



San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

7a

AGENDA REPORT Business | Action

August 1, 2022

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Priscilla Mumpower, Analyst II

SUBJECT: Draft Municipal Service Review on the Escondido Region | Part Two

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a draft report and associated addendum prepared as part of a phased scheduled municipal service review on the Escondido region. These draft documents represent the second of a two-part municipal service review and specific to covering the City of Escondido. The municipal service review report has been prepared by Escondido via Concordia Homes with input from LAFCO staff. The addendum has been prepared by LAFCO staff to expand and bridge the analysis gap between the two documents on topics of elevated interest to the Commission – and specifically with respect to core City functions (water, wastewater, and fire protection) and finances. The addendum also – notably – includes determinations on all factors required under both statute and policy, and in doing so includes a number of recommendations aimed at both Escondido and the Commission. Both documents are being presented for initial discussion with the primary focus on the addendum and its key conclusions and recommendations. A formal 45-day public review and comment period will follow the initial discussion by the Commission with staff returning with final versions of both documents to formally receive and file as well as to adopt the determinations included in the addendum. A concurrent sphere of influence update on Escondido will also be presented.

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BACKGROUND

Municipal Service Reviews

State law directs San Diego County LAFCO to regularly prepare municipal service reviews in conjunction with updating each local agency's sphere of influence. The legislative intent of the municipal service review and its five-year cycle requirement is to proactively inform the Commission 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 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 Escondido Region: Part II

San Diego LAFCO's 2021-2022 workplan was adopted at a noticed hearing in June 2022 and outlines specific project goals for the fiscal year. This includes completing the final phase of a two-part municipal service review on the Escondido region. The earlier phase – "Part One" – was completed in October 2019 and covered the two principal local special districts serving the region, Deer Springs Fire Protection District and Rincon del Diablo Municipal Water District. The second phase – "Part Two" – involves the City of Escondido.

DISCUSSION

This item is for San Diego LAFCO to review Part Two of the scheduled municipal service review on the Escondido region and specific to the City of Escondido. Part Two is further divided into two distinct documents: (a) a municipal service review report prepared by Escondido via Concordia Homes – proponent of the Harvest Hills project and an (b) addendum prepared by LAFCO staff.¹ A summary outline of the two draft documents follow.

Municipal Service Review

This document has been prepared by the City of Escondido via Concordia Homes and provides an expanded detailing of City functions and headlined by community development, fire protection, libraries, parks and recreation, police protection, roads, storm management, water, and wastewater. The document largely relies on a five year window between 2013-2014 and 2017-2018 in comparing capacities and demands. The document also includes its own set of determinations in addressing factors required under the municipal service review statute. This includes determining that one or more new fire stations will be needed to accommodate additional growth in the northwest and southeast sections of the City.

¹ The preparation of the addendum ties to an earlier staff agreement in early 2017 with the City of Escondido to partner on a regional municipal service review divided between local special districts (Part I) and the City of Escondido (Part II).

A copy of the draft municipal service review report prepared by the City of Escondido is available online at www.sdlafco.org/meetings.

Addendum

This document has been prepared by San Diego LAFCO staff and draws and expands on information in the municipal service review report prepared by the City of Escondido. This includes bridging the analysis gap on topics of elevated interest to LAFCO and presented to mirror LAFCO's own form and practice. Topics addressed in the addendum include core City functions – fire protection, water, and wastewater – and finances. An Executive Summary (Chapter Two) anchors the addendum and outlines the key conclusions and recommendations generated to date. The Executive Summary also includes determinative statements addressing the mandatory factors required under statute and local policy anytime San Diego LAFCO performs a municipal service review.

A summary of the addendum and its conclusions and recommendations along with the addendum itself are provided as Attachments One and Two.

ANALYSIS

It would be prudent for San Diego LAFCO to focus its consideration on Part Two of the scheduled municipal service review on the Escondido region on the addendum prepared by LAFCO staff given it serves to reconcile and otherwise highlight key topics and findings. It also – pertinently – will be the source document for the Commission in ultimately adopting determinations as required under the municipal service review statute.

RECOMMENDATION

It is recommended San Diego LAFCO receive and discuss the draft municipal service review report and associated addendum prepared as part of the phased scheduled municipal service review on the Escondido region and specific to Part Two. This includes providing direction to staff on desired revisions and/or additions with specific focus on the addendum and ahead of staff initiating a formal public review period. Staff anticipates returning with both documents for formal actions as early as October 2022.

ALTERNATIVES FOR ACTION

The item is being presented to San Diego LAFCO for discussion and feedback only.

(continued)

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,

A handwritten signature in black ink, appearing to read "Priscilla Mumpower". The signature is fluid and cursive, with the first name being more prominent.

Priscilla Mumpower
Analyst II

Attachments:

- 1) Municipal Service Review Brochure: Fast Facts
- 2) Draft Addendum on Municipal Service Review on Escondido Region: Part II
- 3) City of Escondido MSR Study (Online Only)



Municipal Service Review ESCONDIDO REGION

DRAFT • PART 2

REPORT SUMMARY | July 2022



General Themes and Conclusions

The Escondido region encompasses a geographically distinct subarea of “North County” removed from the coast and bisected by two of San Diego County’s most traveled commute corridors in Interstate 15 and State Route 78. The region’s distinctions are also reflected and tenured in local government with two of the earliest city and special district establishments in San Diego County with the City of Escondido incorporating in 1888 and the Escondido Irrigation District forming in 1891; the latter being subsequently dissolved with its water system eventually divided between the City and Rincon del Diablo MWD at the time of its formation in 1954. Deer Springs FPD’s formation in 1981 completes the current and relatively confined concentration of local government in the region among these three agencies.

The City of Escondido and its full-range of municipal services anchors the region’s social and economic interests and is the focus of this addendum.

A review of City of Escondido 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 Escondido and range in substance from addressing governance dynamics to financial standing. The conclusions also address potential sphere of influence amendments. The conclusions are independently drawn and sourced to information collected and analyzed in the municipal service review prepared Escondido via Concordia Homes and substantively supplement by this addendum.

The City of Escondido is a general law municipality incorporated in October 1888 with a total population estimate of nearly 150,779. This estimate produces a population density of 6.3 residents per acre and makes the region the 4th largest City in San Diego County.

No. 1

Introductory Municipal Service Review

This municipal service review and addendum herein serves as the Commission's first comprehensive municipal service review covering the City of Escondido. The report and this addendum consequently serve as a dual introduction. This is marked by introducing Escondido and their constituents in real-time to an otherwise unfamiliar outside planning process. The introduction similarly introduces the Commission to Escondido and their service activities at depths previously unvisited with the underlying goal of establishing baseline information to track and measure going forward.

No. 2

Changes in Leadership + Governance

The City of Escondido has experienced significant changes in elected and appointed leadership at the end of the addendum period and suggests substantive transitions in the City's approach to governance – including goal and priority setting – will follow. Markedly, and without the imposition of term limits, four of the five Council positions changed during the period with three of the four being new to elected public office. This change in leadership also extends to several senior staff positions and highlighted by the City Council recently appointing its first outside candidate to City Manager since 1989.

No. 3

General Fund Stresses + High Debt Levels

Actuals during the addendum period signal the City of Escondido's General Fund is becoming imbalanced with the rate of new expenses surpassing the rate of new revenues by more than one-fifth and the inability to satisfy its own reserve policy in four of the five years covered. It appears the primary stress factor ties to increasing pension debt payments – which have risen by nearly one-half in the addendum period – and now account for nearly two-fifths of all payroll expenses. The cumulative effect of increasing pension costs plus other financing decisions has substantively cut Escondido's capital levels and reflected in a debt-to-net asset measurement of 101% at the end of the period.



The observatory atop
Palomar Mountain

No. 4

Adequate Service Capacities with a Big Qualifier

The City of Escondido has established adequate and excess service capacities and related resources in meeting current demands and highlighted in this addendum with respect to potable water, wastewater, and integrated fire protection, emergency medical, and ambulance. However, it is reasonable to apply qualifiers given increasing stresses in the General Fund will relatedly stress capacities and resources for associated City services and most notably community development, public safety, and parks and recreation. This dynamic suggests added caution for LAFCO in considering annexations and their potential impact – advantageous and disadvantageous – on the General Fund.

No. 5

Growth Challenges

Recent population growth in the City of Escondido has been relatively modest during the addendum period with an average annual change of 0.5%. This otherwise modest population growth has nonetheless proportionally exceeded housing construction in Escondido with LAFCO estimating an annual period shortfall of (64) housing units in the City necessary to maintain current household sizes. Pivoting forward, and in order to help curb this existing shortage, LAFCO estimates the average number of new housing units needed in Escondido in each of the next five years to proportionally keep pace with expected growth in population is 225 units.

No. 6

Growth Opportunities + LAFCO Support

The City of Escondido is favorably positioned to plan and accommodate additional growth and become a focal urban center for North County. This opportunity ties to Escondido's role as a full-service municipality and the controls it provides paired with its physical location along existing major transportation corridors as well as planned expansions – including a station stop on California's high-speed rail project. This opportunity further ties and can be supported by LAFCO's own interests and duties to facilitate orderly and city-centered growth.

No. 7

Becoming Whole: Literally + Figuratively

There are close to a dozen unincorporated islands that are substantially or entirely surrounded by the City of Escondido. All of these islands lie within Escondido's sphere of influence and their continued existence perpetuate service inefficiencies for both the City and County of San Diego as well as raise social justice considerations for those within islands and/or for those outside the islands. It would be appropriate for Escondido and LAFCO to coordinate resources and work to gradually make the City whole.

No. 8

Assessing the Escondido + Rincon del Diablo Relationship

LAFCO concluded in Part One of the municipal service review it would be prudent to independently assess options to consolidate – politically or functionally and/or partially or entirely – the City of Escondido and Rincon del Diablo MWD. This earlier determination relied on preliminary analysis and highlighted by the agencies' overlapping boundaries and common service functions. Part Two of the municipal service review of this addendum further affirms this earlier conclusion and supports adding the governance study to the LAFCO workplan.

No. 9

Proceeding with a Limited Sphere of Influence Update

It would be appropriate for LAFCO to proceed with a limited sphere of influence update for the City of Escondido and defer an otherwise needed comprehensive action to a future municipal service cycle. The approach would involve proceeding with limited changes to the sphere to better align with parcel boundaries and/or other geographic makers. It would also – pertinently – establish one or more specific special study areas to memorialize areas the Commission would allow to come forward over the next five-year period without requiring a new municipal service review.



Completed in 1988,
City Hall was the
first phase
of the Escondido
Civic Center.



Recommendations

The following recommendations call for specific action either from San Diego LAFCO, City of Escondido, or other local agencies based on information generated as part of this addendum and outlined below in order of their placement in Section 5.0 (Written Determinations). Recommendations for Commission action involving additional studies are dependent on a subsequent directive from the membership and through the annually adopted work plan.

1. As a long-term principle, San Diego LAFCO should prioritize and direct growth in the region to the City of Escondido and its appropriate role to serve as an urban center.

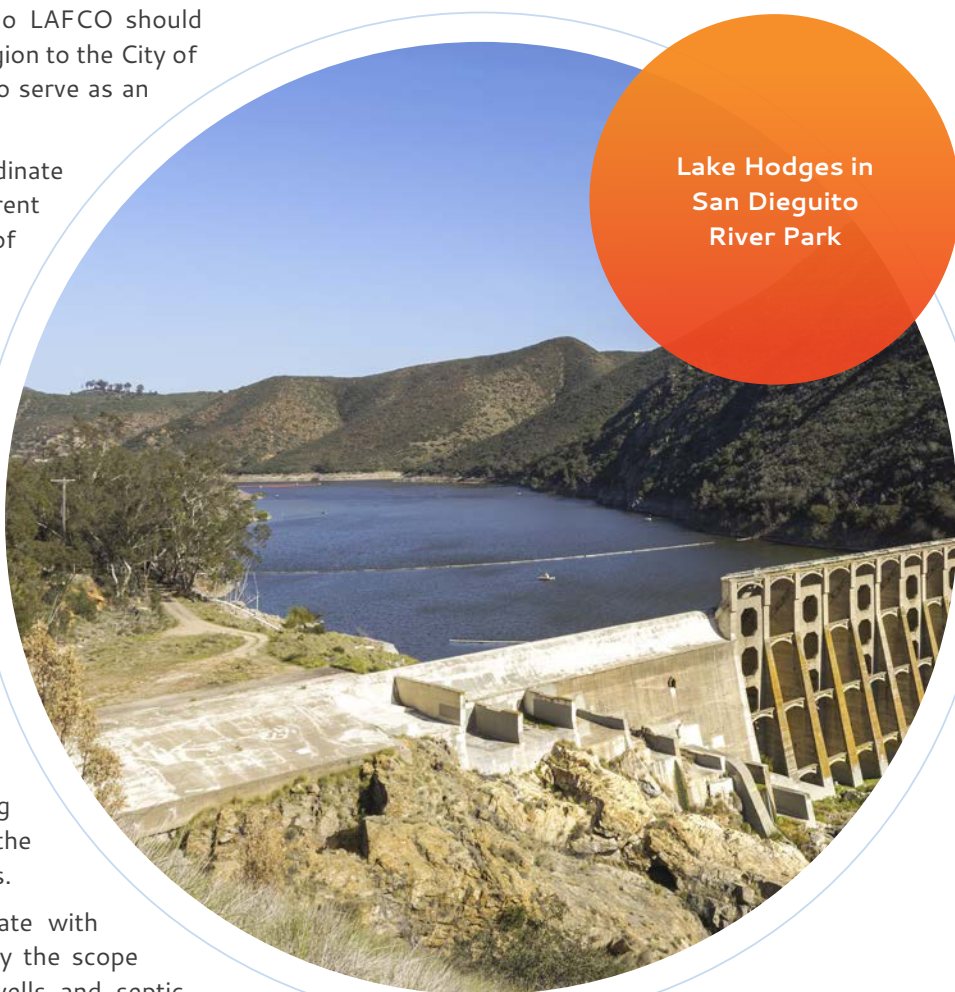
2. San Diego LAFCO should coordinate with SANDAG to develop current buildout estimates in the City of Escondido and sphere of influence and incorporate the information into the next scheduled municipal service review. This should include impacts tied to the recent passage of Senate Bill 9 (Weiner) and the allowance for additional lot splitting.

3. As an immediate principle in the timeframe of this addendum, San Diego LAFCO should require all jurisdictional changes involving annexations to the City of Escondido demonstrate de minimis impacts to the City General Fund unless overriding policy considerations are made by the Commission on a case-by-case basis.

4. San Diego LAFCO should coordinate with the County of San Diego to identify the scope and scale of active groundwater wells and septic systems within the City of Escondido and the sphere of influence and incorporate this information into the next scheduled municipal service review.

5. The City of Escondido should consider joint-use arrangements with local school districts to make available additional and needed green and play spaces to enhance recreational opportunities that are within walkable distance for residents.

6. San Diego LAFCO affirms its own previous determination that a governance study is merited to independently assess reorganization options to consolidate – politically or functionally – the City of Escondido and Rincon del Diablo MWD. The Commission should proceed with the governance study immediately.



Lake Hodges in
San Dieguito
River Park



Pedestrian Bridge
across Lake Hodges,
the world's longest
stress ribbon bridge

» Recommendations

7. San Diego LAFCO should exercise additional discretion when considering jurisdictional changes involving the City of Escondido to prompt and/or otherwise require concurrent or future annexation of the existing unincorporated islands in the sphere of influence.
8. The City of Escondido should coordinate with San Diego LAFCO to ensure existing municipal services provided outside the City that are subject to material changes – intensify or deintensify – remain in compliance with Government Code Section 56133.
9. San Diego LAFCO should proceed with a limited sphere of influence update for the City of Escondido. The limited update should focus on aligning the sphere of influence wherever practical with parcel boundaries, roads, and other geographic markers that have adjusted and/or emerged since the last Commission action in 2003.
 - a) San Diego LAFCO should defer an otherwise merited comprehensive sphere of influence update for the City of Escondido to a future municipal service review.
 - b) Notwithstanding other determinations, San Diego LAFCO should proceed to establish one or more special study areas for the City of Escondido sphere of influence as part of a limited update and provide the affected areas eligibility to proceed in the next five years with an actual amendment without necessitating a new municipal service review. This includes a special study area for the Harvest Hills (previously Safari Highlands) project site.
10. San Diego LAFCO should revisit and expand on its inaugural analysis of pollution burdens and impacts on susceptible populations within the City of Escondido as part of future municipal service reviews.

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SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION



ADDENDUM

ESCONDIDO REGION: PART II

Municipal Service Review | Government Code 56430

Affected Agencies:

City of Escondido

Draft | August 2022

Preparers:

Project Manager Priscilla Allen, Analyst II
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ACKNOWLEDGEMENTS

San Diego LAFCO gratefully acknowledges the time and effort of officials and staff with the City of Escondido in assisting in the preparation of this addendum and includes – but not limited to – the following staff members:

Adam Finestone, City Planner
Christopher McKinney, Deputy City Manager
Serena Kirkbride, Management Analyst II
Rick Vogt, Fire Chief
Laura Costello, Administrative Services Manager
DeAnna Peterson, Administrative Coordinator
Jeffrey Epp, City Manager (former)
Mike Strong, Community Development Director (former)
John Helman, Contract Planner (former)

LAFCO also acknowledges the unique circumstances underlying the preparation of this addendum and participation therein officials with the City given the parallel impacts of the COVID-19 pandemic.

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Appendix A Map of City of Escondido

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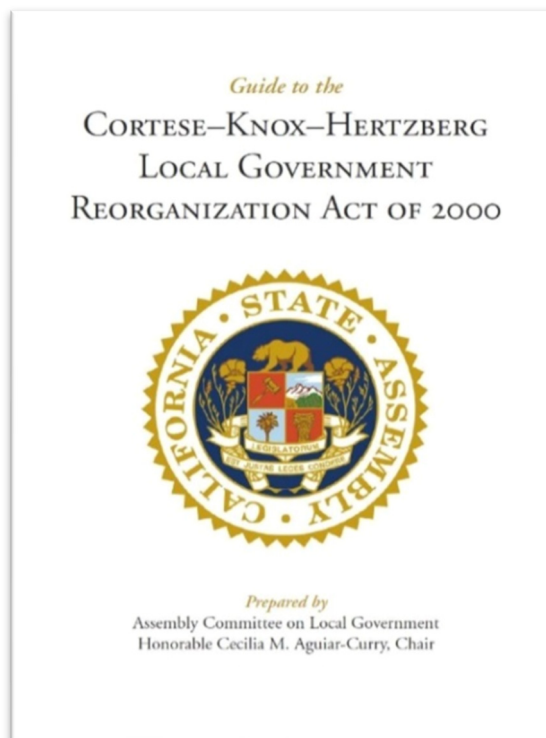
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CHAPTER ONE INTRODUCTION

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/or 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 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 and cities.

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 potential 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.

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.

LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs have sole authority in administering its legislative responsibilities and decisions therein are not subject to an outside appeal process. All LAFCOs are independent of local government with the majority employing their own staff; an increasingly smaller portion of LAFCOs, however, choose to contract with their local county government for staff support services. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the membership. All LAFCOs must also appoint their own legal counsel.

1.5 Prescriptive Funding

CKH prescribes local agencies fully fund LAFCOs’ annual operating costs. Counties are generally responsible for funding one-third of LAFCO’s annual operating costs with remainder one-third portions allocated to the cities/towns and independent special districts. The allocations to cities/towns and special districts are calculated based on standard formula using general tax revenues unless an alternative method has been approved by 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 a manner consistent with regional growth management priorities as determined by the membership with discretion to address local conditions. 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

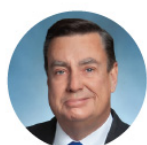
San Diego LAFCO is governed by a 13-member "Commission" comprising county, city, special district, and public members. The Commission is further distinguished between eight regular or voting members and five alternates. All Commissioners are appointed elected officials with the exception of the two public 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. The Commission roster as of August 2022 follows.



Jim Desmond
Chair
County of San Diego



Paul McNamara
Vice Chair
City of Escondido



Joel Anderson
Commissioner
County of San Diego



Chris Cate
Commissioner
City of San Diego



Jo MacKenzie
Commissioner
Vista Irrigation



Mary Casillas Salas
Commissioner
City of Chula Vista



Andrew Vanderlaan
Commissioner
Public Member



Baron Willis
Commissioner
Alpine Fire Protection



Kristi Becker
Alternate
City of Solana Beach



David Drake
Alternate
Rincon del Diablo MWD



Harry Mathis
Alternate
Public Member



Nora Vargas
Alternate
County of San Diego



Marni von Wilpert
Alternate
City of San Diego

2.3 Administration 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 Centre. Metered street parking is readily available. While LAFCO is open to the public Monday through Friday during normal business hours (8:00 A.M. to 5:00 P.M), appointments to discuss proposals, studies, 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 lafoo@sdcounty.ca.gov. Additional information regarding San Diego LAFCO's programs and activities is also available online by visiting www.sdlafco.org. LAFCO is also available on most social media platforms.

On behalf of San Diego LAFCO,



Keene Simonds
Executive Officer

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CHAPTER TWO

EXECUTIVE SUMMARY

1.0 ADDENDUM OVERVIEW

This addendum has been prepared by San Diego LAFCO at the direction of the Executive Officer to provide additional analysis as part of a scheduled municipal service review on the Escondido region specific to the City of Escondido. The preparation of the addendum ties to an earlier staff agreement with the City of Escondido to partner on a regional municipal service

The addendum is an extension of Part II of the scheduled municipal service review on the Escondido region. The addendum bridges the analysis gap between the municipal service review report prepared by the City of Escondido via Concordia Homes and LAFCO's own form and practice.

review divided between local special districts (Part I) and the City of Escondido (Part II). LAFCO completed Part I in October 2019 and its attention on Rincon Del Diablo Municipal Water District (MWD) and Deer Springs Fire Protection District (FPD). Escondido – via its own arrangement with Concordia Homes with input from LAFCO staff – has prepared Part II with a draft report concurrently released with this addendum. The addendum is an explicit extension of Part II.

The additional analysis included in this addendum expands and/or updates information in the municipal service review report prepared by the City of Escondido via Concordia Homes with respect to the City's demographics, core service functions, and financial standing. (The analysis on demographics includes discussion on environmental justice as required under new LAFCO policy.)

The municipal service review report and addendum will be used by LAFCO in informing sphere updates, boundary changes, and possible special district reorganizations over the next five years.

The additional analysis is presented to mirror LAFCO's own form and practice and includes its own set of determinations in addressing all of the factors required of the Commission as part of the municipal service review statute. Both the municipal service review report and addendum collectively complete Part II and 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 district formations, consolidations, and/or dissolutions, in the region over the next five-year period.

1.1 Key Premises, Assumptions, and Benchmarks

The municipal service review report and addendum is intended to serve as an ongoing monitoring program on the City of Escondido relative to San Diego LAFCO's growth management responsibilities in the region. It is expected San Diego LAFCO will revisit key assumptions and benchmarks in these documents in the next municipal service review in

approximately 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. Key premises, assumptions, and benchmarks specific to the preparation of this addendum follows.

Defining Scope and Scale

The addendum serves to bridge the analysis gap between the municipal service review report prepared by the City of Escondido via Concordia Homes and LAFCO’s own form and practice. This includes defining the scope of the addendum to focus on expanding and/or updating information on three pertinent topics involving demographics, core service functions, and financial standing. Core service functions are further limited to water, wastewater, and integrated fire protection, ambulance, and emergency medical.⁶ The scale of the addendum and its analysis is oriented to reflect LAFCO’s established approach in addressing these topics as further described.

This addendum expands and updates information presented in the municipal service review report prepared by the City of Escondido via Concordia Homes with respect to three specific topics: (a) demographics – including environmental justice items; (b) core service functions comprising water, wastewater, and fire protection; and (c) financial standing.

Data Collection Range

The addendum period for collecting data to inform LAFCO’s analysis and related projections on the designated topics – demographics, core service functions, and financial standing – covers fiscal years’ 2017 to 2021 with limited exceptions. The addendum period expands on the 2014-2018 period reflected in the municipal service review report prepared by the City of Escondido via Concordia Homes and provides data trends that appear most relevant in making near-term determinations under statute; i.e., data from the last five years is most pertinent in projecting trends over the next five years.

⁶ All other municipal service functions provided by the City of Escondido (e.g., community planning, streets, police, etc.) are deferred to the municipal service review report.

Calculating Population Estimates and Projections

Recent and current residential population estimates in the addendum draw on data generated by Esri and their own mapping analyses of census tracts that overlay the City of Escondido. This approach differs from LAFCO policy to utilize estimates by the San Diego Association of Governments and reflects recent practice in preparing municipal service reviews given the ability of Esri's mapping software to readily synchronize 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.

Macro-Level Focus on Service Functions

The addendum focuses on central service outputs with respect to quantifying availability, demand, and adequacy of the City of Escondido's core municipal services – water, wastewater, and fire protection + emergency medical – selected for analysis. A prominent example involves focusing on annual system-wide demands generated during the five-year addendum period as opposed to specific service areas or zones. This approach informs macro-level determinations, and when applicable, the addendum notes the need for more micro-level analysis as part of separate addendums or future municipal service reviews.

Benchmarking Infrastructure Needs and Deficiencies

Similar to the preceding factor the addendum and its analysis focuses on average system demands generated within the City of Escondido during the 60-month study period in benchmarking infrastructure needs or deficiencies in the targeted service functions (water, wastewater, and fire protection + emergency medical). 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 in the targeted functions.

Benchmarking Fiscal Solvency

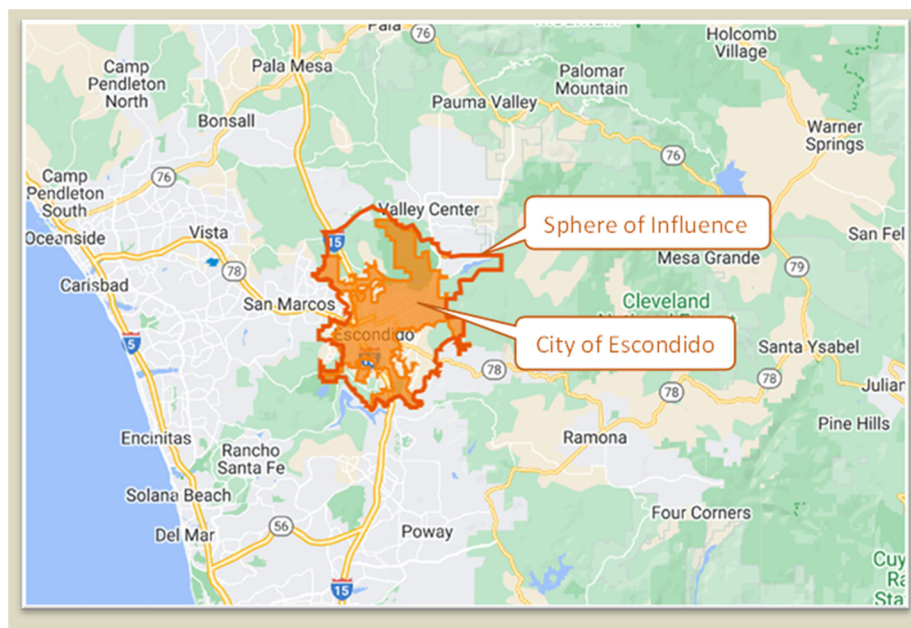
Several diagnostic tools are used to assess and make related determinations in the addendum regarding the City of Escondido's financial standing based on a review of available audited information. This includes an emphasis on analyzing cash ratio, debt-to-net assets, and total margin. These diagnostics provide LAFCO with reasonable benchmarks to evaluate liquidity, capital, and margin with an emphasis on trends.

2.0 ADDENDUM ORGANIZATION

This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated in Phase II of the municipal service review on the Escondido region and its focus on the City of Escondido.⁷ This includes drawing on information provided in the municipal service review report prepared by the City via Concordia Homes coupled with the supplemental analysis provided in this addendum. The Executive Summary is preceded by an abbreviated agency profile (Chapter Three) that houses the addendum's analysis on the City's demographics, core service functions, and financial standing.

3.0 GEOGRAPHIC AREA

The geographic area designated for this municipal service review and its two distinct phases – Parts One and Two – is close to 100 square miles in size.⁸ The geographic area has been purposefully designated by the Executive Officer to include all three local agencies in the greater Escondido region under San Diego LAFCO oversight that separately provide one or more urban supporting services, including – but not limited to – community planning, fire protection and emergency medical, recreation and parks, roads and street lighting, potable water, recycled water, police, and wastewater. The City of Escondido's jurisdictional boundary - as the focal point - and its sphere of influence are shown in the vicinity map below.



⁷ 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.

⁸ The geographic area generally follows the City of Escondido's General Plan Land Use Map with notable deviations to include the boundaries of Deer Springs FPD and Rincon del Diablo MWD.

4.0 REPORT SUMMARY

4.1 General Themes and Conclusions

The Escondido region encompasses a geographically distinct subarea of “North County” removed from the coast and bisected by two of San Diego County’s most traveled commute corridors in Interstate 15 and State Route 78.⁹ The region’s distinctions are also reflected and tenured in local government with two of the earliest city and special district establishments in San Diego County with the City of Escondido incorporating in 1888 and the Escondido Irrigation District forming in 1891; the latter being subsequently dissolved with its water system eventually divided between the City and Rincon del Diablo MWD at the time of its formation in 1954.¹⁰ Deer Springs FPD’s formation in 1981 completes the current and relatively confined concentration of local government in the region among these three agencies.

The City of Escondido is a general law municipality incorporated in October 1888 with a total population estimate of nearly 150,779. This estimate produces a population density of 6.3 residents per acre and makes the region the 4th largest City in San Diego County.

The City of Escondido and its full range of municipal services anchors the region’s social and economic interests and is the focus of this addendum.

A review of City of Escondido 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 Escondido and range in substance from addressing governance dynamics to financial standing. The conclusions also address potential sphere of influence amendments. The conclusions are independently drawn and sourced to information collected and analyzed in the municipal service review prepared Escondido via Concordia Homes and substantively supplement by this addendum.

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

This municipal service review and addendum herein serves as the Commission’s first comprehensive municipal service review covering the City of Escondido. The report and this addendum consequently serve as a dual introduction. This is marked by introducing Escondido and their constituents in real-time to an otherwise unfamiliar outside planning process. The introduction similarly introduces the Commission to Escondido and their service activities at depths previously unvisited with the underlying goal of establishing baseline information to track and measure going forward.

⁹ Reference to SANDAG’s State of the Commute, 2015-2016.

¹⁰ An interim entity – Escondido Mutual Water Company – bridged the dissolution of the Escondido Irrigation District in the early 1900s and later transfer of the original water system to the City of Escondido and Rincon del Diablo MWD.

- **No. 2 | Changes in Leadership + Governance**

The City of Escondido has experienced significant changes in elected and appointed leadership at the end of the addendum period and suggests substantive transitions in the City's approach to governance – including goal and priority setting – will follow. Markedly, and without the imposition of term limits, four of the five Council positions changed during the period with three of the four being new to elected public office. This change in leadership also extends to several senior staff positions and highlighted by the City Council recently appointing its first outside candidate to City Manager since 1989.

- **No. 3 | General Fund Stresses + High Debt Levels**

Actuals during the addendum period signal the City of Escondido's General Fund is becoming imbalanced with the rate of new expenses surpassing the rate of new revenues by more than one-fifth and the inability to satisfy its own reserve policy in four of the five years covered. It appears the primary stress factor ties to increasing pension debt payments – which have risen by nearly one-half in the addendum period – and now account for nearly two-fifths of all payroll expenses. The cumulative effect of increasing pension costs plus other financing decisions has substantively cut Escondido's capital levels and reflected in a debt-to-net asset measurement of 101% at the end of the period.

- **No. 4 | Adequate Service Capacities with a Big Qualifier**

The City of Escondido has established adequate and excess service capacities and related resources in meeting current demands and highlighted in this addendum with respect to potable water, wastewater, and integrated fire protection, emergency medical, and ambulance. However, it is reasonable to apply qualifiers given increasing stresses in the General Fund will relatedly stress capacities and resources for associated City services and most notably community development, public safety, and parks and recreation. This dynamic suggests added caution for LAFCO in considering annexations and their potential impact – advantageous and disadvantageous – on the General Fund.

- **No. 5 | Growth Challenges**

Recent population growth in the City of Escondido has been relatively modest during the addendum period with an average annual change of 0.5%. This otherwise modest population growth has nonetheless proportionally exceeded housing construction in Escondido with LAFCO estimating an annual period shortfall of (64) housing units in the City necessary to maintain current household sizes. Pivoting forward, and in order to help curb this existing shortage, LAFCO estimates the average number of new housing units needed in Escondido in each of the next five years to proportionally keep pace with expected growth in population is 225 units.

- **No. 6 | Growth Opportunities + LAFCO Support**

The City of Escondido is favorably positioned to plan and accommodate additional growth and become a focal urban center for North County. This opportunity ties to Escondido's role as a full-service municipality and the controls it provides paired with its physical location along existing major transportation corridors as well as planned expansions – including a station stop on California's high-speed rail project. This opportunity further ties and can be supported by LAFCO's own interests and duties to facilitate orderly and city-centered growth.

- **No. 7 | Becoming Whole: Literally + Figuratively**

There are over a dozen unincorporated islands that are substantially or entirely surrounded by the City of Escondido with a LAFCO estimated population of 12,376. All of these islands lie within Escondido's sphere of influence and their continued existence perpetuate service inefficiencies for both the City and County of San Diego as well as raise social justice considerations for those within islands and/or for those outside the islands. It would be appropriate for Escondido and LAFCO to coordinate resources and work to gradually make the City whole.

- **No. 8 | Assessing the Escondido + Rincon del Diablo Relationship**

LAFCO concluded in Part One of the municipal service review it would be prudent to independently assess options to consolidate – politically or functionally and/or partially or entirely – the City of Escondido and Rincon del Diablo MWD. This earlier determination relied on preliminary analysis and highlighted by the agencies' overlapping boundaries and common service functions. Part Two of the municipal service review of this addendum further affirms this earlier conclusion and supports adding the governance study to the LAFCO workplan.

- **No. 9 | Proceeding with a Limited Sphere of Influence Update**

It would be appropriate for LAFCO to proceed with a limited sphere of influence update for the City of Escondido and defer an otherwise needed comprehensive action to a future municipal service cycle. The approach would involve proceeding with limited changes to the sphere to better align with parcel boundaries and/or other geographic makers. It would also – pertinently – establish one or more specific special study areas to memorialize areas the Commission would allow to come forward over the next five-year period without requiring a new municipal service review.

4.2 Recommendations

The following recommendations call for specific action either from San Diego LAFCO, City of Escondido, or other local agencies based on information generated as part of this addendum and outlined below in order of their placement in Section 5.0 (Written Determinations). Recommendations for Commission action involving additional studies are dependent on a subsequent directive from the membership and through the annually adopted work plan.

1. As a long-term principle, San Diego LAFCO should prioritize and direct growth in the region to the City of Escondido and its appropriate role to serve as an urban center.
2. San Diego LAFCO should coordinate with SANDAG to develop current buildout estimates in the City of Escondido and sphere of influence and incorporate the information into the next scheduled municipal service review. This should include impacts tied to the recent passage of Senate Bill 9 (Weiner) and the allowance for additional lot splitting.
3. As an immediate principle in the timeframe of this addendum, San Diego LAFCO should require all jurisdictional changes involving annexations to the City of Escondido demonstrate de minimis impacts to the City General Fund unless overriding policy considerations are made by the Commission on a case-by-case basis.
4. San Diego LAFCO should coordinate with the County of San Diego to identify the scope and scale of active groundwater wells and septic systems within the City of Escondido and the sphere of influence and incorporate this information into the next scheduled municipal service review.
5. The City of Escondido should consider joint-use arrangements with local school districts to make available additional and needed green and play spaces to enhance recreational opportunities that are within walkable distance for residents.
6. San Diego LAFCO affirms its own previous determination that a governance study is merited to independently assess reorganization options to consolidate – politically or functionally – the City of Escondido and Rincon del Diablo MWD. The Commission should proceed with the governance study immediately.
7. San Diego LAFCO should exercise additional discretion when considering jurisdictional changes involving the City of Escondido to prompt and/or otherwise require concurrent or future annexation of the existing unincorporated islands in the sphere of influence.

8. The City of Escondido should coordinate with San Diego LAFCO to ensure existing municipal services provided outside the City that are subject to material changes – intensify or deintensify – remain in compliance with Government Code Section 56133.
9. San Diego LAFCO should proceed with a limited sphere of influence update for the City of Escondido. The limited update should focus on aligning the sphere of influence wherever practical with parcel boundaries, roads, and other geographic markers that have adjusted and/or emerged since the last Commission action in 2003.
 - a) San Diego LAFCO should defer an otherwise merited comprehensive sphere of influence update for the City of Escondido to a future municipal service review.
 - b) Notwithstanding other determinations, San Diego LAFCO should proceed to establish one or more special study areas for the City of Escondido sphere of influence as part of a limited update and provide the affected areas eligibility to proceed in the next five years with an actual amendment without necessitating a new municipal service review. This includes a special study area for the Harvest Hills (previously Safari Highlands) project site.
10. San Diego LAFCO should revisit and expand on its inaugural analysis of pollution burdens and impacts on susceptible populations within the City of Escondido as part of future municipal service reviews.

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 as part of the municipal service review process. 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

These determinations address factors required in statute and local policy (environmental justice) as part of the municipal service review process. The determinations represent statements of reasonable facts or deductions as legislatively determined by San Diego LAFCO and based on information within the municipal service review prepared by Concordia Homes and City of Escondido and supplemented by this addendum.

provided by the City of Escondido specific to the Commission’s growth management role and responsibilities in San Diego County. An abbreviated version of these determinations will be separately prepared for Commission consideration and adoption in conjunction with receiving the final report at a noticed hearing.

5.1 Growth Projections & Related Demographics

1. San Diego LAFCO independently estimates there are 150,799 fulltime residents in the City of Escondido at the end of the addendum period. This estimate makes Escondido the 4th largest populated incorporated community in all of San Diego County.
2. San Diego LAFCO independently estimates the City of Escondido has added approximately 3,285 new residents during the addendum period. This new growth translates to an average increase of 657 new residents each year.
3. San Diego LAFCO separately estimates the City of Escondido has added approximately 740 new housing units during the addendum period. This new development translates to an annual increase of 148 new units each year.
4. The rate of new residents compared to the rate of new housing in the City of Escondido during the addendum period produces a ratio of 4.4 to 1.0. This ratio exceeds the current average household size of 3.1 persons during the addendum period and quantifies an existing and increasing shortfall in housing production in Escondido.
 - a) In order to maintain a baseline household size of 3.1 persons, the rate of actual new housing in Escondido during the period would need to have increased by an additional 70% from an average year production of 148 units to 212 units.
5. It is reasonable to project the fulltime population will increase within the City of Escondido consistent with contemporary trends – or 0.46% annually – and add another 3,483 residents through the timeframe of this addendum and reach 154,282 by 2026.
6. Accommodating the projected population growth within the City of Escondido to 2026 will require the overall construction of 1,124 new housing units – or 225 units each year – to maintain the baseline household size of 3.1 persons
7. It is reasonable to assume the shortfall in housing supply within the City of Escondido during the addendum period is affecting housing costs with the average monthly expense totaling \$1,836, which is 15% higher than the countywide mean.
 - a) Average rent and mortgage costs at the end of the period in Escondido equals 29% of household incomes.

8. The City of Escondido's location along existing transportation corridors and inclusion in the San Diego County Water Authority and Metropolitan Water District of Southern California's wholesale water jurisdictions positions the City to experience accelerated growth beyond the timeframe of this addendum.
9. Proportionally directing more growth towards the City of Escondido during and beyond the addendum timeframe merits consideration by San Diego LAFCO as well as other regional planning bodies and may serve as additional justification for the Commission to accommodate jurisdictional changes.
10. San Diego LAFCO should coordinate with SANDAG to develop current buildout estimates within the Escondido 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 allowance for additional lot splitting.
11. With respect to pertinent demographics within the City of Escondido during the addendum period, San Diego LAFCO independently makes the following statements.
 - a) Residents within Escondido tend to be older with a median age of forty relative to the countywide average of 35.
 - b) Residents in Escondido have experienced a modest increase in their average median household income with an ending five-year sum of \$76,544.
 - c) Approximately one out of every five adults 25 years or older in Escondido hold four-year college degrees at the end of the addendum period. This ratio paired with the relatively high median home income suggests a sizeable portion of the workforce residing in the City is blue-collar.
12. The number of counted homeless in the City of Escondido has been gradually decreasing during the addendum period from a beginning count of 523 to an ending count of 447 – a difference of (14.5%). The portion of homeless in Escondido relative to all of San Diego County – nonetheless – has increased by 2.0% during the period.
13. While experiencing an overall decrease, the amount of homeless counted in the City of Escondido remains comparatively high at the end of the addendum period. This point is illustrated with Escondido's last count being the third highest among local

municipalities, and – with the exclusion of counts in the City of San Diego – accounts for close to one out of every five homeless persons in San Diego County.

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

1. There are two distinct areas immediately adjacent to the City of Escondido that qualify as disadvantaged unincorporated communities under San Diego LAFCO policy. These two communities lie within Citrus Valley and within the current sphere of influence designated for the City. LAFCO estimates the combined population within these communities is 348.
2. Additional details and discussion on the two disadvantaged unincorporated community within the City of Escondido's sphere of influence is provided within the municipal service review prepared by the City of Escondido via Concordia Homes.

5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. The City of Escondido provides a full range of municipal services within its jurisdictional boundary. This addendum focuses on three specific service functions underlying Escondido's growth and development: (a) potable water; (b) wastewater; and (c) integrated fire protection, emergency medical, and ambulance services.
2. San Diego LAFCO attests the other key municipal service functions of the City of Escondido – including community development, parks and recreation, roads and streets, recycled water, and police protection – are adequately addressed in the municipal service review report prepared by the City via Concordia Homes.
3. San Diego LAFCO determines the three service functions provided by the City of Escondido that are the focus of this addendum – albeit with variations – have adequate capacities in meeting current demands through the timeframe of this analysis.
4. Financial constraints for the City of Escondido are intensifying within its General Fund and it is reasonable to assume all dependent service functions – like fire protection – will become increasingly challenged to maintain current levels absent a course correction. This dynamic merits attention by the Commission in its review of future jurisdictional

change proposals during the timeframe of the addendum and specifically added consideration of potential service impacts on the City General Fund.

5. With respect to the City of Escondido's potable water function, San Diego LAFCO makes the following statements:
 - a) Escondido's potable water function commenced in the early 1900's and classified as retail class only by the Executive Officer consistent with LAFCO statute.
 - b) Escondido's potable water function covers close to three-fifths of the incorporated boundary and extends into adjacent unincorporated areas of Citrus Valley, Felicita Park, and San Pasqual Valley. San Diego LAFCO estimates the total resident population served by the Escondido water system is 142,420.
 - c) Escondido's membership with the San Diego County Water Authority allows the City to purchase an unrestricted amount of untreated water largely originating from the Colorado River and Sacramento Bay Delta based on availability. These imported supplies typically account for no less than four-fifths of water retailed by Escondido with the remainder drawn from the San Luis Rey River Watershed.
 - d) San Diego LAFCO estimates Escondido's current infrastructure capacities at the end of the addendum period can accommodate a maximum day potable supply potential of up to 434-acre feet – or notionally up to 112,863 acre-feet annually.
 - e) Escondido's overall daily potable water demands have averaged 55.7 acre-feet during the addendum period with an estimated daily per capita use of 129 gallons. Overall water demands have increased by 8.3% during the period and largely attributed to an intensification in non-residential uses.
 - f) Additional analysis is needed to assess whether the portion of daily uses for Escondido is dedicated to indoor use and the relationship therein in meeting the State of California's advisory target to limit capita usage to fifty-five gallons.
 - g) The average daily and annual potable water demands during the addendum period for Escondido's entire distribution system equals 13% and 18%, respectively, of accessible supply and associated infrastructure capacities under normal periods.

- h) With regard to more micro-measurements involving the potable water system:
- The average peak-day potable water demand generated during the addendum period for the entire distribution system equals 21% of Escondido's accessible supply and associated infrastructure capacities under normal conditions.
 - The average day potable water demand generated during the addendum period for the entire distribution system represents 30% of Escondido's available capacity at the Escondido-Vista WTP.
 - The average peak-day potable water demand generated during the addendum period for the entire distribution system represents 48% of Escondido's available capacity at the Escondido-Vista WTP.
 - The average peak-day potable water demand generated during the addendum period for the entire distribution system equal 125% of Escondido's existing online storage capacity (not including Lakes Welford and Dixon).
- i) Online storage capacity can accommodate up to 1.28 days of average day potable demands generated over the addendum period without recharge. Additional storage capacity is needed to abate current stresses in the ability of Escondido to accommodate high usage periods and/or interruptions in WTP operations.
- j) Escondido ratepayers receive two related charges for potable water service: (a) fixed availability and (b) variable usage with the former including pass-throughs from County Water Authority and Metropolitan Water District. Rates have increased for most customers (single-family) by 24% during the addendum period.
- k) Escondido's average monthly potable water service charge for single-family customers at the end of the addendum period is \$123 and divided between \$47 in fixed and \$76 in usage fees with the later based on delivering 10,000 gallons.
- l) Annual actual potable water revenues have averaged \$62.5 million during the addendum period compared to \$61.6 million in expenses. Recent rate increases – however – have produced a correction with revenues exceeding expenses over the final two years of the addendum period.

- m) The scope and scale of groundwater use within Escondido's potable water service area is unknown. San Diego LAFCO should coordinate with the County of San Diego to identify active groundwater wells and incorporate the information into the next scheduled municipal service review.
 - n) As of the end of the addendum period there is one mutual water company operating within the City of Escondido's sphere of influence – the Del Dios Mutual Water Company. This private water provider was formed in 1934 and serves an estimated 330 residents from its groundwater source. Additional analysis is needed to assess the future viability of the City extending and/or annexing this site.
6. With respect to the City of Escondido's wastewater function, San Diego LAFCO makes the following statements:
- a) Escondido's wastewater function commenced in the early 1920's. This active service function is classified as collection, treatment, and discharge by the Executive Officer consistent with LAFCO statute.
 - b) Escondido's wastewater services span most of the City and extends into the adjacent unincorporated community of Felicita Park.
 - c) Escondido's daily permitted capacity at its Hale Avenue Resource Recovery Facility (HARRF) is 18.0 million gallons and involves secondary treated effluent. HARRF is also able to produce up to 9.0 million gallons of tertiary effluent for subsequent recycled water uses and/or retailing.
 - d) Escondido's average daily wastewater flows collected during the addendum period has been 12.9 million gallons and includes approximately 3.2 million gallons received under contract from the City of San Diego. This average flow during the period represents 72% of HARRF's permitted treatment capacity.
 - e) Overall average day wastewater flows collected by Escondido during the addendum period have decreased by (7.0%).

- f) With regard to more micro-measurements involving the wastewater system:
 - Average daily dry-weather wastewater flows during the addendum period have been 12.9 million gallons and mirrors overall average demands, which reflects the predominance of dry-weather conditions in the service area. Daily dry-weather flows tallied 11.9 million gallons at the addendum term and produces a net (10%) change during the 60-month period.
 - Average daily wet-weather wastewater flows during the addendum period have been 13.1 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 12.0 million gallons at the addendum term with an overall decrease of (10%) during the 60-month period.
 - Average daily peak-day wastewater flows over the addendum period have been 25.9 million gallons. This latter amount produces a peak-factor relative to average day demands of 2.0.
 - g) Escondido's average monthly wastewater service charge for most ratepayers (single-family customers) at the end of the addendum period is \$67.
 - h) Escondido's actual annual actual wastewater revenues have averaged \$35.5 million during the addendum period compared to \$23.4 million in expenses.
 - i) The scope and scale of septic systems within Escondido's wastewater service area is unknown. San Diego LAFCO should coordinate with the County of San Diego Environmental Health Department to identify active septic systems within the City and incorporate the information into the next scheduled municipal service review.
7. With respect to integrated fire protection, emergency medical, and ambulance services:
- a) Escondido's integrated fire protection, emergency medical, and ambulance services function dates to the 1910s. The Executive Officer makes the following designations consistent with LAFCO statute:
 - Fire protection is categorized as structural with several ancillary classes – prevention, support services, administration, and disaster preparedness.

- Emergency medical services are categorized as advanced life support.
 - Ambulance services are categorized as direct.
- b) Escondido's integrated fire protection, emergency medical, and ambulance service capacities are largely dependent on staffing resources. Budgeted staffing for public safety personnel at the end of the addendum period totals 108 and divided between 90 firefighters and 18 medical personnel (paramedics/EMTs). There have been no changes in this budgeted staffing during the period.
- c) Actual fire protection, emergency medical, and ambulance services for Escondido are delivered out of seven stations based on direction from their joint police-fire dispatch center. The two newest fire stations – No. 6 and No. 7 – were both built in 2008 and serve the western and northeast neighborhoods and reflects more recent and outward development patterns in the City.
- d) Actual onsite demands on Escondido for fire protection and emergency medical services during the addendum period have averaged 42.3 per day with an overall and minimal change of 1.7%. This average demand is further quantified into a ratio of 0.26 onsite incidents for every 1,000 residents.
- e) Close to one-half of all dispatch calls for Escondido and its fire protection and emergency medical services during the addendum period have been directed to Stations No. 1 and No. 7 and involve incidents in the City's central and northeast neighborhoods. These stations – also – notably serve as first responders for incidents along Interstate 15 and State Route 78.
- f) Escondido's existing fire protection and emergency medical services allow it to respond – exclusively or in combination with outside agencies – to 98% of all onsite incidents within the City during the addendum period.
- g) Additional analysis is needed to determine the extent of other agencies assisting Escondido in meeting fire protection and emergency medical service demands during the addendum period.
- h) Additional analysis is needed to determine the extent of fire protection and emergency medical service demands on Escondido during the addendum period that occurred outside the City limits.

- i) Actual demands on Escondido for ambulance transport services during the addendum period have averaged 29.6 per day with an overall increase of 10.6%. This average demand is further quantified into a ratio of 0.18 onsite incidents for every 1,000 residents.
- j) The average percentage of onsite fire protection and emergency medical incidents for Escondido resulting in subsequent ambulance transport has been 70.1% during the addendum period with an overall change of (10.0%).
- k) Escondido's integrated fire protection, emergency medical, and ambulance services are dependent on discretionary monies allocated by the City Council and have accounted for 24.7% of all General Fund expenses during the addendum period. The overall portion of General Fund expenses directed towards supporting this integrated function has increased by 17.1% during the period.

5.4 Agencies' Financial Ability to Provide Services

1. The City of Escondido's net position covering all City activities – General and Business – has increased by 7.7% during the addendum period from \$417.9 to \$473.4 million. More than one-half of the ending net position ties to the City's enterprise assets involving the water and wastewater systems.
2. The unrestricted portion of City of Escondido's net position at the end of the addendum period less accrued retiree liabilities totals \$119.8 million and equals 5.8 months of actual total expenses in 2020-2021. This ratio has increased and improved by 26.1% during the period and initial coverage of 4.6 months in 2016-2017.
3. The City of Escondido finished the addendum period with a closely matching amount of average year actual revenues and expenses within its General Fund at \$101.9 million and \$101.6 million, respectively – a difference of less than 0.2%. This difference – pertinently – has been narrowing with the rate of actual expenses in the General Fund exceeding the rate of actual revenues by more than one-fifth during the period.
4. Recent trends in the General Fund signals the City of Escondido has and/or is becoming structurally imbalanced, and in the absence of course corrections it is reasonable to assume non-enterprise functions – community development, parks and recreation, public safety, etc. – will become increasingly stressed in maintaining existing levels.

5. Standard measurements used to assess the City of Escondido's financial standing during the addendum period shows a notable distinction between the City's relatively sufficient short-term resources (liquidity) and otherwise strained longer-term resources (capital and margin). With this context, the following statements apply.
 - a) Liquidity levels as measured by comparing the Escondido's current assets against its current liabilities over a one-year horizon shows the City finished the period with an adequate – though decreasing – current ratio of 6.5 to 1.0. A separate and more immediate measurement of liquidity comparing Escondido's available cash against current liabilities similarly shows the City finished the period with an adequate – and modestly improving – cash ratio of 3.5 to 1.0
 - b) Capital levels as measured by comparing Escondido's long-term debt against its accumulated net worth shows the City finished the period with a high debt-to-net position percentage of 101.1%. This high level of debt also shows in matching the City's total assets against total liabilities at the end of the period, which produces a debt ratio – i.e., the portion of assets being financed – at 55.2%
 - c) Margin levels as measured by comparing the City of Escondido's overall revenues against overall expenses within the General Fund shows the City finished with a positive average total margin of 2.4%. However, adjusting this measurement to exclude the final year in 2020-0021 resets the average total margin to (1.3%) with negative returns in three of the four years.
 - d) The replacement rate of Escondido's capital infrastructure (i.e., buildings, equipment, etc.) has decreased by (9.0%) during the addendum period from 24 to 27 years.
6. The City of Escondido's composite funded ratio for pension obligations with CalPERS at the end of 2019-2020 – which marks the most recently published data for the addendum period – tallies 68.4% and considered substandard. The ratio – nonetheless – has slightly improved over the prior five-year period by 1.8%
7. The City of Escondido's annual employer pension contribution between 2015-2016 and 2019-2020 – which follows the last five years of published data by CalPERS – has increased by nearly one-half – or 45%. The percentage of the City's payroll dedicated to pension costs is similarly increasing from 29.0% to 39.0% over the same timeframe.

8. San Diego LAFCO should revisit fire protection and emergency medical services and costs in the City of Escondido and surrounding region 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. The City of Escondido has made a concerted effort to invest resources during the addendum period to address homelessness through various partnerships with other local agencies and non-profit organizations in North County through its membership in the Alliance for Regional Services. Escondido has also supplemented this regional approach to addressing homelessness by establishing a local think-tank on remedying homeless issues within the City through a dedicated Community Advisory Group.
2. The City of Escondido and Rincon del Diablo MWD have developed several unique and resource-saving arrangements involving their potable water systems that collectively benefit their constituents. These beneficial arrangements are headlined by relying on the others' distribution system to serve their ratepayers and in doing so avoid costs and inefficiencies in building duplicative infrastructure.
3. The City of Escondido contracts a dedicated portion of its wastewater treatment capacity to the City of San Diego to accommodate flows generated within the Rancho Bernardo area. This long-stand arrangement has proven beneficial to both agencies and marked by allowing Escondido to monetize excess and otherwise unused capacity to help fund other capital improvements to the wastewater system.
4. At the start of the addendum period, the City of Escondido chose to outsource the day-to-day operations of its public library to a national private vendor - Library Systems & Services. The decision survived an immediate legal challenge and premised on the projected annual savings of \$0.400 million in reduced employee costs plus commitments by the vendor to increase weekly operating hours from 51 to 60. Both premises have materialized through the end of the addendum period.
5. Approximately two-thirds of the City of Escondido's parkland acreage lies along its exterior and beyond walkable distance for most City residents. The City should consider joint-use arrangements with the local school districts to make available additional green and play spaces to enhance recreational opportunities within the urban core.

5.6 Local Accountability and Government Restructure Options

1. The City of Escondido operates as a general-law municipality and draws on corporate and police powers delegated by the State Legislature and authorized by voters in approving incorporation in 1888.
2. The City of Escondido uses six standing committees through the end of the addendum period comprising appointed residents to further inform City decision-making: (a) Building Advisory and Appeals Board; (b) Historic Preservation Commission; (c) Library Board of Trustees; (d) Planning Commission; (e) Public Art Commission; and (f) Transportation and Community Safety Commission. These standing committees – markedly – reflect areas of elevated importance to the City Council, past and present.
3. The City of Escondido has experienced a significant change in elected leadership during the addendum period with four of the five Council positions changing. This change in leadership also extends to several senior staff positions and marked by the City Council recently appointing its first outside candidate to City Manager since 1989. It is reasonable to assume these changes will bring new approaches in governance.
4. The City of Escondido provides ongoing opportunities for constituents to engage the Council by regularly holding meetings on the first four Wednesdays of every month at 5:00 P.M. with live and recorded online streaming. Cancellations are rare with the City Council holding an annual average of 124 public meetings with no cancellations during the addendum period.
5. Several special districts' jurisdictional boundaries overlap with the City of Escondido and provide one or more municipal service functions in most and/or all of the City. These special districts include the North County Cemetery District, North County Transit District, Palomar Healthcare District, Rincon del Diablo MWD, and Resource Conservation District of Greater San Diego. Among these special districts only Rincon del Diablo MWD is geographically positioned to come into eligibility range in the foreseeable future for possible reorganization into a subsidiary district of the City.
6. San Diego LAFCO previously determined in Part One of this municipal service review a governance study is warranted for the Commission to independently assess reorganization options to consolidate – politically or functionally – the City of Escondido and Rincon del Diablo MWD. This addendum affirms the earlier determination and LAFCO should immediately proceed with the governance study.

7. The City of Escondido surrounds – substantially or entirely – nearly two dozen unincorporated islands that perpetuate substantive service inefficiencies for both the City and County of San Diego as well as raise social justice considerations. As other jurisdictional changes come forward, San Diego LAFCO should consider options to prompt and/or require annexation of these islands on a case-by-case basis.
8. The City of Escondido has been diligent in requesting and receiving approval from San Diego LAFCO to provide new water and/or sewer services beyond the incorporated boundary under Government Code Section 56133. Escondido and LAFCO should similarly consult and establish related protocols to address City requests to provide “extended” services under statute.
9. San Diego LAFCO should proceed with a limited sphere of influence update for the City of Escondido. The limited update should focus on aligning the sphere of influence wherever practical with parcel boundaries, roads, and other geographic markers that have emerged and/or adjusted since the last Commission action in 2003.
10. San Diego LAFCO should defer an otherwise merited comprehensive sphere of influence update for the City of Escondido to a future municipal service review. This would allow the Commission to first complete a governance study to explore reorganization options involving the City and Rincon de Diablo MWD to include – but not limited to – possible consolidation of the agencies and/or one or more of their shared service functions.
11. Notwithstanding other determinations, there is sufficient merit for San Diego LAFCO to establish one or more special study areas for the City of Escondido sphere of influence as part of a limited update. This includes a special study area for the Harvest Hills project site, which has been part of a multi-year planning process with the City and ongoing discussions with LAFCO staff.
 - a) Establishing this and possibly other special study areas serve as formal placeholders for the Commission under policy to consider actual sphere amendments and annexations anytime over the next five years without requiring a new municipal service review to be prepared.

5.7 Environmental Justice (Adopted Policy)

1. San Diego LAFCO's analysis of available data available from the California Environmental Protection Agency shows the City of Escondido's composite pollution burden and residents' susceptibility therein to core effects is moderate relative to statewide conditions based on percentile scores of 36% and 40%, respectively. These composite measurements, however, conceal extremes with individual areas in the City having pollution burdens ranging between 3% to 78% with the latter marked by exposure in central Escondido to high levels of ultraviolet light radiation and impaired waters.
2. San Diego LAFCO should revisit and expand on its inaugural analysis of pollution burdens and impacts on susceptible populations within the City of Escondido as part of future municipal service reviews.

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CHAPTER THREE

ABBREVIATED AGENCY PROFILE

1.0 OVERVIEW

The City of Escondido is a general law municipality incorporated in October 1888 and self-identified as the “City of Choice.” Escondido’s incorporation was the fourth in San Diego County and the biproduct of a series of land transactions bookended by the creation of the Rancho Rincon del Diablo in 1843 and the eventual purchase by the Escondido Land and Town Company in 1883; the latter having recorded the first subdivision of the area in 1886. Escondido’s current jurisdictional boundary spans 37 square miles coving 23,971 acres with an elevation range between 100 to 1,800 feet above sea level. Two-thirds of the jurisdictional acreage falls under private ownership with 26% of this amount – or 4,128 acres – remaining entirely undeveloped without any assessed structures or improvements. Governance is provided through a council-manager format with a directly elected mayor. The average tenure on the Council among current members is relatively low at 4.8 years with the longest tenure belonging to Michael Morasco at 12 years. There are no term limits on the Council.

Downtown City of Escondido

Intersection of Centre City Parkway and Grand Avenue



Photo Credit: City of Escondido

Escondido is a full-service municipality and headlined by directly providing community planning, fire protection, parks and recreation, police protection, wastewater, and water services. Several local special districts also overlap Escondido’s jurisdictional boundary and generally provide specialized services beyond the scope of the City with the largest examples being North County Cemetery District and Palomar Healthcare District. Escondido separately maintains a unique boundary overlap with Rincon del Diablo MWD with the latter sharing 62.6% of its boundary with the City.

The City of Escondido is a full-service municipality, and this includes directly providing fire, police, wastewater, and water. Staffing these four specific functions accounts for nearly two-thirds of all City budgeted employees at the end of the addendum period.

Escondido’s actual operating budget expense at the end of the addendum period in 2020-2021 is \$207.1 million and reflects an overall change of 13.6% over the prior five years. The per capita expense has separately changed during the addendum period from \$1,230 to \$1,373 or 11.6%. The audited net position at the end of the addendum period totals \$473.4 million with the

unrestricted portion tallying (\$108.8 million). The unrestricted amount is adjusted to \$119.8 million less actuarial accrued pension and related retiree liabilities and equivalent to covering seven months of recent actual operating expenses.

LAFCO independently estimates the fulltime resident population within Escondido's jurisdictional boundary is 150,799 at the end of the addendum period. It is also projected the estimate of fulltime residents represents an overall increase of 7,228 since the 2010 census reset – or 657 annually – with a resulting annual growth rate of 0.46%. The estimated population is directly supported by 49,530 housing units in Escondido, which has increased since 2010 with the construction or otherwise addition of 1,623 new units and equates to 148 annually. Escondido residents are currently spending 28.8% of their household income on rent or mortgage payments.

LAFCO estimates the City of Escondido on average has added 657 new residents each year during the addendum period. It is also estimated the City has added 148 new housing units each year. The collective result is a new resident to housing ratio of 4.4 to 1.

2.0 DEMOGRAPHICS

2.1 Population and Housing

The City of Escondido's total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 150,799 at the end of the five-year addendum period. This amount represents 4.6% of the countywide total. It is also estimated the fulltime population has risen overall by 5.0% from 143,571 in 2010 and the last census reset. This translates to an annual change of 657 or 0.46%, which is slightly below the overall countywide rate of 0.56%. The current estimate produces a population density of 6.3 residents for every one acre and underlies the overall urban suburban character of the jurisdictional boundary. (For context, the population density for the City of Poway to the southeast at the end of the addendum period was 2.0 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 154,282 by 2026.

It is estimated there are 150,799 fulltime residents in the City of Escondido at the end of the addendum period. It is projected the fulltime population will increase consistent with recent trends – or 0.46% annually – and add another 3,483 residents and reach 154,282 by 2026.

City of Escondido Resident Population

Table 2.1a (Source: Esri and San Diego LAFCO)

Factor	2010 Estimate	2017 Estimate	2021 Estimate	Annual Change	2026 Projection
City of Escondido	143,571	148,171	150,799	0.46%	154,282
San Diego County	3,095,264	3,127,402	3,287,195	0.56%	3,380,896

LAFCO separately estimates there are 49,530 residential housing units within Escondido at the end of the five-year addendum period. This amount represents an overall increase of 1,623 – or 3.4% – since 2010 for an annual change of 148 or 0.3%. The overall ratio of residents to housing units during the 60 months has increased by 12.2%.

The City of Escondido has averaged 148 new units each year during the addendum period. This results in Escondido adding one new home (unit) for every 4.4 new residents during the period.

Other notable housing characteristics follows.

- Slightly more than one-half – or 50.3% – of housing units in Escondido are owner-occupied with 44.9% being renter-occupied at the end of the addendum period. The remaining amount are vacant at 4.8%.
- The five-year average household size is 3.1 residents.
- The five-year mean housing cost is \$1,836.
- Households are spending 28.8% of their income on rent or mortgage payments.

City of Escondido Housing Characteristics

Table 2.1b (Source: Esri and San Diego LAFCO)

Factor	City of Escondido	San Diego County
2010 Housing Units	47,907	1,164,766
2021 Housing Units	49,530	1,232,419
... % Annual Change	0.31%	0.53%
... Net Change	1,623	67,653
Household Size (5-year average 2007-2011)	3.04	2.79
Household Size (5-year average 2012-2016)	3.14	2.87
... % Annual Change	3.29%	2.87%
Monthly Housing Cost (5-year average 2007-2011)	\$1,903.39	\$1,540.00
Monthly Housing Cost (5-year average 2012-2016)	\$1,835.99	\$1,578.00
... % Annual Change	(3.54%)	2.47%
2010 Vacancy Rate	5.33%	6.69%
2021 Vacancy Rate	4.79%	5.94%
... % Overall Change	(10.13%)	(11.21%)

2.2 Age Distribution

The median age of residents in the City of Escondido is 40.0 based on the current five-year period average. This amount shows the population continues to age with the median age experiencing an increase of 4.2% from 38.4 over the preceding five-year period average. The current median age in Escondido remains substantively higher than the countywide average of 35.3. Residents in the prime working age group defined as ages 25 to 64 – and the prime tax generating group – make up more than one-half of the estimated total population at 53.7%.

Residents within the City of Escondido tend to be older with a median age of 40 relative to the countywide average of 35.

**City of Escondido
Median Age of Residents**
Table 2.2a (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Escondido	38.4	40.0	4.2%
San Diego County	34.6	35.3	2.0%

**City of Escondido
Prime Working Age, 25-64**
Table 2.2b (Source: American Community Survey and San Diego LAFCO)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Escondido	54.4%	53.7%	(1.2%)
San Diego County	53.4%	47.0%	(11.9%)

2.3 Income Characteristics

The median household income in the City of Escondido is \$76,544 based on the current five-year period average. This amount shows fulltime residents are receiving moderately more pay with the median income experiencing an overall increase of 4.3% from the preceding five-year period average of \$73,413. Escondido's median household income also remains relatively high in comparison given it is 15.1% above the current countywide median of \$66,529. Other related measurements show economic distresses and marked by an overall increase of 4.4% in the total

Residents in the City of Escondido have experienced a modest increase in their average median household income with an ending five-year average of \$76,544. Separately, poverty rates in Escondido have slightly increased by 4.4%.

percent of residents living below the poverty level. This amount – nonetheless – remains below the countywide average of 14.0%.

City of Escondido Median Household Income Table 2.3a (Source: SD LAFCO and ESRI)			
Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Escondido	\$73,413	\$76,544	4.27%
San Diego County	\$63,857	\$66,529	4.18%

City of Escondido Resident Poverty Rates Table 2.3b (Source: SD LAFCO and ESRI)			
Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Escondido	10.96%	11.45%	4.4%
San Diego County	13.0%	14.0%	7.7%

2.4 Socioeconomic Indicators

Unemployment levels within the City of Escondido are relatively low at 4.3% based on the current five-year period average. This amount is close to one-seventh – or 14.0% – below the corresponding countywide average rate of 4.9%. Unemployment levels within Escondido have also decreased by one-fourth – (25.0%) – from the previous five-year average of 5.7%. With respect to other measurements, more than one out of every five residents in Escondido currently collects

Approximately one out of every five adults in Escondido 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 City.

retirement income. Education levels within Escondido as measured by four-year college graduates, has slightly increased during the report period but remains somewhat low at 31.13% in comparison to the countywide rate of 36.5. The non-English speaking percentage of the population has decreased during this period from 16.2% to 14.0%; an overall difference of (13.3%).

City of Escondido Unemployment Levels Table 2.4a (Source: SD LAFCO and ESRI)			
Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Escondido	5.71%	4.28%	(25.01%)
San Diego County	5.60%	4.90%	(12.50%)

City of Escondido Collecting Retirement

Table 2.4b (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Escondido	18.05%	19.91%	10.27%
San Diego County	16.70%	17.70%	5.99%

City of Escondido Non-English-Speaking Households

Table 2.4c (Source: SD LAFCO and ESRI)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Escondido	16.15%	14.00%	(13.33%)
San Diego County	16.10%	15.00%	(6.83%)

2.5 Homelessness and Related Support

The City of Escondido participates in an annual Point In Time (PIT) Count for homelessness and Housing Inventory Count (HIC) administered by the region's Continuum of Care "CoC" provider – or San Diego Regional Task Force on the Homeless. The count is performed by volunteers during the last week of January in all 18 cities as well as several unincorporated communities in San Diego County. Full counts were performed for the first four years of the five-year addendum period and shows the average number of

The number of counted homeless in the City of Escondido has been decreasing and at the end of the abbreviated addendum period totals 447. This amount – however – represents the third highest total among local jurisdictions. It also – notably and less the City of San Diego – accounts for the remaining 16% of counted homeless in San Diego County.

homeless in Escondido has been 433 with an overall decrease of 14.5% over the first 48 months.¹¹ The total number of counted homeless at the end of the abbreviated period in Escondido totals 447 with 59.0% – or 264 – being unsheltered and residing in cars, public places, or the street. The remaining 183 homeless counted in Escondido at the end of the abbreviated period are sheltered and reside in an emergency shelter, homeless shelter, or transitional housing.

¹¹ Due to the COVID-19 pandemic the County of San Diego's regional Continuum of Care "CoC" provider applied for and was granted an exception from conducting the 2021 annual Point-in-Time Count for the regions unsheltered homeless by the Department of Housing and Urban Development (HUD).

City of Escondido Point-in-Time Homeless Counts							
Table 2.5a (Source: Regional Taskforce on Homeless in San Diego County and SD LAFCO)							
Category	2017	2018	2019	2020	2021	Average	Trend
Sheltered	269	148	109	183	154	172.6	(42.8%)
Unsheltered	254	263	241	264	n/a	255.50	3.9%
Total	523	411	350	447	n/a	432.75	(14.53%)
... % of San Diego County	5.74%	4.79%	4.32%	5.85%	n/a	5.85%	2.01%
... % less City of San Diego	15.0%	11.2%	11.6%	16.2%	n/a	13.5%	8.6%

Escondido presently partners with nearly two dozen local non-profit organizations that provide one or more homeless support services within the City limits. Key services include providing emergency shelter and ancillary drug, mental health, and/or family crisis counseling.¹² The HIC shows the total number of utilized beds – specific to emergency shelters – in Escondido at the end of the abbreviated addendum period and concurrent with the PIT count is 115. Overall, the total number of beds (emergency, transitional, safe haven shelters, etc.) in the City of Escondido in the same period is 428.

2.6 Environmental Justice

State law directs LAFCO to address several factors anytime the Commission considers jurisdictional changes, including environmental justice. This factor was added to statute beginning on January 1, 2008, and defined to mean 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. LAFCO adopted a policy in 2022 to formally guide its consideration of environmental justice and this includes proactively incorporating the topic – and specifically pollution burdens and their associated economic impacts – in the Commission’s municipal service review program.

Consideration of environmental justice factors draw on staff analyzing data available from the California Environmental Protection Agency through its online assessment tool (CalEnviroScreen 4.0). Two composite percentile rankings for Escondido and surrounding unincorporated lands within the sphere of influence are generated within this analysis and based on a composite of all underlying census tracts. These involve (a) pollution burdens and (b) susceptible population to pollution burdens as a percentile to all census tracts in California.

LAFCO’s consideration of environmental justice in this addendum draws from the California Environmental Protection Agency and provides percentile rankings relative to all of California as it relates to (a) pollution burdens and (b) susceptible populations to pollution burdens.

¹² State law requires all municipalities allow for the operation of emergency shelters.

Escondido's composite pollution burden ranking at the end of the addendum period falls in the 36 percentile with an internal range among census tracts between 3 to 73 percentiles. Nine out of 13 tracked pollution burdens exceed the 33 percentile and involve ozone, diesel PM, traffic, drinking water, lead in housing, groundwater threats, hazardous waste, impaired water, and solid waste and considered moderate in magnitude. One of these nine pollution burdens – impaired or contaminated water – also falls only .07 short of being in the 70 percentile and is considered significant in magnitude. Escondido's composite susceptible population ranking falls in the 40 percentile with an internal range among census tracts between 2 to 78 percentiles. Seven of the eight at-risk groups exceed the 33 percentile and involve persons with low birth weight, cardiovascular disease, limited education, linguistic isolation, poverty, unemployment, and housing burden. A summary of overall tracked pollution burdens and susceptible population follows.

City of Escondido Pollution Burdens and Susceptible Population Table 2.6a (Source: California Environmental Protection Agency and SD LAFCO)	
Factor	Escondido + Surrounding Lands
No. of Census Tracts	35
Estimated Population	187,851
Pollution Burden	Weighted Percentile
... Composite Score	4.49
... Percentile	35.81
Indicator Air Quality: Ozone	52.58
Indicator Air Quality: PM 2.5:	15.51
Indicator Air Quality: Diesel PM:	43.45
Indicator Pesticides:	27.77
Indicator Toxic Releases:	11.56
Indicator Traffic:	39.09
Indicator Drinking Water Contaminants:	43.27
Indicator Lead in Housing:	37.87
Effects Cleanup Sites:	15.05
Effects Groundwater Threats:	46.77
Effects Hazardous Waste:	46.82
Effects Impaired Water:	69.03
Effects Solid Waste:	35.37
Sensitive Population	Weighted Percentile
... Percentile	39.73
Population Asthma:	25.48
Population Low Birth Weight:	43.55
Population Cardiovascular Disease:	39.72
Population Education:	56.59
Population Linguistic Isolation:	45.92
Population Poverty:	53.49
Population Unemployment:	38.04
Population Housing Burden:	53.34

3.0 MUNICIPAL SERVICES

The City of Escondido directly provides a full range of municipal services within its jurisdictional boundary. This addendum and succeeding analysis focuses on three specific service functions underlying Escondido's growth and development and of particular interest to LAFCO. These specific service functions are (a) potable water; (b) wastewater; and (c) integrated fire protection, emergency medical, and ambulance services. The analysis of these three service functions serves to supplement and update information provided in the accompanying municipal service review report prepared by the City of Escondido via Concordia Homes. A summary analysis of these three specific functions follows with respect to capacities, demands, and performance during the five-year addendum period between 2017 and 2021.

3.1 Potable Water Service

The City of Escondido's potable water services represent its largest business (enterprise) activity and involves retail class only. Escondido established this service function in the early 1910s by initially developing its own distribution system to accommodate new development outside of "Old Escondido" with supplies generated by groundwater paired with diversions from Escondido Creek. Over the next several decades Escondido expanded the public water system in step with accommodating outward growth. This eventually included – notably – assuming service for Old Escondido in connection with acquiring the Escondido Mutual Water Company, which also netted the City an additional water source from the San Luis Rey River via Lake Henshaw. Escondido established imported supplies in 1954 by annexing into the San Diego County Water Authority and receiving wholesale supplies from the Colorado River and later the Sacramento Bay Delta via the State Water Project.

Escondido's potable water system at the end of the five-year addendum period spans 440 miles of distribution lines over 16 connected pressure zones. The distribution system expanded by 10 miles during the addendum period. The topography in the distribution system ranges from 300 to 1,140 feet above sea level and managed through five public pump stations and eleven reservoirs. The water service area does not align with the

City of Escondido's potable water service is retail class only and covers close to three-fifths of incorporated boundary with most of the remaining City served by Rincon del Diablo MWD.

incorporated boundary. The service area includes 22 square miles within the 37.5 square mile incorporated boundary along with nine square miles outside the City – namely in San Pasqual Valley. Rincon del Diablo MWD is the primary public water service provider for the remaining incorporated area with smaller portions of the City limits also served by Vista Irrigation District, Valley Center MWD, and Vallecitos Water District.

Escondido's total number of active connections at the end of addendum period is 27,286 with 23,907 – or 87.6% – classified as residential. The number of active connections increased over the period by 2.2%. LAFCO estimates the water service area population at the end of the addendum period is 142,420.¹³ Additional analysis is needed to estimate the portion of the population served by the Escondido water system located outside the City limits.

LAFCO estimates the total resident population served by the City of Escondido water system is 142,420 and includes both City and non-City residents.

Service Capacities and Related Resources

Most of the City of Escondido's water supplies – typically no less than four-fifths and more during dry periods – are imported through a membership agreement with the County Water Authority. The membership agreement allows the City to purchase for subsequent retailing an unrestricted amount of water based on availability from the County Water Authority through its own wholesaler-transport relationship with the Metropolitan Water District of Southern California. All water purchased by the City during the addendum period has been an untreated blend from the Colorado River and Sacramento Bay-Delta. The remaining supplies available to Escondido are drawn from the San Luis Rey Watershed and accessed via Lakes Wolford and Dixon.¹⁴

The City of Escondido's membership with the County Water Authority allows the City to purchase an unrestricted amount of untreated water originating from the Colorado River and Sacramento Bay Delta based on availability. These imported supplies typically account for no less than four-fifths of water delivered by Escondido with the remainder drawn from the San Luis Rey River Watershed.

Escondido has direct access to County Water Authority untreated supplies through two active transmission line connections. The combined capacity among the active connections to water supply purchases from the County Water Authority is estimated at 149 cubic feet per second and translates to a maximum day amount or volume of 296 acre-feet, and notionally translate to an annual sum of 107,863 acre-feet. Supplies generated from Lakes Wohlford and Dixon and their associated infrastructure capacities provides a maximum day volume of 138 acre-feet. It is separately projected the maximum annual supply from Lakes Wohlford and Dixon is 5,000 acre-feet.¹⁵

LAFCO estimates the City of Escondido's current infrastructure capacities accommodate a max day supply potential to 434-acre feet. The maximum annual supply is separately estimated at 112,863 acre-feet.

¹³ LAFCO's estimated water service population is based on the following formula: ((22,586 single-family connections x 3.71 residents per unit) + (1,321 multi-family connections x 44.38 residents per unit)) and draw on a similar formula in the 2020 Urban Water Management Plan.

¹⁴ Lake Wohlford includes supplies conveyed via an open canal from Lake Henshaw.

¹⁵ Annual maximum supply from Lakes Wohlford and Dixon based on City of Escondido projection in Urban Water Management Plan (2020).

City of Escondido Available Potable Water Supplies Table 3.1a (Source: SDCWA and SD LAFCO)		
Direct Source	Maximum Daily Infrastructure Capacity	Maximum Annual Infrastructure Capacity
County Water Authority (Colorado River and Bay Delta)	96 million gallons or 296 acre-feet	35.0 billion gallons or 107,863 acre-feet
Lakes Wohlford and Dixon (San Luis Rey River)	45 million gallons or 138 acre-feet	1.849 billion gallons or 5,000 acre-feet
TOTAL	141 million gallons or 434 acre-feet	36.78 billion gallons or 112,863 acre-feet

Purchased untreated water is directed to the Escondido-Vista Water Treatment Plant (WTP) located near Dixon Lake in the northern portion of the City’s water service area. The City shares ownership of the WTP with the Vista ID. The WTP is designed to treat up to 75.0 million gallons per day with 80% – or 60.0 million gallons – apportioned to Escondido. The WTP was built in 1976 and received major upgrades last in 2017, including the installation a modern on-site chlorine dioxide generation and emergency power generators capable of managing the demands during a power outage.¹⁶

The City of Escondido’s allocated daily capacity at the Escondido-Vista WTP is 60.0 million gallons.

Pressure within the Escondido distribution system is maintained by covered steel storage tanks located within each pressure zone. The combined capacity of the eleven covered storage tanks is 23.2 million gallons or 71.2 acre-feet. Additional storage is available – albeit dependent on pumping – to the City through the San Luis Rey River Watershed via Lakes Wolford and Dixon.

The City of Escondido’s distribution system includes 11 covered potable storage tanks with a combined capacity of 71.2 acre-feet.

With respect to staff resources, Escondido’s water function is directly provided by a division within the City’s Utilities Department. Budgeted staffing for water services totals 123.0 fulltime equivalent employees at the end of the addendum period. This amount reflects an overall increase of six fulltime positions over the preceding 60 months. Overall, budgeted staffing dedicated for water services equals 13.3% of the City total in 2021.

¹⁶ Vista ID’s water is delivered through a separate distribution system and gravity flows through most of its own pressure zones.

With respect to financial resources, the City of Escondido's potable water services largely operate as an enterprise fund and are intended to be self-supporting through user charges and associated fees. Actual water expenses (operating only) during the addendum period have averaged \$62.5 million with the most recent year amount totaling \$69.6 million. Actual operating expenses have increased overall by 21.4% over the prior five-year period. The largest actual expense source involves water purchases and accounts for 43.7% of all operating costs during the period. Actual water revenue (operating only) during the addendum period have averaged \$61.6 million with the most recent year amount totaling \$73.1 million. Actual revenues have increased overall by 31.8%.

City of Escondido's actual potable water operating expenses have increased by 21.4% over the report period while actual revenues have increased by 31.8%.

Escondido's potable water rates are billed monthly and divided between fixed availability fees and variable usage charges. Fixed availability fees covers infrastructure access to the City's distribution system along with related pass-throughs from the County Water Authority and Metropolitan Water District. Most ratepayers – single-family residences – pay \$47 in fixed fees at the end of the addendum period. These same ratepayers also pay usage based on an escalating tiered system in units of 1,000 gallons with the average ratepayer (i.e., 10,000 gallons per month) billed \$76.18. Overall, the monthly water service charge for single-family users has increased by 24% over the prior 60 months.

The average single-family residential customer at the end of the addendum period pays the City of Escondido \$123 monthly for water services.

Service Demands

The City of Escondido's average annual demand for potable water over the five-year addendum period has been 6.629 billion gallons or 20,345 acre-feet. These annual amounts translate to daily averages of 18.16 million gallons and 55.7 acre-feet, respectively, and further refined into a per capita amount of 129 gallons. The average peak-day demand – the highest one-day sum in a single year – over the addendum period has been 29.1 million gallons or 89.3 acre-feet. This latter amount produces an average peaking factor of 1.60 and shows high-demand periods increase usage by more than 60.0% or 33 acre-feet per day.

The City of Escondido's overall annual potable water demands have averaged 20,345 acre-feet during the addendum period with an estimated daily per capita use of 129 gallons.

With respect to overall trends, Escondido has experienced a total change of 8.3% in potable water demands over the five-year addendum period. The estimated per capita demand also changed with an overall increase of 4.5% from 124 to 130 gallons; the latter amount producing an average day demand of 482 gallons for a single-family household. The difference between overall and per capita trends with the former nearly doubling the latter signals non-residential uses are underlying the higher demands. Overall demands and trends for the addendum period follow.

Overall water demands have increased by 8.3% during the addendum period and largely attributed to non-residential uses.

City of Escondido Potable Water Demands Table 3.1b (Source: Escondido and SD LAFCO)							
Category	2017	2018	2019	2020	2021	Average	Trend
Annual Total	6.280 bg 19,273 af	7.092 bg 21,766 af	6.249 bg 19,177 af	6.721 bg 20,626 af	6.804 bg 20,881 af	6.629 bg 20,345 af	8.3%
Average Day Total	17.206 mg	19.431 mg	17.120 mg	18.413 mg	18.641 mg	18.162 mg	8.3%
... Per Resident	124.35 g	139.15 g	121.50 g	129.50 g	129.94 g	128.89 g	4.5%
Peak Day Total	27.1 mg	29.8 mg	28.2 mg	30.3 mg	30.1 mg	29.1 mg	(11%)
... Peaking Factor	1.58	1.53	1.65	1.65	1.61	1.60	1.9%

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

Service Performance

The City of Escondido's potable water system is operating with sufficient and excess capacities in supply, treatment, and storage in accommodating current demands based on usage generated during the five-year addendum 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 and currently being employed by Escondido in its Urban Water Management Plan, which was updated during the report period in June 2021.

The City of Escondido has sufficient potable water infrastructure and related capacities to meet current and near-term demands under normal conditions. This statement is highlighted by average demands equaling no more than 19% of the City's accessible supplies under normal conditions.

The following statements summarize and quantify existing and projected relationships between Escondido's capacities and demands now and going forward through 2026. This includes referencing California's Waterworks Standards (Title 22) and its requirements, among other benchmarks, that all public community water systems have sufficient source,

treatment, and storage capacities to meet peak day demand system wide. LAFCO's focus – notably – is premised on assessing demands-to-capacities under normal conditions. It also addresses water quality and rates.

Water Supply:

- The average annual and daily potable water demands generated during the addendum period for the entire distribution system equals 18.0% and 13.0% respectively of Escondido's accessible supply and associated infrastructure capacities under normal periods.
- The average peak-day potable water demand generated during the addendum period for the entire distribution system equals 21.0% of Escondido's accessible supply and associated infrastructure capacities under normal conditions.

Water Treatment:

- The average day potable water demand generated during the addendum period for the entire distribution system represents 30.0% of Escondido's available capacity at the Escondido-Vista WTP.
- The average peak-day potable water demand generated during the addendum period for the entire distribution system represents 48.0% of Escondido's available capacity at the Escondido-Vista WTP.

Water Storage:

- The average peak-day potable water demand generated during the addendum period for the entire distribution system equal 125.0% of Escondido's existing online storage capacity.
- Online storage capacity can accommodate up to 1.28 days of average day demands generated over the addendum 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 Escondido during the addendum period.
- Escondido'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

- Escondido ratepayers receive two related charges for potable water service: (a) fixed availability and (b) variable usage with the former including pass-throughs from the County Water Authority and Metropolitan Water District. Rates have increased for most customers (single-family) by 24% during the addendum period.
- Escondido's average monthly potable water service charge for single-family customers at the end of the addendum period is \$123, which is divided between \$47 in fixed and \$72 in usage fees with the later based on delivering 10,000 gallons.

3.2 Wastewater Services

Escondido's wastewater service functions date to the early 1920s with the construction of drains – initially uncovered and later covered – in Old Escondido to collect and discharge raw sewage and other runoff into the Escondido Creek and/or its smaller tributaries. The collection system expanded in conjunction with both development and increasing regulatory requirements leading to the construction of Escondido's first facility to provide primary treatment of wastewater before discharge into Escondido Creek in 1959. The current facility – Hale Avenue Resource Recovery Facility (HARRF) – was constructed at the same site in 1965.

The wastewater system comprises three distinct classes – collection, treatment, and discharge – with the former comprising 380 miles of total pipelines and 7,500 manholes at the end of the addendum period. The topography in the collection system ranges from 300 to 1,140 feet above sea level and managed through 11 lift stations and ties to approximately 14 miles of force mains. The collection

The City of Escondido's wastewater function comprises collection, treatment, and discharge classes with an estimated service population of 142,000 at the end of the five-year addendum period.

system spans most of the City with the exception of the eastern boundary with these development areas remaining on septic. The collection system also spans outside the City to serve a small number of unincorporated properties in the Felicita Avenue and Bear Valley areas. Escondido also receives via a contractual arrangement with the City of San Diego wastewater flows from Rancho Bernardo.

Escondido's total number of active connections to the wastewater system at the end of addendum period is 48,823. Close to 95% are classified as residential (single-family and multi-family). Escondido implemented a reclassification of connections between 2017 and 2018 with the latter marker leading to an overall increase of 731 – otherwise 183 or 1.5% annually – during the last 60 months. LAFCO estimates the wastewater service area population at the end of the addendum period is 142,000.

Service Capacities and Related Capacities

Escondido's wastewater service function is anchored by its treatment facility – HARRF – owned and operated exclusively by the City. HARRF was built in 1965 and most recently updated as part of a \$8.1 million capital improvement upgrade – specific to bio-gas co-generation – completed in 2019.##The daily design capacity is 18.0 million gallons with 5.5 million gallons allocated to the City of San Diego to receive flows from Rancho Bernardo. In addition to the normal operating design capacity, HARRF is also capable of an instantaneous 36.0 million gallons per day of treatment during wet-periods. Both modes of operation and capacities are recognized in HARRF's operating permit.

The City of Escondido's daily permitted capacity at HARRF is 18.0 million gallons and involves secondary treated effluent. HARRF is also able to produce up to 9.0 million gallons of tertiary effluent for recycled water use.

HARRF treats all wastewater to a minimum of secondary standards. This involves screening, aeration, and settling procedures to separate solids followed by treating liquids with chemical coagulation and flocculation agents. Ultraviolet light and/or chlorination is used to complete the secondary treatment before most of the effluent is discharged via a 14-mile outfall pipe to the Pacific Ocean. The outfall is owned by the San Elijio Joint Powers Authority with a total daily capacity of 25.5 million gallons with 19.2 million gallons contracted to Escondido. The remaining effluent receives additional treatment at HARRF to tertiary standards for subsequent recycled water

The City of Escondido's daily discharge capacity at the San Elijio Outfall is 19.2 million gallons.

retailing since 2004. Escondido also now wholesales recycled water to Rincon del Diablo MWD. The amount of recycled water HARRF can produce is 9.0 million gallons daily.¹⁷

With respect to staff resources, Escondido's wastewater function is directly provided by a division within the City's Utilities Department. Budgeted staffing for wastewater services totals 75.0 fulltime equivalent employees at the end of the addendum period. This amount reflects an overall increase of two fulltime positions over the preceding 60 months. Overall, budgeted staffing dedicated for wastewater services equals 8.0% of the City total in 2021.

With respect to financial resources, Escondido'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 addendum period have averaged \$23.4 million with the most recent year amount totaling \$25.1 million. Actual expenses overall have increased by 11.1%. The largest actual expense source involves labor and represents 43% of all operating costs during the period. Actual wastewater revenues during the addendum period have averaged \$35.5 million with the most recent year amount totaling \$37.1 million. Actual revenues have increased overall by 8.8%.

Escondido's actual wastewater expenses have increased 11.1% over the report period while actual revenues have increased 8.8%.

Escondido's wastewater rates are billed monthly and divided between a fixed availability fee and a variable usage charge. The fixed fees covers' infrastructure with nearly all ratepayers being charged \$25.90 monthly at the end of the addendum period. Variable rates vary among ratepayer classes based on potable water use. Single-family residential ratepayers receive a variable rate equal to \$5.14 for every 1,000 gallons of metered water use up to the first 10,000 gallons. Single-family residences consuming 10,000 gallons or more of potable water are billed \$67.02 every month for wastewater service. Additional rate information is footnoted.¹⁸ Overall, the monthly wastewater charge for single-family users has increased by 25% over the prior 60 months.

The average single-family residential customer pays the City of Escondido \$67 monthly for wastewater services.

¹⁷ The remaining biosolids generated as part of the treatment process are trucked to Yuima Arizona for reuse as animal feed.

¹⁸ The highest rate applies to meat departments within grocery stores at \$15.24 for every 1,000 gallons.

Service Demands

Average annual wastewater demands generated during the five-year addendum period have been approximately 4.71 billion gallons. This amount serves as a macro-overview of system demands and represents a daily average flow of 12.9 million gallons. It also translates over the addendum period to an estimated 0.096 million gallons per active connection.

The average daily wastewater flows generated during the report period in the Escondido service area has been 12.9 million gallons with an overall change (7.0)%.

Average daily demands have decreased by 7.0% during the addendum period. It is estimated the portion of average wastewater flow generated from the City of San Diego's Rancho Bernardo area accounts for 24% of the total collected, treated, and discharged by Escondido.

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 addendum period have been 12.9 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 11.9 million gallons at the addendum term and produces a net (10.0%) change during the 60-month period.
- Average daily wet-weather wastewater flows over the five-year addendum period have been 13.1 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 12.0 million gallons at the addendum term with an overall increase of (10.0%) during the 60-month period.
- Average daily peak-day wastewater flows over the five-year addendum period have been 25.9 million gallons. This latter amount produces a peak-factor relative to average day demands of 2.0.

City of Escondido Recent Wastewater Demands

Table 3.2a (Source: City of Escondido)

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2017	12.8 mgd	12.4 mgd	13.3 mgd	26.0 mgd
2018	12.4 mgd	12.4 mgd	12.5 mgd	25.0 mgd
2019	14.0 mgd	13.7 mgd	14.2 mgd	27.7 mgd
2020	13.6 mgd	13.8 mgd	13.5 mgd	27.1 mgd
2021	11.9 mgd	11.9 mgd	12.0 mgd	23.8 mgd
Average	12.9 mgd	12.9 mgd	13.1 mgd	25.9 mgd
Trend	(7%)	(4%)	(10%)	(8.5%)

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

Service Performance

Escondido is currently operating with sufficient and excess wastewater capacity in accommodating existing estimated user demands generated during the five-year addendum period under *normal conditions* (emphasis). This statement is substantiated with average day demands during the addendum period equaling 72.0% of the design treatment and discharge capacity at the HARRF. The capacity consumption significantly increases during high-rain periods with an average peak-day flow of 25.9 million gallons, which is 44% above normal capacity during the report period. (The HARRF has the ability to expand daily capacity from 18.0 to 36.0 million gallons during wet months.)

The City of Escondido's wastewater service is presently operating at 72% of its designed capacity under normal conditions. The system – however – is regularly exceeding its normal capacity with an average peak-day factor of 2.0, 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 twelve distinct violations issued for discharge permit standards to the City of Escondido during the addendum period. These violations collectively involved 111,909 gallons with 13.2% – or 14,823 gallons – recovered before reaching surface waters.

3.3 Integrated Fire Protection, Emergency Medical, and Ambulance Services

The City of Escondido provides integrated fire protection, emergency medical, and ambulance services within the City as well as a 7,556 acre unincorporated area – with an estimated population of 14,469 – under contract with Rincon del Diablo MWD.¹⁹ The latter arrangement was established in 1984 and extends Escondido's role as a first responder to a total area of 50 square miles or 33,000 acres with a total population at the end of the addendum period being 165,268. Escondido's fire protection services are classified as structural and date to 1914 with the purchase of the City's first fire truck and staffed by an all-volunteer operating company. Services were formalized into a Fire Department in 1924 paired

The City of Escondido's fire protection services are categorized as structural with several ancillary classes – such as prevention, support services, administration, and disaster preparedness. Emergency medical services are categorized as advanced life support or ALS. Ambulance services are categorized as direct.

¹⁹ Escondido's contract to serve Rincon del Diablo MWD's unincorporated boundary is internally identified as Improvement District E or ID-E. Funding for this contract service area ties to the collection of property tax and a benefit assessment fee originating in ID-E.

with dedicated annual City funding with the latter leading to the first permanent fire station in 1939 in Old Escondido. Full time career firefighters were also budgeted by the 1940s and additional fire stations being gradually built over the next several decades with the support of voter approved measures in 1961 and 2004. Paramedic and ambulance functions were added in 1977 and classified by LAFCO as advance life and direct, respectively.²⁰ A description of the integrated function's capacities, demands and performances follow.

Service Capacities and Related Resources

Escondido's integrated fire protection, emergency medical, and ambulance functions are primarily dependent on human resources through its own staffing arrangements and headlined by the memorandum of understanding – or MOU – with the Escondido Firefighters' Association. The current MOU expires in December 2022 and specifies an average 56-hour work week – otherwise known as a traditional “Kelly” –

schedule and means public safety employees work a 24-hour shift followed by 24 hours off, alternating for 8 days and followed by either 4 or 6 consecutive full days off resulting in an average of 8 working days in a 24-day work cycle. The entry annual pay for a first-year firefighter/paramedic at Escondido under the MOU is \$68,424.

The City of Escondido's integrated fire protection, emergency medical, and ambulance services were budgeted with 108 public safety employees at the end of the addendum period. This amount is divided between 90 firefighters and 18 medical personnel (paramedics/EMTs).

The overall budgeted staffing at the end of the addendum period tallies 122.6 full-time equivalent employees. This amount represents an overall reduction of one position – or (0.8%) – over the prior 60 months. Budgeted staffing is divided between public safety and non-public safety positions with the former consisting of both multi-purpose (firefighters) and single-purpose (paramedics and emergency medical technicians) personnel. Total public safety personnel budgeted at the end of the addendum period equals 108 with the remaining amount – 14.6 positions – involving non-public safety.

²⁰ The ambulance function is enabled by the County of San Diego's Health and Human Services Agency (HHS), which designates the City as the exclusive transport provider for both the City and the surrounding unincorporated communities within the Rincon Del Diablo MWD.

City of Escondido Budgeted Staffing: Fire Protection, Emergency Medical + Ambulance

Table 3.3a | Source: City of Escondido

Category	FY 2017	FY 2021	Average	Trend
Public Safety: Fire and Rescue	90.0	90.0	90.0	0.0%
Public Safety Single Role: Paramedics + EMTs	18.0	18.0	18.0	0.0%
Non-Public Safety	15.6	14.6	15.2	(6.4%)
Total	123.6	122.6	123.2	(0.8%)
Per 1,000 Residents*	1.34	1.35	1.34	0.82%

*City of Escondido (150,799 residents) + Rincon MWD ID-E (14,469) = 165,268 residents

Escondido's Fire Chief Rick Vogt has served in the position for the duration of the addendum period and oversees five divisions. The Operations Division is managed by the Deputy Chief and one Division Chief followed by three Battalion Chiefs with the latter collectively tasked with managing seven engine companies equally divided between seven stations. All seven stations are continuously staffed by 36 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 five 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.

The City of Escondido's minimum staffing is three for both fire engines and fire trucks and two for ambulances.

Actual fire protection, emergency medical, and ambulance services for Escondido are delivered out of the City's seven stations based on direction from their joint police-fire dispatch center.²¹ Current station details are as follows.

- Station No. 1 is located adjacent to downtown Escondido at 310 N. Quince Street. It underwent a major remodel in 2009 and typically responds to the highest number of dispatched calls with an average onsite response demand of 10.96 calls per day – or 24% of the daily total demand – during the addendum period. Station No. 1 is assigned 10 public safety personnel every 24-hour period.²²
- Station No. 2 is in east Escondido at 421 North Midway. It underwent a major remodel in 1995 and typically responds to the 3rd highest number of dispatched calls, with an average onsite response demand of 8.31 calls per day – or 18% of the daily total

²¹ Escondido's joint police-fire dispatch center is located at 1163 Centre City Parkway and part of a common administrative headquarters for public safety. The facility opened in 2010.

²² Station No. 1 operates a Shift Battalion Chief, a Type-1 paramedic engine, a Truck company, a Rescue ambulance, and cross-staffs a Type 6 brush patrol staffed with a battalion chief, 2 captains, 2 engineers, 4 firefighter-paramedics, and one single-role paramedic/EMT.

demand – during the addendum period. Station No. 2 is assigned five public safety personnel every 24-hour period.²³

- Station No. 3 is located in north Escondido at 1808 Nutmeg Street. It was built in 2008 and typically responds to the 4th highest number of dispatched calls, with an average onsite response demand of 5.1 calls per day – or 11% of the daily total demand – during the addendum period. Station No. 3 is assigned five public safety personnel every 24-hour period.²⁴
- Station No. 4 is located in southeast Escondido adjacent to Kit Carson Park at 3301 Bear Valley Parkway. It underwent a significant renovation in 2012 and typically responds to the 7th highest number of dispatched calls, with an average onsite response demand of 2.6 calls per day – or 6% of the daily total demand – during the addendum period. Station No. 4 is assigned three public safety personnel every 24-hour period.²⁵
- Station No. 5 is located in southwest Escondido at 2319 Felicita Boulevard. It was built in 1984 and typically responds to the 6th highest number of dispatched calls with an average onsite response demand of 3.79 calls per day – or 8% of the daily total demand – during the addendum period. Station No. 5 is assigned five public safety personnel every 24-hour period.²⁶
- Station No. 6 is located in west Escondido at 1735 Del Dios Road. It was built in 2008 and typically responds to the 5th highest number of dispatched calls, with an average onsite response demand of 3.86 calls per day – or 8% of the daily total demand – during the addendum period. Station No. 6 is assigned three public safety personnel every 24-hour period.²⁷
- Station No. 7 is located in northeast Escondido at 1220 North Ash Street. It was built in 2008 and typically responds to the 2nd highest number of dispatched calls with an average onsite response demand of 9.09 calls per day – or 20% of the daily total

²³ Station No. 2 operates a Type-1 paramedic engine and a Rescue ambulance, and cross-staffs a Type 6 brush patrol staffed with a captain, engineer, two firefighter-paramedics and a single-role Paramedic/EMT.

²⁴ Station No. 3 operates a Type 1 paramedic engine, a Rescue ambulance, and cross-staffs a Type 3 brush fire engine with a captain, engineer, two firefighter-paramedics, and a single-role Paramedic/EMT.

²⁵ Station No. 4 operates a Type 1 paramedic engine and cross-staffs a Type 3 brushfire engine, and is staffed with a captain, engineer, and one firefighter-paramedic.

²⁶ Station No. 5 operates a Type 1 paramedic engine, a Rescue ambulance, and cross-staffs a Type 3 brush fire engine with a captain, engineer, two firefighter-paramedics, and a single-role Paramedic/EMT.

²⁷ Station No. 6 operates a Type 1 paramedic engine and cross-staffs a Type 3 brushfire engine, and is staffed with a captain, engineer and one firefighter-paramedic.

demand – during the addendum period. Station No. 7 is assigned five public safety personnel every 24-hour period.²⁸

Specific to the placement of ambulance resources, Escondido operates five ALS ambulances on a 24-hour basis each staffed with one Firefighter/paramedic and one single role Paramedic/EMT.²⁹ Ambulance services are delivered out of Stations No. 1, 2, 3, 5 and 7. The following table summarizes station staffing and fleet vehicle assignments.

Escondido Fire Department Fire Stations' Assignments as of FY2021 Table 3.3b (Source: City of Escondido)								
Factor	Station 1 Quince	Station 2 Midway	Station 3 Nutmeg	Station 4 Bear Valley	Station 5 Felicita	Station 6 Del Dios	Station 7 N. Ash	Total
24 hr. Staffing	10	5	5	3	5	3	5	36
Fire Engines	3	2	1	1	1	1	1	10
Ambulance	2	2	1	0	1	1	2	9
Brush Engines	1	1	1	1	1	1	0	6
Truck Company	2	0	0	0	0	0	0	2
Command Vehicles	2	1	0	1	0	0	0	4
Other Fleet Vehicles	3	0	1	0	0	0	0	4

Escondido also supplements its own fire protection and emergency medical service resources by maintaining reciprocal automatic aid agreements with surrounding jurisdictions. Escondido is signatory to the San Diego North Zone Auto Aid Agreement and also has an Auto Aid Agreement with the City of San Diego. All agencies in these agreements provide fire and emergency medical services response based on which unit is closest or upon request, including processing time. In addition, Escondido, CAL FIRE and several other local agencies have signed a Wildland Fire Mutual Threat Zone Agreement. Additional details on the volume of automatic aid agreement transactions during the five-year report period are provided in the proceeding section on demands.

²⁸ Station No. 7 operates a Type 1 paramedic engine and a Rescue ambulance and is staffed with a captain, engineer, two firefighter-paramedics, and a single-role Paramedic/EMT.

²⁹ 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.

With respect to financial resources, Escondido's integrated fire protection, emergency medical, and ambulance services largely operate as a non-enterprise and supported by the General Fund. The average actual expense for the integrated function during the addendum period has been \$25.153 million and accounts for 24.7% of all General Fund expenses during the addendum period. Actual expenses have increased over the 60-months by 17.1%.

The City of Escondido's integrated fire protection, emergency medical, and ambulance services are supported through the General Fund. Actual expenses during the addendum period have increased by 17.1% and slightly under the overall increase in General Fund revenues (property taxes, sales tax, etc.) at 17.8%.

Ambulance service and transport service revenue goes into the General Fund and has increased during the addendum period from \$5.636 to \$6.724 million or 19.3%.

Service Demands

Overall service demands for integrated fire protection, emergency medical, and ambulance services for the City of Escondido during the five-year addendum period have averaged 16,153 dispatched calls annually or 44.25 daily. Approximately 4.5% of all dispatched calls assigned to Escondido were canceled and resulted in onsite arrivals averaging 15,424 annually or 42.25 daily. Overall, annual onsite incident demands increased modestly during the 60 months with an overall change of 1.7%. The peak demand for onsite incidents was recorded at the beginning of the period with a daily onsite response of 44 calls per day.

Actual onsite demands on the City of Escondido have averaged 42.25 per day over the addendum period with a modest overall increase of 1.7%.

A breakdown of actual onsite arrivals shows Escondido responded to 98.1% of all fire protection and emergency medical incidents during the abbreviated report period within its jurisdictional boundary.³⁰ The following table summarizes annual calls and onsite arrivals – including agency responders – as well as trends during the abbreviated report period.

³⁰ With data provided from several dispatch agencies, unable to differentiate between auto aid responses with one Escondido resource arriving at scene against those handled exclusively by auto aid resources.

City of Escondido Fire Protection and EMS Demands Table 3.3c Source: City of Escondido							
Category	FY2017	FY2018	FY2019	FY2020	FY2021	Average	Trend
Total Dispatched Incidents	16646	15951	15,966	15,267	16,934	16,153	1.73%
Total Cancelled Calls	573	595	779	754	945	729	27.23%
Total Onsite Responses	16,073	15,356	15,187	14,513	15,989	15,424	1.73%
- Responded by Escondido	15,660	15,047	14,955	14,265	15,648	15,115	-0.08%
- Responded by Escondido + Others	n/a	n/a	n/a	n/a	n/a	n/a	n/a
- Responded by Other Agencies Only	n/a	n/a	n/a	n/a	n/a	n/a	n/a
- % Automatic Aid Received	2.48%	1.94%	1.40%	1.62%	2.01%	1.89%	-18.95%
- % Automatic Aid Provided	1.89%	1.72%	1.38%	1.95%	2.08%	1.80%	10.05%

Only 308 – or 1.9% – of all onsite incidents within the City of Escondido during the report period necessitated auto-aid from outside agencies and represents a 19.0% decrease during the reporting period. Comparatively, Escondido provided an amount of auto-aid equal to 1.8% of all assigned incidents and represents a 10% increase.

With respect to the portion of demands necessitating transport to area hospitals, the City of Escondido averaged 10,810 ambulance trips per year during the abbreviated report period. This amount produces a daily average of 29.62 trips with an overall decrease of one-tenth or – 10.57%. Nearly 99.4% of all ambulance transports were in Escondido’s jurisdictional boundary. The trend of ambulance demands in the jurisdictional boundary have also decreased by one-tenth or 10.9%.

Over the report period actual onsite demands for ambulance transport for the City of Escondido have averaged 29.62 daily and decreased by 10.57%.

City of Escondido Ambulance Transport Demands Only Table 3.3d Source: Wittman Enterprises							
Year	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Average	Trend
Total Dispatched Incidents	13,352	12,708	12,575	11,883	13,326	12,769	-0.19%
Total Cancelled Calls	1,647	1,531	1,671	2,088	2,858	1959	7.40%
Total Onsite Incidents	11,705	11,177	10,904	9,795	10,468	10,810	-10.57%
... Within Jurisdictional Boundary	11,656	11,112	10,828	9,733	10,385	10,743	-10.90%
... Outside Jurisdictional Boundary	49	82	76	62	83	70	23.72%

Service Performance

City of Escondido'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 Escondido having the resources to respond to 98.1% of all onsite incidents within its jurisdictional boundary during the five-year reporting period. This sufficiency is similarly quantified by the City's low dependency on outside agencies during the report period with only 1.9% of onsite incidents necessitating assistance from outside agencies. Other key performance measurements follow:

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

- Escondido's most recent evaluation of structural fire protection capabilities from the Insurance Services Office (ISO) was completed in 2019 and resulted in a Class 2/2X rating for the City. This rating is considered admirable for an incorporated city that also protects a large unincorporated semi-rural area, and above the current average 4/4x rating among the 890 fire agencies in California reviewed by ISO.³¹
- The 2012 General Plan identifies the following Quality of Life standard for providing fire protection services as it pertains to response time:

In urbanized areas of the city, an initial response time of seven and one-half (7½) minutes for all structure fire and emergency Paramedic Assessment Unit (PAU) calls and a maximum response time of ten (10) minutes for supporting companies shall be maintained. A minimum of seven (7) total fire stations each staffed with a PAU engine company shall be in place prior to General Plan build-out. For outlying areas beyond a five (5) minute travel time or further than three (3) miles from the nearest fire station, all new structures shall be protected by fire sprinkler systems or an equivalent system as approved by the Fire Chief. [...] The Fire Department intends to meet these times for no less than 90 percent of all emergency responses by engine companies.

Per the California Residential Code, State fire sprinkler system requirements have been updated. Overall staffing levels are derived from the above Quality of Life Standard and the expectations of the community.

³¹ 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.

City of Escondido: Response Standards

First Due Resource Supporting Resources

7.5 minutes	10 minutes
88% compliance	n/a% compliance

4.0 FINANCES

4.1 Budget Information

The City of Escondido's total adopted budget at the end of the addendum period (2020-2021) totaled \$418.8 million. This amount is divided between operating and capital funds with the former totaling \$204.6 million – or 48.9% of the sum – and covered anticipated day-to-day costs of providing municipal service functions and ancillary support activities via the General and Enterprise Funds. The General Fund is the principal funding source via tax collection for most public-facing services and budgeted at \$107.6 million with two-thirds dedicated to public safety (police and fire). The Enterprise Fund separately ties to self-supporting activities – namely water and wastewater – via user charges and fees and accounts for the remaining \$89.0 million in budgeted operating funds at the end of the addendum period. Additional details on the capital fund is footnoted.³²

The City of Escondido's total adopted budget at the end of the addendum period tallied \$418.8 million and divided between operating and capital funds. Escondido's budgeted operating costs totaled \$204.6 million – or 49% of the sum – and has increased by 11% over the five-year addendum period. Conversely, adopted operating revenues have decreased by (7%).

City of Escondido

Operating Budget: Expenses

Table 4.1a (Source: City of Escondido Adopted Operating Budgets, FY17 to FY21)

Category	2016-2017 Budgeted	2017-2018 Budgeted	2018-2019 Budgeted	2019-2020 Budgeted	2020-2021 Budgeted	Average	Trend
General Fund	92,644,125	98,683,295	102,630,230	106,803,545	107,596,800	101,671,599	16.14%
Special Revenue Funds	6,372,130	3,635,410	3,715,460	3,515,730	2,937,190	4,035,184	(53.91%)
Trust Funds	978,400	746,150	368,775	250,000	-	468,665	(100.00%)
Debt Funds	4,430,600	5,103,900	5,118,845	5,126,120	5,122,950	4,980,483	15.63%
Enterprise Funds	79,952,690	81,375,190	83,327,745	86,834,920	88,969,430	84,091,995	11.28%
Total	184,377,945	189,543,945	195,161,055	202,530,315	204,626,370	195,247,926	10.98
Expenses Per 1,000 Residents	1,244,362.24	1,273,579.52	1,305,557.70	1,348,925.93	1,356,947.79	1,305,874.64	9.05%

³² At the end of the addendum period (FY21/22) the City projected funding approximately \$67.0 million in improvements from the Capital Improvement Program (CIP) fund and directed toward ongoing street projects, including the Citracado Extension Project, and utility infrastructure as well as the ongoing construction of the Recycled Water Easterly Main Tank and Extension and the undergrounding for San Pasqual through the Escondido Canal.

City of Escondido

Operating Budget: Revenues

Table 4.1b (Source: City of Escondido Adopted Operating Budgets, FY17 to FY21)

Category	2016-2017 Budgeted	2017-2018 Budgeted	2018-2019 Budgeted	2019-2020 Budgeted	2020-2021 Budgeted	Average	Trend
General Fund	91,416,000	97,295,015	101,109,750	105,388,885	102,504,630	99,542,856	12.13%
Special Revenue Funds	11,210,415	13,818,350	15,847,335	12,612,135	11,275,110	12,952,669	0.58%
Trust Funds	22,445,760	7,063,650	12,199,905	3,672,575	6,750,020	10,426,382	(69.93%)
Debt Funds	4,430,600	4,735,050	4,752,050	4,760,425	4,759,680	4,687,561	7.43%
Enterprise Funds	141,434,660	149,048,525	118,274,000	144,181,650	126,822,630	135,952,293	(10.33%)
Total	270,937,435	271,960,590	252,183,040	270,615,670	252,112,070	263,561,761	(6.95%)
Expenses Per 1,000 Residents	1,828,550.12	1,827,351.63	1,687,014.39	1,802,399.29	1,671,841.79	1,763,431	(8.57%)

A closer review of the General Fund and its use shows actual expenses over the addendum period have increased by 17.8% with rises in each one of the five years covered. The overall average expense has been \$101.6 million with the ending period amount tallying \$110.0 million. The overall change in actual expenses within the General Fund is largely attributed and closely tracks with fire and police costs with these public safety departments expanding by 17.1% and 16.3%, respectively. The overall General Fund expense per capita has relatedly increased from \$1.2 million to \$1.4 million.

Actual expenses in the General Fund have increased 18% with public safety costs pacing the change by rising by one-third over the addendum period.

Actual revenues within the General Fund during the addendum period have increased by 14.0%. The overall average revenue has been \$101.9 million with the ending period tally of \$105.0 million. Sales taxes serve as the single largest revenue source for Escondido and accounts for 37.6% of the total amount at the end of the period. The next largest revenue source involves property taxes and equals 28.6% of the ending total. The overall General Fund revenue per capita has relatedly increased from \$1.4 million to \$1.7 million.

Actual revenues in the General Fund have increased 14% during the addendum period. Sales and property taxes account for two-thirds of all revenues with the latter having increased by 20% over the prior 60-months.

A summary of recent actual General Fund expenses and revenues follows.

City of Escondido

Actual General Fund Expenses v. Revenues

Table 4.1c (Source: City of Escondido Adopted Operating Budgets, FY17 to FY21)

Category	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Actual	Average	Trend
Expenses	93,392,761	98,392,359	101,378,420	105,006,417	110,010,900	101,636,171	17.79%
Revenues	92,092,238	102,284,401	102,460,655	107,575,867	104,995,660	101,881,762	14.01%
Expenses Per 1,000 Residents	1,230,368.42	1,283,203.62	1,284,503.62	1,321,916.57	1,373,310.70	1,298,660.59	11.62%
Revenues Per 1,000 Residents	1,430,268.49	1,570,968.15	1,500,027.63	1,537,743.84	1,688,360.67	1,545,473.75	18.05%

With respect to budget management, Escondido maintains a reserve policy to maintain a balance within the General Fund equal to no less than 25% of its annual operating revenues. This policy requirement was established in 2015 for the stated purpose to protect against risks, unforeseen capital needs, and/or cash flow requirements. Escondido's spendable and

The City of Escondido is directed by policy to maintain a 25% reserve balance within the General Fund. Escondido did not meet this reserve threshold in four of the five years comprising the addendum period.

unrestricted General Fund balance at the end of the addendum period totaled \$33.4 million and above the minimum policy reserve requirement of \$25.6 million based on average budgeted operating revenues. However, the final year of the addendum period is the only year where Escondido satisfied the minimum General Fund balance requirement. Overall, the ending General Fund balance tallied \$24.0 million compared to the average minimum reserve requirement of \$24.9 million and produces an overall period shortfall of (3.8%).

City of Escondido General Fund Balance v. Reserve Policy Table 4.1d (Source: City of Escondido Audited Financial Statements, FY17 to FY21)							
Category	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Average	Trend
Unrestricted Balance	21,175,350	21,994,712	21,578,643	21,651,574	33,418,692	23,963,794	57.82%
- Committed							
- Assigned							
- Unassigned							
25% Policy Requirement	22,854,000	24,323,754	25,277,438	26,347,221	25,626,158	24,885,714	12.13%
Outcome	☑	☑	☑	☑	☑	☑	

4.2 Financial Statements

City of Escondido contracts with an outside accounting firm to prepare an annual report to review the City's financial statements in accordance with established governmental accounting standards. This includes auditing Escondido's statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing the City of Escondido's short and long-term fiscal health with specific focus on delivering its activated service functions. The current outside consultant is The Pun Group LLP (San Diego). The City was awarded a Certificate in Achievement for Excellence in Financial Reporting for Fiscal Years 2017, 2018, 2019, and 2020.

City of Escondido's most recent financial statements for the five-year addendum period were issued for 2020-2021.³³ These statements show Escondido experienced a marked improvement over the prior fiscal year as the overall net position (regular accrual basis) increased by 7.7% from \$439.5 million to \$473.4 million for reasons addressed in the proceeding sections. Adjusting the net position to exclude long term retiree obligations consistent with pre GASB 68 (2015) and 75 (2017) standards changes the ending net position to \$702.0 million.³⁴ The accompanying auditor's report did not identify any material weaknesses or related accounting concerns. A detailing of year-end totals and trends during the five-year addendum period follows with respect to assets, liabilities, and net position.

Most Recent Year-Ending Financial Statements (2020-2021)	
Assets	970,178,392
Liabilities	535,293,254
Deferred Outflow/Inflow	(1,415,031)
Net Position	\$473,419,502
Adjusted Net Position (less retiree liabilities)	\$701,988,900

Agency Assets

City of Escondido's audited assets at the end of 2020-2021 totaled \$970.2 million. This amount is 3.6% higher than the average year-end amount of \$898.6 million documented during the five-year addendum period and reflects an overall upward direction. Assets classified as current with the expectation they could be liquidated within a year represented more than one-third of the

The City of Escondido's assets increased by 15% during the addendum period from \$847.4 to \$970.2 million. Increases in current assets – and specifically involving cash investments – underlie the change over the 60-month period.

total amount – or \$356.1 million – and primarily tied to cash and investments with \$74.969 million invested in the Local Agency Investment Fund or LAIF. Assets classified as non-current and not readily liquid make up the remainder of the total amount – or \$614.1 million – and primarily tied to depreciable capital assets with three-fifths associated with the water and wastewater systems. Overall assets for Escondido have increased by 14.5%.

City of Escondido Audited Assets Table 4.2a (Source: City of Escondido Financial Statements, FY17 to FY21)							
Category	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Average	Trend
Current	261,945,685	267,600,628	274,328,377	329,150,277	356,114,911	297,827,976	35.95%
Non-Current	585,440,659	597,600,160	599,829,600	607,012,786	614,063,481	600,063,337	4.89%
	847,386,344	865,200,788	874,157,977	936,163,063	970,178,392	898,617,313	14.49%

³³ The audit for 2020-2021 was issued by The Pun Group LLP on December 27, 2021.

³⁴ The adjustment to the net position was performed by LAFCO.

Agency Liabilities

City of Escondido's audited liabilities at the end of 2020-2021 totaled \$535.3 million. This amount is 1.0% higher than the average year-end amount of \$508.2 million documented during the five-year addendum period. Liabilities classified as current and representing obligations owed within the year accounted for just one-tenth of the amount and primarily tied to payments on long-term debt due over the following year.³⁵ Liabilities classified as non-current and considered long-term obligations make up the remainder and bulk of the total amount with the majority tied to employee pension commitments. Overall liabilities for Escondido have increased by 11.9%.

The City of Escondido's liabilities increased by 12% during the addendum period from \$478.6 to \$535.3 million. A 20% increase in long term pension obligations underlies the overall increase during the 60-month period.

City of Escondido Audited Liabilities Table 4.2b (Source: City of Escondido Financial Statements, FY17 to FY21)							
Category	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Average	Trend
Current	36,387,258	43,846,520	39,532,821	55,958,419	56,736,428	46,492,289	55.92%
Non-Current	442,189,230	464,523,185	449,239,873	473,875,822	478,556,826	461,676,987	8.22%
	478,576,488	508,369,705	488,772,694	529,834,241	535,293,254	508,169,276	11.85%

Net Position

City of Escondido's audited net position or equity at the end of 2020-2021 totaled \$473.4 million and represents the difference between the City'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 7.7% more than the average year-end sum of \$435.7 million documented during the five-year addendum period with 88.7% – or \$419.8 million – of the total tied to capital assets. The remainder is comprised of restricted and unrestricted designations with the latter showing a negative balance – (\$108.8 million) – in conjunction with booking actuarial retiree obligations as further detailed. Overall, the net position increased by \$55.5 million or 13.29% over the corresponding 60-month period.

The City of Escondido's net position has increased over the addendum period by \$55.5 million from \$417.9 to \$473.4 million; a difference of 7.7%

³⁵ Most of the long-term debt for Escondido at the end of the addendum period not related to retiree obligations involves the balance of \$127.0 million in various water and wastewater revenue bonds issued between 2012 and 2019.

Adjusting the net position to exclude the City of Escondido's actuarial accrued retiree obligations consistent with pre GASB 68 and 75 reporting requirements the total balance increases over the addendum period by 18.89% to \$702.0 million.

City of Escondido Audited Net Position Table 4.2c (Source: City of Escondido Financial Statements, FY17 to FY21)							
Category	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Trend	Average
Capital Assets	407,352,999	402,757,142	414,576,866	406,507,355	419,792,940	3.05%	410,197,460
Restricted	100,550,008	108,493,998	116,613,186	140,354,200	162,425,163	61.54%	125,687,311
Unrestricted	(90,027,532)	(90,898,130)	(103,767,979)	(107,394,810)	(108,798,601)	20.85%	(100,177,810)
Total	417,875,475	420,353,010	427,422,073	439,466,745	473,419,502	13.29%	\$435,706,961
Adjusted...	590,471,399	608,755,924	626,883,448	660,612,531	701,988,900	18.89%	637,742,440

"Adjusted" excludes GASB 68 and 75 reporting requirements to book actuarial accrued pension and other post-employment costs.

The unrestricted portion of the City of Escondido's net position as of the last audited fiscal year totaled (\$108.8 million) and represents the actuarial accrued spendable portion of the fund balance. The adjusted amount less long-term employee obligations is \$119.8 million and equals 7.0 months of City operating expenses based on actuals at the end of the report period.

The unrestricted fund balance less projected retiree liabilities at the end of the report period is sufficient to cover 7.0 months of operating expenses.

4.3 Measurements | Liquidity, Capital, Margin and Asset Management

LAFCO's review of the audited financial statements issued by City of Escondido covering the five-year addendum period shows the City experienced mixed results within the four measurement categories – liquidity, capital, margin, and asset management – utilized in this document. Some improvements also appear to have contributed to the decline in other measurements. An example of this latter sentiment involves the overall improvement in liquidity with Escondido's short-term cash resources increasing during the period while asset management declined with the deferral of capital improvements. The topic of mixed results also applies within a single measurement category and shown with Escondido's overall margins (total and operating) improving while creating disruption in the General Fund.

Standard measurements used to assess the City of Escondido's financial standing shows the City experienced a mix of positive and negative trends and reflects an overall uncertainty in fiscal health during the addendum period.

With respect to measurements at the end of the addendum period, liquidity levels via Escondido's current, quick, and cash ratios signal the City has sufficient cash resources to meet near-term obligations. Escondido's ability to meet longer terms debts, however, is less certain given capital levels are strained with already high debt levels.

The City of Escondido finished with high debt and accumulated depreciation levels.

Escondido also finished the addendum period with a high percent of accumulated depreciation with more than two-thirds of its capital assets nearing the end of their useful life. A summary of liquidity, capital, margin, and asset management ratios follow.

City of Escondido Financial Measurements Table 4.3a (Source: San Diego LAFCO)							
Measurement	2017	2018	2019	2020	2021	Average	Status
Liquidity							
... Current Ratio	7.2 to 1	6.1 to 1	6.9 to 1	5.9 to 1	6.3 to 1	6.5 to 1	→
... Cash Ratio	3.3 to 1	3.3 to 1	3.8 to 1	3.1 to 1	3.7 to 1	3.7 to 1	→
... Days' Cash	257	285	293	328	375	308	→
Capital							
... Debt to Net Position	105.8%	110.5%	105.1%	107.8%	101.1%	106.1%	→
... Debt Ratio	56.5%	58.8%	55.9%	56.6%	55.2%	56.6%	→
... Cash Flow to Total Debt	6.9%	4.0%	5.1%	3.9%	9.4%	5.9%	→
Margin							
... Total	8.1%	1.9%	4.3%	2.5%	12.5%	5.9%	→
... Operating	3.2%	6.9%	6.6%	4.3%	11.4%	6.5%	→
... Total within General Fund	(2.4%)	(0.2%)	1.5%	(0.7%)	13.9%	2.4%	→
... Operating within General Fund	(3.1%)	(4.0%)	(3.6%)	(7.3%)	4.8%	(2.6%)	→
Asset Management							
... Accumulated Depreciation to Capital Assets	64.2%	66.1%	66.5%	67.7%	68.9%	66.7%	→
... Accounting Age of Capital Assets (years)	24.4	26.1	28.2	29.8	26.6	27.0	→

4.4 Pension Obligations

City of Escondido 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: "miscellaneous," and "safety." 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 Enrollees and Benefit Types

The last annual valuation issued during the five-year report period was in 2019-2020 and identified 2,770 total participants within Escondido's pension program with CalPERS. This total represents an overall increase of 299 enrollees during an amended addendum period dating back to 2015-2016. The total is also divided between enrollee type (i.e., active, separated, transferred, and retired) and produces an active-to-retiree employee ratio of 1.5 to 1.0. This ratio has decreased over the amended addendum period by 10.3% and on pace to fall below the 1.0-1.0 threshold by 2041.

Escondido finished the with 2,770 enrollees within its pension program with CalPERS as of 2019-2020; an increase of 12% over the prior 60-months. The active-to-retiree employee ratio in 2019-2020 ratio is 1.5.

City of Escondido Pension Enrollee Information Table 4.4a (Source: CalPERS and SD LAFCO)						Trend
Type	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
Active	1,554	1,597	1,602	1,616	1,671	(2.52%)
Retiree	917	944	1,003	1,057	1,099	19.85%
Total Enrollees	2,471	2,541	2,605	2,673	2,770	12.10%
Active to Non-Active	1.69 to 1.0	1.69 to 1.0	1.60 to 1.0	1.53 to 1.0	1.52 to 1.0	(10.28%)

Escondido experienced nearly a one-fifth increase in retirees during the amended addendum period between 2015-2016 and 2019-2020.

Miscellaneous employees make up 74.6% of total pension enrollees at the end of the amended addendum period. These employees are divided into three tiers for purposes of defining pension compensation. Tier 1 applies to employees hired before December 23, 2012 and involves a benefit formula of 3% at 60. Tier 2 applies to employees hired thereafter through December 31, 2012 and involves a benefit formula of 2% at 60. Tier 3 applies to new hires beginning January 1, 2013 and involves a benefit formula of 2% at 62.

- Tier 1 miscellaneous employees with 25 years of service that retire at 60 with a three-year high salary total of \$85,000 will receive an annual pension of \$63,750.
- Tier 3 miscellaneous employees with 25 years of service that retire at 62 with a three-year high salary total of \$85,000 will receive an annual pension of \$42,500.

Safety employees make up the remaining 25.4% of total pension enrollees at the end of the amended addendum period. These employees are also divided into three tiers for purposes of defining pension compensation. Tier 1 applies to employees hired before May 27, 2012

and involves a benefit formula of 3% at 50. Tier 2 applies to employees hired thereafter through December 31, 2012 and involves a benefit formula of 2% at 50. Tier 3 applies to new hires beginning January 1, 2013 and involves a benefit formula of 2.7% at 57.

- Tier 1 safety employees with 25 years of service that retire at 50 with a three-year high salary total of \$100,000 will receive an annual pension of \$75,000.
- Tier 3 safety employees with 25 years of service that retire at 57 with a three-year high salary total of \$100,000 will receive an annual pension of \$67,500.

Annual Contributions

The City of Escondido's total annual pension contribution at the end of the amended addendum period in 2019-2020 tallied \$14.7 million. This latest contribution amount equals 39.0% of the citywide payroll total. The most recent contribution amount also reflects an increase of 45.3% over the prior 60-month period.

City of Escondido's annual employer pension contribution has increased by 45% – or 9% per year on average – during the amended addendum period.

City of Escondido Annual Pension Contributions Table 4.4b (Source: City of Escondido and SD LAFCO)						Trend
Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	
Total Contribution	10,112,303	11,179,205	11,929,230	13,300,378	14,696,078	45.3%
Percent of Payroll	29.0%	30.1%	31.9%	35.3%	39.0%	34.4%

Funding Status

The City of Escondido's total and composite unfunded liability in the most recent valuation issued at the end of the amended addendum period in 2019-2020 totaled (\$331.2 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 68.4% based on market value.

Escondido's combined funded ratio as of the last annual valuation is 68.4%. This ratio has slightly increased over the prior 60-month period and underlies an unfunded liability \$331.2 million.

City of Escondido Composite Pension Funding Status

Table 4.4c (Source: CalPERS and SD LAFCO)

Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Trend
Pension Assets (MVA)	499,056,573	544,896,521	580,209,314	607,393,410	625,277,459	25.29%
Pension Liabilities (AL)	743,398,457	782,631,827	843,949,680	877,831,789	914,558,541	23.02%
Unfunded Liability	(\$244,341,884)	(\$237,735,306)	(\$263,740,366)	(\$270,438,379)	(\$331,149,384)	35.53%
Funded Ratio	67.1%	69.6%	68.7%	69.2%	68.4%	1.84%