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

REGULAR MEETING AGENDA

SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION

MONDAY, JANUARY 6, 2020 9:00 A.M.
COUNTY ADMINISTRATION CENTER | ROOM 302
1600 PACIFIC HIGHWAY
SAN DIEGO, CALIFORNIA

1. **9:00 A.M. – CALL TO ORDER BY CHAIR | ROLL CALL**

2. **PLEDGE OF ALLEGIANCE**

3. **AGENDA REVIEW**
The Chair will consider requests to remove or rearrange items on the agenda.

4. **PUBLIC COMMENT**
Opportunity for members of the public to speak to the Commission on any subject matter within the Commission's jurisdiction but not an item listed on the agenda. Each speaker's presentation may not exceed three minutes. (Please note for items listed on the agenda, speakers should fill out a speaker slip and address the Commission when the item is discussed, and their name is called.)

5. **CONSENT ITEMS**
All items calendared as consent are considered ministerial or non-substantive and subject to a single motion approval. The Chair will also consider requests to pull an item for discussion.

   a) **Approval of Meeting Minutes for December 2, 2019 (action)**
   The Commission will consider approving action minutes prepared for the December 2, 2019 regular meeting. Recommendation to approve.

   b) **Commission Ratification | Recorded Payments for November 2019 (action)**
   The Commission will review payments received and made for the month of November 2019. These payments cover all recorded transactions for the period and include $116,639 in total distributions made by the Executive Officer. Recommendation to ratify.

   c) **Proposed "Valley Vista Road–Gutierrez Change of Organization" | Annexation to the San Diego County Sanitation District; CO19-25 (action)**
   The Commission will consider a change of organization proposal filed by an interested landowner to annex approximately 0.6 acres of unincorporated territory to the San Diego County Sanitation District (SD). The affected territory as submitted includes one parcel with an existing single-family residence in Bonita. The proposal purpose is to extend public wastewater service to the single-family residence and accommodate a planned improvement to build an accessory dwelling unit. Staff recommends approval of the proposal with a discretionary modification to include 0.1 acres of adjacent public right-of-way along Valley Vista Road. Standard approval terms are also recommended along with waiving protest proceedings. The County of San Diego Assessor's Office identifies the subject parcel as 591-183-07.

CONSENT ITEMS CONTINUED…

d) Progress Report on 2019-2020 Workplan (action)
The Commission will receive a progress report on accomplishing specific projects included in the adopted workplan for 2019-2020. The report notes nearly three-fourths of all workplan projects have been initiated through the first half of the fiscal year with five already completed. Recommendation to accept and file.

e) Current Proposals and Related Activities (information)
The Commission will receive a report identifying active proposals on file with the Commission as well as pending submittals. This item is for information only.

6. PUBLIC HEARING ITEMS
Public hearing items require expanded public notification per provisions in State law.

a) Proposed "Las Flores Drive Change of Organization" | Annexation to Vallecitos Water District and Sphere Amendment; DA19-12 (action)
The Commission will consider a change of organization proposal filed by an interested landowner to annex 0.6 incorporated acres in the City of San Marcos to the Vallecitos Water District (WD). The proposal's purpose is to extend wastewater service to the affected territory to facilitate the remodeling of an existing single-family residence. Staff recommends approval of the proposal with modification to expand the affected territory to include 0.2 acres of the adjacent public right-of-way along Las Flores Dive. A conforming amendment to add the affected territory to the Vallecitos WD sphere of influence along with standard approval terms are also recommended. The County of San Diego Assessor's Office identifies the subject parcel as 219-062-27.

7. BUSINESS ITEMS
Business items involve regulatory, planning, or administrative items that do not require a hearing.

a) Draft Municipal Service Review on the Valley Center Region (discussion)
The Commission will review a draft municipal service review on the Valley Center region. The draft has been prepared as part of the adopted workplan and represents an independent assessment of the availability, need, and performance of public services in the Valley Center region and specific to three local agencies under Commission oversight. This includes preparing determinative statements addressing all of the factors required under statute as part of the municipal service review mandate. The draft is being presented for discussion and feedback ahead of staff initiating a public review in anticipation of returning in March with final actions.

8. EXECUTIVE OFFICER REPORT

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

10. CLOSED SESSION
Closed session items are calendared by Commission Counsel.

a) Conference with Legal Counsel – Anticipated Litigation:
Pursuant to Government Code Section 54956.9(d)(2)): Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9. (One case.)

ADJOURNMENT TO NEXT MEETING
March 2, 2020

Attest to Posting:

Tamaron Luckett
Executive Assistant

All associated agenda reports are available for viewing at www.sdlafco.org.

Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or a copy of all the documents constituting the agenda packet for a meeting upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting. Please contact the LAFCO office at least three (3) business days prior to the meeting for any requested arraignments or accommodations.

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5a

AGENDA REPORT
Consent | Action

January 6, 2020

TO: Commissioners

FROM: Tamaron Luckett, Executive Assistant

SUBJECT: **Approval of Meeting Minutes for December 2, 2019**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the regular meeting held on Monday, December 2, 2019. The minutes are in action-form and being presented for formal approval with any desired corrections or clarifications as requested by the Commission.

BACKGROUND

The Ralph M. Brown Act was enacted by the State Legislature in 1953 and – among other items – requires public agencies to maintain written minutes for qualifying meetings.

DISCUSSION

This item is for San Diego LAFCO to consider approving action minutes for the December 2, 2019 regular meeting. The attendance record for the meeting follows.

- All members were present except Commissioners Jim Desmond (regular), Chris Cate (alternate), and Paul McNamara (alternate).

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Bill Wells, City of El Cajon
Paul McNamara, Alternate, City of Escondido
Mark Kersey, City of San Diego
Chris Cate, Alternate, City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Erin Lump, Alternate, Rincon del Diablo MWD
Vice Chair Andy Vanderlaan, General Public
Harry Mathis, Alternate, General Public

ANALYSIS

The attached draft minutes for the December 2, 2019 regular meeting accurately reflect San Diego LAFCO's actions as recorded by staff. A video recording of the meeting has also been posted on the Commission's website (www.sdlafco.org).

RECOMMENDATION

It is recommended San Diego LAFCO approve the draft minutes prepared for the December 2, 2019 regular meeting as presented. This recommendation is consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Approve the draft minutes prepared for the December 2, 2019, regular meeting with any desired corrections or clarifications.

Alternative Two:
Continue item to the next regular meeting and provide direction to staff as needed.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,

Tamaron Luckett
Executive Assistant

Attachment:

1) Draft Meeting Minutes for December 2, 2019

DRAFT MINUTES
SAN DIEGO LAFCO
December 2, 2019 REGULAR MEETING

1. CALL TO ORDER | ROLL CALL

The regular meeting was called to order at 9:00 a.m. by Chair MacKenzie in the County of San Diego Administration Center, 1600 Pacific Highway, Room 302, San Diego.

The Commission Clerk performed the roll call with the following attendance recorded.

Regulars Present:	Dianne Jacob, County of San Diego (VICE) Mark Kersey, City of San Diego Jo MacKenzie, Vista Irrigation District (CHAIR) Mary Casillas Salas, City of Chula Vista Andy Vanderlaan, Public Bill Wells, City of El Cajon Barry Willis, Alpine Fire Protection District
Alternates Present:	Greg Cox, County of San Diego (Voting) Erin Lump, Rincon del Diablo Municipal Water District Harry Mathis, Public
Members Absent:	Jim Desmond, County of San Diego Chris Cate, City of San Diego (alternate) Paul McNamara, City of Escondido (alternate)

The Commission Clerk confirmed a quorum was present with eight voting members with Alternate Commissioner Cox voting in place of Commissioner Desmond. Also present at the dais: Executive Officer Keene Simonds; Commission Counsel Holly Whatley; Chief Policy Analyst Robert Barry; and Executive Assistant Tamaron Luckett serving as Commission Clerk.

Commissioner Wells arrived at 9:05 a.m. and Commissioner Salas arrived at 9:10 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Kersey led the Commission in the Pledge of Allegiance.

3. AGENDA REVIEW

Chair MacKenzie asked the Executive Officer if there were requests to remove or rearrange items on the agenda. Executive Officer stated no changes to the agenda were needed and recommended the Commission proceed as planned.

4. PUBLIC COMMENT

Chair MacKenzie asked the public if anyone would like to address the Commission on any item not related to the agenda. Seeing no audience members approach the dais Chair MacKenzie ended the public comment period.

5. CONSENT ITEMS

Item 5a
Approval of Meeting Minutes for November 4, 2019
Item presented to approve draft action minutes prepared for the Commission's November 4, 2019 special meeting. Recommendation to approve.

Item 5b
Commission Ratification | Recorded Payments for October 2019
Item presented to ratify recorded payments made and received by the Executive Officer for the month of October. Recommendation to approve.

Item 5c
Proposed "Wilmott-Champagne Boulevard Reorganization" | Concurrent Annexation to the Valley Center Municipal Water District and Detachment from the Vallecitos Water District; RO19-08
Item presented to consider a reorganization proposal filed by an interested landowner with the principal action to annex 2.5 unincorporated acres to the Valley Center Municipal Water District with a concurrent detachment from Vallecitos Water District. The proposal's purpose is to provide permanent water service to an existing single-family residence and in doing so to replace a temporary out-of-agency service agreement approved by LAFCO. Recommendation to approve the proposal without modifications along with standard terms and waive protest proceedings.

Item 5d
Authorize Office Closure on December 24th and 26th
Item presented to consider authorization for closure of the LAFCO Office on December 24th and 26th. Recommendation to approve.

Item 5e
Progress Report on 2019-2020 Workplan
Item presented to receive a progress report of specific projects as part of the 2019-2020 workplan. Recommendation to accept and file.

Item 5f
Current Proposals and Related Activities
Item presented to update current proposals on file with LAFCO as well as identify anticipated submittals. Item for information only.

CONSENT ITEMS CONTINUED….

Item 5g
Expiring Commissioner Terms in 2020
Item presented to receive a report identifying membership terms that are due to expire in May 2020 and necessitate new appointments and/or reappointments. This includes noting LAFCO will conduct an election on behalf of the Special Districts Selection Committee to fill a new four-year term for a regular district seat. Item for information only.

Item 5h
End of Legislative Year Review
Item presented to review the first year of the 2019-2020 legislative session relative to items impacting the Commission's regulatory and planning responsibilities. This includes noting no significant changes to LAFCO statues were chaptered during the first year. Item for information only.

Chair MacKenzie identified the items listed on the consent calendar and asked if any Commissioners would like to pull an item, and if not make a motion.

**

Commissioner Kersey motioned to approve the consent calendar as recommended in the agenda reports with a second from Commissioner Vanderlaan. Roll call requested.

AYES: Cox (voting), Jacob, Kersey, MacKenzie, Vanderlaan, Wells, and Willis
NOES: None
ABSENT: Cate, Desmond, McNamara, and Salas
ABSTAINING: Cox (minutes)

The Commission Clerk confirmed the motion was approved 7-0.

Commissioner Salas arrived after the motion was approved.

6. PUBLIC HEARING ITEMS

Item 6a
Proposed "Catalina Avenue Reorganization" |
Concurrent Annexation to the Vista Irrigation District and Detachment from the Vallecitos Water District and Associated Sphere Amendments; RO19-13
Item presented to consider a reorganization proposal filed by interested landowners with the principal action to annex 1.3 unincorporated acres outside the City of Vista to the Vista Irrigation District and a concurrent detachment from Vallecitos Water District. The proposal's purpose is to extend Vista Irrigation District's water service to facilitate the development of a single-family residence.

PUBLIC HEARING ITEMS CONTINUED…

Item 6a Continued

Recommendation to approve the proposal without modifications along with standard terms and conforming sphere of influence amendments for both subject agencies. Recommendation to also waive protest proceedings.

Executive Officer Keene Simonds presented the item to the Commission.

Commissioner Wells asked if LAFCO received any written oppositions. Executive Officer Keene Simonds noted none were received.

Chair MacKenzie opened the public hearing and invited comments from the audience. Chair noted the following person submitted a speaker card to record a position but do not wish to speak:

- Daniel Valdez with Coffey Engineering (support)

Chair MacKenzie proceeded to close the public hearing.

**

Commissioner Vanderlaan motioned to approve the staff recommendation as provided in the agenda report with a second from Commissioner Jacob. Roll call requested:

AYES: Cox (voting), Jacob, Kersey, MacKenzie, Salas, Vanderlaan, Wells, and Willis
NOES: None
ABSENT: Cate, Desmond, and McNamara
ABSTAINING: None

The Commission Clerk confirmed the motion was approved 8-0.

7. BUSINESS ITEMS

Item 7a
Proposed "Sweetwater Road Reorganization" |
Concurrent Annexation to the City of National City and Detachments from County Service Area No. 135, Lower Sweetwater Fire Protection District, San Diego County Sanitation District, and South Bay Irrigation District; RO19-06
Item presented on business calendar to consider a reorganization proposal initiated by an interested landowner with the principal action to annex 0.23 unincorporated acres in Lincoln Acres to the City of National City. Concurrent actions also proposed and involve detachments from County Service Area No. 135, Lower Sweetwater Fire Protection District, and South Bay Irrigation District. The proposal purpose is to…

BUSINESS ITEMS CONTINUED…

Item 7a continued

facilitate development of a 5,500 square foot commercial project tentatively approved by National City. Recommendation to approve the proposal with a discretionary modification to add approximately 50.5 acres of adjacent public right-of-ways – including the interstate 805/State Route 54 interchange – along with standard terms and waive protest proceedings.

Chief Policy Robert Barry presented the item to the Commission.

Commission discussion.

Chair MacKenzie invited comments from the public. Comments were received from the following:

- Martin Reeder with City of National City (support with a condition to address liability concerns involving levee maintenance along the Sweetwater Channel).

Additional Commission discussion with Commissioner Cox recommending approval of the staff recommendation with a new term as stated below:

> "The reorganization is conditioned on receipt by the Executive Officer of an Administrative Change Letter involving the maintenance of the Sweetwater River Channel to accommodate the associated annexation of additional channel lands/improvements to the City of National City."

Additional Commission discussion.

**

Commissioner Cox motioned to approve the staff recommendation along with the conditional recommendation as stated with a second from Commissioner Jacob. Roll call requested:

AYES: Cox (voting), Jacob, Kersey, MacKenzie, Salas, Vanderlaan, Wells, and Willis
NOES: None
ABSENT: Cate, Desmond, and McNamara
ABSTAINING: None

The Commission Clerk confirmed the motion was approved 8-0.

BUSINESS ITEM CONTINUED…

Item 7b
Approval of Independent Audit |
Associated with Selection of New Outside Accounting Firm
Information presented to consider approval of an independent audit expense in the amount of $9,950. Approval is required under policy and associated with the completion of request for proposal process and selection therein by the Executive Officer for R.J. Ricciardi and Associates to audit LAFCO's financial statements beginning with 2018-2019. Recommendation to approve.

Executive Officer Keene Simonds presented the item to the Commission.

Commission discussion.

Chair MacKenzie invited comments from the public. No comments were received.

**
Commissioner Vanderlaan motioned to approve the staff recommendation as provided in the agenda report with a second from Commissioner Cox. Roll call requested:

AYES: Cox (voting), Jacob, Kersey, MacKenzie, Salas, Vanderlaan, Wells, and Willis
NOES: None
ABSENT: Cate, Desmond, and McNamara
ABSTAINING: None

The Commission Clerk confirmed the motion was approved 8-0.

Item 7c
Chair and Vice Chair Appointments
Item presented to consider making officer appointments and selection of a Chair and Vice Chair for 2020 as required under adopted policy.

Commission discussion.

**
Commissioner MacKenzie motioned to nominate Commissioner Jacob for Chair with a second by Commissioner Salas. Roll call requested:

AYES: Cox (voting), Jacob, Kersey, MacKenzie, Salas, Vanderlaan, Wells, and Willis
NOES: None
ABSENT: Cate, Desmond, and McNamara
ABSTAINING: None

BUSINESS ITEMS CONTINUED…

Item 7c continued

The Commission Clerk confirmed the motion was approved 8-0.

**

Commissioner Jacob motioned to nominate Commissioner Vanderlaan for Vice Chair with a second by Commissioner Willis. Roll call requested:

AYES: Cox (voting), Jacob, Kersey, MacKenzie, Salas, Vanderlaan, Wells, and Willis
NOES: None
ABSENT: Cate, Desmond, and McNamara
ABSTAINING: None

The Commission Clerk confirmed the motion was approved 8-0.

Item 7d
Approval of Meeting Schedule for Calendar Year 2020
Item presented to consider approval of a regular meeting calendar for 2020. Recommended approval for regular meetings except February, July, and September. Recommendation to approve.

Item presented by the Executive Officer.

Commissioner discussion.

**

Commissioner Jacob motioned to nominate Commissioner Vanderlaan for Chair with a second by Commissioner Salas. Roll call requested:

AYES: Cox (voting), Jacob, Kersey, MacKenzie, Salas, Vanderlaan, Wells, and Willis
NOES: None
ABSENT: Cate, Desmond, and McNamara
ABSTAINING: None

The Commission Clerk confirmed the motion was approved 8-0.

(over)

8. EXECUTIVE OFFICER REPORT

The Executive Officer made the following comments:

- Announced eight seats are vacant for the Special Districts Advisory Committee and LAFCO is conducting elections with ballots due by January 6, 2020.

- Announced LAFCO will be conducting an election for one of the two regular district seats on the Commission ahead of a new four-year term starting on May 4, 2020.

- Executive Officer presented Chair MacKenzie with an honorary LAFCO gavel for her dedicated service as Chair over the last two years.

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

None

10. CLOSED SESSION

Commission Counsel Holly Whatley advised the Commission would adjourn at 9:40 a.m. into closed session to discuss agenda items.

Item 10a
Conference with Legal Counsel – Existing Litigation
Pursuant to Government Code Section 54956.9(d)(1)): Julian-Cuyamaca Fire Protection District, et al. v. San Diego LAFCO et al. San Diego Superior Court Case No. 37-2019-00018076-CU-M C-TL

Item 10b
Conference with Legal Counsel – Existing Litigation
Pursuant to Government Code Section 54956.9(d)(1)): Julian Fire Company Association, et al. v. Julian-Cuyamaca Fire Protection District, et al., San Diego Superior Court Case No. 37-2018-00020015-CU-WM-CTL

Item 10c
Conference with Legal Counsel – Anticipated Litigation
Pursuant to Government Code Section 54956.9(d)(1)): Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9. (Two cases.)

**

Chair MacKenzie reconvened the regular meeting back into open session at 10:05 a.m. with Commission Counsel Holly Whatley announcing there were no reportable actions.

11. ADJOURNMENT TO NEXT MEETING

With no further business the Chair adjourned the meeting at 10:07 a.m.

**

I hereby attest the minutes above accurately reflect the deliberations of the Commission at its December 2, 2019 meeting.

ATTEST,

//
Tamaron Luckett
Executive Assistant

**

A video recording of the December 2, 2019 regular meeting is also available online at www.sdlafco.org or by contacting LAFCO staff at 858-614-7755.

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AGENDA REPORT
Consent | Action

January 6, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Erica Blom, Administrative Assistant

SUBJECT: **Commission Ratification | Recorded Payments for November 2019**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a report identifying all payments received and made for the month of November 2019. These payments cover all recorded transactions for the month and include $116,639 in total distributions made by the Executive Officer with more than nine-tenths tied to reimbursements to the County of San Diego for payroll, rent, overhead, and information technology services. The payments are being presented for formal ratification.

BACKGROUND

Accounting Policies and Procedures

San Diego LAFCO's policies provide direction to the Executive Officer to establish and maintain appropriate accounting controls for all financial transactions on behalf of the Commission. These policies specify the Executive Officer shall ensure accounting controls conform to standard procedures commonly enlisted by local governmental. Purchasing allowances are specified and include bid procedures for transactions at or above $10,000 and separate Commission approval for transactions at or above $125,000.

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Bill Wells, City of El Cajon
Paul McNamara, Alternate, City of Imperial Beach
Mark Kersey, City of San Diego
Chris Cate, Alternate, City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Erin Lump, Alternate, Rincon del Diablo MWD
Vice Chair Andy Vanderlaan, General Public
Harry Mathis, Alternate, General Public

DISCUSSION

This item is for San Diego LAFCO to consider ratification of all payments made and received by the Executive Officer for November 2019. A detailing of these transactions prepared by the Administrative Assistant is provided in Attachment One. The item also provides the Commission the opportunity to provide feedback to the Executive Officer on related matters and inform potential changes in accounting procedures going forward.

ANALYSIS

San Diego LAFCO's recorded payments made by the Executive Officer for November 2019 totaled $116,639 with 94% – or $110,124 – tied to expenditures with the County of San Diego. This includes covering payroll obligations, office rent, and information technology services. Training and travel related expenses represent most of the remaining expenditures during the period and tallied $4,043 and associated with the recent CALAFCO Annual Conference. Recorded revenues during the period totaled $40,349 with most of the monies drawn from collecting two new applicant proposals. All transactions recorded during the period are consistent with the adopted budget.

RECOMMENDATION

It is recommended San Diego LAFCO ratify the payments received and made by the Executive Officer for November 2019 as presented. This recommendation is consistent with Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Ratify the recorded payments received and made by the Executive Officer in November 2019 as shown in Attachment One.

Alternative Two:
Continue to the next regular meeting and provide direction to staff as needed.

Alternative Three
Take no action.[1]

(continued)

[1] Payment ratifications are not required under LAFCO policy, but are presented to the Commission per practice.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

1) Recorded Payments in November 2019

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SAN DIEGO LAFCO
Expenses by Vendor Detail
November 2019

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | After Effects						
	11/12/2019	52330 · Office Expense	20.99	Monthly Video Editing Software Subscription	credit card	3558-60 · SDCCU Visa Credit Card
E | Amazon						
	11/1/2019	52330 · Office Expense	14.00	Amazon Prime Monthly Payment	credit card	3558-60 · SDCCU Visa Credit Card
	11/20/2019	52330 · Office Expense	16.15	Headphones & Extender Cable (DN)	credit card	3558-60 · SDCCU Visa Credit Card
			30.15			
E | Ambius						
	11/4/2019	52370.J · Professional Services	97.94	Monthly Office Plants Service	check	3558 · SDCCU Checking
E | APA						
	11/8/2019	52270 · Memberships	628.00	Membership Fee for FY19-20	check	3558 · SDCCU Checking
E | ARCC (Assessor Recorder County)						
	11/4/2019	52490 · Publications	50.00	NOE Fee for San Marcos Highlands Reorg (RO17-07)	check	3558 · SDCCU Checking
	11/4/2019	52490 · Publications	50.00	NOD Fee for San Marcos Highlands Reorg (RO17-07)	check	3558 · SDCCU Checking
	11/8/2019	52490 · Publications	50.00	NOE Fee for Hollow Glen CO (DA19-14)	check	3558 · SDCCU Checking
	11/8/2019	52490 · Publications	50.00	NOE Fee for Hollow Glen CO (SA19-14)	check	3558 · SDCCU Checking
			200.00			
E | AT&T Mobility						
	11/8/2019	52074 · Telecommunications	306.44	Monthly Cell Phone Bill | EO and Analysts	check	3558 · SDCCU Checking
E | Baron Willis						
	11/15/2019	52622 · Training/Registration Out-County	165.97	Travel | CALAFCO Annual Conference Reimbursements	check	3558 · SDCCU Checking
E | Burgers & Brews (SMF Airport)						
	11/3/2019	52622 · Training/Registration Out-County	17.50	Travel | CALAFCO Annual Conference Reimbursements (LZ)	check	3558 · SDCCU Checking
E | Claim Jumper						
	11/6/2019	52610 · Non-Travel/In-County	45.21	Debriefing | EO and Chair (Commission Meeting)	debit card	3558 · SDCCU Checking
E | CMT Sacramento Taxi						
	11/1/2019	52622 · Training/Registration Out-County	49.55	Transportation | CALAFCO Annual Conference to Airport (KS)	debit card	3558 · SDCCU Checking
E | Colantuono, Highsmith & Whatley						
	11/25/2019	52622 · Training/Registration Out-County	937.69	Travel | CALAFCO Annual Conference Reimbursements	check	3558 · SDCCU Checking
E | Corodata						
	11/15/2019	52330 · Office Expense	49.90	Document Storage	check	3558 · SDCCU Checking
E | County of San Diego						
	11/1/2019	52530 · Office Lease	6,823.06	Office Rent	electronic	1000 · County Account (44595)
	11/1/2019	52354 · Mail/Postage ISF	452.65	Mail/Postage Services	electronic	1000 · County Account (44595)
	11/1/2019	52178 · Vehicle Maintenance	27.89	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	11/1/2019	52182 · Vehicle Fuel	0.00	Vehicle Fuel	electronic	1000 · County Account (44595)
	11/1/2019	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	11/1/2019	52721 et al. · Communications (IT) Services	11,176.47	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	11/6/2019	52344 · Store Unallocated	676.67	Office Supplies | Office Depot Order	electronic	1000 · County Account (44595)
	11/6/2019	52344 · Store Unallocated	8.93	County Surcharge | Office Depot Order	electronic	1000 · County Account (44595)
	11/25/2019	52504 · Equipment Rental	1.72	County Surcharge | Xerox	electronic	1000 · County Account (44595)
	11/27/2019	52344 · Store Unallocated	710.11	Office Supplies | Office Depot Order	electronic	1000 · County Account (44595)
	11/1/2019	51110 et al. · Employee Payroll	45,426.51	Payroll | Pay Period 2020-09	electronic	1000 · County Account (44595)
	11/15/2019	51110 et al. · Employee Payroll	45,341.77	Payroll | Pay Period 2020-10	electronic	1000 · County Account (44595)
	11/27/2019	51110 et al. · Employee Payroll	41,399.05	Payroll | Pay Period 2020-1	electronic	1000 · County Account (44595)
			110,123.95			
E | Culligan of San Diego						
	11/4/2019	52330 · Office Expense	54.50	Monthly Water Service	check	3558 · SDCCU Checking
E | Earl John Traylor						
	11/8/2019	52610 · Non-Travel/In-County	110.78	Mileage Reimbursement	check	3558 · SDCCU Checking
E | EDCO						
	11/26/2019	52330 · Office Expense	75.32	Service Award for Outgoing Chair & Expedited Shipping	credit card	3558-60 · SDCCU Visa Credit Card
E | Einstein Bagels						
	10/30/2019	52622 · Training/Registration Out-County	5.92	Travel | CALAFCO Annual Conference Reimbursements (KS)	debit card	3558 · SDCCU Checking
	10/31/2019	52622 · Training/Registration Out-County	8.91	Travel | CALAFCO Annual Conference Reimbursements (KS)	debit card	3558 · SDCCU Checking
			14.83			
E | Ella Dining Room						
	11/1/2019	52622 · Training/Registration Out-County	342.47	Travel | CALAFCO Annual Conference Dinner (10/31/19)	credit card	3558-60 · SDCCU Visa Credit Card

SAN DIEGO LAFCO
Expenses by Vendor Detail
November 2019

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | Erica Blom						
	11/15/2019	52622 · Training/Registration Out-County	23.78	Travel | CALAFCO Annual Conference Reimbursements	check	3558 · SDCCU Checking
E | Hyatt Hotels						
	11/1/2019	52622 · Training/Registration Out-County	40.80	Travel | CALAFCO Annual Conference Lunch (KS & JM)	debit card	3558 · SDCCU Checking
	11/3/2019	52622 · Training/Registration Out-County	160.25	Travel | CALAFCO Annual Conference Accommodations (KS)	debit card	3558 · SDCCU Checking
	11/3/2019	52622 · Training/Registration Out-County	480.75	Travel | CALAFCO Annual Conference Accommodations (LZ)	credit card	3558-60 · SDCCU Visa Credit Card
	11/3/2019	52622 · Training/Registration Out-County	480.75	Travel | CALAFCO Annual Conference Accommodations (EB)	credit card	3558-60 · SDCCU Visa Credit Card
	11/3/2019	52622 · Training/Registration Out-County	480.75	Travel | CALAFCO Annual Conference Accommodations (AV)	credit card	3558-60 · SDCCU Visa Credit Card
	11/3/2019	52622 · Training/Registration Out-County	480.75	Travel | CALAFCO Annual Conference Accommodations (BW)	credit card	3558-60 · SDCCU Visa Credit Card
			2,124.05			
E | Jo Ann MacKenzie						
	11/15/2019	52622 · Training/Registration Out-County	251.95	Travel | CALAFCO Annual Conference Reimbursements	check	3558 · SDCCU Checking
E | Linda Zambito						
	11/15/2019	52622 · Training/Registration Out-County	51.16	Travel | CALAFCO Annual Conference Reimbursements	check	3558 · SDCCU Checking
E | Peterson Donut						
	11/4/2019	52330 · Office Expense	2.00	ATM Fee for Peterson Donut	debit card	3558 · SDCCU Checking
	11/4/2019	52330 · Office Expense	46.75	Refreshments for Commission Meeting	debit card	3558 · SDCCU Checking
			48.75			
E | Price Self Storage						
	11/15/2019	52504 · Equipment Rental	70.00	Storage Unit Monthly Payment	debit card	3558 · SDCCU Checking
E | Renato Rodriguez						
	11/4/2019	52330 · Office Expense	60.00	Coffee for Commission Meeting at CAC	check	3558 · SDCCU Checking
E | San Diego County RAA Parking						
	11/1/2019	52622 · Training/Registration Out-County	64.00	Travel | CALAFCO Annual Conference Airport Parking (KS)	debit card	3558 · SDCCU Checking
E | San Diego Metal Graphics						
	11/1/2019	52330 · Office Expense	10.78	Nameplate for New Commissioner	check	3558 · SDCCU Checking
E | State Board of Equalization						
	11/15/2019	52490 · Publications	350.00	SBE Fees for Salem-Snyder CO (DA19-02)	check	3558 · SDCCU Checking
E | Xerox						
	11/25/2019	52504 · Equipment Rental	312.97	Xerox Rental	electronic	1000 · County Account (44595)
EXPENSE TOTAL			116,638.63			
R | CALAFCO						
	11/18/2019	52622 · Training/Registration Out-County	1,050.00	Refund for 2 CALAFCO Annual Conference Registrations (AV & HW)	electronic	1000 · County Account (44595)
R | County of San Diego						
	11/1/2019	52490 · Publications	1,126.40	PHN Fees (Protest Hearing) (RO18-13)	check	1000 · County Account (44595)
	11/19/2019	52490 · Publications	403.72	Recording & PHN Fees (DA19-14)	check	1000 · County Account (44595)
	11/30/2019	45918 · LAFCO Apportionment	32.33	LAFCO Apportionment for FY19-20	electronic	1000 · County Account (44595)
			1,562.45			
R | Jose Gutierrez						
	11/1/2019	46234 · Applications	6,405.00	LAFCO Processing Fees (DA19-25)	check	1000 · County Account (44595)
R | Redstone Partners						
	11/18/2019	52490 · Publications	50.00	Recording Fees (DA18-17)	check	1000 · County Account (44595)
R | San Diego Union Tribune						
	11/1/2019	52490 · Publications	475.02	Invoice Overpayment	check	1000 · County Account (44595)
R | The Eden Hills Project Owner LLC						
	11/8/2019	46234 · Applications	29,975.40	LAFCO Processing Fees (RO19-26)	check	1000 · County Account (44595)
R | V. Norman Rains						
	11/14/2019	52490 · Publications	50.00	Recording Fees (CO19-07)	check	1000 · County Account (44595)
R | Warmington Residential						
	11/1/2019	52490 · Publications	780.92	Recording & PHN Fees (RO19-06)	check	1000 · County Account (44595)
REVENUE TOTAL			40,348.79			

5c

AGENDA REPORT
Consent | Action

January 6, 2019

TO: Commissioners

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

SUBJECT: **Proposed "Valley Vista Road–Gutierrez Change of Organization" | Annexation to the San Diego County Sanitation District (CO19-25)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a change of organization proposal filed by an interested landowner to annex approximately 0.6 acres of unincorporated territory to the San Diego County Sanitation District (SD). The affected territory as submitted includes one parcel with an existing single-family residence in Bonita. The proposal purpose is to extend public wastewater service to the single-family residence and accommodate a planned improvement to build an accessory dwelling unit. Staff recommends approval of the proposal with a modification to include 0.1 acres of adjacent public right-of-way along Valley Vista Road. Standard approval terms are also recommended along with waiving protest proceedings.

BACKGROUND

Applicant Request

San Diego LAFCO has received an application from a landowner – Jose Gutierrez – requesting approval to annex approximately 0.6 acres of unincorporated territory in Bonita to the San Diego County SD. The affected territory as submitted includes one entire parcel already developed with an approximate 2,000 square foot single-family residence at 3623 Valley Vista

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Bill Wells, City of El Cajon
Paul McNamara, Alternate, City of Escondido
Mark Kersey, City of San Diego
Chris Cate, Alternate, City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Erin Lump, Alternate, Rincon del Diablo MWD
Vice Chair Andy Vanderlaan, General Public
Harry Mathis, Alternate, General Public

Road in Bonita and within the City of Chula Vista sphere of influence. The existing single-family residence was built in 1955 and is currently dependent on an onsite septic system to collect wastewater. The County of San Diego Assessor identifies the subject parcel as 591-183-07.

Affected Territory

The following map shows the approximate location of the affected territory in context to the Bonita-Chula Vista region. Attachment One shows the affected territory relative to the proposed boundary change involving the lone subject agency (San Diego County SD) and the principal affected agency (City of Chula Vista).



Source: San Diego LAFCO

Subject Agency

The proposed change of organization filed with San Diego LAFCO involves one subject agency: San Diego County SD.[1] A summary of the subject agency in terms of resident population, municipal service functions, and financial standing follows.

- San Diego County SD is a dependent special district governed by the County of San Diego and spans 29,571 acres or 46 square miles. The lone activate municipal service function is wastewater. The jurisdictional boundary is divided between seven distinct service areas with a combined LAFCO estimated resident service population of 149,798. The affected territory lies in the Spring Valley service area. This is the largest service area with an estimated resident service population of 92,717 and an accompanying average annual growth rate of 0.63% since 2010. San Diego County SD utilizes approximately 266 miles of collection lines in the Spring Valley service area to convey flows into the City of San Diego's adjacent collection system and thereafter to the Point Loma Treatment Facility; the latter operated by the Metro Wastewater Joint

[1] State law defines "subject agency" to mean any district or city for which a change of organization or reorganization is proposed.

Powers Authority with the District as one of the signatories. LAFCO established a sphere of influence for San Diego County SD at the time of its formation in 2011 with a smaller-than-agency designation to exclude 9,141 jurisdictional acres and equals 30.9% of the District boundary. This includes excluding jurisdictional lands in the Spring Valley service area that concurrently lie in the sphere of influence for the City of Chula Vista. San Diego County SD's audited net position is $118.7 million as of June 30, 2018 and has decreased by (1.3%) over the prior three fiscal years.

Affected Local Agencies

The affected territory lies within the jurisdictional boundaries and/or spheres of influence of nine local agencies directly subject to San Diego LAFCO. These agencies qualify as "affected agencies" relative to the proposed change of organization and listed below.[2]

- City of Chula Vista (sphere of influence only)
- Bonita-Sunnyside Fire Protection District
- County Service Area No. 135 - Regional Communications
- Greater San Diego Resource Conservation District (sphere of influence only)
- Metropolitan Water District of Southern California
- South Bay Irrigation District
- San Diego County Flood Control District
- San Diego County Street Lighting District
- San Diego County Water Authority

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the change of organization proposal to annex the affected territory to the San Diego County SD. The Commission may also consider applying conditions so long as it does not directly regulate land use, property development, or subdivision requirements. Additional discussion with respect to proposal purpose and Commission focus follows.

Proposal Purpose

The primary purpose of the proposed change of organization before San Diego LAFCO is to facilitate the construction of an accessory dwelling unit for the existing single-family residence comprising the subject parcel by making available public wastewater service. San Diego County SD's wastewater main is located immediately adjacent to the affected territory within the public right-of-way on Valley Vista Road and accessible by a private lateral connection.

[2] State law defines "affected local agency" as any entity that contains, or would contain, or whose sphere contains or would contain, any territory for which a change of organization is proposed or ordered. Notice of the proposal and hearing were provided to the agencies.

Development Potential

The County of San Diego General Plan identifies the affected territory as part of the Sweetwater Community Planning Area. The County designates the affected territory as Village Residential (VR-2) with a zoning standard of Rural Residential (RR). This latter standard prescribes a minimum lot size of 0.5 acres. No further development other than an accessory unit would be feasible due to the size of the subject parcel.

Commission Focus

Three central and sequential policy items underlie the San Diego LAFCO's consideration of the change of organization. These policy items ultimately take the form of determinations and orient the Commission to consider the stand-alone merits of a (a) sphere of influence amendment, (b) timing of the change of organization itself, and (c) whether discretionary boundary modifications or approval terms are appropriate. The Commission must consider other relevant statutes in and outside of LAFCO law as detailed.

ANALYSIS

San Diego LAFCO's analysis of the proposed change of organization is divided into two subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section and specifically analyzing the merits of a sphere amendment and the annexation as well as whether modifications and terms are appropriate in further addressing Commission goals and policies. The second subsection considers other germane issues and highlighted by applicability under the California Environmental Quality Act (CEQA).

Central Policy Items

Item No. 1 | Sphere of Influence Amendment

State law specifies all jurisdictional changes approved by San Diego LAFCO shall be consistent with the spheres of influence of the subject agencies.[3] This statutory threshold – in most instances – would necessitate the Commission consider an amendment to add the affected territory to San Diego County SD's sphere of influence to accommodate the proposed annexation. The statutory threshold is further prefaced on the Legislature defining spheres of influence to demark the appropriate current and future boundary and service area of the subject agency as determined by the Commission. However, and pertinently, the Commission has established a standing and unique practice specific to San Diego County SD to purposefully exclude jurisdictional lands in Bonita from its sphere of influence that are already in the City of Chula Vista's sphere of influence. The underlying premise to this practice is to assign deference to the City of Chula Vista as the ultimate future service provider for Bonita when infrastructure and other timing issues materialize.

[3] Reference to Government Code Section 56375.5.

Conclusion | Sphere of Influence Amendment

A sphere of influence amendment is not warranted to accommodate the change of organization based on past practices of San Diego LAFCO to avoid overlap with the City of Chula Vista's sphere of influence and the Commission's preference therein to prioritize the City as the ultimate service provider in the subject area.

Item No. 2 |
Change of Organization Timing

The timing of the change of organization appears appropriate. This conclusion draws from the analysis of the factors required for consideration under statute anytime jurisdictional changes are proposed along with locally adopted Commission policies. Most of the prescribed factors and applicable policies focus on the impacts of the proposed annexation on the service and financial capacities of the *receiving* agency, San Diego County SD (emphasis added). A summary of key conclusions generated in the review of these factors and applicable local policies follow with a complete analysis in Appendix A.

- Service Needs
  Annexation of the affected territory to San Diego County SD would represent a logical and orderly expansion of the District's jurisdictional boundary and wastewater services therein and would not create new service islands or corridors. Additional details on serve needs follow.

  - It has been the standing practice of the Commission to phase jurisdictional changes in the Bonita area to allow for annexations to the San Diego County SD to accommodate existing wastewater needs ahead of subsequent annexations to the City of Chula Vista to accommodate and consolidate multiple service needs. Annexation of the affected territory would be consistent with this practice.

  - Annexation of the affected territory to San Diego County SD for purpose of accommodating an intensity improvement (accessory dwelling unit) is consistent with the adopted residential land use policies of the County of San Diego. Annexation is also – pertinently – consistent with the land use policies contemplated for the affected territory by the City of Chula Vista; the anticipated future land use authority for the affected territory as determined by the Commission and marked by the subject lands inclusion in the City's sphere.

  - The landowner's intention to improve and expand the residential use of the affected territory helps to quantify the timing of the change of organization and annexation to San Diego County SD is appropriate by synching the boundary change with a specific development action.

- Service Capacities and Levels
  San Diego County SD has available and sufficient capacities to accommodate projected wastewater demands within the affected territory at its potential maximum uses without expansion of any public infrastructure. Additional details on relevant service capacities and levels follow.

  - The affected territory seeks to establish a wastewater connection to San Diego County SD. The connection will be facilitated through a lateral to the wastewater main located immediately adjacent to the affected territory within the public right-of-way on Valley Vista Road. No public infrastructure expansion is needed to serve the affected territory.

  - San Diego County SD projects the average day wastewater demand generated within the affected territory based on its current development is 240 gallons. This projected amount can be readily accommodated by San Diego County SD and represents 0.006% of its available contract capacity remaining at the assigned treatment facility based on current system demands. Ultimate buildout to include an accessory unit increases the average day wastewater flow to 480 gallons per day or 0.012% of the remaining available capacity.

- Service Funding and Costs
  San Diego County SD has the financial resources coupled with administrative controls to provide wastewater to the affected territory in support of its current and planned development without adversely impacting ratepayers. This comment is reflected in the staff analysis of San Diego County SD's recent audited statements which shows – among other items – the District remained profitable in each of the last three audited fiscal years with an average total margin of 5.5%.[4]

Conclusion | Merits of Change of Organization Timing

The timing of the change of organization and annexation of the affected territory to San Diego County SD is warranted. Justification is marked by the preceding analysis and appropriately responds to the need for wastewater service in a developing urban area and reflects available capacities and infrastructure. Additional analysis supporting the conclusion is provided in Appendix A.

[4] Audited statements cover FY2016, 2017, and 2018.

Item No. 3 |
Modifications and Terms

Staff believes one modification to the submitted change of organization proposal is appropriate and it involves San Diego LAFCO adding the adjacent public right-of-way to the centerline of Valley Vista Road. This recommendation expands the annexation by 0.1 acres and captures the wastewater main associated with serving the affected territory. The recommended modification does not have a material effect on the applicant. Applying standard approval terms also appears appropriate. A map of the affected territory with the recommended modification is provided as Attachment One.

Staff relatedly recognizes the affected territory lies in the City of Chula Vista's sphere of influence and reflects the Commission's policy expectation the lands ultimately annex to the City. The lack of direct connectivity with Chula Vista coupled with no documented requests or comments otherwise substantively suggests annexation to the City would be premature based on these local conditions.[5]

Conclusion | Modifications and Terms

One modification appears warranted to expand the affected territory to include 0.1 acres of adjacent public right-of-way on Valley Vista Road in providing a more orderly San Diego SD boundary. Standard terms are recommended.

Other Statutory Considerations

Exchange of Property Tax Revenues

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before San Diego LAFCO can consider any jurisdictional change unless an applicable master agreement applies. The associated statutes also empower the County of San Diego to make all related property tax exchange determinations on behalf of special districts. Staff has confirmed the County Board of Supervisors has adopted a master tax exchange agreement applicable to the proposed change of organization. The application of this master tax exchange agreement will result in no transfer of property taxes to San Diego County SD.

[5] As part of a broad and regional discussion it would be appropriate for LAFCO, County, and Chula Vista to discuss opportunities to time the annexation of lands within the existing Chula Vista sphere to the City following land use entitlement as part of future municipal service reviews.

Environmental Review

CEQA requires San Diego LAFCO to serve as lead agency and assess whether impacts would result from the proposed change of organization initiated by a landowner. Staff has determined the proposal qualifies as project under CEQA but exempt from further review under State CEQA Guidelines Section 15319(a). This exemption applies given the affected territory contains an existing private structure developed to the density allowed by current zoning and there is no corresponding need for an expansion of public infrastructure.

Protest Proceedings

Protest proceeding for the change of organization may be waived by San Diego LAFCO should the Commission proceed with an approval under Government Code Section 56662. The waiver appropriately applies under this statute given the affected territory is uninhabited as defined under LAFCO law, the subject agency has not filed an objection, and the landowner has consented to the underlying actions as the initiating petitioner.[6] Applying the recommended modification to include the adjacent public right-of-way on Valley Vista Road to the affected territory also does not trigger protest.

RECOMMENDATION

Staff recommends approval of the change of organization proposal with modifications as specified along with standard terms. This recommendation is consistent with Alternative One in the proceeding section and generates the following boundary change in San Diego County:

- Annexation of all 0.7 acres of the affected territory as modified to San Diego County SD.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO and can be accomplished with a single-motion:

Alternative One (recommended):
Adopt the attached draft resolution approving the change of organization proposal with a modification to include the adjacent public right-of-way on Valley Vista Road along with standard terms.

Alternative Two:
Continue consideration to the next regular meeting.

Alternative Three:
Disapprove the change of organization proposal with direction to staff to return at the next regular meeting with a conforming resolution for adoption.

[6] LAFCO law defines uninhabited as territory in which 11 or less registered voters reside.

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified.

On behalf of the Executive Officer,



Linda Zambito
Analyst I

Appendices:

A) Analysis of Boundary Change Factors

Attachments:

1) Map of the Affected Territory with Recommended Modification
2) Draft Resolution of Approval
3) Landowner Petition

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APPENDIX A

Government Code Section 56668
Proposal Review Factors

a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.

The affected territory as proposed by the applicant is approximately 0.6 acres in size and includes an unincorporated parcel developed within a single-family residence at 3626 Valley Vista Road in Bonita (591-183-07). Staff independently recommends expanding the affected territory to include 0.1 acres o the adjacent public right-of-way on Valley Vista Road. The application materials identify the subject parcel is currently occupied with four residents. The County of San Diego General Plan identifies the affected territory as part of the Sweetwater Community Planning Area and designated and zoned for residential uses. No significant growth is anticipated in the surrounding area within the next 10-year period. Total assessed value (land and structures) in the affected territory is $353,234 as of November 2019.

b) The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

The County of San Diego acts as the primary purveyor of general governmental services to the affected territory. This includes community planning, roads, and public safety with the latter including law enforcement via the County Sheriff. Other pertinent service providers include Bonita-Sunnyside Fire Protection District (fire protection and emergency medical) and South Bay Irrigation District (domestic water). This proposal affects wastewater service only and is the focus of the succeeding analysis.

- **Extending Public Wastewater to Affected Territory**
  The affected territory and its existing single-family residence is currently dependent on an onsite septic system with no major repairs preformed in the last several decades. San Diego County SD projects the average day wastewater demand that would generate within the affected territory based on its current development is 240 gallons per day. This projected amount can be readily accommodated by San Diego County SD and represents 0.006% of its available contract capacity remaining at the Point Loma Facility based on current system demands. Ultimate buildout would include the addition of an accessory dwelling unit and increases the projected average day wastewater flow to 480 gallons per day or 0.012% of the remaining available capacity.

c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on local governmental structure.

Approving the change of organization proposal and annexation to San Diego County SD would explicitly establish economic and social ties between the District and the affected territory. These ties implicitly exist already given the affected territory's ability to develop to the maximum intensity allowed by the County of San Diego is substantively dependent on establishing wastewater service with San Diego County SD.

d) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies/priorities set forth in G.C. Section 56377.

Approving the proposed change of organization and annexation to San Diego County SD would facilitate the establishment of public wastewater service to facilitate the improvement and expansion of an existing single-family residential use consistent with County of San Diego's land use policies. Approval would be consistent with the Commission's adopted policies to sync urban type uses with urban type services. The affected territory does not qualify as "open-space" as defined under LAFCO law and no conflicts exists under G.C. Section 56377. Additional analysis concerning applicability of germane Commission policies follow.

- Policy L-107 requires applicants to disclose and address potential jurisdictional issues associated with their proposals and if applicable require a consultation process with the affected agencies, interested parties, or organizations to help remedy concerns unless waived by the San Diego LAFCO Executive Officer. No jurisdictional disputes or related concerns were disclosed by the applicant or identified by subject and affected agencies in the review of the proposal.

e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

The affected territory does not qualify as "prime agricultural land" under LAFCO law. Specifically, the lands are not currently used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program. Approval of the change of organization proposal and annexation to San Diego County SD would have no effect on maintaining the physical and economic integrity of agricultural lands.

f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment, the creation of islands or corridors of unincorporated territory, and other similar matters.

LAFCO is in receipt of a draft map and geographic description of the affected territory that details metes and bounds consistent with the standard of the State Board of Equalization. Approval would be conditioned on a final map and description conforming to the referenced standards and address any modifications required by the Commission. Approval for reorganization of the affected territory would not create service islands or corridors of unincorporated territory.

g) A regional transportation plan adopted pursuant to Section 65080.

The proposed change of organization would facilitate the improvement and expansion of an existing single-family residential use in an established and urbanizing metropolitan area and within close proximity to two major transportation corridors in State Route 54 and Interstate 5. The proposal, accordingly, does not conflict with San Diego Forward, the regional transportation plan prepared by San Diego Association of Governments (SANDAG).

h) Consistency with the city or county general and specific plans.

The County of San Diego General Plan identifies the affected territory as part of the Sweetwater Community Planning Area. The present County General Plan land use designation for the affected territory is Village Residential (VR-2) which allows up to 2.0 dwelling units per acre. The County zoning is Rural Residential (RR) which allows for single-family residential development with a 0.5 acre minimum lot size. These County land use policies prohibit further density (i.e., lot splitting) within the affected territory. It is separately noted the affected territory also lies within the sphere of influence of the City of Chula Vista and signals the Commission's intention the lands should ultimately transition into the City when the timing is appropriate. The City of Chula Vista similarly designates and prezones the affected territory for residential uses with a maximum of 3.0 dwelling units per acre.

i) The sphere of influence of any local agency affected by the proposal.

The affected territory lies outside the sphere of influence for the San Diego County SD. However, and pertinently, the Commission has established standing and unique practices specific to San Diego County SD to purposefully exclude jurisdictional lands in Bonita from its sphere of influence that are already in the City of Chula Vista's sphere of influence. The underlying premise to this practice is to assign deference to the City of Chula Vista as the ultimate future service provider for Bonita when infrastructure and other timing issues materialize. The change of organization, accordingly, can proceed without a conforming sphere of influence amendment based on these established Commission practices.

j) The comments of any affected local agency or other public agency.

Staff provided notice of the change of organization proposal to all subject and affected agencies as required under LAFCO law. No written comments were received ahead of preparing this agenda report for distribution on December 20, 2019.

k) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

San Diego County SD has the financial resources coupled with administrative controls to provide wastewater service to the affected territory in support of its planned development without adversely impacting current ratepayers. This comment is reflected in the staff analysis of San Diego County SD's recent audited statements and shows the District remained profitable in each of the last three audited fiscal years with an average total margin of 5.5%.[7] San Diego County WD's audited net position is $118.7 million as of June 30, 2018 with the unrestricted portion tallying $40.7 million. This latter amount represents the equivalent of 16 plus months of normal operating expenses. Should the Commission approve the change of organization the landowner will pay all required fees and service charges commensurate with San Diego County SD's adopted fee ordinance in establishing wastewater service.[8]

l) Timely availability of adequate water supplies for projected needs as specified in G.C. Section 65352.5.

The affected territory is presently located within and receives domestic water service from the South Bay ID (Sweetwater Authority). No change to this service arrangement is associated with the subject proposal. The San Diego County Water Authority serves as the wholesale water provider for the affected territory. The Water Authority's most recently adopted urban water management plan attests it has sufficient water supplies to meet its member agencies needs through the planning horizon of 2035 under normal and single-dry year conditions. Conservation measures, however, would likely be needed during severe and multiple dry-year conditions. To this end, South Bay ID has established a contingency plan to reduce water demands in the event of supply shortages consistent with recommendations from the Water Authority.

(continued)

[7] Audited statements cover FY2016, 2017, and 2018.
[8] A master tax agreement also applies and will result in no annual transfer to San Diego County SD.

m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments.

The proposed change of organization would extend wastewater service to one existing single-family residence and facilitate its expansion to include an accessory dwelling unit. The proposal will not affect any local agencies in achieving their respective fair shares of the regional housing needs. All regional housing needs tied to the lands are assigned to the County of San Diego by the region's council of governments, SANDAG.

n) Any information or comments from the landowners, voters, or residents.

The affected territory is developed with one single-family residence and presently includes one registered voter. The affected territory is considered uninhabited as defined by LAFCO law (containing 11 registered voters or less). The landowner supports the proposed change of organization and has provided their written consent to the proceedings.

o) Any information relating to existing land use designations.

See above analysis for (h).

p) The extent to which the proposal will promote environmental justice.

As used in this review factor, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. The proposed change of organization does not include locating new public facilities. Approval of the proposed change of organization is not anticipated to influence and/or hinder the promotion of environmental justice in the affected territory.

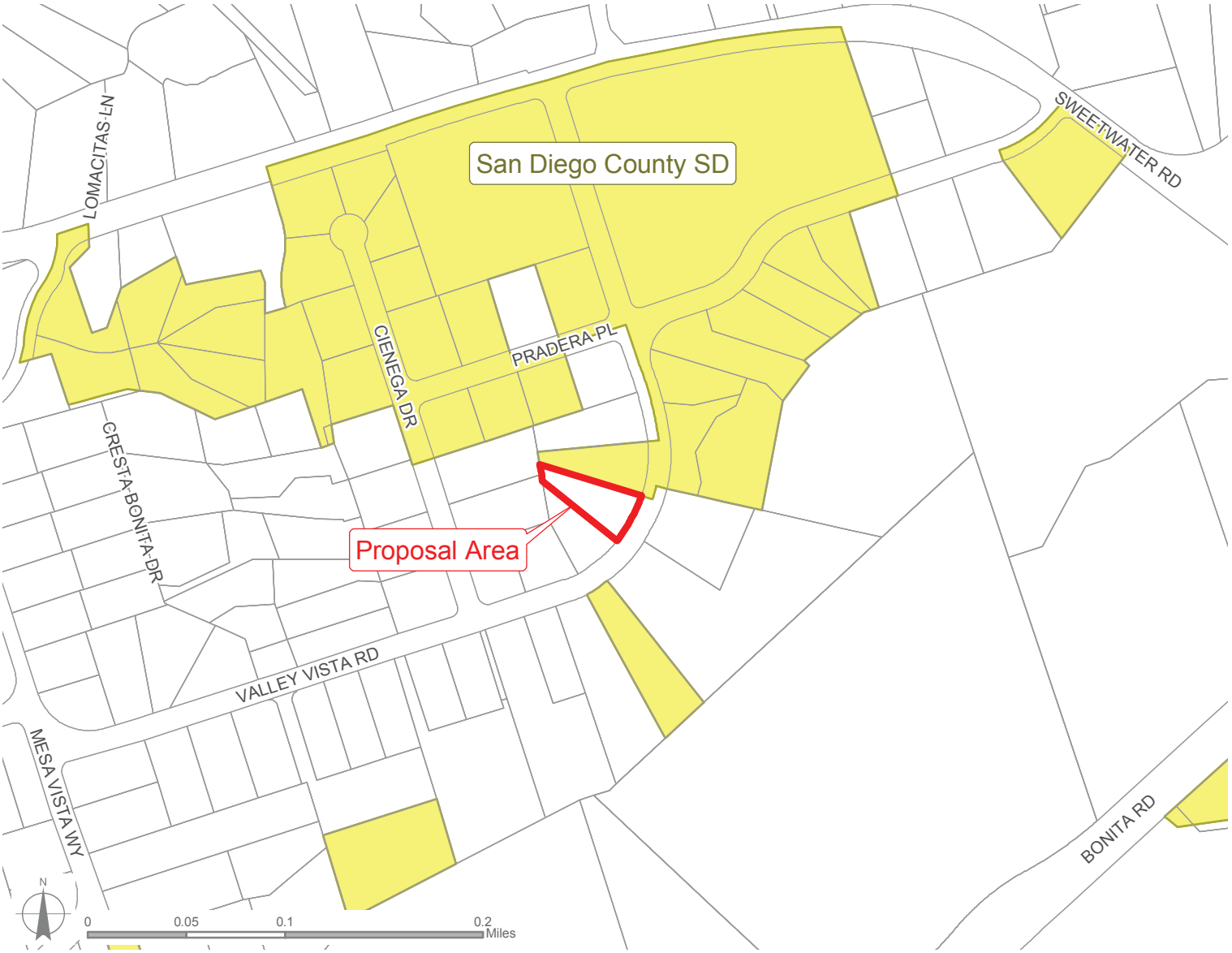
q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information is relevant to the affected territory.

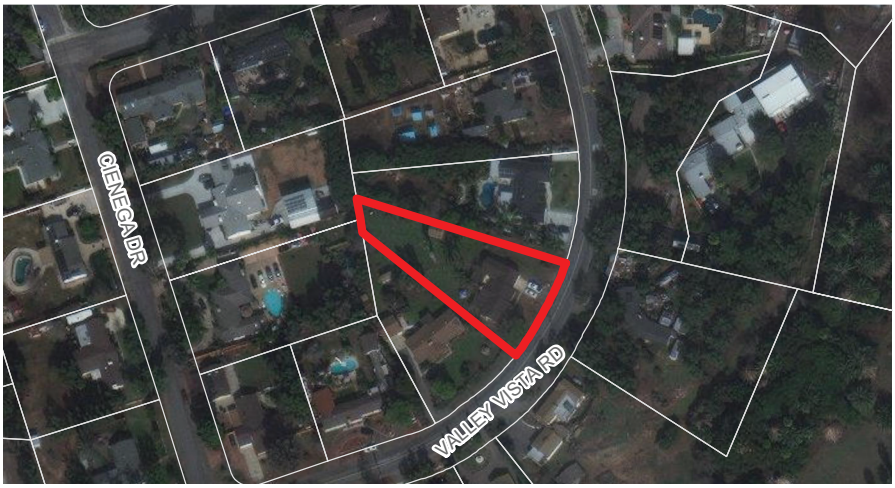
The affected territory is not located within a designated state responsibility area or in a local fire hazard zone.

Section 56668.3(a)(1) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annex to the district.

Approval of the change of organization proposal would be in the best interest of the current and future landowners and/or residents of the affected territory by providing access to reliable public wastewater service going forward.

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DA19-25

PROPOSED "VALLEY VISTA ROAD - GUTIERREZ CHANGE OF ORGANIZATION" | ANNEXATION TO SAN DIEGO COUNTY SD

Proposal Area
San Diego County SD

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

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RESOLUTION NO._____

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A REORGANIZATION

"VALLEY VISTA ROAD – GUTIERREZ CHANGE OF ORGANIZATION"
ANNEXATION TO THE SAN DIEGO COUNTY SANITATION DISTRICT
LAFCO FILE NO. CO19-25

WHEREAS, on October 3, 2019, landowner Jose Gutierrez filed a petition to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as "Commission," pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application seeks approval of a change of organization involving approximately 0.6 acres of unincorporated territory and the annexation to the San Diego County Sanitation District;

WHEREAS, the affected territory as proposed includes one unincorporated parcel developed with a single-family residence and identified by the County of San Diego Assessor's Office as 591-183-07; and

WHEREAS, an applicable master property tax transfer agreement applies to the proposed change of organization dated December 14, 1982; and

WHEREAS, the Commission's Executive Officer has reviewed the proposed change of organization and prepared a report with recommendations; and

WHEREAS, the Executive Officer's report and recommendations on the proposal have been presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public meeting on the proposal on January 6, 2020; and

WHEREAS, the Commission considered all the factors required by law under Government Code Section 56668 and adopted local policies and procedures.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The public meeting was held on the date set therefore, and due notice of said meeting was given in the manner required by law.
2. At the public meeting, the Commission considered the Executive Officer's report.

3. The Commission serves as lead agency under the California Environmental Quality Act (CEQA) in considering the change of organization proposal. The Commission finds the change of organization a project but exempt from further review under State CEQA Guidelines Section 15319(a). This exemption applies given the affected territory contains an existing private structure developed to the density allowed by current zoning and there is no corresponding need for a s expansion of public infrastructure.

4. The Commission APPROVES the change of organization with a discretionary modification as described below and subject to conditions as provided. Approval involves all of the follow:

    a) The affected territory is modified to include the adjacent unincorporated public right-of-way to the centerline on Valley Vista Road.

    b) Annexation of the affected territory as modified to the San Diego County Sanitation District is shown in "Exhibit A-1" and described in "Exhibit A-2."

5. The Commission CONDITIONS all approvals on the following terms being satisfied by January 6, 2020 unless an extension is requested in writing and approved by the Executive Officer:

    a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.

    b) Submittal to the Commission of final map and geographic description of the affected territory relative to the approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Division.

    c) Submittal to the Commission of the following payments:

        - A check made payable to LAFCO in the amount of $50.00 for the County of San Diego-Clerk Recorder to reimburse for filing a CEQA Notice of Exemption consistent with the findings in the resolution.

        - A check made payable to the State Board of Equalization for processing fees in the amount of $300.00.

6. The Commission assigns the proposal the following short-term designation:

    "Valley Vista Road – Gutierrez Change of Organization"

7. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.

8. The Commission waives conducting authority proceedings under Government Code Section 56662.

9. The San Diego County Sanitation District is a registered-voter district.

10. The San Diego County Sanitation District utilizes the County of San Diego assessment roll.

11. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the San Diego County Sanitation District as provided under Government Section 57328.

12. The effective date of the approval a shall be the date of recordation but not before the completion of a 30-day reconsideration period and only after all terms have been completed as attested by the Executive Officer.

13. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defects, errors, irregularities, or omissions.

14. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Sections 56880-56882 of the Government Code.

15. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

**

PASSED AND ADOPTED by the Commission on January 6, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

_____
Keene Simonds
Executive Officer

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EXHIBIT A-1

Placeholder for Recordation
Map of Affected Territory
and Annexation to San Diego County Sanitation District

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EXHIBIT A-2

Placeholder for Recordation
Description of Affected Territory
and Annexation to San Diego County Sanitation District

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Part III: PETITION FOR CHANGE OF ORGANIZATION OR REORGANIZATION

This proposal is made pursuant to Part 3, Division 3, Title 5 of the California Government Code, Section 56000 et seq. of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

(a) The specific change(s) of organization proposed is/are: Annex single family residence to San Diego County Sanitation District

(b) The boundary of the territory included in the proposal is as described in the attached legal description and map and is by this reference incorporated herein.

(c) The proposed action(s) will be subject to the following terms and conditions: Waste water and accessory dwelling unit

(d) The reason(s) for the proposal is/are: _____

(e) Signers of this petition have signed as (select one): ☒ landowner; ☐ registered voter.

(f) The name(s) and mailing address(s) of the chief petitioner(s) (not to exceed three) is/are:

1. Joe A. Gutierrez _____
Name of chief proponent (print) mailing address

2. _____
Name of chief proponent (print) mailing address

3. _____
Name of chief proponent (print) mailing address

(g) It is requested that proceedings for this proposal be taken in accordance with Section 56000 et seq. of the Government Code.

(h) This proposed change of organization (select one) ☒ is ☐ is not consistent with the sphere-of-influence of any affected city or district.

(i) The territory included in the proposal is (select one) ☒ uninhabited (11 or less registered voters) ☐ inhabited (12 or more registered voters).

(j) If the formation of a new district(s) is included in the proposal:

1. The principal act under which said district(s) is/are proposed to be formed is/are: _____

2. The proposed name(s) of the new district(s) is/are: _____

3. The boundary(ies) of the proposed new district(s) is/are described in the attached legal description and map and are by this reference incorporated herein.

(k) If an incorporation is included in the proposal:

1. The name of the proposed city is: _____

2. Provisions are requested for appointment of: ☐ city manager ☐ city clerk ☐ city treasurer

(l) If the proposal includes a consolidation of special districts, the proposed name of the consolidated district is: _____

Part IVb: LANDOWNER PETITION

Petitions must meet minimum signature requirements (see Part V). Signatures must be secured within six months of the date on which the first signature was affixed. Petitions must be submitted to the LAFCO Executive Officer within 60 days after the last signature is affixed (Govt. Code § 56705).

Each of the undersigned states:

- I personally signed this petition.
- I am a landowner of the affected territory.
- I personally affixed hereto the date of my signing this petition and the Assessor's Parcel Number(s), or a description sufficient to identify the location of my land.

Name of Signer	Assessor's Parcel Number(s)	Date Signed	Official Use
Sign Jose A. Gutierrez Print Jose A. Gutierrez	591-183-09	Dec-27-19	
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			

5d

AGENDA REPORT
Consent | Action

January 6, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: **Progress Report on 2019-2020 Workplan**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a progress report on accomplishing specific projects included in the adopted workplan for 2019-2020. The report notes more than three-fourths of all workplan projects have been initiated with five already completed and highlighted by a comprehensive municipal service review on the San Diego County Sanitation District and re-establishing the Cities Advisory Committee. The report is being presented to the Commission to receive and file as part of its regular review and update as well as to discuss potential amendments for future consideration.

BACKGROUND

2019-2020 Workplan

San Diego LAFCO's current fiscal year workplan was adopted at a noticed public hearing held on April 3, 2019. The workplan includes 27 projects and divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low. The intent of the workplan is to serve as a management tool to allocate resources over the 12-month period and track performance. Towards this end, the Commission reserves discretion to amend the workplan to address changes in priorities or resources as well as to continue projects into subsequent fiscal years.

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Paul McNamara, Alternate, City of Escondido
Mark Kersey, City of San Diego
Chris Cate, Alternate, City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Erin Lump, Alternate, Rincon del Diablo MWD
Vice Chair Andy Vanderlaan, General Public
Harry Mathis, Alternate, General Public

DISCUSSION

This item provides San Diego LAFCO with its regular status update on the 27 targeted projects established for the fiscal year. This includes staff assigning one of four status categories to projects ranging from pending to complete and detailed in Attachment One. The item is being presented for the Commission to formally receive and file as well as provide general direction on listed projects. The item also provides the Commission the opportunity to discuss the merits of mid-year amendments for future consideration.

ANALYSIS

San Diego LAFCO is generally proceeding as planned and has initiated work on 21 of the 27 projects included in the adopted workplan and represents more than three-fourths – or 78% – of the total through the first half of the fiscal year. Five projects are now complete and includes a municipal service review on the San Diego County Sanitation District, selecting a new outside auditor, and re-establishing and holding the first meeting of the Cities Advisory Committee since the early 2000s. Three other projects are nearing completion and includes municipal service reviews on the Escondido and Valley Center regions. Other prominent projects underway with the expectation of presenting to the Commission in the next few meetings includes a municipal service review on the County Service Area No. 135, which is expected to address potential reorganization options for the County Fire Authority.

RECOMMENDATION

It is recommended San Diego LAFCO receive and file the item with the invitation to discuss and/or request revisions for future consideration. This recommendation would be accommodated by taking the actions outlined in the proceeding section as Alternative One.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Receive and file the item as presented.

Alternative Two:
Continue consideration of the item to a future meeting and provide direction to staff for more information as needed.

Alternate Three:
Take no action.

PROCEDURES

This item has been placed on the San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

1) 2019-2020 Workplan with Status Notations

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

2019-2020 Workplan

Introduction:

Local Agency Formation Commissions' (LAFCOs) operate under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2001 ("CKH") and are delegated regulatory and planning responsibilities by the Legislature to oversee the formation and subsequent development of local government agencies and their municipal service areas. Common regulatory functions include approving jurisdictional changes and outside service requests. Common planning functions include preparing studies to independently evaluate the availability, performance, and need for urban services and establishing and updating spheres of influence – which are the Legislature's version of urban growth boundaries and gatekeepers to future jurisdictional changes – for all cities and special districts. All regulatory and planning activities undertaken by LAFCOs may be conditioned and must be consistent with policies and procedures.

Objective:

This document represents San Diego LAFCO's ("Commission") formal 2019-2020 Workplan. The Workplan draws on the recommendations of the Executive Officer as vetted and approved by the Commission. The Workplan is divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low. The underlying intent of the Workplan is to serve as a management tool to allocate Commission resources in a transparent manner over the 12-month period. Further, while it is a stand-alone document, the Workplan should be reviewed in relationship to the adopted operating budget given the planned goals and activities are facilitated and or limited accordingly. Additionally, and as needed, the Commission reserves discretion to amend the Workplan during the fiscal year to address changes in resources and or priorities and to carry-forward projects into subsequent years.

Executive Summary:

The 2019-2020 Workplan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities. This includes continuing work on existing projects established – but not yet completed – from earlier fiscal years and marked by completing municipal service reviews for the Vista and San Marcos regions. New priority municipal service reviews involving the Fallbrook region, resource conservation services, and County Service Area No. 135 are also included as well as performing a policy review on outside service extensions. Other high priority projects include working with the County of San Diego to update an existing memorandum of understanding between the two agencies and preparing separate policy reviews on agricultural preservation and outside service extensions.

Priority	Level	Type	Project	Description and Key Issues	Status
Continual	...	Statutory	High Priority Proposals	San Marcos (Highlands), Escondido (Safari Highlands), et al.	Ongoing
Continual	...	Administrative	Targeted LAFCO Presentations	Public outreach; emphasis on informing stakeholders ahead of MSR work	Ongoing
1	High	Statutory	MSR | Fallbrook Region	Fallbrook PUD, Rainbow MWD, San Luis Rey MWD, & North County FPD; address latent power query by Fallbrook PUD	Underway
2	High	Statutory	MSR | Resource Conservation	Mission RCD, Upper San Luis Rey RCD, & Greater San Diego; address 56133 issues and consolidation opportunities	Underway
3	High	Statutory	MSR | CSA No. 135	Agency-specific review; explore governance options given County Charter amendment codifying fire protection services	Underway
4	High	Administrative	MOU with County	Update and expand current MOU from 1974; reflect current agency relationships and needs	Underway
5	High	Statutory	MSR | San Marcos Region	San Marcos, San Marcos FPD, and Vallecitos WD	Underway
6	High	Statutory	MSR | Vista Region	Vista, Vista ID, Vista FPD, and Buena Sanitation	Underway
7	High	Administrative	Policy Review | Outside Services	Update polices involving outside service extensions under 56133; establish local definitions and exemptions	Pending
8	High	Administrative	Cities Advisory Committee	Re-establish dormant Cities Advisory Committee in conjunction with informing Study Schedule and other germane topics	**Completed**
9	High	Statutory	MSR | Escondido Region	Rincon del Diablo MWD and Deer Springs FPD (Part I) and Escondido (Part II)	Near Completion
10	High	Statutory	MSR | SD County Sanitation District	Multiple community wastewater systems located throughout San Diego County	**Completed**
11	High	Administrative	Job Class and Salary Review	Specific to non-executive positions; focus on alignment and retention via Personnel Committee	Underway
12	High	Administrative	Policy Review | Ag Policy	Update existing policies and procedures involving agricultural preservation; incorporate stakeholder outreach	Underway
13	Moderate	Administrative	RFP for Auditing Services	Complete competitive proposal process to select new outside consultant to provide outside auditing services	**Completed**
14	Moderate	Administrative	2018-2019 Audit	Issue financial statements for 2018-2019; best practice and preceded by RFP (Item No. 13)	Underway
15	Moderate	Statutory	MSR | Pauma Valley	Pauma MWD, Pauma CSD, Yuima MWD, Mootamai MWD, and Rincon Ranch CSD	Underway
16	Moderate	Statutory	MSR | Valley Center Region	Valley Center MWD, Valley Center CSD, and Valley Center FPD	Near Completion
17	Moderate	Statutory	MSR | Poway Region	Review is agency-specific to Poway	Underway
18	Moderate	Statutory	MSR | Ramona Region	Review is agency-specific to Ramona MWD	Underway
19	Moderate	Administrative	Update Application Procedures	Streamline existing packet to be more user-friendly; address new statutory requirements	Pending
20	Moderate	Administrative	Districts Advisory Committee	Conduct no less than two quarterly meetings and solicit feedback on germane topics	**Completed**
21	Moderate	Administrative	Video Recording	Establish video recording of Commission meetings and online posting to expand community outreach	**Completed**
22	Moderate	Administrative	CALAFCO	Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference	Near Completion
23	Low	Administrative	Informational Report on SGMA	State Groundwater Management Act (SGMA) implementation in San Diego County relative to LAFCO duties/interests	Pending
24	Low	Administrative	SOI/MSR Annual Report	Prepare annual report to serve as living record of all sphere actions in San Diego County	Pending
25	Low	Administrative	LAFCO Brochure	Branding tool for distribution to State and other local agencies	Underway
26	Low	Administrative	Local Agency Directory	User-friendly publication identifying local governmental agencies under LAFCO oversight in San Diego County	Pending
27	Low	Administrative	Social Media Policies and Protocols	Establish policies and procedures to expand outreach to capture alternate media forums; link with new website	Pending

5e

AGENDA REPORT
Consent | Information

January 6, 2020

TO: Commissioners

FROM: Robert Barry, Chief Policy Analyst
Linda Zambito, Analyst I

SUBJECT: **Current Proposals and Related Activities**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a report identifying active proposals on file with the Commission as well as pending submittals. The item is for information only and concurrently satisfies the Commission's reporting requirement to affected agencies for special district annexation proposals submitted by petition. The notification starts a 60-day period in which subject districts may request termination of the requested proceedings due to financial or service-related concerns.

BACKGROUND

Processing Procedures and Timelines

LAFCO proceedings for consideration of proposed changes of organization or reorganizations – which include incorporations, formations, annexations, detachments, mergers, consolidations, and service function activations or divestures – are typically initiated by outside applicants (landowners, registered voters, and local agencies.) LAFCOs may also initiate proposals specific to forming, consolidating, or dissolving special districts if consistent with the recommendations of approved municipal service reviews. Following submittal, proposals are reviewed by San Diego LAFCO staff for completeness and status letters are sent

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within 30 days. If additional documentation is required, the proposal is deemed incomplete and the status letter will itemize any needed information. Once complete, proposals are scheduled for Commission consideration and generally placed on the agenda as consent or hearing items based on noticing requirements.[1] Overall, most proposals are forwarded to the Commission within six months from the date of submittal.

DISCUSSION

This item is being presented for information only and identifies all active proposals currently on file with San Diego LAFCO. The report also – and for telegraphing purposes of future workload – identifies pending proposals staff anticipates being filed with LAFCO in the near term. A summary of active and pending proposals follow and further detailed in Attachment One. The information item also serves to concurrently satisfy the Commission's reporting requirement to provide notice on agendas to affected special districts when annexation proposals are initiated by petition of landowners or registered voters.[2]

Active Proposals

There are 22 active proposals currently on file with San Diego LAFCO as of date. The active proposals range in scope from pre-Commission (13) to post-Commission (9) with the latter category representing items already approved but awaiting the completion of conducting authority proceedings (i.e., protest) or terms. No new proposal has been filed since the last Commission meeting in December.

Pending Proposals

There are five substantive proposals staff expects to be submitted to San Diego LAFCO during the fiscal year based on ongoing discussions with proponents.[3] Three of these pending proposals involve city annexations in North County to accommodate relatively large residential subdivision projects and include Safari Highlands (Escondido), Sager Ranch (Escondido), and Rancho Lomas Verdes (Vista). Another pending proposal involves a relatively large unincorporated residential development project west of the City of Escondido – Harmony Grove Village South – and would require annexations to one or more special districts. One or more reorganization proposals by Fallbrook Public Utility District and Rainbow Municipal Water District to detach from County Water Authority and annex to Eastern Municipal Water District are also expected.

[1] The Executive Officer may also place proposals otherwise meriting consent on the business calendar to solicit additional review and discussion if warranted. Separately, applications involving outside-of-agency service extension requests follow separate proceedings and may be administratively approved by the Executive Officer if addressing documented public health or safety threats.

[2] Government Code Section 56857 directs LAFCOs to provide notice on agendas of any proposal involving special districts that have been initiated by landowners or registered voters. The agenda notification starts a 60-day period in which the affected special districts may request termination of the proceedings due to financial or service-related concerns.

[3] Staff uses discretion in listing pending proposals and limits notice to only activities to be initiated by a local governmental agency. Pending proposals to be initiated by landowners and/or registered voters are not disclosed until an actual filing is made.

ANALYSIS

San Diego LAFCO remains active in processing nearly two dozen applicant proposals. Most proposals have been on file for less than one calendar year and are actively progressing through the review process. This includes two recent and substantive proposals involving requested latent powers activation by Fallbrook Public Utility District and various actions associated with the Valiano development proposal. A small number of the remaining proposals, however, have been on file with the Commission for more than five years with little to no communication from the applicants. To this end, and consistent with earlier Chair direction, staff anticipates presenting draft policy language to authorize the Executive Officer to terminate otherwise abandon proposals. Staff anticipates presenting this latter item by the end of the fiscal year.

RECOMMENDATION

This item is presented to San Diego LAFCO for information only. It is recommended the Commission review the report with the invitation to discuss and ask questions of staff.

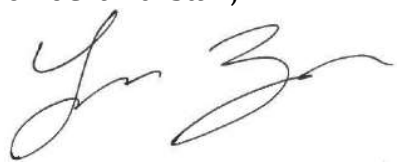
ALTERNATIVES FOR ACTION

This item is being presented for information only; no action.

PROCEDURES

This item has been placed on the San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

On behalf of staff,



Linda Zambito
Analyst I

Attachment:

1) Active and Pending Proposals as of December 16, 2019

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SAN DIEGO LAFCO PROPOSAL SUMMARY

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSALS | PENDING COMMISSION ACTION				
1	DA08-10	"Avocado Way-Potter Annexation" - Vallecitos WD (Annexation)	Robert Barry	Proposal application submitted in March 2008 for a proposed annexation to Vallecitos WD to obtain sewer service for two existing residences along Avocado Way but deemed incomplete in April 2008 status letter. A new status letter was sent to the applicant in January 2018 stating the proposal will be considered abandoned unless notified otherwise. The current property owner has responded and conveyed their interest to proceed with the annexation. Ongoing discussions with Vallecitos WD as of 2018.
2	RO08-09	"South Mollison Ave-Snyder Reorganization" - City of El Cajon (Annexation)	Robert Barry	Proposal application submitted in May 2008 for a proposed annexation to the City of El Cajon. The annexation area includes approximately 1.25 acres and is subject to a proposed multi-family residential project and was deemed incomplete in June 2008 status letter. A new status letter was sent in January 2018 to the applicant, new property owner, and City stating the proposal will be considered abandoned unless notified otherwise. No response to date.
3	RO08-15 SA08-15	"Crestlake Estates Reorganization" - San Diego County SD (Annexation) - Lakeside FPD (Annexation) - CSA 69 (Annexation)	Robert Barry	Proposal application submitted in May 2008 requesting a reorganization to provide sewer services to an approved Tentative Map allowing the development of 60 single-family residences and was deemed incomplete in June 2008 status letter. A new status letter was sent to the applicant in February 2018 stating the proposal will be considered abandoned unless notified otherwise. No response to date.
4	DA12-02	"Lorch Annexation" - Borrego WD (Annexation)	Robert Barry	Proposal application submitted in March 2012 to annex approximately 9.4 acres to the Borrego Water District to provide water service to one parcel. The site is within the adopted sphere. but deemed incomplete in an April 2012 status letter. A new status letter was sent in January 2018 stating the proposal will be considered abandoned unless notified otherwise. Borrego WD responded to the letter and has reinitiated discussions with the landowner regarding possible service terms.
5	RO06-17	"Tobacco Road Reorganization" - City of Escondido (Annexation)	Robert Barry	Proposal application submitted in March 2006 to annex six parcels to the City of El Cajon for wastewater Service. In 2006, LAFCO approved two out of service agreements to allow the City of Escondido to provide sewer service to two residences with failing septic systems located along Tobacco Road. The agreements between the City and landowners required the annexation of the two parcels. The proposal was deemed incomplete in April 2006 status letter. A new status letter was sent in January 2018 stating the proposal will be considered abandoned unless notified otherwise. Two of the affected landowners have responded to the letter and are now working with the City in determining if the other landowners are interested/willing to proceed with the annexation at this time.

SAN DIEGO LAFCO PROPOSAL SUMMARY

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
6	DA16-10	"CSA 17 Harmony Grove Annexation" - CSA 17 (Annexation)	Linda Zambito	Proposal submitted in May 2016 to approximately 3,600 acres to CSA 17 for ambulance service. It was required as cross-condition of the Rancho Santa Fe Fire Protection District Reorganization: Dissolution of CSA No. 107 (Elfin Forest/Harmony Grove). The proposal was deemed incomplete in June 2016 status letter. The CSA 17 Advisory Committee has opposed the annexation. A negotiated property tax exchange agreement is also necessary. LAFCO staff met with the applicant in August 2019 to provide assistance.
7	RO16-11	"Rancho Hills Annexation" - Rancho Santa Fe CSD (Annexation)	Robert Barry	Proposal submitted in October 2016 to annex a portion of a 37-lot residential subdivision titled "Rancho Hills" to Rancho Santa Fe CSD for wastewater service. A concurrent latent power expansion for Olivenhain MWD is needed to accommodate sewer to the remaining project site. The proposal was deemed incomplete in November 2016 status letter. Applicant has requested the proposal processing be placed on hold. Staff has remained in contact with the applicant and is awaiting their confirmation to proceed.
8	Ro19-04	"Ortega – Olde Highway 80 Change of Organization" - San Diego County Sanitation District (Annexation)	Linda Zambito	Proposal submitted in February 2019 by landowner petition, involves the annexation of two residential lots totaling approximately 5.07 acres for wastewater service. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
9	RO19-15 OAS19-15	"Hamilton-Felicita Reorganization" - City of Escondido (Annexation) - CSA No. 135 (Detachment) - Rincon del Diablo MWD (ID"E") (Exclusion)	Linda Zambito	Proposal submitted in August 2019 by landowner petition involving a reorganization of two unincorporated parcels totaling approximately 0.63 acres to the City of Escondido. Both parcels are developed with a single-family residence experiencing a failed/failing septic system with DEH documentation. Temporary wastewater OAS administratively approved by XO and ratified by Commission. Reorganization involves annexation to Escondido with concurrent detachment from CSA No. 135 (Regional Communications) and exclusion from RDDMWD ID"E." The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
10	DA19-12	"Las Flores Drive Change of Organization" - Vallecitos Water District (Annexation)	Robert Barry	Proposal submitted in July 2019 by landowner petition. Change of organization involves annexation of 0.6 acres to the Vallecitos Water District. The affected territory is parcel specific and comprises an existing single-family residence at 671 Las Flores Drive in the City of San Marcos. The County identifies the subject parcel as 219-062-27. The purpose of the proposal is wastewater to the existing single-family residence. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.

SAN DIEGO LAFCO PROPOSAL SUMMARY

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
11	DA19-17	"Valley Vista Road – Gutierrez Change of Organization" - San Diego County Sanitation District	Keene Simonds	Proposal submitted in August 2019 by landowner petition. Change of organization involves annexation of 0.6 acres of unincorporated territory to the San Diego County Sanitation District. The affected territory is parcel specific and comprises an existing single-family residence at 3626 Valley Vista Road in the unincorporated community of Bonita. The County identifies the subject parcel as 591-183-07. The purpose of the proposal is to accommodate an intensity improvement to add an accessory dwelling unit as allowed under County zoning. The submitted proposal application is incomplete and pending staff's analysis.
12	SA19-26 RO19-26 OAS19-26	"Valiano - Eden Valley Reorganization" City of Escondido (Sphere Amendment, Contractual Wastewater Service Agreement San Marcos FPD (Annexation) Rancho Santa Fe FPD (Sphere Amendment, Detachment)	Robert Barry	Proposal submitted in November 2019 by landowner petition and the City of Escondido requesting approvals for reorganization of one unincorporated parcel totaling approximately 10.76 acres involving annexation to the San Marcos Fire Protection District (FPD) with a concurrent detachment of the affected territory from the Rancho Santa Fe FPD and conforming sphere amendment for Rancho Santa Fe FPD to exclude the affected territory; and, amendments to the spheres of influence for the Cities of Escondido and San Marcos to respectively include and exclude a total of 82.9 acres comprised of two noncontiguous unincorporated parcels subject to an approximate 240.6 acre County of San Diego-approved Specific Plan (TM-5575) and approval of a contractual wastewater agreement between the landowner of the unincorporated Specific Plan area and the City of Escondido to extend City wastewater service to 326 single-family residences to be constructed within the Specific Plan area and within the Escondido sphere. The submitted proposal application is incomplete and pending staff's analysis.
13	LP(E)19-27	"Fallbrook Public Utility District Latent Power Expansion Park & Rec et,al."	Robert Barry	Proposal submitted in November 2019 by Board resolution, involves the activation of the Fallbrook PUD's latent power to exercise park and recreation, street lighting and roads and street functions within its boundaries. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis.
ACTIVE | <u>POST COMMISSION ACTION</u>				
14	SA16-20 LP16-20	"CSA 135 Islands Reorganization" - CSA 135 – LP Fire Area (Latent Powers Expansion) - Bonita-Sunnyside FPD (Annexation) - Lakeside FPD (Annexation) - San Miguel FPD (Annexation) - Ramona MWD (Annexation)	Robert Barry	Proposal submitted November 2016 and involved the annexation of remaining unserved Islands 2, 3, and 4 within Heartland area and reorganization of local fire service territory among five agencies: CSA 135; Bonita-Sunnyside FPD; Lakeside FPD; Ramona MWD; and San Miguel FPD. Reorganization proposal submitted by resolution of the San Diego County Fire Authority. Involves annexation to the subject agencies and expansion of CSA No. 135's latent powers to provide fire protection and emergency medical services to three unincorporated and unserved island areas totaling approximately 21,048 acres. A concurrent amendment to add the affected territory to the subject agencies' spheres of influence is also required to accommodate the proposed action. The proposal was approved by the Commission on February 4, 2018 and is now pending recordation once all terms are satisfied. A noticed protest hearing was held on March 13, 2019 at the LAFCO office. No protest was received by affected registered voters or landowners.

SAN DIEGO LAFCO PROPOSAL SUMMARY

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
15	CO18-17 DA18-17	"Nordahl Road-Diaz Change of Organization" - Vallecitos Water District (Annexation)	Robert Barry	Proposal submitted in October 2018 by landowner petition, involves the annexation of an approximately 3.8 acre lot. The proposal was approved by the Commission on March 4, 2018 and is now pending recordation once all terms are satisfied.
16	SA18-07 OAS18-07	"Carmichael Drive – Wyman Service Agreement" - City of La Mesa (Sphere Amendment, OAS)	Robert Barry	Proposal involves an outside-of-agency wastewater service extension agreement between the property owner and the City of La Mesa for wastewater sewer service to one developed single-family residence located outside of the La Mesa sphere of influence. The purpose of the request is to allow the landowner to proceed with an intensity improvement to develop an accessory workshop unit, which exceeds the permitted capacity of the existing onsite septic system. The proposal was approved by the Commission on April 8, 2018 and is now pending recordation once all terms are satisfied.
17	DA19-14 SA19-14	"Hollow Glen Road Change of Organization" - Julian Community Services District (Annexation)	Linda Zambito	Proposal submitted by resolution of the Julian CSD. Involves annexation of one unincorporated parcel totaling approximately 0.65 acre to Julian CSD for water service. The affected territory contains a CALTRANS facility used for road sand storage. Water service is needed for fire suppression sprinklers. The affected territory is not within the Julian CSD sphere and a concurrent amendment to include the proposal area is required. The submitted proposal was approved by the Commission on November 4, 2019 and is now pending recordation once all terms are satisfied.
18	SA17-07 RO17-07	"San Marcos Highlands Reorganization" - City of San Marcos (Annexation) - San Marcos FPD (Annexation) - Vista FPD (Detachment) - Vallecitos WD (Sphere Amendment, Annexation) - Vista ID (Detachment) - Tri-City Healthcare District (Detachment) - Palomar Health Healthcare District (Annexation)	Robert Barry	Proposal submitted in June 2017 by resolution to annex approximately 125 acres 189-SFR development to the City of San Marcos. The proposal involves concurrent reorganizations between the San Marcos FPD and the Vista FPD for fire protection services, and between the Vallecitos WD and Vista ID for the provision of sewer and water services. The City of San Marcos has approved development plans and environmental review for the referenced development titled "San Marcos Highlands." The City's approvals included a condition requiring the City and the County to execute a habitat protection agreement with State and Federal agencies for the proposal area. A settlement was reached that has removed the environmental opposition and facilitated a draft Annexation Agreement to create a dedicated Natural Open Space Preserve. The City of San Marcos approved the draft Annexation Agreement on September 10, 2019. The County Board of Supervisors is scheduled to approve the draft Annexation Agreement on September 25, 2019. The submitted proposal was approved by the Commission on November 4, 2019 and is now pending recordation once all terms are satisfied.

SAN DIEGO LAFCO PROPOSAL SUMMARY

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
19	DA19-07 OAS19-07	"Acaia Ave–Rains Revocable Trust" - San Diego County Sanitation District (Sphere Amendment, OAS)	Robert Barry	Proposal submitted in April 2019 by landowner petition, involves the annexation of one developed unincorporated parcel totaling 0.45 acres for wastewater service. The existing residence uses an on-site septic system that has been documented by DEH as failing. The Executive Officer administratively approved an outside-of-agency water service agreement with the San Diego County SD in advance of the annexation. The submitted proposal was approved by the Commission on November 4, 2019 and is now pending recordation once all terms are satisfied.
20	RO19-16 SA19-16	"Sweetwater Road Reorganization" - City of National City (Annexation) - CSA No. 135 (Reg. Comm.) (Detachment) - Lower Sweetwater FPD (Detachment)	Robert Barry	Proposal submitted in August 2019 by landowner petition. Reorganization involves annexation to City of National City of two undeveloped unincorporated parcels totaling 0.24 acres with concurrent detachments from CSA No. 135 (Regional Communications) and the Lower Sweetwater FPD. (An additional change involving the South Bay Irrigation District may also be necessitated.) The affected territory is located within the National City sphere of influence. The City has approved prezoning of Major Mixed Use District (MXD-2) to facilitate a commercial development on the affected territory. The affected territory is recommended to be modified to include an approximately 50.24 acre adjacent I-805/SR-54 right-of-way to conform with the City's incorporated boundary. The submitted proposal was approved by the Commission on December 2, 2019 and is now pending recordation once all terms are satisfied.
21	RO19-13 SA19-13	"Catalina Avenue Reorganization" - Vista Irrigation District (Annexation) - Vallecitos Water District (Detachment)	Robert Barry	Proposal submitted in July 2019 by landowner petition. Change of organization involves annexation of 1.29 acres of unincorporated territory to the Vista Irrigation District and detachment from Vallecitos Water District. The affected territory is vacant with anticipated development of a single-family residence in the unincorporated area of Vista. The County identifies the subject parcel as 591-183-07. The purpose of the proposal is to connect water service up to the maximum density as allowed under County zoning. The submitted proposal was approved by the Commission on December 2, 2019 and is now pending recordation once all terms are satisfied.
22	RO19-08 OAS19-08	"Wilmott–Champagne Boulevard Reorganization" - Valley Center Municipal Water District (Annexation) - Vallecitos Water District (Detachment)	Robert Barry	Proposal was submitted in June 2019 by landowner petition, involves reorganization of one unincorporated parcel totaling approximately 1.4 acres developed with one single-family residence. The reorganization includes annexation of the affected territory to Valley Center MWD for water service with a concurrent detachment from Vallecitos WD. The residence uses an on-site well for domestic water needs that has been documented by DEH as failing. The subject parcel is presently within the Vallecitos WD but is within the sphere of influence for Valley Center MWD and has an existing MWD water line within the adjacent Champagne Boulevard frontage right-of-way. The Executive Officer administratively approved an outside-of-agency water service agreement with the Valley Center MWD in advance of the reorganization on June 18th. Ratification of the administratively-approved service agreement was approved by the Commission on August 5th, 2019. The submitted proposal was approved by the Commission on December 2, 2019 and is now pending recordation once all terms are satisfied.

SAN DIEGO LAFCO PROPOSAL SUMMARY

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
PENDING PROPOSAL SUBMITTALS (No project manager; inquiries should be direct to Robert Barry)				
23	Pending	"Safari Highlands Reorganization" - City of Escondido		This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido with an expected submittal to LAFCO later in 2018. The anticipated proposal involves annexation of approximately 1,098 acres to the City for the primary purpose of developing a 550-lot residential subdivision. All of the affected territory lies outside the current City sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and issues have been communicated to the City and are currently under joint-review with other stakeholders.
24	Pending	"Rancho Lomas Verde Reorganization" - City of Vista		This anticipated reorganization involves annexation of approximately 300 acres to the City of Vista and concurrent detachments from CSA 135 and the Vista FPD to facilitate a 153-lot residential development. Close to three-fourths of the project area lies outside the current City sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and issues have been communicated to the City and are currently under joint-review with other stakeholders.
25	Pending	"Sager Ranch Reorganization" - City of Escondido		This anticipated reorganization involves annexation of approximate 1,800 acres to the City of Escondido and concurrent detachments from CSA 135 and the Valley Center FPD. The reorganization would facilitate the development of approximately 200 acres to include 203 residential units and a 225-room resort. Portions of the project area lies outside the current City sphere. Due to the scope of the proposal area a comprehensive update of the City's sphere is warranted along with preparing the supporting municipal service review document. These and issues have been communicated to the City and are currently under joint-review with other stakeholders.
26	Pending	Harmony Grove Village South (TM-626)		This anticipated reorganization involves the Harmony Grove Village South project and specific to accommodating sewer services (among a variety of options) for the planned development of approximately 111 acres to include 453 residential units.
27	Pending	Fallbrook Public Utility District and Rainbow Municipal Water District Reorganization		This anticipated reorganization involves detachment of two retail member agencies from the overlying wholesale imported water provider – the San Diego County Water Authority – and concurrent annexation to Eastern Municipal Water District (Riverside County).

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AGENDA REPORT
Public Hearing

January 6, 2020

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: **Proposed "Las Flores Change of Organization" | Annexation to Vallecitos Water District and Sphere Amendment (DA19-12)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a change of organization proposal filed by an interested landowner to annex 0.6 incorporated acres in the City of San Marcos to the Vallecitos Water District (WD). The proposal's purpose is to extend wastewater service to the affected territory to facilitate the remodeling of an existing single-family residence. Staff recommends approval of the proposal with modification to expand the affected territory to include 0.2 acres of the adjacent public right-of-way along Las Flores Dive. A conforming amendment to add the affected territory to the Vallecitos WD sphere of influence along with standard approval terms are also recommended.

BACKGROUND

Applicants' Request

San Diego LAFCO has received an application from an interested landowner – John De Maria – requesting approval to annex 0.6 acres of incorporated land within the City of San Marcos to Vallecitos WD. The affected territory as submitted includes one entire parcel developed with an approximate 1,000 square foot single-family residence at 671 Las Flores Drive. The subject parcel also includes a private driveway along its southern perimeter that provides street access to a neighboring property at 673 Las Flores Drive. The subject parcel is identified

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Chris Cate, Alternate, City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Erin Lump, Alternate, Rincon del Diablo MWD
Vice Chair Andy Vanderlaan, General Public
Harry Mathis, Alternate, General Public

by the County of San Diego Assessor's Office as 219-062-27.

Affected Territory

The following map shows the approximate location of the affected territory in context to the greater San Marcos region. Attachment One shows the affected territory relative to the proposed boundary change involving Vallecitos WD.



Source: San Diego LAFCO

Subject Agencies

The proposed change of organization filed with San Diego LAFCO involves one subject agency: Vallecitos WD.[1] A summary of the subject agency in terms of resident population, municipal service functions, and financial standing follows.

- Vallecitos WD is an independent special district formed in 1955 and spans approximately 28,800 acres or 45 square miles and includes nearly all of the City of San Marcos as well as portions of the Cities of Carlsbad, Escondido, and Vista. Vallecitos WD also extends into the adjacent unincorporated communities of Twin Oaks and Deer Springs. A five-member Board of Directors oversees Vallecitos WD's three active municipal service functions: water (retail class); recycled water (retail class); and wastewater (collection, treatment, and disposal classes). The estimated resident population is 102,129 with an average annual growth rate of 1.9% since 2010 and the last census reset. LAFCO established a sphere of influence for Vallecitos WD in 1985, which was last updated in 2007 with a larger-than-agency designation to include 2,150 non-

[1] State law defines "subject agency" to mean any district or city for which a change of organization or reorganization is proposed.

jurisdictional acres and equals 7.5% of the jurisdictional boundary. Vallecitos WD's audited net position is $262.2 million as of June 30, 2018 and has increased by 5.1% over the prior three fiscal years.

Affected Local Agencies

The affected territory lies within the jurisdictional boundaries and/or spheres of influence of 11 local agencies directly subject to San Diego LAFCO. These agencies qualify as "affected agencies" relative to the proposed reorganization and listed below.[2]

- City of San Marcos
- County Service Area No. 135 - Regional Communications
- North County Cemetery District
- San Diego County Water Authority
- Metropolitan Water District of Southern California
- Palomar Health Healthcare District
- Resource Conservation District of Greater San Diego County
- San Diego County Flood Control District
- San Diego County Street Lighting District
- San Marcos Fire Protection District
- Vista Fire Protection District

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the change of organization proposal to annex the affected territory to Vallecitos WD. The Commission may also consider applying conditions so long as it does not directly regulate land use, property development, or subdivision requirements. Additional discussion with respect to proposal purpose and Commission focus follows.

Proposal Purpose

The primary purpose of the proposed change of organization before San Diego LAFCO is to facilitate the remodeling of the existing single-family residence within the affected territory by making available public wastewater service. Vallecitos WD's wastewater main is located approximately 225 feet from the affected territory and within the public right-of-way on Las Flores Drive at its intersection with Perdido Place. The affected territory is already within the Vista Irrigation District and connected to its water system.

[2] State law defines "affected local agency" as any entity that contains, or would contain, or whose sphere contains or would contain, any territory for which a change of organization is proposed or ordered. Notice of the proposal and hearing were provided to the agencies.

Development Potential

The subject parcel comprising the affected territory is designated under the City of San Marcos General Plan as Rural Residential with a separate zoning assignment of Residential Estate (R-1-20). This zoning assignment prescribes a minimum lot of size of 0.5 acres with a maximum building height of 35 feet or two stories. This zoning standard precludes the subject parcel from further density development. The zoning does allow for additional intensity with one accessory dwelling unit at a maximum size of 800 square feet.

Commission Focus

Three central and sequential policy items underlie San Diego LAFCO's consideration of the proposed change of organization. These policy items take the form of determinations and orient the Commission to consider the stand-alone merits of (a) an accommodating sphere of influence amendment, (b) timing of the annexation itself, and (c) whether discretionary boundary modifications or approval terms are warranted. The Commission must also consider other relevant statutes in and outside of LAFCO law as detailed.

ANALYSIS

San Diego LAFCO's analysis of the proposed change of organization is divided into two subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section and specifically analyzing the merits of a sphere amendment and the annexation as well as whether modifications and terms are appropriate in further addressing Commission goals and policies. The second subsection considers other germane issues and highlighted by applicability under the California Environmental Quality Act (CEQA).

Central Policy Items

Item No. 1 | Sphere of Influence Amendment

The proposed change of organization necessitates San Diego LAFCO consider a sphere of influence amendment for Vallecitos WD to achieve consistency with the requested annexation under statute. Consideration of the amendment is premised on the Commission's statutory task to designate spheres to demark the affected agencies' appropriate current and future service areas relative to community benefits and needs as determined by the membership. To this end, staff believes it would be appropriate for the Commission to proceed and approve the amendment for the cumulative effect of recognizing Vallecitos WD as the best current and future wastewater service provider for the affected territory given three related policy factors. First, the affected territory lies in a developing residential community in the City of San Marcos in which Vallecitos WD is an established wastewater provider. Second, the affected territory is within reasonable range of an existing Vallecitos WD wastewater main. Third, an amendment would appropriately memorialize a Commission preference to promote the planning and connection therein to a public wastewater system in developing residential areas and eliminate private septic systems whenever feasible.

Conclusion | Merits of the Sphere Amendment

Approval of the sphere of influence amendment to designate Vallecitos WD as the appropriate provider of public wastewater service for the affected territory is warranted. Justification is marked by the preceding analysis and highlighted by proceeding with a relatively minor amendment to sync the Vallecitos WD sphere of influence to include a developed urban use consistent with the City of San Marcos General Plan and Zoning Ordinance. Additional analysis supporting the conclusion is provided in Appendix A and a noticed public hearing has been scheduled for the Commission to consider amending the sphere as required under statute.

Item No. 2 | Change of Organization Timing

The timing of the change of organization appears appropriate. This conclusion draws from the analysis of the factors required for consideration under statute anytime jurisdictional changes are proposed along with locally adopted Commission policies. Most of the prescribed factors and applicable policies focus on the impacts of the proposed annexation on the service and financial capacities of the *receiving* agency, Vallecitos WD (emphasis added). A summary of key conclusions generated in the review of these factors and applicable local policies follow with a complete analysis in Appendix B.

- Service Needs
  Annexation of the affected territory to Vista ID would represent a logical and orderly expansion of the District's jurisdictional boundary and wastewater services therein and marked by accommodating an existing and planned need. Additional details follow.

  - Establishing public wastewater services to the affected territory is consistent with the residential land use policies of the City of San Marcos; the governmental entity tasked now and into the foreseeable future with community planning by LAFCO as evident by the land's incorporated status and inclusion in the City sphere.

  - There is an existing and reasonable need for public wastewater service to accommodate the current and planned residential use in the affected territory given the alternative would be to maintain a private septic system. This alternative – among other items – would counter the Commission's interest and practice in discouraging private septic systems in developing urban areas.

  - The landowner's intention to remodel and expand the existing single-family residence within the affected territory helps to quantify the timing of the change of organization and annexation to Vallecitos WD is appropriate by synching the boundary change with a specific development action.

- Service Capacities and Levels
  Vallecitos WD has sufficient and excess water system capacities to accommodate projected service demands within the affected territory at its potential maximum development uses without substantive expansion of any public infrastructure. Additional details on relevant service capacities and levels follow.

  - An existing Vallecitos WD wastewater main is located 225-feet from the affected territory within the public right-of-way intersection of Las Flores Drive and Perdido Place accessible through a minor extension and private lateral connection.

  - It is projected the maximum average day wastewater demand generated within the affected territory is 500 gallons – one single-family residence and one future accessory dwelling unit. This amount represents 0.004% of the remaining available capacity of Vallecitos WD, and as such can be readily accommodated without additional resources or infrastructure planning.

- Service Funding and Costs
  Vallecitos WD has the financial resources coupled with administrative controls to provide water services to the affected territory in support of its planned development without adversely impacting current ratepayers. This comment is reflected in the staff analysis of Vallecitos WD's recent audited statements which shows – among other items – the District remained profitable in each of the last three audited fiscal years with an average total margin of 9.4%.[3]

Conclusion | Merits of Change of Organization Timing

The timing of the change of organization and annexation therein of the affected territory to Vallecitos WD is sufficiently warranted. Justification is marked by the preceding analysis and appropriately responds to the need for wastewater service in a developing urban area and reflects available capacities and infrastructure. Additional analysis supporting the conclusion is provided in Appendix B.

Item No. 3 | Modifications and Terms

Staff believes one modification to the submitted change of organization proposal is appropriate and it involves San Diego LAFCO adding the adjacent public right-of-way to the centerline of Las Flores Drive and northwest to its intersection with Perdido Lane. This recommendation expands the annexation by 0.2 acres and captures the anticipated wastewater main extension needed to provide service to the affected territory.[4] The recommended modification does not have a material effect on the applicant. Applying standard approval terms also appears appropriate. A map of the affected territory with the

[3] Audited statements cover FY2016, 2017, and 2018.
[4] The recommended modification purposefully excludes including Perdido Lane given its status as a private roadway.

recommended modification is provided as Attachment One.

One other distinct modification is prompted for consideration under both statute and local policy and involves reorganizing the proposal to include concurrent detachment from Vista ID and in doing so consolidate both wastewater and water services under Vallecitos WD. The mechanics of extending Vallecitos WD's water system to the affected territory, however, would necessitate considerable infrastructure costs and as such a reorganization is not sufficiently justified at this time.

Conclusion | Modifications and Terms

One modification appears appropriate to expand the affected territory to include 0.2 acres of adjacent public right-of-way on Las Flores Drive to Perdido Lane in providing a more orderly Vallecitos WD boundary. Standard approval terms are also appropriate.

Other Statutory Considerations

Exchange of Property Tax Revenues

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before San Diego LAFCO can consider any jurisdictional change unless an applicable master agreement applies. The associated statutes also empower the County of San Diego to make all related property tax exchange determinations on behalf of special districts. Staff has confirmed the County Board of Supervisors has adopted a master agreement applicable to the proposed reorganization. The application of this master agreement will result in a "no" exchange.

Environmental Review

CEQA requires San Diego LAFCO to assess whether environmental impacts would result from activities approved under the Commission's statutory authority. Accordingly, San Diego LAFCO is tasked with making two distinct determinations as lead agency under CEQA with respect to this proposal. This involves the (a) accommodating sphere of influence amendment and the (b) change of organization itself. The Executive Officer has determined both actions – the sphere amendment and change of organization – qualify as projects under CEQA but are exempt from further review based on the following findings.

- The amendment to the sphere of influence to add the affected territory to Vallecitos WD qualifies for exemption under State CEQA Guidelines Section 15061(b)(3). This exemption appropriately applies given it can be seen with certainty that spheres are planning policies and any amendments do not change the environment or authorize any new uses or services.

- The change of organization of the affected territory to annex to Vallecitos WD qualifies for exemption under State CEQA Guidelines Section 15319(a). This exemption and its cross-reference to Section 15303 appropriately applies given the affected territory involving an annexation of lands already developed to its maximum density under existing land use policies.

Protest Proceedings

Protest proceeding for the reorganization may be waived by San Diego LAFCO should the Commission proceed with an approval under statute.[5] The waiver appropriately applies under this statute given the affected territory is uninhabited as defined under LAFCO law, the subject agency has not filed an objection, and the sole landowner has consented to the underlying action as the initiating petitioner.[6] Applying the recommended modification to include the adjacent public right-of-way to the affected territory also does not trigger protest.

RECOMMENDATION

Staff recommends approval of the change of organization proposal with modifications as specified along with a conforming sphere of influence amendment and standard terms. This recommendation is consistent with Alternative One in the proceeding section and would generate the following jurisdictional boundary change in San Diego County:

- Annexation of all 0.8 acres of the affected territory as modified to Vallecitos WD.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO and can be accomplished with a single-motion:

Alternative One (recommended):
Adopt the attached draft resolution approving the change of organization proposal with a modification to include the adjacent public right-of-way on Las Flores Drive along with a conforming sphere of influence amendment and standard terms.

Alternative Two:
Continue consideration to a future meeting and provide direction to staff concerning additional information, as needed.

Alternative Three:
Disapprove the reorganization proposal with direction to staff to return at the next regular meeting with a conforming resolution for adoption.

[5] Reference to Government Code Section 5662.
[6] LAFCO law defines uninhabited as territory in which 11 or less registered voters reside.

PROCEDURES FOR CONSIDERATION

This item has been placed on the agenda for action as part of a noticed public hearing. The following procedures, accordingly, are recommended in the Commission's consideration.

1) Receive verbal report from staff unless waived;
2) Open the hearing and invite audience comments starting with the applicant; and
3) Close the hearing, discuss item, and consider action on recommendation.

Respectfully,



Keene Simonds
Executive Officer

Appendices:
A) Analysis of Sphere of Influence Factors
B) Analysis of Boundary Change Factors

Attachments:
1) Vicinity Map of the Affected Territory with Recommended Modification
2) Draft Resolution of Approval
3) Landowner Petition

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APPENDIX A
STATEMENT OF DETERMINATIONS
SPHERE OF INFLUENCE FACTORS

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

The affected territory as proposed by the applicant totals 0.6 acres and is part of an urbanizing incorporated area within the City of San Marcos and includes one subject parcel presently developed with an approximate 1,000 square foot single-family residence. Staff independently recommends expanding the affected territory to include 0.2 acres of adjacent public right-of-way. The City of San Marcos designates the subject parcel for low-density residential uses and no additional density is permissible under current zoning. The lands have not been cultivated for agricultural products and not subject to the Williamson Act. The lands are also not considered prime agriculture under LAFCO law and do not contain open-space. Present and planned land use are consistent with the proposal's purpose to establish public wastewater service to facilitate a remodel of the existing single-family residence and merits a conforming sphere of influence amendment to Vallecitos WD.

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

There is a need for public wastewater service to accommodate the planned intensification of the residential use within the affected territory. This need is remedied by annexing the affected territory to Vallecitos WD along with a conforming sphere of influence amendment.

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

Vallecitos WD has available infrastructure capacities to connect and accommodate estimated demands within the affected territory at its maximum uses without adversely impacting current District ratepayers. Adding the affected territory to the Vallecitos WD sphere of influence is consistent with these capacities.

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

Vallecitos WD has established explicit social and economic ties with incorporated lands surrounding the affected territory as the primary public wastewater service provider. These existing ties are relevant to the proposal and extend to the affected territory given the connection to Vallecitos WD's wastewater system is needed to allow the land to efficiently develop as contemplated under the City of San Marcos.

(5) The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The affected territory is not in a census tract qualifying as a disadvantaged unincorporated community under State statute or LAFCO policy.

APPENDIX B

Government Code Section 56668
Proposal Review Factors

a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.

The affected territory as proposed by the applicant is 0.6 acres in size and comprises one incorporated parcel in the City of San Marcos at 671 Las Flores Drive (219-062-27). The subject parcel is developed with an approximate 1,000 square foot residence and includes a private driveway along its southern perimeter to provide access to 673 Las Flores Drive. The affected territory is generally flat and part of an urbanizing neighborhood with several new residential subdivisions within the immediate area. The total assessed value (land only) in the affected territory is $263,793 as of November 2019. Staff independently is recommending the expansion of the affected territory to include an additional 0.2 acres of incorporated land consisting of the adjacent public right-of-way along Las Flores Drive.

b) The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

The City of San Marcos acts as the primary purveyor of general governmental services to the affected territory. This includes community planning, roads, and public safety with the latter including fire protection through a subsidiary - San Marcos Fire Protection District. Other pertinent service providers include Vista Irrigation District (domestic water). This proposal affects wastewater service and is the focus of the succeeding analysis.

- **Extending Public Wastewater to Affected Territory**
  The affected territory and its existing residential use is currently dependent on an onsite septic system with no major repairs preformed in the last several decades. Vallecitos WD has an existing wastewater main located approximately 225-feet from the affected territory within the public right-of-way intersection of Las Flores Drive and Perdido Place. Connection to the system is available through a private lateral to a minor main extension within Las Flores Drive. It is projected the average daily wastewater flow for the affected territory at its maximum potential development use – which includes two units divided between one single-family residence and a possible accessory dwelling unit – is 500 gallons. This projected amount represents 0.004% of the current 11.640 million gallons of available and remaining daily contracted capacity allocated to Vallecitos WD at the Encina Water Pollution Control Facility.

c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on local governmental structure.

Approving the change of organization proposal and annexation to Vallecitos WD would explicitly establish economic and social ties between the District and the affected territory. These ties implicitly exist already given the affected territory's ability to develop to the maximum intensity allowed by the City of San Marcos is substantively dependent on establishing wastewater service with Vallecitos WD given the lack of viable alternatives.

d) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies/priorities set forth in G.C. Section 56377.

Approving the proposed change of organization and annexation to Vallecitos WD would facilitate the establishment of public wastewater service to facilitate the remodel and expansion of an existing single-family residence consistent with City of San Marcos' land use policies. Approval would be consistent with the Commission's adopted policies to sync urban type uses with urban type services. The affected territory does not qualify as "open-space" as defined under LAFCO law and no conflicts exists under G.C. Section 56377. Additional analysis concerning applicability of germane Commission policies follow.

- Policy L-107 requires applicants to disclose and address potential jurisdictional issues associated with their proposals and if applicable require a consultation process with the affected agencies, interested parties, or organizations to help remedy concerns unless waived by the San Diego LAFCO Executive Officer. No jurisdictional disputes or related concerns were disclosed by the applicant or identified by subject and affected agencies in the review of the proposal.

e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

The affected territory does not qualify as "prime agricultural land" under LAFCO law. Specifically, the lands are not currently used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program. Approval of the change of organization proposal and annexation to Vallecitos WD would have no effect on maintaining the physical and economic integrity of agricultural lands.

f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment, the creation of islands or corridors of unincorporated territory, and other similar matters.

LAFCO is in receipt of a draft map and geographic description of the affected territory that details metes and bounds consistent with the standard of the State Board of Equalization.

Approval would be conditioned on a final map and description conforming to the referenced standards and address any modifications required by the Commission. Approval for reorganization of the affected territory would not create service islands or corridors of unincorporated territory.

g) A regional transportation plan adopted pursuant to Section 65080.

The proposed change of organization would facilitate the remodel and expansion of an existing single-family residence in an established and urbanizing metropolitan area and within close proximity to two major transportation corridors in State Route 78 and Interstate 15. The proposal, accordingly, does not conflict with San Diego Forward, the regional transportation plan prepared by San Diego Association of Governments (SANDAG).

h) Consistency with the city or county general and specific plans.

The proposed change of organization and annexation therein of the affected territory to Vallecitos WD to facilitate the remodel and expansion of an existing single-family residence consistent with the City of San Marcos' land use policies. The San Marcos General Plan designates the affected territory's subject parcel as Rural Residential with a separate zoning assignment of Residential Estate (R-1-20). This zoning assignment prescribes a minimum lot of size of 0.5 acres with a maximum building height of 35 feet or two stories. This zoning standard precludes the subject parcel from further density development. The zoning does allow for additional intensity with one accessory dwelling unit at a maximum size of 800 square feet. These land uses are consistent with the proposal and establishment of public wastewater services to the affected territory.

i) The sphere of influence of any local agency affected by the proposal.

See analysis provided as part of Appendix A.

j) The comments of any affected local agency or other public agency.

Staff provided notice of the change of organization proposal to all subject and affected agencies as required under LAFCO law. No written comments were received ahead of preparing this agenda report for distribution on December 20, 2019.

k) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

Vallecitos WD has the financial resources coupled with administrative controls to provide wastewater services to the affected territory in support of the expected remodel and expansion of an existing single-family residence without adversely impacting current District

ratepayers. This comment is reflected in the staff analysis of Vallecitos WD's recent audited statements through 2017-2018 and supported by the following factors.

- Vallecitos WD's last audit (2017-218) showed the District's net position at $262.161 million with $48.724 million categorized as unrestricted. This latter amount equals 10.5 months of operating expenses based on 2017-2018 actuals.[7]

- Vallecitos WD's net position has increased overall by 5.1% over the past three-year audited period.

- Vallecitos WD's average total margin over the last three audit years has been 9.4%. All three fiscal years produced positive total margins.

Should the Commission approve the change of organization the landowner will pay all required fees and service charges commensurate with Vallecitos WD's adopted fee ordinance in establishing wastewater services for the affected territory.

l) Timely availability of adequate water supplies for projected needs as specified in G.C. Section 65352.5.

The affected territory is presently located within Vista ID and connected therein to its public water system. Water supplies for Vista ID are primarily generated from the San Diego County Water Authority with the majority imported from the State Water Project and Colorado River. (Vista ID also maintains supplemental local supplies through Lake Henshaw.) The Water Authority's most recently adopted urban water management plan attests it has sufficient water supplies to meet its member agencies needs through the planning horizon of 2035 under normal and single-dry year conditions. Conservation measures, however, would likely be needed during severe and multiple dry-year conditions. To this end, Vista ID has established a contingency plan to reduce water demands in the event of supply shortages consistent with recommendations from the Water Authority and this includes drawing on supplies generated within the Lake Henshaw watershed.

m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments.

The proposed change of organization would not impact any local agencies in accommodating their regional housing needs. All potential units tied to the lands are already assigned to the City of San Marcos by the region's council of governments, SANDAG. The associated jurisdictional change involving Vallecitos WD would not affect this assignment.

[7] Vallecitos WD's actual operating expenses in 2017-2018 totaled $55.36 million.

n) Any information or comments from the landowner or owners, voters, or residents of the affected territory.

The affected territory is undeveloped with no registered voters and qualifies as "uninhabited" as defined by LAFCO law (containing 11 registered voters or less). The landowner has initiated the change of organization in conjunction with pursuing a development application with the City of San Marcos to remodel and expand an existing single-family residence.

o) Any information relating to existing land use designations.

See above analysis for (h).

p) The extent to which the proposal will promote environmental justice.

As used in this review factor, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. The proposed change of organization does not include locating new public facilities and therefore approval is not anticipated to directly influence the promotion of environmental justice within the affected territory.

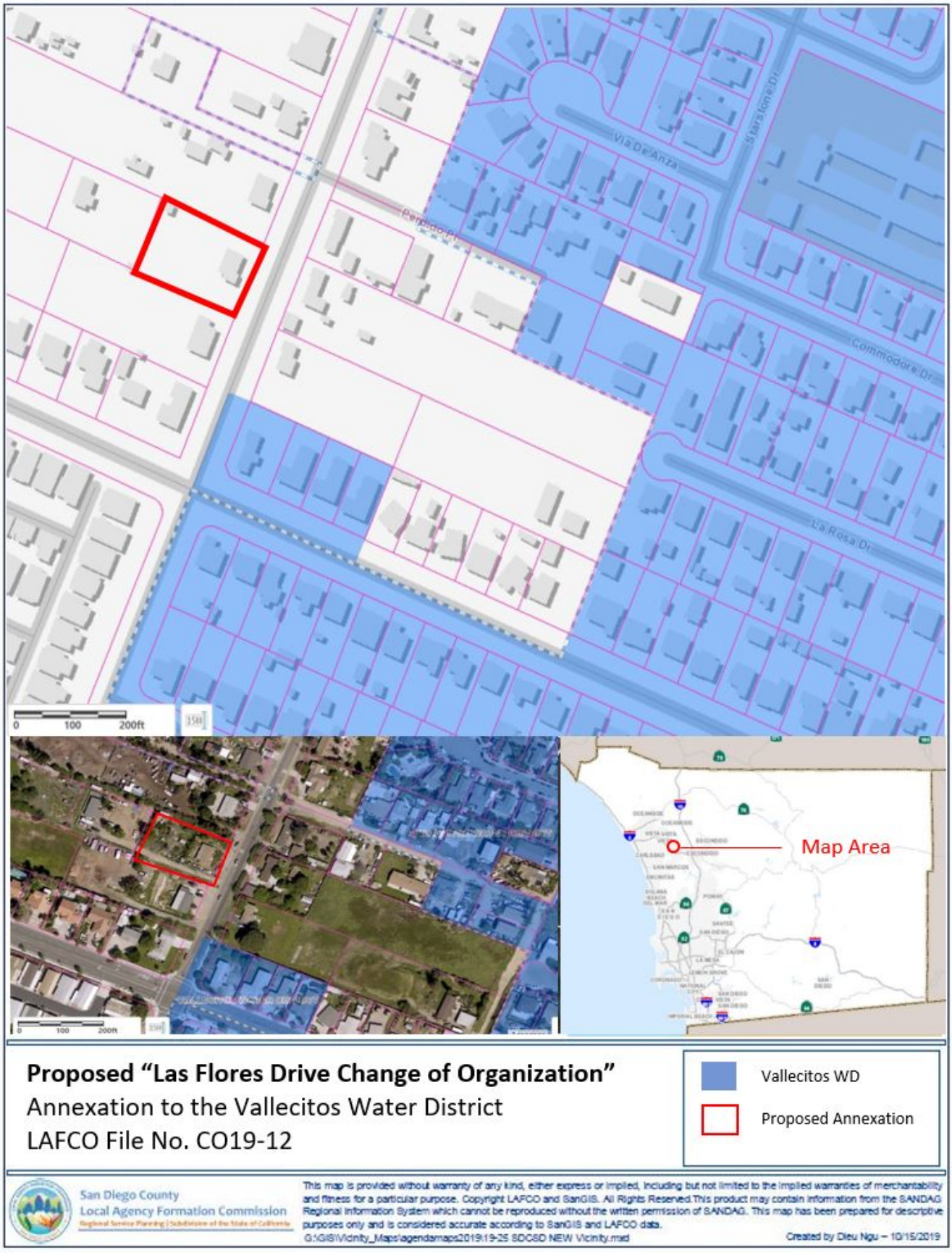
q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information is relevant to the affected territory.

The affected territory is entirely incorporated and subject to the safety element of the City of San Marcos General Plan. The current General Plan was adopted in February 2012 and does not map the affected territory as part of any fire hazard zones within the City.

Section 56668.3(a)(1) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annex to the district.

Approval of the change of organization proposal would be in the best interest of current and future landowners and/or residents of the affected territory by providing access to reliable public wastewater service going forward.

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Proposed "Las Flores Drive Change of Organization"
Annexation to the Vallecitos Water District
LAFCO File No. CO19-12

Vallecitos WD
Proposed Annexation

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

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RESOLUTION NO._____

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A REORGANIZATION

"LAS FLORES DRIVE CHANGE OF ORGANIZATION"
ANNEXATION TO THE VALLECITOS WATER DISTRICT
LAFCO FILE NO. CO19-12

WHEREAS, on July 18, 2019, landowner John De Maria filed a petition to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as "Commission," pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application seeks approval of a change of organization involving approximately 0.6 acres of incorporated territory within the City of San Marcos and the annexation to the Vallecitos Water District;

WHEREAS, the affected territory as proposed includes one incorporated parcel developed with a single-family residence and identified by the County of San Diego Assessor's Office as 219-062-27; and

WHEREAS, an applicable master property tax transfer agreement applies to the proposed change of organization dated December 14, 1982; and

WHEREAS, the Commission's Executive Officer has reviewed the proposed change of organization and prepared a report with recommendations; and

WHEREAS, the Executive Officer's report and recommendations on the proposal have been presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public hearing on the proposal on January 6, 2020; and

WHEREAS, the Commission considered all the factors required by law under Government Code Sections 56668 and 56425 and adopted local policies and procedures.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The public hearing was held on the date set therefore, and due notice of said meeting was given in the manner required by law.

2. At the public hearing, the Commission considered the Executive Officer's report.

3. The Commission serves as lead agency under the California Environmental Quality Act (CEQA) in considering two distinct "projects" associated with the change of organization proposal as detailed in the Executive Officer's report: (a) an accommodating sphere of influence amendment and the (b) the change of organization itself. The Commission's findings follow.

    a) The Commission finds the sphere of influence amendment to Vallecitos Water District to include the affected territory as described qualifies as a project under CEQA but exempt from further review under the "general rule" provision provided under State CEQA Guidelines Section 15061(b)(3). This exemption appropriately applies given it can be seen with certainty spheres are planning policies and any amendments do not make any changes to the environment or authorize any new uses or services.

    b) The Commission finds the change of organization to annex the affected territory as described to the Vallecitos Water District qualifies as a project under CEQA but is exempt from further environmental review under State CEQA Guidelines Section 15319(a). This exemption appropriately applies given the project involves an annexation of land at its maximum density.

4. The Commission APPROVES the following sphere of influence amendment subject to successful recordation of the associated change of organization and in doing so makes the statements required under Government Code Section 56425 and provided in "Exhibit A."

    a) The sphere of influence for the Vallecitos Water District is amended to include the affected territory as shown in "Exhibit B-1."

5. The Commission APPROVES the change of organization with a discretionary modification as described below and subject to conditions as provided. Approval involves all of the follow:

    a) The affected territory is modified to include the adjacent unincorporated public right-of-way to the centerline on Las Flores Drive to its intersection with Perdido Street.

    b) Annexation of the affected territory as modified to the Vallecitos Water District is shown in "Exhibit B-1" and described in "Exhibit B-2."

6. The Commission CONDITIONS all approvals on the following terms being satisfied by January 6, 2020 unless an extension is requested in writing and approved by the Executive Officer:

a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.

b) Submittal to the Commission of final map and geographic description of the affected territory relative to the approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Division.

c) Submittal to the Commission of the following payments:

- A check made payable to LAFCO in the amount of $50.00 for the County of San Diego-Clerk Recorder to reimburse for filing a CEQA Notice of Exemption consistent with the findings in the resolution.

- A check made payable to San Diego LAFCO in the amount of $237.75 to reimburse the public hearing notice published in the San Diego Union Tribune.

- A check made payable to the State Board of Equalization for processing fees in the amount of $300.00.

7. The Commission assigns the proposal the following short-term designation:

   "Las Flores Drive Change of Organization"

8. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.

9. The Commission waives conducting authority proceedings under Government Code Section 56662.

10. The Vallecitos Water District is a registered-voter district.

11. The Vallecitos Water District utilizes the County of San Diego assessment roll.

12. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the Vallecitos Water District as provided under Government Section 57328.

13. The effective date of the approval a shall be the date of recordation but not before the completion of a 30-day reconsideration period and only after all terms have been completed as attested by the Executive Officer.

14. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defects, errors, irregularities, or omissions.

15. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Sections 56880-56882 of the Government Code.

16. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

**

PASSED AND ADOPTED by the Commission on January 6, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

_____
Keene Simonds
Executive Officer

EXHIBIT A

SPHERE OF INFLUENCE DETERMINATIONS

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

The affected territory as proposed by the applicant totals 0.6 acres and is part of an urbanizing incorporated area within the City of San Marcos and includes one subject parcel presently developed with an approximate 1,000 square foot single-family residence. Staff independently recommends expanding the affected territory to include 0.2 acres of adjacent public right-of-way. The City of San Marcos designates the subject parcel for low-density residential uses and no additional density is permissible under current zoning. The lands have not been cultivated for agricultural products and not subject to the Williamson Act. The lands are also not considered prime agriculture under LAFCO law and do not contain open-space. Present and planned land use are consistent with the proposal's purpose to establish public wastewater service to facilitate a remodel of the existing single-family residence and merits a conforming sphere of influence amendment to Vallecitos WD.

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

There is a need for public wastewater service to accommodate the planned intensification of the residential use within the affected territory. This need is remedied by annexing the affected territory to Vallecitos WD along with a conforming sphere of influence amendment.

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

Vallecitos WD has available infrastructure capacities to connect and accommodate estimated demands within the affected territory at its maximum uses without adversely impacting current District ratepayers. Adding the affected territory to the Vallecitos WD sphere of influence is consistent with these capacities.

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

Vallecitos WD has established explicit social and economic ties with incorporated lands surrounding the affected territory as the primary public wastewater service provider. These existing ties are relevant to the proposal and extend to the affected territory given the connection to Vallecitos WD's wastewater system is needed to allow the land to efficiently develop as contemplated under the City of San Marcos.

(5) The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The affected territory is not in a census tract qualifying as a disadvantaged unincorporated community under State statute or LAFCO policy.

EXHIBIT A-1

Placeholder for Recordation
Map of Affected Territory
and Annexation to Vallecitos Water District

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EXHIBIT A-2

Placeholder for Recordation
Description of Affected Territory
and Annexation to Vallecitos Water District

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Part III: PETITION FOR CHANGE OF ORGANIZATION OR REORGANIZATION

This proposal is made pursuant to Part 3, Division 3, Title 5 of the California Government Code, Section 56000 et seq. of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

(a) The specific change(s) of organization proposed is/are: Attachment to Vallecitos Water District. In need of sewer services.

(b) The boundary of the territory included in the proposal is as described in the attached legal description and map and is by this reference incorporated herein.

(c) The proposed action(s) will be subject to the following terms and conditions: Remodel for single family dwelling.

(d) The reason(s) for the proposal is/are: Remodel single family dwelling in need of sewer services.

(e) Signers of this petition have signed as (select one): ☑ landowner; ☐ registered voter.

(f) The name(s) and mailing address(s) of the chief petitioner(s) (not to exceed three) is/are:

1. John De Maria — 636 Coronado Hills, San Marcos CA. 92078
   Name of chief proponent (print) — mailing address
2. _____
   Name of chief proponent (print) — mailing address
3. _____
   Name of chief proponent (print) — mailing address

(g) It is requested that proceedings for this proposal be taken in accordance with Section 56000 et seq. of the Government Code.

(h) This proposed change of organization (select one) ☐ is ☑ is not consistent with the sphere-of-influence of any affected city or district.

(i) The territory included in the proposal is (select one) ☐ inhabited (12 or more registered voters) ☑ uninhabited (11 or less registered voters).

(j) If the formation of a new district(s) is included in the proposal:

1. The principal act under which said district(s) is/are proposed to be formed is/are: N/A
2. The proposed name(s) of the new district(s) is/are: Vallecitos Water District
3. The boundary(ies) of the proposed new district(s) is/are described in the attached legal description and map and are by this reference incorporated herein.

(k) If an incorporation is included in the proposal:

1. The name of the proposed city is: N/A
2. Provisions are requested for appointment of: ☐ city manager ☐ city clerk ☐ city treasurer

(l) If the proposal includes a consolidation of special districts, the proposed name of the consolidated district is: N/A

Part IVb: LANDOWNER PETITION

Petitions must meet minimum signature requirements (see Part V). Signatures must be secured within six months of the date on which the first signature was affixed. Petitions must be submitted to the LAFCO Executive Officer within 60 days after the last signature is affixed (Govt. Code § 56705).

Each of the undersigned states:

- I personally signed this petition.
- I am a landowner of the affected territory.
- I personally affixed hereto the date of my signing this petition and the Assessor's Parcel Number(s), or a description sufficient to identify the location of my land.

Name of Signer	Assessor's Parcel Number(s)	Date Signed	Official Use
Sign _____ Print John De Maria	219-062-27	07/11/2019	
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			

7a

AGENDA REPORT
Business | Discussion

January 6, 2020

TO: Commissioners

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

SUBJECT: **Draft Municipal Service Review on the Valley Center Region**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a draft municipal service review on the Valley Center region. The draft has been prepared as part of the adopted workplan and represents an independent assessment of the availability, need, and performance of public services in the Valley Center region and specific to three local agencies under Commission oversight. This includes preparing determinative statements addressing all of the factors required under statute as part of the municipal service review mandate and headlined by population estimates, infrastructure needs, and financial standing. The draft is being presented to the Commission for discussion and feedback ahead of staff initiating a public review in anticipation of returning in March with final actions.

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 with regard to the availability and sufficiency of

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Vice Chair Andy Vanderlaan, General Public
Chair Dianne Jacob, County of San Diego
Bill Wells, City of El Cajon
Chris Cate, Alternate, City of San Diego
Barry Willis, Alpine Fire Protection
Harry Mathis, Alternate, General Public
Greg Cox, Alternate, County of San Diego
Paul McNamara, Alternate, City of Escondido
Erin Lump, Alternate, Rincon del Diablo MWD

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 Municipal Water District, Valley Center Fire Protection District, and Valley Center Community Services 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 region since 2003.

DISCUSSION

This item is for San Diego LAFCO to review the draft municipal service review on the Valley Center region consistent with the adopted workplan and ahead of staff initiating a formal 45-day public comment period. Feedback provided by the Commission – including requests for additional analysis – will be incorporated into a final municipal service review presented for future action to receive and file along with an accompany resolution codifying the determinative statements. Associated sphere of influence updates for each affected agency will also be presented with the final municipal service review.

An Executive Summary (Chapter Two) anchors the municipal service review and outlines the key conclusions and findings generated to date. This includes addressing the mandatory factors required under statute anytime San Diego LAFCO performs a municipal service review. Examples include making independent statements on infrastructure needs and deficiencies, population estimates, financial resources, and opportunities and merits therein for reorganizations. Specific recommendations for action either by the Commission and/or by one or more of the affected agencies are also enumerated in the Executive Summary.

ANALYSIS

See Executive Summary provided as part of Attachment One.

RECOMMENDATION

It is recommended San Diego LAFCO provide feedback on the draft municipal service review on the Valley Center region. This includes providing direction on desired revisions and/or additions ahead of staff circulating the draft for public review and returning with a final version for action as early as March 2020.

ALTERNATIVES FOR ACTION

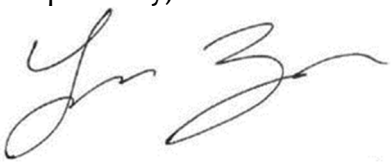
The item is being presented to San Diego LAFCO for discussion and feedback only.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for discussion as part of the business calendar. The following procedures, accordingly, 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 (voluntary); and
4) Discuss item and provide feedback as requested.

Respectfully,



Linda Zambito
Analyst I

Attachment:

1) Draft Municipal Service Review on the Valley Center Region

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SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION



VALLEY CENTER REGION

Municipal Service Review | Government Code 56430

Affected Agencies
Valley Center Municipal Water District
Valley Center Fire Protection District
Valley Center Community Services District

Draft Report | January 2020

Project Manager
Linda Zambito

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ACKNOWLEDGEMENT

San Diego County LAFCO gratefully acknowledges the time and effort of officials and staff with the affected agencies in assisting in the preparation of this report.

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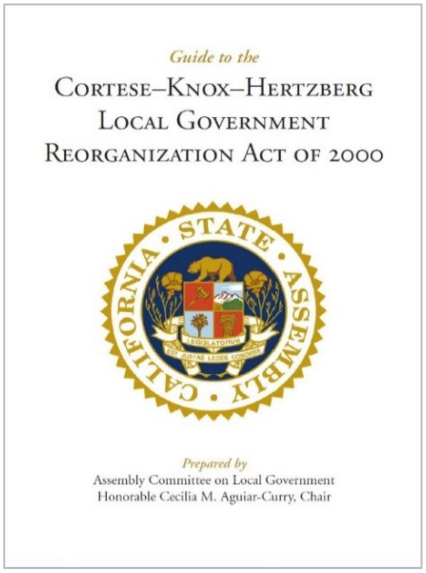
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CHAPTER ONE | INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

1.1 Authority and Objectives



Local Agency Formation Commissions (LAFCOs) were established in 1963 and are political subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs' authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") with principal oversight provided by the Assembly Committee on Local Government.[1] LAFCOs are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities, towns, and special districts as well as their municipal service areas. LAFCOs' creation were engendered by Governor Edmund "Pat" Brown Sr. (1959-1967) to more effectively address the needs of California's growing and diversifying population with an emphasis on promoting governmental efficiencies. Towards this end, LAFCOs are commonly referred to as the Legislature's "watchdog" for local governance issues.[2]

Guiding LAFCOs' regulatory and planning powers is to fulfill specific purposes and objectives that collectively construct the Legislature's regional growth management priorities outlined under Government Code (G.C.) Section 56301. This statute reads:

> *"Among the purposes of the commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions. One of the objects of the commission is to make studies and furnish information to contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities."*

[1] Reference California Government Code Section 56000 et. seq.
[2] In its ruling on City of Ceres v. City of Modesto, the 5th District Court of Appeals referred to LAFCOs as the "watchdog" of the Legislature to "guard against the wasteful duplication of services." (July 1969)

LAFCO decisions are legislative in nature and therefore are not subject to an outside appeal process. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals so long as not establishing any terms that directly control land uses.

1.2 Regulatory Responsibilities

LAFCOs have been responsible since 1963 to oversee formation, expansion, reorganization, and dissolution actions involving cities, towns, and special districts in California with limited exceptions.

LAFCOs' principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California.[3] LAFCOs are also tasked with overseeing the approval process for cities, towns, and special districts to provide new or extended services beyond their jurisdictional boundaries by contracts or agreements. LAFCOs also oversee special district actions to either activate new service functions and service classes or divest existing services. LAFCOs generally exercise their regulatory authority in response to applications submitted by affected agencies, landowners, or registered voters. Recent amendments to CKH also authorize and encourage LAFCOs to initiate jurisdictional changes to form, consolidate, and dissolve special districts consistent with community needs.

1.3 Planning Responsibilities

LAFCOs are tasked with planning the location of future urban uses through two interrelated activities: (a) establish and update spheres of influence as gatekeepers to future jurisdictional changes and (b) prepare municipal service reviews to independently evaluate the availability and performance of governmental services relative to community needs.

LAFCOs inform their regulatory actions through two central planning responsibilities: (a) making sphere of influence ("sphere") determinations and (b) preparing municipal service reviews. Sphere determinations have been a core planning function of LAFCOs since 1971 and serve as the Legislature's version of "urban growth boundaries" with regard to cumulatively delineating the appropriate interface between urban and non-urban uses within each county. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted as part of CKH and intended to inform – among other activities – sphere determinations. The Legislature mandates, notably, all sphere changes as of 2001 be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs. An expanded summary of the function and role of these two planning responsibilities follows.

[3] CKH defines "special district" to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

Spheres of Influence

LAFCOs establish, amend, and update spheres for all cities, towns, and most special districts in California to designate the territory it independently believes represents the appropriate and probable future service areas and jurisdictional boundaries of the affected agencies. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions as footnoted.[4] Further, an increasingly important role involving sphere determinations relate to their use by regional councils of governments as planning areas in allocating housing need assignments for counties, cities, and towns.

Spheres serve as the Legislature's version of urban growth boundaries and – among other items – delineates where cities, towns, or districts may seek future annexations or outside service approvals with LAFCOs. All jurisdictional changes must be consistent with the affected agencies' spheres with limited exceptions.

Starting January 1, 2008, LAFCOs must review and update all local agencies' spheres every five years. In making sphere determinations, LAFCOs are required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to orient LAFCOs in addressing the core principles underlying the sensible development of local agencies consistent with the anticipated needs of the affected communities. The five mandated planning factors are summarized in short-form below.

1. Present and planned land uses in the area, including agricultural and open-space.

2. Present and probable need for public facilities and services in the area.

3. Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.

4. Existence of any social or economic communities of interest in the area.

5. If the city or special district provides water, sewer, or fire, the need for those services in any disadvantaged unincorporated communities in the existing sphere.

[4] Exceptions in which jurisdictional boundary changes do not require consistency with the affected agencies' spheres include annexations of State correctional facilities or annexations to cities/towns involving city/town owned lands used for municipal purposes with the latter requiring automatic detachment if sold to a private interest.

Municipal Service Reviews

Municipal service reviews serve as a centerpiece to CKH's enactment in 2001 and represent comprehensive studies of the level, range, and performance of governmental services provided within defined geographic areas. LAFCOs generally prepare municipal service reviews to explicitly inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. Advisory guidelines on the preparation of municipal service reviews were published by the Governor's Office of Planning and Research in 2003 and remain the lone statewide document advising LAFCOs in fulfilling this mandate.

All municipal service reviews – regardless of their intended purpose – culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing. The seven mandated service factors are summarized below in short-form with additional details footnoted.[5]

Municipal service reviews fulfill the Legislature's interests in LAFCOs regularly assessing the adequacy and performance of local governmental services in order to inform possible future actions ranging from sphere determinations to reorganizations.

1. Growth and population projections for the affected area.

2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.

4. Financial ability of agencies to provide services.

5. Status and opportunities for shared facilities.

[5] Determination No. 5 was added to the municipal service review process by Senate Bill 244 effective January 1, 2012. The definition of "disadvantaged unincorporated community" is defined under G.C. Section 56330.5 to mean inhabited territory that constitutes all or a portion of an area with an annual median household income that is less than 80 percent of the *statewide* annual median household income; the latter amount currently totaling $53,735 (emphasis added).

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

7. Matters relating to effective or efficient service delivery as required by policy.

1.4 LAFCO Decision-Making

State law directs all LAFCO members to independently discharge their responsibilities for the good of the region and irrespective of the interests of their appointing authorities.

LAFCOs are generally governed by 11-member board comprising three county supervisors, three city councilmembers, three independent special district members, and two representatives of the general public. Some larger LAFCOs – including San Diego – also have additional board seats dedicated to specific cities as a result of special legislation. All members serve four-year terms and divided between "regulars" and "alternates" and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs have sole authority in administering its legislative responsibilities and decisions therein are not subject to an outside appeal process. All LAFCOs are independent of local government with the majority employing their own staff; an increasingly smaller portion of LAFCOs, however, choose to contract with their local county government for staff support services. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the membership. All LAFCOs must also appoint their own legal counsel.

1.5 Prescriptive Funding

CKH prescribes local agencies fully fund LAFCOs' annual operating costs. Counties are generally responsible for funding one-third of LAFCO's annual operating costs with remainder one-third portions allocated to the cities/towns and independent special districts. The allocations to cities/towns and special districts are calculated based on standard formula using general tax revenues unless an alternative method has been approved by a majority of the local agencies. The funding proportions will also differ should the LAFCO have additional representation as a result of special legislation. LAFCOs are also authorized to collect proposal fees to offset local agency contributions.

2.0 SAN DIEGO LAFCO

2.1 Adopted Policies and Procedures

The majority of San Diego LAFCO's ("Commission") existing policies and procedures were initially established in the 1970s and subsequently updated in the 2000s in step with the enactment of CKH. These policies and procedures collectively guide the Commission in implementing LAFCO law in San Diego County in a manner consistent with regional growth management priorities as determined by the membership with sufficient discretion to address local conditions and circumstances. This includes overarching policies and procedures to align present and planned urban uses with existing cities and special districts and discourage proposals that would convert prime agricultural and open-space lands unless otherwise orderly relative to community needs and or sufficiently mitigated. The Commission has also established pertinent policies and procedures specific to preparing sphere updates and municipal service reviews. This includes direction to the Executive Officer to regularly prepare municipal service reviews in appropriate scope and level to inform the Commission in updating spheres in regular five-year intervals.

2.2 Commission Information

San Diego LAFCO holds regular meetings on the first Monday of each month at the County of San Diego Administration Center located at 1600 Pacific Highway in San Diego, California. Meetings start at 9:00 A.M. Agenda materials are posted online generally no less than one week in advance of a regular meeting. The current Commissioner roster follows.

San Diego LAFCO Membership
Current as of January 1, 2020

Commissioner	Appointing Authority	Affiliation
Chair Dianne Jacob	Board of Supervisors	County of San Diego
Vice Chair Andy Vanderlaan	Commission	Representative of the Public
Jim Desmond	Board of Supervisors	County of San Diego
Mark Kersey	City of San Diego Council	City of San Diego
Jo MacKenzie	Independent Special Districts	Vista Irrigation District
Mary Casillas Salas	Cities Selection Committee	City of Chula Vista
Bill Wells	Cities Selection Committee	City of El Cajon
Barry Willis	Independent Special Districts	Alpine Fire Protection District
Chris Cate, Alternate	City of San Diego Council	City of San Diego
Greg Cox, Alternate	Board of Supervisors	County of San Diego
Erin Lump, Alternate	Independent Special Districts	Rincon del Diablo Municipal Water District
Harry Mathis, Alternate	Commission	Representative of the Public
Paul McNamara, Alternate	Cities Selection Committee	City of Escondido

Immediate Past Members in 2019:
Catherine Blakespear, Cities Selection Committee, City of Encinitas
Ed Sprague, Independent Special Districts, Olivenhain Municipal Water District
Serge Dedina, Cities Selection Committee, City of Imperial Beach (alt)
Judy Hanson, Independent Special Districts, Leucadia Wastewater District (alt)

2.3 Contact Information

San Diego LAFCO's administrative office is located within the County of San Diego's Operations Center at 9335 Hazard Way in San Diego (Kearny Mesa). Visitor parking is available. Appointments to discuss proposals or other matters are encouraged and can be scheduled by calling 858.614.7755. Communication by email is also welcome and should be directed to lafco@sdcounty.ca.gov. Additional information regarding San Diego LAFCO's programs and activities is also online by visiting www.sdlafco.org.

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CHAPTER TWO | EXECUTIVE SUMMARY

1.0 OVERVIEW

This report represents San Diego LAFCO's scheduled municipal service review for the Valley Center region in northern San Diego County. The report has been prepared by staff and consistent with the scope of work approved by the Executive Officer. The underlying aim of the report is to produce an independent assessment of municipal services in the region over the next five years relative to the Commission's regional growth management duties and responsibilities as established by the Legislature. This includes evaluating the current and future relationship between the availability, demand, and adequacy of municipal services in the Valley Center region and within the service areas of the three affected agencies directly subject to the Commission's oversight. Information generated as part of the report will be used by the Commission in (a) guiding subsequent sphere of influence updates, (b) informing future boundary changes, and – if merited – (c) initiating government reorganizations, such as special district formations, consolidations, and/or dissolutions.

> The purpose of the report is to produce an independent "snapshot" of municipal service levels in the Valley Center region and within the three affected agencies' directly under the Commission's oversight. The Commission will draw on this information in guiding subsequent sphere updates, informing future boundary changes, and if merited serve as the source document to initiate one or more reorganizations.

1.1 Key Premises, Assumptions, and Benchmarks

The report has been oriented in scope and content to serve as an ongoing monitoring program on municipal services in the Valley Center region. It is expected San Diego LAFCO will revisit the report and key assumptions and benchmarks therein approximately every five years consistent with the timetable set by the Legislature and memorialized under adopted policy. This will also allow the Commission – among other tasks – to assess the accuracy of earlier projections and make appropriate changes in approach as needed as part of future reports. Key assumptions and benchmarks affecting scope and content in this report follow.

Affected Agencies

The report explicitly evaluates three affected local agencies providing one or more municipal services in the Valley Center region under the Commission's oversight. The three affected agencies – and in order of their formation dates – are Valley Center Municipal Water District (MWD), Valley Center Fire Protection District (FPD), and Valley Center Community Services District (CSD) and collectively serve as the primary providers of water, wastewater, recycled water, fire protection, ambulance, and park and recreation

services in the region with additional details footnoted.[6]

Looking Back | Determining the Data Collection Range or Report Period

The period for collecting data to inform the Commission's analysis and related projections on population growth, service demands, and finances has been set to cover the five-year fiscal period from 2014 to 2018 with limited exceptions. This data collection period – which covers the 60 months immediately preceding the start of work on the document – purposefully aligns with the five-year timeline for the report with the resulting data trends appearing most relevant in making near-term projections; i.e., data from the last five years is most pertinent in projecting trends over the next five years.

Looking Forward | Setting the Report's Timeframe

The timeframe for the report has been oriented to cover the next five-year period through 2023 with the former (five years) serving as the analysis anchor as contemplated under State law. This timeframe is consistent with the five-year cycle prescribed for municipal service reviews under G.C. Section 56430 and expected therein to inform all related sphere of influence and boundary actions undertaken during this period involving any of the affected agencies unless otherwise merited.

Calculating Population Estimates and Projections

Past and current residential population estimates in the report draw on data generated by Esri and their own mapping analyses of census tracts. This approach differs from past Commission practice to utilize estimates by the San Diego Association of Governments or SANDAG and done so given – and among other factors – the ability of Esri's mapping software to readily sync with special district boundaries. Projections over the succeeding five-year period are made by LAFCO and apply the estimated growth trend in each service area over the last 60 months with limited exceptions; i.e., population growth over the last five years is generally expected to hold over the next five years.

Focusing on Macro-Level Determinations

The report focuses on central service outputs with respect to quantifying availability, demand, and adequacy of municipal services provided in the Valley Center region and within the three affected agencies. A prominent example involves focusing on annual system-wide demands generated during the five-year report period as opposed to specific

[6] The western portion of the Valley Center region also lies within the jurisdictional boundary of the Deer Springs FPD and is evaluated as part of a separate municipal service review on the Escondido region (October 2019). Separately, the Valley Center Cemetery District will be evaluated as part of a countywide study on cemetery services calendared in 2021-2022.

areas or zones. This approach informs macro-level determinations for all mandatory factors under statute. When applicable, the report notes the need for more micro-level analysis as part of addendums or future municipal service reviews.

Benchmarking Infrastructure Needs and Deficiencies

Similar to the preceding factor the report and its analysis focuses on average system demands generated in each affected agency's service area during the 60-month study period in benchmarking infrastructure needs or deficiencies. This broader focus on averages provides a more reasonable account of system demands and helps to control against one-year outliers in analyzing overall relationships with capacities.

Benchmarking Fiscal Solvency

Several diagnostic tools are used to assess and make related determinations on each affected agency's financial solvency based on a review of available audited information during the report period, fiscal years 2014 to 2018. This includes an emphasis on analyzing current ratio, debt-to-net assets, and total margin. These specific diagnostics provide the Commission with reasonable benchmarks to evaluate liquidity, capital, and margin and calculated to track overall trends and final-year standing.

2.0 STUDY ORGANIZATION

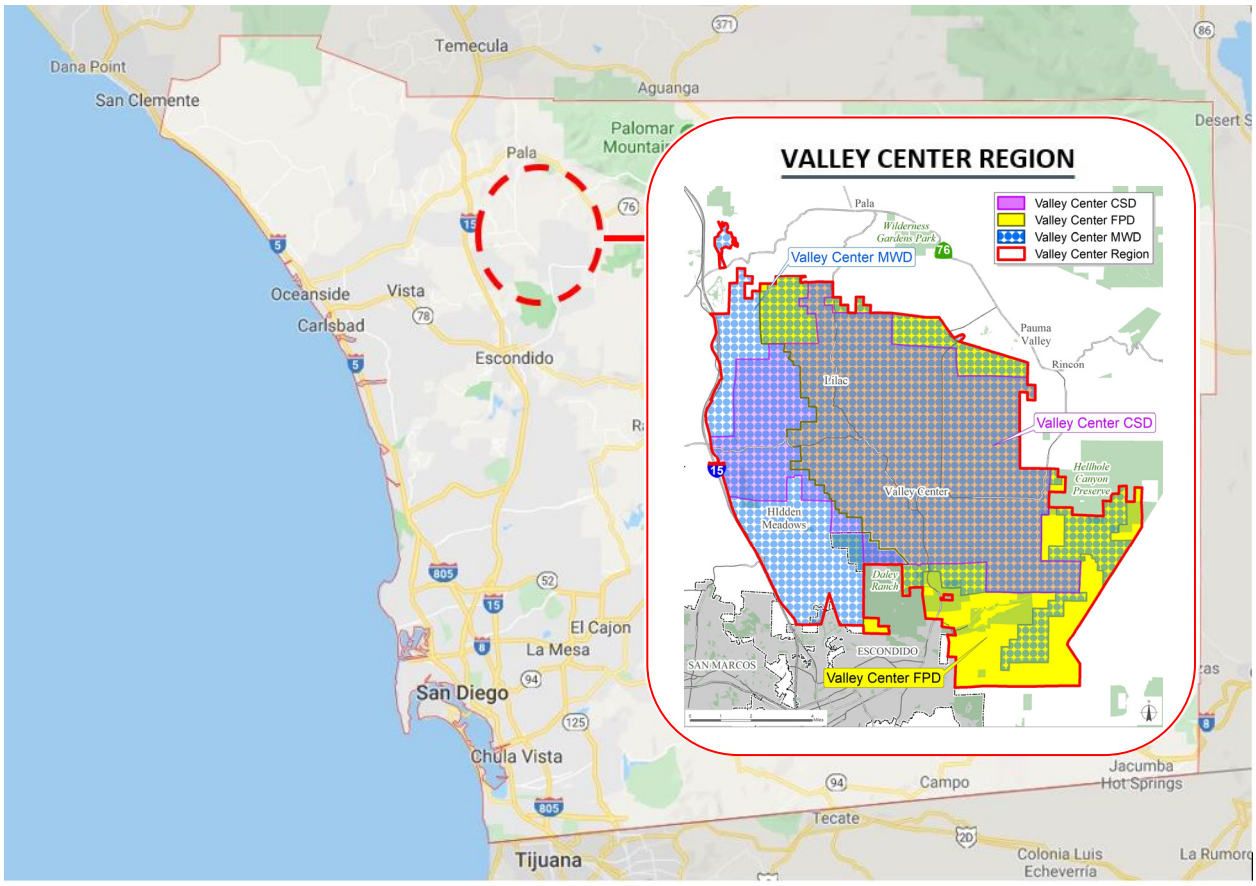
This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated within the report.[7] This includes addressing the mandatory factors required for consideration by the Legislature anytime San Diego LAFCO performs a municipal service review. The Executive Summary is proceeded by individual agency profiles (Chapter Three) of the three affected agencies covered in this report that provide one or more municipal service functions in the Valley Center region. The profiles transition between narrative descriptions of the background and development of these agencies' service areas to quantifying specific data-driven categories. This includes quantifying demographic trends, service capacities, and financial standing.

3.0 GEOGRAPHIC AREA

The geographic area designated for this municipal service review is close to 120 square miles in size. The geographic area has been purposefully designated by the Executive Officer to span all three local agencies' jurisdictional boundaries and spheres of influence in the greater

[7] The Executive Summary distinguishes between "conclusions," "determinations," and "recommendations." Conclusions are general policy takeaways. Determinations address specific legislative factors. Recommendations address actions drawn from the determinations.

Valley Center region under San Diego LAFCO oversight that separately provide one or more urban supporting services. The geographic area is generally north of the City of Escondido, east of Interstate 15, south of State Route 76, and east of the Cleveland National Forest. The three affected agencies and their service areas within the designated geographic area are shown in the vicinity map below.



4.0 REPORT SUMMARY

4.1 General Themes and Conclusions

The Valley Center region encompasses a geographically distinct subarea of "North County" outside the City of Escondido and adjacent to one of San Diego County's most traveled commute corridors in Interstate 15.[8] The region's distinctions are also reflected in its post-World War II growth and unique cross-blending of agricultural and residential development. This development – markedly – is directly attributed to Valley Center MWD's formation in 1954 and ensuing delivery of a reliable water supply to support both agricultural activities and

[8] Reference to SANDAG's State of the Commute, 2015-2016.

residential estate uses that now characterize most of the region. The subsequent formations of Valley Center CSD in 1966 and Valley Center FPD in 1982 addressed other and resulting municipal service needs involving recreation and fire protection, respectively, and completes the current and relatively confined extent of local government in the region.

The Valley Center region more recently has undergone a substantive and ongoing transition as an increasing number of agricultural uses have either downsized or converted and given way to large planned residential development projects. This transition is primarily attributed to the combination of higher water rates for agricultural users due to reductions in subsidies caused by recent droughts and demand for housing near existing transportation corridors. The substantive result is an estimated one-third increase in the Valley Center region's population from 21,857 in 2000 to 29,295 in 2018 with a resulting annual change of 1.9%; an amount that is nearly double the corresponding rate for all of San Diego County.[9] The annual growth rate during the report period has slowed to 0.84% with a net increase of 1,357 between 2014 and 2018. The growth rate – however – is excepted to rise again with three prominent developments – Meadowood (824 units), Orchard Run (300 units), and Park Circle (332 units) – already approved by the County of San Diego with the latter project due to break ground in 2020. Another prominent and larger project in the region – Lilac Hills Ranch – is also currently under review by the County and proposes 1,746 units.

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

- **No. 1 | Changing Community Character**
  The Valley Center region continues to transition towards more suburban development and highlighted by an estimated population increase of more than one-third since 2000. This transition is expected to continue with several prominent projects in the queue and underlies the changing social and economic character in Valley Center from less agriculture to more residential and establishment therein as a distinct bedroom community in San Diego County.

[9] It is estimated the overall resident population of San Diego County increased from 2,813,795 in 2000 to 3,344,136 in 2018 and produces an annual growth rate of 1.0%.

- **No. 2 | Expanding Community Needs**
  The changing community character in the Valley Center region and influx of new residents has contributed to evolving and expanding community needs within all three affected agencies. Markedly, all three affected agencies have experienced significant increases and/or changes in service demands and – albeit to different degrees among the three agencies – necessitate additional infrastructure resources to meet community needs now and going forward.

- **No. 3 | Variations in Financial Stress**
  All three affected agencies in the Valley Center region have experienced financial stress during the five-year report period that merits additional LAFCO attention. The level of financial stress varies and reflected for both Valley Center MWD and Valley Center FPD incurring operating margin losses in all five years and contributing to sizable decreases in their respective net positions over the 60-month period. Valley Center CSD financial stress is more systemic given its diseconomies of scale to fund ongoing park and recreation amenities along with low reserves with the cumulative effect of leaving the District increasingly vulnerable to service disruptions.

- **No. 4 | Distinct and Valued Roles**
  All three affected agencies in the Valley Center region serve separate and valued municipal functions in support of the community's growth and development. The current configuration and separation of these roles effectuates the individual agency expertise and exceeds the perceived benefits in pursuing a regional consolidation.

- **No. 5 | Realigning Park and Recreation Services**
  The Valley Center region's ongoing transition to more residential uses highlights the increasing importance of park and recreation services to current and future families. Accordingly, it appears appropriate to revisit Valley Center CSD's present governance model and consider realignment to better reflect industry practices and make better use of the County of San Diego's economies of scale in providing park and recreation amenities through the transition into a stand-alone County Service Area. This realignment – notably – is consistent with the CSD Board's expressed interest in exploring reorganization and request for LAFCO to consider available options as part of the municipal service review process.

4.2 Recommendations

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

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

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

3. Future opportunities to share and/or consolidate resources between Valley Center FPD and the County of San Diego merit continued attention going forward. Exploring these future opportunities is consistent with San Diego LAFCO's standing policy objective to facilitate the orderly extension of the County Fire Authority in unincorporated San Diego County based on timing with community preferences.

4. San Diego LAFCO believes – and irrespective of prompts otherwise in statute given overlapping boundaries – the three affected agencies' existing and separate operations appropriately serves the region and preliminary analysis suggests exploring a regional consolidation is not merited at this time.

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

6. Valley Center CSD should immediately remedy existing deficiencies with its annual audit process and establish present-day values for its capital assets less appropriate depreciation amounts. These efforts would substantiate the District's financial statements and create added trust with its constituents and help ensure their ongoing financial investment in the agency is appropriately reciprocated.

7. Reorganization of the Valley Center CSD into a new County Service Area to directly draw on the expanded resources of the County of San Diego Parks and Recreation Department coupled with a more direct connection to developer-paid amenities appears merited at this time.

8. San Diego LAFCO recommends Valley Center CSD and the County of San Diego consider a coordinated reorganization proposal to transition CSD into a new stand-alone County Service Area. It would be appropriate to term a reorganization on the creation of an advisory committee consisting of the current CSD Board to continue to provide local input on park and recreation services and priorities in Valley Center.

9. San Diego LAFCO should proceed and update the spheres for all three affected agencies in the Valley Center region with no changes, and in doing so satisfy its planning requirement under G.C. Section 56425.

5.0 WRITTEN DETERMINATIONS

These determinations detail the pertinent issues relating to the planning, delivery, and funding of public services in the Valley Center region and specific to Valley Center MWD, Valley Center FPD, and Valley Center CSD. Determinations based on data collected and analyzed between 2014 and 2018.

San Diego LAFCO is directed to prepare written determinations to address the multiple governance factors enumerated under G.C. Section 56430 anytime it prepares a municipal service review. These determinations serve as independent statements based on information collected, analyzed, and presented in this report. The underlying intent of the determinations is to provide a succinct detailing of all pertinent issues relating to the planning, delivery, and funding of public services provided in the Valley Center region specific to the Commission's growth management role and responsibilities. An abbreviated version of these determinations will be separately prepared for Commission consideration and adoption in conjunction with receiving the final report.

5.1 Growth and Population Projections

1. 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.

2. 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:

(a) 28,210 residents in Valley Center MWD.

(b) 19,097 residents in Valley Center FPD.

(c) 19,008 residents in Valley Center CSD.

3. 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.

4. 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:

   (a) 0.84% in Valley Center MWD.

   (b) 1.1% in Valley Center FPD.

   (c) 1.0% in Valley Center CSD.

5. 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%.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

5.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities

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

5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. 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.

2. 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.

   (a) 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's potable water supplies are entirely drawn by contract from the San Diego County Water Authority. The availability of these contract and 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.

   (b) 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.

(c) 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.

3. 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.

(a) 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.

(b) 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 **** 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.

4. 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.

5.4 Agencies' Financial Ability to Provide Services

1. The 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.

2. 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.

3. 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.

4. 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.

   (a) 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.

   (b) 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.

   (c) 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.

   (d) 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.

5. 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.

   (a) 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.

   (b) 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%).

(c) 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%.

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

6. 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.

(a) 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.

(b) 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%.

(c) 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.

(d) Valley Center CSD does not have any recorded pension obligations.

(e) 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.

5.5 Status and Opportunities for Shared Facilities and Resources

1. 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.

(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 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.

(b) 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.

(c) 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.

2. 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.

5.6 Local Accountability and Government Restructure Options

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

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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 prompts Valley Center MWD to eliminate 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 are also two

major casinos – Harrah's Rincon and 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.

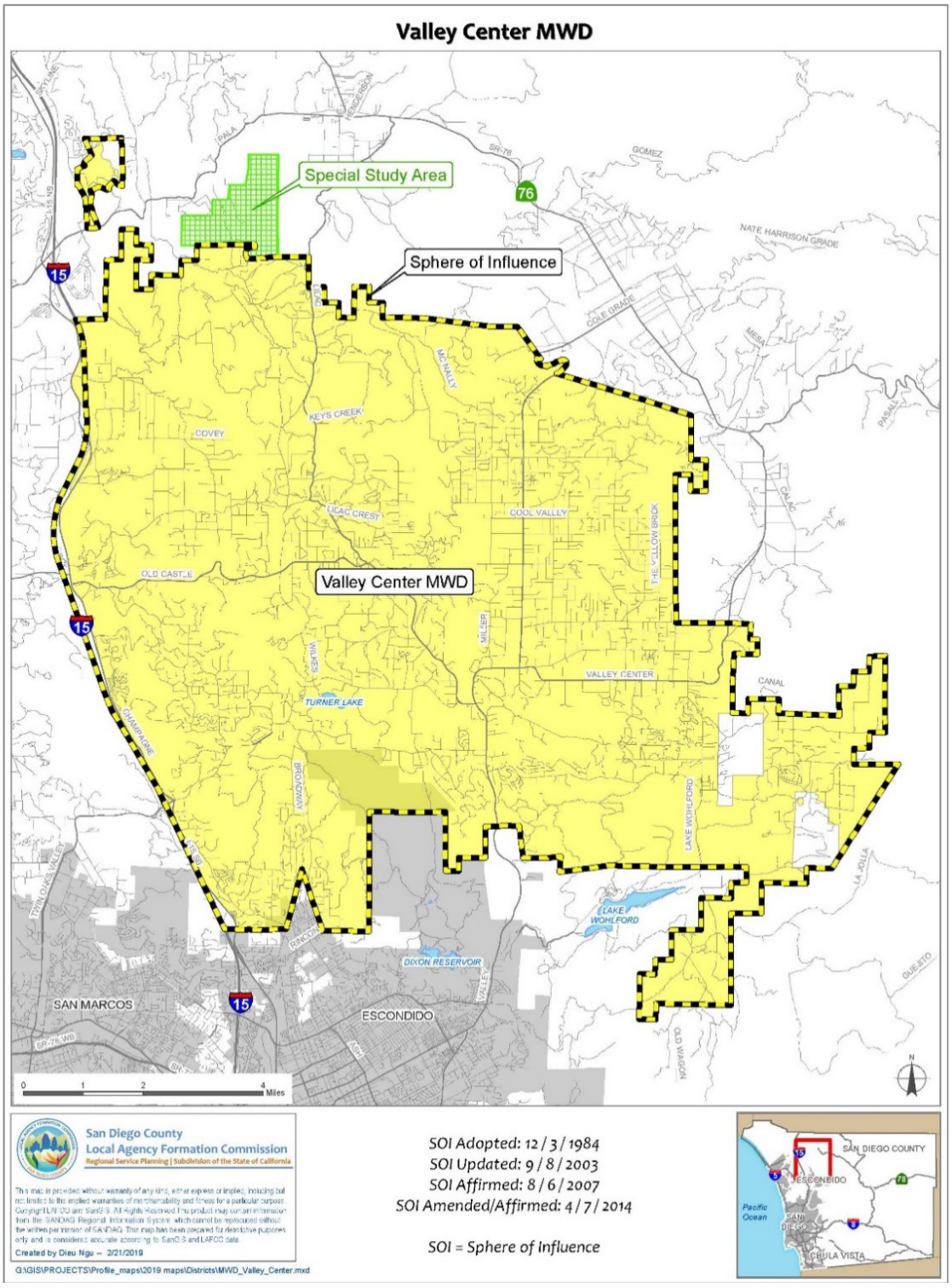
3.2 Sphere of Influence

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

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%.

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.

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

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 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.

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 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

Rincon del Diablo 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

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

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.

Service Demands

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%.

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%.

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. Additional analysis is pending.

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.

[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.

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 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

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.

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.

- 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**

Annual Contributions

Section pending.

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.

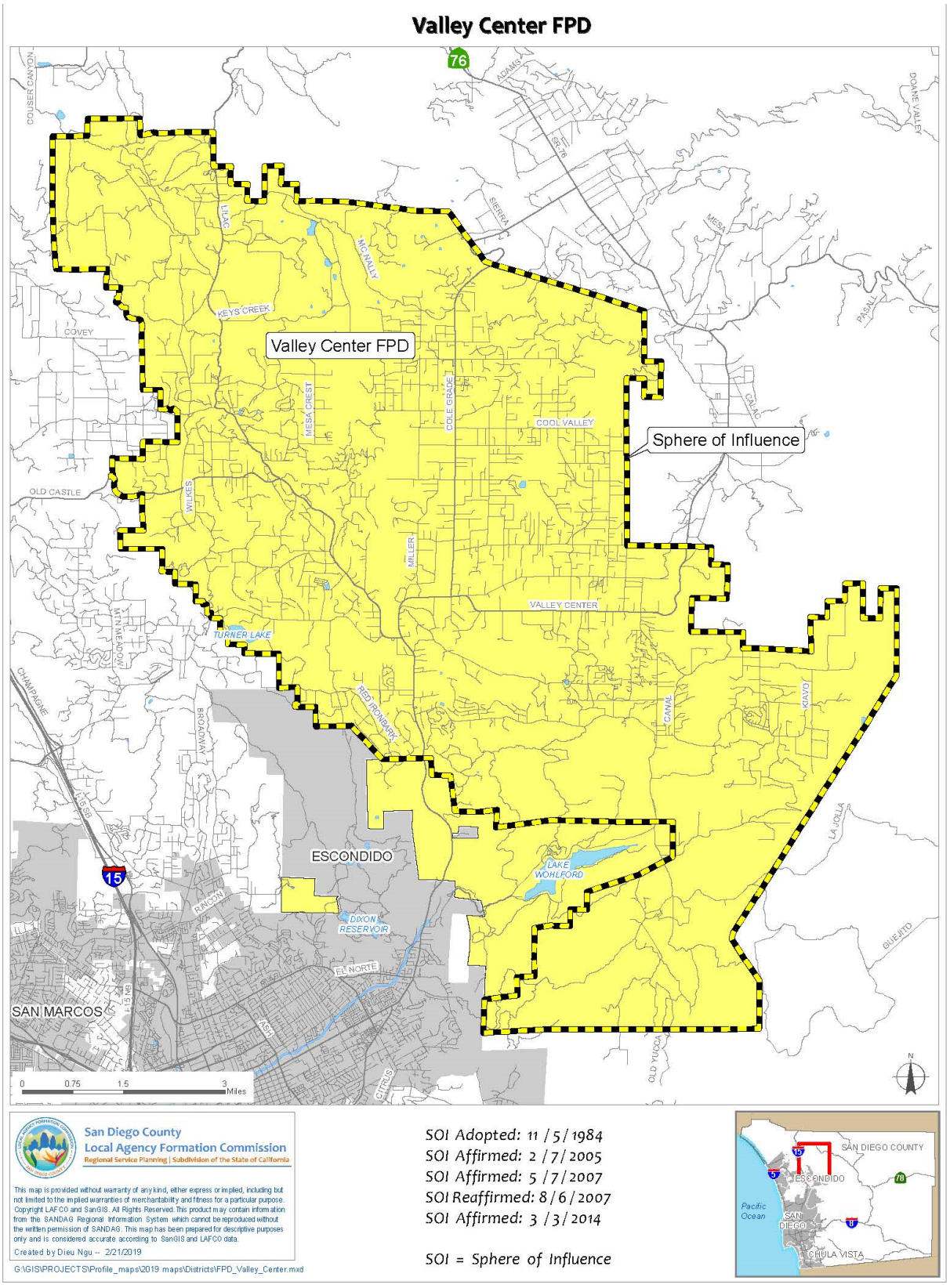
There are 1,835 privately owned parcels within Valley Center FPD that remain vacant and span 16,131 acres; an amount that represents more than one-fourth of the entire District.

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

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'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.

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%

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.

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.

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

Additional analysis pending.

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.

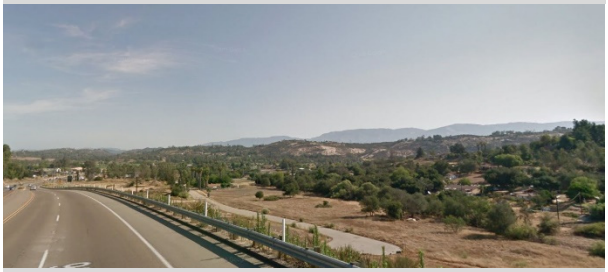
7.3 Pension Obligations

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.

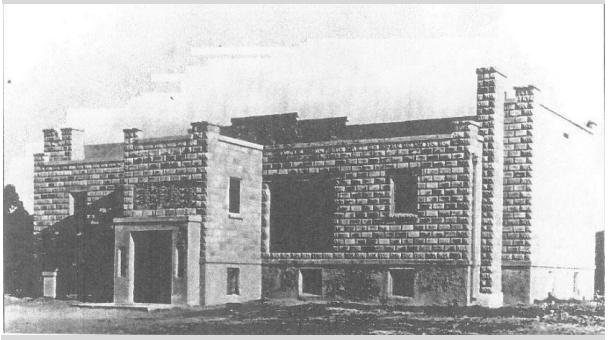
Valley Center CSD is presently organized as a limited purpose agency with municipal service functions tied to providing only park and recreation and highlighted by operating the Valley Center Community Hall. Other facilities include Adams Park and Cole Grade Field. Valley Center CSD is also authorized – 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.

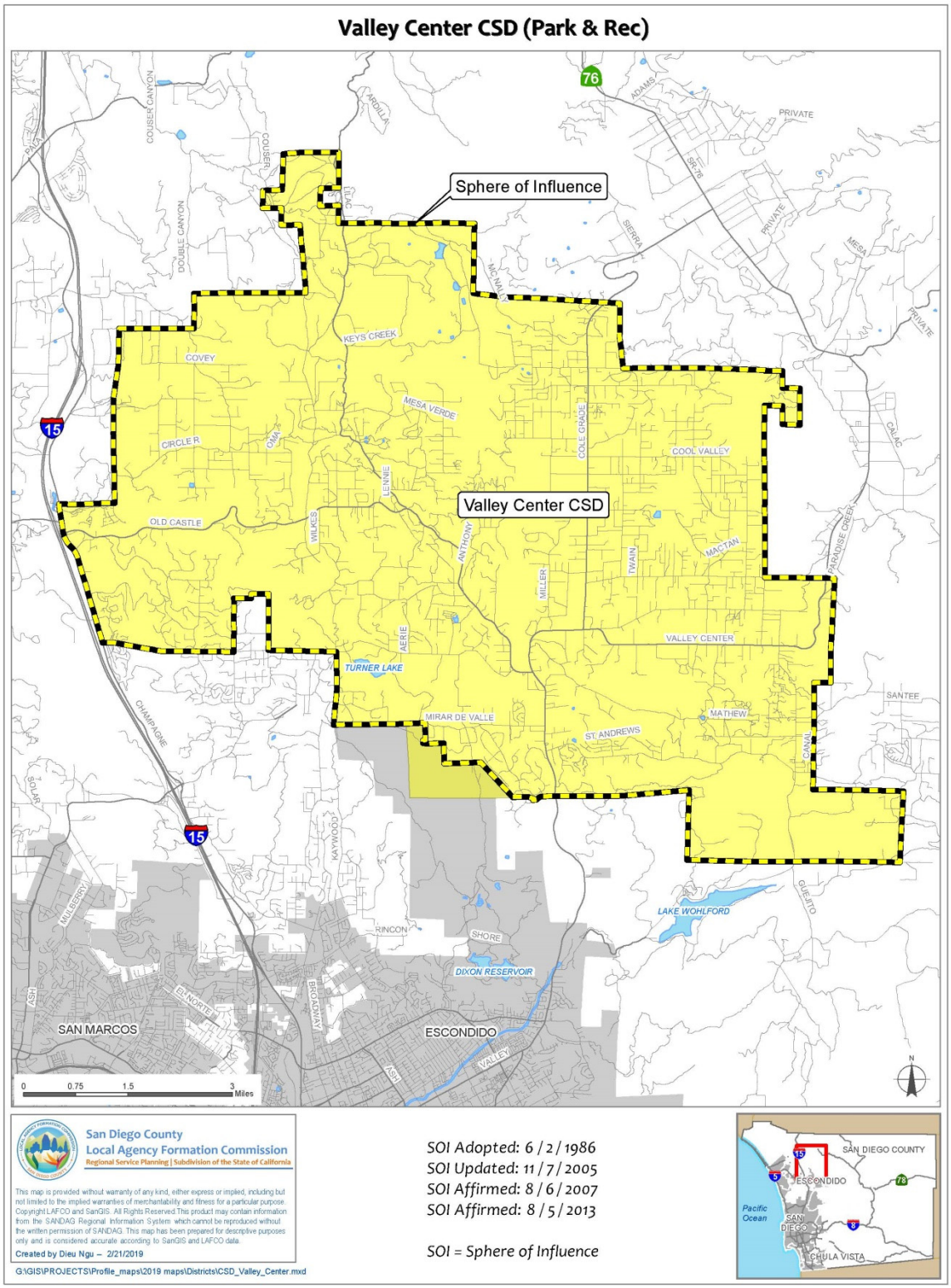
3.2 Sphere of Influence

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.

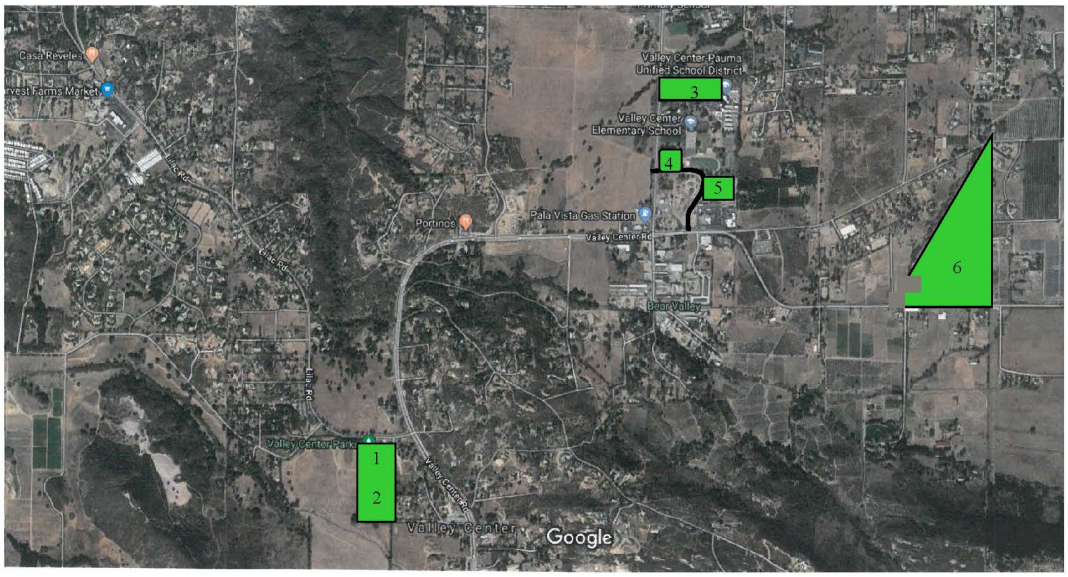
- Star Valley Park
  This site is approximately 45.5 acres in size and is presently unimporved and closed to the public. Valley Center CSD purchased the site over two phases in 2014 and and 2017 with the majority of proceeds generated from a Neigborhood Reinvestment Grant adminstered by the County.

- 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).

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

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.

[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%.

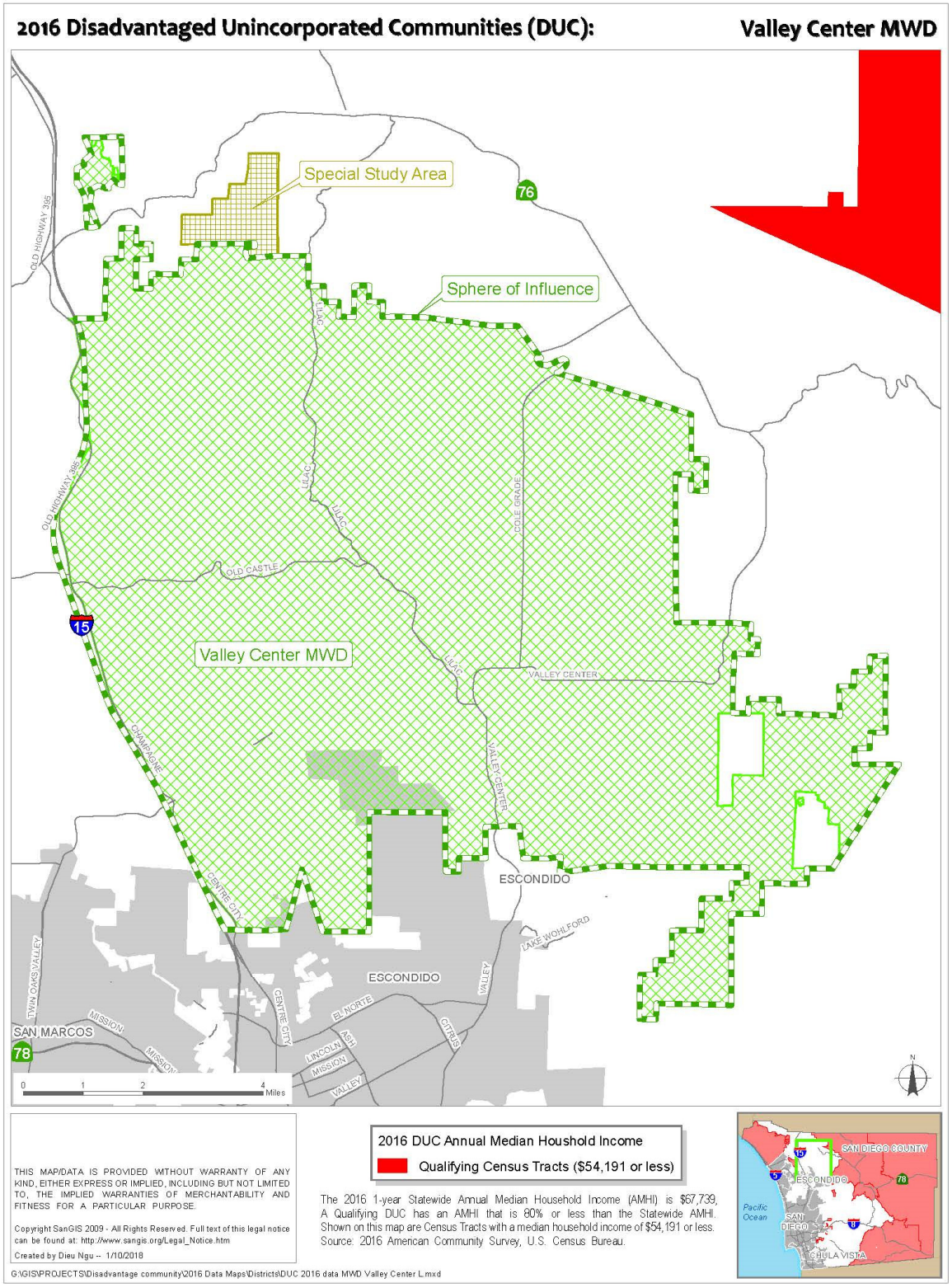
Equipment Replacement Ratio (Structure)
Measures the average age of depreciable equipment and facilities; the lower the number the younger the infrastructure with the assumption therein better efficiencies/effectiveness.

7.3 Pension Obligations

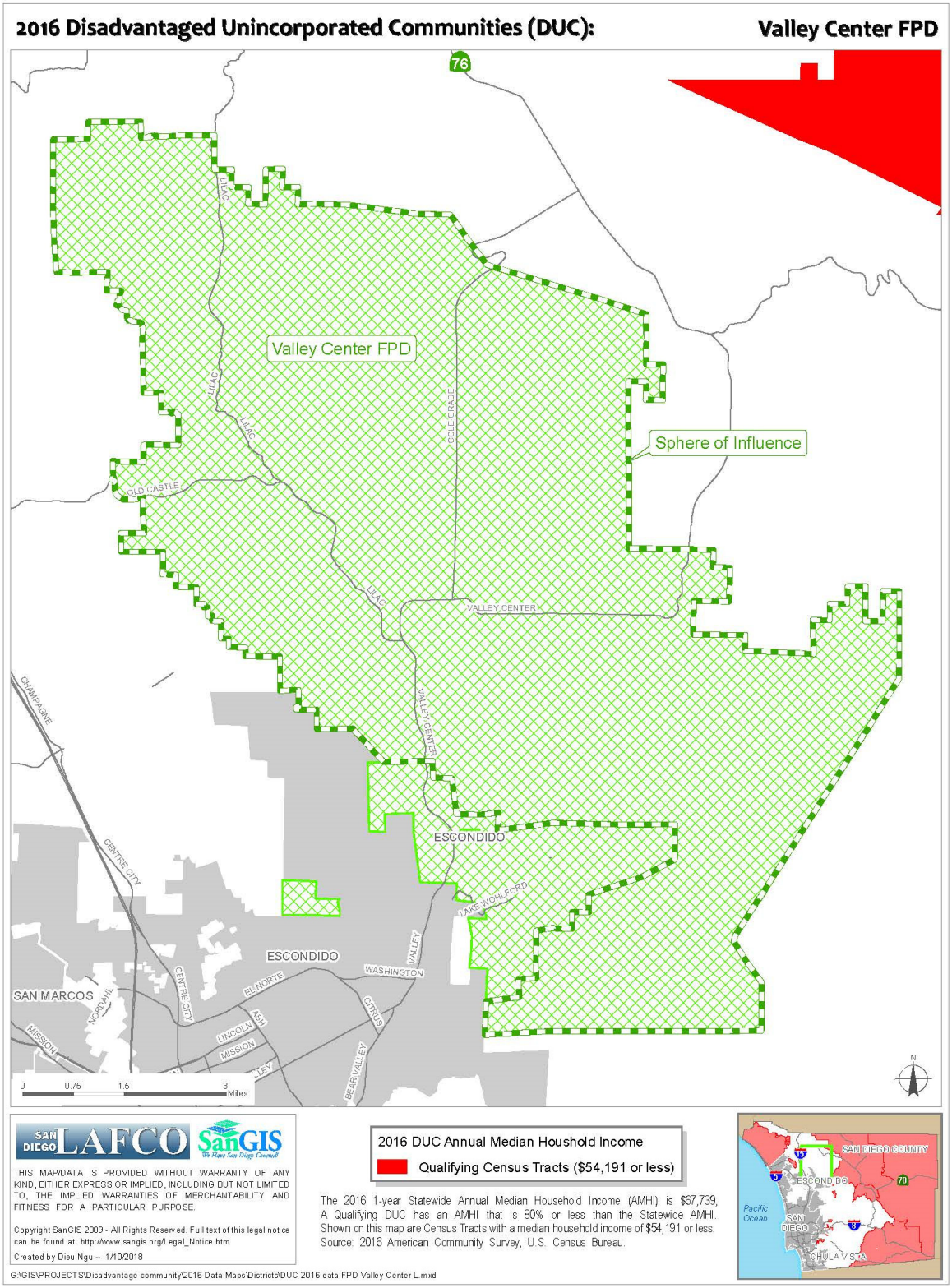
Valley Center CSD does not have recorded pension obligations.

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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
OLD CASTLE
COLE GRADE
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
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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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