood Specific Plan. Proceeding forward with the approved development is dependent on the establishment and delivery of public water and wastewater services and underlies the reorganization request before San Diego LAFCO. Additional details follow.

- The approved development involving the affected territory dates initially to the late 1990s and subsequently finalized in January 2012 with the Board of Supervisors adopting the Meadowood Specific Plan.⁴ The approved development permits the construction of 844 residential units divided between 373 single-family residences and 471 multi-family residences. Proceeding with the development is dependent on the establishment of public water and wastewater services with no viable available alternatives.
- The affected territory's landowner (Tri Pointe Homes) has provided their written consent to the proposed reorganization in conjunction with their interest to proceed with the planned development. These factors help to quantify the reorganization and annexation of the affected territory to Rainbow MWD is appropriate by syncing the timing of the boundary changes with a known and existing need that supports County land use policies.
- The proposed reorganization is a preferred alternative to the subject agencies implementing an outside water and wastewater service agreement where Rainbow MWD serves the affected territory under contract by Valley Center MWD. The reorganization's provisions to formally designate Rainbow MWD as the exclusive service provider for the affected territory aligns with the Commission's interest to limit outside service arrangements and sync local agencies' service areas with their spheres and jurisdictional boundaries.

⁴ The Meadowood Specific Plan covers 390 total acres. The affected territory is 267.9 acres and encompasses the portion of the Specific Plan area to be developed. The remaining 123 acres is dedicated for open-space and not part of the proposed reorganization.

- Service Capacities and Levels

Rainbow MWD would directly assume water and wastewater service responsibilities for the affected territory upon reorganization. A review of Rainbow MWD indicates the District has sufficient capacity and supply resources to readily accommodate demands within the affected territory at its planned uses without expanding any public infrastructure. Additional details follow.

- With respect to water, Rainbow MWD projects the proposed reorganization's demand for the affected territory and its current and planned uses at 674 acre-feet per year. This projection translates to approximately 713 gallons per day for each of the proposed 844 residential units in the Meadowood Specific Plan.⁵ The projected annual demand equals approximately 9.9% of the available excess water supply currently available to Rainbow MWD through its infrastructure network and connections to the County Water Authority and MET imported wholesale systems. Maximum build-out with an additional 373 ADUs would add approximately 65 acre-feet per year or approximately an additional 0.9% of the available retail water supply currently available to Rainbow MWD. Actual service to the affected territory from Rainbow MWD is accessible through a 100-foot extension from an existing transmission pipeline located within the adjacent public right-of-way on Horse Ranch Creek Road.

- With respect to wastewater, Rainbow MWD projects the proposed reorganization's demand for the affected territory and its current and planned uses at a daily average of 0.150 million gallons. This projection translates to approximately 178 gallons per day for each of the proposed 844 residential units. The projected daily demand equals approximately 30.6% of the available excess treatment capacity currently available to Rainbow MWD. Maximum build-out with an additional 373 ADUs would add approximately 0.070 million daily gallons or approximately an additional 13.6% of the available excess treatment capacity and increase the overall project demand to 44.2%. Actual service to the affected territory from Rainbow MWD is accessible through a 100-foot extension from an existing collection pipeline located within the adjacent public right-of-way on Horse Ranch Creek Road.

- Service Funding and Costs

Rainbow MWD has the financial resources coupled with administrative controls to provide retail water services to the affected territory in support of its current and planned uses without adversely impacting current ratepayers. This comment is reflected in the staff analysis of Rainbow MWD's recent audited statements which shows – among other items – the District remained profitable over the last three audited fiscal years with an average total margin of 3.3%.

⁵ One acre-foot is about 325,900 gallons, or enough water to cover one acre to a depth of one foot. An acre-foot can supply the average household needs of two four-person families for one year.

**CONCLUSION |
MERITS OF CHANGE OF REORGANIZATION TIMING**

The timing of the reorganization involving annexation of the affected territory to Rainbow MWD with concurrent detachment from Valley Center MWD is sufficiently warranted. Justification is marked by the preceding analysis and highlighted by appropriately responding to the existing need for water and wastewater service for the affected territory in support of the County-approved Meadowood Specific Plan through readily accessible public infrastructure and capacities. Additional analysis supporting the conclusion is provided in Appendix B.

Item No. 3 | Modifications and Terms

No modifications to the submitted reorganization have been identified by San Diego LAFCO staff meriting Commission consideration at this time. This includes noting annexation of the affected territory to Rainbow MWD and concurrent detachment from Valley Center MWD would not result in any unserved corridors or other boundary irregularities for the subject agencies. Applying standard terms under Government Code Section 57302 are appropriate.

**CONCLUSION |
MODIFICATIONS AND TERMS**

No modifications to the proposed reorganization appear merited as detailed. Standard approval terms are recommended.

Other Statutory Considerations

Exchange of Property Tax Revenues

California Revenue and Taxation Code Section 99(b)(6) requires the County of San Diego and subject agencies to submit an adopted resolution to LAFCO agreeing to accept the exchange of property tax revenues associated with the proposed reorganization. The associated statutes also empower the County of San Diego to make all related property tax exchange determinations on behalf of special districts without consultation unless the affected agencies request otherwise. Staff has confirmed the County has adopted a master enterprise district resolution applicable for the proposed reorganization. The County's adopted master exchange resolution specifies no transfer of property taxes would occur should the Commission approve the proposed reorganization of the affected territory with Rainbow MWD and Valley Center MWD.

Environmental Review

San Diego LAFCO is responsible under CEQA to assess whether environmental impacts would result from activities approved under the Commission's authority. Accordingly, the Commission is tasked with making two distinct findings under CEQA in consideration the proposed reorganization. Staff's analysis follows.

- San Diego LAFCO serves as lead agency under CEQA for the conforming sphere of influence actions associated with the reorganization. It is recommended the Commission find these actions are a project under CEQA but exempt from further review under State Guidelines Section 15061(b)(3). This exemption appropriately applies given it can be seen with certainty that spheres are planning policies and any associated actions (establishment, update, or amendment) do not change the environment or authorize any new uses or services.
- San Diego LAFCO also serves as lead agency under CEQA for the proposed reorganization and annexation of the affected territory to Rainbow MWD and concurrent detachment from Valley Center MWD. It is recommended the Commission find these actions are a project under CEQA but exempt from further review under State Guidelines Section 15320. This exemption appropriately applies given the underlying action involves the transfer of existing municipal service functions within the same area with no additional powers or expansions therein.

Protest Proceedings

Protest proceedings for the proposed reorganization may be waived by San Diego LAFCO should the Commission proceed with an approval under Government Code Section 56662. The recommended waiver appropriately applies under this statute given the affected territory is uninhabited as defined under LAFCO law; the subject agencies have not filed objections to the waiver; and all landowners have consented to the underlying actions.

RECOMMENDATION

Staff recommends San Diego LAFCO approve the proposed reorganization without modifications along with conforming sphere of influence actions and standard terms based on the preceding analysis. This recommendation is consistent with Alternative One outlined in the proceeding section.

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 conditionally approving the reorganization proposal as submitted (without modifications) and conforming sphere of influence amendments for both subject agencies. This includes making required findings under CEQA.

Alternative Two:

Continue consideration to a future meeting and provide direction to staff concerning additional information, as needed.

Alternative Three:

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

PROCEDURES FOR CONSIDERATION

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. Open the public hearing and invite comments from the applicant and general public.
3. Discuss item and consider the staff recommendation.

On behalf of the Executive Officer,



Pricilla Allen
Analyst I

Appendices:

- A) Analysis of Sphere of Influence Determinations
- B) Analysis of Proposal Review Factors

Attachments:

- 1) Vicinity Map of the Affected Territory
- 2) Draft Resolution of Approval
- 3) Resolution of Application from Rainbow MWD
- 4) Support Letter from Valley Center MWD

APPENDIX A

STATEMENT OF DETERMINATIONS SPHERE OF INFLUENCE FACTORS Government Code Section 56425

(1) The present and planned land uses, including agricultural and open-space lands.

The affected territory is entirely unincorporated and includes approximately 266.9 unincorporated acres in an urbanizing area in northern San Diego County. The affected territory is presently vacant but subject to a County of San Diego approved specific plan that permits the development of 844 residential units. The affected territory contains agricultural and open-space lands and have been incorporated into the specific plan. Amending the spheres of influence to remove the affected territory from Valley Center MWD and add to Rainbow MWD is consistent with these present and planned land uses.

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

There is an existing need for public water and wastewater services within the affected territory to accommodate the planned development of a large residential subdivision to include 844 residential units. Proceeding with the development is dependent on the establishment of public water and wastewater services with no viable available alternatives. Amending the spheres of influence to remove the affected territory from Valley Center MWD and add to Rainbow MWD is consistent with these present and probable service needs.

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

Rainbow MWD has existing infrastructure and related capacities to readily accommodate water and wastewater demands within the affected territory consistent with the approved development highlighted by the construction of 844 residential units. Projected demands for water and wastewater within the affected territory are not expected to consume more than one-half of Rainbow MWD's existing excess capacities. Amending the spheres of influence to remove the affected territory from Valley Center MWD and add to Rainbow MWD is consistent with these present and adequate capacities.

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

Rainbow MWD established social and economic ties with the affected territory in March 2020 in parallel with entering into an outside service agreement with Valley Center MWD to serve as the contract water and wastewater provider for the planned Meadowood development. Amending the spheres of influence to remove the affected territory from Valley Center MWD and add to Rainbow MWD syncs with the outside agreement in reflecting service commitments and the social and economic communities of interest therein.

(5) The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The affected territory and existing coterminous service-specific sphere of influence does not contain census tracts qualifying as a disadvantaged unincorporated community (DUC) under State statute or LAFCO policy.

APPENDIX B

PROPOSAL REVIEW FACTORS Government Code Section 56668

- 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.**
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The affected territory comprises 266.95 unincorporated and undeveloped acres with no residents. Total assessed valuation for the affected territory is estimated by the County Auditor as \$9.9 million. The existing natural topography on the property ranges in elevation from a low of approximately 275 feet to a high of over 800 feet. The affected territory is subject to a County of San Diego-approved Specific Plan known as Meadowood permitting development of 844 residential units with an associated population projection of 2,544.⁶ Significant growth adjacent to the affected territory over the next 10 years is expected given recent and anticipated development trends.

- b) **The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.**
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The County of San Diego acts as the primary purveyor of general governmental services to the affected territory. This includes community planning, roads, and law enforcement. The affected territory also overlaps several other special districts that provide a range of municipal services in support of existing and future development. This includes – but not limited to – North County Fire Protection District (fire protection and emergency medical). This proposal affects only water and wastewater service provision to the affected territory and are the focus of the succeeding analysis.

- **Extending Public Water Service to the Affected Territory**

Rainbow MWD projects the proposed reorganization's demand for the affected territory and its current and planned uses at 674 acre-feet per year. This projection translates to approximately 713 gallons per day for each of the proposed 844 residential units in the Meadowood Specific Plan.⁷ The projected annual demand equals approximately 9.9% of the available excess water supply currently available to Rainbow MWD through its infrastructure network and connections to the County

⁶ The projected population is based on 3.0 persons per housing unit.

⁷ One acre-foot is about 325,900 gallons, or enough water to cover one acre to a depth of one foot. An acre-foot can supply the average household needs of two four-person families for one year.

Water Authority and MET imported wholesale systems. Maximum build-out with an additional 373 ADUs would add approximately 65 acre-feet per year or approximately an additional 0.9% of the available retail water supply currently available to Rainbow MWD. Actual service to the affected territory from Rainbow MWD is accessible through a 100-foot extension from an existing transmission pipeline located within the adjacent public right-of-way on Horse Ranch Creek Road.

- **Extending Public Wastewater Service to the Affected Territory**

Rainbow MWD projects the proposed reorganization's demand for the affected territory and its current and planned uses at a daily average of 0.150 million gallons. This projection translates to approximately 178 gallons per day for each of the proposed 844 residential units. The projected daily demand equals approximately 30.6% of the available excess treatment capacity currently available to Rainbow MWD. Maximum build-out with an additional 373 ADUs would add approximately 0.070 million daily gallons or approximately an additional 13.6% of the available excess treatment capacity and increase the overall project demand to 44.2%. Actual service to the affected territory from Rainbow MWD is accessible through a 100-foot extension from an existing collection pipeline located within the adjacent public right-of-way on Horse Ranch Creek Road.

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 reorganization proposal and annexing the affected territory to Rainbow MWD would formalize existing economic and social interests borne from the District's contractual relationship with Valley Center MWD to provide water and wastewater to the subject lands' planned development.

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 reorganization and legal transfer of water and wastewater service responsibilities from Valley Center MWD to Rainbow MWD serves as a preferred alternative in LAFCO statute with respect to memorializing existing and long-term service commitments. The affected territory includes "open-space" as defined under LAFCO law; however, no new growth or development beyond the existing Meadowood project is associated with the proposed reorganization, therefore, no conflicts exist therein under G.C. Section 56377.

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 contain “prime agricultural land” as defined under LAFCO law. However, no new development is associated with the proposed reorganization beyond the existing County-approved Meadowood project, therefore, the proposal is not expected to have an 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 the reorganization of the affected territory would not create any new service islands or corridors of unincorporated territory.

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

A notice of the proposed reorganization provided to the San Diego Association of Governments or SANDAG did not generate any comments, and as such no conflicts have been identified with respect to its regional transportation plan, San Diego Forward.

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

The affected territory is subject to an approved master plan by the County of San Diego to develop the affected territory to include 844 residential units. The proposed reorganization supports this County-approved project by providing public water and wastewater services.

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

See Appendix A.

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

Staff provided notice of the reorganization 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 April 23, 2021.

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.

Should the proposed reorganization be approved Rainbow MWD will assume legal responsibility to provide water and wastewater services to the affected territory and the planned development of the Meadowood Specific Plan. These services are organized as an enterprise will be financed using user fees. The staff analysis of Rainbow MWD's last three audited statements shows – among other items – the District has effectively managed these enterprise functions and reflected in an average total margin (i.e. bottom line) of 3.3%. Additional details involving the ownership and operation of the facilities is footnoted.⁸

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

See above analysis for (b).

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 reorganization would not impact any local agencies in accommodating their regional housing needs. All potential units tied to the lands within the affected territory are already assigned to the County of San Diego by the region's council of governments.

n) Any information or comments from the landowner or owners, voters, or residents of the affected territory.

The affected territory contains 0 registered voters and qualifies as “uninhabited” as defined by LAFCO law (containing 11 registered voters or greater). Notice of the proposal and associated public hearing scheduled on May 3rd has been published in local newspapers with no comments received by the date of the agenda report.

o) Any information relating to existing land use designations.

Please see above analysis for (h).

⁸ There are private sewer and water utilities that will be installed with developer funds and upon development those facilities will be owned and maintained by the homeowners association or HOA. All other infrastructure needed for Rainbow MWD to service the project will be funded by the planned community facilities district.

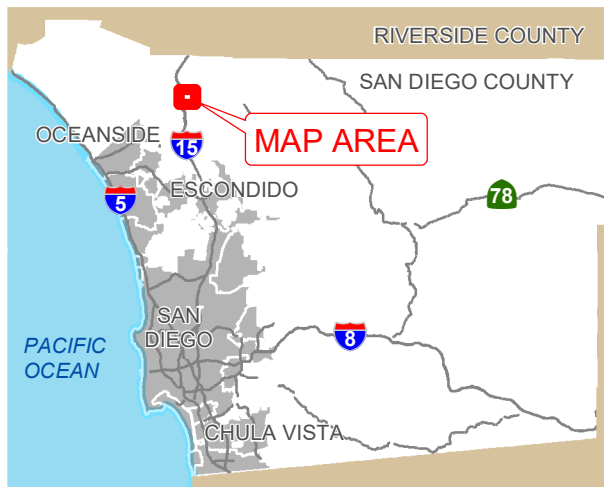
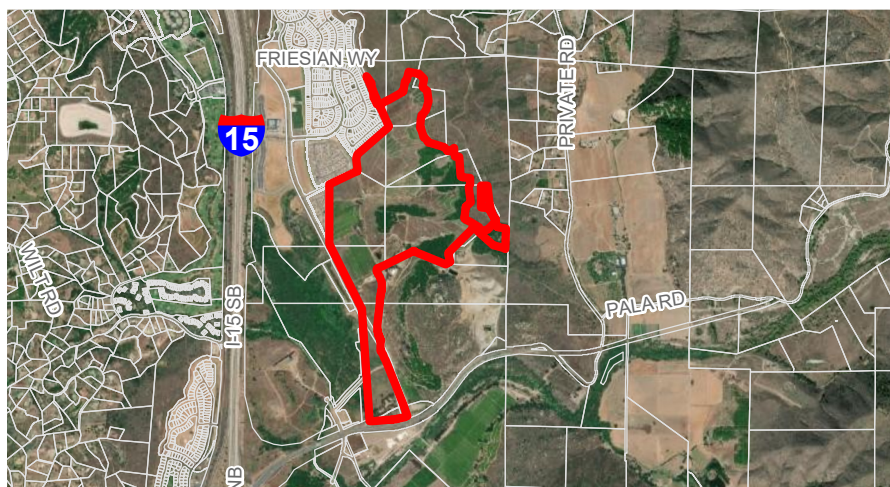
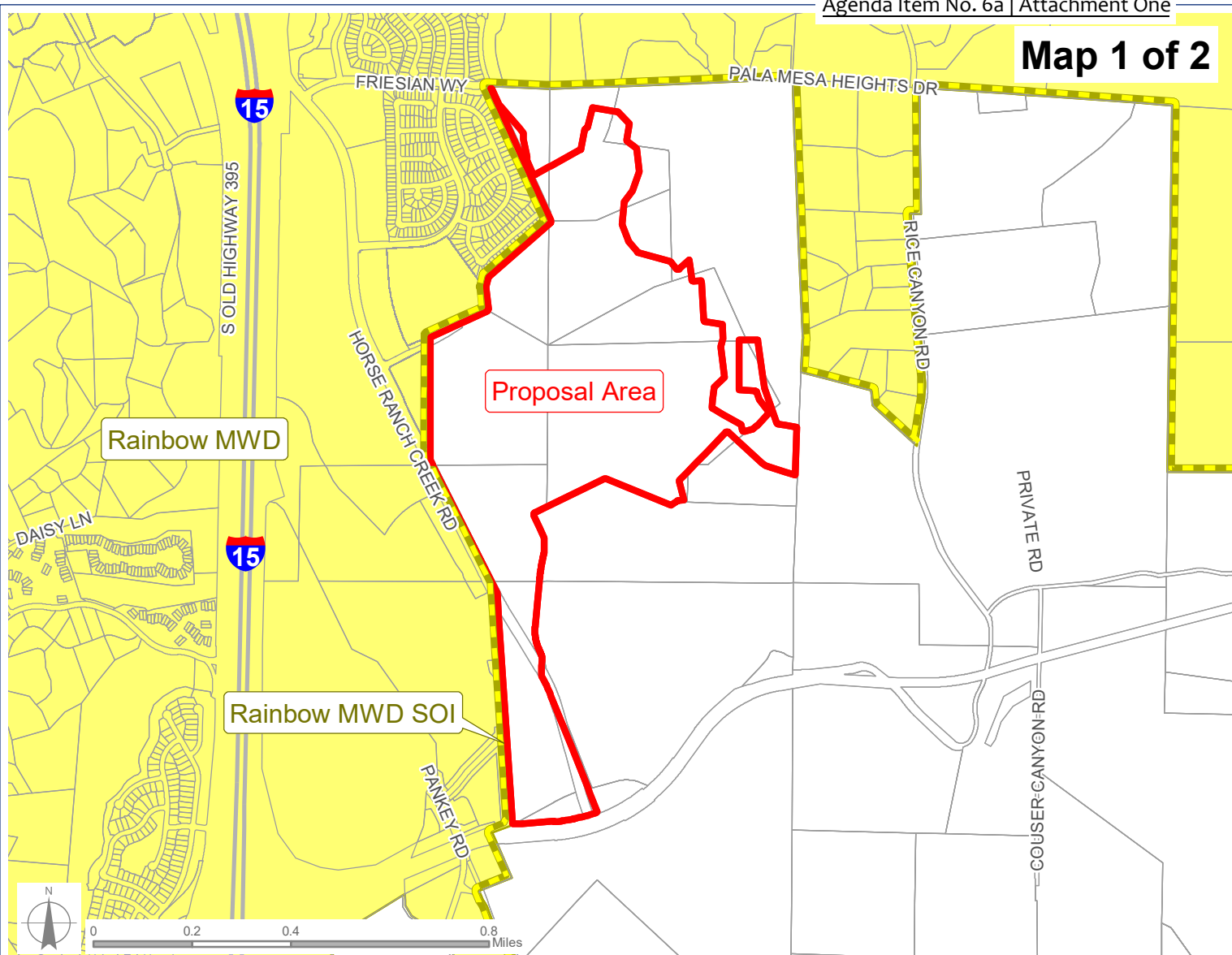
p) The extent to which the proposal will promote environmental justice.

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 reorganization does not include locating new public facilities and therefore approval is not anticipated to directly influence the promotion of environmental justice within the affected territory.

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 County of San Diego General contains a hazard mitigation plan for potential fire, flooding and earthquakes. Portions of the affected territory lies within "very high" fire hazard zones. It is also mapped within a State Responsibility Area with respect to wildland fire protection. Following the proposed reorganization, the North County FPD would continue to provide fire protection and EMS service functions and responsibilities within the affected territory.

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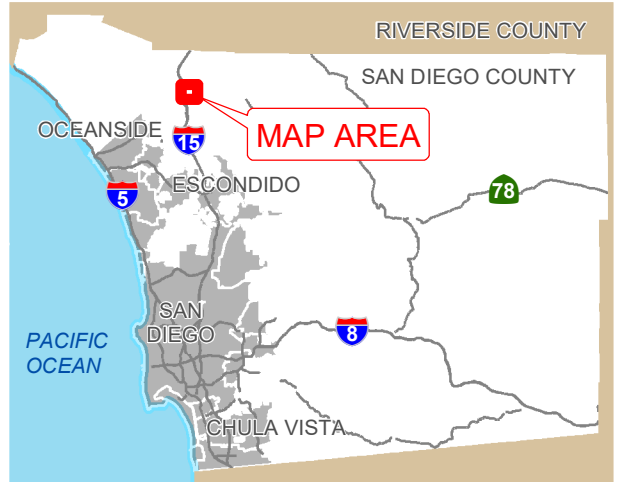
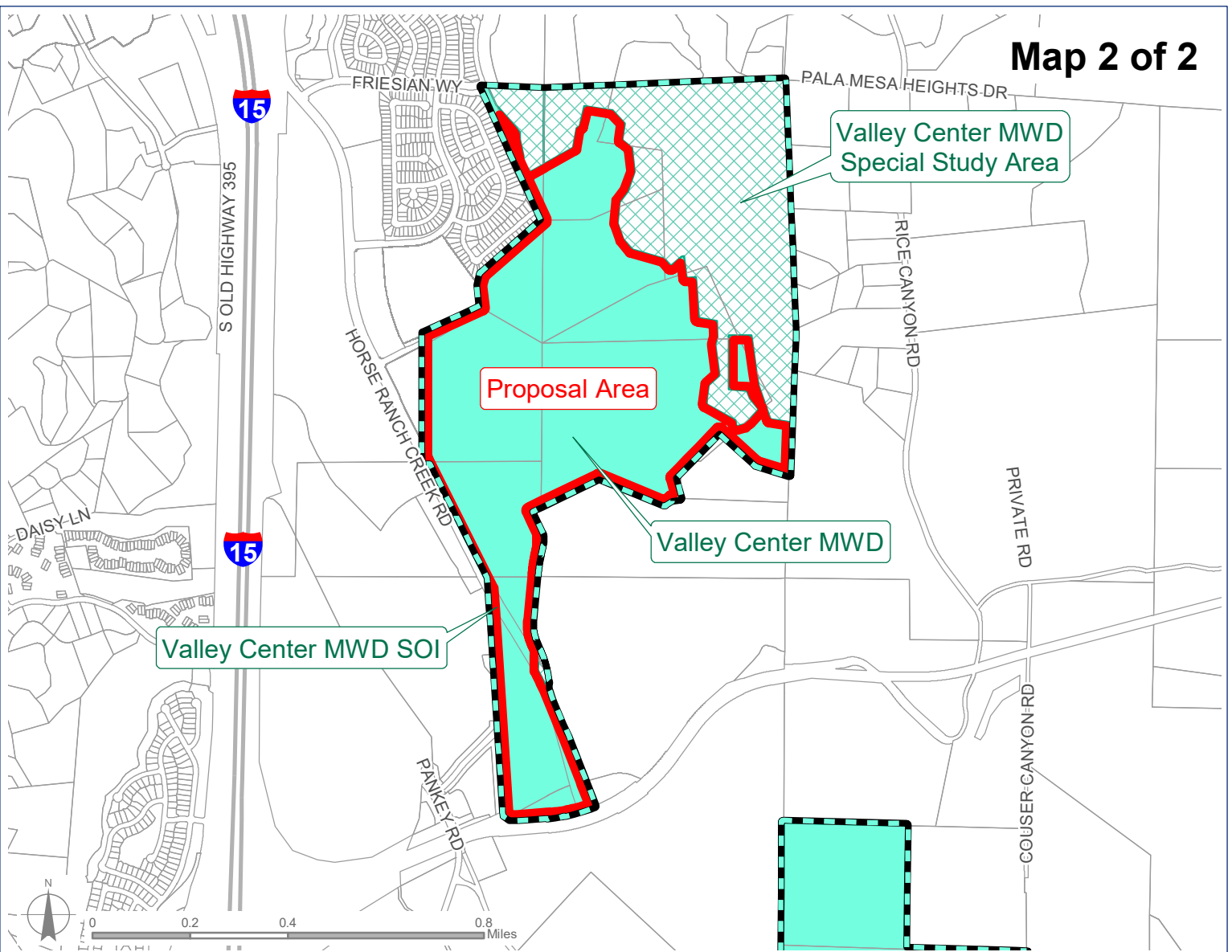


RO20-10

"MEADOWOOD REORGANIZATION" | ANNEXATION TO RAINBOW MWD WITH CONCURRENT DETACHMENT FROM VALLEY CENTER MWD AND CONFORMING SPHERE OF INFLUENCE AMENDMENTS





- Proposal Area
 - Rainbow MWD
 - Rainbow MWD SOI
- SOI = Sphere of Influence





RO20-10

"MEADOWOOD REORGANIZATION" | ANNEXATION TO RAINBOW MWD WITH CONCURRENT DETACHMENT FROM VALLEY CENTER MWD AND CONFORMING SPHERE OF INFLUENCE AMENDMENTS

-  Proposal Area
-  Valley Center MWD
-  Valley Center MWD SOI
-  VC MWD Special Study Area
- SOI = Sphere of Influence



RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A REORGANIZATION

“MEADOWOOD REORGANIZATION”

**CONCURRENT ANNEXATION TO RAINBOW MUNICIPAL WATER DISTRICT
AND DETACHMENT FROM VALLEY CENTER MUNICIPAL WATER DISTRICT
WITH CONFORMING SPHERE OF INFLUENCE AMENDMENTS
LAFCO FILE NO. CO20-10 et al.**

WHEREAS, on June 15, 2020, Rainbow Municipal Water District filed a reorganization proposal and 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 reorganization to concurrently annex approximately 266.9 acres of unincorporated territory within the County of San Diego to the Rainbow Municipal Water District (MWD) with detachment of the affected territory from the Valley Center MWD; and

WHEREAS, the affected territory as proposed includes 12 legal parcels identified by the County of San Diego Assessor’s Office as 108-120-52, -53, & -54, 108-121-15, 108-122-03, -08, -09, -15, & -19, 125-061-04 & -07, & 125-062-07; and

WHEREAS, the purposes of the proposal is to provide public water and wastewater services to the affected territory and in doing so facilitate the planned development of a 844-unit residential subdivision known as “Citro” and formerly identified as Meadowood; and

WHEREAS, the Commission confirms an applicable master property tax transfer agreement adopted by the County of San Diego applies to the proposed reorganization dated September 16, 2009; and

WHEREAS, the Commission’s Executive Officer has reviewed the proposed reorganization 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 hearing on the proposal on May 3, 2021; and

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

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

1. The public 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. The Commission serves as lead agency for different actions underlying the proposed reorganization under the California Environmental Quality Act (CEQA) as detailed in the Executive Officer's report. The Commission's findings specific to both roles follow.
 - a) The Commission serves as the lead agency for the conforming amendments to remove the affected territory from the Valley Center MWD sphere of influence and add the affected territory to the Rainbow MWD sphere of influence. The Commission finds these conforming sphere actions qualify as a project but exempt under State CEQA Guidelines Section 15061(b)(3). This exemption appropriately applies given it can be seen with certainty spheres are planning policies and any amendments do not make any changes to the environment or authorize any new uses or services.
 - b) The Commission serves as lead agency for the proposed reorganization and concurrent annexation of the affected territory to Rainbow MWD and detachment from Valley Center MWD. The Commission finds the reorganization qualifies as a project but is categorically exempt from further review under State CEQA Guidelines Section 15320. This exemption appropriately applies given the proposal involves reorganization of local governmental agencies where the changes of organization do not change the geographical area in which previously existing powers are exercised.
4. The Commission APPROVES amendments to remove the affected territory from the Valley Center MWD sphere of influence and add the affected territory to the Rainbow MWD sphere of influence as described in Section 5 below and condition on completion of all terms identified in Section 6 below.
5. The written statements of the Commission addressing the mandatory factors required for consideration any time spheres of influence are adopted, amended, or updated under Government Code Section 56425 are is shown in "Exhibit A-1" with the associated determinations provided in "Exhibit A-2."
6. The Commission APPROVES the reorganization as described below and subject to conditions as provided. Approval involves all of the follow:
 - a) Annexation of the affected territory to Rainbow MWD as shown in "Exhibit B-1" and described in "Exhibit B-2."

- c) Detachment of the affected territory from the Valley Center MWD as shown in “Exhibit C-1” and described in “Exhibit C-2.”
7. The Commission CONDITIONS all approvals on the following terms being satisfied by May 3, 2022 unless an extension is requested 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 all outstanding fees.
8. The Commission assigns the proposal the following short-term designation:

“Meadowood Reorganization”
9. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.
10. The Commission waives conducting authority proceedings under Government Code Section 56662.
11. The subject agencies are registered-voter districts.
12. The subject agencies utilize the County of San Diego assessment roll.
13. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the Rainbow MWD as provided under Government Section 57328.
14. The effective date of the approval shall be the date of recordation but not before the completion of a 30-day reconsideration period and only after all terms have been completed as attested by the Executive Officer.
15. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defects, errors, irregularities, or omissions.
16. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Sections 56880-56882 of the Government Code.
17. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

**

PASSED AND ADOPTED by the Commission on May 3, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

Keene Simonds
Executive Officer

EXHIBIT A-1
MAP OF SPHERE OF INFLUENCE AMENDMENTS

RAINBOW MWD (addition)
VALLEY CENTER MWD (removal)

-Placeholder-

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EXHIBIT A-2
SPHERE OF INFLUENCE STATEMENTS

RAINBOW MWD (addition)
VALLEY CENTER MWD (removal)

-Placeholder-

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EXHIBIT B-1
MAP OF ANNEXATION TO RAINBOW MWD

-Placeholder-

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**EXHIBIT B-2
GEOGRAPHIC DESCRIPTION
OF ANNEXATION TO RAINBOW MWD**

-Placeholder-

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EXHIBIT C-1
MAP OF DETACHMENT FROM RAINBOW MWD

-Placeholder-

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EXHIBIT B-2
GEOGRAPHIC DESCRIPTION
DETACHMENT FROM VALLEY CENTER MWD

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RESOLUTION NO. 20-09

**RESOLUTION OF APPLICATION BY THE BOARD OF DIRECTORS
OF THE RAINBOW MUNICIPAL WATER DISTRICT REQUESTING
THE LOCAL AGENCY FORMATION COMMISSION TO INITIATE PROCEEDINGS
FOR A REORGANIZATION TO DETACH CERTAIN PROPERTY FROM THE VALLEY
CENTER MUNICIPAL WATER DISTRICT AND ANNEX SAID PROPERTY
INTO THE RAINBOW MUNICIPAL WATER DISTRICT SERVICE AREA**

On May 26, 2020, on motion of Director Gasca, duly seconded by Director Mack and carried, the following resolution is adopted by the Board of Directors of Rainbow Municipal Water District.

WHEREAS, Rainbow Municipal Water District ("RMWD"), a California municipal water district, and Pardee Homes ("Pardee"), a California corporation (individually referred to herein as "Party" and collectively as "Parties") entered into a certain Annexation Agreement dated April 30, 2020 ("Annexation Agreement") with respect to real property located in the unincorporated County of San Diego, State of California as described in further detail in Exhibit A and depicted on Exhibit B, and within the Valley Center Municipal Water District ("VCMWD") service area for water and sewer services ("Project Site"); and

WHEREAS, Pardee owns the Project Site and has been issued certain discretionary approvals and permits related to the development of a residential project commonly referred to as "Meadowood" (the "Project"); and

WHEREAS, on May 4, 2020, VCMWD and RMWD entered into that certain out-of-agency service agreement ("RMWD Service Agreement") for the provision of water and sewer services to the Project Site; and

WHEREAS, existing water and sewer system facilities in the vicinity of the Project Site are operated by RMWD through the recent expansion of the facilities attributable to the development of the Horse Creek Ridge residential project; and

WHEREAS, the Project will, subsequently, be able to make use of this expanded water and sewer system; and

WHEREAS, the Parties desire the Project Site be detached from VCMWD and annexed into the jurisdictional boundaries of RMWD; and

WHEREAS, no city and/or district sphere(s) of influence must be amended or adopted in conjunction with approval of the proposed change of reorganization, and LAFCO is in the process of conducting a municipal service review for territory including the Project Site; and

WHEREAS, the proposed reorganization is made pursuant to Government Code section 56654 and will not conflict with any existing RMWD services; and,

WHEREAS, it is desired that the proposed reorganization be subject to the following terms and conditions:

- A. RMWD shall assume all rights, duties, responsibilities, personal property, contracts, equipment, assets, liabilities, obligations, functions, executory provisions related to water and sewer services, except as otherwise outlined in Conditions of Approval by LAFCO; and
- B. The Plan for Service to be included with RMWD's application pursuant to Government Code section 56653 outlines the general approach and parameters for delivering water and sewer services to serve the Project Site. RMWD will assume all responsibility for providing sustainable service to the residents and businesses of the Project Site as a condition of the annexation and for providing the personnel, facilities, equipment and oversight necessary for providing sustainable service on an ongoing basis.
- C. All previously authorized charges, fees, assessments, and/or taxes currently in effect, now levied or collected related to water and sewer services, including any future community facilities district, shall continue to be levied and collected by RMWD; and,
- D. The standard terms and conditions imposed by LAFCO upon all proposals or such additional conditions as may be deemed appropriate or necessary by LAFCO in its consideration; and,

WHEREAS, the reasons for this proposed reorganization are to provide effective, safe and financially sustainable water and sewer services to the Project Site and permit the subject agencies to streamline water and sewer services to the subject territory so as to provide orderly growth and development within the subject territory; and to permit all agencies authorized to provide the scope of municipal services to extend their boundaries to cover the subject territory in one action; and

WHEREAS, all legal prerequisites to the adoption of this Resolution have occurred; and,

NOW THEREFORE, BE IT RESOLVED BY THE RAINBOW MUNICIPAL WATER DISTRICT BOARD OF DIRECTORS AS FOLLOWS:

This resolution is hereby adopted and approved by the Board of Directors of the Rainbow Municipal Water District. The Local Agency Formation Commission of San Diego County is hereby requested to commence proceedings pursuant to Government Code section 56654 for the reorganization of territory as described above, according to the terms and conditions stated above, and in the manner provided by the Cortese -Knox -Hertzberg Local Government Reorganization Act of 2000 (Government Code sections 56000 *et seq.*).

PASSED AND ADOPTED at a meeting of the Board of Directors of the Rainbow Municipal Water District held on the 26th day of May 2020 by the following vote, to wit:

AYES: Directors Gasca, Hamilton, Mack, and Rindfleisch
NOES: None
ABSENT: Director Brazier
ABSTAIN: None


Hayden Hamilton, Board Vice President

ATTEST:


Dawn M. Washburn, Board Secretary

SECRETARY'S CERTIFICATE

I, Dawn Washburn, Secretary of the Board of Directors of the Rainbow Municipal Water District, County of San Diego, California, hereby certify as follows:


The attached is a full, true and correct copy of a resolution adopted at a meeting of the Board of Directors of the District duly held at the regular meeting place thereof on May 26, 2020, by the following vote:

AYES: Directors Gasca, Hamilton, Mack, and Rindfleisch
NOES: None
ABSTAIN: None
ABSENT: Director Brazier

An agenda of the meeting was posted at least 72 hours before the meeting at 3707 Old Highway 395, Fallbrook, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

The resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: June 9, 2020


Secretary of the Board of Directors of the
Rainbow Municipal Water District



VALLEY CENTER MUNICIPAL WATER DISTRICT

A Public Agency Organized July 12, 1954

Board of Directors
Robert A. Polito
President
Enrico P. Ferro
Vice President
Randy D. Haskell
Director
Daniel E. Holtz
Director
Oliver J. Smith
Director

April 19, 2021

Keene Simmonds, *Executive Director*
San Diego Local Agency Formation Commission
9335 Hazard Way, Suite 200
San Diego, CA 92123

Subject: Continued Support for Proposed “Meadowood Reorganization (LAFCO File No. RO20-10 et al)

Dear Keene;

With respect to the above referenced May 3, 2021 San Diego LAFCO Public Hearing on the proposed “Meadowood Reorganization,” Valley Center Municipal Water District has been and remains in full support of this action.

Meadowood was originally planned to be appropriately be served by the Rainbow Municipal Water District; however, because of various political and legal conflicts arising between Pardee Development and Rainbow, the developer approached the Valley Center MWD for annexation into MWD, the SDCWA and VCMWD to obtain water and wastewater treatment and disposal services. Though somewhat challenging, water and wastewater service for Meadowood via Valley Center MWD was feasible. However, a timely resolution of the pre-existing of long-standing issues between Pardee and Rainbow MWD cleared the way back to the original and more cost-effective way to serve the project via Rainbow MWD. Though Valley Center missed an opportunity to provide services with Meadowood, the long-term public and rate payers interests are best served by what will result from this reorganization. Consequently, in June of 2020, the Valley Center Municipal Water District adopted Resolution No. 2020-19 (copy attached), supporting Rainbow Municipal Water District’s application for the proposed reorganization.

To reiterate, Valley Center Municipal Water District remains in full support of the proposed Meadowood Reorganization. Please feel free to contact me if you should have any questions or require additional information.

Sincerely;

Gary Arant
General Manager

Enclosed: Resolution No. 2020-19

RESOLUTION NO. 2020-19

**RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT IN SUPPORT OF RAINBOW
MUNICIPAL WATER DISTRICT'S APPLICATION FOR REORGANIZATION
RELATED TO THE MEADOWOOD PROJECT**

WHEREAS, Pardee Homes ("Pardee") owns 374.7 acres of certain real property located in the undeveloped area of the County of San Diego ("County") within the adopted Fallbrook Community Plan Area and the VCMWD service area (the "Meadowood Site") and adjacent to the jurisdictional boundaries of Rainbow Municipal Water District ("RMWD"); and

WHEREAS, Pardee intends to develop a residential project on the Meadowood Site with single-family and multi-family residential units, a park and recreation center, and approximately fifty (50) acres retained for agricultural usage, as well as an option to provide an elementary school ("Project"); and

WHEREAS, on or about January 11, 2012, the County: (i) approved the Project's vesting tentative map (VTM 5354 RPL), Meadowood Specific Plan (SP04-001), Rezone (R04-004), site plans (S04-005, -006, -007), Major Use Permit (P08-023), amendment to the County General Plan (GPA 04-002); (ii) certified the Environmental Impact Report (SCH No. 2004051028) ("EIR"); and (iii) adopted the Mitigation Monitoring and Reporting Program and Statement of Overriding Considerations; and

WHEREAS, the Meadowood Site was annexed into VCMWD for sewer and water service on or about April 7, 2014; and

WHEREAS, subsequent to the County's approvals, the Project has undergone minor modifications, which were the subject of a substantial conformance review and EIR addendum ("Addendum"), which were approved by the County on October 15, 2019; and

WHEREAS, on May 5, 2020, VCMWD and RMWD entered into an Out-of-Agency Service Agreement for the provision of water and sewer services to the majority of the Meadowood Site; and

WHEREAS, existing water and sewer system facilities in the vicinity of the Meadowood Site are operated by RMWD through the recent expansion of the facilities attributable to the development of the Horse Creek Ridge residential project adjacent to the Meadowood Site; and

WHEREAS, on May 26, 2020, RMWD adopted Resolution No. 20-09, a Resolution of Application by Rainbow Municipal Water District to the San Diego County Local Agency Formation Commission ("San Diego LAFCO") Requesting to Initiate Reorganization Proceedings for detachment of the Meadowood Site from the Valley

Center Municipal Water District and annexation of the Meadowood Site into Rainbow Municipal Water District ("Meadowood Development Project Reorganization"); and

WHEREAS, by adoption of this Resolution, VCMWD desires to communicate to the "San Diego LAFCO" its consent to the Meadowood Development Project Reorganization and its support of RMWD's Resolution of Application for the Meadowood Development Project Reorganization.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of VALLEY CENTER MUNICIPAL WATER DISTRICT as follows:

1. The District finds and determines that the foregoing recitals are true and correct.
2. This Resolution of Support of the Board of Directors of Valley Center Municipal Water District for the Meadowood Project Reorganization is hereby approved and adopted.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Valley Center Municipal Water District held on the 1st day of June, 2020, by the following vote:

AYES: Directors Polito, Haskell, Ferro, Holtz and Smith

NOES: None

ABSENT: None

ABSTAIN: None



Board President/Chairperson

ATTEST:



Secretary

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