San Diego County
Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

6a

AGENDA REPORT
Public Hearing

March 2, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Linda Heckenkamp, Analyst I

SUBJECT: **Final Report and Related Actions |**
Municipal Service Review on the Valley Center Region

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a final report prepared as part of the scheduled municipal service review on the Valley Center region. The final report returns with limited revisions from its draft presentation in January and represents an independent evaluation of the availability, need, and adequacy of public services in the Valley Center region and specific to the three local agencies under LAFCO oversight: Valley Center Community Services District; Valley Center Fire Protection District; and Valley Center Municipal Water District. Staff recommends the Commission formally accept the final report along with adopting a resolution making determinations on all of the factors required under statute as part of the municipal service review directive.

BACKGROUND

Municipal Service Review Mandate

State law directs San Diego LAFCO to regularly prepare municipal service reviews in conjunction with updating each local agency's sphere of influence. The legislative intent of the municipal service review and its five-year cycle requirement is to proactively inform the Commission and the general public therein regarding the availability and sufficiency of

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governmental services relative to current and future community needs. Municipal service reviews statutorily inform required sphere of influence updates and may also lead the Commission to take other actions under its authority, such as forming, consolidating, or dissolving one or more special districts.

Current Workplan | Municipal Service Review on the Valley Center Region

San Diego LAFCO's current workplan was adopted at a noticed hearing held on April 3, 2019 and outlines specific project goals for the fiscal year. This includes preparing a municipal service review on the Valley Center region and the three local agencies – Valley Center Community Services District, Valley Center Fire Protection District, and Valley Center Municipal Water District – under Commission oversight that provide one or more public services in the approximate 120 square mile area. The municipal service review represents the first detailed report prepared by the Commission on the Valley Center region since 2003.

Draft Report and Public Review

Staff presented a draft municipal service review on the Valley Center region for discussion at San Diego LAFCO's January 6, 2020 meeting. The presentation included an overview by staff on the draft's key conclusions and recommendations and immediately preceded the initiation of a 45-day public review and comment period through February 19th. Notice of the public review and comment period was provided to all three affected agencies as well as the County of San Diego and published in the Valley Roadrunner. Formal comments on the draft report were received from Valley Center Municipal Water District and the County Parks and Recreation Department and have been added as appendices.

DISCUSSION

This item is for San Diego LAFCO to complete its scheduled municipal service review on the Valley Center region. This includes accepting a final report prepared by staff and highlighted by an Executive Summary outlining key conclusions and recommendations. This also includes adopting a resolution memorializing the municipal service review and approving the written determinations included in the final report and addressing all of the factors required for consideration under statute.

ANALYSIS

The final municipal service review on the Valley Center region before San Diego LAFCO remains substantively intact and retains all key conclusions and recommendations presented in the draft and outlined in the Executive Summary (Chapter Two). This includes – most notably and with the support of the agencies – recommending the reorganization of the independent Valley Center Community Services District into a dependent County Service Area and in doing so utilizing the County of San Diego's economies of scale in providing park and recreation amenities. Revisions that have been incorporated into the final are generally

technical corrections and/or clarifications with the majority generated from comments received from and pertaining to the Valley Center Municipal Water District.

RECOMMENDATION

It is recommended San Diego LAFCO proceed to formally accept the final municipal service review on the Valley Center region and adopt a resolution approving the associated determinations addressing all factors required under statute. This recommendation is consistent with Alternative One as outlined in the succeeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO and can be accomplished through a single-approved motion.

Alternative One (recommended):

a) Accept the final report provided as Attachment One representing the scheduled municipal service review on the Valley Center region.

b) Adopt the attached resolution provided as Attachment Two making the requisite determinations as required under statute as part of the scheduled municipal service review on Valley Center region.

Alternative Two:
Continue the item and request additional information from staff as needed.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for action as part of a noticed public hearing. The following procedures are recommended in the consideration of this item:

1) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Commission.
3) Invite comments from interested audience members.
4) Discuss item and consider the staff recommendation.

Respectfully,

Linda Heckenkamp
Analyst I

Attachments:

1) Final Municipal Service Review on the Valley Center Region
2) Resolution Making Determinations

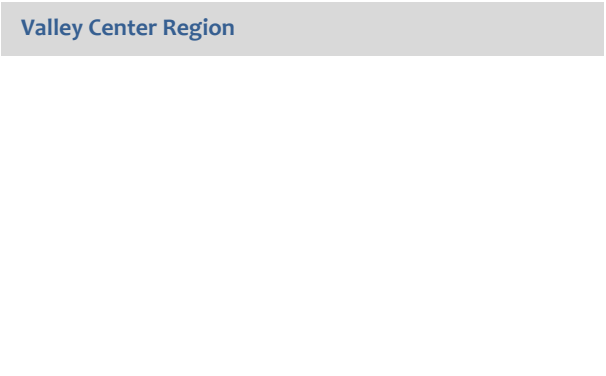
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CHAPTER THREE | AGENCY PROFILES

A. VALLEY CENTER MUNICIPAL WATER DISTRICT

1.0 OVERVIEW

Valley Center Region



Courtesy: Google Maps

The Valley Center Municipal Water District (MWD) is an independent special district formed in 1954. Formation proceedings were initiated by landowners for purposes of establishing a member agency of the San Diego County Water Authority ("Water Authority") to provide retail water service within the Valley Center region and in doing so facilitate agricultural and residential developments. Formation proceedings were part of a second phase of local agencies throughout San Diego County joining and retailing the wholesale supplies the Water Authority was beginning to import from the Colorado River through its own agreement with the Metropolitan Water District of Southern California. Valley Center MWD encompasses a 100-square mile jurisdictional boundary and generally lies to the north of the City of Escondido with small portion – approximately 1,219 acres – within the City. The unincorporated communities of Valley Center and Deer Springs anchor the jurisdictional boundary with several distinct residential developments within and include Circle R, Hidden Meadows, Welk Resort, and Woods Valley Ranch. Governance is provided by a five-person board with members elected by divisions and serve staggered four-year terms. The average tenure on the Board among current members is 10 years.

Valley Center MWD is currently organized as a multi-purpose agency with municipal activities presently tied to providing three distinct service functions: (a) potable water; (b) wastewater; and (c) recycled water with the latter two limited to certain geographic areas within the jurisdictional boundary. Valley Center MWD is also authorized – subject to LAFCO approving latent power activations – to provide fire protection, community recreation, solid waste and garbage, and electric services. The operating budget at the term of the report period (2017-2018) was $50.1 million. The last audited financial statements cover 2017-2018 and show the net position totaling $83.9 million with the unrestricted portion tallying $10.8 million. This latter amount represents the equivalent of 2.5 months of recent actual operating expenses.

LAFCO independently estimates the fulltime resident population within Valley Center MWD is 28,210 as of the term of this report period and accommodated through the existing construction of 10,347 housing units. It is also projected the estimate of fulltime residents represents an overall increase of 1,826 since 2010 – or 228 annually – with a resulting annual growth rate of 0.84%, which is below the countywide rate of 0.94%. The median household income within Valley Center MWD is $81,812 based on the current five-year period average and is more than one-fifth higher than the countywide average of $66,529.

2.0 BACKGROUND

2.1 Community Development

Valley Center MWD's service area began its present-day development in the mid-1800s in parallel with the creation and awards of land grants – or ranchos – throughout California by the Mexican government. The Rancho Guejito covers a sizeable portion of the service area and was granted to Jose Orozco in 1845 and preceded a series of subsequent land divisions and arrival of permanent settlers. Bear Valley was the initial name given to the area based on having the largest historical encounter with a 2,200-pound California Grizzly Bear in 1886 before giving way to Valley Center towards the end of the century.

Early Valley Center Post Office
Lilac Road, Circa 1910



Courtesy: San Diego Union Tribune

The first census performed estimated the Valley Center area's population at 265 in 1890. Valley Center's population expanded to nearly 1,000 by the 1920s and supported with the development of commercial cotton and rubber plantations in the area. Other agricultural crops began to follow – including nuts and citrus orchards – and contributed to Valley Center's continued and gradual development with the population reaching 2,500 by the early 1950s.

2.2 Formation Proceedings

Valley Center MWD's formation was petitioned by landowners in November 1953 to establish a connection to the Colorado River through the Water Authority and the recent completion of the San Diego Aqueduct. Formation proceedings followed several years of community discussions to address limited and/or otherwise unreliable surface and groundwater supplies and allowed landowners to tax themselves to fund the necessary public improvements to establish a water system in Valley Center. The San Diego County Boundary Change

Commission approved the formation in January 1954 subject to voter confirmation.[10] A special election was subsequently held in June 1954 and voters confirmed the formation with 87% – or 409 of the 472 ballots – voting in favor. A director was appointed for each of Valley Center MWD's five divisions at the time as well.

2.3 Post Formation Proceedings

A summary of notable activities undertaken by Valley Center MWD and/or affecting the District's service area following formation in 1954 is provided below.

- Valley Center MWD concurrently annexes into the Water Authority and Metropolitan Water District of Southern California in May 1955.

- Valley Center MWD issues $1.6 million in general obligation bonds following voter approval to build the District's first water distribution and storage facilities in January 1956, including transmission lines connecting to the San Diego Aqueduct.

- The first of eight eventual annexations to Valley Center MWD is approved in October 1960 and cumulatively the District's jurisdictional boundary increases by 14.7% from 56,254 acres to 64,540 acres.

- Valley Center MWD voters approve general obligation bond issues totaling $4.6 million in January 1964 and November 1967 to fund additional water system improvements.

- Valley Center MWD commences construction of Lake Turner in August 1970 with financial assistance from the Bureau of Reclamation by building a dam along Moosa Creek. The project is completed one year later and serves to store access water generated from the San Diego Aqueduct.

- Valley Center MWD establishes wastewater services in May 1975 with the construction of the Lower Moosa Canyon collection and treatment facilities to serve the western jurisdictional boundary, including Hidden Meadows and Circle R developments.

- LAFCO establishes a larger-than-agency sphere of influence for Valley Center MWD in December 1984 to include approximately 1,712 non-jurisdictional acres.

[10] The San Diego County Boundary Commission was a technical governing body tasked with approving the accuracy and completeness of proposed jurisdictional changes prior to the State establishing LAFCOs in 1963. All actions of the Boundary Commission were subject to voter approval unless waived by the County Board of Supervisors.

- An extended statewide drought and cutback in Water Authority supplies Metropolitan Water District to remove agricultural price supports and severely impacts the District's agricultural customer base beginning in January 1990.

- Valley Center MWD enrolls in Metropolitan Water District's reinstated Interim Agricultural Water Program in May 1994 and receives reduced water prices in exchange for being interruptible during droughts.

- Valley Center MWD completes a master plan for its water system that includes $65 million in targeted capital improvements in May 2002.

- Valley Center MWD accepts control and operation of the Woods Valley Ranch Water Reclamation Facility in July 2005 and begins providing wastewater and associated recycled water service to the Woods Valley Ranch Subdivision.

- Valley Center MWD approves an expansion of the Woods Valley Ranch Water Reclamation Facility in November 2005 to serve the South Village area.

- LAFCO updates and affirms Valley Center MWD's sphere of influence and its larger-than-agency designation with no changes in April 2014.

- LAFCO approves a concurrent sphere of influence amendment and annexation of approximately 270 acres to Valley Center MWD in December 2014 to facilitate the development of the Meadowood Subdivision.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Valley Center MWD's jurisdictional boundary spans 100 square miles and covers 2.4% of all of San Diego County. Almost all of the jurisdictional boundary is unincorporated and overlaps the land use authority of the County of San Diego with a small remainder – 2% - within the City of Escondido.

Valley Center MWD's existing boundary spans approximately 100 square miles and covers 64,557 unincorporated acres (parcels and public rights-of-ways). The County of San Diego is the predominant land use authority and overlaps 98% of the jurisdictional boundary with most of the lands subject to the Valley Center Community Plan. The small remainder of the jurisdictional boundary is within the City of Escondido. The primary land use within the jurisdictional boundary is agricultural and low to moderate residential estate along with local supporting commercial. There is also a major

casino – Valley View – in the jurisdictional boundary. Distinct areas the jurisdictional boundary include several specific plan developments: Circle R Resort; Lilac Ranch; Live Oak Ranch; Orchard Run; Ridge Ranch; and Woods Valley Ranch. Overall there are currently 19,012 registered voters in Valley Center MWD.

Valley Center MWD
Boundary Breakdown By Land Use Authority
Table 3.1a (Source: Esri and San Diego LAFCO)

Land Use Authority	Total Assessor Parcel Acres	% of Total Accessor Parcel Acres	Total Assessor Parcels	Number of Registered Voters
County of San Diego	63,338	98%	39,421	18,985
City of Escondido	1,219	2%	28	27
TOTAL	**64,557**	**100%**	**39,449**	**19,012**

Total assessed value (land and structure) within Valley Center MWD is set at $4.895 billion as of November 2019 and translates to a per acre value ratio of $0.075 million. It also represents a per capita value of $0.173 million based on the estimated fulltime population of 28,210. Valley Center MWD receives 0.045% of the 1.0% in property taxes annually collected within the jurisdictional boundary.

Valley Center MWD receives $0.05 cents for every $1.00 dollar in property tax collected within its jurisdictional boundary.

The jurisdictional boundary is currently divided into 39,499 parcels and spans 63,293 acres. (The remaining jurisdictional acreage consists of public right-of-ways and related dedications.) Four-fifths – 80.0% – of the parcel acreage is under private ownership with close to two-thirds having already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remaining private acreage is undeveloped and consists of 2,733 vacant parcels that collectively total 18,374 acres. No lands within or adjacent to the jurisdictional boundary qualify as a disadvantaged unincorporated community under LAFCO policy.

Close to 80% of the jurisdictional boundary is under private ownership with 2,733 parcels totaling 18,374 acres remaining entirely undeveloped as of date.

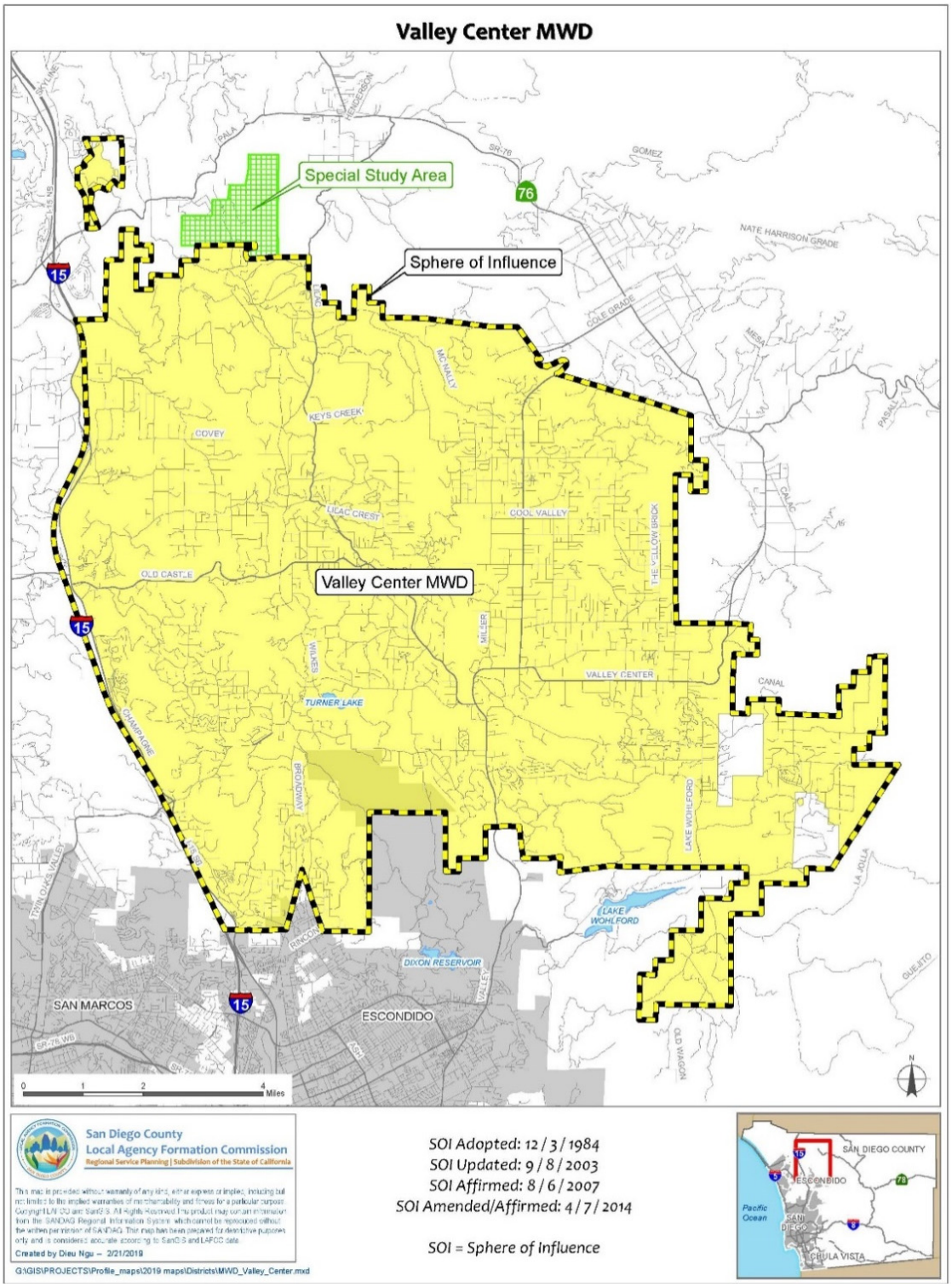
3.2 Sphere of Influence

Valley Center MWD's sphere was established by LAFCO in December 1984. The sphere presently spans 66,090 acres and includes 1,712 non-jurisdictional acres with the majority lying along the southeast District perimeter and within two distinct "island" areas. If these non-jurisdictional acres are annexed it would increase the physical size of Valley Center MWD by 2.7%. No jurisdictional

Valley Center MWD's sphere is 2.7% larger than the jurisdictional boundary and includes 1,712 non jurisdictional acres. It also includes a special study area dating back to 2014 and cited as the Gregory Canyon landfill site.

lands lie outside the sphere. There is also an approximate 1,046-acre special study area assigned to the sphere that was added in 2014 and referred to as Gregory Canyon landfill site.

3.3 Current Boundary and Sphere Map



4.0 DEMOGRAPHICS

4.1 Population and Housing

Valley Center MWD's total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 28,210 as of the term of the five-year report period. This amount represents 0.84% of the countywide total. It is also estimated the fulltime population has risen overall by 6.9% from 26,384 in 2010 and the last census reset. This translates to an annual change of 0.84%, which is approximately one-tenth lower than the corresponding countywide growth rate of 0.94%. It is projected the current growth rate will continue into the near-term and result in the fulltime population reaching 29,415 by 2023. The jurisdiction has a current population density of 1 resident for every 2.3 acres and underlies the overall rural character of the service area.

It is estimated there are 28,210 fulltime residents within Valley Center MWD at the end of the report period. It is also projected the fulltime population will increase consistent with recent trends – or 0.84% annually – and reach 29,415 by 2024.

Valley Center MWD
Resident Population
Table 4.1a (Source: Esri | San Diego LAFCO)

Factor	2010	2018	2023	Annual Change %
Valley Center MWD	26,384	28,210	29,415	0.84%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are presently 10,347 residential housing units within Valley Center MWD's jurisdictional boundary. This amount has increased by 521 since 2010. With respect to current housing characteristics, 76.0% are owner-occupied, 18.0% are renter-occupied, and the remaining 6.0% are vacant with a sizeable portion suspected to serve as second homes. The average household size is 3.0 and has increased 3.1% from 2.9 over the preceding five-year period. The mean monthly housing cost has decreased by (5.3%) from $2,064 to $1,953 based on the most recent five-year period averages. The mean monthly housing cost, however, remains above the countywide average of $1,578.

Housing production in Valley Center MWD currently totals 10,347 dwelling units. This includes the addition of 521 units since 2010. The average monthly housing cost in Valley Center MWD is $1,953, which is close to one-fifth higher than the countywide average.

Valley Center MWD
Housing Breakdown
Table 4.1b (Source: American Community Survey and San Diego LAFCO)

Jurisdiction	2010 Housing Units	2018 Housing Units	Change	2010 Monthly Housing Cost	2018 Monthly Housing Cost	Change
Valley Center MWD	9,826	10,347	5.3%	$2,064	$1,955	(5.3%)
San Diego County	1,164,766	1,236,184	6.1%	$1,540	$1,578	2.5%

4.2 Age Distribution

Residents within Valley Center MWD tend to be older with a medium age of 43.2; an amount that is more than one-fourth higher than the countywide average of 35.3. The majority – 51.8% – of the residents are also aged within the prime working group of 25-64.

The median age of residents in Valley Center MWD is 43.2 based on the current five-year period average. This amount shows the population is generally holding with the median age experiencing an overall change of (0.7%) from 43.5 over the preceding five-year period average. The current median age in Valley Center MWD, nonetheless, remains significantly higher than the countywide average of 35.3. Residents in the prime working age group defined as ages 25 to 64 make up slightly more than one-half of the estimated total population at 51.8%.

Valley Center MWD
Resident Age Breakdown
Table 4.2a (Source: American Community Survey and San Diego LAFCO)

Service Area	2010 Median Age	2018 Median Age	Change	2010 Prime Working Age	2018 Prime Working Age	Change
Valley Center MWD	43.5	43.2	(0.7%)	53.1%	51.8%	(2.5%)
San Diego County	34.6	35.3	2.0%	53.4%	47.0%	(11.9)%

4.3 Income Characteristics

Valley Center MWD residents' average median household income has experienced a moderate increase in recent years and is currently $81,812. This amount is close to one-fourth higher than the countywide median income $66,529.

The median household income in Valley Center MWD is $81,812 based on the current five-year period average. This amount shows fulltime residents are receiving more pay with the median income experiencing an overall increase of 3.4% from the preceding five-year period average of $79,089. The current median household income in Valley Center MWD is nearly one-fifth higher than the current countywide median of $66,259. Separately, the current average rate of persons living below the poverty level in Valley Center MWD is 11.9% and has increased by nearly one-half – or 45.0% – over the earlier five-year period. The poverty rate in Valley Center MWD remains measurably lower than the countywide rate of 14.0%.

Valley Center MWD
Resident Income Breakdown
Table 4.3a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Median HH Income	2012-2016 Median HH Income	Change	2007-2011 Poverty Rate	2012-2016 Poverty Rate	Change
Valley Center MWD	$79,089	$81,812	3.4%	8.2%	11.9%	45.0%
San Diego County	$63,857	$66,529	4.2%	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Approximately 4.1% of adult residents in Valley Center MWD are unemployed based on the current five-year period average. This amount is close to one-fifth – or 19.5% – lower than the corresponding countywide average. Unemployment levels have also affirmatively decreased by more than one-tenth – (13.0%) – from the previous five-year average of 4.7%. Separately, there has been a modest change in educational levels as measured by adults 25 or older with bachelor degrees with the overall rate decreasing by (3.8%) over the previous five-year period from 32.9% to 31.6%. Nearly one-fourth – or 23.4% – of the population currently collects retirement income. The non-English speaking percentage of the population has decreased during this period from 11.2% to 8.1%; an overall difference of (27.9%).

Valley Center MWD
Socioeconomic Indicators Breakdown
Table 4.4a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Unemployment Rate	2012-2016 Unemployment Rate	Change	2007-2011 Non English	2012-2016 Non English	Change
Valley Center MWD	4.7%	4.1%	(13.0%)	11.2%	8.1%	(27.9%)
San Diego County	5.6%	4.9%	(12.5%)	16.1%	15.0%	(6.8%)

5.0 ORGANIZATION

5.1 Governance

Valley Center MWD's governance authority is established under the Municipal Water District Act of 1911 and codified under Water Code Section 71000-73001. This principal act empowers Valley Center MWD to provide a moderate rage of municipal services upon approval by LAFCO. Valley Center MWD is currently authorized to provide three municipal service functions: water; wastewater; and recycled water. All other service functions (i.e., powers) enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO at a noticed public hearing. Similarly, should it ever seek to divest itself of directly providing an active service function, Valley Center MWD would also need to seek LAFCO approval at a notice public hearing. A list showing Valley Center MWD's active and latent service functions follows with applicable service classes.

Active Service Functions
Potable Water (retail)
Wastewater (collection, treatment, and disposal)
Recycled Water (retail)

Latent Service Functions
Fire Protection
Community Recreation
Storm Drainage
Solid Waste/Garbage
Hydroelectric/Wind/Solar Power

Governance of Valley Center MWD is independently provided by a five-member Board of Directors. Each member of the Board is elected by registered voters within their designated division to a four-year term. The Board includes two appointed officer positions: President and Vice President. The Board regularly meets on the first and third Mondays of each month at the District office located at 29300 Valley Center Road. Directors receive a $100 per diem for each meeting attended. Summary minutes are prepared for all meetings; audio and video recordings are not provided. A current listing of the Board along with respective backgrounds and years served with Valley Center MWD follows.

Board meetings are regularly scheduled on the first and third Mondays of each month. All Board members receive a $100 per diem for their attendance.

Valley Center MWD
Current Governing Board Roster
Table 5.1a (Source: Valley Center MWD)

Member	Board Position	Years on the Board	Background
Robert Polito	President	30	Farmer, Rancher
Randy Haskell	Vice President	18	Farmer
Enrico Ferro	Director	3	Farmer
Daniel Holtz	Director	1	Agricultural Engineer
Oliver Smith	Director	1	Electronics Engineer

5.2 Administration

Valley Center MWD appoints an at-will General Manager to oversee all District activities. The current General Manager – Gary Arant – was appointed in March 1989 and oversees a budgeted staff of 70 fulltime equivalent employees and divided between five departments: (a) general adminstration; (b) engineering; (c) field operations; (d) finance; and (e) information technology. Overall budgeted staff has increased during the five-year report period by 9 or 14.3%. Legal services are provided by contract from the Law Offices of Best, Best and Krieger and Partner Paula de Sousa Mills (San Diego).

Valley Center MWD Administration Offices
29300 Valley Center Road, Valley Center, CA 92082



Photo Credit: Valley Center MWD

6.0 MUNICIPAL SERVICES

Valley Center MWD is authorized to provide three distinct municipal service functions: (a) potable water; (b); wastewater; and (c) recycled water. A summary analysis of these service functions follows with respect to capacities, demands, and performance during the five-year report period.

6.1 Potable Water Service

Valley Center MWD's potable water services represent the District's principal service function and involves retail only. Services commenced following Valley Center MWD's formation in 1955 and the construction of an initial water system that has evolved in conjunction with the service area's development. The water system presently includes multiple pump and storage facilities and serves approximately three-fourths of all lands within the jurisdictional boundary. It also relies entirely on treated supplies from the Water Authority and spans nine pressure zones that are connected through approximately 300 miles of distribution lines. The water system at the end of the report period tallied 10,222 active connections with 8,709 – or 85.2% – classified as residential, 1,513 non-residential comprised of agricultural customers, and commercial accounts.

Valley Center MWD's potable water service is retail class only and is activated throughout its jurisdictional boundary. Residential users make up nine-tenths of all active connections and have increased overall by 4.7% - or 391 - over the report period.

Service Capacities

Valley Center MWD's potable water supplies are entirely imported and drawn from the Water Authority and secured through a 1955 membership agreement. The membership agreement entitles Valley Center MWD to purchase for subsequent retailing an unrestricted amount of potable water based on availability from the Water Authority, which is a wholesale member of the Metropolitan Water District of Southern California. Valley Center MWD has direct access to the Water Authority's transmission line (San Diego Aqueduct) through seven interconnections. Valley Center MWD estimates the current maximum daily capacity of its water system via the interconnections to the Water Authority and associated infrastructure is 105.3 million gallons or 323.1 acre-feet. If

Valley Center MWD's agreement with the Water Authority allows the District to purchase an unrestricted amount of pretreated potable water supplies based on availability. The infrastructure capacities, however, prescribe the maximum potential annual supplies of 117,933 acre-feet.

operating continually these daily capacity amounts translate to an annual maximum available water supply of 38.4 billion gallons or 117,933.4 acre-feet.[11]

Valley Center MWD | Available Potable Water Supplies
Table 6.1a (Source: Valley Center MWD)

Service Area	Direct Source	Maximum Daily Infrastructure Capacity	Rated Maximum Annual Infrastructure Capacity
Jurisdictional Boundary	Water Authority	105.3 million gallons or 323.1 acre feet	38.4 billion gallons or 117,933.4 acre feet

All potable water supplies retailed by Valley Center MWD are pretreated by the Water Authority; the District does not own its own water treatment facilities.[12]

Treated water enters Valley Center MWD's distribution system from one of seven direct connections to the Water Authority's transmission line and supplies nine pressure zones. Storage is provided by 41 local reservoir facilities with a combined capacity of 141.2 million gallons or 433.4 acre-feet and concurrently maintain pressure in the distribution system.

Valley Center MWD has 141.2 million gallons – or 433.4 acre-feet – of potable storage within its distribution system.

Valley Center MWD | Potable Water Storage
Table 6.1b (Source: Valley Center MWD)

Pressure Zone	# of Reservoirs	Earliest Construction	Elevation Range	Storage Capacity
One	3	1963	Less than 1,050 feet	6.4 million gallons
Two	9	1956	1,050 to 1,200 feet	27.9 million gallons
Three	2	1966	1,201 to 1,350 feet	0.9 million gallons
Four	10	1965	1,351 to 1,500 feet	12.0 million gallons
Five	1	1978	1,501 to 1,650 feet	5.0 million gallons
Six	5	1956	1,651 to 1,800 feet	12.0 million gallons
Seven	7	1966	1,801 to 1,950 feet	72.6 million gallons
Eight	1	1968	1,951 to 2,100 feet	0.8 million gallons
Nine	3	1969	2,101 to 2,300 feet	3.6 million gallons
			TOTAL	**141.2 million gallons or 433.4 acre feet**

[11] Valley Center MWD maintains interties with the City of Escondido, Rainbow MWD, and Yuima MWD to receive and provide supplies in the event of emergency interruptions to the San Diego Aqueduct. Valley Center MWD also provides supplemental and emergency water supplies to the San Pasqual Band of Mission Indians.

[12] The majority of supplies originating from the Metropolitan Water District of Southern California (Colorado and Sacramento Bay Delta) are blended and pretreated at Metropolitan's Lake Skinner Filtration Facility in Riverside County before conveyance into San Diego County. The Lake Skinner Filtration Facility has a daily treatment capacity of 630.0 million gallons.

Service Demands

Valley Center MWD's total average annual potable water demand production over the five-year report period has been 7.278 billion gallons or 22,337 acre feet. The most recent year-end amount showed total demand at 7.017 billion gallons and represents an average daily water demand of 19.225 million gallons. This latter amount is further broken down into the equivalent of 681 gallons for every estimated fulltime resident based on a projected resident water service population of 28,210. The average peak-day demand – the highest one-day sum in a year – over the report period was 42.100 million gallons. This latter amount produces an average peaking factor of 2.11 and shows high-demand periods increase usage by more than double.

With respect to trends, Valley Center MWD has experienced an overall reduction of (23.4%) in water demands – or (4.7%) annually – over the five-year report period. The overall reduction in water demands over the corresponding 60-month period contrasts with the estimated 4.2% increase in population and largely attributed to decreases in water usage by agricultural customers due to costs. Overall demands and trends during the report period follow.

Valley Center MWD's overall daily potable water demands as measured by per capita use has decreased by (25.9%) over the five-year report period from 920 gallons to 681 gallons. This contrast with the overall growth rate of 4.2% during the report period and suggests – among other factors, including changes in agricultural usage – users are de-intensifying their water uses.

Valley Center MWD | Potable Water Demands
Table 6.1c (Source: Valley Center MWD and SD LAFCO)

Category	2014	2015	2016	2017	2018	Average	Trend
Annual Total	9.158 bg 28,105 af	7.968 bg 24,453 af	5.946 bg 18,248 af	6.303 bg 19,343 af	7.017 bg 21,534 af	7.278 bg 22,337 af	(23.4%)
Average Day Total	25.090 mg	21.832 mg	16.292 mg	17.270 mg	19.225 mg	19.941 mg	(23.4%)
… Per Resident	920 g	794 g	587 g	617 g	681 g	720 g	(25.9%)
Peak Day Total	44.967 mg	41.708 mg	39.753 mg	41.383 mg	42.686 mg	42.099 mg	(5.1%)
… Peaking Factor	1.79	1.91	2.44	2.40	2.220	2.15	23.9%

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

Agricultural customers represent Valley Center MWD's principal potable water users and accounted for nearly three-fourths – or 73.8% – of all sales during the report period. The percentage of agricultural usage, however, declined during the 60-month period by (8.1%).

Service Performance

Valley Center MWD's potable water system is operating with sufficient and excess capacities in supply and storage in accommodating existing demands based on usage generated during the five-year report period. These capacities are similarly expected to accommodate anticipated demands over the next five-year period with variables – including resiliency during different hydrological periods – having been appropriately evaluated by Valley Center MWD in its Urban Water Management Plan, which was most recently updated in June 2016.

The following statements summarize and quantify existing and projected relationships between Valley Center MWD's capacities and demands now and going forward towards 2023. This includes referencing California's Waterworks Standards (Title 22 of the Code of Regulations) and its requirements that all public community water systems have sufficient source, treatment, and storage capacities to meet peak day demand system-wide and within individual zones. It also addresses water quality and rates.

Water Supply

- The average annual water production demands generated over the report period for the entire distribution system represents 18.9% of Valley Center MWD's accessible maximum treated supply through its connections to the Water Authority. The average peak-day demand represents 40% of the available supply.

Water Storage:

- Average peak-day demands over the report period for the entire distribution system represents 28.4% of Valley Center MWD's existing total potable storage capacity. The total potable storage capacity can separately accommodate up to 3.5 consecutive days of average day demands generate over the report period without recharge.

Water Quality:

- A review of the records maintained by the State Water Quality Control Board shows there have been no violations issued for drinking water standards to Valley Center MWD during the report period. The last violation was issued in July 7, 2000 and involved a positive coliform sample and was subsequently cleared.

- Valley Center MWD's most recent water quality report was issued in February 2019 and shows the results of self-monitoring conducted during 2018. The report is divided into testing for both primary and secondary contaminants as prescribed by the State. No excessive primary or secondary contaminants were identified.

Water Rates

- Valley Center MWD ratepayers for two related charges for domestic water service: (a) operations and (b) usage. It also passes through the Infrastructure Access Charge from the San Diego County Water Authority. The charges were last adjusted in January 2018. Based upon the average monthly usage calculation detailed in the accompanying footnote, the combined commodity and fixed charges produce an equivalent monthly single-family residential charge of $138.54 or $1,662 annually based on the household overall domestic usage of 446 gallons per day, or 151.76 gallons per capita.[13]

6.2 Wastewater Services

Valley Center MWD's wastewater service comprises three classes (collection, treatment, and disposal) and activated throughout its jurisdictional boundary, although only currently provided within two distinct service areas in the District.

Valley Center MWD's wastewater service operations commenced in 1975 with the construction of the Lower Moosa Canyon Reclamation Facility. The Lower Moosa Canyon system presently serves an approximate 5,400-acre area in the west end of the jurisdictional boundary and includes the Hidden Meadows, Circle R, and Lawrence Welk Resort developments. It is estimated the resident population within this service area is 6,913. Valley Center MWD established a second wastewater system within the construction and operation of the Woods Valley Ranch Reclamation Facility in 2005. The Woods Valley Ranch system presently serves an approximate 1,600-acre in the south-central area of the jurisdictional boundary and includes the Woods Valley Ranch's North and South Villages. It is estimated the resident population within this service area is 820. A description of the demands, capacities, and performances within each of the two distinct service areas follows.

[13] Valley Center MWD is rural residential, agricultural community with a wide range of residential types, from standard residential sub-divisions to residences with large lots (2-5 acres) supporting large landscaped areas, gardens, casual, non-commercial agriculture as well as animal husbandry. As such determining the "average" or "typical" residential household use is difficult. For the purposes of the MSR, the District took the total residential, or domestic deliveries in FY 2018-2019 and divided that by the number of domestic accounts for the year and determined a gross average domestic use for the year, which was .50 AF/per year, or 162,915 gallons. This was the basis for determining the average residential bill and cost per year.

A. Moosa Service Area

Service Capacities

The maximum daily capacity at the Lower Moosa Canyon Reclamation Facility is 0.440 million gallons.

Valley Center MWD's wastewater system in the Moosa service area consists of collection, treatment, and disposal. The collection system includes approximately 21 miles of gravity lines and conveys sewage to the Lower Moosa Canyon Reclamation Facility located along Circle R Drive and east of North Old Highway 395. The collection system currently includes 2,469 active connections with 97.7% (84 commercial accounts) categorized as residential. Individual low-pressure grinder pump units are also utilized to convey flows from the Rimrock subdivision to the gravity collection system. The Lower Moosa Canyon Reclamation Facility provides secondary-level treatment and has a current maximum permit capacity of 0.440 million gallons a day.[14] All treated wastewater is discharged into adjacent percolation ponds and sprayed area for evaporation.

Service Demands

The average daily wastewater flows generated during the report period in the Lower Moosa service area has been 0.298 million gallons and an overall decease of (1.6%).

Average annual wastewater demands generated within the Moosa service area during the five-year report period has been approximately 109.0 million gallons. This amount serves as a macro overview of system demands and represents a daily average flow of 0.298 million gallons. It also translates over the report period to an estimated 121 gallons for every service connection. Average annual demands overall during the report period have decreased by (1.6%).

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

- Average daily dry-weather wastewater flows over the five-year report period within Moosa have been 0.285 million gallons. This flow typically is recorded between May and October and most recently tallied 0.276 million gallons as of the report term with an overall change of (4.7%) during the 60-month period.

[14] Valley Center MWD reports the Lower Moosa Reclamation Facility has the design ability to expand its daily treatment capacity to 1.0 million gallons.

- Average daily wet-weather wastewater flows over the five-year report period within Moosa have been 0.330 million gallons. This flow typically is recorded between November and April and most recently tallied 0.315 million gallons as of the report term with an overall change of (7.6%) during the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period within Moosa have been 0.387 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.30.

Moosa Service Area | Recent Wastewater Demands
Table 6.2a | Source: Valley Center MWD

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2014	0.304 mgd	0.299 mgd	0.341 mgd	0.395 mgd
2015	0.298 mgd	0.274 mgd	0.334 mgd	0.387 mgd
2016	0.288 mgd	0.284 mgd	0.316 mgd	0.374 mgd
2017	0.301 mgd	0.293 mgd	0.344 mgd	0.391 mgd
2018	0.299 mgd	0.276 mgd	0.315 mgd	0.388 mgd
Average	0.298 mgd	0.285 mgd	0.330 mgd	0.387 mgd
Trend	(1.6%)	(4.7%)	(7.6%)	(1.8%)

Notes: "mg" refers to millions gallons

Service Performance

Valley Center MWD's wastewater system is presently operating at 67% capacity within the Moosa service area.

Valley Center MWD is currently operating with sufficient and excess capacity within its Moosa service area in accommodating exiting estimated user demands generated during the five-year report period. This statement is substantiated with average day demand during the report period equaling 67.2% of the current treatment and discharge capacity at the Lower Moosa Canyon Reclamation Facility. The capacity consumption increases to 87.2% based on average peak-day flows during the period. These available capacities and excesses therein are not expected to substantively change over the next five-year period.

User Charges and Fees

Valley Center MWD charges most customers within the Moosa service area $56.45 per month for wastewater service. Customers within the Rimrock subdivision are charged a higher amount at $103.03, reflecting the additional charge of $46.58 to cover the cost of operating, maintaining and ultimately replacing the low-pressure grinder pump units. given additional pumping costs. Charges are collected by monthly invoicing. The

wastewater rates were last updated in February 2018.

B. Woods Valley Ranch Service Area

Service Capacities

Valley Center MWD's wastewater system in the Woods Valley Ranch service area consists of collection, treatment, and disposal. The collection system includes approximately 5 miles of gravity lines and conveys sewage to the Woods Valley Ranch Canyon Reclamation Facility located along Woods Valley Road east of Valley Center Road. The collection system currently includes 293 active connections with 93.5% (19 commercial accounts) categorized as residential. The Woods Valley Ranch Reclamation Facility provides tertiary-level treatment and has a current maximum permit capacity of 0.275 million gallons a day. All treated wastewater is discharged and reclaimed for irrigation at the adjacent Woods Valley Ranch Golf Course.

The maximum daily capacity at the Woods Valley Ranch Reclamation Facility is 0.275 million gallons.

Service Demands

Average annual wastewater demands generated within the Woods Valley Ranch service area during the five-year report period has been approximately 15.0 million gallons. This amount serves as a macro overview of system demands and represents a daily average flow of 0.041 million gallons. It also translates over the report period to an estimated to 143 gallons for every service connection. Average annual demands overall during the report period have increased by 10.3%.

The average daily wastewater flows generated during the report period in the Woods Valley Ranch service area has been 0.041 million gallons and an overall increase of 10.3%.

Supplementary micro measurements of recent wastewater demands within Woods Valley Ranch are summarized and reflected in the proceeding table.

- Average daily dry-weather wastewater flows over the five-year report period within Woods Valley Ranch have been 0.039 million gallons. This flow typically is recorded between May and October and most recently tallied 0.040 million gallons as of the report term with an overall change of 5.3%.

- Average daily wet-weather wastewater flows over the five-year report period within Woods Valley Ranch have been 0.043 million gallons. This flow typically is recorded between November and April and most recently tallied 0.048 million gallons as of the report term with an overall change of 17.1%.

- Average daily peak-day wastewater flows over the five-year report period within Woods Valley Ranch have been 0.053 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.29.

Woods Valley Ranch | Recent Wastewater Demands
Table 6.2b | Source: Valley Center MWD

Year	Average Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2014	0.039 mgd	0.038 mgd	0.041 mgd	0.053 mgd
2015	0.039 mgd	0.037 mgd	0.041 mgd	0.053 mgd
2016	0.040 mgd	0.039 mgd	0.043 mgd	0.049 mgd
2017	0.043 mgd	0.040 mgd	0.044 mgd	0.057 mgd
2018	0.043 mgd	0.040 mgd	0.048 mgd	0.055 mgd
Average	0.041 mgd	0.039 mgd	0.043 mgd	0.053 mgd
Trend	10.3%	5.3%	17.1%	3.8%

Notes: "mg" refers to millions gallons

Service Performance

Valley Center MWD's wastewater system is presently operating at 15% capacity within the Woods Valley Ranch service area.

Valley Center MWD is currently operating with sufficient and excess capacity within its Woods Valley Ranch service area in accommodating existing estimated user demands generated during the five-year report period. This statement is substantiated with average day demand during the report period equaling 14.9% of the current treatment and discharge capacity at the Woods Valley Ranch Facility. The capacity consumption increases 19.3% based on average peak-day flows during the period. These available capacities and excesses therein are not expected to substantively change over the next five-year period.

User Charges and Fees

Valley Center MWD charges all customers within the Woods Valley Ranch service area $98.60 per month for gravity wastewater service. Some of customers connected after completion of the Phase II recent capacity expansion project are also charged $46.58 monthly (as done in the Rimrock Area) to cover the cost of the low-pressure grinder pump operation, maintenance and ultimate replacement of the unit. All charges are collected

on the annual property tax bill. The wastewater rates were last updated in February 2018.

6.3 Recycled Water Service

Valley Center MWD's recycled water service operations formally commenced in 2005 and limited to the Woods Valley Ranch service area. Tertiary recycled water is generated from the Woods Valley Ranch Canyon Reclamation Facility and is presently retailed only to the Woods Valley Ranch Golf Course for irrigation. Valley Center MWD has no other customers. The treatment facility can produce a maximum of up to 0.275 million gallons of tertiary recycled water per day.

7.0 FINANCES

7.1 Financial Statements

Valley Center MWD contracts with an outside accounting firm to prepare an annual report to review the District's financial statements in accordance with established governmental accounting standards. This includes auditing Valley Center MWD statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Valley Center MWD's short and long-term fiscal health with specific focus on delivering its activated service functions. The current outside consultant is Leaf and Cole LLP (San Diego).

Valley Center MWD's most recent financial statements for the five-year report period were issued for 2017-2018.[15] These statements show Valley Center MWD experienced a moderate change over the prior fiscal year as the overall net position (regular accrual basis) decreased by (5.7%) from $88.7 million to $83.9 million and primarily attributed to increasing capital depreciation. The accompanying auditor's report did not identify any material weaknesses or related accounting concerns. A detailing of year-end totals and trends during the five-year report period follows with respect to assets, liabilities, and net position.

Most Recent Year-Ending Financial Statements (2017-2018)	
Assets	144,934,811
Liabilities	67,909,909
Deferred Outflow/Inflow	6,856,065
Net Position	$83,880,967

[15] The audit for 2017-2018 was issued by Leaf and Cole LLP on December 30, 2018.

Agency Assets

Valley Center MWD's audited assets at the end of 2017-2018 totaled $144.9 million and is 15.8% higher than the average year-end amount of $125.1 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented more than one-fourth of the total amount – or $41.9 million – and primarily tied to cash and investments. Assets classified as non-current and not readily liquid make up the remainder of the total amount – or $103.0 million – and primarily tied to the capital assets with four-fifths therein tied to the water distribution system. Overall assets for Valley Center MWD have increased by 30.9% over the corresponding 60-month period.

Valley Center MWD's assets have increased by nearly one-third during the report period. The increase is primarily attributed to year-end surpluses and rise in cash and investments from $18.4 to $24.6 million over the 60-month period.

Valley Center MWD
Audited Assets
Table 7.1a | Source: Valley Center MWD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	33,386,749	31,059,299	28,436,526	32,770,669	41,910,310	25.5	33,512,711
Non-Current	77,301,872	80,370,472	93,438,220	103,903,217	103,024,501	33.3	91,607,656
Total	$110,688,621	$111,429,771	$121,874,746	$136,673,886	$144,934,811	30.9%	$125,120,367

Agency Liabilities

Valley Center MWD's audited liabilities at the end of 2017-2018 totaled $67.9 million and finished 66.8% higher than the average year-end amount of $40.7 million documented during the five-year report period. Liabilities classified as current and representing obligations owed within the year accounted for one-fifth of the amount and primarily tied to accounts payable and customer deposits. Liabilities classified as non-current and considered long-term debts make up the remainder of the total amount with the largest single obligation tied to loan debt service tied to the expansion of the Woods Valley Ranch Wastewater Treatment Facility.[16] Overall liabilities for Valley Center MWD have increased by 403.2% over the corresponding 60-month period.

Valley Center MWD's liabilities overall have increased by more than four-fold during the report period. This overall increase is largely attributed to Valley Center MWD assuming $26.7 million in long-term debt during 2017-2018 with most of proceeds tied to improvements to the Woods Valley Ranch Reclamation Facility.

[16] Valley Center MWD maintains four separate loans with the State of California Water Resources Control Board that collectively total $26.753 million in ending balances as of June 30, 2018 to expand the Woods Valley Ranch Reclamation Facility. The largest loan ending balance is $16.693 million and commenced in December 2017 with payments through December 2036. The loans have an interest rate of 2.2% and assessed on property owners of record within the assessment district and collected on the property tax roll. The loans are considered "land-secured" debt as the debt service on the loans is attached to the land itself. Valley Center MWD maintains a fifth and final loan with San Diego Gas and Electric to retrofit two pump stations and has an ending balance of $0.078 million as of June 30, 2018.

Valley Center MWD
Audited Liabilities
Table 7.1b | Source: Valley Center MWD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	11,301,748	8,910,995	11,033,945	9,552,689	13,692,454	21.2	10,898,366
Non-Current	2,193,762	19,503,221	28,304,544	44,806,052	54,217,455	2371.4	29,805,007
Total	$13,495,510	$28,414,216	$39,338,489	$54,358,741	$67,909,909	403.2%	$40,703,373

Net Position

Valley Center MWD's net position has decreased during the report period with an overall change of (13.7%) from $97.166 million to $83.880 million. An adjustment to exclude new pension reporting requirements – however – shows the net position increasing by 14.1%.

Valley Center MWD's audited net position or equity at the end of 2017-2018 totaled $83.8 million and represents the difference between the District's total assets and total liabilities along with adjusting for deferred resources (i.e., pension outflows and inflows). This most recent year-end amount is (4.5%) less than the average year-end sum of $87.8 documented during the five-year report period. Close to nine-tenths of the ending net position – or $73.043 million – is tied to capital assets and/or legally restricted. Overall the net position for Valley Center MWD has decreased by (13.7%) over the corresponding 60-month period and without adjusting for new pension (GASB 68) and benefit (GASB 75) reporting requirements. Adjusting to exclude pension obligations the overall change in Valley Center MWD's net position has been 14.1%.

Valley Center MWD
Audited Net Position
Table 7.1c | Source: Valley Center MWD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Invested in Capital	75,462,875	79,423,330	84,494,979	79,597,730	71,684,014	(5.0)	78,132,586
Restricted	1,047,564	947,142	1,075,636	1,177,622	1,359,327	29.8	1,121,458
Unrestricted	20,655,672	3,026,744	276,747	7,988,857	10,837,626	(47.5)	8,557,130
Total	97,166,111	83,397,216	85,847,362	88,764,211	83,880,967	(13.7%)	$87,811,173

The unrestricted portion of Valley Center MWD's net position has decreased by over one-tenth over the report period and finished 2017-2018 with a balance equal to cover two months of operating expenses.

Valley Center MWD maintains one combined enterprise fund accounting for all service functions that underlies the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled $10.8 million and represents the accrued spendable portion of the fund balance and subject to discretionary designations. The unrestricted amount represents 2.5 months of operating expenses and increases to 8.8 months when adjusted to exclude booked pension and benefit liabilities based on actuals in 2017-2018.

7.2 Measurements | Liquidity, Capital, Margin

Standard measurements used to assess Valley Center MWD's financial standing shows decreases in the District's capital, margin, and structure levels during the report period. The most notable change involves capital and the District finishing the report period with a debt-to-net position of 65.0% and reflects a twenty-seven-fold increase.

LAFCO's review of the audited financial statement issuances by Valley Center MWD covering the five-year report period shows the District generally experienced downward results in three of the four measurement categories – liquidity, capital, margin, and structure – utilized in this document. Liquidity levels mark the lone positive change during the report period as measured by both current ratio and days cash with the latter category improving by nearly one-third and finishing at 187, which equates to six months of available cash flow. Valley Center MWD most notable declines involve capital and margin levels. This includes Valley Center MWD's debt-to-net position ending the report period at 65.0% and reflects nearly two-thirds of the net position is tied to long-term financing and reduces the ability to secure additional outside capital.[17] Valley Center MWD also finished each of the five fiscal years with negative operating margins with an overall average of (3.1%). General revenues – and specifically property taxes – have augmented losses in the enterprise activities and contribute to Valley Center MWD finishing each year with total margin gains. A summary of liquidity, capital, margin, and structure ratios follow.

Valley Center MWD
Financial Measurements
Table 7.2a | Source: San Diego LAFCO

Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Debt to Net Position	Total Margin	Operating Margin	Operating Reserves Ratio	Equipment Replacement
2013-2014	3.0 to 1	142.3	12.2%	2.3%	3.9%	(1.8%)	40.5%	20.4
2014-2015	3.5 to 1	158.8	26.3%	25.0%	1.4%	(4.9%)	6.4%	22.8
2015-2016	2.6 to 1	136.9	32.3%	34.8%	1.9%	(6.0%)	0.7%	23.3
2016-2017	3.4 to 1	175.3	38.3%	51.2%	5.8%	(0.9%)	18.3%	25.8
2017-2018	3.1 to 1	187.4	44.9%	65.0%	3.5%	(2.6%)	21.1%	26.0
Average	3.1 to 1	160.1	30.8%	35.7%	3.3%	(3.1%)	17.4%	23.7
Trend	3.6%	31.7%	267.9%	2780.5%	(11.3%)	46.6%	(48.0%)	27.3%

Current Ratio (Liquidity)
Compares available assets against near-term obligations; the minimum desirable ratio is 1.0 and means for every dollar in liability the agency has one dollar available to pay.

Days' Cash (Liquidity)
Measures the number of days the agency can fund normal operations without any new cash income; an appropriate minimum threshold is 180 days. This measurement focuses on immediate cash available to the agency in comparison to the current ratio.

Debt Ratio (Capital)
Measures the relationship between the agency's total assets and liabilities; the higher the ratio the more susceptible the agency is to long-term cash flow stresses.

Debt to Net Position (Capital)
Measures the amount of long-term debt or borrowing of the agency against its accumulated net worth; an appropriate maximum standard threshold is 50%.

Total Margin (Margin)
Measures the bottom line of the agency with respect to comparing all revenues to all expenses; a positive percentage is desirable within the caveat capital improvement expenditures may appropriately result in a negative percentage in individual years.

[17] Valley Center MWD notes the long-term financing is made up of debt totaling $25.649 million with $22.719 categorized as "land-secured" and $2.930 secured by full faith and credit on revenue.

Operating Margin (Margin)
Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans; a consistent positive percentage shows the agency has established a structured budget.

Operating Reserves Ratio (Structure)
Measures the percent of available monies of an agency to cover unforeseen shortfalls; an appropriate maximum standard threshold is 50%.

Equipment Replacement Ratio (Structure)
Measures the average age of depreciable equipment and facilities; the lower the number the younger the infrastructure with the assumption therein better efficiencies/effectiveness.

7.3 Pension Obligations

Valley Center MWD provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems (CalPERS). This pension contract provides employees with specified retirement benefits based on the date of hire and placement in one of two category types: "classic" and "non-classic." Additional pension details based on actuarial valuations issued by CalPERS during the five-year report period with respect to formulas, enrollees, contributions, and funded status follows.

Pension Formulas and Enrollees

The last annual valuation issued during the five-year report period followed 2017-2018 and identified 125 total participants within Valley Center MWD's pension program. This total represents an overall increase of six during the corresponding 48-month period in which information is readily available dating back to 2014-2015. The total is also divided between enrollee type (i.e., active, separated, transferred, retired) and produces a current positive worker-to-retiree ratio of 1.9 to 1. A summary of benefits for all two category types follow.

Valley Center MWD provides one of two types of defined pension benefits. Over nine-tenths of all pension enrollees qualify for "classic" benefits with start dates before January 1, 2013 and involve a 2.7 @ 55 formula. The remaining and newer employees hired after January 1, 2013 qualify as "non-classic" and involve a 2.0 @ 62 formula.

- Classic miscellaneous employees have start dates before January 1, 2013 and represent 94.4% – or 118 – of the 125 total enrollees. These employees receive a defined benefit based on a 2.7% at 55 formula. This formal provides eligible retirees with 30 years of total service credit 81% of their highest one year of salary each year beginning at age 55.

- Non-classic miscellaneous employees have start dates after January 1, 2013 and represent 5.6% – or seven – of the 125 total enrollees. These employees receive a defined benefit based on a 2.0% at 62 pension formula. This formal provides eligible retirees with 30 years of total service credit 60% of their highest annual salary based on a three-year average each year beginning at age 62.

Valley Center MWD
Pension Enrollee Information
Table 7.3a | Source: CalPERS

Type	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Active	n/a	61.0	62.0	61.0	60.0
Transferred	n/a	14.0	13.0	13.0	12.0
Separated	n/a	9.0	11.0	11.0	11.0
Retired	n/a	35.0	36.0	39.0	42.0
Total Enrollees	**n/a**	**119.0**	**122.0**	**124.0**	**125.0**
Worker-to-Retiree Ratio	**n/a**	**2.4 to 1**	**2.4 to 1**	**2.2 to 1**	**2.0 to 1**

Funding Status

Valley Center MWD's total and composite unfunded liability in the most recent valuation issued during the five-year report period totaled $59.726 million (2017-2018). This amount reflects the accrued monies owned and not covered by assets in both pension programs (classic and non-classic) and translates to a composite funded ratio of 60.2% based on market value. Valley Center MWD's funded ratio has decreased overall by (1.9%) during the report period.

Valley Center MWD's combined funded ratio as of the last annual valuation is 60.2%. This ratio has decreased overall by (0.3%) during the corresponding 48-month period dating back to 2014-2015.

Valley Center MWD
Pension Funding Status
Table 7.3c | Source: CalPERS

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trends
Pension Assets	n/a	30,059,055	30,640,129	33,873,285	35,939,159	19.6%
Pension Liabilities	n/a	49,029,947	52,440,180	55,628,214	59,726,676	21.8%
Unfunded Liability	n/a	(18,970,892)	(21,800,051)	(21,754,929)	(23,787,517)	25.4%
Funded Ratio	n/a	61.3%	58.4%	60.9%	60.2%	(1.9%)

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B. VALLEY CENTER FIRE PROTECTION DISTRICT

1.0 OVERVIEW

Eastern Valley Center
Valley View Casino



Photo Credit: Google

The Valley Center Fire Protection District (FPD) is an independent special district formed in 1982. Formation proceedings were initiated by landowners for purposes of assuming and formalizing fire protection services previously provided to the unincorporated community by the Valley Center Volunteer Fire Company. Valley Center FPD encompasses an 84-square mile jurisdictional boundary and lies to the northeast of the City of Escondido. The unincorporated community of Valley Center anchors the jurisdictional boundary and its two central village areas – "Valley Center" and "Pala Vista" – along with the Orchard Run and Woods Valley Ranch subdivisions. Governance is provided by a five-person board with members directly elected at large and serve staggered four-year terms. The average tenure on the Board among the current members is five years.

Valley Center FPD is presently organized as a multi-purpose agency with municipal operations activities tied to providing three distinct service functions – (a) fire protection/rescue, (b) emergency medical, and (c) ambulance – with the latter supplemented through a contract with Mercy Medical Transportation. Valley Center FPD is also authorized – subject to LAFCO approving latent power expansions – to provide hazardous material transport/disposal and weed and rubbish abatement. The operating budget at the term of the report period (2017-2018) was $2.932 million. The last audited financial statements cover 2017-2018 and show Valley Center FPD's net position totaling $4.453 million with the unrestricted portion tallying $3.248 million. This latter amount represents the equivalent of covering 12.0 months of recent agency-wide operating expenses.

LAFCO independently estimates the fulltime resident population within Valley Center FPD is 19,097 as of the term of this report period and accommodated through the construction of 6,762 current housing units. It is also projected the estimate of fulltime residents represents an overall increase of 1,539 since 2010 – or 192 annually – with a resulting annual growth rate of 1.1%, which is above the corresponding countywide rate of 0.94%. The median household income within Valley Center FPD is $80,345 based on the current five-year period average and exceeds the countywide average of $66,529 by nearly one-fifth.

2.0 BACKGROUND

2.1 Community Development

Valley Center FPD's service area began its present-day development in the mid-1800s in parallel with the creation and awards of land grants – or ranchos – throughout California by the Mexican government. The Rancho Guejito covers a sizeable portion of the current service area and was granted to Jose Orozco in 1845 and preceded a series of subsequent land divisions and arrival of permanent settlers. Bear Valley was the initial name given to the service area based on having the largest historical encounter with a 2,200-pound California Grizzly Bear in 1886 before giving way to Valley Center by the end of the century.

Bear Valley Courthouse
Cole Grade Road; Circa 1890s



Photo Credit: Valley Center History Museum

The first census performed for the Valley Center area estimated the population at 265 in 1890. Valley Center's population expanded to close to 1,000 by the 1920s and supported by the development of commercial cotton and rubber plantations in the area. Other agricultural crops began to follow – including nuts and citrus orchards – and contributed to the gradual growth of Valley Center with the population reaching an estimated 2,500 by the early 1950s. The formation of the Valley Center Municipal Water District in 1954 and availability of a reliable water source further expanded growth and development with respect to both agricultural and residential uses and the Valley Center population reached an estimated 4,000 by 1970. The Valley Center Volunteer Fire Company was subsequently created in 1975 to provide basic fire protection for the service area and established a fire station at the intersection of Lilac and Valley Center Valley Roads through community donations along with equipment and vehicles provided by the County of San Diego.

2.2 Formation Proceedings

Valley Center FPD's formation was petitioned by landowners in September 1981 through an organized effort facilitated by the Valley Center Citizens Committee for the explicit purposes of securing dedicated local funding to support organized fire and emergency medical services in the community. Formation proceedings, notably, were precipitated by the County of San Diego and its decision to discontinue funding (subsidies, grants, insurance coverage, etc.) all

volunteer fire companies in San Diego County and the expectation therein the companies would either annex or form their own special districts. The petition also countered a parallel filing made by the County to include Valley Center as part of a larger FPD to cover approximately 2,300 square miles of unserved unincorporated lands. LAFCO approved the formation of Valley Center FPD in February 1982 subject to voter approval and conditioned on the passing of an availability charge to provide baseline funding for fulltime paid personnel to augment ongoing volunteer activities. Voters subsequently approved the formation and the accompanying availability charge in June 1982 with 75% of the electorate in favor.[18] The election also included the sitting of the initial board of directors.

2.3 Post Formation Activities

A summary of notable activities undertaken by Valley Center FPD and/or affecting the District's service area following formation in 1982 is provided below.

- Valley Center FPD assumes responsibility from the County of San Diego for fire protection in November 1982 and concurrently establishes a contract with CAL FIRE for support services to include both administration and field operations.

- The County of San Diego Board of Supervisors adopts a resolution in November 1983 to permanently transfer a portion of its annual property tax proceeds to the Valley Center FPD. The portion equals 37% of the subsidy previously provided by the County to the Valley Center Volunteer Fire Company.

- LAFCO establishes Valley Center FPD's sphere of influence in November 1984. The sphere is set as a smaller-than-agency designation and excludes southwest jurisdictional lands that lie within the sphere of the City of Escondido (Daley Ranch) with the premise these lands will ultimately be served by the City.

- Valley Center FPD enters into a "Schedule A" contract with CAL FIRE and funds year-round staffing at one of three CAL FIRE stations in the District in 1983.

- The County of San Diego enters into an agreement with Valley Center FPD to begin providing an annual subsidy to cover fire protection services within the District in April 2007. The agreement provides County funding to cover Valley Center FPD's costs to maintain its Schedule A contract with CAL FIRE.

[18] The final vote tally approving Valley Center FPD's formation and the availability charge was 74.8% (1,430) for to 25.2% (482) against.

- LAFCO updates and affirms Valley Center FPD's sphere of influence as a smaller-than-agency designation with no changes as part of a countywide review of fire protection districts in August 2007.

- Valley Center FPD hires a fulltime fire chief and proceeds to transfer support services from CAL FIRE to San Pasqual Reservation Fire Department between May and September 2013.

- LAFCO updates and affirms Valley Center FPD's sphere of influence with smaller-than-district designation with no changes in March 2014.

- Valley Center FPD ends its contract with San Pasqual Reservation Fire Department and assumes full and direct control of administration and operations of the District in January 2015 in conjunction with hiring a new fulltime fire chief.

- Valley Center FPD contracts with Citygate Associates to review standards of coverage and receives a final report in March 2017. The final report recommends Valley Center FPD build a third station and add three fire engines to meet service demands within its jurisdictional boundary.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Valley Center FPD's jurisdictional boundary spans 54 square miles and covers 2.0% of all of San Diego County. All of the jurisdictional boundary is unincorporated and overlaps the land use authority of the County of San Diego.

Valley Center FPD's existing boundary spans approximately 84.5 square miles in size and covers 54,130 unincorporated acres (parcels and public rights-of-ways). The County of San Diego is the sole land use authority within the jurisdictional boundary with most of the lands included in the Valley Center Community Plan, which was last updated in 2011. The primary land use within the jurisdictional boundary is low to moderate residential estate along with agriculture and local supporting commercial. The jurisdictional boundary includes two village areas (Pala Vista and Valley Center) under the Community Plan that serve as the intended population centers and are adjacent to two older subdivisions, Orchard Run and Woods Valley Ranch. The San Pasqual Reservation also lies within the east end of the District. Overall there are currently 11,662 registered voters within Valley Center FPD.

Valley Center FPD
Boundary Breakdown By Land Use Authority
Table 3.1a (Source: Esri and San Diego LAFCO)

Land Use Authority	Total Assessor Parcel Acres	% of Total Accessor Parcel Acres	Total Assessor Parcels	Number of Registered Voters
County of San Diego	54,130	100%	7,669	11,662

Total assessed value (land and structure) within Valley Center FPD is set at $2.780 billion as of November 2019 and translates to a per acre value ratio of $0.051 million. The former amount separately represents a per capita value of $0.146 million based on the estimated fulltime population of 19,097. Valley Center FPD receives 1.1% of the annual 1.0% of property tax collected in the District.

Valley Center FPD receives $0.01 cents for every $1.00 dollar in property tax collected within its jurisdictional boundary.

The jurisdictional boundary is currently divided into 7,669 parcels and spans 53,477 acres. (The remaining jurisdictional acreage consists of public right-of-ways or related dedications.) More than nine-tenths – 90.4% – of the parcel acreage is under private ownership with exactly two-thirds having already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remainder of private acreage is undeveloped and consists of 1,835 vacant parcels that collectively total 16,131 acres. No lands within or adjacent to the Valley Center FPD jurisdictional boundary qualify as a disadvantaged unincorporated community under LAFCO policy.

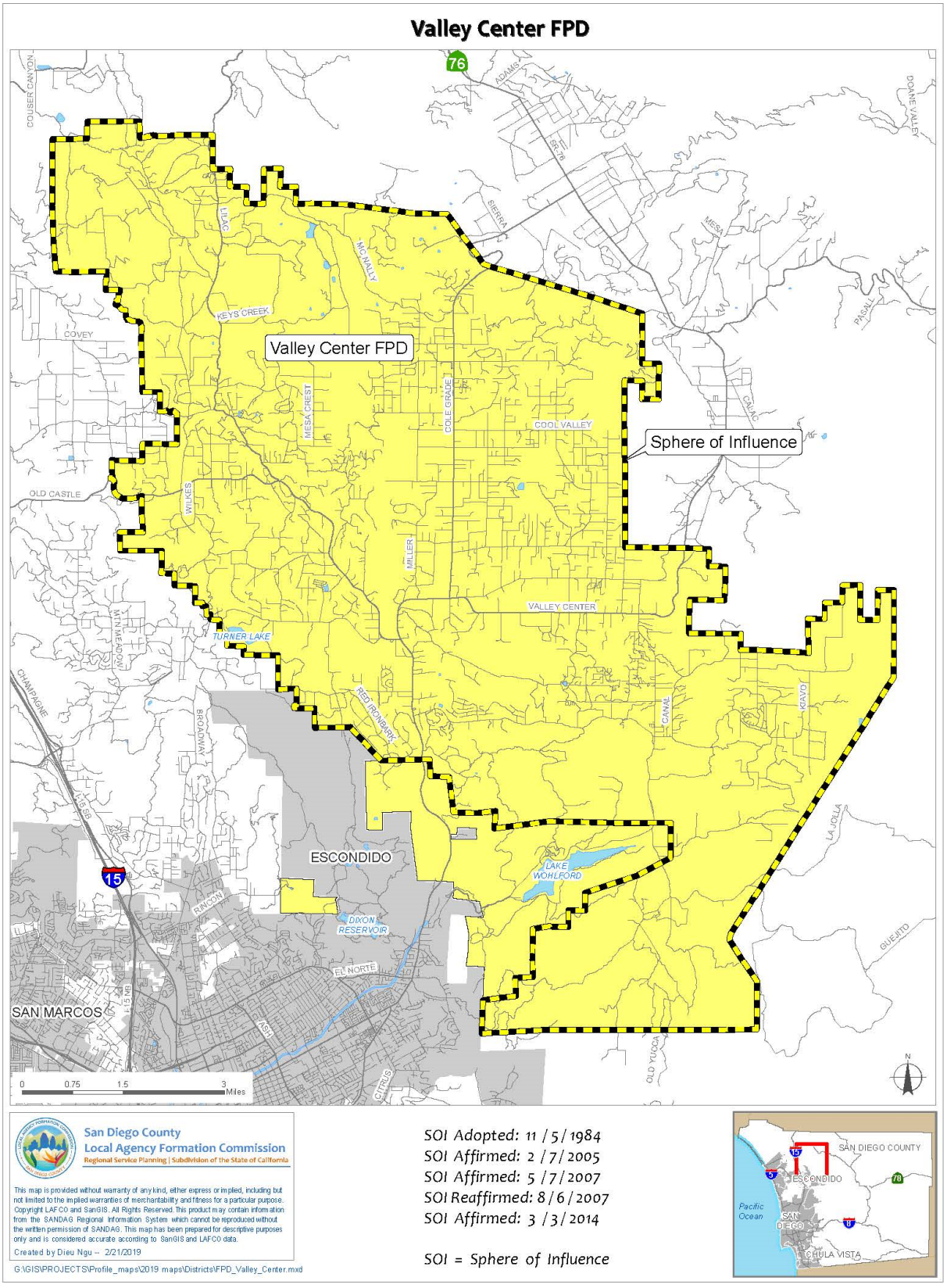
There are 1,835 privately owned parcels within Valley Center FPD that remain vacant and span 16,131 acres; an amount that represents more than one-fourth of the entire District.

3.2 Sphere of Influence

Valley Center FPD's sphere of influence was established by LAFCO in November 1984. The sphere has been subsequently updated in 2007 and 2014 without changes and presently spans 6.5 square miles or 49,943 acres. The sphere does not include any non-jurisdictional lands. The sphere – however – does exclude 4,187 jurisdictional acres that are simultaneously located within the sphere of City of Escondido and represents 7.7% of the District boundary. The jurisdictional lands lying outside the sphere generally comprise the Lake Wolford area.

Valley Center FDP's sphere of influence is 7.7% smaller than the District and excludes 4,187 jurisdictional acres and comprise the Daley Ranch and Lake Wolford areas.

3.3 Current Boundary and Sphere



4.0 DEMOGRAPHICS

4.1 Population and Housing

Valley Center FPD's total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 19,097 as of the term of the five-year report period. This amount represents 0.55% of the countywide total. It is also estimated the fulltime population has risen overall by 8.8% from 17,558 in 2010 and the last census reset. This translates to an annual change of 192 or 1.1%, which is approximately one-fifth higher than the corresponding countywide growth rate of 0.94%. It is projected the current growth rate will continue into the near-term and result in the fulltime population reaching 20,126 by 2023. The jurisdiction has a current population density of 1 resident for every 2.8 acres and underlies the overall rural character of the service area.

It is estimated there are 19,097 fulltime residents within Valley Center FPD at the end of the report period. It is also projected the fulltime population will increase consistent with recent trends – or 1.1% annually – and reach 20,126 by 2023.

Valley Center FPD
Resident Population
Table 4.1a (Source: Esri and San Diego LAFCO)

Factor	2010	2018	2023 (projected)	Annual Change %
Valley Center FPD	17,558	19,097	20,126	1.06%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are presently 6,762 residential housing units within Valley Center FPD as of the term of the five-year report period. This amount has increased by 409 – or 51 units per year – since 2010. With respect to current housing characteristics, 74.2% are owner-occupied, 20.2% are renter-occupied, and the remaining 5.6% are vacant with a sizeable portion suspected to serve as second homes. The average household size is 3.0 and has increased 1.3% from 2.9 over the preceding five-year period. The mean monthly housing cost in Valley Center FPD has decreased by (4.9%) from $2,039 to $1,939 based on the most recent five-year period averages. The mean monthly housing cost, however, remains well above the countywide average of $1,578.

Housing production in Valley Center FPD currently totals 6,762 dwelling units. This includes the addition of 409 units since 2010. The average monthly housing cost in Valley Center FPD is $1,953 and is close to one-fifth higher than the countywide average.

Valley Center FPD
Housing Breakdown
Table 4.1b (Source: American Community Survey and San Diego LAFCO)

Jurisdiction	2010 Housing Units	2018 Housing Units	Change	2010 Monthly Housing Cost	2018 Monthly Housing Cost	Change
Valley Center FPD	6,353	6,762	6.2%	$2,039	$1,958	(5.9%)
San Diego County	1,164,766	1,236,184	6.1%	$1,540	$1,578	2.5%

4.2 Age Distribution

The median age of residents in Valley Center FPD is 42.4 based on the current five-year period average. This amount shows the population is generally holding with the median age experiencing an overall change of 0.6% from 42.2 over the preceding five-year period average. However, the current median age in Valley Center FPD remains significantly higher than the countywide average of 35.3. Residents in the prime working age group defined as ages 25 to 64 make up more than one-half of the estimated total population at 52.1%.

Residents within Valley Center FPD tend to be older with a medium age of 44.2; an amount that is more than one-fourth higher than the countywide average of 35.3. The majority – 52.8% – of the residents are also aged within the prime working group of 25-64.

Valley Center FPD
Resident Age Breakdown
Table 4.2a (Source: American Community Survey and San Diego LAFCO)

Service Area	2010 Median Age	2018 Median Age	Change	2010 Prime Working Age	2018 Prime Working Age	Change
Valley Center FPD	42.2	42.4	0.6%	52.6%	52.1%	(0.9%)
San Diego County	34.6	35.3	2.0%	53.4%	47.0%	(11.9)%

4.3 Income Characteristics

The median household income in Valley Center FPD is $80,345 based on the current five-year period average. This amount shows fulltime residents are receiving slightly more pay with the median income experiencing an overall increase of 1.5% from the preceding five-year period average of $79,193. The current median household income in Valley Center FPD is also nearly one-fifth higher than the current countywide median of $66,259. Separately, the current average rate of persons living below the poverty level in Valley Center FPD is 12.0% and has increased over one-half – or 52.6% – over the earlier five-year period and more than five times greater the corresponding change in the

Valley Center FPD residents' average median household income has experienced a moderate increase in recent years and is currently $80,345. This amount is close to one-fourth higher than the countywide median income $66,529. The rate of persons living below the poverty rate – however – has increased by more than one-half and at more than five times the corresponding countywide rate.

countywide rate. The poverty rate in Valley Center FPD's poverty rate has relatedly moved closer to the countywide rate of 14.0%.

Valley Center FPD
Resident Income Breakdown
Table 4.3a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Median HH Income	2012-2016 Median HH Income	Change	2007-2011 Poverty Rate	2012-2016 Poverty Rate	Change
Valley Center FPD	$79,193	$80,345	1.5%	7.9%	12.0%	52.6%
San Diego County	$63,857	$66,529	4.2%	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Approximately 4.3% of adult residents in Valley Center FPD are unemployed based on the current five-year period average. This amount is more than one-tenth – or 14.0% – lower than the corresponding countywide average of 4.9%. Unemployment levels are also on the decline and have affirmatively decreased by (6.5%) – from the previous five-year average of 4.6%. Educational levels as measured by adults 25 or older with bachelor degrees has modestly regressed with the overall rate decreasing by (2.9%) over the previous five-year period from 31.7% to 30.7%. Nearly one-fourth – or 23.1% – of the population currently collects retirement income. The non-English speaking percentage of the population has decreased during this period from 11.4% to 8.0%; an overall difference of (29.6%).

Valley Center FPD
Socioeconomic Indicators Breakdown
Table 4.4a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Unemployment Rate	2012-2016 Unemployment Rate	Change	2007-2011 Non English	2012-2016 Non English	Change
Valley Center FPD	4.6%	4.3%	(7.4%)	11.4%	8.0%	(29.6%)
San Diego County	5.6%	4.9%	(12.5%)	16.1%	15%	(6.8%)

5.0 ORGANIZATION

Valley Center FPD's governance authority is established under the Fire Protection District Law and codified under Health and Safety Code Section 13800 et seq. This principal act empowers Valley Center FPD to provide a moderate range of municipal services upon approval by LAFCO. Valley Center FPD is currently authorized to provide three municipal service functions: (a) fire protection/rescue; (b) emergency medical services; and (c) ambulance. All other service functions (i.e. powers) enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO before Valley Center FPD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing an active service function,

Valley Center FPD would also need to seek LAFCO approval at a noticed public hearing. A list of active and latent Valley Center FPD service functions along with applicable classes follows.

Active Service Functions
Fire Protection/Rescue (structural)
Emergency Medical (advance life support)
Ambulance Transport

Latent Service Functions
Hazardous Materials Transport & Disposal
Weed and Rubbish Abatement

Governance of Valley Center FPD is independently provided by a five-member Board of Directors. Each member of the Board is elected by registered voters at-large to four-year terms. The Board includes four appointed officer positions: President; Vice President; Secretary; and Treasurer. The Board regularly meets on the last Sunday of each month at Valley Center Municipal Water District's Administrative Office located at 29300 Valley Center Road in Valley Center. Directors receive a $100 per diem for each meeting attended. Summary minutes are prepared for all meetings; audio and video recordings are not provided. A current listing of the Board with respective backgrounds and years served with Valley Center FPD follows.

Board meetings are regularly scheduled on the last Sunday of each month at Valley Center MWD's Administrative Office. Board members receive a $100 per diem for their attendance.

Valley Center FPD
Current Governing Board Roster
Table 5.1a (Source: Valley Center FPD)

Member	Board Position	Years on the Board	Background
Phil Bell	President	9	Fire Service/ Finance
Steve Hutchinson	Vice President	5	Agriculture/ Academic
Jeremy Abrams	Secretary	1	Electrician/ IBEW Board
Mike O'Connor	Treasurer	3	Fire Service/ Agriculture
Jim Wold	Board Member	7	Fire Service/ Business Owner

5.2 Administration

Valley Center FPD appoints an at-will Fire Chief to oversee all District activities. The current Fire Chief – Joe Napier – was appointed by the Board in November 2014 and oversees a budgeted staff of 24 fulltime equivalent employees along with 30 firefighter and paramedic reserves. Valley Center FPD contracts for legal services with White and Bright LLP (Escondido).[19]

Valley Center FPD Administration Offices
29300 Valley Center Road, Valley Center CA 92082



Photo Credit: Valley Center FPD

[19] Valley Center FPD also maintains retainers with Liebert Cassidy and Whitmore for personnel matters.

6.0 MUNICIPAL SERVICES

Valley Center FPD currently provides three municipal service functions: (a) fire protection/rescue; (b) emergency medical; and (c) ambulance transport with the former two organized as one integrated operation and serve as the primary District activity. Services commenced in 1983 following Valley Center FPD's formation and as successor to an all-volunteer fire company. A summary analysis of these active service functions follows with respect to capacities, demands, and performance.

6.1 Fire Protection/Rescue and Emergency Medical Services

Valley Center FPD's fire protection/rescue and emergency medical services (first responder) represent the primary function of the District and were established at the time of formation in 1983. These services were initially organized on an all-volunteer basis before transitioning to its current combination career/reserve model in step with Valley Center FPD establishing a fulltime fire chief position in June 2013 following the termination of a contractual service agreement with CAL FIRE. Fire protection/rescue and emergency medical services are primarily funded in proportional order by benefit fees, property taxes, and special assessments.

Valley Center FPD's fire protection/rescue services are categorized as structural. Emergency medical services area categorized as advance life or ALS.

Service Capacities

Valley Center FPD's fire protection/rescue and emergency medical services' capacities are primarily dependent on human resources and currently staffed between 24 fulltime personnel and 30 part time firefighter reserves.[20] The Fire Chief is supported by two Division Chiefs (Community Risk and Emergency Operations) along with an Administrative Captain (Community Development).[21] The Division Chiefs collectively manage six engine companies equally divided between Valley Center FPD's two stations and three shifts. Station No. 1 operates a Type-1 fire engine staffed with a captain, engineer and firefighter-paramedic. It also operates a paramedic ambulance staffed with one firefighter-paramedic and one firefighter-emergency medical technician (EMT). Fire Station No. 2 also operates a Type-1 fire engine staffed with a captain, engineer and firefighter-paramedic along with a Type-6 paramedic rescue squad staffed with one firefighter-paramedic and one firefighter-EMT. Command duty coverage is provided by a 24-hour chief officer and a 24-hour duty arson

Valley Center FPD's fire protection/rescue services are currently staffed by 24 fulltime personnel and supplemented by 30 part time firefighter reserves.

[20] Personnel levels as of September 2019.
[21] An Administrative Secretary and District Bookkeeper also provide administrative support of service capacities.

investigator. Both stations are continuously staffed by twelve-person shifts that extend 24 hours. All personnel are trained to ALS.[22] The current adopted minimum staffing level for the Valley Center FPD is one duty chief officer, one duty arson investigator, three persons per fire engine, two persons on an ambulance and two persons on a paramedic rescue squad.[23] Training requirements are provided in the accompanying footnote.[24]

Valley Center FPD
Staffing Levels
Table 6.1a | Source: Valley Center FPD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Average	Trend
Public Safety	15	15	18	21	28	19.4	46.4%
Public Safety - Reserves	30	30	30	30	30	30	0%
Non-Public Safety	2	2	2	2	2	2	0%
Total	47	47	49	52	59	51.4	20.3%

Actual fire protection/rescue and emergency medical services are delivered out of two Valley Center FPD stations based on dispatch provided by the County of San Diego through the North County Dispatch Joint Powers Agreement. Station details follow.

- Station No. 1 is located towards the center of the jurisdictional boundary at 28234 Lilac Road at its intersection of Valley Center Road. Station No. 1 was built in 1981 and serves as the administrative offices and is the reporting location for Mercy Ambulance. Station No. 1 has responded on average to 60% of all onsite incidents over the five-year report period. Valley Center FPD currently assigns six public safety personnel to Station No. 1 every 24-hour period.

- Station No. 2 is located towards the eastern parameter of the jurisdictional boundary at 28205 North Wolford Road at its intersection with Valley Center Road. Station No. 2 was built in 1989. Station No. 2 has responded on average to 40% of all onsite incidents over the five-year report period. Valley Center FPD currently assigns five public safety personnel to Station No. 2 every 24-hour period.

[22] ALS is a higher level of emergency care procedures that may include defibrillation, airway management, and invasive techniques such as IV therapy, intubation and/ or drug administration.
[23] One of the two personnel must be a DMV and California State Certified licensed operator to drive the fire engine.
[24] Training is provided to staff and reserves by Valley Center FPD and the North Zone Training Cadre to satisfy minimum standards established by the National Fire Protection Association (NFPA) and the Insurance Services Office (ISO). This includes new recruits attending an initial 380-hour California State Fire Marshal's Accredited Academy followed by a 40-hour department orientation academy. Each captain, engineer and firefighter are required to participate in two hours of training every shift and 20 hours of training each month. Part time firefighter reserves are generally in the process of earning their State Firefighter 1 certification which requires additional hours of specialized training. All reserve firefighters are already certified as EMTs or licensed paramedics. Reserves work traditional 24-hour shifts and receive an hourly rate of $13.00 to $14.50 per hour.

The following table summarizes station staffing and fleet vehicle assignments.

Valley Center FPD
Fire Stations' Assignments
Table 6.1b (Source: Valley Center FPD)

Factor	Station No. 1	Station No. 2	Total
24 hr. Public Safety Staffing	7	5	12
Non-Public Safety Staffing	2	0	2
Fire Engines	2	2	4
Ambulance (VCF and Mercy)	1	1	2
Paramedic Squad	0	1	1
Command Vehicles	4	0	4
Other Fleet Vehicles	2	2	7

Based on information collected in September 2019.

Valley Center FPD maintains automatic and mutual aid agreement with all of the agencies listed below:

- Carlsbad Fire Department
- Deer Springs Fire Protection District
- Encinitas Fire Department
- Escondido Fire Department
- North County Fire Protection District
- Oceanside Fire Department
- Pauma Reservation Fire
- Pala Reservation Fire
- Rancho Santa Fe Fire Protection District
- Rincon Reservation Fire
- Solana Beach Fire Department
- San Marcos Fire Department
- San Pasqual Reservation Fire
- Vista Fire Department
- CAL FIRE

Service Demands

Overall service demands for fire protection/rescue and emergency medical within Valley Center FPD during the five-year report period have averaged 1,565 dispatched calls annually or 4.3 daily. Almost one-tenth – or 8.2% – of all dispatched calls were canceled and resulted in onsite arrivals averaging 1,446 annually or 4.0 daily. A breakdown of onsite arrivals shows Valley Center FPD responded to 87.1% of all incidents during the report period within its jurisdictional boundary. The breakdown also shows Valley Center FPD responded exclusively to 86.6% of actual onsite incidents within its jurisdiction during the report period. Both dispatch calls and onsite arrivals have all increased by more than double. The following table summarizes annual calls and onsite arrivals – including agency responders – as well as trends during the corresponding 60-month period.

Over the five-year report period actual onsite arrivals for fire and/or emergency medical services in Valley Center FPD have been on the rise with an overall average of 4.0 per day. Of this amount, Valley Center FPD has been the exclusive responder 86.6% of the time and without the aid of outside agencies.

Valley Center FPD
Dispatch and Onsite Demands
Table 6.1c (Source: VCFPD and North County Communication Dispatch)

Year	2014	2015	2016	2017	2018	Average	Trend
Total Dispatched Incidents	804	1,392	1,714	1,923	1,992	1,565	147.8%
Total Onsite Responses	760	1,328	1,595	1,760	1,789	1,446	135.4%
- Responded by Valley Center FPD Only	90.9%	78.8%	86.1%	86.8%	90.6%	86.6%	(0.3%)
- Responded by Other Agencies Only	n/a	n/a	n/a	n/a	n/a	n/a	n/a
- Responded by Valley Center FPD and Others	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Service Performance

Valley Center FPD's capacities as measured by staffing and equipment are sufficiently sized to readily accommodate existing demands within its jurisdictional boundary relative to local conditions highlighted by the District serving a semi-rural and expansive area. The District currently has an Insurance Service Office (ISO) rating of a 3/3X and is considered appropriate for a largely semi-rural area with a suburban core surrounded by rural and agricultural lands.[25] The sufficiency is quantified with Valley Center FPD responding to nearly all onsite incidents within its jurisdictional boundary during the five-year report period. This sufficiently is similarly quantified by Valley Center FPD's relatively low and insubstantial dependency on outside agencies during the report period with only 11 of every 100 onsite incidents necessitating assistance from outside agencies.

[25] The ISO Classification system ranges from 1 to 10, with 1 being the highest.

6.2 Ambulance Services

Valley Center FPD's ambulance services were established in conjunction with the District being awarded an exclusive operating contract in July 2015. The contract is with the County of San Diego's Health and Human Services Agency (HHS) and designates Valley Center FPD as the authorized paramedic services and ambulance transport provider for the greater Valley Center region.[26] Valley Center FDP separately contracts with Mercy Medical Transportation to supplement ambulance transport services. The contract originally termed on June 2019 and has been extended through two one-year extensions and now runs through June 2021. Ambulance services are organized as an enterprise and primarily funded in proportional order by service charges (patient billing) and baseline contract funding from HHS.

Service Capacities

Valley Center FPD's ambulance transport services are presently staffed by six personnel divided between three contracted Mercy paramedics and three District EMTs. One ambulance is operated on a 24-hour basis. Additional part-time reserve firefighter-paramedics and firefighter-EMTs are also used by Valley Center FPD to supplement fulltime personnel as needed.[27] Valley Center FPD is required by HHS to provide one ambulance at all times staffed with one paramedic and one EMT personnel, and in doing so providing advanced life support (ALS) in the Valley Center area. Ambulance services are delivered out of Station 1 with dispatch provided by the County through the North Communications Fire Dispatch Center.

Valley Center FPD's ambulance transport services are presently staffed by six personnel and divided between three paramedics and three EMTs. Staffing levels have remained consistent during the report period.

Valley Center FPD
Ambulance Personnel
Table 6.2a (Source: Valley Center FPD)

Category	2014	2015	2016	2017	2018	Average
Paramedics	3	3	3	3	3	3
EMTs	3	3	3	3	3	3

VCFPD personnel levels are based on information collected in November 2019.

[26] State law defines local responsibilities for administration of emergency medical services and authorizes counties to designate a local EMS agency to "plan, implement, and evaluate an emergency medical services system" for the respective county. To this end, the County of San Diego approved Board Policy K-12 in by Board Action in April 3, 1982 designating HHS as the local EMS agency and tasked it with the responsibility of developing an EMS program, including, but not limited to, operational policies, procedures, and protocols to ensure an effective and efficient EMS system throughout unincorporated San Diego County.

[27] Advance Life Support (ALS) is a higher level of emergency care procedures that may include defibrillation, airway management and invasive techniques such as IV therapy, intubation and/ or drug administration.

Service Demands

Overall service demands for ambulance transport within Valley Center FPD's contracted service area during the five-year report period have averaged 2,276 dispatched calls annually or 6.2 daily. Close to one-fifth – or 48.2% –of dispatched calls were canceled and resulted in onsite arrivals averaging 1,178 annually or 3.2 daily. With respect to onsite incidents, 87.3% involved lands within Valley Center FPD.

Over the five-year report period actual onsite demands for ambulance transport from Valley Center FPD have averaged 3.2 daily with almost nine-tenths involving lands within the District.

Valley Center FPD
Ambulance Transport Demands
Table 6.2b (Source: VCFPD and Mercy Medical Transport)

Year	2014	2015	2016	2017	2018	Average	Trend
Total Dispatched Incidents	1,570	1,958	2,425	2,676	2,753	2,276	75.4%
Total Onsite Incidents – Contract Area	1,058	1,128	1,155	1,243	1,307	1,178	23.5%
... Within Valley Center FPD Boundary	564	1122	1074	1176	1205	1,028	113.7%

Overall onsite incidents within the Valley Center FPD contracted service area have increased during the five-year report period by 75.4%. Incidents specific to Valley Center FPD's jurisdictional boundary have increased by 113.7%.

Service Performance

Analysis of service performance will be deffered into a future municipal service review.

7.0 FINANCES

7.1 Financial Statements

Valley Center FPD contracts with an outside accounting consultant to prepare an annual report to review the District's financial statements in accordance with established governmental accounting standards. This includes auditing Valley Center FPD's statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Valley Center FPD's short and long-term fiscal health with specific focus on delivering its active service functions. The current outside consultant is Leaf & Cole LLP (San Diego).

Valley Center FPD's most recent audited financial statements for the five-year report period were issued for 2017-2018.[28] These audited statements show Valley Center FPD experienced a moderate negative change over the prior fiscal year as its overall net position (regular accrual basis) for all activities decreased by (3.2%) from $4.599 million to $4.453 million. Underlying this change in net position is decrease sizeable draw down on unrestricted funds necessary to cover a sizeable total margin loss of (18.5%) in 2017-2018. The accompanying auditor's report did not identify any weakness or related accounting concerns. A detailing of year-end totals and trends during the five-year report period follows with respect to Valley Center FPD's assets, liabilities, and net position.

Most Recent Year-Ending Financial Statements (2017-2018)	
Assets	4,704,258
Liabilities	251,130
Deferred Outflow/Inflow	0
Net Position	$4,453,128

Agency Assets

Valley Center FPD's audited assets at the end of 2017-2018 totaled $4.704 million and are (8.7%) lower than the average year-end amount of $5.152 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented nearly four-fifths of the total amount – or $3.401 million – and primarily tied to cash and investments. Assets classified as non-current make up the remainder of the total – or $1.303 million – and primarily attributed to depreciable capital with one-half of this amount tied to fire engines and ancillary vehicles. Overall, all assets for Valley Center FPD have decreased by (13.2%) over the corresponding 60-month period.

Valley Center FPD's assets have decreased by (13.2%) during the report period. The overall decrease is primarily attributed to year-end margin losses and decline in cash equivalents from $4.9 to $3.4 million over the 60-month period.

Valley Center FPD
Audited Assets
Table 7.1a | Source: Valley Center FPD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	4,665,308	4,154,331	4,137,520	4,030,214	3,400,892	(27.1%)	4,077,653
Non-Current	755,665	1,199,289	1,134,889	980,036	1,303,366	72.5%	1,072,649
Total	$5,420,973	$5,353,620	$5,272,409	$5,010,250	$4,704,258	(13.2%)	$5,150,302

[28] The audit for 2017-2018 was issued by Leaf & Cole LLP on October 16, 2018.

Agency Liabilities

Valley Center FPD's liabilities overall have decreased by (6.7%) during the report period. The lone long-term liability for Valley Center FPD at the end of the report period involves $0.97 million remaining lease balance involving a fire truck acquired in 2013.

Valley Center FPD's audited liabilities at the end of 2017-2018 totaled $0.251 million and are (28.9%) lower than the average year-end amount of $0.353 million documented during the five-year report period. Liabilities classified as current and representing obligations owed in the near-term account for three-fifths – $0.153 million – of the total and largely tied to accounts payable. Non-current liabilities represent the remaining total – or $0.098 million – and entirely tied to payments remaining on a lease purchase of a new fire truck in August 2013. (The lease ends in August 2019.) Overall, all liabilities have decreased by (6.7%) over the corresponding 60-month period.

Valley Center FPD
Audited Liabilities
Table 7.1b | Source: Valley Center FPD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Trend	Average
Current	269026	44,450	136,441	218,154	153,151	(43.1%)	164,244
Non-Current	0	372,436	282,242	193,246	97,979	(73.7)%	189,181
Total	$269,026	$416,886	$418,683	$411,400	$251,130	(6.7%)	$353,425

Note: Non-current liabilities' trend reflects a 4-year change between FY15 to FY18.

Agency Net Position

Valley Center FPD's net position has steadily decreased each year during the report period with an overall change of (13.6%) from $5.151 million to $4.453 million. The net change has been a loss of ($0.698 million).

Valley Center FPD's audited net position or equity at the end of 2017-2018 totaled $4.453 million and represents the difference between the District's total assets and total liabilities. This most recent year-end amount is (7.2%) lower than the average year-end sum of $4.796 million documented during the five-year report period. More than one-fourth of the ending net position – or $1.205 million – is tied to capital assets with the remainder categorized as unrestricted. The net position for Valley Center FPD has decreased each year and overall by (13.6%) through the corresponding 60-month period.

Valley Center FPD
Audited Net Position
Table 7.1c | Source: Valley Center FPD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Average	5-Year Trend
Capital	755,665	816,853	852,647	786,790	1,205,387	88,468	59.5%
Restricted	1,247,870	1,354,834	-	-	-	520,541	(100%)
Unrestricted	3,148,412	2,755,047	4,001,079	3,812,060	3,247,741	3,392,868	3.2%
	$5,151,947	$4,926,734	$4,853,726	$4,598,850	$4,453,128	$4,796,877	(13.6%)

Valley Center FPD maintains two active funds – general and mitigation – underlying the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled $3.248 million and represents the accrued spendable portion of the fund balance subject to discretion designations.[29] This unrestricted amount represents 12.0 months of operating expenses based on actuals in 2017-2018.[30]

The unrestricted portion of Valley Center FPD's net position has increased by 3.2% over the report period and finished 2017-2018 with a balance equal to cover 12 months of operating expenses.

7.2 Measurements | Liquidity, Capital, and Margin

LAFCO's review of the audited financial statement issuances by Valley Center FPD covering the five-year report period shows the District generally experienced downward financial changes relative to the four measurement categories – liquidity, margin, capital and structure – utilized in this document. Liquidity measurements were mixed with the current ratio increasing by more than one-fourth – or 28.1% – from 17.3 to 1 to 22.2 to 1 versus days cash decreasing by one-half – or (50.3%) – from 801 to 398 and collectively shows short-term assets are on the rise but readily available cash is on the decline. Measurements for margin and capital were more decidedly downward during the report period and marked by total and operating margins both finishing the report period with double-digit negative averages at (10.7%) and (11.2%), respectively. Capital also diminished during the report period with increases in both the debt ratio and debt-to-net position measurements. Debt levels – nonetheless – finished the report period well below the 50% threshold standard followed by most public agencies. A summary of liquidity, margin, capital, and structure ratio trends for Valley Center FPD follow.

Most of the standard measurements used to assess Valley Center FPD's liquidity, margin, capital, and structure levels during the report period show declining trends and marked by averaging double-digit margin (total and operating) losses. Other measurements show more subtle changes, and this includes debt levels increasing but remaining relatively low overall.

Valley Center FPD
Financial Measurements
Table 7.2a | Source: San Diego LAFCO

Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Debt to Net Position	Total Margin	Operating Margin	Operating Reserves Ratio	Equipment Replacement
2013-2014	17.3 to 1	800.9	5.0%	0.0%	2.6%	(0.7%)	141.5%	26.1
2014-2015	93.4 to 1	491.1	7.8%	7.6%	(29.3%)	(33.1%)	85.0%	14.5
2015-2016	30.3 to 1	570.6	7.9%	5.8%	(4.0%)	(5.6%)	145.4%	20.3
2016-2017	18.5 to 1	539.5	8.2%	4.2%	(4.3%)	(5.5%)	133.6%	21.9
2017-2018	22.2 to 1	397.5	5.3%	2.2%	(18.5%)	(11.1%)	100.4%	19.6
Average	36.4 to 1	559.7	6.8%	4.0%	(10.7%)	(11.2%)	121.2%	20.5
Trend	28.1%	(50.3%)	7.6%	n/a	(800.5%)	(1574.4%)	(29.0%)	(24.8%)

[29] $2.270 million of the unrestricted total is unassigned and readily available.
[30] Actual operating expenses in 2017-2018 totaled $3.234 million.

Current Ratio (Liquidity)
Compares available assets against near-term obligations; the minimum desirable ratio is 1.0 and means for every dollar in liability the agency has one dollar available to pay.

Days' Cash (Liquidity)
Measures the number of days the agency can fund normal operations without any new cash income; an appropriate minimum threshold is 180 days. This measurement focuses on immediate cash available to the agency in comparison to the current ratio.

Debt Ratio (Capital)
Measures the relationship between the agency's total assets and liabilities; the higher the ratio the more susceptible the agency is to long-term cash flow stresses.

Debt to Net Position (Capital)
Measures the amount of long-term debt or borrowing of the agency against its accumulated net worth; an appropriate maximum standard threshold is 50%.

Total Margin (Margin)
Measures the bottom line of the agency with respect to comparing all revenues to all expenses; a positive percentage is desirable within the caveat capital improvement expenditures may appropriately result in a negative percentage in individual years.

Operating Margin (Margin)
Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans; a consistent positive percentage shows the agency has established a structured budget.

Operating Reserves Ratio (Structure)
Measures the percent of available monies of an agency to cover unforeseen shortfalls; an appropriate maximum standard threshold is 50%.

Equipment Replacement Ratio (Structure)
Measures the average age of depreciable equipment and facilities; the lower the number the younger the infrastructure with the assumption therein better efficiencies/effectiveness.

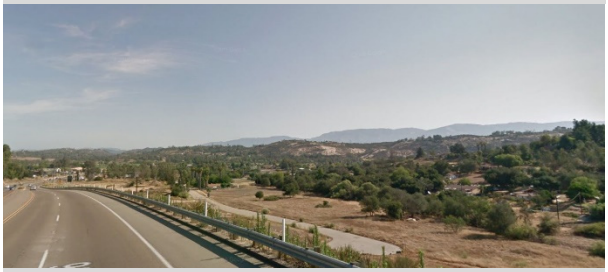
7.3 Pension Obligations

Valley Center FPD does not have recorded pension obligations.

C. VALLEY CENTER COMMUNITY SERVICES DISTRICT

1.0 OVERVIEW

Valley Center
Northbound State Route 6 | East to Woods Valley



Courtesy: Google

The Valley Center Community Services District (CSD) is an independent special district formed in 1966. Formation proceedings were initiated by landowners for the purposes of assuming ownership and operation of a community hall and providing related and local recreation services in the unincorporated community of Valley Center. Valley Center CSD encompasses a 66-square mile jurisdictional boundary and generally lies north of the City of Escondido with a small portion – less than 550 acres – within the City. The unincorporated community of Valley Center anchors the jurisdictional boundary and its two central village areas – "Valley Center" and "Pala Vista" – along with the Orchard Run and Woods Valley Ranch subdivisions. Governance is provided by a five-person board with members directly elected by geographic divisions and serve staggered four-year terms. The average tenure on the Board among the current members is three years.

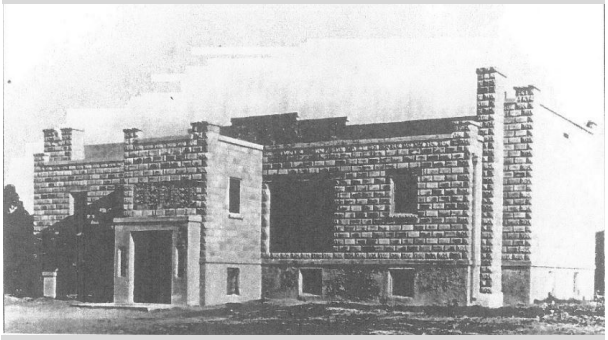
Valley Center CSD is presently organized as a limited purpose agency with municipal service functions tied to providing only park and recreation and highlighted by operating the Valley Center Community Hall. Other facilities include Adams Park and Cole Grade Field. Valley Center CSD is also authorized – subject to LAFCO approving latent power expansions – to provide a full range of other municipal service functions under the District's principal act, including – but not limited to – water, wastewater, and fire protection. The operating budget at the term of the report period (2017-2018) was $0.431 million. The last audited financial statements cover 2017-2018 and show Valley Center CSD's net position totaling $1.287 million with the unrestricted portion tallying $0.187 million. This latter amount translates to sufficient reserves to cover five months of recent operating expenses.

LAFCO independently estimates the fulltime resident population within Valley Center CSD is 19,008 as of the term of this report period and accommodated through the construction of 6,720 current housing units in the District. It is also projected the estimate of fulltime residents represents an overall increase of 1,442 since 2010 – or 180 annually – with a resulting annual growth rate of 1.0%, which is above the corresponding countywide rate of 0.94%. The median household income within Valley Center CSD is $83,929 based on the current five-year period average and exceeds the countywide average of $66,529 by more than one-fifth.

2.0 BACKGROUND

2.1 Community Development

Valley Center Schoolhouse
28246 Lilac Road, Circa 1920s



Courtesy: Valley Center CSD

Valley Center CSD's service area began its present-day development in the mid-1800s in parallel with the creation and awards of land grants – or ranchos – throughout California by the Mexican government. The Rancho Guejito covers a sizeable portion of the service area and was granted to Jose Orozco in 1845 and preceded a series of subsequent land divisions and arrival of permanent settlers. Bear Valley was the initial name given to the area based on having the largest historical encounter with a 2,200-pound Grizzly Bear in 1886 before giving way to Valley Center by the end of the century.

The first census performed estimated the Valley Center area's population at 265 in 1890. Valley Center's population expanded to close to 1,000 by 1920 and aided with the development of commercial cotton and rubber plantations in the area. It was also during this time three small school districts in the area – Vesper, Watkins, and Valley – began the process to consolidate into the Valley Center Union School District and resulted in the construction of a new schoolhouse at the present day site of 28246 Lilac Road in 1922. Other agricultural crops in the area also began to emerge towards mid-century – including nuts and citrus orchards – and the Valley Center area's population reached an estimated 1,500 by 1950. It was also during this period that the arrival of more families to the area necessitated additional and more modern school facilities. The school district responded by converting the 1922 schoolhouse on Lilac Road into the Community Hall and transferring students to a new and larger schoolhouse on Cole Grade Road in 1947. Maintenance of the Community Hall, however, proved expensive and the school district sold the building in the late 1950s to the Valley Center Municipal Water District (MWD) with a leaseback to continue to operate programs and allow its use by local community organizations.

2.2 Formation Proceedings

Valley Center CSD's formation was petitioned by landowners in October 1965 in conjunction with a recommendation of the Valley Center Chamber of Commerce for the explicit purpose to assume ownership and operation of the Community Hall at 28246 Lilac Road and provide

local recreational services in the Valley Center area going forward. Notably, at the time for formation proceedings, the Community Hall had become the regular meeting location for several local groups and organizations – including the Valley Center Chamber of Commerce – and necesitated more maintainence beyond the scope and interest of the Valley Center Union School District.[31] LAFCO approved the formation of Valley Center CSD in December 1965 subject to voter approval along with setting the jursidctional boundary to generally follow the Valley Center Union School District boundary with purposeful exclusions to avoid overlap with the Pauma Valley CSD. Voters subsequently approved the formation proceedings along with electing an initial board of directors in July 1966.

2.3 Post Formation Activities

A summary of notable activities undertaken by Valley Center CSD and/or affecting the District's service area following formation in 1966 is provided below.

- Valley Center CSD acquires the 1.6-acre Community Hall property from Valley Center MWD by quit claim in 1967.

- Valley Center CSD acquires 2.0 acres of adjacent land to the Community Hall site in 1977. The District proceeds to lease the property to the Valley Center FPD for $1 per year through 2077 and in doing so facilitates the construction of Fire Station No. 1.

- Valley Center CSD acquires 10.5 acres of adjacent land to the Community Hall site by quit claim from the County of San Diego in 1979. The District proceeds to build baseball and softball fields.

- Valley Center CSD enters into a lease with the Valley Center Unified School District in 1979 involving 6.0 acres. The District proceeds to develop Adams Park with recreational amenities ranging from picnic tables to tennis courts.

- LAFCO establishes Valley Center CSD's sphere of influence in June 1986. The sphere is set to be coterminous with the jurisdictional boundary.

- Valley Center CSD acquires 5.8 acres in 1993 through quit claim from the County of San Diego. The District proceeds to build the Cole Grade Multi-Purpose Field.

[31] Beginning in the 1950s the Valley Center Union School District leased and operated the Community Hall from the Valley Center Municipal Water District. Oher regular users of the Community Hall as listed in the formation materials filed with LAFCO included the Valley Center Chuck Wagon Club, Valley Center – Pauma Valley Farm Bureau, Mission Indian Federation, Valley Center Soil Conservation District, San Pasqual Indian Band, Valley Center Teacher-Parent Club, Valley Center Grange No. 631, Cub Scouts of America, and Valley Center 4-H Club.

- Valley Center CSD acquires 2.1 acres through quit claim from the County of San Diego in 1995. The District proceeds to construct the John M. Scibilia Softball Field.

- LAFCO updates and affirms Valley Center CSD's sphere of influence in November 2005 with no changes.

- Valley Center CSD makes approximately $0.400 million in improvements to Adams Park to include a new dance floor, stage, and gazebo in 2008.

- LAFCO updates and affirms Valley Center CSD's sphere of influence in August 2013 and excludes 584 acres of jurisdictional land that overlaps with the City of Escondido and part of the "Daley Ranch" property.

- Valley Center CSD acquires a portion of what is now Star Valley Park consisting of 15.5 acres for $0.300 million in 2016. The District purchases the remaining 29.0 acres in 2017 for $0.530 million with a Neighborhood Reinvestment Grant.

- Valley Center CSD formally requests LAFCO explore reorganization for the District as part of the schedule municipal service review in October 2019.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

Valley Center CSD's jurisdictional boundary spans 66 square miles and covers 1.6% of all of San Diego County. Almost all of the jurisdictional boundary is unincorporated and overlaps the land use authority of the County of San Diego with the exception of 550 acres within the City of Escondido.

Valley Center CSD's existing boundary spans approximately 66 square miles and covers 42,438 unincorporated acres (parcels and public rights-of-ways). The County of San Diego is the predominant land use authority and overlaps 99% of the jurisdictional boundary with most of the lands included in the Valley Center Community Plan. The remaining portion of the jurisdictional boundary is incorporated and lies in the City of Escondido and part of "Daley Ranch" property. The primary land use within the jurisdictional boundary is agricultural and low to moderate residential estate uses along with local supporting commercial. Residential uses are clustered within two village areas (Pala Vista and Valley Center) as well as several

distinct subdivisions and include Orchard Run, Woods Valley Ranch, Hidden Meadows, and Castle Creek.[32] Overall there are currently 12,171 registered voters within Valley Center CSD.

Valley Center CSD
Boundary Breakdown By Land Use Authority
Table 3.1a (Source: Esri and San Diego LAFCO)

Land Use Authority	Total Assessor Parcel Acres	% of Total Accessor Parcel Acres	Total Assessor Parcels	Number of Registered Voters
County of San Diego	41,244	99%	34,637	12,171
City of Escondido	550	1%	7	0
TOTAL	41,794	100%	34,644	12,171

Total assessed value (land and structure) within Valley Center CSD is set at $3.176 billion as of November 2019 and translates to a per acre value ratio of $0.075 million. The former amount – $3.176 billion – further represents a per capita value of $0.167 million based on the estimated fulltime population of 19,008. Valley Center CSD receives 0.1% of the annual 1.0% of property tax collected in the District.

Valley Center CSD receives $0.01 cents for every $1.00 dollar in property tax collected within its jurisdictional boundary.

The jurisdictional boundary is currently divided into 34,644 parcels spanning 41,794 acres. (The remaining jurisdictional acreage consists of public right-of-ways.) More than nine-tenths – 91.8% – of the parcel acreage is under private ownership with four-fifths of this amount having already been developed and/or improved to date, albeit not necessarily at the highest density as allowed under zoning. The remainder of private acreage is undeveloped and consists of 1,713 vacant parcels that collectively total 11,793 acres. No lands within or adjacent to the jurisdictional boundary qualify as a disadvantaged unincorporated community under LAFCO policy.

There are 1,713 privately owned parcels within Valley Center CSD that remain vacant and span 11,793 acres; an amount that represents more than one-fourth of the entire District.

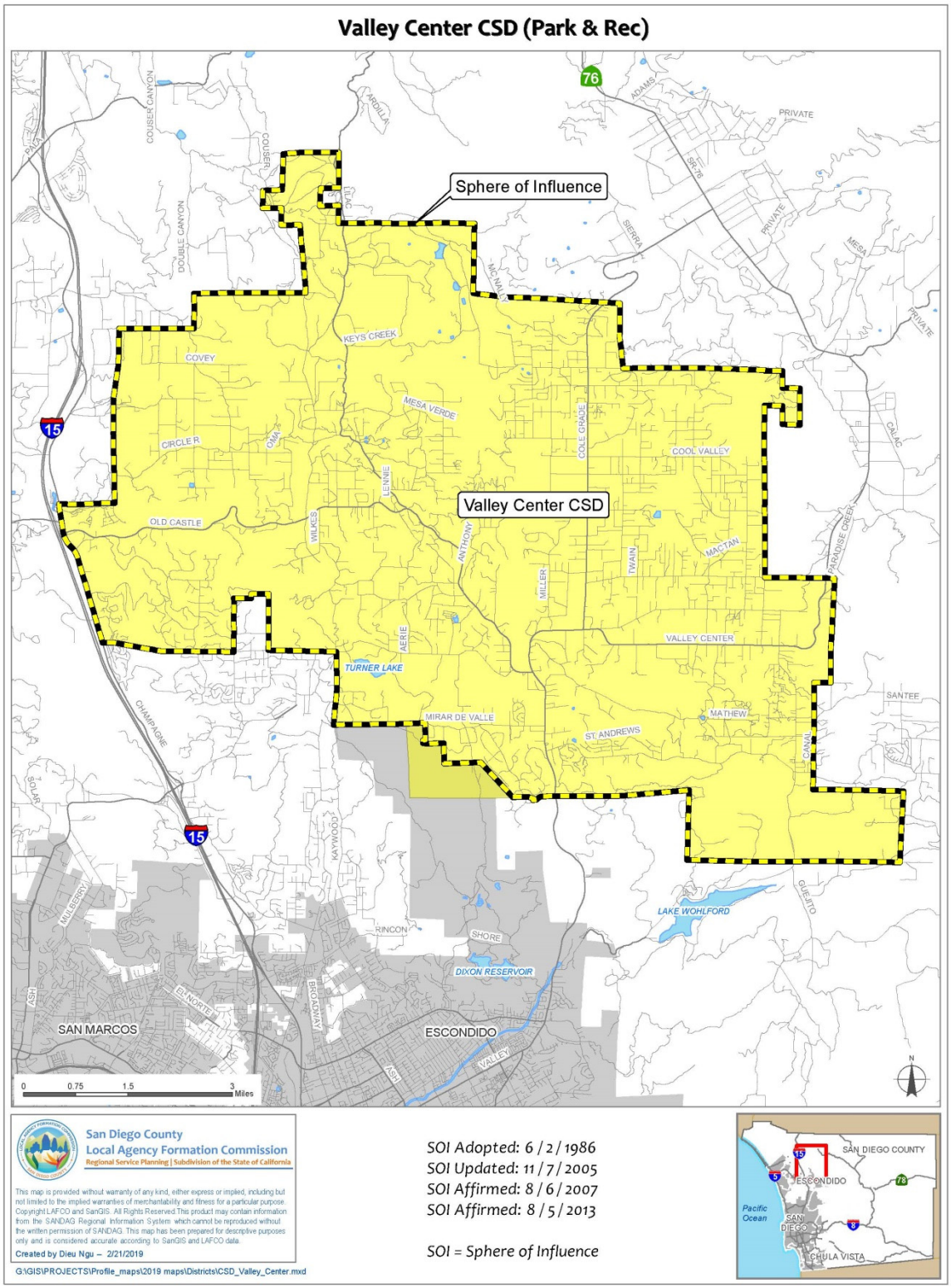
3.2 Sphere of Influence

Valley Center CSD's sphere of influence was established by LAFCO in June 1986 and last reviewed and updated in August 2013. The sphere does not include any non-jurisdictional lands. The sphere – however – excludes 584 jurisdictional acres that are concurrently located within the City of the Escondido and represents 1.4% of the District boundary. The jurisdictional lands lying outside the sphere comprise a portion of the Daley Ranch property.

Valley Center CSD's sphere of influence is 1.4% smaller than the District and excludes 584 jurisdictional acres and comprise a portion of the Daley Ranch property within the City of Escondido.

[32] Prominent commercial uses within Valley Center CSD include the Welk Resort and Harrah and Valley View Casinos.

3.3 Current Boundary and Sphere Map



4.0 DEMOGRAPHICS

4.1 Population and Housing

Valley Center CSD's total fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 19,008 as of the term of the five-year report period. This amount represents 0.57% of the countywide total. It is also estimated the fulltime population has risen overall by 8.3% from 17,566 in 2010 and the last census reset. This translates to an annual change of 1.0% and above the corresponding countywide growth rate of 0.94%. It is projected the current growth rate will continue into the near-term and result in the fulltime population reaching 19,969 by 2023. The jurisdiction has a current population density of 1 resident for every 2.2 acres and underlies the overall rural character of the service area.

It is estimated there are 19,008 fulltime residents within Valley Center CSD at the end of the report period. It is also projected the fulltime population will increase consistent with recent trends – or 1.0% annually – and reach 19,969 by 2023.

Valley Center CSD
Resident Population
Table 4.1a (Source: Esri and San Diego LAFCO)

Factor	2010	2018	2023 (projected)	Annual Change %
Valley Center CSD	17,566	19,008	19,969	0.99%
San Diego County	3,095,264	3,344,136	3,499,829	0.94%

There are 6,720 residential housing units within Valley Center CSD as of the report period term. This amount has increased by 335 – or 42 annually – since 2010. With respect to current housing characteristics, 73.7% are owner-occupied, 19.9% are renter-occupied, and the remaining 6.3% are vacant with a sizeable portion suspected to serve as second homes. The average household size is 2.97 and has increased by 2.4% from 2.90 over the preceding five-year period. The mean monthly housing cost in Valley Center CSD has decreased by (3.7%) from $2,070 to $1,994 based on the most recent five-year period averages. The mean monthly housing cost, however, remains well above the countywide average of $1,578.

Housing production in Valley Center CSD totals 6,720 dwelling units as of the term of the report period. This includes the addition of 335 units since 2010. The average monthly housing cost in Valley Center CSD is $1,994, which is close to one-fifth higher than the countywide average.

Valley Center CSD
Housing Breakdown
Table 4.1b (Source: American Community Survey and San Diego LAFCO)

Jurisdiction	2010 Housing Units	2018 Housing Units	Change	2010 Monthly Housing Cost	2019 Monthly Housing Cost	Change
Valley Center CSD	6,385	6,720	5.8%	$2,070	$1,994	(3.7%)
San Diego County	1,164,766	1,236,184	6.1%	$1,540	$1,578	2.5%

4.2 Age Distribution

Residents within Valley Center CSD tend to be older with a medium age of 44.2; an amount that is more than one-fourth higher than the countywide average of 35.3. Also the majority – 51.8% – of the residents are aged within the prime working group of 25-64.

The median age of residents in Valley Center CSD is 44.21 based on the current five-year period average. This amount shows the population is holding with the median age experiencing an overall change of 0.1% from 44.17 over the preceding five-year period average. The current median age in Valley Center CSD remains significantly higher than the countywide average of 35.3. Residents in the prime working age group defined as ages 25 to 64 make up slightly more than one-half of the estimated total population at 51.9%.

Valley Center CSD
Resident Age Breakdown
Table 4.2a (Source: American Community Survey and San Diego LAFCO)

Service Area	2010 Median Age	2018 Median Age	Change	2010 Prime Working Age	2018 Prime Working Age	Change
Valley Center CSD	44.2	44.2	0.1%	53.1%	52.0%	(2.1%)
San Diego County	34.6	35.3	2.0%	53.4%	47.0%	(12.0)%

4.3 Income Characteristics

Valley Center CSD residents' average median household income has experienced a moderate increase in recent years and is currently $83,929. This amount is more than one-fourth higher than the countywide median income $66,529. The rate of persons living below the poverty rate – however – has increased by nearly one-half to 12.0% and is now approaching the countywide rate of 14.0%.

The median household income in Valley Center CSD is $83,929 based on the current five-year period average. This amount shows fulltime residents are receiving more pay with the median income experiencing an overall increase of 6.3% from the preceding five-year period average of $78,923. The current median household income in Valley Center CSD is more than one-fourth higher than the current countywide median of $66,259. Separately, the current average rate of persons living below the poverty level in Valley Center CSD is 12.0% and has increased by nearly two-fifths – or 43.3% – over the earlier five-year period and approaching the countywide rate of 14.0%.

Valley Center CSD
Resident Income Breakdown
Table 4.3a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Median HH Income	2012-2016 Median HH Income	Change	2007-2011 Poverty Rate	2012-2016 Poverty Rate	Change
Valley Center MWD	$78,923	$83,929	6.3%	8.4%	12.0%	43.30%
San Diego County	$63,857	$66,529	4.2%	13.0%	14.0%	7.7%

4.4 Socioeconomic Indicators

Unemployment within Valley Center CSD is relatively low at 4.0% based on the current five-year period average. This amount represents an overall and positive change of (12.9%) compared to the previous five-year average and below the corresponding countywide tally of 4.9%. Educational levels as measured by adults 25 or older with bachelor degrees has slightly regressed with the overall rate decreasing by (4.6%) over the previous five-year period from 33.5% to 31.9% and continues to fall below the countywide rate of 36.5%. Nearly one-fourth – or 24.2% – of the population currently collects retirement income. The non-English speaking percentage of the population has decreased during this period from 10.5% to 7.3%; an overall difference of (29.8%).

Valley Center CSD
Socioeconomic Indicators Breakdown
Table 4.4a (Source: American Community Survey and San Diego LAFCO)

Service Area	2007-2011 Unemployment Rate	2012-2016 Unemployment Rate	Change	2007-2011 Non English	2012-2016 Non English	Change
Valley Center CSD	4.5%	3.9%	(12.8%)	10.5%	7.3%	(29.8%)
San Diego County	5.6%	4.9%	(12.5%)	16.1%	15%	(6.8%)

5.0 ORGANIZATION

5.1 Governance

Valley Center CSD's governance authority is established under the Community Services District Law and codified under Government Code Section 61000-61850. This principal act empowers Valley Center CSD to provide a full range of municipal service functions upon approval by LAFCO with the notable exception of direct land use control. Valley Center CSD is currently authorized to provide one municipal service function: (a) recreation and park. All other service functions (i.e., powers) enumerated under the principal act are deemed latent and would need to be formally activated by LAFCO at a noticed hearing before Valley Center CSD would be allowed to initiate. Similarly, should Valley Center CSD seek to divest itself of

directly providing an active service function, it would need to receive LAFCO approval at a noticed public hearing. A list of active and latent Valley Center CSD service functions follow.

Active Service Functions	Latent Service Functions
Park and Recreation	Water
	Wastewater
	Fire Protection
	Road, Bridge, and Curb
	Police Protection
	Street Lighting
	Street Landscaping
	Street Cleaning
	Reclamation
	Solid Waste
	Vector Control
	Animal Control
	Broadband Facilities
	Television and Ratio Facilities
	Library
	Weed and Rubbish Abatement
	Hydroelectric
	Security
	Cemetery
	Mailbox Services
	Finance Area Planning Commissions
	Finance Municipal Advisory Councils

Governance of Valley Center CSD is independently provided by a five-member Board of Directors. Each member of the Board is elected by registered voters. All Board members serve staggered four-year terms with a rotating president system. The Board regularly meets every third Monday at 6:30pm at Valley Center CSD's Community Hall located at 28246 Lilac Road. Directors do not receive per diems and serve without compensation. Summary minutes are prepared for all meetings; audio and video recordings are not provided. A current listing of the Board along with respective backgrounds and years served with the District follows.

Valley Center PRD
Current Governing Board Roster
Table 5.1a (Source: Valley Center CSD)

Member	Board Position	Years on the Board	Background
Larry Glavinic	President	6	Businessman
Carol Johnson	Vice President	3	Entrepreneur
Shannon Laird	Director	5	Businessman
Kathy MacKenzie	Director	1	Real Estate
Bill Trok	Director	2	Pastor

5.2 Administration

Valley Center CSD appoints an at-will General Manager to oversee all District activities. The current General Manager – Darcy LaHaye – was appointed in May 2016 and oversees a budgeted staff of 1.5 and includes a part-time secretary. The General Manager also oversees approximatly 15-20 seasonal employees with the majority working during the summer months and provide community pool instruction. Valley Center CSD contracts for legal services with White and Bright, LLP (Escondido).

Valley Center CSD's Office and Community Hall
28246 Lilac Road



Photo Credit: Valley Center CSD

6.0 MUNICIPAL SERVICES

Valley Center CSD is currently authorized to provide one municpal service function: park and recreation. A summary analysis of this service follows with respect to capacities, demands, and performance.

6.1 Park and Recreation

Valley Center CSD's park and recreation services commenced following the District's formation in 1966 and is functionally divided into two broad categories – community parks and rental facilities – with an emphais on local serving amentities.

Community Parks

Valley Center CSD owns 67.5 acres of community parks within its jurisdictional bounary and divided between four distinct sites. Nearly all of the parcels comprising the four community parks were purchased direclty from the County of San Diego through quitclaims or funded through the County's Park Lands Dedication Ordinance (PLDO).

Valley Center CSD also leases and operates a fifth community park (Adams) 6.0 acres in size from the Valley Center-Pauma Unified School District. A summary of all five community parks and their amentities follows.

- Community Hall and Athletic Fields
  This site is approximately 10.5 acres in size and includes the original 1922 schoolhouse subsequently repurposed as a Community Hall and purchased by Valley Center CSD from the County through a quitclaim in 1967. The Community Hall is equipped with a commercial kitchen with its main chamber holding up to 150 persons. There are also two smaller rooms available that can each accommodate up to 50 persons. Athletic fields – including a baseball diamond – lie adjacent to the Community Hall and followed a separate quit claim from the County.

- Scibilia Field
  This site is approximately 3.1 acres in size and includes a softball field. Valley Center CSD purchased the majority of the site in July 10, 1995 from the County through a quitclaim and opended to the public in 1995.

- Cole Grade Park
  This site is approximately 5.8 acres in size and includes a multi-use field and highlighted by softball and soccer fields. Valley Center CSD purchased the site in 1993 from the County through a quitclaim and opended to the public in 2006.

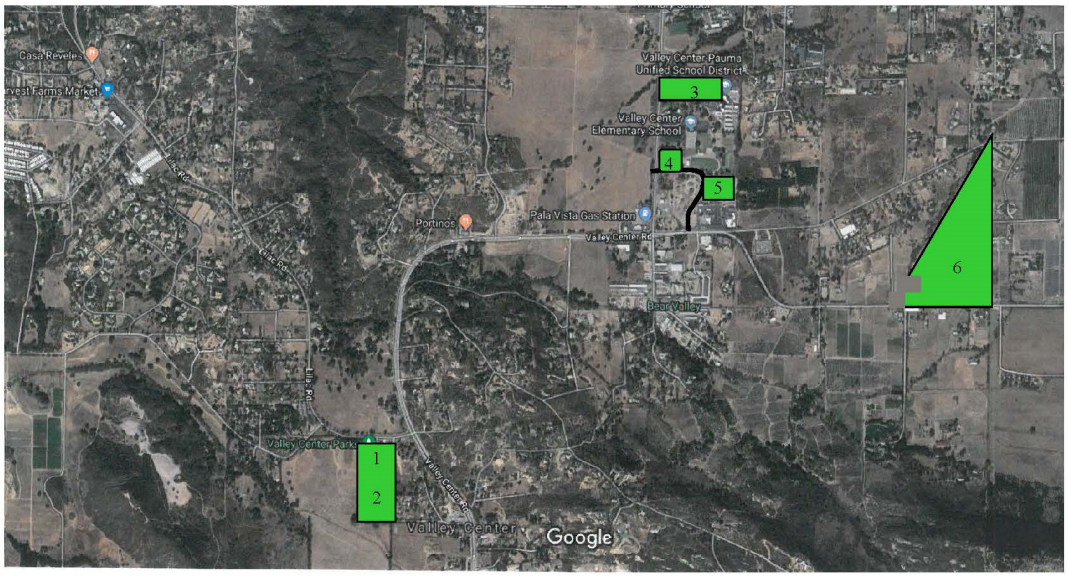
- Star Valley Park
  This site is approximately 45.5 acres in size and is presently unimporved and closed to the public. Valley Center CSD purchased the site over two phases in 2014 and and 2017 with the majority of proceeds generated from a Neigborhood Reinvestment Grant adminstered by the County.

- Adams Community Park
  This site is approximately 6.0 acres in size and includes a community swimming pool with dressing rooms, six tennis courts, and picnic tables. Valley Center CSD began leasing the site from the Valley Center-Pauma Unified School District in July 1976 and it currently runs through June 2020.

A map showing all five community parks follows.

Valley Center Parks and Recreation

Our Parks



1. Community Hall	1.6 acres
2. Athletic Fields	10.5 acres
3. Robert Adams Community Park - Pool - Tennis Courts	6 acres
4. Scibilia Field - Girls Softball	3.09 acres
5. Cole Grade Park Multi Use Field	5.83 acres
6. Star Valley Park - (undeveloped park)	44.48 acres
Total Park Acreage	**71.5 acres**

Rental Facilities

Valley Center CSD offers a variety of day services and headlined by maintaining and positing softball, tennis courts, swim lessons, group exercise classes, soccer, little league and equestrian. In addition to daily services Valley Center CSD offer facility rental to the Community Hall, athletic fields, pavilion, and community pool. A number of local community groups regularly reserve weekly spaces in the facilities such as:

Mercy & Truth Fellowship
Calvary Valley Center
Valley Center Community Planning Group
Valley Center Rotary
Valley Center Real Estate Professionals
Valley Center republican Women
Loreta's Best
Optimist Club
Ridge Ranch Homeowner Association
San Diego Women, Infants and Children (WIC)
Spirit Martial Arts

7.0 FINANCES

7.1 Financial Statements

Valley Center CSD contracts with an outside accounting consultant to prepare an annual report reviewing the District's financial statements in accordance with established governmental accounting standards. This includes auditing Valley Center CSD's statements in verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Valley Center CSD's short and long-term fiscal health with specific focus on delivering its lone active municipal service function: parks and recreation. The current outside consultant is Fetcher and Company (Roseville).

Valley Center CSD's most recent audited financial statements for the five-year report period were issued for 2017-2018.[33] These statements show Valley Center CSD experienced a sizable and positive change over the prior fiscal year as the District's overall net position (regular accrual basis) increased by 11.9% from $1.150 million to $1.286 million. Underlying this change in net position is a net surplus and marked by a total margin gain of 28.6% during the fiscal year. A detailing of year-end totals and trends during the report period follows with respect to assets, liabilities, and net position.

Most Recent Year-Ending Financial Statements (2017-2018)	
Assets	$1,303,398
Liabilities	$16,647
Outflow/Inflow	$0
Net Position	$1,286,751

[33] The audit for 2017-2018 was issued by Fechter and Company on August 17, 2018.

Agency Assets

Valley Center CSD's audited assets at the end of 2017-2018 totaled $1.304 million and is 60.0% higher than the average year-end amount of $0.814 million documented during the five-year report period. Assets classified as current with the expectation they could be liquidated within a year represented less than one-fifth of the total amount – or $0.204 million – and primarily tied to cash and investments. Assets classified as non-current make up the remaining total – or $1.100 million and entirely categorized as capital facilities. Overall assets for Valley Center CSD have increased by 182.8% over the corresponding 60-month period.

Valley Center CSD's assets have increased by nearly two-fold – or 182.8% – during the report period. The overall increase is primarily attributed to year-end margin gains and increases in cash equivalents from $0.093 to $0.200 million over the 60-month period.

Valley Center CSD
Audited Assets
Table 7.1a | Source: Valley Center CSD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Trend	5-Year Average
Current	93,212	108,621	107,806	156,169	204,004	118.9%	133,962
Non-Current	367,846	437,952	488,784	1,009,470	1,099,394	199.0%	680,797
Total	$461,058	$546,573	$596,590	$1,165,639	$1,303,398	182.7%	$814,760

Agency Liabilities

Valley Center CSD's audited liabilities at the end of 2017-2018 totaled $0.016 million and finished 42.2% higher than the average year-end amount of $0.012 million documented during the five-year report period. All liabilities finished the report period categorized as current and represent obligations owed within the year and equally divided between accounts payable and unearned revenues. Overall liabilities for Valley Center CSD have increased by 497.3% over the corresponding 60-month period.

Valley Center CSD's liabilities remain modest but nonetheless have increased by nearly five-fold – or 497.3% – during the report period from $0.002 to $0.016 million. The increase is largely attributed to booking unearned revenues during the corresponding 60-month period. There are no long-term debts.

Valley Center CSD
Audited Liabilities
Table 7.1b | Source: Valley Center CSD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Trend	5-Year Average
Current	2,787	8,781	14,961	15,365	16,647	497.3%	11,708
Non-Current	-	-	-	-	-	0.0%	0
Total	$2,787	$8,781	$14,961	$15,365	$16,647	497.3%	$11,708

Net Position

Valley Center CSD's audited net position or equity at the end of 2017-2018 totaled $1.287 million and represents the difference between the District's total assets and total liabilities. This most recent year-end amount is 60.3% higher than the average year-end sum of $0.803 million documented during the five-year report period. More than four-fifths of the ending net position – or $ 1.100 million – is tied to capital assets with the remainder categorized as unrestricted. Overall the net position for Valley Center CSD has increased by 180.8% over the corresponding 60-month period.

Valley Center CSD's net position is trending positively during the report period with gains each year. The net position has improved overall from $0.458 to $1.286 million; a difference of 180.8%.

Valley Center CSD
Audited Net Position
Table 7.1c | Source: Valley Center CSD

Category	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	5-Year Trend	5-Year Average
Invested in Capital	367,846	437,952	488,784	1,009,470	1,099,394	198.9%	680,689
Restricted	-	-	-	-	n/a	-	-
Unrestricted	90,425	99,840	92,845	140,804	187,357	107.0%	122,254
Total	$458,271	$537,792	$581,629	$1,150,274	$1,286,751	180.8%	$802,943

Valley Center PRD maintains one active fund – general – underlying the net position. The unrestricted portion of the net position as of the last audited fiscal year totaled $0.187 million and represents the available and spendable portion of the fund balance and subject to discretionary designations. The unrestricted amount represents six months of operating expenses based on actuals in 2017-2018.[34]

The unrestricted portion of Valley Center CSD's net position has increased by 107.0% over the report period and finished 2017-2018 with a balance equal to cover 6 months of operating expenses.

7.2 Measurements | Liquidity, Capital, and Margin

LAFCO's review of the audited financial statement issuances by Valley Center CSD covering the five-year report period shows the District generally experienced improvements in most of the standard measurement categories – liquidity, capital, margin, and structure – utilized in this document. Positive gains in both operating and total margins highlighted the improvements in financial standing with both measurements averaging no less than

Standard measurements used to assess Valley Center CSD's financial standing shows the District finished the report period with positive capital and margin levels. However, liquidity levels have either declined and/or remain low and create stresses on cash-flow and generate added importance on finishing with net surpluses. It also does not appear the District is funding capital depreciation.

[34] Actual operating expenses in 2017-2018 totaled $0.341 million.

14.7% during the report period. Valley Center CSD also incurred minimal liabilities during the report period and resulting in high capital levels as measured by finishing with a debt ratio of 1.3%. Liquidity levels, however, remain low and marked by the current ratio decreasing by (63.4%) and ending at 12.3 to 1 and shows a sizable decline in the ability of Valley Center CSD to cover short-term expenses. Similarly, and despite increasing, Valley Center CSD's days' cash finished the report period at 214.6, which is low for a non-enterprise operation and increases the District to cash-flow restrictions at the beginning of the fiscal year given property taxes are typically not distributed for three to four months. Further, and pertinently, Valley Center CSD is not presently booking expenses towards funding capital depreciation or identifying capital asset balances in the audit.

Valley Center CSD
Financial Measurements
Table 7.2a | Source: San Diego LAFCO

Fiscal Year	Current Ratio	Days' Cash	Debt Ratio	Debt to Net Position	Total Margin	Operating Margin	Operating Reserves Ratio	Equipment Replacement
2013-2014	33.4 to 1	112.2	0.6%	0.0%	6.0%	6.0%	29.8%	n/a
2014-2015	12.4 to 1	132.2	1.6%	0.0%	21.2%	21.2%	33.9%	n/a
2015-2016	7.2 to 1	107.8	2.5%	0.0%	11.3%	8.9%	27.0%	n/a
2016-2017	10.2 to 1	177.7	1.3%	0.0%	64.5%	13.1%	45.0%	n/a
2017-2018	12.3 to 1	214.6	1.3%	0.0%	28.6%	24.3%	54.9%	n/a
Average	15.1 to 1	148.9	1.5%	0.0%	26.3%	14.7%	38.1%	n/a
Trend	(63.4%)	91.3%	111.2%	0.0%	378.0%	307.2%	84.2%	n/a

Current Ratio (Liquidity)
Compares available assets against near-term obligations; the minimum desirable ratio is 1.0 and means for every dollar in liability the agency has one dollar available to pay.

Days' Cash (Liquidity)
Measures the number of days the agency can fund normal operations without any new cash income; an appropriate minimum threshold is 180 days. This measurement focuses on immediate cash available to the agency in comparison to the current ratio.

Debt Ratio (Capital)
Measures the relationship between the agency's total assets and liabilities; the higher the ratio the more susceptible the agency is to long-term cash flow stresses.

Debt to Net Position (Capital)
Measures the amount of long-term debt or borrowing of the agency against its accumulated net worth; an appropriate maximum standard threshold is 50%.

Total Margin (Margin)
Measures the bottom line of the agency with respect to comparing all revenues to all expenses; a positive percentage is desirable within the caveat capital improvement expenditures may appropriately result in a negative percentage in individual years.

Operating Margin (Margin)
Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans; a consistent positive percentage shows the agency has established a structured budget.

Operating Reserves Ratio (Structure)
Measures the percent of available monies of an agency to cover unforeseen shortfalls; an appropriate maximum standard threshold is 50%.

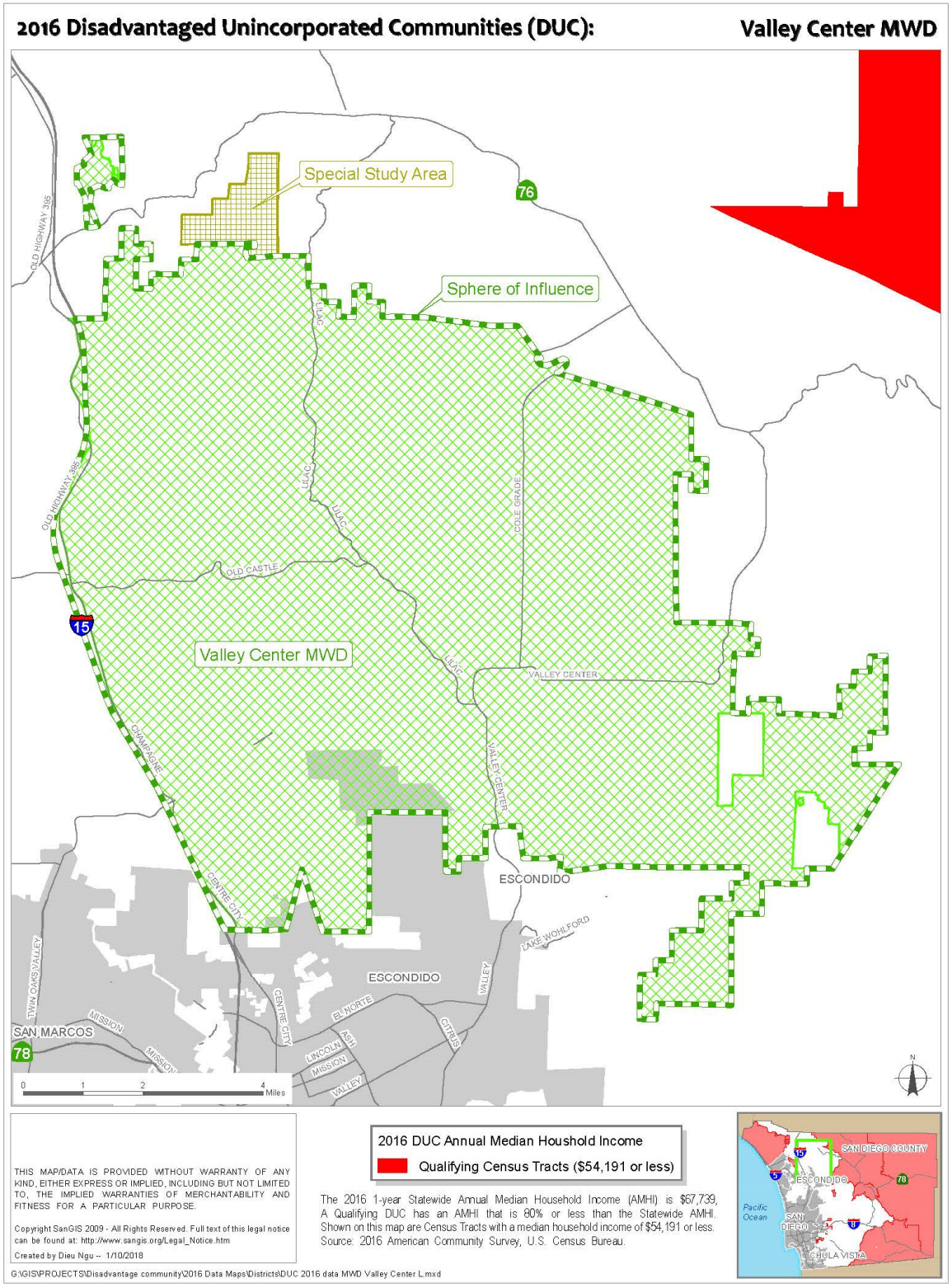
Equipment Replacement Ratio (Structure)
Measures the average age of depreciable equipment and facilities; the lower the number the younger the infrastructure with the assumption therein better efficiencies/effectiveness.

7.3 Pension Obligations

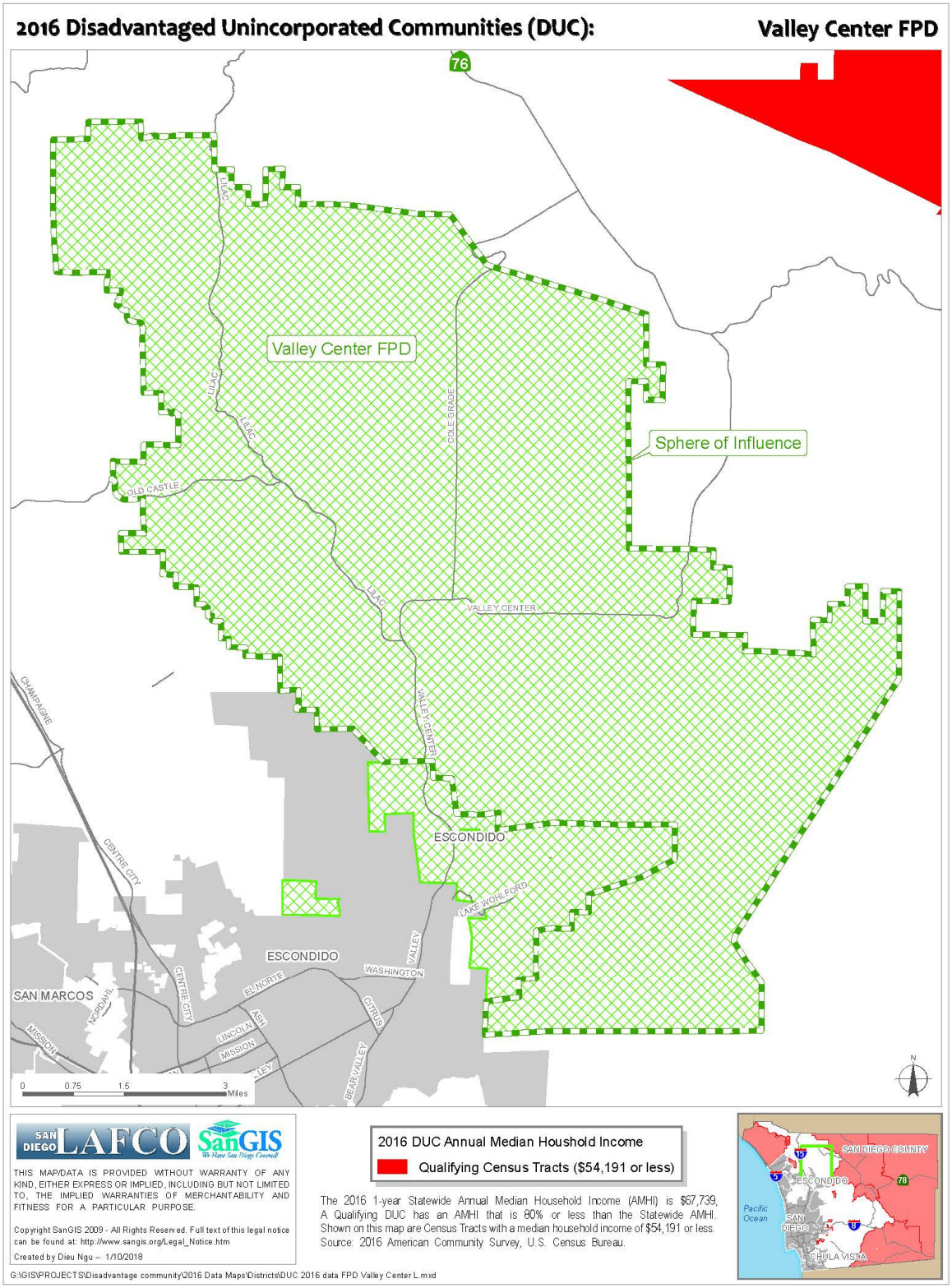
Valley Center CSD does not have recorded pension obligations.

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Appendix A
Disadvantaged Unincorporated Communities



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2016 Disadvantaged Unincorporated Communities (DUC):
Valley Center FPD
76
Valley Center FPD
Sphere of Influence
LILAC
COLE GRADE
OLD CASTLE
VALLEY CENTER
CHAMPAGNE
CENTRE CITY
ESCONDIDO
LAKE WOHLFORD
VALLEY
WASHINGTON
EL NORTE
SAN MARCOS
NORDAHL
ASH
LINCOLN
MISSION
CITRUS
BEAR VALLEY
0 0.75 1.5 3 Miles
N
SAN DIEGO LAFCO
SanGIS
We Have San Diego Covered
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Copyright SanGIS 2009 - All Rights Reserved. Full text of this legal notice can be found at: http://www.sangis.org/Legal_Notice.htm
Created by Dieu Ngu -- 1/10/2018
2016 DUC Annual Median Houshold Income
Qualifying Census Tracts ($54,191 or less)
The 2016 1-year Statewide Annual Median Household Income (AMHI) is $67,739. A Qualifying DUC has an AMHI that is 80% or less than the Statewide AMHI. Shown on this map are Census Tracts with a median household income of $54,191 or less.
Source: 2016 American Community Survey, U.S. Census Bureau.
SAN DIEGO COUNTY
ESCONDIDO
Pacific Ocean
SAN DIEGO
CHULA VISTA
G:\GIS\PROJECTS\Disadvantage community\2016 Data Maps\Districts\DUC 2016 data FPD Valley Center L.mxd

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Appendix B
Document Sources

Outside Sources

Agency Contacts

Valley Center Municipal Water District
Gary Arant, General Manager

Valley Center Fire Protection District
Joe Napier, Fire Chief

Valley Center Community Services District
Darcy LaHaye, General Manager

Websites

American Community Survey / Demographic Information
www.census.gov

California Public Employees Retirement System / Local Agency Pension Information
www.calpers.ca.gov

Environmental Systems Research Institute
www.esri.com

California Integrated Water Quality System
www.ciwqs.waterboards.ca.gov

Publications / Documents

County of San Diego General Plan and Adopted Community Plans
San Diego LAFCO Background Files and Agency Questionnaires
San Diego Regional Agricultural Water Management Plan (RAWMP)
Valley Center Community Services District Comprehensive Annual Financial Reports
Valley Center Fire Protection District Standards of Coverage (Deployment) Study
Valley Center Fire Protection District Comprehensive Annual Financial Reports
Valley Center Municipal Water District 2015 Urban Water Management Plan Update
Valley Center Municipal Water District Comprehensive Annual Financial Reports
Valley Center Municipal Water District Sewer Master Plan

A complete source list is available by contacting San Diego LAFCO.

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Appendix C
Comments Received

VALLEY CENTER MUNICIPAL WATER DISTRICT
A Public Agency Organized July 12, 1954

Board of Directors
Robert A. Polito
President
Randy D. Haskell
Vice President
Enrico P. Ferro
Director
Daniel E. Holtz
Director
Oliver J. Smith
Director

December 31, 2019

Honorable Dianne Jacob, Chair
County of San Diego Local Agency Formation Commission
9335 Hazard Way, Suite 200
San Diego, CA 92123

Re: Valley Center Municipal Water District Draft MSR Comments

Dear Chair Jacob;

We have reviewed the complete Draft Municipal Service Review for our agency and have the following comments which we would like to have provided in material going to the Commission for the January 6, 2020 Commission Meeting, as well as included in the public record of that meeting.

Our comments are as follows:

1. Page 21, 2nd Paragraph

In the discussion about the transition from agricultural to more urban, the draft states, "The transition is primarily attributed to the combination of higher water rates for agricultural users due to reductions in subsidies caused by recent droughts and demand for housing near transportation corridors."

This is not correct. The dollar amount of the "subsidies" has actually increased from $33 per acre foot in 1990, to over $550 per acre foot currently. Unfortunately, the wholesale price of water has also increased at the same time or even at a faster clip. In terms of rate differential, the discount then and now has represented a 27% to 30% differential to M&I rates. Further, these are not "subsidies" but reflect that, ***in exchange for a lower water rate, commercial agricultural users have accepted a lower level of reliability during droughts and emergencies*** by having no access to IID Transfer / Canal Lining or Desalinated Seawater supplies, reduced access to the SDCWA Emergency Storage Project Supply, and precluded from access to the SDCWA Carry-over Storage supply.

As for housing demand near transportation corridors leading to reduction in agricultural activity, the land which had hosted the largest crops in terms of water usage in Valley Center, avocados, was/is on steep, rocky land and was recently downzoned by the County of San Diego to the point where it is physically and economically unsuitable for development.

29300 Valley Center Road • P.O. Box 67 • Valley Center, CA 92082
(760) 735-4500 • FAX (760) 749-6478 • TDD (760) 749-2665 • www.valleycenterwater.org • e-mail vcwater@valleycenterwater.org

In fact, it has been the dramatic overall increase in the cost of wholesale water from MWD and the SDCWA (233% since 2000; from $470/AF to $1552/AF in 2019) which has reduced ag activity and associated water demand.

2. Page 23; 4.2, Recommendations, Item 2.

"2. San Diego LAFCO should address and reconcile Valley Center MWD's recycled water service activity as part of a future update to Commission Rule No. 4 with respect to formally identifying the function, class and authorized location under statute."

Prior to adoption of the final MSR, we would appreciate clarification as to what is being proposed in this recommendation.

As an inland discharge agency, all wastewater being treated by VCMWD is being and will be reclaimed, either directly by landscape irrigation or indirectly by groundwater recharge through percolation. As part of our wastewater treatment and reclamation planning we look for and evaluate sites for reclamation near the treatment source having landscape applications which can accept the higher TDS water, and overlying groundwater basins or sub-basins with RWQCB Basin Plan Objectives allowing for the application of the reclaimed water.

Valley Center MWD staff looks forward to additional discussion with LAFCO staff as to specific context and intention of this recommendation.

3. Page 23; 4.2 Recommendation, Item 5.

"5. San Diego LAFCO recommends the County of San Diego require future development approvals connect to Valley Center MWD's wastewater facilities and avoid the creation of new systems in the region unless unique and special conditions merit otherwise."

While this recommendation points to an ideal solution, the reality is that for inland discharge systems with limited and sometimes finite disposal or absorption capacity, requiring all development to connect to existing systems may not be practical or even feasible. Further, LAFCO should consider that Valley Center MWD has a large service area and it may not be practical or economically feasible to connect developments in the far-reaches of the service area to existing wastewater treatment facilities. Finally, LAFCO should also be mindful that many areas in Valley Center are zoned for large, 2-acre+ parcels amendable to sub-surface disposal and will not require connection to conventional wastewater treatment facilities.

We would advise that the recommendation should be more along the lines of: "San Diego LAFCO recommends that wherever economically or physically feasible, new development should be required to connect to the two existing systems, subject to an engineering, environmental and economic review by VCMWD to determine the need for conventional wastewater treatment, accessibility to existing facilities, and current and potential treatment and disposal capacity."

Same comment applies for Page 35, Section 5.5, Item 3.

4. P. 27, 5.3, Capacity of Public Facilities and Infrastructure Needs and Deficiencies, Item 2. (a), Ii.

"ii. Valley Center MWD's potable water supplies are entirely drawn by *contract* from the San Diego County Water Authority."

VCMWD does not, nor do any of the other member agencies, have a "contract" with the SDCWA. We are a member agency, are a part of the SDCWA governing structure and, as such, have access to the water they deliver, subject to our demands and the SDCWA's limitations on delivery, in terms of aqueduct capacity and/or imported water supply availability.

5. P. 34, Section 5.5, Status and Opportunities for Shared Facilities and Resources, 1.(a)

"Valley Center MWD has established interties with the City of Escondido, Rainbow MWD and Yuima MWD, as well as the San Pasqual Band of Mission Indians.....

Not only does VCMWD have interties with adjacent agencies, it also has 7 aqueduct connections located from the extreme southern end to the extreme northern end of its service area on two completely separate SDCWA Aqueducts, tied to two treatment plants; one operated outside San Diego County by MWD (Skinner), and one operated by SDCWA (Twin Oaks). In addition, it has access to one 50 mgd Desal Plant and the almost 200,000 AF of SDCWA ESP and Carry-over Storage. Further, we also have a Mutual Aide Agreement with the SDCWA and all the 23 other SDCWA Member Agencies. Finally, the Aqueduct, Treatment, Conveyance and Storage system owned and operated by the SDCWA fully connects and integrates all of its 24 member agencies. This system, along with the cooperative nature and shared resources of its member agencies, has historically provided a very high degree of operational flexibility and reliability for the San Diego Region.

6. Page 40, Agency Profile, 2.3, Post Formation Proceedings (top page 40)

"A statewide drought and cutback in Water Authority supplies prompts Valley Center MWD to eliminate agricultural supply supports....

This is incorrect. The price supports for commercial agriculture were provided by MWD under the Ag Discount Program passed through the SDCWA to the SDCWA Member Agencies. The MWD board stopped the discount in early 1990 in response to the drought, not Valley Center MWD.

The MWD Board vote to resume the Agricultural Discount Program did resume in May of 1994 as the *Interim Ag Water Program (IAWP),* an action in which Valley Center MWD played a central role in advocating for and securing the program. The SDCWA added the Special Ag

Water Rate (SAWR) Program on top of the IAWP in 1998 to offset the cost impact of the SDCWA Emergency Storage Project, expanded the SAWR in 2003 to offset the cost impact of the IID Transfer Agreement, again in 2007 to offset the cost of the SDCWA Carry-over Storage Project, and again in 2015 to offset the cost of the Carlsbad Desalination supply. MWD ended IAWP in 2012, but the SDCWA continued the SAWR which then later became the Transitional SAWR and has recently taken action to make it a permanent program.

7. Page 41 – Agency Profile, 3.0 Boundaries, 3.1 Jurisdictional Boundary

"There are now two major casinos – Harrah's Rincon and Valley View – in its jurisdictional boundary."

Valley View, owned by the San Pasqual Band, is in the Valley Center MWD Boundary; Harrah's, owned and served by the Rincon Band, is not within the Valley Center MWD Boundary.

8. Page 49 – Service Demands (first paragraph)

Reporting 681 gpd as the average daily demand per person for the fulltime population, without pointing out that the overall VCMWD water usage includes commercial agricultural use, is somewhat misleading in the context of comparing urban type water use.

9. Page 50 – Service Performance (top of the page)

"**Rincon del Diablo MWD's** potable water system....."

10. Page 59 – Section 7.2, Measurements; Liquidity, Capital, Margin

In fairness, you might mention that the decline in capital is tied to annual depreciation on the existing water and wastewater system in a period where there has not been much in terms of new capital contributions either from VCMWD CIP and/or new development. You are also not taking into account that much of the negative annual operational outcome is due to a non-cash depreciation expense charged to operational expenses.

Further, your statement in this paragraph that "Valley Center MWD's debt to net position.....reduces the ability to secure outside capital" would only be valid if the underwriting community stopped at a "macro level" analysis of the District financial condition.

This concludes our comments at this time. Thank you for the opportunity to comment.

As stated above, Valley Center MWD would request that this letter of comment be included in materials going to the Commission and in the public record of the LAFCO Commission Meeting on January 6, 2020.

VCMWD Draft MSR Comments -5- Dec. 31, 2019

If you should have any questions or need additional information regarding these comments, please feel free to contact me at your earliest convenience.

Sincerely;



Gary Arant
General Manager

cc: Honorable Jim Desmond, Chair
Honorable San Diego LAFCO Commissioners
Keene Simonds, Executive Officer

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JAN 23 2020
SAN DIEGO LAFCO

BRIAN ALBRIGHT
DIRECTOR
(858) 966-1301

County of San Diego
DEPARTMENT OF PARKS AND RECREATION
5500 OVERLAND AVENUE, SUITE 410, SAN DIEGO, CA 92123
Administrative Office (858) 694-3030
www.sdparks.org

January 21, 2020

San Diego Local Agency Formation Commission (LAFCO)
9335 Hazard Way, Suite 200
San Diego, CA 92123

Letter of Support for Reorganization of the Valley Center Community Service District to a Community Service Area

Dear LAFCO:

On behalf of the County of San Diego Department of Parks and Recreation (DPR), I would like to express our support of LAFCO's Draft Municipal Service Review (MSR) recommendation that the Valley Center Community Service District (CSD) be reorganized into a standalone Community Service Area (CSA), with the Board of Supervisors as the governing body and DPR managing the CSA.

A vital part of any CSA is public input regarding the maintenance and operations of its local parks and recreation centers. Public input has many sources. One vital source of public input is provided by appointing an advisory committee to the CSA. A CSA Advisory Committee is made up of volunteers who represent the community and are appointed by the County Board of Supervisors. We support the Draft MSR recommendation that the current CSD Board Members be appointed to serve as the initial CSA Advisory Committee.

Valley Center has grown tremendously in the past 20 years; the population has increased by a third, and parks and programs managed by CSD have been pushed to maximum use. Additional maintenance and service are needed to continue to provide the community with high-quality recreational offerings. The County of San Diego and DPR have a long history of providing financial support to the Valley Center CSD through various programs, including the Park Lands Dedication Ordinance and Neighborhood Reinvestment Grant Program.

I appreciate LAFCO's assessment of the CSD and the completion of the Draft MSR. DPR looks forward to working with the current CSD Board members if they are appointed to the CSA Advisory Committee to improve the parks and programs. If you have any questions or would like to schedule meetings, please contact Dave Knopp, Chief of North Operations, at Dave.Knopp@sdcounty.ca.gov.

Sincerely,

Dave Knopp for

Jason Hemmens
Acting Director

RESOLUTION NO.

RESOLUTION OF THE
SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS

MUNICIPAL SERVICE REVIEW ON THE VALLEY CENTER REGION

WHEREAS, the San Diego County Local Agency Formation Commission, hereinafter referred to as the "Commission", is a political subdivision of the State of California with regulatory and planning responsibilities to facilitate orderly growth and development under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the Commission is responsible under Government Code Section 56430 to regularly prepare municipal service reviews to independently and comprehensively evaluate the sufficiency of local governmental services to inform its regulatory and other planning activities; and

WHEREAS, the Commission adopted a workplan calendaring projects for 2019-2020; and

WHEREAS, the Commission's Executive Officer and staff prepared a regional municipal service review on public services within an unincorporated area in northern San Diego County known as "Valley Center" consistent with statute and the adopted workplan; and

WHEREAS, the municipal service review includes an evaluation of public services provided by the Valley Center Municipal Water District, Valley Center Fire Protection District, and Valley Center Community Services District, hereafter referred as the "affected agencies"; and

WHEREAS, the Executive Officer's written report on the municipal service review was presented to the Commission in a manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at public meetings concerning the municipal service review and most recently on March 2, 2020;

WHEREAS, as part of the municipal service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

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

1. The Commission determines this municipal service review is a project under the California Environmental Quality Act but qualifies for an exemption from further action as an informational document consistent with State Guidelines Section 15306.

2. The Commission has duly considered the Executive Officer's written report on the municipal service review and recommendations therein on the availability, need, and adequacy of public services provided in Valley Center and among the affected agencies.

3. The Commission adopts the statement of written determinations generated from information presented in the Executive Officer's written report on the municipal service review as set forth in Exhibit "A."

4. The Commission refers the public to the Executive Officer's written report on the municipal service review for additional details and important context, including – but not limited to – documenting each agency's active and latent service powers.

PASSED AND ADOPTED by the Commission on March 2, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

ATTEST:

_____
Keene Simonds
Executive Officer

EXHIBIT A

MUNICIPAL SERVICE REVIEW ON THE VALLEY CENTER REGION

STATEMENT OF DETERMINATIONS
GOVERNMENT CODE SECTION 56430

The following statements have been generated from the final report prepared as part of the scheduled municipal service review on the Valley Center region. Abbreviations and/or acronyms, accordingly, are incorporated into the statements below for brevity.

1. With respect to growth and population projections for the affected areas as required under Section 56430(a)(1), the Commission independently determines the following.

    a) San Diego LAFCO independently estimates there are 29,295 total fulltime residents collectively served by the three affected agencies in the Valley Center region as of the end of the five-year report period.

    b) The estimated total fulltime resident population in the Valley Center region at the end of the five-year report period of 29,295 largely overlaps among the three affected agencies with individual estimates as follows:

        i. 28,210 residents in Valley Center MWD.

        ii. 19,097 residents in Valley Center FPD.

        iii. 19,008 residents in Valley Center CSD

    c) San Diego LAFCO estimates the combined annual rate of new fulltime population growth in the Valley Center region during the five-year report period has been 0.84% and has netted 1,896 new residents. The annual rate since 2000, however, has been 1.9% and reflects the significant amount of growth and development in the region.

    d) The annual population growth rates among the three affected agencies in the Valley Center region during the five-year report period have varied with individual estimates as follows:

        i. 0.84% in Valley Center MWD.

        ii. 1.1% in Valley Center FPD.

        iii. 1.0% in Valley Center CSD.

    e) Accommodating the estimated population growth in the Valley Center region during the five-year report period has been the construction 294 new residential units, which represents an overall increase in the local housing supply of 2.8%.

f) The estimated population growth has contributed to an approximate one-fourth decrease in the number of vacant housing units in the Valley Center region from 8.0% to 6.1% during the five-year report period.

g) The Valley Center region remains predominately rural with an overall average of 2.5 acres for every one resident. This rate – however – has decreased during the five-year report period by nearly one-tenth and 2.7 acres for every one resident and reflects the changing and increasing development of the region.

h) San Diego LAFCO projects the current growth rate within the Valley Center region and within the three affected agencies will generally hold over the report timeframe. However, additional and more intensive growth is expected in the longer run given the region's proximity to Interstate 15 coupled with increasing economic challenges for area landowners to maintain lands in agricultural production.

i) San Diego LAFCO should coordinate with the County of San Diego and SANDAG to develop buildout estimates specific to each affected agency in the Valley Center region and incorporate the information into the next scheduled municipal service review.

j) A review of current demographics reveals no substantial differences within the three affected agencies in the Valley Center region, and as such indicates the individual communities are relatively homogenous in social and economic standing and – notably – contrasts with countywide averages. Additional demographic details follow.

   (a) Residents in the Valley Center region tend to be older with a median age of 43.1 and nearly one-fourth higher than the corresponding countywide average of 35.3. This distinction in age is similarly illustrated with 23.4% of the region now collecting retirement compared to only 17.7% in all of San Diego County.

   (b) Monthly housing costs in the Valley Center region have modestly decreased over the five-year report period and attributed – among other factors – to increased housing stock. The region's average monthly housing cost of $1,958, however, remains one-fifth higher than the countywide average of $1,578.

   (c) Residents in the Valley Center region have experienced moderate increases in their household incomes during the five-year report period with the present median amount at $81,654 and one-fifth above the countywide average of $66,529.

2. With respect to the location and characteristics of disadvantaged unincorporated communities within the affected areas as required under Section 56430(a)(2), the Commission independently determines the following.

   a) No lands within or immediately adjacent to the Valley Center region currently qualifies as a disadvantaged unincorporated community under San Diego LAFCO policy.

3. With respect to the capacity of public facilities and infrastructure needs and deficiencies within the affected areas as required under Section 56430(a)(3), the Commission independently determines the following.

   a) All three affected agencies in the Valley Center region have experienced sizeable increases and/or changes in municipal service demands over the five-year report period. The increase and change in demands – albeit to different levels – necessitate additional infrastructure resources among all three agencies to accommodate expected growth and most pertinent to Valley Center CSD given existing deficiencies.

   b) The following statements apply to the Valley Center MWD with respect to the availability, adequacy, and performance of its three active municipal service functions: potable water; recycled water; and wastewater.

      1. With respect to potable water, San Diego LAFCO determines the following.

         i. Valley Center MWD's potable water function commenced in 1955 and classified as retail for purposes of identifying powers under G.C. Section 56425(i) and Commission Rule No. 4. This activated power covers the entire District jurisdictional boundary.

         ii. Valley Center MWD is a member agency of San Diego County Water Authority and its entire potable water supplies are drawn from imported water. The availability of these pretreated supplies has proven increasingly reliable due to ongoing investments and absent a significant infrastructure failure is considered relatively stable and can withstand normal weather fluctuations.

         iii. Valley Center MWD's potable water supplies and associated infrastructure sufficiently meet existing demands and are expected to hold through the timeframe of this report. This statement is substantiated given the average annual water production demands during the five-year report period represents only 19% of the District's maximum accessible supply based on infrastructure capacity to the San Diego County Water Authority. Further, the average peak-day demand during the report period represents 40% of the District's available supply.

         iv. Valley Center MWD's potable storage is sufficiently sized and can readily accommodate peak-day demands with the five-year report period average representing 29% of existing capacity. This existing storage amount is sufficient to cover 3.5 days of average daily usage without recharge.

         v. Valley Center MWD's potable water demand as measured on a per capita basis has decreased by (25.9%) over the five-year report period. This contrast with an overall estimated growth rate of 4.2% and suggest – among other factors, including changes in agricultural practices – users are de-intensifying their water uses.

2. With respect to recycled water, San Diego LAFCO determines the following.

   i. Valley Center MWD's recycled water function commenced in 2005 and currently involves retailing to one customer, Woods Valley Ranch Golf Course. San Diego LAFCO should address this active service function under Government Code Section 56425(i) as part of a future policy update to Commission Rule No. 4 with respect to formally identifying the function, class, and authorized location as deemed appropriate by the Commission.

   ii. The current average demand of recycled water during the five-year report period has been 0.200 million gallons per day at Valley Center MWD's Woods Valley Ranch Canyon Reclamation Facility and is solely used for irrigation by the Woods Valley Golf Course.

   iii. Valley Center MWD is exploring opportunities to establish recycled water service within the Moosa service area in coordination with a development application on file with the County of San Diego known as Lilac Hills Ranch.

3. With respect to wastewater services, San Diego LAFCO determines the following.

   i. Valley Center MWD's wastewater function commenced in 1975 classified as collection, treatment, and disposal for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

   ii. Valley Center MWD's wastewater function is currently limited to two distinct service areas: Moosa and Woods Valley.

   iii. Valley Center MWD's Moosa facilities are designed to accommodate an average daily wastewater flow of 0.440 million gallons. The current average daily demand over the five-year report period has been 0.298 million gallons and equals 67% of the total system capacity. The capacity consumption – pertinent – increases to 87% based on average peak-day flows during the period and is approaching facility limitations.

   iv. The Moosa Reclamation has been designed to accommodate an expansion to increase the average daily wastewater flow capacity to 1.0 million gallons subject to funding of capital improvements. This expansion capability provides remedy to existing peak-day flows approaching current capacity and pertinently enables the District to accommodate additional growth in the area.

   v. Valley Center MWD's Woods Valley facilities are designed to accommodate an average daily wastewater flow of 0.275 million gallons. The current average daily demand over the five-year report period has been 0.0.41 million gallons and equals 15% of the total system capacity. The capacity consumption increases to 19% based on average peak-day flows during the period.

   vi. The average peaking factors during the five-year report period within Valley Center MWD's two wastewater systems – Moosa and Woods Valley – are less than 1.3 and

substantiate both collection systems are in good condition with limited inflow and infiltration from runoff and groundwater.

c) The following statements apply to the Valley Center FPD with respect to the availability, adequacy, and performance of its three active municipal service functions: fire protection/rescue; emergency medical; and ambulance transport.

1. With respect to fire protection/rescue and emergency medical, San Diego LAFCO determines the following.

i. Valley Center FPD's fire protection/rescue and emergency medical functions are organized as one integrated service and commenced in 1983.

ii. San Diego LAFCO classifies the nature of Valley Center FPD's fire protection/rescue function as structural for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

iii. Valley Center FPD has successfully transitioned its fire protection/rescue and emergency medical function from an initial all-volunteer organization to its current combination career/reserve all-career organization beginning in 2013.

iv. Overall onsite incidents within Valley Center FPD have averaged 4.0 daily over the five-year report period. Demands have increased overall by 135% during this period and are largely attributed to overall growth factor as well as increased activity at the casinos and special events at local businesses such as Bates Nuts Farm and Lavender Fields.

v. Valley Center FPD has responded exclusively to 87% of all onsite incidents within the District during the five-year report period without the aid of outside agencies. This response rate substantiates the District has generally developed and maintained adequate resources to meet existing demands.

vi. Valley Center FPD's ability to continue to sufficiently meet demands requires additional resources and adaption to the jurisdictional boundary's ongoing transition from rural to suburban. This transition – notably – is marked by serving an increasing number of geographically separated neighborhoods and has contributed to rising average travel response times from 10.43 to 11.12 minutes during the five-year report period.

vii. Valley Center FPD recently retained an outside consultant to prepare a standards of coverage study on the District with recommendations therein to adopt a travel response standard of 8:00 minutes as well as construct a third fire station near the intersection of Cole Grade Road and Cole Grade Lane.

2. With respect to ambulance transport, San Diego LAFCO determines the following.

i. Valley Center FPD's ambulance transport function was established in 2015 in conjunction with being awarded an exclusive operating contract through the County of San Diego to serve the greater Valley Center area. The contracted service area includes all of the District and an additional 768.8 square mile.

ii. San Diego LAFCO classifies Valley Center FPD's ambulance transport function as advance life support or ALS for purposes of identifying powers under Government Code Section 56425(i) and Commission Rule No. 4.

iii. Valley Center FPD separately contracts with Mercy Medical Transportation to supplement ambulance transport services. This contract provides Valley Center FPD the ability to effectively provide ALS ambulance transport through the combination of Mercy paramedics and District emergency medical technicians.

iv. Overall onsite incidents within Valley Center FPD's contract service area have averaged 3.2 daily over the five-year report period with nearly nine-tenths – or 87% – originating in the District. Demands have risen overall by 19% and attributed to increasing population and societal changes in medical care.

d) The following statements apply to the Valley Center CSD with respect to the availability, adequacy, and performance of its lone active municipal service function: park and recreation.

i. Valley Center CSD's park and recreation function was established at the time of the District's formation in 1966.

ii. San Diego LAFCO determines there are no applicable class categories relative to Valley Center CSD's park and recreation function under Government Code Section 56425(i) and Commission Rule No. 4.

iii. Valley Center CSD's public facilities currently total 73.5 acres and divided between five distinct sites within it jurisdictional boundary. One of the sites – however – involves Star Valley Park and its 45.5 acres, which remains closed to the public in the absence of funding to make improvements and address liability concerns; the substantive result is an available parkland total within the District of 28.0 acres.

iv. Valley Center CSD's current available parkland produces a ratio of 1.5 acres for every 1,000 residents. This ratio falls substantially below baseline standards established by the State of California for local communities under the Quimby Act, which specifies 3.0 acres for every 1,000 residents.

v. Valley Center CSD does not have a master plan or other formal document to guide park and recreation services within the District. The absence of this type of document hinders the District's ability to strategically plan and allocate resources in a manner consistent with Board objectives and priorities.

4. With respect to the financial ability of agencies to provide services within the affected areas as required under Section 56430(a)(4), the Commission independently determines the following.

a) All three affected agencies in the Valley Center region operate with significantly different financial means in providing municipal services to their constituents and experienced – albeit to differently – fiscal stress during the five-year report period.

b) The combined net position of the three affected agencies in the Valley Center region decreased by more than one-tenth – or 12.8% – from $102.8 million to $89.6 million during the five-year report period.

c) The ability of the three affected agencies to fund their municipal service functions through new assessments and taxes appears constrained given current constituent reluctance as evident by the recent defeat of Measure SS; a proposed $180 annual parcel tax by Valley Center FDP and disapproved by voters in November 2018.

d) Valley Center MWD's net position has decreased during the five-year report period with an overall change of (13.7%) from $97.2 million to $83.9 million and produces a net loss of $13.3 million. Additional details on financial standing follow.

    i. The unrestricted portion of Valley Center MWD's net position has decreased by (47.5%) over the five-year report period finishing with a balance equal to cover 2.5 months of actual operating expenses.

    ii. Valley Center MWD experienced an average annual total margin gain of 3.3% during the five-year report period. The operating margin, however, finished each year in deficit with an average loss of (3.1%) and reflects the District's reliance on general property tax revenues to help meet enterprise operating costs.

    iii. Valley Center MWD finished the five-year report period with a sizeable reduction in available capital and is attributed to new loans with the State of California to expand the Woods Valley Ranch Reclamation Facility. This reduction is reflected in the District's debt-to-net position totaling 65.0% at the end of the period and means nearly two-thirds of the net position is tied to long-term financing.

    iv. Valley Center MWD's combined funded ratio for pension obligations with CalPERS at the end of the five-year report period finished at 60.9% and considered in critical status based on federal standards for retirement systems. This ratio has also decreased overall by (1.9%) over the prior 48-month period in which statements are available.

e) Valley Center FPD's net position has steadily decreased each year during the five-year report period with an overall change of (13.6%) from $5.2 million to $4.5 million and produces a net loss of $0.698 million. Additional details on financial standing follow.

    i. The unrestricted portion of Valley Center FPD's net position has increased by 3.2% over the five-year report period ending with a balance equal to cover 12.0 months of actual operating expenses.

ii. Valley Center FPD experienced an average annual total margin loss of (10.7%) during the five-year report period. The average operating margin trended similarly during the period at (11.2%).

iii. Valley Center FPD finished the five-year report period with limited long-term obligations and reflected with both the District's debt ratio and debt-to-net position ratios falling under 7.0%.

iv. Valley Center FPD does not have any recorded pension obligations. Employees participate in a 457(b) deferred compensation program instead.

f) Valley Center CSD's net position has steadily increased each year during the five-year report period with an overall change of 180.8% from $0.458 million to $1.286 million and produces a net gain of $0.828 million. Additional details on financial standing follow.

i. The unrestricted portion of Valley Center CSD's net position has increased by 107.0% over the five-year report period with an ending balance equal to cover 6.0 months of actual operating expenses. This latter amount – notably and as a non-enterprise agency – leaves the District susceptible to service interruptions and highlights the importance of cash-flow management.

ii. Valley Center CSD experienced an average annual total margin gain of 26.3% during the five-year report period. The average operating margin finished close to one-half lower, but nonetheless in positive territory at 14.7%.

iii. Valley Center CSD finished the five-year report period with nearly no long-term obligations reflected with both the District's debt ratio and debt-to-net position ratios ending at 1.5% and 0.0%, respectively.

iv. Valley Center CSD does not have any recorded pension obligations.

v. Valley Center CSD audited financial statements – importantly – during the five-year report period do not inventory capital assets. This significant omission merits correction and undermines the validity of the stated net position given over four-fifths of the District's balance sheet is unsubstantiated.

5. With respect to the status and opportunities therein for shared services within the affected areas as required under Section 56430(a)(5), the Commission independently determines the following.

a) All three affected agencies have established responsive shared resources with other agencies in fulfilling their responsibilities to provide specified municipal functions to their respective constituents in the Valley Center region. Examples follow.

i. Valley Center MWD has established interties with the City of Escondido, Rainbow MWD, and Yuima MWD as well as the San Pasqual Band of Mission Indians to receive and provide treated potable water supplies to one another in the event of emergencies and/or other interruptions in normal operations. These interties provide important

redundancy protections in the broader region and particularly germane to help redirect supplies in response to earthquake and wildfire events.

ii. Valley Center FPD maintains automatic aid agreements with several adjacent service providers – including City of Escondido, CAL FIRE, and the Rincon and San Pasqual Indian Bands – to receive and provide fire protection/rescue and emergency medical services within their respective boundaries based on dispatch proximity. These agreements are particularly pertinent to maintain for Valley Center FPD to address multiple incidents within its boundary given size and topography service challenges.

iii. Valley Center CSD coordinates closely with the County of San Diego and its Parks and Recreation Department in providing services within the District boundary. This includes utilizing developer fees generated from the County's Parkland Dedicated Ordinance to fund new park and recreation amenities through a Board of Supervisors approval process.

b) Opportunities to share and/or consolidate resources between Valley Center FPD and the County of San Diego merit continued attention. Exploring these opportunities is consistent with San Diego LAFCO's standing policy objective to facilitate the orderly extension of the County Fire Authority and its role to organize and provide fire protection services in unincorporated San Diego County.

6. With respect to accountability and opportunities and merits therein for governance alternatives as required under Section 56430(a)(6), the Commission independently determines the following.

a) All three affected agencies in the Valley Center region are governed by responsive officials and illustrated by holding regular monthly meetings, timely posting agendas and minutes online, and employing and/or otherwise contracting professional staff. All three agencies advantageously contribute to the region and its distinct character.

b) The All three affected agencies in the Valley Center region share substantially similar jurisdictional boundaries and are authorized with common service powers under their principal acts subject to San Diego LAFCO approval. San Diego LAFCO believes – and irrespective of prompts otherwise in statute – the agencies' existing and separate operations appropriately serves the region and preliminary analysis suggests exploring a regional consolidation is not sufficiently merited at this time.

c) San Diego LAFCO has previously designated Valley Center MWD as the appropriate current and future wastewater provider in the Valley Center region. Accordingly, and in the absence of unique conditions meriting otherwise, San Diego LAFCO recommends the County of San Diego require all future development approvals connect to the District's wastewater facilities and avoid new systems in the region.

d) All Valley Center CSD should remedy existing deficiencies with its annual audit process and establish present-day values for its capital assets less appropriate depreciation amounts. These efforts would substantiate the District's financial statements and create added trust with its

constituents and help ensure their ongoing financial investment in the agency is appropriately reciprocated.

e) It Valley Center CSD operates under a governance model that is increasingly antiquated relative to industry standards and use therein of economies of scale and new development to fund existing and new park and recreation services. This antiquation is reflected in the District's ability to secure grants to purchase the Valley Star Park site but without the resources to fund and maintain improvements. A reorganization of the District and transition to a new County Service Area to directly draw on the expanded resources of the County Parks and Recreation Department coupled with a more direct connection to syncing developer funding appears sufficiently merited.

f) San Diego LAFCO encourages Valley Center CSD and the County of San Diego to consider a coordinated reorganization proposal filing with the Commission consistent with the preceding determination and under mutually acceptable terms. This includes – but not limited to – considering the creation of an advisory committee for the new County Service Area consisting of the current CSD Board to continue to provide local input on park and recreation services and priorities in Valley Center.

g) None of the three affected agencies in the Valley Center region report providing municipal services beyond their jurisdictional boundaries except for limited automatic aid responses by Valley Center FPD. There also does not appear to be any pending needs or demands to establish services outside the affected agencies' existing boundaries and/or spheres of influence. Accordingly, and absent new information, it would be appropriate for San Diego LAFCO to proceed with updating and affirming – with no changes – the affected agencies' spheres.