

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION



OCEANSIDE REGION

Municipal Service Review | Government Code 56430

Affected Agencies

City of Oceanside
Oceanside Small Craft Harbor District
Morro Hills Community Services District

~~Revised Draft~~ **Proposed Final Report**
~~July~~ September 2024

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LAFCO also expresses its sincere appreciation to former Analyst II Carolanne Ieromnimon and her initial duties as project manager before departing the agency in April 2024.

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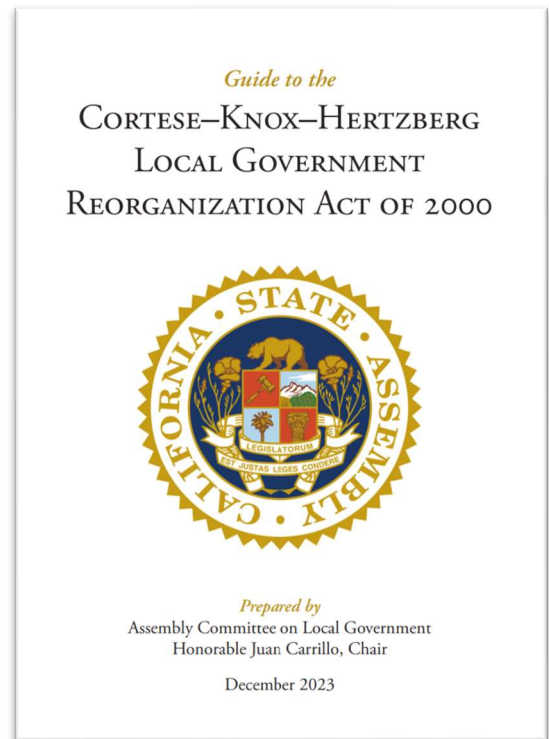
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CHAPTER ONE INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

1.1 Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 as 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 was engendered by Governor Edmund "Pat" Brown Sr. (1959-1967) to address the needs of California's growing and diversifying population more effectively with an emphasis on promoting governmental efficiencies.



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

¹ Reference California Government Code Section 56000 et. seq.

present and future needs of each county and its communities.”

LAFCO decisions are legislative and therefore are not subject to an outside appeal process; only courts can overturn LAFCO decisions. LAFCOs also have broad powers to condition regulatory and planning approvals so long as not establishing any terms that directly impact land use density or intensity, property development, or subdivision requirements.

1.2 Regulatory Responsibilities

LAFCOs’ principal regulatory responsibility involves approving or disapproving jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California.² 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 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 LAFCOs to initiate jurisdictional changes to form, consolidate, and/or dissolve special districts consistent with community needs.

Overseeing Local Governments’ Boundaries + Service Areas...

LAFCOs have been responsible since 1963 to oversee formation, expansion, reorganization, and dissolution actions involving cities, towns, and most 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 -

Informing + Telegraphing Future Boundary and Service Changes...

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 community needs.

² CKH defines “special district” to mean any agency of the State formed under 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.

among other activities - sphere determinations. The Legislature mandates, notably, that all sphere changes as of 2001 be accompanied by 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.

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.³ An increasingly important role involving sphere determinations relates to their consideration by regional councils of governments in allocating housing need assignments for counties, towns, and cities.

Starting January 1, 2008, LAFCOs are prompted to review and update all local agencies' spheres every five years as needed. 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 now and into the future. The five mandated planning factors are summarized in short form below.

Gatekeeping Growth + Services...

Spheres serve as the Legislature's version of urban growth boundaries and - among other items - delineate where local agencies may seek future annexations or outside service approvals with LAFCOs.

1. Present and planned land uses, 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.

³ Exceptions, where jurisdictional boundary changes do not require consistency with the affected agencies' spheres, include annexations of State correctional facilities or annexations to cities involving city-owned lands used for municipal purposes.

4. Existence of any social or economic communities of interest in the area.
5. If the city or special district provides water, wastewater, or fire protection, the need for those services in any disadvantaged unincorporated communities in the sphere.

Municipal Service Reviews

Municipal service reviews serve as a centerpiece to CKH's enactment in 2001 and represent comprehensive studies on 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 to obtain and furnish information to contribute to the overall orderly development of local communities.

LAFCOs' 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 specific service factors listed under G.C. Section 56430. This includes infrastructure needs or deficiencies, growth and population trends, and financial standing. The mandated service factors are summarized below in short form with additional details footnoted.⁴

State Check-Ins...

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.

⁴ 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*).

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.
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 an appointed 11-member board, comprising three county supervisors, three city council members, 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 are divided between "regulars" and "alternates." Appointments are made locally among category ranks. All members are

Appointments + Duties...

State law prescribes the appointment process for LAFCOs with county, city, and district members all appointed from among their elected ranks. Public members are appointed by the other appointed officials serving on LAFCOs. All members are tasked to independently discharge their responsibilities for the good of the region.

statutorily directed to exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests.

LAFCOs have sole authority in administering their legislative responsibilities and decisions 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 to fully fund LAFCOs' annual operating costs. Counties are generally responsible for funding one-third of LAFCO's annual operating costs with the remaining one-third portions allocated to the cities and independent special districts. The allocations to cities/towns and special districts are calculated based on a standard formula using total revenues as reported by the State Controller's Office 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

Most of San Diego LAFCO's ("Commission") existing policies and procedures were established in the 1970s and subsequently updated in the 2000s in step with CKH's enactment. These policies and procedures collectively guide the Commission in implementing LAFCO law in San Diego County in a manner consistent with regional growth management priorities as determined by the membership with 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-106).

2.2 Commission Information

San Diego LAFCO is governed by a 13-member "Commission" comprised of 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, except for 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 8:00 A.M in Room 302 and live streamed at www.sdlafco.org. Video recordings of past meetings are also online.

The Commission roster as of ~~July~~September 2024 follows.

 Stephen Whitburn Chair City of San Diego	 Baron Willis Vice Chair Alpine Fire Protection	 Jim Desmond Past Chair County of San Diego		
 Joel Anderson Commissioner County of San Diego	 Kristi Becker Commissioner City of Solana Beach	 Jo MacKenzie Commissioner Vista Irrigation	 Dane White Commissioner City of Escondido	 Harry Mathis Commissioner General Public
 David Drake Alternate Rincon Del Diablo	 John McCann Alternate City of Chula Vista	 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 section of San Diego at 2550 Fifth Avenue, Suite 725. 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 ahead by calling 619.321.3380. Communication by e-mail is also welcome and should be directed to lafco@sdcountry.ca.gov. Additional information regarding San Diego LAFCO’s programs and activities is also available online at www.sdlafco.org. LAFCO is also available on most social media platforms.

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CHAPTER TWO EXECUTIVE SUMMARY

1.0 OVERVIEW

This report represents San Diego LAFCO's scheduled municipal service review for the Oceanside region in northwestern San Diego County. The report has been prepared by LAFCO staff consistent with the scope of work approved by the Executive Officer and related delegations made by the Commission under L-106. The ~~report's underlying aim is~~ report aims to produce an independent assessment of municipal services in the region over the next five-~~+~~plus years relative to the Commission's regional growth management duties and interests. This includes evaluating the current and future relationship between the availability, demand, and adequacy of municipal services in the Oceanside region and within the service areas of the three affected local agencies directly subject to the Commission's oversight. The information generated as part of the report will be used by the Commission in (a) guiding subsequent sphere of influence updates, (b) informing future boundary changes and out-of-agency services, and - if merited - (c) initiating government reorganizations, such as special district formations, consolidations, and/or dissolutions over the next five-year period.

Scheduled MSR Check-In on the Oceanside Region...

The purpose of this report is to produce an independent "snapshot" of the level and range of municipal services in the Oceanside region by the three local agencies directly under the LAFCO oversight. This includes addressing governance and related accountability topics per statute. The Commission will draw on the information generated in this report to inform future regulatory and planning actions as detailed.

1.1 Key Premises, Assumptions, and Benchmarks

The report has been oriented in scope and content by the Executive Officer to serve as an ongoing monitoring program on municipal services in the Oceanside region. It is expected San Diego LAFCO will revisit the report and key assumptions and benchmarks approximately every five years consistent with the timetable set by the Legislature and memorialized under local policy. This will allow the Commission - among other tasks - to assess the accuracy of earlier projections and make appropriate changes in approach as needed as part of future reports. Other key premises, assumptions, and benchmarks underlying the preparation of this report follow.

Defining Scope | Affected Agencies Covered

The report explicitly evaluates three affected local agencies providing one or more municipal services in the Oceanside region under the Commission’s oversight. The three affected agencies - and in order of their formation dates - are the City of Oceanside, Oceanside Small Craft Harbor District (SCHD), and Morro Hills Community Services District (CSD). Other local

Who’s Covered in the MSR...

The report’s scope is specific to reviewing the municipal services provided in the Oceanside region by (a) City of Oceanside, (b) Oceanside Small Craft Harbor District, and (c) Morro Hills Community Services District.

agencies that provide one or more municipal services in the region include - but are not limited to - Mission Resource Conservation District, Tri-City Healthcare District, and North County Transit District. These other agencies are subject to review as part of separate reports under the Commission’s rolling study schedule.

Defining Scale | Municipal Services Covered

The report is scaled to review most - but not necessarily all - of the municipal service functions provided by the three affected agencies in the Oceanside region. As allowed under the adopted policy, the Executive Officer has scaled the review to target the municipal service functions and classes most germane to the local agency’s core purposes and influence on growth

What’s Covered in the MSR...

The report has been scaled to evaluate most - but not necessarily all - municipal functions and classes provided by the three agencies with deference to targeting services with the most direct effects on growth and development.

and development. Scaling also considers LAFCO’s available resources. ~~An example of this~~ This scaling is most applicable in this report involves targeting the analysis of analyzing the City of Oceanside ~~to focus and involves focusing~~ only on potable water, wastewater, integrated fire protection and emergency medical, parks and recreation, and community development. Other key municipal service functions provided by Oceanside - including airport, library, police, recycled water, solid waste, streets, and stormwater - are cursorily noted with the expectation of expanded analysis in future reports.

Looking Back -|

Determining the Reporting Period + Data Collection Window

The reporting period for collecting data to inform the Commission's core analysis and related projections on demographics, service capacities and demands, and financial standing in the Oceanside region has been set to cover the five-year fiscal period from 2018 to 2022 with limited exceptions. This data collection window - which covers the 60 months immediately preceding the start of work on the document - purposefully aligns with the five-year timeline for the report with the resulting data trends appearing most relevant in making near-term projections, i.e., data from the last five years is most pertinent in projecting trends over the next five years.

The Informing Years...

The report draws on data collected from the affected agencies and other documented sources - including relevant State databases - over five years between 2018 and 2022.

Looking Forward |

Setting the Reporting Timeframe + Coverage of Future Actions

The reporting timeframe has been oriented to cover the next five-year period through 2029 with the former (five years) serving as the analysis anchor as contemplated under State law. This timeframe is consistent with the five-year cycle prescribed for municipal service reviews and will directly inform all related sphere of influence, boundary, and out-of-agency service actions within the Oceanside region over the next 60 months. Any sphere, boundary, and/or out-of-agency proposals during the reporting timeframe deemed inconsistent with the analysis provided in this report will be disfavored unless otherwise supported by additional analysis - whether in the form of an addendum or new report.

Coverage Going Forward...

The reporting timeframe covers the next five years with the analysis directly informing Commission decisions with respect to any sphere, boundary, or out-of-agency proposals to 2029.

Calculating Population + Housing

Recent and current residential population and housing estimates in the report draw on data generated by Esri and their mapping analyses of census tracts that overlay the three affected agencies in the Oceanside region. This approach is consistent with recent practice in preparing municipal service reviews given the ability of Esri's mapping software to readily synchronize with both city and 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., growth over the last five years is generally expected to hold over the next five years.

Macro-Level Focus

The report focuses on central service outputs with respect to quantifying the availability, demand, and adequacy of the municipal functions and classes provided by the three affected agencies within the Oceanside region. A prominent example involves focusing on annual system-wide demands (e.g., water, wastewater, etc.) generated during the five-year report period as opposed to specific service areas or zones. This approach informs macro-level determinations, and when applicable, the report notes the need for more micro-level analysis as part of separate addendums or future municipal service reviews.

Agencywide Deliverables...

The report largely focuses on agency-wide capacities and demands as opposed to service adequacies within specific areas or zones within the affected agencies.

Benchmarking Infrastructure Needs and Deficiencies

Similar to the preceding factor, the report and its analysis focus on average system demands generated by the three affected agencies within the Oceanside region during the reporting period in benchmarking infrastructure needs or deficiencies. This broader focus on averages provides a more reasonable account of system demands and helps to control against one-year outliers in analyzing overall relationships with capacities. Exceptions where final year demands are prioritized in the analysis are noted accordingly.

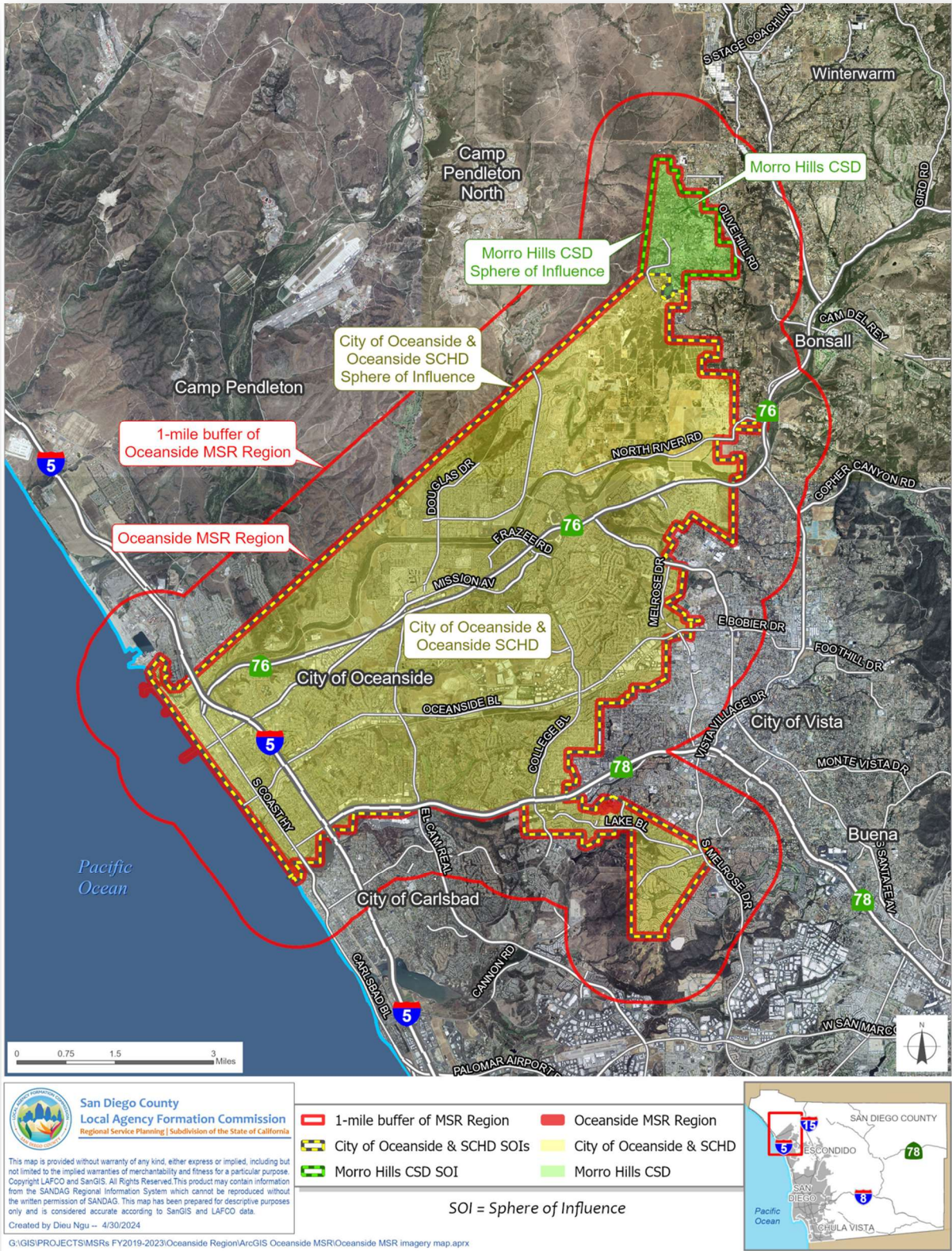
Protecting Against Outliers...

The report largely focuses on evaluating available capacities with five-year demand averages as opposed to focusing on final-year relationships.

Benchmarking Fiscal Standing

Several diagnostic tools are used to assess and make related determinations in the report regarding the financial standing of the affected agencies in the Oceanside region. This includes an emphasis on using audited financial statements whenever practical in analyzing liquidity, capital, margin, and capital asset management with an emphasis on overall trends. This also includes drawing on industry standards as well as regional comparisons in assigning value (i.e., good, average, or poor).

Map No. ES-1



2.0 REPORT ORGANIZATION

This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated within the report.⁵ This includes addressing the mandatory service and governance factors required by the Legislature whenever San Diego LAFCO performs a municipal service review. The Executive Summary is preceded by individual agency profiles (Chapter Three) of the three affected local agencies covered in this report that provide one or more municipal service functions in the Oceanside region. The profiles transition between narrative descriptions of the background and development of these agencies' service areas to quantifying specific data-driven categories. This includes quantifying demographic trends, service capacities, and financial standing.

3.0 GEOGRAPHIC AREA

The geographic area designated for this municipal service review is approximately 48 square miles in total size. The geographic area has been purposefully designated by the Executive Officer to cover all three affected local agencies' jurisdictional boundaries and existing spheres of influence in the Oceanside region along with the surrounding 1.0-mile buffer zone to capture immediately adjacent areas only for purposes of covering potential sphere and/or boundary changes in the next five year period. An illustration of the geographic area is provided in Map No. ES-1 on the preceding page.

4.0 REPORT SUMMARY

4.1 ~~General~~Central Themes and Conclusions

The Oceanside region serves as a historical flagship community anchoring northern San Diego County with a current estimated population approaching 180,000 - making it the third largest municipal footprint behind only San Diego and Chula Vista. The City of Oceanside - both as a municipality and at-large community - is the economic and social epicenter. It accounts for nearly all residents and jobs in the region. This also includes serving as a daily host to an additional 70,000 residents, workers, and visitors associated with Marine Corps Base Camp Pendelton to the immediate north.

⁵ 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.

Oceanside SCHD overlaps all of Oceanside with service functions focused on the approximate 100-acre Oceanside Harbor and its role as a micro hub for marine and pleasure activities serving locals and tourists.

The physical setting of the Oceanside region largely reflects a traditional suburban layout. Smaller single-family and multi-family residential lots dominate the older neighborhoods in the City of Oceanside west of I-5 paired with local serving commercial corridors and headlined by Old Coast Highway. Densities gradually decrease eastward towards increasingly larger single-family residences via a series of subdivisions constructed between the 1950s and 2000s. The suburban layout cedes at South Morro Hills, which serves as Oceanside's unofficial greenbelt and remains - at least to date - largely agricultural with rural single-family residential uses. Morro Hills CSD lies immediately to the east of Oceanside's unofficial greenbelt and has already experienced its own transition away from largely commercial agricultural uses and ancillary residences to now mostly upscale residential estates paired with ancillary small husbandry (crop and animal production) activities.

A review of the Oceanside region relative to San Diego LAFCO's growth management tasks and interests produces severeneight central themes or conclusions. These conclusions collectively address core policy considerations and related growth and development factors present in the region. The conclusions also address potential sphere of influence changes among the three affected local agencies. The conclusions are independently drawn and sourced to information collected and analyzed by the Commission between 2018 and 2022 with limited exceptions and detailed within each of the agency profiles provided in the next chapter.

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

This report represents the first comprehensive municipal service review dedicated to the Oceanside region and three affected local agencies under LAFCO oversight - City of Oceanside, Oceanside SCHD, and Morro Hills CSD. (Earlier municipal service reviews covering one or more of the affected agencies were part of countywide reports prepared in 2007 and 2009). and were more cursory in scope). The report consequently serves as a dual introduction. This is marked by introducing the affected agencies and their constituents in real-time to an otherwise unfamiliar and relatively detailed outside planning process. The introduction similarly introduces the Commission to the affected agencies and their service functions at depths previously unvisited with the underlying goal of establishing baseline information to track and measure going forward.

- **No. 2 | ~~Slower Adjusting Growth – the Good~~ (: Changes in Demographics, Market Conditions, and Community Empowerment)**

The City of Oceanside – as an at-large community and as the epicenter of the region’s economic and social well-being – has experienced a significant ~~slow-down~~adjustment in growth starting in 2000 with the annual population change averaging 0.4% through the end of the five-year report period – or the net addition of two persons each day. This period change marks a five-fold decrease over the prior 20-year span (1980-2020) in which Oceanside averaged the net addition of 12 persons each day. This relatively seismic ~~shift towards slower growth~~adjustment appears largely attributed to changing resident demographics (e.g., older residents with higher incomes), market conditions including decreasing infill opportunities, and the accompanying community empowerment to more directly influence development decisions; the latter reflected in a successful 2020 ballot referendum overturning the City Council’s 2019 approval of a 585-unit residential project in South Morro Hills (North River Farms). Although the referendum was subsequently overturned and a smaller project approval followed, the referendum, ~~nonetheless~~, marks a new level of community empowerment not previously exercised over land use decisions.⁶

- **No. 3 | ~~Slower Adjusting Growth – the Challenge~~ (: Effects on Housing Affordability)**

The ~~shift towards slower~~adjusting growth within the City of Oceanside starting in 2000 has contributed to a sizable acceleration in housing prices over the last 20 years and through the end of the five-year report period with the median home sale increasing from \$195,800 to \$784,800 – an average annual change of 14%. This period change marks a 50% rise over the prior 20-year span (1980 to 2020) in which median home sales experienced an average annual rise of 10%. The acceleration of home prices in Oceanside – among other outcomes – has noticeably impacted the private market’s ability to construct new affordable workforce housing at the traditional entry levels – i.e., starter homes. This dynamic ties to multiple factors – including supply constraints and homeowners not upsizing – and is reflected in the most recently completed housing element cycle (2013 to 2021) where only 23% of Oceanside’s assigned housing share at moderate or lower levels received building permits. Permits issued through the first quarter of the current housing cycle (2021-2029) suggest

⁶ With respect to this conclusion, the City of Oceanside asserts the primary reasons for the adjustment in growth ties to the City largely being built-out and rising interest rates. Oceanside also disagrees with the significance of the North River Farms referendum as an indicator of an overall change in community engagement as presented by LAFCO staff.

housing affordability at the moderate or lower categories will similarly fall substantively short of goals, albeit at improved levels with current projections showing the attainment level reaching 36%.

- **No. 4 | Variations in Fiscal Health + Navigating Related Stresses**

A prominent schism exists among the three affected agencies in the Oceanside region involving their fiscal well-being and navigating financial stresses. The City of Oceanside has steadied its financial position after several years of operating shortfalls in the General Fund in large part to successfully making the case to voters in 2018 to approve a seven-year one-half cent sales tax. Measure X reset Oceanside's overall sales tax rate to 8.25% with the additional revenue broadly earmarked to improve City infrastructure and public safety. Measure X has been a clear success; it has reversed shortfalls into surpluses and underlies a significant two-thirds increase in General Fund reserves (\$66.5 to \$112.5 million) over the reporting period. Nonetheless, the extension of the one-half cent sale tax beyond its current sunset date in 2026 remains a pronounced variable in Oceanside's near-term health and is expected to be taken up by voters in late 2024. While Oceanside's fiscal health largely ties to the present and near-term status of Measure X, the other two agencies' standing is comparatively more opaque, although for entirely different reasons. Oceanside SCHED, similar to its parent governing body, has steadied its actual expense-to-revenue relationship through incremental budgeting true-ups. These budgeting actions have contributed to a helpful increase of nearly one-fourth in SCHED's unassigned fund balance (\$3.7 to \$4.6 million) over the reporting period. However, the budgeting true-ups have not addressed decades of deferred or otherwise neglected maintenance. This qualifier is illustrated in capital assets (docks, pilings, piers, etc.) having surpassed their expected useful lives by more than two-fold and serves as a critical stress test for SCHED going forward. Unlike the other two agencies in the region, Morro Hills CSD has maintained a positive actual revenue-to-expense relationship through the reporting period without any hardships; at least that are known. The CSD operates entirely within the confines of the annual collection of its 1% property tax share, which netted \$0.090 million at the end of the reporting period. Although CSD has been effective in keeping expenses in line with annual revenues - which is also reflected in an unassigned fund balance increasing by more than four-fifths (\$0.142 to \$0.267 million) during the period - less is known regarding pending costs. Specifically, no pavement rating has been performed on CSD's 6.0-mile roadway system nor has a capital improvement plan been prepared. These

factors directly contribute to a subtle - but real and emerging - stress test.

- **No. 5 | Adequate Municipal Service Capacities with a Qualifier...**

All three affected agencies in the Oceanside region have established sufficient and excess capacities involving their core municipal functions to meet both current and anticipated demands through the report's timeframe - at least on a macro level and irrespective of any micro limitations for specific areas. This overall sufficiency is reflected in the region's principal service provider - City of Oceanside - and its available resources involving water and wastewater, which traditionally represent the services most closely affiliated with either supporting or hindering new development. Markedly, and based on current demand-to-capacity ratios for the reporting period, it is estimated by LAFCO the water and wastewater systems can accommodate buildout populations of 818,000 and 275,000, respectively. A material qualifier applies, nevertheless, to Oceanside's other services that are dependent on General Fund monies and the uncertain status of Measure X and its critical revenue enhancement beyond the current sunset date in 2026. This latter variable suggests added caution in the interim for LAFCO in considering boundary actions and their potential impact - advantageous and disadvantageous - on the Oceanside General Fund.

- **No. 6 | City of Oceanside's Role as an Urban Center + LAFCO Support**

The City of Oceanside is favorably positioned to plan and accommodate additional growth and become a focal urban center for North County. This opportunity ties to Oceanside'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 the modernization of rail (Metrolink and Amtrak) linking Oceanside throughout Southern California. This opportunity further ties and can be supported by LAFCO's own interests and duties to facilitate orderly and city-centered growth in step with providing housing for families at all income levels.

- **No. 7-7 | Unease within the Oceanside Small Craft Harbor District**

The Oceanside Small Craft Harbor District's core constituency - nearly 1,000 boat slip users collectively generating more than four-fifths of all yearly revenues collected during the five-year report period - is increasingly communicating their unease with decision-making, most notably, regarding public safety and financial management. While the origins of the unease predate the reporting period and the current SCHD administration, it has amplified and may be

approaching a tipping point where a majority of the core contingency feels disenfranchised in District decision-making. This unease warrants LAFCO attention and may merit future resources to help inform decision-making.

- **No. 8| Proceeding with Limited Sphere Updates + Telegraphing Potential Changes with Special Study Areas**

It would be appropriate for LAFCO to proceed with limited sphere of influence updates for all three affected regions in the Oceanside region and defer consideration of more comprehensive actions to the next municipal service cycle. The approach would involve proceeding with affirming all three agencies' current designations without changes. ~~†~~This approach, however, would also involve ~~establish~~ incorporate the establishment of one or more ~~specific~~ special study areas to all three agencies to memorialize areas the Commission would allow to come forward over the next five-year period without requiring a new municipal service review. A key example includes establishing dual study areas for Oceanside and Oceanside SCHED (and their matching spheres) to include an approximate ~~150~~250-acre area immediately to the southwest near Sunset Drive and Melrose Way that ~~qualifies as a DUC~~ includes two qualifying disadvantaged unincorporated communities (DUCs) totaling 121 acres under local policy. The addition of these dual study areas, notably, provides municipal flexibility and would memorialize LAFCO's environmental justice interest in statute and policy to help ensure equitable service levels are available to DUC residents consistent with neighboring lands.⁷

4.2 Recommendations

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

1. As a long-term principle, LAFCO should prioritize and direct growth in the region to the City of Oceanside - including development that would otherwise

⁷ With respect to this conclusion, the City of Oceanside opposes the establishment of a special study area for the Sunset Drive/Melrose Way area and - among other items - asserts "the City does not need this area to meet any of its housing obligations as evidenced by our Certified Housing Element." The City of Vista separately opposes the establishment of the proposed study area and states the City is "unclear of the benefits for either city."

occur in the surrounding unincorporated areas - and its appropriate role to serve as an urban center in San Diego County. LAFCO should pair this long-term policy principle with continued coordination - and deference whenever appropriate - in support of the Oceanside General Plan.⁸

2. LAFCO - and for its own benefit under statute - should coordinate with SANDAG to develop current buildout estimates within the Oceanside region - including potential lot-splitting as allowed under Senate Bill 9 (Weiner) and incorporate the information into the next scheduled municipal service review.
3. LAFCO should coordinate with the County of San Diego to identify and map active wells and septic systems within the Oceanside region and incorporate the information into the next scheduled municipal service review.
4. Should Measure X's ½ cent sales tax expire during the timeframe of the report, all jurisdictional changes involving the City of Oceanside shall demonstrate de minimis impacts on the City General Fund unless overriding policy considerations are made by the Commission on a case-by-case basis.
5. It is appropriate for LAFCO to defer the identification and evaluation of mutual water companies in the Oceanside region as otherwise prompted in the LAFCO statute to a future informational report.
6. The City of Oceanside should revisit its arrangement with Oceanside SCHD involving the payment plan associated with the SCHD patrol vessel to account for the City's usage of the capital asset outside of ~~the~~ Oceanside Harbor.
7. Morro Hills CSD should explore options to contract with the City of Oceanside or the County of San Diego to provide road maintenance services at a pre-agreed hourly rate to help protect the CSD from variables ~~=~~(costs and availability ~~=~~) associated with the current practice to utilize private contractors as needed.
8. As the City of Oceanside proceeds to implement the initial phases of its novel Re-Beach program, it would be pragmatic to explore opportunities to enlist other local agencies in consolidating efforts ~~=~~(functional or political~~=~~) given inescapable impacts and interests in beach restorations along the greater

⁸ With respect to the recommendation, the City of Oceanside states it has been "... offered without consultation with Oceanside staff or its elected officials. Such a statement and recommendation is contrary to the ideals of local control."

coastline. LAFCO should assist if Oceanside and/or other stakeholders wish to explore a political model to organize sand nourishment on a larger scale.

9. Efforts should be taken by Oceanside SCHD to publicly distinguish its role as a stand-alone governmental entity separate from the City of Oceanside.
10. Oceanside SCHD should formalize its existing relationship with the City of Oceanside through an official memorandum of understanding to clearly outline roles and responsibilities as well as associated costs in utilizing City staff, supplies, and resources in carrying out District duties.
11. It appears Oceanside SCHD informally deactivated its previously authorized and active patrol and rescue municipal function in 2009 in step with these responsibilities being directly assumed by the City of Oceanside. SCHD's legal authorization to provide patrol and rescue ~~however~~ remains active under State law: absent LAFCO action. To clarify decision-making and service expectations and as well as mitigate potential liabilities, SCHD should make a formal determination on whether it is responsible for patrol and rescue, and - if applicable - formally request divestiture approval under Government Code 56824.10.
12. LAFCO is aware there is community interest in exploring the reorganization of Oceanside SCHD into an independent agency to provide direct constituent influence on decision-making: specifically regarding public safety and financial management. It would be appropriate for the Commission to consider authorizing a future governance study to assess alternatives ~~(functional and political)~~ for the benefit of both agencies and their shared constituents with the understanding any actual change to the governance structure would be subject to protest proceedings and potentially an election.
~~12:~~
13. It appears appropriate for LAFCO to proceed with limited spheres of influence updates for both the City of Oceanside and Oceanside SCHD to affirm the existing designations with one or more common special study areas.
 - (a) One special study area has been identified to date and spans nearly 150250 acres covering DUC lands located immediately southwest of the agencies near Sunset Drive and Melrose Way; it also. This proposed study area currently lies within the Vista sphere: and includes two non-contiguous

DUCs under local adopted policy. Establishing this special study area would ~~provide LAFCO the opportunity to discuss the potential annexation of the DUC lands with both Vista and Oceanside and in doing so help facilitate the delivery of elevated extension of urban-supporting services via annexation and/or out-of-agency service agreements by Vista and/or Oceanside without the burden of preparing a new municipal services service review.~~ It would also - materially - memorialize LAFCO's interest in environmental justice by removing barriers to advancing service equity to DUC lands and their residents.

(b) Relatedly, the City of Oceanside and City of Vista should revisit an existing wastewater agreement from October 1984 providing for the transfer of up to 2.15 million gallons of sewage daily between the community consistent with State law two agencies to allow for additional flows at designated collection points - including flows from Vista to Oceanside involving the Sunset Drive/Melrose Way special study area. This would - among other benefits - help eliminate an existing impediment to developing and/or connecting lands within the proposed special study area identified under (a).

(a)(c) Deferring a more comprehensive sphere of influence update to a future cycle concurrently provides LAFCO the benefit to incorporate information associated with the City of Oceanside's active General Plan Update.

14. It appears merited for LAFCO to partner with the Morro Hills CSD in sponsoring or otherwise supporting a legislative change to the principal act to reduce the number of Board members from five to three consistent with existing special provisions in State law. Although the current board has expressed disinterest, pursuing this change remains an appropriate option going forward in minimizing turnover and facilitating competitive elections.
15. The Morro Hills CSD Board should revisit conditions on Sleeping Indian Road and its most recent traffic assessments and the analysis therein that appears to support a significant increase in the speed limit. This includes assessing whether the Board's ability to retain a speed under the 85th percentile standard under the

recent passage of AB 43 is either available or appropriate.⁹

16. It would be advantageous for Morro Hills CSD to explore interest among adjacent landowners that presumably benefit and use the road system to annex and have direct participation in Board decision-making while concurrently expanding the CSD property tax base.⁻¹⁰
17. LAFCO should help coordinate discussions with Morro Hills CSD and County of San Diego Sheriff's Office to identify opportunities to enhance traffic enforcement within the CSD jurisdictional boundary relative to available resources. This includes, but is not necessarily limited to, activating CSD's police protection power to fund enhanced enforcement - directly or by contract.

~~13:~~18. It appears appropriate for LAFCO to proceed with a limited sphere of influence update for Morro Hills CSD to affirm the existing designation with the addition of a special study area. The special study area represents the notional expansion of the CSD to capture adjacent lands that presumably use and benefit from the roadway system.

~~14:~~19. LAFCO should prioritize proposals in the Oceanside region going forward that promote environmental justice and provide benefits (direct and indirect) to marginalized communities. Among other resources, LAFCO shall draw on information available through the California Environmental Protection Agency as well as climate action plans adopted by Oceanside and the County of San Diego in considering the promotion of environmental justice.

⁹ In response to this recommendation, Morro Hills CSD has stated "...the District has received overwhelming support and seen a significant reduction in severe violations as seen on the previous traffic study that was performed at the height of COVID-19 pandemic during which, nationwide, there was a significant reduction in traffic volume and an inverse in speed. The study period and data is an aberration."

¹⁰ With respect to this recommendation, Morro Hills CSD states "the Board considered that by expanding the district boundaries, there is an increased burden on the Board even with five volunteer, unpaid members, to maintain more road. It is not a recommendation the Board wished to pursue, currently."

5.0 WRITTEN DETERMINATIONS

San Diego LAFCO is directed to prepare written determinations to address the multiple governance factors enumerated under G.C. Section 56430 as part of the municipal service review on the Oceanside region. These determinations serve as independent statements based on information collected, analyzed, and presented in this report. The underlying intent of the determinations is to provide a succinct detailing of all pertinent issues relating to the organization, delivery, and funding of municipal functions and associated classes among the three affected agencies specific to LAFCO's growth management responsibilities and interests.

Report's Brass Tacks...

~~These determinations address the specific factors required in the statute and represent statements of reasonable facts or deductions made by LAFCO based on information analyzed between 2018 and 2022. The sum total of these determinations informs a comprehensive assessment of the availability, demand, and performance of municipal services in the Oceanside region through the LAFCO lens.~~

5.1 Growth Projections & Related Demographics

1. With respect to full-time resident population totals within the Oceanside region, LAFCO independently makes the following statements.
 - (a) The total resident population in the City of Oceanside and Oceanside SCHD and their matching jurisdictional boundaries is estimated at 174,615 at the end of the five-year report period. This amount represents 4% of the overall resident population estimate in San Diego County.
 - (b) The total resident population in Oceanside SCHD's core service area - Oceanside Harbor - is 151 at the end of the five-year report period and entirely associated with the 86 permitted liveaboards.
 - (b) The total resident population in the Morro Hills CSD jurisdictional boundary is estimated at 1,001 at the end of the five-year report period. This amount represents less than 0.1% of the overall resident population estimate in San Diego County.
2. With respect to full-time resident population trends within the Oceanside region, LAFCO independently makes the following statements.

- (a) The total change in the resident population within the City of Oceanside and Oceanside SCHD and their matching jurisdictional boundaries during the five-year report period is estimated at 2.0% - or 0.4% annually. This estimate - which translates to an average increase of 522 residents annually or 1.4 daily - falls one-fifth below the countywide growth rate of 0.6% and reflects a more recent gravitation towards slower growth in Oceanside.
 - (b) LAFCO defers from making any estimates on resident population changes within Morro Hills CSD during the five-year report period. This deferral is appropriate given earlier census information is not readily available for the two affected block groups underlying the jurisdictional boundary.
3. It is reasonable to assume recent population growth trends for the City of Oceanside and Oceanside SCHD and their matching jurisdictional boundaries will continue forward through the timeframe of this report. This assumption generates a shared population projection of 178,165 by 2027 via the average net addition of 2.0 residents each day over the succeeding 60 months.
4. It is reasonable to assume Morro Hills CSD's resident population growth in the near term will generally match the recent countywide rate of 0.6% annually. This assumption supports a population projection for the CSD of 1,031 by 2027. It is relatedly reasonable to assume the majority of the additional population will be generated from accessory dwelling unit construction.
5. The Oceanside region's physical setting near existing and planned public transportation corridors coupled with ready access to urban-supporting services suggest substantive growth will occur given the insistent demand for housing in the greater San Diego metropolitan area.
6. Proportionally directing more growth towards the City of Oceanside - and by extension, Oceanside SCHD - merits policy consideration by LAFCO and other regional planning bodies. This policy orientation relatedly serves as additional justification for the Commission to facilitate or otherwise accommodate jurisdictional changes to Oceanside that would otherwise occur in the county: while concurrently deferring to the City General Plan as appropriate in considering appropriate and compatible uses.

7. With respect to housing supply and related growth issues within the Oceanside region, LAFCO independently makes the following statements.
- (a) It is estimated the housing stock within the City of Oceanside and Oceanside SCHD and their matching jurisdictional boundaries experienced a net increase of 1,625 units - or 325 annually - during the five-year reporting period. This results in an overall (historical) unit-to-resident ratio of 1.0 to 2.6.
 - (b) It is estimated the unit-to-resident ratio within the City of Oceanside and Oceanside SCHD and their matching jurisdictional boundaries generated during the five-year report period has been 1.6 to 1.0. This ratio marks a two-fifth improvement over the historical ratio of 2.6.
 - (c) It is estimated the total housing stock within the Morro Hills CSD jurisdictional boundary tallies 396. This results in an overall (historical) unit-to-resident ratio of 2.5.
 - (d) LAFCO defers from making any estimates on additional housing construction within the Morro Hills CSD jurisdictional boundary during the five-year report period. This deferral is appropriate given earlier census information is not readily available for the two affected block groups underlying the jurisdictional boundary.

~~8. 8.~~ With respect to housing costs and related growth issues within the Oceanside region, LAFCO independently makes the following statements.

- (a) It is estimated the average five-year mean housing cost (mortgage and rent) within the City of Oceanside and Oceanside SCHD and their matching jurisdictional boundaries tallies \$2,248. This represents a one-fifth increase over the prior five-year average.
- (b) It is estimated households in the City of Oceanside and Oceanside SCHD and their matching jurisdictional boundaries are spending 28% of their pre-tax income just on rent or mortgage payments. This estimate increases to 36% (renters) and 45% (homeowners) when adding ancillary housing costs.

- (c) The average home value in the City of Oceanside and Oceanside SCHD and their matching jurisdictional boundaries has separately increased by 60% over the five-year report period from \$522,082 to \$831,328. This generates a home price-to-income ratio estimate of 8.6.
 - (d) It is estimated the average five-year mean housing cost (mortgage and rent) within the Morro Hills CSD's jurisdictional boundary tallies \$2,939. This represents a 14% increase over the prior five-year average.
 - (e) It is estimated households in the Morro Hills CSD jurisdictional boundary are spending 24% of their pre-tax income just on rent or mortgage payments. This estimate increases to 30% (renters) and 36% (homeowners) when adding ancillary housing costs.
 - (f) The average home value in the Morro Hills CSD jurisdictional boundary has increased by 58% over the five-year report period from \$550,771 to \$872,987. This generates a home price-to-income ratio estimate of 6.0.
9. LAFCO should coordinate with SANDAG to develop current buildout estimates within the Oceanside 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.
10. A review of demographics shows substantive distinctions in the Oceanside region between residents within the City of Oceanside and Oceanside SCHD versus residents within the Morro Hills CSD with respect to age, income, and education. These distinctions are detailed as follows:
 - (a) It is estimated residents within the City of Oceanside and Oceanside SCHD and their matching boundaries finished the five-year report period with a median age of 39 and an average household income of \$97,238. The portion of residents 25 or older with four-year degrees totals 37%.
 - (b) It is estimated residents within the Morro Hills CSD boundary finished the five-year report period with a median age of 43 and an average household income of \$146,289. The portion of residents 25 or older with four-year degrees totals 52%.

11. Based on recent annual counts, the number of homeless in the City of Oceanside and Oceanside SCHD and their matching boundaries has increased during the five-year report period from 483 to 514 - a difference of 6%. The most recent count also shows 62% - or 318 - of the total being unsheltered and residing in cars, public places, or the street.
12. At the end of the five-year report period, there was one counted homeless in the City of Oceanside and Oceanside SCHD and their matching boundaries for every 340 housed residents - i.e., 1-to-340. This reflects a relative intensity in homelessness of 5% over the prior 60-month ratio of 1-to-355.
13. The number of shelter beds (emergency, transitional, etc.) in Oceanside at the end of the five-year report period tallies 378. This capacity generates a baseline shortage of (136) beds to accommodate all counted homeless.
14. No information readily exists to estimate homelessness in Morro Hills CSD.

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

1. None of the three affected agencies in the Oceanside region - City of Oceanside, Oceanside SCHD, and Morro Hills CSD - have lands within their existing boundaries or spheres of influence qualifying as disadvantaged unincorporated communities - or DUCs - under LAFCO policy.
2. Camp Pendelton lies immediately adjacent to all three affected agencies' boundaries and spheres of influence in the Oceanside region. These adjacent lands qualify as DUCs under LAFCO policy with water, wastewater, and fire protection services currently provided by internal Marine Corps operations. The adequacy of these services has not been analyzed.
3. Approximately 150 acres of additional DUC lands under LAFCO policy lie immediately adjacent to the City of Oceanside and Oceanside SCHD and their matching boundaries. These additional DUCs are located to the immediate southeast of the agencies near Sunset Drive and Melrose Way; they are also within the Vista sphere of influence.

- (a) Given annexation to Vista remains uncertain and potentially improbable, LAFCO should consider the merits of the above-referenced DUCs to the Oceanside sphere as a special study area.

5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. The following statements apply to the City of Oceanside and address the availability, adequacy, and performance of the five targeted municipal service functions underlying Oceanside's growth and development evaluated in this report: (a) potable water; (b) wastewater; (c) integrated fire protection, emergency medical, and ambulance; (d) parks and recreation; and (e) community development.

- (a) With respect to the City of Oceanside's potable water function:

- i. Oceanside's potable water services extend throughout the jurisdictional boundary except for rural and agricultural uses in the South Morro Hills area. Oceanside self-attests it does not provide any out-of-agency potable water services at the end of the reporting period.
- ii. Oceanside's potable water service operates as an enterprise and the total per household net revenue at the end of the five-year report period is estimated at \$190.
- iii. Approximately 90% of Oceanside's potable water supplies retailed during the five-year report period have been imported through the County Water Authority. The remaining 10% are local and involve pumped subterranean flows from the San Rey Luis River.
- iv. Oceanside's average potable water demand during the five-year report period equals 59.4 acre-feet daily. This amount translates to estimated daily averages for each resident and household of 112 gallons and 330 gallons, respectively.
- v. Oceanside's overall potable water demands have decreased by (4%) during the five-year report period despite a corresponding increase in the estimated population of 2,611 or 2%.

- v.vi. The average potable water demand generated during the five-year report period for the entire distribution system (annual and daily) is estimated to equal 12% of Oceanside's maximum available supplies based on infrastructure capacities. This measurement estimate rises to 22% when applying Oceanside's average peak-day demands.
- vi.vii. It is estimated Oceanside's available potable water storage capacity can accommodate up to 2.6 days of normal usage based on average demands generated over the five-year report period without requiring recharge. This amount falls below the industry standard of maintaining no less than 3.0 days of potable supply.
- vii.viii. LAFCO should coordinate with the County of San Diego to identify active groundwater wells within Oceanside and incorporate the information into the next scheduled municipal service review.

(b) With respect to the City of Oceanside's wastewater function:

- i. Oceanside's wastewater function and related classes (collection, treatment, and discharge) extends throughout most of the jurisdictional boundary except for rural and agricultural uses in the City's South Morro Hills neighborhood.
- ii. Oceanside maintains two grandfathered out-of-agency wastewater service agreements that involve collecting, treating, and discharging flows from Rainbow MWD and portions of the City of Vista. Oceanside attests to no other out-of-agency wastewater services.
- iii. Oceanside's wastewater services operates as an enterprise and the total per household net revenue at the end of the five-year report period is estimated at \$279.
- iv. Oceanside's wastewater service is divided between two distinct service areas based on directing flows to one of two City-owned treatment facilities: San Luis Rey and La Salina. The current split in wastewater customers between these two facilities is estimated at 75-25.

- v. Oceanside's average wastewater demand during the five-year report period within the La Salina service area equals 2.5 million gallons daily. This measurement has decreased by (7.3%)
- vi. Oceanside's average wastewater demand during the five-year report period within the San Luis Rey service area equals 7.9 million gallons daily. This measurement has increased by 3.5%.
- vii. The combined average day flow generated in Oceanside's two wastewater service areas during the five-year report period equals 10.5 million gallons with an overall period change of 0.7%.
- viii. The combined average day wastewater flow within Oceanside during the five-year report period on a per capita measurement is estimated at 60 gallons. This translates to an average household wastewater demand estimate of 177 gallons.
- ix. Oceanside's two treatment facilities at San Luis Rey and La Salina are operating with excess daily capacities of no less than 42% of their permitted allowances under normal conditions based on average demands during the five-year report period.
- x. It is estimated Oceanside's excess daily discharge capacity via the Oceanside Ocean Outfall is 37% based on average demands during the five-year report period. This available capacity translates to 6.1 million gallons and serves as a relatively fixed cap with respect to accommodating future growth and development.
- xi. It is estimated Oceanside has available wastewater infrastructure - including outfall capacity - to accommodate up to 34,223 additional households assuming the demand-to-capacity ratio for the five-year report period holds. This translates to a wastewater-system buildout population estimate of 275,592.
- xii. LAFCO should coordinate with the County of San Diego Environmental Health to identify active septic systems in Oceanside and incorporate this data into the next scheduled municipal service review.

- (c) With respect to the City of Oceanside's integrated fire protection, emergency medical, and ambulance functions:
- i. Oceanside's General Fund monies have covered 98% of the integrated fire protection function and related classes' actual expenses during the five-year period. The total per capita General Fund expense at the end of the five-year report period is \$206.
 - ii. Personnel serves as the primary infrastructure resource for Oceanside's integrated fire services with total budgeted positions rising by 14% to 136 full-time equivalents through the end of the five-year report period. The ending amount translates to 0.8 fire personnel for every 1,000 residents.
- v.iii. Actual onsite demands for Oceanside's integrated fire services during the five-year report period have increased by one-fifth from 44 to 47 per day. This latter amount equals one onsite response every 30 minutes over 365 days over 60 months.
- vi.iv. Calls resulting in ambulance transport in Oceanside have averaged 26 daily during the five-year report period with an overall increase of 15%. The average translates to more than one-half of all onsite fire service responses now requiring ambulance transport.
- vii.v. Oceanside's integrated fire service capacities appear sufficiently sized to readily accommodate demands through the timeframe of the report. This statement is reflected in - and among other measurements - Oceanside's ability to respond exclusively to 82% of all onsite incidents within its boundary during the five-year report period while concurrently absorbing an 18% increase in demands.
- (d) With respect to the City of Oceanside's parks and recreation function:
- i. Oceanside's General Fund has covered 95% of its parks and recreation function and related classes' (aquatics, parks and open space, and community recreation classes) actual expenses during the five-year report period. The total per capita General Fund expense at the end of the period is estimated at \$32.

- ii. Oceanside’s aquatics and parks and open space classes have experienced substantive capacity expansions during the five-year report. These expansions are marked by completing two planned capital improvements that collectively elevate the El Corazon complex as a regional recreational hub.
 - iii. Although Oceanside’s community recreation class did not experience a capacity expansion during the five-year report period, ongoing adaptations continue to better align resources with needs with an increasing focus on seniors. This includes starting and expanding a senior nutrition program and establishing a variety of senior classes.
 - iv. Oceanside’s 426 acres of beach and parkland acreage at the end of the five-year report period translates to 2.4 acres for every 1,000 residents. (Ratio does not count acreage ~~at~~ Oceanside’s two municipal golf courses.) This ratio is nearly one-fifth - or the equivalent of 98.2 acres - below the minimum municipality standard of 3.0 acres of parkland for every 1,000 residents in State law (Quimby Act).
 - v. Oceanside maintains a joint-use agreement with Oceanside Unified School District that provides the City access to an additional 115 acres of parkland. This agreement - and among other benefits - bridges the existing gap under the Quimby Act and raises Oceanside’s parkland ratio to 3.1 acres for every 1,000 residents.
 - vi. Oceanside General Plan includes a policy directive to “strive” to achieve 5.0 acres of parkland acreage for every 1,000 residents. Oceanside would need to add 447 acres to meet this marker based on the estimated population at the end of the five-year report period.
- (e) With respect to the City of Oceanside’s community development function:
- i. Oceanside’s General Fund has covered 8% of the community development function and associated classes’ (planning, building, code enforcement, engineering, and housing assistance) actual expenses during the five-year report. The total General Fund per capita expense at the end of the period is estimated at \$70.

- ii. The average annual volume of development application filings transacted through Oceanside and its planning class has been 183 with an overall change of (5%) in the five-year report period. Resources have trailed demands with the annual ratio of submittals-to-actions rising three-fourths from 2.5 to 4.3. The period average is 3.0.
 - iii. The average annual volume of permit issuances transacted by Oceanside and its building class has been 4,395 with an overall change of 97% in the five-year report period. Additional analysis is needed to provide a meaningful comparison between resources and demands relative to turnaround.
 - iv. The average annual number of case openings by Oceanside and its code enforcement class has been 5,425 with an overall change of (11%) in the five-year report period. Resources have kept pace with demands with the average annual ratio of case openings to case closures of 1.0 with minimal changes during the period.
 - v. The average annual volume of filings received by Oceanside and its engineer class involving landscape plans and grading permits has been 71 with an overall change of 47% in the five-year report period. Resources have trailed demands with an annual ratio of submittals to actions increasing three-fold from 1.2 to 4.7. The period average is 2.2.
 - vi. The housing voucher program administered by Oceanside and its housing assistance class finished the five-year report period with 1,341 participants - an amount that has remained relatively fixed with nearly 4,800 on a waiting list. It is estimated the time to transition from waitlist to participant is approximately 10 years based on recent trends. Additional analysis is needed to assess and compare the turnaround relative to other jurisdictions.
2. The following statements apply to the Oceanside SCHD and address the availability, adequacy, and performance of its two active municipal functions as categorized by LAFCO: marina and dredging.

- (a) With respect to Oceanside SCHED's marina function:
- i. SCHED's marina function and related classes (wharf, pier, harbor basins, boat launch, beach and camping, streets and sidewalks, and parking classes) serve as the agency's core public-facing activity. It also accounts for 100% of all budgeted and actual resources transacted during the five-year report period.
 - ii. SCHED's marina services operate as an enterprise with actual revenue averaging \$8.3 million during the five-year report period with four-fifths coming from boat slip fees. Actual expenses have averaged \$9.9 million resulting in a total margin of (20%).
 - iii. The wharf class involves operating approximately 350,000 square feet of commercial spaces along Oceanside Harbor. SCHED reports a 100% lease occupancy rate at the end of the five-year report period. There have been no substantive class changes.
 - iv. The pier class involves operating an approximate 50-foot pier at the center of Oceanside Harbor. The pier is dedicated to fishing and can accommodate up to 12 users. SCHED does not track usage. There have been no substantive class changes during the five-year report period.
 - v. The harbor basin class involves operating 26 piling docks and 954 boat slips with 890 dedicated to monthly permittees. All 890 leasable boat slips are taken with a total waiting list of 210 at the end of the five-year report period. There have been no substantive class changes.
 - vi. The boat launch class involves operating a single concrete pad with four boarding floats. The boat launch can accommodate up to six vessels at any one time. SCHED does not track usage. There have been no changes to this class during the five-year report period.
 - vii. The beach and camping class involves operating Harbor Beach and its related amenities - including 24-hour public restrooms. Vehicle camping is allowed year-round in the Harbor Beach parking lot with a five-night limit in any 30-day period. SCHED does not actively track

usage. There have been no substantive changes to this class during the five-year report period.

- viii. The parking class involves operating 15 surface lots with a combined capacity of 1,690 spaces. Exactly three-fourths - or 1,277 - of all parking spaces are unreserved with two-thirds of this portion being free with specified hour limitations. SCHD does not actively track usage. There have been no changes to this class during the five-year report period.
 - ix. Relative to overall considerations, the marina function appears to be performing satisfactorily in balancing community needs with available resources through the end of the five-year report period. This statement is reflected in - ~~and~~ among other measurements - constant demand for its two primary revenue sources: boat ~~slip~~ ~~permits~~ ~~slips~~ and commercial leases.
 - x. Notwithstanding the preceding statement, the ability of SCHD to continue to balance community needs and available resources underlying the marina function is increasingly stressed due to years of under-prioritized maintenance and improvements. This historical practice has left an estimated \$28.0 million in needed improvements to stabilize core infrastructure in the Oceanside Harbor over the next 15 years; an amount more than three times greater than the average annual revenue collection during the five-year report period.
- (b) With respect to the Oceanside SCHD's dredging function:
- i. SCHD's dredging function and related classes (channel clearing and beach restoration classes) has been limited to an advisory and related sponsorship role with the U.S. Army Corps of Engineers.
 - ii. SCHD does not own, lease, or otherwise have any infrastructure or equipment in support of dredging. Further, SCHD has not budgeted, collected, or expended any resources in support of the dredging function during the five-year report period.
 - iii. SCHD indirectly supports its dredging function administratively via its budgeted marina function by advising with the U.S. Army Corps of

Engineers and their annual commitment to clear the Oceanside Harbor inlet given its shared use by Camp Pendelton.

- iv. The annual dredging performed by the U.S. Army Corps of Engineers generally takes place in late spring and takes two to four weeks to complete at an approximate cost of \$6.5 million. This amount equals nearly two-thirds of SCHD's average actual expenses during the five-year report period.
 - v. The average yearly volume of sand dredged from the inlet during the five-year report period has been 257,019 cubic yards, which translates to covering approximately 160 acres at a one-foot depth (dry sand).
 - vi. Sand dredged by the U.S. Corps of Engineering as part of the annual channel clearing is pumped onto the beaches north and south of the Oceanside Pier as part of a sand renourishment program. Oceanside - and not SCHD - budgets approximately \$0.600 million annually to support the federal dredging program.
 - vii. Despite the annual replenishment performed by the U.S. Corps of Engineering, Oceanside estimates Harbor Beach is currently losing 2.4 feet a year to drift erosion.
3. The following statements apply to Morro Hills CSD and address the availability, adequacy, and performance of its lone active municipal function: streets.
- (a) With respect to the street function:
 - i. CSD's street function and related classes (signage, drainage, and traffic) tie to maintaining a 6.0-mile roadway network via routine paving, patching, and signage upkeep. CSD also periodically prepares traffic assessments to help inform calming measures.
 - ii. CSD's street function operates as a non-enterprise and is dependent on all-purpose revenues given all deliverables (i.e., roads) do not readily tie to collecting user fees.

- iii. CSD's allocation of the 1% in property taxes - averaging \$0.091 million over the five-year report period - serves as the dominant funding resource for the street function and defines capacity limitations.
 - iv. There have been no expansions to CSD's roadway network in terms of scale since the late 1960s. No expansions are anticipated within the report's timeframe.
 - v. CSD's focus over the last two decades and through the five-year report period has been to maintain existing service levels and explore traffic calming measures. These latter efforts are marked by periodically contracting with engineers to prepare traffic assessments on volume and speed conditions within the CSD. The last two assessments were completed in 2008 and 2021.
 - vi. No significant infrastructure needs or deficiencies were identified in either of CSD's 2008 and 2021 traffic assessments with one material exception. This exception dates to the 2008 assessment and recommendation based on traffic conditions that the speed limit along one of CSD's three primary roads - Sleeping Indian Road - should be increased from 35 to 45 mph. This recommendation has not been addressed despite data in the most recent assessment confirming the merit and need to raise the speed limit.
4. Additional information is needed to determine the number of mutual water companies and associated infrastructure conditions in the Oceanside region as prompted under the LAFCO statute. The Commission defers this analysis to a future informational report.

5.4 Agencies' Financial Ability to Provide Services

1. All three affected agencies in the Oceanside region operate with significantly different financial means and resources in providing municipal services.
2. The following determinations are specific to the City of Oceanside.
 - (a) The City of Oceanside's average actual annual costs during the five-year report period tallies \$492.9 million with an ending amount of \$570.8

million. The overall period change is 31%. It is estimated the average total actual per capita cost over the 60-month period is \$2,850.

- i. Actual annual General Fund expenses for Oceanside are on the rise and marked by the annual per capita share increasing by 25% from \$947 to \$1,179 over the five-year report period year.
- (b) Measure X's ½ cent sales tax starting in April 2019 has been a success in balancing the City of Oceanside's General Fund. Markedly, Measure X has reversed a prior actual General Fund deficit and has generated a positive actual annual per capita revenue-to-expense difference each year post implementation with an average net of \$63. Measure X's scheduled expiration in 2026 merits attention with Oceanside ~~expected to sponsor~~sponsoring an extension for voter approval in November 2024.
- (c) The City of Oceanside's average actual annual revenues during the five-year report period tallies \$530.5 million with an ending amount of \$620.6 million. The overall period change is 38%. It is estimated the average total actual per capita cost over the reporting period is \$3,067.
 - i. Actual annual General Fund revenues for Oceanside are on the rise and marked by the annual per capita share rising by 35% from \$903 to \$1,223 over the five-year report period year.
- (d) The City of Oceanside's spendable unrestricted reserves within its General Fund totals \$96.8 million at the end of the five-year report period and is equal to five months of operating expenses.
 - i. Oceanside met its adopted General Fund reserve policy to maintain no less than amounts equal to 12% of operating expenses in all five years covering the reporting period. =
- (e) The City of Oceanside's audited net position covering all City funds has increased over the five-year report period by one-fourth from \$909.6 million to \$1.136 billion. This change tracks with a per capita measurement and its estimated 23% increase from \$5,275 to \$6,507.

- i. Oceanside's audited and accrued unrestricted fund balance less pension and related liabilities at the end of the five-year report period is sufficient to cover 12.0 months of total actual expenses.
 - ii. Oceanside's liquidity levels are considered high as measured by a days' cash ratio - or burn rate - of 691 at the end of the five-year report period. This measurement improved by one-fifth and positions Oceanside to readily cover short-term obligations without concern.
 - iii. Oceanside's capital levels are considered average as measured by an otherwise moderate debt ratio of 24% at the end of the five-year report period. This measurement has improved by one-fifth and positions Oceanside with up to three-fourths of its assets to leverage toward financing big-ticket improvements going forward.
 - iv. Oceanside's average annual total margin - or bottom line - during the reporting period has been 14% with positive closings in all five years. This measurement shows Oceanside has been effective in the bottom-line management of its resources throughout the reporting period.
 - v. Oceanside's accumulated depreciation ratio at the end of the five-year report period shows its capital assets - at least on an accounting basis - have collectively exceeded their expected usefulness (lifespan) by 39%. This deficiency merits attention going forward.
- (f) The City of Oceanside's total employer pension contribution paid to CalPERS at the end of the five-year report period totals \$30.2 million and equals 37% of payroll - an increase of more than one-fifth.
- i. Oceanside's total funded pension ratio at the end of the five-year report period is 74% and reflects an overall change of less than (1%). This ratio is considered average relative to other local agencies.
- (g) The City of Oceanside's pay-as-you-go annual OPEB expense totals \$1.063 million at the end of the five-year report period. This amount represents a net increase of \$0.552 million - or 108% - over the preceding 60 months.

- i. Oceanside's accrued liability for OPEB totals \$9.706 million at the end of the five-year report period. This amount represents a net increase of \$3.917 million - or 68% - over the preceding 60 months.
3. The following determinations are specific to the Oceanside SCHD.
 - (a) Oceanside SCHD's total actual expense at the end of the five-year report period equals \$8.750 million with 80% covering staff support services with Oceanside. Overall, the variance between actual and budgeted expenses during the reporting period falls slightly higher at 3.3%.
 - (b) Oceanside SCHD's total actual revenue at the end of the five-year report period equals \$8.963 million with 74% generated from boat slip fees. Overall, the variance between actual and budgeted revenues during the reporting period is slightly lower at (3.5%).
 - (c) Oceanside SCHD finished the five-year report period with an unassigned fund balance of \$4.600 million. This amount is sufficient to cover 6.3 months of actual costs.
 - (d) Oceanside SCHD's audited net position has increased during the five-year report period by one-tenth from \$13.360 to \$14.931 million. This change parallels the difference in the per capita measurement and its own 10% increase from \$78 to \$86.
 - i. SCHD's liquidity levels are considered relatively high as measured by a days' cash ratio - or burn rate - of 256 at the end of the five-year report period. Although this measurement experienced an overall decline of (one-fifth) over the preceding 60 months, it continues to position the SCHD to readily cover short-term obligations without concern.
 - ii. SCHD's capital levels are considered high as measured by a low debt ratio of 4% at the end of the five-year report period. This measurement incorporates a three-fifths improvement over the preceding 60 months and positions SCHD with significant capital resources to finance big-ticket improvements going forward.

- iii. SCHD's average annual total margin during the five-year report period has been 5% with positive closing amounts in all five years. This measurement shows the SCHD has been effective in bottom-line management of its resources throughout the reporting period.
 - iv. SCHD's accumulated depreciation ratio at the end of the five-year report period shows its capital assets - at least on an accounting basis - have collectively exceeded their expected usefulness (lifespan) by nearly three-fold - i.e., more than 300%. This measurement undercuts the otherwise positive liquidity and capital levels and underscores the need for capital improvements.
- (e) Oceanside SCHD does not have any recorded pension or other post-employment benefit obligations.
4. The following determinations are specific to the Morro Hills CSD.
- (a) LAFCO staff requested but did not receive copies of budget materials or quarterly financial reports covering the five-year report period from Morro Hills CSD. These materials are also not available on the CSD website, although they should be.
 - (b) Morro Hills CSD finished the five-year report period with an unassigned fund balance of \$0.267 million. This amount is sufficient to cover 134 months of recent actual costs.
 - (c) Morro Hills CSD's audited net position mirrors asset holdings and has increased during the five-year report period by more than one-fourth from \$0.454 million to \$0.579 million.
 - (d) Analysis of the standard fiscal measurement categories - liquidity, capital margin, and asset management - regarding Morro Hills CSD has limited value given the agency's relatively stagnant fiscal activity during the five-year report period. The lone exception involves CSD's total margin ratios and its value as a bottom-line accounting measurement tool.

- i. CSD's overall average total margin during the reporting period has been 39% with positive year-end amounts achieved in four of the five years. This measurement shows the CSD has ultimately been effective in bottom-line management of its available resources.
- (e) Morro Hills CSD does not have any recorded pension or other post-employment benefit obligations.

5.5 Status and Opportunities for Shared Facilities & Resources

1. The City of Oceanside and - albeit to a lesser degree - Oceanside SCHD have established responsive shared facilities and resources with other agencies and organizations in fulfilling their responsibilities to provide specified municipal functions to their common constituents.
2. The City of Oceanside and Oceanside SCHD mutually benefit from their existing relationship specific to their joint economic and social interest in promoting the Oceanside Harbor. The relationship harmonizes the planning and use of the Oceanside Harbor while helping to economize costs for the mutual benefit of the agencies' shared constituency.
3. The City of Oceanside has been proactive in economizing all of the five targeted municipal service functions evaluated in this report through various collaborations and partnerships.
 - (a) The City of Oceanside maintains nine interconnections that can be used to cross-share potable water with neighboring agencies during short-term emergencies or planned shutdowns involving the San Diego Aqueduct. Three of these connections are with Rainbow MWD, two are with Carlsbad MWD, three are with Vista ID, and one is with Camp Pendleton. Oceanside also has the ability to treat water at its Reese facility and provide back to the Vallecitos WD, Vista ID, and County Water Authority.
 - (b) The City of Oceanside and Rainbow MWD mutually benefit from a cost-sharing arrangement involving wastewater dating back to 1973 marked by economizing public facilities and avoiding duplicative infrastructure. Through this arrangement, Rainbow contributed to Oceanside's share of construction costs for the Oceanside Ocean Outfall while providing an

ongoing compensated relationship for the City to collect, treat, and discharge up to 1.5 million daily gallons of flows from Rainbow.

- (c) The City of Oceanside is part of a joint-powers authority known as “North Comm” and includes the Cities of Vista, San Marcos, Solana Beach, Encinitas, and Carlsbad as well as the North County FPD. This arrangement provides efficiencies for the member agencies and their constituents by providing coordinated dispatching emergency communication services for public safety within the member agencies’ boundaries.
 - (d) The City of Oceanside maintains a joint-use agreement with Oceanside Unified School District to cross-share public resources for mutual citizenry benefit involving parks and recreation. This agreement - pertinently - bridges the existing gap for Oceanside in meeting the statewide ratio standard of making available 3.0 acres of parklands for every 1,000 residents. The agreement conversely provides the District with facility maintenance from Oceanside as well as access to City swimming facilities.
 - ~~(e)~~—The City of Oceanside and Carlsbad share community development resources in establishing a joint-power authority to cooperatively advance and guide the State’s otherwise stalled restoration of the Buena Vista Lagoon - an approximate 220-acre freshwater body located in between the two municipalities. The Buena Vista Lagoon is California’s first designated ecological reserve dating back to 1968 and its restoration has stalled over several years due to a lack of community consensus on the next steps.
4. Oceanside SCHED makes effective use of Oceanside’s Harbor and Beaches Advisory Committee in vetting and developing consensus in guiding resources at the Oceanside Harbor. This includes creating a regular opportunity for wharf tenants, slip permittees, and liveboards to identify volunteer opportunities for the mutual benefit of all Harbor users.
 5. Oceanside SCHED continues to effectively partner in an advisory role with the U.S. Corps of Engineering in organizing the Corps’ annual dredging of the Oceanside Harbor. This partnership provides SCHED and its constituents the equivalent of an annual \$3.5 million benefit that would otherwise necessitate an approximate one-third increase to the operating budget.

6. Notwithstanding other statements, additional cost-sharing resources between the City of Oceanside and Oceanside SCHD merit consideration involving SCHD's patrol boat; the latter having been purchased by SCHD in 2016 for \$0.500 million through funds advanced by the City as part of a long-term payment plan. Since the patrol boat is periodically used by Oceanside outside the Oceanside Harbor, it seems appropriate for SCHD to receive a proportional credit against its annual repayments based on actual City usage going forward.
7. It would be beneficial for Morro Hills CSD to explore a service agreement with the City of Oceanside to provide contract road maintenance at a pre-agreed hourly rate. This type of arrangement could help protect the CSD from variables - costs and availability - associated with current practice to utilize private contractors as needed.

5.6 Local Accountability and Government Restructure Options

1. All three affected agencies in the Oceanside region are led by responsive officials - elected and appointed - and illustrated by holding regular meetings, timely posting of agendas and minutes online, and being accessible to the public - including readily responding to LAFCO inquiries throughout the preparation of this report. These measurables help maintain public trust to ensure constituents' ongoing financial investment via property taxes, special assessments, and/or user charges are warranted.
2. The City of Oceanside is the principal local agency in the region with elevated responsibilities given its decisions - directly and indirectly - materially affect and influence the other two local agencies. The City Council has met these elevated responsibilities during the five-year report period by practicing measured decision-making processes that actively draw on the input of 15 standing committees along with empowering a capable senior management team.
3. The City of Oceanside has taken a leadership role recently in the greater San Diego metropolitan region to restore and retain sand along City beaches. Recent measures taken up during the five-year report period include establishing and filling a Coastal Zone Administrator position to oversee Oceanside's "Re-Beach" program to design and implement a phased project estimated to total up to \$50.0 million and in doing so mitigate the significant threat of sand losses to Oceanside's beach-centric economic and social welfare.

- (a) As the City of Oceanside proceeds to implement the initial phases of its otherwise novel Re-Beach program, it would be pragmatic to explore opportunities to enlist local coastal agencies in consolidating efforts - functional or political - given inescapable impacts and interests in beach restorations. LAFCO should offer its assistance should Oceanside and/or other stakeholders wish to explore a political model to organize sand nourishment on a larger scale.
4. Additional efforts should be taken by Oceanside SCHD to distinguish its role as a stand-alone governmental entity separate from the City of Oceanside. This includes developing stand-alone contracting arrangements with Oceanside outlining specific services and costs therein with respect to the existing use of City staff, supplies, and resources in carrying out District duties. Establishing a dedicated website is also merited to provide the public with direct and easy access to SCHD information that is otherwise obscured on the Oceanside site.
5. It appears Oceanside SCHD informally deactivated its previously authorized and active patrol and rescue municipal function starting in 2009 by de-budgeting its Harbor Patrol in line with the City of Oceanside assuming these responsibilities: and associated employees. SCHD's legal authorization to provide patrol and rescue - however - remains active under State law. Accordingly, to clarify service expectations and mitigate potential liabilities, it would be prudent for SCHD to formally clarify its existing role - if any - in delivering patrol and rescue service, and if needed request LAFCO approval to divest this municipal function under Government Code 56824.10.
- 5:
 6. Oceanside SCHD's role as a dependent special district of the City of Oceanside benefits both agencies and their joint economic and social interest in Oceanside Harbor. This relationship, most notably, harmonizes the planning and use of the Oceanside Harbor while helping to economize costs for the mutual benefit of the agencies' shared constituency.
 7. LAFCO is aware there is community interest in exploring the reorganization of Oceanside SCHD into an independent agency to provide direct community influence on decision-making. Accordingly, and based on available resources, it would be appropriate for the Commission to consider authorizing a future governance study to assess available alternatives - functional and political - for

the benefit of both agencies and their shared constituents.

8. The accumulated depreciation ratio for Oceanside SCHD at the end of the five-year report period is concerning in showing capital assets (docks, pilings, etc.) have exceeded their useful life by more than three-fold. This poor ratio is the result of decades of deferred maintenance and has left the CSD increasingly vulnerable to significant infrastructure failures.

~~8:—9.~~ It appears appropriate for LAFCO to proceed with a limited sphere of influence update for both the City of Oceanside and Oceanside SCHD to affirm the existing designations with the addition of a common special study area. The proposed special study area - which is currently within Vista's sphere - spans nearly 150250 acres and ~~covers DUC lands~~includes two non-contiguous DUCs located immediately southwest of the agencies near Sunset Drive and Melrose Way. Establishing the special study area provides LAFCO the opportunity to discuss the potential annexation and/or authorization of ~~the DUC lands~~out-of-agency service with both Vista and Oceanside ~~and in doing so with particular emphasis to~~ help facilitate ~~the delivery of elevated municipal services to the community~~greater service equity within the DUCs consistent with ~~State law~~.

~~9:10.~~ neighboring lands. There appears to be some interest in Morro Hills CSD to expand its powers to include police protection for the benefit of directly enforcing traffic laws within the jurisdictional boundary. Discussions are merited and LAFCO should help coordinate with County Sherriff ~~with respect to~~in assessing options. For purposes of managing community expectations, LAFCO's consideration of this type of proposal would be largely premised on CSD expanding its financial resources to support this additional function and presumably through a voter-approved tax.

~~10:11.~~ Morro Hills CSD's Board of Directors is entirely appointed due to a series of uncontested elections. This propensity for uncontested elections and the presumed disinterest of local registered voters to serve leaves CSD increasingly vulnerable in making mid-term appointments when members resign - which has been a common occurrence during the five-year report period.

(a) It appears merited for LAFCO to partner with the Morro Hills CSD in sponsoring or otherwise supporting a legislative change to the principal act to reduce the number of Board members from five to three consistent

with existing special provisions in State law.¹¹

~~11.12.~~ Morro Hills CSD's decision to not act on a 2008 recommendation by an outside traffic consultant to raise the speed limit on Sleeping Indian Road from 35 to 45mph appears arbitrary and inconsistent with the Board's duty to its constituents to set speeds accepted as reasonable to a majority of road users. A review of a more recent traffic assessment performed in 2021 justifies the speed limit on Sleeping Indian Road to be set now to 55mph.

- (a) The Morro Hills CSD Board should revisit the preceding topic and ensure an objective and data-supported speed limit is set to Sleeping Indian Road.

~~12.13.~~ Morro Hills CSD's jurisdictional boundary to some extent appears disorderly along its northern and eastern perimeter with these adjacent non-jurisdictional lands that otherwise make use of the CSD roadway system.

- (a) It would be advantageous for the CSD to explore interest among these adjacent landowners to annex and have direct participation in the Board's decision-making while concurrently expanding the CSD property tax base.

~~10.14.~~ It appears appropriate for LAFCO to proceed with a limited sphere of influence update for Morro Hills CSD to affirm the existing designation with the addition of a special study area. The special study area represents the notional expansion of the CSD to capture adjacent lands that presumably use and benefit from the roadway system.

5.7 Environmental Justice (Adopted Policy)

Pending:

1. LAFCO recognizes the connected and disproportionate effects of climate and environmental changes on marginalized - socially or economically - communities in San Diego County. Among other outcomes, marginalized communities have historically been the first to experience displacement, illness, and death resulting from climate and environmental changes with the former headlined by weather and the latter marked by pollutants.

¹¹ Reference to California Government Code Section 61040.1.

2. LAFCO should prioritize future proposals within the Oceanside region that promote environmental justice and provide benefits - direct and indirect - to marginalized communities. Among other resources, LAFCO shall draw on information available through the California Environmental Protection Agency as well as local jurisdictions' climate action plans in considering the promotion of environmental justice.
3. The following determinations are specific to the City of Oceanside and/or Oceanside SCHD and their shared jurisdictional boundaries and draw from data provided by the California Environmental Protection Agency:

 - (a) The overall pollution burden ranking and its measurement of exposures and effects across Oceanside and Oceanside SCHD boundaries fall in the 41st percentile relative to all of California. This ranking falls above the 38th percentile for San Diego County and shows residents are statistically exposed to more pollutants than others in the county. None of the overall measurements within Oceanside and Oceanside SCHD exceed the 66th percentile and its significance threshold.
 - (b) A more micro-review of pollution burdens within Oceanside SCHD's core service area - Oceanside Harbor - shows an overall ranking in the 21st percentile. However, within this core service area, five pollution burden measurements exceed the 66th percentile and are considered significant and involve all of the following:

 - i. Air quality - diesel particulates (72nd percentile)
 - ii. Drinking water containments (70th percentile)
 - iii. Hazardous clean-up sites (86th percentile)
 - iv. Groundwater threats (90th percentile)
 - v. Impaired water bodies (92nd percentile)
 - (c) The overall at-risk ranking and its measurement of sensitive populations and socioeconomic factors across Oceanside and Oceanside SCHD boundaries fall in the 32nd percentile relative to all of California. This ranking falls below the 37th percentile ranking for all of San Diego County and shows residents are statistically less susceptible to pollutants given their health and/or economic means than the rest of the county. None of the

overall measurements within Oceanside and Oceanside SCHD exceed the 66th percentile and its significance threshold.

(d) A more micro-review of at-risk populations within Oceanside SCHD's core service area - Oceanside Harbor - shows an overall ranking in the 12th percentile. None of the measurements within the core service area exceed the 66th percentile and its significance threshold.

4. The following determinations are specific to the Morro Hills CSD and draw from data provided by the California Environmental Protection Agency:

(a) The overall pollution burden ranking and its measurement of exposures and effects across the Morro Hills CSD boundary falls in the 52nd percentile relative to all of California. This ranking falls above the 38th percentile ranking for San Diego County and shows residents are statistically exposed to more pollutants than others in the county. Four measured pollutants exceed the 66th percentile and its significance threshold and involve all of the following:

- i. Pesticides (97th percentile)
- ii. Drinking water containments (71st percentile)
- iii. Hazardous clean-up sites (69th percentile)
- iv. Impaired water bodies (67th percentile)

(b) The overall at-risk ranking and its measurement of sensitive populations and socioeconomic factors across the Morro Hills CSD boundary falls in the 20th percentile relative to all of California. This ranking falls below the 37th percentile ranking for all of San Diego County and shows residents are statistically less susceptible to pollutants given their health and/or economic means than the rest of the county. None of the overall measurements within Morro Hills CSD exceed the 66th percentile and its significance threshold.

5. Other relevant environmental justice factors within the Oceanside region are informed by the Climate Action Plans (CAPs) adopted by the City of Oceanside and the County of San Diego and specific to the cascading effects of greenhouse gas emissions. A review of these documents are headlined by the following considerations.

- (a) Oceanside's current CAP was adopted in May 2019 and estimates the total carbon footprint generated in the incorporated boundary at 984,012 metric tons using 2013 as its baseline year. This total amount is equivalent to 5.8 metric tons per person based on the corresponding population estimate. This latter estimate is the lowest among all five northern cities in San Diego County (Carlsbad, Escondido, San Marcos, and Vista).
- (b) The County's current CAP was adopted in September 2024 and estimates the total carbon footprint generated in the unincorporated boundary - including Morro Hills CSD - at 2,984,000 metric tons using 2019 as its baseline year. This total amount is equivalent to 6.2 metric tons per person based on the corresponding population estimate. This latter estimate is the third lowest among all six counties in southern California (Imperial, Los Angeles, Orange, Riverside, and San Bernadino).
6. Future LAFCO reports should revisit and expand analyses on the City of Oceanside and the County of San Diego's policy efforts to reduce greenhouse gas emissions and related efforts to address and promote environmental justice.

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