



Municipal Service Review

VALLEY CENTER REGION

FINAL

REPORT SUMMARY | March 2020



General Themes and Conclusions

The Valley Center region encompasses a geographically distinct subarea of “North County” outside the City of Escondido and adjacent to one of San Diego County’s most traveled commute corridors in Interstate 15. The region’s distinctions are also reflected in its post-World War II growth and unique cross-blending of agricultural and residential development. This development – markedly – is directly attributed to Valley Center MWD’s formation in 1954 and ensuing delivery of a reliable water supply to support both agricultural activities and residential estate uses that now characterize most of the region. The subsequent formations of Valley Center CSD in 1966 and Valley Center FPD in 1982 addressed other and resulting municipal service needs involving recreation and fire protection, respectively, and completes the current and relatively confined extent of local government in the region.

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

County of San Diego with the latter project due to break ground in 2020. Another prominent and larger project in the region – Lilac Hills Ranch – is also currently under review by the County and proposes 1,746 units.

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

No. 1 Changing Community Character

The Valley Center region continues to transition towards more suburban development and highlighted by an estimated population increase of more than one-third since 2000. This transition is expected to continue with several prominent projects in the queue and underlies the changing social and economic character in Valley Center from less agriculture to more residential and establishment therein as a distinct bedroom community in San Diego County.



Pumpkin field at
Bates Nut Farm
in San Diego

No. 2 Expanding Community Needs

The changing community character in the Valley Center region and influx of new residents has contributed to evolving and expanding community needs within all three affected agencies. Markedly, all three affected agencies have experienced significant increases and/or changes in service demands and – albeit to different degrees among the three agencies – necessitate additional infrastructure resources to meet community needs now and going forward.

No. 3 Variations in Financial Stress

All three affected agencies in the Valley Center region have experienced financial stress during the five-year report period that merits additional LAFCO attention. The level of financial stress varies and reflected for both Valley Center MWD and Valley Center FPD incurring operating margin losses in all five years and contributing to sizable decreases in their respective net positions over the 60-month period. Valley Center CSD financial stress is more systemic given its diseconomies of scale to fund ongoing park and recreation amenities along with low reserves with the cumulative effect of leaving the District increasingly vulnerable to service disruptions.

No. 4 Distinct and Valued Roles

All three affected agencies in the Valley Center region serve separate and valued municipal functions in support of the community’s growth and development. The current configuration and separation of these roles effectuates the individual agency expertise and exceeds the perceived benefits in pursuing a regional consolidation.

No. 5 Realigning Park and Recreation Services

The Valley Center region’s ongoing transition to more residential uses highlights the increasing importance of park and recreation services to current and future families. Accordingly, it appears appropriate to revisit Valley Center CSD’s present governance model and consider realignment to reflect industry practices and make better use of the County of San Diego’s economies of scale in providing park and recreation amenities through the transition into a stand-alone County Service Area. This realignment – notably – is consistent with the CSD Board’s expressed interest in exploring reorganization and request for LAFCO to consider available options as part of the municipal service review process.



Recommendations

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

The changing community character in the Valley Center region and influx of new residents has contributed to evolving and expanding community needs.



1. San Diego LAFCO should coordinate with the County of San Diego and SANDAG to develop buildout estimates specific to each affected agency in the Valley Center region and incorporate the information into the next scheduled municipal service review.
2. San Diego LAFCO should address and reconcile Valley Center MWD's recycled water service activity as part of a future update to Commission Rule No. 4 with respect to formally identifying the function, class, and authorized location under statute.
3. Future opportunities to share and/or consolidate resources between Valley Center FPD and the County of San Diego merit continued attention going forward. Exploring these future opportunities is consistent with San Diego LAFCO's standing policy objective to facilitate the orderly extension of the County Fire Authority in unincorporated San Diego County based on timing with community preferences.
4. San Diego LAFCO believes – and irrespective of prompts otherwise in statute given overlapping boundaries – the three affected agencies' existing and separate operations appropriately serves the region and preliminary analysis suggests exploring a regional consolidation is not merited at this time.
5. San Diego LAFCO recommends the County of San Diego require future development approvals connect to Valley Center MWD's wastewater facilities and avoid the creation of new systems in the region unless special or local conditions merit otherwise. This includes engineering, environmental, and economic considerations.



Palomar
Observatory

» Recommendations

6. Valley Center CSD should immediately remedy existing deficiencies with its annual audit process and establish present-day values for its capital assets less appropriate depreciation amounts. These efforts would substantiate the District’s financial statements and create added trust with its constituents and help ensure their ongoing financial investment in the agency is appropriately reciprocated.
7. Reorganization of the Valley Center CSD into a new County Service Area to directly draw on the expanded resources of the County of San Diego Parks and Recreation Department coupled with a more direct connection to developer-paid amenities appears merited at this time.
8. San Diego LAFCO recommends Valley Center CSD and the County of San Diego consider a coordinated reorganization proposal to transition CSD into a new standalone County Service Area with the incentive of Commission fee waiver. It would be appropriate to term a reorganization on the creation of an advisory committee consisting of the current CSD Board to continue to provide local input on park and recreation services and priorities in Valley Center.
9. San Diego LAFCO should proceed and update the spheres for all three affected agencies in the Valley Center region with no changes, and in doing so satisfy its planning requirement under G.C. Section 56425.