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, APRIL 5, 2021
VIDEOCONFERENCE ATTENDANCE ONLY

Chair Andy Vanderlaan
Vice Chair Jim Desmond

Executive Officer Keene Simonds
Commission Counsel Holly O. Whatley

County of San Diego	Cities	City of San Diego	Special Districts	General Public
Jim Desmond	Mary Salas	Chris Cate	Jo MacKenzie	Andy Vanderlaan
Nora Vargas	Bill Wells	Marni von Wilpert	Barry Willis	Harry Mathis
Joel Anderson	Paul McNamara		*Vacant*	

Consistent with the Governor's Executive Order N-29-20, the April 5, 2021 meeting will occur remotely through videoconferencing. The public may watch the meeting live using the link on our website home page (www.sdlafco.org).

The public may submit comments remotely and/or register to speak by:

1. Submitting an eComment at www.sdlafco.org prior to 4:00 P.M. on Friday, April 2, 2021
   - These comments will be distributed and posted online ahead of the meeting
   - This includes the option to request a call-in to directly comment during the meeting
2. Emailing erica.blom@sdcounty.ca.gov during the meeting on Monday, April 5, 2021
   - These comments will be read by staff into the record and subject to a three-minute limit

1. CALL TO ORDER AND ROLL CALL – 9:00 A.M.

2. PLEDGE OF ALLEGIANCE

3. AGENDA REVIEW BY EXECUTIVE OFFICER
The Chair will confirm with the Executive Officer if any changes to the agenda are needed.

4. PUBLIC COMMENT AND RELATED REQUESTS
Opportunity for members of the public to address 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. This is also an opportunity for members of the public to request discussion on any items listed under the consent calendar.

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 Commissioner requests to pull an item for discussion before entertaining a motion.

a) Approval of Meeting Minutes for March 1, 2021 (action)

The Commission will consider approving action minutes prepared by the Commission Clerk for the March 1, 2021 regular meeting. Recommendation to approve. (Pages 5-14)

b) Commission Ratification | Recorded Payments for February 2021 (action)

The Commission will review a report identifying all payments received and made for the month of February 2021. The payments are being presented to the Commission for formal ratification. Recommendation to receive and ratify. (Pages 15-20)

c) Suspension of Cost-of-Living Wage Adjustments for 2021-2022 (action)

The Commission will consider the suspension of a planned 2.0% wage cost-of-living adjustment for non-management employees in 2021-2022. The suspension of the cost-of-living adjustment is consistent with a recommendation in the approved draft budget for 2021-2022 and would remain indefinite until acted otherwise. (Pages 21-32)

d) Approval of Memorandum of Understanding with Resource Conservation District of Greater San Diego Involving State Planning Grant (action)

The Commission will consider approving a memorandum of understanding with Resource Conservation District of Greater San Diego involving the implementation of a $250,000 planning grant award from the State to track agricultural trends in San Diego County. The memorandum provides the Commission will retain fiduciary responsibilities to review and approve all invoices as well as quarterly and final reports prepared by Greater San Diego as program manager. It is recommended the Commission approve the memorandum with any changes. (Pages 33-44)

e) Proposed "Papp–Olive Street Reorganization" | Concurrent Annexation to the Vallecitos Water and Detachment from the Vista Irrigation District (RO20-17) (action)

The Commission will consider a reorganization proposal to annex two incorporated parcels totaling 2.3 acres in the City of San Marcos to the Vallecitos Water District. A concurrent detachment from the Vista Irrigation District is also proposed. The purpose of the proposed reorganization is to establish public water and wastewater service for the two subject parcels to accommodate the planned development of single-family residences. Staff recommends conditional approval of the proposal without modifications while also waiving protest proceedings. The subject parcels are identified by the County of San Diego Assessor's Office as 182-101-43 and 182-101-44. (Pages 45-72)

f) Progress Report on 2020-2021 Workplan (action)

The Commission will receive a progress report on the adopted workplan for 2020-2021 and its two dozen plus projects. Recommendation to file along with any related direction. (Pages 73-78)

g) Current Proposals and Related Activities (information)

The Commission will receive a report identifying active proposals on file as well as a summary of pending proposal submittals. The item is for information and concurrently serves as notice to local agencies of all landowner/voter petition proposal filings. Information only. (Pages 79-90)

6. PUBLIC HEARING ITEMS

Public hearing items require expanded public notification per provisions in State law or have been voluntarily scheduled by the Executive Officer to ensure opportunity for public input.

a) Proposed "Rancho Corrido RV Park Reorganization" | Concurrent Annexations to Yuima Municipal Water District, County Water Authority, and Metropolitan Water District with Conforming Sphere Amendments (RO20-21 et al.) (action)

The Commission will consider a reorganization proposal from the Yuima Municipal Water District with the principal action to annex 31.3 unincorporated acres in Pauma Valley. Concurrent annexations to the San Diego County Water Authority and Metropolitan Water District of Southern California are also proposed. The purpose of the proposal is to extend public water service to the lone subject parcel comprising the affected territory and its existing use as a 120-unit recreational vehicle park to abate groundwater quality concerns. Staff recommends conditional approval of the reorganization with modifications to include an additional 0.73 acres of adjacent public right-of-way as well as conforming sphere of influence amendments. It is also recommended protest proceeds be waived so long as no written objections are received from the landowner or registered voters by the close of the hearing. The subject parcel is identified by the County of San Diego Assessor's Office as 130-040-16. (Pages 91-204)

b) Proposed "Plumosa Avenue Reorganization" | Annexation to the City of Vista with Concurrent Detachment from the Vista Fire Protection District and Conforming Sphere Amendment (RO20-18 et al.) (action)

The Commission will consider a reorganization proposal with the principal action to annex approximately 0.7 acres of unincorporated territory to the City of Vista. A concurrent detachment from the Vista Fire Protection District is also proposed. The immediate proposal purpose is to facilitate a wastewater service connection to an existing residential duplex located on the lone subject parcel given the underperformance of the septic system. Staff recommends conditional approval of the proposal with a modification to include the public right-of-way as well as a conforming sphere of influence amendment involving Vista Fire and waiving protest. The subject parcel is identified by the County of San Diego Assessor's Office as 217-601-21. (Pages 205-244)

7. BUSINESS CALENDAR

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

a) Draft Municipal Service Review on the Poway Region (action)

The Commission will review a draft municipal service review on the Poway region. The draft has been prepared as part of the adopted workplan and independently assesses the availability, need, and adequacy of key public services provided in the region and specifically by the principal local government subject to Commission oversight – City of Poway. The draft is being presented for preliminary discussion and feedback ahead of staff initiating a public review and returning in June with final actions. (Pages 245-332)

b) Addendum to Final Municipal Service Review on Resource Conservation Districts (action)

The Commission will receive an addendum on the recently completed municipal service review on resource conservation districts in San Diego County. The addendum has been prepared consistent with Commission direction to clarify Upper San Luis Rey's authorized service functions and classes with specific attention on groundwater management. The addendum concludes – among other items – Upper San Luis Rey is not authorized in LAFCO statute to provide groundwater management while deferring to the State to determine whether separate authorization is provided under the Sustainable Groundwater Management Act. It is recommended the Commission approve the addendum and augment the municipal service review accordingly. (Pages 333-344)

BUSINESS ITEMS CONTINUED…

c) **Voluntary Separation Incentive Program (action)**
The Commission will consider approving a one-time program to monetarily incentivize eligible employees to voluntarily separate and end their employment with the Commission. As proposed, the Voluntary Separation Incentive Program would be available to employees with 60 months or more of consecutive employment and if approved by the Executive Officer receive a lump sum payment based on specified calculation. The Program responds to budget considerations under COVID-19 and delegates responsibility to the Executive Officer to administer to ensure both a net savings to the Commission as well as critical positions and/or associated functions are adequately maintained. It is recommended the Commission approve the Program with any changes as specified. (Pages 345-356)

8. EXECUTIVE OFFICER REPORT

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

10. CLOSED SESSION

None

11. ADJOURNMENT TO NEXT MEETING
May 3, 2021

Attest to Posting:

Tamaron Luckett
Commission Clerk

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 business days prior to the meeting for any accommodations.

5a

AGENDA REPORT
Consent | Action

April 5, 2021

TO: Commissioners

FROM: Tamaron Luckett, Commission Clerk

SUBJECT: **Approval of Meeting Minutes for March 1, 2021**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider draft minutes prepared for the regular meeting held on Monday, March 1, 2021. 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 March 1, 2021 regular meeting. The attendance record for the meeting follows.

- All regular Commissioners were present.
- All alternate Commissioners were present except Joel Anderson (County of San Diego) and Marni von Wilpert (City of San Diego).

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Bill Wells
City of El Cajon
Paul McNamara, Alt.
City of Imperial Beach
Chris Cate
City of San Diego
Marni von Wilpert, Alt.
City of San Diego
Jo MacKenzie
Vista Irrigation
Barry Willis
Alpine Fire Protection
Vacant, Alt.
Special District
Chair Andy Vanderlaan
General Public
Harry Mathis, Alt.
General Public

ANALYSIS

The attached draft minutes for the March 1, 2021 regular meeting accurately reflect San Diego LAFCO's deliberations as recorded by the Commission Clerk. 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 March 1, 2021 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:

Alternative One (recommended):
Approve the draft minutes prepared for the March 1, 2021 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
Commission Clerk

Attachment:

1) Draft Meeting Minutes for March 1, 2021

DRAFT MINUTES
SAN DIEGO LAFCO
March 1, 2021 REGULAR MEETING

Via Videoconference Only
Per Governor's Executive Order N-29-20

1. CALL TO ORDER | ROLL CALL

The regular meeting was called to order by videoconference at 9:00 a.m. by Chair Vanderlaan.

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

Regulars Present:	Chris Cate, City of San Diego Jim Desmond, County of San Diego (VICE CHAIR) Jo MacKenzie, Vista Irrigation District Mary Casillas Salas, City of Chula Vista Andy Vanderlaan, Public (CHAIR) Nora Vargas, County of San Diego Bill Wells, City of El Cajon Barry Willis, Alpine Fire Protection District
Alternates Present:	Harry Mathis, Public Paul McNamara, City of Escondido
Members Absent:	Joel Anderson, County of San Diego (alternate) Marni von Wilpert, City of San Diego (alternate)

The Commission Clerk confirmed a virtual quorum was present with eight voting members. Also present at the virtual dais were Executive Officer Keene Simonds, Commission Counsel Holly O. Whatley, Chief Policy Analyst Robert Barry, Local Government Analyst II Linda Heckenkamp, Local Government Analyst I Priscilla Allen, Administrative Assistant Erica Blom, and Commission Clerk Tamaron Luckett.

2. PLEDGE OF ALLEGIANCE

Commissioner Mathis led meeting attendees in the Pledge of Allegiance.

3. AGENDA REVIEW AND RELATED REQUESTS

Chair Vanderlaan asked the Executive Officer if there were requests to remove or rearrange items on the agenda as presented. The Executive Officer responded that no changes to the agenda were needed while acknowledging this includes proceeding with the cancellation of Item No. 6b. The Executive Officer also noted the meeting was being live streamed and instructions for the public to participate in real-time were provided on the agenda.

4. PUBLIC COMMENT

Chair Vanderlaan invited anyone from the public to address the Commission on a matter not related to an agenda item. The Commission Clerk confirmed no members of the public had registered to address the Commission. The Administrative Assistant also confirmed there were no live e-mail comments received for public comment.

5. CONSENT ITEMS

Item 5a
Approval of Meeting Minutes for February 1, 2021
Item presented to approve draft action minutes prepared for the Commission's February 1, 2021 regular meeting. Recommendation to approve.

Item 5b
Commission Ratification | Recorded Payment for January 2021
Item presented to ratify recorded payments made and received by the Executive Officer for the month of January 2021. Recommendation to ratify.

Item 5c
Proposed "Lakeside Water District-Riverford Road Reorganization" | Concurrent Annexation to the Lakeside Water District and Detachment from the Padre Dam Municipal Water District (RO20-19)
Item presented to consider a reorganization proposal to annex approximately 5.0 unincorporated acres of territory to the Lakeside Water District with a concurrent detachment from the Padre Dam Municipal Water District. The proposal purpose is to achieve cost-savings by eliminating property taxes on the District owned parcel. Recommendation to conditionally approve with modifications to include 0.6 acres comprising a nearby public right-of-way along with waiving protest proceedings.

Item 5d
Progress Report on 2020-2021 Workplan
Item presented to receive a progress report on the adopted workplan for 2020-2021 and specific projects. Recommendation to accept and file.

Item 5e
Current Proposals and Related Activities
Item presented to update current proposals on file with LAFCO along with identifying anticipated submittals. Information only.

**

Chair Vanderlaan asked if the Commissioners would like to pull any consent item. There were no requests from Commissioners.

CONSENT ITEMS CONTINUED…

Items 5a-5e Continued
Commissioner MacKenzie motioned with a second from Commissioner Cate to approve the consent calendar consistent with the staff recommendations. Roll call requested:

AYES:	Cate, Desmond, MacKenzie, Salas, Vanderlaan, Vargas, Wells, and Willis
NOES:	None
ABSENT:	Anderson and von Wilpert
ABSTAINING:	None

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

6. PUBLIC HEARING ITEMS

Item 6a
Adoption of a Draft Workplan and Budget for 2021-2022
Item presented to consider adopting a draft workplan and budget for 2021-2022. The draft workplan outlines 30 specific project goals ranging in priority from "high" to "low" with several continued from the current fiscal year. The draft budget draws on the workplan and tallies $1.941 million in operating expenses and represents a net increase of 1.3%. A matching amount of revenues are also budgeted with one notable internal distinction; agency contributions are set to decrease by (3.7%) with the aid of drawing down reserves by one-tenth given economic conditions. Recommendation to approve.

Executive Officer Keene Simonds provided the presentation and summarized key conclusions and recommendations in the draft workplan and budget as proposed. Mr. Simonds clarified the recommended action before the Commission includes three distinct components: a) approve a draft workplan to direct resources; b) approve a draft budget to fund the directed resources; and c) authorize the Executive Officer to develop an employee early separation incentive program for future consideration by the Commission.

Commission discussion followed and included specific requests.

- Commissioner MacKenzie opposed the staff recommendation to utilize additional reserves to produce a decrease in new agency contributions and instead suggested keeping contribution amounts the same as billed for the current fiscal year and whatever the difference needed to match expenses be covered by reserves.

- Commissioner Vargas recommended augmenting the staff recommendation in the draft workplan to move the proposed policy establishment on environmental justice from a moderate priority to a high priority.

PUBLIC HEARING ITEMS CONTINUED…

Item 6a continued

Chair Vanderlaan proceeded to open the public hearing and invited comments by pre-registered attendees and live e-mail. The Commission Clerk confirmed no members of the public had pre-registered to address the Commission. The Administrative Assistant also confirmed there were no live e-mail comments.

Chair Vanderlaan proceeded to close the public hearing.

The Commission proceeded to discuss the item at length along with receiving clarifications and/or additional comments from staff.

Commissioner MacKenzie recommended the Commission vote separately for each staff recommendations with agreement from the Chair.

**

Commissioner MacKenzie motioned to approve the staff recommendation on a draft workplan for 2021-2022 with amendments to move up the environmental justice as a high-priority and concurrently move down the 2020-2021 audit to a moderate-high priority, and with a second from Commissioner Vargas. Roll call requested:

AYES:	Cate, Desmond, MacKenzie, Salas, Vanderlaan, Vargas, Wells, and Willis
NOES:	None
ABSENT:	Anderson and von Wilpert
ABSTAINING:	None

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

**
Commissioner MacKenzie motioned to approve the staff recommendation on a draft budget for 2021-2022 with amendments to set agency contributions at the current fiscal year level and increase reserve usage proportionally to cover the increase in expenses, and with a second from Commissioner Desmond. Roll call requested:

AYES:	Cate, Desmond, MacKenzie, Salas, Vanderlaan, Vargas, Wells, and Willis
NOES:	None
ABSENT:	Anderson and von Wilpert
ABSTAINING:	None

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

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PUBLIC HEARING ITEMS CONTINUED…

Item 6a continued

Commissioner Cate motioned to approve the staff recommendation to authorize the Executive Officer to develop an employee early separation incentive program for future consideration, a second from Commissioner Vargas. Roll call requested:

AYES:	Cate, Desmond, MacKenzie, Salas, Vanderlaan, Vargas, Wells, and Willis
NOES:	None
ABSENT:	Anderson and von Wilpert
ABSTAINING:	None

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

Item 6b
Proposed "Rancho Corrido RV Park Reorganization" | - CANCELLED -
Concurrent Annexations to Yuima Municipal Water District, County Water Authority, and Metropolitan Water District with Conforming Sphere Amendments (RO20-21 et al.)
Item cancelled and to be re-noticed for April 5, 2021.

7. BUSINESS ITEMS

Item 7a
Proposed Addition to Personnel Rules | Employee Telecommuting (action)
Item presented to consider approval to add an additional policy to the Commission's Rule No. 6 involving personnel to accommodate telework privileges. Recommendation to approve.

Local Government Analyst I Priscilla Allen provided the staff presentation and highlighted key provisions in the proposed policy – including limiting telework privileges under normal conditions to no more than 50% of an employee's authorized work schedule.

Chair Vanderlaan invited initial Commission comments or questions.

Commission discussion followed.

Chair Vanderlaan invited comments from the public. The Commission Clerk confirmed no members of the public had pre-registered to address the Commission. The Administrative Assistant also confirmed there were no live e-mail comments.

**

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

BUSINESS ITEMS CONTINUED…

Item 7a Continued

AYES:	Cate, Desmond, MacKenzie, Salas, Vanderlaan, Vargas, Wells, and Willis
NOES:	None
ABSENT:	Anderson and von Wilpert
ABSTAINING:	None

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

Item 7b
Proposed Addition to Administrative Policy | Social Media Use (action)
Item presented to consider approval to add to the administrative policy provisions to accommodate and guide social media usage. Recommendation to approve.

Local Government Analyst I Priscilla Allen provided the staff presentation and highlighted key provisions in the proposed policy – including the Commission establishing broad standards and expectations with delegation to the Executive Officer to use discretion in administering.

Chair Vanderlaan invited initial comments or questions from the Commission.

Commission discussion followed.

Commissioner Vargas asked if LAFCO staff is required to do training for social media according to a Legislative bill. Commission Counsel responded she would provide a brief report at the next meeting regarding the legislative bill related to social media due to a change of the Brown Act.

Chair Vanderlaan invited comments from the public. The Commission Clerk confirmed no members of the public had pre-registered to address the Commission. The Administrative Assistant also confirmed there were no live e-mail comments.

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

AYES:	Cate, Desmond, MacKenzie, Salas, Vanderlaan, Vargas, Wells, and Willis
NOES:	None
ABSENT:	Anderson and von Wilpert
ABSTAINING:	None

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

BUSINESS ITEMS CONTINUED…

Item 7c
Creating an Ad Hoc Committee on Office Space Options and Needs (action)
Item presented to consider forming and tasking a committee on office space needs and options ahead of the Commission's current office lease with the County of San Diego expiring in August 2021.

Executive Officer Keene Simonds provided the staff presentation and requested the Chair to proceed with establishing an hoc consisting of no more than three members.

Commission discussion followed the Chair proceeding to establish an ad hoc with the following members: Vanderlaan, Cate, and Desmond.

8. EXECUTIVE OFFICER REPORT

None

9. COMMISSIONER ANNOUNCEMENTS | REQUESTS FOR FUTURE ITEMS

- Commissioner Willis noted he has been in contact with several of the special districts and plans on providing updates to the Commission as key issues come up.
- Commissioner MacKenzie provided an update on CALAFCO.

10. CLOSED SESSION

None

11. ADJOURNMENT TO NEXT MEETING

With no further business the Chair adjourned the videoconference meeting at 10:40 a.m.

**

I hereby attest the minutes above accurately reflect the deliberations of the Commission at its March 1, 2021 videoconference meeting.

ATTEST,

//
Tamaron Luckett
Commission Clerk

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A video recording of the March 1, 2021 regular meeting is also available online at www.sdlafco.org or by contacting LAFCO staff at 858-614-7755.

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5b

AGENDA REPORT
Consent | Action

April 5, 2021

TO: Commissioners

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

SUBJECT: **Commission Ratification | Recorded Payments for February 2021**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a report identifying all payments received and made for the month of February 2021. These payments cover all recorded transactions and include $127,082 in total distributions made by the Executive Officer with 95% tied to reimbursements to the County of San Diego for payroll, rent, overhead, and information technology services. Payments received during the one-month period total $6,632 and involve one new application fee along with interest earnings. The payments are being presented to the Commission 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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Paul McNamara, Alt., City of Imperial Beach
Chris Cate, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Vacant, Alt., Special District
Chair Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

DISCUSSION

This item is for San Diego LAFCO to consider ratification of all payments made and received by the Executive Officer in February 2021. 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 February 2021 totaled $127,082 with 95% – or $120,123 – tied to expenditures with the County of San Diego. This includes covering payroll obligations for two pay periods, office rent, overhead, and information technology services. Publication expenses represent most of the remaining expenditures during the one-month period tallying $5,520 and largely tied to the municipal service review on resource conservation districts. Recorded revenues during the period totaled only $6,632 and tied to one application fee and interest earnings. All recorded transactions in February are consistent with the adopted budget and generally follow recent monthly totals and/or typical trends as shown below.

Month	Expenses	Revenues
July 2020	$ 143,436	$ 693,683
August 2020	$ 164,878	$ 653,003
September 2020	$ 143,393	$ 385,972
October 2020	$ 198,106	$ 135,496
November 2020	$ 147,658	$ 1,127
December 2020	$ 130,175	$ 25,187
January 2021	$ 133,728	$ 716
February 2021	**$127,082**	**$6,632**
… Total Year to Date	$1,188,456	$1,901,816
… Monthly Average	$148,557	$237,727

RECOMMENDATION

It is recommended San Diego LAFCO ratify the payments received and made by the Executive Officer for February 2021 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:

Alternative One (recommended):
Ratify the recorded payments received and made by the Executive Officer in February 2021 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]

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.

On behalf of the Executive Officer:

Erica Blom
Administrative Assistant

Attachment:

1) Recorded Payments in February 2021

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

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SAN DIEGO LAFCO
Expenses by Vendor Detail
February 2021

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
E | AEP						
	2/7/2021	52336 · Books - Office Library	80.16	CEQA Books for Analysts	credit card	3558-60 · SDCCU Visa Credit Card
E | After Effects						
	2/12/2021	52270 · Memberships	20.99	Monthly Video Editing Software Subscription	credit card	3558-60 · SDCCU Visa Credit Card
E | Amazon						
	2/9/2021	52330 · Office Expense	11.84	Case for DN LAFCO Phone	credit card	3558-60 · SDCCU Visa Credit Card
	2/28/2021	52330 · Office Expense	128.22	Annual Amazon Prime Membership	credit card	3558-60 · SDCCU Visa Credit Card
			140.06			
E | Ambius						
	2/18/2021	52370.J · Professional Services	103.94	Monthly Plants Services	check	3558 · SDCCU Checking
E | AT&T Mobility						
	2/11/2021	52074 · Telecommunications	445.46	Monthly Cell Phone Bill | EO & Analysts	check	3558 · SDCCU Checking
E | Billing Hostway						
	2/18/2021	52370.E · Professional Services	21.95	Monthly Website Hosting Services	debit card	3558 · SDCCU Checking
E | Corodata						
	2/11/2021	52330 · Office Expense	51.41	Document Storage	check	3558 · SDCCU Checking
	2/18/2021	52330 · Office Expense	51.41	Document Storage	check	3558 · SDCCU Checking
			102.82			
E | County of San Diego						
	2/1/2021	52530 · Office Lease	6,993.64	Rent	electronic	1000 · County Account (44595)
	2/1/2021	52354 · Mail/Postage ISF	556.80	Mail/Postage Services	electronic	1000 · County Account (44595)
	2/1/2021	52178 · Vehicle Maintenance	27.67	Vehicle Maintenance Services	electronic	1000 · County Account (44595)
	2/1/2021	52182 · Vehicle Fuel	32.19	Vehicle Fuel	electronic	1000 · County Account (44595)
	2/1/2021	52758 · Vehicle Lease	165.49	Vehicle Lease	electronic	1000 · County Account (44595)
	2/1/2021	52721 et al. · Communications (IT) Services	10,621.69	County IT Services (ITRACK)	electronic	1000 · County Account (44595)
	2/5/2021	51110 et al. · Employee Payroll	49,825.49	Payroll | Pay Period 2021-16	electronic	1000 · County Account (44595)
	2/19/2021	51110 et al. · Employee Payroll	51,899.74	Payroll | Pay Period 2021-17	electronic	1000 · County Account (44595)
			120,122.71			
E | Culligan of San Diego						
	2/11/2021	52330 · Office Expense	56.24	Monthly Water Payment	check	3558 · SDCCU Checking
E | Price Self Storage						
	2/28/2021	52504 · Equipment Rental	81.00	Storage Unit Monthly Payment	debit card	3558 · SDCCU Checking
E | San Diego Union Tribune						
	2/11/2021	52490 · Publications	1,830.40	PHN | RCD MSR Public Review	check	3558 · SDCCU Checking
	2/18/2021	52490 · Publications	2,745.60	PHNs | Mercurio-Grossmont Blvd (OAS20-09) & RCD MSR SOI	check	3558 · SDCCU Checking
			4,576.00			
E | Solano Press Books						
	2/5/2021	52336 · Books - Office Library	356.67	CEQA Books for Analysts	credit card	3558-60 · SDCCU Visa Credit Card
E | Translation Solutions						
	2/12/2021	52490 · Publications	479.00	Deposit | Spanish Translation for RCD MSR	credit card	3558-60 · SDCCU Visa Credit Card
	2/18/2021	52490 · Publications	465.00	Final Payment | Spanish Translation for RCD MSR	check	3558 · SDCCU Checking
			944.00			
E | Zoom						
	2/4/2021	52270 · Memberships	14.99	LAFCO Monthly Video Conferencing Subscription	debit card	3558 · SDCCU Checking
	2/12/2021	52270 · Memberships	14.99	EO Monthly Video Conferencing Subscription	debit card	3558 · SDCCU Checking
			29.98			
EXPENSE TOTAL			127,081.98			

SAN DIEGO LAFCO
Expenses by Vendor Detail
February 2021

Payable | Receivable Party	Date	Account	Amount	Purpose	Type	Funding Account
R | County of San Diego						
	2/28/2021	49200 · Interest & Dividends	360.01	Interest Payment to Account 46725	electronic	1001 · Committed - Stabilization (min. balance of $250k)
	2/28/2021	49200 · Interest & Dividends	422.19	Interest Payment to Account 46726	electronic	1002 · Commited - Opportunity (min. balance of $300k)
	2/28/2021	49200 · Interest & Dividends	177.01	Interest Payment to Account 46727	electronic	1003 · Assigned - Executive Oficer (up to $125k)
			959.21			
R | Real Saet Holdings LLC						
	2/25/2021	52490 · Publications	1,093.50	County Recorder/PHN/SBE Fees (RO20-12)	check	3558 · SDCCU Checking
	2/25/2021	46234 · Applications	4,579.58	LAFCO Processing Fees (RO20-12)	check	3558 · SDCCU Checking
			5,673.08			
REVENUE TOTAL			6,632.29			

5c

AGENDA REPORT
Consent | Action

April 5, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: **Suspension of Cost-of-Living Wage Adjustments for 2021-2022**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider action to suspend a planned 2.0% wage cost-of-living adjustment for non-management employees in 2021-2022. The planned wage adjustment is part of a series of compensation enhancements approved by the Commission in June 2017 for implementation over a five-year period between 2017-2018 and 2021-2022. Suspension of the cost-of-living adjustment is consistent with the approved draft budget for 2021-2022 and would remain in effect until acted otherwise.

BACKGROUND

Compensation Policies and Scheduled Actions

San Diego LAFCO's employee compensation policies are provided in Rule No. 6 and premised on providing wages and benefits consistent with comparable positions in the County of San Diego (Section 6.16). The Commission drew on this premise most recently in June 2017 in approving a series of compensation enhancements for implementation over a five-year period beginning with 2017-2018 and ending in 2021-2022. The enhancements match approvals by the Board of Supervisors and marked by annual cost-of-living adjustments for all employees' salary ranges between 2.0% and 3.0% as well as concurrent wage adjustments for all non-

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Chris Cate, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Vacant, Alt., Special District
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Harry Mathis, Alt., General Public

management employees. (Management employees only receive an automatic adjustment to the salary range; wages are not adjusted as part of the June 2017 approvals.) Annual lump sum payments to all employees were also approved. One final year – 2021-2022 – of the approved compensation enhancements remain pending and include the following actions and further detailed in Attachment One:

Remaining Actions Scheduled for Non-Management Employees:

- Lump sum payment of $1,500 for service in 2020-2021 to be paid on July 23, 2021.
- 2.0% cost-of-living adjustment to (a) salary ranges and (b) salary wages for upcoming service in 2021-2022 and to be effective starting on June 18, 2021.

Remaining Actions Scheduled for Management Employees:

- Lump sum payment equal to 2.0% of annual salary for service in 2020-2021 to be paid on July 23, 2021.
- 2.0% cost-of-living adjustment to (a) salary ranges for upcoming service in 2021-2022 and to be effective starting on June 18, 2021.

DISCUSSION

This item is for San Diego LAFCO to consider suspending a scheduled 2.0% cost-of-living adjustment for all non-management employees' wages that would otherwise proceed starting on June 18, 2021. The suspension of the wage adjustment is a central assumption in the draft budget for 2021-2022 approved by the Commission on March 1st and done so to curb expenses and the associated impacts on funding agencies due to the COVID pandemic.

ANALYSIS

It would be prudent for San Diego LAFCO to proceed with the suspension of the 2.0% cost-of-living adjustment for non-management employees' wages previously planned for 2021-2022. Suspension was contemplated in the Commission's review and approval of a draft budget recommended by the Executive Officer and generates a savings of $0.025 million while demonstrating sensitivity to current economic conditions. It would be equally prudent for the Commission to revisit the suspension as part of each subsequent fiscal year budgeting process until enacted or superseded by other actions. All other planned compensation adjustments – including salary rage increases and lump payments – remain on schedule.

RECOMMENDATION

It is recommended San Diego LAFCO suspend the 2.0% cost-of-living adjustment for non-management employees' wages previously planned for 2021-2022 by proceeding with Alternative One as detailed in the subsequent section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

(a) Suspend the previously planned 2.0% cost-of-living adjustment for non-management employees' wages for 2021-2022.

(b) Revisit the suspension and consider lifting and/or replacing as part of the 2022-2023 budget and/or thereafter as appropriate.

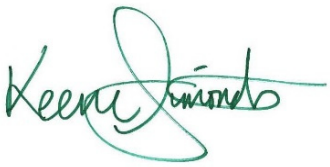
Alternative Two:
Continue consideration of the item to a future meeting and provide direction to staff for more information as needed.

Alternate Three:
Take no action. This action would necessitate a revision to the 2021-2022 budget ahead of its final review and approval in May.

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) Minute Order from June 2017

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APPROVED
SAN DIEGO LAFCO
MINUTES OF THE REGULAR MEETING
JUNE 5, 2017

There being a quorum present, the meeting was convened at 9:04 a.m. by Chairman, Mayor Sam Abed. Also present were: Regular Commissioners – Vice Chairwoman, Special District Member Jo MacKenzie; Supervisor Dianne Jacob; Supervisor Bill Horn; City Councilmember Lori Zapf (arrived 9:12 a.m.) and Public Member Andy Vanderlaan. Alternate Commissioners – City Commissioner, Mayor Racquel Vasquez and Special District Member Judy Hanson. LAFCO Staff – Executive Officer Michael Ott; Chief Analyst Joe Serrano; LAFCO Consultant Harry Ehrlich and Legal Counsel Michael Colantuono. Absent were: Regular Commissioner – Special District Member Ed Sprague. Alternate Commissioners – Supervisor Greg Cox; City Councilmember Chris Cate and Public Member Harry Mathis.

Item 1
Pledge of Allegiance

Supervisor Bill Horn led the Pledge of Allegiance at the meeting.

Item 2
Roll Call

The Commission Clerk performed the roll call for the June 5, 2017, LAFCO meeting. With the exception of Regular Commissioner Special District Member Ed Sprague; Alternate Commissioners: Supervisor Greg Cox; City Councilmember Chris Cate and Public Member Harry Mathis, all other Commissioners were present. Alternate Special District Member Judy Hanson voted in place of Commissioner Sprague, who was absent.

Item 3
New Commissioner Installation
Regular City Member, Mayor Catherine Blakespear

David Hall, Clerk of the Board of Supervisors, performed the installation of the new regular commissioner City Member, Mayor Catherine Blakespear.

Item 4
Approval of Minutes of Meeting Held May 1, 2017

On motion of Commissioner Horn, seconded by Commissioner MacKenzie, and carried unanimously by the Commissioners present, the Commission dispensed with reading the minutes of May 1, 2017 and approved said minutes.

Item 5
Executive Officer's Recommended Agenda Revisions

Chairman Sam Abed asked the Executive Officer if there were any agenda revisions. Executive Officer Michael Ott said that there were no agenda revisions.

Item 6
Commissioner/Executive Officer Announcements

Chairman Sam Abed asked if there were any announcements from the Commissioners or the Executive Officer.

City Commissioner, Mayor Raquel Vasquez said that the City of Lemon Grove was incorporated 40 years ago and will be celebrating all year, beginning July 1, 2017.

Item 7
Ratification of County Wage and Benefit Changes Report

Michael Ott addressed the Commission regarding the County's Wage and Benefit changes for FY 2017-18 through FY 2021-22. Mr. Ott indicated that the County's new wage and benefit package is applicable to LAFCO staff per the Commission's adopted personnel rules and budget. He stated that the Commission should approve and ratify a new wage and benefit plan for LAFCO staff comparable to the plan approved for County employees. He said that the wage and range increases range from 2% – 3% annually for most positions for the next five years. Mr. Ott indicated that there will be lump sum payments for all staff to offset increased health benefit costs and other employee-related costs. He also said that in 2014, the Commission approved the elimination of the employee portion of employer paid retirement offset contributions, effective in 2017 for all LAFCO job classifications.

Commissioner Abed asked if the effective range and salary increases were for staff and not the Executive Officer position. In response to the question, Mr. Ott indicated that the changes will not increase the Executive Officer's base pay, only the salary band.

On motion of Commissioner Vanderlaan, seconded by Commissioner Hanson, and carried unanimously by the commissioners present, the Commission took the following actions:

> Received the Executive Officer's report, approved and ratified the following LAFCO Wage and Benefit Plan for 2017-21 per the Executive Officer's Report.

Wage/Range Increase

LAFCO SD2 & SD6 – County MA & CE
Classifications: (Analyst I, II, III; Asst. Exec. Officer; Admin Asst.; Exec. Asst.)

FY 2017-18: 3% wage & range increase, effective June 23, 2017
FY 2018-19: 3% wage & range increase, effective June 22, 2018
FY 2019-20: 3% wage & range increase, effective June 21, 2019
FY 2020-21: 2% wage & range increase, effective June 19, 2020
FY 2021-22: 2% wage & range increase, effective June 18, 2021

LAFCO SD1 – County EM
Classifications: (Executive Officer)

FY 2017-18: 3% range increase only, effective June 23, 2017
FY 2018-19: 3% range increase only, effective June 22, 2018
FY 2019-20: 3% range increase only, effective June 21, 2019
FY 2020-21: 2% range increase only, effective June 19, 2020
FY 2021-22: 2% range increase only, effective June 18, 2021

Lump Sum Payment

LAFCO SD2 & SD6 – County MA & CE
Classifications: (Analyst I, II, III; Asst. Exec. Officer; Admin Asst.; Exec. Asst.)

FY 2015-16: $750 lump sum for paid service 6/24/16 to 4/25/17, paid on 5/19/17
FY 2016-17: $750 lump sum for paid service in FY 2016-17, paid on 7/28/17
FY 2017-18: $750 lump sum for paid service in FY 2017-18, paid on 7/27/18
FY 2018-19: $750 lump sum for paid service in FY 2018-19, paid on 7/26/19
FY 2019-20: $1,500 lump sum for paid service in FY 2019-20, paid on 7/24/20
FY 2020-21: $1,500 lump sum for paid service in FY 2020-21, paid on 7/23/21

LAFCO SD1 – County EM
Classifications: (Executive Officer)

FY 2015-16: $750 lump sum for paid service 6/24/16 to 4/25/17, paid on 5/19/17
FY 2016-17: 1% lump sum payment for FY 2016-17service, paid on 7/28/17
FY 2017-18: 1% lump sum payment for FY 2017-18 service, paid on 7/27/18
FY 2018-19: 1% lump sum payment for FY 2018-19 service, paid on 7/26/19
FY 2019-20: 2% lump sum payment for FY 2019-20 service, paid on 7/24/20
FY 2020-21: 2% lump sum payment for FY 2020-21 service, paid on 7/23/21

Flex Credits (Benefits)

The Board of Supervisors approved an increase in flexible benefit credits for employees in eligible non-represented classifications. Flex credits are employer contributions toward a flexible benefit plan that allows employees to use the funds combined with their own funds to pay insurance premium costs for medical, dental, life insurance, etc., coverage. Insurance premium costs are borne by the employee, except that the employer makes a specified contribution toward the Flexible Benefits Plan (which includes health insurance). The employee's insurance premium costs will be reduced by the amount the employee elects to distribute to his or her insurance premium costs from the employer's contribution toward the Flexible Benefits Plan. The amount approved by the Board of Supervisors for the County's contribution toward employee the Flexible Benefits Plan is shown below:

Employees in classes designated SD2 &SD6 – County MA & CE

Effective January 1, 2017:	Monthly
Employee Only	$ 587.00
Employee + 1 Dependent	877.00
Employee + 2 or More Dependents	1,247.00

Effective January 1, 2018:	Monthly
Employee Only	$ 628.00
Employee + 1 Dependent	938.00
Employee + 2 or More Dependents	1,334.00

Effective January 1, 2019:	Monthly
Employee Only	$ 672.00
Employee + 1 Dependent	1,004.00
Employee + 2 or More Dependents	1,427.00

Effective January 1, 2020:	Monthly
Employee Only	$ 719.00
Employee + 1 Dependent	1,074.00
Employee + 2 or More Dependents	1,527.00

Effective January 1, 2021:	Monthly
Employee Only	$ 769.00
Employee + 1 Dependent	1,149.00
Employee + 2 or More Dependents	1,634.00

Effective January 1, 2022:	Monthly
Employee Only	$ 823.00
Employee + 1 Dependent	1,229.00
Employee + 2 or More Dependents	1,748.00

Employees in classes designated SD1 – County EM

Effective January 1, 2017:	Monthly
Employee Only	$ 646.00
Employee + 1 Dependent	938.00
Employee + 2 or More Dependents	1,313.00

Effective January 1, 2018:	Monthly
Employee Only	$ 691.00
Employee + 1 Dependent	1,004.00
Employee + 2 or More Dependents	1,405.00

Effective January 1, 2019:	Monthly
Employee Only	$ 739.00
Employee + 1 Dependent	1,074.00
Employee + 2 or More Dependents	1,503.00

Effective January 1, 2020:	Monthly
Employee Only	$ 791.00
Employee + 1 Dependent	1,149.00
Employee + 2 or More Dependents	1,608.00

Effective January 1, 2021:	Monthly
Employee Only	$ 846.00
Employee + 1 Dependent	1,229.00
Employee + 2 or More Dependents	1,721.00

Effective January 1, 2022:	Monthly
Employee Only	$ 905.00
Employee + 1 Dependent	1,315.00
Employee + 2 or More Dependents	1,841.00

Retirement Offset

Per the Commission's April 7, 2014 action, the Commission ratified the elimination of the employer paid retirement offset contributions, effective June 9, 2017 for all LAFCO job classifications. This is the same provision that applies to county employees.

Item 8
Ratification of Executive Officer Recruitment and
Approval of Recruitment Committee (Task Force) Resolution

Chairman Sam Abed indicated that Item 8 and Item 16 will be heard together because both are related to the recruitment of the Executive Officer position.

Executive Officer Michael Ott explained that this item involves ratification of the Executive Officer recruitment contract. Mr. Ott indicated that he executed the contract in mid-May for the executive search services from the firm Peckham & McKenney. Mr. Ott said that Clay Phillips, Peckham & McKenney, will provide an update to the Commission regarding the recruitment schedule for the Executive Officer position. Mr. Phillips addressed the Commission regarding the progress of the schedule dates for the recruitment plans. He indicated that he met with the Task Force, finalized the recruitment brochure and that the mailing list is being developed. He said that preliminary interviews will begin on July 11, 2017; the Task Force review process will begin on July 20, 2017 and final interviews will begin on July 27, 2017, followed by background and reference checks. He said that an update will be presented to the Commission at the July 10, 2017 meeting.

Chairman Abed thanked Mr. Phillips and said that the Commission shares the same goal, and that is to get the best candidate.

Commissioner MacKenzie asked for clarification for the mailing date of the recruitment brochures. In response to the question, Mr. Phillips said that they should be mailed out by the end of the week.

On motion of Commissioner Zapf, seconded by Commissioner MacKenzie, and carried unanimously by the Commissioners present; the Commission took the following actions:

(1) Receive the staff report and ratify the approval of the contract between the San Diego LAFCO and Peckham & McKenney for executive search services; and,

(2) Approve/ratify the attached resolution creating the LAFCO ad hoc committee, known as the Executive Officer Recruitment Task Force.

Item 9
Public Records Archive Email Address Policy

Executive Officer Michael Ott provided information to the Commission regarding the Public Records Archive Email Address Policy. Mr. Ott said that this policy encourages Commissioners, when conducting LAFCO business on private servers, to forward email messages to an email address designated for preservation (sdlafco@sdcounty.ca.gov).

Legal Counsel Michael Colantuono discussed a public records request for web browser history. Mr. Colantuono indicated that because of a recent Supreme Court decision, public business on private devices is subject to the Public Records Act.

City Commissioner, Mayor Catherine Blakespear asked for clarification regarding disclosure of emails. In response to the question, Mr. Colantuono indicated that emails are subject to the Public Records Act and must be retained per the provisions in LAFCO Policy A-105.

This item is for information purposes only and no action was recommended by the Commission.

Item 10
Proposal and Major Jurisdictional Activity

Executive Officer Michael Ott indicated that this item is to update the Commission on LAFCO's major projects and activities.

This item is for information purposes only and no action was recommended by the Commission.

Item 11
Legislative Update Report

Harry Ehrlich, Director of Legislative Research, provided an update to the Commission regarding the following activities of the Legislative bills:

AB 464 (Gallagher) – Local government reorganization

This bill is sponsored by CALAFCO to address a situation in current law wherein Government Code Section 56653 does not address certain conditions of services currently provided when a plan for services is submitted for an annexation. This situation arose from a court decision on a lawsuit (City of Patterson v. Turlock Irrigation District) in Stanislaus County. Approved position: Support; Letter sent. Status: Passed Assembly and now in Senate for Assignment.

AB 979 (Lackey) Cortese-Knox-Hertzberg Act: Special District representation on LAFCO

This bill is sponsored by CSDA and cosponsored by CALAFCO addressing the procedure for special districts to propose to hold an election on having representation on a commission. Additionally, in July 2018, in counties where multiple Redevelopment Agency (RDA) Oversight Boards have existed, LAFCO is to administer an election process for selecting a representative to the county-wide RDA Oversight Board, in accordance with SB 107 enacted in 2016. The proposed method is to have the Special Districts Selection Committee (officers of each independent special district) vote to select the representative. San Diego LAFCO has already used this method to select representatives to the Commission. Amendments were proposed and made on May 15, 2017, to address concerns of CALAFCO. Approved position: Support; Letter sent. Status: Passed Assembly Second Reading May 15, 2017.

AB 1725 (ALGC) Omnibus Bill

This is the annual Assembly Local Government Committee (ALGC) bill that usually addresses any issues involving the Cortese-Knox-Hertzberg Act and LAFCO. The bill addresses non-controversial or clarification issues and currently only corrects one minor section. The bill is expected to be amended to address four more issues brought forward by CALAFCO but this

has not been processed as of this time. Staff will continue to monitor this bill and once amended, consider a position of support on the bill. Recommended position: Watch to See if Amended.

The Commission received this Legislative Update Report and provided direction to staff on the identified legislative bills as appropriate.

Item 12
San Diego LAFCO East County Fire Protection Committee and Stakeholder Committee Status Report

Chief Analyst Joe Serrano provided a brief presentation to the Commission regarding the San Diego LAFCO East County Fire Protection Committee. Mr. Serrano said several milestones have been completed with the ad hoc committee regarding the reorganization of CSA No. 115. He said LAFCO staff will compile all the reports and provide an update and recommendations for the Commission at the July 10, 2017 meeting.

This item is for information purposes only and no action was recommended by the Commission.

Item 13
LAFCO Meeting Reminder for July 10, 2017

Executive Officer Michael Ott indicated that LAFCO meetings are not normally held in the month of July, but because of the recruitment and other major projects, the Commissioners should plan on meeting on July 10, 2017.

Item 14
Public Comment

Chairman Sam Abed asked the public if anyone requested to speak on an item that is not related to the agenda. He indicated that there were no speaker slips received from members of the public for comments.

Item 15
CLOSED SESSION: ADJOURNED TO CLOSED SESSION (IF NECESSARY) TO CONFERENCE WITH LEGAL COUNSEL PURSUANT TO SUBDIVISION (D)(1) OF GOVERNMENT CODE SECTION 54956.9 – REGARDING EXISTING LITIGATION WITHIN THE RESPONSIBILITY OF THE SAN DIEGO LAFCO

Chairman Sam Abed indicated that the confidential draft settlement agreement regarding this item was distributed to Commissioners.

Legal Counsel Michael Colantuono gave a brief presentation in open session regarding litigation in the matter of *City of Coronado v. San Diego LAFCO and City of Imperial Beach (United States District Court Southern District of California, Case No.: 16-cv-3020-CAB-WVG)*. Mr.

Colantuono reported to the Commission that all parties have agreed to the settlement, except for one new provision that was recently proposed by the City of Coronado that pertains to the diversion of wastewater from the Navy through Coronado facilities.

On motion of Commissioner Zapf, seconded by Commissioner Horn, and carried unanimously by the Commissioners present; the Commission took the following actions:

(1) Approve the draft agreement, and;

(2) Delegate authority to the Executive Officer or his designee to approve a final agreement in consultation with Mr. Colantuono, when all parties reach concurrence.

Item 16
CLOSED SESSION: ADJOURNED TO CLOSED SESSION
AS PERMITTED BY GOVERNMENT CODE SECTION 54950 ET. SEQ.,
TO CONSIDER MATTERS PERTAINING TO PUBLIC EMPLOYMENT
ASSOCIATED WITH THE EXECUTIVE OFFICER POSITION OF THE
SAN DIEGO LAFCO

Chairman Abed indicated that no closed session was required for this item and that Item No. 16 was combined with agenda Item No. 8.

There being no further business to come before the Commission, the meeting adjourned at 9:31 a.m. to the July 10, 2017 meeting, in Room 302, County Administration Center.

The San Diego LAFCO's East County Fire Protection and Stakeholder Committee meeting convened at 9:41 a.m. and adjourned at 10:42 a.m.

ERICA BLOM
ADMINISTRATIVE ASSISTANT
SAN DIEGO LOCAL AGENCY COMMISSION FORMATION

5d

AGENDA REPORT
Consent | Action

April 5, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Priscilla Allen, Analyst I

SUBJECT: **Approval of Memorandum of Understanding with Resource Conservation District of Greater San Diego Involving State Planning Grant**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider approving a memorandum of understanding with Resource Conservation District of Greater San Diego. The memorandum establishes terms in collaborating on a recently awarded $250,000 grant to the Commission from the Department of Conservation as part of the Sustainable Agricultural Lands Conservation Program to identify and track local agricultural trends. The agreement designates Greater San Diego as project manager and responsible for performing all related field and analysis work in consultation with the Commission. The Commission will retain fiduciary responsibilities as grant receipt to review and approve all invoices as well as quarterly and final reports to the State. The memorandum has been reviewed by Commission Counsel and presented to the Commission for approval.

BACKGROUND

Sustainable Agricultural Lands Conservation Program

The Sustainable Agricultural Lands Conservation Program (SALC) was created in 2014 as a component of the California Strategic Growth Council and administered by the Department of Conservation. The SALC program is primarily funded through the California Climate Investments, a statewide program that provides cap-and-trade funds through agricultural

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Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Vacant, Alt., Special District
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Harry Mathis, Alt., General Public

conservation acquisition and planning grants for programs intended to reduce greenhouse gas emissions. The principal goals of SALC are stated as:

- Protect at-risk agricultural lands from sprawl development to promote growth within existing jurisdictions, ensure open space remains available, and support a healthy agricultural economy.

- Further the purposes of Assembly Bill 32 by avoiding increases in the greenhouse gas emissions associated with the conversion of agricultural land to more greenhouse gas-intensive nonagricultural uses.

Grant Application and Approval | San Diego LAFCO and Resource Conservation District of Greater San Diego

In August 2020, San Diego LAFCO and Greater San Diego collaborated in submitting a planning grant application under SALC to identify and track agricultural uses and market trends in San Diego County. The Commission – notably – authorized the grant proposal as lead applicant and directed staff to return with a memorandum of understanding to clarify responsibilities if approved. Notice of the grant approval from the State in the full amount of $250,000 was received on January 12, 2021 and provided as Attachment One.

DISCUSSION

This item is for San Diego LAFCO to enter into a memorandum of understanding with Greater San Diego to guide the implementation of the recently awarded SALC planning grant. The proposed memorandum has been prepared with the assistance of Commission Counsel with consultation with Greater San Diego. Should the Commission proceed with approval, it is expected Greater San Diego will consider the memorandum at its next regular meeting.

ANALYSIS

Approval of the memorandum of understanding formalizes roles and responsibilities in proceeding with the SALC planning grant award and highlighted by San Diego LAFCO retaining all fiduciary duties as lead applicant to ensure monies are appropriately expended. The memorandum of understanding as proposed commences retroactive to March 15, 2021 and terminates at the end of the grant funding period on March 14, 2023. A summary of key provisions included in the proposed memorandum of understanding follows and further detailed as part of Attachment Two.

Roles and Responsibilities

- LAFCO's primary responsibility is to act as the grant recipient and to review and approve invoices, quarterly reports, and the final report before submission to the Department of Conservation, as well as be an active advisory member on the advisory group.

- The RCD of Greater San Diego's primary responsibility is to act as the program manager of the grant performing actions and responsibilities on behalf of and in close consultation with the Parties and includes, but is not limited to:
    - Organizing, collecting, analyzing, and presenting findings to the advisory group.
    - Assuming all matching contributions required as part of the grant.
    - Drafting invoices and quarterly reports for submission to the Department of Conservation subject to Commission approval.
    - Maintaining an accounting system that accurately reflects all fiscal transactions, accounting information, and retains all records and required documents.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed memorandum of understanding as presented with any desired changes. This recommendation is consistent with Alternative One outlined 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 proposed memorandum of understanding provided as Attachment Two with RCD of Greater San Diego County with any specified changes.

Alternative Two:
Continue consideration to a future meeting and provide direction as needed.

Alternative Three:
Take no action.

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.

On behalf of the Executive Officer,

Priscilla Allen
Analyst I

Attachments:

1) Notice of SALC Grant Award
2) Proposed Memorandum of Understanding

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California
Department of Conservation
Division of Land Resource Protection

Gavin Newsom, Governor
David Shabazian, Director

Date January 12, 2021

Keene Simonds
San Diego LAFCO
Via Email to: Keene.simonds@sdcounty.ca.gov

Re: Planning Grant Application for Sustainable Agricultural Lands Conservation Program Funding

Dear Mr. Simonds:

Thank you for your planning grant application to the Sustainable Agricultural Lands Program solicitation. The Department of Conservation received over $2.4 million in planning grant applications. We are pleased to have received so many quality proposals demonstrating a strong commitment to local and regional planning efforts that protect and restore agricultural lands at risk of conversion to other uses.

It is my pleasure to inform you that your proposal has been awarded $250,000 in project funding. The Project will need to ensure that the resulting plan supports the infill development goals of the program.

Department of Conservation staff will work with you to complete the draft grant agreement. Staff will also work with you to update the budget, work plan, or other elements of your grant proposal as appropriate. The grant agreement must be fully executed before expenses can be incurred.

We look forward to working with you and wish you success in implementing your work plan. Should you have any questions, please contact David Dodds, grant manager, via email at david.dodds@conservation.ca.gov.

Thank you for your interest in our program!

Sincerely,

Keali`i Bright
Director, Division of Land Resource Protection

cc: Ms. Sheryl Landrum Sheryl.landrum@rcdsandiego.org

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MEMORANDUM OF UNDERSTANDING

Administration of the State Department of Conservation's
Sustainable Agricultural Lands Conservation Program Grant

This Memorandum of Understanding (MOU) is for the purpose of administration of the State Department of Conservation's Sustainable Agricultural Lands Conservation Program (SALC) Grant and is entered into and effective March 15, 2021 between the San Diego County Local Agency Formation Commission ("LAFCO") and the Resource Conservation District of Greater San Diego County ("RCDGSDC"). The LAFCO and RCDGSDC are each referred to herein as a "Party" and are collectively referred to herein as the "Parties".

RECITALS

WHEREAS, the Sustainable Agricultural Lands Conservation (SALC) program was created in 2014 as a component of the California Strategic Growth Council and administered by the Department of Conservation; and

WHEREAS, the SALC program is primarily funded through the California Climate Investments, a statewide program that provides cap-and-trade funds through agricultural conservation acquisition and planning grants for programs intended to reduce greenhouse gas emissions; and

WHEREAS, SALC seeks to protect at-risk agricultural lands from sprawl development to promote growth within existing jurisdictions, ensure open space remains available, and support a healthy agricultural economy; and

WHEREAS, SALC furthers the purposes of Assembly Bill 32 by avoiding increases in the greenhouse gas emissions associated with the conversion of agricultural land to more greenhouse gas-intensive nonagricultural uses; and

WHEREAS, LAFCO and RCDGSDC collaborated on submitting a joint-grant proposal under the SALC program with LAFCO serving as the lead applicant to identify and track agricultural trends in San Diego County; and

WHEREAS, on January 21, 2021, the Department of Conservation formally awarded LAFCO as lead applicant $250,000.00 to proceed with its proposal; and

WHEREAS, LAFCO and RCDGSDC entered into a Grant Agreement with the Department of Conservation to administer the $250,000 award ("Grant Agreement"), attached hereto as Attachment A and incorporated herein by reference; and

WHEREAS, the Parties wish to memorialize their respective roles, duties, and related expectations in implementing the grant award;

NOW, THEREFORE, in consideration of the promises, terms, conditions, and covenants contained herein, the LAFCO and RCDGSDC hereby agree as follows:

I. Purpose

This MOU is entered into by the Parties for the purpose of partnering to identify, monitor and assess the ownership of active agricultural lands within the San Diego region, identify the local causes of agricultural land conversion, and determine effective methods to preserve farmland, promote

agriculture, and enhance agricultural production, as provided for in Exhibit A to the Grant Agreement. All funding and related resources are based on the award of a $250,000 grant from the State Department of Conservation's SALC program.

II. Agreement

The Parties to this MOU agree that:

The Parties will work in good faith and coordinate all activities, both as individual and independent agencies and as Parties under this MOU, to meet the objectives of this MOU. The Parties shall cooperate with one another and work as efficiently as possible in the pursuit of all activities and decisions described in this MOU.

The RCDGSDC shall act as the program manager under this MOU, performing actions and responsibilities on behalf of and in close consultation with LAFCO, the San Diego County Farm Bureau, the San Diego Association of Governments, and the County of San Diego ("Advisory Group").

III. Roles and Responsibilities

1. LAFCO: LAFCO's primary responsibility is to act as the grant recipient on behalf of the Parties and to review and approve the following documents before submission to the Department of Conservation:

    a. Invoices;

    b. Quarterly reports; and

    c. The final report.

2. RCDGSDC: The RCDGSDC's primary responsibility is to act as the program manager of the grant on behalf of the Parties for the purposes of:

    a. Organizing, collecting, analyzing, and presenting findings to the Advisory Group and soliciting input therefrom;.

    b. Assume all matching contributions required as part of the SALC grant;

    c. Drafting invoices in the form provided in Attachment 5 to the Grant Agreement and submitting them to the Department of Conservation;

    d. Drafting quarterly reports and the final report in the form provided in Attachment 3 to the Grant Agreement and submitting them to the Department of Conservation;

    e. Using grant funds only for the purposes provided in the Grant Agreement;

    f. Completing work on time, as provided in Attachment 2 of the Grant Agreement, and within budget, as provided in Attachment 4 of the Grant Agreement;

    g. Complying with all terms and conditions of the Grant Agreement, including the General Terms and Conditions provided in Exhibit C and the Special Terms and Conditions provided in Exhibit D;

h. Complying with all local, state, and federal law; and

i. Maintaining an accounting system that accurately reflects all fiscal transactions and provides accounting information, retaining all records and required documents as specified in Exhibit C of the Grant Agreement.

IV. Term

1. This MOU will commence on March 15, 2021 and will terminate at the end of the grant funding period on March 14, 2023.

2. LAFCO and RCDGSDC may terminate this MOU for any reason on thirty calendar days' written notice to the other party. The parties are required to meet and confer during the thirty-day period before the effective date of the termination.

V. Indemnification

To the fullest extent permitted by law, RCDGSDC shall indemnify, hold harmless, and when LAFCO requests with respect to a claim, provide a deposit for the defense of, and defend LAFCO, its officers, agents, employees and volunteers from and against any and all claims, losses, costs and expenses for any (1) damage due to death or injury to any person, whether physical, emotional, consequential or otherwise, (2) injury to any property, or (3) claim alleging mismanagement of funds arising out of or in connection with RCDGSDC's alleged negligence, recklessness or willful misconduct or other wrongful acts, errors or omissions of RCDGSDC or any of its officers, employees, servants, agents, or subcontractors, or anyone directly or indirectly employed by either RCDGSDC or its subcontractors, in the performance of this MOU or Grant or its failure to comply with any of its obligations contained in this MOU or Grant, except such loss or damage which is caused by the sole active negligence or willful misconduct of the LAFCO. Such costs and expenses shall include reasonable attorneys' fees due to counsel of LAFCO's choice, expert fees and all other expenses of litigation. RCDGSDC shall not be entitled to any refund of attorneys' fees, defense costs or expenses in the event that it is adjudicated to have not been negligent.

VI. Insurance

1. During the term of this MOU, RCDGSDC shall carry, maintain, and keep in full force and effect (1) Comprehensive General Liability Insurance with coverage limits of not less than One Million Dollars ($1,000,000) including products and operations hazard, contractual insurance, broad form property damage, independent consultants, personal injury, underground hazard, and explosion and collapse hazard where applicable and (2) Professional Errors and Omissions Insurance with coverage limits of not less than One Million Dollars ($1,000,000).

2. Any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements or limits shall be available to LAFCO as an Additional Insured as provided below. Furthermore, the requirements for coverage and limits shall be the greater of (1) the minimum coverage and limits specified in this MOU, or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured.

3. At all times during the term of this MOU, RCDGSDC shall maintain on file with LAFCO's

Risk Manager a certificate or certificates of insurance showing that the required coverages are in effect and naming LAFCO and its officers, employees, agents and volunteers as Additional Insureds. Prior to commencement of work under this MOU, RCDGSDC shall file with LAFCO's Risk Manager such certificate(s) and Forms CG 20 10 07 04 and CG 20 37 07 04 or the substantial equivalent showing LAFCO as an Additional Insured.

4. RCDGSDC shall require each of its subconsultants to maintain insurance coverage that meets all of the requirements of this MOU provided however, that LAFCO may waive the provision of Errors and Omissions Insurance by subconsultants in its sole discretion.

5. The general liability insurance required by this MOU shall contain an endorsement naming LAFCO and its officers, employees, agents and volunteers as Additional Insureds. All of the policies required under this MOU shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty days' prior written notice to LAFCO. RCDGSDC agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.

VII. Books and Records

Each Party shall have access to and the right to examine any of the other Parties' pertinent books, documents, papers, or other records (including, without limitation, records contained on electronic media) relating to the performance of that Party's obligations pursuant to this MOU, providing that nothing in this paragraph shall be construed to operate as a waiver of any applicable privilege. Each Party shall keep this information confidential to the extent allowed by law.

VIII. Notice

All notices required by this MOU will be deemed to have been given when made in writing and electronically or physically mailed to the respective representatives of the Parties at their respective addresses as follows:

Resource Conservation District of Greater San Diego County
Sheryl Landrum
11769 Waterhill Rd
Lakeside, CA 92040
Sheryl.Landrum@rcdsandiego.org

San Diego Local Agency Formation Commission
Keene Simonds
9335 Hazard Way, Suite 200
San Diego, CA 92123
Keene.Simonds@sdcounty.ca.gov

Any Party may change the address or facsimile number to which such communications are to be given by providing the other Parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change.

All notices will be effective upon receipt and will be deemed received through delivery if personally served or served using facsimile machines, or on the fifth (5th) day following deposit in the mail if sent by first class mail.

IX. General Provisions

1. Severability. If any term or provision of this MOU or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to the extent necessary to, cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this MOU, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this MOU shall be valid and be enforced to the fullest extent permitted by law.

2. Non-delegable. RCDGSDC shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without LAFCO's prior written consent, and any attempt to do so shall be void and of no effect. LAFCO shall not be obligated or liable under this MOU to any party other than RCDGSDC.

3. Waiver. The waiver by LAFCO or RCDGSDC of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this MOU shall be deemed to have been waived by LAFCO or RCDGSDC unless in writing signed by one authorized to bind the party to be charged with the waiver.

4. Entire Agreement. This MOU is the complete agreement between LAFCO and RCDGSDC and may be amended only by written agreement signed by each of the parties involved.

5. Recitals. The recitals stated at the beginning of this MOU shall be conclusive proof of the truthfulness thereof and the terms and conditions of the recitals shall be deemed binding terms and conditions of this MOU.

IN WITNESS THEREOF, the Parties hereto have executed this MOU regarding the implementation of the SALC grant on date first above written.

"LAFCO"

By_____
Keene Simonds
Executive Officer

Date:_____

"RCDGSDC"

By:_____
Sheryl Landrum
Executive Director

Date:_____

Approved as to form:

By_____
Holly O. Whatley

5e

AGENDA REPORT
Consent | Action

April 5, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Priscilla Allen, Analyst I

SUBJECT: **Proposed "Papp – Olive Street Reorganization" | Concurrent Annexation to the Vallecitos Water District and Detachment from the Vista Irrigation District (RO20-17)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a reorganization proposal filed by landowner petition with the principal action to annex approximately 2.3 incorporated acres in the City of San Marcos to the Vallecitos Water District (WD). A concurrent detachment from the Vista Irrigation District (ID) is also proposed. The purpose of the proposed reorganization is to establish public water and wastewater service to the affected territory to accommodate the planned development of single-family residences for each of the two subject parcels. Staff recommends approval without modifications. Standard approval terms are also recommended along with waiving protest proceedings.

BACKGROUND

Applicant Request

San Diego LAFCO has received an application from the subject landowners – Szilard Papp and Jeff Lundblade – requesting approval to reorganize approximately 2.3 incorporated acres within the City of San Marcos with the principal action to annex to Vallecitos WD for water and wastewater services. A concurrent detachment from Vista ID is also proposed to avoid jurisdictional overlap with respect to water service. The affected territory as submitted

Administration
Keene Simonds, Executive Officer
County Operations Center
9335 Hazard Way, Suite 200
San Diego, California 92123
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www.sdlafco.org

Vice Chair Jim Desmond, County of San Diego
Nora Vargas, County of San Diego
Joel Anderson, Alt., County of San Diego
Mary Casillas Salas, City of Chula Vista
Bill Wells, City of El Cajon
Paul McNamara, Alt., City of Escondido
Chris Cate, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Vacant, Alt., Special District
Chair Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

comprises two undeveloped and unimproved parcels with unassigned situs addresses on Olive Street in San Marcos. The subject parcels are identified by the County of San Diego Assessor's Office as 182-101-43 and 182-101-44 and are 1.16 and 1.15 acres in size, respectively. The affected territory lies entirely in Vallecitos WD's sphere of influence and outside Vista ID's sphere.

Affected Territory

The affected territory as submitted lies within the City of San Marcos on its northern perimeter towards the unincorporated community of Twin Oaks north of State Route 78. Principal access for the affected territory will be provided from Olive Street via an existing unnamed private roadway. An aerial map of the affected territory relative to the San Marcos incorporated boundary and neighboring Twin Oaks follow. Attachment One shows the affected territory relative to the proposed boundary changes involving the two subject agencies (Vallecitos WD and Vista ID).

Affected Territory
as proposed

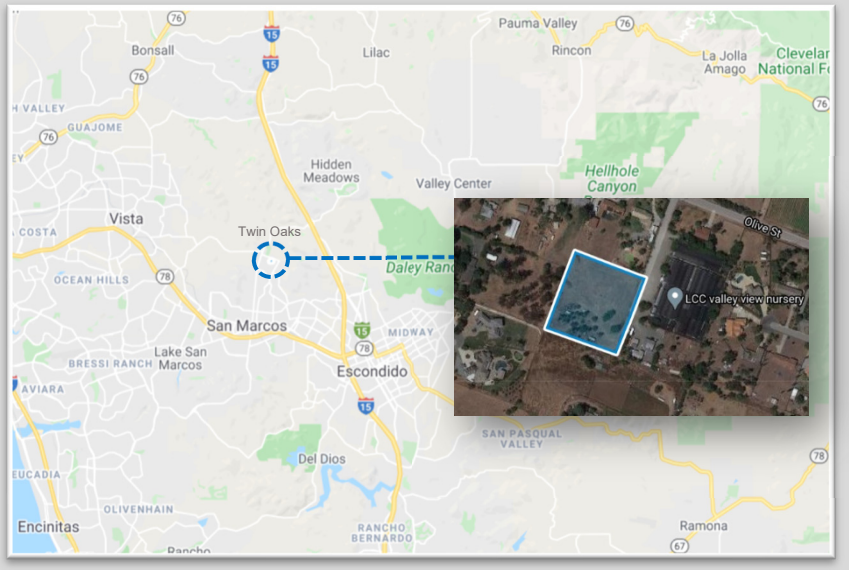
Assessor Parcel Number(s):
182-101-43 and -44

Acres:
2.31

Situs Address(es):
Unassigned on Olive Street

Landowner(s):
Szilard Papp and
Jeff Lundblade

Current Use:
Undeveloped



Subject Agencies

The proposed reorganization filed with San Diego LAFCO involves two subject agencies: Vallecitos WD and Vista ID.[1] A summary of the subject agencies in terms of governance, resident population, municipal functions, and financial standing follows.

- Vallecitos WD is an independent special district formed in 1955 with an estimated residential population of 102,129. Vallecitos WD spans approximately 28,800 acres or 45 square miles and includes most of the City of San Marcos as well as portions of the Cities of Carlsbad, Escondido, and Vista. It also extends into the adjacent unincorporated communities of Twin Oaks and Deer Springs. A five-member elected

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

Board of Directors oversees Vallecitos WD's three active municipal functions: potable water service (retail class); recycled water service (retail class); and wastewater service (collection, treatment, and disposal classes). 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-jurisdictional acres and equals 7.5% of the jurisdictional boundary. Vallecitos WD's audited net position is $290.2 million as of June 30, 2020 and has increased by 9.4% over the prior three audited fiscal years.

- Vista ID is an independent special district formed in 1923 with an estimated residential population of 134,829. Vista ID spans approximately 63,569 acres or 99 square miles and includes most of the City of Vista as well as portions of the Cities of Escondido, Oceanside, and San Marcos. Vista ID also extends into the adjacent unincorporated community of Twin Oaks. A five-member Board of Directors oversees Vista ID's one active municipal service function: water (retail class). LAFCO established a sphere of influence for Vista ID in 1988, which was last updated in 2007 with a smaller-than-agency designation to exclude 43,459 jurisdictional acres and equals 68.4% of the District boundary. (The majority of the excluded jurisdictional land lies within the Lake Henshaw watershed.) Vista ID's audited net position is $130.3 million as of June 30, 2020 and has increased by 12.9% over the prior three audited fiscal years.

Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and/or spheres of influence of ten local agencies directly subject to San Diego LAFCO's planning and regulatory responsibilities. 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)
- Metropolitan Water District of Southern California
- North County Cemetery District
- Palomar Health Healthcare District
- Resource Conservation District of Greater San Diego County
- San Diego County Water Authority
- San Marcos Fire Protection District
- Vallecitos Water District (sphere only)
- Vista Irrigation District

[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 reorganization is proposed or ordered. Notice of the proposal and hearing were provided to the agencies.

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the reorganization proposal and the principal action to annex the affected territory to Vallecitos WD. An associated boundary change to concurrently detach the affected territory from Vista ID is also part of the requested reorganization to avoid overlapping jurisdictions with respect to water service responsibilities. 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 purpose of the proposed reorganization before San Diego LAFCO is to facilitate the development of the affected territory and its two subject parcels. This involves establishing public water and wastewater services from Vallecitos WD to accommodate the planned development of single-family residences for both subject parcels as allowed under zoning. Notwithstanding LAFCO's own policies and practices, the concurrent detachment from Vista ID is required as a Vallecitos WD condition of service.

Development Potential

The City of San Marcos General Plan designates the affected territory as Agricultural Residential along with a zoning assignment of Agricultural – 1 or A1.[3] This zoning assignment provides a minimum parcel size between 1.0 and 4.0 acres according to site slopes. Based on this assignment and current parcel sizes, no additional land divisions are permissible within the subject territory. Additional intensity, however, is allowed to permit one accessory dwelling unit for each constructed single-family residence per subject parcel.[4] The combined result of these existing allowances under San Marcos policy is a potential maximum of four residential units (i.e., two single family residences and two accessory dwelling units).

Commission Focus

San Diego LAFCO's current sphere of influence designation for Vallecitos WD includes the affected territory and can readily accommodate the proposed annexation without amendment. Similarly, the affected territory lies outside the Vista ID sphere and can readily accommodate the proposed detachment. These existing sphere determinations narrows the Commission's consideration to two central and sequential policy items. These policy items take the form of determinations and serve to orient the Commission to consider the stand-alone merits of the (a) timing of the reorganization and (b) whether discretionary boundary

[3] The Agricultural Residential designation under the City General Plan provides 0.125-1.0 dwelling units per parcel based on location and slope.

[4] Construction of one accessory dwelling unit shall be permitted on all A Zone and R-1 Zone parcels, subject to the following minimum parcel standards: parcel is zoned for single-family use and has an existing single-family detached dwelling; parcel size is a minimum size of 10,000 square feet; an accessory dwelling unit does not already exist on the parcel; and accessory dwelling unit would be: (i) created within the living area of an existing dwelling unit or accessory structure located on the parcel; (ii) attached to an existing dwelling unit located on the parcel; or (iii) detached from an existing dwelling unit located on the parcel, but located on the same parcel as the existing dwelling unit.

modifications or approval terms are appropriate. The Commission must also consider other relevant statutes in and outside LAFCO law as detailed.

ANALYSIS

San Diego LAFCO's analysis of the reorganization is organized into two subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section and specifically analyzing the merits of reorganization and whether modifications and/or terms are appropriate to further address Commission goals and policies. The second subsection considers other germane issues required under LAFCO law or other applicable statutes and marked by making findings under the California Environmental Quality Act (CEQA).

Central Policy Items

Item No. 1 |
Reorganization Timing

The timing of the reorganization – and specifically the annexation of the affected territory to Vallecitos WD and concurrent detachment from Vista ID – appears appropriate. This conclusion draws from the analysis of the statutory factors required for consideration of proposed jurisdictional changes along with the proposal's conformance with locally adopted Commission policies. Most of the prescribed review factors and applicable policies focus on the effects of the proposed annexation on the service and financial capacities of the *receiving* agency, Vallecitos WD (emphasis added). A summary of key conclusions generated from the review of these factors and applicable local policies follow.

- Service Needs
  The affected territory's anticipated residential uses would be appropriately aided by the reorganization and annexation to Vallecitos WD given its ability to readily provide public water and wastewater service.

  - The Commission has previously designated Vallecitos WD as the ultimate water and wastewater service provider for the affected territory through the standing inclusion within the WD sphere. Annexation to Vallecitos WD memorializes this existing Commission expectation and accommodates the expressed interest of the current landowners to establish permanent public water and wastewater service as evident by their initiation of the reorganization proceedings.

  - Annexation of the affected territory to Vallecitos WD for purpose of establishing public water and wastewater services going forward is consistent with the adopted land use policies of the City of San Marcos. San Marcos is the current and appropriate long-term land use authority as determined by Commission and marked by the subject parcels' standing inclusion in the City's sphere of influence.

- Service Capacities and Levels
  Vallecitos WD has available and sufficient capacities to provide public water and wastewater service to the affected territory at its planned use without expanding any public infrastructure. Additional details on relevant service capacities and levels follow.

  - With respect to water service, Vallecitos WD projects the average day demand generated within the affected territory based on its planned development of two single-family residences is 1,000 gallons. This projected amount can be readily accommodated by Vallecitos WD and represents .0011% of its available supply capacity remaining within its distribution system based on recent demands. Ultimate buildout would potentially include a total of four residences (two single family residences and two accessory dwelling units) and increase the average day water demand to 2,000 gallons per day or 0.0021% of the remaining available capacity. An existing Vallecitos WD water main is located north of the affected territory within the nearby public right-of-way of Olive Street and accessible through an approximate 700-foot private lateral connection. No public infrastructure expansion is needed to serve the planned development.

  - With respect to wastewater service, it is projected the maximum average day wastewater flow generated within the affected territory based on its planned development of two single-family residences is 500 gallons. This projected amount can be readily accommodated by Vallecitos WD and represents 0.0039% of its available treatment capacity remaining within its wastewater system based on recent demands. Ultimate buildout would potentially include four residential units (i.e. two single family residences and two accessory dwelling units) and increase the average day demand to 1,000 gallons. This amount represents 0.0079% of the available and remaining daily contracted capacity allocated to Vallecitos WD, and as such can be readily accommodated without additional resources or infrastructure planning. An existing Vallecitos WD wastewater main is located on an easement along the affected territory frontage and accessible without an extension for connection. No public infrastructure expansion is needed to serve the residence.

- Service Funding and Costs
  Vallecitos WD has adequate financial resources and administrative controls to provide water and wastewater to the affected territory in support of its planned development without adversely impacting current ratepayers. Vallecitos WD's recent audited statements reflects the District remained profitable in each of the last three audited fiscal years with an average total margin of 4.4%. The most recent year – 2019-2020 – the total margin was 3.5%

**CONCLUSION |
MERITS OF REORGANIZATION TIMING**

The timing of the reorganization and principal action to annex the affected territory to Vallecitos WD is warranted. Justification is marked by the preceding analysis and highlighted by appropriately syncing the need for public water and wastewater service in a developing urban area and responsive to existing infrastructure. Additional analysis supporting the conclusion is provided in Appendix A.

**Item No. 2 |
Modifications and Terms**

Staff has not identified any potential boundary modifications to the proposal that merit consideration by San Diego LAFCO at this time. Applying standard terms appears appropriate.

**CONCLUSION |
MODIFICATIONS AND TERMS**

No modifications appear warranted. 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. LAFCO 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 with respect to the 1% collected on land and improvements within the affected territory.

Environmental Review

CEQA requires San Diego LAFCO to serve as lead agency and assess whether impacts would result from the proposed reorganization initiated by a landowner. Staff believes the proposed reorganization qualifies as a project under CEQA but is categorically exempt from environmental review per State CEQA Guidelines Section 15319(b) and its cross-reference to Section 15303. This exemption appropriately applies given the proposed reorganization involves limited development of two single-family residences as allowed under existing City of San Marcos land use policies.

Protest Proceedings

Protest proceedings for the proposed reorganization may be waived by San Diego LAFCO should the Commission proceed with an approval under Government Code Section 56662. The recommended waiver appropriately applies under this statute given the affected territory is uninhabited as defined under LAFCO law, the subject agencies have not filed objections to the waiver; and all landowners have consented to the underlying actions.[5]

RECOMMENDATION

Staff recommends approval of the reorganization proposal as specified along with standard terms. This recommendation is consistent with the action outlined as Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):
Adopt the attached draft resolution approving the reorganization proposal as submitted without modifications along with standard terms.

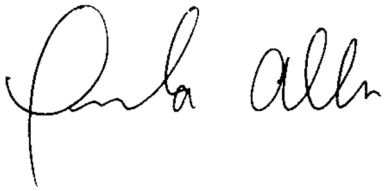
Alternative Two:
Continue consideration to the next regular meeting.

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

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,



Priscilla Allen
Analyst I

Appendices:

A) Analysis of Boundary Change Factors

Attachments:

1) Map of the Affected Territory
2) Draft Resolution of Approval
3) Application Materials

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

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, in the next 10 years.

The affected territory as submitted includes two incorporated and undeveloped parcels within the City of San Marcos totaling 2.31 acres and identified by the County of San Diego Assessor's Office as 182-101-43 and 182-101-44. Both subject parcels are proposed to be developed with one single-family residence. The current combined total assessed value of the subject parcels – land only – is $190,088 with the last transactions recorded for 182-101-44 in May 2020 and 182-101-43 in June 2020. The affected territory lies within a developing urban-residential area of the City of San Marcos south of the Twin Oaks Valley unincorporated community. Moderate to significant growth is anticipated in the surrounding area within the next 10-year period.

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 serves as the primary purveyor of general governmental services to the affected incorporated territory. These governmental services include community development (planning and engineering), parks and recreation, streets and roads, and public safety with the latter including fire protection by the dependent San Marcos Fire Protection District and law enforcement via a contract with the County Sheriff. This proposal affects water and wastewater services and are the focus of the succeeding analysis.

- **Extending Public Water Service to the Affected Territory**
  The affected territory is currently within Vista ID but unconnected to the ID water system. An existing Vallecitos WD water main is located within nearby right-of-way of Olive Street and accessible through an approximate 700-foot private lateral connection. Vallecitos WD projects the average day water demand generated within the affected territory based on the planned construction of two single-family residences is 1,000 gallons. This projected amount coupled with existing Vallecitos WD's daily demands based on recent averages represents 0.0011% of Vallecitos WD's total available supply capacity. Ultimate buildout would expand the total number of residences to four (two single-family residences and two accessory dwelling units) and increase the average day water demand to 2,000 gallons and increase the demand relative to capacity to 0.0021%

- **Extending Public Wastewater Service to the Affected Territory**
  Connection to the Vallecitos WD system for wastewater service is readily available through an existing wastewater main located within an easement along the frontage of the properties. It is projected the maximum average day wastewater flow generated within the affected territory based on the planned development of two single-family residences is 500 gallons. This projected amount can be readily accommodated by Vallecitos WD and represents 0.0039% of its available treatment capacity remaining within its wastewater system based on recent demands. The maximum potential demand generated within the affected territory to accommodate four residential units (i.e. two single family residences and two accessory dwelling units subject to future approvals by San Marcos) would increase to 1,000 gallons and represents 0.0079% of the available and remaining daily contracted capacity allocated to Vallecitos WD.

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 reorganization would formalize and make permanent existing economic and social ties between Vallecitos WD and the affected territory. These ties were initially established with the Commission previously adding all of the affected territory to Vallecitos WD's sphere of influence and in doing so signal its policy expectation the District should ultimately accommodate and support future development through the provision of both water and wastewater.

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.

The affected territory is undeveloped and unimproved with planned construction of one single-family residence on each of the two subject parcels. Annexation of the affected territory is consistent with the policies and practices of the Commission to sync urban uses with urban services. None of the affected territory includes lands qualifying as "open-space" as defined under LAFCO law and the proposal therefore does not conflict with G.C. Section 56377.

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 contain "prime agricultural land" or "agricultural land" as defined under LAFCO law or further prescribed in local Commission policy. Specifically, the affected territory does not contain lands 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 reorganization 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 and conforming with lines of assessment. LAFCO approval would be conditioned on submittal of a final map and description conforming to the referenced standards and addressing any proposal area modifications enacted by the Commission.

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

The proposal involves presently undeveloped territory and would not conflict with San Diego Forward, the regional transportation plan established by the San Diego Association of Governments (SANDAG) for the San Diego Region.

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

The affected incorporated territory is presently designated for low-density single-family residential use under the adopted land use policies of the City of San Marcos. The affected territory is presently zoned as A-1, which prescribes a minimum parcel size of 1-, 2-, or 4-acres dependent on slope. Approval of the proposed reorganization to accommodate the development of single-family residences on both subject parcels would be consistent these land use policies and without any land use designation or zoning amendments.

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

The proposed reorganization is consistent with the sphere of influence designations for both subject agencies. Additional details are provided in the analysis provided on page 10.

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

Notice of the submitted reorganization proposal was distributed to all affected and interested agencies as required under LAFCO law. No written comments on the proposal were received ahead of preparing this agenda report for distribution on March 26, 2021. In addition, LAFCO 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 potential jurisdictional issues were identified with the proposal and this includes compatibility with all nearby city spheres of influence.

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.

Information collected and reviewed as part of this proposal indicates Vallecitos WD has sufficient and available financial resources and administrative controls therein relative to providing public water and wastewater to the affected territory without adversely impacting existing ratepayers. This statement is supported by the following factors.

- Vallecitos WD's last audit covers 2019-2020 and shows the District finished with good liquidity levels with an agency-wide current ratio of 5.5% (i.e., $5.50 in current assets for every $1.00 in current liabilities).

- Vallecitos WD finished 2019-2020 with high capital levels as evident by a moderate debt ratio of 23.9% (i.e., only $24 out of every $100.00 in net assets are financed.)

- Vallecitos WD has remained profitable in each of the last three audited fiscal years with an average operating margin of 13.8%. The most recent year – 2019-2020 – the operating margin was 12.1%.

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

The affected territory is presently within the Vista ID's retail domestic water service territory with wholesale supplies provided by the San Diego County Water Authority. Approval of the proposed reorganization would make permanent and transfer retail water service responsibility to Vallecitos WD, which is also a member agency of the County Water Authority and would not affect the timely availability of water supplies to the affected territory.

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 reorganization 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 proposed reorganization would not affect this assignment.

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

The affected territory is considered uninhabited as defined by LAFCO law (containing 11 registered voters or less). The landowners support the proposed reorganization and have 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 reorganization does not include locating new public facilities and the proposed provision of public services would be limited to the two planned single-family residences. Approval of the proposed reorganization is not anticipated to affect the promotion of environmental justice.

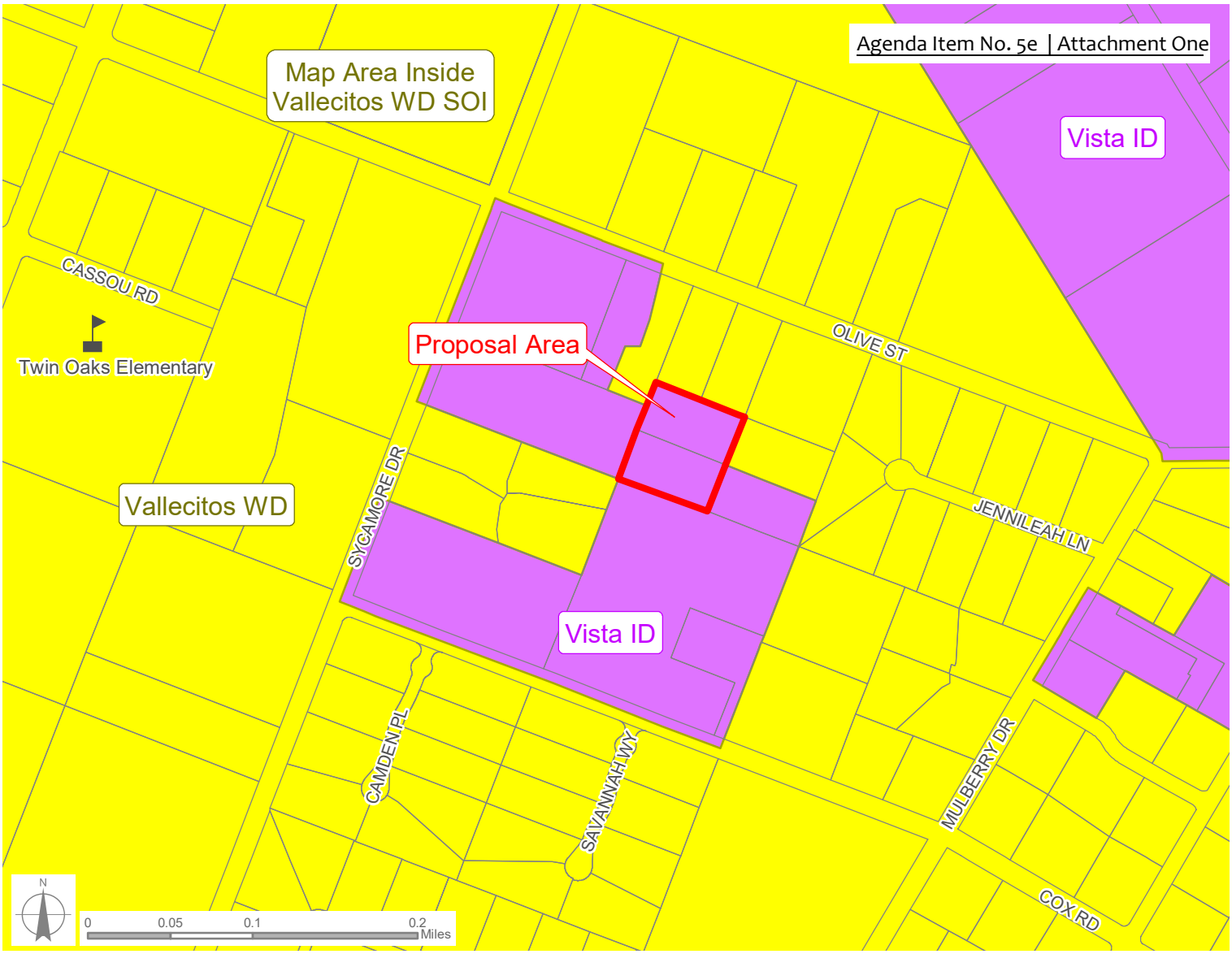
q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information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

The City of San Marcos is a participating agency within the County of San Diego's adopted multi-jurisdictional hazard mitigation plan for potential fire, flooding and earthquakes. The affected territory lies outside any identified hazard areas.

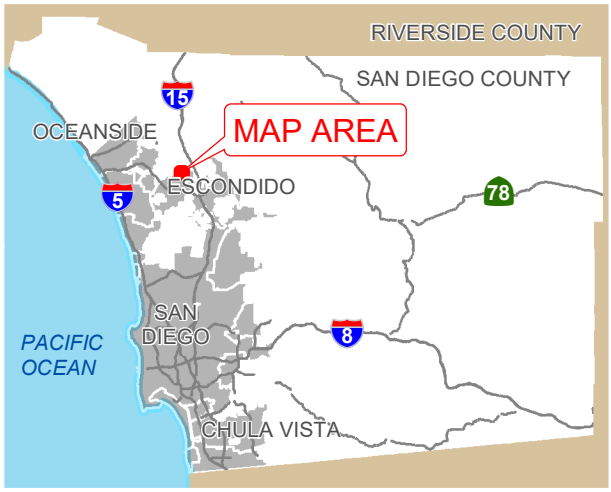
r) Section 56668.3(a)(1) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annex to the district.

Approval of the reorganization 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 water and wastewater services going forward. Approval would benefit adjacent landowners and/or residents by eliminating the potential operation of private septic systems and the heighten potential therein for future failures.

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RO20-17 "PAPP - OLIVE STREET REORGANIZATION" | ANNEXATION TO VALLECITOS WD WITH CONCURRENT DETACHMENT FROM VISTA ID

- Proposal Area
- Vallecitos WD
- Vista ID

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

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RESOLUTION NO._____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A REORGANIZATION

"PAPP – OLIVE STREET REORGANIZATION"
CONCURRENT ANNEXATION TO THE VALLECITOS WATER DISTRICT AND
DETACHMENT FROM THE VISTA IRRIGATION DISTRICT
LAFCO FILE NO. RO20-17

WHEREAS, on July 27, 2020, landowner Szilard Papp 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 reorganization to annex approximately 2.3 acres of incorporated territory within the City of San Marcos to the Vallecitos Water District with a concurrent detachment of the affected territory from the Vista Irrigation District; and

WHEREAS, the affected territory as proposed includes two incorporated and undeveloped assessor parcels identified by the County of San Diego Assessor's Office as 182-101-43 and -44; and

WHEREAS, an applicable master property tax transfer agreement applies to the proposed reorganization dated September 16, 2009; and

WHEREAS, the Commission's Executive Officer has reviewed the proposed reorganization 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 April 5, 2021; 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 for environmental review of the proposed reorganization under the California Environmental Quality Act (CEQA) as detailed in the Executive Officer's report. The Commission's findings follow.

    a) The Commission finds the proposed reorganization qualifies as a project but is exempt from further review under State CEQA Guidelines Section 15319(b) and its cross-reference to Section 15303 given the anticipated construction of two single-family residences on the affected territory as allowed for maximum density under existing San Marcos land use policies.

4. The Commission APPROVES the reorganization without modification as described below and subject to conditions as provided. Approval involves all of the following:

    a) Detachment of the affected territory from the Vista Irrigation District is shown in "Exhibit A-1" and described in "Exhibit A-2."

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

5. The Commission CONDITIONS all approvals on the following terms being satisfied by April 5, 2022 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 as 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 $350.00.

6. The Commission assigns the proposal the following short-term designation:
   "Papp – Olive Street Reorganization"

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 Vista Irrigation District and Vallecitos Water District are registered-voter districts.

10. The Vista Irrigation District and Vallecitos Water District utilize the County of San Diego assessment roll.

11. 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.

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 April 5, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

_____
Keene Simonds
Executive Officer

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EXHIBIT A
MAP OF THE AFFECTED TERRITORY

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EXHIBIT B
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY

-Placeholder-

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PETITION FOR PROCEEDINGS PURSUANT TO THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT OF 2000

Part I: NOTICE OF INTENT TO CIRCULATE PETITION

Proponents are required to file a **NOTICE OF INTENT TO CIRCULATE PETITION** with the Executive Officer of the San Diego Local Agency Formation Commission before a petition to initiate a change of organization or reorganization can be circulated (Govt. Code § 56700.4).

1. Notice is hereby given to circulate a petition proposing to: Detach from VID and Annex to VWD

2. The reason(s) for the proposal are: To obtain water/sewer service from VWD

Szilard Papp
Proponent's Name (print)

Signature of proponent or representative

1936 Sleepy Hollow Rd.
Proponent's Address

Escondido, CA, 92026
City, State, Zip

Pursuant to Section 56700.4 of the California Government Code, this **NOTICE OF INTENT TO CIRCULATE PETITION** was filed with me on _____
Date

_____
Executive Officer (Print and Sign)

PART II: DISCLOSURE REQUIREMENTS

The Political Reform Act prohibits a person appointed to the Local Agency Formation Commission from soliciting or accepting campaign contributions of more than $250 within the preceding 12 months from parties, participants, or their agents while a proceeding is pending before LAFCO and for three months following the decision. LAFCO commissioners who receive such contributions are required to disqualify themselves from participating in the proceedings. Both commissioners and contributors who are parties to the proceeding are required to disclose the contributions received or made. Names of current LAFCO commissioners and LAFCO disclosure forms are available at HTTP://WWW.SDLAFCO.ORG or by calling 858/614-7755.

Pursuant to Government Code Section 56700.1, any person or combination of persons who, for political purposes, directly or indirectly contributes $1,000 or more, or expend $1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report to the Commission to the same extent and subject to the same requirements of the Political Reform Act (Title 9 [commencing with Section 81000]) as provided for local initiative measures.

Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes $1,000 or more, or expends $1,000 or in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be submitted to the Secretary of State and the appropriate city or county clerk. Copies of the reports must also be filed with the Executive Officer of San Diego LAFCO.

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: Detach from VID and Annex to VWD

(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: TBD

(d) The reason(s) for the proposal is/are: To obtain water/sewer service from VWD

(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. Szilard Papp — 1936 Sleepy Hollow Rd. Escondido, CA 92026
   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: _____

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 [signature] Print Szilard Papp	182-101-43-00	07/06/2020	
Sign [signature] Print Jeff Lundblade	182-101-44-00	7/06/2020	
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			
Sign _____ Print _____			

Part V: MINIMUM SIGNATURE REQUIREMENT FOR A SUFFICIENT PETITION UNDER THE PROVISIONS OF THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT OF 2000

Reorganization—Signatures must comply with the applicable signature requirements for each of the changes proposed (Govt. Code § 56864.1).

District Formation—Signatures as required by the principal act under which the new district is proposed to be formed (Govt. Code § 56860).

Dissolution of a District—For registered voter district: signatures by (a) not less than 10% of the registered voters within the district; or (b) not less than 10% of the number of landowners within the district who also own not less than 10% of the assessed value of land within the district.
—For landowner-voter districts: signatures by not less than 10% of the number of landowners within the district who also own not less than 10% of the assessed value of land within the district.
—If dissolution is for inactivity, the petition must be signed by three or more registered voters or landowners within the subject district and include statement and recitations as required by Govt. Code 56871 (Govt. Code § 56870).

Consolidation of Districts—For registered voter districts: signatures by not less than 5% of the registered voters within each of the districts.
—For landowner-voter districts: signatures by landowners-voters constituting not less than 5% of the number of landowner-voters owning land within each of the several districts who also own not less than 5% of the assessed value of land within each of the districts (Govt. Code § 56865).

Merger of District with City or Establishment of a Subsidiary District—For a registered voter district: signatures by (a) 5% of the registered voters of the district; or (b) 5% of the registered voters residing within the territory of the city outside the boundaries of the district.
—For a landowner-voter district: signatures by (a) 5% of the number of landowner-voters within the district; or (b) 5% of the registered voters residing within the territory of the city outside the boundaries of the district (Govt. Code § 56866).

District Annexation or Detachment—For a registered voter district: signatures by (a) not less than 25% of the number of registered voters within the territory proposed to be annexed or detached; or (b) not less than 25% of the number of landowners within the territory proposed to be annexed or detached who also own not less than 25% of the assessed value of land within the territory.
—For a landowner-voter district: signatures by not less than 25% of the number of landowners owning land within the territory proposed to be annexed or detached who also own not less than 25% of the assessed value of land within the territory (Govt. Code § 56864).

Incorporation of a City—Signatures by: (a) not less than 25% of the registered voters residing in the area to be incorporated; or (b) not less than 25% of the number of owners of land within the territory proposed to be incorporated who also own not less than 25% of the assessed value of land within the territory proposed to be incorporated (Govt. Code § 56764).

Disincorporation of a City—Signatures by not less than 25% of the registered voters residing in the city proposed to be disincorporated (Govt. Code § 56766).

Consolidation of Cities—Signatures by not less than 5% of the registered voters of each affected city (Govt. Code § 56766).

Annexation to a City—Signatures by: (a) not less than 5% of the number of registered voters residing within the territory proposed to be annexed; or (b) not less than 5% of the number of owners of land within the territory proposed to be annexed who also own 5% of the assessed value of land within the territory (Govt. Code § 56767).

Detachment from a City—Signatures by: (a) not less than 25% of the number of registered voters residing within the territory proposed to be detached; or (b) not less than 25% of the number of owners of land within the territory proposed to be detached who also own 25% of the assessed value of land within the territory (Govt. Code § 56768).

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AGENDA REPORT
Consent | Action

April 5, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: **Progress Report on Workplan Activities**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive a progress report on the adopted workplan for 2020-2021 and its two dozen plus approved projects. This includes noting through the close of the third quarter 23 of the 27 projects have been initiated with 14 either complete or nearing completion. The report also outlines current focuses and is being presented to the Commission to receive and file as well as to provide related direction – including identifying possible amendments – for future consideration.

BACKGROUND

2020-2021 Workplan

San Diego LAFCO's current fiscal year workplan was adopted at a noticed public hearing held on May 4, 2020. 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 Commission reserves discretion to amend the workplan during the fiscal year to address changes in priorities or resources as well as to continue projects into subsequent fiscal years. One amendment has been approved to date to address a recent grant award from the State to begin a new project to track agricultural use trends in San Diego County.

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Paul McNamara, Alt., City of Escondido
Chris Cate, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Vacant, Alt., Special District
Chair Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

DISCUSSION

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

ANALYSIS

San Diego LAFCO is generally proceeding as planned with respect to accomplishing approved projects in the adopted workplan with 23 of the 27 listees underway and/or completed through two-thirds of the fiscal year. Eight projects have been completed and headlined by updating the Agricultural and Open Space Lands Policy and a countywide municipal service review on resource conservation districts in San Diego County. Six other projects are nearing their completion and include a municipal service review on the Poway region and establishing a memorandum of understanding in conjunction with implementing a recently awarded planning grant from the State to track agricultural trends in San Diego County. Notwithstanding the preceding progress, other projects have lagged and include high priority activities to update Rule No. 4 (special district functions and classes) and municipal service reviews on the Fallbrook-Rainbow, Vista, San Marcos regions. These and other projects will not be completed by the end of the fiscal year and have been added to approved draft workplan for 2021-2022 and subject to final Commission action in May 2021.

RECOMMENDATION

It is recommended San Diego LAFCO receive and file the item with the invitation to discuss and/or provide related direction as needed. 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:

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) 2020-2021 Workplan with Status Notations

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San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

2020-2021 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 (annexations, detachments, etc.) and outside service requests. Common planning functions include preparing studies to independently evaluate the availability, performance, and need for municipal 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 2020-2021 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 2020-2021 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 Escondido, Vista, San Marcos, and Fallbrook-Rainbow regions. Several policy updates are also scheduled and include reviewing LAFCO's existing policies regarding the identification and authorization of special district service functions and classes. Other administrative projects filling the Analyst I/II position and securing a long-term office lease.

Priority	Level	Type	Project	Description and Key Issues	Status
Continual	...	Statutory	Applicant Proposals	LAFCO will prioritize resources to address proposals involving boundary changes and outside service requests.	
Continual	...	Administrative	Targeted LAFCO Presentations	LAFCO will prioritize public outreach; emphasis on informing stakeholders ahead of MSR work	
1	High	Statutory	MSR | Fallbrook-Rainbow Region	Reviews of Fallbrook PUD, Rainbow MWD, San Luis Rey MWD, & North County FPD	In progress
2	High	Statutory	MSR | Escondido Region Part II	Review of the City of Escondido; follows completion of Part I (Rincon del Diablo MWD and Deer Springs FPD) in 2019-2020	In progress
3	High	Statutory	MSR | Resource Conservation Services	Countywide study on RCD services; reviews of Mission RCD, Upper San Luis Rey RCD, & Greater San Diego RCD	**Completed**
4	High	Administrative	Policy Review | Ag and Open Space	Update existing policies and procedures involving ag and open space; incorporate stakeholder outreach (Farm Bureau, etc.)	**Completed**
5	High	Administrative	Policy Review | Rule No. 4	Update Rule No. 4 and its provisions guiding LAFCO's duty to identify and establish special districts' service functions and classes	In progress
6	High	Statutory	MSR | Poway Region	Review is specific to the City of Poway	Near completion
7	High	Statutory	MSR | San Marcos Region	Reviews of the City of San Marcos, San Marcos FPD, & Vallecitos WD	In progress
8	High	Statutory	MSR | Vista Region	Reviews of the City of Vista, Vista ID, Vista FPD, & Buena SD	In progress
9	High	Administrative	Analyst I/II Position	Perform recruitment and hire of a new Analyst I/II	**Completed**
10	High	Administrative	Office Space	Current lease for office space with County of San Diego expires in August 2020 with no extension options	In progress
11	Moderate	Administrative	Initiate State Grant (Added by Amendment)	Enter into an agreement with RCD of Greater San Diego to establish roles/duties in implementing recent State grant to track ag uses	Near completion
12	Moderate	Statutory	MSR | Ramona Region	Review is specific to the Ramona MWD	Near completion
13	Moderate	Statutory	MSR | Pauma Valley Region	Reviews of Pauma MWD, Pauma CSD, Yuima MWD, Mootamai MWD, and Rincon Ranch CSD	Pending
14	Moderate	Administrative	Cities Advisory Committee	Staff and maintain feedback with Cities Advisory Committee and hold no less than two formal meetings in FY	Near completion
15	Moderate	Administrative	Special Districts Advisory Committee	Staff and maintain feedback with Special Districts Advisory Committee and hold no less than three formal meetings in FY	**Completed**
16	Moderate	Administrative	Live-Streaming and On-Demand Video	Expand LAFCO's real-time accessibility to the public to include live streaming meetings with on demand accessibility	**Completed**
17	Moderate	Administrative	2019-2020 Audit	Coordinate outside consultant's review of financial statements for 2019-2020 and identify opportunities to improve accounting system	Near completion
18	Moderate	Administrative	Policy Review | Study Schedule	Update study schedule calendaring municipal service reviews to reflect current progress and related observations	In progress
19	Moderate	Administrative	SANDAG	Re-establish regular participation in SANDAG's Technical Working Group (TWG) and prepare an informational report on related topics	In progress
20	Moderate	Administrative	State Groundwater Management Act	Prepare report on State Groundwater Management Act (SGMA) implementation in San Diego County relative to LAFCO duties/interests	**Completed**
21	Moderate	Administrative	CALAFCO	Participate in CALAFCO through the Board, Leg Committee, and Annual Workshop and Conference in FY	**Completed**
22	Low	Administrative	Application Procedures	Streamline existing application packet to be more user-friendly; address new statutory requirements	Pending
23	Low	Statutory	MSR | Oceanside and Carlsbad Region	Reviews of the Cities of Oceanside and Carlsbad as well as Carlsbad MWD and Morro Hills	In progress
24	Low	Statutory	MSR | Encinitas Region	Reviews of the City of Encinitas and Leucadia WWD, Olivenhain MWD, & San Dieguito WD	Pending
25	Low	Administrative	SOI/MSR Annual Report	Prepare annual report to serve as living record of all sphere actions in San Diego County	Pending
26	Low	Administrative	Local Agency Directory	Create user-friendly publication identifying and summarizing local governmental agencies subject to LAFCO oversight	Near completion
27	Low	Administrative	Social Media	Establish social media presence as a new communication forum	**Completed**

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AGENDA REPORT
Consent | Information

April 5, 2021

TO: Commissioners

FROM: Robert Barry, Chief Policy Analyst
Linda Heckenkamp, Analyst II
Priscilla Allen, Analyst I

SUBJECT: **Active 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 a summary of anticipated submittals based on ongoing discussions with local agencies. In all, there are currently 28 active proposals on file with the Commission with 21 awaiting hearing. The item is for information and concurrently satisfies LAFCO's reporting requirement to affected agencies for notification of proposal filings made by landowner or registered voter petitions.

BACKGROUND

Processing Procedures and Timelines

LAFCO proceedings for consideration of proposed changes of organization or reorganizations – which typically involves annexations, detachments, and service function activations or divestures – are generally initiated by outside applicants (subject landowners or registered voters, and/or local affected agencies). LAFCOs may also initiate proposals specific to forming, consolidating, or dissolving special districts if consistent with the recommendations of approved municipal service reviews. LAFCO staff proceeds with administrative reviews and within 30 days provides status letters to applicants advising what

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Vacant, Alt., Special Districts
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– if any – additional information is needed. Once deemed complete, proposals are scheduled for Commission consideration and placed on the agenda as consent, business, 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 submitted with LAFCO in the near term based on discussions with local agencies. The information item also serves to concurrently satisfy the Commission's reporting requirement to provide notice on agendas to affected special districts when proposed annexation applications are initiated by landowner or registered voter petitions.[2] A summary of active and pending proposal applications follow and detailed in Attachment One.

Active Proposals & Related Petition Notifications

There are 28 proposals currently active and undergoing processing with San Diego LAFCO as of date. Current processing stages of these active proposals range from pre-Commission action (21) to post-Commission action (7) with the latter category representing items already approved but awaiting the completion of conducting authority proceedings or terms. The former category – pre-Commission action – also includes two new proposal filing since the last meeting in March and are identified below.

- "Lagasse Change of Organization" |
  Annexation to the Leucadia Wastewater District
- "Avion Reorganization" |
  Annexation to the Olivenhain Municipal Water District and Latent Power Expansion

Pending Agency Proposals

There are four substantive agency proposals staff anticipates being submitted to San Diego LAFCO in the near future.[3] These four pending proposals are currently under local agency consideration with respect to development entitlements and environmental review. Three of these pending proposals would involve city annexations in North County to accommodate relatively large residential subdivision projects and involve Harvest Hills (Escondido), Sager Ranch (Escondido), and Rancho Lomas Verdes (Vista).

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[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 more than two dozen proposals with the majority awaiting consideration by the Commission. Most active proposals have been initiated by landowners and involve single lots in the unincorporated area subject to tentative development approvals and as such require annexations to water and/or wastewater providers. Notable exceptions include two contested reorganizations separately filed by Rainbow Municipal Water District and Fallbrook Public Utility District to detach from the San Diego County Water Authority and annex to Eastern Municipal Water District and in doing so transfer their wholesale water supplier.

RECOMMENDATION

This item is presented to San Diego LAFCO for information only.

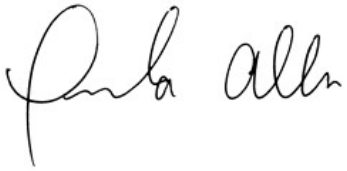
ALTERNATIVES FOR ACTION

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

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,



Priscilla Allen
Analyst I

Attachment:

1) Active and Pending Proposal Applications as of March 26, 2021

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	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSAL APPLICATIONS | PENDING COMMISSION ACTION				
1	RO06-17	"Tobacco Road Reorganization" - City of Escondido (Annexation)	Robert Barry	Application submitted in March 2006 to annex six parcels to the City of Escondido for wastewater service. In 2006, LAFCO approved two out-of-service agreements to allow the City of Escondido to provide wastewater 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. Ongoing discussions continue.
2	RO08-09	"South Mollison Ave-Snyder Reorganization" - City of El Cajon (Annexation)	Robert Barry	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 from any of the interested parties to date. (Expected abandonment subject to pending policy authorization.)
3	DA08-10	"Avocado Way-Potter Annexation" - Vallecitos WD (Annexation)	Robert Barry	Application submitted in March 2008 for a proposed annexation to Vallecitos WD to obtain wastewater 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. There have been ongoing discussions with Vallecitos WD as of 2018.
4	RO08-15 SA08-15	"Crestlake Estates Reorganization" - San Diego County SD (Annexation) - Lakeside FPD (Annexation) - CSA 69 (Annexation)	Robert Barry	Application submitted in May 2008 requesting a reorganization to provide wastewater 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. (Expected abandonment subject to pending policy authorization.)

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
5	DA12-02	"Lorch Annexation" - Borrego WD (Annexation)	Robert Barry	Application submitted in March 2012 to annex approximately 9.4 acres to the Borrego Water District to provide water service to one parcel within the District sphere. Application 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. Ongoing discussions with Borrego WD continue.
6	DA16-10	"CSA 17 Harmony Grove Annexation" - CSA 17 (Annexation)	Linda Heckenkamp	Application submitted in May 2016 to annex approximately 3,600 acres to CSA 17 for ambulance service and done so as a 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 and continues to discuss opportunities to proceed forward.
7	RO16-11	"Rancho Hills Annexation" - Rancho Santa Fe CSD (Annexation)	Robert Barry	Application 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 Heckenkamp	Application submitted in February 2019 by landowner petition to annex two residential lots totaling approximately 5.07 acres to San Diego County Sanitation District 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.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
9	SA19-26 RO19-26 OAS19-26	"Valiano - Eden Valley Reorganization" - City of Escondido (Sphere Amendment and OSA) - San Marcos FPD (Annexation) - Rancho Fe FPD (Sphere Amendment & Detachment)	Robert Barry	Application submitted in November 2019 by landowner petition and the City of Escondido. Proposal involves reorganization of approximately 10.76 acres with annexation to San Marcos Fire Protection District (FPD) and concurrent detachment and sphere exclusion from Rancho Santa Fe FPD; and, amendments to the spheres of influence for the Cities of Escondido (inclusion) and San Marcos (exclusion) for two unincorporated parcels totaling 82.9 acres and subject to a 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 Escondido sphere. The submitted proposal application is incomplete and pending staff's analysis. (On January 27, 2020, the San Diego Superior Court overturned the County development approvals for the project. The applicant is appealing the Court decision and has requested LAFCO continue to process the reorganization.)
10	LP(E)19-27	"Fallbrook Public Utility District Latent Power Expansion - Park & Rec et,al."	Robert Barry	Application submitted in November 2019 by resolution seeking approval to activate 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 this includes completion of a scheduled municipal service review for the Fallbrook-Rainbow region.
11	RO20-04	"Rainbow MWD – Eastern MWD Reorganization" – San Diego County Water Authority (Detachment) – Eastern Municipal Water District (Annexation)	Robert Barry	Application submitted April 2020 by resolution from the Rainbow MWD to concurrently detach from the San Diego County Water Authority and annex to the Eastern MWD. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis. A 10-member advisory committee has also been established by the Commission to assist staff in evaluating the proposal.
12	RO20-05	"Fallbrook PUD – Eastern MWD Reorganization" – San Diego County Water Authority (Detachment) – Eastern Municipal Water District (Annexation)	Robert Barry	Application submitted April 2020 by resolution from the Fallbrook PUD to concurrently detach from the San Diego County Water Authority and annex to the Eastern MWD. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis. A 10-member advisory committee has also been established by the Commission to assist staff in evaluating the proposal.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
13	RO20-10	"Meadowood Reorganization" - Rainbow Municipal Water District (Annexation) - Valley Center Municipal Water District (Detachment)	Robert Barry	Application submitted in June 2020 by resolution from the Rainbow MWD and involves annexation of approximately 374.7 acres and the development of 844 units for water and wastewater service. A concurrent detachment from Valley Center MWD is also proposed. The submitted proposal application is incomplete and pending receipt of additional documentation and this includes completing a scheduled municipal service review involving Rainbow MWD.
14	RO20-17	"Papp-Olive Street Reorganization" - Vallecitos Water District (Annexation) - Vista Irrigation District (Detachment)	Robert Barry	Application submitted in August 2020 by landowner petition and involves annexation of approximately 1.2 acres for water and wastewater service. The affected territory is developed with a single-family residence. The proposal is scheduled for hearing on the April 5th agenda.
15	RO20-18	"Plumosa Avenue Reorganization" - City of Vista (Annexation) - Vista Fire Protection District (Detachment)	Linda Heckenkamp	Application submitted in September 2020 by resolution of the City of Vista and involves annexation of approximately 0.7 acres for wastewater service. The affected territory is developed with a single-family residence. The proposal is scheduled for hearing on the April 5th agenda.
16	CO20-20 OAS20-20	"Estrada – Viejas View Place Change of Organization" - San Diego County Sanitation District (Annexation)	Linda Heckenkamp	Application submitted in September 2020 by landowner petition and involves annexation of approximately 1.0 acres for wastewater service. The affected territory is developed with a single-family residence experiencing a failing septic. The submitted proposal application is incomplete and pending receipt of additional documentation from the applicant to complete staff's analysis. OAS was ratified by the commission on the February 1st agenda and annexation is scheduled for the May 3rd Commission hearing.
17	RO20-21	"Rancho Corrido RV Park Reorganization" - Yuima Municipal Water District (Annexation) - San Diego County Water Authority (Annexation) - Metropolitan Water District (Annexation)	Robert Barry	Application submitted in September 2020 by resolution of the Yuima Municipal Water District and involves annexation of approximately 31.0 acres for water service. The affected territory is developed with 20 mobile homes, 80 time-limited recreational vehicle (RV) spaces, and 20 RV spaces with 90-day time limits. The property includes an office, laundry, and swimming facilities. No new development is anticipated. The proposal is scheduled for hearing on the April 5th agenda.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
18	CO20-22	"Chinese Bible Church Change of Organization" - Rancho Santa Fe CSD (Annexation)	Robert Barry	Application submitted in November 2020 by landowner petition and involves annexation of approximately 9.09 acres for wastewater service to a religious facility to be developed under a County-approved Major Use Permit. The submitted proposal application is incomplete and pending receipt of additional documentation from the applicant to complete staff's analysis.
19	CO21-01	"Sunset Drive Detachment" - Vista Irrigation District (Detachment) - Vista Irrigation District (Sphere Amendment)	Priscilla Allen	Application submitted in January 2021 by landowner petition and involves detachment of approximately 7.8 acres as a condition of development. The affected territory is undeveloped with a proposed development by the landowner of 48 townhomes. The submitted proposal application is incomplete and pending receipt of additional documentation from the applicant to complete staff's analysis.
20	CO21-02	"Lagasse Change of Organization" - Leucadia Wastewater District (Annexation)	Priscilla Allen	Application submitted in February 2021 by resolution of the Leucadia Wastewater District and involves annexation of approximately 1.03 acres for wastewater service. The affected territory is developed with a single-family residence and is proposed to be subdivided into two parcels for the planned construction of a single-family residence. The submitted proposal application is incomplete and pending receipt of additional documentation from the applicant to complete staff's analysis.
21	RO21-03	"Avion Reorganization" - Olivenhain MWD (Latent Power Expansion) - Olivenhain MWD (Annexation)	Priscilla Allen	Application submitted in March 2021 by resolution of the Olivenhain Municipal Water District (OMWD) seeking approval for latent power expansion of wastewater service and annexation of approximately 41.5 acres for wastewater service from the OMWD's 4S Ranch Sewer Service Area. The affected territory is undeveloped with a proposed development of 84 multi-family residential units known as Avion. The submitted proposal application is incomplete and pending receipt of additional documentation from the applicant to complete staff's analysis.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
ACTIVE PROPOSALS | POST COMMISSION ACTION				
22	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 by resolution of the San Diego County Fire Authority. Involved annexation of remaining unserved Islands 2, 3, and 4 via reorganization of local fire service territory among five local agencies: CSA 135; Bonita-Sunnyside FPD; Lakeside FPD; Ramona MWD; and San Miguel FPD. Reorganization involved 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. Conforming amendments to add the affected territory to the subject agencies' spheres of influence were also required. The reorganization proposal was approved 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. Other terms remain pending.
23	SA18-07 OAS18-07	"Carmichael Drive – Wyman Service Agreement" - City of La Mesa (Sphere Amendment, OAS)	Robert Barry	Proposal involves an outside-of-agency contractual wastewater service agreement between the property owner and the City of La Mesa. OAS covers extension of City wastewater sewer service to one existing unincorporated single-family residence located outside of the La Mesa sphere of influence. The purpose of the OAS 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.
24	RO19-15 OAS19-15	"Hamilton-Felicita Reorganization" - City of Escondido (Annexation) - CSA No. 135 (Detachment) - Rincon del Diablo MWD (ID"E") (Exclusion)	Linda Heckenkamp	Proposal application submitted in August 2019 by landowner petition requesting reorganization with the City of Escondido of two unincorporated parcels totaling approximately 0.63 acres and each developed with one single-family residence. Both residences provided documentation of failing/failed septic systems. Emergency OAS agreements for wastewater were granted to resolve the health and emergency situation in advance of annexation to Escondido. Reorganization with Escondido also required concurrent detachment from CSA No. 135 (Regional Communications) and exclusion from RDDMWD ID"E." The proposal was approved by the Commission on June 1st, 2020 and is now pending recordation once all terms are satisfied.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
25	RO20-12	"Ortiz – Olive Avenue Reorganization" - City of Vista (Annexation) - Vista Fire Protection District (Detachment)	Linda Heckenkamp	Application submitted in June 2020 by landowner petition and involves annexation to the City of Vista of approximately 4.94 acres for wastewater service and concurrent detachment from Vista Fire Protection District. The affected territory has proposed development of 15 residential lots. The proposal was approved by the Commission on December 7, 2020 and now pending recordation once all terms are satisfied.
26	Ro20-15	"Sunrise-Barham Drive Reorganization" - City of San Marcos (Annexation) - Vallecitos Water District (Annexation)	Robert Barry	Application submitted in July 2020 by landowner petition and involves annexation to the City of San Marcos and Vallecitos Water District of approximately 14.4 acres for wastewater and fire protection services. The affected territory has proposed development of 192 multi-family units. The submitted proposal application is incomplete and pending receipt of additional documentation and information from the applicant to complete staff's analysis. The proposal was approved by the Commission on December 7, 2020 and now pending recordation once all terms are satisfied.
27	RO20-16	"Sringeri Vidya Bharati Foundation Temple Reorganization" - Rincon Del Diablo Water District (Annexation)	Robert Barry	Application submitted August 2020 by resolution and involves annexation to the City of San Marcos and Vallecitos Water District of approximately 19.52 acres for water service. The affected territory has proposed development of a temple project. The proposal was approved by the Commission on October 5, 2020 and now pending recordation once all terms are satisfied.
28	RO20-19	"Lakeside Water District – Riverford Reorganization" - Lakeside Water District (Annexation) - Padre Dam Municipal Water District (Detachment)	Priscilla Allen	Application submitted in September 2020 by resolution of the Lakeside Water District and involves annexation of approximately 5.0 acres for water service. The affected territory is undeveloped with a proposed development by the District for a groundwater treatment facility. The proposal was approved by the Commission on March 1st, 2021 and now pending recordation once all terms are satisfied.

	File Number	Proposal Name | Affected Agencies	Project Manager	Proposal Summary
	PENDING PROPOSAL APPLICATION SUBMITTALS (No project manager; inquiries should be directed to Robert Barry)			
29	Pending	"Harvest Hills Reorganization" - City of Escondido		This anticipated reorganization proposal is currently undergoing development and environmental review by the City of Escondido. Submittal to LAFCO anticipated for late 2020-2021 if approved by Escondido. 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 presently lies outside the adopted Escondido 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 other service related issues have been communicated to the City and are currently under joint review with other local stakeholders. Project was originally titled as "Safari Highlands."
30	Pending	"Rancho Lomas Verde Reorganization" - City of Vista		This anticipated reorganization proposal is undergoing development and environmental review by the City of Vista. The proposal 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 adopted Vista 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 other service related issues have been communicated to the City and are currently under joint review with other local stakeholders.
31	Pending	"Sager Ranch Reorganization" - City of Escondido		This anticipated reorganization involves annexation of approximate 1,800 unincorporated acres to the City of Escondido and concurrent detachments from CSA 135 and the Valley Center FPD. The reorganization would facilitate the proposed 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 other service related issues have been communicated to the City and are currently under joint review with other local stakeholders.
32	Pending	Harmony Grove Village South (TM-626)		This anticipated reorganization involves the unincorporated 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. On January 27, 2020 the San Diego Superior Court overturned the County's development approvals for the project. Appeals are pending with no update as of this report.

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AGENDA REPORT
Public Hearing

April 5, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Robert Barry, Chief Policy Analyst

SUBJECT: **Proposed "Rancho Corrido RV Park Reorganization" | Concurrent Annexations to Yuima Municipal Water District, San Diego County Water Authority, and Metropolitan Water District of Southern California with Conforming Sphere of Influence Amendments (RO20-21 et al.)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a reorganization proposal filed by resolution from the Yuima Municipal Water District (MWD) with the principal action to annex approximately 31.3 unincorporated acres in Pauma Valley. Concurrent annexations to the San Diego County Water Authority ("Water Authority") and Metropolitan Water District of Southern California ("MET") are also proposed. The purpose of the proposal is to extend public water service to the lone subject parcel comprising the affected territory and its existing use as a 120-unit recreational vehicle (RV) park and in doing so abate groundwater quality concerns as well as satisfy compliance with the California Safe Drinking Water Act. Staff recommends approval of the reorganization with modifications to include an additional 0.73 acres comprising adjacent public rights-of-way as well as conforming sphere of influence amendments involving all three subject agencies. Standard approval terms are also recommended along with waiver of protest proceedings assuming no written objections from the landowner or registered voters within the affected territory are received at the close of the hearing.

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BACKGROUND

Applicant Request

San Diego LAFCO has received a reorganization proposal from Yuima MWD requesting approval to reorganize approximately 31.3 acres of unincorporated territory in Pauma Valley. The principal action requested involves annexing the affected territory to Yuima MWD in anticipation of formal connection to its potable water system. Concurrent and supporting annexations of the affected territory are also requested to the County Water Authority and MET as required under the respective wholesalers' administrative codes. The affected territory as submitted includes one subject parcel that is developed with a 120-unit RV park operating as "Rancho Corrido" and currently relying on a failing groundwater-based community system due to excessive nitrates. The County of San Diego Assessor's Office identifies the subject parcel as 130-040-16 with a situs of 14715 State Route 76 in Pauma Valley.

Affected Territory

The affected territory lies in the unincorporated community of Pauma Valley along State-Route 76 near its intersection with Adams Drive. As further described, the lone subject parcel comprising the affected territory is improved as an RV park with ancillary campground uses as well as a retail mini mart. An aerial map of the affected territory in Pauma Valley follows. Attachment One shows the affected territory relative to the proposed concurrent annexations to Yuima MWD, San Diego CWA, and MET.

Affected Territory
as proposed

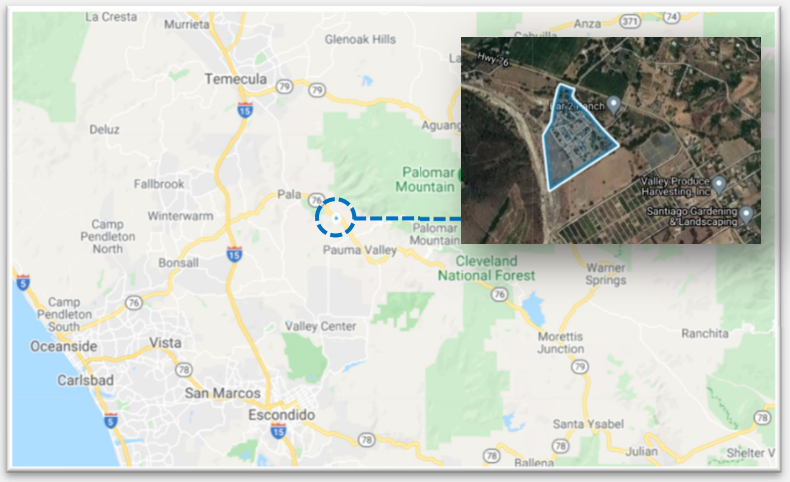
Assessor Parcel Number(s):
130-040-16

Acres:
31.3

Situs Address(es):
14715 State Route 76 (Pauma Valley)

Landowner(s):
Rancho Corrido Member, LLC

Current Use:
Developed 120-unit RV Park



Subject Agencies

The proposed reorganization filed with San Diego LAFCO involves three subject agencies: Yuima MWD; County Water Authority; and MET.[1] A summary of the subject agencies in terms of governance, population, municipal service functions, and financial standing follows.

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

- Yuima MWD is an independent special district formed in 1963 with an estimated residential population of 1,674. The jurisdictional boundary spans close to 21 square miles and comprises mostly rural residential and commercial agricultural uses in unincorporated Pauma Valley. Yuima MWD's principal function is potable water service. LAFCO established a sphere of influence for Yuima MWD in 1984. The sphere was most recently reviewed and affirmed in 2005 and is presently coterminous with the District. The audited net position is $16.9 million as of June 30, 2020 with an undesignated fund balance of $4.2 million. Overall, Yuima MWD's net position has changed by 8.6% over the prior three audited years.

- County Water Authority is a dependent special district formed by special legislation in 1944 to provide wholesale imported water supplies in San Diego County. It is currently comprised of 24 retail member agencies, including special districts, cities, and United States Marine Camp Pendleton, with an estimated residential population of 3.3 million. Governance is provided by a 36-member Board, each representing member agencies with weighted votes in relation to the amount of water purchases by the respective agency. The jurisdictional boundary spans approximately 951,000 acres or 1,486 square miles and includes the western developed portion of San Diego County. LAFCO established a sphere of influence for the County Water Authority in 2005. The sphere was most recently reviewed and affirmed in 2007 and is presently coterminous with the sphere boundaries of its member agencies. The audited net position is $1.6 billion as of June 30, 2020 with an undesignated fund balance of $302.5 million. Overall, the County Water Authority's net position has changed by 1.3% over the prior three audited years.

- MET is a dependent special district formed by special legislation in 1928 to provide wholesale imported water to participating members throughout Southern California. It is currently comprised of 26 member agencies, including the County Water Authority, which is the largest wholesale customer. Governance within MET is provided by a 38-member Board, each representing member agencies with weighted votes in relation to the amount of water purchases by the respective agency. The jurisdictional boundary spans approximately 3.3 million acres or 5,200 square miles and includes significant portions of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties. The estimated total resident population is currently approximately 19 million[2]. LAFCO established a sphere of influence for MET in 2005. The sphere was most recently reviewed and affirmed in 2007 and is coterminous with the sphere boundaries of member agencies. The audited net position is $6.9 billion as of June 30, 2020 with an undesignated fund balance of $344.8 million. Overall, MET's total net position has changed by 1.2% over the prior three audited years.

2 MET's 2019-2020 Comprehensive Annual Financial Report states it provides 40 to 60% of water used by nearly 19 million residents within its service area.

Affected Local Agencies

The affected territory lies within the jurisdictional boundaries and/or spheres of influence of ten local agencies directly subject to San Diego LAFCO. These agencies qualify as "affected agencies" relative to the proposed reorganization and listed below.[3]

- County Service Area No. 135 (Regional Communications)
- Metropolitan Water District of Southern California
- Palomar Health Healthcare District
- San Diego County Fire Protection District
- San Diego County Flood Control District
- San Diego County Street Lighting District
- San Diego County Water Authority
- Upper San Luis Rey Resource Conservation District
- Valley Center Cemetery District
- Yuima Municipal Water District

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the reorganization proposal to concurrently annex the affected territory to Yuima MWD, County Water Authority, and MET. 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, development opportunities, and Commission focus follows.

Proposal Purpose

The purpose of the proposed reorganization before San Diego LAFCO is to facilitate the extension of Yuima MWD's public water service to support the 120-unit Rancho Corrido RV Park and in doing so abate public health and safety concerns tied to the continued use of a groundwater-based community system.[4] The timing of the proposal follows a citation issued from the County of San Diego Department of Environmental Health in December 2017 and involves a directive to comply with the California Safe Drinking Water Act.[5] Concurrent annexations into the County Water Authority and MET relatedly authorize Yuima MWD to retail wholesale supplies to the affected territory and are further detailed in the accompanying footnote.[6]

[3] 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.

[4] The project is planned to continue to utilize underground septic disposal systems, which will preclude additional density or intensity on the site without changes to the major use permit and additional environmental review by the County.

[5] The California Safe Drinking Water Act is part of the implementation of the Federal Safe Drinking Water Act and requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health.

[6] Yuima MWD is a retail water member agency of the wholesale San Diego CWA, which receives its wholesale imported water supply from MET. Yuima MWD has consented to the annexation of the affected territory for retail water service and obtained conditional annexation approvals from both San Diego CWA and MET as required under their respective Administrative Codes for annexation to a special district member agency.

Development Potential

The affected territory is entirely unincorporated and designated by the County of San Diego as Rural Lands (RL-20).[7] The present zoning designation is A-70, Light Agriculture with a 2.0-acre minimum lot size. This zoning allows for a maximum density development of 15.7 lots less any setbacks and other ancillary restrictions. The subject parcel's use as the Rancho Corrido RV Park is entitled by the County through an existing Major Use Permit.

Commission Focus

Three central and sequential policy items underlie San Diego LAFCO's consideration of the proposed reorganization. These policy items take the form of determinations and orient the Commission to consider the interrelated merits of (a) enabling conforming sphere of influence amendments, (b) timing of the reorganization, and (c) whether discretionary boundary modifications or approval terms are appropriate. The Commission must also consider other relevant statutes as detailed.

ANALYSIS

San Diego LAFCO's analysis of the proposed reorganization is divided into two distinct subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section starting with the merits of the conforming sphere of influence amendments and the timing of the reorganization relative to the factor mandated for review by the Legislature and local policies. The second subsection considers other germane issues required for consideration by the Commission in evaluating the proposal and highlighted by environmental review under the California Environmental Quality Act (CEQA).

Central Policy Items

Item No. 1 | Conforming Sphere of Influence Amendments

The proposed reorganization necessitates San Diego LAFCO consider three concurrent actions to all three subject agencies' spheres of influence to achieve consistency with the requested boundary changes in statute. Consideration of the concurrent sphere actions are premised on the Commission's statutory responsibility to designate spheres to demark the affected agencies' appropriate future service areas relative to community needs and – among other features – to conform with proposed changes of organization or reorganization when warranted. To this end, staff believes the proposed sphere of influence actions to add the affected territory are appropriate and would serve to formalize Commission policy determinations that Yuima MWD – and by extension County Water Authority and MET – is the appropriate provider now and going forward of public water service to the affected territory on a permanent basis.

[7] This General Plan designation allows one dwelling unit per 20 or 40 acres.

CONCLUSION |
MERITS OF CONFORMING SPHERE OF INFLUENCE AMENDMENTS

The concurrent amendments to the adopted spheres of influence for the three subject agencies to conform with the proposed reorganization is sufficiently warranted. Justification is marked by the preceding analysis and includes recognition that the affected territory's existing and planned uses as an RV park merits, on a permanent basis, public water service and Yuima MWD – and by extension County Water Authority and MET – is the logical service provider given proximity and shared social and economic ties.

Item No. 2 |
Reorganization Timing

The timing of the proposed reorganization – and specifically the primary action to annex the affected territory to Yuima MWD and secondary actions to annex to County Water Authority, and MET – appears appropriate. This conclusion draws from the analysis of the statutory factors required for consideration of proposed jurisdictional changes along with locally adopted Commission policies. Most of the prescribed factors and applicable policies focus on the impacts of the proposal on the service and financial capacities of the *primary subject agency*, Yuima MWD (emphasis added). A summary of key conclusions generated in the review of these proposal factors and applicable local policies follow with a complete analysis provided as Appendix A.

- <u>Service Needs</u>
  The affected territory and its existing use as a 120-unit RV park and ancillary activities is currently dependent on a private community water system that draws on local groundwater for supplies. The quality of the groundwater, however, has deteriorated due to the increasing presence of nitrates and presumably associated with nearby septic systems and agricultural practices. Reorganization of the affected territory would facilitate compliance with the County Department of Environmental Health and its active citation to abate exceeding nitrate levels in the groundwater and provide retail water service from Yuima MWD via imported surface supplies through the County Water Authority and MET wholesale systems. Additional details follow.

  - The County Department of Environmental Health issued a citation to Rancho Corrido RV Resort as operator of a community water system in December 2017 and directed the resort to comply with the California Safe Drinking Water Act.

  - Annexation to Yuima MWD as well as to its wholesalers (County Water Authority and MET) is consistent and facilitates the adopted land use and zoning policies of the County of San Diego.

- Service Capacities and Levels
  Yuima MWD would directly assume retail water service responsibilities for the affected territory upon reorganization and subsequent connection with wholesale supplies from the County Water Authority and MET. A review of Yuima MWD indicates the District has sufficient capacity and supply resources to readily accommodate demands within the affected territory at its planned uses without expanding any public infrastructure. Additional details follow.

  - Yuima MWD projects the proposed reorganization's water demand for the affected territory and its current and planned uses at 16.8 acre-feet per year. This projection translates to approximately 125 gallons per day for each of the 120 units at the Rancho Corridor RV Park.[8] The projected annual demand equals less than 1% - or specifically 0.6% - of the available retail supply currently available to Yuima MWD through its infrastructure network and intertie to the County Water Authority and MET wholesale systems.

  - Actual service to the affected territory from Yuima MWD is accessible through a 20-foot lateral extension from an existing pipeline located within the adjacent public right-of-way on State Road 76.

- Service Funding and Costs
  Yuima MWD has the financial resources coupled with administrative controls to provide retail water services to the affected territory in support of its current and planned uses without adversely impacting current ratepayers. This comment is reflected in the staff analysis of Yuima MWD'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 5.0%.

CONCLUSION |
MERITS OF CHANGE OF REORGANIZATION TIMING

The timing of the reorganization involving annexations therein of the affected territory to Yuima MWD, County Water Authority, and MET is sufficiently warranted. Justification is marked by the preceding analysis and highlighted by appropriately responding to the need for public water service in lieu of relying on substandard groundwater in support of an existing 120-unit RV development through readily accessible public infrastructure. Additional analysis supporting the conclusion is provided in Appendix B.

[8] One acre-foot is about 326,000 gallons, or enough water to cover one acre to a depth of one foot. An acre-foot can supply the average household needs of two four-person families for one year.

Item No. 3 |
Modifications and Terms

Staff believes modifications to the submitted reorganization proposal are appropriate and it involves San Diego LAFCO adding the directly adjacent public rights-of-way on State Route 76. The modification expands the annexation by 0.73 acres and in doing so eliminates any unserved islands within the district boundary. The recommended modification does not have a material effect on the applicant and would provide consistency with adjacent roadway territory presently in Yuima MWD. Applying standard approval terms also appears appropriate. A map of the affected territory with the recommended modification is provided as Attachment One.

CONCLUSION |
MODIFICATIONS AND TERMS

Modifications are warranted to expand the affected territory to include 0.7 acres of adjacent public right-of-way on State Route 76 to provide more orderly boundaries for the subject agencies. Standard approval 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 between the County of San Diego and the subject agencies for the proposed reorganization before San Diego LAFCO. The associated statutes also empower the County of San Diego to make all related property tax exchange determinations on behalf of the subject agencies given they are all special districts. LAFCO staff has confirmed the County Board of Supervisors has adopted a master enterprise district resolution applicable to the proposed reorganization. The exchange agreement specifies no transfer of property taxes would occur should the Commission approve the concurrent annexations of the affected territory to Yuima MWD, County Water Authority, and MET.[9]

Environmental Review

CEQA requires San Diego LAFCO to assess whether 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 and responsible agency under CEQA in considering the proposed reorganization. Staff's analysis and recommendations follow.

[9] Yuima MWD has confirmed the landowner will be responsible for water authority fixed charges and special assessment fees, fees to provide water service, monthly meter fees, fixed charge pass-throughs and water rates. MET confirms an Ad Velorum tax of .0035% assessed value and a stand-by charge of $11.51 per acre of land or parcel of land less than one acre.

- San Diego LAFCO serves as lead agency under CEQA for the accommodating amendments to Yuima, CWA, and MET's sphere of influences. Staff has determined the activity is 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.

- San Diego LAFCO serves as responsible agency under CEQA for the reorganization and in deference to Yuima MWD as lead agency. Staff concurs Yuima MWD has correctly determined the activity (i.e. annexation) is a project under CEQA but exempt from further review under State CEQA Guidelines Section 15319 (a). This exemption appropriately applies given the affected territory contains existing structures subject to a Major Use Permit and the extension of water will only serve existing facilities.

Protest Proceedings

Protest proceedings for the proposed reorganization may be waived by San Diego LAFCO should the Commission proceed with an approval under Government Code Section 56663(a). This waiver appropriately applies given notice was provided to all landowners and voters within 300 feet of the affected territory and so long as no written objections are received from the affected landowner or voters at the close of the public hearing.[10]

RECOMMENDATION

Staff recommends San Diego LAFCO approve the proposed reorganization with one modification to include 0.78 acres of public right of way along with conforming sphere actions and standard terms based on the preceding analysis. This recommendation is consistent with Alternative One outlined in the proceeding section.

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 conditionally approving the reorganization proposal as submitted with one modification to include 0.78 acres of public right of way and conforming sphere of influence amendments for all three subject agencies.

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

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

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

PROCEDURES FOR CONSIDERATION

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

1) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Commission.
3) Open the hearing and invite comments in the following order:
   - representatives from the applicant, Yuima MWD.
   - other interested parties and the general public
4) Discuss item and consider the staff recommendation.

On behalf of the Executive Officer,



Robert Barry, AICP
Chief Policy Analyst

Appendices:

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

Attachments:

1) Vicinity Map of the Affected Territory
2) Draft Resolution of Approval
3) Application Materials

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 consists of one unincorporated parcel totaling approximately 31.3 acres and subject to an existing County of San Diego-approved Major Use Permit enabling the current use of a 120-unit RV park. The affected territory is not cultivated for agricultural products and not subject to the Williamson Act. The affected territory is also not considered prime agriculture under LAFCO law and does not contain open-space lands. Approval of conforming sphere of influence amendments for the subject agencies to include the affected territory is consistent with present and planned land uses.

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

The affected territory is presently dependent on a small privately owned community water system that draws on groundwater supplies that have become increasingly comprised by nitrates. The proposed reorganization would transition water service to Yuima MWD and its public retail system that draws on wholesale supplies from County Water Authority and MET. Approval of conforming sphere of influence amendments for the subject agencies to include the affected territory is consistent with present and probable need for public water service.

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

Yuima MWD projects water demand for the affected territory and its current and planned uses at 16.8 acre-feet per year. This projection translates to approximately 125 gallons per day for each of the 120 units at the Rancho Corridor RV Park. The projected annual demand equals less than 1% - or specifically 0.6% - of the available retail supply currently available to Yuima MWD through its infrastructure network and intertie to the County Water Authority and MET wholesale systems. Approval of conforming sphere of influence amendments for the subject agencies to add the affected territory is consistent with these present 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.

Approval of the proposed reorganization of retail and wholesale water services and conforming sphere of influence amendments would establish economic and social ties between the subject agencies and the affected territory.

(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 presently located within a census tract qualifying as a disadvantaged unincorporated community under State statute or LAFCO policy. Approval of the proposed reorganization of retail and wholesale water services and conforming sphere of influence amendments for the subject agencies have no applicable effect.

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 is unincorporated and consists of one developed parcel totaling approximately 31.3 acres with an existing County of San Diego-approved Major Use Permit for the 120-unit RV Park. Staff recommends expanding the affected territory to include approximately 0.73 acres of adjacent public right-of-way. The present County zoning designation for the affected territory is A-70, Light Agriculture, with a 2.0-acre minimum lot size. The estimated resident population is approximately 60. Total assessed valuation for the subject parcel is $4.6 million (land only). The topography of the affected territory is described as gently to moderately sloping. The affected territory is surrounded by rural residential development and commercial agricultural uses. No significant new development or growth is anticipated within or adjacent to the affected territory within the next 10-year period based on present County General Plan and zoning designations.

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. The affected territory is located within the San Diego County Fire Protection District, an authorized fire protection and emergency medical services provider, however, is not located within a public wastewater service provider. This proposal affects only water service and is the focus of the succeeding analysis.

- **Public Water Service to Affected Territory**
  The affected territory is presently dependent on a small privately owned community water system regulated by the County Health Department that draws on groundwater supplies that have become increasingly comprised by nitrates. The proposed reorganization would transition water service to Yuima MWD and its public retail system that draws on wholesale supplies from County Water Authority and MET. Yuima MWD's distribution system is located within the adjacent public right-of-way to the affected territory along State Route 76 and can be accessed by a private lateral connection. Yuima MWD projects water demand for the affected territory and its current and planned uses at 16.8 acre-feet per year. This projection translates to

approximately 125 gallons per day for each of the 120 units at the Rancho Corridor RV Park. The projected annual demand equals less than 1% - or specifically 0.6% - of the available retail supply currently available to Yuima MWD through its infrastructure network and intertie to the County Water Authority and MET wholesale systems.

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 proposed reorganization of retail and wholesale water services would establish economic and social ties between the subject agencies and the affected territory.

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 reorganization of retail and wholesale water services would affirmatively respond to the present need in the affected territory for public water service and replace the failing groundwater-based drinking system contaminated by excessive nitrates. The affected territory does not qualify as "open-space" as defined under LAFCO law and no conflicts exists therein under G.C. Section 56377.

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 reorganization proposal 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 addressing any recommended modifications approved by the Commission.

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

A notice of the proposed reorganization was provided to the San Diego Association of Governments (SANDAG). No comments were received from SANDAG and as such no conflicts have been identified with respect to its regional transportation plan, San Diego Forward.

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

The affected territory consists of one unincorporated parcel totaling approximately 31.3 acres and subject to an existing County of San Diego-approved Major Use Permit for a 120-unit recreational vehicle park. The proposed reorganization of retail and wholesale water services to the proposed facilities is consistent with the County General Plan and its ancillary policies.

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 reorganization 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 March 26, 2021. No documented jurisdictional conflicts and/or related concerns from other local agencies, organizations, or members of the general public have been received per Commission Policy L-107.

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.

Following reorganization, the subject agencies will receive standard service fees and charges sufficient for the provision of water services for anticipated needs.

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

Yuima MWD and its wholesale water suppliers – County Water Authority and MET – have indicated that sufficient capacity and supply exist to extend retail and wholesale water services to the affected territory and the existing uses and facilities. The affected agencies have adopted long-range supply planning and capital improvement programs demonstrating the timely availability of adequate water supplies for the affected territory's projected needs.

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 reorganization is intended to facilitate the extension of retail and wholesale water services to an existing County of San Diego-approved Major Use Permit for the 120-unit recreational vehicle park with a failing small groundwater-based drinking system. All potential residential units tied to the lands within the affected territory are already assigned to the County of San Diego by the region's council of governments, SANDAG.

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

The affected territory is developed and/or improved with 35 registered voters and qualifies as "inhabited" as defined by LAFCO law (containing 11 registered voters or less). Notice of the proposal and associated public hearing scheduled on April 5, 2021 have been provided to all registered voters and landowners with no comments received by the date. No documented jurisdictional conflicts and/or related concerns with other local agencies, organizations, or members of the general public relative to addressing Commission Policy L-107.

o) Any information relating to existing land use designations.

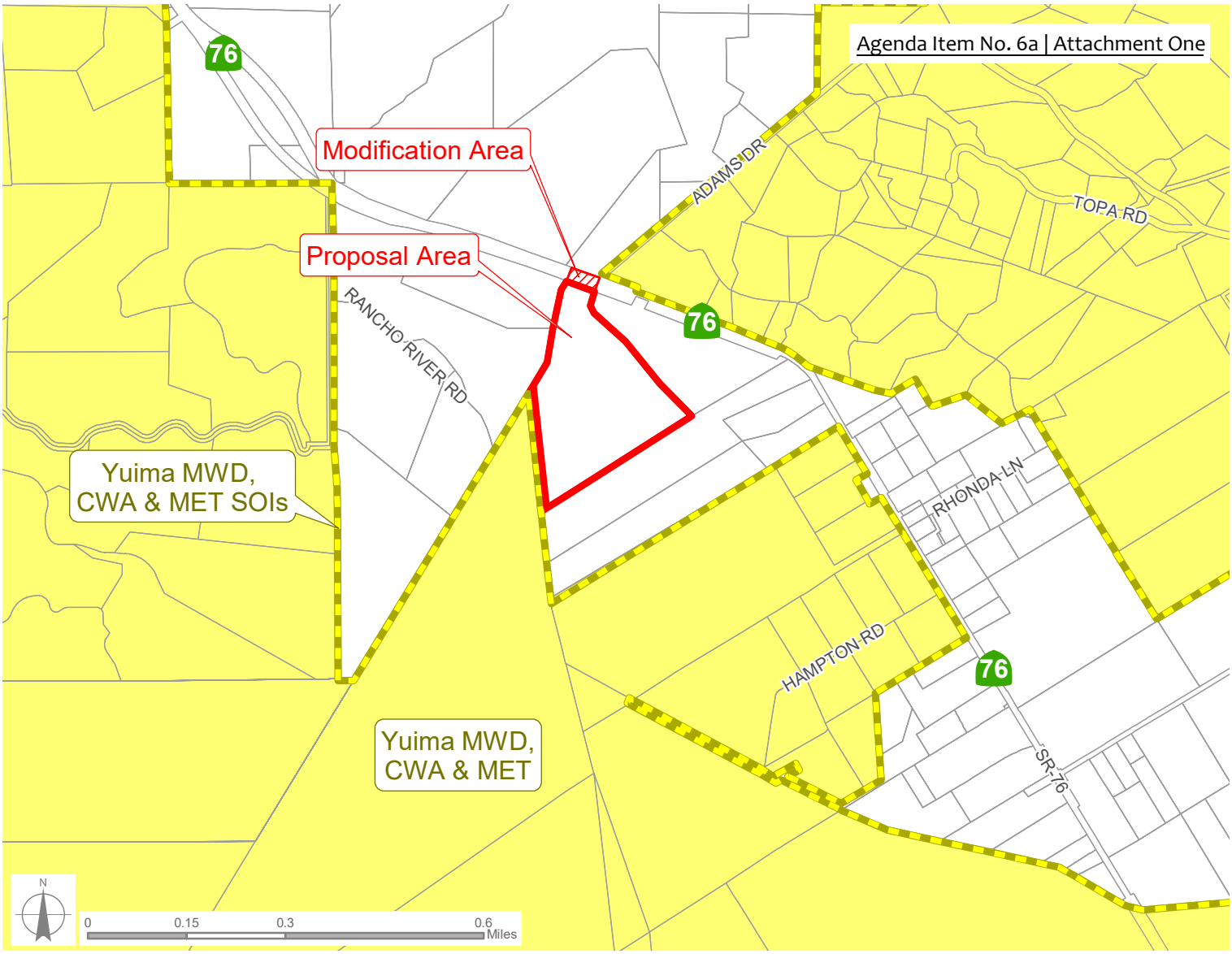
See above analysis for (h).

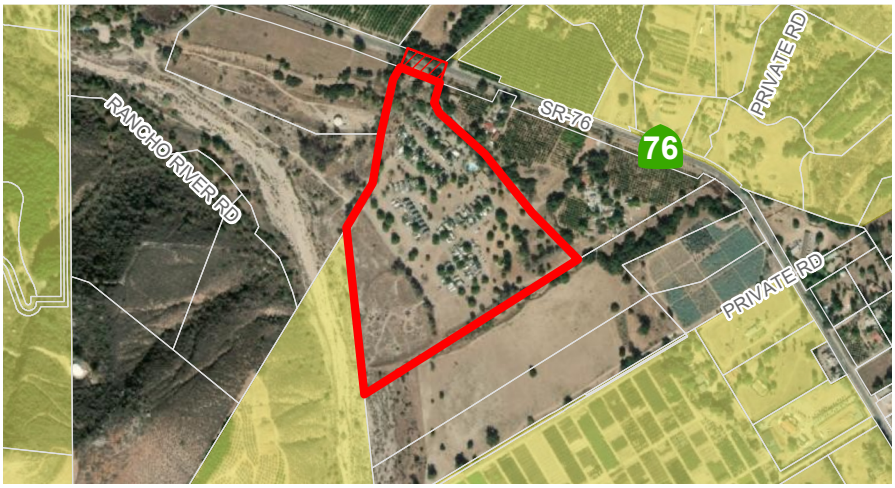
p) The extent to which the proposal will promote environmental justice.

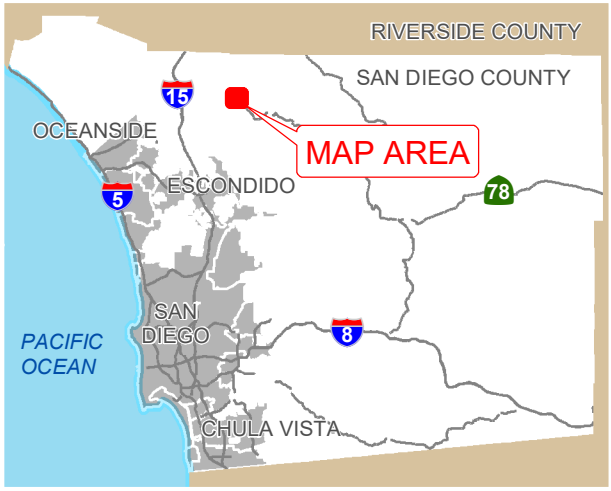
As used in this review factor, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. The proposed change of organization does not include locating new public facilities and 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 County of San Diego General contains a hazard mitigation plan for potential fire, flooding and earthquakes. The affected territory is not located within a very high fire hazard zone or state responsibility area.







RO20-21

"RANCHO CORRIDO RV PARK REORGANIZATION" | CONCURRENT ANNEXATIONS TO YUIMA MWD, CWA, & MET WITH CONFORMING SPHERE OF INFLUENCE AMENDMENTS

SOI = Sphere of Influence

- Proposal Area
- Modification Area
- Yuima MWD, CWA & MET
- Yuima MWD, CWA & MET SOIs

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

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Created by Dieu Ngu -- 3/26/2021

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RESOLUTION NO._____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A REORGANIZATION

"RANCHO CORRIDO RV PARK REORGANIZATION"
CONCURRENT ANNEXATION TO YUIMA MUNICIPAL WATER DISTRICT, SAN DIEGO COUNTY WATER AUTHORITY, AND METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
WITH CONFORMING SPHERE OF INFLUENCE AMENDMENTS
LAFCO FILE NO. CO20-21 et al.

WHEREAS, on September 14, 2020, Yuima Municipal Water District filed a reorganization proposal and resolution 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 reorganization to annex approximately 31.3 acres of unincorporated territory within Pauma Valley to the Yuima Municipal Water District (MWD), San Diego County Water Authority ("Water Authority"), and Metropolitan Water District of Southern California ("MET"); and

WHEREAS, the affected territory as proposed includes one legal parcel that is developed with a 120-unit RV park operating as "Rancho Corrido" and intended to accommodate formal connection to Yuima MWDs potable water system and identified by the County of San Diego Assessor's Office as 130-040-16; and

WHEREAS, an applicable master property tax transfer agreement applies to the proposed reorganization dated September 16, 2009; and

WHEREAS, the Commission's Executive Officer has reviewed the proposed reorganization 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 April 5, 2021; and

WHEREAS, the Commission considered all the factors required by law under Government Code Sections 56425 and 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 for environmental review of the proposed reorganization under the California Environmental Quality Act (CEQA) as detailed in the Executive Officer's report. The Commission's findings follow.

    a) San Diego LAFCO serves as lead agency under CEQA for the accommodating amendments to Yuima, CWA, and MET's sphere of influences. Staff has determined the activity is 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) San Diego LAFCO serves as responsible agency under CEQA for the reorganization and in deference to Yuima MWD as lead agency. Staff concurs Yuima has correctly determined the activity (i.e. annexation) is a project under CEQA but exempt from further review under State CEQA Guidelines Section 15319 (a). This exemption appropriately applies given the affected territory contains existing structures subject to a Major Use Permit and the extension of water service will only serve existing facilities.

4. The Commission APPROVES amending the spheres of influence for Yuima MWD, Water Authority, and MET to include the affected territory as described in Section 5 below and shown as "Exhibit A" as well as makes the required statements under Government Code Section 56425 as provided in "Exhibit B."

5. The Commission CONDITIONS the approved amendments to the spheres of influence on completion of the reorganization as set forth in Section 7 below.

6. The Commission APPROVES the reorganization with a discretionary modification as described below and subject to conditions as provided. Approval involves all of the following:

    a) The affected territory is modified to include 0.73 acres of nearby public right-of-way on State Route 76.

    b) Annexation of the affected territory to the Yuima MWD as shown in "Exhibit C-1" and described in "Exhibit C-2."

    c) Annexation of the affected territory to the Water Authority as shown in "Exhibit D-1" and described in "Exhibit D-2."

    d) Annexation of the affected territory to MET as shown in "Exhibit E-1" and described in "Exhibit E-2."

7. The Commission CONDITIONS all approvals on the following terms being satisfied by April 5, 2022 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 as 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 $1,200.00.

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

    "Rancho Corrido RV Park Reorganization"

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

10. The Commission waives conducting authority proceedings under Government Code Section 56663. Protest proceeding are waived given all landowners and registered voters within the affected territory as well as and within 300 feet have been notified in a manner provided in statute and no written opposition was received from the affected voters or landowner before the conclusion of the hearing.

11. The Yuima MWD, Water Authority, and MET are registered-voter districts.

12. The Yuima MWD, Water Authority, and MET utilize the County of San Diego assessment roll.

13. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the Yuima MWD, Water Authority, and MET as provided under Government Section 57328.

14. 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.

15. 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.

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

17. 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 April 5, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

_____
Keene Simonds
Executive Officer

EXHIBIT A
APPROVED SPHERE OF INFLUENCE AMENDMENTS

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EXHIBIT B
SPHERE OF INFLUENCE DETERMINATIONS
GOVERNMENT CODE SECTION 56425

-Placeholder-

EXHIBIT C-1
MAP OF THE AFFECTED TERRITORY
ANNEXATION TO YUIMA MWD

-Placeholder-

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EXHIBIT C-2
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY
ANNEXATION TO YUIMA MWD

-Placeholder-

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EXHIBIT D-1
MAP OF THE AFFECTED TERRITORY
ANNEXATION TO WATER AUTHORITY

-Placeholder-

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EXHIBIT D-2
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY
ANNEXATION TO WATER AUTHORITY

-Placeholder-

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EXHIBIT E-1
MAP OF THE AFFECTED TERRITORY
ANNEXATION TO MET

-Placeholder-

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EXHIBIT E-2
GEOGRAPHIC DESCRIPTION OF THE AFFECTED TERRITORY
ANNEXATION TO MET

-Placeholder-

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SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION

The **following information must be submitted** when filing a change of organization or reorganization proposal with the San Diego Local Agency Formation Commission (LAFCO); additional information may be requested during review of the proposal.

☑ 1. **Completed CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION.**

☑ 2. (a) A **certified resolution of application** from an affected city or district; ***or***

(b) A **landowner or registered voter petition** making application to San Diego LAFCO (available from LAFCO or http://www.sdlafco.org/forms/petition.pdf).

☑ 3. A **metes-and-bounds legal description of the proposal territory perimeter** for the proposed boundary change(s), a **reproducible parcel/plat map**, and a **vicinity map**. For information about mapping requirements, refer to: http://www.sdlafco.org/forms/legal_description.pdf, and contact the County Assessor's Mapping Division at 619/531-5588. The Thomas Brother's Guide may be used for the vicinity map.

☑ 4. **Environmental documentation** to comply with the California Environmental Quality Act (CEQA); submit documents for applicable category only:

(a) INITIAL STUDY: Submit completed form (available from LAFCO) if no environmental review has been conducted;

(b) CATEGORICAL EXEMPTION: Submit document if an agency has certified that the project qualifies for a categorical exemption from CEQA;

(c) NEGATIVE DECLARATION (ND): Submit document with certifying resolution and Initial Study*;

(d) ENVIRONMENTAL IMPACT REPORT (EIR): Submit 15 copies of the Final EIR and certifying resolution, plus one copy of the EIR Appendix*.

* For an ND or EIR, a copy of the receipt for the fee paid to the California Department of Fish and Game must be submitted.

☐ 5. If annexation to a city is proposed, submit one copy of the **city resolution approving prezoning and general plan land-use designations** for the proposal territory.

☐ 6. **JURISDICTIONAL CONFLICTS:** If the response to question number 6 on page 3 is "Yes", complete and sign the Policy L-107 form at http://www.sdlafco.org/forms/Legislative_Policy_L_107.pdf.

☑ 7. **Completed CAMPAIGN CONTRIBUTION DISCLOSURE FORM AND EVALUATION CHECKLIST for DISCLOSURE OF POLITICAL EXPENDITURES** (pages 7 and 8 of application).

☑ 8. **PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY** (page 9 of application).

☑ 9. Completed **SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM** (pages 10-12 of application) from ***each*** subject agency.

☑ 10. **LAFCO processing fees.** The San Diego LAFCO FEE SCHEDULE is available at http://www.sdlafco.org/document/feeschedule.pdf, or contact LAFCO staff.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
9335 Hazard Way · Suite 200 · San Diego, CA 92123
(858) 614-7755 · www. sdlafco.org

Updated: September 3, 2019

CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION

The information in this application is used by LAFCO staff to evaluate proposals for changes of government organization. Please respond to **all** items in this form, indicating "NA" when an item does ***not*** apply.

SUBJECT AGENCY(IES) (City or Special District)	PROPOSED CHANGE OF ORGANIZATION/ACTION (Annexation, detachment, sphere amendment, etc.)
1. Yuima Municipal Water District	1. Annexation, Sphere Amendment
2.	2.
3.	3.
4.	4.

As part of this application, the City of _____ or the Yuima Municipal Water District, _____(the applicant), and/or the _____ (real party in interest): subject landowner and/or registered voter agrees to defend, indemnify, hold harmless, and release the San Diego LAFCO, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any or all of them, the purpose of which is to attack, set aside, void, or annul San Diego LAFCO's review, approval or denial of this application or adoption of or refusal to adopt the environmental document which accompanies it or any other action San Diego LAFCO takes with respect to this application. This defense and indemnification obligation shall include, but not be limited to, attorneys' fees, expert witness fees and other costs of defense, damages, costs, and expenses, including attorney fees payable to another party. Applicant and/or real party in interest agree that San Diego LAFCO shall have the right to appoint its own counsel to defend it and conduct its own defense in the manner it deems in its best interest and that San Diego LAFCO's taking such action does not limit the obligations to indemnify and reimburse San Diego LAFCO's defense costs. This defense and indemnification obligation shall apply whether or not there is concurrent passive or active negligence on the part of the San Diego LAFCO, its agents, officers, attorneys, or employee. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. San Diego LAFCO's acceptance of this application is sufficient to make this agreement a binding, bilateral contract between us.

I acknowledge that annexation to the city of _____ or the Yuima Municipal Water district may result in the imposition of taxes, fees and assessments ***existing within the (city or district)*** on the effective date of annexation. I hereby waive any rights I may have under Articles XIIIC and XIIID of the State Constitution (Proposition 218) to a hearing, assessment ballot proceeding or an election on those ***existing taxes, fees and assessments.***

Agreed:

Signature: Amy Reeh Date: 9/9/2020

Print/Type Name: Amy Reeh, Interim General Manager

Address: P.O. Box 177

Pauma Valley, CA 92061 Telephone: (760- 742-3704

Property Address: 14715 HIGHWAY 76, PALA, CA 92059

Cross Street(s): South side of Pala Rd./Hwy 76 at Adams Dr.

Assessor Parcel Number(s): 130-040-16-00 Acres: 31.29

Indicate below if anyone, in addition to the person signing this application, is to receive notices of these proceedings.

Name: _____

Address: _____

_____ Telephone: ( )_____

A. PROPOSAL DESCRIPTION/JUSTIFICATION

1. Explain in detail why the proposal is necessary ***at this time*** (e.g., condition of an approved tentative map, an existing structure requires new services, etc.).

Rancho Corrido RV, Inc. is classified as a community water system, and is currently served by two wells, pumps, pipelines, and related infrastructure, which pump and distribute groundwater for potable uses. The annexation is necessary to abate water quality issues (elevated nitrate levels), which could not be mitigated with blending, and without storage capacity.

2. Describe the use of ***developed*** property within the proposal territory, including details about existing structures. Describe anticipated development of ***vacant*** property, including types of buildings, number of units, supporting facilities, etc., and when development is scheduled to occur.

The parcel includes 12.6 acres of developed land, which consists of 20 mobile home spaces, 80 recreational vehicle (RV) spaces without time limits, and 20 RV spaces with 90-day time limits. The property also includes a laundry facility, office and swimming pool. No further development is proposed or anticipated.

3. Describe the topography and physical features of the proposal territory, as well as its general location in relation to communities, major freeways/highways, roads, etc.

Rancho Corrido RV (Parcel 13-040-16) is located approximately 11 miles east of I-15 along Hwy 76 in the Pauma Valley community. The parcel is at 686 feet elevation with the southern portion of the parcel in the 100-year flood plain. Of the total 31.29 acres within the parcel, 12.6 are developed land and the remainder will remain undeveloped.

4. How many residents live within the proposal territory? 20 permanent, 80 RVs without time limits, and 20 RVs with 90-day time limits.

5. How many of these residents are registered voters? 35 registered voters

6. Are there any jurisdictional issues associated with the LAFCO proposal or pending LAFCO action?

☑ NO ☐ YES (If yes, please complete the Policy L-107 form at http://www.sdlafco.org/forms/Legislative_Policy_L_107.pdf)

B. LAND USE INFORMATION

GENERAL PLAN AND ZONING:

If the proposal territory is ***not*** within an incorporated city, San Diego County General Plan and zoning information may be obtained by calling (858) 565-5981 or toll-free (888) 267-8770 with the Assessor Parcel Number(s) of the subject property. If the proposal territory is within a city, please call the appropriate city's planning department for General Plan and zoning information.

1. COUNTY:

(a) The territory is within the Pala-Pauma community plan.

(b) The County General Plan or community plan designation and allowed density: General Plan Land Use Designation Rural Lands 20 and Rural Lands 40 with Limited Agriculture (A70).

(c) Current County zoning and allowed density: No land use or zoning changes are proposed. A 5/17/18 Conformance Review letter from the County was received with a finding of consistency with the General Plan.

2. CITY:

(a) The territory is within the general plan area for the City of n/a

(b) The City General Plan land use designation and allowed density: n/a

(c) Current City zoning and allowed density: n/a

(d) Current City prezoning and allowed density: n/a

3. Indicate below ***all*** permits or approvals that will be needed by the County or any city to complete the project. If already granted, please note the date of approval and attach a copy of each resolution of approval. If approval is pending, please note the anticipated approval date.

Type of Approval or Permit	File No.	Approval Date	Is Resolution Attached?
Tentative Subdivision Map	n/a		☐YES ☐NO
Tentative Parcel Map	n/a		☐YES ☐NO
Major Use Permit	67-092W	Existing	☐YES ☑NO
City/County General Plan Amendment	n/a		☐YES ☐NO
City Prezoning	n/a		☐YES ☐NO
County Rezone	n/a		☐YES ☐NO
(Other)	n/a		☐YES ☐NO

4. Describe the land uses surrounding the proposal territory (e.g., residential, commercial, agricultural, industrial, open space, etc.).

North: Agriculture East: Spaced Rural Residential

South: Agriculture West: Undeveloped

5. Indicate with a ✔ if any portion of the proposal territory contains the following:

☐ Agricultural land uses ☐ Agricultural Preserve

☐ Open Space Easement ☐ Slopes greater than 25%

☐ Sewer moratorium area ☐ Coastal Permit Zone

☑ Unusual features such as: 100 year flood plain

6. For city annexation proposals: Is any part of the proposal territory under a Williamson Act contract? If yes, please contact the LAFCO office for special instructions regarding petition/resolution of application requirements. ☐YES ☐NO

C. PUBLIC SERVICES INFORMATION

SEWER SERVICE:

1. (a) Is the proposal territory within a district or city that provides public sewer service? ☐YES ☑NO

   (b) ***If yes,*** which agency? _____

2. (a) Is a developed parcel in need of annexation due to failed septic system? ☐YES ☑NO

   (b) ***If yes,*** include a copy of any letters from the San Diego County Department of Environmental Health or private septic-system company.

   (c) ***If no,*** is annexation for sewer service part of this application? ☐YES ☑NO

3. If annexation for sewer service is proposed, which district or city would serve the territory if this jurisdictional change is approved? n/a

4. (a) Has the agency that will be providing service issued a letter of sewer availability? ☐YES ☑NO

   (b) ***If yes,*** please provide a copy of the letter with this application. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

5. (a) Will the agency be prepared to furnish sewer service upon annexation? ☐YES ☑NO

   (b) ***If no,*** please explain: n/a

WATER SERVICE:

1. (a) Is the proposal territory within a district or city that provides public water service? ☐YES ☑NO

   (b) ***If yes,*** which agency? _____

2. Is a well or other on-site water system currently used on the property? ☑YES ☐NO

3. Is an on-site system proposed to be used when the property is developed? ☐YES ☑NO

4. (a) Is annexation for water service part of this application? ☑YES ☐NO

   (b) ***If yes,*** which district or city would serve the territory if this jurisdictional change is approved? Yuima Municipal Water District

   (c) Will the agency that will be providing service be prepared to furnish water service upon annexation? ☑YES ☐NO

5. (a) Has the agency that will be providing service issued a letter of water availability? ☑YES ☐NO

   (b) ***If yes,*** please provide a copy of the letter with this application. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

Please see attached Resolution # 1800-18.

RESOLUTION NO. 1800-18

RESOLUTION OF THE BOARD OF DIRECTORS OF YUIMA MUNICIPAL WATER DISTRICT REQUESTING APPROVAL BY THE SAN DIEGO COUNTY WATER AUTHORITY, THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, AND THE LOCAL AGENCY FORMATION COMMISSION OF A CONCURRENT ANNEXATION TO SAID AGENECIES (Rancho Corrido RV Park) Approximately 31.29 Acres (APN 130-040-16)

WHEREAS, a request has been made to Yuima Municipal Water District for annexation of the property described as Assessor's Parcel No. 130-040-16 (Rancho Corrido);

WHEREAS, the purpose for the proposed annexation is to provide water service to the parcel to be annexed; and

WHEREAS, the Board of Directors of Yuima Municipal Water District desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with section 56000 of the California Government Code, for the Rancho Corrido annexation, and

WHEREAS, any annexation to the San Diego County Water Authority shall be in accordance with the County Water Authority Act and applicable provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government code Section 56000 et seq.) and shall not be in conflict with Division III, Annexations, of the Metropolitan Water District Administrative Code, and

WHEREAS, before proceedings may be commenced to annex said property, informal approval, including terms and conditions, thereof must be obtained from the San Diego County Water Authority, the Metropolitan Water District of Southern California, and the Local Agency Formation Commission; and

WHEREAS, Yuima Municipal Water District Resolution 1712-17 requesting said agencies for approval has been rescinded and replaced with this resolution at the request of the San Diego County Water Authority to include specific language.

NOW THEREFORE BE IT RESOLVED AND ORDERED by the Board of Directors of the Yuima Municipal Water District as follows:

1. The request is hereby made to the San Diego County Water Authority, the Metropolitan Water District of Southern California, and the Local Agency Formation Commission for informal terms and conditions from each of those agencies for the concurrent annexation of the property described as Assessor's Parcel No. 130-040-16 hereto to said agencies, upon annexation of said property to Yuima Municipal Water District.

2. That the Secretary be authorized and directed to file a certified copy of this resolution with the Board of Directors of the San Diego County Water Authority.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of YUIMA MUNICIPAL WATER DISTIRCT held on Tuesday, September 25, 2018, by the following vote:

AYES: Watkins, Villalobos, Simpson, Broomell
NOES:
ABSENT:
ABSTAIN:

W.D. Knutson, President

ATTEST:

Don Broomell, Secretary

FIRE PROTECTION SERVICES: NOTE: Complete the following section ***only*** if annexation to a fire protection service provider is proposed—or if the current fire protection service provider is proposed to change.

1. (a) Is the proposal territory ***currently*** within an agency that provides fire protection? ☐YES ☐NO

   (b) ***If yes,*** provide name and address/location of current fire service provider

   _____

   _____

   (c) Provide estimated response times to the proposal territory:

   priority_____ minutes; non-priority_____ minutes

2. Is annexation for fire protection service part of this application? ☐YES ☐NO

3. Which city or district would serve the proposal territory if this jurisdictional change is approved?

   _____

   (a) Location/address of the proposed fire service provider: _____

   _____

   (b) Estimated response times to the proposal territory:

   Priority_____ minutes; non-priority_____ minutes

POLICE PROTECTION SERVICES: NOTE: Complete the following section ***only*** if the police protection provider is proposed to change.

1. Which police agency ***currently*** serves the proposal territory?

   _____

   (a) Location/address of nearest police station: _____

   _____

   (b) Estimated response times to the proposal territory: priority____ minutes; non-priority____ minutes

2. Which police agency would serve the proposal territory if this jurisdictional change is approved?

   _____

   (a) Location/address of nearest police station:_____

   _____

   (b) Estimated response times to the proposal territory:

   Priority_____ minutes; non-priority_____ minutes

CAMPAIGN CONTRIBUTION DISCLOSURE PROVISIONS

LAFCOs are subject to the campaign disclosure provisions detailed in Government Code Section 84308, and the Regulations of the Fair Political Practices Commission (FPPC), Section 18438.

Please carefully read the following information to determine if the provisions apply to you. If you determine that the provisions are applicable, the Campaign Disclosure Form must be completed and returned to San Diego LAFCO with your application.

1. No LAFCO commissioner shall accept, solicit, or direct a contribution of more than $250 from any party[1] or agent[2] while a change of organization proceeding is pending, and for three months subsequent to the date a final decision is rendered by LAFCO. This prohibition commences when your application has been filed, or the proceeding is otherwise initiated.

2. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than $250 made to any commissioner by the party, or agent, during the preceding 12 months. No party to a LAFCO proceeding, or agent, shall make a contribution to a commissioner during the proceeding and for three months following the date a final decision is rendered by LAFCO.

3. Prior to rendering a decision on a LAFCO proceeding, any commissioner who received contribution of more than $250 within the preceding 12 months from any party, or agent, to a proceeding shall disclose that fact on the record of the proceeding, and shall be disqualified from participating in the proceeding. However, if any commissioner receives a contribution that otherwise would require disqualification, and returns the contribution within 30 days of knowing about the contribution and the relevant proceeding, that commissioner shall be permitted to participate in the proceeding.

[1] "Party" is defined as any person who files an application for, or is the subject of, a proceeding.

[2] "Agent" is defined as a person who represents a party in connection with a proceeding. If an individual acting as an agent also is acting as an employee or member of a law, architectural, engineering, or consulting firm, or a similar entity or corporation, both the individual and the entity or corporation are agents. When a closed corporation is a party to a proceeding, the majority shareholder is subject to these provisions.

To determine whether a campaign contribution of more than $250 has been made by you or your agent to a commissioner within the preceding 12 months, all contributions made by you or your agent during that period must be aggregated.

Names of current LAFCO commissioners are available at http://www.sdlafco.org/document/CommRoster.pdf. If you have questions about Government Code Section 84308, FPPC regulations, or the Campaign Disclosure Form, please contact San Diego LAFCO at 9335 Hazard Way, Suite 200, San Diego, CA 92123, (858) 614-7755.

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

(a) Proposed change(s) of organization: _____

n/a

_____

(b) Name and address of any party, or agent, who has contributed more than $250 to any commissioner within the preceding 12 months:

1. n/a

_____

_____

2. _____

_____

_____

(c) Date and amount of contribution:

Date n/a _____ Amount $ _____

Date _____ Amount $ _____

(d) Name of commissioner to whom contribution was made:

1. n/a

2. _____

(e) I certify that the above information is provided to the best of my knowledge.

Printed Name _____

Signature _____

Date _____ Phone _____

To be completed by LAFCO:

Proposal:

Ref. No.

DISCLOSURE OF POLITICAL EXPENDITURES

Effective January 1, 2008, expenditures for political purposes, which are related to a change of organization or reorganization proposal that will be or has been submitted to LAFCO, are subject to the reporting and disclosure requirements of the Political Reform Act of 1974 and the Cortese-Knox-Hertzberg Act of 2000.

Please carefully read the following information to determine if reporting and disclosure provisions apply to you.

- Any person or combination of persons who, for political purposes, directly or indirectly contributes $1,000 or more, or expend $1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report to the Commission to the same extent and subject to the same requirements of the Political Reform Act of 1974 (Government Code Section 81000 et seq.) as provided for local initiative measures, and Section 56700.1 of the Cortese-Knox-Hertzberg Act of 2000.
- Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes $1,000 or more, or expends $1,000 or in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be filed with the Secretary of State and the appropriate city or county clerk. Copies of the report must also be filed with the Executive Officer of San Diego LAFCO.
- A roster of current San Diego LAFCO commissioners is available from the LAFCO office: 9335 Hazard Way, Suite 200, San Diego, CA 92123, (858) 614-7755, or from http://www.sdlafco.org/document/CommRoster.pdf

EVALUATION CHECKLIST FOR DISCLOSURE OF POLITICAL EXPENDITURES

The following checklist is provided to assist you in determining if the requirements of Government Code Sections 81000 et seq. apply to you. For further assistance contact the Fair Political Practices Commission at 428 J Street, Suite 450, Sacramento, CA 95814, (866) 275-3772 or at http://www.fppc.ca.gov.

1. **Have you directly or indirectly made a contribution or expenditure of $1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?**

   ☐ Yes

   ☑ No

   Date of contribution_____ Amount $ _____

   Name/Ref. No. of LAFCO proposal_____

   _____

   Date proposal submitted to LAFCO _____

2. **Have you, in combination with other person(s), directly or indirectly contributed or expended $1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?**

   ☐ Yes

   ☑ No

   Date of contribution_____ Amount $ _____

   Name/Ref. No. of LAFCO proposal_____

   _____

   Date proposal submitted to LAFCO _____

3. **If you have filed a report in accordance with FPPC requirements, has a copy of the report been filed with San Diego LAFCO?**

   ☐ Yes

   ☑ No

PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY

Note: Processing of jurisdictional boundary change proposals, which involve ***uninhabited***[1] territory, can be expedited by approximately 60 days if all affected landowners consent to the proposal. If you wish to take advantage of this option, please return the completed PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY to San Diego LAFCO with your application for a jurisdictional boundary change. If consenting signatures of *100%* of the affected property owners are affixed and LAFCO does not receive any opposition from subject agencies, the Commission may consider the proposal without public notice, public hearing and/or an election.

[1] Territory included within a proposed boundary change that includes less-than12 registered voters is considered ***uninhabited*** (Government Code 56045).

The undersigned owners(s) of property hereby consent(s) to inclusion of that property within a proposed change of organization or reorganization consisting of:

(Please list all proposed actions)

Annexation to: 1. Yuima Municipal Water District

2. _____

3. _____

Detachment from: 1. Not currently in a water service area

2. _____

3. _____

	Date	Signature	Assessor's Parcel Number(s)
1.	7/24/20		130-040-16-00
2.	7/24/20		
3.	7/24/20		
4.	07/24/20		
5.			

Please see attached authorized sign. documentation.

necessary

PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY

Note: Processing of jurisdictional boundary change proposals, which involve ***uninhabited***[1] territory, can be expedited by approximately 60 days if all affected landowners consent to the proposal. If you wish to take advantage of this option, please return the completed PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY to San Diego LAFCO with your application for a jurisdictional boundary change. If consenting signatures of ***100%*** of the affected property owners are affixed and LAFCO does not receive any opposition from subject agencies, the Commission may consider the proposal without public notice, public hearing and/or an election.

[1] Territory included within a proposed boundary change that includes less-than12 registered voters is considered ***uninhabited*** (Government Code 56045).

The undersigned owners(s) of property hereby consent(s) to inclusion of that property within a proposed change of organization or reorganization consisting of:

(Please list all proposed actions)

Annexation to: 1. Yuima Municipal Water District

2. _____

3. _____

Detachment from: 1. Not currently in a water service area

2. _____

3. _____

Date	Signature	Assessor's Parcel Number(s)
1. 7.27.2020		130-040-16-00
2.		
3.		
4.		
5.		

Attach additional sheets if necessary

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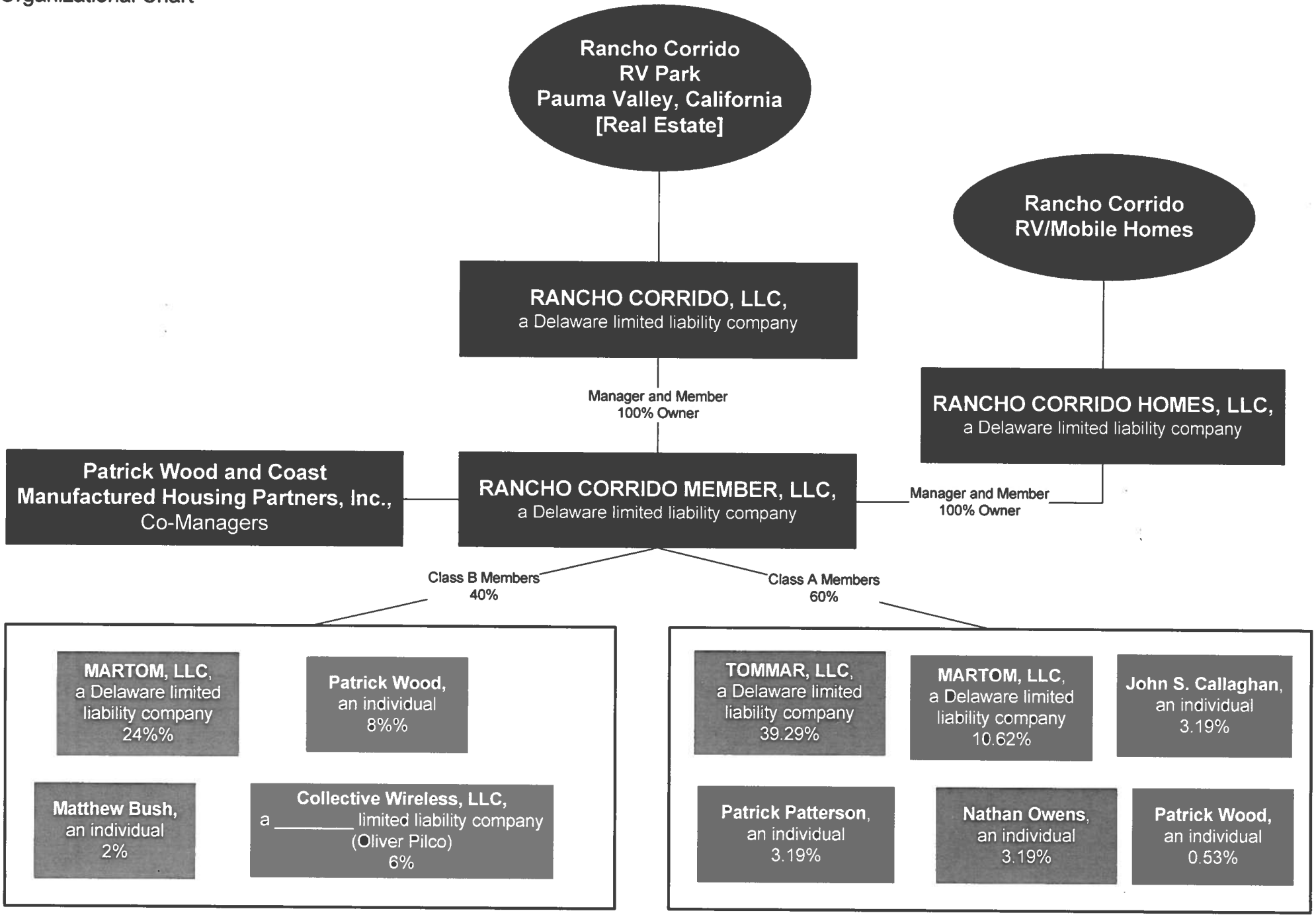
2. _____

3. _____

Date	Signature	Assessor's Parcel Number(s)
1.		130-040-16-00
2. 7/24/20	for Nat Drews	
3.		
4.		
5.		

Attach additional sheets if necessary

Organizational Chart



LIMITED LIABILITY COMPANY AGREEMENT OF RANCHO CORRIDO MEMBER, LLC

This LIMITED LIABILITY COMPANY AGREEMENT (this "**Agreement**") of RANCHO CORRIDO MEMBER, LLC, a Delaware limited liability company (the "**Company**"), is entered into as of September ____, 2019 (the "**Effective Date**"), by and among those persons listed in the records of the Company as members (collectively, the "**Members**").

RECITALS:

The Members desire to enter into this Agreement to define formally and express the terms of such limited liability company and the Members' rights and obligations with respect thereto.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE 1.
FORMATION

Section 1.1 Formation of Limited Liability Company. This Agreement is made and entered into as of the Effective Date by and among the Members in order to acquire and own their respective membership interests in and to manage the Company under the laws of the State of Delaware in accordance with the "Act" (as hereinafter defined). The Company was formed upon the filing of that certain Certificate of Formation (the "**Certificate**") with the Secretary of State of the State of Delaware on June 12, 2019 under and subject to the provisions of the Delaware Limited Liability Company Act (6 Del. C. § 18-101, et seq.), as amended from time to time (the "**Act**"), for the purpose described below. By execution of this Agreement, each Member hereby makes the representations and warranties to the Co-Managers, the Company and each other Member as more particularly set forth on **Exhibit C** attached hereto.

Section 1.2 Name. The name of the Company is Rancho Corrido Member, LLC. The business of the Company will be conducted under such name, as well as any other name or names as the "Co-Managers" (as hereinafter defined) may from time to time determine.

Section 1.3 Principal Place of Business. The principal place of business of the Company shall be c/o 2950 Airway Avenue, Suite A-9, Costa Mesa, California 92626, Attn: Thomas Larkin, or at such other place as the Co-Managers may from time to time deem advisable.

Section 1.4 Registered Office and Registered Agent. The initial registered office of the Company shall be 160 Greentree Drive, Suite 101, Dover, Delaware 19904, and its initial registered agent will be National Registered Agents, Inc. The registered office and registered agent may be changed by the Co-Managers from time to time pursuant to the Act.

Section 1.5 Foreign Qualification. The Company shall apply for authority to transact business in those jurisdictions where it is required to do so.

Section 1.6 Purposes. The Company has been formed for the sole object and purpose of, and the sole nature of the business (collectively, the "**Company Business**") to be conducted and promoted by the Company is, engaging in any and all activities necessary, convenient or incidental to (i) acting as the sole member in Rancho Corrido, LLC, a Delaware limited liability company ("**Property Owner**"), which Property Owner's sole business purpose is purchasing, owning, financing, holding for investment and disposing of that certain real property and improvements thereon located at 14715 Highway 76, Pauma Valley, California 92061 and commonly referred to as "Rancho Corrido RV Park" (the "**Property**") and (ii) acting as the sole member in Rancho Corrido Homes, LLC, a Delaware limited liability company, ("**RC Homes**"), which RC Homes sole purpose shall be to own certain mobile homes and RVs located on the Property. The business of the Company may be conducted directly by the Company or through "Company Subsidiaries" (as hereinafter defined), including Property Owner, with the understanding that wherever in this Agreement reference is made to the ownership, management, operating or other activities concerning the Property, such provision shall be interpreted to direct actions or limitations by the Company directly or in its capacity as the sole member of Property Owner.

Section 1.7 Defined Terms. The terms used in this Agreement shall have the meanings specified on **Exhibit B** attached hereto unless otherwise expressly provided herein or required by law.

ARTICLE 2.
MEMBERS, MEMBERSHIP INTERESTS

Section 2.1 Names, Addresses and Interests of Members.

(a) The Company shall have two (2) class of Members known as Class A Members and Class B Members.

(b) The respective addresses of the Members, their Class of Membership, their initial percentage interests in the Company (individually, "**Percentage Interest**", and collectively, the "**Percentage Interests**"), and their initial percentage interest in such Member's Class (individually, "**Class Percentage Interest**", and collectively, the "**Class Percentage Interests**") are set forth on the Member List and incorporated herein. The Members acknowledge that the Percentage Interests of the Members set forth on the Member List may be altered pursuant to Section 2.3 below. The Co-Managers may, but shall not be obligated to, circulate to the Members an updated Member List.

Section 2.2 Initial Capital Contributions and Capital Accounts.

(a) As its Initial Capital Contribution to the Company, each Member has contributed or agrees to contribute to the Company the amount set forth opposite its name on the initial Member List.

(b) A separate capital account (a "**Capital Account**") shall be established and maintained for each Member strictly in accordance with the rules set forth in Section 1.704-1(b)(2)(iv) of the Treasury Regulations.

(c) The Class B Members shall have no obligation to contribute Additional Capital.

Section 2.3 Contribution of Additional Capital. Upon the request of the Co-Managers and the giving of seven (7) Business Days' notice to the Class A Members or at such time as such funds may be required in accordance with the approved Budget, additional capital shall be contributed to the Company by the Class A Members (the "**Additional Capital Contributions**") in order to fulfill the Company's obligation to make capital contributions or to fund other expenditures or reserves which the Co-Managers reasonably determine are necessary for the continued ordinary operation of the Company. Upon such request, the Class A Members shall make Additional Capital Contributions in accordance with the provisions hereof and in the same relative percentages as their respective Class Percentage Interests.

Section 2.4 Failure to Make Capital Contributions. Upon the failure of a Class A Member (a "**Non-Contributing Member**") to make its share of any required Additional Capital Contributions (the portion thereof not contributed by such Non-Contributing Member being referred to herein as the "**Deficiency**"), then any other Member which is not an Affiliate of the Non-Contributing Member (each, a "**Contributing Member**") may, in such Contributing Member's sole and absolute discretion, contribute all or any portion of such Deficiency, within fifteen (15) days after the date the Deficiency was required to be contributed (allocated among the Contributing Members pro rata in the same proportion as their respective Percentage Interests bear to their total aggregate Percentage Interests in the Company of all Contributing Members, or in such other ratio as mutually agreed by such Contributing Members). If any Contributing Member elects to contribute all or a portion of the Deficiency, the Deficiency it contributes shall constitute "Special Preferred Contribution" and shall earn a Special Preferred Return.

Without limitation upon the foregoing provisions of this Section 2.4, if a Non-Contributing Member, within five (5) Business Days of its receipt of a Contribution Request, provides written notice to the other Members that such Non-Contributing Member will not be contributing its share of the Additional Capital Contribution which is the subject of such Contribution Request, the rights of the Company and its Members pursuant to this Section 2.4 with respect to such Additional Capital Contribution shall be exclusive; in all other events, the rights of the Company and the other Members pursuant to this Section 2.4 are not exclusive and they shall not be deemed to waive any other right or remedy of the Company or any Member under this Agreement, at law or in equity, against any Non-Contributing Member for failure to make any required Additional Capital Contribution.

Section 2.5 No Withdrawal of Capital; No Interest on Capital. No Member shall have the right to withdraw or reduce all or any part of a Capital Contribution or to demand and receive property of the Company or any distribution in return for a Capital Contribution or payment for a dissenting interest. Except as expressly provided in this Agreement, no Member shall be entitled to receive interest on its Capital Account or any Capital Contribution.

ARTICLE 3.
MANAGEMENT AND CONTROL OF BUSINESS

Section 3.1 Management Vested in Co-Managers. Except to the extent otherwise expressly provided herein, management and control of the Company shall be vested exclusively

in the Co-Managers, who shall jointly direct, manage and control the Company Business in its good faith discretion and in accordance with the terms of this Agreement (including to purchase and lease property, open bank accounts, borrow money and execute, acknowledge and deliver on behalf of the Company all instruments and documents). Except as expressly provided herein or by non-waivable provisions of applicable law, the Co-Managers shall have the full and complete authority, power and discretion to manage and control the Company Business, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company Business. Except to the extent otherwise expressly provided herein, Members shall take no part in the control, conduct or operation of the Company. Subject to Section 3.3 hereof, only upon the voluntary resignation, death, dissolution, Bankruptcy Event or insanity of the Co-Managers shall Co-Managers cease to be the Co-Managers hereunder, and only upon such an event shall a Majority-in-Interest of the Members and, in the case of voluntary resignation, with the approval of the Co-Managers, designate a different Person to be the Co-Managers hereunder. Each Co-Manager shall have the right at any time to transfer its rights and obligations hereunder to any Person(s) provided that such Person(s) is an entity controlled directly or indirectly by the assigning Co-Manager, and provided that such transfer shall not relieve the assignee from liability for the future acts or omissions of its assignee (as if such transfer had not occurred). Unless expressly authorized to do so by this Agreement or by a resolution or other agreement executed by the Co-Managers, no Person (including any Member) other than the Co-Managers, shall have the power or authority to bind the Company or to execute any document or to take any other action binding upon the Company, including during the winding up period immediately following the dissolution of the Company.

Section 3.2 Liability for Certain Acts. The Co-Managers shall not have personal liability for any obligations of the Company by reason of being or having been a Co-Manager of the Company or otherwise and shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, absent gross negligence, willful misconduct or fraud after a final determination by an Arbitrator that the Co-Manager(s) shall have committed gross negligence, willful misconduct or fraud. Neither the Co-Managers nor the Company, in any way, guarantees the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. The Co-Managers shall not be deemed for any purpose to have breached any duty (fiduciary or otherwise) to the Company or any Member, unless such breach shall have been the result of the Co-Managers' gross negligence, intentional fraud or willful misconduct, and the remedies of the Company and the Members for any such breach shall include the removal of any Co-Managers by a Majority-in-Interest of the Members after a final determination by an Arbitrator that the Co-Manager(s) shall have committed gross negligence, fraud or willful misconduct as well as the right to seek damages and such other remedies as the Arbitrator may award. For the avoidance of doubt, (a) subject to the provisions of this Section 3.2, any and all liabilities of the Co-Manager(s) for breaches of contract and breaches of duties (including fiduciary duties) to the Company, the Members and other Persons bound by this Agreement are hereby eliminated, and (b) the Co-Managers shall have the right to take account of their own interests and those of its Affiliates above and beyond the interests of the Company; provided, that the performance of the duties of the Co-Managers are commercially reasonable and generally consistent with the asset management decisions made with respect to similarly situated properties in the Southern California market place taking into account all facts and circumstances of the Property.

Section 3.3 Co-Managers Have No Exclusive Duty to Company. The Co-Managers shall not be required to manage the Company as its sole and exclusive function, and the Co-Managers may have other business interests and may engage in other activities in addition to those relating to the Company. The Co-Managers, the Members and each of their Affiliates shall not be required to devote all of its business time to the Company, but shall devote such time to the Company as the Co-Managers deem appropriate in its good faith discretion. Additionally, the Co-Managers, the Members and each of their Affiliates, either individually or collectively, may participate in other business ventures of every kind, whether or not those other business ventures compete with the Company. Neither the Company nor any Member shall have any right by virtue of this Agreement to any income or profit derived from any such other business venture.

Section 3.4 Indemnification of Co-Managers and Members. The Company, its receiver and/or its trustee shall indemnify, defend, save harmless and pay all judgments and claims against the Co-Managers, the Members and their respective Affiliates, and each of the Co-Managers', Members' and Company's officers, directors, shareholders, members, constituent partners, managers, employees, attorneys, accountants and agents (collectively and individually, the "**Indemnified Party**" or "**Indemnified Parties**") from any and all claims, losses, costs, damages, liabilities, judgments, fines, amounts paid in settlement and expenses of any kind whatsoever (other than an action by the Company against such Indemnified Party), including, without limitation, actual attorneys' fees and court costs (which shall be paid as incurred) and liabilities under state and federal securities laws (to the extent permitted by law) that may be made or imposed upon or incurred by any Indemnified Party by reason of any act performed (or omitted to be performed) for or on behalf of the Company, or in furtherance of or in connection with the Company Business, except for those acts performed or omitted to be performed by the party seeking indemnification hereunder which constitute gross negligence, fraud or willful misconduct. The provisions of this Section 3.4 shall survive the date of winding up and termination of the Company.

Further, the Company shall protect, indemnify, defend and hold harmless, the applicable Indemnified Parties from and against any and all claims, obligations, losses, damages, liabilities and expenses (including reasonable attorneys' fees) arising out of or related to any financing or loans procured by the Company and guaranteed by any Member or its Affiliate(s), except to the extent such claim, obligation, loss, damage, liability or expenses is a result of the applicable Indemnified Parties' gross negligence, willful misconduct or fraud.

To the extent an Indemnified Party advances funds ("**Indemnity Funds**") to the Company for any indemnity obligation pursuant to this Section 3.4 or directly to any lender arising out of or related to any financing or loans procured by the Company and guaranteed by any Member or its Affiliate(s), the Indemnity Funds shall be treated as a loan ("**Indemnity Loan**") to the Company which shall accrue interest at a rate of seven percent (7%). The repayment obligation of any Indemnity Loans shall be superior to any other distributions to the Members.

Section 3.5 [Intentionally Omitted].

Section 3.6 Reimbursement of Expenses. The Co-Managers, any of their Affiliates, and the Members shall be entitled to reimbursement from the Company of all out-of-pocket expenses approved by Co-Managers and reasonably incurred and paid by the Co-Managers, such Affiliates or such Members on behalf of the Company.

Section 3.7 Budgets. The initial development and annual budget and for the Company, projecting Capital Contributions and revenues expected to be received and certain development costs expected to be incurred in connection with the ongoing remodel of the Property is hereby approved by the Members. On or before the November 1 immediately preceding the commencement of each fiscal year hereafter during the term of this Agreement, the Co-Managers shall prepare an annual "**Budget**" for the following fiscal year which shall include a capital budget and an operating budget setting forth reasonable itemized estimates of all income and expenses of the Company for such year and establishing reserves and working capital for the Company. The approval of the Budget shall be by the Co-Managers and in the Co-Managers' commercially reasonable discretion.

Section 3.8 Officers. The Co-Managers shall be entitled to appoint such officers, with such titles and authority as the Co-Managers shall from time to time determine. Any officers so appointed shall hold office at the pleasure of the Co-Managers and shall be entitled to exercise such powers as shall be delegated to them by the Co-Managers and shall be entitled to exercise such powers as shall be delegated to them by the Co-Managers, including executing any documents on behalf of the Company as an "**Authorized Signatory**". Notwithstanding the foregoing, however, in no event shall any such officer, agent or Authorized Signatory have any authority in excess of that granted to the Co-Managers under this Agreement. The Co-Managers may remove any officer or Authorized Signatory at any time, in the Co-Managers' sole and absolute discretion, for any reason or no reason.

Section 3.9 Limitations. Except as expressly set forth in this Agreement, no Member shall have the right or power to cause the termination and dissolution of the Company, and each Member expressly waives any such right he, she or it might otherwise have as a matter of applicable law.

ARTICLE 4.
ACCOUNTING AND RECORDS

Section 4.1 Records and Accounting. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with the accounting methods elected to be followed by the Co-Managers for federal income tax purposes, shall reflect all Company transactions, and shall otherwise be appropriate and adequate for the Company Business in accordance with the Act.

Section 4.2 Access to Accounting and Other Records. All books and records of the Company shall be maintained at the Company's principal place of business. Upon reasonable and not less than forty-eight (48) hours prior written notice to the Company and the Co-Managers and during normal business hours, each Member (other than a Member in default under this Agreement), and the Member's duly authorized representatives, shall have access to

them at such office of the Company and the right to inspect and copy them at all reasonable times for any purpose reasonably related to such Member's Interest in the Company in accordance with the Act. Notwithstanding anything to the contrary, neither Co-Managers nor the "TMP" (as hereinafter defined) shall have any responsibility or liability to the Members for any books and records prepared or produced by third parties.

Section 4.3 Tax and Other Information. The Company shall deliver to each Member within ninety (90) days after the end of each Fiscal Year, unless an extension has been filed pursuant to Section 4.4, all information necessary for the preparation of each Member's federal and state income tax returns in accordance with the Act as well as any other reports or information required to be provided to the Members pursuant to Section 18-305 of the Act. Should the Company file an extension pursuant to Section 4.5, the Company shall deliver the information required under this Section 4.3 to the Members as soon as reasonably practicable. The Co-Managers shall have the authority to make, to refrain from making or to revoke any election or other determination required or permitted to be made on behalf of the Company for federal, state and local tax purposes.

Section 4.4 Tax Matters. The Manager shall from time to time cause the Company to make such tax elections as it deems to be in the Company's and Members' best interests.

(a) For fiscal years of the Company beginning after December 31, 2017 (or if the effective date of Section 1101 of the Bipartisan Budget Act of 2015 is extended, such later extended date): (i) the Manager shall designate a "partnership representative" within the meaning of IRC Section 6223(a) (the "**Partnership Representative**") and the Manager shall be authorized to take any actions necessary under Treasury Regulations or other guidance to cause such designee to be designated as such; (ii) the Company and each Member agrees that they shall be bound by the actions taken by the Partnership Representative, as described in IRC Section 6223(b); (iii) the Members consent to the election set forth in IRC Section 6226(a) and agree to take any action, and furnish the Partnership Representative with any information necessary, to give effect to such election if the Partnership Representative decides to make such election; and (iv) any imputed underpayment imposed on the Company pursuant to IRC Section 6232 (and any related interest, penalties or other additions to tax) that the Partnership Representative reasonably determines is attributable to one or more Members shall be promptly paid by such Members to the Company (pro rata in proportion to their respective shares of such underpayment) within fifteen days following the Partnership Representative's request for payment (and any failure to pay such amount shall result in a subsequent reduction in distributions otherwise payable to such Members plus interest on such amount calculated at the Prime Rate plus two percent (2%)); provided, that in making the determination of which Members (including former Members) any such imputed underpayment is attributable to, the Partnership Representative will allocate any imputed underpayment imposed on the Company (and any related interest, penalties, additions to tax and audit costs) among the Members in good faith taking into account each Member's particular status, including, for the avoidance of doubt, a Member's tax-exempt status. Any references to IRC Sections set forth in this Section refer to those paragraphs as in effect for fiscal years of the Company beginning after December 31, 2017 (or if the effective date of Section 1101 of the Bipartisan Budget Act of 2015 is extended, such later extended date). The Partnership Representative, shall be authorized to take any of the foregoing actions (or any similar actions), to the extent necessary to allow the Company to

comply with the partnership audit provisions of the Bipartisan Budget Act of 2015. The Partnership Representative will provide prompt written notification to each Member in the event of any audit of the Company by the United States Internal Revenue Service.

Section 4.5 Tax Consequences. Each Member acknowledges and agrees that he, she or it has relied fully upon the advice of its own legal counsel and/or accountant in determining the tax consequences of this Agreement and the transactions contemplated hereby and not upon any representations or advice by the Co-Managers, any counsel to the Co-Managers or the Company or any other Member.

ARTICLE 5.
ALLOCATION OF PROFITS AND LOSSES

Section 5.1 Tax and Accounting. Each and all of the provisions of **Exhibit D** attached hereto and entitled the "Tax Exhibit" (the "**Tax Exhibit**") are incorporated herein and shall constitute part of this Agreement. The Tax Exhibit provides for, among other matters, the establishment and maintenance of capital accounts, and the allocation of profits and losses of the Company. The Company shall be operated as a partnership solely for state and federal income tax purposes.

ARTICLE 6.
CASH DISTRIBUTIONS

Section 6.1 Non-Liquidating Distributions. The Company shall distribute all Distributable Cash to the Members at such times as Co-Managers determine. Except as provided in Section 8.3 below, all such amounts shall be distributed to the Members in the following order of priority (subject to Section 2.5 above):

(a) First, to repay any and all Indemnity Loans until the balance has been reduced to zero;

(b) Second, to the Contributing Members, pro rata in proportion to each Member's share of the aggregate funded Deficiencies, until each Contributing Member's Special Preferred Return, if any, has been reduced to zero;

(c) Third, to the Members, pro rata in proportion to each Member's Unreturned Capital Contribution, until each such Member's Seven Percent Unpaid Priority Return has been reduced to zero;

(d) Fourth, to the Members, pro rata in proportion to each Member's Unreturned Capital Contribution, until each such Member's Unreturned Capital Contribution has been reduced to zero; and

(e) Thereafter, 40% to the Class B Members, pro rata in proportion to each Class B Member's Class B Percentage Interest and 60% to the Class A Members, pro rata in proportion to each Class A Member's Class A Percentage Interest.

Section 6.2 Withholding. Should any Member be subject to withholding pursuant to the Code, or any other provision of federal, state or local law, the Company shall withhold all amounts otherwise distributable to such Member as shall be required by law, and any amounts so withheld shall be deemed to have been distributed to such Member under this Agreement. If any sums are withheld pursuant to this provision, the Company shall remit the sums so withheld to and file the required forms with the Internal Revenue Service, or other applicable government agency and, in the event of any claimed over-withholding, each Member shall be limited to an action against the Internal Revenue Service, or other applicable government agency for refund and hereby waives any claim or right of action against the Company or the Members on account of such withholding. Furthermore, if the amounts required to be withheld exceed the amounts that would otherwise have been distributed to such Member, such Member shall contribute any deficiency to the Company within ten (10) days of notice from the Members. If such deficiency is not contributed within such time, any non-contributed amounts shall be considered a demand loan from the Company to such Member, with interest equal to the lesser of (a) the rate of interest publicly announced from time to time by Bank of America NT&SA at San Francisco, California, as its "Reference Rate" plus five percent (5%) per annum, or (b) the maximum rate of interest then permitted by applicable law, which interest shall be treated as an item of Company income, until discharged by such Member by repayment. Such demand loan shall be repaid, without prejudice to other remedies at law or in equity that the Company may have, out of distributions to which the debtor Member would otherwise be subsequently entitled under this Agreement.

Each Member that is a "United States person" within the meaning of Code Section 7701(a)(30) shall deliver to the Company two duly executed copies of Internal Revenue Service Form W-9 (or such other certification as to such Member's status as a "United States person" as may be required by the Regulations promulgated under Code Section 1446). Each Member that is not a "United States person" within the meaning of Code Section 7701(a)(30) shall deliver to the Company two duly executed copies of Internal Revenue Service Form W-8BEN, W-8IMY, W-8ECI, or W-8EXP, as applicable (or such other certifications to such Member's status as may be required by the Regulations promulgated under Code Section 1446).

Section 6.3 Return of Capital Contribution. Except as specifically provided herein, no Member shall have priority over any other Member as to either the return of a Capital Contribution or as to allocations and distributions. Other than as expressly provided in this Agreement, following dissolution of the Company, there has been no agreed upon time when any Capital Contribution of any Member may be returned. No Member shall have the right or power to demand or receive property other than cash in return for his Capital Contribution.

ARTICLE 7.
CHANGES IN MEMBERS

Section 7.1 Involuntary Transfer of Interests.

(a) **Member Termination Event**. Upon a Member Termination Event, the Member whose actions or conduct results in the Member Termination Event ("**Former Member**") shall cease to be a Member with an Interest in the Company as of the Member Termination Event, and such Former Member or such Former Member's successor-in-interest

shall (i) have no right to participate in the management of the Company Business or to become a Member, and (ii) have only its Economic Interest in the Company and only be entitled to receive the share of Profits or other compensation by way of income and the return of Capital Contributions to which the transferor of such Economic Interest in the Company would otherwise be entitled.

(b) **Former Member**. A Former Member shall have no right to demand the return of the balance of its Capital Account until such time as the Company is dissolved and wound up.

Section 7.2 Transfer and Assignment of Member's Interest. No Member shall be entitled to voluntarily assign, convey, sell, encumber or in any way alienate or transfer (a "**Transfer**") all or part of such Member's Interest in the Company and as a Member except with the affirmative approval of the Co-Managers, which approval may be given or withheld in each Co-Managers' sole and absolute discretion, and in accordance with the provisions of this Section 7.2. In addition, no Co-Manager or any Affiliate of a Co-Manager shall Transfer, except to an Affiliate or immediate family members or for estate planning purposes, all or part of such Member's Percentage Interest, and in accordance with the provisions of this Section 7.2. Any Transfer in violation of this Agreement is void. Any permitted transferee of an Interest in the Company shall take subject to the restrictions on Transfer imposed by this Agreement.

Section 7.3 Substitute/Additional Members. A transferee of all or a portion of an Interest pursuant to Section 7.2 above shall have the right to become a Member if (a) the requirements of Section 7.2 hereof are met, (b) such Person executes instruments satisfactory to the Co-Managers accepting and adopting the terms and provisions of this Agreement, and (c) such Person pays any reasonable expenses incurred by the Company in connection with such Person's admission as a Member, as determined by the Co-Managers.

Section 7.4 Transfers in Violation of Agreement. Notwithstanding any attempted Transfer of a Member's Interest in the Company in violation of this Agreement, the transferee shall have no right to participate in the management of the Company Business or to become a Member, and such transferee shall only be entitled to receive the share of Profits or other compensation by way of income and the return of Capital Contributions to which the transferor of such Economic Interest in the Company would otherwise be entitled.

ARTICLE 8.
TERMINATION

Section 8.1 Termination of the Company. Subject to Article 7 of this Agreement, the Company shall be dissolved and its business wound up upon the earliest to occur of the following events: (a) a determination by the Co-Managers that the Company should be dissolved; (b) the sale or other disposition of the last remaining asset of the Company (provided that if the Company receives in whole or in part a note as consideration therefor, the Company shall not be dissolved and its business wound up until such note is repaid in full); (c) December 31, 2065; or (d) the occurrence of a Member Termination Event if a Continuation Disapproval has been given, as set forth in Section 7.1.

Section 8.2 Liquidation. Upon the termination and dissolution of the Company, the Company will immediately proceed to wind up its affairs and liquidate. The Co-Managers will act as the liquidating trustee, unless the Members, by unanimous consent, appoint a different Person as the liquidating trustee. The winding up and liquidation of the Company will be accomplished in a businesslike manner. A reasonable time will be allowed for the orderly liquidation of the Company and the discharge of liabilities to creditors. The proceeds of such liquidation shall be distributed to the Members in the manner set forth in Section 8.3 below. For purposes of this Section 8.2, "liquidation" shall have the meaning given it in Treasury Regulations Section 1.704-1(b)(2)(ii)(g). Any liquidating trustee is entitled to reasonable compensation for services actually performed. Until the filing of a certificate of cancellation pursuant to this Agreement, and without affecting the liability of the Members and without imposing liability on the liquidating trustee, the liquidating trustee may settle and close the Company Business, prosecute and defend suits, dispose of its property, and discharge or make provision for its liabilities. Notwithstanding anything to the contrary contained in this Agreement, no Member having a negative balance in its Capital Account shall have any obligation to the Company or to any other Member to restore its Capital Account to zero, subject to the provisions of the Act.

Section 8.3 Priority of Payment. The assets of the Company will be distributed in liquidation in the following order:

(a) To creditors by the payment or provision for payment of the debts and liabilities of the Company (including any loans that may have been made by any Member or Affiliate) and the expenses of liquidation;

(b) To the setting up of any reserves that are reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company; and

(c) To the Members in accordance with Section 6.1.

ARTICLE 9.
MISCELLANEOUS

Section 9.1 Notices. Whenever any notice, request or consent is required or permitted to be given hereunder, such notice, request or consent shall be in writing, signed by or on behalf of the Person giving the notice, and shall be personally delivered, sent by a reputable overnight courier, sent by facsimile, or mailed by registered or certified mail, postage prepaid, addressed to the Member to whom such notice or request is to be given at the address set forth below the name of each Member on the Member List, or at such other address as shall be stated on a notice similarly given to the Company and all Members. Notices, consents or requests given hereunder shall be deemed to have been given when delivered if personally delivered or if sent by overnight courier, when received if by facsimile, and upon receipt if sent by registered or certified mail (as evidenced by the return-receipt). Notices to the Company shall be delivered to the Co-Managers.

Section 9.2 Successors and Assigns. Except as herein otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their personal representatives, successors, assigns, executors, administrators and heirs.

Section 9.3 Entire Agreement; Modification and Amendment. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith. No covenant, representation or condition not expressed in this Agreement shall affect, or be effective to interpret, change or restrict, the express provisions of this Agreement. The Co-Managers may modify or amend this Agreement without the consent of any Member to make technical corrections or to admit additional Members. Notwithstanding the foregoing, no amendment of this Agreement may be made without the consent of all affected Members, if such amendment decreases a Member's share of distributions of Distributable Cash or increases fees described in Article 3.

Section 9.4 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without considering choice of law provisions.

Section 9.5 Time is of the Essence; Non-Business Days. Subject to the immediately succeeding sentence, time is of the essence with respect to this Agreement. Whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a non-Business Day, then such period or date shall be extended until the immediately following Business Day.

Section 9.6 Counterparts; Electronic Transmissions. This Agreement may be executed in any number of counterparts, with the same effect as if all of the Members and Co-Managers had signed the same document and all counterparts shall be construed together and shall constitute one agreement. Telecopied and electronically transmitted signatures may be used in place of original signatures on this Agreement or any document delivered pursuant hereto. The parties intend to be bound by the signatures on any telecopied or electronically transmitted document, and hereby waive any defenses to the enforcement of the terms of this Agreement based on such telecopied or electronically transmitted signatures.

Section 9.7 Third Parties. The provisions of this Agreement are for the exclusive benefit of the parties hereto and no other Person, including creditors of any party hereto, shall have any right or claim against any party by reason of those provisions or be entitled (except for the Co-Managers and any Person that may be entitled to the benefits of Section 3.6) to enforce any of those provisions against any party. Without limiting the foregoing, nothing contained in this Agreement shall benefit any creditor of the Company or of any Member. No creditor of the Company or of a Member may require a contribution to the capital of the Company or an advance to the Company to be solicited, or a distribution to be made, by the Company, nor may any creditor of the Company or a Member enforce the obligation of a Member to make a Capital Contribution or an advance to the Company.

Section 9.8 Severability. If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to the persons or circumstances, shall not be affected thereby.

Section 9.9 Headings and Captions; Pronouns and Statutory References; Incorporation of Exhibits; Certain Terminology. Headings and captions contained in this Agreement in no way define, limit or expand the scope or intent of this Agreement. All

pronouns and variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural; as the context in which they are used may require. Any reference to the Code, the Treasury Regulations, the Act or other statutes or laws shall include all amendments, modifications or replacements of the specific sections and provisions concerned. All exhibits attached and referred to in this Agreement are hereby incorporated herein as fully set forth in (and shall be deemed to be a part of) this Agreement. Whenever the words "including", "include" or "includes" are used in this Agreement, they shall be interpreted in a non-exclusive manner as though the words ", without limitation," immediately followed the same. Except as otherwise indicated, all Article, Section and Exhibit references in this Agreement shall be deemed to refer to the Sections and Articles in, and the Exhibits to, this Agreement. Wherever the words "herein" or "hereunder" appear in this Agreement, they shall be interpreted to mean "in this Agreement" or "under this Agreement", respectively. As used herein, "good faith" means "honesty in fact" as such phrase is used in the Uniform Commercial Code, as adopted in the State of Delaware as of the date of this Agreement.

Section 9.10 Effectiveness. In no event shall any draft of this Agreement create any obligation or liability, it being understood that this Agreement shall be effective and binding only when a counterpart hereof has been executed and delivered by each party hereto.

Section 9.11 Further Assurances. Each party to this Agreement agrees to execute, acknowledge, deliver, file and record such further certificates, amendments, instruments and documents, and to do all such other acts and things, as may be required by law or as, in the reasonable judgment of the Co-Managers, may be necessary or advisable to carry out the intent and purpose of this Agreement.

Section 9.12 Waivers. No waiver of any provision hereof by any party shall be deemed a waiver by any other party nor shall any such waiver by any party be deemed a continuing waiver of any matter by such party. Neither the failure nor the delay by a party in exercising any right, power or privilege under this Agreement or any of the documents referred to in this Agreement will constitute a waiver of that right, power or privilege, and no single or partial exercise of right, power or privilege will preclude any other or further exercise of that right, power or privilege or the exercise of any other right, power or privilege.

Section 9.13 Attorneys' Fees. Without limiting Section 9.14 below, if any lawsuit is commenced between the parties hereto concerning any of the provisions of this Agreement or the rights and duties of any party hereto, the party or parties prevailing in such lawsuit shall be entitled to have its or their costs and expenses, including, without limitation, reasonable attorneys' fees and court costs paid by the party or parties not prevailing in such lawsuit. Any such attorneys' fees and other expenses incurred by a party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.

Section 9.14 Dispute Resolution. It is the desire and intention of each of the parties hereto to agree upon a mechanism and procedure under which any disputes or disagreements under or relating to this Agreement, whether contractual, tort, equitable or otherwise, will be resolved in a prompt and expeditious manner. The parties intend that such rapid mechanism and

procedure be utilized to resolve any and all disputes and disagreements under or relating to this Agreement. Accordingly, the parties hereto agree that, all claims, disputes and other matters in question arising out of, or relating to, this Agreement or the performance thereof, including but not limited to questions as to whether a matter is governed by this arbitration clause, following the expiration of a twenty (20) day period which period shall commence upon notice of such dispute from one party to the other in accordance with Section 9.1 above and during which the parties shall negotiate in good faith to resolve such dispute, shall be submitted to binding arbitration before a single arbitrator (the "**Arbitrator**") in Irvine, California, pursuant to the rules of the American Arbitration Association then in effect for the arbitration of commercial disputes, except that discovery shall be governed by Title 9 of the California Code of Civil Procedure, including, but not limited to, Section 1283.05 (or its successor). The Arbitrator shall be a retired judge of the State or Federal courts of the State of Delaware or California. The Arbitrator shall award fees and expenses (including reasonable attorneys' fees) to the prevailing party. The award rendered by the Arbitrator shall be final and judgment may be entered in accordance with applicable law, pursuant to Code of Civil Procedure Section 1285 et seq. (or their successor sections) and in any court having jurisdiction thereof. The existence and resolution of the arbitration shall be kept confidential by the parties and shall also be kept confidential by the Arbitrator.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ARBITRATION DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

[Each Member has read and acknowledged their agreement and acceptance with this section 9.14 by initialing as such on their respective signature page.]

Section 9.15 Legal Representation. Each Member acknowledges and agrees that he, she or it is aware and has been fully informed of the Company's engagement of Teel, Roeper & Haines, LLP ("TRH") in connection with certain matters as to the Company. In connection therewith, each Member acknowledges and agrees that, without a written engagement letter to the contrary, (a) TRH will not be representing any Member other than Manager in connection with either the Company, or the Property other than the Manager in connection the preparation and negotiation of this Agreement, and TRH will be providing such services on behalf of the Company and certain of its Affiliates only; and (b) each Member has been advised and has had the opportunity to engage separate counsel in connection with the Company and the Property.

[Signatures contained on the following page]

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

CLASS A MEMBERS:

The Member hereby subscribes for a Class A Interest of 17.70% and a Percentage Interest of 10.62% and contributes an Initial Capital Contribution of $500,000.00.

MARTOM, LLC,
a Delaware limited liability company

By: _____
Name: Thomas E Larkin III
Title: Manager

IN WITNESS WHEREOF, the Members who have above executed this Agreement as of the date first set forth above now acknowledge they have read, understood and agree with the following sections of the aforementioned Agreement:

I/We acknowledge – Section 9.14 (Dispute Resolution) _____
Initials

[Signature Page of Class A Members]

Doc ID: 5530b28d3d012e72145e00bbed5ff7e10053d33d

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

CLASS A MEMBERS:

The Member hereby subscribes for a Class A Interest of 65.49% and a Percentage Interest of 39.29% and contributes an Initial Capital Contribution of $1,850,000.00.

TOMMAR, LLC,
a Delaware limited liability company

By: _____
Name: Thomas E Larkin III
Title: Manager

IN WITNESS WHEREOF, the Members who have above executed this Agreement as of the date first set forth above now acknowledge they have read, understood and agree with the following sections of the aforementioned Agreement:

I/We acknowledge – Section 9.14 (Dispute Resolution) _____
Initials

[Signature Page of Class A Members]

Doc ID: 5530b28d3d012e72145e00bbed5ff7e19052d32d

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

CLASS A MEMBERS:

The Member hereby subscribes for a Class A Interest of 0.88% and a Percentage Interest of 0.53% and contributes an Initial Capital Contribution of $25,000.00.

PATRICK WOOD, an individual

IN WITNESS WHEREOF, the Members who have above executed this Agreement as of the date first set forth above now acknowledge they have read, understood and agree with the following sections of the aforementioned Agreement:

I/We acknowledge – Section 9.14 (Dispute Resolution)

Initials

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

CLASS A MEMBERS:

The Member hereby subscribes for a Class A Interest of 5.31% and a Percentage Interest of 3.19% and contributes an Initial Capital Contribution of $150,000.00.

John Callaghan

JOHN S. CALLAGHAN, an individual

IN WITNESS WHEREOF, the Members who have above executed this Agreement as of the date first set forth above now acknowledge they have read, understood and agree with the following sections of the aforementioned Agreement:

I/We acknowledge – Section 9.14 (Dispute Resolution)

JC

Initials

[Signature Page of Class A Members]

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

CLASS A MEMBERS:

The Member hereby subscribes for a Class A Interest of 5.31% and a Percentage Interest of 3.19% and contributes an Initial Capital Contribution of $150,000.00.

SAILHOUSE DEVELOPMENT, LLC,
a California limited liability company

By: _____
Name: Carl E. Patterson Jr.
Title: Manager

IN WITNESS WHEREOF, the Members who have above executed this Agreement as of the date first set forth above now acknowledge they have read, understood and agree with the following sections of the aforementioned Agreement:

I/We acknowledge – Section 9.14 (Dispute Resolution) _____
Initials

[Signature Page of Class A Members]

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

CLASS A MEMBERS:

The Member hereby subscribes for a Class A Interest of 5.31% and a Percentage Interest of 3.19% and contributes an Initial Capital Contribution of $150,000.00.

JONATHAN OWENS, an individual

IN WITNESS WHEREOF, the Members who have above executed this Agreement as of the date first set forth above now acknowledge they have read, understood and agree with the following sections of the aforementioned Agreement:

I/We acknowledge – Section 9.14 (Dispute Resolution)

Initials

[Signature Page of Class A Members]

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

CLASS B MEMBERS:

The Member hereby subscribes for a Class B Interest of 20.00% and a Percentage Interest of 8.00%.



PATRICK WOOD, an individual

IN WITNESS WHEREOF, the Members who have above executed this Agreement as of the date first set forth above now acknowledge they have read, understood and agree with the following sections of the aforementioned Agreement:

I/We acknowledge – Section 9.14 (Dispute Resolution)



Initials

[Signature Page of Class B Members]

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

CLASS B MEMBERS:

The Member hereby subscribes for a Class B Interest of 15.00% and a Percentage Interest of 6.00%.

Oliver Pilco

OLIVER PILCO, an individual

IN WITNESS WHEREOF, the Members who have above executed this Agreement as of the date first set forth above now acknowledge they have read, understood and agree with the following sections of the aforementioned Agreement:

I/We acknowledge – Section 9.14 (Dispute Resolution) OP

Initials

[Signature Page of Class B Members]

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

CLASS B MEMBERS:

The Member hereby subscribes for a Class B Interest of 60.00% and a Percentage Interest of 24.00%.

MARTOM, LLC,
a Delaware limited liability company

By: _____
Name: Thomas E Larkin III
Its: Manager

IN WITNESS WHEREOF, the Members who have above executed this Agreement as of the date first set forth above now acknowledge they have read, understood and agree with the following sections of the aforementioned Agreement:

I/We acknowledge – Section 9.14 (Dispute Resolution) _____
Initials

[Signature Page of Class B Members]

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first set forth above.

CLASS B MEMBERS:

The Member hereby subscribes for a Class B Interest of 5.00% and a Percentage Interest of 2.00%.

Matthew Bush

MATTHEW BUSH, an individual

IN WITNESS WHEREOF, the Members who have above executed this Agreement as of the date first set forth above now acknowledge they have read, understood and agree with the following sections of the aforementioned Agreement:

I/We acknowledge – Section 9.14 (Dispute Resolution)

MWB

Initials

[Signature Page of Class B Members]

CONSENT OF CO-MANAGERS

Patrick Wood, in his capacity as Co-Manager of the Company, hereby consents to the foregoing Agreement and agrees to act as Co-Manager thereunder.

PATRICK WOOD

Coast Manufactured Housing Partners, Inc., a California corporation, in its capacity as Co-Manager of the Company, hereby consents to the foregoing Agreement and agrees to act as Co-Manager thereunder.

Coast Manufactured Housing Partners, Inc.,
a California corporation

By: _____
Name: Thomas E Larkin III
Its: Partner

By: _____
Name: Oliver Pilco
Its: Partner

EXHIBIT A

INTENTIONALLY OMITTED

EXHIBIT B

Defined Terms

(a) "**Act**" shall have the meaning set forth in Section 1.1.

(b) "**Affiliate**" of a "Person" (as hereinafter defined) shall mean any other Person that directly or indirectly, is in control of, is controlled by or is under common control with such first Person or is a director or officer of such first Person or an Affiliate of such first Person. The term "**control**" (including the terms "controlled by" and "under common control with") means with respect to any Person, the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise. However, neither the Company, the Joint Venture, nor any Company Subsidiary shall be deemed an Affiliate of any Member.

(c) "**Agreement**" shall mean this Limited Liability Company Agreement, as amended from time to time in accordance with the terms of this Agreement.

(d) "**Arbitrator**" shall have the meaning set forth in Section 9.14.

(e) "**Authorized Signatory**" shall have the meaning set forth in Section 3.8.

(f) "**Bankruptcy Event**" with respect to a Person, shall mean the commencement or occurrence of any of the following with respect to such Person: (1) a case under Title 11 of the U.S. Code, as now constituted or hereafter amended, or under any other applicable federal or state bankruptcy law or other similar law; (2) the appointment of (or a proceeding to appoint) a trustee or receiver of any property interest; (3) an attachment, execution or other judicial seizure of (or a proceeding to attach, execute or seize) a substantial property interest; (4) an assignment for the benefit of creditors; (5) the taking of, failure to take, or submission to any action indicating (after reasonable investigation) an inability to meet its financial obligations as they accrue; or (6) a dissolution or liquidation; provided, however, that an event described in clause (1), (2) or (3) shall not be included if the same is (a) involuntary and not at any time consented to, (b) contested within thirty (30) days of commencement and thereafter diligently and continuously contested, and (c) dismissed or set aside, as the case may be, within ninety (90) days of commencement.

(g) "**Business Day**" shall mean any day except Saturday, Sunday or other day on which commercial banks in California, are required or authorized by law to close.

(h) "**Capital Account**" shall have the meaning set forth in Section 2.2(b).

(i) "**Capital Contribution**" shall mean any money, property, or services rendered, or a promissory note or other binding obligation to contribute money or property, or to render services permitted by the Act, which a Member contributes to the Company as a Member, for such value as the Co-Managers determines in good faith. "**Initial Capital Contribution**" shall mean the initial Capital Contribution to the Company made by each Member pursuant to this Agreement.

(j) "**Certificate**" shall have the meaning set forth in Section 1.1.

(k) "**Class A Members**" shall mean the individuals and entities identified as "Class A Members" on the Member List.

(l) "**Class A Percentage Interest**" shall mean the Class Percentage Interest of the Class A Members, as reflected on the applicable signature page.

(m) "**Class B Members**" shall mean the individuals and entities identified as "Class B Members" on the Member List.

(n) "**Class B Percentage Interest**" shall mean the Class Percentage Interest of the Class B Members, as reflected on the applicable signature page.

(o) "**Co-Manager**" shall mean the Person designated from time to time to be the "Co-Managers" hereunder pursuant to the provisions hereof. The initial Co-Managers shall be Patrick Wood and Coast Manufactured Housing Partners, Inc. Co-Manager need not be a Member hereunder. The Co-Managers shall be deemed a "manager" within the meaning of Section 18-101 of the Act.

(p) "**Code**" shall mean the Internal Revenue Code of 1986, as amended. All references herein to sections of the Code shall include any corresponding provision or provisions of succeeding law.

(q) "**Company**" shall mean Rancho Corrido Member, LLC, a Delaware limited liability company.

(r) "**Company Business**" shall have the meaning set forth in Section 1.6.

(s) "**Company Subsidiary**" shall mean any direct or indirect subsidiary of the Company.

(t) "**Contributing Member**" shall have the meaning set forth in Section 2.4.

(u) "**Deficiency**" shall have the meaning set forth in Section 2.4.

(v) "**Distributable Cash**" shall mean the amount as determined by the Co-Managers, if any, of all cash receipts of the Company from whatever source derived, as of any applicable determination date in excess of the sum of (1) all rents, supplies, professional fees and general administrative expenses, (2) all cash disbursements (inclusive of any guaranteed payment within the meaning of Section 707(c) of the Code paid to any Member, including, without limitation, any reimbursements made to any Member) of the Company prior to that date; (3) a reserve, established in the reasonable discretion of the Co-Managers, for anticipated cash disbursements that will have to be made before additional cash receipts from third parties will provide the funds thereof, (4) all expenses and payments associated with the Project Financing, and (5) all expenses associated with any tax filings of the Company including, without limitation, tax planning or strategizing and tax return preparation, all as determined by the Co-Managers in the Co-Managers' reasonable discretion.

(w) "**Economic Interest**" means a Person's right to share in the income, gains, losses, deductions, credit, or similar items of, and to receive distributions from, the Company, but excludes any other rights of a Member, including, without limitation, the right to vote or to participate in management, or, except as may be provided in the Act, any right to information concerning the Company Business.

(x) "**Effective Date**" shall have the meaning set forth in the Preamble hereto.

(y) "**Former Member**" shall have the meaning set forth in Section 7.1(a).

(z) "**Fiscal Year**" shall mean the Company's fiscal year, which shall be the calendar year, or such other fiscal year required by the Code or Treasury Regulations.

(aa) "**Indemnified Party**" shall have the meaning set forth in Section 3.4.

(bb) "**Interest**" in the Company shall mean a Member's rights in the Company at any particular time collectively, including the Member's Economic Interest in the Company, any right to vote or participate in management, any right to information concerning the Company Business provided by this Agreement or the Act, and such Member's entire interest under this Agreement.

(cc) "**Majority-in-Interest**" shall mean Members holding fifty percent (50%) or more of the total Percentage Interests held by the Members or the applicable class of Members, as the context may suggest.

(dd) "**Member Termination Event**" shall mean the death, insanity, retirement, withdrawal, termination, Bankruptcy Event or dissolution of a Member, or the occurrence of any other event (other than an assignment of a Member's Interest in the Company, which shall be subject to Sections 7.2 and 7.3) which terminates the continued membership of a Member in the Company.

(ee) "**Member List**" shall mean a list of the Members, the Class of Membership, their allocable share of the Initial Capital Contribution and their respective Percentage Interests and their Class Percentage Interests, which list shall be maintained by the Co-Managers and updated from time to time to reflect transfers and substitutions in the membership of the Company pursuant to Article 7 hereof.

(ff) "**Members**" shall mean the individuals and entities identified on the Member List and all other Persons admitted as substituted Members pursuant to this Agreement.

(gg) "**Non-Contributing Member**" shall have the meaning set forth in Section 2.4.

(hh) "**Partnership Representative**" shall have the meaning set forth in Section 4.4.

(ii) "**Percentage Interest**" and "**Percentage Interests**" shall have the meanings set forth in Section 2.1.

(jj) "**Person**" shall mean an individual, partnership, limited liability company, corporation, joint venture, trust, business trust, association, or similar entity and the heirs, executors, legal representatives, successors and assigns of such entity where the context requires.

(kk) "**Proceeding**" shall mean a threatened, pending or completed action, suit or other proceeding, whether civil, criminal, administrative or investigative.

(ll) "**Property**" shall have the meaning set forth in Section 1.6.

(mm) "**Property Owner**" shall have the meaning set forth in Section 1.6.

(nn) "**Seven Percent Priority Return**" shall mean, with respect to a Member, a return with respect to the balance, from time to time, of such Member's Unreturned Capital Contributions of seven percent (7%) per annum, compounded monthly (i.e., 0.583% per month, compounded monthly), from the date such Unreturned Capital Contributions are made to the date of payment.

(oo) "**Seven Percent Unpaid Priority Return**" shall mean, with respect to a Member as of any date, any Member's Seven Percent Priority Return as reduced (but not below zero) by the distributions made to such Member pursuant to Section 6.1(c).

(pp) "**Special Preferred Return**" shall mean, with respect to any Member at any date, an amount calculated like interest and accrued on the balance standing from time to time in such Member's outstanding portion of any "Special Preferred Contribution" (as hereinafter defined) at a rate equal to twelve percent (12%) per annum, compounded annually, and determined on a cumulative basis, as reduced (but not below zero) by the aggregate amount of all prior distributions to such Member with respect to such Special Preferred Contribution. For financial and income tax reporting purposes, neither accrued nor payment of the Special Preferred Return shall be treated as an expense of the Company or as a guaranteed payment under Section 707(c) of the Code. The terms of each "**Special Preferred Contribution**" shall be as follows: (1) a Special Preferred Return shall accrue on the outstanding portion of such Special Preferred Contribution; (2) such Special Preferred Contribution shall be a Capital Contribution and not a loan; and (3) the Special Preferred Return shall be paid on a pro rate basis with the Seven Percent Priority Return pursuant to Section 6.1(c), and the Special Preferred Contribution shall be paid on a pro rate basis with any other Unreturned Capital Contributions pursuant to Section 6.1(d). In the event that more than one Special Preferred Contributions remains outstanding, the same shall be paid on a pro rata basis, based on the relative proportions of the outstanding balances of capital and unpaid Special Preferred Returns with respect thereto.

(qq) "**Transfer**" shall have the meaning set forth in Section 7.2.

(rr) "**Treasury Regulations**" shall mean the federal income tax regulations, including any temporary or proposed regulations, promulgated under the Code, as such Treasury Regulations may be amended from time to time (it being understood that all references herein to specific sections of the Treasury Regulations shall be deemed also to refer to any corresponding provisions of succeeding Treasury Regulations).

(ss) "**Unreturned Capital Contribution**" shall mean, with respect to a Member, an amount equal to the aggregate Capital Contributions of such Member as reduced (but not below zero) by the distributions made to such Member pursuant to Section 6.1(d).

(tt) "**Wood**" shall mean Patrick Wood, an individual.

EXHIBIT C

Member Representations and Warranties

(a) **Investment Representations and Warranties**. Each Member hereby represents and warrants to the Co-Managers, the Company and each other Member as follows:

(1) Its acquisition of an Interest is made as a principal for its sole account for investment purposes only and not with a view toward the distribution of all or any portion thereof and that under no circumstances will it sell, transfer or assign all or any portion of its Interest except in compliance with the provisions of this Agreement.

(2) It is relying on its own business, and financial knowledge and experience and underwriting (based on the information provided or made available to and reviewed by such Member, and such Member is not relying on any representation or warranty by the Co-Managers or the other Member, or that of its advisors, in making a decision to enter into and execute this Agreement. It has such knowledge and experience in business and financial matters as enables it to utilize the information made available to it in connection with the investment, to evaluate the merits and risks of the prospective investment and to make an informed investment decision.

(3) It is an "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"), because one or more of the statements on **Exhibit C-1** attached hereto is applicable to it.

(4) It is aware of the restrictions on Transfer of its Interest hereunder and that the same will at no time be freely transferable or be assignable otherwise than to a Person or entity accepting similar restrictions on transferability. It is fully aware of the restrictions on resale of its Interest under the Securities Act, and applicable state securities laws; in particular, it is aware that the Interest will not be registered under the Securities Act or any applicable state securities laws at any time, may not at any time be freely salable and that any sale thereof may have significant adverse tax consequences. It has no reason to anticipate any change in personal circumstances, financial or otherwise, which should cause it to sell or distribute or necessitate or require any sale or distribution of its Interest.

(5) It acknowledges that an investment in the Company is highly speculative and involves a high degree of risk of loss by it of its entire investment in the Company and represents that it is able to bear the economic risk of such an investment, can afford to hold the Interests for an indefinite period and can afford a complete loss of this investment. Its overall commitment to investments that are not readily marketable is not disproportionate to the its net worth, and an investment in the Company will not cause its overall commitments to become excessive. It is familiar with the nature of and risks attending investments in real estate and securities, and is capable of bearing the economic risks of this investment. More specifically, it has received and reviewed certain materials (collectively, the "**Disclosure Documents**") describing the proposed business and purposes of the Company, and the entities and real property in which it will hold direct or indirect interests, and the risks associated therewith. It understands that any financial projections included in such materials are based on assumptions and estimates as to future events that may affect the assets of the Company

or the Property and are subject to the qualifications set forth therein and in such materials. Specifically, it acknowledges that the potential results of an investment in the Company set forth in the projections are based upon such assumptions and estimates and that if actual events do not conform to the stated assumptions and estimates (and it is likely that they will not) the economic return from an investment in the Company may vary in significant respects from the results set forth.

(6) It understands that other than the Disclosure Documents provided to it by the Company, no offering statement, prospectus, circular or memorandum containing information with respect to the Company or the Interests has been or is to be prepared. It hereby acknowledges receipt of the Disclosure Documents and confirms it has carefully read and understands these materials, and has made such further independent investigation of the Company as was deemed appropriate to verify the accuracy of such materials and evaluate the merits and risks of the investment in the Interests.

(7) It acknowledges that (A) no federal or state agency has made any findings or determination as to the fairness of the offering of the Interests for investment or any recommendation or endorsement of the Interests; (B) no representations, guarantees or warranties have been made to it by the Company or its agents or employees or any other person, expressly or by implication, with respect to the approximate or exact length of time that it will be required to hold the Interests; (C) the Company has only recently been organized and has no financial or operating history; (D) no representations, guarantees or warranties have been made to it by the Company or its agents or employees or any other person, expressly or by implication, with respect to the profit or return, if any, to be realized as a result of its investment in the Interests; (E) to the extent the Disclosure Documents or any other materials provided to it contain projected future operating results or financial performance of the Company, it understands and acknowledges that such projections are based upon many assumptions that are not in the control of the Company, that are subject to the qualifications set forth in the Disclosure Documents and that may or may not occur.

(8) Its purchase of its Interest was not solicited by means of any form of general solicitation or general advertising. It has a pre-existing business, personal or family relationship with the Co-Managers, the managing member of the Co-Managers, such that it is in a position to evaluate the ability of the Co-Managers to manage the Company and to have access to meaningful current information concerning the Company.

(9) It is fully aware that the Interests are being issued by the Company in reliance upon the exemption provided by Section 4(2) of the Securities Act and the Rules promulgated thereunder (including Regulation D), on the grounds that no public offering is involved, and upon the representations, warranties and agreements set forth in this **Exhibit C**.

(10) It is not, and, to the knowledge of such Member, none of its Affiliates is in violation of any laws relating to terrorism or money laundering, including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56.

(11) It is neither an employee benefit plan as defined in Section 3(3) of the Employment Retirement Security Act of 1974, not a plan as defined in Section 4975(e)(1) of the Code, nor are any of the assets to be used for such Member's Initial Capital Contribution "plan assets" within the meaning of Department of Labor Regulations Section 2510.3-101.

(12) None of the assets to be used for such Member's Capital Contribution originate from any criminal offense.

(b) **General Representations and Warranties**. Each Member represents and warrants to the Co-Managers, the Company and each other Member that, as of the signing of this Agreement:

(1) If other than an individual, it is duly organized, validly existing and in good standing under the laws of the jurisdiction where it purports to be organized. It is a United States person (as defined in § 7701(a) of the Code).

(2) It has full power and authority to enter into and perform this Agreement. All actions necessary to authorize the signing and delivery of this Agreement, and the performance of obligations under it, have been duly taken.

(3) This Agreement has been duly signed and delivered by a duly authorized officer or other representative of such Member (if such member is not an individual) and constitutes the legal, valid and binding obligation of such Member enforceable in accordance with its terms (except as such enforceability may be affected by applicable bankruptcy, insolvency or other similar laws affecting creditors' rights generally, and except that the availability of equitable remedies is subject to judicial discretion).

(4) No consent or approval of any other Person is required in connection with the signing, delivery and performance of this Agreement by such Member. The signing, delivery and performance of this Agreement do not violate the organizational documents of such Member (if such member is not an individual) or any material agreement to which such Member is a party or by which it is bound.

Notwithstanding anything to contrary in this Agreement, each Member agrees to indemnify, defend and hold harmless the Co-Managers, the Company and each other Member from and against all claims, actions or causes of action, liabilities, expenses, costs or damages arising from any breach of any representation or warranty in this **Exhibit C**.

EXHIBIT C-1

Accredited Investor Status

*Regulation D of the United States Securities Act of 1933, as amended (the "**Securities Act**"), excepts from registration certain offers and sales of securities if made to "accredited investors." Set forth below are the various categories of "accredited investors."*

Applicable to Natural Persons Only

I am a director or "executive officer" of the Co-Manager or the Company. *For this purpose, an "**executive officer**" is a person who performs policy making functions for the entity of which it claims to be an executive officer.*

I have an individual net worth, or joint net worth with my spouse, in excess of $1,000,000. For this purpose, "**net worth**" means the excess of total assets at fair market value, excluding the value of such person's primary residence, over total liabilities. The related amount of indebtedness secured by the primary residence may be excluded, although any indebtedness secured by the residence in excess of the value of the home should be considered a liability and deducted from net worth.

I had individual income (exclusive of any income attributable to my spouse) of more than $200,000 in each of the two most recent years or joint income with my spouse in excess of $300,000 in each of those years, and I have a reasonable expectation of reaching the same income level in the current year.

Applicable to Non-Natural Persons (i.e., Entities) Only

It is a trust with total assets in excess of $5,000,000, that was not formed for the specific purpose of acquiring the Interests and its purchase is directed by a sophisticated person. *A "**sophisticated person**" is one who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment.*

It is a corporation, a Massachusetts or similar business trust, a partnership or a limited liability company, not formed for the specific purpose of acquiring the Interests, with total assets in excess of $5,000,000.

It is a revocable trust which may be amended or revoked at any time by the grantors thereof and all of the grantors are accredited investors by reason of one or more of the categories of accredited investors under "For Natural Persons Only" above.

It is an entity in which all of the equity owners are accredited investors by reason of one or more of the categories of accredited investors under "Applicable to Natural Persons Only" and/or "Applicable to Non-Natural Persons (i.e., Entities) Only" above.

EXHIBIT D

Tax Exhibit

(a) **Profit and Loss.** The Company's "**Profit**" or "**Loss**" means, for each taxable year, the Company's taxable income or taxable loss for such taxable year, as determined under Section 703(a) of the Code and Treasury Regulations Section 1.703-1 (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or taxable loss), but with the following adjustments:

(1) Any tax-exempt income, as described in Section 705(a)(1)(B) of the Code, realized by the Company during such Fiscal Year shall be taken into account in computing such taxable income or taxable loss as if it were taxable income;

(2) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code for such Fiscal Year, including any items treated under Treasury Regulations Section 1.704-1(b)(2)(iv)(i) as items described in Section 705(a)(2)(B) of the Code, shall be taken into account in computing such taxable income or taxable loss as if they were deductible items;

(3) Any item of income, gain, loss or deduction that is required to be allocated specially to the Members under Sections (b)(3), (c), (d) and (f) shall not be taken into account in computing such taxable income or taxable loss;

(4) In lieu of any depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, the Company shall compute such deductions based on the Book Value (as hereinafter defined) of Company property, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3);

(5) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property disposed of (as adjusted for "book" depreciation computed in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3)), notwithstanding that the adjusted tax basis of such property differs from its Book Value; and

(6) If the Book Value of Company assets is adjusted to equal fair market value as provided in Section (h)(1) hereof, then Profit or Loss shall include the amount of any increase or decrease in such Book Values attributable to such adjustment.

(b) **Allocation of Profit and Loss.**

(1) Except as otherwise provided in this Agreement, and after giving effect to the allocations provided in Sections (c) and (d), Profit for each Fiscal Year (or portion thereof) shall be allocated to the Members as necessary to cause each Member's "Modified Adjusted Capital Account" (as hereinafter defined) balance as of the end of such Fiscal Year to equal as nearly as possible such Member's "Target Capital Account" (as hereinafter defined).

(2) Except as otherwise provided in this Agreement, and after giving effect to the allocations provided in Sections (c) and (d), Loss for each Fiscal Year (or portion thereof) shall be allocated in the following order of priority:

(A) First, to the Members pro rate in accordance with the positive balance in their respective Capital Accounts as necessary to reduce each Member's Modified Adjusted Capital Account balance as of the end of such Fiscal Year to equal zero; and

(B) Second, after giving effect to the allocations made pursuant to Section (b)(2)(A), to the Members in proportion to their respective Percentage Interests.

(3) Notwithstanding anything to the contrary contained in this **Exhibit C**, no allocation shall be made to a Member which would cause such Member to have an "Adjusted Capital Account Deficit" (as hereinafter defined). If the limitation contained in the preceding sentence would apply to cause an item of loss or deduction to be unavailable for allocation to all Members, then such item of loss or deduction shall be allocated between or among those Members who do not have an Adjusted Capital Account Deficit in accordance with such Members' positive Adjusted Capital Account balances.

(c) **Minimum Gain Chargebacks.**

(1) Except to the extent provided in Treasury Regulations Sections 1.704-2(f)(2), (3), (4) and (5), if for any Fiscal Year there is a net decrease in "Company Minimum Gain" (as hereinafter defined), there shall be allocated to each Member items of income and gain for such Fiscal Year (and, if necessary, for subsequent Fiscal Years) equal to such Member's share of the net decrease in Company Minimum Gain. A Member's share of the net decrease in Company Minimum Gain shall be determined in accordance with Treasury Regulations Section 1.704-2(g)(1). This Section (c)(1) is intended to comply with the "minimum gain chargeback" requirement in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(2) Except to the extent provided in Treasury Regulations Section 1.704-2(i)(4), if for any Fiscal Year of the Company there is a net decrease in "Member Nonrecourse Debt Minimum Gain" (as hereinafter defined), there shall be allocated to each Member that has a share of such Member Nonrecourse Debt Minimum Gain at the beginning of such Fiscal Year items of income and gain for such Fiscal Year (and, if necessary, for subsequent Fiscal Years) equal to such Member's share of the net decrease in such Member Nonrecourse Debt Minimum Gain. The determination of a Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain shall be made in a manner consistent with the principles contained in Treasury Regulations Section 1.704-2(i)(5). This Section (c)(2) is intended to comply with the "partner nonrecourse debt minimum gain chargeback" requirement in Treasury Regulations Section 1.704-2(1)(4) and shall be interpreted consistently therewith.

(3) If any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), there shall be specially allocated to such Member such items of Company income and gain, at such times and in such amounts as shall eliminate as quickly as possible the deficit balance (if any) in its Capital Account (in excess of the sum of such Member's share of Company Minimum

Gain and such Member's share of Member Nonrecourse Debt Minimum Gain) created by such adjustments, allocations or distributions. This Section 5.3(c) is intended to comply with the "qualified income offset" requirement of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) **Nonrecourse Debt.**

(1) All deductions, losses, and Section 705(a)(2)(B) expenditures of the Company, as the case may be (all computed for "book" purposes) that are treated under Section 1.704-2(b) of the Treasury Regulations as deductions, losses, and expenditures attributable to nonrecourse liabilities of the Company shall be allocated among the Members pro rata in proportion to their respective Percentage Interests.

(2) All deductions, losses, and Section 705(a)(2)(B) expenditures of the Company, as the case may be (all computed for "book" purposes), that are treated under Section 1.704-2(i) of the Treasury Regulations as deductions, losses, and expenditures attributable to "partner nonrecourse debt" of the Company shall be allocated to the Member(s) bearing the risk of loss with respect to such liabilities in accordance with such Treasury Regulations.

(e) **Special Allocations**. The allocations set forth in Sections (c) and (d)(2) (the "**Regulatory Allocations**") are intended to comply with certain requirements of the Treasury Regulations. Notwithstanding the provisions of Sections (b)(1) and (2), the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deductions among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred. The fact that certain of the Regulatory Allocations will occur in a future period will be taken into account in applying this paragraph.

(f) **Allocation of Certain Tax Items**. If any property of the Company is reflected in the Capital Accounts of the Members and on the books of the Company at a Book Value that differs from the adjusted tax basis of such property, then the tax items with respect to such property shall, in accordance with the requirements of Treasury Regulations Section 1.704-1(b)(4)(i), be shared among the Members in a manner that takes account of the variation between the adjusted tax basis of the applicable property and its Book Value in the same manner as variations between the adjusted tax basis and fair market value of property contributed to the Company are taken into account in determining the Members' share of tax items under Code Section 704(c).

(g) **Code Section 754 Adjustment**. To the extent that Treasury Regulations Section 1.704-1(b)(2)(iv)(m) requires that any adjustment to the tax basis of any Company asset be taken into account in determining Capital Accounts, the amount of such adjustment shall be treated as an item of gain or loss, as appropriate, and allocated to the Members as appropriate under the circumstances.

(h) **Certain Definitions.**

(1) "**Adjusted Capital Account Deficit**" means with respect to any Member, the negative balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, determined after giving effect to the following adjustments: (a) credit to such Capital Account any portion of such negative balance which such Member (i) is treated as obligated to restore to the Company under the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(c), or (ii) is deemed to be obligated to restore to the Company under the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and (b) debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6). This definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Sections 1.704-1(b)(2)(ii)(d) and 1.704-2 and shall be interpreted consistently therewith.

(2) "**Book Value**" shall mean, as of any particular date, the value at which any asset of the Company is properly reflected on the books of the Company as of such date in accordance with the provisions of Treasury Regulations Section 1.704-1(b). The Book Value of all Company assets may, at the discretion of the Managing Member, be adjusted to equal their respective gross fair market values, as determined in good faith by the Managing Member, as of the following times: (i) immediately prior to the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) immediately prior to the distribution by the Company to a Member of more than a de minimis amount of money or other property as consideration for an interest in the Company; (iii) in connection with the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); (iv) the grant of an interest in the Company as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a Member capacity or in anticipation of being a Member; and (v) under generally accepted industry accounting practices within the meaning of Treasury Regulations Section 1.704-l(b)(2)(iv)(f)(5).

(3) "**Company Minimum Gain**" shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(2) with respect to the term "partnership minimum gain".

(4) "**Member Nonrecourse Debt Minimum Gain**" shall have the meaning set forth in Treasury Regulations Section 1.704-2(i)(2) with respect to the term "partner nonrecourse debt minimum gain".

(5) "**Modified Adjusted Capital Account**" means with respect to any Member for any fiscal year (or other period), an amount equal to such Member's Capital Account balance as of the beginning of such fiscal year (or other period), adjusted as provided in the definition of Capital Account for all contributions to the Company by, and all distributions by the Company to, such Member during such fiscal year (or other period), and by all special allocations pursuant to Section (c) above with respect to such fiscal year (or other period) but before giving effect to any allocations of Profit or Loss with respect to such fiscal year (or other period) pursuant to Section (b) above.

(6) **"Target Capital Account"** means an amount (which may be either positive or negative), determined with respect to each Member for any fiscal year (or other period), equal to (a) the hypothetical distribution (if any) such Member would receive if each Company asset (including cash) were sold for an amount of cash equal to such asset's Book Value as of the end of such fiscal year, each liability of the Company were satisfied in cash in accordance with its terms (limited, with respect to each nonrecourse liability of the Company, to the Book Value of the asset or assets securing such nonrecourse liability), and all remaining cash of the Company (including the net proceeds of such hypothetical transactions and all cash otherwise available after the hypothetical satisfaction of all Company liabilities) were distributed in full on the last day of such Fiscal Year (or other period) to the Members pursuant to Section 6.1 of that certain limited liability company to which this **Exhibit D** forms a part; minus (b) the sum of (i) such Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain immediately prior to such deemed sale, plus (ii) the amount, if any, which such Member is obligated to contribute to the capital of the Company pursuant to the terms of that certain operating agreement to which this **Exhibit D** forms a part as of the last day of such period (but only to the extent such capital contribution obligation has not been taken into account in determining such Member's share of Member Nonrecourse Debt Minimum Gain).

SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM

NOTE: *A copy of this form must be completed and signed by* ***each*** *local agency that will gain or lose territory as a result of the proposed jurisdictional boundary change. Attach additional sheets if necessary.*

Amy Reeh

Signature of agency representative

Amy Reeh

Print name

Interim General Manager

Title

(760) 742-3704

Telephone

9/9/2020

Date

A. JURISDICTIONAL INFORMATION:

Name of agency:
Yuima Municipal Water Districct

1. Is the proposal territory within the agency's sphere of influence? Yes ☐ No ☑
2. Upon annexation, will the proposal territory be included within an assessment district and be subject to assessment for new or extended services? Yes ☐ No ☑
3. Does the agency have plans to establish any new assessment district that would include the proposal territory? Yes ☐ No ☑
4. Will the proposal territory assume any existing bonded indebtedness? Yes ☐ No ☑

   If yes, indicate any taxpayer cost: $_____
5. Will the proposal territory be subject to any special taxes, benefit charges, or fees? Yes ☑ No ☐

   If yes, please provide details of all costs: Water Authority Fixed Charge/special assessment; fees to provide water service; monthly meter fee; fixed charge pass-throughs; water rates
6. Is the agency requesting an exchange of property tax revenues as a result of this proposal? Yes ☑ No ☐
7. Is this proposed jurisdictional change subject to a master property tax agreement or master enterprise district resolution? Yes ☐ No ☑
8. FOR CITY ANNEXATIONS: Does the proposal territory contain existing commercial development that generates retail sales of ten million dollars or more per year? Yes ☐ No ☐
9. FOR CITY ANNEXATIONS: If any part of the proposal territory is under a Williamson Act contract, please contact the LAFCO office for special instructions regarding petition or resolution of application requirements.

EXPEDITED PROPOSAL PROCESSING: *Processing of jurisdictional boundary change proposals can be expedited by approximately 60 days if all affected landowners consent to the waiver of protest and termination (conducting authority) proceedings and subject agencies do not oppose the waiver. If you do NOT want to waive these proceedings, then attach a written statement to the subject agency information form containing a signature, date, and declaration of opposition to a waiver of such proceedings.*

B. SEWER SERVICE:

1. What is the agency's current wastewater treatment capacity (expressed in million gallons per day and equivalent dwelling units)? _____

   _____

2. What is the average volume of influent currently being treated by the agency (expressed in million gallons per day and equivalent dwelling units)? _____

   _____

3. (a) What is the agency's peak flow volume (expressed in million gallons per day)?

   _____

   (b) What is the agency's peak flow capacity (expressed in million gallons per day)?

   _____

   (c) Has the agency exceeded the flow (peak) capacity within the past two years? ☐YES ☐NO

   (d) ***If yes,*** please describe the frequency and volume of incidents that exceeded the agency's peak capacity: _____

   _____

4. (a) Has the agency issued a letter of sewer availability for the proposal territory? ☐YES ☐NO

   (b) ***If yes,*** please provide a copy of the letter. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

5. (a) How many future equivalent dwelling units have been reserved or committed for proposed projects? _____

   (b) Can all projects that have received commitments of sewer availability (e.g., "will serve letters") be accommodated with planned capacity? ☐YES ☐NO

6. (a) Does the agency have the necessary contractual and/or operational treatment capacity to provide sewer service to the proposal territory? ☐YES ☐NO

   (b) ***If yes,*** please specify the proposal territory 's estimated sewer demand and the agency's available sewer capacity (expressed in million gallons per day and equivalent dwelling units):

   _____

   _____

   (c) ***If no,*** please describe the agency's plans to upgrade capacity to resolve any capacity related issues: _____

   _____

7. Will the proposal territory be annexed to a sewer improvement district? ☐YES ☐NO

8. (a) The distance for connection of the proposal territory to the agency's existing sewer system is _____ feet.

   (b) Describe the location of the connection to the agency's existing sewer system:

   _____

C. WATER SERVICE:

1. (a) Does the subject agency have adequate water supply and sufficient contractual and/or operational capacity available to serve the proposal territory? ☑YES ☐NO

   (b) ***If yes,*** describe the proposal territory's estimated water demand and the agency's available water supply and capacity (expressed in acre-feet or million gallons per day):
   Rancho Corrido Water Demand: 16.8 AFY; YMWD Available Water Supply: 7,800 AFY with approximately 3,000 AFY capacity

   (c) ***If no,*** what plans does the agency have to increase its water capacity?

2. Specify any improvements (on and off-site) that will be necessary to connect and serve the anticipated development. Indicate the total cost of these improvements and method of financing (e.g., general property tax, assessment district, landowner or developer fees): A new 2-inch service pipeline of approximately 20 feet to connect to an existing pipeline along SR76 directly in front of the annexing property; includes an isolation valve, master meter, PRV, backflow prevention device, etc. ☑YES ☐NO

3. (a) Has the agency issued a letter of water availability for the proposal territory? ☑YES ☐NO

   (b) ***If yes,*** please provide a copy of the letter. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

4. (a) The distance for connection of the proposal territory to the agency's existing water system is 20 feet.

   (b) Describe the location of the connection to the agency's existing water system:
   YMWD has an existing pipeline along SR76 that runs directly in front of the annexing property where the connection will occur.

5. (a) Is the agency currently under any drought-related conditions and/or restrictions? ☐YES ☑NO

   (b) ***If yes,*** describe the conditions and specify any related restrictions:

6. (a) Will the proposal territory utilize reclaimed water? ☐YES ☑NO

   (b) ***If yes,*** describe the proposal territory's reclaimed water use and the agency's available reclaimed water supply and capacity (expressed in acre-feet or million gallons per day):

   (c) The distance for connection of the proposal territory to the agency's existing reclaimed water system is _____ feet.

   (d) Describe the location of the connection to the agency's existing reclaimed water system:

   (e) ***If no,*** has the agency considered availability of reclaimed water to the proposal territory? ☐YES ☑NO

   (f) What restrictions prevent use of reclaimed water? No treatment or connections in the region.

7. Will the proposal territory be annexed to an improvement district? ☐YES ☑NO

RESOLUTION NO. 1865-20

RESOLUTION OF THE BOARD OF DIRECTORS OF YUIMA MUNICIPAL WATER DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO TAKE PROCEEDINGS FOR THE CONCURRENT ANNEXATION OF CERTAIN TERRITORY TO YUIMA MUNICIPAL WATER DISTRICT AND TO SAN DIEGO COUNTY WATER AUTHORITY AND TO METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (Rancho Corrido Annexation, APN 130-040-16, Approximately 31.29 acres)

WHEREAS, the Board of Directors of the Yuima Municipal Water District desires to initiate proceedings pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with Section 56000 of the California Government Code, more specifically Government Code Section 56654, for the Rancho Corrido Annexation; and

WHEREAS, by Resolution No. 1800-18, adopted September 25, 2018, the Board of Directors of the Yuima Municipal Water District requested concurrent annexation from the San Diego County Water Authority and the Metropolitan Water District of Southern California for Rancho Corrido, APN 130-040-16; and

WHEREAS, by Resolution No. 1802-18, adopted December 20, 201, the Board of Directors of Yuima Municipal Water District adopted a CEQA determination and ordered the filing of a Notice of Exemption with the San Diego County Clerk; and

WHEREAS, by Resolution No. 1859-20, adopted May 26, 2020 the Board of Directors of the Yuima Municipal Water District accepted the formal terms and conditions of the Metropolitan Water District of Southern California; and

WHEREAS, the proposed changes of organization include the following jurisdictional change and sphere of influence action:

1. Concurrent Annexation of parcel 130-040-16-00 to Yuima Municipal Water District (District), The San Diego County Water Authority (Authority) and The Metropolitan Water District of Southern California (Met).

2. Change of District, Authority and Met boundaries, as necessary, to incorporate the annexation area.

3. Change the District's Sphere of Influence boundary (Sphere Amendment), as necessary, to include the annexation area.

WHEREAS, the reason for the proposed changes of organization is as follows: The water supplied from groundwater wells at the Rancho Corrido site has ongoing water issues related to elevated nitrates and cannot be resolved through blending due to limited storage. Therefore, Rancho Corrido desires to secure water service for potable use of onsite facilities and its residents; and

WHEREAS, the territory subject to the proposed changes of organization is inhabited and a description of the external boundary of the territory is set forth in Exhibit "A," attached hereto and by this reference incorporated herein; and

WHEREAS, the district requests that the proposed changes of organization be subject to the following terms and conditions:

1. Upon receipt of San Diego County LAFCO's resolution approving Rancho Corrido concurrent annexation to Yuima Municipal Water District, San Diego County Water Authority and the Metropolitan Water District of Southern California, Rancho Corrido RV, LP, or its successors in interest as owners of the property, shall pay to Yuima Municipal Water District annexation fees in the amount of $85,014.93 if the annexation is completed before April 1, 2021. If the annexation is completed after April 1, 2021, the annexation fee will be calculated based on the then-current adopted per acre annexation fee rate.

2. The annexation to Yuima shall not be final, and Rancho Corrido shall not receive potable water service from Yuima, until such fee is paid by Rancho Corrido RC, LP, or its successors in interest as owners of the property, to Yuima.

3. That the terms and conditions as ordered by the Board of Directors of the San Diego County Water Authority shown in Resolution No. 2020-11 (Exhibit B) are fulfilled as required.

4. That the terms and conditions as ordered by the Metropolitan Water District of Southern California shown in Resolution No. 9264 (Exhibit C) are fulfilled as required.

NOW, THEREFORE, this Resolution of Application is hereby approved and adopted by the Board of Directors of the Yuima Municipal Water District. The Local Agency Formation Commission of San Diego County is hereby requested to take proceedings pursuant to Governmental Code 56654 for the proposed changes of organization that include the territory as described in Exhibit "A," according to the terms and conditions stated above, and in the manner provided by the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000.

PASSED AND ADOPTED at a special meeting of the Board of Directors of YUIMA MUNICIPAL WATER DISTRICT held August 4, 2020 by the following roll call vote to wit:

AYES: Wehr, Villalobos, Fontane, Simpson
NOES:
ABSENT: Broomell
ABSTAIN:

Roland Simpson, President

Don Broomell, Secretary / Treasurer

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO)

I, Don Broomell, the undersigned, state that I am the Secretary / Treasurer of Yuima Municipal Water District and that Resolution 1865-20 adopted on August 4, 2020, is true and correct, and that said Resolution has not been modified or rescinded.

WITNESS my hand and seal of said District this 4th day of August, 2020

Don Broomell, Secretary
Yuima Municipal Water District

seal

EXHIBIT "A"

ANNEXATION TO YUIMA MUNICIPAL WATER DISTRICT, THE SAN DIEGO COUNTY WATER AUTHORITY AND THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

THOSE PORTIONS OF LOTS 2 AND 3 OF SECTION 5, TOWNSHIP 10 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN. ACCORDING TO OFFICIAL PLAT THEREOF, AND OF BLOCK 5 OF RIVER TRACT NO. 1, ACCORDING TO MAP THEREOF NO. 1451, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JUNE 10, 1912, ALL IN THE UNINCORPORATED AREA OF THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT AN ANGLE POINT IN THE EXISTING YUIMA MUNICIPAL WATER DISTRICT BOUNDARY, ALSO BEING THE MOST WESTERLY CORNER OF SAID BLOCK 5;

1) THENCE ALONG THE WESTERLY LINE OF SAID BLOCK 5, NORTH 31°30'31" EAST (RECORD NORTH 32°00' EAST), 388.56 FEET TO THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF LAND DESCRIBED IN DEED TO ADOLF SCHOEPE RECORDED APRIL 10, 1972 AS INSTRUMENT NO. 72-86529, OF OFFICIAL RECORDS;

2) THENCE TO AND ALONG SAID EASTERLY LINE, NORTH 8°58'40" EAST, 651.98 FEET (RECORD NORTH 8°58'40" EAST, 639.07 FEET);

3) THENCE NORTH 38°39'50" EAST, 46.09 FEET TO THE SOUTHWESTERLY LINE OF STATE HIGHWAY XI-SD-195-C, AS DESCRIBED IN DEED TO THE STATE OF CALIFORNIA, RECORDED FEBRUARY 11, 1957 IN BOOK 6451, PAGE 362, OF OFFICIAL RECORDS;

4) THENCE ALONG SAID SOUTHWESTERLY LINE SOUTH 69°57'11" EAST, 319.10 FEET TO A POINT OF CUSP WITH A 30.00 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY;

5) THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 84°04'14" A DISTANCE OF 44.02 FEET;

6) THENCE TANGENT TO SAID CURVE, SOUTH 25°58'35" WEST, 45.71 FEET;

7) THENCE SOUTH 24°37'03" EAST 75.11 FEET;

8) THENCE SOUTH 50°07'07" EAST, 228.10 FEET;

9) THENCE SOUTH 46°14'54" EAST, 113.95 FEET;

10) THENCE SOUTH 38°16'09" EAST, 441.87 FEET;

11) THENCE SOUTH 17°56'13" EAST, 10.00 FEET;

12) THENCE CONTINUING SOUTH 17°56'13" EAST, 17.00 FEET;

13) THENCE SOUTH 44°49'19" EAST, 375.29 FEET TO THE SOUTHEASTERLY LINE OF SAID LAND DESCRIBED IN DEED TO JEAN K. BARTLETT AND ELIZABETH P. ADAMS, RECORDED NOVEMBER 22, 1983 AS INSTRUMENT NO. 83-425111, OF OFFICIAL RECORDS;

14) THENCE ALONG SAID SOUTHEASTERLY LINE SOUTH 58°45'43" WEST (RECORD SOUTH 59°12' WEST), 1545.32 FEET TO THE WESTERLY LINE OF SAID BLOCK 5, ALSO BEING A POINT ON THE EXISTING YUIMA MUNICIPAL WATER DISTRICT BOUNDARY;

15) THENCE ALONG SAID WESTERLY LINE AND SAID DISTRICT BOUNDARY, NORTH 5°47'17" WEST, (RECORD NORTH 5°23'10" WEST) 892.35 FEET TO THE **POINT OF BEGINNING**.

THIS PROPERTY DESCRIPTION HAS BEEN PREPARED BY ME, OR UNDER MY DIRECTION, IN CONFORMANCE WITH THE PROFESSIONAL LAND SURVEYORS ACT.

SAID PROPERTY CONTAINS 31.29 ACRES, GROSS & NET, MORE OR LESS.

ALL AS SHOWN ON EXHIBIT MAP ATTACHED HERETO AND MADE A PART HEREOF.

8/7/2020

MICHAEL S. BUTCHER, PLS 6922 DATE

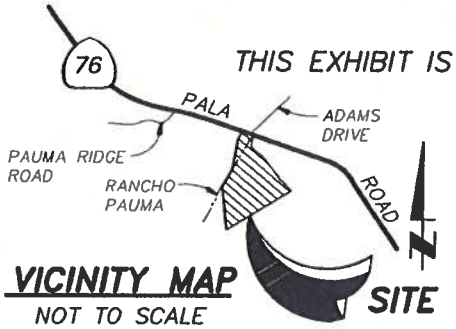
PROFESSIONAL LAND SURVEYOR
MICHAEL S. BUTCHER
No.6922
STATE OF CALIFORNIA

NOTE: For assessment purposes only. This legal description is not a legal description as defined in the Subdivision Map Act and may not be used for an offer for sale of the land described herein.

EXHIBIT "B"

THIS EXHIBIT IS TO BE ATTACHED TO THE LEGAL DESCRIPTION.

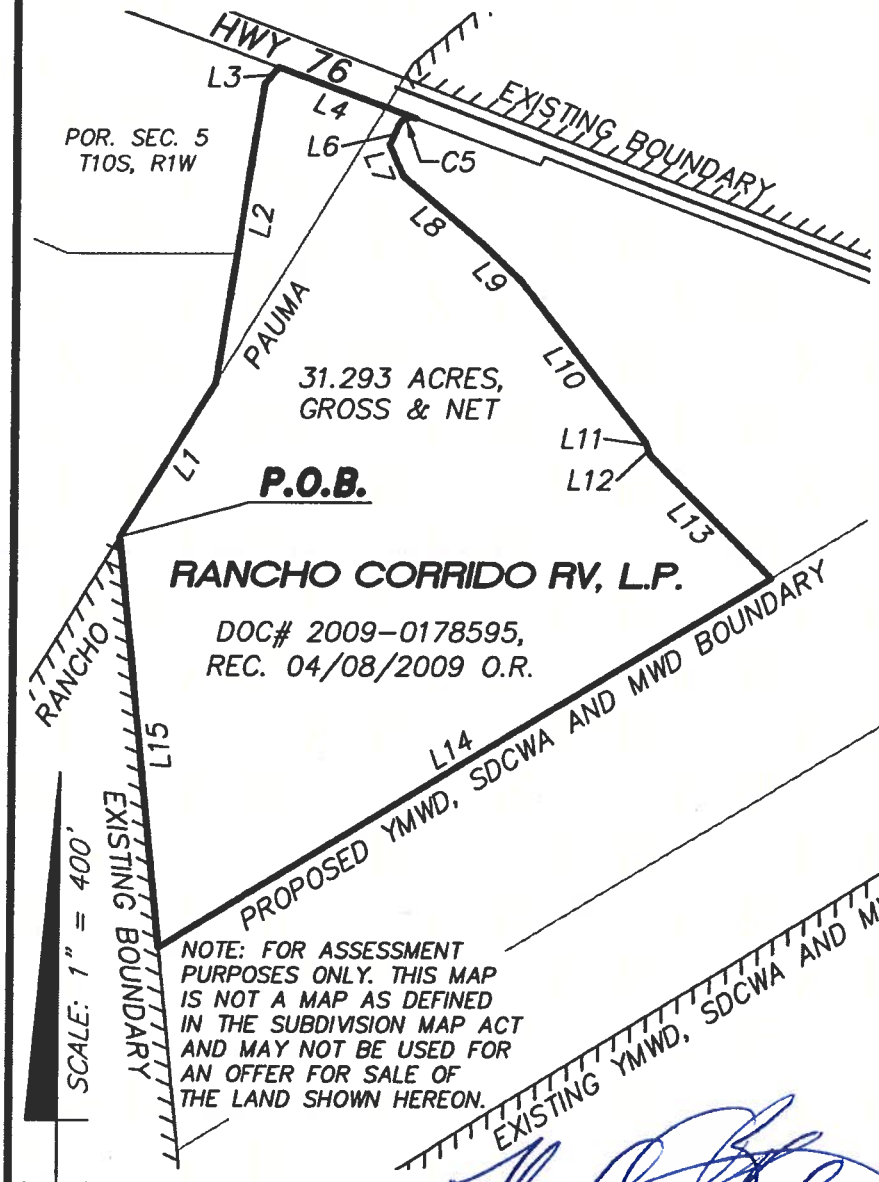
PORTIONS LOTS 2&3, SEC 5, T10S, R1W, S.B.M., BLOCK 5, RIVER TRACT NO.1, MAP NO.1451, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.



VICINITY MAP

NOT TO SCALE
THOMAS GUIDE
PG. 1030, GRID G-7
57TH EDITION

ANNEXATION COURSES			
LINE	BEARING	RADIUS	DIST.
L1	N31°30'31"E		388.56'
L2	N08°58'40"E		651.98'
L3	N38°39'50"E		46.09'
L4	S69°57'11"E		319.10'
C5	Δ=84°04'14"	30.00'	44.02'
L6	S25°58'35"W		45.71'
L7	S24°37'03"E		75.11'
L8	S50°07'07"E		228.10'
L9	S46°14'54"E		113.95'
L10	S38°16'09"E		441.87'
L11	S17°56'13"E		10.00'
L12	S17°56'13"E		17.00'
L13	S44°49'19"E		375.29'
L14	S58°45'43"W		1545.32'
L15	N05°47'17"W		892.35'



SCALE: 1" = 400'

NOTE: FOR ASSESSMENT PURPOSES ONLY. THIS MAP IS NOT A MAP AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED FOR AN OFFER FOR SALE OF THE LAND SHOWN HEREON.

PROFESSIONAL LAND SURVEYOR
MICHAEL S. BUTCHER
No.6922
STATE OF CALIFORNIA

8/1/2020

MICHAEL S. BUTCHER, PLS 6922 DATE

74671.00

GRAPHIC SCALE

400' 0 400'

SB&O INC.
PLANNING ENGINEERING SURVEYING

NOTICE OF EXEMPTION

TO: ☐	Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044	FROM: (Public Agency)	Yuima Municipal Water District 34928 Valley Center Road Pauma Valley, CA 92061-0177 Telephone: (760) 742-3704
☒	San Diego County Clerk 1600 Pacific Hwy., Room 260 San Diego, CA 92101		

1.	Project Title:	Rancho Corrido Annexation
2.	Project Applicant:	Rancho Corrido RV, LP
3.	Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	14715 Highway 76, Pauma Valley, CA 92061 (San Diego County APN 130-040-16) (see attached map)
4.	(a) Project Location – City: N/A	(b) Project Location – County: San Diego (Pauma Valley)
5.	Description of nature, purpose, and beneficiaries of Project:	The community water system serving the proposed Rancho Corrido Annexation consists of two wells that provide water for potable uses and irrigation. The water system, however, has had ongoing water issues related to elevated nitrates. In December 2017, the San Diego County Department of Environmental Health issued a citation to Rancho Corrido RV Resort directing it to comply with the California Safe Drinking Water Act and requested a written plan of action. In order to comply, Rancho Corrido RV Resort, which consists of 31.29 acres, is seeking annexation into the Yuima Municipal Water District ("MWD") to provide drinking water to the property. To enable Yuima MWD to provide drinking water to Rancho Corrido RV Resort, it is necessary to construct/install a pipeline and a meter within the right-of-way in Highway 76. On September 25, 2018, Yuima MWD adopted Resolution No. 1800-18 requesting approval of the annexation by San Diego County Water Authority, Metropolitan Water District of Southern California, and the San Diego Local Agency Formation Commission of a concurrent annexation. Annexation is governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Gov. Code, § 56000) and is coordinated, directed, and overseen by the San Diego Local Agency Formation Commission.
6.	Name of Public Agency approving project:	Yuima Municipal Water District
7.	Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	
8.	Exempt status: (check one)	
	(a) ☐ Ministerial project.	

	(b) ☐	Not a project.	
	(c) ☐	Emergency Project.	
	(d) ☒	Categorical Exemption. State type and section number:	State CEQA Guidelines, §§ 15319 (Class 19 – annexations of existing facilities and lots for exempt facilities) and § 15303 (Class 3 - new construction of small structures)
	(e) ☐	Declared Emergency.	
	(f) ☐	Statutory Exemption. State Code section number:	
	(g) ☐	Other. Explanation:	
9.	Reason why project was exempt:		The annexation of the property is categorically exempt from environmental review under the CEQA under Title 14 of the California Code of Regulations, section 15319 (Class 19 – annexations of existing facilities and lots for exempt facilities) and 15303 (Class 3 - new construction of small structures). Class 19 consists of annexations to a special district of areas containing existing public or private structures developed to the density allowed by current zoning, providing that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities. Here, existing development is consistent with County zoning for the property as Limited Agricultural Use (A70) and subject to Major Use Permit No. 67-092W. The annexation would result in water service by Yuima MWD only to the existing 100 units on the property. Improvements necessary to provide service to the property (pipeline and meter) would be located within the existing right-of-way in Highway 76. Class 3 exempts the construction and location of limited number of new, small facilities or structures, including utility extensions and related street improvements. None of the exceptions to the exemptions found in Title 14 of the California Code of Regulations, section 15300.2 apply. No improvements would occur in a sensitive environment. Therefore, this annexation is exempt under the California Environmental Quality Act ("CEQA") because there is no reasonable possibility the action would have a significant effect on the environment due to unusual circumstances. (14 Cal. Code Regs. § 15300.2.)
10.	Lead Agency Contact Person:		Richard S. Williamson, General Manager
	Telephone:		(760) 742-3704
11.	If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing. N/A		
12.	Has a Notice of Exemption been filed by the public agency approving the project? Yes ☐ No ☐		
13.	Was a public hearing held by the Lead Agency to consider the exemption? Yes ☒ No ☐ If yes, the date of the public hearing was: September 25, 2018		

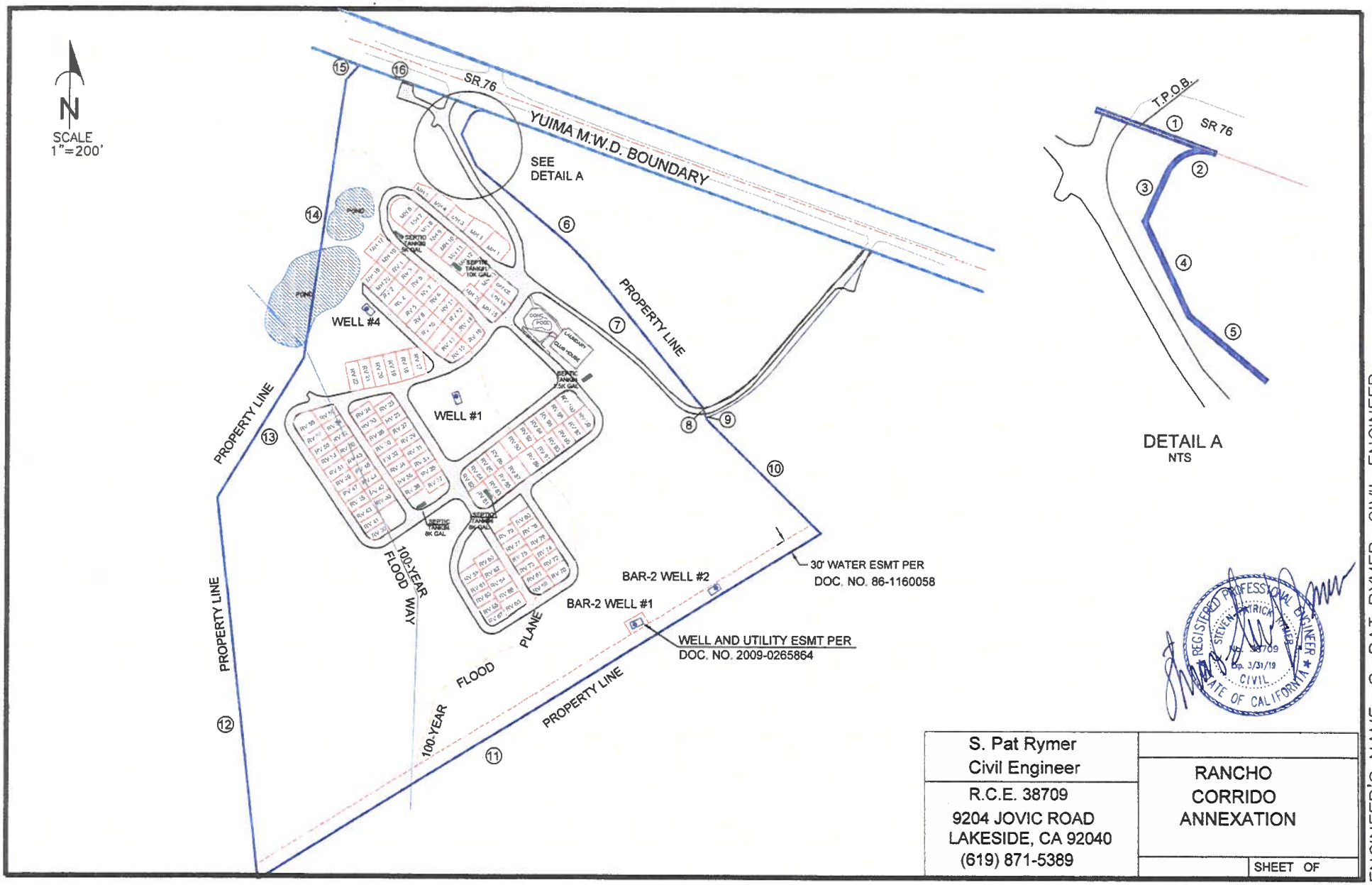
Signature: _____ Date: 12/14/18 Title: General Manager Yuima WD

☒ Signed by Lead Agency ☐ Signed by Applicant

Date Received for Filing: _____

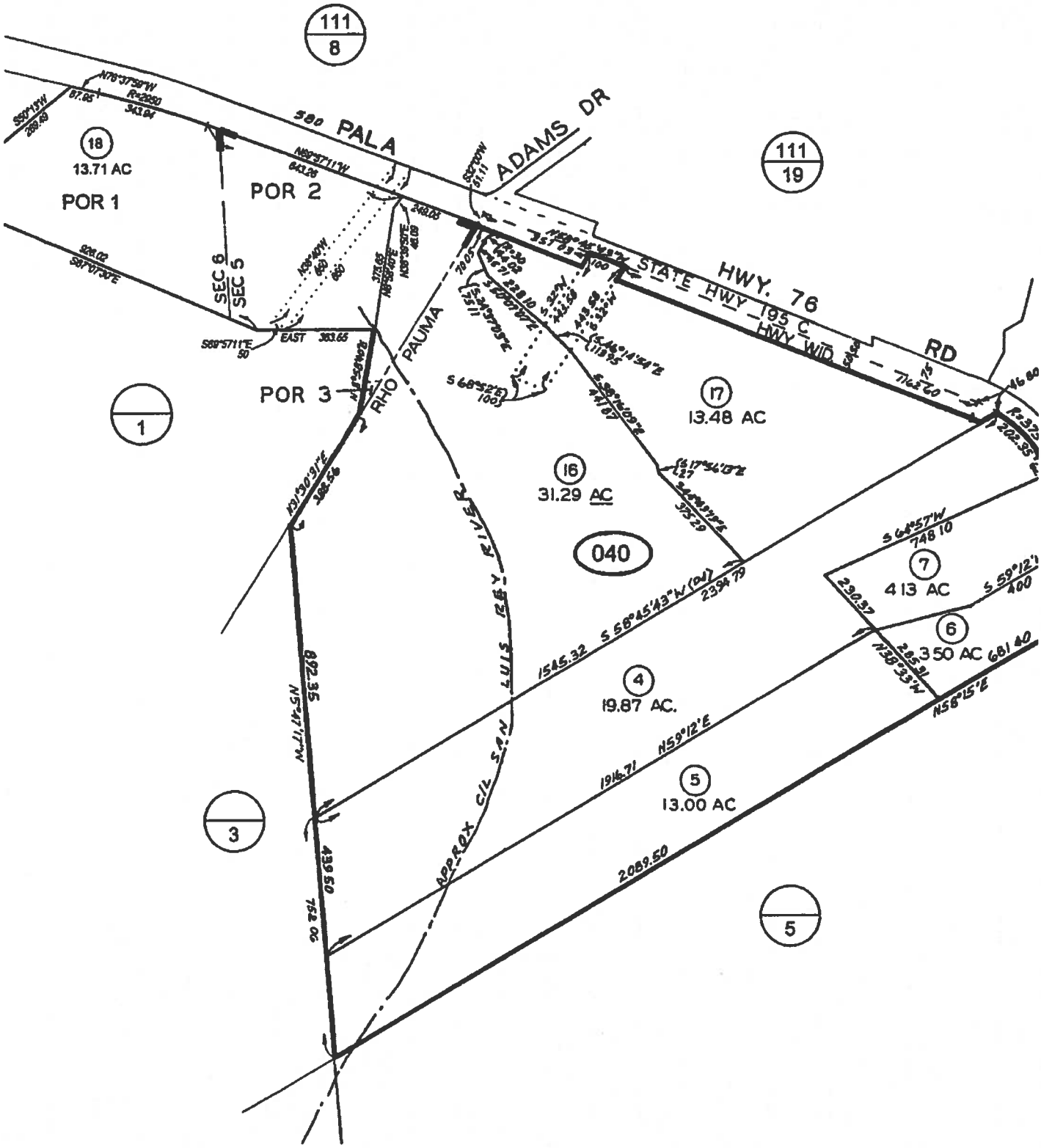
(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.



S. Pat Rymer Civil Engineer R.C.E. 38709 9204 JOVIC ROAD LAKESIDE, CA 92040 (619) 871-5389	RANCHO CORRIDO ANNEXATION SHEET OF

ENGINEER'S NAME: S. PAT RYMER, CIVIL ENGINEER
PHONE NO. (619) 871-5389



THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

State of California - Department of Fish and Wildlife

2018 ENVIRONMENTAL FILING FEE CASH RECEIPT

DFW 753.5a (Rev. 12/15/15) Previously DFG 753.5a

RECEIPT NUMBER:
37-2018- 1139
STATE CLEARINGHOUSE NUMBER *(If applicable)*
--

SEE INSTRUCTIONS ON REVERSE. TYPE OR PRINT CLEARLY.

LEAD AGENCY	LEADAGENCY EMAIL	DATE
YUIMA MUNICIPAL WATER DISTRICT	--	12/21/2018

COUNTY/STATE AGENCY OF FILING	DOCUMENT NUMBER
San Diego County	*20181139*

PROJECT TITLE

RANCHO CORRIDO ANNEXATION

PROJECT APPLICANT NAME	PROJECT APPLICANT EMAIL	PHONE NUMBER
RANCHO CORRIDO RV, LP	--	760-742-3704

PROJECT APPLICANT ADDRESS	CITY	STATE	ZIP CODE
34928 VALLEY CENTER ROAD	PAUMA VALLEY	CA	92061-0172

PROJECT APPLICANT *(Check appropriate box)*

☐ Local Public Agency ☐ School District ☐ Other Special District ☐ State Agency ☒ Private Entity

CHECK APPLICABLE FEES:

☐ Environmental Impact Report (EIR)	$3,168.00	$
☐ Mitigated/Negative Declaration (MND)(ND)	$2,280.75	$
☐ Certified Regulatory Program document (CRP)	$1,077.00	$

☐ Exempt from fee
- ☑ Notice of Exemption (attach)
- ☐ CDFW No Effect Determination (attach)

☐ Fee previously paid (attach previously issued cash receipt copy)

☐ Water Right Application or Petition Fee (State Water Resources Control Board only)	$850.00	$
☑ County documentary handling fee		$ $50.00
☐ Other		$

PAYMENT METHOD:

☐ Cash ☑ Credit ☐ Check ☐ Other VC#85962662 **TOTAL RECEIVED** $ $50.00

SIGNATURE	AGENCY OF FILING PRINTED NAME AND TITLE
X [signature]	San Diego County JSAMUELA , Deputy

ORIGINAL - PROJECT APPLICANT | COPY - CDFW/ASB | COPY - LEAD AGENCY | COPY - COUNTY CLERK | DFW 753.5a (Rev. 20151215)

FILED
Ernest J Dronenburg, Jr. Recorder County Clerk
DEC 21 2018
J. Samuela
BY DEPUTY

NOTICE OF EXEMPTION

TO: ☐	Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044	FROM: (Public Agency)	Yuima Municipal Water District 34928 Valley Center Road Pauma Valley, CA 92061-0177 Telephone: (760) 742-3704
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4.	(a) Project Location – City: N/A	(b) Project Location – County: San Diego (Pauma Valley)
5.	Description of nature, purpose, and beneficiaries of Project: FILED IN THE OFFICE OF THE COUNTY CLERK San Diego County on DEC 21 2018 Posted DEC 21 2018 Removed JAN 22 2019 Returned to agency on JAN 22 2019 Deputy J. Samuela	The community water system serving the proposed Rancho Corrido Annexation consists of two wells that provide water for potable uses and irrigation. The water system, however, has had ongoing water issues related to elevated nitrates. In December 2017, the San Diego County Department of Environmental Health issued a citation to Rancho Corrido RV Resort directing it to comply with the California Safe Drinking Water Act and requested a written plan of action. In order to comply, Rancho Corrido RV Resort, which consists of 31.29 acres, is seeking annexation into the Yuima Municipal Water District ("MWD") to provide drinking water to the property. To enable Yuima MWD to provide drinking water to Rancho Corrido RV Resort, it is necessary to construct/install a pipeline and a meter within the right-of-way in Highway 76. On September 25, 2018, Yuima MWD adopted Resolution No. 1800-18 requesting approval of the annexation by San Diego County Water Authority, Metropolitan Water District of Southern California, and the San Diego Local Agency Formation Commission of a concurrent annexation. Annexation is governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Gov. Code, § 56000) and is coordinated, directed, and overseen by the San Diego Local Agency Formation Commission.
6.	Name of Public Agency approving project:	Yuima Municipal Water District
7.	Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	
8.	Exempt status: (check one)	
	(a) ☐ Ministerial project.	

	(b) ☐	Not a project.	
	(c) ☐	Emergency Project.	
	(d) ☒	Categorical Exemption. State type and section number:	State CEQA Guidelines, §§ 15319 (Class 19 – annexations of existing facilities and lots for exempt facilities) and § 15303 (Class 3 - new construction of small structures)
	(e) ☐	Declared Emergency.	
	(f) ☐	Statutory Exemption. State Code section number:	
	(g) ☐	Other. Explanation:	
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10.	Lead Agency Contact Person:		Richard S. Williamson, General Manager
	Telephone:		(760) 742-3704
11.	If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing. N/A		
12.	Has a Notice of Exemption been filed by the public agency approving the project? Yes ☐ No ☐		
13.	Was a public hearing held by the Lead Agency to consider the exemption? Yes ☒ No ☐ If yes, the date of the public hearing was: September 25, 2018		

Signature: Amy Reed Date: 12/20/18 Title: Asst. General Mgr.

☒ Signed by Lead Agency ☐ Signed by Applicant

Date Received for Filing: DEC. 2 1 2018

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

RESOLUTION NO. 1802-18

RESOLUTION OF THE BOARD OF DIRECTORS OF YUIMA MUNICIPAL WATER DISTRICT MAKING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS FOR RANCHO CORRIDO ANNEXATION AND ORDERING A NOTICE OF EXEMPTION FILED WITH THE SAN DIEGO COUNTY CLERK

WHEREAS, the Yuima Municipal Water District owns and operates the mainline that will supply the Rancho Corrido Annexation; and

WHEREAS, the District passed Resolution No. 1800-18 requesting approval by the San Diego County Water Authority, The Metropolitan Water District of Southern California, and The Local Agency Formation Commission of a concurrent annexation to said agencies; and

WHEREAS, the existing annexation does not expand or change the existing mainline infrastructure and is therefore exempt from the California Environmental Quality Act (CEQA) in accordance with Public Resources Code Section 21080.21 and CEQA Guidelines Section 15282(k) which provides statutory CEQA exemption for the repair, maintenance and restoration of pipelines less than one mile in length within a public street or public right-of-way, and CEQA Guideline Section 15301(b) which provides categorical CEQA exemption for the repair and maintenance of existing public facilities providing the project involves no expansion of existing use; and

WHEREAS, it is in the best interest of the Yuima Municipal Water District and the people it serves to order a Notice of Exemption filed with the San Diego County Clerk.

NOW, THEREFORE, the Board of Directors of the Yuima Municipal Water District does hereby find, determine, resolve and order as follows:

1. The foregoing facts are found and determined to be true and correct.
2. In accordance with the California Environmental Quality Act Guidelines Section 15061, the Board of Directors finds and determines that the Rancho Corrido Annexation is exempt from CEQA for the following reasons:
   a) CEQA Guidelines Article 19, Section 15301(b) allows for categorical exemption of exiting Class 1 facilities consisting of the operation, repair, maintenance, permitting, leasing, licensing, of minor alteration of existing public or private structures, facilities, mechanical equipment, or topological features involving negligible or no expansion of existing use for both investor and publicly owned facilities used to provide electric power, natural gas, sewerage, or the public utility services.
3. The Board of Directors of the Yuima Municipal Water District hereby directs District Staff to file a Notice of Exemption with the San Diego County Clerk stating that the project is exempt from CEQA in accordance

with Public Resources Code Sections 21080.21 and CEQA Guidelines Sections 15282(k) and 15301(b).

PASSED AND ADOPTED at a regular adjourned meeting of the Board of Directors of YUIMA MUNICIPAL WATER DISTRICT held Thursday, December 20, 2018 by the following roll call vote to wit.

AYES: Watkins, Villalobos, Simpson, Knutson
NOES:
ABSENT: Broomell
ABSTAIN:

W.D. Knutson, President

ATTEST:

Ron W. Watkins, Vice President

San Diego County

Transaction #: 3516813
Receipt #: 2018560090

Ernest J. Dronenburg, Jr.
Assessor/Recorder/County Clerk
1600 Pacific Highway Suite 260
P. O. Box 121750, San Diego, CA 92112-1750
Tel. (619) 237-0502 Fax (619) 557-4155
www.sdarcc.com

Cashier Date: 12/21/2018
Cashier Location: SD

Print Date: 12/21/2018 12:13 pm

Payment Summary

Total Fees:	$50.00
Total Payments:	$50.00
Balance:	$0.00

Payment

VITALCHEK PAYMENT	$50.00
Total Payments	$50.00

Miscellaneous Item

FISH & WILDLIFE FEES

Fees:	Fish & Wildlife County Administrative Fee	$50.00
Total Fees Due:		$50.00

Grand Total - All Documents: $50.00

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6b

AGENDA REPORT
Public Hearing

April 5, 2021

TO: Commissioners

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

SUBJECT: **Proposed "Plumosa Avenue Reorganization" | Annexation to the City of Vista with Concurrent Detachment from the Vista Fire Protection District and Conforming Sphere Amendment (RO20-18 et al.)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a reorganization proposal filed by the City of Vista with the principal action to annex 0.7 acres of unincorporated territory within the City sphere of influence. A concurrent detachment from the Vista Fire Protection District (FPD) is also proposed. The immediate proposal purpose is to facilitate the connection of public wastewater service in response to an underperforming septic system serving an existing residential duplex. Staff recommends approval of the proposed reorganization with a modification to include an adjacent public right of way as well as a conforming sphere of influence amendment involving Vista FPD. Standard approval terms along with waiving protest proceedings are also recommended.

BACKGROUND

Applicant Request

San Diego LAFCO has received a proposal by resolution from the City of Vista on behalf of the interested landowner - Krishnan Vijayaraghavan - requesting approval to reorganize approximately 0.7 acres of unincorporated territory with the principal action to annex to the

Administration
Keene Simonds, Executive Officer
County Operations Center
9335 Hazard Way, Suite 200
San Diego, California 92123
T 858.614.7755 F 858.614.7766
www.sdlafco.org

Vice Chair Jim Desmond, County of San Diego
Nora Vargas, County of San Diego
Joel Anderson, Alt., County of San Diego
Mary Casillas Salas, City of Chula Vista
Bill Wells, City of El Cajon
Paul McNamara, Alt., City of Escondido
Chris Cate, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Vacant, Alt., Special District
Chair Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

City. A concurrent detachment from Vista FPD is also proposed to avoid jurisdictional overlap involving fire protection and emergency medical services. The affected territory as submitted comprises one developed residential duplex parcel at 721 & 723 Plumosa Avenue. The subject parcel is identified by the County of San Diego Assessor's Office as 217-601-21 and lies entirely within the Vista sphere of influence.

Affected Territory

The affected territory as submitted lies within an unincorporated area lying between the Cities of Vista and San Marcos and approximately 0.5 miles from the Sycamore Avenue on/off ramp for State Route 78. An aerial map of the affected territory relative to the Vista region follows. Attachment One shows the affected territory relative to the proposed boundary change involving the subject agencies and spheres of influence.

Affected Territory
as submitted

APN:
217-601-21

Address:
721/723 Plumas Ave

Landowner:
Vijayaraghavan

Current Use:
Residential Duplex

Last Transaction:
Sale on 12-4-19



Subject Agencies

The proposed reorganization filed with San Diego LAFCO involves two subject agencies: City of Vista and the Vista FPD.[1] A summary of the subject agencies in terms of governance, resident population, municipal functions, and financial standing follows.

- The City of Vista was incorporated in 1963 as a general-law municipality with an estimated resident population of 101,557. Vista spans approximately 11,500 acres or 18 square miles and bordered by the unincorporated community of Bonsall to the north, City of San Marcos to the east, City of Carlsbad to the south, and City of Oceanside to the west. Vista provides a full range of municipal services with the notable exception of water, which is provided instead by one of two special districts overlapping the incorporated boundary: Vallecitos Water District and Vista Irrigation

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

District. LAFCO established a sphere of influence for Vista in 1978, which was last reviewed and affirmed in 2008 with a larger-than-agency designation to include 547 non-jurisdictional acres. Vista's audited net position is $542.7 million as of June 30, 2020 with an undesignated fund balance of $152.4 million. Overall, Vista' total net position has changed by 40.4% over the prior three audited years.

- Vista FPD is an independent special district formed in 1944 with an estimated residential population of 18,736. Vista FPD spans 19,840 acres or 31 square miles and entirely unincorporated and bordered on the east by the Cities of Vista and Oceanside as well as to the south by the City of San Marcos. A five-member Board oversees Vista FPD and its fire protection and emergency medical service functions, which are provided by contract by Vista.[2] LAFCO established a sphere of influence for Vista FPD in 1984. The sphere was last reviewed and affirmed in 2008 with a larger-than-agency designation to include 441 non-jurisdictional acres. Vista FPD's audited net position is $11.43 million as of June 30, 2019 with an undesignated fund balance of $11.23 million. Overall, Vista FPD's total net position has changed by 7.6% over the prior three audited years.

Affected Local Agencies

The affected territory presently lies within the jurisdictional boundaries and/or spheres of influence of nine local agencies directly subject to San Diego LAFCO's planning and regulatory responsibilities. These agencies qualify as "affected agencies" relative to the proposed change of organization and listed below.[3]

- Buena Sanitation District
- City of Vista (sphere of influence only)
- County Service Area No. 135 (Regional Communications)
- Metropolitan Water District of Southern California
- North County Cemetery District
- Resource Conservation District of Greater San Diego County
- San Diego County Water Authority
- Vista FPD [4]
- Vista Irrigation District

[2] Vista FPD was formed in 1944 to formalize volunteer fire fighting services in the then-largely rural and agrarian community. In 1970, Vista FPD and Vista entered into a joint-powers agreement (JPA) to coordinate fire protection services within their respective jurisdictions. This JPA assigned lead agency responsibility to Vista and provided that fire protection assets were to be merged with proportionate City-District ownership. In 2005, Vista purchased Vista FPD's share of assets and the JPA was terminated and replaced with an agreement that – and among other items – ensures a uniformity of service with the City serving both jurisdictions.

[3] 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.

[4] Subject to the reorganization.

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the reorganization proposal and the principal action to annex the affected territory to the City of Vista. An associated boundary change to concurrently detach from Vista FPD is also part of the requested reorganization to avoid overlapping jurisdictions with respect to fire protection and emergency medical responsibilities. 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 immediate purpose of the proposal is to facilitate the connection of public wastewater service to the subject parcel and its existing residential duplex comprising the affected territory and in doing so remedy a failing septic system. Establishment of public wastewater also enables future improvements (density and intensity) to the subject parcel, although no plans exist at this time. The immediate need for public wastewater necessitates annexation to Vista given the City's prohibition on entering new outside service agreements.

Development Potential

The affected territory as proposed is planned for medium density single-family residential under both the County of San Diego and City of Vista General Plans. This compatibility is further reflected in both the County and Vista's zoning and prezoning assignments, respectively, with matching minimum lot sizes of 0.23 acres. These existing standards provide the maximum density of the subject parcel at three lots under either the land use authority of the County (baseline) or Vista (proposed).

Commission Focus

Three central and sequential policy items underlie San Diego LAFCO's consideration of the reorganization. These policy items ultimately take the form of new determinations and orient the Commission to consider the stand-alone merits of a (a) conforming sphere of influence amendment, (b) timing of the reorganization, and (c) whether discretionary boundary modifications or approval terms are appropriate. 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 reorganization is divided into two subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section headlined by the timing of the reorganization relative to the factors mandated for review by the Legislature and applicable local policies. This also includes whether modifications and terms are appropriate in further meeting Commission objectives. The

second subsection considers other germane issues and highlighted by environmental review under the California Environmental Quality Act (CEQA).

Central Policy Items

Item No. 1 | Sphere of Influence Amendment

The proposed reorganization proposal necessitates San Diego LAFCO approve a conforming sphere of influence amendment to achieve consistency with the requested boundary changes as required under statute.[5] The scope of the amendment involves removing the affected territory from the Vista FPD's sphere of influence to accommodate the proposed detachment. (No amendment is needed to accommodate the proposed annexation to the City of Vista given the affected already lies within the City sphere.) Consideration of the amendment action 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. Staff believes it would be appropriate for the Commission, accordingly, to proceed and approve the conforming sphere amendment for the cumulative effect of recognizing the City of Vista – and not Vista FPD – as the appropriate provider of fire protection and emergency medical services for the affected territory going forward. Most notably, the amendment would facilitate the orderly syncing of local governance and services by directing the affected territory away from Vista FPD as a limited purpose agency and towards Vista as a multi-purpose agency. It would also economize resources by helping to eliminate a surplus layer of government given Vista is already providing service to the affected territory under contract by Vista FPD.

CONCLUSION | MERITS OF A SPHERE OF INFLUENCE AMENDMENT

Approval of the sphere of influence amendment to exclude the affected territory from Vista FPD is sufficiently warranted. Justification is marked by the preceding analysis and recognizes the social and economic ties previously established between the affected territory and Vista FPD through their shared unincorporated status have evolved and weakened in direct contrast to the strengthening ties with the City of Vista and its expanding municipal role in the region. Additional analysis supporting the conclusion is provided in Appendix A.

[5] Reference to California Government Code 56375.5.

Item No. 2 |
Reorganization Timing

The timing of the proposed reorganization – and specifically the concurrent annexation of the affected territory to the City of Vista and detachment from Vista FPD – appears appropriate. This inclusion draws from the analysis of the statutory factors required for consideration for proposed jurisdictional changes along with the proposal's conformance with locally adopted policies. The majority of the prescribed factors and applicable policies focus on the impacts of the reorganization on the service and financial capacities of the *receiving* agency: City of Vista (emphasis added). A summary of key conclusions generated in the review of these factors follows.

- Service Needs
  The affected territory is located within an urbanizing area and immediately adjacent to the City of Vista. The existing development of the affected territory is consistent with surrounding incorporated land uses and accordingly merits a full range of supporting municipal services. This includes municipal services directly (community development, wastewater, park and recreation, fire protection and emergency medical, etc.) or indirectly by contract from the City (law enforcement and animal control). Annexation of the affected territory would represent a logical and orderly expansion of Vista's incorporated boundary and would not create islands or corridors. Additional details on service needs follow.

  - The Commission has previously designated the City of Vista as the appropriate future land use authority and primary service provider for the affected territory through standing inclusion of the subject parcel within the City's sphere of influence. Annexation now to Vista memorializes this standing expectation and accommodates the expressed interest of the affected landowner as evident by their written interest and consent in proceeding with the reorganization.

  - The connection of public wastewater service in response to the existing residential duplex's failing septic system helps to quantify the timing of the reorganization and annexation therein to the City of Vista is appropriate by syncing the boundary changes with a known need.

  - Approval would affirmatively respond to the Commission's policy interest to eliminate private septic systems in urbanizing areas in favor of connection to public wastewater systems when possible.

- Service Capacities and Levels
  The City of Vista would directly assume most municipal service responsibilities for the affected territory upon reorganization and highlighted by providing these core functions: community planning; wastewater; fire protection and emergency medical; and law enforcement. A review of existing capacities and levels indicates Vista has sufficient controls and resources to accommodate demands within the affected territory at its existing and planned uses. Additional details follow.

- The City of Vista would assume community planning responsibilities for the affected territory from the County of San Diego as part of the reorganization. Vista has previously prezoned the affected territory as R-1 with a 10,000 square foot – or 0.23 acre – minimum lot size requirement, which sets the maximum density for the subject parcel at three lots. Should the Commission approve the reorganization, Vista would be prohibited from changing the zoning and underlying allowances for the first two years unless special findings are made at a noticed hearing.

- The City of Vista would assume wastewater service responsibilities for the affected territory as part of the reorganization. An existing Vista collection main is located adjacent to the southwest corner of the affected territory within the frontage public right-of-way on Plumosa Avenue and accessible through a private lateral connection. Wastewater from the project would be collected and conveyed for treatment to Encina Water Pollution Control Facility. It is projected the maximum average day wastewater demand generated within the affected territory at its currently buildout potential is 1,230 gallons and would accommodate six residential units (three single-family and three accessory dwellings). This amount represents 0.012% of the existing available capacity available to Vista at the Encina facility, and as such can be readily accommodated without additional resources or infrastructure planning.

- The City of Vista would formally assume fire protection and emergency medical service responsibilities from the Vista FPD as part of the reorganization. This change would have no material effect on service levels given Vista is the existing contract provider for Vista FPD throughout the District jurisdictional boundary. First-response would continue to be provided from Vista Fire Station No. 4, which is located 0.7 miles from the affected territory at 2121 Thibodo Road. Response times to the affected territory are estimated to be four minutes for priority calls and six minutes for non-priority calls.

- The City of Vista would formally assume law enforcement service responsibilities from the County of San Diego as part of the reorganization. This change would have no material effect on service levels given Vista contracts with County Sherriff to provide law enforcement – including patrol and a full range of other services – within the City's incorporated boundary. The Sheriff's substation at 325 S Melrose Drive is the closest substation and is 4.3 road miles in distance to the affected territory. Analysis performed by Vista in reviewing the underlying development project identified travel time for County Sheriff from the substation to the affected territory would be approximately eight minutes and would meet the minute standard (dispatch to scene) in the City General Plan.

- Service Funding and Costs
  The City of Vista has the financial resources and administrative controls to readily assume municipal service responsibilities to the affected territory in support of its present and planned development without adverse impacts. This comment is reflected in the staff analysis of Vista's recent audited statements which shows – among other items – the City remained profitable in each of the last three audited fiscal years with an average total margin of 18.8%. Separately, the detachment of the affected territory from Vista FPD will not produce a substantive impact on the District and its financial standing going forward.

CONCLUSION |
MERITS OF REORGANIZATION TIMING

The timing of the reorganization and transfer therein of land use authority and other specified services to the City of Vista is sufficiently warranted. Justification is marked by the preceding analysis and accommodates the planned and orderly use of the affected territory through Vista's consolidated land use and service powers as envisioned by the Commission and its standing placement of the lands in the City sphere and presently amplified given existing municipal needs. Additional analysis supporting the conclusion is provided in Appendix B.

Item No. 3 |
Modifications and Terms

Staff has identified one potential boundary modification to the proposal consisting of the inclusion of 0.16 acres of public right-of way- along Plumosa Avenue that merit consideration by San Diego LAFCO at this time. Applying standard terms appears appropriate.

CONCLUSION |
MODIFICATIONS AND TERMS

Staff recommends one modification of including 0.16 acres of public right-of way- along Plumosa Avenue. Approval of the proposed reorganization as submitted appears warranted. 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 and the County of San Diego before San Diego LAFCO can consider the proposed jurisdictional changes unless an existing master exchange agreement applies. Staff has confirmed the County Board of Supervisors has adopted a master property tax exchange agreement with the City of Vista applicable to the

proposed reorganization. The application of this master tax exchange agreement will result in a baseline year transfer of $6,122.45 of assessed property tax revenues to Vista.

Environmental Review

CEQA requires San Diego LAFCO to assess whether 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 and responsible agency under CEQA with respect to considering the reorganization filed by the City of Vista. Staff's analysis and recommendations follow.

- San Diego LAFCO serves as lead agency under CEQA for the accommodating amendment to exclude the affected territory from the Vista FPD's sphere of influence. Staff has determined the activity is 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.

- San Diego LAFCO serves as responsible agency under the CEQA for the reorganization and in deference to the City of Vista as lead agency. Staff concurs Vista has correctly determined the activity (i.e. annexation) is a project under CEQA but exempt from further review under the State CEQA Guidelines Section 15319(a). This exemption appropriately applies given the affected territory contains existing private structures consistent with the applicable zoning and there is no corresponding need for an expansion of public infrastructure.

Protest Proceedings

Protest proceedings for the proposed reorganization may be waived by San Diego LAFCO should the Commission proceed with an approval under Government Code Section 56662. The recommended waiver appropriately applies under this statute given the affected territory is uninhabited as defined under LAFCO law, the subject agencies have not filed objections to the waiver, and the landowner has consented to the underlying actions.[6]

RECOMMENDATION

Staff recommends San Diego LAFCO proceed with a conditional approval of the reorganization proposal as submitted based on the analysis provided in the preceding section. This recommendation also includes a conforming sphere of influence amendment for Vista FPD and is consistent with Alternative One as outlined in the proceeding section.

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

ALTERNATIVES FOR ACTION

The following alternative actions are available to the Commission and can be accomplished through a single-approved motion.

Alternative One (recommended):
Adopt the attached draft resolution conditionally approving the reorganization proposal with one modification to include 0.16 acres of public right of way along Plumosa Avenue.

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.

PROCEDURES FOR CONSIDERATION

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

1. Receive verbal presentation from staff unless waived.
2. Open the public hearing and invite comments from the applicant and general public.
3. Discuss item and consider the staff recommendation.

On behalf of the Executive Officer,

Linda Heckenkamp

Linda Heckenkamp
Analyst II

Appendices:

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

Attachments:

1) Map of the Affected Territory
2) Draft Resolution of Approval
3) Resolution of Application

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 submitted totals 0.7 unincorporated acres and comprises on legal parcel developed with a residential duplex. This existing use is consistent with the City of Vista's adopted land use policies, which contemplates medium density residential uses for the subject lot with a maximum density of up to three lots. There are no agricultural or open space uses – present or planned – associated with the affected territory. Removing the affected territory from Vista FPD's sphere in combination of retaining the lands within Vista's sphere of influence is consistent with these present and planned uses.

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

The affected territory's present and planned residential uses merit a full range of municipal services and currently headlined by establishing public wastewater service given the deficiencies with an existing septic system. Removing the affected territory from Vista FPD's sphere of influence in combination with retaining the lands within the City of Vista's sphere of influence reflects these present and probable needs.

(3) The present capacity of public facilities and adequacy of public facilities.

The removal of the affected territory from Vista FPD's sphere of influence in combination with leaving the lands within the City of Vista's sphere of influence would facilitate the formal transition of fire protection and emergency medical service responsibilities accordingly. No substantive capacity impacts, however, would be engendered as a result of these actions given Vista is already under contract by Vista FPD to serve the affected territory.

(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.

The removal of the affected territory from Vista FPD's sphere of influence in combination with leaving the lands within the City of Vista's sphere of influence would strengthen existing economic and social ties between Vista and the lands.

(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 does not lie within a census tract qualifying as a disadvantaged unincorporated community under State statute or LAFCO policy.

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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 reorganization territory includes one unincorporated parcel within the City of Vista's sphere of influence totaling approximately 0.7 acres (217-601-21) and developed with residential duplex containing two dwelling units. The submitted proposal application materials identify the affected territory as currently occupied by five residents. The current assessed value of the subject parcel – including land and improvements – is $612,245 with the last transaction recorded in March 2020. The affected territory is contiguous with the existing Vista jurisdictional boundary and is generally surrounded by small to moderate residential lots. No significant growth is anticipated in the surrounding area within the next 10-year period beyond existing residential land use and zoning designations.

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 Vista would assume the majority of municipal service responsibilities for the affected territory following reorganization. This includes assuming service responsibility from the County involving land use and community planning, roads, and police protection with the associated change in service levels and capacities being considered minimal. Also considered minimal would be the change in fire protection and emergency medical services with Vista formally assuming responsibility from Vista FPD. Water service to the affected territory would remain the responsibility of the Vista Irrigation District and is addressed in more detail in the following paragraphs. The most notable change in municipal services should the reorganization proceed involves the establishment of wastewater services and is focus of the succeeding analysis.

- **Extending Public Wastewater to Affected Territory**
  Connection to the system is readily available through a private lateral to an existing City of Vista sewer main located within the adjacent public right-of-way on Plumosa Avenue. The projected average day wastewater flow for the affected territory at maximum buildout 0.012% of the 4.24 million gallons of available and remaining daily capacity allocated to Vista through 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.

The affected territory presently lies within the City of Vista's sphere of influence, and as such has established relevant economic and social ties with respect to other services provided by the City (i.e., fire, law enforcement, parks, etc.) Approving the reorganization would recognize these existing ties and formally establish Vista as the single governing body responsible for wastewater and other municipal services to the affected territory.

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 reorganization and annexation to the City of Vista would facilitate the extension of public municipal services to the affected territory, and in doing so support Vista's community planning policies. Similarly, approval would be consistent with the Commission's adopted policies to sync urbanized uses with urbanized services. The affected territory does not contain "open-space" as defined under LAFCO law and no conflicts exists under Government Code Section 56377.

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 contain "prime agricultural land" or "agricultural land" as defined under LAFCO law. Specifically, the affected territory does not contain lands 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 reorganization proposal and annexation to the City of Vista 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 and conforming with lines of assessment. LAFCO approval would be conditioned on submittal of a final map and description conforming to the referenced standards and addressing any proposal area modifications enacted by the Commission. Approval – with or without the recommended modification – would not create service islands or corridors.

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

A notice of the proposed reorganization to annex the affected territory to the City of Vista and detachment from Vista FPD was provided to the San Diego Association of Governments or SANDAG. No comments were received from SANDAG and as such no conflicts have been identified with respect to its regional transportation plan, San Diego Forward.

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

The affected unincorporated territory is presently designated under the City of Vista's adopted General Plan for Medium-Low Density Residential (MLD with approved prezoning as R-1 with a 10,000 square foot minimum lot size. The underlying proposal purpose is to provide public wastewater to the existing residential duplex and in doing so remedying a failing septic system. The existing residential uses and densities are consistent with the Vista General Plan designations and adopted prezoning.

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

The affected territory lies entirely within the spheres of influence designated for the City of Vista and the Vista FPD. Additional details are provided in the analysis provided on page 10.

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

Notice of the submitted reorganization proposal was distributed to all affected and interested agencies as required under LAFCO law. No written comments on the proposal were received ahead of preparing this agenda report for distribution on March 26, 2021 Additional analysis concerning conformance with germane Commission policies follows.

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

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.

Information collected and reviewed as part of this proposal indicates the City of Vista has sufficient and available financial resources and administrative controls therein relative to providing public wastewater to the affected territory without adversely impacting existing ratepayers. This statement is supported by the following factors.

- Vista's last audit covers 2019-2020 and shows the City finished with good liquidity levels with an agency-wide current ratio of 12.3 (i.e., $12.32 in current assets for every $1.00 in current liabilities).

- Vista finished 2019-2020 with high capital levels as evident by a relatively moderate debt ratio of 30% (i.e., only $30.00 out of every $100.00 in net assets are financed.)

- Vista has remained profitable in each of the last three audited fiscal years with an average operating margin of 18.3%. The most recent year – 2019-2020 – the operating margin was 18.8%.

The landowner of the affected territory is responsible for payment of all required fees and service charges commensurate with the City of Vista's adopted fee ordinance in establishing wastewater services. At present, the wastewater service charge is $680.00 per year or $56.66 per month. The wastewater rates are fixed and are not based on flow or water usage. Extending wastewater service to affected territory following approval of the proposed annexation would not adversely impact existing ratepayers.

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

The affected territory's existing residential uses are presently within and connected to Vista Irrigation District's retail domestic water system with wholesale supplies provided by the San Diego County Water Authority. Approval of the proposed reorganization would not affect the timely availability of water supplies to the affected territory. Further, no correspondence or comments otherwise were provided by Vista Irrigation District.

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 reorganization 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 Vista by the region's council of governments, SANDAG. The boundary change would not affect this assignment.

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

The affected territory is considered uninhabited as defined by LAFCO law (containing 11 registered voters or less). The landowner has initiated proceedings for the proposed reorganization and has provided written consent to the subject reorganization.

o) Any information relating to existing land use designations.

See above analysis for (h).

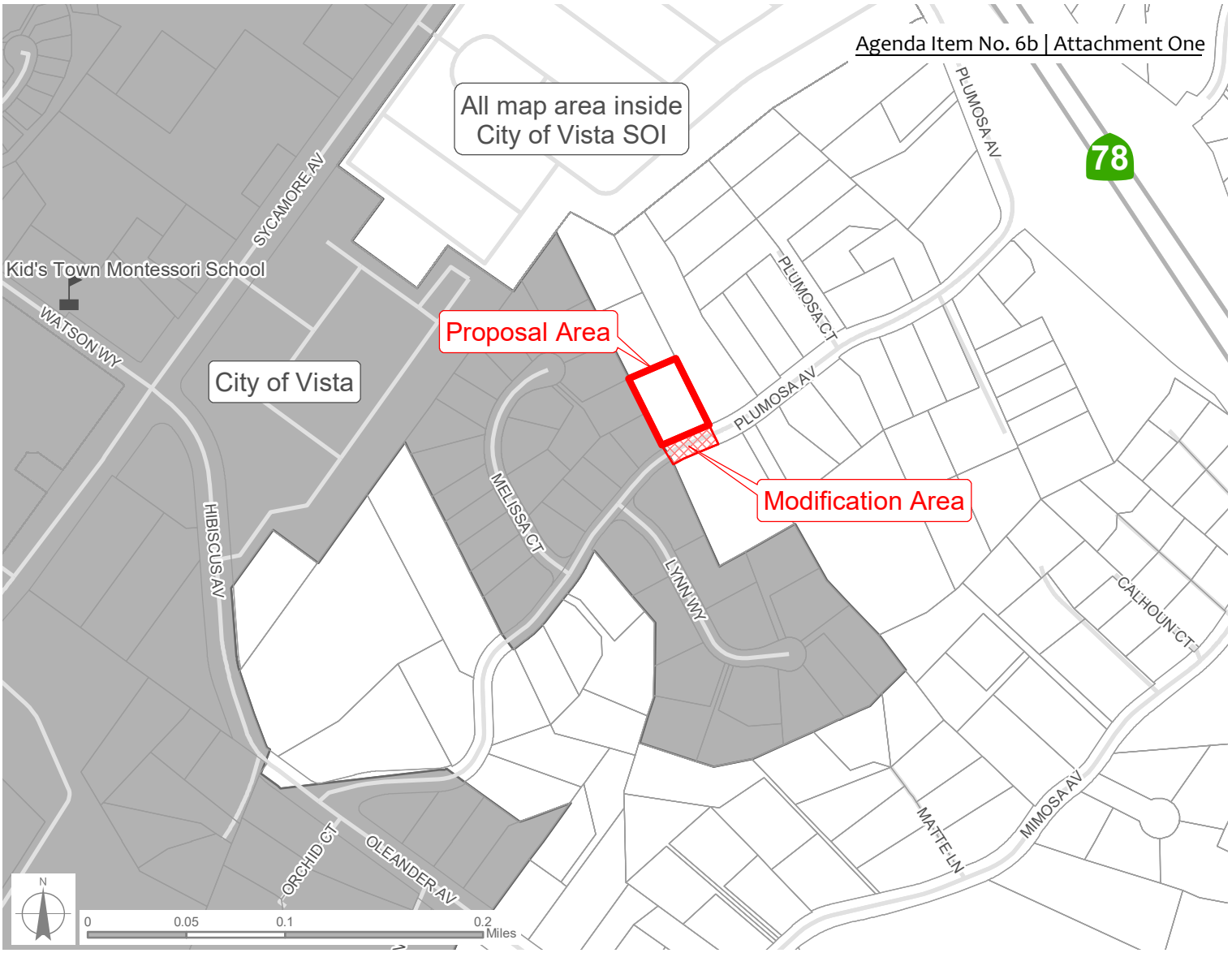
p) The extent to which the proposal will promote environmental justice.

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 reorganization does not include locating new public facilities and the proposed provision of public services would be limited to the existing single-family residence. Approval of the proposed reorganization is not anticipated to affect the promotion of environmental justice.

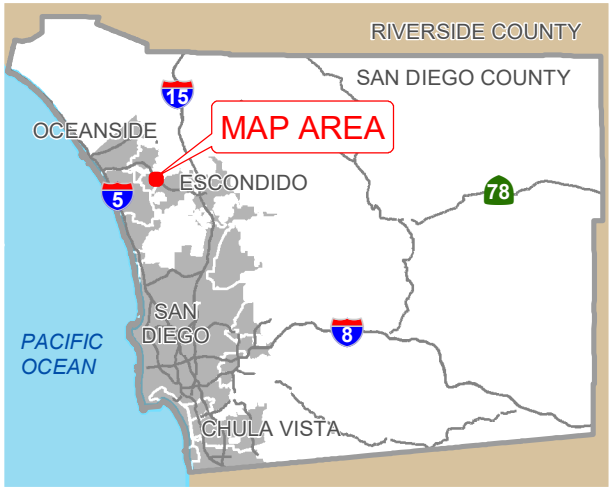
q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information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

The City of Vista General Plan contains a hazard mitigation plan for potential fire, flooding and earthquakes. The affected territory lies outside any identified threat designations.

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RO20-18 "PLUMOSA AVENUE REORGANIZATION" | ANNEXATION TO THE CITY OF VISTA AND CONCURRENT DETACHMENT FROM VISTA FIRE PROTECTION DISTRICT

SOI = Sphere of Influence

- Proposal Area
- Modification Area
- City of Vista
- City of Vista SOI

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

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RESOLUTION NO._____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

MAKING DETERMINATIONS, APPROVING, AND ORDERING A REORGANIZATION

"PLUMOSA AVENUE REORGANIZATION"
CONCURRENT ANNEXATION TO THE CITY OF VISTA AND
DETACHMENT FROM THE VISTA FIRE PROTECTION DISTRICT
LAFCO FILE NO. RO20-18

WHEREAS, on September 3, 2020, the City of Vista filed a resolution on behalf of landowner Krishnan Vijayaraghavan 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 resolution seeks approval of a reorganization to annex approximately 0.7 acres of unincorporated territory to the City of Vista with a concurrent detachment of the affected territory from the Vista Fire Protection District; and

WHEREAS, the affected territory as proposed includes one unincorporated assessor parcel developed with an existing multi-family residence as 217-601-21 identified by the County of San Diego Assessor's Office; and

WHEREAS, applicable master property tax transfer agreements apply to the proposed reorganization dated November 20, 1984, January 7, 2004, and September 16, 2009; and

WHEREAS, the Commission's Executive Officer has reviewed the proposed reorganization 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 April 5, 2021; 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 for different actions underlying the proposed reorganization under the California Environmental Quality Act (CEQA) as detailed in the Executive Officer's report. The Commission's findings specific to both roles follow.

    a) The Commission serves as the lead agency for the conforming sphere of influence amendment and finds the proposed sphere action qualifies as a project but is exempt under State CEQA Guidelines Section 15061(b)(3) - the "general rule" provision. 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) San Diego LAFCO serves as responsible agency under the CEQA for the reorganization and in deference to the City of Vista as lead agency. Staff concurs Vista has correctly determined the activity (i.e. annexation) is a project under CEQA but exempt from further review under the State CEQA Guidelines Section 15319(a). This exemption appropriately applies given the affected territory contains existing private structures consistent with the applicable zoning and there is no corresponding need for an expansion of public infrastructure.

4. The Commission APPROVES a sphere of influence amendment to Vista FPD to remove the affected territory shown in "Exhibit A" and as described in Section 5 below and condition on completion of all terms identified in Section 6 below.

5. The written statements of the Commission addressing the mandatory factors required for consideration any time spheres of influence are adopted, amended, or updated under Government Code Section 56425 are made and shown in "Exhibit B."

6. The Commission APPROVES the reorganization as described below and subject to conditions as provided. Approval involves all of the follow:

    a) The affected territory is modified and expanded to include 0.16 acres of unincorporated land comprising the adjacent public right-of-way to its centerline on Plumosa Avenue.

    b) Annexation of the affected territory to the City of Vista is shown in "Exhibit C-1" and described in "Exhibit C-2."

    c) Detachment of the affected territory from the Vista Fire Protection District as shown in "Exhibit D-1" and described in "Exhibit D-2."

7. The Commission CONDITIONS all approvals on the following terms being satisfied by April 5, 2022 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 as 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 $350.00.

- A check made payable to LAFCO in the amount of $658.50 for the public hearing notice published in the San Diego Union-Tribune.

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

   "Plumosa Avenue Reorganization"

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

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

11. The Vista Fire Protection District is a registered-voter district.

12. The Vista Fire Protection District utilizes the County of San Diego assessment roll.

13. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the City of Vista as provided under Government Section 57328.

14. 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.

15. 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.

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

17. 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 April 5, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

_____
Keene Simonds
Executive Officer

EXHIBIT A
SPHERE OF INFLUENCE AMENDMENT
VISTA FPD

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EXHIBIT B
SPHERE OF INFLUENCE STATEMENTS
AMENDMENT TO VISTA FPD

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EXHIBIT C-1
MAP OF ANNEXATION TO CITY OF VISTA

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EXHIBIT C-2
GEOGRAPHIC DESCRIPTION
OF ANNEXATION TO CITY OF VISTA

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EXHIBIT D-1
MAP OF DETACHMENT
FROM VISTA FIRE PROTECTION DISTRICT

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EXHIBIT D-2
GEOGRAPHIC DESCRIPTION OF
DETACHMENT FROM VISTA FIRE PROTECTION DISTRICT

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RESOLUTION NO. 2020-151

A RESOLUTION OF THE CITY COUNCIL OF THE CHARTERED CITY OF VISTA, CALIFORNIA, MAKING APPLICATION TO THE LOCAL AGENCY FORMATION COMMISSION FOR ANNEXATION/REORGANIZATION OF ASSESSOR'S PARCEL NUMBER 217-601-21-00

The City Council of the City of Vista does resolve as follows:

1. Findings. The City Council hereby makes the following findings:

A. The applicant, Krishnan Vijayaraghavan, has requested that the City of Vista make application to the Local Agency Formation Commission (LAFCO) for the reorganization of Assessor's Parcel Number APN 217-601-21-00;

B. The property described above have a General Plan Land Use Designation of MLD (Medium Low Density Residential);

C. The proposed pre-zoning designation for the property of R-1 is consistent with the proposed MLD General Plan Land Use Designation; and

D. The proposed reorganization is consistent with City Council Policy 300-10 regarding annexations.

E. The reorganization consists of the following actions:

i. For Assessor's Parcel Number 217-601-21-00, annex the property into the City of Vista, and detach the property from the Vista Fire Protection District, as shown in Exhibit "A".

ii. The property shall be incorporated into, and subject to assessment by, the City's Lighting and Landscape Maintenance and Street Maintenance Districts.

F. This proposal is made pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended commencing with Section 56000 of the Government Code of the State of California.

G. The reorganization will require that a one-time deficit offset payment of $13,995 be made by Krishnan Vijayaraghavan, since a fiscal impact analysis identified a net annual deficit in General Fund revenues.

H. The Planning Commission is an advisory body to the City Council with respect to annexation requests.

I. The Planning Commission recommended that the City Council make an application to LAFCO at a duly noticed public hearing on August 4, 2020, with approval of Planning Commission Resolution No. 2020-17.

J. This project has been determined to be exempt from environmental review under the California Environmental Quality Act in accordance with CEQA Guidelines Section 15319 — Annexations of Existing Facilities and Lots for Exempt Facilities.

K. The City Council held a duly noticed public hearing to consider the Annexation/Reorganization on August 25, 2020.

L. At the public hearing, staff reports, both written and oral were received in evidence and all persons desiring to speak on the proposed project were heard. At the conclusion of the hearing, after consideration of all evidence presented, the City Council reached a decision on the matter as set forth below.

2. Action.

A. The above recitations are true and correct.

B. The City Manager or his designee is directed to prepare all application materials, with assistance of the property owner, that are necessary for the Local Agency Formation Commission of the County of San Diego to undertake proceedings for the annexation proposed herein.

C. The City Clerk is hereby authorized and directed to file a certified copy of this Resolution with the applicable fees required by Section 54902.5 of the California Government Code, in the form of a check from the property owner, to the executive officer of the Local Agency Formation Commission of the County of San Diego.

3. Adoption. PASSED AND ADOPTED at a meeting of the City Council of the City of Vista held on August 25, 2020, by the following vote:

AYES: Mayor Ritter, Rigby, Franklin, Green, Contreras

NOES: None

ABSTAIN: None

JUDY RITTER, MAYOR

APPROVED AS TO FORM:
DAROLD PIEPER, CITY ATTORNEY

By:

ATTEST:
KATHY VALDEZ, CITY CLERK

By:

Exhibits:
A. Area subject to reorganization – APN 217-601-21-00

APPROVED
Darold Pieper
20200825191405

EXHIBIT A: AREA SUBJECT TO REORGANIZATION

PLUMOSA ANNEXATION



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7a

AGENDA REPORT
Business | Discussion

April 5, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Priscilla Allen, Analyst I

SUBJECT: **Draft Municipal Service Review on the Poway Region**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review a draft municipal service review on the Poway region. The draft has been prepared as part of the adopted workplan and independently assesses the availability, need, and adequacy of key public services provided in the region and specifically by the principal local government subject to Commission oversight – City of Poway. This includes preparing determinations addressing the factors required in statute as part of the municipal service review process as well as to inform other LAFCO decision-making – including future boundary changes and sphere of influence updates in the region. The draft is being presented for discussion and feedback ahead of staff initiating a public review and returning in June with final actions.

BACKGROUND

Municipal Service Reviews

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 regarding the availability and sufficiency of governmental services relative to current and future community needs. Municipal service reviews statutorily inform required

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vista Irrigation
Barry Willis
Alpine Fire Protection
Vacant, Alt.
Special Districts
Chair Andy Vanderlaan
General Public
Harry Mathis, Alt.
General Public

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 Poway Region

San Diego LAFCO's current workplan was adopted at a noticed hearing in May 2020 and outlines specific project goals for the fiscal year. This includes preparing a municipal service review on the Poway region with specific focus on the City of Poway with other local agencies – Palomar Healthcare District and Pomerado Cemetery District – deferred to future studies. The municipal service review represents the first of its type covering the Poway region.

DISCUSSION

This item is for San Diego LAFCO to review the draft municipal service review on the Poway region consistent with the adopted workplan and ahead of staff initiating a formal 45-day public comment period.[1] Similarly, it is also an opportunity to receive initial comments from stakeholders in the region – including the City of Poway – and other interested parties and individuals. Feedback received will be incorporated by staff into a final municipal service review presented for future action as early as June to formally file along with an accompanying resolution codifying the determinative statements. An associated sphere for the City of Poway 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 recommendations generated to date. The Executive Summary also includes determinative statements 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, City of Poway, or other local agencies are also provided in the Executive Summary.

ANALYSIS

The staff analysis on the draft municipal service review on the Poway region is summarized in Attachment One. The complete draft report is provided as Attachment Two.

[1] The draft municipal service review has been updated with modest changes since its initial inclusion in the Commission's February 2021 agenda packet to incorporate additional comments from the City of Poway. (Item was pulled ahead of discussion by the Commission).

RECOMMENDATION

It is recommended San Diego LAFCO discuss the draft municipal service review on the Poway region and provide related feedback to staff. This includes providing direction on desired revisions and/or additions ahead of staff circulating the draft for public review and comment and returning with a final version for action as early as June 2021.

ALTERNATIVES FOR ACTION

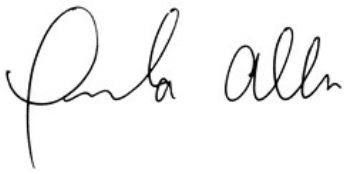
The item is being presented to San Diego LAFCO for discussion and feedback only.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for discussion as part of the business calendar. The following procedures are recommended in the consideration of this item:

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

On behalf of the Executive Officer,



Priscilla Allen
Analyst I

Attachments:

1) Summary on Draft Municipal Service Review on Poway Region
2) Draft Municipal Service Review Report on the Poway Region

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Municipal Service Review ON POWAY REGION

DRAFT

REPORT SUMMARY | April 2021

General Themes and Conclusions

The Poway region encompasses a geographically distinct area and captures both "East" and "North" elements of San Diego County and their different social and economic interests. The region's development, accordingly, reflects both rural and urban landscapes paired with significant open-space resources and codified in the City of Poway's official maxim as the "City in the Country." The region's development also differs from other local municipalities given the impetus to incorporate the City of Poway was less about breaking from the County of San Diego and more about preserving its existing characteristics – developed under the County – and protecting against annexation to the City of San Diego. These characteristics are further defined by the slow-growth orientation of the City of Poway as the focal point of the region and as successor agency to five special districts; the latter of which – significantly – enables the City to directly sync services (i.e. water, wastewater, fire, etc.) with development within its jurisdictional boundary. Also serving to define the region is the high-performing Poway Unified School District and extensive cultural and recreational amenities.

A review of the City of Poway relative to the Commission's growth management tasks and interests produces eight central themes or conclusions. These conclusions collectively address the availability, need, and adequacy of services within the City of Poway as the consolidated service provider in the region and range in substance from addressing demand-to-capacity relationships to overall financial standing. The conclusions also address potential sphere changes. The conclusions are independently drawn and sourced to information collected and analyzed by the Commission between 2015 and 2019 with limited exceptions and detailed in the agency profile.

No. 1
Introductory Municipal Service Review

This report represents San Diego LAFCO's inaugural municipal service review dedicated to the Poway region and the lone subject agency of record – City of Poway. Consequently, the report serves as a dual introduction. This is marked by addressing relatively new LAFCO statute and responsibilities to the City of Poway in real-time while proceeding with an otherwise unfamiliar and relatively detailed service review process. The introduction similarly reorients the municipal service review for the Commission to focus on establishing baseline information with the intention of expanding and/or redirecting the analysis in future reports.

No. 2
Revisiting a Successful Reorganization

This report separately marks the first formal opportunity for San Diego LAFCO to revisit its approval in 1980 to comprehensively reorganize municipal services in the Poway region with the incorporation of the City of Poway and the concurrent dissolution of five special districts. The report confirms the reorganization has met Commission expectations 40 years later in effectively consolidating land use and municipal service planning within one local governmental entity and in doing so eliminating duplicative and fragmented government.



Sitting on Potato Chip Rock near the top of Mt. Woodson in Poway, California

No. 3
An Atypical Suburb

The region's geographic setting encompasses both "East County" and "North County" orientations and contributes to a unique growth footprint leading to an atypical suburban community in metropolitan San Diego County. This footprint equally blends rural and urban uses and purposefully guided by the region's social and economic anchor in the City of Poway and its adopted tagline as the "City in the Country." A tangible outcome of this footprint is measurably slower growth and development in the region compared to other suburban communities in San Diego County despite proximity to major transportation corridors.

No. 4
Creation of a Municipal Greenbelt

Close to one-third of the City of Poway jurisdictional boundary has been purchased by the City and dedicated as open space with compatible recreational uses. A considerable portion of this open space lies along Poway's eastern perimeter and – among other outcomes – produces a municipal greenbelt controlled by the City and protects against otherwise unwanted urban encroachment from adjacent unincorporated areas.

To read more about this report,
go to: **sdlafco.org**



Spring wildflowers on Iron Mountain Trail in Poway, California

No. 5
Distinguishing Demographics

Demographic information for the region shows increasing affluency within its social and economic anchor – City of Poway – and headlined by substantially higher and rising household incomes paired with substantially lower and falling poverty rates relative to overall averages in San Diego County. Relatedly, Poway is increasingly home to white-collar workers with more than one-half of all adults 25 years of age or older in Poway having bachelor's degrees, almost double the countywide average.

No. 6
Housing and Impact on Orderly Growth

Only 385 new housing units have been constructed in the region and specially within the City of Poway since 2010 and represents an overall increase of 2.3%. This housing production is more than two times lower than the equivalent amount of new construction for the entire San Diego County – 5.9% – and underlies an increasing affordability challenge with the average monthly housing cost in Poway being one-half higher than the remainder of the county. It also – significantly – counters the Legislature's notion of orderly growth in LAFCO statute. The recent adoption of the Poway Road Specific Plan (2017) and its provisions to increase densities and heights along the City's main thoroughfare marks a substantive planning effort to generate new housing opportunities and merits future revisiting in terms of actual outcomes.

No. 7
Adequate and Excess Municipal Service Capacities

The City of Poway is the municipal service hub for the region and through the end of the report period has established adequate capacities to meet current demands relative to its core growth-supporting functions: fire protection and emergency medical; wastewater; potable water; parks and recreation; and community development. Notably, no substantive deficiencies have been identified and all core functions have excess capacities to accommodate anticipated growth within the immediate future.

No. 8
Positive Financial Standing with One Exception

The City of Poway improved its financial standing during the report period as measured by its audited net position with an overall 10% increase. This improvement has been aided by achieving an average total margin of 2% over the corresponding 60-month period and contributes to an ending General Fund balance sufficient to meet 12 months of operating expenses. A key exception similar to other municipalities in the immediate region involves an underfunded pension program with CalPERs and reflected in a low composite funded ratio of 70% at the end of the report period.

Recommendations

The following recommendations call for specific action either from San Diego LAFCO, City of Poway, or other local 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 LAFCO action are dependent on a subsequent directive from the Commission and through the adopted workplan.

1. San Diego LAFCO should update its statutory program on disadvantaged unincorporated communities and concurrently revisit the eligibility of lands immediately to the north of the City of Poway's sphere of influence in San Pasqual Valley and the potential merit therein to extend municipal services consistent with the associated legislation.
2. It would be timely for the City of Poway to perform an update to the General Plan (1991) to reflect changes in State planning law as well as to reflect potential changes in community vision. An update to the General Plan also – pertinently – would aid San Diego LAFCO align its regulatory and planning duties going forward in step with current local conditions.
3. The limited progress in building new housing in the City of Poway over the reporting period merits City policies and/or procedures being revisited and revised to more effectively meet the needs for persons and families of all incomes and in doing so promote orderly development. An encouraging example of a new approach in meeting housing needs involves the recent approval of the Poway Road Specific Plan (2017) that measurably increases housing densities along an existing transportation corridor.
4. San Diego LAFCO should expand the analysis of this introductory document as part of the next scheduled municipal service review covering the City of Poway to more fully address other key service functions – including law enforcement, flood control, etc. – to provide a more complete accounting of public services in the City consistent with statutory intent.
5. San Diego LAFCO should revisit fire protection and emergency medical services in the City of Poway as part of an expected update to the Commission's countywide fire service study.



Picnic table and scenic view from summit of Iron Mountain in Poway, California

6. No reorganization alternatives have been identified by San Diego LAFCO that merit analysis at this time. It would be appropriate, nonetheless, for LAFCO to revisit potential reorganization opportunities in conjunction with completing future projects, including upcoming municipal service reviews on other local agencies in the region.
7. San Diego LAFCO should proceed to update the City of Poway's sphere of influence with no changes at this time. LAFCO should relatedly defer consideration of any individual sphere amendment requests to the next update unless special circumstances warrant otherwise.

SAN DIEGO COUNTY
LOCAL AGENCY FORMATION COMMISSION



POWAY REGION

Municipal Service Review | Government Code 56430

Affected Agencies
City of Poway

Draft Report | April 2021

Project Managers
George Williamson, Contract Planner (Lead)
Priscilla Allen, Analyst I

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ACKNOWLEDGEMENTS

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

Tracy Beach, Senior Civil Engineer
Jon Canavan, Fire Chief
Ray Fried, City Battalion Chief - Operations
Bob Hahn, Parks Maintenance Supervisor
Kristin Holden, Senior Administrative Assistant
Wendy Kaserman, Assistant City Manager
Marisa Lowe with Poway Public Library
Angelina Martinez, Management Analyst
Jessica Parks, Senior Management Analyst
Annie Ransom with Kumeyaay-Ipai Interpretive Center
Melody Rocco, City Engineer
Craig Ruiz, Economic Development Administrator
Austin Silva, Senior Planner
Stacey Tang, Finance Manager

LAFCO also acknowledges the unique circumstances underlying the preparation of this report and participation therein by the City of Poway given the parallel impact of the COVID-19 pandemic. Poway has taken measured precautions in response to the ongoing pandemic with City offices and regular meetings transitioning to virtual operations to protect both City officials and the public.

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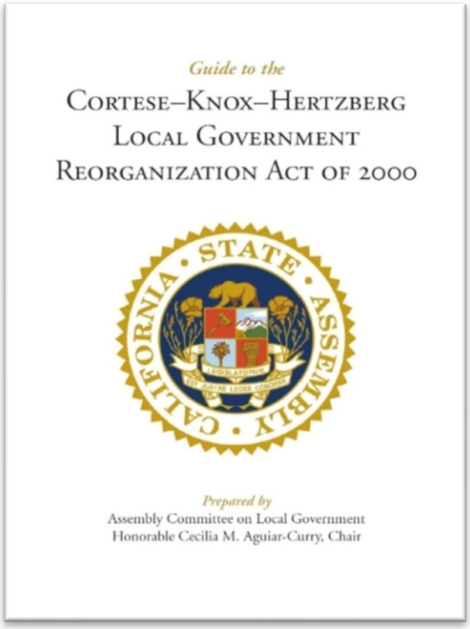
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CHAPTER ONE | INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

1.1 Authority and Objectives



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

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

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

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

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

1.2 Regulatory Responsibilities

LAFCOs 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.

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

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

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

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

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

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

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

[4] Exceptions 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*).

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 most of the local agencies. The funding proportions will also differ should the LAFCO have additional representation as a result of special legislation. LAFCOs are also authorized to collect proposal fees to offset local agency contributions.

2.0 SAN DIEGO LAFCO

2.1 Adopted Policies and Procedures

The majority of San Diego LAFCO's ("Commission") existing policies and procedures were initially established in the 1970s and subsequently updated in the 2000s in step with the enactment of CKH. These policies and procedures collectively guide the Commission in implementing LAFCO law in 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 prematurely convert agricultural and open-space lands. 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 and live-streamed at www.sdlafco.org. 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 2021

Commissioner	Appointing Authority	Affiliation
Chair Andy Vanderlaan	Commission	Representative of the Public
Vice Chair Jim Desmond	Board of Supervisors	County of San Diego
Chris Cate	City of San Diego Mayor	City of San Diego
Jo MacKenzie	Independent Special Districts	Vista Irrigation District
Mary Casillas Salas	Cities Selection Committee	City of Chula Vista
Nora Vargas	Board of Supervisors	County of San Diego
Bill Wells	Cities Selection Committee	City of El Cajon
Baron "Barry" Willis	Independent Special Districts	Alpine Fire Protection District
Alternate Joel Anderson	Board of Supervisors	County of San Diego
Vacant	Independent Special Districts	
Alternate Harry Mathis	Commission	Representative of the Public
Alternate Paul McNamara	Cities Selection Committee	City of Escondido
Alternate Marni von Wilpert	City of San Diego Mayor	City of San Diego

Immediate Past Members in 2020:
Dianne Jacob, Board of Supervisors, County of San Diego
Mark Kersey, Mayor of the City of San Diego, City of San Diego
Greg Cox, Board of Supervisors, County of San Diego (alt)
Erin Lump, Independent Special Districts, Rincon Del Diablo Municipal Water 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 readily available. Appointments to discuss proposals or other matters are encouraged and can be scheduled by calling 858.614.7755. Communication by e-mail is also welcome and should be directed to lafco@sdcounty.ca.gov. Additional information regarding San Diego LAFCO's programs and activities is also available online by visiting www.sdlafco.org.

Thank you.



Keene Simonds
Executive Officer

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CHAPTER TWO | EXECUTIVE SUMMARY

1.0 OVERVIEW

This report represents San Diego LAFCO's scheduled municipal service review for the Poway region in central San Diego County. The report has been prepared by contract staff (Planwest Partners) 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 and specifically the principal service provider – City of Poway – over the next five years relative to the Commission's regional growth management duties and responsibilities. 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 the level and range of services provided in the Poway region - and specifically the City of Poway - relative to informing future LAFCO decision-making. The report marks the first municipal service review dedicated to the Poway region.

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 Poway region. It is expected San Diego LAFCO will revisit the report and key assumptions and benchmarks approximately every five years consistent with the timetable set by the Legislature and memorialized under 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. Other key premises, assumptions, and benchmarks underlying the preparation of this report follow.

Defining Scope | Affected Agencies Covered

There are multiple local agencies under the Commission's oversight that provide one or more municipal services in the Poway region. The City of Poway is principal among these local agencies and provides most municipal services within the region and accordingly is the focus of this report. Other local agencies that provide one or more municipal services in the region include Palomar Healthcare District and Pomerado Cemetery District and are expected to be detailed as part of separate and future service-specific reports.

As the primary service provider within the region, this municipal service review focuses on the City of Poway.

Defining Scale | Municipal Services Covered

Consistent with the preceding premise and focus therein on the City of Poway, the report is scaled to address five core City municipal functions deemed by the Commission's Executive Officer to be most pertinent in accommodating growth and development in the region. These five core municipal functions are integrated fire protection and emergency medical services, wastewater, water, parks and recreation, and community development. Other pertinent City functions are also addressed in the report, though in an abbreviated format and include street maintenance, storm water, flood control, law enforcement, and animal control.

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 2015 to 2019 with limited exceptions (i.e. July 1, 2015 through June 30, 2019). 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 2024 with the former (five years) serving as the analysis anchor as contemplated under State law. This timeframe is consistent with the five-year cycle prescribed for municipal service reviews and expected therein to inform all related sphere of influence and boundary actions undertaken in the region during this period involving the City of Poway and other local agencies as applicable.

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 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 over the last 60 months; 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 region and specifically the City of Poway. A prominent example involves focusing on annual system-wide demands generated during the five-year report period as opposed to specific 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 – whether water, wastewater, fire, etc. – generated in the 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 the affected agency's financial solvency based on a review of available audited information. 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.

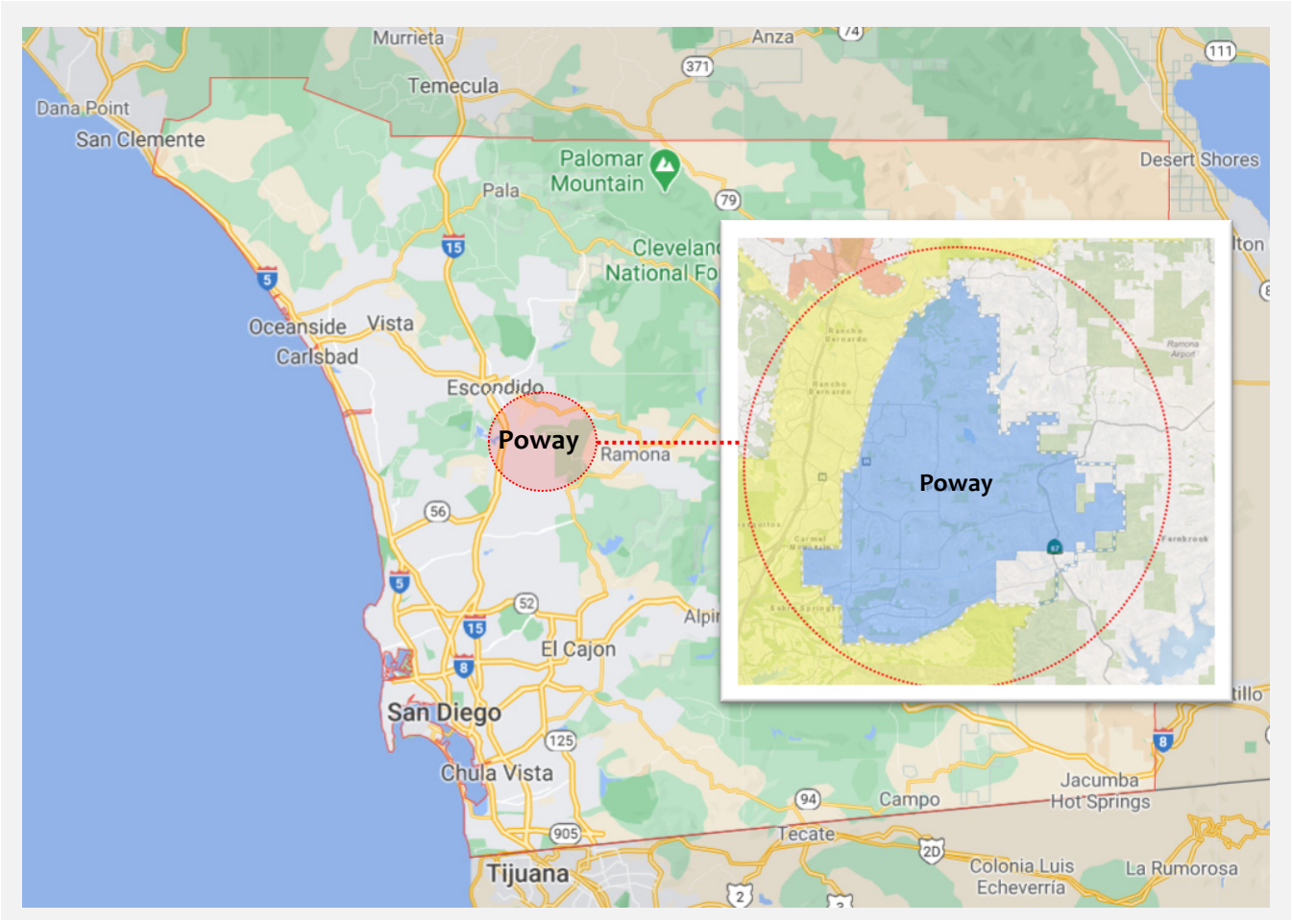
2.0 REPORT ORGANIZATION

This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated within the report.[6] This includes addressing the mandatory service and governance factors required by the Legislature whenever San Diego LAFCO performs a municipal service review. The Executive Summary is preceded by an agency profile (Chapter Three) for the City of Poway as the principal municipal service provider in the region. The profile transitions between qualitative descriptions of the background and development of Poway to quantifying specific categories. This includes quantifying demographic trends, service levels, and financial standing.

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

3.0 GEOGRAPHIC AREA

The geographic area designated for this municipal service review is approximately 30 square miles in size. The geographic area has been purposefully designated to cover all of the City of Poway's existing sphere of influence designation and surrounding lands. The geographic area is shown below along with marking Poway's jurisdictional and sphere of influence boundaries.



4.0 REPORT SUMMARY

4.1 General Themes and Conclusions

The Poway region encompasses a geographically distinct area and captures both "East" and "North" elements of San Diego County and their different social and economic interests. The region's development, accordingly, reflects both rural and urban landscapes paired with significant open-space resources and codified in the City of Poway's official maxim as the "City in the Country." The

region's development also differs from other local municipalities given the impetus to incorporate the City of Poway was less about breaking from the County of San Diego and more about preserving its existing characteristics – developed under the County – and protecting against annexation to the City of San Diego. These characteristics are further defined by the slow-growth orientation of the City of Poway as the focal point of the region and as successor agency to five special districts; the latter of which – significantly – enables the City to directly sync services (i.e. water, wastewater, fire, etc.) with development within its jurisdictional boundary. Also serving to define the region is the high-performing Poway Unified School District and extensive cultural and recreational amenities.

A review of the City of Poway relative to the Commission's growth management tasks and interests produces eight central themes or conclusions. These conclusions collectively address the availability, need, and adequacy of services within the City of Poway as the consolidated service provider in the region and range in substance from addressing demand-to-capacity relationships to overall financial standing. The conclusions also address potential sphere changes. The conclusions are independently drawn and sourced to information collected and analyzed by the Commission between 2015 and 2019 with limited exceptions and detailed in the agency profile.

- **No. 1 | Introductory Municipal Service Review**
  This report represents San Diego LAFCO's inaugural municipal service review dedicated to the Poway region and the lone subject agency of record – City of Poway. Consequently, the report serves as a dual introduction. This is marked by addressing relatively new LAFCO statute and responsibilities to the City of Poway in real-time while proceeding with an otherwise unfamiliar and relatively detailed service review process. The introduction similarly reorients the municipal service review for the Commission to focus on establishing baseline information with the intention of expanding and/or redirecting the analysis in future reports.

- **No. 2 | Revisiting a Successful Reorganization**
  This report separately marks the first formal opportunity for San Diego LAFCO to revisit its approval in 1980 to comprehensively reorganize municipal services in the Poway region with the incorporation of the City of Poway and the concurrent dissolution of five special districts. The report confirms the reorganization has met Commission expectations 40 years later in effectively consolidating land use and municipal service planning within one local governmental entity and in doing so eliminating duplicative and fragmented government.

- **No. 3 | An Atypical Suburb**
  The region's geographic setting encompasses both "East County" and "North County" orientations and contributes to a unique growth footprint leading to an atypical suburban community in metropolitan San Diego County. This footprint equally blends rural and urban

uses and purposefully guided by the region's social and economic anchor in the City of Poway and its adopted tagline as the "City in the Country." A tangible outcome of this footprint is measurably slower growth and development in the region compared to other suburban communities in San Diego County despite proximity to major transportation corridors.

- **No. 4 | Creation of a Municipal Greenbelt**
  Close to one-third of the City of Poway jurisdictional boundary has been purchased by the City and dedicated as open space with compatible recreational uses. A considerable portion of this open space lies along Poway's eastern perimeter and – among other outcomes – produces a municipal greenbelt controlled by the City and protects against otherwise unwanted urban encroachment from adjacent unincorporated areas.

- **No. 5 | Distinguishing Demographics**
  Demographic information for the region shows increasing affluency within its social and economic anchor – City of Poway – and headlined by substantially higher and rising household incomes paired with substantially lower and falling poverty rates relative to overall averages in San Diego County. Relatedly, Poway is increasingly home to white-collar workers with more than one-half of all adults 25 years of age or older in Poway having bachelor's degrees, almost double the countywide average.

- **No. 6 | Housing and Relationship on Orderly Growth**
  Only 385 new housing units have been constructed in the region and specially within the City of Poway since 2010 and represents an overall increase of 2.3%. This housing production is more than two times lower than the equivalent amount of new construction for the entire San Diego County – 5.9% – and underlies an increasing affordability challenge with the average monthly housing cost in Poway being one-half higher than the remainder of the county. It also – significantly – counters the Legislature's notion of orderly growth in LAFCO statute. The recent adoption of the Poway Road Specific Plan (2017) and its provisions to increase densities and heights along the City's main thoroughfare marks a substantive planning effort to generate new housing opportunities and merits future revisiting in terms of actual outcomes.

- **No. 7 | Adequate and Excess Municipal Service Capacities**
  The City of Poway is the municipal service hub for the region and through the end of the report period has established adequate capacities to meet current demands relative to its core growth-supporting functions: fire protection and emergency medical; wastewater; potable water; parks and recreation; and community development. Notably, no substantive deficiencies have been identified and all core functions have excess capacities to accommodate anticipated growth within the immediate future.

- **No. 8 | Positive Financial Standing with One Exception**
  The City of Poway improved its financial standing during the report period as measured by its audited net position with an overall 10% increase. This improvement has been aided by achieving an average total margin of 2% over the corresponding 60-month period and contributes to an ending General Fund balance sufficient to meet 12 months of operating expenses. A key exception similar to other municipalities in the immediate region involves an underfunded pension program with CalPERs and reflected in a low composite funded ratio of 70% at the end of the report period.

4.2 Recommendations

The following recommendations call for specific action either from San Diego LAFCO, City of Poway, or other local 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 LAFCO action are dependent on a subsequent directive from the Commission and through the adopted workplan.

1. San Diego LAFCO should update its statutory program on disadvantaged unincorporated communities and concurrently revisit the eligibility of lands immediately to the north of the City of Poway's sphere of influence in San Pasqual Valley and the potential merit therein to extend municipal services consistent with the associated legislation.

2. It would be timely for the City of Poway to perform an update to the General Plan (1991) to reflect changes in State planning law as well as to reflect potential changes in community vision. An update to the General Plan also – pertinently – would aid San Diego LAFCO align its regulatory and planning duties going forward in step with current local conditions.

3. The limited progress in building new housing in the City of Poway over the reporting period merits City policies and/or procedures being revisited and revised to more effectively meet the needs for persons and families of all incomes and in doing so promote orderly development. An encouraging example of a new approach in meeting housing needs involves the recent approval of the Poway Road Specific Plan (2017) that measurably increases housing densities along an existing transportation corridor.

4. San Diego LAFCO should expand the analysis of this introductory document as part of the next scheduled municipal service review covering the City of Poway to more fully address other key service functions – including law enforcement, flood control, etc. – to provide a more complete accounting of public services in the City consistent with statutory intent.

5. San Diego LAFCO should revisit fire protection and emergency medical services in the City of Poway as part of an expected update to the Commission's countywide fire service study.

6. No reorganization alternatives have been identified by San Diego LAFCO that merit analysis at this time. It would be appropriate, nonetheless, for LAFCO to revisit potential reorganization opportunities in conjunction with completing future projects, including upcoming municipal service reviews on other local agencies in the region.

7. San Diego LAFCO should proceed to update the City of Poway's sphere of influence with no changes at this time. LAFCO should relatedly defer consideration of any individual sphere amendment requests to the next update unless special circumstances warrant otherwise.

5.0 WRITTEN DETERMINATIONS

San Diego LAFCO is directed to prepare written determinations to address the factors enumerated under G.C. Section 56430 anytime it prepares a municipal service review. These determinations serve as independent statements of reasonable facts based on information collected, analyzed, and presented in this report's subsequent sections. 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 in the region by the City of Poway specific to the Commission's growth management duties and responsibilities. An abbreviated version of these determinations will be separately prepared for Commission consideration in conjunction with accepting the final report.

These determinations address the specific factors required in statute as part of the municipal service review process and represent statements of reasonable facts as legislatively determined by San Diego LAFCO and based on information analyzed between 2015 and 2019.

5.1 Growth Projections & Related Demographics

1. San Diego LAFCO independently estimates there are 49,704 total fulltime residents within the City of Poway's jurisdictional boundary as of the end of the report period. An additional 140 unincorporated residents are estimated to reside within the Poway sphere of influence.

2. The portion of San Diego County's overall resident population within the City of Poway has decreased over the five-year report period from 1.6% to 1.5%; a difference of 6%.

3. San Diego LAFCO estimates the annual rate of new resident population growth in the City of Poway during the report period has been 0.4%. This growth rate is one-half lower than the corresponding rate for all of San Diego County and reflects the City's the slow-growth focus.

4. The City of Poway's jurisdictional boundary spans 39 square miles or 25,039 acres and produces a ratio of 2.0 residents for every acre at the end of the report period. This is the lowest ratio of residents per acre among all 18 incorporated communities in San Diego County and captures the City's relatively unique and blended urban-rural landscape.

5. San Diego LAFCO projects the current resident population growth rate in the City of Poway will generally proceed unchanged over the report timeframe. Should the projection hold, there will be a net increase of 999 residents – or 200 each year – and reach 50,538 by 2024.

6. San Diego LAFCO should coordinate with the City of Poway and SANDAG to develop current buildout estimates (i.e. current relative to existing zoning) specific to the City and incorporate the information into the next municipal service review.

7. Housing production in City of Poway totals 17,100 dwelling units at the end of report period and represents an overall increase of 2.3% – or 385 annually – since 2010. This level of housing production is two times below the corresponding housing production rate for all of San Diego County and serves to quantify and facilitate the City's slow-growth orientation.

8. Residents within the City of Poway tend to be relatively affluent with an average median household income at the end of the report period of $110,468 and nearly double than the corresponding amount for all of San Diego County.

9. Residents within the City of Poway tend to encounter additional housing challenges with the average monthly mortgage and rent costs being $2,321 at the end of the report period and almost one-half higher than the corresponding amount for all of San Diego County.

10. Residents within the City of Poway tend to be measurably older with a medium age of 45 at the end of the report period and one-third higher than the corresponding amount for all of San Diego County.

11. Residents within the City of Poway continue to experience relatively low levels of unemployment with the average at the end of the report period equaling 3.8% and more than one-quarter lower than corresponding amount for all of San Diego County.

12. Residents within the City of Poway tend to be relatively more homogenous with non-English speaking residents at the end of the report period totaling 6.7% and nearly three times lower than the corresponding rate for all of San Diego County.

5.2 Location and Characteristics of Disadvantaged Unincorporated Communities

1. There are no lands within or adjacent to the City of Poway's sphere of influence qualifying as disadvantaged unincorporated communities or DUCs under current San Diego LAFCO policy based on 2016 census information.

2. An approximate 920-acre area in San Pasqual Valley immediately north of the City of Poway sphere of influence previously qualified as a DUC under San Diego LAFCO policy based on 2010 census information. It would be appropriate for LAFCO to update the DUC program with current census information and concurrently revisit the eligibility of referenced area and potential merits and/or needs to extend municipal services as prompted under statute.

5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

1. The City of Poway is a full-service municipality and marked by providing five primary functions that underlie growth and development and most pertinent to San Diego LAFCO and its statutory interests: fire protection and emergency medical services; wastewater; potable water; parks and recreation; and community development.

2. San Diego LAFCO determines the five primary service functions provided by the City of Poway and identified in the preceding statement have adequate capacities and there are no critical infrastructure needs or deficiencies in meeting current or near-term demands.

3. With respect to fire protection and emergency medical services, San Diego LAFCO determines the following.

    a) The City of Poway's integrated fire protection and emergency medical service function were inherited at the time of incorporation in 1980 from the Poway MWD. This function is categorized as structural and advance life service classes, respectively, and provided through five internal divisions: administration, suppression, fire prevention, disaster preparedness, and emergency medical services.

b) The City of Poway's fire protection and emergency medical services are delivered out of three fire stations via contract dispatch from the City of San Diego and augmented by automatic aid agreements with surrounding jurisdictions – including, and most notably in terms of usage, San Diego, Ramona MWD, and Lakeside FPD.

c) Average annual demands for fire protection and emergency medical services by the City of Poway – both inside and outside the jurisdictional boundary – have stayed relatively consistent over the five-year report period with an overall average of 4,199 onsite responses each year and equivalent to 11.5 daily incidents.

d) The City of Poway responded on average – exclusively or in combination with outside agencies – to 98% of all onsite incidents involving fire protection and emergency medical in its jurisdictional boundary over the five-year report period.

e) The City of Poway has a low and decreasing dependency on outside agencies to cover fire protection and emergency medical needs within the City with an average of only 12 out of 100 onsite incidents necessitating outside aid assistance during the report period.

f) More than one-half – or 56.6% - of all onsite incidents responded by the City of Poway during the five-year report period resulted in ambulance transport to an area hospital. The number of ambulance transports to an area hospital has increased 0.4% across the 60-month period.

g) The City of Poway's fire protection and emergency medical services account for 28% of the General Fund at the end of the report period. The portion of the General Fund dedicated to fire protection and emergency medical has increased by 20% over the corresponding five-year report period.

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

a) The City of Poway's wastewater functions commenced in 1980 following its incorporation and becoming successor agency to the Pomerado CWD. This service function is categorized as collection only; treatment and disposal are contracted with the Cities of San Diego and Escondido.

b) The City of Poway's collection system extends throughout its western jurisdictional boundary as well as into portions of Rancho Bernardo and Scripps Ranch in the City of San Diego. The estimated wastewater service population at the end of the report period is

estimated at 34,266 and represents 69% of the total estimated City population.

c) On average close to 90% of the City of Poway's collected wastewater is sent to the City of San Diego and its Point Loma Facility for treatment. The remaining flow is directed to the City of Escondido and its Hale Recovery Facility.

d) The average daily flows generated during the report period in the City of Poway's wastewater service area has been 2.49 million gallons with an overall change of (3%). This decrease in wastewater flow coupled with the slight increase in population suggests – among other factors – there is improved efficiencies in constituent uses.

e) Average daily peak-day flows over the five-year report period within the City of Poway's wastewater service area has been 2.66 million gallons. This latter amount produces a low peak-factor relative to average day demands of 1.08 and affirmatively signals minimal inflow and infiltration within the collection system.

f) The City of Poway finished the report period operating at 42% capacity within its wastewater service area in terms of its daily contract allowance at its principal treatment facility (Point Loma) that receives close to 90% of all City flows.

g) Additional information is needed to assess the relationship between demands and contracted capacities at the City of Poway's secondary treatment facility (Hale).

h) The City of Poway's wastewater services operate as an enterprise and supported by user charges. Actual operating expenses have increased by 23% over the report period while actual operating revenues have increased by 17%; a structural shortfall of (one-third).

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

a) The City of Poway's potable water service function commenced in 1980 following incorporation and becoming successor agency to Poway MWD. This service function involves retail only with wholesale provided by the San Diego County Water Authority.

b) The City of Poway's potable water service function covers close to two-thirds of the City's jurisdictional boundary. The estimated water service area population at the end of the report period is 37,740 and represents 76% of the total estimated City population.

c) The City of Poway is dependent on potable water supplies imported from the San Diego County Water Authority and augmented by a relatively small amount of runoff in Lake Poway. The maximum available annual supply based on Poway infrastructure is 15,448 acre-feet or 4.9 billion gallons and further divided into a daily capacity of 13.8 million.

d) Annual demands within the City of Poway's potable water service area have averaged 9,281 acre-feet during the report period with an overall change of (8%). This average demand equals 60% of Poway's accessible supplies.

e) Per capita usage within the City of Poway's potable water service area has decreased by (9%) over the report period from an estimated 163 gallons to 153 gallons. It is unknown the portion of this daily use that is dedicated to indoor use and accordingly the State of California's advisory target to limit per capita usage to 55 gallons.

f) Average peak-day demands within the City of Poway's potable water service area over the report period equal 88% of accessible supplies and have increased by one-fifth. This trend merits ongoing attention and may warrant Poway to expand its treatment capacity to protect against overtaxing storage supplies during high usage periods.

g) Total storage within the City of Poway's potable water service area is 18.1 million gallons or 55.5 acre-feet and can accommodate up to 6.7 consecutive days of average day demands generated during the report period without recharge.

h) The City of Poway's potable water services operate as an enterprise and supported by user charges. Actual operating expenses have increased by 8% over the report period while actual operating revenues have increased by 15%; a structural surplus of four-fifths.

6. With respect to parks and recreation services, San Diego LAFCO determines the following.

a) The City of Poway's parks and recreation function commenced at the time of its incorporation in 1980 and categorized into eight classes: recreation; aquatics; community parks; interpretive services; lake operations; library; cultural; and urban forestry.

b) The City of Poway's parks and recreation function has substantively evolved from an initial focus on traditional recreation (parks, playgrounds, etc.) to now include municipal open-space and a variety of cultural amenities and marked by operating the Poway Center for Performing Arts and Kumeyaay-Ipai Interpretive Center.

c) The City of Poway continues to invest in parks and recreation and headlined during the report period by completing the design and initiating construction of the $13.2 million budgeted Mickey Cafagna Community Center.

d) With 22 different park sites that collectively comprise 291 acres, the City of Poway finished the report period with almost six acres per 1,000 residents and – pertinently – double the minimum ratio required under State law (Quimby Act).

e) The average budgeted costs of the City of Poway's parks and recreation functions during the report period has been $8.27 million and accounts for nearly 20% of all budgeted General Fund monies during the report period.

f) On a proportional basis, the City of Poway budgets $118 per person for parks and recreation through its General Fund at the end of the report period. This amount is well above the $93 average ratio among all 18 cities and fourth highest in San Diego County.

7. With respect to community development services, San Diego LAFCO determines the following.

a) The City of Poway assumed the community development function at the time of incorporation in 1980 through the transfer of land use control from the County of San Diego. This function is categorized into two broad classes: planning and engineering.

b) The City of Poway's community development function and associated classes are principally guided by the City General Plan, which was last updated in 1991.

c) It would be timely for the City of Poway to proceed with an update to the General Plan (1991) to reflect changes in State planning law as well as to reflect potential changes in community vision. An update to the General Plan also – pertinently – will aid San Diego LAFCO align its regulatory and planning duties in step with current local conditions.

d) The City of Poway averaged 57 development review applications annually during the report period. Overall, annual applications have increased by 18% and reflects an improving economy and investment in new construction during the 60-month period.

e) The City of Poway averaged 2,344 building permit issuances annually – or 6 daily – during the report period. Overall, annual permits have increased by 24% and suggests – among other factors – increased landowner equity in real property to fund improvement projects.

f) The ability of the City of Poway to appropriately accommodate housing at all levels is a key performance measurement in considering community development services as part of the municipal service review process. With this context, the following statements apply.

i. The City of Poway received approval for its current Housing Element (2013-2020) from the State and the accommodation therein of 1,253 new housing units as part of the Regional Housing Needs Allocation process or RHNA.

ii. Of this total allocation, only 194 – or 15.5% – of the housing units have been permitted for construction through the end of the report period.

h) The limited progress in building housing in the City of Poway relative to quantifiable need suggests City policies and procedures should be revisited and revised as appropriate to more effectively meet the housing needs for persons and families of all incomes.

i) The City of Poway's General Fund represent the single largest revenue source for community development functions. The average annual amount allocated to community development services during the report period equals close to 10% of all budgeted City General Fund monies.

8. The City of Poway provides several other pertinent municipal functions directly or indirectly (contracts and franchise agreements) that support growth and development. This includes animal control, electricity and natural gas, law enforcement, public transportation, solid waste, stormwater and flood control, street maintenance, and telecommunications.

9. San Diego LAFCO should expand the analysis in the next scheduled municipal service review covering the City of Poway to more fully address these other functions and in doing so provide a more complete accounting of public services in the City consistent with statutory intent.

5.4 Agencies' Financial Ability to Provide Services

1. The City of Poway improved its overall financial standing during the report period as measured by its audited net position increasing by one-tenth from $215.8 to $237.0 million.

2. The spendable balance within the City of Poway General Fund at the end of the report period covers 12 months of typical operating expenses and is more than double the City Council's policy to maintain a reserve of no less than 45%.

3. A structural imbalance shows within the City of Poway's General Fund during the report period with the change in actual expenses outpacing the change in actual revenues by more than one-half – or 55%.

4. The City of Poway has established a substantive and increasing sales tax base with actual revenues equaling nearly one-third of all General Fund revenues during the report period. Poway collects the sixth highest amount of sales tax on a per capita basis at $298 among all 18 cities in San Diego County at the end of the report period.

5. Standard diagnostic measurements used in assessing the City of Poway's liquidity, capital, margin, and structure levels shows varied results during the report period but generally at or above industry standards. With this context, the following statements apply.

   a) Liquidity levels are high despite recent declines over the 60-month period. The amount of days' cash available to the City of Poway decreased by (16%) from 1,115 to 935.

   b) Capital levels remained generally stagnant during the 60-month period with the City of Poway's debt load remaining manageable and under 30% relative to net assets.

   c) The total margin – i.e. the bottom line – for the City of Poway fluctuated during the 60-month period but finished with an overall positive average of 2%.

   d) The replacement rate of capital infrastructure (i.e. buildings, equipment, etc.) has fallen and decreased by one-fourth during the 60-month period from 24 to 29 years.

6. The City of Poway's composite funded ratio for pension obligations at the end of the report period finished at 70% based on market value and below industry standards. The ratio has also slightly decreased by (0.4%) over the 60-month period despite a corresponding increase of one-fifth in annual pension payments made by the City.

7. Public safety costs represent the largest demand on the City of Poway's General Fund and accounted for 55% of all budgeted expenses at the end of the report period. Overall, the portion of the General Fund dedicated to public safety expenses has increased by one-fifth over the corresponding 60-month period.

8. San Diego LAFCO should revisit fire protection and emergency medical services and costs in the City of Poway as part of an update to the Commission's countywide fire service study.

5.5 Status and Opportunities for Shared Facilities and Resources

1. The City of Poway has established responsive shared resources with other public agencies in fulfilling their responsibilities to provide specified municipal functions to their constituents. This includes, markedly, cooperative partnerships with neighboring agencies to share and economize resources in the provision of fire protection and emergency medical through auto-aid agreements as well as contracting for wastewater treatment.

5.6 Local Accountability and Government Restructure Options

1. The comprehensive reorganization of the region in 1980 with the incorporation of the City of Poway and the concurrent dissolution of five special districts has proven successful in syncing land use and municipal service planning under one cohesive governmental unit. The reorganization has empowered the City Council to pace growth within the City while also curbing fringe developments in the adjacent unincorporated areas by controlling core urban-supporting service functions in the region and most notably water and wastewater.

2. The City of Poway operates as a general-law municipality and draws on corporate and police powers established by the State Legislature. The City Council utilizes three standing committees comprised of resident appointees to further inform decision-making: (a) Budget Review; (b) Parks and Recreation; and (c) Traffic Safety.

3. The City of Poway Council regularly meets on the first and third Tuesday each month at 7:00 P.M. with live and recorded online streaming services and in doing so provides sufficient opportunities for constituent engagement in the decision-making process.

4. The City of Poway maintains a comprehensive and user-friendly website that meets all requirements recently established by the Legislature for local government agencies (Assembly Bill 2257 and Senate Bill 939) and helps expedite timely information sharing.

5. Senior management for the City of Poway proved responsive and helpful in the preparation of this report and reflects a high-level of organizational aptitude and efficiency.

6. Other local agencies that provide one or more municipal services directly in the Poway region include Palomar Healthcare District and Pomerado Cemetery District and will be addressed by San Diego LAFCO as part of separate and future municipal service reviews.

7. No reorganization alternatives have been identified by San Diego LAFCO that merit analysis at this time. It would be appropriate, nonetheless, for LAFCO to revisit potential opportunities in conjunction with completing future projects, including upcoming municipal service reviews on other local agencies in the region as well as updating the countywide fire service study.

8. San Diego LAFCO should proceed to update the City of Poway's sphere of influence with no changes. LAFCO should also defer consideration of any interim requests for sphere amendments unless special and unexpected circumstances warrant otherwise.

CHAPTER THREE | AGENCY PROFILE

CITY OF POWAY

1.0 OVERVIEW

Lake Poway



Photo Credit: New York Times

The City of Poway is a general law municipality incorporated in December 1980 and self-identified as the "City in the Country." Incorporation proceedings were initiated by the County of San Diego following two unsuccessful attempts at cityhood in the 1970s and done so in response to increasing community interest to further localize land use decision-making. Incorporation also included the reorganization and dissolution of five special districts with Poway serving as successor agency and assuming pre-established water, wastewater, and fire protection services in the community. Poway is fourth largest municipality in terms of size and encompasses an approximate 39-square mile jurisdictional boundary within inland-central San Diego County and immediately adjacent to the west and south by the City of San Diego and the unincorporated community of Ramona to the east. Close to one-third of the jurisdiction has been set aside as preserved natural open-space and this includes Lake Poway, which doubles as a prominent recreational site as well as a municipal water reservoir. Governance is provided by a five-member Council with a directly elected Mayor. The average tenure on the Council among current members is six years with the longest tenures belonging to Dave Grosch and John Mullin at 10 years.

Poway is a full-service municipality with limited exceptions, and this includes the City directly providing – and of specific interest to LAFCO – community planning, water, wastewater, fire protection and emergency medical services, and parks and recreation. Notable exceptions involve police and animal control, which are both provided by contracts with the County of San Diego and the San Diego Humane Society, respectively. The operating budget at the term of the report period (2018-2019) was $88.7 million and has increased over the corresponding 60-month period by 14.3%. The last audited financial statements cover 2018-2019 and show the agencywide net position totaling $236.9 million with unrestricted portion tallying $71.5 million. The spendable balance within General

Fund totaled $50.8 million and represents the equivalent of covering 12 months of operating expenses based on recent actuals.[7]

LAFCO independently estimates the fulltime resident population within the City of Poway is 49,704 as of the term of the report period. It is also projected the estimate of fulltime residents represents an overall increase of 1,728 since 2010 – or 192 annually – with a resulting annual growth rate of 0.40%, which is less than one-half the corresponding countywide rate of 0.86%. The median household income within the City is $102,338 based on the most recent five-year period average and is more than one-half – or 53.8% – higher than the countywide average of $66,529. There are no disadvantaged unincorporated communities adjacent to the City's boundary or sphere of influence.

2.0 BACKGROUND

2.1 Community Development

Blaisdell Family Nursery Ranch, Poway
Circa 1887



Photo Credit: San Diego History Center

The area comprising the City of Poway began its present-day development in the late 1700s as migrants arrived with the establishment of rule by Spain and later Mexico as successors to indigenous Diegueno and Luiseno bands that had previously resided in the Poway Valley (Pauwai). A Mexican grant covering most of the area titled Rancho Paguai was issued to Rosario Aguilar in 1839, but later rescinded. The substantive result of the grant being voided was the immediate division and development of the area by various homesteaders in step with the end of the Mexican-American War in 1848 and California's statehood in 1850. One of these early homesteaders was the Blaisdell family and are credited with opening the first commercial nursery business in San Diego County.

Poway Road
Circa 1910s



Photo Credit: San Diego History Center (pending)

The first official census for the Poway "township" was performed in 1870 and estimated the total number of residents at 91.[8] The population increased to an estimated 256 as part of the 1900 census with most of the area under agricultural use and highlighted by large plantings of table grapes and orchards given frost-free conditions and internally connected by Poway Road. Early travel in and out of the area, however, was largely limited to one road

[7] Actual operating expenses within the General Fund totaled $50.1 million in 2018-2019.
[8] The entire census population estimate for San Diego County was 4,951 in 1870.

(Pomerado Road) with no nearby railroad lines. The combination of agricultural productivity with limited access to the area curbed additional growth and the Poway township was removed as a census designation for most of the first half of the 20th Century.

Poway Road to the East
Early 1960s

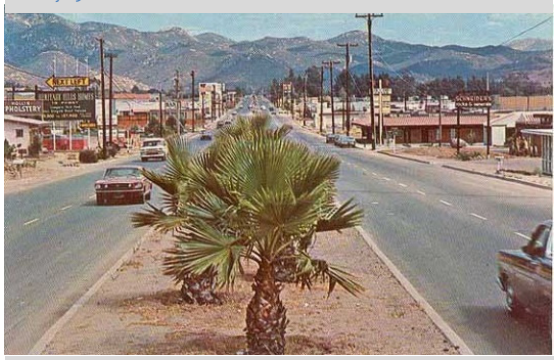


Photo Credit: Derrick Garbell

The end of World War II and the associated societal changes marked a pivot for Poway as it began to transition from agriculture towards suburban uses. This transition towards more urban uses also necessitated the establishment of local municipal services. Most notably, this included the formation of the Poway Municipal Water District (MWD) in 1954 to provide retail water service as a new member of the San Diego County Water Authority through its own contracted supply to the Colorado River via the Metropolitan Water District of Southern California.[9] Wastewater services were also subsequently established with the formation of the Pomerado County Water District (CWD) in 1957.

Anti-Annexation Cartoon (1964)



Courtesy: Poway News Chieftain

Interest in incorporation followed in the early 1960s first as a response to a failed proposal to annex Poway to the City of San Diego in 1963. The annexation proposal had been approved by LAFCO but rejected by voters. The community of approximately 8,200 proceeded to explore self-governance and led to an initial incorporation attempt in 1972 but terminated due to a lack of qualifying petition signatures. A second incorporation attempt was made in 1976 with the prerequisite number of petition signatures as well as approval from LAFCO but rejected by voters with only 36% in favor of cityhood.

2.2 Incorporation Proceedings

Beginning in 1979, the County of San Diego began preparing incorporation proposals for Poway, Santee, and Fallbrook as part of a County General Plan policy to facilitate cityhood for areas with sufficient revenues to support stand-alone municipal service activities. The incorporation proposals for Poway and Santee were completed together and approved by the Board of Supervisors in March 1980 and forwarded for LAFCO consideration. LAFCO conditionally approved the Poway incorporation in June 1980 as a council-manager government along with the concurrent dissolution

[9] Poway MWD was also empowered at the time of its formation to provide fire protection and emergency medical services.

and conveyance of duties of five pre-existing special districts: Poway MWD (water and fire protection); Pomerado CWD (wastewater); Orchard Water District (water); County Service Area No. 5 (road maintenance); and County Service Area No. 48 (park and recreation). Conditions were satisfied in November 1980 when registered voters in Poway approved incorporation by 52.8% to 47.2% along with electing an initial five-member City Council.[10] The effective date of incorporation was also set to December 1, 1980.

2.3 Post-Incorporation Proceedings

A summary of notable activities undertaken by the City of Poway and/or affecting the City's service area following its incorporation in 1980 is provided below.

- The City of Poway adopts a Comprehensive Plan in October 1983. The Comprehensive Plan includes under one cover a General Plan and Zoning Ordinance.
- The Poway Business Park along Scripps Poway Parkway begins developing in the late 1980s and subsequently spans to include more than 400 businesses and approximately 17,000 jobs.
- LAFCO establishes a sphere of influence for the City of Poway in August 1985. The sphere is set to include all incorporated lands along with approximately 3,400 unincorporated acres to the immediate east of the City. An approximate 1,515-acre special study area is also established to the southeast of the City involving Sycamore Canyon.
- Proposition FF is approved in 1988 and requires voter approval in the City of Poway to upzone and/or rezone any lands designated as open space or rural resident in the City General Plan.
- A major review and update to the Poway Comprehensive Plan is adopted by the City of Poway in November 1991 and includes new Public Facilities, Transportation, Resources, Public Safety and Housing Elements.
- LAFCO updates the City of Poway's sphere of influence in August 2005 with no changes while also removing the Sycamore Canyon special study area. The sphere is subsequently reviewed and updated with no changes again in March 2008.
- The City of Poway adopts an updated Housing Element in May 2013 to comply with the State Department of Housing and Community Development or "HCD." This update covers 2013-2020. The next Housing Element update is currently under preparation and must be certified by HCD in April 2021.

[10] The initial elected members of City Council consisted of Bob Emery, Bruce J. Tarzy, Clyde Rexrode, Mary L. Shepardson, and Linda L. Oravec.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

The City of Poway's existing jurisdictional boundary spans approximately 39 square miles and covers 25,039 acres (parcels, water bodies, and public rights-of-ways). This makes Poway the fourth largest of the 18 incorporated communities in San Diego County. Poway borders the City of San Diego on two sides and this includes the neighborhoods of Scripps Ranch to the south and Rancho Bernardo to the west. The City of Escondido lies to the far north while the unincorporated communities of Ramona and San Pasqual Valley lies to the east. Poway is one mile east of Interstate 15 and directly links the City to the San Diego, Riverside, and San Bernardino metropolitan areas. Elevation ranges from 480 to 2,250 feet above sea level. There were 30,875 registered voters in Poway at the end of the report period.

The City of Poway's jurisdictional boundary currently spans 39 square miles and covers 0.9% of all of San Diego County. The jurisdictional boundary is whole and does not include any unincorporated islands.

Poway's jurisdictional boundary has remained relatively static since incorporation in 1980. The only changes to the jurisdictional boundary involved Poway's successful annexation of three non-contiguous areas totaling 1,325 acres in 1986. This lone annexation, notably, facilitated the expansion of Poway's park and recreation program and part of an agreement with Bureau of Land Management for the City to assume management of the open space lands. Three other proposals involving annexations to Poway were subsequently filed with LAFCO but separately withdrawn by the applicants. Poway does not include any entirely or substantially surrounded unincorporated islands.

Total assessed value (land and structure) in Poway's jurisdictional boundary is $10.9 billion for the 2019-20 assessment year. and translates to $0.431 million for every acre within the City. The former amount further represents $0.218 million in assessed value for every resident based on the estimated population of 49,539. The assessed value in Poway has also increased by 23% over the five-year report period based on $8.9 billion in assessed valuation for the 2014-15 assessment year. Poway receives 5.2% on average of the annual 1.0% of property tax collected within the City and based on over 200 distinct tax assignments within the jurisdictional boundary.

The City of Poway's total assessed value increased from $8.9 billion to $10.9 billion during the five-year report period; a difference of 23%. Poway collects $5 for every $100 collected in property tax.

The jurisdictional boundary is currently divided into 16,185 assessor parcels for tax purposes totaling 23,604 acres.[11] Slightly more than three-fourths of the assessor parcel acreage is under private

There are more than 1,000 existing parcels covering 3,277 acres within the City of Poway that are privately owned and entirely undeveloped.

[11] The remaining acreage within the jurisdiction – 1,435 acres – consists of public right-of-ways and related dedications – including water bodies.

ownership with 82% already developed, albeit not necessarily at the highest zoning density allowed. The remainder of private acreage in Poway is entirely undeveloped and consists of 1,023 vacant parcels that collectively total 3,277 acres.

City of Poway
Boundary Breakdown of Assessor Parcels
Table 3.1a (Source: Esri and San Diego LAFCO)

Total Parcel Acreage	Parcel Acreage Privately Owned	Privately Owned and Developed Acreage	Privately Owned and Undeveloped Acreage	Total Assessed Value in 2014	Total Assessed Value in 2019
23,604	17,992 or 76.2%	14,715 or 81.8%	3,277 or 18.2%	$8.9 billion	$10.9 billion

The City of Poway's motto is "City in the Country" and it places a premium on preserving open space land and keeping the City's rural character.

With respect to germane land use policies within the jurisdictional boundary, the City of Poway's General Plan goals include preserving a balance between the community's rural character and well-planned residential/commercial/industrial development. The General Plan calls for maintaining most of Poway's land as open space to provide the community with a natural buffer. An additional 5% of the land is designated for agriculture. Most of the open space is located in the foothills that surround Poway. Other open space areas include Lake Poway, the Blue Sky Ecological Reserve, and the Twin Peaks and Boulder Mountain areas. Residential growth is anticipated primarily within the low-density single-family category through 2040. However, the hilly topography and lack of municipal services in designated very low-density areas generally results in few developed sites. Additional information is footnoted.[12]

3.2 Sphere of Influence

The City of Poway's sphere of influence includes all incorporated lands as well as 2,114 non-jurisdictional acres. The last LAFCO review of the sphere was completed in 2008.

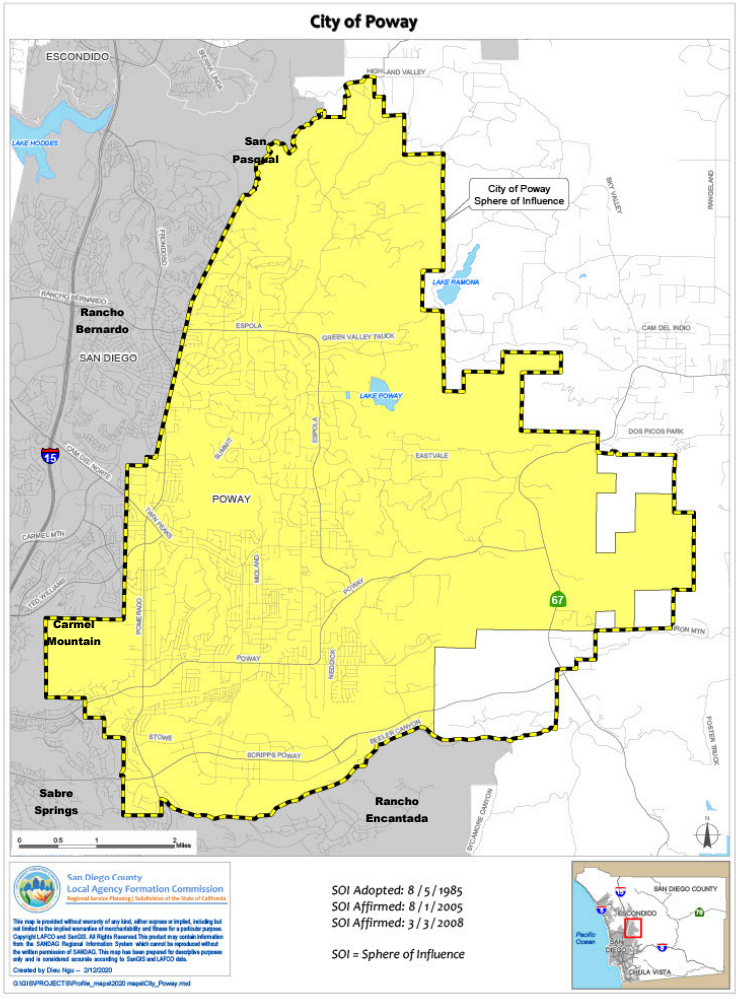
The City of Poway's sphere of influence was established by LAFCO in August 1985 with a "larger-than-agency" designation. This inaugural designation included all the jurisdictional boundary as well as approximately 3,400 unincorporated acres along Poway's eastern boundary and highlighted by portions of Iron Mountain and Los Penasquitos Canyon. (An additional 11,500 unincorporated acres to the east – including Hidden Valley, Starvation Mountain, and Mount Woodson – were considered for inclusion in the sphere at the request of Poway to align with the City General Plan but ultimately excluded by LAFCO.)

[12] Poway experienced a significant increase in commercial and light industrial development over the past twenty years, primarily in the 900-acre Poway Business Park. The Business Park has 9 million square feet of building space for light industrial and manufacturing uses, warehousing and distribution, and research and development businesses. Currently, over 400 businesses with more than 17,000 employees are located in the Business Park. New commercial and industrial development is expected to be in existing parcels and infill development conversions, primarily along Poway Road.

LAFCO also established a special study area to include 1,515 acres of unincorporated land to the southeast known as Sycamore Canyon. LAFCO subsequently reviewed and updated Poway's sphere of influence in 2005 and 2008 without any changes while also eliminating the special study area involving Sycamore Canyon given the prior development plans for the area was abandoned. Overall, and adjusting for the annexations approved by LAFCO in 1986, there are currently 2,144 non-jurisdictional lands in the sphere and comprise 89 assessor parcels.

There are no lands within or adjacent to the City of Poway's sphere of influence qualifying as disadvantaged unincorporated communities or DUCs under LAFCO policy.[13]

3.3 Current Boundary and Sphere Designations



Quick Facts

Boundary

#

39 square miles or 25,039 acres

Divided into 16,185 assessor parcels

15,738 of the 16,185 total assessor parcels are privately owned - or 97.2% - and tally 17,992 acres

1,023 of the privately owned assessor parcels are entirely undeveloped and combine for 6,347 acres

- This means 35.3% of privately owned land remains undeveloped

$10.9 billion in total assessed value

Sphere

Established in 1985

Last updated in 2013

8.6% larger than boundary

No adjacent DUC lands

[13] DUCs are defined as inhabited unincorporated areas with an annual median household income that is 80% or less than the statewide annual median household income and as further prescribed under LAFCO policy.

4.0 DEMOGRAPHICS

4.1 Population and Housing

The City of Poway's fulltime resident population within its jurisdictional boundary is independently estimated by LAFCO at 49,539 as of the term of the five-year report period. This estimate represents 1.5% of the countywide total. It is also estimated the overall resident population has risen by 3.6% – or 1,728 – from 47,811 and the last census reset in 2010. This translates to an annual population change of 0.40% and is about one-half lower than the corresponding growth rate of 0.86% for the entire county. The current estimate also produces a population density of 2.0 residents for every one acre. It is projected the current growth rate will generally maintain in the near-term and result in Poway's resident population increasing by 999 – or 200 each year – and reach 50,538 by 2024.

It is estimated there are 49,539 fulltime residents within the City of Poway with an annual change of 0.40% during the five-year report period. It is also estimated Poway's population will similarly increase over the next five-years and add 200 residents per year and reach 50,538 by 2024.

City of Poway
Resident Population
Table 4.1a (Source: Esri | San Diego LAFCO)

Factor	2010 Estimate	2019 Estimate	Annual Change	2024 Projection
City of Poway	47,811	49,539	0.40%	50,538
San Diego County	3,095,264	3,333,975	0.86%	3,479,823

LAFCO separately estimates 17,100 residential dwelling units within Poway's jurisdictional boundary through the term of the report period. This amount represents an increase of 385 since 2010 for an annual gain of 43 units. With respect to housing characteristics within Poway, and based on five-year averages, 72% are owner-occupied, 26% are renter-occupied, and the remaining 2% vacant. The average household size is 3.0 and marks a minimal change over the preceding period average of 2.9. The median monthly housing cost, dissimilarly, has decreased by (6.5%) over the preceding period from $2,483 to $2,321. The median housing costs, nonetheless, remains well above the countywide average of $1,578.

Housing production in the City of Poway currently totals 17,100 dwelling units; an amount that has increased by 385 since 2010. The average monthly housing cost in Poway is $2,321 and almost one-half – 47.1% – higher than corresponding average in all of San Diego County.

City of Poway
Housing Characteristics
Table 4.1b: (Source: Esri and San Diego LAFCO)

Factor	City of Poway	San Diego County
2010 Housing Units	16,715	1,164,766
2019 Housing Units	17,100	1,233,127
… Net Change	+385	+68,361
Household Size (5-year average 2007-2011)	2.95	2.79
Household Size (5-year average 2012-2016)	3.04	2.87
… % Change	3.05%	2.88%
Monthly Housing Cost (5-year average 2007-2011)	$2,483	$1,540
Monthly Housing Cost (5-year average 2012-2016)	$2,321	$1,578
… % Change	(6.53%)	(2.47%)
2010 Vacancy Rate	3.51%	6.69%
2019 Vacancy Rate	2.20%	5.45%
… % Change	(37.30%)	(18.53%)

4.2 Age Distribution

The median age of residents in the City of Poway is 44.5 based on the current five-year period average. This amount represents an overall increase of 2.1% from 43.6 over the preceding five-year period average; it is also more than one-third – or 35.4% - higher than the countywide average of 35.3. Residents in the prime working age group defined as ages 25 to 64 also make up more than one-half of the total population at 53.2% and represents a further separation of three-fold from the countywide total of 47.0% during the two periods.

The City of Poway residents tend to be significantly older relative to countywide average at 44.5 compared to 35.3.

City of Poway
Median Age
Table 4.2a: (Source: American Community Survey)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Poway	43.55	44.46	2.09%
San Diego County	34.60	35.30	2.02%

City of Poway
Prime Working Age, 25-64
Table 4.2b: (Source: American Community Survey and San Diego LAFCO)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Poway	55.42%	53.21%	-3.99%
San Diego County	53.4%	47.0%	-11.99%

4.3 Income Characteristics

The median household income in the City of Poway is $110,468 based on the current five-year period average. This amount represents an overall decrease of (3.4%) from the preceding five-year period average of $115,001. The current median household income, nonetheless, remains nearly double more than the countywide average amount of $66,529 and one of the highest averages among the 18 cities in San Diego County. Separately, the current average rate of persons living below the poverty level in Poway is 6.3% and more than double below the countywide average of 14.0%.

The City of Poway has maintained a relatively high household incomes as well as low poverty rates compared to countywide averages during the five-year report period. Markedly, the current median household income average of $110,468 is the 3rd highest tally among all 18 incorporated communities.

City of Poway
Median Household Income
Table 4.3a: (Source: American Community Survey and San Diego LAFCO)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Poway	$115,001	$110,468	(3.94%)
San Diego County	$63,857	$66,529	4.20%

City of Poway
Poverty Rates
Table 4.3b: (Source: American Community Survey and San Diego LAFCO)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Poway	5.09%	6.25%	22.89%
San Diego County	13.00%	14.00%	7.69%

4.4 Socioeconomic Indicators

Unemployment levels within the City of Poway remain relatively low at 3.8% based on the current five-year average and almost one-quarter lower than the countywide amount of 4.9%. Unemployment levels within Poway also continue to improve and have decreased by (10.1%) over the preceding five-year period average. More than one-half – or 51.9% – of residents in Poway 25 years or older also hold bachelor's degrees based on the current average and more than two-fifths above the countywide amount of 36.5%. There has also been a sizeable increase over the two

Residents within the City of Poway continue to experience relatively low levels of unemployment with a current average of 3.8% and more than a full percentage point below the countywide average of 4.9%. Current statistics also show Poway residents are substantively more likely to have bachelor's degrees and telework relative to countywide averages.

periods in the number of residents teleworking from 6.7 to 9.1%; a difference of 35.9% and more than double the countywide change. Non-English speakers in Poway currently equal 6.7% of all residents.

City of Poway
Unemployment Rates
Table 4.4a: (Source: American Community Survey and San Diego LAFCO)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Poway	4.20%	3.77%	(10.05%)
San Diego County	5.60%	4.90%	(12.50%)

City of Poway
Four-Year College Graduates
Table 4.4b: (Source: American Community Survey and San Diego LAFCO)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Poway	49.60%	51.89%	4.62%
San Diego County	34.2%	36.5%	6.73%

City of Poway
Working from Home
Table 4.4c: (Source: American Community Survey and San Diego LAFCO)

Category	Past Average 2007-2011 Period	Current Average 2012-2016 Period	Change %
City of Poway	6.70%	9.11%	35.97%
San Diego County	6.00%	7.00%	16.67%

5.0 ORGANIZATION

5.1 Governance

The City of Poway operates as a general-law municipality and draws on uniform powers established by the State Legislature as part of a council-manager system of government. Decision-making authority under this system is equally distributed among Poway's five-member City Council and consists of a directly elected Mayor and four Councilmembers representing equally populated areas – or districts – within the City with the latter the result of an October 2017 action.[14] A Deputy Mayor is selected on an annual basis. Compensation is based on the provisions of State law with the Mayor currently provided an annual salary of $23,069 compared to $16,473 for Councilmembers.[15] Summary

The City of Poway Council regularly meets on the first and third Tuesday each month at 7:00 P.M. in the Council Chambers located at 13325 Civic Center Drive in Poway (92064).

[14] On October 3, 2017, the Poway City Council adopted an ordinance establishing by-district elections for offices of council members consistent with best practices and align more closely to the intent of California Voting Rights Act with respect to enfranchising more constituents.
[15] The mayor and councilmembers also receive similar pension and healthcare benefits.

minutes are prepared for all meetings; audio and video recordings are also produced and posted online. A listing of current City Council members and their respective backgrounds follows.

City of Poway
City Councilmembers
Table 5.1a: (Source: City of Poway)

Member	Title	Background	Initial Council Year
Steve Vaus	Mayor	Recording Artist	2012
Caylin Frank	Deputy Mayor	Local Government Analyst	2018
Dave Grosch	Councilmember	Finance	2010
Barry Leonard	Councilmember	Small Business Owner	2016
John Mullin	Councilmember	Contractor	2010
		Average Experience on the Council	7 years

The City Council utilizes three standing Committees to further inform decision-making. These Committees are identified below along with descriptions of their delegated tasks.

- The Budget Review Committee was established by the City Council to review and provide advisory input – including preparing a formal report – on the annual budget process during the spring months. The Budget Review Committee comprises five members that are appointed by the City Council and serve two-year terms with eligibility for reappointments. The Finance Department provides staffing for the Budget Review Committee with the City Manager or their designee serving as an ex officio member. No compensation is provided.

- The Parks and Recreation Advisory Committee was established by the City Council to provide advisory input on community amenities in Poway as needed. The Parks and Recreation Committee comprises five members that are appointed by the City Council and serve until two-year terms with eligibility for reappointments. No compensation is provided.

- The Traffic Safety Committee was established by the City Council to provide coordinated review and input on auto, bicycle, and pedestrian circulation and related safety issues in Poway as needed. The Traffic Safety Committee comprises staff members drawn from Poway, Poway Unified School District, and County of San Diego Sheriff.

5.2 Administration

The City of Poway Council appoints an at-will City Manager to oversee all City activities and make individual department hires. The current City Manager – Christopher Hazeltine – was appointed in April 2019 and oversees six municipal departments: community services; development services; finance; human resources; public works; and fire. The total number of budgeted positions at the end of the five-year report period was 251.2 fulltime equivalent employees with an overall change of 5.9% during the corresponding 60-month period. A breakdown of total budgeted positions during the report period follows.

City of Poway City Hall
13325 Civic Center Drive, Poway 92064



Courtesy: Google Maps

City of Poway
Budgeted Staffing Levels
Table 5.2a (Source: City of Poway)

FY2014-2015	FY2015-2016	FY2016-2017	FY2017-2018	FY2018-2019	Average	Trend
237.3	248.3	249.8	251.6	251.2	247.6	5.9%
4.87 staff per 1,000 residents	5.07 staff per 1,000 residents	5.08 staff per 1,000 residents	5.10 staff per 1,000 residents	5.07 staff per 1,000 residents	4.87 staff per 1,000 residents	4.2%

* Figures represent full-time equivalent (FTE) based on 2,080 hours/year.

6.0 MUNICIPAL SERVICES

The City of Poway directly provides a full range of municipal services within its jurisdictional boundary. This report and succeeding analysis focus on six specific service functions underlying Poway's growth and development and of particular interest to LAFCO. These specific service functions are (a) integrated fire protection and emergency medical services; (b) wastewater; (c) potable water; (d) park and recreation; (e) community development; and (f) other – street maintenance, storm water, and flood control. Notable exceptions involve police and animal control, which are both provided by contracts with the County of San Diego and the San Diego Humane Society, respectively. A summary analysis of these service functions follows with respect to capacities, demands, and performance.

6.1 Fire Protection and Emergency Medical Service

The Poway Municipal Water District (MWD) established formal and integrated fire protection and emergency medical services in present day Poway in 1961. These services were initially organized on an all-volunteer basis before transitioning to a combination career/reserve model in the late 1960s. This arrangement continued through 1980 when fire protection and emergency medical service function were transitioned to the City of Poway as successor agency to Poway MWD following incorporation and establishment thereafter of the City's Safety Services Department. The Safety Services Department was subsequently separated in 2019 into two more traditional agencies: a Fire Department run by a Fire Chief reporting to the City Manager and a separate contract law enforcement function supervised by the City Manager's office and provided by the County Sheriff.[16]

The City of Poway's integrated fire protection and emergency medical service function were inherited at the time of incorporation in 1980 from the Poway MWD. This function is further categorized as structural and advance life service classes (ALS), respectively.

Service Capacities and Related Resources

The City of Poway's fire protection and emergency medical services' capacities are currently staffed by 57 budgeted fulltime employees and include 53 public safety (i.e. firefighter) personnel. The current Fire Chief – Jon Canavan – was appointed in July 2019 and responsible for overseeing five functional divisions: administration; suppression; fire prevention; disaster preparedness; and emergency medical services with additional details in the accompanying footnotes.[17] [18] All five division are delivered out of three fire stations and an administrative office located within Station No. 1. Poway also maintains two classrooms and a fire training tower complex to support the manipulative training and professional development activities of first responders and staff.

[16] On direction from the Poway MWD, San Diego LAFCO completed a 1978 needs assessment to evaluate station location, apparatus, and personnel needs for the community and a bond issue was placed on the ballot to relocate both Station One and Station Two and to purchase new apparatus. The bond issue passed with 79% of the voters in favor, and Station One and Station Two were moved to their existing locations.

[17] The Fire Prevention Division is responsible for the application of statutes, laws and regulations to safeguard the public health, safety and general welfare from the hazards of fire, explosion or dangerous conditions in new and existing buildings, structures and premises, and to provide safety and assistance to firefighters and emergency responders during emergency operations. Management is provided by the Deputy Fire Chief who serves as the City's fire code official, also referred to as Fire Marshal. Additional staffing includes a Senior Fire Safety Inspector, a Fire Safety Inspector, and contract Fire and Life Safety Plan Review/Inspection services. The Esgil Corporation, also the City's contract Building Department, provides these services. The Division receives clerical support from the department's Senior Administrative Assistant. Key responsibilities include conducting fire and life-safety inspections of businesses, multifamily residential occupancies, educational, institutional, and permitted facilities. Additional duties include performing fire safety clearance inspections of preschools, licensed facilities assigned by the State's Community Care Licensing Division and manages a Fire Company Inspection Program where first responders perform fire and life-safety inspections of low-hazard businesses.

[18] City of Poway Fire Department performs annual fire and life-safety inspections of all state-mandated occupancies and of all non-residential occupancies annually. Within the Fire Department is where the City's disaster preparedness efforts are managed. The City maintains an Emergency Operations Plan (EOP) that provides guidance for a coordinated and integrated response to a disaster in San Diego County. In addition to managing the City's EOP, disaster preparedness includes the coordination of volunteer groups, training City staff and volunteers, coordinating emergency care & shelter preparations, delivery of community education, and seeking grant funding. Disaster preparedness activities are an important priority of the City Council and are managed by a Management Analyst – Disaster Preparedness Coordinator who reports to the Fire Chief.

Poway's three fire stations are continuously staffed by a force of 17 firefighting / emergency medical personnel across three shifts for a total of 51 personnel. All 51 personnel are licensed emergency medical paramedics and work on-and-off 24-hour shifts. After working four shifts, personnel alternate between four or six days off. The two administrative chief officers are also categorized as public safety and work traditional 40-hour work weeks and respond to emergencies as needed. Additional staffing assignments are footnoted.[19] Overall, staffing levels have remained generally consistent over the five-year report period with a 60-month average of 0.87 personnel budgeted for every 1,000 residents in Poway.

City of Poway
Fire Protection and Emergency Medical Staffing - Budgeted
Table 6.1a: (Source: City of Poway)

Category	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Average	Trend
Public Safety	52	53	53	53	53	53	Same
Non-Public Safety	4	4	4	4	4	4	Same
Total	56	57	57	57	57	**57**	Same
Per 1,000 Residents	0.88	0.87	0.87	0.87	0.87	**0.87**	Same

Actual fire protection and emergency medical services are delivered out of three City of Poway fire stations via contract dispatch and data services from the City of San Diego Fire-Rescue Department.[20] Station details follow.

- Station No. 1 is located in southern Poway at 13050 Community Road near the Poway Road intersection. This is considered the main City of Poway Fire station, where administrative offices are located and six public safety personnel are assigned there at all times.[21]. The station was built in 1980. Responses to an average of 55% of all onsite incidents, over the five-year report period, have come from Station No. 1.

- Station No. 2 is located in north Poway at 16912 Westling Court near the Espola Road intersection. The station was built in 1980. Poway currently assigns three public safety personnel to Station No. 2 at all times.[22] Responses to an average of 14% of all onsite incidents, over the five-year report period, have come from Station No. 2.

[19] Three staffed paramedic engines, a paramedic ladder truck, two paramedic ambulances, and one incident commander are available to respond to service calls. (Engine company personnel also cross-staff ICS Type III wildland brush engines and provide staffing of a CalOES Type I engine when needed. Paramedic and Emergency Medical Technicians (EMTs) are both part of an Emergency Medical Services delivery system. An administrative 'duty chief' is available at all times and responds on greater alarm incidents.

[20] Currently within San Diego County, the fire dispatch centers are all linked together, and the agencies have automatic aid agreements for a "closest appropriate apparatus" no matter the jurisdiction, to emergencies, including fires, rescues, and emergency medical calls. Poway shares borders with San Diego, Ramona, and Lakeside, and via the linked dispatch centers has automatic aid with these agencies. Units in Poway on automatic aid are fire engines, the ladder truck, and the Battalion Chiefs. Poway's paramedic ambulances will respond to emergencies in adjoining jurisdictions on mutual aid (by request).

[21] This includes three ALS fire engines (one primary and two reserve), two ALS ambulances (one primary and one reserve), and one incident commander/ battalion chief. Firefighters also cross-staffed on a Wildland Brush Engine and Water Tender.

[22] This includes three ALS engines (one primary and two reserve). Firefighters also cross-staffed on a Wildland Brush Engine and Water Tender.

- Station No. 3 is located in central Poway at 14322 Pomerado Road near the Ted Williams Parkway intersection. The station was built in 2005. Poway currently assigns eight public safety personnel to Station No. 3 at all times.[23] Responses to an average of 31% of all onsite incidents, over the five-year report period, have come from Station No. 3.

The following table summarizes station fleet vehicle assignments.

City of Poway
Fire Station Vehicle Assignments
Table 6.1b: (Source: City of Poway)

Vehicle Type	Station One	Station Two	Station Three	TOTAL
Fire Engines	3	3	3	9
Ambulance	2	0	2	4
Other	6	1	3	10
Sub Total	**11**	**3**	**8**	**23**

The City of Poway's service capacities are augmented by maintaining response aid agreements with surrounding jurisdictions as well as participating in the California State Fire & Rescue Mutual Aid System and FEMA's Urban Area Search & Rescue.

Currently within San Diego County, the fire dispatch centers are all linked together, and the agencies have automatic aid agreements for a "closest appropriate apparatus" no matter the jurisdiction, to emergencies, including fires, rescues, and emergency medical calls. This "boundary drop", as it is known, uses automatic vehicle locators in the apparatus to determine the closest unit to the emergency. Poway shares borders with San Diego, Ramona, and Lakeside, and linked via dispatch centers with automatic aid. The County master agreement, or automatic aid, is in the San Diego County Emergency Operations Plan, Annex B, and reads as follows:

- 'Automatic aid is provided between participating departments in the Operational Area (OA) to combat fire, mitigate the effects of traffic collisions, and render medical assistance to the public. Jurisdictional boundary lines are dropped when auto aid is enacted. The closest resource is dispatched to the incident regardless of agency.'

- Poway's resources are grouped into the Metro Zone area of the San Diego County Operational Area and partners with fire departments from San Diego City, Miramar, Chula Vista, National City, Coronado, Imperial Beach, and the U.S. Navy Federal. Poway also participates in the California Master Mutual Aid Plan to assist agencies throughout the state

[23] This includes three ALS Fire Engines (one primary and two reserve), two ALS Ambulances (one primary and one reserve), and one ALS Ladder Trucks.

with major emergencies.[24]

The City of Poway's fire protection and emergency medical services operate as a general fund function and are largely dependent on all purpose tax revenues. The average adopted budget expense for fire protection and emergency medical services during the five-year report period has been $12.12 million with the most recent amount in FY2020-21 totaling $13.40 million. The average cost during this period equals slightly more than one-fourth of all budgeted general fund monies. Further, budgeted expenses have increased by 20% over the corresponding five-year report period.

The City of Poway's fire protection and emergency medical services are supported through the General Fund. The portion of monies budgeted to fire protection and emergency medical services over the report period equals 27.7% of the General Fund and have increased on average by 4% each year.

Service Demands

Overall service demands for integrated fire protection and emergency medical within the City of Poway during the five-year report period have averaged 4,769 dispatched calls annually or 13.1 calls daily. Nearly one-eighth – or 12% – of all dispatched calls were canceled for various reasons and resulted in actual onsite arrivals averaging 4,199 annually or 11.5 calls per day. Overall, onsite incidences assigned to Poway units have decreased by (0.2%) with a peak daily demand of 12.5 per day in 2017-2018.

Over the five-year report period onsite arrivals for fire protection and emergency medical services by the City of Poway have remain generally consistent and averaged 11.5 incidents each day.

A breakdown of actual onsite arrivals show Poway units responded on average to 97.8% of all onsite incidents in its jurisdictional boundary over the corresponding period. This includes – notably – responding exclusively and without outside assistance to an average of 85.7% of onsite incidences within the jurisdictional boundary. Conversely, only 1.6% of onsite incidences in Poway were responded exclusively by one or more outside agencies. Overall onsite incidents within Poway's jurisdictional boundary increased by 1.1% with a peak average daily demand of 11.0 calls per day in 2017-2018.

Poway responded on average to 97.8% of all onsite incidents in its jurisdictional boundary over the corresponding period. The remaining 1.6% of incidents were responded exclusively by outside agencies.

[24] Automatic aid is particularly valuable in responding to larger incidents where multiple fire units are needed and when specialized rescue and fire suppression equipment is needed. Measuring automatic aid response includes identifying the percentage of an agency's total call volume where an outside agency was dispatched and determining the type of service the outside agency provided. Another performance measurement is a standards of cover analysis. It can include measuring travel times against the adopted standard and determining percentage of calls fall outside and within the standard. These are typically separate studies from a MSR.

More than one-half of all onsite responses by Poway units at 56.6% resulted in ambulance transport to an area hospital. The number of ambulance transports also slightly during the 60-months by 0.4%. Additional details concerning ambulance transport are footnoted.[25]

City of Poway
Fire Protection and Emergency Medical Demands
Table 6.1b: (Source: City of Poway)

Category	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	Average	Trend
A Dispatched Incidents	4,572	4,763	5,184	4,778	4,550	4,749	(0.5%)
B Cancelled Calls	559	573	623	552	544	570	(2.7%)
C Total Onsite Responses	**4,013**	**4,190**	**4,561**	**4,226**	**4,006**	**4,199**	**(0.2%)**
--- Number of Onsite – Outside Poway	366	475	523	412	319	419	(12.8%)
--- Number of Onsite – Inside Poway	3,647	3,715	4,038	3,814	3,687	3,806	1.1%
- Responded by Poway Units Only	86.2%	85.8%	86.0%	86.4%	87.1%	85.7%	1.0%
- Responded by Poway Units with Aid Units	12.3%	12.3%	12.7%	11.9%	11.5%	12.1%	(6.0%)
- Responded by Aid Units Only	1.5%	1.8%	1.4%	1.7%	1.4%	1.6%	(8.3%)

Service Performance

It appears the City of Poway's integrated fire protection and emergency medical services as measured by staffing and equipment are adequately sized to readily accommodate existing demands relative to local conditions within the City during the 60-month period.. The sufficiency is quantified with Poway on average having the resources to respond exclusively to more than two-thirds of all onsite incidents. It is similarly quantified by Poway's relatively low and decreasing dependency on outside agencies during the report period with an average of less than two onsite incidents for every 100 necessitating automatic aid-only responses. This low and decreasing dependency on automatic aid is indicative that Poway has resources adequately placed to cover the jurisdiction in a timely fashion. Further, the Fire Chief attests Poway's automatic response with surrounding agencies is balanced with no agency receiving more than it provides and no areas of the City dependent on outside agency response for coverage.

In 2020-2021, the City of Poway Fire Department completed the re-evaluation of structural fire protection capabilities and received a Class 1/1X designation by the Insurance Service Organization (ISO). This Public Protection Classification rating is the highest level of recognition and places the Poway Fire Department among the ranks of only 37 fire departments in California and 348 nationwide that have earned the distinction. The ISO classifications are designed to evaluate a fire department's ability to protect local communities. Cities use the data to help measure the effectiveness of their fire-protection services, and insurance companies use it when establishing premiums for fire insurance. A Class 1 rating generally represents superior property fire protection and can lower the price of insurance within a community.

[25] Ambulance transports have remained relatively steady for the 60-month period 2015-2019 at an average of 1,770 calls annually.

6.2 Wastewater Service

The City of Poway's wastewater service function commenced in 1980 following its incorporation and becoming successor agency to the Pomerado County Water District. This service function comprises of collection and transportation; treatment and disposal are contracted with the Cities of San Diego and Escondido. The wastewater system predominantly covers the western portion of Poway's jurisdictional boundary.[26] Overall, the total number of active connections to the Poway wastewater system at the end of the five-year report period tallied 12,245 with 11,422 – or 93.3% – categorized as residential. It is estimated the resident population within the wastewater service area is 34,266 based on 11,422 residential connections and an average household size of 3.0.

Service Capacities and Related Resources

City of Poway's wastewater system spans approximately 184 miles of internal collection pipelines made of plastic, cast iron and clay. Close to 90% of Poway's wastewater flows are conveyed to the City of San Diego and its Point Loma Treatment Facility for secondary processing with a contractual daily capacity for Poway of 5.89 million gallons. Treated wastewater at the Point Loma facility is then discharged in the Pacific Ocean utilizing an adjacent 4.5-mile outfall. The remaining 10% of Poway's collected wastewater is largely generated within the Northern portion of Poway and flows to the City of Escondido for secondary processing at the Hale Avenue Resource Recovery Facility. Treated wastewater at the Hale facility is conveyed close to 14 miles for discharge to the Pacific Ocean using a 1.5-mile outfall.

The majority of wastewater collected by the City of Poway is sent to the City of San Diego and its Point Loma Facility with a daily flow capacity assignment for Poway of 5.89 million gallons. Poway also sends a smaller portion of wastewater – typically less than 10% – to the City of Escondido and nearly all of it is generated within portion of the service area in the City of San Diego.

The City of Poway's wastewater services operate exclusively as an enterprise function with daily operations dependent on revenues generated from user charges and fees. The average adopted budget expense during the five-year report period has been $8.96 million with the most recent amount at the end of the report period totaling $10.7 million. Actual expenses have increased by 23.4% over the corresponding 60-month period while actual revenues have increased by 16.5%.

The City of Poway's wastewater services are entirely supported by user fees and related charges. Actual expenses have increased by 23.4% over the report period while actual revenues have increased by 16.5%.

[26] Development in the eastern portion of the jurisdictional boundary – which is limited and generally consists of low-density residential uses – are served by onsite septic systems.

The City of Poway's wastewater rates are established each year effective the first full billing cycle after January 1st. Wastewater charges are billed bimonthly and include an availability fee and commodity fee with the latter based on each associated unit of potable water billed to the property. Additional details are provided as an appendix.

The City of Poway's wastewater customers pay two charges: (a) availability and (b) commodity. The average residential customer at the end of the report period paid $101.76 bimonthly.

Service Demands

Average annual demands generated within the City of Poway's wastewater service area during the five-year report period has been approximately 908.9 million gallons. (This amount is equivalent to 2,789 acre-feet of total wastewater generated in one year.) This amount serves as a macro overview of system demands and represents a daily average flow of 2.49 million gallons. It also translates over the report period to an estimated daily average flow of 203 gallons for every service connection. Average annual demands overall during the report period have changed by about (3%); a change closely mirroring the decrease in potable water usage.

The average daily wastewater flows generated during the report period in the City of Poway's service area has been 2.49 million gallons with an overall change of (3%).

Supplementary micro measurements of recent wastewater demand within the City of Poway's service area are summarized below and reflected in the proceeding table:

- Average daily dry-weather wastewater flows over the five-year report period within Poway have been 2.47 million gallons. This flow typically is recorded between May and October and most recently tallied 2.33 million gallons at the end of the report term with an overall decrease of (6%) during the 60-month period.

- Average daily wet-weather wastewater flows over the five-year report period within Poway have been 2.58 million gallons. This flow typically is recorded between November and April and most recently tallied 2.56 million gallons at the end of the report term with a slight overall decrease of (1%) during the 60-month period.

- Average daily peak-day wastewater flows over the five-year report period within Poway have been 2.66 million gallons. This latter amount produces a peak-factor relative to average day demands of 1.08.

City of Poway
Recent Wastewater Demands
Table 6.2a (Source: City of Poway)

Year	Average Daily Flows	Average Dry-Weather Flows	Average Wet-Weather Flows	Recorded Peak-Day Flows
2015	2.53	2.55	2.58	2.69
2016	2.48	2.46	2.57	2.90
2017	2.69	2.53	2.91	3.15
2018	2.34	2.46	2.30	2.53
2019	2.41	2.33	2.56	2.97
Average	**2.49 mgd**	**2.47 mgd**	**2.58 mgd**	**2.66 mgd**
Trend	**(3%)**	**(6%)**	**(1%)**	**9%**

Service Performance

The City of Poway is currently operating with sufficient and excess capacity within its wastewater 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 42.2% of the current contracted treatment capacity assigned to Poway through its primary treatment provider, City of San Diego (Point Loma Facility). The capacity consumption increases to 45.2% based on average peak-day flows recorded during the report period. These available capacities and excesses therein are not expected to substantively change over the next five-year period.

The City of Poway is presently operating at 42.2% capacity within its wastewater service area in terms of its daily contract allowance at its principal treatment facility (Point Loma) that receives close to 90% of all City flows. Additional information is needed to assess the relationship between demands and contracted capacities at Poway's secondary treatment facility (Hale).

With respect to other performance measurements, the following activities are noted.

- Capital improvements are guided by a Sewer System Management Plan, which was adopted by the City Council in 2009 and most recently updated in 2019.
- Poway currently cleans approximately 245,000 feet of pipe each year. This amount represents about 25% of the current collection system and means the entire collection system is on pace to be cleaned every four-years.
- Poway operates a sewer line video inspection program as well as an inflow and infiltration (I&I) program to identify system leaks.
- Poway separately has a proactive, cooperative relationship with local restaurants to keep Fat, Oil, and Grease (FOG) out of the system and prevent spills and clogging. Backups and overflows can be the result of FOG buildup that can cause property damage,

environmental problems, and other health hazards. The program has been formalized based on existing City Municipal Code regulations, (Chapter 16.103) and is a partnership between the City, the Chamber of Commerce and food establishments, to protect the environment and save money.[27]

6.3 Potable Water Service

The City of Poway's potable water service function commenced in 1980 following its incorporation and in conjunction with becoming successor agency to the Poway Municipal Water District. Nearly all of Poway's water supplies are purchased from the San Diego County Water Authority (SDCWA), which wholesales water from the Colorado River and the Sacramento-San Joaquin Delta through its own membership with the Metropolitan Water District of Southern California.[28] The remaining and relatively minimal amount of water supplies are drawn from runoff into Lake Poway as further described. Poway's potable water system covers close to two-thirds of the City's jurisdictional boundary with the remainder generally involving undeveloped/underdeveloped lands along the eastern perimeter.[29] Overall, the potable water system at the end of the report period tallied 13,977 active connections with 90.0% classified as residential. It is estimated the resident population within the water service area is 37,740 based on 12,580 residential connections given an average household size of 3.0.

The City of Poway's potable water service involves retail only and extends throughout most of its jurisdictional boundary with the exception of an approximate 8,066 acre-area along the eastern perimeter that is largely undeveloped and/or dependent on groundwater. The estimated water service area population at the end of the report period is estimated at 37,740.

Service Capacities and Related Resources

The City of Poway's potable water supplies are almost entirely imported and drawn from the SDCWA. This imported supply is secured through an ongoing membership agreement initially executed in 1954 with the Poway MWD and transferred to Poway as the successor agency.[30] The membership agreement

The City of Poway is dependent on water supplies imported from the SDCWA (Bay Delta and Colorado River) and augmented by a relatively small amount of runoff collected into Lake Poway. The maximum available water supply available to Poway in any one year based on existing infrastructure is 15,448 acre-feet.

[27] Poway's Wastewater Division contacts all food establishments within City limits to determine their current method for treating FOG. The City works with businesses to ensure they comply with all City regulations and the Uniform Plumbing Code. A Food Establishment Wastewater Discharge (FEWD) Permit is issued when the establishment is found in compliance.

[28] Poway does not have an individual contract with SDCWA. It is a member agency of SDCWA and has the ability to take up to the maximum rate on each of their connections from the untreated SWP aqueducts.

[29] Area residents within Poway's easternmost portion are not connected to the municipal water system and are entirely dependent on private groundwater wells. (There are no registered private community water systems in the area.) Available information indicates Poway's aquifers are small and located along creeks and streams. Groundwater in fractured bedrock is difficult to locate and normally requires deep wells.

[30] 2015 Poway UWMP

entitles Poway to purchase for subsequent retailing an unlimited amount of water subject to external (i.e. Bay Delta and Colorado River flows) and internal (i.e. infrastructure) conditions. This latter condition is highlighted by limitations from Poway's connection points with the SDCWA aqueduct that Poway estimates allows up to 10.8 million gallons or 33.2 acre-feet of raw water (non-treated) each day, and if accessed continually equals 12,118.0 acre-feet annually. Supplies drawn from SDCWA equal 99.5% of all potable water retailed by Poway over the five-year report period. The remainder of Poway's water supply is locally drawn from rainfall collected into Lake Poway with a maximum holding capacity of 1.075 billion gallons or 3,300 acre-feet. The combined maximum annual supply available to Poway in any one year, accordingly, equals 5.0 billion gallons or 15,448 acre-feet.

City of Poway
Available Potable Water Supplies
Table 6.3a (Source: City of Poway and SD LAFCO)

Direct Source	Maximum Daily Infrastructure Capacity	Maximum Annual Infrastructure Capacity
SDCWA: Delta and Colorado River	10.8 million gallons or 33.2 acre-feet	3.9 billion gallons or 12,118 acre-feet
Lake Poway: Watershed Runoff	2.9 million gallons or 9.1 acre-feet *	1.0 billion gallons or 3,432 acre-feet
TOTAL	13.8 million gallons or 42.3 acre-feet	59 billion gallons or 15,550 acre-feet

* The maximum daily supply capacity for Lake Poway represents a LAFCO staff estimate and represents the division of the annual holding capacity into daily increments over a calendar year.

The City of Poway purchases its imported raw water from the SDCWA. The purchased water is then transported to either Lake Poway for temporary storage, or the Berglund Water Treatment Plant (WTP) for treatment into potable drinking water. The Berglund WTP was built in 1973 and has a rated daily capacity of 24.0 million gallons or 73.6 acre-feet, which if run continuously generates a maximum annual treatment capacity of 26,864.0 acre-feet. Once treated at the Berglund WTP, the potable water leaves a 10.0 million-gallon clearwell tank and enters the distribution system through a series of pipes and pump stations. The distribution system spans 18 contiguous pressure zones that are connected through approximately 267 miles of lines.

The City of Poway's Berglund WTP has a daily treatment capacity of 24.0 million gallons. Potable water leaves the WTP and enters a distribution system approximately 275 miles total length and spans 18 connected pressure zones.

Potable water storage in the distribution system is provided by 18 reservoirs ranging in capacity from 0.01 to 2.5 million gallons and exist to maintain adequate supply during peak demand, for fire flow, or other emergencies. The reservoirs also provide pressure

Total potable water storage within the City of Poway's distribution system is 18.1 million gallons or 55.5 acre-feet.

within the distribution system. The combined capacity of all 18 potable reservoirs is 16.1 million gallons or 49.1 acre-feet[31] All of the reservoirs are covered to prevent losses from evaporation and reduce pollution or contamination risks.[32]

City of Poway
Potable Water Storage
Table 6.3b (Source: City of Poway)

Reservoir Identification	Construction (Renovation)	Capacity Size
R1	1965 (1981)	1.00 MG
R2	1981	0.70 MG
R3	1960 (2010)	1.00 MG
R4	2006	0.500 MG
R5	1955 (1998)	0.200 MG
R6	1959 (1998)	0.400 MG
R7	1975 (1998)	1.00 MG
R8	1990 (1999)	2.50 MG
R9	1959 (2000)	1.00 MG
R10	1959 (1979)	1.00 MG
R11	1997	1.50 MG
R12 (reclaimed)	1987	2.00 MG
R13	2001	0.50 MG
R14	1955 (2000)	1.50 MG
R15	1955 (2010)	0.50 MG
R16	2008	0.30 MG
R17	1980 (1998)	2.00 MG
R18	2008	0.01 MG
R19	2008	0.50 MG
		18.11 MG

The City of Poway's potable water services operate as an enterprise fund and funded exclusively from user charges and fees. The average adopted budget expense during the five-year report period has been $29.10 million with the most recent yearly amount totaling $27.60 million. Actual expenses have increased by 8.1% over the corresponding 60-month period while actual revenues have increased 14.6%.

Actual potable water expenses have increased by 8.1% over the report period while actual revenues have increased by 14.7%.

The City of Poway's potable water rates are established each year effective the first full billing cycle after January 1st. Potable water charges are billed bimonthly and include two distinct fees: fixed availability based on meter size and variable commodity based on usage. Additional rate details are provided as an appendix.

The City of Poway's potable water customers currently pay two bimonthly charges: (a) fixed availability and (b) variable commodity. The average residential customer paid $188.92 per bimonthly period based on ending totals in the report period.

[31] The City of Poway also has a 10.0 mg clear well tank to hold finished water at the Lester J. Berglund WTP.
[32] The City's surface water reservoir, Lake Poway, is a man-made surface storage reservoir with a maximum capacity of 3,300 acre-feet or 1,075 million gallons (MG). Lake Poway provides storage for emergencies and buffers the effects of peak seasonal water demands.

Service Demands

The City of Poway's total average annual potable water demand production over the five-year report period has been 3.02 billion gallons or 9,281-acre feet. The most recent year-end amount showed total demand at 2.78 billion gallons and represents an average daily water demand of 7.7 million gallons. This latter amount is further broken down into the equivalent of 153.7 daily gallons on a per capita basis given an estimated resident population of 49,539 in 2019. The average peak-day demand – the highest one-day sum in a year – over the report period was 14.86 million gallons. This latter amount produces an average peaking factor of 1.5 and shows high-demand periods increase usage by more than 8.4 acre-feet or 0.273 million gallons per day.

The City of Poway's overall annual water demands have averaged 9,281 acre-feet and produces an estimated daily per capita use of 169 gallons.

With respect to trends, Poway has experienced an overall change of (8.1%) in water demands over the five-year report period. However, a closer review of annual amounts shows increases most of the years covered with the final year experiencing a significant decrease and therein generating the overall reduction over the 60-month period. Overall demands and trends during the report period follow.

The City of Poway's average potable water demand during the five-year report period as measured by per capita use increased in the first four of the five report period years. The final year – notably – experienced a significant decrease and generates an overall decrease in per capita usage of (8.9%) from 163 to 153 gallons.

City of Poway
Potable Water Demands
Table 6.3c: (Source: City of Poway and SD LAFCO)

Category	2015	2016	2017	2018	2019	Average	Trend
Annual Total	8,886.5 AF	9,998.9 AF	9,790.6 AF	9,897.5 AF	8,530.1 AF	9,280.72 AF	(8.4%)
Average Day Total	24.3 AF	27.4 AF	26.8 AF	27.1 AF	23.4 AF	25.4 AF	(8.4%)
... Per Resident	162.8 MG	169.8 MG	178.1 MG	179.3 MG	153.7 MG	168.7 MG	(8.9%)
Peak Day Total	31.0 AF	35.8 AF	36.3 AF	37.0 AF	45.6 AF	37.2 AF	18.4%
... Peaking Factor	1.2	1.4	1.5	1.5	1.8	1.5	17.0%

AF = Acre-Feet
MG = Million Gallons

Service Performance

The City of Poway's potable water system is operating with sufficient and excess capacities in supply, treatment, 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 City of Poway has established sufficient potable water infrastructure and related capacities and marked – and among other measurements – by the average annual demand over the report period equaling only 60% of accessible supplies under normal conditions.

the next five-year period with variables – including resiliency during different hydrological periods – having been appropriately evaluated by Poway in its Urban Water Management Plan (UWMP), which was most recently updated in 2015.

The following statements qualify and quantify existing and projected relationships between Poway's capacities and demands now and going forward towards 2024. This includes referencing California's Waterworks Standards (Title 22 of the Code of Regulations) and its requirements all public 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

- Average annual water production demands generated over the report period for Poway's entire distribution system represents 60.0% of the City's accessible maximum raw supply.

- The average peak-day demand within Poway's entire distribution system represents 87.9% of the City's maximum available raw water supply.

Water Treatment:

- The current daily treatment capacity at the Berglund WTP is nearly double the maximum daily raw water supply available to Poway under normal conditions.

- The average peak-day water demand over the report period for the entire distribution system represents 50.5% of Poway's existing total daily treatment capacity at the Berglund WTP.

Water Storage:

- Average peak-day demands over the report period for Poway's entire distribution system represents 67.0% of the City's existing total potable storage capacity.

- Poway's total potable storage capacity can separately accommodate up to 2.2 consecutive days of average day demands generated over the report period in the City without recharge.

- Additional information is needed to assess the relationship between peak-day demands and storage supplies within Poway's 19 individual pressure zones.

Water Quality:

- A review of the records maintained by the State Water Quality Control Board shows there have been no drinking water standard violations issued to Poway during the report period.

- Poway's most recent water quality report was issued in 2020 and shows the results of self-monitoring conducted during the 2019 calendar year. 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.[33]

Water Rates:

- Poway's ratepayers receive two direct charges for retail potable water service: (a) fixed availability and (b) variable commodity. Based on average monthly consumption uses during the report period, the current combined fixed and commodity charges produce an equivalent bimonthly charge for single-family residential users of $175.68.[34]

- Wholesale charges from SDCWA are incorporated into ratepayers bi-monthly water rates.

Water Conservation:

- The City of Poway has decreased its daily per capita water usage by (8.9%) over the report period from an estimated 163 gallons to 153 gallons. It is unknown the portion of this daily use that is dedicated to indoor use and accordingly the State of California's 2023 advisory target to limit per capita usage to 55 gallons.

- During water shortage events, and if a water emergency is declared, Poway water customers must comply with water use efficiency measures, defined in the Poway Municipal Code Chapter 8.94. These directives are more stringent than the statewide water conservation measures and include details such as landscaping irrigation timing, offering hotel and other lodging guests the option of not laundering towels and linens daily and using recycled or non-potable water for construction purposes to the fullest extent possible. Poway has also implemented two phases of a landscape conversion during the

[33] On Nov. 30, 2019, at the State's direction, Poway issued a precautionary boil water advisory following a heavy rain event that caused some stormwater overflow into part of the City's drinking water system. As part of the State's notification process, the County's Environmental Health Department issued closure notices to Poway food establishments. Poway set up two distribution points to provide bottled water to its water customers and distributed approximately 117,850 gallons (0.36 acre-feet) of water. The boil water advisory ended one week later on Friday, Dec. 6, 2019 when water samples confirmed the ongoing safety of Poway water. All testing conducted during the seven-day period confirmed the safety of the drinking water and the water system; however, it was important to follow state regulatory procedures, which called for a series of tests and water quality confirmations.

[34] This amount is based on an average household usage of 421.75 gallons each day.

report period and involves the removal of approximately 0.285 million square feet of turf in the City with an estimate annual water savings of over 9.2 million gallons or 28.3 acre-feet.

- Poway's website provides comprehensive water conservation measures information. Residents and local businesses qualify for a free irrigation check-up to assist in water use efficiency. Residents can also qualify for water efficiency device rebates. Poway also participates in the SoCal Water$mart turf program with a rebate of $1.00 per square foot.

Miscellaneous:

- The Sustainable Groundwater Management Act (SGMA) was passed into California law in 2014 and took effect in January 2015. It requires that State-designated high and medium priority groundwater basins must form one or more Groundwater Sustainability Agencies (GSAs) by June 30, 2017 and that the GSAs must develop and implement one or more Groundwater Sustainability Plans (GSPs) by January 31, 2020 for critically overdrafted groundwater basins, or by January 31, 2022 for non-critically-overdrafted groundwater basins. GSPs are considered a roadmap for how groundwater basins will reach and maintain long-term sustainability.

  Prior to SGMA passage, the Department of Water Resources developed the Statewide Groundwater Elevation Monitoring (CASGEM) program to track seasonal and long-term trends in groundwater elevations in California's groundwater basins. CASGEM priorities were used to rank the priority of each groundwater basin in California as either very low, low, medium, or high. The Poway Valley Groundwater Basin (PVGB) has been designated as a very low priority groundwater basin; thus, area agencies are not subject to SGMA requirements. While low and very low priority groundwater basins are not the focus of SGMA at this time, it is anticipated that they may need to develop GSAs and GSPs at a later time as determined by DWR and the State Water Resources Control Board.[35]

  The Poway Valley Groundwater Basin (PVGB) has been designated as a very low priority groundwater basin; thus, area agencies – including the City- are not subject to SGMA requirements at this time.

[35] The City of Poway, in partnership with the City of San Diego, developed a Salt & Nutrient Management Plan (SNMP) for the Poway Groundwater Basin in 2018. The SNMP purpose is to evaluate and manage groundwater quality, both overall and with respect to recycled water use. Poway requested participation in its Water Well Sampling Program by private PVGB well owners to gather additional SNMP data. The City initially requested one-time access to the groundwater well(s) operated on private property. As part of their participation in the effort, the well owner received information on the water quality in their well. The water quality data collected through this effort was used to better understand and manage PVGB groundwater quality, augmenting an extremely limited existing groundwater quality dataset. Well owners were surveyed to gauge their interest in participating in the Water Well Sampling Program. The survey was targeted towards private well owners to participate in a one-time well sampling program to sample their wells and collect data on Total Dissolved Solids (TDS) and nitrate to be used to better understand and manage groundwater quality in the Poway Valley. Poway informed the well owners that as part of their participation in the effort, the well owner would receive information on the water quality in their well. The survey letter was also made available at the City's website5. The Well Sampling Program was further expanded to identify private wells that could be proposed for the SNMP-specific monitoring plan. Poway sent a letter to private well owners requesting their long-term participation for annual groundwater well sampling program in support of the SNMP. In addition to letters, Poway also

6.4 Parks and Recreation Service

The City of Poway's parks and recreation service function commenced at the time of its incorporation in 1980 and is organized under the Community Services Department. These services have also evolved from an initial focus on traditional recreation (parks, playgrounds, etc.) at the time of incorporation to now include municipal open-space and a variety of cultural amenities and marked by operating the Poway Center for Performing Arts and a branch of the County of San Diego Library System. Traditional recreation, nonetheless, remains a focus and includes 22 different park sites within Poway that collectively span approximately 291 acres maintained by the Community Services Department and shown in the map provided on the following page.

The City of Poway's Park and Recreation function is divided into eight distinct classes: (a) general recreation; (b) aquatics; (c) community parks; (d) interpretive services; (e) lake operations; (f) library; (g) cultural; and (h) urban forestry.

Service Capacities and Related Resources

A macro description of the City of Poway's park and recreation service function organized by class follows along with general budgetary information.

General Recreation

The City of Poway maintains two gymnasiums used for general recreational purposes: Twin Peaks Multi-Purpose Center located at 14640 Tierra Bonita Road and Meadowbrook Gymnasium located at 12320 Meadowbrook Lane. These facilities operate in conjunction with Poway Unified School District and offer classes on an extensive variety of active recreational activities including basketball, badminton and volleyball. Poway also offers special community events including festivals and open-air concerts. Twin Peaks Multipurpose Center generally operates every day of the week in the evenings, while the Meadowbrook Gymnasium operates in the evenings on most weekdays and 8 A.M. to 2 P.M. Sundays.

Aquatics

The Poway Community Swim Center is a multi-use aquatic facility located at 13094 Civic Center Drive. The City of Poway directly operates the Swim Center and allocates lane and general pool space to a variety of swim, dive, water polo, and water exercise teams and classes. The Swim Center includes a heated 50 by 25-meter pool with attached diving well and children's splash zone. The facility offers one- and three-meter diving boards, open swim areas, lap

followed-up with calls to contact private well owners to gauge their interest. As part of the proposed monitoring, Poway would coordinate with the private well owner to arrange a day and time for a City water quality technician to visit the property to sample the well. As part of this participation, well owners would receive information on the water quality in their wells, similar to the initial one-time sampling program.

swimming lanes, and full locker rooms. The Swim Center is staffed by a full complement of trained lifeguards that are present to supervise at all times. Operating hours are variable.

Community Parks

The City of Poway offers 22 parks for a variety of different community uses. The parks range in size from less than an acre at Veteran's Park to nearly 100 acres at Lake Poway. The total active acreage combined within all 22 parks is 291 acres excluding open space areas and produces a ratio of 5.9 acres of public parkland for every 1,000 residents. The Blue-Sky Ecological Reserve spans over 700 acres and provides for bird watching, wildlife viewing and hiking. Poway's trail system spans over 55 miles. Old Poway Park hosts a weekly Farmer's Market on Saturday mornings that sells local and organic produce and artisan foods. General park operating hours are Monday through Sunday sunrise to sunset.

Interpretive Services

The Kumeyaay-Ipai Interpretive Center is an interpretive facility located at 13104 Ipai Waaypuk Trail. It was built in 2007 and operated by the City of Poway in partnership with the San Pasqual Band of Indians. The indoor facility spans approximately 1,440 square feet indoor and complements outdoor areas that illustrate evidence of a thriving community of Native Americans in Poway (Pauwai) Valley. This includes rotating exhibits that highlight Poway's First Peoples sustainable lifestyle, history, and culture. Volunteer docents are trained to instruct third grade school children in the ancient ways of the Kumeyaay, and conduct tours and other activities. The Interpretive Center also offers guided hikes through a demonstration water-wise garden showcasing native plants used by past inhabitants. General operating hours are the 2nd and 4th Saturday of each month 10:00 a.m. to 1:00 p.m.

Lake Operations

Lake Poway is a man-made reservoir constructed in the early 1970s for the dual purpose of serving as a local water supply depository as well as providing water-based recreation amenities. These recreational amenities are administered by an onsite concessions office and includes fishing and a range of boating activities from pedal to motor crafts. Poway Lake is surrounded by hiking trails and is connected to the Blue Sky Ecological Reserve by hiking trail. General operating hours are 6:00 AM – Sunset.

Library

The Poway Branch Library is part of the San Diego County Library System and located at 13137 Poway Road. The Poway Library is approximately 20,000 square feet in size and allows access to more than 5.3 million books, including e-books and audio-visual materials. Key amenities include 10 public access computers with free internet access as well as a community meeting

room with a 64-person capacity. Other amenities include offering storytime for many different age groups, exercise groups and many other community enrichment events on a weekly basis. General operating hours are Monday-Thursday from 10 a.m. to 8 p.m., Friday and Saturday 9:30 a.m. to 5 p,m,, and Sunday not to 5 p.m.

Poway Center for Performing Arts

The Poway Center for the Performing Arts is an 809-seat facility built in 1990 and located adjacent to the Poway High School at 15498 Espola Road. The Poway Center hosts professional performances ranging from major plays and concerts to appearances by individual artists of national acclaim. The Poway Center also encourages performing arts in the area by providing accommodations for Poway Unified School District students and community-based productions. General operating hours fluctuate depending on events.

Urban Forestry

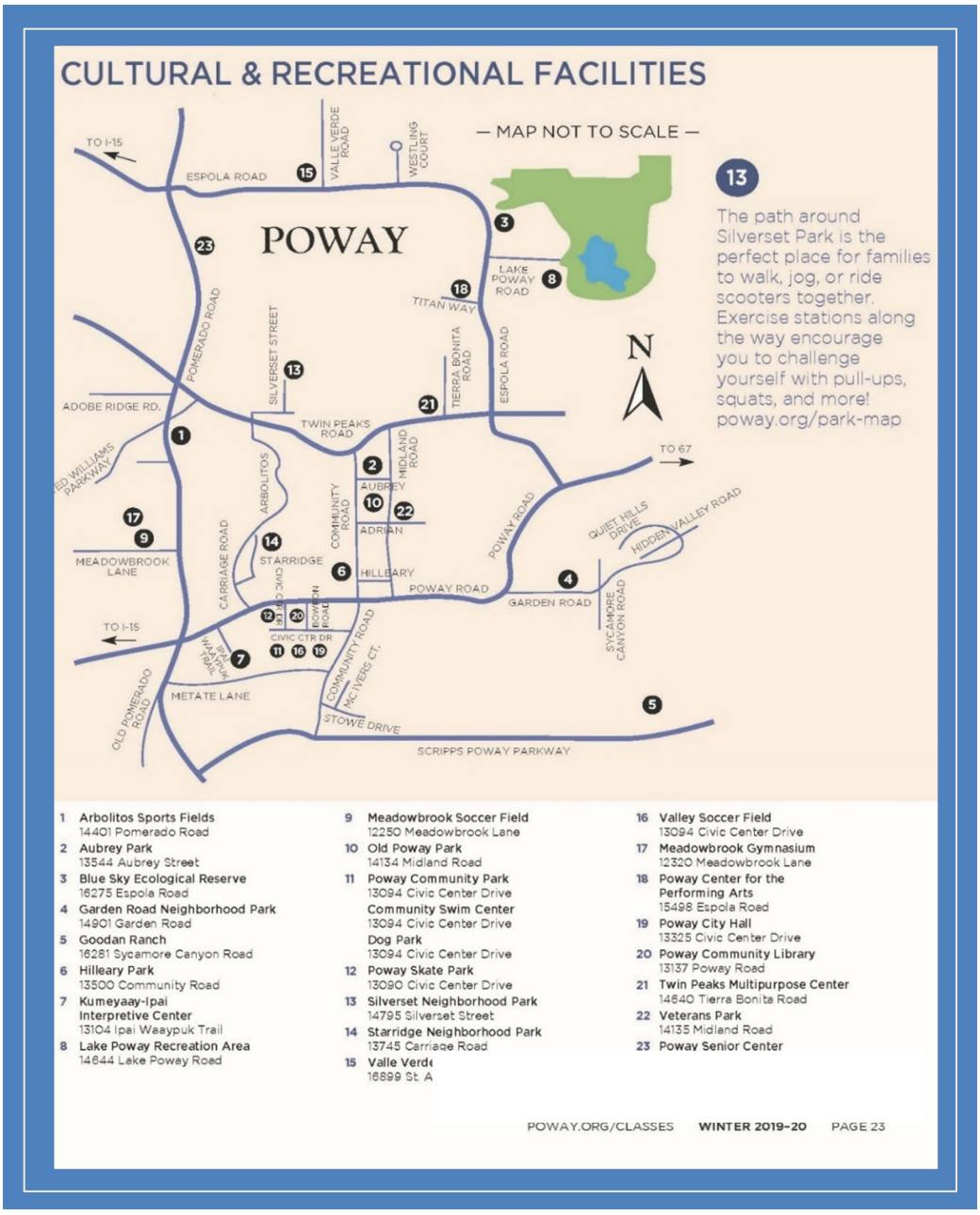
The City of Poway practices and prioritizes urban forestry principles for planting, trimming, and removing trees and codified in ordinance (Poway Municipal Code, Chapter 12.32.). Tree City USA is an award given by the National Arbor Day Foundation to recognize cities that practice excellence in urban forestry. Poway has been awarded the Tree City USA designation every year since 1999.[36] Several trees in Poway have also been designated as Heritage Trees by the City Council and denotes a tree on public property or public right-of-way that has historic or cultural significance.

The average budgeted costs of the City of Poway's park and recreation services during the five-year report period has been $8.27 million and includes supporting all eight service classes identified in the preceding descriptions. The primary revenue source for park and recreation services is the General Fund. Over the corresponding 60-month period, close to 20% of the General Fund was expended on park and recreation services. The remaining revenue sources involving fees, grants, and donations.

Monies from the General Fund represent the single largest revenue source for the City of Poway's park and recreation services. The average annual amount allocated for these services equals almost 1/5 of all budgeted General Fund monies during the report period.

A map showing the City of Poway's park and recreation services follows on the next page.

[36] Coronado and Santee are the only other local cities that have received Tree City USA awards.



Service Demands

Overall service demands for park and recreation services within the City of Poway can be measured by new amenities added during the five-year report period and presumably in direct response to community feedback. Accordingly, over the corresponding 60-month period Poway has either completed or near completed the following key amenities:

- Design work for the Mickey Cafagna Community Center in Poway Community Park at 15498 Espola Road was completed in February 2019 with construction beginning in July 2019. Completion of the project – which is named after a longtime Councilmember and the City's third elected Mayor – is expected in May 2021 and involves the construction of a 22,587 square-foot multi-use generational facility that will replace Poway's existing Community and Senior Center. The estimated cost is $132 million.

- Poway supports open space preservation by using its Habitat In-Lieu Fee to purchase land. This includes recently purchasing three open space properties for a total of 80 acres. In addition, Poway was a co-applicant with the Trust for Public Lands on two grants to acquire 160 acres as part of a planned expansion of the Iron Mountain Preserve.

Service Performance

Poway's park and recreation services five-year budget averages $8.27 million annually, for all eight park and recreation service classes, which represents an annual per capita expenditure of $167, based on the City population of 49,539. There are 22 different park sites within Poway that collectively cover about 291 acres, which represents almost 6 acres per 1,000 residents. This is about double the minimum of 3 acres per 1,000 population and 20% higher than the maximum of 5 acres per 1,000 population identified in the Quimby Act (AB No. 1359). The act provides that the dedication of land, or the payment of fees, or both, shall not exceed the proportionate amount necessary to provide 3 acres of park area per 1,000 persons. Collectively, and based on these per capita expenditures, the range of cultural, park and recreation services provided, and the amount of parkland per capita, it appears Poway's performance in offering these services and facilities is more than adequate.

The City of Poway presently owns and operates 22 park sites that total 291 acres, which translates to nearly 6 acres of parkland for every 1,000 residents. This ratio is nearly double the minimum State requirement of 3 acres of parkland for every 1,000 residents.

6.5 Community Development

The City of Poway assumed community development services from the County of San Diego at the time of incorporation in 1980 through the transfer of land use control. This service function is guided by the Poway General Plan, which was last updated in November 1991 and includes community development goals starting with preserving Poway's unique character as the "City in the Country." There have been multiple amendments made to the Poway General Plan since the last update by the City Council. The task of implementing and organizing community development within Poway is primarily assigned to the

The City of Poway's community development service function is guided by the Poway General Plan and incorporates two broad classes: (a) planning and (b) engineering.

Development Services Department. This report and succeeding analysis focus on two broad classes underlying Poway's community development service function: (a) planning and (b) engineering.

Service Classes and Capacities

Planning Services |

Planning operates under the Development Services Department and includes two internal divisions – Housing and Building/Safety. The average budgeted amount for Planning has been $2.2 million with an overall change of 26% during the five-year report period.

Planning Division activities in the City of Poway includes administering and implementing land use policies established in the General Plan and regulations of the Zoning Ordinance as well as managing the Planning Division and other ancillary Divisions involving code compliance and building. Planning activities operate as a stand-alone division within the Development Services Department and budgeted with 7.5 FTE at the end of the five-year report period. Staffing levels have remained generally consistent through the report period with an average budgeted expense of $2.158 million and an overall change of 26.4%.[37]

The Planning Section employs five planners and shares a part-time Development Services Technician with the Engineering Division. Two part-time interns also volunteer with the Division. The Division administers and implements the City's land use and zoning functions, processes discretionary land use applications, and assures compliance with conditions of approval through various reviews and inspections. This Division also ensures compliance with the Poway Municipal Code, California Environmental Quality Act (CEQA), and other state and federal regulations. An increasingly pertinent task involves preparing an update to the Poway Housing Element per State law (five to eight years) that – and among other items – addresses the City's allocation of the regional housing needs assessment (RHNA) as further described.

Code Compliance

The Code Compliance Section is part of the Planning Division and employs two code compliance officers. The Section oversees contracts for weed abatement, dead animal pick-up and disposal services, and false alarm response cost recovery. They ensure that the Poway Municipal Code is being followed, which helps provide a better quality of life for all City residents. They address complaints from community members, conduct inspections, process appeals, and manage the vegetation management programs and the responsible beverage service program.

[37] The staffing and budgeted amounts and trends reflect the last four years of the five-year report period (2015-2016 to 2018-2019). Information for 2014-2015 is pending.

Building and Safety

The Building and Safety Inspections Section employs up to five Building Service Contractors based on demand and includes a deputy building official, two building inspectors, and two plan checkers. In addition, a building and fire code plan check team off-site reviews plan submittals. The City's Building Division provides plan check, permitting, and inspection for building-related activities within the City of Poway. They are tasked with enforcing the City's building and fire codes for building permits. The City contracts with EsGil Corporation to provide these services. The California Green Building Standards Code requires that new buildings in California be more energy efficient and environmentally responsible. The regulations will result in reductions in greenhouse gas emission, energy consumption, and water use. All new construction projects are required to comply with the Green Building standards.

Affordable Housing

The Housing Division employs a portion of one Senior Management Analyst. The Poway Housing Authority provides the community with a variety of housing options, including high-quality, multi-family and single-family homes affordable to very low, low- and moderate-income households. Since 1983, the former Poway Redevelopment Agency and Poway Housing Authority (Successor Agency to the Redevelopment Agency) have developed or facilitated the rehabilitation of 736 affordable living spaces in the community. The division operates out of City Hall and is tasked with maintaining an Affordable Housing Database and producing an annual report for the Poway Housing Authority. Prior to dissolution of the former Poway Redevelopment Agency (Agency), the Agency was required to prepare a Redevelopment and Housing Implementation Plan (Implementation Plan) every five years that described the Agency's goals and objectives, planned project and programs, estimated expenditures, and its low- and moderate-income housing production plan. The Implementation Plan also outlined how the Agency would eliminate blighted conditions identified in the Redevelopment Plan. The most recent Implementation Plan was approved prior to the Agency's dissolution for the period January 1, 2010 through December 31, 2014.

City of Poway
Planning Division | Planning, Housing and Building
Table 6.5a: (Source: City of Poway and SD LAFCO)

Category	2015	2016	2017	2018	2019	Average	Trend
Budgeted Employees	n/a	7.0	7.0	7.0	7.5	7.0	0.0%
Budgeted Expenses	n/a	$1.981	$2.075	$2.073	$2.503	$2.158	26.4%

Employees are listed as FTEs (1.0 FTE equals 2,080 hours per year)
Budgeted expenses listed in millions

Engineering Services |

Engineering activities within the City of Poway focus on five main functions. These include the design and construction of capital improvements, performing reviews and issuing related permits involving private land development projects, inspection of both capital improvement and private development projects, overseeing traffic circulation improvements and managing the storm water program. Engineering activities operate as a stand-alone division within the Development Services Department and budgeted with 12.0 FTE at the end of the five-year report period. Staffing levels have increased by one-third through the report period with an average budgeted expense of $2.113 million and an overall change of 52.8%.[38]

Engineering operates under the Development Services Department with an average budgeted amount of $2.0 million during the five-year report period. The corresponding trend in budgeted expenses has been an increase of 53%.

City of Poway
Engineering Division | CIP, Land Development, Inspection, Traffic, and Storm Water
Table 6.5b: (Source: City of Poway and SD LAFCO)

Category	2015	2016	2017	2018	2019	Average	Trend
Budgeted Employees	n/a	9.0	9.0	12.0	12.0	10.05	33.3%
Budgeted Expenses	n/a	$1.631	$1.684	$2.245	$2.492	$2.013	52.8%

Employees are listed as FTEs (1.0 FTE equals 2,080 hours per year)
Budgeted expenses listed in millions

The average budgeted costs of the City of Poway's community development services during the five-year report period has been $19 million and specific to supporting planning and engineering service class activities as described in the preceding paragraphs. General Fund monies represent the primary revenue source and account for about 10% of budgeted revenues during the corresponding 60-month period. The remaining revenue sources supporting community development services include application and permit fees as well as plan checks.

General Fund Monies represent the single largest revenue source for community development services. The average annual amount allocated to community development services equals about 1/10 of all budgeted General Fund monies during the report period.

Service Demands

Overall service demands for community development within the City of Poway during the five-year report period is marked by development review applications and have averaged 57 annually or about 5 per month. This

The City of Poway has averaged 57 development review applications per year over the course of the five-year report period. The overall change in annual applications during the 60-month period has been 18%.

[38] The staffing and budgeted amounts and trends reflect the last four years of the five-year report period (2015-2016 to 2018-2019). Information for 2014-2015 is pending.

measurement serves as a macro-overview of community development in terms of footprint expansion and represents the number of applications processed by Poway that requires some type of City approval to proceed. These approvals are distinguished between minor (i.e. new single-family residences) and standard (i.e. parcel and subdivision maps) development reviews and – pertinently – directly and indirectly impact planning and engineering activities, respectively. Annual demands for development review applications have fluctuated with an overall change of 17.6% during the corresponding 60-month period.

A more micro review of community development demands within Poway can be measured by building permits and captures projects performed on new and existing structures. This latter category – existing structures – includes alternating, moving, repairing, or demolishing with limited exceptions. The average number of building permits issued by Poway during the five-year report period have been 2,344 annually or about 195 per month. The annual number of issued building permits have largely been on the rise with increases in four of the five report years with an overall change of 24.5% during the corresponding 60-month period.

The City of Poway has issued an average of 2,344 building permits per year over the course of the five-year report period. The overall change in annual applications during the 60-month period has been 24%.

City of Poway | Community Development Trends
Table 6.5c: (Source: City of Poway and SD LAFCO)

Category	2015	2016	2017	2018	2019	Average	Trend
Development Review Applications (Macro Measurement)	51	49	74	50	60	57	17.6%
Building Permits Issuances (Micro Measurement)	2,072	2,649	2,072	2,348	2,580	2,344	24.5%

Service Performance

An increasing emphasis in assessing community development performance and pertinent to LAFCOs' legislative interest is the ability for land use authorities (i.e. counties and cities) to sync housing opportunities with household incomes. This emphasis is reflected in the State of California requiring all counties and cities to sufficiently plan to meet the housing needs of everyone in their respective communities as stand-alone elements of general plans. Towards this end, these agencies' housing elements must identify adequate sites zoned and available within an eight-year housing cycle to meet their regional housing needs assessment (RHNA) at all prescribed income levels (i.e., very low, low,

Providing housing for all income levels in San Diego County is a central legislative consideration for LAFCO in its task to promote orderly growth and development. The ability of the City of Poway to appropriately accommodate housing at all levels, accordingly, is a key performance measurement in considering community development services as part of the municipal service review process.

moderate, and above moderate relative to area median income or AMI). All housing elements must be internally consistent with the general plans and approved by the State Department of Housing and Community Development or "HCD." Immediate repercussions for not receiving HCD approval include limitations on State funding programs as well as increased exposure to lawsuits and the potential therein for court orders that reduce and/or suspend local control over building and development activities. More recent legislation tasks local agencies to submit annual reports to HCD on housing elements implementation status beginning April 2018.

The City of Poway's current Housing Element was adopted by the City Council in May 2013 and subsequently approved (certified) by HCD in June 2013. The adopted Housing Element accommodates the 1,253 total housing units that have been allocated to Poway to plan and zone by HCD through October 2021 with approximately one-fourth – or 353 – of the total categorized as very-low or low income units and capture households earning 80% or less of average maximum income (AMI) in San Diego County.[39] The largest category allocation involves above-moderate units and tallies close to one-half of the 1,253 total. Poway has also submitted annual reports to HCD following Housing Element adoption in each completed year with the most recent submittal showing 15.5% – or 194 – of the allocations permitted as of June 30, 2019.

The City of Poway received approval for its current Housing Element (2013-2020) from HCD and the accommodation therein of 1,253 new housing units as part of the Regional Housing Needs Allocation process or RHNA. Of this total allocation, 194 – or 15.5% – of the housing units have been permitted for construction through the end of the report period (2019).

City of Poway |
Current RHNA Cycle: 2013-2020
Table 6.5d: (Source: HCD and San Diego LAFCO)

Housing Category	Total Units Assigned	% of Total Units	Permits Completed as of 6-30-19	% Permits Completed as of 6-30-19	Remaining Assigned Units
Very Low (0-50% AMI)	201	16.0%	26	12.9%	175
Low (50-80% AMI)	152	12.1%	26	17.1%	126
Moderate (80-120% AMI)	282	22.5%	0	0.0%	282
Above Moderate (120% + AMI)	618	49.4%	142	23.0%	476
	1,253	**100%**	**194**	**15.5%**	**1,059**

The calculated AMI in San Diego County is $75,500
... 50% equals $37,750 ... 80% equals $60,400 ... 120% equals $90,600

[39] The calculated AMI for a family of four in San Diego County is $75,500

6.6 Other Municpal Services

The City of Poway provides several other municipal services directly or indirectly through contracts and franchise agreements that support current and future development within the City. Prominent examples to the public of contracts and/or agreements include law enforcement and animal control services. The other municipal services are briefly summarized for documentation purposes with staff intention to more fully explore these functions consistent with the preceding sections as part of the next municipal service review cycle.

Animal Control
Pending.

Electricity and Natural Gas
Pending.

Law Enforcement
The City of Poway provides law enforcement services through a contract with the County of San Diego Sheriff's Department with internal management provided by the Safety Services Department. This contract relationship was established at the time of Poway's incorporation in 1980 with services provided from the Sheriff's Poway substation located at 13100 Bowron Road. Contracted serves include patrol, traffic, and investigations with an appointed Sheriff Captain serving as the City Police Chief. Contracted staffing at the end of the five-year report period totaled 45 sworn personnel with a budgeted cost of $12.7 million. The budgeted cost is entirely drawn from the General Fund and has increased by $2.1 million or 19.8% over the report period.

Public Transportation
Pending.

Solid Waste
Pending.

Stormwater, Flood Control, and Drainage
The City of Poway's Storm Water Division operates under the Public Works Department and is responsible for drainage facility repair and maintenance in the City rights-of-way and in improved dedicated channels. Work is coordinated with Poway's Storm Water Program, which operates under the Development Services Department, and includes – among other facilities – 9 miles of concrete channels, 64 miles of enclosed storm pipe, and 105 miles of open storm channels. The budgeted cost is largely drawn from the Drainage Fund and has increased over the five-year report period from $0.9 million to $1.1 million or 22.2%.

Street Maintenance

The City of Poway's Street Maintenance Division operates under the Public Works Department and is responsible for maintaining and repairing close to 165 miles of public roads and rights-of-way. Regular activities include pavement maintenance, sign testing and replacement, tree and shrubbery trimming, curbs, gutters, sidewalk repair and replacement, and weed/litter abatement. The Development Services Department's Capital Improvement Projects Engineering Division manages the citywide Pavement Management Program effort which is accomplished through a combination of the Public Works Streets Maintenance Division and private contractors. The City is divided into eight geographic Pavement Maintenance Zones. Pavement maintenance projects are generally scheduled in each successive zone on an eight-year cycle. The type of pavement treatment depends on the condition of the streets and funding availability Close to three-fourths of the budgeted cost is drawn from Poway's allocation of Senate Bill 1 known as the "Gas Tax" with overall amounts decreasing over the five-year report period from $4.5 to $4.3 million or (4.4%).

7.0 FINANCES

7.1 Budget Information

The City of Poway's overall adopted operating budget at the end of the five-year report period totaled $88.2 million and has increased by 13.4% over the corresponding 60-month period.

The City of Poway's operating budget at the end of the five-year report period (2018-2019) totaled approximately $88.2 million. The operating budget comprises more than one dozen funds and covers the anticipated day-to-day costs of providing municipal service functions and ancillary support activities with the majority of monies tied to General and Enterprise Funds. The General Fund is Poway's principal funding source and covers fire protection, law enforcement, parks and recreation, and community planning. Enterprise Funds are used to separately account for operations that are self-supporting and presently include water and wastewater. These two funds collectively account three-fourths of all budgeted operating expenses at the end of the report period.

City of Poway
Operating Budget
Table 7.1a (Source: City of Poway Adopted Financial Plan Fiscal Years)

Category	2014-2015 Budgeted	2015-2016 Budgeted	2016-2017 Budgeted	2017-2018 Budgeted	2018-2019 Budgeted	Average	Trend
Budgeted Revenues	$80,913,550	$86,934,630	$89,879,990	$90,616,090	$97,418,950	$89,152,642	20.4%
Budgeted Expenses	$77,815,420	$82,807,429	$83,002,079	$81,651,461	$88,244,546	$82,704,187	13.4%
Expenses Per 1,000 Residents	**$1,591,317**	**$1,689,948**	**$1,676,810**	**$1,659,583**	**$1,782,718**	**$1,680,075**	**12.0%**

With respect to the City of Poway's General Fund, budgeted expenses at the end of the report period totaled $46.5 million and make up just over one-half of the overall operating budget.[40] Budgeted expenses for fire protection and emergency medical as well as law enforcement together make up over half of all allocated General Fund costs at $12.6 and $12.7 million, respectively. Markedly, the percentage of General Fund allocations for public safety have increased over the corresponding 60-month period by 17.8% and are the primary factors underlying an overall rise in General Fund budgeted expenses of 21.6%.

The City of Poway's General Fund generally accounts for more than one-half of the operating budget and at the end of the report period tallied $46.5 in budgeted expenses with 55% dedicated to public safety. Overall, budgeted General Fund expenses have increased during the five-year report period by 21.6%.

Budgeted General Fund revenues at the end of the report period totaled $47.7 million and make up just under one-half of the overall operating budget. General Fund monies are primarily drawn from property and sales taxes and account for three-fourths – or 75.3% – of the budgeted total.[41] Most of remaining quarter of General Fund monies are drawn from fees permits and transient occupancy tax. Budgeted General Fund revenues have increased over the corresponding 60-month period by 23.3%. A summary of recent actual revenues and expenses in the General Fund follows.

Budgeted General Fund revenues at the end of the report period totaled $47.7 million with property and sale taxes expected to account for 46% and 30%, respectively, of the total.

City of Poway
General Fund Annual Budgets
Table 7.1b (Source: City of Poway Adopted Financial Plans)

	FY 2014-15 Actuals	FY 2015-16 Actuals	FY 2016-17 Actuals	FY 2017-18 Actuals	FY2018-19 *Adopted*	Average	Trend
Revenues							
Property Tax	$17,570,316	$18,877,037	$19,877,300	$21,239,503	$21,857,930	19,884,417	24.4
Sales Tax	$12,520,103	$13,172,467	$13,774,763	$13,981,478	$14,105,860	13,510,934	12.7
Franchise Fees/ TOT	$3,011,955	3,006,465	$2,850,754	$3,073,257	$3,032,220	2,994,930	0.7
Fees, Charges, & Permits	$5,420,343	$6,133,134	$6,261,687	$6,555,293	$6,158,440	6,105,779	13.6
Use of Property, Grants, Other	$3,032,809	$2,881,971	$3,872,879	$5,129,956	$2,597,870	3,503,097	(14.3)
Other revenues	$0	$0	$0	$0	$0	0	
Total Revenues	$41,555,526	$44,071,074	$46,637,383	$49,979,487	$47,752,320	$45,999,158	14.9%
Expenses							
Operating Expenses	$37,444,549	$39,261,320	$40,958,299	$43,563,554	$46,020,946	41,449,734	22.9
Capital Projects/Programs	$384,194	$12,910,268	$1,687,323	$1,376,335	$527,500	3,377,124	37.3
Total Expenses	$37,828,743	$52,171,588	$42,645,622	$44,939,889	$46,548,446	$44,826,858	23.1%
Transfers/Loans							
Total Transfers/Loans	($583,038)	($15,796,239)	($2,341,150)	($1,428,697)	($1,762,750)	($4,382,375)	(202.3%)
Net Activity	$3,143,745	($23,896,753)	$1,650,611	$3,610,901	($558,876)	($3,210,074)	(117.8%)
Fund Balance (7/1)	$22,101,289	$25,245,034	$1,348,281	$2,998,892	$6,609,793	$11,660,658	(70.1%)
Fund Balance (6/30)	$25,245,034	$1,348,281	$2,998,892	$6,609,793	$6,050,917	$8,450,583	(76.0%)

[40] General Fund expenditures cover operating expenses for seven major departments: Legislative and Administrative, Finance, Community Services, Development Services, Public Works, Safety Services and Human Resources and Risk Management. Within the Budget, departments are further broken down into divisions such as "Fire Suppression" or "Park and Landscape Maintenance" and finally by line item expenses

[41] The City receives 1¢ of the 7.75¢ sales tax for every dollar spent in Poway. Most of the remainder goes to the State and County.

With respect to the City of Poway's Enterprise Fund, it accounts for water and wastewater operations and intended to be entirely self-supported through customer rates. This includes covering necessary operational expenditures, the purchase and treatment of raw water, and capital improvements to ensure a safe and reliable system of plant, pipes, pump stations, and reservoirs. Each utility service has an individual fund and any unspent budget from a utility's annual operations is placed in reserve and is used for capital projects and to moderate future rate increases. Budgeted water and wastewater utility expenses at the end of the report period totaled $24.3 and $8.5 million, respectively, with closely matching revenues. Budgeted water utility costs have increased by 9.0% over the corresponding 60-month period while wastewater expenses have remained static. A summary of recent actual revenues and expenses in the Enterprise Fund follows.

The City of Poway's budgeted Enterprise Fund expenses have diverged during the report period with water costs increasing by 9.0% from $22.1 to $24.1 million while budgeted wastewater costs remaining stagnant at $8.5 million.

City of Poway
Enterprise Fund Annual Budgets
Table 7.1c (Source: City of Poway Adopted Financial Plans)

	FY 2014-15 Actuals	FY 2015-16 Actuals	FY 2016-17 Actuals	FY 2017-18 Actuals	FY2018-19 *Adopted*	Average	Trend
Revenues (millions)							
Water	21.10	19.20	23.50	28.90	25.80	23.70	22.3
Wastewater	8.40	8.60	9.90	9.50	10.10	9.30	20.2
Total	$29.50	$27.80	$33.40	$38.40	$35.90	$33.00	21.7%
Expenses (millions)							
Water Operating	20.80	19.80	20.50	22.10	24.3	21.50	16.8
Water Capital	1.00	2.20	1.90	2.20	1.50	1.76	
Wastewater Operating	8.30	7.50	7.60	7.60	8.50	7.90	2.4
Wastewater Capital	0.0	0.30	2.40	0.79	0.25	0.75	
Total	$30.10	$29.80	$32.40	$32.69	$34.55	$31.91	14.8%

With respect to budget management, the City of Poway maintains a reserve policy to maintain a balance within the General Fund to cover no less than 45% of its annual operating costs. This policy requirement was established in 2016 and protects against major economic downturns or natural disasters. Poway also maintains policies covering budget development and adoption as well as ongoing management. This includes a detailed debt management policy in 2015 to ensure sound and uniform practices for issuing and managing bonds and other forms of indebtedness. This document also protects the City's high credit rating and minimizes its borrowing costs.

The City of Poway is obligated under adopted policy to maintain a 45% General Reserve Fund. This amount was set in 2016 and serves as a buffer against potential natural disasters or economic downturns. The reserve contribution at the end of the five-year report period was $1,477,210.

7.2 Financial Statements

The City of Poway contracts with an outside accounting firm to prepare an annual report to review the City's financial statements in accordance California Government Code and established governmental accounting standards.[42] This includes auditing Poway's statements with respect to verifying overall assets, liabilities, and net position. These audited statements provide quantitative measurements in assessing Poway's short and long-term fiscal health with specific focus on delivering its activated service functions. The current outside consultant is Davis Farr LLP (Irvine). The City was awarded a Certificate in Achievement for Excellence in Financial Reporting for its FY 2016-17 and FY 2017-18 Financial Reports.

Poway's most recent financial statements for the five-year report period were issued for 2018-19. These statements show Poway experienced a modest improvement over the prior fiscal year as the overall net position (regular accrual basis) increased by 1.4% from $233.6 million to $236.9 million and primarily attributed to a net total surplus. The net position also increases to $288.4 million with an adjustment to excluded booked pension liabilities. 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 (2018-2019)	
Assets	303,604,857
Liabilities	75,176,183
Deferred Outflow/Inflow	8,520,288
Net Position	$236,948,962
Adjusted Net Position (Less pension liabilities)	$288,369,309

Agency Assets

The City of Poway's audited assets at the end of 2018-19 totaled $303.6 million and 8.4% higher than the average year-end amount of $280.8 million documented during the five-year period. Assets classified as current with the expectation they could be liquidated within a year represented more than two-fifths – or 44.6% – and largely tied to cash and investments. Assets classified as non-current and not readily liquid make up the remainder and total $168.2 million with over nine-tenths tied to capital assets. Overall, Poway's total assets increased by $23.4 million or 8.4% over the corresponding 60-month period.

The City of Poway's assets increased by nearly one-tenth – or 8.4% - during the report period from $280.2 to $303.6 million and includes both cash/equivalents and capital holdings.

City of Poway
Audited Assets
Table 7.2a | Source: City of Poway

Category	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Average	Trend
Current	116,366,577	116,146,939	120,835,322	126,710,643	135,387,369	123,089,370	16.3%
Non-Current	163,979,981	146,269,884	142,236,281	167,844,117	168,217,488	157,673,150	2.7%
Total	280,164,558	262,416,823	263,071,603	294,554,760	303,604,857	280,762,520	8.4%

[42] The California Government Code requires all General Law cities, such as Poway, to be audited annually by independent certified public accountants selected by the City Council.

Agency Liabilities

The City of Poway's liabilities increased by one-fourth – or 25.0% – during the report period from $60.1 to $75.2 million and attributed to assuming debt from the Poway Redevelopment Agency.

The City of Poway's audited liabilities at the end of 2018-2019 totaled $75.2 million and 11.1% higher than the average year-end amount of $67.7 million documented during the five-year report period. Liabilities classified as current and representing obligations owned within the year accounted for nearly one-fifth of the amount and were primarily tied to accounts payable and near-term debt payments. 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 assuming remaining bond payments as successor agency to the Poway Redevelopment Agency. Overall, total liabilities increased by $15.0 million or 25.0% over the corresponding 60-month period.

City of Poway
Audited Liabilities
Table 7.2b | Source: City of Poway

Category	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Average	Trend
Current	8,929,431	8,018,236	9,695,714	10,092,256	12,199,803	9,787,088	36.3%
Non-Current	51,212,812	54,850,048	58,248,088	62,182,851	62,976,380	57,894,036	23.0%
Total	60,142,243	62,686,284	67943802	72,275,107	75,176,183	67,681,124	25.0%

Net Position

The City of Poway's net position has increased over the report period from $215.79 million to $236.95 million; a change of 9.8%.

The City of Poway's audited net position or equity at the end of 2018-2019 totaled $236.9 million and represents the difference between the City's total assets and total liabilities along with adjusting for deferred resources (i.e. pension outflows and inflows). This most recent year-end amount is 8.5% higher than the average year-end sum of $218.3 million during the five-year report period. The majority of the net position – close to three-fifths – is tied to capital assets. The remainder is comprised of restricted and unrestricted designations with the latter representing monies and equivalents that can be used to finance day to day operations without outside constraints. Overall, the net position increased by 21.2 million or 9.8% over the corresponding 60-month period.

City of Poway
Audited Net Position
Table 7.2c | Source: City of Poway

Category	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Average	Trend
Invested in Capital	123,168,706	117,989,285	114,962,340	140,612,899	143,404,199	128,027,486	16.4%
Restricted	27,815,593	20,846,798	20,453,766	20,641,475	22,034,222	22,358,371	(20.8%)
Unrestricted	64,802,413	62,522,444	68,452,332	72,335,391	71,510,541	67,924,624	10.4%
Total	$215,786,712	$201,358,527	$203,868,438	$233,589,765	$236,948,962	$218,310,481	9.8%

The City of Poway's net position accounts for multiple funds with the General Fund serving as the primary funding source in terms of both revenues and expenses. The spendable portion of the General Fund at the end of the report period totaled $50.8 million. This amount is either unassigned or can become unassigned by the City Council and equals 12.1 months of actual operating expenses in 2018-2019.

The City of Poway's spendable balance within its General Fund at the end of the report period is sufficient to cover 12 months of normal operating expenses.

7.3 Measurements | Liquidity, Capital, and Margin

LAFCO's review of the audited financial statement issuances by City of Poway covering the five-year report period shows the City experienced mixed trends in the standard measurement categories – liquidity, capital, margin, and structure – utilized in this document. Positive trends are marked by Poway improving its total margin (i.e. bottom line) each year during the report period and generating an overall average of 1.8%. Negative trends are marked by decreasing liquidity levels with the amount of days' cash falling by (16.2%) from 1,115 to 935 over the 60-month period. A summary of these standard measurements follows and further detailed in the associated table.

Standard measurements used to assess the City of Poway's financial standing shows the City trended negatively in most categories during the report period and most notably in liquidity levels.

City of Poway
Financial Measurements
Table 7.3a | 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
2014-2015	13.0 to 1	1,115	23.9%	27.3%	(1.2%)	5.6%	164.4%	23.7
2015-2016	14.5 to 1	1,001	25.5%	30.3%	(0.7%)	5.5%	148.4%	25.6
2016-2017	12.5 to 1	891	25.4%	29.4%	2.8%	(4.8%)	140.0%	26.2
2017-2018	12.6 to 1	848	23.9%	27.0%	3.5%	(1.0%)	140.2%	28.0
2018-2019	11.1 to 1	935	24.4%	27.1%	3.5%	(1.5%)	141.3%	29.1
Average	12.7 to 1	958	24.6%	28.2%	1.8%	0.6%	146.9%	26.5
Change	(14.9%)	(16.2%)	1.8%	(0.9%)	439.1%	(127.3%)	(14.1%)	22.7%
Trend	Negative	Negative	Negative	Positive	Positive	Negative	Negative	Negative

Current Ratio (Liquidity)
Compares available assets against near-term obligations; 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.

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.

Operating Margin (Margin)
Measures the relationship between core operational revenues and expenses and excludes one-time transactions, like grants and loans.

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.

7.4 Pension Obligations

The City of Poway 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 broad categories: miscellaneous and safety. Additional pension details based on actuarial valuations issued by CalPERS during the five-year report period with respect to enrollees, formulas, and funding status follows.

Pension Enrollees and Formulas

The City of Poway finished the report period with 497 enrollees within its pension program with CalPERS. Over four-fifths of all enrollees are non-public safety and receive a defined benefit formula of 2.0% at 55.

The last annual valuation issued during the five-year report period followed 2018-2019 and identified 817 total enrollees within the City of Poway's pension program. This total represents an overall increase of 83 – or an average of 21 each year – during the corresponding 48-month period in which information is readily available dating back to 2015-2016. The total is also divided between enrollee type (i.e., active, separated, transferred, retired) and produces a current positive worker-to- retiree ratio of 1.6 to 1. More than four-fifths – or 82% – of all pension enrollees are termed as miscellaneous with most receiving a defined benefit of 2.0% at 55. This formal provides eligible retirees with 30 years of total service credit 60% of their highest one year of salary each year beginning at age 55. New miscellaneous hires now receive a defined benefit of 2.0% at 62. The remaining enrollees are termed as safety with most receiving a defined benefit of 3.0% at 50. This ratio has been reduced for new safety hires to 2.7% at 57.

City of Poway
Pension Enrollee Information
Table 7.4a | Source: CalPERS

Type	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Trend
Active	n/a	221	228	231	235	6.3%
Transferred	n/a	149	144	145	142	(4.7%)
Separated	n/a	97	111	111	120	23.7%
Retired	n/a	267	283	304	320	19.9%
Total Enrollees	n/a	467	483	487	497	6.4%
Worker-to-Retiree Ratio	n/a	1.7 to 1.0	1.7 to 1.0	1.6 to 1.0	1.6 to 1.0	(11.2%)

Pension Funding Status

The City of Poway's pension program is currently underfunded with a composite unfunded liability of $56.5 million at the end of the report period. This amount reflects the accrued monies owned and not covered by assets in all pension programs (miscellaneous and safety) and translates to a composite funded ratio of 70.0% based on market value. Overall, Poway's funded ratio has slightly decreased by (0.4%) during the corresponding 48-month period in which information is readily available.

The City of Poway's combined funded ratio at the end of the report period tallied 70.0% with an overall change of (0.4%).

City of Poway
Pension Funding Status
Table 7.4b | Source: CalPERS

Category	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Trend
Pension Assets	n/a	109,952,110	118,973,881	126,666,595	131,600,399	19.69%
Pension Liabilities	n/a	156,609,204	166,446,398	182,145,103	188,122,353	20.12%
Net (Unfunded Liability)	n/a	(46,657,094)	(47,472,517)	(55,478,508)	(56,521,954)	21.14%
Funded Ratio	n/a	70.21%	71.48%	69.54%	69.95%	(0.36%)

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AGENDA REPORT
Business | Action

April 5, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Aleks Giragosian, Deputy Commission Counsel
Linda Heckenkamp, Analyst II

SUBJECT: **Addendum to Municipal Service Review on Resource Conservation Districts**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an addendum on the recently completed municipal service review on resource conservation districts (RCDs) in San Diego County. The addendum has been prepared consistent with a recommendation in the municipal service review to clarify Upper San Luis Rey RCD's authorized service functions and classes with specific attention on groundwater management. The addendum concludes – among other items – Upper San Luis Rey RCD is not authorized in LAFCO statute to provide groundwater management while deferring to the State to determine whether separate authorization is provided under the Sustainable Groundwater Management Act. The addendum is being presented to approve and augment the municipal service review and associated written determinations.

BACKGROUND

LAFCO Oversight on Special Districts' Service Functions and Classes

San Diego LAFCO's enabling legislation and associated regulatory and planning powers were comprehensively updated in 2001 as part of the Cortese-Knox-Hertzberg Local Government Reorganization Act or CKH. A notable feature in CKH was the explicit expansion of LAFCOs'

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Chris Cate, City of San Diego
Marni von Wilpert, Alt., City of San Diego
Jo MacKenzie, Vista Irrigation
Barry Willis, Alpine Fire Protection
Vacant, Alt., Special District
Chair Andy Vanderlaan, General Public
Harry Mathis, Alt., General Public

oversight in establishing the nature, location, and extent of special districts' functions and classes of services as well as regulate their activations or divestitures accordingly. CKH directs all LAFCOs to address special district functions and classes as part of the dual municipal service review and sphere of influence update processes.

Municipal Service Review on RCDs in San Diego County

San Diego LAFCO's scheduled municipal service review on RCDs was completed in February 2021 with the Commission taking action to formally accept the final report and adopting a resolution making the necessary determinations required under statute. This included a determination borne from the final report for the Commission to immediately proceed with an addendum to clarify Upper San Luis Rey RCD's service functions and classes. This determination, notably, followed receipt of stakeholder comments and directed attention to addressing the District's authorization to provide groundwater management as one of three members of the Pauma Valley Subbasin Groundwater Sustainability Agency (GSA).

DISCUSSION

This item is for San Diego LAFCO to receive an addendum prepared by staff addressing Upper San Luis Rey RCD's authorized service functions and classes. The addendum is provided as Attachment One and organized to analyze three connected topics in revisiting the municipal service review in combination with the Commission's task to determine San Luis Rey RCD's eligible and authorized service functions and classes under CKH with specific attention to groundwater management. These connected topics involve (a) available RCD functions in the principal act, (b) categorizing RCD functions and classes, and – drawing from the preceding two considerations – (c) Upper San Luis Rey RCD's authorized functions and classes.

ANALYSIS

The addendum before San Diego LAFCO concludes amendments to the municipal service review are warranted in addressing Upper San Luis Rey RCD's authorized service functions and classes. Most substantively, this includes concluding the District does not have authorization to provide groundwater management under CKH given the sole activity – i.e. participating in the Pauma Valley Subbasin GSA – commenced after 2001. Whether the District is independently authorized to provide groundwater management by the State via the Sustainable Groundwater Management Act (2016) is beyond the addendum scope. Nonetheless, any groundwater management activities beyond the GSA are prohibited in CKH. The addendum, accordingly, recommends the District apply to the Commission to activate groundwater management as a class under its water conservation function.

The Commission is advised a separate and different conclusion has been made by a working group (Kim Thorner, Jack Bebee, and Paul Bushee) tasked by the Special Districts Advisory Committee to review this matter at the invitation of the Executive Officer. The working group concludes the Upper San Luis Rey RCD established grandfathered groundwater management rights before CKH and continuously maintained through various activities – including

providing water quality monitoring assistance to landowners and conducting watershed educational workshops. Staff respectfully disagrees these activities parallel groundwater management. The working group's determinations are provided as Attachment Two.

RECOMMENDATION

It is recommended San Diego LAFCO proceed to formally accept the addendum and in doing so approve the associated statements. This recommendation is consistent with Alternative One as outlined in the succeeding section.

ALTERNATIVES FOR ACTION

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

Alternative One (recommended):
Accept the addendum provided as Attachment One with any specified changes to the conclusionary statements and recommendations.

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

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for action as part of the business calendar. The following procedures, accordingly, apply:

1) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Commission.
3) Invite comments from the public.
4) Consider the staff recommendation or alternatives.

On behalf of the Executive Officer,

Linda Heckenkamp

Linda Heckenkamp
Analyst II

Attachments:

1) LAFCO Addendum on Municipal Service Review on RCD
2) Special Districts Advisory Committee Working Group Determinations

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SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION (LAFCO)
ADDENDUM TO THE FINAL MUNICIPAL SERVICE REVIEW ON
RESOURCE CONSERVATION DISTRICTS IN SAN DIEGO COUNTY

LAFCO File No. 2021-001

March 25, 2021

PURPOSE

This addendum has been prepared by San Diego LAFCO to the final municipal service review on resource conservation districts received and filed by the Commission on February 1, 2021 paired with the separate adoption of written determinations pursuant to Government Code 56340. The addendum's purpose is to satisfy a recommendation in the final municipal service review to further address Upper San Luis Rey Resource Conservation District's (RCD) powers and authorizations therein to provide groundwater management under LAFCO statute.[1] This recommendation ties to the Commission's delegated responsibilities in CKH to establish the nature, location, and extent of special districts' functions and classes of services as well as regulate their activations and divestitures accordingly.[2]

SCOPE AND ANALYSIS

The addendum is organized to analyze three connected topics in revisiting the municipal service review in combination with the Commission's task to determine San Luis Rey RCD's eligible and authorized service functions and classes under CKH with specific attention to groundwater management. The first two topics revisit the municipal service review's approach with regard to whether amendments are appropriate in identifying available service functions in the RCD principal act and the process for categorizing related classes. The third topic draws on the preceding two topics and addresses whether the listing of service functions and classes specific to the Upper San Luis Rey RCD in the municipal service review are appropriate and/or merit amendments. The three topics are further detailed below and include supplemental analysis performed by LAFCO staff.

> Topics 1 and 2 revisit connected assumptions and related conclusions in the municipal service review and further inform the addendum's central task to address Upper San Luis Rey RCD's active and authorized service functions and classes in CKH as Topic 3.

Item No. 1 | Confirming Available RCD Functions in Principal Act

Should San Diego LAFCO confirm or amend the list of six stand-alone service functions available to Upper San Luis Rey RCD through the District's principal act *irrespective* of activation status as stated in the final municipal service review and as follows:

[1] LAFCO statute otherwise referenced as the Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH).
[2] Reference to Government Code Sections 56425 and 56824.14.

a) Agricultural Enhancement
b) Erosion Stabilization
c) Soil Erosion Control/Prevention
d) Water Conservation
e) Water Distribution
f) Wildlife Enhancement

Addendum Analysis:
The six listed service functions available to all RCDs – irrespective of activation – were developed by LAFCO staff as part of the municipal service review and based on an evaluation of the RCD principal act. The listing reflects LAFCO's discretionary judgment given the principal act predates conventional legislation vernacular to explicitly identify special district functions. LAFCO's discretion also reflects the lack of guidance involving RCDs in the Commission's own Rule No 4 and its provisions to classify special district functions as well as any comparable analysis by other LAFCOs. In revisiting the topic, staff believes the six functions listed in the municipal service review – agricultural enhancement, erosion stabilization, soil erosion control/prevention, water conservation, water distribution, and wildlife enhancement – appropriately capture the full range of functions available to RCDs. The listing appropriately omits flood control given this function is only available as contract agents to federal or State agencies and cannot be independently performed by RCDs. The functions also involve a more extensive range of internal classes (i.e. the public facilities and actions to perform the function). No modifications or amendments are needed.

Item No. 2 |
Confirming Process to Categorize RCD Functions and Classes

Should San Diego LAFCO confirm or amend the approach in the final municipal service review to directly categorize an RCD class within only one service function.

Addendum Analysis:
The service functions identified in the municipal service review for all RCDs (e.g. soil control/prevention, etc.) are broad and lend themselves to varying levels of overlap with one another in terms of shared and/or similar classes. LAFCO staff addressed this dynamic in the municipal service review by assuming it would be appropriate to categorize an active service class to only one active service function. In revisiting the topic, staff believes this approach holds and appropriately distinguishes between primary and incidental relationships between classes and functions. An apt example involves Upper San Luis Rey RCD's class activities tied to managing multiple conservation easements in Pauma Valley. The primary purpose of these easements based on the covenants is habitat restoration and consequently categorized in the municipal service review under the District's "wildlife enhancement" function and irrespective of other incidental relationships, such as water

conservation.[3] This approach is substantively consistent with existing policy and practice under Rule No. 4 and preferable to alternatively making crossover categorizations given the potential therein to vex LAFCO's responsibility in CKH to ensure special districts' functions and classes are self-sustaining with dedicated resources.

Item No. 3 |
Listing Upper San Luis Rey RCD's Functions and Categorizing Classes

Should San Diego LAFCO confirm or amend the listing in the final municipal service review involving Upper San Luis Rey RCD's active and authorized service functions and categorizing classes as shown in the following table.

Listings in the Municipal Service Review	
Function	Class
Water Conservation	Groundwater Management
Wildlife Enhancement	Habitat Restoration

Addendum Analysis:
The listing of active and authorized service functions and related class categorizations for Upper San Luis Rey RCD in the municipal service review was established by LAFCO staff and drawn on communication exchanges with the District. Most of these exchanges occurred ahead of staff publishing a draft report in December 2020 and remain in the final report accepted by the Commission in February 2021. This includes identifying the District as having two active and authorized service functions – "water conservation" and "wildlife enhancement" – and purposefully aligned with the verbiage in the principal act as addressed in Topic No. 1. The municipal service review relatedly categorizes groundwater management under the water conservation function and habitat restoration under the wildlife enhancement function and purposefully without crossovers as addressed in Topic No. 2. Nonetheless, and based on information received during the public review period, it was also determined these listings warrant additional review with particular focus on groundwater management and serve as the lead item in this addendum. Revisiting the topic in greater detail suggests no amendments are merited with respect to listing the District's active and authorized functions. Amendments appear merited, however, with respect to the District's classes and involves the removal of groundwater management and addition of water irrigation assistance, water quality monitoring, watershed planning, and educational outreach. An updated listing follows.

[3] A similar example where the source of the grant or grantor appropriate informs the designation of class/ activity involves farm evaluations performed Upper San Luis Rey RCD through a grant from the San Diego County Water Authority. In this example, the underlying activity is captured as a water irrigation class and categorized under the water conservation function rather than under and/or also within an agricultural enhancement function.

Amended Listings	
Function	Class
Water Conservation	Water Irrigation Assistance Water Quality Monitoring Watershed Planning Educational Outreach
Wildlife Enhancement	Habitat Restoration

CONCLUSIONS AND RECOMMENDATIONS

The supplemental analysis and review of additional information undertaken in this addendum confirms the municipal service review's approach in identifying available service functions in the RCD principal act as well as the process in categorizing related classes (Topics 1 and 2). The supplemental analysis also confirms the municipal service review correctly identifies Upper San Luis Rey RCD's active and authorized service functions as water conservation and wildlife enhancement. The supplemental analysis, however, also indicates the municipal service review requires amendments in listing active and authorized classes under the District's water conservation function. The amendments remedy the municipal service review incorrectly including groundwater management while omitting water irrigation assistance, water quality monitoring, watershed planning, and educational outreach. The removal of groundwater management is warranted since the lone connected activity involves participation in the Pauma Valley Subbasin GSA, which commenced after functions and classes became subject to LAFCO approval under CKH. Furthermore, groundwater management as contemplated for GSAs – an appropriate benchmark given current circumstances – is substantively distinct in scope and scale to other classes established and maintained by the District and marked by their differing regulatory and advisory orientations. The addition of the other classes is separately merited by documentation showing these subject activities were underway at the time of CKH and have been continually provided (Topic 3).[4]

The following statements and recommendations draw from the preceding conclusions and provided for Commission consideration and related action.

1. Upper San Luis Rey RCD's authorized service functions are confirmed as presented in the municipal service review as water conservation and wildlife enhancement.

2. Upper San Luis Rey RCD's authorized classes under the District's water conservation function as presented in the municipal service are amended as water irrigation assistance, water quality monitoring, watershed planning, and educational outreach.

[4] Reference to documentation filed during the municipal service review's public review and comment period from the Yuima Municipal Water District on January 28, 2021 and Pauma Valley Community Services District on January 29, 2021.

3. Upper San Luis Rey RCD requires authorization from San Diego LAFCO to provide groundwater management as a new class under the District's water conservation function to comply with CKH.[5]

4. San Diego LAFCO is not responsible for administering GSAs under the Sustainable Groundwater Management Act (SGMA) and accordingly this addendum addresses only the District's compliance under CKH.

5. San Diego LAFCO takes no position with respect to whether Upper San Luis Rey RCD's is separately eligible and authorized under SGMA to participate in the Pauma Valley Subbasin GSA and its provision of groundwater management irrespective of CKH.

6. The Upper San Luis Rey RCD should apply to activate a groundwater management class under its water conservation function to comply with CKH and harmonize any separate allowances under SGMA through the Department of Water Resources.

7. San Diego LAFCO should address groundwater management in its scheduled policy review and update to Rule No. 4.

[5] Reference to procedures under Government Code Sections 56824.10-14.

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From: Kim Thorner
To: Simonds,Keene
Cc: Jack Bebee; Paul Bushee
Subject: Update from the SDLAFCO SDAC Ad Hoc Subcommittee on the USLRRCD participate in a GSA
Date: Thursday, March 04, 2021 12:00:39 PM

Keene - The *San Diego LAFCO Special District's Advisory Ad Hoc Subcommittee on Upper San Luis Rey RCD's participation in a GSA*, consisting of myself, Jack Bebee, and Paul Bushee, had the opportunity to conduct a second Zoom meeting on 03/02/2021.

The purpose of our meeting was to further discuss and refine the questions that our Ad Hoc Subcommittee had after our first meeting in February and to review and discuss the letters and information from both Mr. Llyod Pelman representing the San Luis Rey Indian Water Authority and also from the Yuima Municipal Water District in conjunction with the Upper San Luis Rey RCD (USLRRCS) and the Pauma Valley Community Services District.

One of the main questions that our Ad Hoc Subcommittee discussed at length was whether or not the Upper San Luis Rey RCD was providing 'water management' functions in the year 2000 or prior. Based on the information provided, we note that Upper San Luis Rey RCD provided documentation that it was providing water management functions back to at least the early 1990's and as shown specifically in 1998 via agreements with National Resource Conservation Services and others thereafter. Water quality, water conservation, watershed education and watershed protection are all water management functions that have been and continue to be offered by the Upper San Luis Rey RCD, as supported by the documentation provided.

We also noted that pursuant to LAFCO's own Rule 4.4, neither groundwater management nor water distribution are listed as functions. Rule 4.4 only lists "Water" with "Retail, Wholesale, Replenishment and Injection" as functions. We again believe that rule 4.4 should be updated to reflect current industry terms and functions.

If USLRRCD planned on extracting water, replenishing water, installing any pipes, etc., we agree that they would need to come to LAFCO to ask for permission to activate these powers. Mere participation at the water management level in a SGMA GSA does not require an additional activation of powers, as we believe that USLR RCD has been practicing water management via conservation, protection and education programs since before 2000.

We wanted to get you our thoughts and input at this time. Please let us know if you would like to have another meeting with the LAFCO staff to follow up and discuss further. Thank you, Kim

Kimberly A. Thorner, Esq.
General Manager
Olivenhain Municpal Water District

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AGENDA REPORT
Business | Action

April 5, 2021

TO: Commissioners

FROM: Keene Simonds, Executive Officer
Holly O. Whatley, Commission Counsel

SUBJECT: **Voluntary Separation Incentive Program**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider approving a one-time program to monetarily incentivize eligible employees to voluntarily separate and end their employment with the Commission. As proposed, the Voluntary Separation Incentive Program (VSIP) would be available to employees with 60 months or more of consecutive employment on an application basis and if approved receive a lump sum payment based on the total number of years of employment. The VSIP responds to budget considerations under COVID-19 and delegates responsibility to the Executive Officer to administer to ensure both a net savings to the Commission as well as critical positions and/or associated functions are adequately maintained. It is recommended the Commission approve the proposed VSIP with any changes as specified.

BACKGROUND

2021-2022 Budget Considerations

On March 1, 2021, San Diego LAFCO held a noticed public hearing to consider adopting a draft workplan and budget for 2021-2022. Specific consideration on the budget involved maintaining existing service levels while pursuing cost-savings wherever possible given cost impacts on the Commission's funding agencies due to the COVID-19 pandemic. This included

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Paul McNamara, Alt.
City of Escondido
Chris Cate
City of San Diego
Marni von Wilpert, Alt.
City of San Diego
Jo MacKenzie
Vista Irrigation
Barry Willis
Alpine Fire Protection
Vacant, Alt.
Special District
Chair Andy Vanderlaan
General Public
Harry Mathis, Alt.
General Public

the Commission approving a recommendation by the Executive Officer to pursue short and long-term savings by developing an early separation program for eligible employees for formal consideration at a future meeting.

DISCUSSION

This item is for San Diego LAFCO to consider approving a proposed VSIP developed by the Executive Officer and Commission Counsel consistent with the direction provided at the March 2021 meeting. The following key provisions follow and detailed as Attachment One:

- Eligibility
  The program is available to all employees with at least 60 months of continued service with LAFCO and determined to be in good standing by the Executive Officer.

- Limitation
  The program is open to no more than three eligible employees and applications would be reviewed/approved by the Executive Officer on a first-come basis.

- Application Process
  All eligible employees would be invited to file an application in a form provided by the Executive Officer between April 7th and May 5th. The Executive Officer would be authorized to approve the application provided it meets the program requirements.

- Payment
  The program would provide each eligible and approved employee a lump sum payment of $2,000 for every year of service time with San Diego County Employees Retirement Association – which covers both LAFCO and any prior County employment.

ANALYSIS

The proposed VSIP provides San Diego LAFCO a new resource to generate costs savings by creating vacancies in filled positions on a volunteer basis with interested employees. Anyone of the four eligible employees choosing to proceed with the program and approved by the Executive Officer would generate savings to the Commission ranging in Year One (2021-2022) from $0.064 to $0.169 million after one-time separation payments are made. The estimated savings would increase in Year Two (2022-2023) between $0.097 to $0.206 million and presumably hold going forward. The estimated savings would only decrease in proportion to the cost of new hires if those became necessary and subsequently pursued.[1]

[1] No new hires would be expected in Year One due to the current economic conditions. It is possible new hires – albeit not necessarily to fill any vacated positions tied to the VSIP – would be considered once economic conditions improve and in conjunction with the Executive Officer's task to make appropriate position changes within the agency to help maximize organizational efficiencies.

RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed VSIP as presented. This recommendation is consistent with Alternative Action 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 proposed VSIP provided as Attachment One with any desired changes.

Alternative Two:
Continue consideration to a future meeting and provide direction as needed.

Alternative Three:
Take no action.

PROCEDURES

This item has been placed on San Diego LAFCO's agenda for action as part of the business calendar. The following procedures, accordingly, apply:

1) Receive verbal presentation from staff unless waived.
2) Initial questions or clarifications from the Commission.
3) Invite comments from the public.
4) Consider the staff recommendation or alternatives.

Respectfully,



Keene Simonds
Executive Officer

Attachments:

1) Proposed Voluntary Separation Incentive Program

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Voluntary Separation Incentive Program

Section 1. Program Objective

To achieve budget savings, San Diego LAFCO adopts this Voluntary Separation Incentive Program ("VSIP") to enable the Executive Officer to offer incentives to eligible staff who voluntarily elect to leave their employment with LAFCO. The VSIP's goal is to achieve savings via potential staff reductions in light of the economic strain imposed by the COVID-19 Pandemic.

To ensure adequate staffing for LAFCO to carry out its statutory duties, the number of VSIP participants will be capped at three participants and the Executive Officer shall have the discretion to deem certain positions critical and ineligible to participate. The discretion to deem certain positions critical and ineligible to participate is exclusively delegated to the Executive Officer and there are no appeals of such designation.

In accepting a VSIP application, the Executive Officer must be able to document and demonstrate mid- to long-term budget savings that justify the payment of the Incentive. In evaluating these costs, the Executive Officer may consider such options as:

- Process improvements to gain organizational efficiencies;
- Redistribution of work among other staff; and,
- Staff reorganization that results in net salary savings at a level to support the Incentive payment(s)

The decision to accept a VSIP application is exclusively delegated to the Executive Officer and there are no appeals.

Section 2. Employee Eligibility

a. An Eligible Employee is defined as one who meets the qualifications in subsection (b) below.

b. Employees meeting the following criteria are eligible to submit the required paperwork during the Application Period:

   i. Full-time employees that have been on active payroll status with LAFCO for 60 consecutive Months preceding the closing date of the VSIP Application Period;

   ii. Employees who continue to perform as a satisfactory employee until the selected date of separation; and,

   iii. Employees in all classifications, unless the Executive Officer declares an exemption for critical or hard-to-fill positions.

Section 3. Application Period and Submittal Process

a. Application Period means 8:00 a.m. on April 7, 2021 to 5:00 p.m. on May 5, 2021 which is the term during which the VSIP will remain active and accept applications. The Executive Officer, in his sole discretion, has the authority to extend the Application Period by up to two weeks if the maximum number of Applications (3) has not been reached by the end of the Application Period. The Executive Offer's decision to extend or not extend the Application Period is final and not appealable.

b. An Eligible Employee desiring to participate in the VSIP must complete the Voluntary Separation Employment Agreement during the Application Period or any extension thereof. The Voluntary Separation Employment Agreement is attached as Attachment A.

c. The signed and dated Voluntary Separation Employment Agreement must be electronically mailed to Keene Simonds at keene.simonds@sdcounty.ca.gov.

d. An Eligible Employee has the right to revoke his or her submission up to seven days after the signature date of the Voluntary Separation Employment Agreement as set forth in Section 5.

e. Late applications will not be accepted.

f. The VSIP is open to no more than three Eligible Employees on a first-come, first-served basis.

g. The VSIP will terminate upon the earlier of the close of the Application Period and any extension thereof or the acceptance of an application by a third Eligible Employee. However, if an Eligible Employee timely revokes their Voluntary Separation Employment Agreement, the Executive Officer retains discretion to accept an application that was timely submitted during the Application Period notwithstanding that such application was not among the first three submitted.

h. An Eligible Employee whose timely application is accepted before the cap is reached is deemed an Electing Participant.

Section 4. Incentive Provisions

a. An "Incentive" shall be a one-time lump-sum payment of $2,000 for each year of accrued San Diego County Employees Retirement Association credit (e.g. 15 years of accrued SDCERA credit equals $30,000).

b. An Electing Participant who receives an Incentive will be paid any accrued vacation leave immediately prior to their date of separation.

c. An Electing Participant who accepts an Incentive will not be eligible to receive unemployment benefits based upon the employee's written acknowledgement that their decision to separate from LAFCO is entirely voluntary.

d. An Electing Participant may choose to defer a percentage of the Incentive as part of a deferred compensation program up to the annual limit of that program.

e. An Electing Participant will cease working for LAFCO upon the separation date provided in the Voluntary Separation Employment Agreement.

f. An Electing Participant who accepts an Incentive is not eligible to be rehired by LAFCO for a period of not less than two years from the date of separation.

g. An Electing Participant who is rehired sooner will be required to repay LAFCO the cash value of the Incentive received.

Section 5. Release of Claims

a. To receive the Incentive, the Electing Participant must terminate employment and sign a release of claims.

b. An Electing Participant who is under 40 years of age shall be given two weeks to consider and sign the release of claims form to receive the Incentive after separation from employment. The Incentive is to be paid after receipt of the signed release of claim and after expiration of the seven-calendar day revocation period or the Election Participant's separation date, whichever is later.

c. An Electing Participant who is 40 years of age or older at the date of separation shall have 45 days to consider and sign the release of claims, including claims under the Age Discrimination in Employment Act, and accept the offer of the Incentive. The Electing Participant may sign the release of claims form at any time before the end of the 45-calendar day period. The Electing Participant shall be given seven calendar days after signing the release of claims form to revoke the release and refuse acceptance of the Incentive. The Incentive is to be paid at the end of the seven-calendar day revocation period or the Election Participant's separation date, whichever is later.

Section 6. Miscellaneous

a. Tax Considerations

   i. An Electing Participant's Incentive is taxable in the calendar year in which it is paid and is subject to withholding taxes.

   ii. Because the tax consequences of accepting an Incentive vary with each individual, Eligible Employees are encouraged to consult with their tax advisor or financial planner for the specific impact on their situation.

b. Eligible Employees who are considering applying for the VSIP should understand how terminating employment may impact their SDCERA retirement benefits, including healthcare benefits. Before making a final decision, it is strongly recommended that Eligible Employees speak to an SDCERA retirement benefits specialist to discuss their unique situation.

Appendix:
1) Voluntary Separation Employee Agreement

APPENDIX ONE

VOLUNTARY SEPARATION EMPLOYMENT AGREEMENT

This Voluntary Separation Employment Agreement ("Agreement") is entered into on [DATE] ("Effective Date") by and between the San Diego County Local Agency Formation Commission, a California public agency ("LAFCO") and [NAME], an individual ("Employee"). LAFCO and Employee may be referred to a "Parties" collectively or "Party" individually.

RECITALS

WHEREAS, to achieve budget savings, San Diego LAFCO adopted a Voluntary Separation Incentive Program ("VSIP") to enable the Executive Officer to offer incentives to eligible staff who voluntarily elect to leave their employment with LAFCO.

WHEREAS, the VSIP's goal is to achieve savings via potential staff reductions in light of the economic strain imposed by the COVID-19 Pandemic.

WHEREAS, Employee is employed with LAFCO full-time and accrued over 60 consecutive months of San Diego County Employees Retirement Association ("SDCERA") credit.

WHEREAS, Employee expressed interest in participating in VSIP.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Date of Separation. The Parties agree that Employee voluntarily resigns and separates from employment with LAFCO effective [DATE].

2. Incentive. In consideration for signing this Agreement, LAFCO agrees to pay Employee a one-time lump-sum payment of [AMOUNT] ("Incentive"), calculated as $2,000 for each year of accrued SDCERA credit.

3. Other Payments. In addition to the Incentive, LAFCO agrees to pay Employee [AMOUNT] in accrued vacation leave.

4. Method of Payment. LAFCO will pay Employee the Other Payments on the Date of Separation. LAFCO will credit the Incentive to Employee's direct deposit account within 30 days of the end of the Rescission Period, as described below. If Employee elects to receive the Incentive and Other Payments in one, lump-sum payment, LAFCO will make all applicable federal, state, and local deductions. Employee may choose to defer a percentage of the Incentive or Other Payments as part of a deferred compensation program up to the annual limit of that program.

5. Rescission Period. Employee has seven calendar days from the Effective Date to rescind this Agreement by providing written notice to LAFCO's Executive Officer. The Rescission Period terminates on [DATE]. Upon timely submission of written notice of rescission, Employee's status will revert to that immediately preceding the Effective Date.

6. Release and Waiver. In consideration of LAFCO's payment of the Incentive and Other Payments, Employee and Employee's heirs, executors, administrators, assigns, and successors, hereby fully and forever, irrevocably and unconditionally release and discharge LAFCO and its governing body, officials, employees, and agents (collectively "Releasees") from any and all claims, actions, causes of action, judgments, liens indebtedness, damages, obligations, losses, liabilities, costs, claims for attorneys' fees or costs, arising out of or related to Employee's employment with LAFCO or this Agreement.

7. Waiver of Civil Code Section 1542. Employee acknowledges that California Civil Code section 1542 provides as follows:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Employee expressly waives the provisions of California Civil Code section 1542 and further waives any rights Employee might have to invoke said provisions now or in the future with respect to the releases set out in this Agreement.

8. [FOR EMPLOYEES OVER 40 YEARS OF AGE] Release of Age Discrimination in Employment Act Claims. Employee waives any claim or right to challenge this Agreement on age discrimination or other grounds under the Age Discrimination in Employment Act of 1967 ("ADEA"). Employee is advised to consult with an attorney of Employee's own choosing before signing this release of ADEA claims.

9. Returning to Work. Employee is ineligible to be rehired by LAFCO for a period of not less than two years from the Date of Separation. If Employee is rehired sooner, Employee will be required to repay LAFCO the cash value of the Incentive.

10. Entire Agreement. This Agreement constitutes a single integrated contract expressing the entire agreement of the Parties. This Agreement shall supersede, and render void any prior agreements between the Parties, concerning the subject matter of this Agreement.

11. Severability. In the event that any term, condition, or provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or against public policy, that term, condition, or provision shall be deemed to be deleted, and the remaining terms, conditions and provisions shall continue in force and effect.

12. Counterparts. This Agreement will be executed in counterparts. First, the Employee must execute this Agreement and electronically mail it to Keene Simonds at Keene.Simonds@sdcounty.ca.gov. Provided the Employee meets the eligibility requirements and the cap on program participants has not been exceeded, upon receipt, LAFCO's Executive Director will execute the Agreement and return a copy by physical and electronic mail to Employee at [EMAIL] and [ADDRESS].

IN WITNESS WHEREOF, the Parties knowingly and voluntarily executed this Agreement as of the dates below.

LAFCO	EMPLOYEE
Keene Simonds, Executive Officer	[EMPLOYEE NAME]
Date signed: _____	Date signed: _____

APPROVED AS TO FORM:

Holly O. Whatley, General Counsel

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