



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, DECEMBER 6, 2021

COUNTY ADMINISTRATION CENTER
1600 PACIFIC HIGHWAY, ROOM 302
SAN DIEGO, CALIFORNIA

Chair Andy Vanderlaan
Vice Chair Jim Desmond

Executive Officer Keene Simonds
Commission Counsel Holly O. Whatley

County of San Diego	Cities	City of San Diego	Special Districts	General Public
Jim Desmond Nora Vargas Joel Anderson, Alt.	Paul McNamara Mary Casillas Salas Kristi Becker, Alt.	Chris Cate Marni von Wilpert, Alt.	Jo MacKenzie Barry Willis David A. Drake, Alt.	Andy Vanderlaan Harry Mathis, Alt.

The December 6, 2021 meeting will be held in a hybrid format to accommodate both in-person and remote participation by the Commission and its staff members. The public is similarly welcome to participate in person or remotely (video or telephone). The following standards apply.

1. With respect to in-person participation in Room 302 in the County Administration Building:
 - a) Face coverings must be worn by any unvaccinated persons.
 - b) Face coverings are not required to be worn by any vaccinated persons.
 - c) LAFCO requests all attendees appropriately self-attest to their vaccination status.
2. With respect to remote participation:
 - a) The public may watch the meeting live using the link on our website home page: www.sdlafco.org.
 - b) The public may attend remotely using either the Zoom app, Zoom website (<https://zoom.us/>) or call in by telephone at (669) 900-9128. Use Meeting/Webinar ID: 895 6767 7168 and Passcode: 508649.
 - c) The public may provide comments in real-time by emailing erica.blom@sdcounty.ca.gov. E-mailed comments will be read into the record by LAFCO staff.
 - d) The public may also provide comments in real-time by telephone or video by pre-registering no later than 4:00pm on December 3, 2021. Pre-register by calling 619-321-3380 or emailing lafco@sdcounty.ca.gov.
 - e) All comments are subject to a three-minute limit.

1. 9:00 A.M. – CALL TO ORDER BY CHAIR | ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. AGENDA REVIEW & COMMISSION DISCLOSURES

The Chair will consider requests to remove or rearrange items on the agenda in coordination with the Executive Officer. The Chair will also request Commissioners disclose any ex parte communications with any individuals associated with proposals, requests, or other material action on the agenda.

4. PUBLIC COMMENT AND RELATED REQUESTS

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 Commissioner requests to pull an item for discussion before entertaining a motion.

a) Approval of Meeting Minutes for November 1, 2021 (action)

The Commission will consider action minutes prepared by the Commission Clerk for the November 1, 2021 regular meeting. Recommendation to approve as presented. (Pages 5-14)

b) Commission Ratification | Recorded Payments for October 2021 (action)

The Commission will review a report identifying all payments made and received for the month of October 2021. Recommendation to ratify payments as presented. (Pages 15-20)

c) Progress Report on Adopted Workplan (action)

The Commission will receive a progress report on the adopted workplan for 2021-2022. The report notes work on one-half of all workplan projects have already commenced with two completed and one nearing completion. Recommendation to receive and file. (Pages 21-24)

d) Authorizing Continued Hybrid or Fully Teleconferenced Meetings of the Commission and all Committees For a 30-Day Period (action)

The Commission will consider authorizing the ongoing use of hybrid and fully teleconferenced meetings for a 30-day period. The item addresses the Commission's requirement under Assembly Bill 361 and its allowances to allow public agencies, under specified circumstances, to continue to utilize remote meetings under modified Brown Act provisions given the pandemic. Approval would extend the Commission's previous authorization for hybrid and/or fully remote meetings at its December 6, 2021 meeting through January 4, 2022. Recommendation to approve. (Pages 25-30)

e) Approval of Meeting Calendar 2022 (action)

The Commission will consider approving a meeting schedule for the 2022 calendar year to include each month except for January, July, and September. Recommendation to approve. (Pages 31-34)

f) Current Proposals and Related Activities (information)

The Commission will receive a report identifying active proposals on file with LAFCO as well as a summary of pending proposal submittals. The item is for information and concurrently serves as notice to local agencies of all landowner/voter petition proposal filings. The item is presented for information only. (Pages 35-44)

g) Annual Report on Commissioner Terms (information)

The Commission will receive a report identifying Commissioner terms. Currently, no terms are set to expire in 2022; six terms are scheduled to expire in 2023. The item is presented for information only. (Pages 45-50)

6. PUBLIC HEARING ITEMS

Public hearing items require expanded public notification per provisions in State law or have been voluntarily scheduled by the Executive Officer to ensure opportunity for public input.

a) Proposed “Winter Haven Road Change of Organization” |

Expansion of Fallbrook Public Utility District’s Activated Wastewater Service Area and Related Sphere of Influence Action (CO21-06) (action)

The Commission will consider a change of organization proposal initiated by two interested landowners to expand and add 1.5 acres to Fallbrook Public Utility District’s (PUD) activated wastewater service area. The affected territory as submitted comprises two parcels located directly across from each other on Winterhaven Road in unincorporated Fallbrook. The proposal purpose is to facilitate the extension of public wastewater service and a replacement of an aging septic system for one parcel and accommodate the planned development of the other parcel. Staff recommends conditional approval of the proposed change of organization as submitted with a conforming amendment to Fallbrook PUD’s secondary sphere of influence specific to wastewater services along with waiving protest proceedings. The subject parcels are identified by the County of San Diego Assessor’s Office as 106-272-09 and 106-272-27. (Pages 51-116)

7. BUSINESS CALENDAR

Business items involve regulatory, planning, or other items that do not require a noticed hearing.

a) Draft Municipal Service Review on the Fallbrook Region (discussion)

The Commission will review a draft municipal service review on the Fallbrook region. The draft has been prepared as part of the adopted workplan and represents an independent assessment of the availability, need, and performance of public services in the Fallbrook region and specific to four local agencies under Commission oversight – Fallbrook Public Utility District, North County Fire Protection District, Rainbow Municipal Water District, and County Service Area No. 81. This includes preparing determinative statements addressing all of the factors required under statute as part of the municipal service review mandate. The draft is being presented for discussion and feedback ahead of staff initiating a public review in anticipation of returning at a future meeting with final actions. (Pages 117-258)

b) Proposed Amendment to Employment Agreement for Executive Officer (action)

The Commission will consider a recommendation by the Executive Officer Compensation Committee (Desmond, MacKenzie and Vanderlaan) to approve a fourth amendment to the employment agreement with Executive Officer Keene Simonds. (Pages 259-282)

8. EXECUTIVE OFFICER REPORT

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

10. CLOSED SESSION

None

11. ADJOURNMENT TO NEXT MEETING

See Agenda Item No. 5e

Attest to Posting:

Tamaron Luckett
Commission Clerk

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 business days prior to the meeting for any accommodations.



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

5a

AGENDA REPORT Consent | Action

December 6, 2021

TO: Commissioners

FROM: Tamaron R. Lockett, Commission Clerk

SUBJECT: Approval of Meeting Minutes for November 1, 2021

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the regular meeting held on Monday, November 1, 2021. The minutes are in action-form and being presented for formal approval.

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 November 1, 2021 regular meeting. The attendance record for the meeting follows.

- All regular Commissioners were present.
- All alternate Commissioners were present except Marni von Wilpert (City of San Diego).

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Mary Casillas Salas
City of Chula Vista

Kristi Becker, Alt.
City of Solana Beach

Chris Cate
City of San Diego

Marni von Wilpert, Alt.
City of San Diego

Jo MacKenzie
Vista Irrigation

Barry Willis
Alpine Fire Protection

David Drake, Alt.
Rincon del Diablo

Chair Andy Vanderlaan
General Public

Harry Mathis, Alt.
General Public

ANALYSIS

The attached draft minutes for the November 1, 2021 regular meeting accurately reflect San Diego LAFCO's deliberations as recorded by the Commission Clerk. 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 November 1, 2021 regular meeting as presented. This recommendation is consistent with Alternative One outlined in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

Approve the draft minutes prepared for the November 1, 2021 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 Lockett
Commission Clerk

Attachment

- 1) Draft Meeting Minutes for November 1, 2021

**DRAFT MINUTES
SAN DIEGO LAFCO
November 1, 2021 REGULAR MEETING**

1. CALL TO ORDER | ROLL CALL

The regular meeting was called to order at 9:00 a.m. by Chair Vanderlaan in the County of San Diego Administration Center, 1600 Pacific Highway, Room 302, San Diego and via a virtual/hybrid format.

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

Regulars Present: Chris Cate, City of San Diego
Jim Desmond, County of San Diego (VICE CHAIR)*
Jo MacKenzie, Vista Irrigation District
Paul McNamara, City of Escondido*
Mary Casillas Salas, City of Chula Vista*
Andy Vanderlaan, Public (CHAIR)*
Nora Vargas, County of San Diego
Barry Willis, Alpine Fire Protection District

Alternates Present: Joel Anderson, County of San Diego*
Kristi Becker, City of Solana Beach*
David Drake, Rincon del Diablo* (arrived 9:23 a.m.)
Harry Mathis, Public

Members Absent: Marni von Wilpert, City of San Diego (alternate)

The Commission Clerk confirmed a virtual/hybrid quorum was present with eight voting members. Also present at the virtual/hybrid dais were Executive Officer Keene Simonds, Commission Counsel Holly O. Whatley*, Local Government Analyst I Priscilla Allen, Intern Carolanne Ieromnimon*, Administrative Assistant Erica Blom*, and Tamaron Luckett serving as the Commission Clerk.

* Attending by videoconference

2. PLEDGE OF ALLEGIANCE

Commissioner Desmond led meeting attendees in the Pledge of Allegiance.

3. AGENDA REVIEW AND COMMISSIONER DISCLOSURES

Chair Vanderlaan asked the Executive Officer if there were requests to remove or rearrange items on the agenda as presented. The Executive Officer requested the Commission rearrange the order of the business calendar to consider 7c first before proceeding with 7a and 7b.

There were no disclosures by the Commission.

4. PUBLIC COMMENT

Chair Vanderlaan invited anyone from the public to address the Commission on a matter not directly related to an agenda item. No comments from the chambers. The Commission Clerk confirmed no members of the public had pre-registered to address the Commission. The Administrative Assistant also confirmed there were no live e-mail comments.

5. CONSENT ITEMS

Item 5a

Approval of Meeting Minutes for October 4, 2021

Item presented to approve draft action minutes prepared for the Commission's October 4, 2021 regular meeting. Recommendation to approve.

Item 5b

Commission Ratification | Recorded Payment for September 2021

Item presented to ratify recorded payments made and received by the Executive Officer for the month of September 2021. Recommendation to ratify.

Item 5c

Budget Update for 2021-2022 |

1st Quarter Actuals with Year-End Projections

Item presented to review a report comparing budgeted and actual transactions through the first quarter of 2021-2022 and related analysis. The report projects a finish operating surplus of \$0.054 million or 1.9%. Recommendation to accept and file.

Item 5d

Proposed Ratification of an Administrative Approval |

"Felicitia Road Outside-of-Agency Service Agreement" - City of Escondido (OAS21-08)

Item presented to consider an administrative approval by the Executive Officer of an outside-of-agency wastewater service agreement involving the City of Escondido. The approval authorizes Escondido to provide wastewater service to an unincorporated single-family parcel (238-360-21) located at 2509 Felicitia Road. Recommendation to ratify.

Item 5e

Authorizing Continued Hybrid or Fully Teleconferenced Meetings of the Commission and all Committees For a 30-Day Period

Item presented to consider authorizing the ongoing use of hybrid and/or fully teleconferenced meetings for a 30-day period. The item addresses the Commission's requirement under Assembly Bill 361 and its allowances to allow public agencies, under specified circumstances, to continue to utilize remote meetings under modified Brown Act provisions given the pandemic. Recommendation to approve.

Item 5f

Progress Report on Adopted Workplan

Item presented to receive a progress report on the adopted workplan for 2021-2022. Recommendation to receive and file.

CONSENT ITEMS CONTINUED...

Item 5g

Current Proposals and Related Activities

Item presented to receive a report identifying active proposals on file as well as a summary of pending proposal submittals. Information only.

**

Chair Vanderlaan asked if the Commissioners would like to pull any consent items for discussion. There were no Commission requests. Executive Officer Keene Simonds separately noted a public comment was received by email regarding Item 5g and the “Mar Vista Island Reorganization” proposal from Mr. Bob Rall. With concurrence of the Chair, Local Government Analyst I Priscilla Allen read the comment into the record.

**

Commissioner Vargas motioned with a second from Commissioner Cate to approve the consent calendar and staff recommendations as presented. Roll call requested:

AYES:	Cate, Desmond, MacKenzie, McNamara, Salas, Vanderlaan, Vargas and Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

The Commission Clerk confirms the motion was approved 8-0.

6. PUBLIC HEARING ITEMS

Item 6a

Proposed Sphere of Influence Update for Ramona Municipal Water District

Item presented to consider approving a sphere of influence update for the Ramona Municipal Water District (MWD). The update identifies two distinct changes to Ramona MWD’s sphere and its two Commission designations: primary (water, fire protection, park functions) and secondary (wastewater function). The first change involves expanding the primary sphere by 36 acres along its southern perimeter to create a clear demarcation of future service expectations between Ramona MWD and the City of Poway. The second change involves establishing a new study area to the secondary sphere to include the 389-acre “Cumming Ranch” project. Recommendation to approve the recommendations by resolution and allow for a formal 30-day reconsideration period.

Executive Officer Simonds provided brief opening comments with Analyst Priscilla Allen providing a formal presentation on the sphere of influence update – including addressing key conclusions and recommendations.

PUBLIC HEARING ITEMS CONTINUED...

Item 6a Continued

Chair Vanderlaan invited Commissioner comments or questions.

Commission discussion followed.

Chair Vanderlaan proceeded to open the public hearing and invited comments by pre-registered attendees and live e-mail. The Commission Clerk confirmed there was one pre-registered speaker. Comments were received from the following person:

- Chris Brown with Alchemy Consulting Group representing the Cumming Ranch project.

The Administrative Assistant confirmed there were no live e-mail comments.

Chair Vanderlaan proceeded to close the public hearing.

**

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

AYES:	Cate, Desmond, MacKenzie, McNamara, Salas, Vanderlaan, Vargas, and Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

The Commission Clerk confirms the motion was approved 8-0.

Item 6b

Proposed “Sunset Drive Change of Organization” | Detachment from the Vista Irrigation District and Related Sphere of Influence Amendment (CO21-01)

Item presented to consider a change of organization filed by an interested landowner to detach approximately 7.6 acres of incorporated territory within the City of Oceanside from Vista Irrigation District. The affected territory includes two undeveloped and unimproved assessor parcels 168-020-64 and 168-030-45 along Sunset Drive that have been tentatively approved for a 48-unit townhome project. The proposal purpose is to eliminate an existing overlap between two public water service providers and designate Oceanside as the exclusive potable water service provider going forward. Staff recommends conditional approval with modification to include 0.46 acres of adjacent public right-of-way along Sunset Drive along with conforming sphere amendment and waiving protest proceedings.

Analyst Priscilla Allen provided a formal presentation on the change of organization – including addressing the staff recommendations.

Chair Vanderlaan invited Commissioner comments or questions.

PUBLIC HEARING ITEMS CONTINUED...

Item 6b Continued

Commission discussion followed.

Chair Vanderlaan proceeded to open the public hearing and invited comments by pre-registered attendees and live e-mail. Commission Clerk confirmed there was one pre-registered speaker. Comments were received from the following person:

- Applicant Jim McMachon with Alliance Development

The Administrative Assistant confirmed there were no live e-mail comments.

Chair Vanderlaan proceeded to close the public hearing.

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

AYES:	Cate, Desmond, MacKenzie, McNamara, Salas, Vanderlaan, Vargas, and Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

The Commission Clerk confirms the motion was approved 8-0.

7. BUSINESS ITEMS

Commission Counsel Holly Whatley provided direction of approval by the Commission for item 7b to designate the labor negotiations committee in order to proceed the close session business.

Item 7a

Proposed Amendment to Employment Agreement for Executive Officer

Item presented to consider a recommendation by the Executive Officer Compensation Committee (Desmond, MacKenzie and Vanderlaan) to approve a fourth amendment to the employment agreement with Executive Officer Keene Simonds.

Commissioner Willis motioned to approve the Commission Counsel recommendation to continue the item until after holding its scheduled closed session with a second from Commissioner Vargas. Roll call requested:

AYES:	Cate, Desmond, MacKenzie, McNamara, Salas, Vanderlaan, Vargas, and Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

BUSINESS ITEMS CONTINUED...

Item 7a Continued

The Commission Clerk confirms the motion was approved 8-0.

Item 7b*

Designation of Labor Negotiators | Pursuant to Government Code Section 54957.6 (action)

Item presented to designate its representatives (Desmond, MacKenzie and Vanderlaan) as the Labor Negotiators and negotiate the salary and benefits for the Executive Officer. Recommendation to approve.

**

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

AYES:	Cate, Desmond, MacKenzie, McNamara, Salas, Vanderlaan, Vargas, and Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

The Commission Clerk confirms the motion was approved 8-0.

* Item 7b was approved by the Commission prior to convening into closed session.

Item 7c*

Legislative Update and Related Items

Item presented to receive a report on legislative items of interest to its regulatory and planning responsibilities as part of the 2021-2022 session. This includes an update on the Commission's activities in sponsoring an amendment to clarify LAFCOs' sole authority to determine when outside service contracts require formal approval or qualify for an exemption under Government Code 56133. Also included is a recommendation to sponsor a separate amendment to establish a new communication loop in the municipal service review statute in Government Code 56430.

Executive Officer Keene Simonds provided the staff presentation including detailing the recommendation for the Commission to sponsor an amendment to the municipal service review statute.

Chair Vanderlaan invited comments from the public. No comments from the chambers.

The Commission Clerk confirmed there were no pre-registered comments to address the Commission. The Administrative Assistant also confirmed there were no live e-comments.

Chair Vanderlaan invited initial Commission comments or questions.

BUSINESS CALENDAR CONTINUED...

Item 7c Continued

Commission discussion followed including a request by Commissioner Vargas to proceed with the staff recommendation to sponsor the proposed amendment to the municipal service review statute and highlighted its value in enhancing community engagement. Commissioner Vargas also suggested LAFCO explore local policies to guide and community engagement in the municipal service review process in San Diego County.

**

Commissioner Vargas motioned to approve the staff recommendation as provided in the agenda report with a second from Commissioner Salas. The motioned also included direction for staff to address “community engagement” in the amendment language to the municipal service review statute and return with a corresponding amendment to the adopted workplan.

Roll call requested:

AYES:	Cate, Desmond, MacKenzie, McNamara, Salas, Vanderlaan, Vargas, and Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

The Commission Clerk confirms the motion was approved 8-0.

* Item 7c was discussed prior to items 7a and 7b.

8. EXECUTIVE OFFICER REPORT

- The Executive Officer provided information to the Commission regarding an ongoing inquiry involving the San Diego Unified Port District and whether the Port is a special district subject to San Diego. The Executive Officer also noted special counsel is advising on the topic given a potential conflict involving Commission Counsel’s law firm.

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

- Commissioner MacKenzie provided information regarding recent CALAFCO activities.
- Chair Vanderlaan congratulated Commissioner MacKenzie on her recent re-election to the CALAFCO Board as the special district member for the southern region.

10. CLOSED SESSION

Commission Counsel Holly Whatley adjourned the Commission into closed session for the items presented on the agenda at 10:28 a.m.

Item 10a

Public Employee Performance Evaluation

Pursuant to California Government Code § (54957(b)

Employee: Keene Simonds, Executive Officer

Item 10b

Conference with Labor Negotiators

Pursuant to California Government Code Section 54957.6

Agency designated representatives: Individuals Designated Per Agenda Item 7b above.

**

The meeting reconvened at 11:00 a.m.

Commission Counsel Holly Whatley noted a reportable action could not be provided for item 10a due to technical difficulties and requested the item be reported at the next meeting on December 6th.

**

Commissioner Desmond motioned to approve the Commission Counsel recommendation to report the action at the next meeting with a second from Commissioner MacKenzie. Roll call requested:

AYES:	Cate, Desmond, MacKenzie, McNamara, Salas, Vanderlaan, Vargas, and Willis
NOES:	None
ABSENT:	von Wilpert
ABSTAINING:	None

The Commission Clerk confirms the motion was approved 8-0.

11. ADJOURNMENT TO NEXT MEETING

With no further business the Chair adjourned the hybrid/videoconference meeting at 11:15 a.m.

**

I hereby attest the minutes above accurately reflect the deliberations of the Commission at its November 1, 2021 hybrid/videoconference meeting.

ATTEST,



Tamaron R. Lockett
Commission Clerk



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

5b

AGENDA REPORT Consent | Action

December 6, 2021

TO: Commissioners

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

SUBJECT: Commission Ratification |
Recorded Payments for October 2021

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report identifying all payments made and received in September 2021. The payments cover all recorded transactions and include \$172,035 in total distributions made by the Executive Officer. Three-fourths of the expenses are tied to the County of San Diego for payroll reimbursements as well as charges for general support and information technology services. Payments received totaled \$37,269 and largely sourced to collecting four application fees. The payments are being presented to the Commission 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 governments. Spending allowances are specified and include bid procedures for financial transactions at or above \$10,000 and separate Commission approval for transactions at or above \$125,000.

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City of Chula Vista

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City of Solana Beach

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Marni von Wilpert, Alt.
City of San Diego

Jo MacKenzie
Vista Irrigation

Barry Willis
Alpine Fire Protection

David Drake, Alt.
Rincon del Diablo

Chair Andy Vanderlaan
General Public

Harry Mathis, Alt.
General Public

DISCUSSION

This item is for San Diego LAFCO to consider ratification of all payments made and received by the Executive Officer for October 2021. 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 October 2021 totaled \$172,035 with 76% – or \$131,267 – tied to transactions with the County of San Diego. This includes payroll reimbursements covering three pay periods as well as expenses for general support and information technology services. Recorded revenues during the period totaled \$65,284 and entirely tied to collecting agency apportionments.

All expenses generated in October 2021 are consistent with the adopted budget without exceptions. All monthly total transactions for the calendar year to date are shown below.

Month	Expenses	Revenues
January 2021	\$133,728	\$ 716
February 2021	\$127,082	\$6,632
March 2021	\$156,572	\$16,973
April 2021	\$301,167	\$1,470
May 2021	\$124,679	\$1,995
June 2021	\$183,041	\$18,586
July 2021	\$194,626	\$984,225
August 2021	\$117,776	\$678,539
September 2021	\$121,720	\$65,284
October 2021	\$172,035	\$37,269
... Total Year to Date	\$1,632,426	\$1,811,689
... Monthly Average	\$163,243	\$181,169

RECOMMENDATION

It is recommended San Diego LAFCO ratify the payments made and received by the Executive Officer for October 2021 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:

Alternative One (recommended):

Ratify the recorded payments received and made by the Executive Officer in October 2021 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

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.

On behalf of the Executive Officer:



Erica Blom
Administrative Assistant

Attachment:

- 1) Recorded Transactions in October 2021

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

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SAN DIEGO LAFCO
Expenses by Vendor Detail
 October 2021

Agenda Item No. 5b | Attachment One

Payable Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E Ace Parking						
	10/20/2021	52530 · Office Lease	960.00	Monthly Parking Rent	electronic	1000 · County Account (44595)
E ADW Consulting LLC						
	10/11/2021	52370.F · Professional Services	8,962.50	Consultant Services Planning (Two Months)	electronic	1000 · County Account (44595)
E After Effects						
	10/12/2021	52270 · Memberships	20.99	Monthly Video Editing Software Subscription	credit card	3558-60 · SDCCU Visa Credit Card
E Amazon						
	10/13/2021	52330 · Office Expense	36.62	OfficeSupplies	debit card	3558 · SDCCU Checking
E Ambius						
	10/18/2021	52370.J · Professional Services	207.88	Monthly Service for Office Plants (Two Months)	check	3558 · SDCCU Checking
E APA						
	10/18/2021	52270 · Memberships	628.00	Membership Renewal FY21-22 (KS)	check	3558 · SDCCU Checking
E ARCC (Assesor Recorder County)						
	10/11/2021	52490 · Publications	50.00	NOE Fee Ramona MSR	check	3558 · SDCCU Checking
E AT&T Mobility						
	10/11/2021	52074 · Telecommunications	473.84	Monthly Cell Phone EO & Analysts	check	3558 · SDCCU Checking
E Barrio Star						
	10/28/2021	52610 · Non-Travel/In-County	61.87	Lunch Debriefing on Ad Hoc (KS and ADW)	debit card	3558 · SDCCU Checking
E Chase Design Inc						
	10/27/2021	52334 · Printing	1,987.50	Workplan & Ramona MSR Snapshot Brochures	electronic	1000 · County Account (44595)
E Colantuono, Highsmith & Whatley						
	10/15/2021	52370.B · Professional Services	3,840.00	Legal Services	electronic	1000 · County Account (44595)
	10/20/2021	52370.B · Professional Services	5,066.50	Legal Services	electronic	1000 · County Account (44595)
			8,906.50			
E Corodata						
	10/18/2021	52330 · Office Expense	52.54	Monthly Document Storage	check	3558 · SDCCU Checking
E County of San Diego						
	10/1/2021	52354 · Mail/Postage ISF	557.29	Mail/Postage Services	electronic	1000 · County Account (44595)
	10/1/2021	52178 · Vehicle Maintenance	28.05	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	10/1/2021	52182 · Vehicle Fuel	0.00	Vehicle Fuel	electronic	1000 · County Account (44595)
	10/1/2021	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	10/1/2021	52721 et al. · Communications (IT) Services	13,457.54	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	10/1/2021	52504 · Equipment Rental	3.97	County Surcharge Xerox	electronic	1000 · County Account (44595)
	10/1/2021	51110 et al. · Employee Payroll	38,259.67	Payroll Pay Period 2022-07	electronic	1000 · County Account (44595)
	10/15/2021	51110 et al. · Employee Payroll	39,121.61	Payroll Pay Period 2022-08	electronic	1000 · County Account (44595)
	10/29/2021	51110 et al. · Employee Payroll	33,149.50	Payroll Pay Period 2022-09	electronic	1000 · County Account (44595)
	10/31/2021	52270 · Memberships	6,524.56	ESRI Membership FY21-22	electronic	1000 · County Account (44595)
			131,267.68			
E CSDA						
	10/18/2021	52270 · Memberships	1,556.00	CSDA Membership FY21-22	check	3558 · SDCCU Checking
E Culligan of San Diego						
	10/31/2021	52330 · Office Expense	43.99	Monthly Water Payment	credit card	3558-60 · SDCCU Visa Credit Card
E Erica Blom						
	10/20/2021	52620 · Tutition Reimbursement	405.00	Tuition Reimbursement (BAM402)	electronic	1000 · County Account (44595)
E Facebook						
	10/3/2021	52074 · Telecommunications	9.98	Social Media Services	credit card	3558-60 · SDCCU Visa Credit Card
E Fax Plus						
	10/8/2021	52330 · Office Expense	6.11	Monthly Fax Machine Payment	debit card	3558 · SDCCU Checking
E Fine Art America						
	10/28/2021	52344 · Stores Unallocated	680.29	Office Wall Art (PA)	debit card	3558 · SDCCU Checking
E National Business Furniture LLC						
	10/8/2021	52344 · Stores Unallocated	387.41	Furniture for New Office Space	electronic	1000 · County Account (44595)
	10/29/2021	52344 · Stores Unallocated	665.18	Furniture for New Office Space	electronic	1000 · County Account (44595)
			1,052.59			
E National Student Clearing House						
	10/15/2021	52562 · Investigative/Recruitment	47.90	College Degrees Verification for New Analyst	credit card	3558-60 · SDCCU Visa Credit Card

SAN DIEGO LAFCO
Expenses by Vendor Detail
October 2021

Agenda Item No. 5b | Attachment One

Payable Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E Price Self Storage						
	10/13/2021	52504 · Equipment Rental	87.00	Storage Unit Monthly Payment	debit card	3558 · SDCCU Checking
E Renato Rodriguez						
	10/26/2021	52330 · Office Expense	22.50	Commission Meeting Refreshments	check	3558 · SDCCU Checking
E Riverside Superior Court						
	10/17/2021	52562 · Investigative/Recruitment	1.00	Court Records Verification for New Analyst	credit card	3558-60 · SDCCU Visa Credit Card
E San Diego Metal Graphics						
	10/3/2021	52330 · Office Expense	48.49	Nameplates for PA and two Commissioners	credit card	3558-60 · SDCCU Visa Credit Card
E SDCCU						
	10/20/2021	52304 · Miscellaneous Expense	10.00	Bank Surcharge for Cancelled Check	debit card	3558 · SDCCU Checking
E Sprague & Associates						
	10/20/2021	52370.F · Professional Services	11,410.00	Consultant Services MSR & Fire Services (Three Months)	electronic	1000 · County Account (44595)
E Translations Solutions						
	10/8/2021	52370.L · Professional Services	492.65	Deposit for Spanish Tranlation for Ramona MSR	credit card	3558-60 · SDCCU Visa Credit Card
	10/19/2021	52370.L · Professional Services	492.68	Final Payment for Spanish Tranlation for Ramona MSR	credit card	3558-60 · SDCCU Visa Credit Card
			985.33			
E Twitter						
	10/4/2021	52074 · Telecommunications	134.91	Social Media Services	debit card	3558 · SDCCU Checking
	10/5/2021	52074 · Telecommunications	134.98	Social Media Services	debit card	3558 · SDCCU Checking
	10/7/2021	52074 · Telecommunications	269.82	Social Media Services	debit card	3558 · SDCCU Checking
	10/14/2021	52074 · Telecommunications	231.44	Social Media Services	debit card	3558 · SDCCU Checking
	10/22/2021	52074 · Telecommunications	35.00	Social Media Services	debit card	3558 · SDCCU Checking
	10/29/2021	52074 · Telecommunications	209.94	Social Media Services	debit card	3558 · SDCCU Checking
			1,016.09			
E Xerox						
	10/13/2021	52504 · Equipment Rental	652.01	Xerox Rental	electronic	1000 · County Account (44595)
E Zoom						
	10/4/2021	52270 · Memberships	14.99	LAFCO Monthly Video Conferencing Subscription	debit card	3558 · SDCCU Checking
	10/12/2021	52270 · Memberships	14.99	EO Monthly Video Conferencing Subscription	debit card	3558 · SDCCU Checking
	10/14/2021	52270 · Memberships	355.13	Upgrade to Zoom Webinar (6 months)	debit card	3558 · SDCCU Checking
			385.11			
EXPENSE TOTAL			172,035.31			
R Baldwin & Sons						
	10/28/2021	46234 · Applications	6,340.95	LAFCO Processing Fees (CO21-09)	check	1000 · County Account (44595)
R Fallbrook PUD						
	10/28/2021	46234 · Applications	10,568.23	LAFCO Processing Fees (CO21-06)	check	1000 · County Account (44595)
R Harper Communitites Inc						
	10/26/2021	52490 · Publications	50.00	County Recorder Fess (RO20-22)	check	3558 · SDCCU Checking
R Leucadia WWD						
	10/28/2021	46234 · Applications	6,405.00	LAFCO Processing Fees (CO21-10)	check	1000 · County Account (44595)
R Moller Otay Lakes Investments LLC						
	10/28/2021	46234 · Applications	6,340.95	LAFCO Processing Fees (CO21-09)	check	1000 · County Account (44595)
R Yuima MWD						
	10/15/2021	46234 · Applications	7,563.81	LAFCO Processing Fees (RO20-22)	check	1000 · County Account (44595)
REVENUE TOTAL			37,268.94			



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

5C

AGENDA REPORT
Consent | Action

December 6, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: Progress Report on Adopted Workplan

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a progress report on the adopted workplan for 2021-2022. The report notes work on more than one-half of all projects have already commenced with two completed and another three nearing their completion. The report is being presented to the Commission to receive and file and provide feedback or related direction to staff as needed.

BACKGROUND

San Diego LAFCO's current fiscal year workplan comprises 30 projects with priority assignments ranging from high to low. High priority projects include several municipal service reviews in north and coastal communities as well as a number of targeted policy reviews. Other notable projects include sponsoring and/or otherwise facilitating amendments to existing statutes to clarify LAFCOs' responsibilities in authorizing outside service extensions as well as to streamline and modernize the principal act for resource conservation districts.

DISCUSSION

This item provides San Diego LAFCO with an abbreviated update on workplan projects formally established for the current fiscal year. This includes staff assigning one of four status categories to projects ranging from pending to complete and detailed in Attachment One.

Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321-3380 www.sdlafco.org	Vice Chair Jim Desmond County of San Diego Nora Vargas County of San Diego Joel Anderson, Alt. County of San Diego	Paul McNamara City of Escondido Mary Casillas Salas City of Chula Vista Kristi Becker, Alt. City of Solana Beach	Chris Cate City of San Diego Marni von Wilpert, Alt. City of San Diego	Jo MacKenzie Vista Irrigation Barry Willis Alpine Fire Protection David Drake, Alt. Rincon del Diablo	Chair Andy Vanderlaan General Public Harry Mathis, Alt. General Public
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ANALYSIS

San Diego LAFCO is generally proceeding as planned with work commencing on more than one-half of all projects through the first five months. This includes initiating work on all seven scheduled municipal service reviews with one – Fallbrook region – nearing completion. Nonetheless, recent staffing changes marked by the retirement and medical-leave involving two of our four budgeted analyst positions is having an effect on the workplan and most likely generate some projects slipping into the next fiscal year. A more detailed update on the workplan will be provided as part of the next quarterly update and this includes presenting a proposed amendment discussed by the Commission in October to sponsor changes to the municipal service review statutes to enhance community engagement.

RECOMMENDATION

It is recommended San Diego LAFCO receive and file the item consistent with practice and identified as Alternative Action One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

Receive and file the item.

Alternative Two:

Continue consideration of the item and provide direction to staff as needed.

Alternate Three:

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) 2021-2022 Workplan with Status Notations

ADOPTED WORKPLAN STATUS

2021-2022

Priority	Level	Type	Project	Description	Status
Ongoing	...	Statutory	Applicant Proposals and Requests	LAFCO will prioritize on an ongoing basis its available resources to process applicant proposals	
Ongoing	...	Administrative	Targeted LAFCO Presentations	LAFCO will prioritize on an ongoing basis its resources to perform public outreach	
1	High	Statutory	MSR Fallbrook-Rainbow Region	Complete the scheduled review of Fallbrook PUD, Rainbow MWD, North County FPD, & CSA 81	Near Completion
2	High	Administrative	Fallbrook-Rainbow Ad Hoc Committee	Complete the work of the Ad Hoc in assisting in the administrative review of the associated reorganization proposals	Near Completion
3	High	Administrative	Relocation of the LAFCO Office	Execute an office relocation for the primary purpose of securing larger and more efficient space	Completed
4	High	Statutory	MSR Escondido Region Part II	Complete the scheduled review of the City of Escondido	Underway
5	High	Administrative	Legislative Proposal G.C. 56133(e)	Sponsor and/or facilitate an amendment to clarify LAFCOs' responsibility in exempting outside service agreements	Underway
6	High	Statutory	Commission Rule No. 4	Complete a comprehensive update to Rule No. 4 and its provisions to regulate special districts' functions and classes	Pending
7	High	Statutory	MSR Oceanside Region	Complete scheduled reviews of the City of Oceanside and local serving special districts	Underway
8	High	Statutory	MSR Carlsbad Region	Initiate scheduled reviews of the City of Carlsbad and local serving special districts	Underway
9	High	Administrative	Translation Policy	Establish procedures and related accommodations in communicating with non-English speaking communities	Completed
10	High	Statutory	Environmental Justice Policy	Establish policies and related procedures to address environmental justice in LAFCO's regulatory and planning activities	Pending
11	High-Moderate	Administrative	2020-2021 Audit	Complete an outside audit of financial statements for 2020-2021	Underway
12	High-Moderate	Statutory	2022-2023 Workplan and Budget	Adopt proposed and final workplan and budgets documents by March and May 2022	Pending
13	High-Moderate	Statutory	MSR San Marcos Region	Complete the scheduled reviews of the City of San Marcos and surrounding local serving special districts	Underway
14	High-Moderate	Statutory	MSR Vista Region	Complete the scheduled reviews of the City of Vista and surrounding local serving special districts	Underway
15	High-Moderate	Administrative	Special Districts Advisory Committee	Provide administrative support to the Special Districts Advisory Committee and hold no less than three meetings in FY	Underway
16	High-Moderate	Administrative	Cities Advisory Committee	Provide administrative support to the Cities Advisory Committee and hold no less than two meetings in FY	Underway
17	Moderate	Administrative	RCD Ad Hoc Committee	Coordinate work of the Ad Hoc Committee in implementing recommendations included in the final MSR on RCDs	Pending
18	Moderate	Administrative	Legislative Proposal RCDs	Facilitate and/or participate in a comprehensive rewrite of RCD law and – among other priorities – clarify service function powers	Pending
19	Moderate	Statutory	Policy Review Island Annexations	Consider options to define “substantially surrounded” and provide related mapping to inform review	Pending
20	Moderate	Administrative	SALT Grant Agricultural Trends	Implement two-year grant project to identify and track agricultural trends in San Diego County; complete 21-22 scope of work tasks	Underway
21	Moderate-Low	Statutory	MSR Pauma Valley Region	Complete the scheduled review of local serving special districts in the Pauma Valley region	Underway
22	Moderate-Low	Statutory	Report on Mutual Water Companies	Prepare informational report on private mutual water companies consistent with AB 54	Pending
23	Moderate-Low	Administrative	Social Media	Establish internal guidelines manual in conjunction with expanding social media presence in communicating information	Near Completion
24	Moderate-Low	Administrative	SANDAG	Participate in SANDAG's Technical Working Group (TWG) and provide update to Commission	Underway
25	Moderate-Low	Administrative	Application Procedures	Streamline existing application packet to be more user-friendly	Pending
26	Low	Administrative	Mapping Outside Utility Services	Establish a new GIS layer to identify existing outside wastewater and water services approved by the Commission	Pending
27	Low	Administrative	Website Enhancement SGMA	Add a dedicated page to the LAFCO website addressing SGMA and related GSA activities in San Diego County	Pending
28	Low	Administrative	Website Enhancement Videos	Add video discussions on current LAFCO projects and key duties on the website and cross-connected to social media	Pending
29	Low	Administrative	Annual Local Agency Directory	Update and publish local agency directory building on the inaugural version published in 2021	Pending
30	Low	Administrative	SOI/MSR Annual Report	Update and publish an annual report documenting all recorded municipal service reviews and sphere actions	Pending

Status as of November 23, 2021

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT Consent | Action

December 6, 2021

TO: Commissioners

FROM: Holly O. Whatley, Commission Counsel
Keene Simonds, Executive Officer

SUBJECT: **Authorizing Continued Hybrid or Fully Teleconferenced Meetings of the Commission and all Committees For a 30-Day Period**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider authorizing the ongoing use of hybrid and fully teleconferenced meetings for a 30-day period. The item addresses the Commission's requirement under Assembly Bill 361 and its allowances to allow public agencies, under specified circumstances, to continue to utilize remote meetings under modified Brown Act provisions given the pandemic. Approval would retroactively extend the Commission's current authorization period for hybrid and/or fully remote meetings from December 4, 2021 to January 3, 2022. Commission approval is recommended.

BACKGROUND

Assembly Bill 361 is an urgency ordinance and took effect upon Governor Newsom's signature on September 16, 2021. The legislation responds to the desire on the part of local governments to maintain teleconferenced meetings as may be necessary during the current COVID pandemic. It authorizes local governments to continue to organize fully remote and hybrid meetings should the governing body make the following affirmative findings under Government Code section 54953, which states:

Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92123 T 619.321.3380 www.sdlafco.org	Vice Chair Jim Desmond County of San Diego	Mary Casillas Salas City of Chula Vista	Chris Cate City of San Diego	Jo MacKenzie Vista Irrigation	Chair Andy Vanderlaan General Public
	Nora Vargas County of San Diego	Bill Wells City of El Cajon	Marni von Wilpert, Alt. City of San Diego	Barry Willis Alpine Fire Protection	Harry Mathis, Alt. General Public
	Joel Anderson, Alt. County of San Diego	Paul McNamara, Alt. City of Escondido		David Drake, Alt. Rincon del Diablo	

“If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference ... the legislative body shall, not later than 30 days after teleconferencing for the first time ... and every 30 days thereafter, make these findings by majority vote:

- (A) The legislative body has reconsidered the circumstances of the state of emergency.
- (B) Any of the following circumstances exist:
 - (i) The state of emergency continues to directly impact the ability of the members to meet safely in person.
 - (ii) State or local officials continue to impose or recommend measures to promote social distancing.”

DISCUSSION

This item is for San Diego LAFCO to consider making the required findings under statute to allow the Commission and any of its Committees to continue with hybrid or fully remote meetings. The Commission previously approved 30-day allowances at its October 4th and November 1st meetings. A new approval would retroactively extend the allowance from its current term of December 4, 2021 to January 3, 2022.

ANALYSIS

Staff believes all the required findings under Assembly Bill 361 can be readily made by San Diego LAFCO and specifically as it relates to providing social distancing options for those members of the Commission, staff, and public that may be at higher risk to COVID.

RECOMMENDATION

It is recommended San Diego LAFCO adopt the resolution authorizing the continued use of hybrid or fully teleconferenced meetings for the Commission and all Committees for a 30-day period retroactive from December 4, 2021 and extending to January 3, 2022.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):

Approve the resolution authorizing the continued use of hybrid or fully teleconferenced meetings for a 30-day period retroactive from December 4, 2021.

Alternative Two:

Approve an amended resolution authorizing the continued use of hybrid or fully teleconferenced meetings through December 6, 2021 and provide direction to staff as appropriate with respect to holding future Committee meetings.

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.

On behalf of Commission Counsel:



Keene Simonds
Executive Officer

Attachment:

- 1) Draft Resolution

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RESOLUTION NO. ____

RESOLUTION OF THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

**AUTHORIZING CONTINUED HYBRID TELECONFERENCE MEETINGS OF THE
COMMISSION FOR A 30-DAY PERIOD**

WHEREAS, the San Diego Local Agency Formation Commission is committed to preserving and nurturing public access and participation in meetings of the Commissioners; and

WHEREAS, all meetings of the Commission's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the Commission conduct its business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing; and

WHEREAS, such conditions now exist in the County, specifically, the Governor proclaimed a State of Emergency on March 4, 2020 due to COVID-19; and

WHEREAS, on June 11, 2021, the State Public Health Officer ordered all individuals to follow the state guidance on face coverings and its website recommends physical distancing; and

WHEREAS, on June 15, 2021, the San Diego County Health Officer issued an order requiring isolation and quarantining for exposed individuals and its website recommends physical distancing; and

WHEREAS, on October 4, 2021 and November 1, 2021, the Commission made the perquisite findings to conduct meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and shall comply with the requirements to provide the public with access to the meetings under (2) of subdivision (e) of section 54953; and

WHEREAS, the Commission does hereby find that continuing to organize hybrid or fully teleconferenced meetings presents the best compromise between the competing goals of facilitating in-person, public meetings under the Brown Act and social distancing under the public health orders; and

WHEREAS, members of the public are able to participate remotely through the digital means listed on the meeting agenda, and for hybrid meetings, may also participate in person provided applicable social distancing and masking protocols are observed.

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby finds, determines, and orders the following:

1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.
2. Hybrid of Fully Teleconferenced Meetings. The Executive Officer is hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.
3. Effective Date of Resolution. This Resolution shall take effect on December 4, 2021 and shall be effective for 30 days, or such time the Commission adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the Commission may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.
4. Corrections. As allowed under Government Code 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED by the San Diego County Local Agency Formation Commission on December 6, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT Consent | Action

December 6, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Tamaron Luckett, Commission Clerk

SUBJECT: **Approval of 2022 Meeting Calendar**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider approving a regular meeting schedule for the 2022 calendar year. It is recommended the Commission follow recent practice and approve regular meetings on the first Monday of each month except for January, July, and September with the latter two falling on State holidays. No special meetings are proposed at this time.

BACKGROUND

Policy and Practice

San Diego LAFCO's adopted policy specifies the Commission shall hold regular meetings every month on the first Monday unless provided otherwise due to holidays and/or anticipated lack of business. The policy also provides all regular meetings of the Commission be held at 9:00 a.m. in the County of San Diego Administration Center at 1600 Pacific Highway, Room 302 in San Diego. It is also the practice of the Commission to review its upcoming workload each December and formally approve a meeting schedule for the upcoming calendar year. Special meetings are also scheduled by practice either in advance by the Commission as part of the annual calendar or as needed through the Chair.

Administration

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Vice Chair Jim Desmond
County of San Diego

Nora Vargas
County of San Diego

Joel Anderson, Alt.
County of San Diego

Paul McNamara
City of Escondido

Mary Casillas Salas
City of Chula Vista

Kristi Becker, Alt.
City of Solana Beach

Chris Cate
City of San Diego

Marni von Wilpert, Alt.
City of San Diego

Jo MacKenzie
Vista Irrigation

Barry Willis
Alpine Fire Protection

David Drake, Alt.
Rincon del Diablo

Chair Andy Vanderlaan
General Public

Harry Mathis, Alt.
General Public

DISCUSSION

This item is for San Diego LAFCO to consider approving a meeting schedule for the upcoming calendar year. This includes considering anticipated workload and needs therein for scheduling regular and/or special meetings over the next 12-month period. The item also serves as an opportunity for the Commission to review its policies and practices in conducting meetings (place, time, location, frequency, etc.) and provide related direction to staff for possible actions at a future meeting.

ANALYSIS

San Diego LAFCO's adopted workplan coupled with current and expected proposal activities suggests it would be appropriate to schedule regular meetings for each month in 2022 except for January, July, and September. This proposed schedule is consistent with recent practice and avoids the need to find alternative meetings dates in July and September given their first Mondays fall on observed holidays (Independence and Labor Days). No special meetings are proposed at this time.¹

RECOMMENDATION

It is recommended San Diego LAFCO schedule regular meetings for each month in 2022 except for January, July, and September as well as confirm direction to continue to meet at the place and time provided under policy. This recommendation is consistent with Alternative Action One in the proceeding section.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):

(a) Approve regular meetings on the following dates in 2022:

- Monday, February 7th
- Monday, March 7th
- Monday, April 4th
- Monday, May 2nd
- Monday, June 6th
- Monday, August 1st
- Monday, October 3rd
- Monday, November 7th
- Monday, December 5th

¹ Should the need for a special meeting develop staff will work with the Chair to schedule a time/place.

- (b) Confirm all regular meetings shall be held at the County of San Diego Administrative Center at 1600 Pacific Highway in Room 302 starting at 9:00 A.M.

Alternative Two:

Continue to the next meeting and provide direction to staff as needed.

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 the Executive Officer:



Tamaron Lockett
Commission Clerk

Attachments: none

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT Consent | Information

December 6, 2021

TO: Commissioners

FROM: Priscilla Allen, Analyst I

SUBJECT: Report on Active Proposals and Related Activities

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a status report on the 23 active proposals currently on file with the Commission as well as anticipated filings based on ongoing discussions with proponents. The item is for information and concurrently satisfies LAFCO's reporting requirement involving petition-initiated proposals.

BACKGROUND

Processing Procedures and Timelines

LAFCO proceedings for jurisdictional changes are generally initiated by outside applicants through petitions (landowners or voters), and to a lesser degree by resolutions (local agencies). LAFCOs may also initiate jurisdictional changes to form, consolidate, or dissolve special districts if consistent with the recommendations of approved municipal service reviews. Most jurisdictional change filings take three to five months before they are scheduled for hearing. Applications for outside-of-agency service approvals – which are subject to separate procedures – generally take two months to process.

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Vice Chair Jim Desmond
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Nora Vargas
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Jo MacKenzie
Vista Irrigation

Barry Willis
Alpine Fire Protection

David A. Drake, Alt.
Rincon del Diablo

Chair Andy Vanderlaan
General Public

Harry Mathis, Alt.
General Public

DISCUSSION

This item provides San Diego LAFCO with its regular update on active proposals on file. The item also – and for telegraphing purposes of future workload – identifies pending proposals staff anticipates being filed with LAFCO in the near term based on discussions with local agencies. It also serves to concurrently satisfy the Commission’s reporting requirement to provide notice on agendas involving jurisdictional changes initiated by petitions.¹ All active and pending proposals are outlined in Attachment One.

ANALYSIS

None.

RECOMMENDATION

This item is presented to San Diego LAFCO for information only.

ALTERNATIVES FOR ACTION

None.

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,



Priscilla Allen
Analyst I

Attachment:

- 1) Active and Pending Proposals as of November 24, 2021

¹ 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.

File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSAL APPLICATIONS PENDING COMMISSION ACTION			
1	RO06-17 “Tobacco Road Reorganization” - City of Escondido (Annexation)	Linda Heckenkamp	Application submitted in March 2006 to annex six parcels to the City of Escondido for wastewater service. In 2006, LAFCO approved two out-of-service agreements to allow the City of Escondido to provide wastewater 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. Discussions continue.
2	RO08-09 “South Mollison Ave-Snyder Reorganization” - City of El Cajon (Annexation)	Linda Heckenkamp	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 from any of the interested parties to date. (Expected abandonment subject to pending policy authorization.)
3	DA08-10 “Avocado Way-Potter Annexation” - Vallecitos WD (Annexation)	Linda Heckenkamp	Application submitted in March 2008 for a proposed annexation to Vallecitos WD to obtain wastewater 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. Discussions continue.
4	RO08-15 SA08-15 “Crestlake Estates Reorganization” - San Diego County SD (Annexation) - Lakeside FPD (Annexation) - CSA 69 (Annexation)	Linda Heckenkamp	Application submitted in May 2008 requesting a reorganization to provide wastewater 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. (Expected abandonment subject to pending policy authorization.)

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
5	DA12-02	"Lorch Annexation" - Borrego WD (Annexation)	Linda Heckenkamp	Application submitted in March 2012 to annex approximately 9.4 acres to the Borrego Water District to provide water service to one parcel within the District sphere. Application 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. Discussions continue.
6	DA16-10	"CSA 17 Harmony Grove Annexation" - CSA 17 (Annexation)	Linda Heckenkamp	Application submitted in May 2016 to annex approximately 3,600 acres to CSA 17 for ambulance service and done so as a 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 continues to discuss project with County with the intent on bringing forward to the Commission once all required information is collected/analyzed.
7	RO16-11	"Rancho Hills Annexation" - Rancho Santa Fe CSD (Annexation)	Keene Simonds	Application 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 indicating as of November 2021 interest in proceeding forward.
8	RO19-04	"Ortega – Olde Highway 80 Change of Organization" - San Diego County Sanitation District (Annexation)	Linda Heckenkamp	Application submitted in February 2019 by landowner petition to annex two residential lots totaling approximately 5.07 acres to San Diego County Sanitation District 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.

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
9	SA19-26 RO19-26 OAS19-26	“Valiano - Eden Valley Reorganization” - City of Escondido (Sphere Amendment and OSA) - San Marcos FPD (Annexation) - Rancho Fe FPD (Sphere Amendment & Detachment)	Keene Simonds	Application submitted in November 2019 jointly by landowner petition and the City of Escondido and involves a reorganization and outside-of-agency service agreement as part of the “Valiano” planned development in Harmony Grove. The reorganization involves the concurrent annexation of approximately 10.8 unincorporated acres to San Marcos FPD and detachment from Rancho Santa Fe FPD and related sphere amendments. The outside-of-agency service agreement approval request involves the extension of wastewater from the City of Escondido for approximately 82.9 unincorporated acres with related sphere amendments to add to Escondido and remove from San Marcos. The application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis.
10	LP(E)19-27	“Fallbrook Public Utility District Latent Power Expansion - Park & Rec et,al.”	Keene Simonds	Application submitted in November 2019 by resolution seeking approval to activate 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 this includes completion of a scheduled municipal service review for the Fallbrook-Rainbow region.
11	RO20-04	“Rainbow MWD – Eastern MWD Reorganization” – San Diego County Water Authority (Detachment) – Eastern Municipal Water District (Annexation)	Keene Simonds	Application submitted April 2020 by resolution from the Rainbow MWD to concurrently detach from the San Diego County Water Authority and annex to the Eastern MWD. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis. A 10-member advisory committee has also been established by the Commission to assist staff in evaluating the proposal.
12	RO20-05	“Fallbrook PUD – Eastern MWD Reorganization” – San Diego County Water Authority (Detachment) – Eastern Municipal Water District (Annexation)	Keene Simonds	Application submitted April 2020 by resolution from the Fallbrook PUD to concurrently detach from the San Diego County Water Authority and annex to the Eastern MWD. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff’s analysis. A 10-member advisory committee has also been established by the Commission to assist staff in evaluating the proposal.

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
13	RO21-04	<p>“Mar Vista Island Reorganization”</p> <ul style="list-style-type: none"> - City of Vista (Annexation) - Vista Fire Protection District (Detachment) - Buena Sanitation District (Detachment) 	Priscilla Allen	Application submitted in July 2021 by resolution of the City of Vista seeking approval for reorganization of approximately 142 unincorporated acres known as the Mar Vista Island. Reorganization of the affected territory comprised of 108 parcels would involve annexation to the City of Vista and detachment from the Buena Sanitation District and Vista Fire Protection District. The submitted proposal application is incomplete and pending receipt of additional documentation from the applicant to complete staff’s analysis.
14	CO21-05	<p>“Sunray Lane Change of Organization”</p> <ul style="list-style-type: none"> - Otay Water District (Annexation) - Otay Water District (Sphere Amendment) 	Priscilla Allen	Application submitted in July 2021 by landowner petition and involves annexation of approximately 0.6 acres for wastewater services to replace an aging septic system and facilitate the construction of an accessory dwelling unit. The affected territory is presently developed with a single-family residence. The submitted proposal application is incomplete and pending receipt of additional documentation from the applicant to complete staff’s analysis.
15	CO21-06	<p>“Winter Haven Road Change of Organization”</p> <ul style="list-style-type: none"> - Fallbrook PUD (Expansion of Wastewater Service Area) 	Keene Simonds	Application submitted in August 2021 by joint landowner petitions and involves expansion of Fallbrook Public Utility District’s activated wastewater service area. The affected territory spans 1.5 acres and is divided by two non-contiguous parcels separately owned by each petitioner. The proposal is scheduled for hearing on the December 6 th Commission meeting.
16	CO21-09	<p>“Otay Lakes Road Change of Organization”</p> <ul style="list-style-type: none"> - San Diego County Sanitation District (Annexation) 	Priscilla Allen	Application submitted in October 2021 by landowner petition and involves annexation of approximately 1,870 acres to the San Diego County Sanitation District as a condition of development approved by the San Diego County Board of Supervisors. The affected territory is vacant with a proposed development by the landowner of a mixed-use community known as “The Otay Ranch Resort Village 13” project and includes the development of 1,938 residential units. The submitted proposal application is incomplete and pending receipt of additional documentation from the applicant to complete staff’s analysis.
17	CO21-10	<p>“Aldern-Eolus Avenue Change of Organization”</p> <ul style="list-style-type: none"> - Leucadia Wastewater District (Annexation) 	Priscilla Allen	Application submitted in September 2021 by resolution of the Leucadia Wastewater District and involves annexation of approximately 0.5 acres for wastewater service. The affected territory is developed with a single-family residence and the landowner intends to update the existing site from a septic system to public wastewater system. The submitted proposal application is incomplete and pending receipt of additional documentation from the applicant to complete staff’s analysis.

File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSALS POST COMMISSION ACTION			
18	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)	Linda Heckenkamp	Proposal submitted November 2016 by resolution of the San Diego County Fire Authority. Involved annexation of remaining unserved Islands 2, 3, and 4 via reorganization of local fire service territory among five local agencies: CSA 135; Bonita-Sunnyside FPD; Lakeside FPD; Ramona MWD; and San Miguel FPD. Reorganization involved 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. Conforming amendments to add the affected territory to the subject agencies' spheres of influence were also required. The reorganization proposal was approved 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. Other terms remain pending.
19	RO20-16 “Sringeri Vidya Bharati Foundation Temple Reorganization” - Rincon Del Diablo Water District (Annexation) - San Diego County Water Authority (Annexation) - Metropolitan Water District (Annexation)	Linda Heckenkamp	Application submitted August 2020 by resolution and involves annexation to the City of San Marcos and Vallecitos Water District of approximately 19.52 acres for water service. The affected territory has proposed development of a temple project. The proposal was approved by the Commission on October 5, 2020 and now pending recordation once all terms are satisfied.
20	CO20-20 OAS20-20 “Estrada – Viejas View Place Change of Organization” - San Diego County Sanitation District (Annexation)	Linda Heckenkamp	Application submitted in September 2020 by landowner petition and involves annexation of approximately 1.0 acres for wastewater service. The affected territory is developed with a single-family residence experiencing a failing septic. OAS was ratified by the commission on the February 1 st agenda. The proposal was approved by the Commission on May 3, 2021 and now pending recordation once all terms are satisfied.
21	OAS21-07 “Bear Valley Parkway OAS” - City of Escondido (OAS)	Priscilla Allen	Application submitted in August 2021 by landowner petition and involves an outside-of-agency service agreement for wastewater services to a single-family residence totaling 0.62 acres as a remedy to a failing septic system. The Executive Officer administratively approved the service request on August 20, 2021. The proposal was ratified by the Commission on October 4, 2021 and now pending completion once all terms are satisfied.

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
22	CO21-01	<p>“Sunset Drive Change of Organization”</p> <ul style="list-style-type: none"> - Vista Irrigation District (Detachment) - Vista Irrigation District (Sphere Amendment) 	Priscilla Allen	Application submitted in January 2021 by landowner petition and involves detachment of approximately 7.8 acres from Vista Irrigation District as a condition of development approved by the City of Oceanside. The affected territory is undeveloped with a proposed development by the landowner of 48 townhomes. The proposal is scheduled for hearing on the November 1 st Commission meeting.
23	OAS21-08	<p>“Felicitia Road Outside-of-Agency Service Agreement”</p> <ul style="list-style-type: none"> - City of Escondido (OAS) 	Priscilla Allen	Application submitted in September 2021 by landowner petition and involves an outside-of-agency service agreement for wastewater services to a single-family residence totaling 0.3 acres as a remedy to a failing septic system. The Executive Officer administratively approved the service request on September 30, 2021 and the proposal was ratified by the Commission on November 1, 2021 and now pending completion once all terms are satisfied.

File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
PENDING PROPOSAL APPLICATION SUBMITTALS (No project manager; inquiries should be directed to Keene Simonds)			
24	Pending	“Harvest Hills Reorganization” - City of Escondido	
			<p>This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido. Submittal to LAFCO anticipated for late 2020-2021 if approved by Escondido. 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 presently lies outside the adopted Escondido 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 other service related issues have been communicated to the City and are currently under joint review with other local stakeholders. Project was originally titled as “Safari Highlands.”</p>
25	Pending	“Rancho Lomas Verde Reorganization” - City of Vista	
			<p>This anticipated reorganization proposal is undergoing development and environmental review by the City of Vista. The proposal 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 adopted Vista 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 other service related issues have been communicated to the City and are currently under joint review with other local stakeholders.</p>
26	Pending	“Sager Ranch Reorganization” - City of Escondido	
			<p>This anticipated reorganization involves annexation of approximate 1,800 unincorporated acres to the City of Escondido and concurrent detachments from CSA 135 and the Valley Center FPD. The reorganization would facilitate the proposed 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 other service related issues have been communicated to the City and are currently under joint review with other local stakeholders.</p>
27	Pending	Harmony Grove Village South (TM-626)	
			<p>This anticipated reorganization involves the unincorporated 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, 2020 the San Diego Superior Court overturned the County’s development approvals for the project. Appeals are pending with no update as of this report.</p>

	File Number	Proposal Name Affected Agencies	Project Manager	Proposal Summary
28	Pending	“CSA 69 Dissolution” - CSA 69 (Dissolution) - CSA 69 (Sphere Dissolution) - City of Santee - Lakeside Fire Protection District	Priscilla Allen	Pending application to be submitted by resolution of the County of San Diego seeking approval for dissolution of CSA 69 and its sphere consisting of 62.87 square miles – or 40,237 acres – in the communities of Pepper Drive, Bostonia and Lakeside. This proposal is pending formal submission of the application to proceed with staff’s analysis.
29	Pending	“Cumming Ranch Latent Power Expansion” - Ramona Municipal Water District (Wastewater)	Priscilla Allen	Pending application to be submitted by landowner petition seeking approval for latent power expansion of Ramona MWD’s sewer service area by approximately 389 acres within the Ramona MWD’s current jurisdictional boundary and in proximity to the District’s current sewer service area designation. This proposal is pending formal submission of the application to proceed with staff’s analysis.



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT Consent | Information

December 6, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Tamaron Lockett, Commission Clerk

SUBJECT: Annual Report on Commissioner Terms

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive its annual report on individual Commissioner terms. No terms are set to expire in 2022; six terms are scheduled to expire in 2023. The report is being presented to the Commission for information with the dual benefit of advising the public on membership composition in the near term.

BACKGROUND

State law prescribes the composition of San Diego LAFCO shall include 13 Commissioners divided between eight “regular” and five “alternate” members. Members are drawn from five membership categories as detailed below.

- Three “county” members are appointed by the County of San Diego Board of Supervisors and divided by two regulars and one alternate. All three county members must be on the Board and can be selected from any of the supervisorial districts.
- Three “city” members are appointed by the City Selection Committee (mayors) and divided by two regulars and one alternate. All three city members must be on city

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Nora Vargas
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Joel Anderson, Alt.
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Paul McNamara
City of Escondido

Mary Casillas Salas
City of Chula Vista

Kristi Becker, Alt.
City of Solana Beach

Chris Cate
City of San Diego

Marni von Wilpert, Alt.
City of San Diego

Jo MacKenzie
Vista Irrigation

Barry Willis
Alpine Fire Protection

David Drake, Alt.
Rincon del Diablo

Chair Andy Vanderlaan
General Public

Harry Mathis, Alt.
General Public

councils of 17 of the 18 incorporated communities. The City of San Diego is excluded from this category and provided separate appointments to the Commission.

- Two “San Diego” members are appointed by the City of San Diego Council through special legislation in LAFCO statute and divided by a regular and alternate. Both members must be on the Council and can be selected from any of the council districts.
- Three “district” members are elected by the Independent Special District Committee (board presidents) and divided by two regulars and one alternate. All three district members must be board members on independent special districts.
- Two “public” members are appointed by the other four membership categories on the Commission and divided by a regular and alternate. The two public members must be residents in San Diego County and cannot be officers or employees of local agencies.

All Commission seats are four-year terms that commence on the first Monday of May in the applicable year.¹ Terms go with the seat and not the member. Should a Commissioner leave LAFCO early for any reason, the successor appointee assumes the unexpired term.

DISCUSSION

This item is being presented to San Diego LAFCO to receive an annual report on current Commissioner terms consistent with practice. This includes receiving confirmation none of the 13 terms on the Commission are set to expire in 2022. Close to one-half of all terms are scheduled to expire in 2023. A complete listing of all terms is provided as Attachment One.

ANALYSIS

None.

RECOMMENDATION

This item is presented to San Diego LAFCO for information only.

ALTERNATIVES FOR ACTION

None.

¹ Reference to Government Code Section 56334.

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,

A handwritten signature in black ink, appearing to be 'TL' with a stylized flourish.

Tamaron Luckett
Commission Clerk

Attachment:

- 1) Commissioner Terms

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GENERAL DISTRIBUTION
SAN DIEGO LAFCO COMMISSIONER ROSTER

OFFICERS 2021

CHAIRMAN: ANDY VANDERLAAN
VICE CHAIRMAN: JIM DESMOND

REGULAR MEMBERSCounty Representatives

- * **Supervisor Jim Desmond** 05/23
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 (619) 531-5555
- * **Supervisor Nora Vargas** 05/25
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 (619) 531-5511

City Representatives

- Mayor Mary Casillas Salas** 05/23
 City of Chula Vista
 276 Fourth Avenue
 Chula Vista, CA 91910
 (619) 409-5931
- Mayor Paul McNamara** 05/23
 City of Escondido
 201 North Broadway
 Escondido, CA 92025-2798
 (760) 839-4610

City of San Diego Representatives

- * **Councilmember Chris Cate** 05/25
 202 C Street, MS 10A
 San Diego, CA 92101
 (619) 236-6616

Special Districts Representatives

- Jo Mackenzie** 05/24
 Vista Irrigation District
 1391 Engineer St
 Vista, CA 92083
 (619) 597-3100
- Baron "Barry" T. Willis** 05/23
 Alpine Fire Protection District
 1364 Tavern Road
 Alpine, CA 91901
 (619) 445-2635

Public-at-Large Representatives

- Andrew Vanderlaan** 05/25
 9335 Hazard Way, Suite 200
 San Diego, CA 92123
 (858) 614-7755

ALTERNATE MEMBERSCounty Alternate

- * **Supervisor Joel Anderson** 05/25
 1600 Pacific Hwy., Room 335
 San Diego, CA 92101
 (619) 531-5522

City Alternate

- Deputy Mayor Kristi Becker** 05/25
 City of Solana Beach
 635 S. Highway 101
 Solana Beach, CA 92075
 (858) 720-2430

City of San Diego Alternate

- * **Councilmember Marni von Wilpert** 05/25
 202 C Street, 10th Floor
 San Diego, CA 92101
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Special Districts Alternate

- David Drake** 05/23
 Rincon del Diablo Municipal Water District
 1920 North Iris Lane
 Escondido, CA 92026
 (760) 745-5522

Public-at-Large Alternate

- Harry Mathis** 05/23
 9335 Hazard Way, Suite 200
 San Diego, CA 92123
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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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AGENDA REPORT Public Hearing

December 6, 2021

TO: Commissioners

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

SUBJECT: Proposed “Winter Haven Road Change of Organization” |
Expansion of Fallbrook Public Utility District’s Activated Wastewater Service
Area and Related Sphere of Influence Action (CO21-06 et al.)

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a change of organization proposal initiated by two interested landowners to expand and add 1.5 acres to Fallbrook Public Utility District’s (PUD) activated wastewater service area. The affected territory as submitted comprises two parcels located directly across from each other on Winterhaven Road in unincorporated Fallbrook. The proposal purpose is to facilitate the extension of public wastewater service and in doing so replace an aging septic system for one parcel and accommodate the planned development of the other parcel. Staff recommends conditional approval of the proposed change of organization as submitted with a conforming amendment to Fallbrook PUD’s secondary sphere of influence specific to wastewater services. Waiver of protest proceedings is also recommended.

BACKGROUND

Applicant Request

San Diego LAFCO has received a change of organization proposal by a joint landowner petition (Federico Orozco and Don Redy) requesting approval to expand Fallbrook PUD’s activated wastewater service area by approximately 1.5 acres. The affected territory as

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Rincon del Diablo

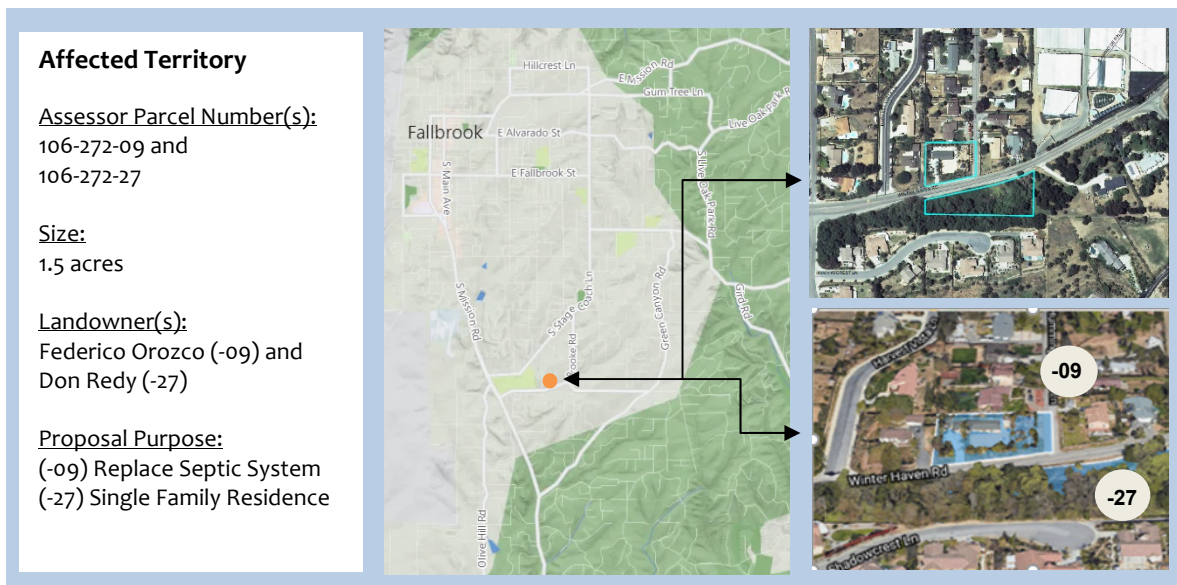
Chair Andy Vanderlaan
General Public

Harry Mathis, Alt.
General Public

submitted includes two noncontiguous parcels separately owned by each petitioner and identified by the County Assessor as 106-272-09 (0.56 acres) and 106-272-27 (0.95 acres). The two landowners have been brought together into a single joint proposal at the arrangement of the Fallbrook PUD to help economize costs. The first parcel is located at 1206 Winter Haven Road (09) and is presently developed with a 1,400 square foot single-family residence. The second parcel (27) is presently undeveloped although assigned a situs of 1233 Winterhaven Road. The affected territory lies entirely within Fallbrook Public Utility District’s jurisdictional boundary and primary sphere of influence but outside the District’s activated wastewater service area. The affected territory also lies outside Fallbrook PUD’s secondary sphere of influence specific to wastewater services.

Regional Setting

The affected territory is part of the unincorporated community of Fallbrook and located within 1,000 feet of the Fallbrook High School campus. South Mission Road via Winterhaven Road provides arterial access to the affected territory and connects the subject parcels to Downtown Fallbrook to the north (approximately 5 minutes) and State Route 76 to the south (approximately 10 minutes). Aerial maps of the affected territory and its regional setting follows. Attachment One shows the affected territory relative to the proposed boundary changes involving the subject agency (Fallbrook PUD).



Subject Agencies

The proposed change of organization before San Diego LAFCO involves one subject agency: Fallbrook PUD. A summary of the subject agency in terms of their governance, resident population, municipal functions, and financial standing follows.

- Fallbrook PUD is an independent special district formed in 1922 with an estimated residential population of 34,005. The jurisdictional boundary spans 44 square miles and includes the unincorporated communities of Fallbrook and De Luz. A directly elected five-member Board of Directors governs Fallbrook PUD and its three active municipal functions: potable water (retail); wastewater (collection, treatment, and disposal); and recycled water (retail). All service functions are activated for the entire jurisdictional boundary except for wastewater, which Fallbrook PUD activated with LAFCO approval in 1994 as successor to the Fallbrook Sanitary District. The activated wastewater service area is limited to the “Village” and “Live Oak Park” area with its own estimated service population of 13,794. LAFCO maintains a coterminous “secondary” sphere of influence specific to Fallbrook PUD’s wastewater service function. Fallbrook PUD’s audited net position is \$98.7 million as of June 30, 2020 and has increased by 12.2% over the prior three audited fiscal years.

Affected Local Agencies

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

- County Service Area No. 81 (Fallbrook Parks)
- County Service Area 135 (Regional Fire)
- Fallbrook Public Utility District
- Fallbrook Regional Healthcare District
- Metropolitan Water District of Southern California
- Mission Resource Conservation District
- North County Fire Protection District
- San Diego County Flood Control District
- San Diego County Street Lighting District
- San Diego County Water Authority

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the proposed change of organization to expand Fallbrook PUD’s activated wastewater service area to include the affected territory. 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.

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.

Proposal Purpose

The purpose of the proposed change of organization before San Diego LAFCO is to establish wastewater services within the affected territory from the Fallbrook PUD and in doing so facilitate the development of a single-family residence on one parcel and replace an aging septic system on the second parcel.

Development Potential

The County of San Diego’s General Plan designates both subject parcels comprising the affected territory as submitted by the applicants as Village Residential (VR-2). The County also zones both subject parcels as “Rural Residential” with a minimum lot size of 0.5 acres. This zoning assignment paired with subject parcel current sizes prohibits any new density within the affected territory. Additional intensity – nonetheless – would be allowed in the form of the allowance of one accessory dwelling unit in association with a developed single-family residence. This allowance generates a maximum intensity of four dwelling units within the affected territory under current County policies.

Commission Focus

Three central and sequential policy items underlie San Diego LAFCO’s consideration of the proposed change of organization. These policy items take the form of determinations and orient the Commission to consider the interrelated merits as it relates to a (a) conforming sphere of influence action, (b) timing of the change of organization, and (c) whether modifications or approval terms are appropriate. The Commission must also consider other relevant statutes in and outside LAFCO law as further detailed.

ANALYSIS

San Diego LAFCO’s analysis of the proposed change of organization is divided into two distinct subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section and specifically analyzing the merits of amending the Fallbrook PUD’s secondary sphere of influence and expansion of the activated wastewater service area as well as whether modifications and/or terms are appropriate to further address Commission goals and policies. 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 Amendment

The proposed change of organization necessitates San Diego LAFCO consider a conforming sphere of influence action to achieve consistency with the requested jurisdictional change as required under statute. The action involves amendment to the secondary sphere of influence established by LAFCO for Fallbrook PUD’s wastewater service function. Consideration of the amendment is 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 amendment to fully recognize the Fallbrook PUD as the appropriate provider of wastewater services for the affected territory. This amendment compliments the 1994 action of the Commission to authorize Fallbrook PUD to provide wastewater services in the former Fallbrook Sanitary District boundary as development/uses warrant.

CONCLUSION | MERITS OF A CONFORMING SPHERE OF INFLUENCE AMENDMENT

Proceeding with the conforming action to amend the Fallbrook PUD secondary sphere of influence for wastewater to include the affected territory is sufficiently warranted. Justification is marked by the preceding analysis and support the Commission’s determinations to designate the Fallbrook PUD as the appropriate and exclusive wastewater service provider for the affected territory going forward. Additional analysis supporting the conclusion is provided in Appendix A.

Item No. 2 | Change of Organization Timing

The timing of the proposed change of organization before San Diego LAFCO – and specifically expanding the Fallbrook PUD’s activated wastewater service area to include the affected territory – 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 change of organization focus on the service and financial capacities of the *receiving* agency, Fallbrook PUD (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’s current and planned residential uses would be appropriately aided by the change of organization and the expansion of the Fallbrook PUD’s activated wastewater service area to facilitate connections to the collection system. Additional details on relevant service needs follow.

- The Commission has previously designated Fallbrook PUD as the exclusive service provider for the affected territory for its other activated functions – potable water and recycled water – through the standing inclusion in PUD’s primary sphere and jurisdictional boundary. Expansion of the activated wastewater service area to include the affected territory harmonizes with these existing service authorizations and accommodates the expressed interest of the landowners to establish wastewater services as evident by initiating the change of organization.
- The affected territory’s landowners (Federico Orozco and Don Redy) have provided their written consent to the proposed change of organization in conjunction with their interest to facilitate the planned development of a single-family residence (-27, Redy) and replace an aging septic system (-09, Orozco). These factors help to quantify the timing appropriateness by explicitly syncing the change of organization to known landowner (i.e. community) needs.
- Service Capacities and Levels
Fallbrook PUD would directly assume wastewater service responsibilities for the affected territory upon approval of the change of organization. A review of Fallbrook PUD shows the District has sufficient wastewater capacities and related resources to readily accommodate demands within the affected territory at its planned uses without expanding any public infrastructure. Additional details follow.
 - Fallbrook PUD projects the proposed change of organization’s demand for the affected territory and its planned uses (two single-family residences) at a maximum daily average of 0.001 million gallons. This projection translates to approximately 500 gallons per day for each residence. The projected daily demand equals .037% of the available excess capacity currently available to Fallbrook PUD. The maximum density development and addition of two accessory dwelling units doubles this consumption usage to 0.72% of available capacity and not considered substantive. Actual service to the affected territory from Fallbrook PUD is accessible through an existing collection pipeline located adjacent to each property and within Winter Haven Road.
- Service Funding and Costs
Fallbrook PUD has financial resources coupled with administrative controls to provide wastewater services to the affected territory in support of its planned uses without adversely impacting current ratepayers. This comment is reflected in the staff analysis of Fallbrook PUD’s recent audited statements which shows – among other measurements – Fallbrook PUD remained profitable over the last three audited fiscal years with an average total margin of 11.3%.

**CONCLUSION |
MERITS OF CHANGE OF CHANGE OF ORGANIZATION TIMING**

The timing of the change of organization to expand Fallbrook PUD’s wastewater service area to include the affected territory is sufficiently warranted. Justification is marked by the preceding analysis and highlighted by appropriately responding to the existing need for wastewater service for the affected territory 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 change of organization have been identified by San Diego LAFCO staff meriting Commission consideration at this time. This includes noting expansion of the activated wastewater service area for Fallbrook PUD would not result in any unserved corridors or other boundary irregularities for the subject agency. Staff is recommending applying standard terms of approval under Government Code Section 57302.

**CONCLUSION |
MODIFICATIONS AND TERMS**

No modifications to the proposed change of organization appear merited as detailed. Standard approval terms are recommended under Government Code Section 57302.

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 change of organization. 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 change of organization. The County’s adopted master property tax exchange resolution specifies no transfer of property taxes would occur following the proposed change of organization of the affected territory with Fallbrook PUD.

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 of the proposed change of organization. Staff’s analysis follows.

- San Diego LAFCO serves as lead agency under CEQA for the conforming amendment to Fallbrook PUD’s secondary sphere of influence specific to wastewater services to accommodate the proposed change of organization. It is recommended the Commission find this action is a project under CEQA but exempt from further review under State Guidelines 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) in and of itself does not change the environment or authorize any new uses or services.
- San Diego LAFCO serves as lead agency under CEQA for assessing potential impacts of the proposed change of organization and expansion therein of Fallbrook PUD’s activated wastewater service area to include the affected territory. Staff believes the proposal qualifies as a project but is exempt from further review under State CEQA Guidelines Section 15319(b) and its cross-reference to Section 15303. This exemption appropriately applies given the proposed change of organization could potentially accommodate no more than two single-family residences based on current zoning.

Protest Proceedings

Protest proceedings for the proposed change of organization may be waived by San Diego LAFCO should the Commission proceed with an approval under Government Code 56662. The recommended 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 landowners have consented to the jurisdictional change.

RECOMMENDATION

Staff recommends San Diego LAFCO conditionally approve the proposed change of organization as submitted along with a conforming sphere of influence action. This recommendation is consistent with Alternative One 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 change of organization proposal as submitted and conforming amendment to Fallbrook PUD’s secondary sphere of influence. This also includes making required exemption 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 change of organization 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 Maps of the Affected Territory
- 2) Draft Resolution of Approval
- 3) Application Materials

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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 involves two noncontiguous unincorporated parcels spanning 1.5 acres. Parcel (09) is presently developed with a 1,400 square-foot single-family residence and 0.56 acres in total size. Parcel (27) is vacant and is 0.95 acres in size. Both subject parcels are designated and zoned for rural residential uses by the County of San Diego. Both parcels are also mapped with Statewide Significant Soils. Parcel (27) is separately also mapped by the County as Farmland of Local Importance. Amending the secondary sphere for wastewater services to include the affected territory is consistent with these planned uses and protects the underlying soils from unmanaged sewage waste.

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

There is an existing need for public wastewater services within the affected territory and the two subject parcels therein. This includes facilitating the replacement of an aging septic system (Parcel 09) and development of a single-family residence consistent with County zoning (Parcel 27). Amending the secondary sphere for wastewater services to include the affected territory 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.

Fallbrook PUD has existing infrastructure and related capacities to readily accommodate wastewater demands within the affected territory. Projected demands for wastewater within the affected territory are not expected to consume more than 1% of Fallbrook PUD’s available system capacity at the subject parcels’ maximum (density and intensity) uses. Amending the secondary sphere for wastewater services to include the affected territory is consistent with these 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.

The affected territory maintains social and economic ties with Fallbrook PUD in step with being already within the District’s primary sphere and jurisdictional boundary. Amending the secondary sphere for wastewater services to include the subject parcels strengthens these existing communities of interests.

(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 adjacent lands do 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.**

The affected territory as submitted includes two unincorporated and noncontiguous parcels within the community of Fallbrook and totaling 1.5 acres. Each parcel is separately owned by each petitioner and identified by the County Assessor as 106-272-09 (0.56 acres) and 106-272-27 (0.95 acres). The current combined total assessed value of the subject parcels is \$411,505 with the last transactions recorded for 106-272-09 in July 2018 and 106-272-27 in July 2019. The affected territory lies within a developing rural-residential area of the County of San Diego and within the Fallbrook unincorporated community. Moderate to significant growth is anticipated in the surrounding area within the next 10-year period.

- 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 County of San Diego acts as the primary purveyor of general governmental services to the affected territory. This includes community planning, roads, and public safety (fire, police, animal control, etc.). Fallbrook PUD is the authorized potable water service provider for the affected territory. This proposal affects only the wastewater service provision to the affected territory and is the focus of the succeeding analysis.

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

Fallbrook PUD projects the proposed change of organization’s wastewater demand for the affected territory and its planned uses (two single-family residences) at a maximum daily average of 0.001 million gallons. This projection translates to approximately 500 gallons per day for each residence. The projected daily demand equals .037% of the available excess capacity currently available to Fallbrook PUD. The maximum density development and addition of two accessory dwelling units doubles this consumption usage to 0.72% of available capacity. Actual service to the affected territory from Fallbrook PUD is accessible through an existing collection pipeline located adjacent to each property and within Winter Haven 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 change of organization proposal and expansion of the activated wastewater service area to include the affected territory would strengthen economic and social interests between the District and the subject parcels. These ties exist via the current inclusion of the affected territory within the Fallbrook PUD jurisdictional boundary and access therein to its potable water function. Approval would further consolidate Fallbrook PUD’s role in supporting the subject parcels’ planned uses to include access to its wastewater function.

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.

Approval would be consistent with the Commission’s adopted policies to sync urbanized uses with urbanized services and promote infill uses. The affected territory does not contain “open-space” as defined under LAFCO law and no conflicts exists under Government Code 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 not contain “prime agricultural land” or “agricultural land” as defined under LAFCO law or further prescribed in local Commission policy. Specifically, the affected territory does not contain lands 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 expansion of Fallbrook PUD’s wastewater service area 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 the change of organization 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 change of organization 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 purpose of the proposed change of organization to facilitate the connection of two parcels to Fallbrook PUD’s public wastewater system is consistent with the County of San Diego General Plan, which designates the affected territory for residential uses. The affected territory is not located within any city sphere of influence.

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 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 November 29, 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 change of organization be approved, Fallbrook PUD will assume legal responsibility to provide wastewater services to the affected territory. This service is organized as an enterprise and will be financed using user fees. The staff analysis of Fallbrook PUD’s last three audited statements shows – among other items – the District has been effectively managed and reflected in an average total margin (i.e., bottom line) of 11.3%.

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

The affected territory is presently within the Fallbrook PUD retail domestic water system with wholesale supplies provided by the San Diego County Water Authority. Approval of the proposed change of organization would not affect the timely availability of water supplies to the affected territory for the proposed residential uses.

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 not impact any local agencies in accommodating their regional housing needs. All potential units tied to the lands are already assigned to the County of San Diego by the region’s council of governments. The expansion of Fallbrook PUD’s authorized wastewater service area would not affect this assignment.

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

The affected territory is considered uninhabited as defined by LAFCO law (containing 11 registered voters or less). The landowners support the proposed change of organization and have provided written consent to the proceedings. Notice of the proposal and associated public hearing scheduled on December 6th 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.

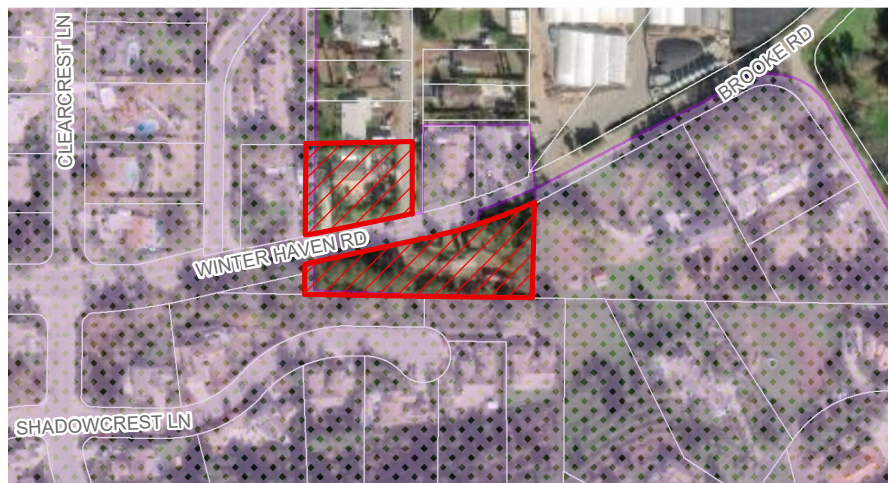
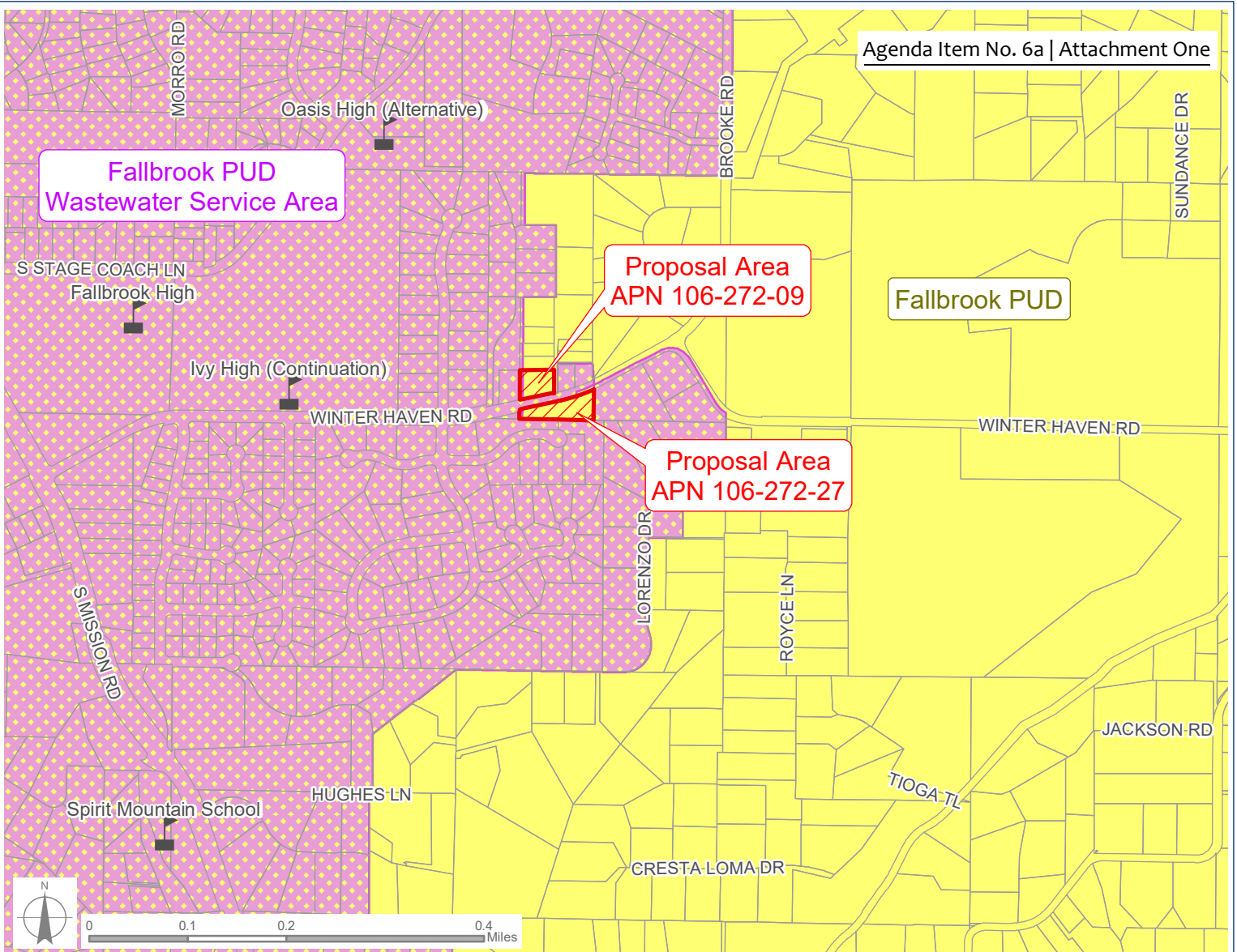
Please see above analysis for (h).

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 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 Plan contains a hazard mitigation plan for potential fire, flooding and earthquakes. The affected territory lies within “moderate risk” fire and earthquake hazard zones. Following the proposed change of organization, North County Fire Protection District would continue to provide fire protection and EMS service functions and responsibilities within the affected territory.



**"WINTER HAVEN ROAD CHANGE OF ORGANIZATION" |
CO21-06 PROPOSED EXPANSION OF FALLBROOK PUD'S
WASTEWATER SERVICE AREA**

-  Proposal Area
-  Fallbrook PUD
-  FPU D Wastewater Service Area



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RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A CHANGE OF ORGANIZATION

**“WINTERHAVEN ROAD CHANGE OF ORGANIZATION”
EXPANSION OF ACTIVATED WASTEWATER SERVICE AREA
AND RELATED SPHERE OF INFLUENCE ACTION
LAFCO FILE NO. CO21-06**

WHEREAS, on August 5, 2021, landowners Federico Orozco and Don Redy filed a joint landowner petition application to initiate proceedings 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 expand Fallbrook Public Utility District’s (PUD) activated wastewater service area by approximately 1.5 acres of unincorporated territory within the County of San Diego; and

WHEREAS, the affected territory as proposed is divided between two non-contiguous parcels, one developed and one vacant, identified by the County of San Diego Assessor’s Office as 106-272-09 and 106-272-27; and

WHEREAS, the Commission has confirmed 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 December 6, 2021; 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. The Commission serves as lead agency under the California Environmental Quality Act (CEQA) in considering the two distinct "projects" associated with the proposed change of organization and as detailed in the Executive Officer's report: (a) the change of organization and (b) the related conforming sphere of influence action. The Commission's findings follow.
 - San Diego LAFCO serves as lead agency under CEQA for the conforming amendment to Fallbrook PUD's secondary sphere of influence specific to wastewater services to accommodate the proposed change of organization. It is recommended the Commission find this action is a project under CEQA but exempt from further review under State Guidelines 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) in and of itself does not change the environment or authorize any new uses or services.
 - San Diego LAFCO serves as lead agency under CEQA for assessing potential impacts of the proposed change of organization and expansion therein of Fallbrook PUD's activated wastewater service area to include the affected territory. Staff believes the proposal qualifies as a project but is exempt from further review under State CEQA Guidelines Section 15319(b) and its cross-reference to Section 15303. This exemption appropriately applies given the proposed change of organization could potentially accommodate no more than two single-family residences based on current zoning.
4. The Commission APPROVES the change of organization without modifications and subject to conditions as provided. Approval involves all of the follow:
 - a) Expansion of the Fallbrook PUD's wastewater service area to the affected territory is shown in "Exhibit B-1" and described in "Exhibit B-2."
 - b) The sphere of influence for the Fallbrook PUD wastewater service area is amended to include the affected territory as shown in "Exhibit B-1."
5. The Commission CONDITIONS all approvals on the following terms being satisfied by December 6, 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 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 \$350.00.
- A check made payable to San Diego LAFCO in the amount of \$658.50 to reimburse the public hearing notice published in the San Diego Union Tribune.

d) Submittal of confirmation to the Executive Officer from Fallbrook PUD that all respective annexation terms and conditions have been satisfied by the landowner.

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

“Winterhaven Road 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 Fallbrook Public Utility District is a registered-voter district.
10. The Fallbrook Public Utility 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 Fallbrook Public Utility District as provided under Section 57328.
12. 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.
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 December 6, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Attest:

Keene Simonds
Executive Officer

EXHIBIT A
SPHERE OF INFLUENCE DETERMINATIONS

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

The affected territory involves two noncontiguous unincorporated parcels spanning 1.5 acres. Parcel (09) is presently developed with a 1,400 square-foot single-family residence and 0.56 acres in total size. Parcel (27) is vacant and is 0.95 acres in size. Both subject parcels are designated and zoned for rural residential uses by the County of San Diego. Both parcels are also mapped with Statewide Significant Soils. Parcel (27) is separately also mapped by the County as Farmland of Local Importance. Amending the secondary sphere for wastewater services to include the affected territory is consistent with these planned uses and protects the underlying soils from unmanaged sewage waste.

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

There is an existing need for public wastewater services within the affected territory and the two subject parcels therein. This includes facilitating the replacement of an aging septic system (Parcel 09) and development of a single-family residence consistent with County zoning (Parcel 27). Amending the secondary sphere for wastewater services to include the affected territory 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.

Fallbrook PUD has existing infrastructure and related capacities to readily accommodate wastewater demands within the affected territory. Projected demands for wastewater within the affected territory are not expected to consume more than 1% of Fallbrook PUD's available system capacity at the subject parcels' maximum (density and intensity) uses. Amending the secondary sphere for wastewater services to include the affected territory is consistent with these 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.

The affected territory maintains social and economic ties with Fallbrook PUD in step with being already within the District's primary sphere and jurisdictional boundary. Amending the secondary sphere for wastewater services to include the subject parcels strengthens these existing communities of interests.

(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 adjacent lands do not contain census tracts qualifying as a disadvantaged unincorporated community (DUC) under State statute or LAFCO policy.

EXHIBIT B-1
MAP OF THE AFFECTED TERRITORY

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EXHIBIT B-2
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

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Paula de Sousa
Best Best & Krieger

San Diego LAFCO
9335 Hazard Way, Ste 200
San Diego, CA 92123

7/26/2021

To whom it may concern,

I am writing to you from the Fallbrook Public Utility District (FPUD) engineering department. Please find the enclosed LAFCO Application for the addition of two (2) parcels to our Sewer Service Area, and a check for the fees for this "single Jurisdictional change", under a CEQA Exemption, for \$6,405.00.

As described in the application these parcels are across the street from one another and abut the current sewer service area boundary. One of the parcels is in a "donut hole" in the District which will then be completely filled in. These additions to the sewer service area will be completely within the FPUD sphere of influence.

I have attempted to provide a complete application for the annexation to the Sewer Service Area in FPUD, on behalf of the interested parties. If there is anything else that is needed or if you have any questions please do not hesitate to contact me at Soleil@fpud.com or 760-999-2717.

Can you please let me know that you have received this and include an estimate of how long this application process might take? I am sure the customers are interested in knowing this information as well.

Best regards,
Soleil Develle
Engineering Technician III
760-999-2717
soleil@fpud.com

LAFCO APPLICATION

FALLBROOK PUBLIC UTILITY DISTRICT
SEWER SERVICE AREA ANNEXATION

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION

The following information must be submitted when filing a change of organization or reorganization proposal with the San Diego Local Agency Formation Commission (LAFCO); additional information may be requested during review of the proposal.

- ☒ 1. **Completed CHANGE OF ORGANIZATION or REORGANIZATION APPLICATION.**
- ☒ 2. (a) A **certified resolution of application** from an affected city or district; or
(b) A **landowner or registered voter petition** making application to San Diego LAFCO (available from LAFCO or <http://www.sdlafco.org/forms/petition.pdf>).
- ☒ 3. A **metes-and-bounds legal description of the proposal territory perimeter** for the proposed boundary change(s), a **reproducible parcel/plat map**, and a **vicinity map**. For information about mapping requirements, refer to: http://www.sdlafco.org/forms/legal_description.pdf, and contact the County Assessor's Mapping Division at 619/531-5588. The Thomas Brother's Guide may be used for the vicinity map.
- ☒ 4. **Environmental documentation** to comply with the California Environmental Quality Act (CEQA); submit documents for applicable category only:
 - (a) **INITIAL STUDY**: Submit completed form (available from LAFCO) if no environmental review has been conducted;
 - (b) **CATEGORICAL EXEMPTION**: Submit document if an agency has certified that the project qualifies for a categorical exemption from CEQA;
 - (c) **NEGATIVE DECLARATION (ND)**: Submit document with certifying resolution and Initial Study*;
 - (d) **ENVIRONMENTAL IMPACT REPORT (EIR)**: Submit 15 copies of the Final EIR and certifying resolution, plus one copy of the EIR Appendix*.

* For an ND or EIR, a copy of the receipt for the fee paid to the California Department of Fish and Game must be submitted.
- ☒ 5. If annexation to a city is proposed, submit one copy of the **city resolution approving rezoning and general plan land-use designations** for the proposal territory.
- ☒ 6. **JURISDICTIONAL CONFLICTS**: If the response to question number 6 on page 3 is "Yes", complete and sign the Policy L-107 form at http://www.sdlafco.org/forms/Legislative_Policy_L_107.pdf.
- ☒ 7. **Completed CAMPAIGN CONTRIBUTION DISCLOSURE FORM AND EVALUATION CHECKLIST for DISCLOSURE OF POLITICAL EXPENDITURES** (pages 7 and 8 of application).
- ☒ 8. **PROPERTY-OWNER CONSENT FORM for INCLUSION OF PROPERTY** (page 9 of application).
- ☒ 9. **Completed SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM** (pages 10-12 of application) from **each** subject agency.
- ☒ 10. **LAFCO processing fees**. The San Diego LAFCO FEE SCHEDULE is available at <http://www.sdlafco.org/document/feeschedule.pdf>, or contact LAFCO staff.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
9335 Hazard Way · Suite 200 · San Diego, CA 92123
(858) 614-7755 · www.sdlafco.org

CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION

The information in this application is used by LAFCO staff to evaluate proposals for changes of government organization. Please respond to all items in this form, indicating "NA" when an item does not apply.

SUBJECT AGENCY(IES) (City or Special District)	PROPOSED CHANGE OF ORGANIZATION/ACTION (Annexation, detachment, sphere amendment, etc.)
1. Fallbrook Public Utility District	1. Annexation for Sewer Service Area
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____

As part of this application, the city of NA or the Fallbrook Public Utility district, Fallbrook PUD (the applicant), and/or the FEDERICO OROZCO (real party in interest: subject landowner and/or registered voter) agree to defend, indemnify, hold harmless, and release the San Diego LAFCO, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any or all of them, the purpose of which is to attack, set aside, void, or annul the approval or denial of this application or adoption of or refusal to adopt the environmental document which accompanies it or any other action San Diego LAFCO takes with respect to this application. This defense and indemnification obligation shall include, but not be limited to, attorneys' fees and other costs of defense, damages, costs, and expenses, including attorney fees payable to another party. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. San Diego LAFCO's acceptance of this application is sufficient to make this agreement a binding, bilateral contract between us.

I acknowledge that annexation to the city of NA or the Fallbrook PUD -Sewer Service district may result in the imposition of taxes, fees and assessments existing within the (city or district) on the effective date of annexation. I hereby waive any rights I may have under Articles XIII C and XIII D of the State Constitution (Proposition 218) to a hearing, assessment ballot proceeding or an election on those existing taxes, fees and assessments.

Agreed:

Signature: Federico Orozco Date: 6/19/21

Print/Type Name: FEDERICO OROZCO

Address: 1206 WINTERHAVEN RD FALLBROOK CA 92028

Telephone: (760) 802-6879

Property Address: 1206 WINTERHAVEN RD FALLBROOK CA 92028

Cross Street(s): HUMMINGBIRD Hill LN FALLBROOK CA 92028

Assessor Parcel Number(s): 106-272-09-00 Acres: 0.56

Indicate below if anyone, in addition to the person signing this application, is to receive notices of these proceedings.

Name: _____

Address: _____

Telephone: () _____

CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION

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SUBJECT AGENCY(IES) (City or Special District)	PROPOSED CHANGE OF ORGANIZATION/ACTION (Annexation, detachment, sphere amendment, etc.)
1. Fallbrook Public Utility District	1. Annexation for Sewer Service Area
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____

As part of this application, the city of NA or the Fallbrook Public Utility district, Fallbrook PUD (the applicant), and/or the Don Rady, US Financial LP (real party in interest subject landowner and/or registered voter) agree to defend, indemnify, hold harmless, and release the San Diego LAFCO, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any or all of them, the purpose of which is to attack, set aside, void, or annul the approval or denial of this application or adoption of or refusal to adopt the environmental document which accompanies it or any other action San Diego LAFCO takes with respect to this application. This defense and indemnification obligation shall include, but not be limited to, attorneys' fees and other costs of defense, damages, costs, and expenses, including attorney fees payable to another party. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. San Diego LAFCO's acceptance of this application is sufficient to make this agreement a binding, bilateral contract between us.

I acknowledge that annexation to the city of NA or the Fallbrook PUD - Sewer Service district may result in the imposition of taxes, fees and assessments existing within the (city or district) on the effective date of annexation. I hereby waive any rights I may have under Articles XIII C and XIII D of the State Constitution (Proposition 218) to a hearing, assessment ballot proceeding or an election on those existing taxes, fees and assessments.

Agreed: _____ Date: 6-9-21

Signature: _____

Print/Type Name: US Financial LP by Don Rady

Address: 1919 Grand Ave #2F, San Diego 92109 Telephone: (619) 838-4819

Property Address: Winterhaven Rd, Fallbrook 92082

Cross Street(s): Hummingbird Lane

Assessor Parcel Number(s): 106-272-27-06 Acres: 0.95

Indicate below if anyone, in addition to the person signing this application, is to receive notices of these proceedings.

Name: _____

Address: _____ Telephone: () _____

A. PROPOSAL DESCRIPTION/JUSTIFICATION

1. Explain in detail why the proposal is necessary **at this time** (e.g., condition of an approved tentative map, an existing structure requires new services, etc.). _____

The Fallbrook Public Utility (FPUD) - Sewer Service Area is subject to a request by 2 property owners to annex into the Sewer Service Area in order to use the sewer system. One parcel (106-272-09) is experiencing septic failure issues, and the other (106-272-27) is undeveloped and requires connection to Sewer.

2. Describe the use of **developed** property within the proposal territory, including details about existing structures. Describe anticipated development of **vacant** property, including types of buildings, number of units, supporting facilities, etc., and when development is scheduled to occur. _____

Parcel 106-272-09 (0.56 Ac) has a single family residence and a failing septic system, according to the owner. Parcel 106-272-27 (0.95 Ac) is an undeveloped, vacant lot, that is in the process of being developed for a single family residence. They have requested to connect to the sewer and have initiated this application process.

3. Describe the topography and physical features of the proposal territory, as well as its general location in relation to communities, major freeways/highways, roads, etc. _____

Both properties are across Winter Haven Rd from each other and have Hummingbird Lane as a cross street. They are about 0.5 mile from S. Mission Road and 4.2 miles from the 76, to the south. Both parcels are adjacent to the Sewer Main, the Sewer Service Area and within the FPUD boundary.

4. How many residents live within the proposal territory? 4

5. How many of these residents are registered voters? 4

6. Are there any jurisdictional issues associated with the LAFCO proposal or pending LAFCO action?

☒ NO ☐ YES (If yes, please complete the Policy L-107 form at http://www.sdlafco.org/forms/Legislative_Policy_L_107.pdf)

B. LAND USE INFORMATION

GENERAL PLAN AND ZONING:

If the proposal territory is **not** within an incorporated city, San Diego County General Plan and zoning information may be obtained by calling (858) 565-5981 or toll-free (888) 267-8770 with the Assessor Parcel Number(s) of the subject property. If the proposal territory is within a city, please call the appropriate city's planning department for General Plan and zoning information.

1. COUNTY:

(a) The territory is within the Fallbrook community plan.

(b) The County General Plan or community plan designation and allowed density: The Fallbrook Community boundary encompasses these parcels, with a designation of VR-2

(c) Current County zoning and allowed density: VR-2: 2 EDU per Acre.

2. CITY:

(a) The territory is within the general plan area for the City of NA

(b) The City General Plan land use designation and allowed density: NA

(c) Current City zoning and allowed density: NA

(d) Current City prezoning and allowed density: NA

3. Indicate below **all** permits or approvals that will be needed by the County or any city to complete the project. If already granted, please note the date of approval and attach a copy of each resolution of approval. If approval is pending, please note the anticipated approval date.

Type of Approval or Permit	File No.	Approval Date	Is Resolution Attached?
Tentative Subdivision Map		NA	<input type="checkbox"/> YES <input type="checkbox"/> NO
Tentative Parcel Map		NA	<input type="checkbox"/> YES <input type="checkbox"/> NO
Major Use Permit		NA	<input type="checkbox"/> YES <input type="checkbox"/> NO
City/County General Plan Amendment		NA	<input type="checkbox"/> YES <input type="checkbox"/> NO
City Prezoning		NA	<input type="checkbox"/> YES <input type="checkbox"/> NO
County Rezone		NA	<input type="checkbox"/> YES <input type="checkbox"/> NO
(Other)		NA	<input type="checkbox"/> YES <input type="checkbox"/> NO

4. Describe the land uses surrounding the proposal territory (e.g., residential, commercial, agricultural, industrial, open space, etc.).

North: Residential East: Residential
South: Residential West: Residential

5. Indicate with a ☒ if any portion of the proposal territory contains the following:

☐ Agricultural land uses ☐ Agricultural Preserve
☐ Open Space Easement ☐ Slopes greater than 25%
☐ Sewer moratorium area ☐ Coastal Permit Zone
☐ Unusual features such as: NA

6. For city annexation proposals: Is any part of the proposal territory under a Williamson Act contract? If yes, please contact the LAFCO office for special instructions regarding petition/resolution of application requirements. ☐ YES ☒ NO

C. PUBLIC SERVICES INFORMATION

SEWER SERVICE:

1. (a) Is the proposal territory within a district or city that provides public sewer service? ☒ YES ☐ NO
(b) *If yes*, which agency? Fallbrook Public Utility District
2. (a) Is a developed parcel in need of annexation due to failed septic system? ☒ YES ☐ NO
(b) *If yes*, include a copy of any letters from the San Diego County Department of Environmental Health or private septic-system company. **NOT AVAILABLE**
(c) *If no*, is annexation for sewer service part of this application? ☒ YES ☐ NO
3. If annexation for sewer service is proposed, which district or city would serve the territory if this jurisdictional change is approved? Fallbrook Public Utility District
4. (a) Has the agency that will be providing service issued a letter of sewer availability? ☐ YES ☒ NO
(b) *If yes*, please provide a copy of the letter with this application. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)
5. (a) Will the agency be prepared to furnish sewer service upon annexation? ☒ YES ☐ NO
(b) *If no*, please explain: _____

WATER SERVICE:

1. (a) Is the proposal territory within a district or city that provides public water service? ☒ YES ☐ NO
(b) *If yes*, which agency? Fallbrook Public Utility District
2. Is a well or other on-site water system currently used on the property? ☐ YES ☒ NO
3. Is an on-site system proposed to be used when the property is developed? ☐ YES ☒ NO
4. (a) Is annexation for water service part of this application? ☐ YES ☒ NO
(b) *If yes*, which district or city would serve the territory if this jurisdictional change is approved? NA
(c) Will the agency that will be providing service be prepared to furnish water service upon annexation? ☒ YES ☐ NO
5. (a) Has the agency that will be providing service issued a letter of water availability? ☐ YES ☒ NO
(b) *If yes*, please provide a copy of the letter with this application. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

FIRE PROTECTION SERVICES: NOTE: Complete the following section **only** if annexation to a fire protection service provider is proposed—or if the current fire protection service provider is proposed to change.

1. (a) Is the proposal territory **currently** within an agency that provides fire protection? ☐ YES ☐ NO

(b) *If yes*, provide name and address/location of current fire service provider
NA

(c) Provide estimated response times to the proposal territory:

priority _____ minutes; non-priority _____ minutes

2. Is annexation for fire protection service part of this application? **NA** ☐ YES ☐ NO

3. Which city or district would serve the proposal territory if this jurisdictional change is approved?
NA

(a) Location/address of the proposed fire service provider: _____

(b) Estimated response times to the proposal territory:

Priority _____ minutes; non-priority _____ minutes

POLICE PROTECTION SERVICES: NOTE: Complete the following section **only** if the police protection provider is proposed to change.

1. Which police agency **currently** serves the proposal territory?

NA

(a) Location/address of nearest police station: **NA**

(b) Estimated response times to the proposal territory: priority _____ minutes; non-priority _____ minutes

2. Which police agency would serve the proposal territory if this jurisdictional change is approved?
NA

(a) Location/address of nearest police station: **NA**

(b) Estimated response times to the proposal territory:

Priority _____ minutes; non-priority _____ minutes

CAMPAIGN CONTRIBUTION DISCLOSURE PROVISIONS

LAFCOs are subject to the campaign disclosure provisions detailed in Government Code Section 84308, and the Regulations of the Fair Political Practices Commission (FPPC), Section 18438.

Please carefully read the following information to determine if the provisions apply to you. If you determine that the provisions are applicable, the Campaign Disclosure Form must be completed and returned to San Diego LAFCO with your application.

1. No LAFCO commissioner shall accept, solicit, or direct a contribution of more than \$250 from any party¹ or agent² while a change of organization proceeding is pending, and for three months subsequent to the date a final decision is rendered by LAFCO. This prohibition commences when your application has been filed, or the proceeding is otherwise initiated.

2. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than \$250 made to any commissioner by the party, or agent, during the preceding 12 months. No party to a LAFCO proceeding, or agent, shall make a contribution to a commissioner during the proceeding and for three months following the date a final decision is rendered by LAFCO.

3. Prior to rendering a decision on a LAFCO proceeding, any commissioner who received contribution of more than \$250 within the preceding 12 months from any party, or agent, to a proceeding shall disclose that fact on the record of the proceeding, and shall be disqualified from participating in the proceeding. However, if any commissioner receives a contribution that otherwise would require disqualification, and returns the contribution within 30 days of knowing about the contribution and the relevant proceeding, that commissioner shall be permitted to participate in the proceeding.

¹ "Party" is defined as any person who files an application for, or is the subject of, a proceeding.

² "Agent" is defined as a person who represents a party in connection with a proceeding. If an individual acting as an agent also is acting as an employee or member of a law, architectural, engineering, or consulting firm, or a similar entity or corporation, both the individual and the entity or corporation are agents. When a closed corporation is a party to a proceeding, the majority shareholder is subject to these provisions.

To determine whether a campaign contribution of more than \$250 has been made by you or your agent to a commissioner within the preceding 12 months, all contributions made by you or your agent during that period must be aggregated.

Names of current LAFCO commissioners are available at <http://www.sdlafco.org/document/CommRoster.pdf>. If you have questions about Government Code Section 84308, FPPC regulations, or the Campaign Disclosure Form, please contact San Diego LAFCO at 9335 Hazard Way, Suite 200, San Diego, CA 92123, (858) 614-7755.

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

(a) Proposed change(s) of organization: _____
Add 2 parcels to FPUd Sewer Service Area

(b) Name and address of any party, or agent, who has contributed more than \$250 to any commissioner within the preceding 12 months:

1. NA

2. NA

(c) Date and amount of contribution:

Date NA Amount \$

Date Amount \$

(d) Name of commissioner to whom contribution was made:

1. NA

2.

(e) I certify that the above information is provided to the best of my knowledge.

Printed Name _____

Signature _____

Date _____ Phone _____

To be completed by LAFCO:

Proposal:

Ref. No.

DISCLOSURE OF POLITICAL EXPENDITURES

Effective January 1, 2008, expenditures for political purposes, which are related to a change of organization or reorganization proposal that will be or has been submitted to LAFCO, are subject to the reporting and disclosure requirements of the Political Reform Act of 1974 and the Cortese-Knox-Hertzberg Act of 2000.

Please carefully read the following information to determine if reporting and disclosure provisions apply to you.

- Any person or combination of persons who, for political purposes, directly or indirectly contributes \$1,000 or more, or expend \$1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report to the Commission to the same extent and subject to the same requirements of the Political Reform Act of 1974 (Government Code Section 81000 et seq.) as provided for local initiative measures, and Section 56700.1 of the Cortese-Knox-Hertzberg Act of 2000.
- Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes \$1,000 or more, or expends \$1,000 or in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be filed with the Secretary of State and the appropriate city or county clerk. Copies of the report must also be filed with the Executive Officer of San Diego LAFCO.
- A roster of current San Diego LAFCO commissioners is available from the LAFCO office: 9335 Hazard Way, Suite 200, San Diego, CA 92123, (858) 614-7755, or from <http://www.sdlafco.org/document/CommRoster.dcf>

EVALUATION CHECKLIST FOR DISCLOSURE OF POLITICAL EXPENDITURES

The following checklist is provided to assist you in determining if the requirements of Government Code Sections 81000 et seq. apply to you. For further assistance contact the Fair Political Practices Commission at 428 J Street, Suite 450, Sacramento, CA 95814, (866) 275-3772 or at <http://www.fppc.ca.gov>.

1. Have you directly or indirectly made a contribution or expenditure of \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?

☐ Yes

☒ No

NA

Date of contribution _____ Amount \$ _____

Name/Ref. No. of LAFCO proposal _____

Date proposal submitted to LAFCO _____

2. Have you, in combination with other person(s), directly or indirectly contributed or expended \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?

☐ Yes

☒ No

Date of contribution _____ Amount \$ _____

Name/Ref. No. of LAFCO proposal _____

Date proposal submitted to LAFCO _____

3. If you have filed a report in accordance with FPPC requirements, has a copy of the report been filed with San Diego LAFCO?

☐ Yes

☒ No

PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY

Note: Processing of jurisdictional boundary change proposals, which involve **uninhabited**¹ territory, can be expedited by approximately 60 days if all affected landowners consent to the proposal. If you wish to take advantage of this option, please return the completed PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY to San Diego LAFCO with your application for a jurisdictional boundary change. If consenting signatures of 100% of the affected property owners are affixed and LAFCO does not receive any opposition from subject agencies, the Commission may consider the proposal without public notice, public hearing and/or an election.

¹ Territory included within a proposed boundary change that includes less-than 12 registered voters is considered **uninhabited** (Government Code 56045).

The undersigned owners(s) of property hereby consent(s) to inclusion of that property within a proposed change of organization or reorganization consisting of:

(Please list all proposed actions)

Annexation to: 1. Fallbrook Public Utility District - Sewer Service Area
2. _____
3. _____

Detachment from: 1. _____
2. _____
3. _____

<u>Date</u>	<u>Signature</u>	<u>Assessor's Parcel Number(s)</u>
1. 6/14/21	Federico Crocco	106-272-09
2. _____	_____	106-272-27
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____

Attach additional sheets if necessary

PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY

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Annexation to: 1. Fallbrook Public Utility District - Sewer Service Area
 2. _____
 3. _____

Detachment from: 1. _____
 2. _____
 3. _____

<u>Date</u>	<u>Signature</u>	<u>Assessor's Parcel Number(s)</u>
1. _____	_____	106-272-09
2. <u>6-9-21</u>		106-272-27
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____

Attach additional sheets if necessary

SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM

NOTE: A copy of this form must be completed and signed by each local agency that will gain or lose territory as a result of the proposed jurisdictional boundary change. Attach additional sheets if necessary.

Signature of agency representative

Print name

Title

Telephone

Date

A. JURISDICTIONAL INFORMATION:

Name of agency:
Fallbrook Public Utility District

1. Is the proposal territory within the agency's sphere of influence? Yes ☒ No ☐
2. Upon annexation, will the proposal territory be included within an assessment district and be subject to assessment for new or extended services? Yes ☐ No ☒
3. Does the agency have plans to establish any new assessment district that would include the proposal territory? Yes ☐ No ☒
4. Will the proposal territory assume any existing bonded indebtedness? Yes ☐ No ☒
If yes, indicate any taxpayer cost: \$ _____
5. Will the proposal territory be subject to any special taxes, benefit charges, or fees? Yes ☒ No ☐
If yes, please provide details of all costs: The District (FPUD) has established fees for annexed parcels, per EDU, at a rate of \$11,389 / EDU, payable upon connection.
6. Is the agency requesting an exchange of property tax revenues as a result of this proposal? Yes ☐ No ☒
7. Is this proposed jurisdictional change subject to a master property tax agreement or master enterprise district resolution? Yes ☐ No ☒
8. FOR CITY ANNEXATIONS: Does the proposal territory contain existing commercial development that generates retail sales of ten million dollars or more per year? Yes ☐ No ☒
9. FOR CITY ANNEXATIONS: If any part of the proposal territory is under a Williamson Act contract, please contact the LAFCO office for special instructions regarding petition or resolution of application requirements.

EXPEDITED PROPOSAL PROCESSING: Processing of jurisdictional boundary change proposals can be expedited by approximately 60 days if all affected landowners consent to the waiver of protest and termination (conducting authority) proceedings and subject agencies do not oppose the waiver. If you do NOT want to waive these proceedings, then attach a written statement to the subject agency information form containing a signature, date, and declaration of opposition to a waiver of such proceedings.

B. SEWER SERVICE:

1. What is the agency's current wastewater treatment capacity (expressed in million gallons per day and equivalent dwelling units)? 2.7 MGD
2. What is the average volume of influent currently being treated by the agency (expressed in million gallons per day and equivalent dwelling units)? 1.6 MGD
3. (a) What is the agency's peak flow volume (expressed in million gallons per day)? 3.2 MGD
(b) What is the agency's peak flow capacity (expressed in million gallons per day)? 4.7 MGD
(c) Has the agency exceeded the flow (peak) capacity within the past two years?
(d) *If yes*, please describe the frequency and volume of incidents that exceeded the agency's peak capacity: _____
☐ YES ☒ NO
4. (a) Has the agency issued a letter of sewer availability for the proposal territory? ☐ YES ☒ NO
(b) *If yes*, please provide a copy of the letter. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)
5. (a) How many future equivalent dwelling units have been reserved or committed for proposed projects? 3 EDUs. Each parcel (2) with one residence plus (1) ADU.
(b) Can all projects that have received commitments of sewer availability (e.g., "will serve letters") be accommodated with planned capacity? ☒ YES ☐ NO
6. (a) Does the agency have the necessary contractual and/or operational treatment capacity to provide sewer service to the proposal territory? ☒ YES ☐ NO
(b) *If yes*, please specify the proposal territory's estimated sewer demand and the agency's available sewer capacity (expressed in million gallons per day and equivalent dwelling units):
The addition of 2 parcels will have a negligible impact to the sewer demand.
(c) *If no*, please describe the agency's plans to upgrade capacity to resolve any capacity related issues: _____
7. Will the proposal territory be annexed to a sewer improvement district? ☒ YES ☐ NO
8. (a) The distance for connection of the proposal territory to the agency's existing sewer system is 0 feet.
(b) Describe the location of the connection to the agency's existing sewer system:
Each Parcel is adjacent to an existing sewer mainline.

C. WATER SERVICE:

1. (a) Does the subject agency have adequate water supply and sufficient contractual and/or operational capacity available to serve the proposal territory? ☒ YES ☐ NO
- (b) *If yes*, describe the proposal territory's estimated water demand and the agency's available water supply and capacity (expressed in acre-feet or million gallons per day):
The subject of this application is for Sewer service area only. Water service is currently Available.
- (c) *If no*, what plans does the agency have to increase its water capacity?

2. Specify any improvements (on and off-site) that will be necessary to connect and serve the anticipated development. Indicate the total cost of these improvements and method of financing (e.g., general property tax, assessment district, landowner or developer fees): NA ☐ YES ☐ NO
3. (a) Has the agency issued a letter of water availability for the proposal territory? ☐ YES ☒ NO
- (b) *If yes*, please provide a copy of the letter. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)
4. (a) The distance for connection of the proposal territory to the agency's existing water system is NA feet.
- (b) Describe the location of the connection to the agency's existing water system:

5. (a) Is the agency currently under any drought-related conditions and/or restrictions? ☐ YES ☒ NO
- (b) *If yes*, describe the conditions and specify any related restrictions:

6. (a) Will the proposal territory utilize reclaimed water? ☐ YES ☒ NO
- (b) *If yes*, describe the proposal territory's reclaimed water use and the agency's available reclaimed water supply and capacity (expressed in acre-feet or million gallons per day):

- (c) The distance for connection of the proposal territory to the agency's existing reclaimed water system is _____ feet.
- (d) Describe the location of the connection to the agency's existing reclaimed water system:

- (e) *If no*, has the agency considered availability of reclaimed water to the proposal territory? ☐ YES ☒ NO
- (f) What restrictions prevent use of reclaimed water? Residential property

7. Will the proposal territory be annexed to an improvement district? ☐ YES ☒ NO

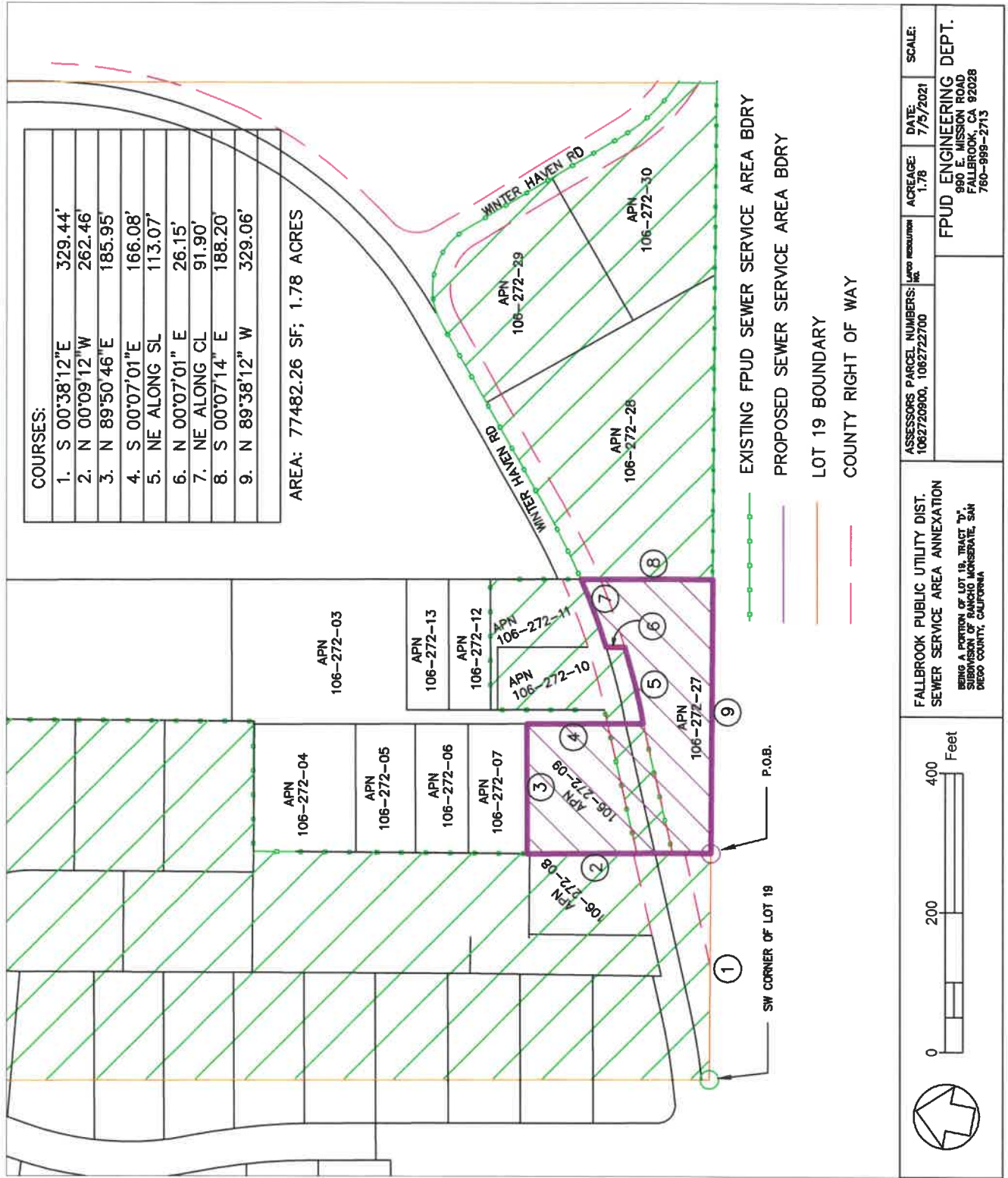
LAFCO APPLICATION - 7/1/2021

FALLBROOK PUBLIC UTILITY DISTRICT SEWER SERVICE AREA - ANNEXATION

PARCEL "A"

THAT PORTION OF LOT 19, TRACT "D", OF THE SUBDIVISION OF RANCHO MONSERATE, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO.821 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY SEPTEMBER 26, 1896, DESCRIBED AS FOLLOWS:

- (1) **BEGINNING** AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 19, DISTANT THEREON SOUTH 89°38'12" EAST, 329.44 FEET, FROM THE SOUTHWEST CORNER OF SAID LOT, SAID POINT OF BEGINNING BEING THE SOUTHEAST CORNER OF THE WEST 10 ACRES OF SAID LOT;
- (2) THENCE NORTH 00°09'12" WEST, 262.46 FEET, ALONG THE EAST LINE OF SAID LAND;
- (3) THENCE NORTH 89°50'46" EAST 185.95 FEET, TO THE WESTERN BOUNDARY OF PARCEL 4, MAP 10212, FILED IN THE COUNTY RECORDER'S OFFICE OF SAID COUNTY OF SAN DIEGO;
- (4) THENCE SOUTH 00°07'01" EAST 166.08 FEET ALONG SAID BOUNDARY OF SAID PARCEL MAP TO THE SOUTHERLY LINE OF SAID ROAD SURVEY NUMBER 398;
- (5) THENCE, NORTHEASTERLY ALONG SAID SOUTHERLY BOUNDARY TO A POINT DISTANCE 113.07 FEET MORE OR LESS, TO INTERSECT WITH A PARALLEL LINE 90 FT EASTERLY OF THE EASTERN BOUNDARY OF SAID PARCEL MAP 10212;
- (6) THENCE NORTH 0°07'01" EAST 26.15 FEET, MORE OR LESS, TO THE CENTERLINE OF SAID ROAD SURVEY;
- (7) THENCE NORTHEASTERLY ALONG SAID CENTERLINE 91.90 FEET, TO INTERSECT WITH A LINE BEARING SOUTH 00°07'14" EAST;
- (8) THENCE SOUTH 00°07'14" EAST, ALONG SAID LINE, 188.20 FEET, MORE OR LESS, TO THE SOUTHERLY LINE OF SAID LOT 19;
- (9) THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF LOT 19, N 89°38'12" W 329.06 FEET, MORE OR LESS, TO THE **POINT OF BEGINNING**, AND CONTAINING 1.78 ACRES, MORE OR LESS.



CUSTOMER APPLICATION

(APN 106-272-09)

LEGAL DESCRIPTION

June 14, 2021

Fallbrook Public Utility District

990 E Mission Rd

Fallbrook CA 92028

Subject: annexation to the Sewer Service Area, APN 106-272-09-00

To: the Board of the Fallbrook Public Utility District

We respectfully request that our property be annexed into the Fallbrook Public Utility District Sewer Service Area.

The reason for this request is the septic System is failing and we are unable to install a new leach field due to hardscape and other obstacles.

This property is 0.56 acres and is located at the intersection of Winter Haven Rd and Hummingbird Hill Lane, in the northwesterly corner of said intersection. Existing sewer mainline is located in Winter Haven Rd, in front of the subject property, and would not require any offsite sewer mainline extensions.

Your consideration of this request will be greatly appreciated.

Respectively submitted

Fredrico Orozco

A handwritten signature in black ink, appearing to read 'Fredrico Orozco', is written over the printed name.

EXHIBIT "A"
LEGAL DESCRIPTION

APN: 106-272-09

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THE WESTERLY 180.00 FEET OF THAT PORTION OF LOT 19 OF THE SUBDIVISION OF
RANCHO MONSERATE, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA,
ACCORDING TO MAP THEREOF NO. 821 FILED IN THE OFFICE OF THE COUNTY
RECORDER OF SAN DIEGO COUNTY SEPTEMBER 26, 1896, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 19, DISTANT
THEREON SOUTH 89°38'12" EAST, 329.44 FEET FROM THE SOUTHWEST CORNER OF
SAID LOT, SAID POINT OF BEGINNING BEING THE SOUTHEAST CORNER OF THE WEST
10 ACRES OF SAID LOT CONVEYED TO GARDNER H. NARBONNE, BY DEED DATED
APRIL 30, 1914 AND RECORDED IN BOOK 653, PAGE 55 OF DEEDS, RECORDS OF SAID
COUNTY; THENCE NORTH 00°09'12" WEST ALONG THE EAST LINE OF SAID LAND
CONVEYED TO NARBONNE 80.15 FEET TO THE TRUE POINT OF BEGINNING, SAID LAST
MENTIONED POINT ALSO BEING A POINT ON THE CENTER LINE OF COUNTY ROAD
SURVEY NO. 398, AS FILED IN THE OFFICE OF THE COUNTY SURVEYOR OF SAN DIEGO
COUNTY; THENCE ALONG THE CENTER LINE OF SAID COUNTY ROAD, NORTH 76°46'00"
EAST 229.73 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY AND
HAVING A RADIUS OF 1000.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE,
171.83 FEET THROUGH AN ANGLE OF 09°50'42" TO A POINT ON THE WEST LINE OF THE
EAST 21.65 ACRES OF SAID LOT AS CONVEYED TO A. W. MORTON, BY DEED DATED
JANUARY 6, 1914 AND RECORDED IN BOOK 643, PAGE 49 OF DEEDS; THENCE ALONG
THE WEST LINE OF SAID EAST 21.45 ACRES, NORTH 00°09'14" WEST 250.00 FEET;
THENCE PERPENDICULAR TO THE WEST LINE OF SAID EAST 21.65 ACRES, SOUTH
89°50'46" WEST 187.00 FEET; THENCE PARALLEL TO THE WEST LINE OF SAID EAST
21.65 ACRES, NORTH 00°09'14" WEST 219.43 FEET; THENCE PERPENDICULAR TO THE
WEST LINE OF SAID EAST 21.65 ACRES, SOUTH 89°50'46" WEST 200.00 FEET TO A
POINT ON THE EAST LINE OF SAID LAND CONVEYED TO NARBONNE; THENCE ALONG
THE EAST LINE OF SAID LAND CONVEYED TO NARBONNE, SOUTH 00°09'14" EAST
574.46 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE NORTHERLY 390.00 FEET THEREOF.

SCHEDULE OF BEARING & DISTANCE

ALPHA	DISTANCE	BEARING	ARC RADIUS
A	80.15'	N00°09'12"W	
B	228.73'	N78°46'00"E	
C	171.33'	ANGLE OF 09°59'42"	1000.00' RADIUS
D	250.00'	N00°09'12"W	
E	187.00'	S88°50'46"W	
F	219.43'	N00°09'12"W	
G	200.00'	S89°50'46"W	
H	574.46'	N00°09'12"W	
J	390.00'	EXCEPTING NORTHERLY POR.	
K	180.00'	WESTERLY POR. OF DESCRIBED	

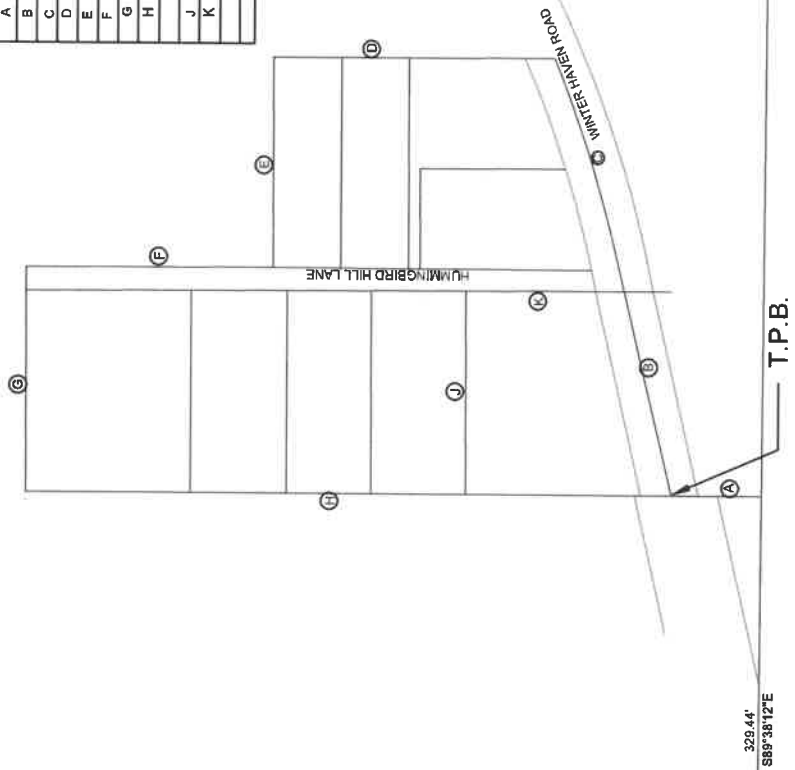


EXHIBIT 'B'
PLAT MAP
APN 106-272-09

SOUTHWEST CORNER OF LOT 19

CUSTOMER APPLICATION

(APN 106-272-27)

LEGAL DESCRIPTION

Attn: Fallbrook Public Utility District Board

Don Rady together with US Financial LLP & Oftedahl
Construction request a formal annexation into the Fallbrook
Public Utility District – Sewer Service Area, and want to be
connected to the sewer system for the purpose to build a SFR
on Winter Haven Road – A.P.N #106-272-27-00.

Ed Jackson

Don Rady

Us Financial LLP

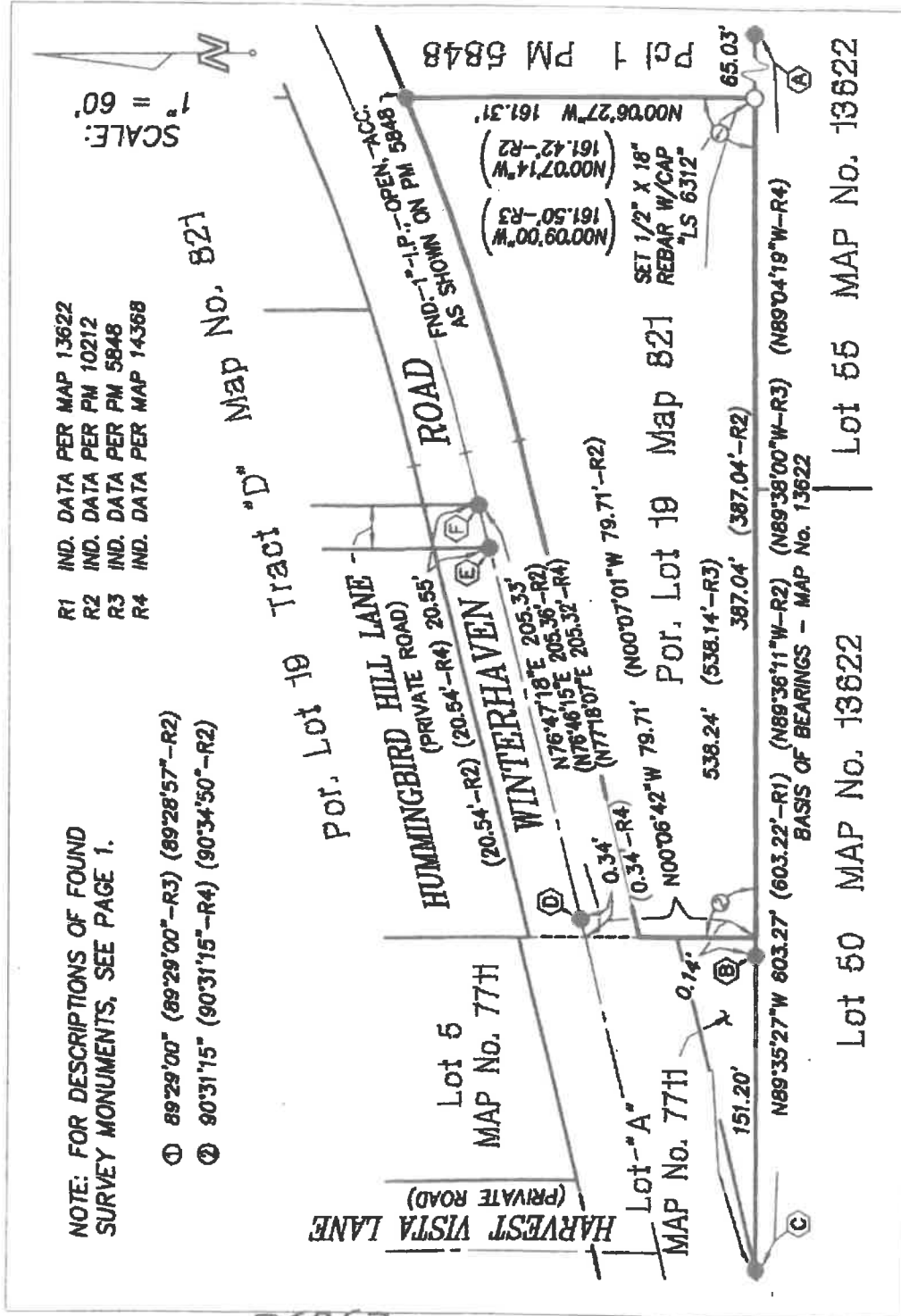
CORNER RECORD NO. 25032

NOTE: FOR DESCRIPTIONS OF FOUND
SURVEY MONUMENTS, SEE PAGE 1.

- ① 89°29'00" (89°29'00"-R3) (89°28'57"-R2)
- ② 90°31'15" (90°31'15"-R4) (90°34'50"-R2)

- R1 IND. DATA PER MAP 13622
- R2 IND. DATA PER PM 10212
- R3 IND. DATA PER PM 5848
- R4 IND. DATA PER MAP 14368

SCALE: 1" = 60'



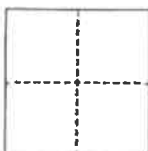
MICROFILMED

JUN 05 2007

CORNER RECORD

Document Number 250321

City of _____ Assessor Parcel Number 106-272-27
County of SAN DIEGO, California
Brief Legal Description PORTION OF LOT 19 OF TRACT "D" OF MAP No. 821



CORNER TYPE

Government Corner ☐ Control ☐
Meander ☐ Property ☐
Rancho ☐ Other ☐
Date of Survey 2/25/2007

COORDINATES (Optional)

N. _____
E. _____
Zone _____ Datum _____
Elev. _____

Corner - Left as found ☐ Found and tagged ☐ Established ☐ Reestablished ☒ Rebuilt ☐

Identification and type of corner found: Evidence used to identify or procedure used to establish or reestablish the corner: (A) IND. FND. 2" I.P., DISC "LS 5905", SET PER PM 18488. (B) IND. FND. 2" I.P., DISC "LS 5210", SET PER MAP 14368; NOT ACC. AS SET AT LOCATION SHOWN THERON, POSSIBLY DISTURBED. (C) IND. FND. 2" I.P., DISC "LS 6215", SHOWN ON MAP 13622. (D) IND. FND. WELL MONUMENT, DISC STAMPED "LS 1162", SET PER MAP 7711. (E)&(F) IND. FND. SPIKE AND WASHER STAMPED "S.D. COUNTY"; NO REC.; ACC. AS PERPETUATIONS OF REBAR SET PER MAP 13622.

A description of the physical condition of the monument as found and as set or reset:

(SEE PAGE 2)

SURVEYOR'S STATEMENT

This Corner Record was prepared by me or under my direction in conformance with

the Land Surveyor's Act on MAY 16 20 2007

Signed Michael Anderson LS. ~~XXXX~~ Number LS 6312

Expiration Date 12/31/2008

COUNTY SURVEYOR'S STATEMENT

This Corner Record was received MAY 29 2007 20 and examined

and filed MAY 29 2007 20

Signed [Signature] County Surveyor

County Surveyor's Comment _____



JUN 05 2007

MICROFILM

DOC# 2021-0378424

RECORDING REQUESTED BY:

U.S. Financial

WHEN RECORDED MAIL DEED
AND TAX STATEMENT TO:

U.S. Financial, L.P.
1919 GRAND AVE, SUITE 2F
SAN DIEGO, CA 92109



May 18, 2021 03:24 PM

OFFICIAL RECORDS

Ernest J. Dronenburg, Jr.,

SAN DIEGO COUNTY RECORDER

FEES: \$134.80 (SB2 Atkins: \$0.00)

PCOR: N/A

PAGES: 2

APN: 106-272-27-00

TS No: CA01000066-20

TO No: 95312920

TRUSTEE'S DEED UPON SALE

The undersigned Grantor, under penalty of perjury, declares:

- 1) The Grantee herein was not the foreclosing beneficiary.
- 2) The amount of the unpaid debt together with costs was:
- 3) The amount paid by the Grantee at the trustee sale was:
- 4) The documentary transfer tax is:
- 5) Said property is in the city of: FALLBROOK
- 6) A.P.N. 106-272-27-00

\$97,994.67

\$97,994.68

\$107.80

and Special Default Services, Inc., herein called "Trustee", as Trustee (or as Successor Trustee) of the Deed of Trust hereinafter described, hereby grants and conveys, but without covenant or warranty, express or implied, to U.S. Financial, L.P., herein called "Grantee", the real property in the County of San Diego, State of California, described as follows: ALL THAT PORTION OF LOT 19 OF THE SUBDIVISION OF THE TRACT 'D' OF THE PARTITION OF RANCHO MONSERATE, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THERE OF MAP NO. 821 FILED SEPTEMBER 25, 1896, IN THE OFFICE OF THE RECORDER OF SAID COUNTY, INCLUDED IN THAT LAND DESCRIBED IN DEED TO NADYNE R. PARKER, RECORDED JUNE 30, 1972 AS INSTRUMENT NO. 1972-168715, OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER OF SAID COUNTY, LYING SOUTHERLY OF THE CENTERLINE OF THE COUNTY ROAD SURVEY NO. 398 AS SAID CENTERLINE IS DESCRIBED IN SAID PARKER DEED. EXCEPTING THEREFROM THE RIGHT TO ACCEPT AT A FUTURE TIME, A 30.00 FEET STRIP OF LAND, LYING SOUTHERLY OF AND ADJACENT TO THE CENTERLINE OF ROAD SURVEY NO. 398 AS SAID CENTERLINE IS DESCRIBED IN SAID PARKER DEED AS AN EASEMENT FOR COUNTY HIGHWAY. THE ENDS OF SAID EASEMENT ARE TO TERMINATE ON THE WESTERLY AND EASTERLY BOUNDARIES OF SAID PARKER DEED.

This deed is made pursuant to the authority and powers given to Trustee (or to Successor Trustee) by law and by that certain Deed of Trust dated June 26, 2019, made to CARLOS CASAS, JR. and recorded on July 16, 2019, as Instrument No. 2019-0283655 of Official Records in the office of the Recorder of San Diego County, CA, Trustee (or Successor Trustee) having complied with all applicable statutory provisions and having performed all of his duties under the said Deed of Trust.

ACCOMMODATION ONLY. THIS
INSTRUMENT FILED FOR RECORD BY
CORINTHIAN TITLE COMPANY AS A
ACCOMMODATION ONLY. IT HAS NOT YET
BEEN EXAMINED AS TO ITS EXECUTION,
AS TO ITS EFFECTS UPON TITLE.

APN: 106-272-27-00

TS No: CA01000066-20

TO No: 95312920

All requirements of law and of said Deed of Trust relating to this sale and to notice thereof having been complied with. Pursuant to the Notice of Trustee's Sale, the above-described property was sold by Trustee (or Successor Trustee) at public auction on May 5, 2021 at the place specified in said Notice, to Grantee who was the highest bidder therefore, for \$97,994.68, in lawful money of the United States, which has been paid.

Dated: 5-12-21

Special Default Services, Inc., as Duly Appointed Successor Trustee



By: Susan Earnest, Authorized Signatory

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of CALIFORNIA
County of ORANGE

Bernardo Sotelo-Hernandez

On 5-12-21 before me, _____, a Notary Public, personally appeared SUSAN EARNEST, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of CALIFORNIA that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public  Signature



CEQA DOCUMENT EXEMPTION

PRELIMINARY EXEMPTION ASSESSMENT

(Certificate of Determination
When Attached to Notice of Exemption)

1. Name or description of project:	CEQA Documentation for the LAFCO Application; Annexation of 2 parcels to Sewer Service Area: Winter Haven Rd/ Hummingbird Ln		
2. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	Fallbrook, California. (See attached map showing the Fallbrook Public Utility District's (FPUD) Sewer Service Area)		
3. Entity or person undertaking project:	<div style="border: 1px solid black; padding: 2px;">A. Fallbrook Public Utility District</div> <div style="border: 1px solid black; padding: 2px;">B. Other (Private)</div> <div style="display: flex; justify-content: space-between; border-top: 1px solid black; border-bottom: 1px solid black; margin: 2px 0;"> (1) Name </div> <div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; margin: 2px 0;"> (2) Address </div>		
4. Staff Determination:	<p>The Lead Agency's Staff, having undertaken and completed a preliminary review of this project in accordance with the Lead Agency's "Local Guidelines for Implementing the California Environmental Quality Act (CEQA)" has concluded that this project does not require further environmental assessment because:</p>		
a. <input checked="" type="checkbox"/>	The proposed action does not constitute a project under CEQA.		
b. <input type="checkbox"/>	The project is a Ministerial Project.		
c. <input type="checkbox"/>	The project is an Emergency Project.		
d. <input type="checkbox"/>	The project constitutes a feasibility or planning study.		
e. <input type="checkbox"/>	<div style="border: 1px solid black; padding: 2px;">The project is categorically exempt.</div> <div style="display: flex; justify-content: space-between; border-top: 1px solid black; border-bottom: 1px solid black; margin: 2px 0;"> Applicable Exemption Class: (Pub. Res. Code § 21065; State CEQA Guidelines § 15378(a) and 15061(b)(3); (common sense exemption). </div>		
f. <input type="checkbox"/>	<div style="border: 1px solid black; padding: 2px;">The project is statutorily exempt.</div> <div style="display: flex; justify-content: space-between; border-top: 1px solid black; border-bottom: 1px solid black; margin: 2px 0;"> Applicable Exemption: </div>		
g. <input checked="" type="checkbox"/>	The project is otherwise exempt on the following basis:	<div style="border: 1px solid black; padding: 2px;">The proposed action simply adjusts the (FPUD) Sewer Service Area boundary. The addition of these 2 parcels to the Sewer Service Area does not require the installation of any District facilities. This application also enables the removal of an existing septic system.</div>	
h. <input type="checkbox"/>	<div style="border: 1px solid black; padding: 2px;">The project involves another public agency which constitutes the Lead Agency.</div> <div style="display: flex; justify-content: space-between; border-top: 1px solid black; border-bottom: 1px solid black; margin: 2px 0;"> Name of Lead Agency: </div>		

Date:

6/15/2021

Staff:

Robert Demele

NOTICE OF EXEMPTION

TO: <input checked="" type="checkbox"/> Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044	FROM: Jack Bebee (Public General Manager Agency) Fallbrook Public Utility District 990 E. Mission Road Fallbrook, CA 92028
<input checked="" type="checkbox"/> Clerk of the Board of Supervisors or County Clerk County of: San Diego	Address San Diego Clerk's Office County Administration Center 1600 Pacific Highway, Suite 260 San Diego, CA 92101

1. Project Title:	CEQA Documentation for the LAFCO Application; Annexation of 2 parcels to Sewer Service Area: Winter Haven Rd / Hummingbird Ln
2. Project Applicant:	Fallbrook Public Utility District
3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	Fallbrook, California. (See attached map showing the District's Service Area)
4. (a) Project Location – City: Unincorporated	(b) Project Location – County: San Diego
5. Description of nature, purpose, and beneficiaries of Project:	<p>The purpose of the proposed action is to add 2 parcels to the sewer service area of the Fallbrook Public Utility District. One parcel is south of Winter Haven Rd and one is at the NW corner of the intersection of Winter Haven Rd and Hummingbird Ln. A sewer mainline exist along the boundaries of these parcels so a mainline extension is not necessary.</p> <p>Parcel 106-272-09 (0.56 Acres) and parcel 106-272-27 (0.95 Acres) have requested to be annexed into the Fallbrook Public Utility District (FPUD) - Sewer Service Area, and will be submitting this annexation request to LAFCO.</p>
6. Name of Public Agency approving project:	Fallbrook Public Utility District
7. Name of Person or Agency undertaking the project, including any person undertaking an	Fallbrook Public Utility District

activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	
8. Exempt status: (check one)	
(a) <input type="checkbox"/>	Ministerial project. (Pub. Res. Code § 21080(b)(1); State CEQA Guidelines § 15268)
(b) <input checked="" type="checkbox"/>	Not a project. (Pub. Res. Code § 21065; State CEQA Guidelines § 15378(a))
(c) <input type="checkbox"/>	Emergency Project. (Pub. Res. Code § 21080(b)(4); State CEQA Guidelines § 15378(b),(c))
(d) <input type="checkbox"/>	Categorical Exemption. State type and section number: Title 14, California Code Regulations, Sec. 15302 Replacement or Reconstruction, Class 2 (c).
(e) <input type="checkbox"/>	Declared Emergency. (Pub. Res. Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
(f) <input type="checkbox"/>	Statutory Exemption. State Code section number:
(g) <input type="checkbox"/>	Other. Explanation: State CEQA Guidelines § 15061(b)(3); (common sense exemption).
9. Reason why project was exempt: The proposed action simply adjusts the (FPUD) Sewer Service Area boundary. The addition of these 2 parcels to the Sewer Service Area does not require the installation of any District facilities. This application also enables the removal of an existing septic system.	
10. Lead Agency Contact Person: Jack Bebee, General Manager	
Telephone: (760) 728-1125	
11. If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing.	
12. Has a Notice of Exemption been filed by the public agency approving the project? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
13. Was a public hearing held by the Lead Agency to consider the exemption? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, the date of the public hearing was: _____	

Signature: 

Date: 7/6/2021

Title: General Manager

☒ Signed by Lead Agency☐ Signed by Applicant

Date Received for Filing: _____

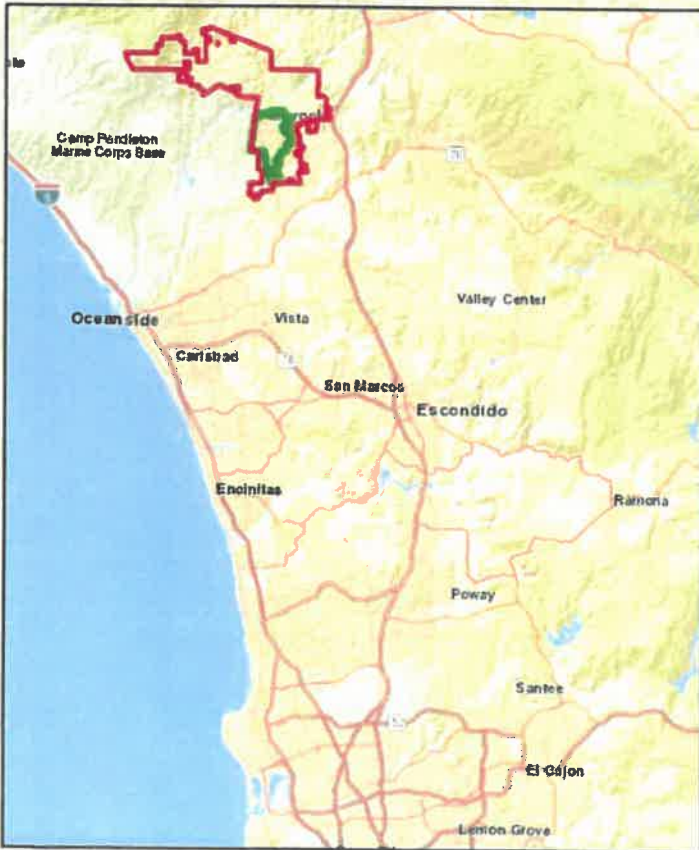
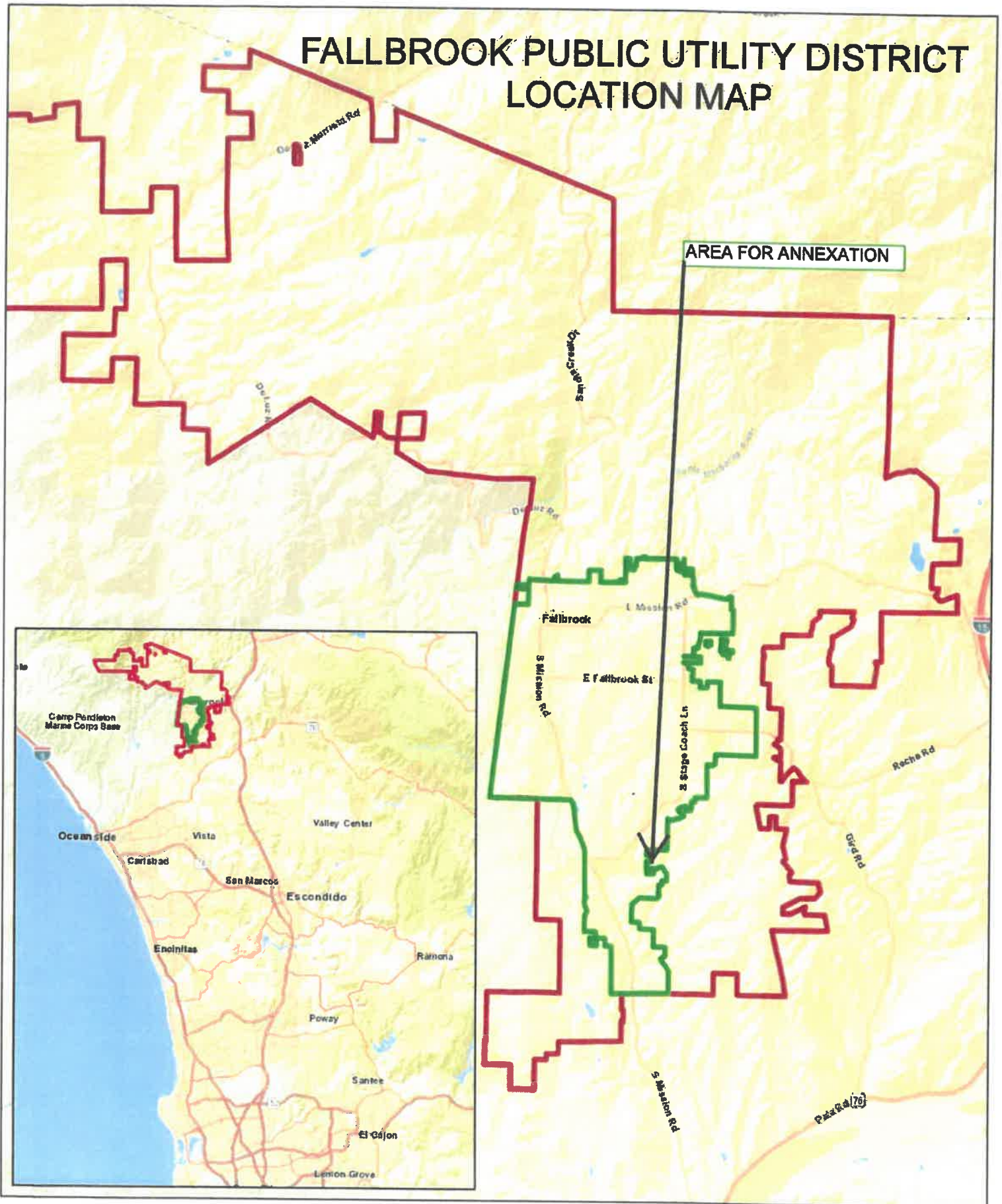
(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code.

Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

DISTRICT LOCATION MAPS

FALLBROOK PUBLIC UTILITY DISTRICT LOCATION MAP



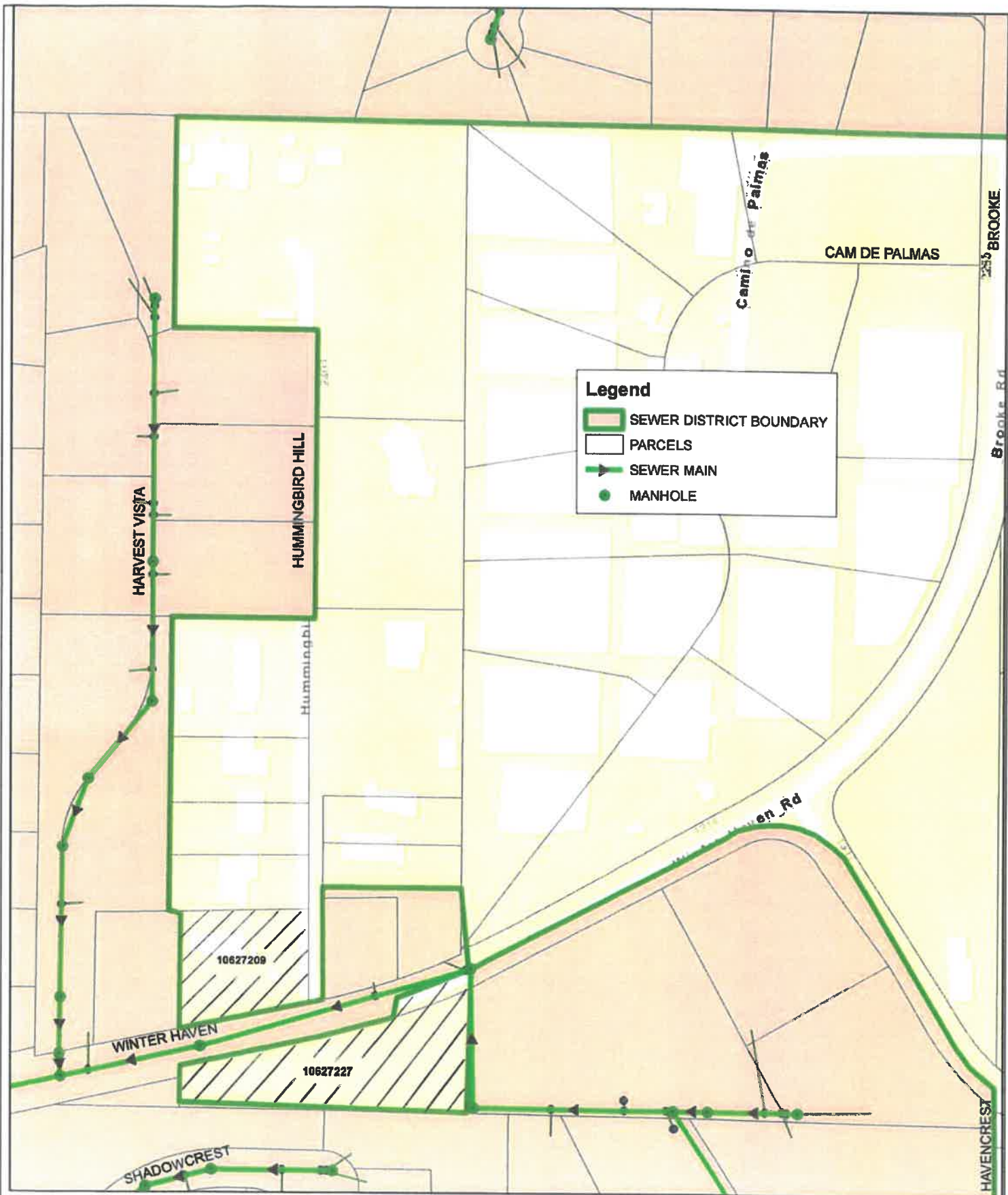
Legend

- SEWER SERVICE AREA
- FALLBROOK P.U.D. BOUNDARY

LAFCO APPLICATION 6/28/2021

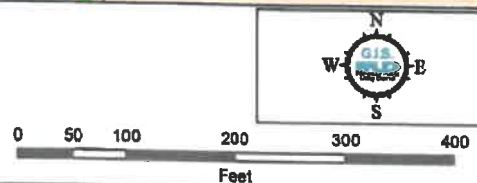
FALLBROOK PUBLIC UTILITY DISTRICT
-SEWER SERVICE AREA-





POTENTIAL SEWER SERVICE AREA ANNEXATIONS
[IDENTIFIED BY APN]

LAPCO ANNEXATION APPLICATION 06/28/2021



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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

7a

AGENDA REPORT Business | Discussion

December 6, 2021

TO: Commissioners

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

SUBJECT: Draft Municipal Service Review on the Fallbrook Region

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a draft municipal service review on the Fallbrook region. The draft has been prepared as part of the adopted workplan and independently assesses the availability, need, and adequacy of key public services provided in the region and specifically by the principal local government agencies subject to Commission oversight – Fallbrook Public Utility District (PUD), Rainbow Municipal Water District (MWD), North County Fire Protection District (FPD), and County Service Area (CSA) No. 81. This includes preparing determinations addressing the factors required in statute as part of the municipal service review process as well as to inform other LAFCO decision-making – including future boundary changes and sphere of influence updates in the region. The draft is being presented to the Commission for initial discussion and feedback ahead of staff initiating a formal public review.

BACKGROUND

Municipal Service Reviews

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

Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619-321-3380 www.sdlafo.org	Vice Chair Jim Desmond County of San Diego	Mary Casillas Salas City of Chula Vista	Chris Cate City of San Diego	Jo MacKenzie Vista Irrigation	Chair Andy Vanderlaan General Public
	Nora Vargas County of San Diego	Paul McNamara City of Escondido	Marni von Wilpert, Alt. City of San Diego	Barry Willis Alpine Fire Protection	Harry Mathis, Alt. General Public
	Joel Anderson, Alt. County of San Diego	Kristi Becker, Alt. City of Solana Beach		David A. Drake, Alt. Rincon del Diablo	

Commission 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. These documents also serve as an opportunity for the Commission to telegraph and encourage community discussion and/or action on future jurisdictional changes.

Adopted Workplan | Municipal Service Review on the Fallbrook Region

San Diego LAFCO's 2020-2021 workplan was adopted at a noticed hearing in May 2020 and outlines specific project goals for the fiscal year. This includes preparing a municipal service review on the Fallbrook region with specific focus on the Fallbrook PUD, Rainbow MWD, North County FPD, and CSA No. 81.

DISCUSSION

This item is for San Diego LAFCO to review the draft municipal service review on the Fallbrook-Rainbow region consistent with the adopted workplan and ahead of staff initiating a formal 45-day public comment period. Similarly, it is also an opportunity to receive initial comments from stakeholders in the region – including the affected agencies, the Fallbrook and Rainbow Community Planning Groups – and other interested parties and individuals. Feedback received will be incorporated by staff as appropriate into a final municipal service review presented for future action as early as February to formally file along with an accompanying resolution codifying the determinative statements. An associated sphere of influence update for the affected agencies 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 recommendations generated to date. The Executive Summary also includes determinative statements 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, one or more of the affected agencies, or other agencies are also provided in the Executive Summary.

ANALYSIS

See Executive Summary (Attachment One).

RECOMMENDATION

It is recommended San Diego LAFCO discuss the draft municipal service review on the Fallbrook region and provide related feedback to staff. This includes providing direction on desired revisions and/or additions ahead of staff circulating the draft for public review and comment and returning with a final version for action as early as February 2022.

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 are recommended in the consideration of this item:

- 1) Receive verbal presentation from staff unless waived.
- 2) Invite comments from interested audience members.
- 3) Discuss item and provide feedback as requested.

On behalf of the Executive Officer,



Priscilla Allen
Analyst I

Attachments:

- 1) Draft Municipal Service Review Report on the Fallbrook Region

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SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION



FALLBROOK REGION

Municipal Service Review | Government Code 56430

Affected Agencies

Fallbrook Public Utility District
North County Fire Protection District
Rainbow Municipal Water District
County Service Area No. 81 (pending)

Draft Report | December 2021

Project Managers

Priscilla Allen, Analyst I (Lead)
Carolanne Ieromnimon, Analyst I
Stephen Abbott, Government Consultant

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ACKNOWLEDGEMENTS

San Diego LAFCO gratefully acknowledges the time and effort of officials and staff with the affected local agencies in the Fallbrook region in assisting in the preparation of this report and includes – but not limited to – the following:

Jack Bebee, General Manager, Fallbrook Public Utility District

David Shank, Assistant General Manager, Fallbrook Public Utility District

Keith McReynolds, Fire Chief, North County Fire Protection District

Kevin Mahr, Deputy Fire Chief, North County Fire Protection District

Cherie Juul, Finance Director, North County Fire Protection District

Tom Kennedy, General Manager, Rainbow Municipal Water District

Tracy Largent, Finance Director, Rainbow Municipal Water District

LAFCO also acknowledges the unique circumstances underlying the preparation of this report and participation therein by the affected agencies given the parallel impact of the COVID-19 pandemic.

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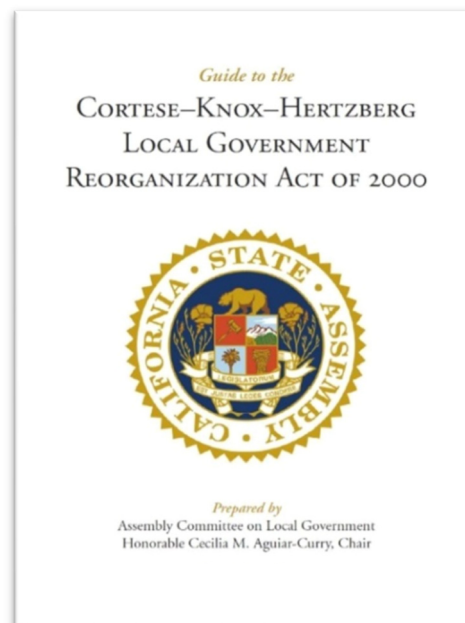
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CHAPTER ONE | INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

1.1 Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are political subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs' authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") with principal oversight provided by the Assembly Committee on Local Government.¹ LAFCOs are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities, towns, and special districts as well as their municipal service areas. LAFCOs' creation were engendered by Governor Edmund "Pat" Brown Sr. (1959-1967) to more effectively address the needs of California's growing and diversifying population with an emphasis on promoting governmental efficiencies. Towards this end, LAFCOs are 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; only courts can overturn LAFCO decisions. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals so long as not establishing any terms that directly effects land use density or intensity, property development, or subdivision requirements.

1.2 Regulatory Responsibilities

LAFCOs' principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California.³ LAFCOs are also tasked with overseeing the approval process for cities, towns, and special districts to provide new or extended services beyond their jurisdictional boundaries by contracts or agreements. LAFCOs also oversee special district actions to either activate new 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.

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

1.3 Planning Responsibilities

LAFCOs inform their regulatory actions through two central planning responsibilities: (a) making sphere of influence ("sphere") determinations and (b) preparing municipal service reviews. Sphere determinations have been a core planning function of LAFCOs since 1971 and serve as the Legislature's version of "urban growth boundaries" with regard to cumulatively delineating the appropriate interface between urban and non-urban uses within each county. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted as part of CKH and intended to inform – among other activities – sphere determinations. The Legislature mandates, notably, all 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.

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

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

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 where 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.

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*).

6. Accountability for community service needs, including structure and operational efficiencies.
7. Matters relating to effective or efficient service delivery as required by policy.

1.4 LAFCO Decision-Making

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

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

1.5 Prescriptive Funding

CKH prescribes local agencies fully fund LAFCOs’ annual operating costs. Counties are generally responsible for funding one-third of LAFCO’s annual operating costs with remainder one-third portions allocated to the cities/towns and independent special districts. The allocations to cities/towns and special districts are calculated based on standard formula using general tax revenues unless an alternative method has been approved by most 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. This includes overarching policies and procedures to align present and planned urban uses with existing cities and special districts. 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 (L-109).

2.2 Commission Information

San Diego LAFCO is governed by a 13-member "Commission" comprising county, city, special district, and public members. All Commissioners are appointed elected officials with the exception of the two public members. The Commission 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 in Room 301 and live-streamed at www.sdlafco.org. Agenda materials are posted online generally no less than one week in advance.

The Commission roster as of December 2021 follows.



Andrew Vanderlaan
Chair
Public Member



Jim Desmond
Vice Chair
County of San Diego



Chris Cate
Commissioner
City of San Diego



Jo MacKenzie
Commissioner
Vista Irrigation



Paul McNamara
Commissioner
City of Escondido



Mary Casillas Salas
Commissioner
City of Chula Vista



Nora Vargas
Commissioner
County of San Diego



Baron Willis
Commissioner
Alpine Fire Protection



Joel Anderson
Alternate
County of San Diego



Kristi Becker
Alternate
City Member
City of Solana Beach



David Drake
Alternate
Special District
Member



Harry Mathis
Alternate
Public Member



Marni von Wilpert
Alternate
City of San Diego

2.3 Contact Information

San Diego LAFCO's administrative office is located in the Bankers Hill (West Park) section of San Diego at 2550 Fifth Avenue, Suite 725 in the Manchester Financial Center. Metered street parking is readily available. While LAFCO is open to the public Monday through Friday during normal business hours, appointments to discuss proposals or other matters are encouraged to ensure staff availability and can be scheduled by calling 619.321.3380. Communication by e-mail is also welcome and should be directed to lafco@sdcounty.ca.gov. Additional information regarding San Diego LAFCO's programs and activities is also available online by visiting www.sdlafco.org.

On behalf of staff,



Keene Simonds
Executive Officer

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CHAPTER TWO | EXECUTIVE SUMMARY

1.0 OVERVIEW

This report represents San Diego LAFCO’s scheduled municipal service review for the Fallbrook region in northcentral San Diego County. The report has been prepared by staff 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 Fallbrook region and within the service areas of the four affected local 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 the level and range of services provided in the Fallbrook region and within the four local agencies directly under the Commission’s oversight. The Commission will draw on the information generated in this report to inform future regulatory and planning actions.

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 Fallbrook region. 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 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. Other key premises, assumptions, and benchmarks underlying the preparation of this report follow.

Defining Scope | Affected Agencies Covered

The report explicitly evaluates four affected local agencies providing one or more municipal services in the Fallbrook region under the Commission's oversight. The four affected agencies – and in order of their formation dates – are Fallbrook Public Utility District (PUD), Rainbow Municipal Water District (MWD), County Service Area (CSA) No. 81, and North County Fire Protection District (FPD). Other local agencies that provide one or more municipal services in the region include – but not limited to – Fallbrook Regional Health Care District, Mission Resource Conservation District, and San Miguel MWD and are subject to review as part of separate reports under the Commission's adopted study schedule.

This report is specific to reviewing four local agencies under the Commission's oversight:

1. Fallbrook PUD
2. North County FPD
3. Rainbow MWD
4. CSA No. 81

Defining Scale | Municipal Services Covered

The report is scaled to review only the four affected agencies' active municipal service functions. The status and/or need for other municipal services in the region is not directly reviewed but referenced or documented as appropriate. The report is also scaled to distinguish between core service functions provided by the affected agencies in the region deemed by the Commission's Executive Officer to be most pertinent in supporting growth and development. This latter distinction produces two types of analysis among the active service functions: comprehensive and abbreviated. An example involves Fallbrook PUD with its potable water services receiving a comprehensive review while its recycled water services receive an abbreviated review.

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 2016 to 2020 with limited exceptions (i.e. July 1, 2016 through June 30, 2020). 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 & Known Jurisdictional Change Proposals to be Informed by the Analysis

The timeframe for the report has been oriented to cover the next five-year period through 2025 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 and expected therein to inform all related sphere of influence and boundary actions undertaken in the region during this period. Markedly, this includes providing baseline information to inform three known jurisdictional change proposals on file with the Commission. Two of these known proposals involve coordinated requests by Fallbrook PUD and Rainbow MWD to change wholesale water providers by concurrently detaching from the San Diego County Water Authority and annexing into Eastern MWD (Riverside County). The third proposal involves a request by Fallbrook PUD to activate several latent powers and headlined by parks and recreation.

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 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 over the last 60 months, 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 Fallbrook region and within the four affected agencies. A prominent example involves focusing on annual system-wide demands generated during the five-year report period as opposed to specific service 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 the 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 the affected agency's financial solvency based on a review of available audited information. 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 REPORT ORGANIZATION

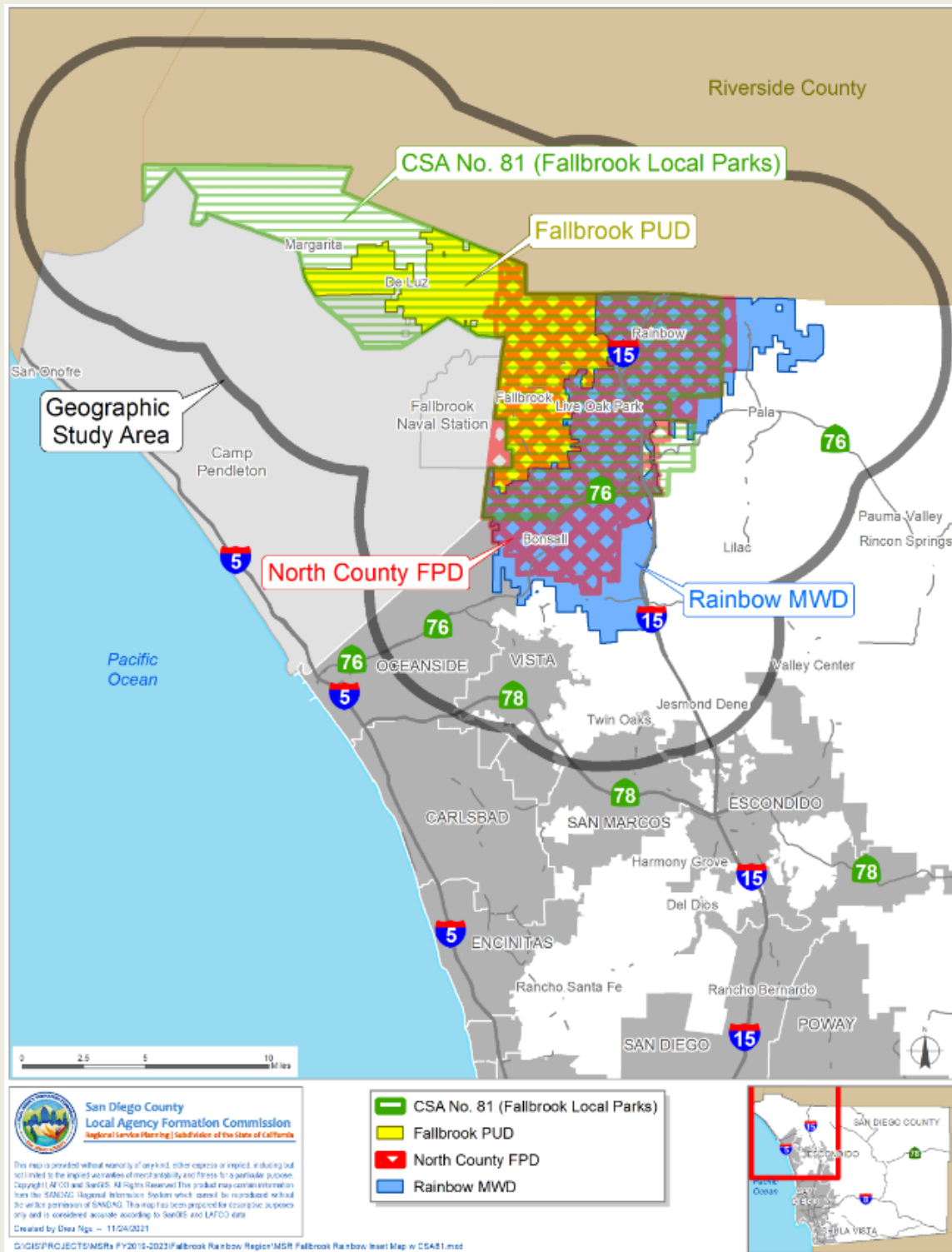
This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated within the report.⁶ This includes addressing the mandatory service and governance factors required by the Legislature whenever San Diego LAFCO performs a municipal service review. The Executive Summary is preceded by individual agency profiles (Chapter Three) of the four affected local agencies covered in this report that provide one or more municipal service functions in the Fallbrook 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 approximately 662 square miles in size. The geographic area has been purposefully designated by the Executive Officer to cover all four affected local agencies jurisdictional boundaries and spheres of influence as well as immediately adjacent lands within five miles. The geographic area is shown below along with marking the existing boundaries and spheres of the affected agencies.

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

FALLBROOK REGION



4.0 REPORT SUMMARY

4.1 General Themes and Conclusions

The Fallbrook region serves as the social and economic epicenter of unincorporated “North County.” It comprises four internally distinct subregions that collectively draw on municipal services provided by the County of San Diego and the four special districts that are evaluated as part of this report: Fallbrook PUD; North County FPD; Rainbow MWD; and CSA No. 81. The Town of Fallbrook and its “village” setting headlines the four subregions with its cultural, retail, medical offices, schools, and entertainment venues that residents in the others – Bonsall, De Luz, and Rainbow – regularly patron. The region overall remains mostly rural in character outside the Town core and continues to function as a community separator between the more urban uses to the north (Temecula) and south (Escondido) along the Interstate 15 corridor. Population growth also remains moderate – at least in comparison to countywide averages – but has cumulatively added up with an overall resident estimate of 56,482 at the end of the five-year report period. This estimate makes the region one of the largest unincorporated areas with a population base that exceeds 7 of the 18 cities in San Diego County.

The Fallbrook region comprises four distinct subregions – Bonsall, De Luz, Fallbrook, and Rainbow – and finished the report period with a total population estimate of nearly 57,000. This estimate makes the region one of the largest unincorporated communities in San Diego County.

While conditions in the Fallbrook region appear to be holding course, there are indications that foundational changes are underway. Most notably, the region’s historical immersion in agriculture with avocados being the primary cash crop over the last 60 plus years appears to be waning and could spell fundamental changes in land uses and municipal service needs going forward. Measuring this transition is marked by the loss of nearly one-fifth – or (18.7%) – of the total number of avocado acreages in the region during the report period.⁷ Some of this acreage has already been converted into housing with nearly 600 new units added in the region during the reporting period; an amount equal to an overall 2% increase in the housing stock and above historical averages. More of this acreage appears to have been left fallow and suggests – among other items – the cost of growing avocados in the “Avocado Capital of the World” for many local farmers has become unsustainable. Consequently, and in the absence of a turnaround and/or replacement crop emerging, the region will increasingly become an intersection point where the demand for housing in greater San Diego County meets the supply of available land.

Close to one-fifth of all avocado groves in the Fallbrook region have been lost during the report period. Consequently, and in the absence of a turnaround and/or replacement crop emerging, the region will increasingly become an intersection point where the demand for housing in greater San Diego County meets the supply of available land.

⁷ The total amount of avocado acreage has decreased by 3,320 acres from 17,741 in 2016 to 14,421 in 2020 based on recent Ag Commissioner Reports.

A review of the Fallbrook region relative to San Diego LAFCO's growth management tasks and interests produces nine central themes or conclusions. These conclusions collectively address the availability, need, and adequacy of municipal services in the region and range in substance from addressing governance dynamics to financial standing. The conclusions also address potential sphere of influence changes among the four affected local agencies. The conclusions are independently drawn and sourced to information collected and analyzed by the Commission between 2016 and 2020 with limited exceptions and detailed in the agency profiles.

- **No. 1 | Introductory Municipal Service Review**

This report represents the Commission's first comprehensive municipal service review prepared on the Fallbrook region and the four affected local agencies – Fallbrook PUD, North County FPD, Rainbow MWD, and CSA No. 81.⁸ The report consequently serves as a dual introduction. This is marked by introducing the affected agencies and their constituents in real-time to an otherwise unfamiliar and relatively detailed outside planning process. The introduction similarly introduces the Commission to the affected agencies and their service functions at depths previously unvisited with the underlying goal of establishing baseline information to track and measure going forward.

- **No. 2 | Slow and Steady Consolidation of Local Government**

The Fallbrook region has slowly and steadily experienced a significant amount of consolidation in local government in recent history with the number of special districts having been reduced by one-half from eight to the current four: Fallbrook PUD; North County FPD; Rainbow MWD; and CSA No. 81.⁹ Opportunities for additional consolidation appear notionally plausible – and in some cases presumably probable – given overlapping and/or adjacent boundaries with common services powers. Nonetheless, community interest in the topic appears limited at this time and materially contributed to the Commission choosing to reject the last proposed consolidation in the region involving Fallbrook PUD's proposed takeover of Rainbow MWD in September 2015.

- **No. 3 | Avocados' Influence in the Region**

The Fallbrook region remains mostly rural in character outside the Town of Fallbrook's core and continues to function as a community separator between the more urban uses to the north (Temecula) and south (Escondido) along the Interstate 15 corridor. This historical role is largely attributed to the region's successful immersion in agriculture with avocados being the primary cash crop since the introduction of reliable water supplies in the 1950s. The

⁸ The previous municipal service review on record covering the local agencies in the Fallbrook region dates to 2007 and is part of an abbreviated documentation of service functions for all special districts in San Diego County.

⁹ Previously dissolved special districts in the Fallbrook region are Fallbrook Irrigation District, Del Luz Heights MWD, Fallbrook Sanitary District, and CSA No. 7.

recent and significant decline in avocado production, highlighted by the loss of nearly one-fifth of planted acreage during the reporting period, suggests the cost of growing avocados in the “Avocado Capital of the World” is becoming unsustainable and fundamental changes in land use and municipal service needs may be on the horizon.

- **No. 4 | Growth is Happening**

Irrespective of the staying power of avocados and agriculture overall, it is reasonable to assume some level of substantive growth and development will occur in the Fallbrook region and potentially within the timeframe of this report. This assumption ties to the critical demand for housing in San Diego County paired with the region’s available land supply with more than two-fifths of private acreage remaining undeveloped with existing jurisdictional access to wholesale water supplies via the County Water Authority and Metropolitan Water District of Southern California. Ongoing declines in avocado production will expedite and intensify this otherwise expected trend.

- **No. 5 | Distinguishing Gray, Green, and Blue (Collar) Demographics**

Demographic information for the Fallbrook region shows residents tend to be measurably older with higher household incomes relative to overall averages in San Diego County at the end of the report period. Somewhat relatedly, one out of every four adults in the region are collecting retirement payments, which is nearly double the ratio for all of San Diego County. Additionally, and separately, the combination of high incomes and comparatively low college degree holders suggests a relatively high percentage of the region’s workforce involves professional blue collar (i.e. agriculture, construction, public safety, etc.).

- **No. 6 | Adequate and Excess Municipal Service Capacities**

Fallbrook PUD, North County FPD, and Rainbow MWD collectively serve as the municipal service hubs for the Fallbrook region and through the end of the report period have established adequate capacities to meet current demands relative to their core growth-supporting functions: potable water; wastewater; and fire protection. No substantive deficiencies have been identified and all core functions have excess capacities to accommodate the anticipated growth within the report timeframe without exceptions.

- **No. 7 | Stress-Testing is Underway**

Three of the four affected agencies in the Fallbrook region – Fallbrook PUD, North County FPD, and Rainbow MWD – have experienced clear and measurable financial stresses during the report period. This includes all three agencies undergoing moderate to substantive declines in their liquidity, capital, and margin levels with the latter measurement magnified by two – North County FPD and Rainbow MWD – finishing with negative average total and

operating margins over the corresponding 60 months. While all three agencies remain solvent based on their overall net positions, the recent trends are noteworthy and merits additional Commission attention going forward.

- **No. 8 | The Unknown Case for Incorporating Fallbrook**

There has been reoccurring interest in the Fallbrook region and more specifically within the Town of Fallbrook to incorporate and transition local governance from the County of San Diego Board of Supervisors to a newly established city council. Incorporation interest peaked in the form of a formal proposal filing by Fallbrook PUD in 1987, which was approved by the Commission but failed to receive majority voter approval. Community interest has persisted via continued informal inquiries and it is reasonable to assume formal efforts to revisit incorporation will reemerge within the Town given its size and local resources. Accordingly, and consistent with earlier policy direction, it would be beneficial for LAFCO to prepare an informational report to advise on current statutory thresholds and associated incorporation opportunities in San Diego County to include – but not limited to – Fallbrook.

- **No. 9 | Reorganizations are on the Mind of Locals**

There are three separate reorganization proposals currently on file with the Commission that propose substantive jurisdictional changes within the Fallbrook region and – among other items – necessitate conforming sphere of influence actions. Two of the proposals involve separate requests by Fallbrook PUD and Rainbow MWD to change wholesale water suppliers and detach from the County Water Authority and annex to Eastern MWD. The third proposal involves Fallbrook PUD’s request to activate its park and recreation, roads, and street lighting functions. As intended under statute, the Commission will draw on the information in this report in considering the individual merits of each proposal at separately noticed hearings.

4.2 Recommendations

The following recommendations call for specific action either from San Diego LAFCO and/or one or more of the affected agencies in the Fallbrook region 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 annually 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 Fallbrook region and incorporate the information into a future municipal service review. This should include assessing potential

impacts tied to the recent passage of Senate Bill 9 (Weiner) and the allowance for additional lot splitting to accommodate more housing throughout California.

2. The estimated loss of nearly (one-fifth) of avocado acreage in the Fallbrook region during the five-year report period is concerning and contrasts with San Diego LAFCO's adopted policies to promote and enhance agricultural resources. The Commission should explore this topic in more detail as part of its current two-year planning grant with the State of California to independently assess agricultural trends in San Diego County.
3. San Diego LAFCO should coordinate with the County of San Diego to identify permitted groundwater wells and septic systems within Fallbrook PUD and Rainbow MWD and incorporate the information into a future municipal service review.
4. San Diego LAFCO should address Fallbrook PUD's recycled water service activities as part of a future policy update to Commission Rule No. 4 with respect to formally identifying the function, class, and authorized location as necessitated under Government Code 56425(i).
5. San Diego LAFCO should develop performance measurements in consultation with North County FPD with respect to hazardous materials response and weed abatement (fuel reduction) and incorporate the analysis into future municipal service reviews.
6. Additional information is needed to determine the number of mutual water companies operating in the Fallbrook region. San Diego LAFCO should defer this analysis, accordingly, to a future informational report and in doing so meet its related obligation in statute.
7. San Diego LAFCO should revisit fire protection and emergency medical services and costs in the North County FPD as part of an update to the Commission's countywide fire service study.
8. North County FPD should consolidate its two existing taxing authority zones into one and eliminate the antiquated and cumbersome distinction associated with maintaining a separate subzone for the Rainbow community.
9. Opportunities for additional consolidations in the Fallbrook region appear notionally plausible – and in some cases presumably probable. No information analyzed in this report, however, suggest the timing of any consolidation proposals are imminent or otherwise merit initiation by San Diego LAFCO at this time.

10. All affected agencies in the Fallbrook region should enhance accountability to their constituents by permanently live-streaming and posting videos of board meetings online. These efforts grant constituents immediate access to the Board while remedying logistical obstacles (work, childcare, etc.) and further sunlights decision-making.
11. The Commission should prepare a future informational report to advise on current statutory thresholds and associated incorporation opportunities in the Fallbrook region.
12. Fallbrook PUD has filed a reorganization with San Diego LAFCO to activate certain latent powers and headlined by parks and recreation, roads, and street lighting. Approval of the proposal may further illuminate the merits of reorganizing Fallbrook PUD into a community services district to provide a local governance model that can continue to evolve with the community needs and serve as the preferred transitional vehicle to a potential incorporation.
13. Neither Fallbrook PUD or Rainbow MWD report providing municipal services beyond their jurisdictional boundaries. There also does not appear to be any pending needs or demands to establish services outside the affected agencies' boundaries. San Diego LAFCO should proceed with updating and affirming – with no changes – these agencies' spheres of influence upon completion of the municipal service review.
14. There appears to be merit to expand North County FPD's sphere of influence into Riverside County to more accurately reflect the FPD's current and probable service area going forward given location and existing automatic aid arrangements. San Diego LAFCO should fully explore this potential amendment upon completion of the municipal service review.

5.0 WRITTEN DETERMINATIONS

San Diego LAFCO is directed to prepare written determinations to address the multiple governance factors enumerated under Government Code 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 the four affected agencies specific to the Commission's growth management role and responsibilities in San Diego County. An

These determinations address the specific factors required in statute as part of the municipal service review process and represent statements of reasonable facts or deductions as legislatively determined by San Diego LAFCO and based on information analyzed between 2016 and 2020

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.

The determinations below purposefully exclude CSA No. 81 as part of this draft report. Determinations for CSA No. 81 will be included as part of a final report in conjunction with completing the agency profile on the CSA and its park and recreation function.

5.1 Growth Projections & Related Demographics

1. San Diego LAFCO independently estimates the fulltime resident population within the affected agencies in the Fallbrook region at the end of the report period as follows.
 - (a) 33,986 residents within Fallbrook PUD.
 - (b) 22,130 residents within Rainbow MWD.
 - (c) 53,003 residents within North County FPD.
2. San Diego LAFCO independently estimates the annual population growth rate within the affected agencies in the Fallbrook region during the five-year report period as follows.
 - (a) 0.4% annual population growth rate within Fallbrook PUD.
 - (b) 1.4% annual population growth rate within Rainbow MWD.
 - (c) 0.7% annual population growth rate within North County FPD.
3. At a minimum, it is reasonable to assume recent growth trends in the Fallbrook region will continue over the next five-year period and will result in the following population changes within the affected agencies by 2025.
 - (a) The projected total population in Fallbrook PUD will increase by 592 – or 118 annually – and reach 34,578 by 2025.
 - (b) The projected total population in Rainbow MWD will increase by 1,332 – or 266 annually – and reach 23,462 by 2025.

- (c) The projected total population in North County FPD will increase by 1,835 – or 367 annually – and reach 54,838 by 2025.
- 4. Only Fallbrook PUD's annual growth rate of 0.4% during the five-year period finished below the corresponding change for the entire San Diego County at 0.7%.
- 5. The Fallbrook region's location near existing transportation corridors (State Route 76 and Interstate 15) and inclusion in the San Diego County Water Authority and Metropolitan Water District of Southern California's wholesale water jurisdictions suggests substantive growth will occur in the future – though not necessarily in the timeframe of this report.
- 6. With respect to housing and relative costs within the Fallbrook region, San Diego LAFCO independently makes the following statements.
 - (a) Housing production in Fallbrook PUD netted 160 new units during the five-year report period with an ending total of 12,090. The average monthly housing cost at the end of the report period is \$1,728. This latter amount is 11% higher than the countywide average and equals 28.6% of residents' average household income.
 - (b) Housing production in Rainbow MWD netted 410 new units during the five-year report period with an ending total of 8,989. The average monthly housing cost at the end of the report period is \$1,748. This latter amount is 11% higher than the countywide average and equals 28.4% of residents' average household income.
 - (c) Housing production in North County FPD netted 550 new units during the five-year report period with an ending total of 19,793. The average monthly housing cost at the end of the report period is \$1,746. This latter amount is 11% higher than the countywide average and equals 28.5% of residents' average household income.
- 7. San Diego LAFCO should coordinate with the County of San Diego and SANDAG to develop buildout estimates specific to each affected agency in the Fallbrook region and incorporate the information into the next scheduled municipal service review. This should include assessing potential impacts tied to the recent passage of Senate Bill 9 (Weiner) and the allowance for additional lot splitting to accommodate more housing throughout California.
- 8. The estimated loss of nearly (one-fifth) of avocado acreage in the Fallbrook region during the five-year report period is alarming and counterproductive to San Diego LAFCO's adopted policies to promote and enhance agricultural resources. Accordingly, the Commission should

explore this topic in more detail as part of its current two-year planning grant with the State of California to independently assess agricultural trends in San Diego County.

9. A review of demographics among the affected agencies in the Fallbrook region during the five-year report period shows residents are more or less similar with one another with respect to age, income, and other social measurements. Notably, residents in the region tend to be measurably different relative to countywide averages with respect to being older, having higher household incomes, collecting retirement, and with less formal education.

5.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities & Relevant Information on Water, Wastewater, and Fire Protection.

1. All affected agencies in the Fallbrook region have lands within their jurisdictional boundaries qualifying as disadvantaged unincorporated communities or under San Diego LAFCO policy.
2. The highest percentage of DUCs in the Fallbrook region lies within Fallbrook PUD with more than one-seventh – or 15% – of its jurisdictional boundary qualifying.
3. Rainbow MWD and North County FPD's percentages of DUCs within their jurisdictional boundaries are 3% and 9%, respectively.
4. Land immediately adjacent to the affected agencies in the Fallbrook region also qualify as DUCs under San Diego LAFCO policy. Additional analysis is needed to determine the percentage of these qualifying lands that concurrently lie within public water, wastewater, and fire protection service providers.

5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. The following statements apply to the Fallbrook PUD with respect to the availability, adequacy, and performance of its three active municipal service functions: a) potable water; b) wastewater; and c) recycled water.

(a) With respect to potable water services:

- i. Fallbrook PUD's potable water function commenced in 1922 in conjunction with its formation and classified as retail under LAFCO statute and Commission Rule No. 4.

- ii. Fallbrook PUD's potable water service authorization covers its entire jurisdictional boundary. San Diego LAFCO estimates the population in the potable water service area at the end of the five-year report period at 23,360. This estimate represents 69% of the total estimated District population.
- iii. Fallbrook PUD is currently dependent on pre-treated potable water supplies from the San Diego County Water Authority. Fallbrook PUD's current infrastructure capacities to the transmission line limit the maximum day supply access to County Water Authority supplies to 158.6-acre feet.
- iv. Average day demands have equaled 25.1 acre-feet during the five-year report period with an overall change of (24.3%). This average demand equals 16% of Fallbrook PUD's accessible daily supplies and sufficient to meet current and anticipated demands through the report timeframe under normal conditions.
- v. Peak-day demands have averaged 62.0 acre-feet during the five-year report period with an overall change of (5%). This average demand equals 39% of Fallbrook PUD's accessible daily supplies and sufficient to meet current and anticipated demands through the report timeframe under normal conditions.
- vi. Estimated per capita daily uses have decreased by (21%) over the five-year report period from 377 gallons to 298 gallons. This overall decrease contrasts with the estimated 2% increase in population and attributed to substantial reductions in demand from agricultural users.
- vii. Additional analysis is needed and merited to assess whether the portion of daily uses within Fallbrook PUD is dedicated to indoor use and the relationship therein in meeting the State of California's advisory target to limit per capita usage to 55 gallons.
- viii. Total storage within Fallbrook PUD's potable water service area is 103 acre-feet and rises to 1,453 acre-feet when Red Mountain Reservoir storage capacity is included. This storage capacity can accommodate up to four days of average day demands and increases to 58 days when storage from Red Mountain Reservoir is included.
- ix. Potable water rates have increased by 47% for residential users and 50.0% for agricultural users during the period.

- x. San Diego LAFCO should coordinate with the County of San Diego to identify active groundwater wells within Fallbrook PUD and incorporate the information into the next scheduled municipal service review.

(b) With respect to wastewater services:

- i. Fallbrook PUD's wastewater function commenced in 1994 as successor agency to the Fallbrook Sanitary District. This active service function is classified as collection, treatment, and disposal under LAFCO statute and Commission Rule No. 4.
- ii. Fallbrook PUD's wastewater function is geographically limited by San Diego LAFCO to an internal area that spans approximately 4,200 acres and equals 15% of the jurisdictional boundary.
- iii. The total wastewater service population for Fallbrook PUD at the end of the five-year report period is estimated by San Diego LAFCO at 13,794. This estimate represents 41% of the total estimated District population.
- iv. The average daily flows generated during the report period in the Fallbrook PUD service area has been 1.488 million gallons with an overall change of 8.1%. More micro measurements follow.
 - Average daily dry-weather flows – which serves as the best representation of household sewer uses – over the five-year report period have been 1.450 million gallons with an overall change of 7.8%.
 - Average daily wet-weather flows over the five-year report period have been 1.526 million gallons with an overall change of 8.7%.
 - Average daily peak-day flows over the five-year report period have been 3.232 million gallons with an overall change of 43%. The former amount produces a moderate peak-factor relative to average day demands of 2.2.
- v. Fallbrook PUD's wastewater system is presently operating at 55% capacity under normal conditions based on average day demands during the five-year report period. Capacity usage increases to 75% during peak wet periods and suggest excessive inflow and infiltration is entering the collection system.

- vi. San Diego LAFCO should coordinate with the County of San Diego Environmental Health Department to identify active septic systems within Fallbrook PUD and incorporate the information into the next scheduled municipal service review.
- (c) With respect to recycled water services:
- i. Fallbrook PUD's recycled water function commenced in 1991 in conjunction with completing capital improvements at the Fallbrook Water Reclamation Facility and involves retail only. All retailed recycled water is tertiary.
 - ii. The average day retailing of recycled water has been 1.770 million gallons during the five-year report period with an overall change of (19%). The average day amount of equals 22% of concurrent potable water sales during the 60-month period.
 - iii. The average recovery of produced recycled water into retail sales has been 41.4% during the report period with an overall change of (27.5%).
 - iv. 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.
 - v. Additional information is needed to determine whether any services are retailed outside their boundary.
2. The following statements apply to the Rainbow MWD with respect to the availability, adequacy, and performance of its two municipal service functions under its Municipal Water District principal act: (a) potable water and (b) wastewater.
- (a) With respect to potable water service:
- i. Rainbow MWD's potable water function commenced in 1953 in conjunction with its formation and classified as retail under LAFCO statute and Commission Rule No. 4.
 - ii. Rainbow MWD's potable water service authorization covers its entire jurisdictional boundary. San Diego LAFCO estimates the population in the potable service area at the end of the five-year report period at 17,003. This estimate represents 77% of the total estimated District population.

- iii. Rainbow MWD is currently dependent on potable water supplies imported from the San Diego County Water Authority. Rainbow MWD's current infrastructure capacities to the transmission line limit the maximum day supply access from the County Water Authority to 398.9 acre-feet.
- iv. Average day demands have equaled 46.5 acre-feet during the five-year report period with an overall change of (24.4%). This average demand equals 12% of Rainbow MWD's accessible daily supplies and sufficient to meet current and anticipated demands through the report timeframe under normal conditions.
- v. Peak-day demands have averaged 127.0 acre-feet during the five-year report period with an overall change of 2%. This average demand equals 32% of Rainbow MWD's accessible daily supplies and sufficient to meet current and anticipated demands through the report timeframe under normal conditions.
- vi. Estimated per capita daily uses have decreased by (29%) over the five-year report period from 1,030 gallons to 728 gallons. This overall contrasts with the estimated 5.6% increase in population and attributed to substantial reductions in demand from agricultural users.
- vii. Additional analysis is needed and merited to assess whether the portion of daily uses within Rainbow MWD is dedicated to indoor use and the relationship therein in meeting the State of California's advisory target to limit per capita usage to 55 gallons.
- viii. Total storage within Rainbow MWD's potable water service area is 695.0 acre-feet. This storage capacity can accommodate up to 15 days of average day demands without recharge.
- ix. Water rates have increased by 9.1% for residential users and 12.0% for agricultural users during the period.
- x. San Diego LAFCO should coordinate with the County of San Diego to identify active groundwater wells within Rainbow MWD and incorporate the information into the next scheduled municipal service review.

(b) With respect to wastewater services:

- i. Rainbow MWD's wastewater function commenced in 1963 in conjunction with the planned development of the Fallbrook Country Club area. This active service function is classified as collection, treatment, and disposal under LAFCO statute and Commission Rule No. 4.
- ii. Rainbow MWD's wastewater service function is authorized throughout the jurisdictional boundary less future action by San Diego LAFCO. This function is also anchored by an agreement with the City of Oceanside to treat and dispose raw sewer flow generated within the MWD jurisdictional boundary.
- iii. The total wastewater service population for Rainbow MWD at the end of the five-year report period is estimated by San Diego LAFCO at 9,384. This estimate represents 42% of the total estimated District population.
- vii. The average daily flows generated during the five-year report period in the Rainbow MWD service area has been 0.714 million gallons with an overall change of 33%. More micro measurements follow.
 - Average daily dry-weather flows – which serves as the best representation of household uses – over the five-year report period have been 0.702 million gallons with an overall change of 30.7%.
 - Average daily wet-weather flows over the five-year report period have been 0.721 million gallons with an overall change of 36.7%.
 - Average daily peak-day flows over the five-year report period have been 0.795 million gallons with an overall change of 43%. The former amount produces a low peak-factor relative to average day demands of 1.1.
- iv. Rainbow MWD's wastewater system is presently operating at 48% capacity under normal conditions based on average day demands during the five-year report period. Capacity usage increases to 53% during peak wet periods and suggest minimal inflow and infiltration is entering the collection system.

- v. San Diego LAFCO should coordinate with the County of San Diego Environmental Health Department to identify active septic systems within Rainbow MWD and incorporate the information into the next scheduled municipal service review.
3. The following statements apply to the North County FPD with respect to the availability, adequacy, and performance of its five municipal service functions available under the Fire Protection District principal act: a) fire protection; b) emergency medical services; c) ambulance; (d) hazardous materials response; and e) weed abatement (fuel reduction).
- (a) With respect to integrated fire protection, emergency medical, and ambulance services:
- i. North County FPD's integrated fire protection, emergency medical, and ambulance services function commenced in 1987 as successor agency to Fallbrook FPD and CSA No. 7 and classified as structural and advanced life support under LAFCO statute and Commission Rule No. 4. This authorized function applies to the entire District jurisdictional boundary.
 - ii. North County FPD's integrated fire protection, emergency medical, and ambulance services are provided through the North County Dispatch JPA and delivered out of five fire stations with total public safety staffing at 66.0 at the end of the five-year report period. This latter amount represents 1.25 public safety personnel for every 1,000 residents in the FPD.
 - iii. The average demand for onsite integrated fire protection, emergency medical, and ambulance services within North County FPD during the abbreviated period (FY2018 to 2020) has been 5,166 annually or 14.2 per day. Overall demands during the period have increased by 7.3%
 - iv. North County FPD responded on average – exclusively or in combination with outside agencies – to 99.0% of all onsite incidents involving fire protection and emergency medical in its jurisdiction during the abbreviated report period (FY2018 to 2020).
 - v. North County FPD has a low dependency on outside agencies to cover fire protection and emergency medical needs with an average of only 10 out of 100 onsite incidents in the jurisdictional boundary necessitating outside aid during the abbreviated reporting period (FY2018 to 2020).

- vi. Approximately 58% of all onsite incidents responded to by North County FPD resulted in ambulance transport to an area hospital during the abbreviated report period (FY2018 to 2020). The number of ambulance transports increased by approximately 4% during this period.
 - vii. The overall increase in demands during the five-year report period can be directly attributed to the closure of Fallbrook Hospital in December 2014. While data for this time period is not included in this report, the net impact of increasing demands for service plus a doubling of ambulance transport time has caused North County FPD to restructure its staffing to provide an additional dedicated full-time ambulance.
 - viii. Despite this increasing demand for service, North County Fire has managed to maintain its response time standards of 93%, 87% and 99% to urban, suburban, and outlying areas (respectively). It has also reduced reliance on automatic aid by 7%, while simultaneously augmenting automatic aid to surrounding communities by 25%.
- (b) With respect to hazardous materials response services.
- i. San Diego LAFCO should develop performance measurements in consultation with North County FPD and other fire service providers with respect to hazardous materials response and incorporate the analysis into future reports.
- (c) With respect to weed abatement (fuel reduction) services:
- i. San Diego LAFCO should develop performance measurements in consultation with North County FPD and other fire service providers with respect to weed abatement and related fuel reduction activities and incorporate the analysis into future reports.
4. Additional information is needed to determine the number of mutual water companies operating in the Fallbrook region. Consistent with LAFCO statute, the Commission defers this analysis to a future informational report

5.4 Agencies' Financial Ability to Provide Services

1. All affected agencies in the Fallbrook 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 following determinations are specific to Fallbrook PUD.

- (a) Fallbrook PUD experienced an overall increase of 25% in its audited net position during the five-year report period from \$79.3 million to \$98.7 million.
- (b) The unrestricted and spendable portion of Fallbrook PUD's net position at the end of the five-year report period less reportable pension and related liabilities equals 7.2 months of actual operating expenses.
- (c) Fallbrook PUD's actual operating expenses increased by 19% during the five-year report period. This amount is one-third higher than the corresponding 14% increase in actual revenues for Fallbrook PUD and merits revisiting in the next scheduled municipal service review to assess whether the imbalance is structural or temporary.
- (d) Standard measurements to assess liquidity, capital, margin, and equipment replacement levels shows Fallbrook PUD experienced mostly downward trends during the five-year report period but nonetheless finished at or above industry standards with the exception of debt. With this context in mind, the following statements apply:
 - i. Liquidity levels as measured by days' cash available to Fallbrook PUD declined during the five-year report period by (24%) from 288 to 219 days with the latter amount providing 31 weeks of accessible cash to cover normal operating costs.
 - ii. Capital levels as measured by Fallbrook PUD debt-to-net position declined during the five-year report period by (one-fourth) from 60% to 74% with the latter amount reflecting the portion of the District's overall value (net position) tied to outside borrowing. This is a high level of debt and merits attention.
 - iii. The average total margin for Fallbrook PUD during the five-year report period has been 7%. Four of the five years finished with positive ratios.
 - iv. The replacement rate of capital infrastructure improved by one-fourth from 17 to 12 years. This is exceptionally low (good) for a utility.
 - v. Fallbrook PUD's combined funded ratio for pension obligations with CalPERS at the end of the five-year report period finished at 70.5% and considered average to below average. This ratio has also decreased overall by (2.6%) over the prior report period.

- vi. To help offset the increase in the unfunded liability, Fallbrook PUD elected to establish a 115 Trust and when added the funded ratio increases to 83%.
 - vii. Fallbrook PUD's employer pension contribution at the end of the five-year report period equals 27% of payroll. This amount represents an overall increase of 43% over the preceding 48 months in which information from CalPERS is readily available.
3. The following determinations are specific to Rainbow MWD.
- (a) Rainbow MWD experienced an overall decrease of (6%) in its audited net position during the five-year report period from \$93.3 million to \$88.2 million.
 - (b) The unrestricted and spendable portion of Rainbow MWD's net position at the end of the five-year report period less reportable pension and related liabilities equals 2.8 months of actual operating expenses.
 - (c) Rainbow MWD's actual operating expenses increased by 16% during the five-year report period. This amount is four-times higher than the corresponding 3% increase in actual revenues for Rainbow MWD and merits revisiting in the next scheduled municipal service review to assess whether the imbalance is structural or temporary.
 - (d) Standard measurements to assess liquidity, capital, margin, and equipment replacement levels shows Rainbow MWD experienced mostly downward trends during the five-year report period but nonetheless finished at or above industry standards. With this context in mind, the following statements apply:
 - i. Liquidity levels as measured by days' cash available to Rainbow MWD declined during the five-year report period by (26%) from 210 to 156 days with the latter amount providing 22 weeks of accessible cash to cover normal operating costs.
 - ii. Capital levels as measured by Rainbow MWD's debt-to-net position declined during the five-year report period by (three-fourths) from 24% to 43% with the latter amount reflecting the portion of the District's overall value (net position) tied to outside borrowing.
 - iii. The average total margin for Rainbow MWD during the five-year report period has been (9%). All five years finished in the red.

- iv. The replacement rate of capital infrastructure at Rainbow MWD declined by (two-thirds) from 24 to 40 years. Despite the sharp decline, this ending amount is considered averaged for a utility.
 - v. Rainbow MWD's combined funded ratio for pension obligations with CalPERS at the end of the five-year report period finished at 74% and considered average. This ratio decreased overall by (2%) over the prior five-year report period.
 - vi. Rainbow MWD's employer pension contribution at the end of the five-year report period equals 33% of payroll. This amount represents an overall increase of 27% over the preceding 48 months in which information from CalPERS is readily available.
4. The following determinations are specific to North County FPD.
- (a) North County FPD experienced an overall decrease of (25%) in its audited net position during the five-year report period from (\$12.4 million) to (\$15.5 million).
 - (b) The decrease in net-position is largely attributed to a steep increase in non-current liabilities and primarily tied to a June 2020 issuance of pension obligations bonds. The bond proceeds were sent to CalPERS to reduce the unfunded actuarial liability (UAL) to zero occurred in 2020 however, this pay down of the UAL debt will not be reflected in the District's financial statements until 2021.
 - (c) The unrestricted and spendable portion of North County FPD's net position at the end of the five-year report period less reportable pension and related liabilities equals 15.1 months of actual operating expenses.
 - (d) North County FPD's actual operating expenses increased by 125% during the five-year report period and 13% when excluding the last year and the associated cost of issuing pension obligation bonds. Focusing only on the first four years, the rise in actual expenses is one-half lower than the corresponding 20% increase in actual revenues.
 - (e) Standard measurements to assess liquidity, capital, margin, and equipment replacement levels shows North County FPD experienced mostly negative trends during the five-year report period and generally finished at or below industry standards. With this context in mind, the following statements apply:

- i. Liquidity levels as measured by days' cash available to North County FPD declined during the five-year report period by (24%) from 81 to 62 days with the latter amount providing nine weeks of accessible cash to cover normal operating costs.
 - ii. Capital levels as measured by North County FPD's debt-to-net position declined during the five-year report period by (four-fifths) from 228% to 41% with the latter amount reflecting the portion of the District's overall value (net position) tied to outside borrowing.
 - iii. The average total margin for North County FPD during the five-year report period has been (23%). Three of the five years finished in the red.
 - iv. The replacement rate of capital infrastructure at North County FPD improved by more than one-fourth from 17 to 12 years. This amount is considered good.
 - v. North County FPD's combined funded ratio for pension obligations with CalPERS at the end of the five-year report period is 89% and considered above average. This ratio also increased overall by 22% over the prior five-year report period.
 - vi. North County FPD's employer pension contribution at the end of the five-year report period equals 41% of payroll. This amount represents an overall increase of 19% over the preceding 48 months in which information from CalPERS is readily available.
- (f) North County FPD has attempted to improve its fiscal structure and reduce its long-term liabilities via the issuance of \$20.3 million in pension obligation bonds in FY 2019-2020 and in so doing generating the referenced improvement to its funded status from 73% to 89%. At this juncture, structural improvement is primarily evidenced by reducing its equipment replacement timeline by 20% and is noteworthy given that it has increased staff overall by 5% to respond to increasing demands for service.
5. San Diego LAFCO should revisit fire protection and emergency medical services and costs in the North County FPD as part of an update to the Commission's countywide fire service study.

5.5 Status and Opportunities for Greater Efficiencies, Shared Facilities & Resources

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

- (a) Fallbrook PUD and Rainbow MWD maintain mutually beneficial interties with one another as well as with the City of Oceanside to receive and provide potable water in the event of emergency or planned interruptions to the San Diego Aqueduct.
- (b) Fallbrook PUD and the United States Marine Corps are partnering in establishing a new conjunctive water use project that will provide PUD a new and local potable water supply drawn from the Santa Margarita River Watershed. This project is scheduled to go online within the report timeline and – among other benefits – is expected to meet approximately one-half of all PUD potable water demands going forward.
- (c) Rainbow MWD has been effective in contracting out its wastewater disposal activity (class) through a long-standing agreement with City of Oceanside. This agreement dates to 1973 and through subsequent and timely amendments provides Rainbow MWD sufficient capacity to Oceanside’s wastewater treatment facility to meet current and anticipated MWD flows while avoiding duplicative infrastructure costs.
- (c) North County FPD is part of a Joint-Powers Authority known as “North Com” and includes the Cities of Vista, San Marcos, Solana Beach, Oceanside, Encinitas, and Carlsbad. This arrangement provides cost and service efficiencies for the member agencies and their constituents by providing dispatching emergency communication services for public safety within the member agencies’ boundaries.
- (d) North County FPD maintains a joint-powers agreement with the Fallbrook Regional Healthcare District to collaborate on various community health related initiatives within their overlapping jurisdictional boundaries. This arrangement – and among other shared benefits – has positioned North County FPD to become a leader in “paramedical health” services in San Diego County.
- (e) North County FPD through its Community Risk Reduction Division collaborates with CalFire and a multitude of other agencies within San Diego County to provide reduction activities, investigation and enforcement services associated with fire events.
- (f) North County FPD maintains two distinct internal taxing authorities: its own and the Rainbow Fire Protection Subzone, which is a remnant of the former CSA No. 7 operations. To provide greater clarity and administrative simplicity, North County FPD should explore dissolution of the Rainbow Fire Protection Subzone and consolidate its taxing authority into one District-wide unit.

5.6 Local Accountability and Government Restructure Options

1. The gradual consolidation of local government in the Fallbrook region over the last several decades and marked by the reduction of one-half of special districts has been successful in economizing service costs while maintaining an appropriate level of local control.
2. Opportunities for additional consolidations in the Fallbrook region appear notionally plausible – and in some cases presumably probable over the long term – given overlapping and/or adjacent boundaries with common services powers. No information collected and analyzed in this report suggest the timing of any consolidations are imminent or otherwise merit initiation by San Diego LAFCO relative to its interests and duties.
3. All affected agencies in the Fallbrook region are governed by responsive officials and illustrated by holding regular monthly meetings, timely posting agendas and minutes online, and employing professional staff to manage day-to-day business. These measurable actions create trust with constituents and help ensure their ongoing financial investment via property taxes, special assessments, and user charges are warranted.
4. All affected agencies in the Fallbrook region can enhance their accountability by permanently live-streaming and posting board meetings online. These efforts grants constituents and other interested parties’ immediate access to the Board while remedying logistical obstacles (work, childcare, etc.) and allows people – live or otherwise – to observe the decision-making.
5. It is reasonable to assume interest in incorporation will resurface in the Fallbrook region and specifically within the Town of Fallbrook given past inquiries coupled with its standing as one of the largest unincorporated communities with increasing property and sale tax bases. Accordingly, and to help apprise future decision-making, it would be beneficial for San Diego LAFCO to prepare an informational report to advise on current statutory thresholds and associated incorporation opportunities in San Diego County to include Fallbrook as well as other potential areas identified by the Commission.
6. The Fallbrook PUD has filed a reorganization with San Diego LAFCO to activate certain latent powers and headlined by parks and recreation, roads, and street lighting. Should the Commission see fit to approve the proposal, it may further illuminate the merits of reorganizing Fallbrook PUD into a community services district and in doing so provide a local governance model that can continue to evolve with the community needs and – pertinently – serves as the preferred transitional vehicle to a potential future incorporation.

7. There appears to be merit to expand North County FPD's sphere of influence into Riverside County to more accurately reflect the FPD's current and probable service area going forward given location and existing automatic aid arrangements. San Diego LAFCO should fully explore this potential amendment upon completion of the municipal service review.
8. Neither Fallbrook PUD or Rainbow MWD report providing municipal services beyond their jurisdictional boundaries. There also does not appear to be any pending needs or demands to establish services outside the affected agencies' existing boundaries and/or spheres of influence. Accordingly, and absent new information, it would be appropriate for San Diego LAFCO to proceed with updating and affirming – with no changes – these agencies' spheres of influence upon completion of the municipal service review.

CHAPTER FOUR | AGENCY PROFILES

A. FALLBROOK PUBLIC UTILITY DISTRICT

1.0 OVERVIEW

The Fallbrook Public Utility District (PUD) is an independent special district originally formed in 1922. Formation proceedings were initiated by local landowners to organize the delivery of water supplies diverted from the Santa Margarita River to support agricultural groves. Fallbrook PUD later became one of the original members of the San Diego County Water Authority in step with securing wholesale water supplies from the Colorado River to accommodate an influx of residential development beginning in the 1940s. The jurisdictional boundary spans 44 square miles and is entirely unincorporated.

Nearly nine-tenths of all jurisdictional acreage is under private ownership with 41% of this amount still undeveloped. The unincorporated community of Fallbrook anchors the jurisdictional boundary and largely comprises residential and local-serving businesses. Overall, the jurisdictional boundary covers 1.0% of San Diego County. 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 elected members is nine years.

Fallbrook PUD is currently organized as a limited-purpose agency with municipal operations tied to three active service functions: (a) potable water; (b) wastewater; and (c) recycled water with the latter two services limited to certain geographic areas within the jurisdictional boundary. Fallbrook PUD is also eligible – subject to LAFCO approval – to provide additional functions under its principal act to include fire protection, community recreation, communications, solid waste and garbage, street lighting, road maintenance, drainage, transportation, and electric services.¹⁰ Fallbrook PUD’s actual budget expense at the end of the report period in 2019-

Towne Centre in Fallbrook
Intersection of South Mission and Ammunition Roads



Photo Credit: Google Maps (2021)

Fallbrook PUD is presently authorized by LAFCO to provide three distinct service functions: potable water; wastewater, and recycled water with the latter two limited to certain areas within the jurisdiction.

¹⁰ A proposal has been submitted by Fallbrook PUD requesting Commission approval for activation of the PUD’s park and recreation service power. The proposed latent power activation is presently pending Commission hearing.

2020 is \$33.2 million and reflects an overall change of 19.0%. It also reflects a per capita expense of \$977. The audited net position at the end of the report period totals \$98.7 million with the unrestricted portion tallying \$6.3 million. The unrestricted amount is adjusted to \$112.4 million less pension and related retiree liabilities and equivalent to covering seven months of recent actual operating expenses.

LAFCO independently estimates the fulltime resident population within Fallbrook PUD's jurisdictional boundary is 33,986 at the term of the report period. It is also projected the estimate of fulltime residents represents an overall increase of 1,183 since 2010 – or 118 annually – with a resulting annual growth rate of 0.4%, which falls substantially below the corresponding countywide rate of 0.7%. The estimated population is directly supported by 12,090 housing units, which has increased since 2010 with the construction or otherwise addition of 315 new units. The median household income among residents within Fallbrook PUD is \$72,497 based on the current five-year period average and one-tenth above than the countywide average of \$66,529. Residents are currently spending 28.6% of their household income on rent or mortgage payments.

2.0 BACKGROUND

2.1 Community Development

Fallbrook PUD's service area began its present-day development in the late 1700s. The genesis of the development ties to the Payomkawichum people – called Luiseños by the Spanish newcomers – establishing permanent villages along the Santa Margarita and San Luis Rey Rivers in conjunction with the construction of nearby Mission San Luis Rey in 1769. These villages generally continued uninterrupted into the next century when rule of California transitioned from Spain to Mexico and Governor Pio Pico granted “Rancho Monserate” to his brother-in-law Ysidro Alvarado in 1846. The Rancho Monserate land grant covered close to 13,330 acres and helped to transition the largely unimproved lands in the region towards cultivated agricultural and ranching uses. It similarly ushered in an initial wave of adobe, stone, and wood houses to accommodate the arrival of outsiders to work the farms and ranches. Homesteaders were also drawn to the region following the end of Mexican Rule. The arrival of outside homesteaders included Vital Reche and his family who settled in the present-day site of Live Oak Park at the end of the 1860's and named their

Watkins Brothers' Livery Feed
Stage Coach Lane, Fallbrook (1890s)



Photo Credit: San Diego History Center

160-acre ranch “Fall Brook” after their former home in Pennsylvania. The name “Fallbrook” soon applied to the surrounding lands in step with the arrival of the Santa Fe Railroad’s California Southern line connecting San Diego with Los Angeles, Temecula, San Bernardino, and points in the north. The present Fallbrook town site was platted in 1885.

The first official census performed estimated the Fallbrook township’s population at 415 in 1890. Fallbrook’s population expanded to nearly 1,000 by 1920 and supported with the development of successful commercial olive and citrus groves – including the establishment of the Fallbrook Citrus Association’s Sunkist processing facility. Other crops began to follow – headlined by avocados – and contributed to Fallbrook’s continued and gradual development as a socially and economically distinct township in North San Diego County.



Organized water service in Fallbrook commenced – at least on paper – with the establishment of the Fallbrook Water and Power Company in 1887 with plans therein to construct a flume, dam, and storage reservoir to convey water from the Temecula River. However, financing for these proposed improvements stalled due to disputes with area landowners and led to the concurrent closure of the Fallbrook Water and Power Company and formation of the Fallbrook Irrigation District in 1891. Several legal disputes followed, and the Fallbrook Irrigation District ultimately dissolved without having delivered any actual water.

2.2 Formation Proceedings

Fallbrook PUD was officially formed in June 1922 to provide potable water service with an initial jurisdictional boundary of one square mile covering the downtown area of Fallbrook. Formation proceedings were facilitated by the Fallbrook Chamber of Commerce in conjunction with a coordinated campaign to promote business opportunities along Main Street. Formation was paired with an initial bond offering to fund the construction of a basic community water system tied to groundwater sites near Live Oak Park.

2.3 Post Formation Proceedings

A summary of notable activities undertaken by Fallbrook PUD and/or affecting the service area following formation in 1922 are provided below:

- Fallbrook PUD annexes approximately 4,500 acres in conjunction with the dissolution of the Fallbrook Irrigation District in 1927.

- Fallbrook PUD expands its water supplies to include surface diversions from the Santa Margarita River in 1928.
- Metropolitan Water District of Southern California is formed in 1928 to develop an aqueduct to convey supplies from the Colorado River.
- Fallbrook PUD expands its groundwater sites to include wells in the San Luis Rey River basin in what is now part of the Rainbow MWD in 1939.
- Fallbrook PUD becomes a charter member agency of the San Diego County Water Authority upon its formation in 1944.
- Fallbrook PUD begins litigation with the United States in 1947 to establish vested water rights to the Santa Margarita River. The lawsuit, U.S. v. Fallbrook PUD, and subsequent appeals over the next six decades become the longest civil case in San Diego County.
- The County Water Authority annexes into the Metropolitan Water District of Southern California for wholesale distribution of imported Colorado River among the County Water Authority's own member agencies – including Fallbrook PUD – in 1947.
- The Fallbrook Sanitary District is formed in 1946 to provide wastewater service to the “Village” area of Fallbrook.
- The San Diego Aqueduct reaches North County and Fallbrook PUD receives the first wholesale supplies from the County Water Authority in 1948.
- The Fallbrook Hospital District (later Healthcare District) is formed in 1950 with funding to build and operate the Fallbrook Hospital.
- Fallbrook PUD discontinues drawing regular groundwater supplies in 1954.
- Fallbrook PUD annexes approximately 7,300 acres to the north in 1958 and providing direct connectivity to the Santa Margarita River Watershed.
- Fallbrook PUD annexes the Fallbrook Airpark site in 1966.
- Fallbrook PUD discontinues diversions from the Santa Margarita River in 1969.

- The Fallbrook Community Plan – part of the County of San Diego General Plan – is adopted in December 1974 by the Board of Supervisors.
- The County Water Authority expands its wholesale supplies via the Metropolitan Water District to include the State Water Project in 1978.
- A proposal to incorporate Fallbrook is approved by LAFCO but fails to win majority voter support in 1980.
- LAFCO adopts a coterminous sphere of influence for Fallbrook PUD in 1985.
- A second proposal to incorporate Fallbrook is approved by LAFCO but fails to win majority voter support in 1986.
- Fallbrook PUD commences its recycled water function in 1990 and begins distribution via a supply agreement for SR-76 landscape with the California Department of Transportation (“Caltrans”).
- LAFCO approves the activation of Fallbrook PUD’s wastewater service functions as part of a reorganization and dissolution of the Fallbrook Sanitary District in 1994. The activation is specific to the “Village” area.
- Fallbrook PUD annexes an 11,789-acre service area in step with serving as successor agency to the dissolved De Luz Heights Municipal Water District in 1990. The associated groundwater wells serving the area are discontinued in 1995.
- Fallbrook PUD acquires its remaining operational well in 1991 near Red Mountain Reservoir (Capra Well) which presently provides 1% of the District’s water supply.
- Fallbrook PUD relocates a water rights permit from the District’s property on the Santa Margarita River to Lake Skinner in 2005.
- Fallbrook PUD completes construction of an ultraviolet treatment facility for surface water stored at Red Mountain Reservoir in 2010.
- The Fallbrook Community Plan is updated by the Board of Supervisors in 2015.

- Fallbrook PUD and the Bureau of Reclamation complete a joint Environmental Impact Report in 2016 for the planned Santa Margarita Conjunctive Use project to divert river flows to subsurface storage for use by the PUD.
- Fallbrook PUD completes a \$30 million-dollar renovation of its wastewater reclamation facility in 2016 which improves reliability and adds 2.2 million gallons of additional storage.
- Fallbrook PUD and Camp Pendleton sign the Santa Margarita Conjunctive Use Settlement in 2019. The key biproduct of the settlement involves the construction of a joint-use groundwater storage improvement, which is anticipated to be completed by 2022 and expected to provide half of the District's projected water demands.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Fallbrook PUD's existing boundary spans approximately 44 square miles and covers 28,193 unincorporated acres. The jurisdictional boundary is entirely unincorporated. The unincorporated community of Fallbrook anchors the PUD jurisdictional boundary along with the smaller communities of De Luz, Live Oaks, and Winterhaven. The jurisdictional boundary equals 1.0% of all San Diego County and characterized by a village setting within Fallbrook with outlying lands consisting of rolling hills covered in avocado and citrus orchards as well as an increasing number of large residential estates. There are 17,524 registered voters in Fallbrook PUD at the end of the report period.

Fallbrook PUD's jurisdictional boundary spans over 28,000 acres and closely equal in size to the City of Oceanside. Nearly two-fifths of Fallbrook PUD is the result of a 1990 annexation of the former boundary of the De Luz Heights MWD.

Fallbrook PUD's jurisdictional boundary includes an internal activated wastewater service area set by LAFCO totalling 4,267 acres or 15.1% of the entire PUD. The number of registered voters within the wastewater service area is 11,115.

The total assessed value (land and structure) within Fallbrook PUD increased during the report period by 20.3% from \$3.390 billion to \$4.078 billion. The period ending amount translates to a per acre value ratio of \$0.145 million as well as a per capita value of \$0.120 million based on the estimated fulltime population of 33,986. Overall,

Assessed property values in Fallbrook PUD have increased by one-fifth over the report period and finished with a \$0.145 million per acre ratio.

Fallbrook PUD receives 5.0% of the annual 1.0% of property tax collected in the jurisdictional boundary and resulted in \$1.9 million in 2019-2020.

The jurisdictional boundary is currently divided into 10,669 parcels and spans 27,636 acres.¹¹ Close to nine-tenths – 89.6% – of the parcel acreage is under private ownership with close to three-fifths having already been developed or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remaining private acreage in Fallbrook PUD is undeveloped and consists of 1,470 vacant parcels that collectively total 10,178 acres.

59% of all privately-owned acreage in Fallbrook PUD has been developed to date. The remaining 41% of the private acreage in PUD is undeveloped and totals 10,178 acres.

Fallbrook PUD
Jurisdictional Boundary Characteristics
Table 3.1a (Source: San Diego LAFCO)

Total Jurisdictional Size	28,193 acres
Total Jurisdictional Parcels and Acreage (less rights-of-ways, etc.)	10,669 parcels totaling 27,636 acres
... Publicly Owned Parcels and Acreage	153 parcels totaling 2,871 acres
... Privately Owned Parcels and Acreage	10,516 parcels totaling 24,765 acres
... Undeveloped Privately-Owned Parcels and Acreage	1,470 parcels totaling 10,178 acres
Total Number of Registered Voters	17,524
Total Assessed Value (Land and Structures)	\$4.078 billion

More than one-tenth of Fallbrook PUD’s jurisdictional boundary totaling 4,265 acres qualifies as disadvantaged unincorporated community (DUC) lands under San Diego LAFCO policy. This affected area also lies within the sphere of influence and generally overlays the village/downtown Fallbrook area.¹² Additional lands qualifying as disadvantaged unincorporated community lie to the immediate west of both Fallbrook PUD’s jurisdictional boundary and sphere of influence and extends west to include the Marine Corps’ Camp Pendleton.

15% of Fallbrook PUD qualifies as a DUC with the affected households having an annual median household income of less than \$54,191.

¹¹ The remaining 557 jurisdictional acres within Fallbrook PUD consists of public rights-of-way.
¹² This qualifying DUC area located within the Fallbrook village center area and is presently within public service providers for fire protection, water, and wastewater services.

3.2 Sphere of Influence

Fallbrook PUD's primary sphere of influence was established by San Diego LAFCO in January 1985 ahead of a statewide deadline set by the Legislature. The primary sphere covers all active service functions except wastewater and was most recently reviewed and updated in August 2007 and is entirely coterminous with the PUD jurisdictional boundary and spans 44 square miles or 28,193 acres. LAFCO established a secondary sphere for Fallbrook PUD in 1994 specific to wastewater services and done so in conjunction with the PUD serving as the successor agency to the dissolved Fallbrook Sanitary District. The secondary sphere captures 15.1% of the primary sphere and largely covers Fallbrook's downtown village area. There are no special study areas for either sphere. 15.1% of the primary sphere qualifies as disadvantaged unincorporated community lands. 71.1% of the secondary sphere qualifies as disadvantaged unincorporated community lands.

LAFCO has established two sphere designations for Fallbrook PUD. The primary sphere covers most of PUD's service functions and is coterminous with the jurisdictional boundary. The secondary sphere is specific to PUD's wastewater function and generally captures the Fallbrook downtown village area. The existing sphere designations do not anticipate or otherwise serve to facilitate additional annexations for any service function.

3.3 Other Boundaries (Non LAFCO)

3.3.1 Land Use Boundaries

The County of San Diego General Plan was last updated in August 2011 and provides development policies and objectives for all unincorporated lands. Specific policies and objectives for lands within the Fallbrook PUD are primarily delegated and addressed in the Fallbrook Community Plan, which applies to nearly 60% of the jurisdictional boundary. The Fallbrook Community Plan was last updated by the Board of Supervisors in step with the County General Plan in August 2011 with four subsequent amendments having been approved during the report period. A 15-member advisory body stewards the document and concurrently provides design review. The document is premised on the following land use goal:

60% of Fallbrook PUD's jurisdictional boundary falls under the land use policies set by the County of San Diego in its Fallbrook Community Plan. This document was updated in August 2011 and has been amended four times during the five-year report period.

Fallbrook Community Plan

"Perpetuate the existing rural charm and village atmosphere surrounded by semi-rural and rural lower density development, while accommodating growth." G-LU-1.1

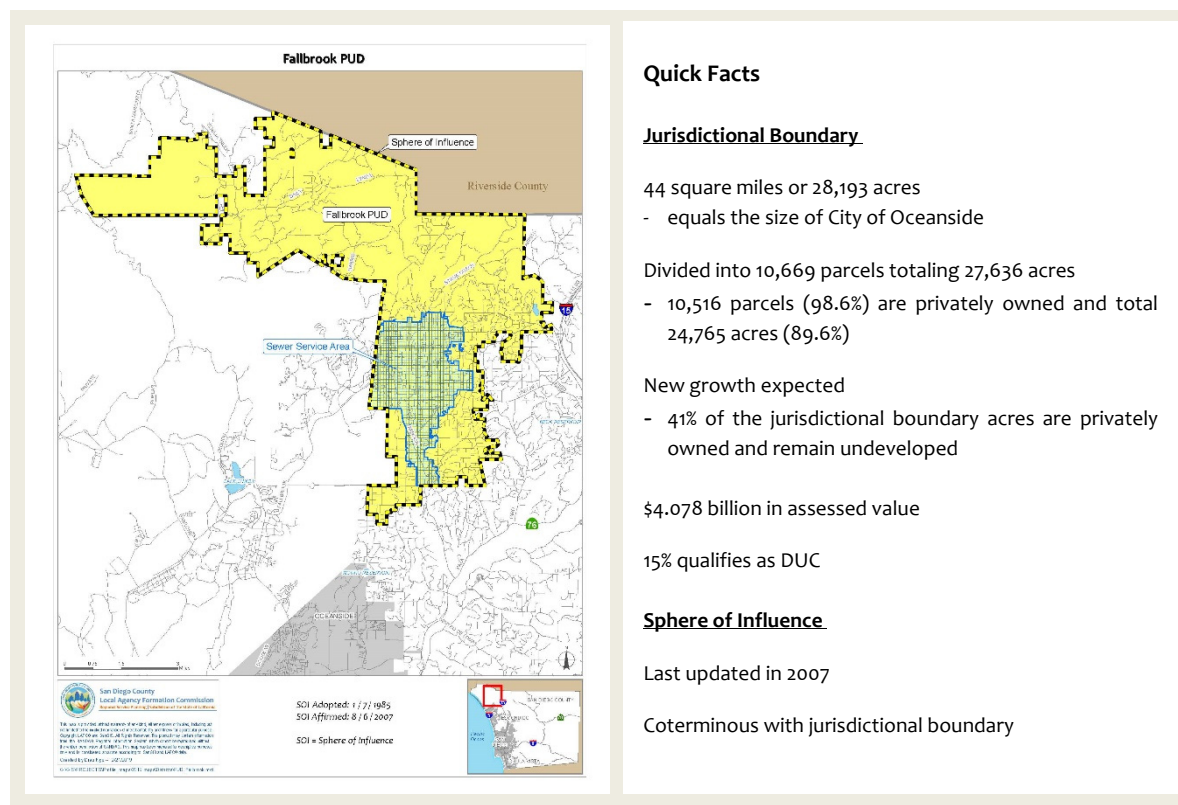
The remainder of the jurisdictional boundary – close to 40% – is covered under the yet to be completed Pendleton-De Luz Community Plan.

3.3.2 School District Boundaries

Fallbrook PUD's jurisdictional boundary contains three public school districts: Fallbrook Union Elementary; Fallbrook Union High School; and Vallecitos School District. A summary of key characteristics for each District follows.

	Fallbrook Union Elementary	Fallbrook Union High	Vallecitos School
% within Fallbrook PUD	99%	99%	1%
Superintendent	Dr. Candace Singh	Ilsa Garza-Gonzalez	Maritza Koeppen
Grades Covered	K-8 th Grade	9-12 th Grade	K-8 th Grade
Number of Schools	9	4	1
Total Enrollment in FY2016	5,506	2,312	190
Total Enrollment in FY2020	5,278	2,154	195
... Change in Enrollment	222 or 4.4%	(158) or (6.8%)	5 or 2.6%
Operating Budget in FY2016	\$54,728,304	\$31,940,656	\$2,665,845
Operating Budget in FY2020	\$65,712,320	\$29,501,279	\$3,022,487
... Change in Operating Budget	20.1%	(7.6%)	12.5%

3.4 Current Boundary and Sphere Designations



4.0 DEMOGRAPHICS

4.1 Population and Housing

Fallbrook PUD's total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 33,986 at the term of the five-year report period. This amount represents 1.0% of the countywide total. It is also estimated the fulltime population has risen overall by 3.6% from 32,803 in 2010 and the last census reset. This translates to an annual change of 118 or 0.4%, which is two-fifths lower than the corresponding countywide growth rate of 0.72% over the same period and irrespective of the difference in magnitude. The current estimate produces a population density of 1.2 residents for every one acre and underlies the overall rural character of the jurisdictional boundary. (For context, the population density for the adjacent City of Oceanside at the end of the report period was 6.6 residents for every one acre.) It is projected the current growth rate will continue into the near-term and result in the fulltime population reaching 34,578 by 2025.

It is estimated there are 33,986 fulltime residents in Fallbrook PUD at the end of the report period. It is projected the fulltime population will increase consistent with recent trends – or 0.4% annually – and add another 592 residents and reach 34,578 by 2025.

Fallbrook PUD Resident Population

Table 4.1a (Source: Esri and San Diego LAFCO)

Factor	2010 Estimate	2020 Estimate	Annual Change	2025 Projection
Fallbrook PUD	32,803	33,986	0.4%	34,578
San Diego County	3,095,264	3,344,136	0.7%	3,429,502

LAFCO separately estimates there are 12,090 residential housing units within Fallbrook PUD at the term of the five-year report period. This amount represents an overall increase of 315 – or 2.7% – since 2010 for an annual change of 32 or 0.3%. With respect to housing characteristics, and based on the most recent five-year average, 56.7% of units are owner-occupied, 36.5% are renter-occupied, and the remaining 6.8% are vacant. The average household size has remained largely fixed and finished the report period at 2.8 residents per every one dwelling unit. The mean monthly housing cost in Fallbrook PUD, based on the most recent five-year average is \$1,748 and close to one-tenth above the countywide average of \$1,578. This housing cost also equals 28.6% of the residents' average household income.

Housing production in Fallbrook PUD at the end of the report period totals 12,090 dwelling units with an average monthly housing cost of \$1,728. This latter amount is 11% higher than the countywide average and equals 28.6% of residents' average household income.

Fallbrook PUD Housing Characteristics

Table 4.1b: (Source: Esri and San Diego LAFCO)

Factor	Fallbrook PUD	San Diego County
2010 Housing Units	11,775	1,164,766
2020 Housing Units	12,090	1,233,324
... % Annual Change	0.30%	0.65%
Household Size (5-year average 2007-2011)	2.79	2.79
Household Size (5-year average 2012-2016)	2.78	2.87
... % Annual Change	(0.04%)	0.32%
Monthly Housing Cost (5-year average 2007-2011)	\$1,860.56	\$1,540.00
Monthly Housing Cost (5-year average 2012-2016)	\$1,748.12	\$1,578.00
... % Annual Change	(0.67%)	0.27%
2010 Vacancy Rate	7.77%	6.69%
2020 Vacancy Rate	6.83%	5.94%
... % Overall Change	(1.3%)	(1.3%)

4.2 Age Distribution

The median age of residents in Fallbrook PUD is 49.3 based on the current five-year period average. This amount shows the population continues to age with the median age experiencing an increase of 3.1% from 47.8 over the preceding five-year period average. The current median age in Fallbrook PUD 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 less than one-half of the estimated total population at 49.3%.

Residents within Fallbrook PUD tend to be significantly older with a median age of 49 relative to the countywide average of 35.

Fallbrook PUD Median Age of Residents

Table 4.2a (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Fallbrook PUD	47.8	49.3	3.1%
San Diego County	34.6	35.3	2.0%

Fallbrook PUD Prime Working Age, 25-64

Table 4.2b: (Source: American Community Survey and San Diego LAFCO)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Fallbrook PUD	50.3%	49.3%	(1.9%)
San Diego County	53.4%	47.0%	(11.9%)

4.3 Income Characteristics

The median household income in Fallbrook PUD is \$72,497 based on the current five-year period average. This amount shows fulltime residents are receiving moderately less pay with the median income experiencing an overall decrease of (7.6%) from the preceding five-year period average of \$78,496. Despite this recent trend, the current median household income in Fallbrook PUD remains relatively high given it is 9.4% above the current countywide median of \$66,529. Other related measurements show distress during the report period with the poverty rate in Fallbrook PUD more than doubling from 5.9% to 14.2% and ending slightly above the countywide average of 14.0%.

Fallbrook PUD residents' average median household income – while decreasing during the report period – finished at \$72,497 and above the countywide average. However, poverty rates in the jurisdiction more than doubled and now capture 1.5 out of every 10 residents.

Fallbrook PUD

Median Household Income

Table 4.3a (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Fallbrook PUD	\$78,496	\$72,497	(7.6%)
San Diego County	\$63,857	\$66,529	4.18%

Fallbrook PUD

Resident Poverty Rates

Table 4.3b (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Fallbrook PUD	5.9%	14.2%	140.2%
San Diego County	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Unemployment levels within Fallbrook PUD are low at 2.1% based on the current five-year period average. This amount is close to two-fifths – or 43.0% – below the corresponding countywide average rate of 4.9%. Unemployment levels within Fallbrook PUD have also decreased by more than one-third – (35.5%) – from the previous five-year average of 3.2%. More than one out of every resident in Fallbrook PUD currently collects retirement income, which is close to two-thirds higher than the countywide average. Education levels within Fallbrook PUD as measured by four-year college graduates, has modestly

Approximately one out of every three adults in Fallbrook PUD hold four-year college degrees at the end of the report period. This ratio paired with the relatively high median home income in the jurisdiction suggests a blue-collar workforce resides in the PUD.

increased during the report period but remains somewhat low at 33.8% given the relatively high median income levels. The non-English speaking percentage of the population has decreased during this period from 14.4% to 12.4%; an overall difference of (14.0%).

Fallbrook PUD Unemployment Levels Table 4.4a (Source: SD LAFCO and ESRI)			
Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Fallbrook PUD	3.2%	2.1%	(35.5%)
San Diego County	5.60%	4.90%	(12.50%)

Fallbrook PUD Collecting Retirement Table 4.4b (Source: SD LAFCO and ESRI)			
Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Fallbrook PUD	27.4%	26.5%	(3.2%)
San Diego County	16.70%	17.70%	5.99%

Fallbrook PUD Non-English-Speaking Households Table 4.4c (Source: SD LAFCO and ESRI)			
Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Fallbrook PUD	14.4%	12.4%	(14.0%)
San Diego County	16.10%	15.00%	(6.83%)

5.0 ORGANIZATION

5.1 Governance

Fallbrook PUD's governance authority is established under the Public Utility District Act and codified under Public Utilities Code Section 15501-18055. This principal act dates to 1914 and enables Fallbrook PUD to provide a relatively wide range of municipal services upon approval by LAFCOs. Fallbrook PUD is currently authorized to provide three municipal service functions: (a) water; (b) wastewater; and (c) recycled water. All other service functions (or 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, Fallbrook

PUD would also need to seek LAFCO approval at a noticed public hearing. A list showing Fallbrook PUD’s active and latent service functions and their applicable service classes follow.

Active Service Functions

Potable Water (retail)
Wastewater (collection, treatment, disposal)
Recycled Water (retail)

Latent Service Functions

Fire Protection
Parks/Recreation
Solid Waste/Garbage
Drainage
Street/Roads
Street Lighting
Electric/Wind/Solar Power
Telephone
Public Transportation

Governance of Fallbrook PUD 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 fourth Monday of each month at the District office located at 990 E. Mission Road. Directors presently receive a \$110.25 per diem for each meeting – including committee assignments – attended. Summary minutes are prepared for all meetings; audio and video recordings are not provided.

Fallbrook PUD is an independent special district with directly elected board members representing one of five divisions. Board meetings are regularly scheduled on the fourth Monday of each month. Board members receive a \$110.25 per diem for their attendance.

A current listing of the Board follows.

Fallbrook PUD Current Board Roster Table 5.1a (Source: Fallbrook PUD)			
Member	Position	Years on Board	Background
Dave Baxter	Vice President, Division 1	2	Farmer, Business Owner
Ken Endter	Director, Division 2	2	Retired, Medical Professional
Jennifer DeMeo	President, Division 3	4	Writer
Don McDougal	Director, Division 4	16	Business Owner
Charley Wolk	Director, Division 5	20	Business Owner
Average Experience on the Board: 8.8 Years			

5.2 Administration

Fallbrook PUD appoints an at-will General Manager to oversee all District activities. The current General Manager – Jack Bebee – was appointed in September 2018 and succeeded Brian Brady who served in the position dating back to July 2011. Budgeted staffing at Fallbrook PUD has remained relatively stagnant during the five-year report period with the number of fulltime equivalent positions changing by 1.5% from 66.8 to 67.8. Legal services are provided by contract from Best, Best and Krieger with Partner Paula de Sousa currently serving as the District Counsel (San Diego).

Fallbrook PUD Administration Office

900 E. Mission Road, Fallbrook, CA 92082



Photo Credit: Google Map

Fallbrook PUD Budgeted Staffing Levels

Table 5.2a | Source: Fallbrook PUD

Category	FY 2016	FY 2020	Average	Trend
Budgeted Staffing	66.8	67.8	67.9	1.5%
Per 1,000 Residents	0.50	0.50	0.50	0.0%

* Figures represent full-time equivalent (FTE) based on 2,080 hours/year.

6.0 MUNICIPAL SERVICES

Fallbrook PUD is authorized to provide three distinct municipal service functions in support of its jurisdictional boundary's current growth and development: (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

Fallbrook PUD's potable water services represent the District's principal service function and involves retail class only. This service function commenced following Fallbrook PUD's formation in 1922 and the subsequent completion of an initial distribution system in 1925 that relied on local groundwater supplies to serve the Fallbrook Village area. The distribution system expanded outwardly and most notably in conjunction with Fallbrook PUD annexing the service areas of the Fallbrook Irrigation District and later the De Luz Heights Municipal Water District at the time of the latter's dissolutions. The potable water system has also evolved from relying on local groundwater and surface water to imported supplies through the County Water Authority and the Metropolitan Water District.

The potable water system presently spans 270 miles of distribution lines over nine connected pressure zones. The topography in the distribution system ranges from 500 to 1,500 feet above sea level and managed through five public pump stations. The total number of active connections is 9,259 at the end of the report period with 7,971 – or 86% – classified as residential. The estimated service population at the end of the period is 23,360 and reflects an overall increase of 473 or 2.0% over the corresponding 60 months.¹³

Fallbrook PUD’s potable water service is retail class only and activated throughout the jurisdictional boundary. The estimated population in the water service area at the end of the report period totals 23,360.

Service Capacities and Related Resources

Fallbrook PUD’s potable water supplies are imported through a membership agreement with the County Water Authority. The membership agreement allows Fallbrook PUD to purchase – for subsequent retailing – an unrestricted amount of potable water based on availability from the County Water Authority through its own wholesaler relationship with the Metropolitan Water District. All water purchased by Fallbrook PUD is a blend from the Colorado River and Sacramento Bay-Delta and is fully treated at Metropolitan’s Skinner Filtration Facility in Riverside.

Fallbrook PUD’s 1944 agreement with the County Water Authority allows PUD to purchase an unrestricted amount of pretreated potable water based on system availability. Fallbrook PUD’s current infrastructure capacities to the transmission line limit the maximum day supply potential to 158.6-acre feet.

Fallbrook PUD has direct access to County Water Authority supplies through three active transmission line connections.¹⁴ The combined capacity among the active connections to water supply purchases from the County Water Authority is 80 cubic feet per second and translates to a maximum day amount or volume of 158.6 acre-feet.

Fallbrook PUD Available Potable Water Supplies Table 6.1a (Source: Fallbrook PUD and SD LAFCO)		
Direct Source	Maximum Daily Infrastructure Capacity	Maximum Annual Infrastructure Capacity
County Water Authority	51.7 million gallons or 158.6 acre-feet	18.9 billion gallons or 57,889 acre-feet

¹³ The potable water service area population estimate by LAFCO utilizes the following formula: (number of single-family connections x 2.78) + (number of multi-family connections x 4 x 2.78).

¹⁴ A total of five transmission connections are available to Fallbrook PUD. Four are located on the portion of the transmission line belonging to MET with the other belonging to the County Water Authority. Fallbrook PUD reports it no longer uses the connection tied to the County Water Authority. Fallbrook PUD also reports one of the four connections tied to MET is no longer in operation.

Purchased water directly enters the distribution system and gravity flows through most of the nine pressure zones. Pressure within the distribution system is directly maintained by covered steel storage tanks located within each pressure zone. The combined capacity of the nine covered storage tanks is 33.6 million gallons or 103 acre-feet. An additional 1,350 acre-feet of potable storage is available to Fallbrook PUD through its Red Mountain Reservoir. In addition, PUD's Santa Margarita River Conjunctive Use Project will provide additional water supply capacity as detailed in the footnote.¹⁵

Fallbrook PUD's distribution system includes nine covered storage tanks with a combined capacity of 103 acre-feet.

With respect to financial resources, Fallbrook PUD's potable water services largely operate as an enterprise fund and intended to be self-supporting through user charges and associated fees. A small amount of property taxes are used by Fallbrook PUD to support water services. Actual water expenses (operating only) during the report period have averaged \$19.8 million with the most recent year amount totaling \$20.6 million. Actual operating expenses have increased overall by 12.3%. The largest actual expense source involves water purchases and accounts for 66.2% of all operating costs during the period. Actual water revenue (operating only) during the report period have averaged \$21.0 million with the most recent year amount totaling \$21.9 million. Actual revenues have increased overall by 14.1%.

Fallbrook PUD's actual potable water operating expenses have increased by 12.3% over the report period while actual revenues have increased by 16.0%.

Fallbrook PUD's potable water rates have been increased every calendar year during the report period. Potable water charges are billed monthly and headlined by usage charges in 1,000-gallon units that are divided between account type. Most residential customers are billed \$6.44 for every 1,000 gallons of usage at the end of the report period. Most agricultural customers are billed \$4.77 for every 1,000 gallons of usage at the end of the report period. Both residential and agricultural rates have increased by 47.0% and 50.0%, respectively, during the report period.

¹⁵ The Santa Margarita River Conjunctive Use Project is the biproduct of a settlement between Fallbrook PUD and the United States and remedies a legal dispute involving PUD's water rights to the Santa Margarita River. This project is scheduled to go online as early as CY2022 and commits Camp Pendleton to provide Fallbrook PUD up to 4,200 acre-feet of local groundwater. Water drawn from Camp Pendleton's well facilities will be pumped approximately four miles and four hundred vertical feet to a new water treatment plant on PUD land on Alturas Rd near the entrance to the Naval Weapons Station on Ammunition Road. Fallbrook PUD is responsible for the cost of the water treatment plant and associated infrastructure at an estimated cost of \$55-\$60 million. Fallbrook PUD is funding the construction costs with a loan from the State Revolving Fund, which will be repaid over 20 years.

Service Demands

Fallbrook PUD's average annual demand for potable water over the five-year report period has been 2.985 billion gallons or 9,161-acre feet. These annual amounts translate to daily averages of 8.179 million gallons and 25.1 acre-feet, respectively, and further refined into a per capita amount of 344 gallons. The average peak-day demand – the highest one-day sum in a year – over the reporting period was 20.2 million gallons or 62.0 acre-feet. This latter amount produces an average period peaking factor of 2.5 and shows high-demand periods increase usage by more than double.

Fallbrook PUD's overall annual potable water demands have averaged 9,161 acre-feet during the report period and produces an estimated daily per capita use of 344 gallons.

With respect to overall trends, Fallbrook PUD has experienced a total change of (24.3%) in potable water demands – or (4.9%) annually – over the five-year report period. The overall reduction in water demands over the corresponding 60-month period contrasts with the estimated 1.4% increase in population. This contrast is largely attributed by Fallbrook PUD experiencing substantial reductions in demand from agricultural users with details footnoted.¹⁶ Overall demands and trends for the report period follow.

Fallbrook PUD's overall annual potable water demands have notably decreased by (one-fourth) over the five-year report period with a closely matching decrease in per capita usage from 377 to 298 gallons.

Fallbrook PUD Potable Water Demands							
Table 6.1b (Source: Fallbrook PUD and SD LAFCO)							
Category	2016	2017	2018	2019	2020	Average	Trend
Annual Total	3.236 bg 9,931 af	3.115 bg 9,559 af	3.288 bg 10,090 af	2.685 bg 8,239 af	2.602 bg 7,986 af	2.985 bg 9,161 af	(24.3%)
Average Day Total	8.866 mg	8.534 mg	9.008 mg	7.355 mg	7.130 mg	8.179 mg	(24.3%)
... Per Resident	377 g	362 g	377 g	307 g	298 g	344 g	(21.2%)
Peak Day Total	22.1 mg	22.2 mg	20.5 mg	16.7 mg	19.4 mg	20.2 mg	(5.1%)
... Peaking Factor	2.5	2.6	2.3	2.3	2.7	2.5	23.9%

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

¹⁶ Agricultural customers represent Fallbrook PUD's principal potable water users and accounted for more than one-third – or 36.0% – of all sales during the report period. The percentage of agricultural usage, however, declined during the 60-month period by (8.1%).

With respect to use trends:

- Residential accounts represent 85.6% of all potable water users during the report period. Actual demands attributed to residential users equal * of all production. The amount of demand among residential users has decreased by *.
- Agricultural accounts represent 6.4% of all potable water users during the report period. Actual demands attributed to agricultural users equal * of all production. The amount of demand among agricultural users has decreased by *.

Service Performance

Fallbrook PUD'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 Fallbrook PUD in its Urban Water Management Plan, which was updated during the report period in June 2016.

Fallbrook PUD has established sufficient potable water infrastructure and related capacities and marked – among other measurements – by the average demand over the report period equaling only 15.8% of system capacity under normal conditions.

The following statements summarize and quantify existing and projected relationships between Fallbrook PUD's capacities and demands now and going forward towards 2023. This includes referencing California's Waterworks Standards (Title 22) 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.

Water Supplies:

- The average annual and daily potable water demands generated during the report period for the entire distribution system equals 15.8% of Fallbrook PUD's accessible supply capacities via the County Water Authority and Metropolitan.
- The average peak-day potable water demand generated during the report period for the entire distribution system equals 39.0% of Fallbrook PUD's accessible supply capacities via the County Water Authority and Metropolitan.

Water Storage:

- Average peak day potable water demands generated during the report period for the entire distribution system equal 60.1% of Fallbrook PUD's existing online storage capacity. This ratio decreases to 4.3% if Red Mountain Reservoir is included.
- Online storage capacity can readily accommodate up to 4 days of average day demands generated over the report period without recharge. This ratio increases to 58.1 days if Red Mountain Reservoir is included.

Water Quality:

- A review of records maintained by the State Water Quality Control Board shows there have been no violations issued for drinking water standards to Fallbrook PUD during the report period.
- Fallbrook PUD's most recent water quality report was issued February 2021 and reports the results of self-monitoring conducted in the final year of the report period, 2020. No excessive primary or secondary contaminants were reported.

Water Rates

- Fallbrook PUD ratepayers receive two related charges for potable water service: (a) fixed availability and (b) variable usage.¹⁷ The charges were last updated at the end of the report period in January 2020. Overall, charges have increased by 47% for residential users and 50.0% for agricultural users during the period.
- The average monthly potable water service charge for residential ratepayers in Fallbrook PUD is \$ 179 based on the average household usage of 16,000 gallons.¹⁸

¹⁷ Fallbrook PUD also passes through wholesale water cost increases from the County Water Authority through an infrastructure access charge.

¹⁸ Average household usage for residential for Single Family Residential and Multi Family Residential customers is approximately 16,000 gallons. Service charges on a ¾" meter would be approximately \$68.65 and water usage consumption would amount to approximately \$110.27 based on Tier 1 (\$6.83) and Tier 2 (\$6.92) rates. The approximate service charges and charge for water consumption totals \$178.92.

6.2 Wastewater Services

Fallbrook PUD's wastewater service operations commenced in 1994 following activation by LAFCO and in conjunction with PUD becoming the successor agency to Fallbrook Sanitary District at the time of the latter's dissolution. The wastewater system dates to 1947 and represents an internal area within Fallbrook PUD's jurisdictional boundary. This internal area is formally memorialized by LAFCO as an activated service zone and totals approximately 4,200 acres. The wastewater zone is anchored by the Fallbrook Village and Live Oak Park.

Fallbrook PUD's wastewater system consists of collection, treatment, and disposal service classes. The collection system spans 82 miles and divided between 78 miles of gravity mains (no pressure) and 4 miles of force mains (pressured). The topography in the collection system ranges from 500 to 750 feet above sea level and managed through six lift stations. The total number of active connections is 5,011 at the end of the report period with 4,579 – or 91% – classified as residential based on LAFCO calculations. The estimated service population at the end of the period is 13,794 and reflects an overall decrease of (165) or (1.2%) over the corresponding 60 months.

Fallbrook PUD's wastewater service comprises three classes (collection, treatment, and disposal) and geographically limited to an internal area equal to 15% of the jurisdictional boundary. The estimated service population is 13,794.

Service Capacities and Related Capacities

Fallbrook PUD's wastewater service function is anchored by its Water Reclamation Facility (WRF), which was most recently upgraded in December 2015 as part of a \$28.0 million capital improvement project. Fallbrook WRF provides tertiary and secondary level treatment with a design capacity of 2.7 million gallons a day. Treated tertiary wastewater is conveyed to recycled water customers as detailed in Section 6.3. Treated secondary wastewater is discharged into an 18-mile outfall line to Oceanside and ultimately to the Pacific Ocean.

The daily design capacity at the Fallbrook WRF is 2.7 million gallons.

With respect to financial resources, Fallbrook PUD's wastewater services operate as an enterprise fund and intended to be entirely self-supporting through user charges and associated fees. Actual wastewater expenses during the report period have averaged \$5.3 million with the most recent year amount totaling \$5.5 million. Actual expenses overall have increased by 0.7%. The largest actual expense source involves maintenance (non-labor) and accounts for 53.3% of all operating costs during the

Fallbrook PUD's actual wastewater expenses have increased 0.7% over the report period while actual revenues have increased 9.8%.

period. Actual wastewater revenue during the report period have averaged \$5.5 million with the most recent year amount totaling \$5.4 million. Actual revenues have increased overall by 9.8%.

Fallbrook PUD's wastewater rates were last updated by the Board of Directors in January 2020. Wastewater rates are divided between three monthly fees. The first fee involves a flat availability charge in the amount of \$10.14 for each dwelling unit or its equivalent assignment for non-residences. The second fee involves a fixed capital improvement charge in the amount of \$11.62. The third fee involves a variable usage charge based on 75% of the average potable water usage over the last two winter periods with most users paying \$10.25 for every 1,000 gallons. The collective effect of these three fees for residential customers at the end of the report period was a total monthly charge of \$67.12.

Service Demands

Average annual wastewater demands generated during the five-year report period have been approximately 543.1 million gallons. This amount serves as a macro-overview of system demands and represents a daily average flow of 1.488 million gallons. It also translates over the report period to an estimated 0.120 million gallons per active connection. Average daily demands have increased by 8.1% during the report period.

The average daily wastewater flows generated during the report period in the Fallbrook PUD service area has been 1.488 million gallons with an overall change of 8.1%.

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

- Average daily dry-weather wastewater flows over the five-year report period have been 1.450 million gallons. This flow typically is recorded between May and October and assists in measuring household demands entering the collection system. Daily dry-weather flows tallied 1.523 million gallons at the report term and produces a net 7.8% change during the 60-month period.
- Average daily wet-weather wastewater flows over the five-year report period have been 1.526 million gallons. This flow typically is recorded between November and April and assists in measuring the amount of inflow and infiltration entering the collection system. Daily wet-weather flows tallied 1.579 million gallons at the report term with an overall increase of 8.7% during the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period have been 3.232 million gallons. This latter amount produces a peak-factor relative to average day demands of 2.2.

Fallbrook PUD Recent Wastewater Demands Table 6.2a (Source: Fallbrook PUD)				
Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2016	1.424 mgd	1.405 mgd	1.442 mgd	2.136 mgd
2017	1.510 mgd	1.443 mgd	1.578 mgd	3.186 mgd
2018	1.424 mgd	1.437 mgd	1.410 mgd	2.076 mgd
2019	1.530 mgd	1.441 mgd	1.619 mgd	5.020 mgd
2020	1.550 mgd	1.523 mgd	1.579 mgd	3.742 mgd
Average	1.488 mgd	1.450 mgd	1.526 mgd	3.232 mgd
Trend	8.13%	7.75%	8.68%	42.92%

Notes: all in millions of gallons per day (MGD)

Service Performance

Fallbrook PUD is currently operating with sufficient and excess wastewater capacity in accommodating existing estimated user demands generated during the five-year report period under *normal conditions* (emphasis). This statement is substantiated with average day demands during the report period equaling 55.1% of the design treatment and discharge capacity at the Fallbrook WRF. The capacity consumption significantly increases during high-rain periods with an average peak-day flow of 3.2 million gallons, which is 19.7% above normal capacity during the report period. (Fallbrook PUD has the ability to expand the WRF daily capacity from 2.7 to 4.7 million gallons during wet months.) This latter measurement has also risen by more than double.

Fallbrook PUD's wastewater service is presently operating at 55% of its designed capacity under normal conditions. The system – however – is regularly exceeding its normal capacity with an average peak-day factor of 3.2, which suggest excessive inflow and infiltration is occurring and threatening future and significant spills.

With respect to other performance measurements, the following item is noted.

- A review of the records maintained by the State Water Quality Control Board shows there have been 15 violations issued for discharge permit standards to Fallbrook PUD during the report period. These violations collectively involved 9,733 gallons with 39.8% – or 3,875 gallons – recovered before reaching surface waters.

6.3 Recycled Water Service (Abbreviated Review)

Fallbrook PUD's recycled water services commenced in 1991 and involves retail class only. Supplies are generated from the Fallbrook WRF and meet tertiary standards, which are authorized in State law for a wide range of uses from landscaping to groundwater recharging. The WRF has a permit capacity to produce up to 2.7 million gallons daily of recycled supplies. The distribution system spans 10.5 miles and serves 30 active connections at the end of the report period. This includes – notably – customers outside its jurisdictional boundary.^{19 20} The average recovery of produced recycled water into retail sales has been 41.4% during the report period with an overall change of (27.5%). A 1.0 million-gallon storage tank provides pressure in the distribution system.

Fallbrook PUD's recycled water service function commenced in 1991 as retail class only. This report documents current service operations – including an average recovery rate of production-to-retail rate of 41% during the report period. A more detailed review is deferred to a future municipal service review.

Additional details follow with the expectation of a more detailed review of Fallbrook's recycled water services as part of future municipal service review.

Fallbrook PUD
Recent Recycled Water Production Demands
Table 6.3 (Source: Fallbrook PUD)

Year	Supplies Produced	Supplies Retailed	Average Day Retailed	Recovery Rate
2016	1,489	694	1.90	46.6%
2017	1,571	665	1.82	42.3%
2018	1,493	740	2.03	49.6%
2019	1,618	563	1.54	34.8%
2020	1,657	560	1.53	33.8%
Average	1,565.60	644.40	1.77	41.4%
Trend	11.3%	-19.3%	(19.3%)	-27.5%

Amounts are shown in acre feet

- ¹⁹ Recycled water customers include: Goodearth Nursery, Silverthorne Nursery, Altman Specialty Plants (formerly known as ColorSpot Nursery), DM Color Express, Fallbrook Sports Park, Fallbrook Youth Baseball, Olive Hill Nursery, Olive Hill Greenhouses, Fallbrook High School, Peppertree Park HOA, Mission Road Median, Fallbrook Airpark, Mission Oaks HOA, California Dept. of Transportation, Premier Color Nursery, Orange Grove Energy, Roseland Nursery and San Diego Growers for irrigation of nurseries, playing fields, landscaped freeway medians, homeowners association and common areas.
- ²⁰ Fallbrook PUD also serves customers outside of its District boundaries and include Caltrans, areas within the City of Oceanside's service area, and Orange Grove Energy, located within the Rainbow MWD service area.

7.0 FINANCES

7.1 Budget Information

Fallbrook PUD's average actual operating expense during the five-year report period has been \$31.367 million. This amount represents the combined actual costs within three distinct funds – water, wastewater, and recycled water – that collectively cover day-to-day expenses for PUD along with depreciation.²¹ (The average actual operating expense less depreciation has been \$25.9 million.) The actual operating expense at the end of the report period totaled \$33.234 million with the Water Fund representing the largest single apportionment made by the Board at \$20.633 million – or 62.1%. (Three-fifths of all Water Fund expenses involves purchases with the County Water Authority.) Overall, actual operating expenses for PUD increased by 19.0% or \$5.313 million over the corresponding 60-month period.

Fallbrook PUD's actual operating expense at the end of the five-year report period is \$33.234 million. This amount includes depreciation and represents a 19.0% overall increase over the 60-month period. The per capita expense similarly increased from \$834 to \$977.

Fallbrook PUD Operating Funds: Actual Expenses Table 7.1a (Source: Fallbrook PUD)							
Fund Type	2015-2016 Actual	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	Average	Trend
Water	18,368,381	19,033,570	21,244,367	19,902,855	20,633,485	19,836,532	12.3%
Recycled Water	482,999	1,063,418	1,024,964	600,294	497,444	733,824	3.0%
Wastewater	5,429,853	5,260,407	5,356,744	50,46,679	5,465,334	5,311,803	0.7%
Combined Depreciation	3,640,118	5,294,310	5,693,723	6,158,589	6,637,996	5,484,947	82.4%
Total	27,921,351	30,654,705	33,319,798	31,708,417	33,234,259	31,367,106	19.0%
Per Capita	\$834	\$912	\$988	\$936	\$977	\$930	17.2%

Fallbrook PUD's average actual operating revenue during the five-year report period was \$27.673 million. The primary revenue source is generated through the Water Fund, which accounts for three-fourths of the period totals. The actual operating revenue at the end of the report period totaled \$28.931 million with the Water Fund representing the largest single source at \$21.940 million – or 75.8%. Overall, actual operating revenues for PUD increased by 14.1% – or \$3.575 million – over the corresponding 60-month period.

Fallbrook PUD's actual operating revenue at the end of the five-year report period was \$28.931 million and represents a 14.1% overall increase over the 60-month period. The per capita revenue similarly increased from \$758 to \$851.

²¹ This includes scheduled capital depreciation.

Fallbrook PUD Operating Funds: Actual Revenues Table 7.1b (Source: Fallbrook PUD)							
Fund	2015-2016 Actual	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	Average	Trend
Water	18,912,917	20,40,5379	23,311,772	20,481,789	21,940,234	21,010,418	12.3%
Recycled Water	482,999	1,063,418	1,024,946	600,294	497,444	1,129,706	1.8%
Wastewater	5,429,853	5,260,407	5,356,744	5,046,679	5,465,334	5,533,808	9.8%
Total	25,356,017	27,256,065	29,882,022	26,944,552	28,931,007	27,673,931	14.1%
Per Capita	\$758	\$811	\$886	\$796	\$851	\$820	12.3%

7.2 Financial Statements

Fallbrook PUD regularly 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 Fallbrook PUD's statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Fallbrook PUD's short and long-term fiscal health with specific focus on delivering its activated service functions. The current outside consultant is Clifton Larson Allen LLP (Carlsbad).

Fallbrook PUD's most recent financial statements for the five-year report period were issued for 2019-2020. These statements show Fallbrook PUD experienced a moderate improvement over the prior fiscal year as the overall net position (full accrual basis) increased by 2.7% from \$96.1 million to \$98.7 million. Adjusting to pre GASB 68 and 75 reporting standards and the listing of an agencies' proportionate share of pension and other post-employment benefit liabilities, Fallbrook PUD's net position increases to \$112.4 million.²² The accompanying auditor's report did not identify any material weaknesses or related concerns. A detailing of year-end totals and trends during the report period follows with respect to assets, liabilities, and net position.

Most Recent Year-Ending Financial Statements (2019-2020)	
Assets	189,612,774
Liabilities	93,128,287
Deferred Outflow/Inflow	2,220,267
Net Position	\$98,704,754
Adjusted Net Position (Less pension liabilities)	\$112,443,300

²² The adjustment to the net position is calculated by LAFCO and not part of the audited financial statements.

Agency Assets

Fallbrook PUD's audited assets at the end of 2019-2020 totaled \$189.6 million. This amount is 28.7% higher than the average year-end amount of \$147.3 million in total assets documented during the five-year period and underlies the upward track at the end of the period. Assets classified as current with the expectation they could be liquidated within a year represented \$48.5 million – or 25.6% – and largely tied to receivables.²³ Assets classified as non-current and not readily liquid make up the remainder and total \$141.1 million and involve capital assets tied to property, infrastructure, and equipment.²⁴ Overall, Fallbrook PUD's total audited assets have increased by \$56.9 million – or 42.8% – over the corresponding 60-month period.

Fallbrook PUD's audited assets over the five-year report period increased by 43% and primarily tied to investments in new infrastructure and headlined by the ongoing construction of the Santa Margarita WTF.

Fallbrook PUD Audited Assets Table 7.2a (Source: Fallbrook PUD)							
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Average	Trend
Current	20,732,086	19,103,871	17,589,075	21,737,022	48,500,523	25,532,515	133.9%
Non-Current	112,025,206	112,852,787	119,615,956	123,352,742	141,112,251	121,791,788	26.0%
Total	132,757,292	131,956,658	137,205,031	145,089,764	189,612,774	147,324,304	42.8%

Agency Liabilities

Fallbrook PUD's 2019-2020 audited liabilities totaled \$93.1 million. This amount is 52.6% higher than the average year-end amount of \$61.0 million in total liabilities documented during the five-year period and underlies the upward track at the end of the period. Liabilities classified as current with the expectation they will become due within a year represented \$21.2 million – or 22.8% – and largely tied to accounts payable. Liabilities classified as non-current and considered longer termed debts make up the remainder of the total amount and involve two State loans with combined balances of \$52.0 million to rehab the Fallbrook WRF (\$24.7 million) and construct the Santa Margarita WTF (\$27.3 million). Overall, Fallbrook PUD's total audited liabilities increased by \$39.2 million or 72.8% over the corresponding 60-month period.

Fallbrook PUD's audited liabilities over the five-year report period increased by 72.8% and primarily generated by assuming new long-term debts to rehab its WRF and construct a WTF.

²³ The change in current assets totals \$15.4 million and involves SRF Loan Program proceeds associated with reimbursements for the construction of the Santa Margarita WTF.

²⁴ In 2019-2020, capital assets increased by \$27.5 million. Fallbrook PUD invested \$27.3 million on the construction of a \$62.9 million-dollar water treatment plant and in doing so increased the District's overall capital assets.

Fallbrook PUD Audited Liabilities Table 7.2b (Source: Fallbrook PUD)							
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Average	Trend
Current	7,149,490	5,671,488	6,679,433	5,825,260	21,205,499	9,306,234	196.6%
Non-Current	46,749,529	46,947,511	47,605,222	45,425,373	71,922,788	51,730,085	53.8%
Total	53,899,019	52,618,999	54,284,655	51,250,633	93,128,287	61,036,319	72.8%

Net Position

Fallbrook PUD's audited net position or equity at the end of 2019-2020 totaled \$98.7 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). The most recent year-end amount is 11.2% higher than the average year-end sum of \$88.4 million during the five-year report period and quantifies upward trajectory. Most of the net position – \$82.2 million – is tied to capital assets. The remainder is largely comprised of restricted monies tied to establishing new pension related trusts in FY2019. Overall, Fallbrook PUD's audited net position increased by \$18.3 million – or 24.5% – over the corresponding 60-month period.

Fallbrook PUD' audited net position has increased over the five-year report period by 24.5% from \$79.3 million to \$98.7 million.

Adjusting to exclude Fallbrook PUD's proportional share of net pension and other-post employment benefits – which are relatively new reporting standards for financial statements under GASB 68 and 75 – the net position increases by 13.9% to \$112.4 million.

Fallbrook PUD Audited Net Position Table 7.2c (Source: Fallbrook PUD)							
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Average	Trend
Invested in Capital	70,683,956	72,519,098	79,333,568	80,125,400	82,199,752	76,972,355	16.3%
Restricted	3,455,377	3,495,635	4,711,487	9,477,694	10,188,202	6,265,679	194.9%
Unrestricted	5,170,519	5,668,185	2,038,252	6,465,333	6,316,800	5,131,818	22.2%
Total	79,309,852	81,682,918	86,083,307	96,068,427	98,704,754	88,369,852	24.5%
Total Adjusted...	88,383,585	92,697,774	99,113,370	108,745,433	112,443,300	100,276,692	27.2%

"Total Adjusted" excludes GASB 68 and 75 reporting requirements with respect to project pension and other post-employment costs.

The unrestricted portion of Fallbrook PUD's net position as of the last audited fiscal year totaled \$6.3 million. This represents the accrued spendable portion of the fund balance and is only subject to discretionary designations (commitments and assignments). The adjusted amount less pension and related liabilities is \$20.1 and represents a more accurate accounting of available fund balance monies. This adjusted amount equals 7.2 months of Fallbrook PUD's operating expenses based on actual operating expenses at the end of the report period.

Fallbrook PUD's unrestricted fund balance less pension and related liabilities at the end of the report period is sufficient to cover 7.2 months of operating expenses.

7.3 Measurements | Liquidity, Capital, and Margin

LAFCO's review of the audited financial statement issuances by Fallbrook PUD covering the five-year report period shows the District experienced negative trends in all but one of the standard measurement categories – liquidity, capital, margin, and structure – utilized in this document. The lone positive trend is marked by the districts' equipment replacement ratio and generating an overall improvement of more than one-fourth – or 27.8%. Negative trends are marked by negative margin levels with the operating margin falling by 110.9% from (7.1)% to (14.9)% over the 60-month period.²⁵

Standard measurements used to assess the Fallbrook PUD's financial standing shows the District trended negatively in most categories during the report period and most notably in margin levels.

With respect to measurements at the end of the report period, liquidity levels via Fallbrook PUD's current ratio and days' cash amounts appear sufficient in meeting near-term obligations. Debt levels are high with three-fourths of all assets tied to external long-term financing and substantively limits Fallbrook PUD's ability to secure additional outside capital to address unexpected or otherwise emergency events. Total margin levels – while declining during the period – finished in positive territory in four of the five years. The differences in operating and total margins during the period also show the significance of property taxes in helping to subsidize the three enterprise functions.

²⁵ Fallbrook PUD's wastewater system holds an A+ rated from S&P Global Ratings with a stable outlook. The last two years of the report period are impacted by the district's investment in a major water supply project. With a contract value over \$60 million, this multi-year project funded by a State Revolving Loan is having a major impact on the district's cash position and current assets and liabilities as it pays the contractor and seeks reimbursement from the State. In 2017, the district implemented a financial plan intended to stabilize its financial position through an adopted rate and charge increase schedule.

Fallbrook PUD Financial Measurements

Table 7.3 (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
2015-2016	2.9	288.0	40.8%	60.0%	4.0%	(7.1)%	19.0%	17.04
2016-2017	3.4	261.0	39.5%	58.3%	1.2%	(9.7)%	19.0%	12.7
2017-2018	2.6	149.6	39.0%	56.3%	(1.3)%	(11.5)%	6.1%	12.5
2018-2019	3.7	223.5	35.3%	48.5%	21.6%	(17.7)%	20.4%	12.5
2019-2020	2.3	219.2	48.8%	73.9%	3.2%	(14.9)%	19.0%	12.3
Average	3.0	228.3	40.7%	59.4%	6.5%	(12.2)%	16.7%	13.4
Change	(21.1)%	(23.9)%	19.6%	23.3%	(17.1)%	110.9%	(0.2)%	(27.8)%
Trend	Negative	Negative	Negative	Negative	Negative	Negative	Negative	Positive

Current Ratio (Liquidity)

Compares available assets against near-term obligations; 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.

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.

Operating Margin (Margin)

Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans.

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.

7.4 Pension Obligations

Fallbrook PUD provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement System (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

The annual valuation issued at the end of the five-year report period identifies 192 total participants in Fallbrook PUD's pension program with CalPERS. This total represents an overall increase of one new enrollee during the 48-month period in which information is readily available dating back to 2016-2017. The total is also divided between enrollee type and produces a positive active-to-retiree employee ratio of 1.4 to 1.0. A summary of benefits follows:

Fallbrook PUD finished the report period with 192 enrollees within its pension program with CalPERS. 78% of all enrollees receive a defined benefit formula of 2.5% at 55.

- Classic employees have start dates before January 1, 2013 and represent the largest portion of the retirement program at 78.1% – or 150 – of total enrollees. These employees receive a defined benefit based on a 2.5% at 55 formula.²⁶
- Non classic employees have start dates after January 1, 2013 and represent the smallest portion of the retirement program at 21.9% – or 42 – of total enrollees. These employees receive a defined benefit based on a 2.0% at 62 formula.²⁷

Fallbrook PUD Pension Enrollee Information Table 7.4a (Source: CalPERS and SD LAFCO)						
Type	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Trend
Active	n/a	125.0	114.0	117.0	111.0	(11.2)%
Non-Active	n/a	66.0	76.0	73.0	81.0	22.7%
Total Enrollees	n/a	191.0	190.0	190.0	192.0	0.5%
Active to Non-Active Ratio	n/a	1.9 to 1	1.5 to 1	1.6 to 1	1.4 to 1	(26.3%)

Annual Contributions

Fallbrook PUD's total annual pension contribution in the most recent valuation issued at the end of the five-year report period tallies \$1.4 million. This contribution amount equals 27.2% of the payroll total for the corresponding fiscal year. The most recent contribution amount also reflects an overall increase of 43.4% during the 60-month period.

Fallbrook PUD's employer pension contribution at the end of the report period equals 27% of payroll.

²⁶ An employee with 30 years of employment would be eligible for an annual pension equal to 75% of their highest annual salary starting at age 55.

²⁷ An employee with 30 years of employment would be eligible for an annual pension equal to 60% of their highest annual salary starting at 62.

Fallbrook PUD Annual Pension Contributions Table 7.4b (Source: Fallbrook PUD and SD LAFCO)						
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Trend
Total Contribution	870,680	968,372	1,081,154	1,224,180	1,407,555	55.44%
Percent of Payroll	18.32%	20.41%	20.51%	23.47%	27.18%	43.41%

Funding Status

Fallbrook PUD's total and composite unfunded liability at the end of the five-year report period tallies (\$15.9 million). This amount reflects the accrued pension monies owned to all employees and not covered by assets and translates to a composite funded ratio of 70.5% based on market value. Overall, Fallbrook PUD's funded ratio has decreased by (2.6%) during the report period and generated by a net increase of \$3.7 million in additional unfunded liability.

Fallbrook PUD's combined funded ratio at the end of the report period is 70.5%. This ratio has also decreased by (2.6%).

Fallbrook PUD Pension Funding Status Table 7.4c (Source: CalPERS)						
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Trend
Pension Assets (MVA)	\$32,074,795	\$ 34,593,631	\$37,612,594	\$37,288,853	\$38,238,081	19.2%
Pension Liabilities (AL)	\$ 44,313,155	\$46,780,613	\$51,670,772	\$52,040,829	54,223,705	22.4%
Unfunded Liability	(\$12,238,360)	(\$12,186,982)	(\$14,058,178)	(\$14,751,976)	(\$15,985,624)	30.6%
Funded Ratio	72.4%	74.0%	72.8%	71.7%	70.5%	(2.6%)

To help offset the increase in the unfunded liability, Fallbrook PUD elected to establish a 115 Trust to fund future pension obligations. At the end of the report period, this Trust held \$6.8 million. If the Trust value is added into the pension assets, the unfunded liability tallies (\$9.1 million) and the funded ratio increases to is 83%.

B. NORTH COUNTY FIRE PROTECTION DISTRICT

1.0 OVERVIEW

North County Fire Protection District (FPD) is an independent special district formed in 1987. Formation proceedings were initiated by Fallbrook FPD as part of a negotiated proposal to dissolve and annex County Service Area (CSA) No. 7 and its volunteer operations and in doing so consolidate fire services in the Fallbrook-Rainbow region under a single renamed successor agency: North County FPD. The jurisdictional boundary spans 92 square miles, entirely unincorporated, and represents 2.0% of all lands in San Diego County. More than four-fifths of all jurisdictional acreage is under private ownership with 31% of this amount – approximately 16,500 acres – remaining undeveloped and/or unimproved. The unincorporated communities of Bonsall, Fallbrook, and Rainbow anchor the jurisdictional boundary and increasingly comprises low to moderate residential development as well as commercial agricultural uses with the latter marked by avocado groves and flower nurseries. The average tenure on the Board among current elected members is four years.

Fallbrook Overlook on Interstate 15

Oak Creek Road Southeast Facing Near Highway 76



Photo Credit: Google Maps

North County FPD is organized as a multi-purpose agency with municipal operation activities tied to five service functions – (a) fire protection, (b) emergency medical, (c) ambulance, (d) basic hazardous materials response, and (e) weed abatement (i.e., fuel reduction). No other service powers are available to North County FPD to activate through LAFCO under the principal act. North County FPD's actual budget expense at the end of the report period in 2019-2020 is \$40.8 million and includes a one-time pension expense of \$20.3 million. The average actual budget expense over the first 48-months of the reporting period has been \$18.8 million and equals an overall change of 20.8%. The audited net position at the end of the report period totals (\$15.5 million) with an unrestricted portion tallying (\$24.6 million). These amounts are adjusted to \$34.6 and \$25.6 million, respectively, when excluding pension and related retiree liabilities with the latter amount sufficient to cover 15.1 months of typical operating expenses during the report period.

North County FPD is presently authorized by LAFCO to provide five related service functions: fire protection; emergency medical; ambulance; hazardous removal; and weed abatement (fuel reduction).

LAFCO independently estimates the fulltime resident population within North County FPD is 53,003 as of the term of this report period, making it the fourth most populated FPD among the 13 operating in San Diego County. It is also projected that the estimate of fulltime residents represents an overall increase of 3,669 since 2010 – or 367 annually – with a resulting annual growth rate of 0.70%, which closely aligns with the corresponding countywide rate of 0.72%. The estimated population is directly supported by 19,793 housing units and reflects an overall increase of 1,097 since 2010 – or 110 annually – and equates to an annual rate of 0.56%. The median household income within North County FPD is \$73,544 based on the current five-year period average and one-tenth above the corresponding countywide average of \$66,529. Residents are currently spending 28.5% of their household income on rent or mortgage payments within North County FPD.

2.0 BACKGROUND

2.1 Community Development

North County FPD’s service area in the Fallbrook-Bonsall-Rainbow region began its present-day development in the late 1700s. The genesis of the development ties to the Payomkawichum people – called Luiseños by the Spanish newcomers – establishing permanent villages along the Santa Margarita and San Luis Rey Rivers in conjunction with the construction of nearby Mission San Luis Rey in 1769. These villages generally continued uninterrupted into the next century when rule of California transitioned from Spain to Mexico and Governor Pio Pico granted “Rancho Monserate” to

his brother-in-law Ysidro Alvarado in 1846. The Rancho Monserate land grant covered close to 13,330 acres and helped to transition the largely unimproved lands in the region towards cultivated agricultural and ranching uses. It similarly ushered in an initial wave of adobe, stone, and wood houses to accommodate the arrival of outsiders to work the farms and ranches. Homesteaders were also drawn to the region following the end of Mexican Rule. Notably, Canadian immigrant, Vital Reche and his family settled in the present-day site of Live Oak Park at the end of the 1860’s and named their 160-acre ranch “Fall Brook” after their former home in Pennsylvania. The name “Fallbrook” soon applied to the surrounding lands with a townsite officially recorded in 1885. Other parts of the region were attracting homesteaders. At the end of the 1800’s, Peter Larsen and James Bonsall settled in the area and became respectively known as the community forefathers in the establishment of Rainbow and Bonsall.

Overview of Main Street in Fallbrook
Circa 1890s



Photo Credit: San Diego History Center

The estimated population in the Fallbrook-Bonsall-Rainbow region in 1900 was 720. The population's activities were largely tied to emerging agricultural activities ranging from dairy to crops with the latter initially tied to dry farming, such as grains and olives, due to the limitations on reliable water sources. These initial agricultural activities proved successful with the aid of the expansion of local roads and the railroads – including a depot in Fallbrook – that allowed farmers to bring products directly to markets throughout the southwest. Prominent agricultural businesses established in the region in the early 1900s included Red Mountain Ranch Olive Oil Company and the Fallbrook Citrus Association's Sunkist processing plant. The success of agriculture in the region also helped to pace growth and development with the estimated population increasing modestly to an estimated 5,300 by 1950 with nearly one-third residing in Fallbrook.

Organized fire protection services in the region commenced first in Fallbrook with the formal establishment of an all-volunteer company in 1947 and largely supported by equipment donations from the California Division of Forestry. The volunteer company in Fallbrook proceeded to operate for several years and was housed in a welding shop located on South Main Street near its intersection with West Aviation Road. Growing interest to improve fire protection capacities and protect against wildfires followed and generated a successful landowner petition to form the Fallbrook FPD in 1961 with an initial jurisdictional boundary spanning both the communities of Fallbrook and Bonsall.

Fallbrook FPD's formation provided a secure revenue source with a dedicated property tax base and transitioned fire protection and emergency ambulance services to a combination paid-volunteer operation. It also led to the construction of the first dedicated fire station in Fallbrook located on East Ivy Street adjacent to the Boys and Girls Club. Separately, an all-volunteer company had begun operating in Rainbow Valley beginning in the late 1950s with assistance from the County. The County formalized its support for this volunteer company in 1967 through the formation of CSA No. 7.

Alvarado Street Towards the East in Fallbrook
Circa 1910s



Photo Credit: San Diego History Center

Main Street (Mission) Towards the West in Fallbrook
Circa 1950s



Photo Credit: San Diego History Center

2.2 Formation Proceedings

Consolidation discussions between Fallbrook FPD and CSA No. 7 began in 1985 following earlier overtures by both agencies to unify fire protection services in the region. At the time, Fallbrook FPD served an estimated population of 27,000 with a staff of 36 full-time firefighters paired with 28 reserve personnel along with an annual budget of \$2.8 million. Fallbrook FPD was also interested in funding a new fire station and the annexation of the Rainbow area would provide an additional \$0.400 million in annual property tax revenue. CSA No. 7 separately served an estimated population of 1,500 entirely with 15 volunteer firefighters and an annual operating budget of \$0.045 million; an amount that did not adequately cover increasing maintenance costs for its aging fleet. With these motivations in mind, the two sides ultimately reached an agreement in early 1986 on a reorganization to effectively allow Fallbrook FPD to take over CSA No. 7 subject to three key terms. The first two terms involved rechristening Fallbrook FPD as North County FPD and dedicating one of the five initial Board seats for a member selected by the Rainbow volunteer firefighters. The third term involved allowing the Rainbow volunteer firefighters to continue to serve in similar fashion with the North County FPD. LAFCO approved the reorganization jointly filed by both agencies in November 1986 and the subsequent protest hearing did not generate the need to hold an election.²⁸ The reorganization took effect on January 1, 1987.

2.3 Post Formation Activities

A summary of notable activities undertaken by North County FPD and/or affecting the District's jurisdictional boundary after formation are as follows.

- San Diego LAFCO establishes a larger-than-agency sphere of influence designation for North County FPD in 1987 and marked by including the adjacent De Luz community.
- North County FPD implements an emergency medical defibrillator program in 1989 and alternate advanced life support program in 1990 with the latter representing the first single paramedic program in San Diego County.
- North County FPD Chief Andy Vanderlaan retires in 1996 after completing his 20th year in the position. The Board appoints Edward Burcham as the new Fire Chief.

²⁸ The reorganization involved combining the two jurisdictional boundaries plus a concurrent annexation of the Galvin Mountain area.

- The Gavilan Fire burns several thousand acres and 46 structures in February 2002, all within North County FPD. The event spurs significant community interest in wildland fire risk reduction and results in the formation of the Fallbrook Firesafe Council - a community organization committed to making Fallbrook 'fire safe.'
- North County FPD completes a comprehensive assessment and strategic planning effort in July 2003 to guide future operations. This includes establishing baseline service standards based on best practices.
- North County FPD personnel actively participate in fighting the Cedar and Paradise fires in October and November 2003 in San Diego County.
- North County FPD joins the North County Communications Joint Powers Authority and its regional dispatch services in July 2004.
- North County FPD engages in 'boundary drop' program with other northern San Diego County fire agencies in 2006 where the closest available unit is dispatched to emergencies, regardless of jurisdictional boundaries.
- San Diego LAFCO updates and affirms a larger-than-agency sphere of influence for North County FPD in August 2007 with no changes.
- The Rice Fire ignites early morning on October 21, 2007, due to a down power line just south of Rainbow, and within a few hours forces the mandatory evacuation of Fallbrook. The Rice Fire burns 10,000 acres and destroys 240 structures with most in North County FPD.
- North County FPD completes rehabilitation of Station 3 in 2008.
- North County FPD reviews the culminative impact of the Great Recession (2008-2012) and identifies a 15% reduction in property tax revenue. FPD responds by freezing four vacant administrative support positions as well as deferring maintenance and planned purchases.
- North County FPD completes construction on Station 5 in 2014.
- San Diego LAFCO updates a larger-than-agency sphere of influence for North County FPD and highlighted by the removal of 2,815 acres in the Pala area in May 2014.

- Several wildfires ignite in late May 2014 – Highway, Tomahawk, Las Pulgas, and San Mateo – threatening structures in North County FPD’s jurisdictional boundary.
- North County FPD Chief William Metcalf retires in November 2015. The Board appoints Stephen Abbot as the new Fire Chief.
- The Lilac Fire ignites on December 7, 2017, during a red flag warning and necessitates the evacuation of an estimated 10,000 people from Fallbrook and Bonsall. The Lilac Fire ultimately burns 4,100 acres, destroys 114 structures, injures six, and kills 45 racehorses at the San Luis Rey Downs training facility.
- North County FPD Chief Stephen Abbott retires in July 2021. The Board appoints Keith McReynolds as the new Fire Chief.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

North County FPD encompasses approximately 92 square miles and covers 55,454 acres. The jurisdictional boundary is entirely unincorporated and includes three distinct local communities: Bonsall; Fallbrook; and Rainbow. The total jurisdictional boundary equals 2.0% of all San Diego County and vertically bisected by Interstate 15 and horizontally crossed along the southern half by State Route 76. The predominant land uses are low-to-moderate residential densities paired – albeit decreasingly – with agricultural uses, which are marked by flower and plant nurseries along with avocado orchards. There are 30,800 registered voters in North County FPD at the end of the report period.

North County FPD’s jurisdictional boundary spans over 55,000 acres and more than twice the size of the City of Oceanside. All jurisdictional lands are unincorporated.

The total assessed value (land and structure) within North County FPD has increased during the report period by 18.9% from \$6.996 billion to \$8.320 billion. The period ending amount translates to a per acre value ratio of \$0.150 million as well as a per capita value of \$0.157 million based on the estimated fulltime population of 53,003. Overall, North County FPD receives 18.1% of the annual 1.0% of property tax collected in the jurisdictional boundary.

Assessed property values in North County FPD have increased by nearly one-fourth over the report period and finished with a \$0.150 million per acre ratio.

The jurisdictional boundary is currently divided into 20,457 parcels and spans 52,992 acres.²⁹ Almost nine-tenths – 86.7% or 46,784 acres – of the parcel acreage is under private ownership. More than two-thirds of this private acreage amount has already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under County zoning. The remainder of private acreage in North County FPD is undeveloped and encompasses 3,702 vacant parcels totaling 16,548 acres.

69% of all privately owned acreage in North County FPD has been developed to date. The remaining 31% of the private acreage in FPD is undeveloped and totals 16,548 acres.

**North County FPD
Jurisdictional Boundary Characteristics**
Table 3.1a | Source: San Diego LAFCO

Total Jurisdictional Size	55,454 acres
Total Jurisdictional Parcels and Acreage (less rights-of-ways, etc.)	20,457 parcels totaling 52,992 acres
... Publicly Owned Parcels and Acreage	336 parcels totaling 6,208 acres
... Privately Owned Parcels and Acreage	20,121 parcels totaling 46,784 acres
... Privately Owned Parcels and Acreage Undeveloped	3,702 parcels totaling 16,548 acres
Total Number of Registered Voters	30,800
Total Assessed Value (Land and Structures)	\$8.320 billion

Almost one-tenth of North County FPD’s jurisdictional boundary totaling 5,147 acres qualifies as disadvantaged unincorporated community (DUC) lands under San Diego LAFCO policy. This affected area is included in the sphere of influence and generally overlays the Fallbrook Village area. Additional lands qualifying as a DUC lie to the immediate west of North County FPD’s jurisdictional boundary and sphere of influence and extends west to include the Marine Corps’ Camp Pendleton.

9% of North County FPD qualifies as a DUC with the affected households having an annual median household income of less than \$54,191.

3.2 Sphere of Influence

North County FPD’s sphere of influence was established by San Diego LAFCO in February 1987 in association with approving the FPD formation. The sphere was designated to replicate the spheres of the two predecessor agencies – Fallbrook FPD and CSA No. 7 – and most recently updated by the Commission in May 2014. The sphere’s current designation is a “larger-than-agency” class and spans 118.5 square miles or 75,833 acres. The sphere includes all the jurisdictional

LAFCO’s sphere of influence for North County FPD is a larger-than-agency designation and reflects a standing Commission policy expectation of additional annexations in the near future – including in the De Luz and Pala areas.

²⁹ The remaining 2,462 jurisdictional acres within North County FPD consists of public rights-of-way and water bodies.

boundary plus non-jurisdictional lands in the De Luz and Pala areas. It also includes a limited number of non-jurisdictional lands that cross into Riverside County. There are also 44 acres in the sphere that qualify as DUC lands under LAFCO policy.

3.3 Other Boundaries (Non LAFCO)

3.3.1 Land Use Boundaries

The County of San Diego General Plan was last updated by the Board of Supervisors in August 2011 and provides development policies and objectives for all unincorporated lands. Specific land use policies for lands within the North County FPD are further delegated and defined among three community plans with associated advisement provided by elected community planning groups. The largest portion of North County FPD’s jurisdictional boundary – close to two-thirds – falls within the Fallbrook Community Plan. The remainder of the jurisdictional boundary is equally covered under the Bonsall and Rainbow Community Plans. The premising land use goals within each of these Community Plans follow.

The Fallbrook Community Plan serves as the primary land use policy document for the North County FPD jurisdictional boundary. This document was updated in August 2011 and amended four times during the five-year report period.

Fallbrook Community Plan

“Perpetuate the existing rural charm and village atmosphere surrounded by semi-rural and rural lower density development, while accommodating growth.” G-LU-1.1

Bonsall Community Plan

“A unique balance of Bonsall’s rural agriculture, estate lots, ridgelines, equestrian uses, and open space land uses in the community, including open space and low-density buffers separating the community from adjacent cities and unincorporated community and new development that conserves natural resources and topography.” G-LU-1.1

Rainbow Community Plan

“Land use that retains and enhances the rural character of the community.” G- LU-1-1.

3.3.2 Local School District Boundaries

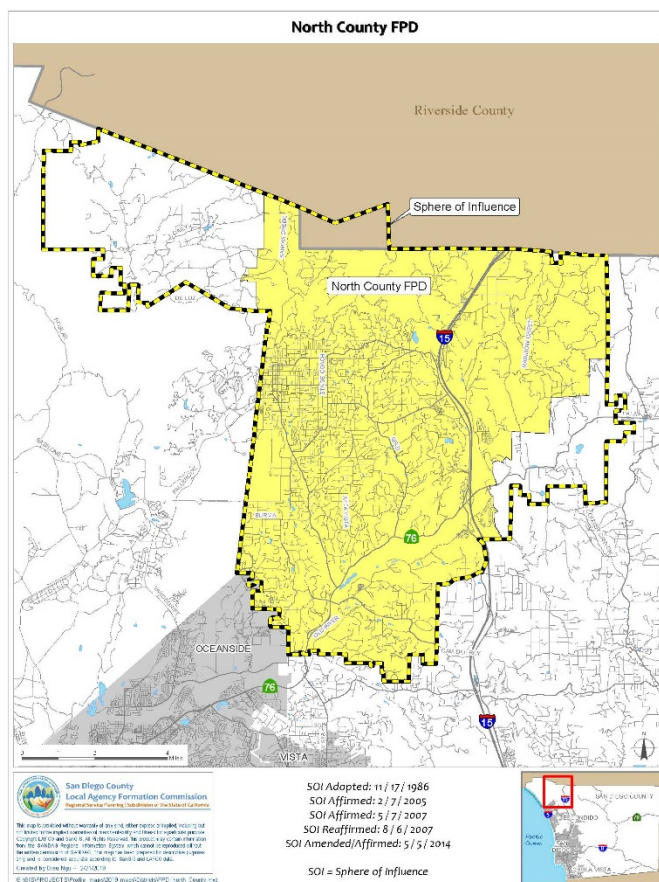
North County FPD’s jurisdictional boundary contains four public school districts: Fallbrook Union Elementary; Fallbrook Union High; Bonsall Unified; and Vallecitos. A summary follows.

North County FPD Public School District Information

Table 3.2a | Source: Fallbrook, Bonsall, & Vallecitos School Districts

	Fallbrook Union Elementary	Fallbrook Union High	Bonsall Unified	Vallecitos School District
% Within North County FPD	50%	50%	27%	23%
Superintendent	Dr. Candace Singh	Ilsa Garza-Gonzalez	Joseph Clevenger	Maritza Koeppen
Grades	K -8th Grade	9-12th Grade	K-12 th Grade	K-8 th Grade
Schools	9	4	5	1
Enrollment in FY16	5,506	2,312	2,959	190
Enrollment in FY20	5,278	2,154	2,472	195
... Change in Enrollment	222 or 4.4%	(158) or (6.8%)	(487) or (17.9%)	5 or 2.6%
Operating Budget in FY16	\$54,728,304	\$31,940,656	\$20,567,019	\$2,665,845
Operating Budget in FY20	\$65,712,320	\$29,501,279	\$25,879,529	\$3,022,487
... Change in Budget	20.1%	(7.6%)	25.8%	13.4%

3.4 Current Boundary and Sphere Designations



Quick Facts

Jurisdictional Boundary

- 92 square miles
- more than 2x the City of Oceanside
- Divided into 20,457 parcels
- 20,121 (98.4%) are privately owned and total 46,784 acres
- Growth expected
- 31% of the jurisdictional boundary that is under private ownership remains undeveloped

\$8.3 billion in assessed value

9% qualifies as DUC

Sphere of Influence

Last updated in 2014

- 27% larger than the jurisdiction
- extends into De Luz
- extends into Pala
- extends into Riverside County

4.0 DEMOGRAPHICS

4.1 Population and Housing

North County FPD’s fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 53,003 at the end of the five-year report period. This amount represents 1.6% of the countywide resident total. Estimates by LAFCO show the fulltime population has risen overall by 7.4% from 49,334 in 2010 and the last census reset. This translates to an annual change of 367 or 0.74%, which closely matches the corresponding countywide growth rate of 0.72%. The current estimate produces a population density of 0.96 residents for every one acre and underlies the overall rural character of the jurisdictional boundary. (For context, the population density for the adjacent City of Oceanside at the end of the report period was 6.6 residents for every one acre.) For purposes of this report, it is projected the current growth rate will continue into the near-term and result in the fulltime population reaching 54,838 in 2025.

It is estimated there are 53,003 fulltime residents in North County FPD at the end of the report period. It is projected the fulltime population will increase consistent with recent trends – or 0.7% annually – and add another 1,835 residents and reach 54,838 by 2025.

North County FPD
Resident Population

Table 4.1a | Source: Esri and San Diego LAFCO

Factor	2010 Estimate	2020 Estimate	Annual Change	2025 Projection
North County FPD	49,334	53,003	0.74%	54,838
San Diego County	3,095,264	3,344,136	0.72%	3,499,829

LAFCO separately estimates there are 19,793 residential housing units within North County FPD at the term of the five-year report period. This amount represents an overall increase of 1,097 – or 5.9% – since 2010 for an annual change of 110 – or 0.56%. With respect to housing characteristics, and based on the most recent five-year average, 65.2% units are owner-occupied, 28.4% are renter-occupied, and the remaining 6.4% are vacant. The average household size has remained largely fixed and finished the report period at 2.84 residents per every one dwelling unit. The mean monthly housing cost in North County FPD at the end of the report period is \$1,748 and one-tenth above the countywide average of \$1,578. This housing cost also equals 28.5% of the residents’ average household income.

Housing production in North County FPD at the end of the report period totals 19,793 dwelling units with an average monthly housing cost of \$1,748. This latter amount is 11% higher than the countywide average and equals 28.5% of residents’ average household income.

North County FPD Housing Characteristics

Table 4.1b | Source: Esri and San Diego LAFCO

Factor	North County FPD	San Diego County
2010 Housing Units	18,696	1,164,766
2020 Housing Units	19,793	1,233,324
... % Annual Change	0.56%	0.59%
Household Size (5-year average 2007-2011)	2.79	2.79
Household Size (5-year average 2012-2016)	2.84	2.87
... % Annual Change	0.36%	0.57%
Monthly Housing Cost (5-year average 2007-2011)	\$1,860.56	\$1,540.00
Monthly Housing Cost (5-year average 2012-2016)	\$1,748.12	\$1,578.00
... % Annual Change	(1.20%)	0.49%
2010 Vacancy Rate	7.86%	6.69%
2020 Vacancy Rate	6.42%	5.94%
... % Overall Change	(18.32%)	(11.2%)

4.2 Age Distribution

The median age of residents in North County FPD is 47.0 based on the current five-year period average. This amount shows the population is aging with the median amount experiencing an overall increase of 4.2% from 45.1 over the preceding five-year period average, which is more than double the increase reflected for the entire county. The current median age in North County 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 just one-half of the estimated total population at 50.4%.

Residents within North County FPD tend to be significantly older with a median age of 47 relative to the countywide average of 35.

North County FPD Median Age of Residents

Table 4.2a | Source: SD LAFCO and ESRI

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
North County FPD	45.1	47.0	4.2%
San Diego County	34.6	35.3	2.0%

North County FPD Prime Working Age, 25-64

Table 4.2b | Source: American Community Survey and San Diego LAFCO

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
North County FPD	51.7%	50.4%	(2.3%)
San Diego County	53.4%	47.0%	(11.9%)

4.3 Income Characteristics

The median household income in North County FPD is \$73,544 based on the current five-year period average. This amount shows fulltime residents' income earnings have stayed largely stagnant with the median income increasing by only 1.2% from the preceding five-year period average of \$72,684. Additionally, while current median household income in North County FPD remains higher than the current countywide median average of \$66,529, the gap has closed by more than one-fifth during the report period from 13.8% to 10.5%. Other measurements show distress during the report period and are marked by more than a one-half increase in the percentage of residents living below the poverty level from 7.3% to 11.6%.

North County FPD residents' average median household income has stayed generally flat during the report period ending at \$73,544 and above the countywide tally of \$66,529. The percentage of persons living below the poverty rate are increasing by more than one-half and now include out of every 10 residents.

**North County FPD
Median Household Income**
Table 4.3a | Source: SD LAFCO and ESRI

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
North County FPD	\$72,684	\$73,544	1.18%
San Diego County	\$63,857	\$66,529	4.18%

**North County FPD
Resident Poverty Rates**
Table 4.3b | Source: SD LAFCO and ESRI

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
North County FPD	7.29%	11.61%	59.29%
San Diego County	13.01%	14.00%	7.69%

4.4 Socioeconomic Indicators

Unemployment levels within North County FPD are relatively low at 2.6% based on the most recent five-year averages. The rate of unemployment also declined by nearly one-half – or (44.9%) – over the preceding five-year average period and ended one-half below the corresponding countywide rate of 4.9%. Retirement levels within the jurisdiction have increased by 6.5% over the period and finished with more than one-quarter – or 26.2% – collecting one or more retirement payments. The non-English speaking percentage of the population has decreased during this period from 12.7% to 10.5%; an overall difference of (17.3%).

Slightly more than 1 out of 4 residents in North County FPD are collecting retirement as of the end of the report period. Unemployment levels are low at 2.6% and nearly one-half below the countywide average of 4.9%.

North County FPD Unemployment Levels

Table 4.4a | Source: SD LAFCO and ESRI

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
North County FPD	4.64%	2.56%	(44.90%)
San Diego County	5.60%	4.90%	(12.50%)

North County FPD Collecting Retirement

Table 4.4b | Source: SD LAFCO and ESRI

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
North County FPD	24.58%	26.17%	6.50%
San Diego County	16.70%	17.70%	5.99%

North County FPD Non-English-Speaking Households

Table 4.4c | Source: SD LAFCO and ESRI

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
North County FPD	12.67%	10.48%	(17.30%)
San Diego County	16.10%	15.00%	(6.83%)

5.0 ORGANIZATION

5.1 Governance

North County FPD's governance authority is established under the Fire Protection District Law and codified under Health and Safety Code Section 13800 et seq. The principal act dates to 1921 and comprehensively updated by the California Legislature in 1947, 1961 and most recently in 1987. It empowers FPDs to provide a moderate range of municipal service functions tied to fire services upon approval by LAFCOs. North County FPD is currently authorized to provide all five municipal service functions available under the principal act – (a) fire protection, (b) emergency medical services, (c) ambulance, (d) hazardous materials response, and (e) weed abatement (fuel reduction). It may not divest itself from any of these active service functions or enact associated class changes without LAFCO approval. All service functions and the associated classes for North County FPD are as follows.

Active Service Functions

Fire Protection (structural)
Emergency Medical/Rescue (advance life)

Latent Service Functions

- none -

Ambulance Transport (direct)
Hazardous Materials Response
Weed and Rubbish Abatement

Governance of North County FPD is independently provided by a five-member Board of Directors. Each member of the Board is elected by registered voters or – and as needed – appointed by the County Board of Supervisors to four-year terms. The FPD Board recently initiated a transition from “at-large” to “division” elections and scheduled to be completed in 2022. The Board includes two appointed officer positions: President and Vice President. The Board regularly meets monthly on the fourth Tuesday starting at 4:00 P.M.

North County FPD is an independent special district with directly elected board members. Board meetings are regularly scheduled on the fourth Tuesday of each month. Board members receive a \$100 per diem for their attendance.

at the Fallbrook PUD Board Room, located at 990 East Mission Avenue in Fallbrook. Directors receive \$100 per diems for each meeting attended with a limit of no more than four per month. Summary minutes are prepared for all meetings; audio and video recordings are not provided.

A current listing of the Board follows.

North County FPD Current Board Roster

Table 5.1a | Source: North County FPD

Member	Position	Years on Board	Background
Cindy Acosta	Director, Division 5	1	Recent University Graduate
Jeff Egkan	Director, Division 4	1	Retired Postal Service
David Kennedy	Vice President, Division 1	1	Fire Captain
Ken Munson	Director	15	Retired Military
John Van Doorn	President	3	Electronics Engineer
Average Experience on the Board: 4.2 Years			

Board representation for Divisions 2 and 3 will be established in 2022 election.

5.2 Administration

North County FPD appoints an at-will Fire Chief to oversee District activities and concurrently serves as the Chief Executive Officer. Chief Stephen Abbott served North County FPD for the duration of the five-year report period before subsequently retiring in July 2021 and being replaced via the Board appointment of Chief Keith McReynolds. Budgeted staffing has remained relatively consistent during the report period with an overall change among full-time

North County FPD Administration Offices

330 South Main Avenue, Fallbrook, CA 92082



Photo Credit: Google Maps

employees at 5.9% from 76.5 to 81.0. Legal services are provided by contract with sole practitioner Robert James and additional services provided by Liebert, Cassidy & Whitmore (San Diego).

North County FPD Budgeted Staffing Levels Table 5.2a Source: North County FPD				
Category	FY 2016	FY 2020	Average	Trend
Public Safety Employees	63.0	66.0	64.5	4.8%
Non- Public Safety Employees	13.5	15.0	14.3	11.1%
Total	76.5	81.0	78.5	5.9%
Per 1,000 Residents	0.67	0.65	0.66	(3.0%)

North County FPD maintains different memorandums of understanding (MOUs) with three employee bargaining units: safety; non-safety; and management. The safety unit is the largest and the associated MOU is with the Fallbrook Firefighters' Association, which has served as the exclusive bargaining unit for all North County FPD core field operations (i.e., firefighters, paramedics, etc.) since 1994. The current MOU with safety includes – among other provisions – a “no-strike” provision and stipulates layoffs shall occur in reverse order of seniority by date of original hire. The current MOU also specifies a standard 48/96-hour work schedule and means employees work two consecutive full days followed by four consecutive full days off. The entry annual pay for a first-year firefighter at North County FPD under the MOU is \$75,177.

The entry annual pay at North County FPD for a first-year firefighter is \$75,177.

6.0 MUNICIPAL SERVICES

North County FPD currently provides five municipal service functions: (a) fire protection; (b) emergency medical; (c) ambulance transport; (d) hazardous materials response; and (e) weed abatement (fuel reduction) with the former three organized as one integrated operation. All five service functions were activated by North County FPD at the time of its formation in 1987 as successor agency to the concurrent dissolution of Fallbrook FPD and CSA No. 7 and active throughout the jurisdictional boundary: i.e., there are no LAFCO designated service zones. A summary analysis of these active functions follow with respect to capacities, demands, and performance as applicable during the five-year report period.

6.1 Integrated Fire Protection, Emergency Medical, and Ambulance Services

North County FPD’s integrated fire protection, emergency medical, and ambulance service functions represent the District’s primary activity. This integrated function has been historically organized on an all-volunteer basis before transitioning to its current combination career/reserve model. The fire protection function is classified as structural and encompass several ancillary classes headlined by prevention, code enforcement, rescue, public education, and disaster preparedness and mitigation. The emergency medical function is classified as advanced life support. The ambulance function is classified as direct and enabled by the County of San Diego’s Health and Human Services Agency (HHS), which designates the District as the exclusive transport provider for the greater Fallbrook-Rainbow region. The total ambulance service area spans 150 square miles and is 63.0% larger than the jurisdictional boundary, primarily a consequence of being the only regionally available ambulance service provider to De Luz.³⁰

North County FPD’s fire protection services are categorized as structural with several ancillary classes – such as rescue. Emergency medical services are categorized as advance life support or ALS. Ambulance services are categorized as direct.

A description of the integrated function’s capacities, demands and performances follow.

Service Capacities and Related Resources

North County FPD’s integrated fire protection, emergency medical, and ambulance services are primarily dependent on human resources through its own staffing arrangements and headlined by the MOU with the Fallbrook Firefighters’ Association. Budgeted public safety at the end of the report period total 66.0 fulltime employees. Of this budgeted amount, 48.0 employees are categorized as multi-purpose fire and rescue personnel (firefighters) and led by the Fire Chief with direct support from one Deputy Chief and one Division Chief.³¹ The remaining budgeted total of public safety involve 18.0 employees categorized as single-purpose medical personnel (paramedics and EMTs).

North County FPD’s integrated fire protection, emergency medical, and ambulance services were budgeted with 66.0 public safety employees at the end of the report period. This amount is divided between 48 firefighters and 18 medical personnel (paramedics/EMTs).

The overall level of budgeted public safety personnel at North County FPD has moderately increased by three – or 4.8% – over the report period. However, a more significant internal change

³⁰ 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 on 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.

³¹ There are also three Battalion Chiefs budgeted and tasked with supervising each of North County FPD’s three shifts.

has occurred with firefighter positions decreasing by six or (11.1%) while paramedic and EMTs positions increasing by nine or 100%.³²

North County FPD Fire Protection, Emergency Medical, Ambulance Staffing – Budgeted Table 6.1a Source: North County FPD				
Category	FY 2016		FY 2020	
Public Safety: Fire and Rescue	54.0		48.0	Average
Public Safety Single Role: Paramedics + EMTs	9.0		18.0	Trend
Total	63.0		66.0	
Per 1,000 Residents	1.22		1.25	

North County FPD’s three Battalion Chiefs collectively manage five engine companies equally divided between five stations and three 24-hour shifts. All five stations are continuously staffed by 24 public safety personnel per 24-hour shift. Each fire engine and each ambulance is staffed with at least one paramedic, providing at least two paramedics on every call for medical service. All fire stations are staffed with full-time, cross trained fire/medical personnel, with three stations also staffed with single-role paramedics and EMTs. The adopted minimum staffing standard for engines is three. The minimum staffing standard for ambulances is two.

North County FPD’s minimum staffing is three for both fire engines and fire trucks.

Actual fire protection, emergency medical, and ambulance services are delivered out of North County FPD’s five stations based on direction from the North County Dispatch JPA – commonly referred to as “North Com.”³³ Current station details are as follows.

- Station No. 1 is located at the eastern perimeter of North County FPD at 315 East Ivy Street in Fallbrook. It was built in 1963 and typically responds to the highest number of dispatched calls assigned to North County FPD with an average onsite response demand of 7.95 calls per day – or 38.5% of the daily total District demand – during the report period. Six public safety personnel are assigned to Station No. 1 every 24-hour period.³⁴

³² An additional 15.0 non-public safety fulltime employees are also budgeted at the end of the report period and provide direct and/or indirect support for these service functions. This includes at the end of the report period a board secretary / executive assistant, finance manager, medical services officer, fire marshal, human resource specialist, two fleet mechanics, a customer services representative, one IT Specialist, two fire protection specialists, accounting technician, and two support personnel.

³³ North Com is Joint-Powers Authority formed in 1984 and includes North County FPD along with the Cities of Vista, San Marcos, Solana Beach, Oceanside, Encinitas, and Carlsbad. The purpose of North Com is to provide dispatching emergency communication services for fire protection, security, and medical services within the member agencies’ boundaries. Each member provides an annual determined contribution towards the ongoing operation of North Com.

³⁴ Station No. 1 operates a Type-1 fire engine and a Type 3 brushfire engine staffed with a battalion chief, captain, engineer, and firefighter-paramedic. It also operates a paramedic ambulance staffed with one single-role paramedic and one single-role EMT.

- Station No. 2 is in the center of North County FPD at 2180 Winterwarm Drive in Fallbrook. It was built in 1976 and typically responds to the fourth-highest number of dispatched calls assigned to North County FPD with an average onsite response demand of 2.4 calls per day – or 11.6% of the daily total District demand – during the report period. Three public safety personnel are assigned to Station No. 2 every 24-hour period.³⁵
- Station No. 3 is located at the northern perimeter of North County FPD at 2309 Rainbow Valley Boulevard in Rainbow. It was built in 1976 and typically responds to the fifth-highest number of dispatched calls assigned to North County FPD with an average onsite response demand of 1.1 calls per day – or 5.3% of the daily total District demand – during the report period. Three public safety personnel are assigned to Station No. 3 every 24-hour period.³⁶
- Station No. 4 is located at the eastern center of North County FPD at 4375 Pala Mesa Drive in Rainbow. It was built in 1979 and typically responds to the third-highest number of dispatched calls assigned to North County FPD with an average onsite response demand of 4.2 calls per day – or 20.3% of the daily total District demand – during the report period. Five public safety personnel are assigned to Station No. 4 every 24-hour period.³⁷
- Station No. 5 is located towards the southern perimeter of North County FPD at 5906 Olive Hill Road in Bonsall. It was built in 2014 and typically responds to the second-highest number of dispatched calls assigned to North County FPD with an average onsite response demand of 5.0 calls per day – or 24.3% of the daily total District demand – during the report period. Five public safety personnel are assigned to Station No. 5 every 24-hour period.³⁸

Specific to the placement of ambulance resources, North County FPD operates three ambulances on a 24-hour basis each staffed with one paramedic and one EMT.³⁹ Ambulance services are delivered out of Stations No. 1, 4, and 5. The following table summarizes station staffing and fleet vehicle assignments.

³⁵ Station No. 2 operates a Type-1 fire engine and a Type 3 brushfire engine staffed with a captain, engineer, and firefighter-paramedic. It also operates a paramedic ambulance staffed with one single-role paramedic and one single-role EMT.

³⁶ Station No. 3 operates a medic engine and a water tender 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.

³⁷ Station No. 4 operates a medic engine, a Type 3 brushfire engine, and a paramedic ambulance staffed with a captain, engineer and two firefighter-paramedics.

³⁸ Station No. 5 operates a Type-1 fire engine and a medic engine staffed with a captain, engineer and one firefighter-paramedic. It also operates a paramedic ambulance staffed with one single-role paramedic and one single-role EMT.

³⁹ 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.

North County FPD Fire Stations' Assignments as of FY2020 Table 6.1b Source: North County FPD						
Factor	Station 1 Fallbrook	Station 2 Fallbrook	Station 3 Rainbow	Station 4 Rainbow	Station 5 Bonsall	Total
24 hr. Public Safety Staffing	6	5	3	5	5	24
Fire Engines	3	2	2	2	2	11
Ambulance	1	0	0	1	1	3
Paramedic Squads	0	0	0	0	0	0
Command Vehicles	4	0	0	0	0	4
Other Fleet Vehicles	0	0	0	0	0	0

North County FPD also supplements its own fire protection and emergency medical service resources by maintaining reciprocal automatic aid agreements with surrounding jurisdictions. This includes participating in San Diego North Zone's auto aid boundary drop program. Additional details on the volume of automatic aid agreement transactions during the five-year report period are provided in the proceeding section on demands.

With respect to financial resources, North County FPD's integrated fire protection, emergency medical, and ambulance services largely operate as a non-enterprise and supported by property taxes.⁴⁰ Monies from property taxes collected during the five-year report period equals 78.1% of all actual revenue resources and has increased by 22.6% from \$12.798 to \$15.684 million. Ambulance charges represent the second largest funding source and equals 11.1% of all actual revenues collected and have similarly increased by 21.3% from \$1.927 million and \$2.338 million. Overall, all actual revenues in support of these integrated activities have averaged \$18.235 million with a corresponding change of 23.1%. Comparatively, and as further detailed, actual expenses tied to these integrated activities have averaged \$19.091 million with an overall change of 13.1%. (These amounts have been adjusted to exclude a one-time pension expense booked in FY 2020.)

Nearly 90% of North County FPD's integrated fire protection, emergency medical, and ambulance services are directly funded by property taxes and ambulance transport charges. These two revenue sources have increased by 23% and 21%, respectively, during the report period.

Another key resource available to North County FPD ties to its joint-powers agreement with the Fallbrook Regional Health District (HD) to collaborate on various community health related initiatives. This agreement was established in 2016 and commits the two agencies to share in the costs of two administrative positions – one being a Medical Services Officer and the other a Social Media Specialist – that provide media presence for both agencies. These shared positions are also

⁴⁰ Other key revenues includes ambulance charges and fire prevention fees paid by developers. North County FPD also receives reimbursements from the State as part of mutual aid assignments from the Office of Emergency Services.

responsible for supporting collaborative public health initiatives, most notably COVID-19 vaccination clinics. This has also included support of a health services referral program in partnership with the Fallbrook Foundation for Senior Care, wherein elderly patients needing augmented healthcare receive referral services to various programs. The agreement also commits Fallbrook Regional HD to contribute 50% toward the purchase of new ambulances for North County FPD to help mitigate the HD closing its hospital in 2014.

Service Demands

Overall service demands for integrated fire protection, emergency medical, and ambulance services from North County FPD during the last three years of the five-year report period have averaged 5,593 dispatched calls annually or 15.3 daily. (Information for the first two years – FY 2016 and FY 2017 – is not readily available in the format used in this report due to a software upgrade by NorthCom ahead of FY 2018⁴¹). Almost one-tenth – or 7.6% – of all dispatched calls assigned to North County FPD were canceled and resulted in onsite arrivals averaging 5,166 annually or 14.2 daily. Annual onsite incident demands increased during all three years with an overall change of 7.3%. The peak demand was recorded at the end of the report period with a daily onsite response of 14.8.

Over the abbreviated report period actual onsite arrivals for North County FPD have averaged 14.2 per day. Of this amount, North County FPD has been the exclusive responder 89.7% of the time and without the aid of outside agencies.

A breakdown of actual onsite arrivals shows North County FPD responded to 99.0% of all fire protection and emergency medical incidents during the abbreviated report period within its jurisdictional boundary. The breakdown also shows North County FPD responded exclusively to 89.7% of actual onsite incidents in its jurisdiction. Conversely, 1.0% of onsite incidences in the jurisdictional boundary were responded exclusively by one or more outside agencies with an associated negative trend over the report period of one-fourth or (26.5)%. The following table summarizes annual calls and onsite arrivals – including agency responders – as well as trends during the abbreviated report period.

41 Due to a mid-year 2017 CAD upgrade and a change in agency RMS software, reliable data specific to demands is only available for 2018, 2019 and 2020.

North County FPD Fire Protection and EMS Demands Table 6.1c Source: North Com							
Category	FY2016	FY2017	FY2018	FY2019	FY2020	Average	Trend
Total Dispatched Incidents	n/a	n/a	5408	5473	5900	5593	9.1%
Total Cancelled Calls	n/a	n/a	385	387	510	427	32.5%
Total Onsite Responses	n/a	n/a	5023	5086	5390	5166	7.3%
- Responded by North County FPD	n/a	n/a	4450	4635	4817	4634	8.3%
- Responded by North County FPD + Others	n/a	n/a	524	397	537	486	2.5%
- Responded by Other Agencies Only	n/a	n/a	49	54	36	46	(26.5)%
- % Automatic Aid Received	n/a	n/a	11.4%	8.9%	10.6%	10.3%	(7%)
- % Automatic Aid Provided	n/a	n/a	12.6%	13.5%	15.8%	14%	25.4%

Nearly one-tenth – or 10.3% – of all onsite incidences within North County FPD during the abbreviated report period necessitated auto-aid from outside agencies and represents a nearly one-tenth – or 7% - decrease during the reporting period. Comparatively, North County FPD provided an amount of auto-aid equal to 14% of all assigned incidences and represents a one-fourth – or 25% - increase.

With respect to the portion of demands necessitating transport to area hospitals, North County FPD averaged 3,140 ambulance trips per year during the abbreviated report period. This amount produces a daily average of 8.6 trips with an overall increase of 4.0%. Close to 93% of all ambulance transports were in North County FPD’s jurisdictional boundary. The trend of ambulance demands in the jurisdictional boundary have also increased by 3.2% compared to only a 14.8% change in automatic aid for the non-jurisdictional portion of the District’s contracted HHS service area.

Over the abbreviated report period actual onsite demands for ambulance transport from North County FPD have averaged 8.6 daily and increased by 4.0%.

North County FPD Ambulance Transport Demands Only Table 6.1d Source: NCFPD and Mercy Medical Transport							
Year	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Average	Trend
Total Dispatched Incidents	n/a	n/a	3274	3507	3573	3451	9.1%
Total Cancelled Calls	n/a	n/a	250	259	427	312	70.8%
Total Onsite Incidents	n/a	n/a	3024	3248	3146	3139	4%
... Within Jurisdictional Boundary	n/a	n/a	2814	2998	2905	2906	3.2%
... Outside Jurisdictional Boundary	n/a	n/a	210	250	241	233	14.8%

Service Performance

North County FPD’s capacities as measured by staffing and equipment appear sufficiently sized to readily accommodate existing demands within its jurisdictional boundary through the timeframe of this report. This sufficiency is quantified with North County FPD having the resources to respond to 89.7% of all onsite incidents within its jurisdictional boundary during the abbreviated reporting period (FY2018 to FY2020). This sufficiency is similarly quantified by FPD’s relatively low and modest dependency on outside agencies during the report period with only one-tenth – or 10.3% – of onsite incidents necessitating assistance from outside agencies. Other key performance measurements follow:

Key measurements generated over the abbreviated reporting period show North County FPD has sufficient resources to meet current and near term demands and headlined by a relatively low dependency on outside agencies to meet onsite incidences.

- North County FPD’s most recent evaluation of structural fire protection capabilities from the Insurance Services Office (ISO) was completed in 2019 and resulted in a Class 3/3X rating for the District. This rating is considered appropriate for a largely semi-rural area with a suburban core surrounded by rural lands and above the current average 4/4x rating among the 890 fire agencies in California reviewed by ISO.⁴²
- North County FPD’s adopted response time standards for fire protection and emergency medical calls was updated in January 2019. The adopted standards follow and are higher than the County of San Diego’s General Plan, however, they are lower than the District’s Advanced Life Support Agreement with the County and include call processing time, turnout time, and travel time to the incident location (County requirements only consider travel time).

North County FPD: Response Standards		
Urban Areas	Suburban Areas	Outlying Areas
9 minutes	13 minutes	18 minutes
92.8% compliance	87.3% compliance	99.0% compliance

⁴² The ISO classifications are ranked between 1 and 10 and designed to evaluate a fire service provider’s ability to protect local communities based on uniform measurements. Fire departments use the data to help measure the effectiveness of their fire-protection services while insurance companies use it when establishing premiums for fire insurance. A Class 1 rating generally represents superior property fire protection and can lower the price of insurance within a community.

6.2 Hazardous Materials Response (Abbreviated Review)

North County FPD first responders are trained to the Hazardous Materials (Haz-Mat) First Responder Operational (FRO) level. First responders at the operations level are individuals who respond to releases or potential releases of hazardous substances as part of the initial response with the purpose of protecting nearby persons, property, or the environment from the effects of the release. They are trained to respond without trying to stop the release. Their function is to contain the release from a safe distance, keep it from spreading, and prevent exposures.

Haz-Mat Mitigation Response in unincorporated San Diego County is provided by the County of San Diego Department of Environmental Health and Quality Division through a contract with the City of San Diego Fire and Rescue Department. San Diego Fire's HAZ-MAT Team responds as a secondary specialty response resource to identify and mitigate potential hazardous materials encountered by primary North County FPD emergency response resources. The HAZMAT Team routinely responds to assist County first-responders with fuel spills, oil spills, and any other incident where there is a known or unknown hazardous substance.

6.3 Weed Abatement / Community Risk Reduction (Abbreviated Review)

The North County FPD Community Risk Reduction Division (CRRD), formerly the North County FPD Fire Prevention Bureau, is responsible for protecting the public through coordinated efforts in fire prevention, code enforcement, fire protection engineering, fire and life safety education, and fire investigation. Management is provided by the Fire Marshal who reports directly to the Fire Chief. Additional staffing includes two Fire Prevention Specialists and a Community Outreach/Social Media Specialist. Service class activities follow.

- CRRD supports the business community through planning phases of new construction projects, recording of maps and granting of final occupancy. This involves reviewing plans for construction projects, system testing, and new construction inspection. Additionally, inspectors ensure existing buildings are properly maintained by responding to code violation complaints and through annual occupancy inspections of existing buildings and is compliant with SB 1205 (H&S Code 13146.4) State mandated inspection requirements.

- CRRD performs an annual weed inspection program throughout its jurisdictional boundary as well as partnering with CalFire on reduction activities in surrounding State Responsibility Areas (SRAs). Projects that do not conform are subject to be forced abated. Historically, large scale vegetation fires within North County FPD boundaries have been the largest threat to both the community members, property, and first responders.
- CRRD works in collaboration with a multitude of agencies within San Diego County to provide investigation and enforcement services associated with fire events. This includes partnering with local law enforcement to assist with education and mitigation of fires and injuries caused by fireworks. This also includes working closely with suppression personnel to conduct fire cause and origin investigations.
- CRRD recently created a community outreach task force to provide social media and in-person community training under the common umbrella of fire prevention. This includes training on fire extinguisher use, fire drills, emergency evacuation plans, defensible space, and general hazardous risk reduction activities.

7.0 FINANCES

7.1 Budget Information

North County FPD's average total expenses during the five-year report period has been \$23.151 million and translates to a per capita or resident amount of \$441. This amount represents the actual expenses for all District functions with three-fourths – or 75.3% – tied directly to employee costs. The actual expense at the end of the report period marked the high mark at \$40.773 million and attributed to a one-time cost involving the District issuing \$20.305 million in pension obligation bonds. The average actual annual expense less this one-time pension cost in FY2020 adjusts to \$19.090 million with an overall change of 13.2%. The average per capita expense also adjusts to \$365.

North County FPD's average actual expense during the five-year report period has been \$23.151 million with an overall increase of 125.4%. The overall change less the final year in FY 2020 and issuance of pension obligation bonds reduces to 13.2%.

North County FPD General Fund: <u>Actual Expenses</u> Table 7.1a Source: North County FPD and SD LAFCO							
Category	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	Average	Trend
Salaries and Wages	8,452,483	8,663,547	9,828,013	9,386,889	9,293,238	9,124,834	9.9%
Benefits	4,313,546	4,468,401	4,111,569	4,025,831	24,644,662	8,312,802	471.3%
Materials-Services	2,113,052	2,672,168	2,460,857	3,263,964	4,093,207	2,920,650	93.7%
Capital Outlay	605,039	585,621	1,971,163	2,441,007	287,048	1,177,976	(52.6%)
Debit Service	2,522,152	505,336	625,440	955,786	2,455,004	1,412,744	(2.7%)
Other	81,661	108,179	367,948	455,766	-	202,711	(100.0%)
Total	\$18,187,933	\$17,003,252	\$19,364,990	\$20,529,243	\$40,773,159	\$23,151,715	125.4%
Per Capita Expense	\$351	\$328	\$370	\$390	\$769	\$441	118.8%
Adjusted Total					\$20,468,159	\$19,090,71	13.2%
Adjusted Per Capita					\$386	\$365	10.0%

North County FPD's average total revenue during the five-year report period has been \$18.235 million and translates to a per capita or resident amount of \$349. The overall total represents actual revenues collected during the report period involving all service functions with nearly four-fifths – or 77.8% – tied to property taxes. Actual revenues at the end of the report period marked the high mark at \$19.599 million and underlies an overall change of 23.1%. The corresponding per capita revenue has separately increased by 19.5%.

North County FPD's average actual operating revenue during the five-year report period was \$18.235 million and represents an overall change of 23.1% for the 60-month period.

North County FPD General Fund: <u>Actual Revenues</u> Table 7.1b Source: North County FPD and SD LAFCO							
Category	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	Average	Trend
Property Taxes	12,798,201	13,413,614	14,135,919	14,933,274	15,684,147	14,193,031	22.5%
Ambulance Services	1,927,451	1,925,376	1,835,405	2,068,255	2,338,146	2,018,927	21.3%
Reimbursements	448,270	654,625	1,084,976	687,747	327,631	640,650	-26.9%
Prevention Fees	131,390	124,789	333,309	277,446	254,859	224,359	94.0%
Grants	290,421	775,919	903,275	454,179	354,047	555,568	21.9%
Rental Income	82,639	90,936	88,655	109,206	102,950	94,877	24.6%
Other	248,970	538,803	552,055	660,105	537,495	507,486	115.9%
Total	\$15,927,342	\$17,524,062	\$18,933,594	\$19,190,212	\$19,599,275	\$18,234,897	23.1%
Per Capita Revenue	\$310	\$338	\$363	\$365	\$370	\$349	19.5%

7.2 Financial Statements

North County FPD regularly 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 North County FPD's statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing North County FPD's short and long-term fiscal health with specific focus on delivering the District's activated service functions. The current outside consultant is Nigro & Nigro, PC (Murrieta) and they prepared the last three audits on North County FPD.

North County FPD's most recently audited financial statements for the five-year report period were issued for 2019-2020. These statements show a moderate decline over the prior fiscal year as the overall net position on a full accrual basis decreased by nearly (one-fifth) from (\$12.626 million) to (\$15.505 million) and primarily tied to double-digit loss in total margin. Adjusting to pre GASB 68 and 75 reporting standards and the listing of an agencies' proportionate share of pension and other post-employment benefit liabilities, the net position is \$34.635 million.⁴³ The accompanying auditor's report did not identify any material weaknesses. A detailing of year-end totals and trends during the report period follows with respect to assets, liabilities, and net position.

Most Recent Year-Ending Financial Statements (2019-2020)	
Assets	22,900,653
Liabilities	63,655,583
Deferred Outflow/Inflow	25,250,081
Net Position	(\$15,504,849)
Adjusted Net Position (Less retiree liabilities)	\$34,634,925

Agency Assets

North County FPD's audited assets at the report period totals \$22.9 million. This amount is 12.8% higher than the average year-end amount of \$20.3 million in total assets documented during the five-year period and reflects overall upward trajectory. Assets classified as current with the expectation they could be liquidated within a year represent \$8.1 million – or 35.4% – of the total and largely tied to cash and investments. Assets classified as non-current and not readily liquid make up the remainder and total \$14.8 million and involve depreciable capital assets tied to structures, equipment, and vehicles. Overall, North County FPD's total audited assets have increased by \$10.1 million – or 38.4% – over the corresponding 60-month period.

North County FPD's audited assets over the five-year report period have increased by 38.4% and primarily tied to investments in new equipment, structures, and improvements.

⁴³ The adjustment to the net position is calculated by LAFCO and not part of the audited financial statements.

North County FPD Audited Assets

Table 7.2a | Source: North County FPD

Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Average	Trend
Current	\$5,416,218	\$6,950,153	\$8,487,822	\$8,661,403	\$8,113,743	\$7,836,589	49.8%
Non-Current	\$11,126,671	\$10,847,169	\$11,990,947	\$15,050,078	\$14,786,910	\$12,449,634	32.9%
Total	\$16,542,889	\$17,797,322	\$20,478,769	\$23,711,481	\$22,900,653	\$20,286,222	38.4%

Agency Liabilities

North County FPD's audited liabilities at the end of the report period totals \$63.7 million. This amount is 53.7% higher than the average year-end amount of \$41.4 million in total liabilities documented during the five-year period and denotes overall upward trajectory. Liabilities classified as current with the expectation they will become due within a year represents \$3.5 million – or 5.4% – of the total and largely tied to near term debt payments and compensated absences. Liabilities classified as non-current and considered longer termed debts and make up the remainder and bulk of the total amount and headlined by North County FPD's net pension liability (\$26.5 million) and pension obligation bonds (\$19.5 million). Overall, North County FPD's total audited liabilities have increased by \$35.5 million – or 126.2% – over the corresponding 60-month period.⁴⁴

North County FPD's audited liabilities over the five-year report period have increased by 126.2% and primarily tied to pension liabilities.

North County FPD Audited Liabilities

Table 7.2b | Source: North County FPD

Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Average	Trend
Current	\$1,534,992	\$1,911,791	\$2,254,096	\$2,505,689	\$3,456,499	\$2,332,613	125.2%
Non-Current	\$26,604,515	\$32,829,291	\$36,544,385	\$39,181,416	\$60,199,084	\$39,071,738	126.3%
Total	\$28,139,507	\$34,741,082	\$38,798,481	\$41,687,105	\$63,655,583	\$41,404,352	126.2%

⁴⁴ The steep increase in non-current liabilities is primarily due to a June 2020 issuance of Pension Obligations Bonds. The bond proceeds were sent to CalPERS to reduce the Unfunded Actuarial Liability (UAL) to zero and occurred in 2020 however, this pay down of the UAL debt will not be reflected in the District's financial statements until 2021 (following Generally Accepted Accounting Principles).

Net Position

North County FPD's audited net position or equity at the end of the report period totals (\$15.5) 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 21.7% lower than the average year-end sum of (\$12.7 million) during the period and shows a downward trajectory. Overall, North County FPD's audited net position has decreased by (\$3.1 million) or (25.3%) over the corresponding 60-month period.⁴⁵

North County FPD's audited net position has decreased over the five-year report period by (25.3%) from (\$12.4) million to (\$15.5) million and ties directly to the rate of new liabilities exceeding the rate of new assets by a ratio of more than 3 to 1.

Adjusting to exclude North County FPD's proportional share of net pension and other-post employment benefits – which are relatively new reporting standards for financial statements under GASB 68 and 75 – the net position resets to \$34.6 million. This reset amount also reflects a five-fold overall increase during the report period.

North County FPD Audited Net Position Table 7.2c Source: North County FPD							
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Average	Trend
Capital Assets	\$5,997,547	\$5,353,227	\$5,667,227	\$5,644,759	\$7,093,362	\$5,951,224	18.3%
Restricted	\$932,761	\$1,033,825	\$1,688,502	\$1,553,607	\$1,974,412	\$1,436,621	111.7%
Unrestricted	(\$19,299,910)	(\$18,326,420)	(\$18,640,358)	(\$19,824,190)	(\$24,572,623)	(\$20,132,700)	27.3%
Total	(\$12,369,602)	(\$11,939,368)	(\$11,284,629)	(\$12,625,824)	(\$15,504,849)	(\$12,744,854)	(25.3)%
Adjusted...	\$4,998,035	\$10,241,057	\$15,622,800	\$15,416,356	\$34,634,925	\$16,181,635	593.0%

The unrestricted portion of North County FPD's net position as of the last audited fiscal year totals (\$24.6 million). This represents the accrued portion of the fund balance under GASB reporting and subject only to discretionary designations (commitments and assignments). The adjusted amount less pension and related liabilities resets the total to \$25.6 million and represents a more accurate accounting of available fund balance monies. This adjusted amount equals 15.1 months of North County FPD's operating expenses based on actual costs towards the end of the report period.⁴⁶

North County FPD's unrestricted fund balance less pension and related liabilities at the end of the report period is sufficient to cover 15 months of operating expenses.

⁴⁵ The 2019-2020 financial audit does not reflect the reduction of the net pension liability resulting from the District's issuance of \$20 million in pension obligation bonds during FY 2019-2020. CalPERS actuarial valuation reports do not include fund performance for the current fiscal year.

⁴⁶ North County FPD's monthly operating costs in FY2019 was \$1.7 million. (FY2020 operating costs are not used given the outlier expense involving pension obligation bonds.)

7.3 Measurements | Liquidity, Capital, and Margin

San Diego LAFCO's diagnostic review of the audited financial statements for North County FPD covering the five-year report period shows the District experienced negative trends in nearly all standard measurements covering liquidity, capital, and margin. This includes double-digit declines in liquidity as measured by the District's current ratio and days' cash with the latter changing from 82 to 62 days. Capital levels also trended downward and marked by high and increasing debt levels. Margin levels also finished most years in deficits with an average total margin of (22.7%).

Standard measurements used to assess North County FPD's financial standing shows the District trended negatively in most categories during the report period and marked by finishing with lower cash levels and higher debt loads.

With respect to measurements specific to the end of the report period, liquidity levels via the FPD's current ratio and days' cash amounts appear sufficient in meeting near-term obligations. Debt levels are measurably high, and merit ongoing attention given the amount of debt incurred by the District exceeds its present resources. Total margin levels also merit ongoing attention given the District finished with negative ratios in three of the five years covering the report period.

Debt levels are measurably high, and merit ongoing attention given the amount of debt incurred by the District exceeds its present resources.

North County FPD Financial Measurements Table 7.3 Source: San Diego LAFCO							
Year	Current Ratio	Days' Cash	Debt Ratio	Debt to Net Position	Total Margin	Operating Margin	Equipment Replacement
FY 2016	3.5 to 1	81.6	170.1%	227.5%	(11.3%)	(13.6%)	15.9
FY 2017	3.6 to 1	125.8	195.2%	291.0%	3.9%	3.9%	12.4
FY 2018	3.8 to 1	134.0	189.5%	343.8%	2.0%	(2.3%)	13.3
FY 2019	3.5 to 1	135.8	175.8%	330.2%	(2.4%)	(7.0%)	12.6
FY 2020	2.4 to 1	62.4	278.0%	410.6%	(98.7%)	(108.0%)	12.6
Average	3.4 to 1	107.9	201.7%	320.6%	(22.7%)	(27.0%)	13.3
Change	(33.5%)	(23.6%)	63.4%	80.5%	771.4	696.4%	(20.3%)
Trend	Negative	Negative	Negative	Negative	Negative	Negative	Positive

Current Ratio (Liquidity)

Compares available assets against near-term obligations; 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.

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.

Operating Margin (Margin)

Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans.

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.

7.4 Pension Obligations

North County FPD provides a defined pension benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement System (CalPERS). This pension contract provides employees with specified retirement benefits based on two employment categories – “miscellaneous” and “public safety” – and further distinguished by hiring date with respect to pre and post January 1, 2013, and the enactment of the California Public Employees’ Pension Reform Act or PEPRA. 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

The annual valuation issued at the end of the five-year report period identifies 311 total participants within North County FPD’s pension program. This total represents an overall net increase of 78 enrollees among its active, separated or transferred, and retiree categories. These categories produce an active-to-retiree employee ratio of 1.0 to 1.0; i.e., there are an equal number of employees currently contributing to the pension system relative to those that are now drawing pension payments.

North County FPD finished the report period with 311 enrollees within its pension program with CalPERS. Close to three-fifths of all enrollees receive a defined benefit formula of 3.0% at 55.

North County FPD finished the period with a positive active-to-retiree employee ratio of 0.81 to 1.0 and means there are more retirees collecting pension payments compared to those contributing to the pension system. A summary of the employee category types follows.

- Miscellaneous employees starting before PEPRA total 43 as of June 30, 2019 and represent 14% of the total number of pension enrollees. These employees are entitled to a defined benefit based on a 2.7 at 55 formula. Miscellaneous employees starting after PEPRA total 53 and represent 18% of the total number of enrollees. These employees are entitled to a defined benefit on 2.0 at 62 formula.

- Safety employees starting before PEPPRA total 181 as of June 30, 2019 and represent 58% of the total number of pension enrollees. These employees are entitled to a defined benefit based on a 3.0 at 55 formula. Safety employees starting after PEPPRA total 34 and represent 11% of the total number of enrollees. These employees are entitled to a defined benefit based on 2.7 at 57 formula.

North County FPD Pension Enrollee Information Table 7.4a Source: CalPERS and SD LAFCO						Trend
Type	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
Active	80	92	108	106	85	6.3%
Transferred or Separated	67	66	67	73	121	80.1%
Retired (Collecting Payments)	86	90	95	101	105	22.1%
Total Enrollees	233	248	270	280	311	29.2%
Active to Retiree Ratio	0.93 to 1	1.0 to 1	1.1 to 1	1.1 to 1	0.81 to 1	(12.9%)

Annual Contributions

North County FPD's total annual pension contribution at the end of the report period tallies \$2.896 million. This contribution reflects an overall increase of 28.7% during the corresponding 48-month period within the report period. The contribution also represents 41.3% of the District's total payroll in 2018-2019 and has separately increased by 18.6% over the 48-month period.

North County FPD's total pension contribution as of the last annual valuation issued by CalPERS during the report period equaled 41% of the District's payroll.

North County FPD Annual Pension Contributions Table 7.4b Source: CalPERS and SD LAFCO						Trend
Category	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
Employer Contribution	2,249,592	2,609,648	2,307,199	2,895,874	23,008,132	795.5%
Payroll	6,461,980	6,671,377	6,905,639	7,015,425	****	18.6%
% of Payroll	34.8%	39.1%	34.4%	41.3%	323.9%	7391%

Funding Status

North County FPD's total and composite unfunded liability at the end of the report period totals (\$11.9 million). This amount reflects the accrued pension monies owned to all employees and not covered by assets and translates to a composite funded ratio of 89.1% based on market value. Overall, North County FPD's funded ratio has increased by 22.2% during the report period and

North County FPD's combined funded ratio at the end of the report period equals 89.1%. This ratio marks a one-fifth improvement and aided by a significant contribution by the Board in 2019-2020.

generated by a net improvement of \$11.9 million in the unfunded liability.

North County FPD Pension Funding Status Table 7.4c Source: CalPERS						
Category	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Trend
Pension Assets (MVA)	64,340,793	70,036,902	74,356,354	76,739,755	97,818,596	52.0%
Pension Liabilities (AL)	88,202,471	93,720,959	101,843,168	105,760,345	109,764,159	24.5%
Unfunded Liability	(23,861,678)	(23,684,057)	(27,486,814)	(29,020,590)	(11,945,563)	(49.9%)
Funded Ratio	72.9%	74.7%	73.0%	72.6%	89.1%	22.2%

C. RAINBOW MUNICIPAL WATER DISTRICT

1.0 OVERVIEW

The Rainbow Municipal Water District (MWD) is an independent special district formed in 1953. Formation proceedings were initiated by landowners with support from local business interests for purposes of establishing a member agency of the San Diego County Water Authority to provide retail water service within the Rainbow Valley region and in doing so support commercial agricultural uses. Formation proceedings were part of a second phase of local agencies throughout San Diego County joining and retailing the wholesale supplies of the County Water Authority – as they began to import water from the

Rainbow Valley

Rainbow Peaks Road Looking South Towards Interstate 15

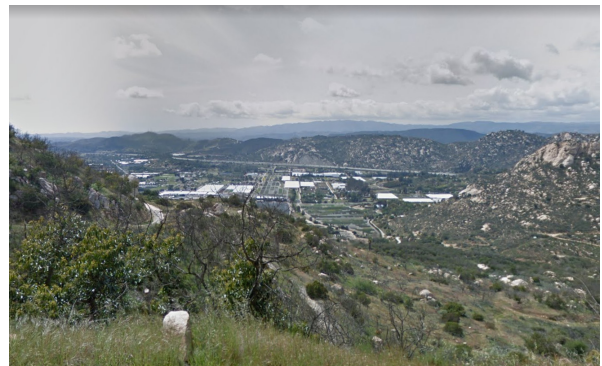


Photo Credit: Google Maps (2021)

Colorado River through its own agreement with the Metropolitan Water District of Southern California. Rainbow MWD's jurisdictional boundary spans 82 square miles with all but one consisting of unincorporated acreage. More than four-fifths of all jurisdictional acreage is under private ownership.⁴⁷ The unincorporated communities of Rainbow and Bonsall anchor the jurisdictional boundary with the former mostly under agricultural and rural residential uses while the latter is largely under residential and commercial uses. 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 three years.

Rainbow MWD is currently organized as a limited-purpose agency with municipal operations tied to two service functions: (a) potable water and (b) wastewater with the latter limited to an internal geographical area within the jurisdictional boundary. Rainbow MWD is also eligible – subject to LAFCO approval – to provide additional functions under its principal

Rainbow MWD is presently authorized by LAFCO to provide two distinct service functions: potable water and wastewater.

act and involves fire protection, recycled water, community recreation, communications, solid waste and garbage, street lighting, road maintenance and drainage, transportation, and electric services. The operating budget at the term of the report period (2019-2020) was \$44.0 million. The audited financial statements show Rainbow MWD's net position at the end of the report period totaling \$88.2 million with the unrestricted portion tallying \$9.1 million. This latter total is adjusted to \$10.2 million less pension liabilities and equals 2.8 months of recent actual operating expenses.

⁴⁷ The lone incorporated portion of the Rainbow MWD jurisdictional boundary lies in the City of Oceanside.

LAFCO independently estimates the fulltime resident population within Rainbow MWD is 22,130 as of the term of this report period. It is also projected the estimate of fulltime residents represents an overall increase of 2,663 since 2010 – or 266 annually – with a resulting annual growth rate of 1.4%, which is above the countywide rate of 0.7%. The estimated population is directly supported by 8,989 housing units, which has increased since 2010 with the construction or otherwise addition of 821 units. The median household income among residents within Rainbow MWD is \$74,006 based on the current five-year period average and more than one-tenth above the countywide average of \$66,529.

2.0 BACKGROUND

2.1 Community Development

Rainbow MWD’s service area began its present-day development in the late 1700s like other nearby communities – such as Fallbrook and Pala. The genesis of the development ties to the Payomkawichum people – called Luiseños by the Spanish newcomers – establishing permanent villages along the Santa Margarita and San Luis Rey Rivers in conjunction with the construction of nearby Mission San Luis Rey in 1769. These villages generally continued uninterrupted into the next century when rule of California transitioned from Spain to Mexico and Governor Pio Pico granted “Rancho Monserate” to his brother-in-law Ysidro Alvarado in 1846. The Rancho Monserate land grant covered close to 13,330 acres and helped to transition the largely unimproved lands in the region towards cultivated agricultural and ranching uses. Homesteading began in the early 1870s and headlined by the arrival of Peter Larsen and later James Peebles Marshall Rainbow, who subsequently partnered with W.J. Gould to form a land company in acquiring a considerable portion of the Rancho with the Spanish named “Vallecitos” or “Little Valley.” Rainbow and Gould proceeded to file a townsite map with the County of San Diego Clerk-Recorder in 1888 and officially titled their investment as “Rainbow Valley,” which was later abbreviated by locals to “Rainbow.”

The earliest census performed on Rainbow (Vallecitos precinct) estimated the population at 94 in 1890.⁴⁸ Rainbow’s population expanded modestly over the next several decades as the lands’ agricultural uses proved successful with irrigation coming from groundwater or diversions from Rainbow Creek – a tributary of the Santa Margarita River. Many of the family farmers in Rainbow Valley had also built their homes just north in and around Temecula and were apportioned to Riverside County at the time of its creation in 1893 – including community patriarch James Rainbow. This dynamic – the commercial success of agriculture and the initial population settling north in Riverside County – contributed to a relatively slow growth rate with the population in Rainbow Valley not reaching 1,000 until the 1950s.

⁴⁸ The overall population of San Diego County in the 1890 census was estimated at 34,987.

2.2 Formation Proceedings

Rainbow MWD was officially formed in January 1954 to provide potable water service with an initial jurisdictional boundary of 75 square miles covering the Rainbow and Bonsall communities. The formation proceedings were petitioned by landowners and led by Guy Earl Jr.; the former owner of the Los Angeles Herald-Express who had purchased a large cattle ranch in Bonsall and proceeded to develop a horse training center and later became the site of San Luis Rey Downs. Formation proceedings were pursued with the specific intent of concurrently annexing into the San Diego County Water Authority and Metropolitan Water District of Southern California and in doing so establishing a more reliable supply for Rainbow via imports from the Colorado River. The County of San Diego Boundary Change Commission approved the formation subject to voter confirmation.⁴⁹ The resulting election was held in December 1953 and voters confirmed the formation with 93% – or 306 of the 328 ballots – voting in favor. A director was also appointed for each division.⁵⁰

2.3 Post Formation Proceedings

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

- Rainbow MWD concurrently annexes into the County Water Authority and Metropolitan Water District of Southern California in late 1954 to provide access to water supplies from the Colorado River.
- Construction begins on the second San Diego Aqueduct in 1958 with plans to cross through Rainbow MWD's jurisdictional boundary.
- Voters in California approve the construction of the State Water Project in 1960 for the primary purpose of delivering water supplies from the Sierra Mountains via the Sacramento Delta to the Central Valley and Southern California. Close to one-half of the costs are paid by the Metropolitan Water District as the largest single contract user to the State Water Project.
- Rainbow MWD initiates its wastewater service function in 1963 in conjunction with the development of the Fallbrook Country Club and two adjacent subdivisions. A separate system is constructed in 1964 to accommodate the development of the Pala Mesa Village and the Pala Mesa Country Club.

⁴⁹ 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.

⁵⁰ Initial Board members for Rainbow MWD were Guy Earl, Marlan Griswold, Dave Caldwell, Ben Martin, and William Davis.

- County Water Authority voters approve financing for a new branch for the second San Diego Aqueduct in 1966.
- Rainbow MWD enters into an agreement with City of Oceanside in January 1973 for the City to treat and discharge wastewater collected within the District. The initial agreement allocates Rainbow MWD up to 1.0 million gallons of treatment capacity.
- LAFCO establishes a coterminous sphere of influence for Rainbow MWD in December 1983. Several amendments are made to the sphere by LAFCO in conjunction with approving reorganizations between 1985 and the next update performed in 2003.
- Rainbow MWD amends its agreement with City of Oceanside in September 1989 and February 2002 to increase its allocated use of the City's wastewater treatment facilities ultimately to 1.5 million gallons per day.
- LAFCO completes its most recent sphere of influence update on Rainbow MWD in April 2014 and approves a larger-than-agency designation to include approximately 852 unincorporated acres along its eastern perimeter towards Pala.
- In April 2020, Rainbow MWD files a reorganization application with LAFCO to transfer wholesale water supplies byway of concurrently detaching from the County Water Authority and annexing into Eastern MWD. The reorganization is coordinated with similar filing by Fallbrook PUD and remains under administrative review.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Rainbow MWD's existing boundary spans approximately 80 square miles and covers 50,857 acres. Over 98% of the jurisdictional boundary is unincorporated and anchored by the communities of Rainbow, Bonsall, and Gopher Canyon. The incorporated portion of the jurisdictional boundary involves 859 acres that overlap with the City of Oceanside's Morro Hills neighborhood. The total jurisdictional boundary equals 1.9% of all San Diego County and characterized by rural residential and agricultural uses with the latter largely consisting of avocado, citrus, flowers, and nut crops. There are 15,257 registered voters in Rainbow MWD at the end of the report period except for 30 residing in the incorporated area.

Rainbow MWD's jurisdictional boundary spans over 50,000 acres and more than twice the size of the City of Oceanside. The jurisdictional boundary has increased by 7.0% since Rainbow MWD's formation in 1954.

Rainbow MWD's two active service functions – potable water and wastewater – are designated by the Commission to span the entire jurisdictional boundary, and accordingly there are no internal LAFCO latent power service areas.

The total assessed value (land and structure) within Rainbow MWD increased during the report period by 25.2% from \$3.922 billion to \$4.912 billion. The period ending amount translates to a per acre value ratio of \$0.097 million as well as a per capita value of \$0.222 million based on the estimated fulltime population of 22,130. Overall, Rainbow receives close to 0.08% of the annual 1.0% of property tax collected in the jurisdictional boundary and resulted in \$0.391 million in 2019-2020.

Assessed property values in Rainbow MWD have increased by one-fourth over the report period and finished with a \$0.097 million per acre ratio.

The jurisdictional boundary is currently divided into 11,790 parcels and spans 48,681 acres.⁵¹ Close to nine-tenths – 88.1% – of the parcel acreage is under private ownership with nearly three-fifths having already been developed and/or improved with structures to date, albeit not necessarily at the highest density under zoning. The remaining private acreage in Rainbow MWD is undeveloped with 2,945 parcels that collectively total 17,883 acres.

58% of all privately-owned acreage in Rainbow MWD has been developed to date. The remaining 42% of the private acreage in Rainbow MWD is undeveloped and totals 17,883 acres.

A total of 1,530 acres – or 3.0% – of Rainbow MWD's jurisdictional boundary qualifies as disadvantaged unincorporated community (DUC) lands under current San Diego LAFCO policy. This affected area also lies within the sphere of influence and is part of the Gopher Canyon area of the jurisdictional boundary and continues to extend south towards the City of Vista. Additional lands qualifying as a DUC lie to the immediate west of both Rainbow MWD's jurisdictional boundary and sphere of influence to include the Marine Corps' Camp Pendleton site.

3.0% of Rainbow MWD qualifies as a DUC with the affected households having an annual median household income of less than \$54,191.

Rainbow MWD
Jurisdictional Boundary Characteristics
Table 3.1a (Source: San Diego LAFCO)

Total Jurisdictional Size	50,857 acres
Total Jurisdictional Parcels and Acreage (less rights-of-ways, etc.)	11,790 parcels totaling 48,681 acres
... Publicly Owned Parcels and Acreage	254 parcels totaling 5,802 acres
... Privately Owned Parcels and Acreage	11,536 parcels totaling 42,879 acres
... Undeveloped Privately Owned Parcels and Acreage	2,954 parcels totaling 17,883 acres
Total Number of Registered Voters	15,257
Total Assessed Value (Land and Structures)	\$4.912 billion

⁵¹ The remaining 2,2176 jurisdictional acres within Rainbow MWD's jurisdictional boundary comprise public right-of-ways and waterways.

3.2 Sphere of Influence

Rainbow MWD's sphere was established by LAFCO in December 1983 ahead of a statewide deadline set by the Legislature. The sphere presently spans 51,543 acres and includes 987 non-jurisdictional acres with the majority lying along the northeast District perimeter and within two distinct "island" areas near SR-76 and the San Luis Rey River. If these non-jurisdictional acres are annexed, it would increase the physical size of Rainbow MWD by 1.9%. No jurisdictional lands lie outside the sphere. There are also no special study areas for the sphere.

The Rainbow MWD sphere of influence was last comprehensively updated by LAFCO in 2014 and presently comprises a "larger-than-agency" designation to include 987 non-jurisdictional acres. No jurisdictional lands lie outside the sphere.

3.3 Other Boundaries (Non LAFCO)

3.3.1 Land Use Boundaries

The County of San Diego General Plan was last updated by the Board of Supervisors in August 2011 and provides development policies and objectives for all unincorporated lands and applies 98% to Rainbow MWD's jurisdictional boundary. Specific policies and objectives for lands within the Rainbow MWD are primarily delegated and addressed within two Board of Supervisors' adopted documents: Rainbow Community Plan and the Bonsall Community Plan. These Community Plans collectively cover 52% of the jurisdictional boundary and stewarded by elected advisory bodies and were last updated by the Board of Supervisors in August 2011. The Community Plans premising land use goals follow.

98% of Rainbow MWD's jurisdictional boundary falls under the land use policies set by the County of San Diego with one-half collectively covered in the Bonsall and Rainbow Community Plans. These documents were updated in August 2011 with no approved amendments during the report period.

Bonsall Community Plan

"A unique balance of Bonsall's rural agriculture, estate lots, ridgelines, equestrian uses, and open space land uses in the community, including open space and low-density buffers separating the community from adjacent cities and unincorporated community and new development that conserves natural resources and topography." LU-1.1

Rainbow Community Plan

"Land use that retains and enhances the rural character of the community." LU-1-1.

The remainder of the unincorporated portion of Rainbow MWD’s jurisdictional boundary is covered under the Fallbrook Community Plan with additional details footnoted.⁵² The incorporated portion of Rainbow MWD’s jurisdictional boundary lies within the City of Oceanside and part of the Morro Hills neighborhood. The Oceanside General Plan – which was last updated in September 1986 – designates the area for low density residential use.

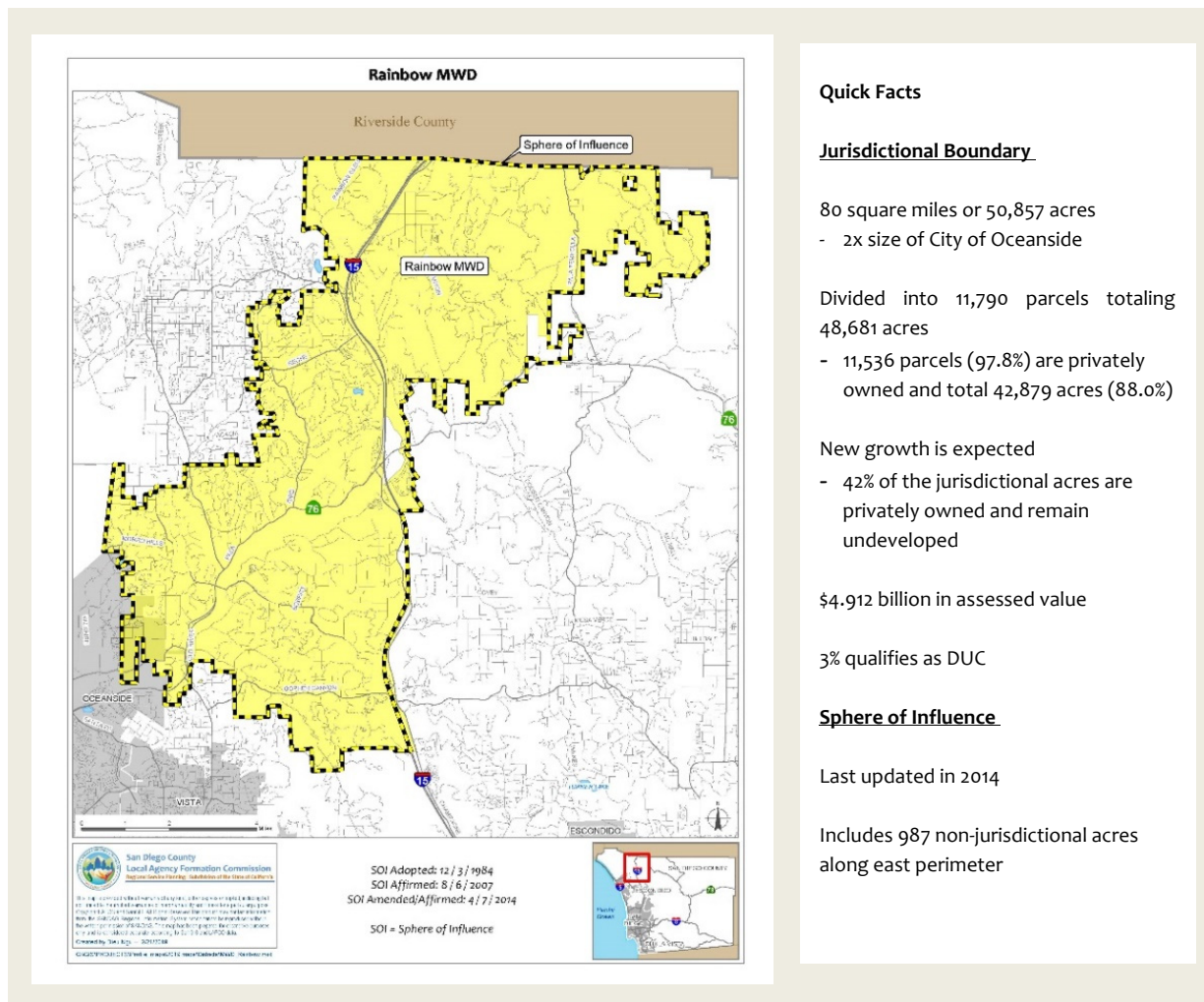
3.3.2 Local School District Boundaries

Rainbow MWD’s jurisdictional boundary contains five public school districts: Bonsall Unified School; Fallbrook Union Elementary; Fallbrook Union High School; Vallecitos School District; and Valley Center-Pauma Unified School Districts. A summary of these Districts follows.

Rainbow MWD Public School District Information				
Table 3.2a (Source: Fallbrook, Vallecitos, & Valley Center School Districts)				
	Fallbrook Union Elementary School District	Fallbrook Union High School District	Vallecitos School District	Valley Center- Pauma Unified School District
% Within Rainbow MWD	19%	19%	46%	25%
Superintendent	Dr. Candace Singh	Ilsa Garza-Gonzalez	Maritza Koeppen	Ron McCowan
Grades Covered	K-8 th Grade	9-12 th Grade	K-8 th Grade	K-12 th Grade
Number of Schools	9	4	1	8
Total Enrollment in FY2016	5,506	2,312	190	4,087
Total Enrollment in FY2020	5,278	2,154	195	3,956
... Change in Enrollment	222 or 4.4%	(158) or (6.8%)	5 or 2.6%	(131) or (3.3%)
Operating Budget in FY2016	\$54,728,304	\$31,940,656	\$2,665,845	\$41,260,546
Operating Budget in FY2020	\$65,712,320	\$29,501,279	\$3,022,487	\$47,450,808
... Change in Operating Budget	20.1%	(7.6%)	12.5%	13.0%

⁵² The Fallbrook Community Plan was similarly last updated last in August 2011 with five amendments approved during the five-year report period. The premising land use goal is as follows: “perpetuate the existing rural charm and village atmosphere surrounded by semi-rural and rural lower density development, while accommodating growth.”

3.4 Current Boundary and Sphere Designations



4.0 DEMOGRAPHICS

4.1 Population and Housing

Rainbow MWD's total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 22,130 at the term of the five-year report period. This amount represents 0.7% of the countywide total. It is also estimated the fulltime population has risen overall by 13.7% from 19,467 in 2010 and the last census reset. This translates to an annual change of 1.4%, which is nearly double the corresponding countywide growth rate of 0.72% over the same period. The current estimate

It is estimated there are 22,130 fulltime residents in Rainbow MWD at the end of the report period. It is projected the fulltime population will increase consistent with recent trends – or 1.4% annually – and add another 1,332 residents and reach 23,462 by 2025.

produces a population density of 0.4 residents for every one jurisdictional acre and underlies the overall rural character of the jurisdictional boundary. (For context, the population density for the adjacent City of Oceanside at the end of the report period is 6.6 residents for every one acre.) It is projected the current growth rate within Rainbow MWD will continue into the near-term and result in the fulltime population reaching 23,462 by 2025.

Rainbow MWD Resident Population

Table 4.1a (Source: Esri and San Diego LAFCO)

Factor	2010 Estimate	2020 Estimate	Annual Change	2025 Projection
Rainbow MWD	19,467	22,130	1.4%	23,462
San Diego County	3,095,264	3,318,089	0.7%	3,429,502

LAFCO separately estimates there are 8,989 residential housing units within Rainbow MWD at the term of the five-year report period. This amount represents an overall increase of 821 – or 10.1% – since 2010 for an annual change of 82 or 1.0%; the latter amount being close to three-fourths higher than the total county amount. With respect to housing characteristics, and based on the most recent five-year average, 77.57% units are owner-occupied, 16.56% are renter-occupied, and the remaining 5.86% are vacant. The average household size has remained largely fixed and finished the report period at 2.9 residents per every one dwelling unit. The mean monthly housing cost in Rainbow MWD at the end of the report period is \$1,748 and 10.8% above the countywide average of \$1,578. This housing cost also equals 28.4% of the residents' average household income.

Housing production in Rainbow MWD at the end of the report period totals 8,989 dwelling units with an average monthly housing cost of \$1,748. This latter amount is 11% higher than the countywide average and equals 28.4% of residents' average household income.

Rainbow MWD Housing Characteristics

Table 4.1b: (Source: Esri and San Diego LAFCO)

Factor	Rainbow MWD	San Diego County
2010 Housing Units	8,168	1,164,766
2020 Housing Units	8,898	1,233,324
... % Annual Change	1.0%	0.59%
Household Size (5-year average 2007-2011)	2.84	2.79
Household Size (5-year average 2012-2016)	2.90	2.87
... % Annual Change	0.60%	0.80%
Monthly Housing Cost (5-year average 2007-2011)	\$1,860.56	\$1,540.00
Monthly Housing Cost (5-year average 2012-2016)	\$1,748.12	\$1,578.00
... % Annual Change	(0.60%)	0.25%
2010 Vacancy Rate	8.14%	6.69%
2020 Vacancy Rate	5.86%	5.94%
... % Overall Change	(28.0%)	(11.2%)

4.2 Age Distribution

The median age of residents in Rainbow MWD is 45.1 based on the current five-year period average. This amount shows the population is slightly aging with the median age experiencing an overall change of 2.5% from 44.0 over the preceding five-year period average. The current median age in Rainbow MWD remains measurably 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 51.1%.

Residents within Rainbow MWD tend to be measurably older with a median age of 45 relative to the countywide average of 35.

Rainbow MWD
Median Age of Residents
Table 4.2a (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Rainbow MWD	44.0	45.1	2.5%
San Diego County	34.6	35.3	2.0%

Rainbow MWD
Prime Working Age, 25-64
Table 4.2b: (Source: American Community Survey and San Diego LAFCO)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Rainbow MWD	53.1%	51.1%	(3.8%)
San Diego County	53.4%	47.0%	(12.0%)

4.3 Income Characteristics

The median household income in Rainbow MWD is \$74,006 based on the current five-year period average. This amount shows fulltime residents are receiving modestly more pay with the median income experiencing an overall increase of 2.2% from the preceding five-year period average of \$72,438. The current median household income in Rainbow MWD is also 11.2% higher than the current countywide median of \$66,259. An extreme exists, nonetheless, within Rainbow MWD with more than one out of ten residents living below the poverty line and reflects an overall increase of nearly one-half – or 44.2% – over the earlier five-year period.

Rainbow MWD residents' average median household income has improved during the report period and currently tallies \$74,006; an amount that is 11% higher than the countywide sum. However, poverty rates have also increased and affected 11% of all residents at the end of the period.

Rainbow MWD
Median Household Income
Table 4.3a (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Rainbow MWD	\$72,438	\$74,006	2.2%
San Diego County	\$63,857	\$66,529	4.18%

Rainbow MWD
Resident Poverty Rates
Table 4.3b (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Rainbow MWD	7.7%	11.1%	44.2%
San Diego County	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Unemployment levels within Rainbow MWD are relatively low at 3.0% based on the current five-year period average. This amount falls below the countywide average sum of 4.9% and incorporates a two-thirds improvement over the prior five-year period average. Other notable measurements include one out of every four residents collecting retirement income at the end of the report period and more than a third higher than the countywide rate. Education levels within Rainbow MWD, as measured by four-year college graduates has modestly increased during the report period but remains somewhat low at 33.3% given the relatively high median income levels. The non-English speaking percentage of the population has decreased during this period from 13.5 to 9.8%; an overall difference of (27.4%).

One out of every three adults in Rainbow MWD hold four-year college degrees at the end of the report period. This ratio paired with the relatively high median home income in the jurisdiction suggests a blue-collar workforce resides in the MWD.

Rainbow MWD
Unemployment Levels
Table 4.4a (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Rainbow MWD	5.0%	3.0%	(40.3)
San Diego County	5.6%	4.9%	(12.5%)

Rainbow MWD
Collecting Retirement
Table 4.4b (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Rainbow MWD	22.7%	24.5%	7.9%
San Diego County	16.7%	17.7%	6.0%

Rainbow MWD
Non-English Speaking Households
Table 4.4c (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
Rainbow MWD	13.5%	9.8%	(27.4%)
San Diego County	16.1%	15.0%	(6.83%)

5.0 ORGANIZATION

5.1 Governance

Rainbow 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 these special districts to provide a moderate range of municipal services upon approval by LAFCOs. Rainbow MWD is currently authorized to provide two municipal service functions: potable water and wastewater. The remaining 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 and subject to conducting authority proceedings. Similarly, should it ever seek to divest itself of directly providing an active service function, Rainbow MWD would also need to seek LAFCO approval. A list showing Rainbow MWD's active and latent service functions follows with applicable service classes.

Active Service Functions

Potable Water (retail)
Wastewater (collection, treatment, and disposal)

Latent Service Functions

Fire Protection
Emergency Medical
Park and Recreation
Storm Drainage
Solid Waste-Garbage
Electric-Wind-Solar Power
Recycled Water (retail)

Governance of Rainbow 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 fourth Tuesday of each month at the District office located at 3707 Old Highway 395. Directors receive a \$150 per diem for each meeting attended. Summary minutes are prepared

Rainbow MWD is an independent special district with directly elected board members representing one of five divisions. Board meetings are regularly scheduled on the fourth Tuesday of each month. Board members receive a \$150 per diem for their attendance.

for all meetings; audio and video recordings are not provided. A current listing of the Board along with respective backgrounds and years served with Rainbow MWD follows.

Rainbow MWD Current Board Roster Table 5.1a (Source: Rainbow MWD)			
Member	Position	Years on Board	Background
Pam Moss	Secretary, Division 1	1	Real Estate
Hayden Hamilton	President, Division 2	4.5	Civil Engineer
Miguel Gasca	Vice President, Division 3	4.5	Software Engineer
Carl Rindfleisch	Director, Division 4	4.2	Finance
Michael Mack	Director, Division 5	2.5	Parks and Recreation
Average Experience on the Board: 3.4 Years			

5.2 Administration

Rainbow MWD appoints an at-will General Manager to oversee all District activities. The current General Manager – Tom Kennedy – was appointed in August 2014 and succeeded Dave Seymour who served in the position dating back to September 2007.⁵³ Budgeted staffing has moderately increased during the five-year report period with the number of fulltime equivalent positions changing by 6.9% from 51.0 to 54.5. Legal services are provided by Nossaman LLP with Alfred Smith serving as General Counsel (Los Angeles)

Rainbow MWD Administration Offices
3707 Old Highway 395, Fallbrook, CA 92082



Photo Credit: Village News

Rainbow MWD Budgeted Staffing Levels Table 5.2a (Source: Rainbow MWD)				
Category	FY 2016	FY 2020	Average	Trend
Budgeted Staffing	51.0	54.5	52.8	6.9%
Per 1,000 Residents	0.41	0.41	0.41	0.0%

6.0 MUNICIPAL SERVICES

Rainbow MWD is authorized to provide two distinct municipal service functions in support of its jurisdictional boundary's current growth and development: (a) potable water and (b) wastewater. A summary analysis of these service functions follows with respect to capacities, demands, and performance during the five-year report period.

⁵³ General Manager for Fallbrook Public Utility District, Brian Brady served as Interim GM following Dave Seymour and prior to the appointment of Rainbow MWD's current General Manager, Tom Kennedy.

6.1 Potable Water Service

Rainbow MWD's potable water services represent the District's principal service function and involves retail class only. This service function commenced at the time of Rainbow MWD's formation in 1954 and the subsequent construction of an initial distribution system that has evolved and expanded in conjunction with the service area's development. The potable water system is entirely dependent on imported wholesale supplies via the San Diego County Water Authority and Metropolitan Water District of Southern California or MET.

The potable water system presently spans 323 miles of distribution lines that connect 12 major pressure zones with the latter divided into three regions: north; central; and south. The topography in the distribution system ranges from 825 to 2,160 feet above sea level and managed through seven public pump stations. There are also 56 pressure regulating stations to accommodate deliveries from higher to lower zones. The total number of active connections is 8,046 at the end of the report period with 5,566 – or 69.2% – classified as residential. The estimated service population at the end of the period is 17,003 and reflects an overall increase of 1,270 – or 8.1% – over the corresponding 60-month report period.⁵⁴

Rainbow MWD's potable water service is retail class only and activated throughout the jurisdictional boundary, though the distribution system is limited to only three-fourths of the total area. The estimated population in the water service area at the end of the report period totals 17,003.

Service Capacities and Related Resources

Rainbow MWD's potable water supplies are imported through a membership agreement with the County Water Authority. The membership agreement allows Rainbow MWD to purchase – for subsequent retailing – an unrestricted amount of potable water based on availability from the County Water Authority through its own wholesaler relationship with MET. The water supplies Rainbow MWD purchases from the County Water Authority is a blend from the Colorado River and Sacramento Bay-Delta and fully treated at MET's Skinner Filtration Facility in Riverside County.

Rainbow MWD's 1954 annexation agreement with the County Water Authority allows MWD to purchase an unrestricted amount of pretreated potable water based on system availability. Rainbow MWD's current infrastructure capacities to the transmission line limit the maximum day supply potential to 399-acre feet.

⁵⁴ The potable water service area population estimate by LAFCO utilizes the following formula: (number of single-family connections x 2.90) + (number of multi-family connections x 4 x 2.90).

Rainbow MWD has direct access to County Water Authority supplies through eight active connections to the First and Second San Diego Aqueducts.⁵⁵ The combined rated capacity among the active connections to water supply purchases from the County Water Authority is 203 cubic feet per second and equals a maximum day amount of 130.0 million gallons or 398.9 acre-feet.

Rainbow MWD Available Potable Water Supplies Table 6.1a (Source: Rainbow MWD and SD LAFCO)		
Direct Source	Maximum Daily Infrastructure Capacity	Maximum Annual Infrastructure Capacity
County Water Authority	130.0 million gallons or 398.9 acre-feet	47.450 billion gallons or 145,598.5 acre-feet

Purchased water from the County Water Authority directly enters Rainbow MWD’s distribution system from the First and Second San Diego Aqueducts and flows either by gravity or pump into the 12 major pressure zones. Pressure within the distribution system is directly maintained by 16 active storage facilities located within each pressure zone. The combined capacity of these local storage facilities is 226.5 million gallons or 695.0 acre-feet.

Rainbow MWD’s distribution system includes 16 active storage facilities with a combined capacity of 695.0 acre-feet.

With respect to financial resources, Rainbow MWD’s potable water services largely operate as an enterprise fund and intended to be self-supporting through user charges and associated fees. A small amount of property taxes are used by Rainbow MWD to support water services. Actual water expenses (operating and non-operating) during the report period have averaged \$35.347 million with the most recent year amount totaling \$34.941 million. Actual expenses overall have increased by 5.0%. The largest actual expense source involves water purchases and accounts for 68.9% of all operating costs during the period. Actual water revenue (operating and non-operating) during the report period have averaged \$34.572 million with the most recent year amount totaling \$33.912 million. Actual revenues overall have increased by 6.2%.

Rainbow MWD’s actual potable water expenses have increased by 5.0% over the report period while actual revenues have increased by 6.2%.

Rainbow MWD’s potable water rates during the five-year report period were last updated by the Board in April 2019 and incorporate three distinct monthly charges: consumption; pumping; and meter. The consumption and pumping charges are dynamic and based on the number of 100

⁵⁵ Rainbow MWD maintains interties with the City of Oceanside and Fallbrook MWD to receive and provide supplies in the event of emergency interruptions to the San Diego Aqueduct. This includes a 2019 agreement with Fallbrook PUD to provide access to their local supply from the Santa Margarita Conjunctive Use Project in an emergency.

cubic feet units delivered to the connection point (meter box) as well as zone location. The meter charge is fixed and based on meter size. The monthly combined charge at the end of the report period for the average single-family residential customer is \$132.42.⁵⁶ Both residential and agricultural rates have increased during the report period by 9.1% and 12.0%, respectively.⁵⁷

Service Demands

Rainbow MWD's average annual demand for potable water over the first four years of the five-year report period in which information is readily available has been 5.532 billion gallons or 16,976 acre-feet. These annual amounts translate to daily averages of 15.157 million gallons and 46.5 acre-feet, respectively, and further refined into a per capita amount of 928 gallons. The average peak-day demand – the highest one-day sum in a year – over the first four years of the report period was 41.383 million gallons or 127.0 acre-feet. This latter amount produces an average period peaking factor of 2.8 and shows high-demand periods increase usage by nearly triple.

Rainbow MWD's overall daily potable water demands have averaged 46.5 acre-feet during the report period with an estimated daily per capita use of 928 gallons.

With respect to overall trends, Rainbow MWD has experienced an overall change of (24.4%) in potable water demands – or (6.1%) annually – over the first four years of the report period. (Information on the fifth year is pending.) The overall reduction in water demands over the corresponding 48-month period contrasts with the estimated 5.6% increase in population. This contrast is largely attributed by Rainbow MWD to substantial reductions in demand from agricultural users with details footnoted.⁵⁸ Overall demands and trends follow.

Rainbow MWD's overall daily potable water demands have notably decreased by (one-fourth) with a closely matching decrease in per capita usage from 1,030 to 728 gallons.

Rainbow MWD

Potable Water Demands

Table 6.1b (Source: Rainbow MWD and SD LAFCO)

Category	2016	2017	2018	2019	2020	Average	Trend
Annual Total (af)	18,125	18,123	17,910	13,720		16,976	(24.4%)
Average Day Total (mg)	16.207	16.182	15.991	12.250		15.157	(24.4%)
... Per Resident (g)	1,030	1,018	937	728		928	(29.3%)
Peak Day Total (mg)	128.0	122.0	127.0	131.0		127.0	2.3%
... Peaking Factor	2.57	2.46	2.59	3.49		2.78	35.4%

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

⁵⁶ The monthly estimate is based on a single-family resident in the Vallecitos zone using 22 units – or 16,700 gallons – each month with a standard 5/8 meter.

⁵⁷ Rates for agricultural customers assume no residence.

⁵⁸ Agricultural customers represent Rainbow MWD's principal potable water users and have accounted for more almost two-thirds – or 65.0% – of all sales during the report period. The percentage of agricultural usage, however, declined period by (8.1%) and underlie the overall reduction in total demands.

- Residential accounts represent 67.8% of all potable water users during the report period. Actual demands attributed to residential users equal 27% of all production. The amount of demand among residential users has decreased by 5%.
- Agricultural accounts represent 29.1% of all potable water users during the report period. Actual demands attributed to agricultural users equal 67% of all production. The amount of demand among agricultural users has decreased by 20%.

Service Performance

Rainbow 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 Rainbow MWD in its Urban Water Management Plan, which was most recently updated in May 2021.

Rainbow MWD has established sufficient potable water infrastructure and related capacities and marked – and among other measurements – by the average demand over the report period equaling only 11.7% of system capacity under normal conditions.

The following statements summarize and quantify existing and projected relationships between Rainbow MWD's capacities and demands now and going forward towards 2025. This includes referencing California's Waterworks Standards (Title 22) and its requirements that all public community water systems have sufficient source, treatment, and storage capacities to meet peak day demand system-wide and within individual zones. It also addresses water quality and rates.

Water Supplies:

- The average annual and daily potable water demands generated during the report period for the entire distribution system equals 11.7% of Rainbow MWD's accessible supply capacities via the County Water Authority and MET.
- The average peak-day potable water demand generated during the report period for the entire distribution system equals 31.8% of Rainbow MWD's accessible supply capacities via the County Water Authority and MET.

Water Storage:

- Average peak day potable water demands generated during the report period for the entire distribution system equals 18.3% of Rainbow MWD's existing online storage capacity. This ratio modestly increases to 18.8% when applying the single highest peak-day demand recorded during the report period.
- Online storage capacity can readily accommodate up to 15 days of average day demands generated over the report period without recharge.

Water Quality:

- A review of records maintained by the State Water Quality Control Board shows there have been no violations issued for drinking water standards to Rainbow MWD during the report period. The last recorded violation was issued in May 2004 for excess coliform.
- Rainbow MWD's most recent water quality report was issued July 2021 and reports the results of self-monitoring conducted in the final year of the report period, 2020. No excessive primary or secondary contaminants were reported.

Water Rates:

- Rainbow MWD's potable water rates include three distinct monthly charges: consumption; pumping; and meter. The consumption and pumping charges are dynamic and based on the number of 100 cubic feet (748 gallons) units delivered to the connection point plus surcharges based on zone location. The meter charge is fixed and based on meter size. Both residential and agricultural rates have increased during the report period by 9.1% and 12.0%, respectively.
- The monthly combined water service charge at the end of the report period for the average single-family residential customer is \$163.77.⁵⁹ This amount does not include the access charge levied by the County Water Authority.

⁵⁹ The monthly estimate is based on a single-family resident in the Vallecitos zone using 22 units – or 16,700 gallons – each month with a standard 3/4 meter.

6.2 Wastewater Services

Rainbow MWD's wastewater service operations commenced in early 1963 and involved constructing an initial collection system and local disposal field to accommodate the development of the Fallbrook Country Club and two adjacent residential subdivisions. Over the proceeding ten-year period, the wastewater system more than tripled in size to accommodate other new developments and highlighted by the Pala Mesa Village, San Luis Rey Country Club, and the San Luis Rey Downs Training Complex. In 1973, and in conjunction with new regulatory standards, Rainbow MWD entered an agreement with the City of Oceanside for contractual allowance to convey raw wastewater into the City's system for subsequent treatment and disposal.

Rainbow MWD's collection system operates within the western half of the jurisdictional boundary vis-à-vis Interstate 15 with the primary trunk line located along State Route 76. This wastewater service area covers an approximate 5,400-acre area – or 10.6% of the jurisdictional boundary – and includes 58 miles of pipelines divided between gravity (55.8 miles) and force main (2.2 miles). The topography in the collection system ranges from 120 to 675 feet above sea level and managed through six lift stations. The total number of active connections is 3,069 at the end of the report period with 2,930 – or 95.5% – classified as residential. The estimated service population at the end of the period is 9,384 and reflects an overall increase of 3,947 or 72.6% over the corresponding 60 months with nearly one-half added in the last year of the report period and associated with the building of the Horse Creek Ridge subdivision.

Rainbow MWD's wastewater service comprises three classes (collection, treatment, and disposal) and geographically limited to an internal area equal to 11% of the jurisdictional boundary. The estimated service population is 9,384.

Service Capacities and Related Capacities

Rainbow MWD's wastewater service function is anchored by an agreement with the City of Oceanside to treat and dispose raw sewer flow generated within the MWD jurisdictional boundary. This contractual relationship was established in 1973 and most recently renewed in 2002. It presently allocates Rainbow MWD a daily sewer flow allowance of up to 1,500 million gallons for treatment at Oceanside's San Luis Rey Wastewater Treatment Facility (WTF).⁶⁰ This allocation equals 11.1% of the total 13,500-million-gallon daily capacity at the San Luis Rey WTF and facilitated through a metered intertie between the two agencies collection

Rainbow MWD's wastewater collection system is sized to utilize all 1,500 million gallons of daily capacity allocated to MWD through its treatment and disposal contract with the City of Oceanside.

⁶⁰ The San Luis Ray WTF is an activated sludge treatment facility and provides secondary-level treatment with a current maximum permit capacity of 13.5 million gallons a day. All secondary treated wastewater is conveyed to the Oceanside outfall for discharge.

systems north of Mission Road near the San Luis Rey River. The minimum firm pump capacity of the two lift stations serving Rainbow MWD's trunk line is 1,200 gallons per minute and produces a daily yield of 1.728 million gallons and can accommodate the full allocation from Oceanside.

With respect to financial resources, Rainbow MWD's wastewater services operate entirely as an enterprise fund and intended to be entirely self-supporting through user charges and associated fees. Actual wastewater expenses during the report period have averaged \$2.802 million with the most recent year amount totaling \$3.630 million. Actual expenses overall have increased by 67.7% and driven therein by sharp rises in transfers into its capital improvement program. The largest actual expense source involves maintenance (non-labor) and accounts for 40.5% of all operating costs during the period. Actual wastewater revenues during the report period have averaged \$2.774 million with the most recent year amount totaling \$3.280 million. Actual revenues overall have increased by 28.5%.

Rainbow MWD's actual potable wastewater expenses have increased 67.7% over the report period while actual revenues have increased 28.5%.

Rainbow MWD's wastewater rates during the five-year report period were last updated by the Board in March 2018. and resulted in rate impacts of 2.0% to 6.0%, dependent on two factors involving customer class and meter size. Rate increases aided rate increases by the Districts water wholesaler, as well as funding for pipeline rehabilitation and replacement as part of Rainbow MWD's capital improvement program.

Service Demands

Average annual wastewater demands generated during the five-year report period has been approximately 260.6 million gallons. This amount serves as a macro-overview of system demands and translates into a daily average flow of 0.714 million gallons. It also translates over the report period to an estimated daily average of 323 gallons for every service connection as well as 104 gallons for every resident. Overall, average daily demands have increased by more than one-third from 0.604 million gallons to 0.806 million gallons during the report period.

Rainbow MWD's average daily wastewater flow generated during the report period has been 0.714 million gallons with an overall change of 33.4%. The per resident measurement – however – has decreased by (22.7%) from 112 to 86 gallons.

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

- Average daily dry-weather wastewater flows over the report period have been 0.702 million gallons. This flow typically is recorded between May and October and assists in measuring household demands in the collection system. Daily dry-weather flows tallied 0.780 million gallons at the end of the report period and produces a net 30.7% change. Measuring daily dry-weather flows by connection and resident show the averages at 318 gallons and 102 gallons, respectively, with both values decreasing at (26.9%) and (24.3%).
- Average daily wet-weather wastewater flows over the report period have been 0.721 million gallons. This flow typically is recorded between November and April and assists in measuring the amount of inflow and infiltration entering the collection system. Daily wet-weather flows tallied 0.823 million gallons at the end of the report period and produces a net 36.7% change. Measuring daily wet-weather flows by connection and resident show the averages at 325 gallons and 105 gallons, respectively, with both values decreasing at (23.5%) and (20.8%).
- Average peak-day wastewater flows over the report period have been 0.795 million gallons and generates a peaking factor of 1.1. Measuring peak-day flows by connection and resident show the averages at 357 gallons and 115 gallons, respectively, with both values decreasing at (20.2%) and (17.4%).

Rainbow MWD

Recent Wastewater Demands

Table 6.2a (Source: Rainbow MWD and SD LAFCO)

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2016	0.604 mgd	0.597 mgd	0.602 mgd	0.647 mgd
2017	0.662 mgd	0.668 mgd	0.658 mgd	0.692 mgd
2018	0.702 mgd	0.716 mgd	0.692 mgd	0.771 mgd
2019	0.796 mgd	0.747 mgd	0.831 mgd	0.942 mgd
2020	0.806 mgd	0.780 mgd	0.823 mgd	0.922 mgd
Average	0.714 mgd	0.702 mgd	0.721 mgd	0.795 mgd
Trend	33.4%	30.7%	36.7%	42.5%

Notes: "mg" refers to million gallons

Service Performance

Rainbow MWD is currently operating with sufficient and excess wastewater capacity in accommodating existing estimated user demands generated during the five-year report period under all measured conditions. This statement is substantiated with average day demands during the report period equaling only 47.6% of the treatment and discharge capacity allocated to Rainbow MWD via the City of Oceanside's San Luis Rey WTF. Capacity consumption is lower in measuring Rainbow MWD's collection system with the average day demands during the report period equaling 41.3%.

Rainbow MWD's wastewater services is overall operating at 48% of its contractually available treatment and disposal capacity via the City of Oceanside under normal conditions. Peak day flows increase capacity usage only to 53% and suggest – among other items – limited inflow and infiltration is entering the collection system.

With respect to other performance measurements, the following items are noted.

- Rainbow MWD's average peak day demand during the report period is 0.795 million gallons and equals 53.0% of MWD's treatment and disposal capacity. Should the underlying per capita ratio hold, Rainbow MWD's wastewater system can readily accommodate an overall increase in its service population of one-third or 6,136.
- A review of the records maintained by the State Water Quality Control Board shows there have been five violations issued for discharge permit standards to Rainbow MWD during the report period. These violations collectively involved 29,411 gallons with 81.6% – or 24,000 gallons – recovered before reaching surface waters.

7.0 FINANCES

7.1 Budget Information

Rainbow MWD's average total expenses during the five-year report period has been \$41.925 million and translates to a per capita or resident amount of \$1,940. The total amount represents actual expenses and divides between operating and non-operating costs with the former accounting for 99.7% of the overall sum. Actual expenses have increased overall by 16.4% during the report period. The corresponding per capita expense has separately increased by 10.9% from \$1,819 to \$2,017.

Rainbow MWD's average total expenses during the report period has been \$41.9 million and reflects an overall change of 16.4%.

Rainbow MWD Actual Total Expenses Table 7.1a (Source: Rainbow MWD)							
Type	2015-2016 Actual	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	Average	Trend
Operating	37,656,124	40,118,054	45,386,976	41,801,635	44,008,413	41,794,240	16.9%
Non-Operating	667,939	(1,572,203)	370,175	570,855	616,775	130,708	0.3%
Total Expense	\$38,324,063	\$38,545,851	\$45,757,151	\$42,372,490	\$44,625,188	\$41,924,949	16.4%
Per Capita Expense	\$1,819	\$1,807	\$2,119	\$1,938	\$2,017	\$1,940	10.9%

Rainbow MWD's average total revenue during the five-year report period has been \$38.651 million and translates to a per capita or resident \$1,790. The total amount represents actual revenues and divides between operating and non-operating sources with the former accounting for 96.3% of the overall sum. Actual revenues have increased overall by 3.2% during the report period. The corresponding per capita revenue has separately decreased by (1.8%).

Rainbow MWD's average total revenues during the report period has been \$38.7 million and reflects an overall change of 3.2%.

Rainbow MWD Actual Total Revenues Table 7.1a (Source: Rainbow MWD)							
Type	2015-2016 Actual	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	Average	Trend
Operating	35,229,553	36,473,149	41,617,724	36,515,083	36,203,877	37,207,877	2.8%
Non-Operating	1,592,050	595,250	974,053	2,278,672	1,777,907	1,443,586	11.7
Total Revenue	\$36,821,603	\$37,068,399	\$42,591,777	\$38,793,755	\$37,981,784	\$38,651,464	3.2%
Per Capita Revenue	\$1,748	\$1,738	\$1,972	\$1,774	\$1,716	\$1,790	(1.8%)

7.2 Financial Statements

Rainbow MWD regularly 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 Rainbow MWD's financial statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Rainbow MWD's short and long-term fiscal health with specific focus on delivering its activated service functions – i.e., potable water and wastewater. The current outside consultant is Lance, Soll & Lunghard, LLP (Brea) and they have prepared the last four audits on Rainbow MWD.

Rainbow MWD's most recently audited financial statements for the five-year report period were issued for 2019-2020. These statements show Rainbow MWD experienced a notable improvement over the prior fiscal year as the overall net position (full accrual basis) increased by 5.5% from \$83.6 million to \$88.2 million. Adjusting to pre GASB 68 and 75 reporting standards and the listing of an agencies' proportionate share of pension and other post-employment benefit liabilities, Rainbow MWD's net position increases to \$89.3 million.⁶¹ The accompanying auditor's report did not identify any material weaknesses or related concerns. A detailing of year-end totals and trends during the report period follows with respect to assets, liabilities, and net position.

Most Recent Year-Ending Financial Statements (2019-2020)

Assets	131,053,253
Liabilities	44,064,524
Deferred Outflow/Inflow	1,179,927
Net Position	\$88,168,656
Adjusted Net Position...	
(Less retirement liabilities)	\$89,321,414

Agency Assets

Rainbow MWD's audited assets at the end of 2019-2020 totaled \$131.1 million. This amount is 7.0% higher than the average year-end period amount of \$122.4 million in total assets and underlies an upwards trajectory. Assets classified as current with the expectation they could be liquidated within a year represented \$41.2 million – or 31.4% – with majority of the resources in investments. Assets classified as non-current and not readily liquid make up the remainder and total \$89.9 million and involve capital assets tied to property, infrastructure, and equipment. Overall, Rainbow MWD's total audited assets have increased by \$10.2 million or 8.4% during the corresponding 60-month period.

Rainbow MWD's audited assets over the five-year report period increased by 8.4% and primarily tied to investments in new infrastructure and headlined by installing new meters with online connectivity for customers to track real-time usage.

Rainbow MWD Audited Assets

Table 7.2a (Source: Rainbow MWD)

Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Average	Trend
Current	21,324,767	33,878,794	35,910,134	48,460,270	41,157,401	36,146,273	93.0%
Non-Current	99,601,167	81,717,253	81,135,315	79,088,261	89,895,852	86,287,570	(9.7)%
Total	\$120,925,934	\$115,596,047	\$117,045,449	\$127,548,531	\$131,053,253	\$122,433,843	8.4%

⁶¹ The adjustment to the net position is calculated by LAFCO and not part of the audited financial statements.

Agency Liabilities

Rainbow MWD's 2019-2020 audited liabilities totaled \$44.1 million. This amount is 15.5% higher than the average year-end period amount of \$37.7 million in total liabilities and underlies an upwards trajectory. Liabilities classified as current with the expectation they will become due within a year represented \$6.9 million – or 15.7% – and largely tied to accounts payable. Liabilities classified as non-current and considered longer termed debts make up the remainder of the total amount with the largest single obligation tied to notes payable (\$22.6 million). Overall, Rainbow MWD's total audited liabilities increased by \$15.7 million – or 55.3% – during the corresponding 60-month period.

Rainbow MWD's audited liabilities over the five-year report period increased by 55.3% and primarily tied to new long-term financing involving the lease-to-purchase as well as installment of new water meters in FY2019.

Rainbow MWD Audited Liabilities Table 7.2b (Source: Rainbow MWD)							
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Average	Trend
Current	6,079,417	6,499,958	6,965,292	7,217,595	6,917,942	6,739,641	13.5%
Non-Current	22,273,196	27,702,708	29,370,060	38,445,392	37,146,582	30,987,588	66.8%
Total	\$28,370,613	\$34,202,666	\$36,335,352	\$45,662,987	\$44,064,524	37,727,228	55.3%

Net Position

Rainbow MWD's audited net position or equity at the end of 2019-2020 totaled \$88.2 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 2.2% higher than the average year-end sum of \$86.2 million during the report period and shows an upward trajectory. Most of the net position – \$66.9 million – is tied to capital assets. The remainder is largely comprised of restricted monies tied to debt service and capital projects. Overall, Rainbow MWD's audited net position decreased by \$5.09 million or (5.5%) over the corresponding 60-month period.

Rainbow MWD's audited net position has decreased over the five-year report period by (5.5%) from \$93.3 million to \$88.2 million and ties directly to the rate of new liabilities exceeding the rate of new assets by a ratio of 6 to 1.

Adjusting to exclude Rainbow MWD's proportional share of net pension and other-post employment benefits – which are relatively new reporting standards under GASB 68 and 75 – the net position increases by \$1.2 million – or 1.3% – to \$89.3 million.

Rainbow MWD Audited Net Position Table 7.2c (Source: Rainbow MWD)							
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Average	Trend
Capital	84,881,107	65,217,530	65,399,076	63,739,648	66,925,606	69,232,593	(21.2)%
Restricted	6,827,952	894,491	894,491	3,321,531	12,187,215	4,825,136	78.5%
Unrestricted	1,544,992	17,174,049	16,586,411	16,510,984	9,055,835	12,174,454	486.1%
Total	\$93,254,051	\$83,286,070	\$82,879,978	\$83,572,163	\$88,168,656	\$86,232,184	(5.5)%
Total Adjusted...	\$98,203,525	\$84,124,223	\$84,039,782	\$84,632,371	\$89,321,414	\$88,064,263	(9.0)%

"Total Adjusted" excludes GASB 68 and 75 reporting requirements with respect to project pension and other post-employment costs.

The unrestricted portion of Rainbow MWD's net position as of the last audited fiscal year totaled \$9.1 million. This represents the accrued spendable portion of the fund balance and is only subject to discretionary designations (commitments and assignments). The adjusted amount less pension and related liabilities is \$10.2 million and represents a more accurate accounting of available fund balance monies. This adjusted amount equals 2.8 months of Rainbow MWD's operating expenses based on actual operating expenses at the end of the report period.

Rainbow MWD's unrestricted fund balance less pension and related liabilities at the end of the report period is sufficient to cover 2.8 months of operating expenses.

7.3 Measurements | Liquidity, Capital, and Margin

LAFCO's review of the audited financial statement issuances by Rainbow MWD covering the five-year report period shows the District experienced mostly negative trends all four standard measurement categories – liquidity, capital, margin, and structure – utilized in this document. This sentiment is marked by Rainbow MWD's experiencing negative ratios in both its operating and total margins in each of the five years with the latter measurement averaging (8.5%). Different measurements also show Rainbow MWD's capital levels – i.e., the portion of assets free of financing – also declined over the report period by no less than two-fifths. Specific feedback from Rainbow MWD on this latter topic is footnoted.⁶²

Standard measurements used to assess the Rainbow MWD's financial standing shows the District overall trended negatively in most categories during the report period and most notably in margin levels.

⁶² "In anticipation of a timely change in water suppliers, over half of the five-year period included a planned freeze on water rates for Rainbow MWD. During this time, rate stabilization funds were budgeted to be utilized. This freeze on rate increases and use of reserves contributed to the negative trends. However, since the application process for the planned reorganization that would decrease water supply costs took longer than Rainbow MWD had anticipated, in July 2021 the Rainbow MWD Board adopted new rates that increased overall revenue by 9%. This change has strengthened Rainbow MWD's financial position significantly." (General Manager Tom Kennedy, November 29, 2021.)

In terms of measurements at the end of the report period, and irrespective of recent trends, liquidity levels via Rainbow MWD's current ratio and days' cash amounts appear sufficient in meeting near-term obligations. This includes the latter category – also known as the burn rate – finishing the period with enough cash to cover nearly one-half year of normal operating expenses. Rainbow MWD's debt levels also remain below the 50% standard threshold and accordingly appear manageable. The operating reserves ratio ended the period above 20% and considered above average. The differences in operating and total margins during the period also show the significance of property taxes in helping to subsidize the District's two enterprise functions.

Rainbow MWD Financial Measurements Table 7.3 (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
2015-2016	3.5	209.9	23.6%	24.3%	(4.1)%	(6.9)%	4.1%	23.9
2016-2017	5.2	124.0	29.4%	33.8%	(4.0)%	(10.0)%	42.8%	22.6
2017-2018	5.2	112.0	30.7%	36.0%	(7.4)%	(7.4)%	36.5%	22.4
2018-2019	6.7	274.2	35.6%	46.5%	(9.2)%	(14.5)%	39.5%	23.3
2019-2020	6.0	156.3	33.6%	42.6%	(17.5)%	(21.6)%	20.6%	39.9
Average	5.3	175.2	30.6%	36.6%	(8.5)%	(12.3)%	28.7%	26.4
Change	70.1%	(25.5)%	42.3%	75.5%	328.7%	213.0%	401.5%	66.9%
Trend	Positive	Negative	Negative	Negative	Negative	Negative	Positive	Negative

Current Ratio (Liquidity)

Compares available assets against near-term obligations; 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.

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.

Operating Margin (Margin)

Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans.

Operating Reserves Ratio (Structure)

Measures the percent of available monies of an agency to cover unforeseen shortfalls; an appropriate maximum 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.

7.4 Pension Obligations

Rainbow MWD provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement System (CalPERS). This pension contract provides employees with specified retirement benefits based on the date of hire and placement in two categories: “Classic Miscellaneous,” and “PEPRA Miscellaneous.” 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

The annual valuation issued at the end of the five-year report period identifies 170 total participants with Rainbow MWD’s pension program with CalPERS. This total represents an overall increase of 26 new enrollees during the 48-month period in which information is readily available dating back to 2016-2017. The total is also divided between enrollee type and includes a net-even active-to-retiree employee ratio of 1.0 to 1.0; i.e., there are an equal number of employees currently contributing to the pension system relative to those that are now drawing pension payments. A summary of benefits follows:

Rainbow MWD finished the report period with 170 enrollees within its pension program with CalPERS. 80% of all enrollees receive a defined benefit formula of 2.5% at 55.

- Classic employees have start dates before January 1, 2013 and represent the largest portion of the retirement program at 80.1% – or 137 – of total enrollees. These employees receive a defined benefit based on a 2.5% at 55 formula.⁶³
- Non classic employees have start dates after January 1, 2013 and represent the smallest portion of the retirement program at 19.9% – or 33 – of total enrollees. These employees receive a defined benefit based on a 2.0% at 62 formula.⁶⁴

Rainbow MWD Pension Enrollee Information Table 7.4a (Source: CalPERS and SD LAFCO)						
Type	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Trend
Active	n/a	50	48	51	57	14.0%
Transferred or Separated	n/a	52	54	58	55	5.8%
Retired		42	47	49	58	38.1%
Total Enrollees	n/a	144	149	158	170	18.1%
Active to Retiree Ratio	n/a	1.2 to 1	1.0 to 1	1.0 to 1	1.0 to 1	(20.0%)

⁶³ An employee with 30 years of employment would be eligible for an annual pension equal to 75% of their highest annual salary starting at age 55.

⁶⁴ An employee with 30 years of employment would be eligible for an annual pension equal to 60% of their highest annual salary starting at 62.

Annual Contributions

Rainbow MWD's total annual pension contribution in the most recent valuation issued at the end of the five-year report period tallies \$1.6 million. This contribution amount equals 32.6% of the payroll total for the corresponding fiscal year. The most recent contribution amount also reflects an overall increase to Rainbow MWD of 26.7% during the associated 48-month period.

Rainbow MWD's employer pension contribution at the end of the report period equals 33% of payroll.

Rainbow MWD Annual Pension Contributions Table 7.4b (Source: Rainbow MWD and SD LAFCO)						Trend
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
Total Contribution	n/a	\$1,080,270	\$1,498,224	\$1,216,627	\$1,622,196	50.2%
Payroll		\$4,207,683	\$4,150,642	\$4,548,810	\$4,985,532	18.5%
Percent of Payroll	n/a	25.7%	36.1%	26.8%	32.6%	26.7%

Funding Status

Rainbow MWD's total and composite unfunded liability at the end of the five-year report period tallies (\$9.0 million). This amount reflects the accrued pension monies owed to all employees and not covered by assets and translates to a composite funded ratio of 74.0% based on market value. Overall, Rainbow MWD's funded ratio has decreased by (2.0%) during the report period and generated by a net increase of \$2.3 million in additional unfunded liability.

Rainbow MWD's combined funded ratio at the end of the report period is 74.0%. This ratio has also decreased by (2.0%).

Rainbow MWD Pension Funding Status Table 7.4c (Source: CalPERS)						Trend
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
Pension Assets (MVA)	n/a	\$20,686,141	\$22,212,128	\$23,914,209	\$25,594,432	23.7%
Pension Liabilities (AL)	n/a	\$27,407,459	\$30,007,327	\$32,127,448	\$34,608,530	26.3%
Unfunded Liability	n/a	(\$6,721,318)	(\$7,795,199)	(\$8,213,239)	(\$9,014,098)	34.1%
Funded Ratio	n/a	75.5%	74.0%	74.4%	74.0%	(2.0%)

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

7b

AGENDA REPORT Business | Action

December 6, 2021

TO: Commissioners

FROM: Tamron Luckett, Commission Clerk

SUBJECT: Fourth Amendment to Employment Agreement with Executive Officer

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a potential amendment to the Executive Officer's employment agreement.

BACKGROUND

San Diego LAFCO appointed Keene Simonds as Executive Officer in September 2017. An annual performance review of the Executive Officer is required under policy with input from its Executive Officer (EO) Compensation Committee.

DISCUSSION

See memorandum prepared by Commission Counsel and associated attachments.

ANALYSIS

None

Administration

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Kristi Becker, Alt.
City of Solana Beach

Chris Cate
City of San Diego

Marni von Wilpert, Alt.
City of San Diego

Jo MacKenzie
Vista Irrigation

Barry Willis
Alpine Fire Protection

David Drake, Alt.
Rincon del Diablo

Chair Andy Vanderlaan
General Public

Harry Mathis, Alt.
General Public

RECOMMENDATION

It is recommended San Diego LAFCO receive a report from its EO Compensation Committee and consider an amendment to the EO agreement accordingly. This recommendation is consistent with Alternative Action One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

Consider the EO Compensation Committee's report and associated recommendations and proceed with actions as appropriate.

Alternative Two:

Continue consideration of the item to a future meeting and provide direction as needed.

Alternative Three:

Take no action.

PROCEDURES

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

- 1) Receive verbal report from the EO Compensation Committee.
- 2) Commission discussion.
- 3) Consider the Commission Counsel's recommendation.

On behalf of Commission Counsel:



Tamaron Lockett
Commission Clerk

Attachments:

- 1) Commission Counsel Memorandum
- 2) Employment Agreement with Keene Simonds
- 3) First Amendment
- 4) Second Amendment
- 5) Third Amendment
- 6) Proposed Fourth Amendment
- 7) Chart of EO Salaries for Southern California LAFCOs



Local Agency Formation Commission

OFFICE OF THE GENERAL COUNSEL

M E M O R A N D U M

TO: Chair Vanderlaan and Members of the Commission

FROM: Holly O. Whatley, General Counsel

DATE: November 19, 2021

SUBJECT: Fourth Amendment to the Employment Agreement for Executive Officer Keene Simonds

Summary

The Commission annually evaluates the performance of its Executive Officer, Keene Simonds, at its October meeting. As part of the evaluation, the Commission may propose an amendment to the Executive Officer's employment contract. The Executive Officer Compensation Committee recommends amending the Executive Officer's employment contract to increase the Executive Officer's annual salary. The proposed amendment is attached as Exhibit C.

Discussion

Section 11 of the Employment Agreement Between the San Diego Local Agency Formation Commission and Keene Simonds, dated September 11, 2017 ("Agreement"), attached as Exhibit A, requires the Commission to evaluate the Executive Officer's ("EO") performance at least once annually. Under Section 6.20 of the LAFCO Personnel Rules, the Commission may consider an adjustment of the Executive Director's current salary dependent on the EO Compensation Committee's performance evaluation and recommendation.

The EO Compensation Committee met on September 3, 2021 as part of the Executive Officer's annual performance review process and recommends a salary increase commensurate with his overall performance rating level of "outstanding." The EO's current salary is \$186,277. The EO Compensation Committee last reviewed the EO's performance in August 2020, and the Commission voted unanimously to increase Mr.

Simonds' annual salary by 2 percent from \$ 182,624, which is reflected in the Third Amended to Employment Agreement attached as Exhibit B.

At the Commission meeting, the EO Committee members will be prepared to recommend a specific increase for the full Commission's consideration commensurate with the EO's evaluation rating. For reference, a chart of salaries for executive officers for Southern California LAFCO's is attached as Exhibit D.

In terms of options, the Commission may increase the EO's base compensation and/or authorize an annual bonus. In accordance with state law, the County's retirement association, SDCERA, does not treat bonuses as "pensionable compensation."

Fiscal Implications

The changes to salary and benefits provided by this amendment are within existing budget appropriations.

Alternatives

The Commission may refuse to approve the amendment, request changes to the amendment, or give other appropriate direction on this subject.

Conclusion

The EO Compensation Committee recommends the Commission approve an amendment in an amount to be determined at the Commission meeting and authorize the Chair to execute it on its behalf.

Attachments: Exhibit A – Employment Agreement

Exhibit B – Third Amendment to Employment Agreement

Exhibit C – Proposed Fourth Amendment to Employment Agreement

Exhibit D – Chart of EO Salaries for Southern California LAFCOs

**EMPLOYMENT AGREEMENT
BETWEEN THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
AND KEENE SIMONDS**

RECITAL

On August 7, 2017 the San Diego Local Agency Formation Commission selected Keene Simonds (hereafter "Executive Officer") to serve as Executive Officer of the San Diego Local Agency Formation Commission ("LAFCO"), and Executive Officer accepted such employment. Executive Officer and LAFCO are referenced in this Agreement as Parties and, individually, as a Party. Accordingly, the Parties agree as follows:

AGREEMENT

1. Effective Date

This agreement shall become effective when it has been executed by Executive Officer and duly approved by the LAFCO Commission which the Parties anticipate will be on or before September 11, 2017.

2. Term of Employment

Pursuant to the Cortese-Knox-Hertzberg Act, California Government Code sections 56000 et seq. ("CKH"), and this Agreement, Executive Officer serves at the pleasure of the LAFCO Commission and on an "at will" basis and has no vested right to his employment during the term of this Agreement, subject to the terms and provision of this Agreement as set forth below. The term of this Agreement shall extend from its Effective Date until terminated by a Party pursuant to sections 14 – 16 of this Agreement below.

3. Duties; Hours of Work

A. Executive Officer shall perform those functions and duties specified by CKH and other applicable laws, adopted policies and procedures of LAFCO and by formal direction of the LAFCO Commission. Executive Officer shall perform such duties in accordance with the highest professional and ethical standards of the public management profession. Executive Officer shall not engage in any activity, which is, or which may become, incompatible with the office of Executive Officer, as provided for

by State law. During the term of this agreement, Executive Officer shall be exclusively employed by the LAFCO, unless prior authorization otherwise is received from the LAFCO Commission, which authorization will not be unreasonably withheld.

B. Executive Officer shall maintain a regular work schedule consistent with that approved for other Executive Service employees of the LAFCO. Executive Officer's duties may require more than eight hours per day and/or (40 hours per week, and may also include time outside normal office hours, such as attendance at LAFCO Commission meetings. Executive Officer shall not be entitled to additional compensation for such time. Commission acknowledges that Executive Officer intends to work a four-day, 10-hour work week until January 1, 2018 and consents to his doing so, provided that he is available on the last business day before Commission meetings and at other times as the work of LAFCO may require.

4. Compensation

A. The Executive Officer's annual salary shall be \$160,000 and as otherwise provided in section 6.20 of LAFCO's Personnel Rules ("Rules").

B. Executive Officer's compensation shall be reviewed at least annually in connection with the annual review required by section 11 below or at other times as may be determined by the LAFCO Commission.

C. To assist Executive Officer in relocating himself and his family from the Bay Area, Executive Officer shall receive, at his option, (i) an additional, \$1,000 in taxable compensation in each of the first six months of his employment, (ii) reimbursement of housing, travel and moving expenses up to \$6,000, or (iii) any combination of the two which does not exceed a cost to LAFCO of \$6,000 excluding employer's payroll taxes. This benefit is in addition to the moving expense allowance provided by section 6.20 of the Rules.

5. Flexible Benefits Program

LAFCO shall provide Executive Officer with the same flexible benefit program covering medical, dental and vision insurance benefits as provided to all other County of San Diego Executive Service employees and at the cost charged to those employees. At present, the monthly allowances are \$646 for an employee, \$937 for an employee with one dependent, and \$1,313.00 for an employee with two or more dependents.

6. Other Benefits

- A. LAFCO shall provide, without cost to the Executive Officer, term life insurance in the amount of his annual salary, \$2,000.00 for his spouse and dependent children up to age 26. LAFCO shall also provide accidental death and dismemberment insurance up to the amount of Executive Officer's annual salary. These coverages may be supplemented via the flexible benefit plan described above.
- B. Executive Officer may participate in the flexible spending plan on the same terms available to other County of San Diego Executive Service employees. At present the plan allows reimbursement on a pre-tax basis of eligible health care and dependent day care expenses.
- C. Executive Officer may participate in the health savings plan on the same terms available to other County of San Diego Executive Service employees.
- D. Executive Officer may participate in the limited-purpose, flexible-spending plan for otherwise unreimbursed dental and vision expenses on the same terms available to other County of San Diego Executive Service employees.
- E. Executive Officer will be afforded pension benefits under the terms established by the San Diego Employees Retirement Association on the same terms afforded other similarly qualified County of San Diego Executive Service employees.
- F. Executive Officer may participate in the County's 457 and 401A deferred compensation programs on the same terms available to other County of San Diego Executive Service employees.

7. Vacation Leave

A. Executive Officer shall be afforded vacation benefits per the Rules. At present, these afford 10 days per year for employees with one to five years' service, 15 days per year for employees with five to 10 years' service, and 20 days per year to employees with more than 10 year' service.

B. The Executive Officer may carry a balance of no more than twice his annual accrual of vacation leave.

8. Other Leaves, Holidays, and Benefits

The Executive Officer is entitled to 10 paid holidays as recognized by the LAFCO, plus two days of floating holiday time-off annually. LAFCO shall afford Executive Officer such other benefits as are provided to other Executive Service employees of the LAFCO on the same terms as provided to those employees except as otherwise expressly provided herein. These include as of the Effective Date:

- A. An initial bank of 10 days of reserve sick leave pending normal accrual during the first year of employment. Thereafter, accruals are credited on a biweekly basis (4 hours per 80-hour pay period). Employee will accrue 13 sick days per year in every subsequent year.
- B. Miscellaneous leaves including those for military service, bereavement, and jury duty.

9. Automobile Allowance

As the Executive Officer's normal duties require frequent use of his automobile, Executive Officer shall be entitled to \$600 per month as an automobile allowance. This allowance is in lieu of mileage reimbursement or other expenses that may be incurred by Executive Officer in connection with his use of his own automobile for LAFCO purposes. In consideration for said allowance, Executive Officer shall be responsible for all costs of maintenance and operation of his vehicle. Executive Officer shall at all times maintain automobile liability insurance on any vehicle him uses in the course of LAFCO employment. Such insurance shall have coverage limits acceptable in form and amounts to LAFCO. Executive Officer shall provide a certificate or other evidence of such insurance to LAFCO. Executive Officer acknowledges that this allowance will be subject to payroll taxes unless he maintains the records required by law to permit other treatment of this allowance. Executive Officer may not drive the County of San Diego vehicle provided to LAFCO staff more than three times per month under the policies and regulations adopted by the County of San Diego.

10. Professional Memberships & Meetings; Other Expenses

A. LAFCO shall maintain its membership in the California Association of LAFCOs to support Executive Officer's professional development. LAFCO shall pay for Executive Officer to attend the annual CALAFCO staff workshop and annual conference. LAFCO will pay for such other professional memberships and conference attendance as may be approved and budgeted by the LAFCO Commission.

B. LAFCO recognizes that the Executive Officer may incur certain expenses of a non-personal and job-related nature. LAFCO agrees to reimburse Executive Officer for reasonable expenses which are authorized by the LAFCO budget; submitted to the LAFCO Commission for approval; and which are supported by expense receipts, statements or personal affidavits, and audit thereof in like manner as other demands against the LAFCO.

11. Annual Performance Evaluation

The LAFCO Commission shall evaluate Executive Officer's performance at least once annually. The LAFCO Commission and Executive Officer shall annually develop mutually agreeable performance goals and criteria which the LAFCO Commission shall use in reviewing Executive Officer's performance in the following year. It shall be Executive Officer's responsibility to initiate this review each year. Executive Officer will be afforded an adequate opportunity to discuss each evaluation with the LAFCO Commission.

12. Indemnification

LAFCO shall defend, hold harmless and indemnify Executive Officer against any claim, demand, judgment, or action of any type or kind arising within the course and scope of Executive Officer's employment to the extent required by Government Code Sections 825 and 995.

13. Other Terms and Conditions of Employment

A. The LAFCO Commission may from time to time fix other terms and conditions of employment relating to the performance of Executive Officer, provided such terms and conditions are not inconsistent with or in conflict with the provision of this Agreement, CKH, or other applicable law.

B. The provisions of the Rules shall apply to Executive Officer to the extent they explicitly apply to the position of Executive Officer or as provided elsewhere in this Agreement, except that if the specific provisions of this Agreement conflict with the Rules, the terms of this Agreement shall prevail. Without limiting the generality of the exception noted in the previous sentence, however, no provision of the Rules or this Agreement shall confer upon Executive Officer a property right in his employment or a right to be discharged only upon cause. Executive Officer is an at-will employee serving at the pleasure of the LAFCO Commission and may be dismissed at any time with or without cause, subject only to the provisions of this Agreement.

14. Termination Without Cause

The LAFCO Commission may terminate Executive Officer's employment with the LAFCO at any time and without cause, upon 30 days' written notice to Executive Officer. In the event of such termination without cause, Executive Officer shall be entitled to a severance benefit, of six months of the Executive Officer's current base

salary plus payment of accumulated vacation upon termination from service. This base salary and leave pay-out shall be made on a bi-weekly basis at such time as other LAFCO employees are paid; provided, however, that the balance on any accrued leave which has not then been paid shall be payable in a lump sum upon termination of severance pay. Upon payment of such severance compensation, LAFCO shall have no further obligation to Executive Officer and Executive Officer shall have no claim for further compensation from LAFCO.

15. Termination With Cause

The LAFCO Commission may terminate Executive Officer's employment with LAFCO for cause upon 30 days' written notice to Executive Officer. In that event, LAFCO shall have no obligation to continue the employment of Executive Officer and shall have no obligation to provide any severance compensation, although Executive Officer shall be entitled to payment of the value of accrued leave. For purposes of this agreement, the term "for cause" means malfeasance or misfeasance in office or conviction of a crime involving moral turpitude, including but not limited to:

- (a) use of alcohol or drugs that impedes performance of duties;
- (b) conviction of a felony or misdemeanor involving moral turpitude (a plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed a conviction for this purpose);
- (c) a proven claim of either sexual harassment or abuse of employees in violation of law or adopted LAFCO policy;
- (d) willful and repeated failure to carry out the lawful directives or policy decisions of the LAFCO Commission; or
- (e) willful abandonment of the position or continued and unexcused absence from duty.

16. Voluntary Termination; Death

A. Executive Officer may voluntarily terminate his employment, by resignation or retirement, at any time during the term of this Agreement, subject to at least 30 days' written notice by Executive Officer to LAFCO, unless the LAFCO Commission and Executive Officer agree otherwise. In such case, LAFCO shall have no further obligation to provide payments and benefits, including severance benefits, upon the effective date of termination of employment, other than payment of accrued leave.

B. In the event the Executive Officer dies while employed by the LAFCO, his beneficiaries or those entitled to his estate shall be paid any earned salary and accrued leave at the Executive Officer's pay rate on the date of death.

17. Compliance With Law

This Agreement is subject to all applicable provisions of CKH and other State and Federal law and LAFCO policies, rules and regulations applicable to the Executive Officer.

18. General Provisions

A. This Agreement constitutes the entire Agreement between the Parties. LAFCO and Executive Officer hereby acknowledge that they have neither made nor accepted any other promise or obligation with respect to the subject matter of this Agreement.

B. If any provision or any portion of this Agreement is held to be unconstitutional, invalid or unenforceable, the remainder of the Agreement shall be deemed severable and shall not be affected and shall remain in full force and effect.

C. Any notice to LAFCO pursuant to this Agreement shall be given in writing, either by personal service or by registered or certified mail, postage prepaid, addressed as follows:

Chair and Members of the LAFCO Commission
San Diego LAFCO
9335 Hazard Way, Suite 200
San Diego, CA 92123

With a courtesy copy to the LAFCO General Counsel at the following address or the address then shown in the records of the LAFCO for the LAFCO General Counsel:

Michael G. Colantuono, Esq.
San Diego LAFCO General Counsel
420 Sierra College Drive, Ste. 140
Grass Valley, CA 95945-5091.

Any notice to Executive Officer shall be given in a like manner, and, if mailed, shall be addressed to Executive Officer at the address then shown in LAFCO's personnel records. For the purpose of determining compliance with any time limit stated in this Agreement, a notice shall be deemed to have duly given: (a) on the date of delivery, if served personally, or (b) on the second calendar day after mailing, if mailed.

D. Venue for any disputes arising from or relating to this Agreement shall lie in San Diego County, California. If an action at law or in equity is necessary to enforce or interpret this Agreement, the prevailing party shall be entitled to reasonable and actual attorneys' fees and costs with respect to the action.

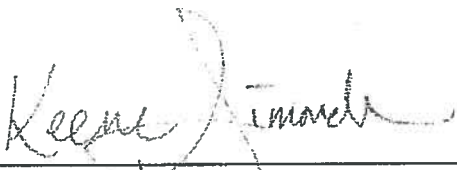
E. A waiver of any of the terms and conditions of this Agreement shall not be construed as a general waiver and either Party shall be free to enforce any term or condition of this Agreement with or without notice to the other, notwithstanding any prior waiver of that term or condition.

19. Amendments

This represents the entire agreement between the Parties as to its subject. Amendments to this Agreement may be made at such times as approved by the LAFCO Commission and Executive Officer and shall be in writing.

EXECUTIVE OFFICER

Dated: August 9, 2017



Keene Simonds

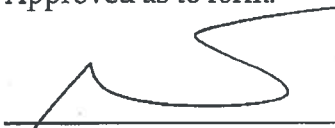
LAFCO

Dated: Aug. 15, 2017



Sam Abed, Chair

Approved as to form:



Michael G. Colantuono
LAFCO Attorney

Dated: 8/11/17

Attest:



[name] Tamaron R. Lockett
LAFCO Clerk

Dated: 8/15/2017

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FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

RECITAL

On October 3, 2018 the San Diego Local Agency Formation Commission unanimously approved amending the Employment Agreement originally entered into between the San Diego Local Agency Formation Commission (hereafter "LAFCO") and Keene Simonds ("Executive Officer") on September 11, 2017. Such approved amendments followed the Executive Officer's annual performance review and are made as permitted by Paragraph 19 of the Employment Agreement. The Parties agree as follows:

AMENDMENTS

1. Paragraph 4 ("Compensation"), subparagraph "A" is hereby amended in its entirety to read as follows:
 - A. Effective as of the first day of the first pay period following the Executive Officer's one-year anniversary date September 11, 2017, the Executive Officer's annual salary shall be \$168,000 and as otherwise provided in section 6.20 of LAFCO's Personnel Rules ("Rules").
2. Paragraph 7 ("Vacation Leave"), subparagraph "A" is hereby amended in its entirety to read as follows:
 - A. Executive Officer shall be afforded vacation benefits provided for Executive Management per San Diego County's Compensation Ordinance Section 4.2.1 – Vacation. At present, this affords 15 days per year for employees with one to four years' service, 20 days per year for employees with five to 14 years' service, and 25 days per year to employees with 15 years of service and over. Accruals are credited on a biweekly basis and available for use as it is accrued. The effective date of this vacation accrual formula is retroactive to the start date of the Executive Officer's employment with LAFCO on September 11, 2017 and is intended to adjust the Executive Officer's vacation benefits from the inception of his employment to be consistent with the executive management vacation benefits afforded County of San Diego executive management employees.
3. All other recitals, paragraphs, subparagraphs and clauses of the Agreement remain unchanged by this First Amendment to Employment Agreement.

EXECUTIVE OFFICER

Dated: 12-6-18

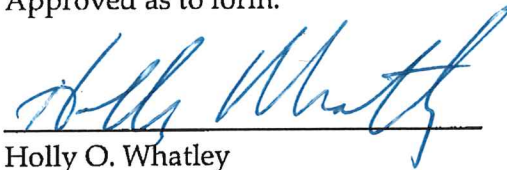

Keene Simonds

LAFCO

Dated: 12-6-18



Jo MacKenzie, Chair

Approved as to form:


Holly O. Whatley
LAFCO Attorney

Dated: 12-12-18

Attest:


Tamaron Luckett
LAFCO Clerk

Dated: 12/04/18

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

RECITAL

On October 7, 2019 the San Diego Local Agency Formation Commission approved amending the Employment Agreement Between the San Diego Local Agency Formation Commission (hereafter "LAFCO") and Keene Simonds ("Executive Officer") dated September 11, 2017 ("Employment Agreement"), attached as Exhibit A, which was originally amended pursuant to the First Amendment to Employment Agreement, attached hereto as Exhibit B. The October 7, 2019 approved amendment followed the Executive Officer's annual performance review and is made as permitted by Paragraph 19 of the Employment Agreement. The Parties agree as follows:

AMENDMENT

1. Paragraph 4 ("Compensation"), subparagraph "A" is hereby amended in its entirety to read as follows:

A. Effective as of the first day of the first pay period following the Executive Officer's second-year anniversary date of September 11, 2017, the Executive Officer's annual salary shall be \$182,624 and as otherwise provided in section 6.20 of LAFCO's Personnel Rules ("Rules").

2. All other recitals, paragraphs, subparagraphs and clauses of the Employment Agreement and the Vacation Leave amendment in the First Amendment to Employment Agreement remain unchanged by this Second Amendment to Employment Agreement.

EXECUTIVE OFFICER

Dated: 10-7-19


Keene Simonds

LAFCO

Dated: October 7, 2019


Jo MacKenzie, Chair

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THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

RECITAL

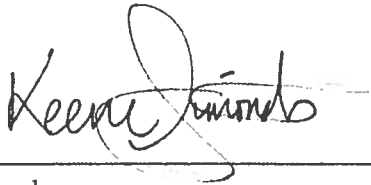
On October 5, 2020 the San Diego Local Agency Formation Commission approved amending the Employment Agreement Between the San Diego Local Agency Formation Commission (hereafter "LAFCO") and Keene Simonds ("Executive Officer") dated September 11, 2017 ("Employment Agreement"), attached as Exhibit A, which was first amended pursuant to the First Amendment to Employment Agreement, attached hereto as Exhibit B, and last amended pursuant to the Second Amendment to Employment Agreement, attached hereto as Exhibit C. The amendment approved on October 5, 2020 followed the Executive Officer's annual performance review and is made as permitted by Paragraph 19 of the Employment Agreement. The Parties agree as follows:

AMENDMENT

1. Paragraph 4 ("Compensation"), subparagraph "A" is hereby amended in its entirety to read as follows:
 - A. Effective as of the first day of the first pay period following the Executive Officer's hiring anniversary date September 11, 2020, the Executive Officer's annual salary shall be \$186,277 and as otherwise provided in section 6.20 of LAFCO's Personnel Rules ("Rules").
2. All other recitals, paragraphs, subparagraphs and clauses of the Employment Agreement and the Vacation Leave amendment in the First Amendment to Employment Agreement remain unchanged by this Third Amendment to Employment Agreement.

EXECUTIVE OFFICER

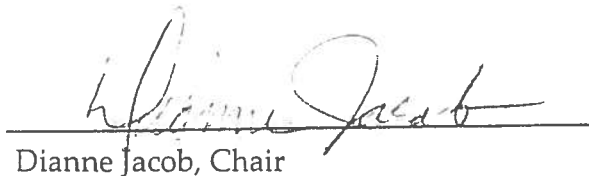
Dated: October 5, 2020



Keene Simonds

LAFCO

Dated: 11/6/2020



Dianne Jacob, Chair

Approved as to form:



Holly O. Whatley
General Counsel

Dated: 11/5/20

Attest:



Tamaron Lockett
LAFCO Clerk

Dated: 11/6/2020

FOURTH AMENDMENT TO EMPLOYMENT AGREEMENT

RECITAL

On _____, 2021 the San Diego Local Agency Formation Commission approved amending the Employment Agreement Between the San Diego Local Agency Formation Commission (hereafter "LAFCO") and Keene Simonds ("Executive Officer") dated September 11, 2017 ("Employment Agreement"), attached as Exhibit A. The Employment Agreement has been amended three times, and the First, Second and Third Amendments are attached hereto as Exhibit B. This Fourth Amendment approved on _____, 2021 following the Executive Officer's annual performance review and is made as permitted by Paragraph 19 of the Employment Agreement. The Parties agree as follows:

AMENDMENT

1. Paragraph 4 ("Compensation"), subparagraph "A" is hereby amended in its entirety to read as follows:

A. Effective as of the first day of the first pay period following the Executive Officer's hiring anniversary date September 11, 2020, the Executive Officer's annual salary shall be \$_____ and as otherwise provided in section 6.20 of LAFCO's Personnel Rules ("Rules"). Additionally, the Executive Officer shall be paid a one-time bonus of \$_____ paid via lump sum as soon as practicable following execution of the Fourth Amendment to Employment Agreement.

2. All other recitals, paragraphs, subparagraphs and clauses of the Employment Agreement and the Vacation Leave amendment in the First Amendment to Employment Agreement remain unchanged by this Forth Amendment to Employment Agreement.

EXECUTIVE OFFICER

Dated: _____

Keene Simonds

LAFCO

Dated: _____

Andy Vanderlaan, Chair

Approved as to form:

Holly O. Whatley
General Counsel

Dated: _____

Attest:

Tameron Lockett
LAFCO Clerk

Dated: _____

**Executive Officer Salaries
Among Southern California Counties**

County	Current EO Salary	Years with LAFCO	Years with LAFCO as EO	LAFCO Employees	LAFCO FY22 Budget
Los Angeles	\$227,000	11	11	6.0	1.658 m
Orange	\$184,849	21	8	5.0	1.345 m
Riverside	\$175,000	3	3	5.0	1.190 m
San Bernardino	\$195,173	18	3	6.0	1.153 m
Ventura	\$201,690	16	8	3.0	0.857 m
San Diego	\$186,276	4	4	8.0	1.941 m

Average EO Salary

Among Other 5 LAFCOs: \$196,742

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