

Chairman

Bill Horn
County Board of
Supervisors

November 7, 2016

6A

Vice Chairman

Sam Abed
Mayor
City of Escondido

TO: Local Agency Formation Commission

6B

FROM: Executive Officer

6C

Members

Dianne Jacob
County Board of
Supervisors

SUBJECT: Municipal Services Review and Spheres of Influence Review of North County Cemetery Services: North County Cemetery District (MSR13-74; SR13-74) and Valley Center Cemetery District (MSR13-94; SR13-94)

Andrew Vanderlaan
Public Member

Adoption of Amendments to the Spheres of Influence for the North County Cemetery District (SA15-16a) and Valley Center Cemetery District (SA15-16b)

Lorie Zapf
Councilmember
City of San Diego

Lorraine Wood
Councilmember
City of Carlsbad

Jo MacKenzie
Vista Irrigation District

EXECUTIVE SUMMARY

Ed Sprague
Olivenhain Municipal
Water District

The Municipal Service Review (MSR and Sphere of Influence Review (SOI) North County Cemetery Services focuses on the North County Cemetery District and Valley Center Cemetery District, located in northern San Diego County. Refer to Map A.

Alternate Members

Greg Cox
County Board of
Supervisors

The following provides an overview of the two special districts addressed in this service and sphere review, including land use, population and growth, infrastructure, funding, and recommended determinations.

Chris Cate
Councilmember
City of San Diego

North County Cemetery District

Racquel Vasquez
Councilmember
City of Lemon Grove

The North County Cemetery (CD) is comprised of approximately 102,163 acres (160 square miles) and encompasses most of the area of the City of Escondido, all of the Cities of San Marcos and Vista, plus portions of the Cities of Oceanside, Carlsbad and San Diego. The sphere of the North County CD was originally adopted in 1986, affirmed in 2007; and then comprehensively reviewed and updated in August 2007 to include 26,752 acres outside of the boundaries of the district. After the sphere was updated in 2007, a large annexation of 68,508 acres was approved by the Commission in 2013. The annexation area consisted of previously unserved territory and was in response to a need for cemetery services based on a survey of contacts made by residents conducted by the North County CD. The 2013 annexation resulted in all sphere territory being included within the District.

Harry Mathis
Public Member

Judy Hanson
Leucadia Wastewater
District

Executive Officer

Michael D. Ott

Legal Counsel

Michael G. Colantuono

The North County Cemetery District's sphere of influence is generally coterminous with district boundaries, except for 3,263 acres where the sphere is smaller than district boundaries (324 acres located north of the City of Vista; 2,583 acres northeast of the City of Escondido; 356 acres east of the City of San Diego and north of the City of Poway). The sphere is larger than district boundaries along the eastern border of the District (845 acres) and 1,304 acres north of Lake Hodges. It is proposed that the sphere for the North County Cemetery District be expanded by 299,121 acres.

LAFCO staff concurs with this proposal because the areas have either been developing over the past ten years and/or no public cemetery services are available to residents of these areas.

Valley Center Cemetery District

The Valley Center Cemetery District (CD) is comprised of approximately 150,000 acres (234.51 square miles) and encompasses most of northern San Diego County, north of the City of Escondido and east of Interstate I-15. The sphere of the Valley Center CD was originally adopted in 1986 and affirmed in 2007. The sphere is currently coterminous with district boundaries. It is proposed that the sphere for the Valley Center Cemetery District be expanded by 109,115 acres, located northerly to the county boundary west of Interstate I-15 and easterly to State Highway 79. LAFCO staff concurs with this proposal because these areas east of Interstate I-15 are developing with rural residential housing and residents do not have public cemetery services available to them.

INTRODUCTION

Municipal Service Reviews

Beginning in 2001, LAFCOs in each county in California were required to review and, as necessary, update the SOI of each city and special district. SOIs are essentially service area planning boundaries, determined by a LAFCO, which define the logical future service area for cities and special districts. MSRs must be prepared before or in conjunction with the establishment of a Sphere of Influence. In addition, no SOI can be prepared or updated, unless the LAFCO first conducts an MSR. MSRs evaluate how agencies currently provide municipal services within their agency service area and the impacts on those services from future growth and other changes. The MSR report is also required to identify potential opportunities to address the financial ability of agencies to provide services; opportunities for shared facilities; accountability for community service needs, including governmental structure.

The MSR process does not require a LAFCO to initiate changes of organization based on service review determinations. California Government Code Section 56430 does require, however, that LAFCOs, upon receipt and consideration of an MSR, adopt written determinations addressing each of the following areas:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the SOI.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.

6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

Spheres of Influence

In 1972, LAFCOs were given the authority to establish Spheres of Influence for all local agencies under its jurisdiction. As defined by the CKH Act, a “sphere of influence” is a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code §56076). SOIs are designed to both guide and respond to the need for the extension of infrastructure and delivery of municipal services. The requirement for LAFCOs to conduct MSR was established by the CKH Act as an acknowledgment of the importance of SOIs, and recognition that periodic reviews of SOIs should be conducted on a five-year basis [Government Code §56425(g)], with the benefit of better information and data through MSRs [Government Code §56430(a)].

San Diego LAFCO established SOIs for each city and special district within its jurisdiction. SOIs define the logical, long-term service boundary for an agency. SOIs can be the same conterminous, larger, or smaller than the existing jurisdictional boundary of a city or special district. Agencies can also receive a “transitional” SOI that means, in the long term, the agency should be “reorganized” (e.g., dissolved, consolidated, etc.). Among the factors that LAFCO considers in determining SOIs are: population and growth projections, present and planned capacity, infrastructure, fiscal strength, shared facilities, and accountability of the agency.

LAFCOs are required to make five written determinations in accordance with Government Code §56425(e) when establishing, amending, or updating a SOI for any local agency that address the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities with the existing sphere of influence.

Additionally, LAFCOs are required to establish the nature, location, and extent of any functions or classes of services provided by existing districts [Section 56425(i)] and may require existing districts to file written statements specifying the functions or classes of services provided by those districts [Section 56425(j)].

Scope of the Cemetery Districts MSR/SOI Update

A county-wide MSR and SOI Update were completed in 2007 for the four cemetery districts within the County of San Diego. LAFCO adopted MSR and SOI determinations for each of these districts. The 2007 study was both data and service driven.

It is not the intent of the 2016 MSR and SOI Study to replicate the 2007 Study in either scope or level of detail. In fact, fiscal and operational conditions have changed very little for many of San Diego County's CD's, since 2007. Therefore, the 2016 MSR and SOI review is focused on three key areas:

- *Updating data on physical improvements, if any, which have been completed by the districts over the last 5-9 years;*
- *Changes in the fiscal condition, as appropriate for each district; and,*
- *Identifying potential service opportunities that may assist the districts in maintaining and/or improving their service capabilities to the North County area.*

A collaborative approach was used with the affected districts throughout the preparation of this MSR and SOI review. Multiple opportunities were provided for input from the CD's under study. Initially, each agency was to provide LAFCO staff for input on facilities to review and comment during late 2014 and 2015.

Distribution of a Public Review Draft of the MSR and SOI Study, which incorporates agency and LAFCO comments received to date, provided another opportunity for public agencies, LAFCO, and the general public to review and comment on the MSR and SOI Draft report. A Final Draft MSR and SOI report was completed in the summer of 2016 which allowed an opportunity for affected agencies to review and provide comments. In addition, a meeting of LAFCO's Special Districts Advisory Committee was scheduled on September 16, 2016, to consider the Final Draft version of the MSR and SOI report, allowing additional opportunities for comment before Commission consideration.

This report provides an overview of the functions of cemetery districts, an overview of each CD, a description of how CD's are funded, and individual descriptions of each of the CD's located in North County along with recommended MSR and SOI determinations.

CEMETERY DISTRICTS OVERVIEW

Public Cemetery Districts – History

The origin of Public Cemetery Districts began in 1909 when the Legislature passed legislation authorizing them and the first cemetery district was organized. As described earlier, when the Legislature created LAFCOs and the responsibility to establish service boundaries and SOIs, cemetery districts came under the oversight of LAFCO as to boundary and SOI approval. San Diego County is one of 16 counties in California that have cemetery districts.

Cemetery Districts and LAFCO Oversight

Cemetery Districts have been authorized by the Health and Safety Code for over 105 years. Since 1963, the Knox-Nisbet Act, and later the Cortese-Knox-Hertzberg Act of 2000, provided legislative direction and authority for LAFCO to oversee the formation, changes of organization and reorganization of special districts, including cemetery districts.

The primary role of LAFCO in reviewing the services of cities and special districts is to determine the level of services currently provided by these agencies and their long-term capability of providing services in the future. In the case of cemetery districts, most are small in operations but provide very important service benefits for their communities. Most cemetery districts have limited operating and capital budgets.

A review of past San Diego LAFCO MSRs indicates that these studies may result in discussions, and in some cases, recommendations for the reorganization of local agencies to improve overall efficiencies in providing services and operations. The four cemetery districts in San Diego County have worked cooperatively together over the past fifty plus years to serve both the rural and developing areas of San Diego County.

CEMETERY DISTRICTS–FUNDING LIMITATIONS

Cemetery districts are a unique type of special district. Typically they are formed by landowners to provide cemetery services to rural areas. Cemetery districts have several unique funding mechanisms. Most are funded by a combination of property taxes and fees for services. Some districts have been more creative in leasing unused lands and areas for community uses. The two cemetery districts addressed in this report provide basic services to their communities.

Property Tax

Most cemetery districts receive a small portion of their revenue from property taxes. For example, North County CD receives on average about 35 percent (\$798,269) and Valley Center CD about 22 percent (\$29,000) of its total revenue from property taxes. Taxes are collected by the County and distributed based on the percentage that agency received in 1978 plus an incremental value that is based on the change in assessed value for the previous year.

Endowment Funding Sources

The use of interest revenue generated from Endowment Care Principle to supplement the other revenues has become an increasingly important portion of agency funding. Funds received through the collection of this statute mandated fee are held in separate accounts in order to meet fiduciary requirements. The North County CD collected \$120,000 in Endowment Care Fees, and the Valley Center CD collected about \$6,600 in fees in FY 2013-14.

Summary of Funding Opportunities

Funding for cemetery districts is limited to property taxes, fees for services, revenues from investments, and grants for applicable uses. While fees for services are an essential source of funds, they are often cyclical and not regular in ongoing sources. Property taxes have been historically a stable source of funds to the North County CD and Valley Center CD.

AGENCY PROFILES/MSR–SOI DETERMINATIONS

This section provides individual profiles for each of the two agencies that provide cemetery services within northern San Diego County. Each profile provides a discussion of:

- Background/history of each agency
- Funding sources for agency operations
- Cooperative/shared facilities
- Identification of Disadvantaged Unincorporated Communities, if applicable
- Governance and governance structure alternatives
- Improvements completed since the 2007 MSR
- Recommended MSR/SOI Determinations

NORTH COUNTY CEMETERY DISTRICT

Background/Growth/Sphere of Influence

The North County CD was formed in 1984 through the consolidation of the Escondido and San Marcos Cemetery Districts, both of which had been originally formed in 1930. North County CD, approximately 102,163 acres in size, encompasses all or parts of the cities of Escondido, San Marcos, Vista, Oceanside and a small area of the City of San Diego located in North County. Refer to Map B.

Located in developing north San Diego County, North County CD has seen moderate growth in the past ten years and expects similar growth to continue with infill and development on the northern and easterly areas of the district.

There have been no major changes in land use in the district since 2007. The bulk of the development (primarily single family homes and apartments) is located and concentrated along the corridors of the I-15 and Highway 78 freeways. The county has approved some development projects along the I-15 corridor that are expected to be completed in the next 5-15 years.

The District will eventually benefit financially from population growth from these new developments by increasing property taxes over time as homes and commercial project facilities are built and properties are re-assessed under Proposition 13. Such revenues will help the District's overall baseline budget gradually improve over time to better provide funds for operations and maintenance.

According to the District, the area proposed for expansion of the sphere of influence will be adding residential dwellings and population in need of future services from the district. The area in the Camp Pendleton Military Reservation would provide potential service capabilities for the spouses and relatives of military personnel if needed.

The District reports that the major challenges for the agency in the next five years include District revenue and funding; providing sufficient, qualified staff to operate the District; and strategic planning to accommodate new development of an expansion of the cemetery in San Marcos.

The North County CD is a diverse district with mixture of urban, suburban and rural uses and densities. The District's SOI was updated to add 41.8 square miles in 2007 and then reaffirmed on August 6, 2007. On May 6, 2013, all sphere territory was annexed to the district as part of a large annexation proposal. The annexation consisted of 41.8 square miles (26,752 acres) resulting in a service area of 160 square miles (102,163 acres). The annexation was proposed after the North County CD evaluated the inquiries it had received for cemetery services from county residents outside of its jurisdictional boundaries.

Table 1-1: North County Cemetery District Snapshot

General Information	
<i>Agency</i>	North County Cemetery District
<i>Address</i>	Office: 2640 Glen Ridge Road, Escondido, CA 92027 Mailing Address: Same
<i>Principal Act</i>	Health and Safety Code 9000 et seq.
<i>Date Formed</i>	1984
<i>Population</i>	243,526 (2009 Census)
<i>Last SOI Update</i>	2007; SOI is generally coterminous with District boundary
<i>Services Provided</i>	Cemetery and internment services
<i>Contact Person</i>	Dennis L. Shepard, District Manager, northcountycemeterydistrict@yahoo.com (760) 745-1781
<i>Website</i>	www.northcountycemeterydistrict.com
Governance	
<i>Board of Directors</i>	Sharon E. Disney ; M. Douglas Hudson; Richard Hyde; Thomas S. Knight; Steven Lochrider
<i>Compensation</i>	\$100 per Meeting; maximum of four per month
<i>Public Meetings</i>	3 rd Monday at 6:30 PM of each month
Operations	
<i>Number of Employees</i>	16 including 14 Full-time & 2 Part-time
<i>Service Area</i>	102,163 acres (160 square miles)
<i>Facilities</i>	San Marcos Cemetery – 22 acres; Oak Hill Memorial Park (Escondido) (112 acres)
<i>Contract Services</i>	Audit and Engineering Services

Note: the Fund Balance as of June 30, 2015 was \$1,089,442.

Finances: Funding Sources, Opportunities

Over the past five years, the North County CD reports that the economic recession resulted in moderate impacts upon district revenues. The district has made some adjustments to operations to minimize increases in expenses but has been able to maintain the grounds and services to meet constituents' needs.

Funding Sources

The North County CD relies on property taxes as its primary locally generated source of operating revenue, currently comprising in FY 2014-15 of approximately 52 percent of its overall revenue for operations and maintenance. This percentage is higher than in prior years due to lower interest income on invested funds. Other income includes fees for services for burial vaults and internments. The District also maintains an Endowment Fund and a Pre-need Fund. The Endowment Fund has average annual revenue of about \$125,000 and a current fund balance of \$3.5 million. The Pre-need Fund (included in the Miscellaneous Revenues category) has average annual revenue of about \$400,000 and has a current fund balance of \$3.2 million.

Since FY 2007-08, the North County CD's property tax revenues declined about 25 percent due recessionary impacts on assessed values. This made it more difficult to "front" costs for project improvements to the two cemetery facilities. As indicated above, although property taxes have slowly begun to recover, the District expects the recovery to be more gradual and extended than the rapid decline of property taxes since FY 2008-09.

The major funding sources and expenditure components are outlined in *Table 1-2*, below, for Fiscal Years (FY) 2012-13, 2013-14, and 2014-15:

Table 1-2: North County Cemetery District Revenues and Expenditures

Revenues	FY 2012-13	FY 2013-14	FY 2014-15
Services & Fees Income	\$ 716,841	\$ 768,002	\$ 740,346
Property Tax	\$ 924,733	\$ 771,121	\$ 798,269
Endowment Care	\$ 123,575	\$ 127,120	\$ 125,545
Miscellaneous Revenues & Interest	\$ 424,380	\$ 436,043	\$ 453,854
Total Revenues	\$ 2,189,529	\$ 2,102,286	\$ 2,118,014
Expenditures			
Operations & Repairs	\$ 291,627	\$ 337,234	\$ 367,832
Management & Admin; Salaries	\$ 833,078	\$ 858,942	\$ 939,395
Professional Services (Audit, etc.)	\$ 48,886	\$ 25,579	\$ 19,820
Insurance	\$ 13,147	\$ 12,586	\$ 12,994
Other Expenses	\$ 313,946	\$ 421,942	\$ 485,400
Total Expenditures	\$ 1,500,684	\$ 1,656,283	\$ 1,825,441
Revenues - Expenditures	\$ 688,845	\$ 446,003	\$ 292,573
Notes: Information from Statements of Revenues and Expenses provided by the District. Unrestricted Fund Balance on 6/30/2105 was \$1,089,442.			

Opportunities

The North County CD has been successful in obtaining needed property and improvements over the past ten years and not had to go into debt financing. The two cemetery facilities in Escondido and San Marcos operate independently but also share some staff and equipment as needs for services occur.

Facilities: Present/Planned Capacity

The North County CD developed a master plan of facilities to provide for future services for the next 25-30 years. The District has 135 acres of area available and only 52 acres is currently in use. The recent trend for more cremation services has reduced the demand on space for internments. The District projects that it has ample space to meet the potential requests for services for current and future planned residents.

Cooperative Programs/Shared Facilities

The North County CD operates two cemetery facilities and utilizes equipment and staff as service needs require. There are no active cemetery districts that have as new or qualified equipment and staff as the District.

Disadvantaged Unincorporated Communities

Senate Bill 244, enacted in 2012, requires that “disadvantaged unincorporated communities” be identified within and or within and contiguous to the spheres of influence of special districts that provide sewer service, municipal and industrial water, and structural fire protection. Since cemetery districts do not provide these particular services, the disadvantaged unincorporated communities provisions in State Law are inapplicable to this cemetery service and sphere review.

Accountability/Government Structure Alternatives

The North County CD has had the same District General Manager since 2007. The District has recently established a website and has information on it for district business and activities. There is also a link to the State Controller’s webpage, which identifies the compensation of Board Members and staff.

The 2007 MSR identified one alternative governance option for the four cemetery districts to consider; potential for consolidation of two or more districts into one. The four cemetery districts have not deemed it beneficial to consider consolidation at this time.

Other Issues

No additional issues have been identified.

Recommended Municipal Service Review Determinations

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Government Code Section 56430 are presented below for Commission consideration:

<i>Growth and population for affected area.</i>	NCCD current service area contains a population of 400,188 and 135,418 housing units (2014 data). The population growth is expected to be approximately 2-3 percent per year over the next twenty years. The proposed SOI area is projected to have less than a 1 percent growth in population over the next twenty years.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	N/A
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	The NCCD has a Master Plan of Facilities for the two cemeteries that the district owns and operates. The district reports that its cemetery areas have capability to serve district needs for the next fifty years.
<i>Financial ability of agencies to provide services.</i>	The District operates on a combination of property tax and fees for services revenues. The district has adequate revenues and reserves for operations and reports that it will have the financial resources to make capital improvements and increase operational maintenance for at least the next twenty years.
<i>Status of, and opportunities for, shared facilities.</i>	NCCD owns and maintains two cemetery facilities within its service area. These facilities have equipment for each site and do share equipment and personnel when needed. Due to the need to have equipment and personnel on-site daily, more sharing of these services with other entities is not realistic except in emergency situations.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	The District is governed by a five-member board of trustees appointed by the San Diego County Board of Supervisors to four-year terms. The Board holds monthly meetings on the third Monday at the District office in Escondido. The meetings are open to the public. No alternative governance structures were identified as a result of this review.
<i>Any other matter related to effective or efficient service delivery, as required by Commission policy.</i>	No additional issues have been identified.

Recommended Sphere of Influence Recommendations

The North County CD sphere was last affirmed in 2013 as part of the annexation of the remaining area into the District. The District currently provides cemetery burial services to area residents and states that they have additional capability to serve the proposed larger area in the proposed sphere. All land use decisions in the proposed areas are guided by the County and cities’ General Plans. The need for the burial services is stated to meet a deficiency as no public cemetery district serves the area. The population in the area is expected to increase at approximately 1-2 percent per year. The District has approximately fifty undeveloped acres of land that will be improved over time in accordance with an approved master plan.

Based on the information, issues, and analysis presented above in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	The projected growth in the proposed SOI area is expected to be in the 1 percent per year range, primarily in residential rural development in the unincorporated areas.
<i>Present and probable need for public services and services in the area.</i>	The proposed SOI area is expected to develop with rural residential uses and moderate population growth. There are no other public cemetery services in the proposed SOI area.
<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	The District owns and operates two cemetery locations in the proximity of the proposed SOI area. The District states that they have adequate area (approximately 50 acres) to develop in these sites to meet expected growth and service requests for the proposed SOI area population.
<i>Existence of any social or economic communities of interest in the area if the Commission determines they are relevant to the agency.</i>	None have been identified.
<i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i>	N/A

Recommended Sphere of Influence

Approve the expansion of the SOI for the North County Cemetery District to include the areas to the west in the city of Oceanside and Camp Pendleton (282,512 acres) as well as the unincorporated area to the north of the cities of Vista and San Marcos east of Interstate I-15 (16,609 acres) as outlined in Map C.

VALLEY CENTER CEMETERY DISTRICT

Background/Growth/Sphere of Influence

The Valley Center CD was formed in 1931 to provide governance for the Valley Center Cemetery which had provided services to the community since 1883. Valley Center CD, approximately 150,000 acres in size, encompasses the area north of the City of Escondido and east of Interstate I-15 located in north San Diego County. Refer to Map D.

Located in rural north San Diego County, Valley Center CD has seen slow to moderate growth in the past ten years and expects similar growth to continue with infill and development on the northern area along Interstate I-15 and the westerly areas of the district within the Valley Center Community area.

There have been no major changes in land use in the district since 2007. The bulk of the development (primarily single family homes on rural lots) is located and concentrated along the corridor of the I-15 and Highway 76 highways. The county has approved some development projects along the I-15 corridor that are expected to be completed in the next 5-15 years.

The District will eventually benefit financially from population growth from these new developments by increasing property taxes over time as homes are built and properties are re-assessed. Such revenues will help the District's overall baseline budget gradually improve over time to better provide funds for operations and maintenance.

According to the Valley Center CD, there is a need to expand its Sphere of Influence because areas to the north and east are not currently planned for public cemetery service. The area proposed for a sphere expansion is 109,115 acres and will add residential dwellings and population in need of future services. It is not expected that the Valley Center CD would receive a share of the property taxes from the County upon annexation of territory to the District because fees for services will be the primary source of future revenues.

The District reports that the major challenges for the agency in the next five years include district revenue and funding; providing sufficient area for additional service on the newly acquired one acre site; retaining qualified staff to operate the District; and planning to accommodate new development of an expansion of the cemetery area.

The Valley Center CD is a diverse district with mixture of suburban and rural uses and densities. The District's SOI was last reaffirmed by San Diego LAFCO on August 6, 2007.

Table 2-1: Valley Center Cemetery District Snapshot

General Information	
<i>Agency</i>	Valley Center Cemetery District
<i>Address</i>	Office: 28953 Miller Road, Valley Center, CA 92082 Mailing Address: Same
<i>Principal Act</i>	Health and Safety Code 9000 et seq.
<i>Date Formed</i>	1931
<i>Population</i>	20,910 (2009 Census)
<i>Last SOI Update</i>	2007; SOI is coterminous with District boundary
<i>Services Provided</i>	Cemetery and internment services
<i>Contact Person</i>	Charles Purdy, Legal Counsel, cpurdy@purdybailey.com Claudia Johnson, Secretary to the Board (760)749-1186
<i>Website</i>	www.valleycentercemetery.org
Governance	
<i>Board of Directors</i>	Louise M. Kelly ; Elizabeth Van Nordt; Kate McBeath; Gunnar Hanson; Susan Harris
<i>Compensation</i>	No Compensation for Meetings
<i>Public Meetings</i>	2 nd Tuesday at 9:00 AM of each month at Valley Baptist Church, 30053 Miller Rd., Valley Center, CA 92082
Operations	
<i>Number of Employees</i>	Two
<i>Service Area</i>	150,400 acres (235 square miles)
<i>Facilities</i>	Valley Center Cemetery; two developed acres, one undeveloped
<i>Contract Services</i>	Audit

Finances: Funding Sources, Opportunities

Funding Sources

Over the past five years, the Valley Center CD reports that the economic recession resulted in moderate impacts upon district revenues. The District has made some adjustments to operations to minimize increases in expenses but has been able to maintain the grounds and services to meet constituents' needs.

The District's major funding sources and expenditure components are outlined in *Table 2-2* below, for FY 2012-13, FY 2013-14 and FY 2014-15:

Table 2-2: Valley Center CD Revenues and Expenditures

Revenues	FY 2012-13*	FY 2013-14**	FY 2014-15**
Services & Fees	\$	\$ 63,732	\$ 84,683
Property Taxes	\$	\$ 53,000	\$ 29,000
Endowment Care	\$	\$ 6,400	\$ 6,650
Miscellaneous Revenues & Interest	\$	\$ 1,708	\$ 10,739
Total Revenues	\$ 117,000	\$ 124,840	\$ 131,072
Expenditures			
Operations & Maintenance	\$	\$ 40,802	\$ 42,120
Personnel & Benefits	\$	\$ 69,506	\$ 71,203
Professional Services	\$	\$ 7,265	\$ 7,922
Insurance	\$	\$ 6,600	\$ 3,378
Other Expenses	\$	\$ 4,297	\$ 11,598
Total Expenditures	\$ 214,000	\$ 128,470	\$ 136,221
Revenues - Expenditures	(\$97,000)	(\$3,630)	(\$5,149)
Notes: * Data from State Controllers Report for 2012-13; **Information from Profit & Loss Statements provided by the district. Fund Balance 6/30/2015 - \$45,148			

Opportunities

The District reports that it provides basic cemetery services and does not expect operations to change over the next 5-10 years.

Facilities: Present/Planned Capacity

Key facilities in the District include the three acre cemetery site in the Valley Center community area that includes an additional acre recently purchased in 2013. The cemetery has available area for additional internments estimated to be 500 sites, sufficient for up to fifty years.

The 2007 MSR noted that the District's facilities and financial resources were adequate for ongoing operations for the present needs. Recent years have shown a decrease in Fund Balance with minimal negative net income in the latest two years. The expanded area is expected to provide additional capabilities for the proposed SOI area needs if annexed.

Cooperative Programs/Shared Facilities

The District reports that it operates its cemetery facility and utilizes equipment and staff as service needs require. There are no other active cemetery districts in the service area. No other cooperative/shared programs and facilities were identified by the District.

Disadvantaged Unincorporated Communities

Senate Bill 244, enacted in 2012, requires that “disadvantaged unincorporated communities” be identified within and or within and contiguous to the spheres of influence of special districts that provide sewer service, municipal and industrial water, and structural fire protection. Since cemetery districts do not provide these particular services, the disadvantaged unincorporated communities provisions in State Law are inapplicable to this cemetery service and sphere review.

Accountability/Government Structure Alternatives

The Valley Center CD is governed by a five-member board appointed by the San Diego County Board of Supervisors. The Board of Trustees meets monthly on the second Friday of the month at 9:00 a.m. Meetings are held at the Valley Baptist Church, 30053 Miller Road, Valley Center, CA 92082.

The District has a website at www.valleycentercemetery.org and agendas for the Board Meetings are posted at the District office at the cemetery.

No alternative governance options were identified as the District and other cemetery districts have not shown an interest in reorganizing agency areas or governance.

Other Issues

No other issues were identified as part of the study process.

Recommended Municipal Service Review Determinations

Based on the information, issues, and analysis presented in this report, proposed Municipal Service Review (MSR) determinations pursuant to Government Code Section 56430 are presented below for Commission consideration:

<i>Growth and population for affected area.</i>	VCCD current service area contains a population of 22,100 and 8,103 housing units (2014 data). The population growth is expected to be approximately 2-3 percent per year over the next twenty years. The proposed expanded SOI area is projected to have less than a 1 percent growth in population over the next twenty years.
<i>Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.</i>	N/A
<i>Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.</i>	The VCCD has a Plan of Facilities for the cemetery that the district owns and operates. The district reports that its cemetery area has capability to serve district needs for the next fifty years.
<i>Financial ability of agencies to provide services.</i>	The District operates on a combination of property tax and fees for services revenues. The district has adequate revenues and reserves for operations and reports that it will have the financial resources to make capital improvements and increase operational maintenance for at least the next twenty years.
<i>Status of, and opportunities for, shared facilities.</i>	VCCD owns and maintains its cemetery facility within its service area. The facility has equipment for ongoing services. Due to the need to have equipment and personnel on-site daily, sharing of these services with other entities is not realistic.
<i>Accountability for community service needs, including government structure and operational facilities.</i>	The District is governed by a five-member board of trustees appointed by the San Diego County Board of Supervisors to four-year terms. The Board holds monthly meetings on the 2 nd Friday at 9:00 AM at 30053 Miller Road, Valley Center, CA 92082. The meetings are open to the public. No alternative governance structures were identified as a result of this review.
<i>Any other matter related to effective or efficient service delivery, as required by Commission policy.</i>	No additional issues have been identified.

Recommended Sphere of Influence Recommendations

The Valley Center CD sphere was last affirmed in 2007 as part of the Municipal Service Review. The District currently provides cemetery burial services to area residents and states that they have additional capability to serve the proposed larger area in the proposed sphere. All land use decisions in the proposed areas are guided by the County General Plans. The need for the burial services is stated to meet a deficiency as no public cemetery district serves the area. The population in the area is expected to increase at approximately 1-2 percent per year. The District has acquired an additional one acre parcel adjacent to the existing cemetery and has processed grading plans through the County for making improvements. The District does not have a timeline for future annexations but will be evaluating the need for services over time.

Based on the information, issues, and analysis presented in this report, proposed SOI determinations, pursuant to Government Code Section 56425, are presented below for Commission consideration:

<i>Present and planned land uses in the area, including agricultural and open-space lands.</i>	The projected growth in the proposed SOI area is expected to be in the 1 percent per year range, primarily in residential rural development in the unincorporated areas.
<i>Present and probable need for public services and services in the area.</i>	The proposed SOI area is expected to develop with rural residential uses and moderate population growth. There are no other public cemetery services in the proposed SOI area.
<i>Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.</i>	The District owns and operates a cemetery facility in the proximity of the proposed SOI area. The District states that they have adequate area (approximately 2 acres) to develop at this site to meet expected growth and service requests for the proposed SOI area population.
<i>Existence of any social or economic communities of interest in the area if the Commission determines they are relevant to the agency.</i>	None have been identified.
<i>Present and probable needs for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.</i>	N/A

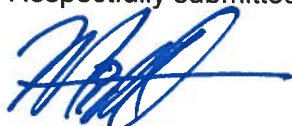
Recommended Sphere of Influence

Approve the expansion of the SOI for the Valley Center Cemetery District to include the unincorporated area to the north of the City of Escondido to the county line (41,628 acres) in Rainbow and east of Interstate 15 (67,487 acres) as outlined in Map E.

Executive Officer Recommendation:

- (1) Find in accordance with the Executive Officer's determination that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, the proposed sphere updates, affirmations, and amendments are not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA.
- (2) Find in accordance with the Executive Officer's determination that pursuant to Section 15306 of the State CEQA Guidelines, the service review is not subject to the environmental impact evaluation process because the service review consists of basic data collection, research, management, and resource evaluation activities that will not result in a serious or major disturbance to an environmental resource. The project is strictly for information gathering purposes and is a part of a study leading to an action that has not yet been approved, adopted or funded.
- (3) Determine, pursuant to Government Code Section 56430, the San Diego Local Agency Formation Commission is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence.
- (4) Determine, pursuant to Government Code Section 56425, the San Diego Local Agency Formation Commission is required to develop and determine a sphere of influence for each local governmental agency within the County, and review and update, as necessary.
- (5) Determine that per Government Code Section 56425(i), the written statements on file with the Commission specifying the nature, location, and extent of any functions or classes of services provided by each of the Cemetery Districts shall be affirmed.
- (6) Adopt the Municipal Service Review Determinations for the North County Cemetery District and Valley Center Cemetery District as shown in Exhibit A and Exhibit B.
- (7) Amend the sphere of influence of the North County Cemetery District and adopt the written Statement of Determinations as shown in Exhibit C.
- (8) Amend the sphere of influence of the Valley Center Cemetery District and adopt the written Statement of Determinations as shown in Exhibit D.
- (9) Direct the Executive Officer to include the Commission's actions per these recommendations in a resolution of approving the affirmation, update, and amendment of the spheres of influence and service review for the North County CD and Valley Center CD.

Respectfully submitted,



MICHAEL D. OTT
Executive Officer



HARRY EHRLICH
Local Governmental Consultant

MDO:HE:eb

Attachments:

Map A: San Diego County Cemetery Districts

Map B: North County Cemetery District

Map C: Proposed North County Cemetery District Sphere of Influence

Map D: Valley Center Cemetery District

Map E: Proposed Valley Center Cemetery District Sphere of Influence

Exhibit A: Municipal Service Review Determinations for North County Cemetery District

Exhibit B: Municipal Service Review Determinations for Valley Center Cemetery District

Exhibit C: Statement of Determinations for North County Cemetery District

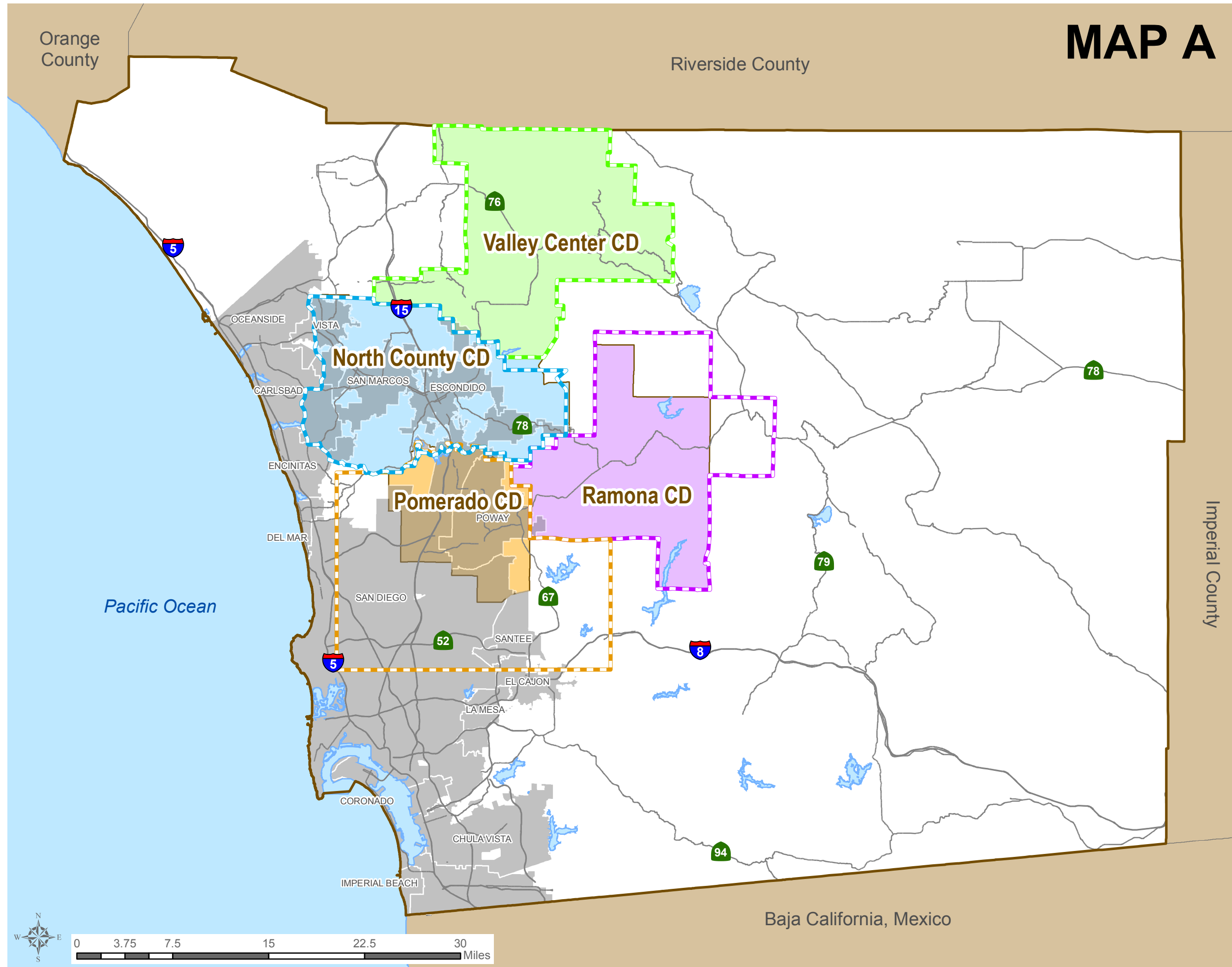
Exhibit D: Statement of Determinations for Valley Center Cemetery District

Orange County

Riverside County

MAP A

San Diego County Cemetery Districts (CD)



- North County CD
- North County CD SOI
- Pomerado CD
- Pomerado CD SOI
- Ramona CD
- Ramona CD SOI
- Valley Center CD
- Valley Center CD SOI
- Cities

SOI = Sphere of Influence

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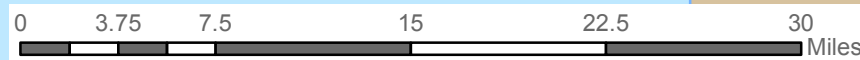


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Date Saved: 8/10/2016





Baja California, Mexico

Imperial County

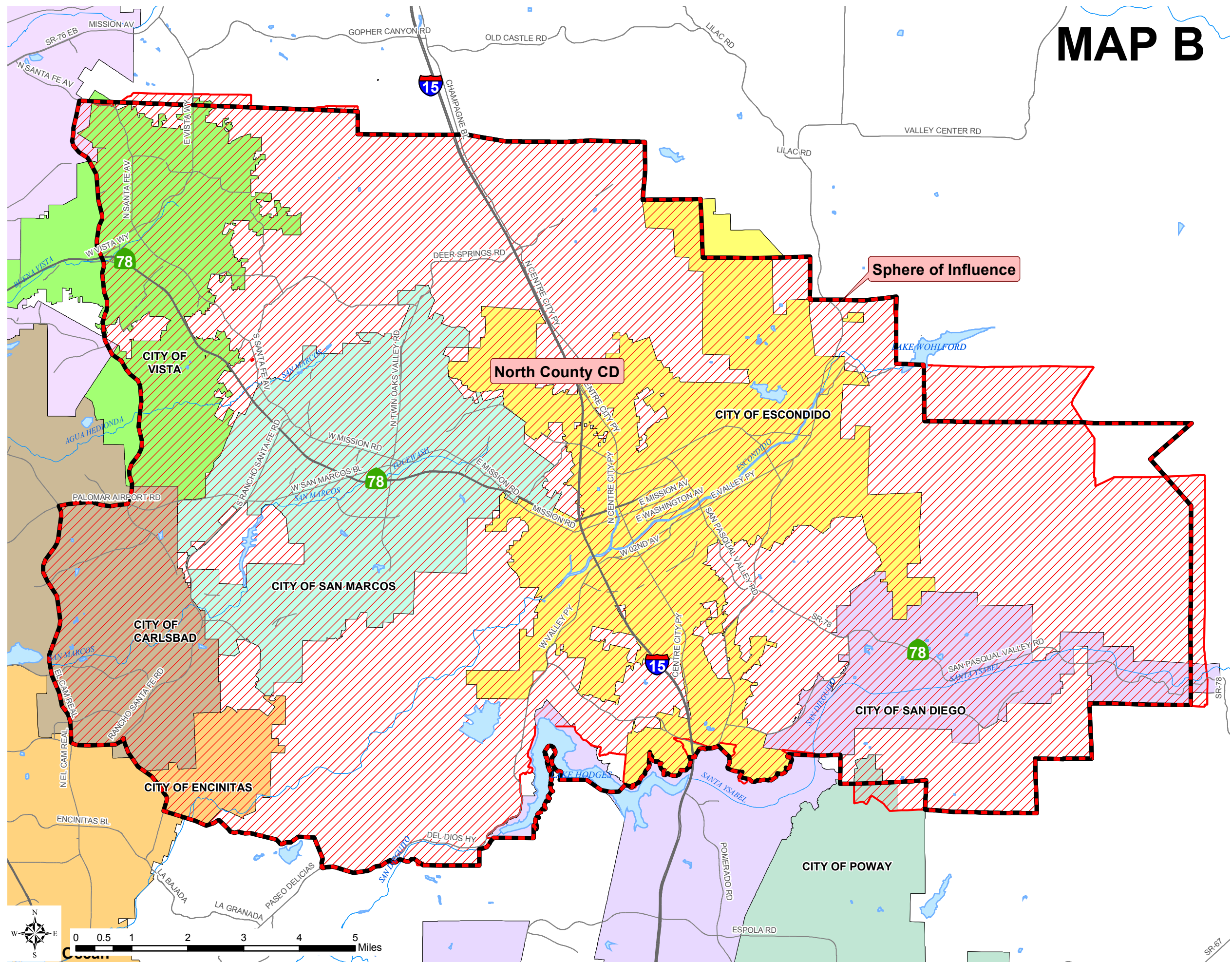
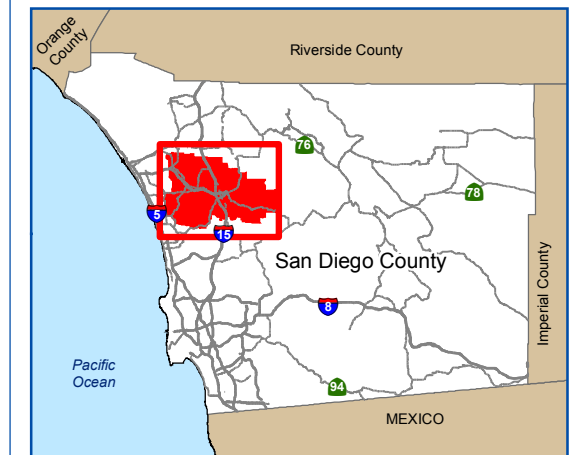
MAP B

North County Cemetery District

LEGEND

-  North County CD
-  Sphere of Influence (SOI)

SOI Adopted: 10 / 6 / 86
SOI Updated: 4 / 2 / 07
SOI Affirmed: 8 / 6 / 07



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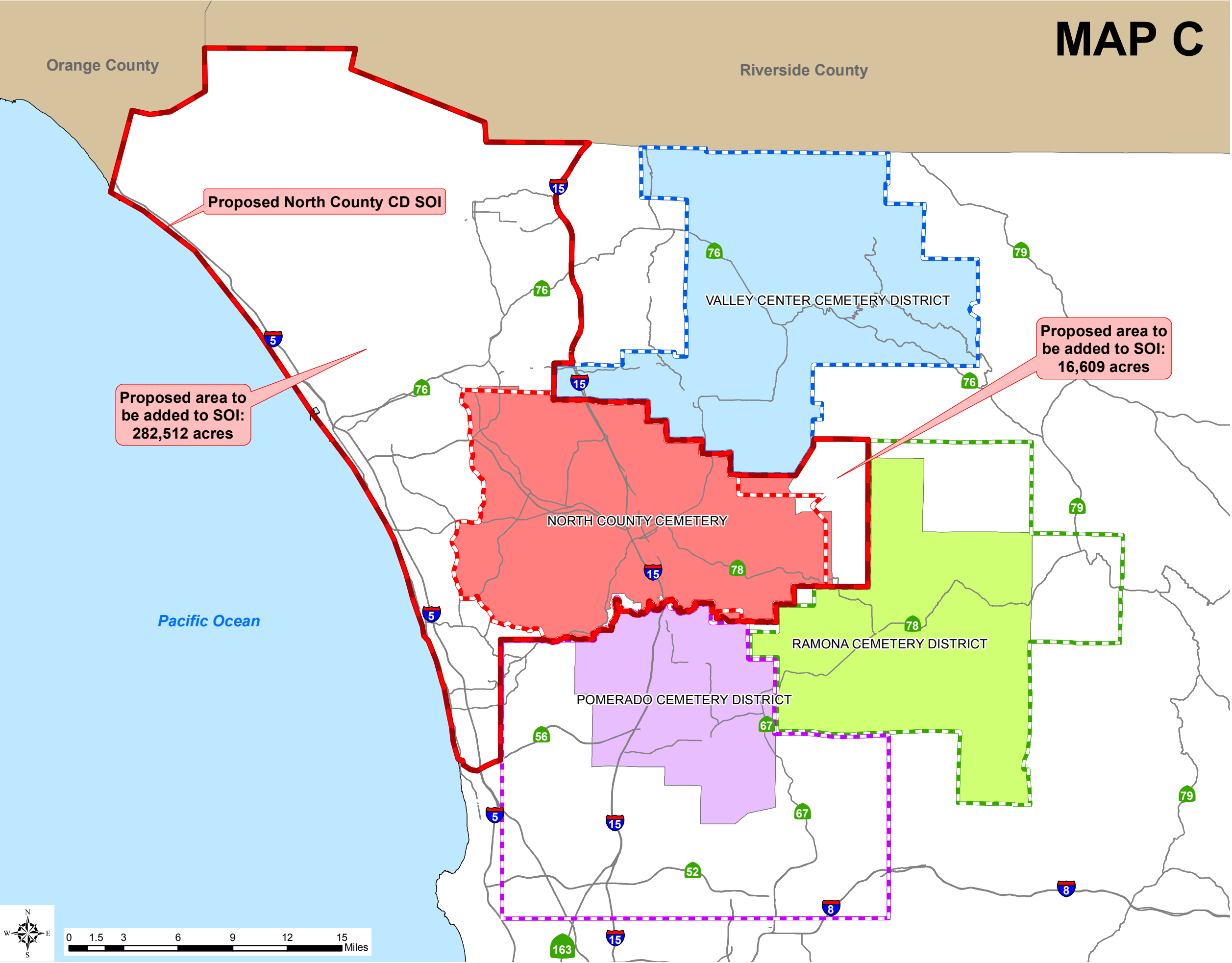
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SR-67

MAP C

Proposed North County Cemetery District Sphere of Influence

by North County CD



Proposed North County CD SOI

Proposed area to be added to SOI: 282,512 acres

Proposed area to be added to SOI: 16,609 acres

LEGEND

- Proposed North County CD SOI
- Existing North County CD SOI
- Pomerado CD SOI
- Ramona CD SOI
- Valley Center CD SOI

SOI = Sphere of Influence

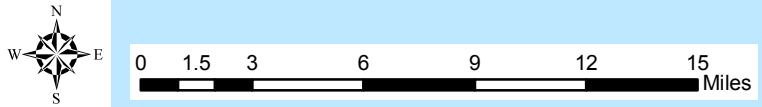
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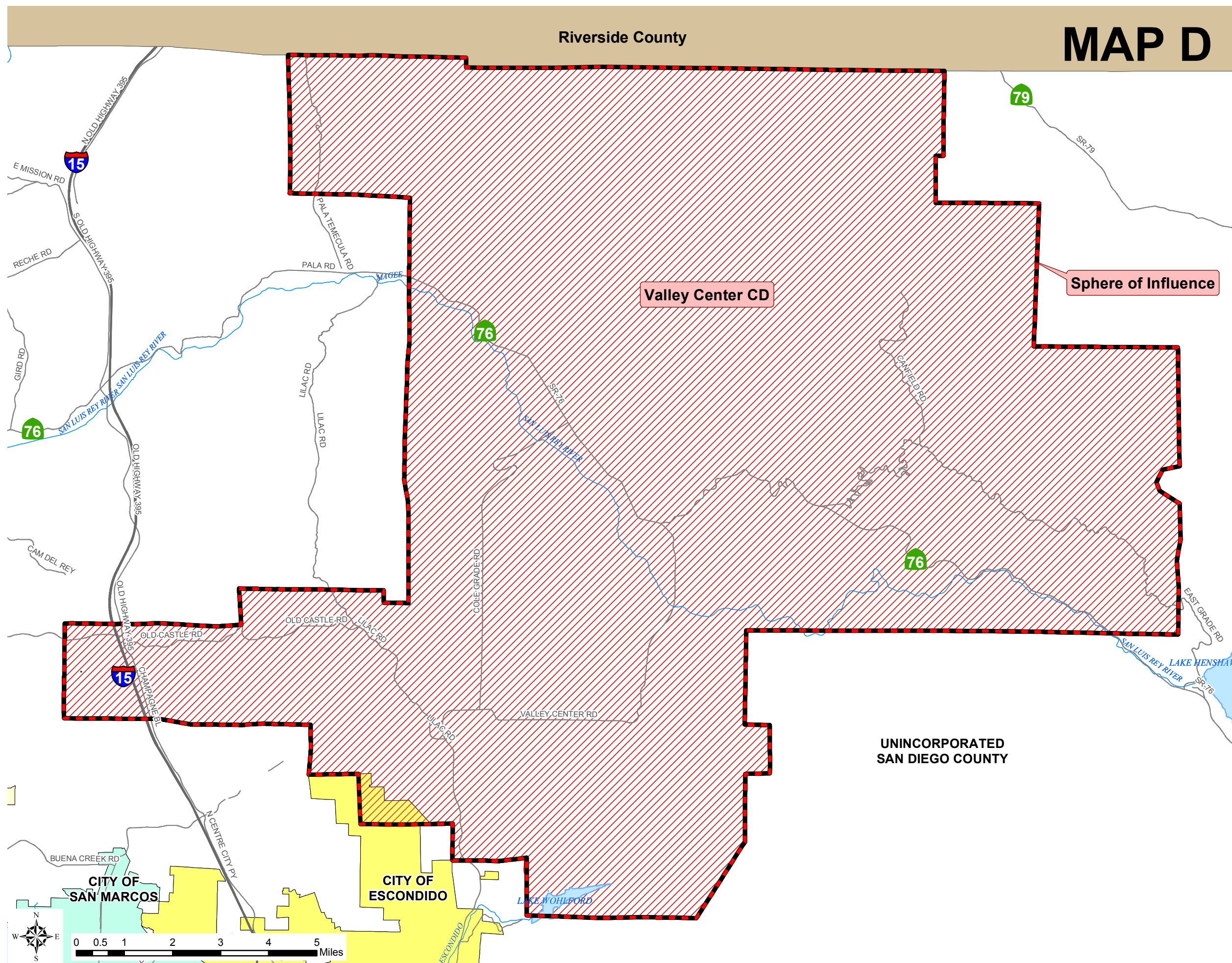
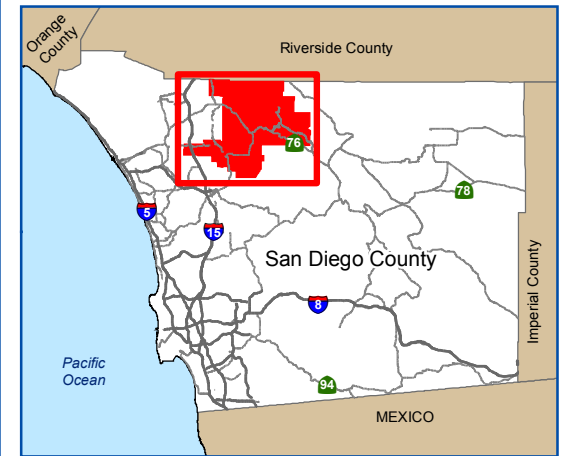


Valley Center Cemetery District

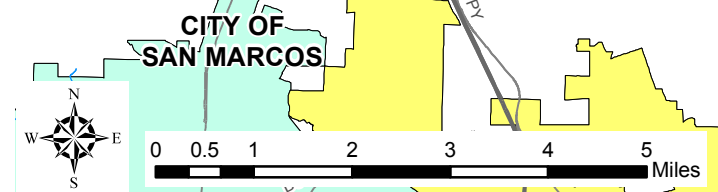
LEGEND

-  Valley Center CD
-  Sphere of Influence (SOI)

SOI Adopted: 10 / 6 / 86
SOI Affirmed: 4 / 2 / 07
SOI Affirmed: 8 / 6 / 07



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MAP E

Orange County

Riverside County

Proposed Valley Center Cemetery District Sphere of Influence






by Valley Center CD

Proposed Valley Center CD SOI

Proposed area to be added to SOI: 41,628 acres

Proposed area to be added to SOI: 67,487 acres

LEGEND

-  Proposed Valley Center CD SOI
-  Existing Valley Center CD SOI
-  North County CD SOI
-  Pomerado CD SOI
-  Ramona CD SOI

SOI = Sphere of Influence

SAN DIEGO LAFCO



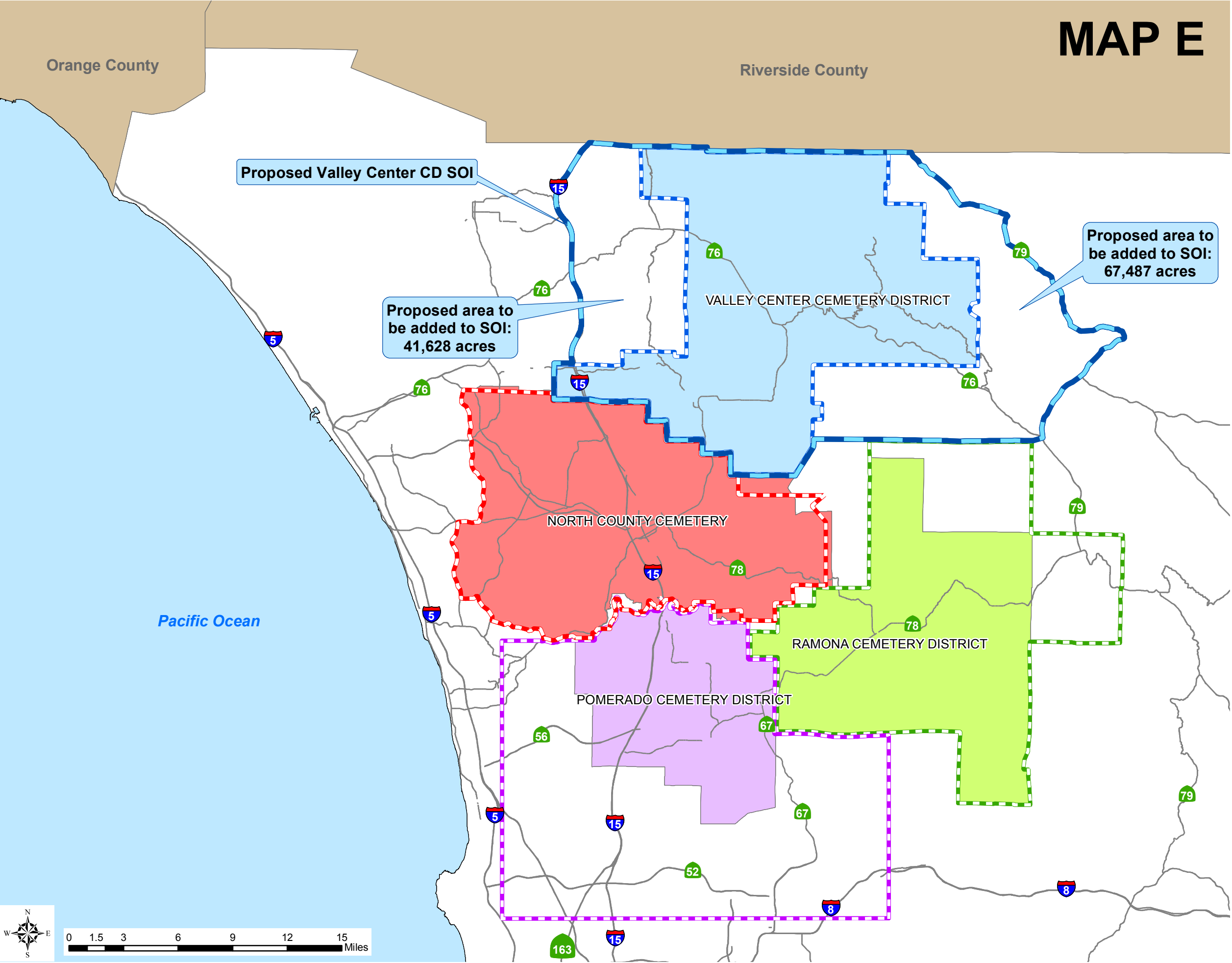
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**PROPOSED STATEMENT OF DETERMINATIONS
MUNICIPAL SERVICE REVIEW
NORTH COUNTY CEMETERY DISTRICT
MSR13-74**

The following statement of determinations is prepared pursuant to section 56430 of the Government Code and fulfills LAFCO requirements regarding a sphere review and sphere amendment for the North County Cemetery District.

(1) Growth and population projections for the affected area.

The North County CD current service area contains a population of 400,188 and 135,418 housing units (2014 data). The population growth is expected to be approximately 2-3 percent per year over the next twenty years. The proposed SOI area is projected to have less than a 1 percent growth in population over the next twenty years.

(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

Refer to the *SB244 Staff Report* approved by the San Diego Local Agency Formation Commission on March 4, 2013 for the status of disadvantaged unincorporated communities and the City of Coronado.

(3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

The NCCD has a Master Plan of Facilities for the two cemeteries that the district owns and operates. The district reports that its cemetery areas have capability to serve district needs for the next fifty years.

Refer to the *SB244 Staff Report* approved by the San Diego Local Agency Formation Commission on March 4, 2013 for the status of disadvantaged unincorporated communities and the NCCD.

(4) Financial ability of agencies to provide services.

The District operates on a combination of property tax and fees for services revenues. The district has adequate revenues and reserves for operations and reports that it will have the financial resources to make capital improvements and increase operational maintenance for at least the next twenty years.

(5) Status of, and opportunities for, shared facilities.

The District owns and maintains two cemetery facilities within its service area. These facilities have equipment for each site and do share equipment and personnel when needed. Due to the need to have equipment and personnel on-site daily, more sharing of these services with other entities is not realistic except in emergency situations.

(6) Accountability for community service needs, including governmental structure and operational efficiencies.

The District is governed by a five-member board of trustees appointed by the San Diego County Board of Supervisors to four-year terms. The Board holds monthly meetings on the third Monday at the District office in Escondido. The meetings are open to the public.

No alternative governance structures were identified as a result of this review.

(7) Any other matter related to effective or efficient service delivery, as required by commission policy.

Additional matters related to effective or efficient service delivery as required by commission policy are not relevant in considering MSR13-74 for the North County Cemetery District.

**RECOMMENDED STATEMENT OF DETERMINATIONS
MUNICIPAL SERVICE REVIEW
VALLEY CENTER CEMETERY DISTRICT
MSR13-94**

The following statement of determinations is prepared pursuant to section 56430 of the Government Code and fulfills LAFCO requirements regarding a sphere review and sphere amendment for the Valley Center Cemetery District.

(1) Growth and population projections for the affected area.

The Valley Center CD current service area contains a population of 22,100 and 8,103 housing units (2014 data). The population growth is expected to be approximately 2-3 percent per year over the next twenty years. The proposed expanded SOI area is projected to have less than a 1 percent growth in population over the next twenty years.

(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

Refer to the *SB244 Staff Report* approved by the San Diego Local Agency Formation Commission on March 4, 2013 for the status of disadvantaged unincorporated communities and the City of Coronado.

(3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

The District has a Plan of Facilities for the cemetery that the district owns and operates. The district is proceeding with development of an additional one acre area adjacent to the present cemetery facility and reports that its cemetery area has capability to serve district needs for the next fifty years.

(4) Financial ability of agencies to provide services.

The District operates on a combination of property tax and fees for services revenues. The district has adequate revenues and reserves for operations and reports that it will have the financial resources to make capital improvements and increase operational maintenance for at least the next twenty years.

(5) Status of, and opportunities for, shared facilities.

The District owns and maintains its cemetery facility within its service area. The facility has equipment for ongoing services. Due to the need to have equipment and personnel on-site daily, sharing of these services with other entities is not realistic.

(6) Accountability for community service needs, including governmental structure and operational efficiencies.

The District is governed by a five-member board of trustees appointed by the San Diego County Board of Supervisors to four-year terms. The Board holds monthly meetings on the 2nd Friday at 9:00 AM at 30053 Miller Road, Valley Center, CA 92082. The meetings are open to the public. No alternative governance structures were identified as a result of this review.

(7) Any other matter related to effective or efficient service delivery, as required by commission policy.

Additional matters related to effective or efficient service delivery as required by commission policy are not relevant in considering MSR13-94 for the Valley Center Cemetery District.

**RECOMMENDED STATEMENT OF DETERMINATIONS
FOR AFFIRMATION AND AMENDMENT OF THE GENERALLY COTERMINOUS
SPHERE OF INFLUENCE FOR THE
NORTH COUNTY CEMETERY DISTRICT
SR13-74**

The following statement of determinations is prepared pursuant to section 56425 of the Government Code for affirmation and amendment of the areas shown on the attached map as the sphere of influence for the North County Cemetery District.

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

The projected growth in the proposed North County Cemetery District SOI area is expected to be in the 1 percent per year range, primarily in residential rural development in the unincorporated areas.

Since the last review in 2013, there have been no amendments to the sphere. Affirmation of the district's proposed sphere of influence would have no effect on agricultural and open space land uses. The district's sphere of influence was originally adopted in 2007 and was previously reviewed and reaffirmed in 2013.

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

The proposed SOI area is expected to develop with rural residential uses and moderate population growth. There are no other public cemetery services in the proposed SOI area so the District is planning to serve the future area over time as demand for services increases. It is proposed that the sphere for the North County Cemetery District be expanded by 299,121 acres.

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

The District owns and operates two cemetery locations in the proximity of the proposed SOI area. The District states that they have adequate area (approximately 50 acres) to develop in these sites to meet expected growth and service requests for the proposed SOI area population.

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

Social and economic communities of interest that exist in the North County Cemetery District would not be affected by this proposed amendment of the sphere of influence area.

- (5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

Disadvantaged unincorporated communities review do not apply to Cemetery Districts. Please refer to the *SB244 Staff Report* approved by the San Diego Local Agency Formation Commission on March 4, 2013 for the status of disadvantaged unincorporated communities and the North County Cemetery District area.

**RECOMMENDED STATEMENT OF DETERMINATIONS
FOR AFFIRMATION AND AMENDMENT TO THE COTERMINOUS
SPHERE OF INFLUENCE FOR THE
VALLEY CENTER CEMETERY DISTRICT
SR13-94**

The following statement of determinations is prepared pursuant to section 56425 of the Government Code for affirmation and amendment of the areas shown on the attached map as the sphere of influence for the Valley Center Cemetery District.

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

The projected growth in the proposed SOI area is expected to be in the 1 percent per year range, primarily in residential rural development in the unincorporated areas.

Since the last review in 2007, there have been no amendments to the sphere. Amendment of the district's proposed sphere of influence would have no effect on agricultural and open space land uses. The district's sphere of influence was previously reviewed and reaffirmed in 2007.

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

The proposed SOI area is expected to develop with rural residential uses and moderate population growth. There are no other public cemetery services in the proposed SOI area. It is proposed that the sphere for the Valley Center Cemetery District be expanded by 109,115 acres.

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

The District owns and operates a cemetery facility in the proximity of the proposed SOI area. The District states that they have adequate area (approximately 2 acres) to develop at this site to meet expected growth and service requests for the proposed SOI area population.

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

Social and economic communities of interest that exist in the Valley Center Cemetery District would not be affected by this proposed amendment of the sphere of influence area.

- (5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

Disadvantaged unincorporated communities review do not apply to Cemetery Districts. Please refer to the *SB244 Staff Report* approved by the San Diego Local Agency Formation Commission on March 4, 2013 for the status of disadvantaged unincorporated communities and the Valley Center Cemetery District area.