North Central San Diego County

Municipal Service Review and Sphere of Influence Update

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San Diego Local Agency Formation Commission

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Table of Contents

Section Page

Executive Summary

ES.0 Report Components ES-1

ES.1 Purpose and Need for Municipal Service Review (MSR) and Sphere of Influence (SOI) Update ES-1

ES.2 Background and History of Responsible Agencies ES-2

ES.3 Other Potentially Affected Agencies ES-11

ES.4 MSR Study Area Land Uses ES-19

ES.5 Summary of MSR and SOI Determinations ES-21

ES.6 Environmental Review ES-22

Municipal Service Review

1.0 Municipal Service Review 1.0-1

1.0.0 Brief History of the Municipal Service Review 1.0-1

1.0.1 Municipal Service Review Requirements 1.0-2

1.0.2 MSR Determinations 1.0-2

1.0.3 San Diego LAFCO Municipal Service Review Guidelines 1.0-3

1.1 Infrastructure, Facilities, and Services 1.1-1

1.1.0 Planning for Future Services 1.1-1

1.1.1 Paying for Infrastructure 1.1-6

1.1.2 Infrastructure Deficiencies 1.1-9

1.1.3 Use of Excess Capacity 1.1-10

Table of Contents
(continued)

Section **Page**

1.1.4 Planning and Population Projections 1.1-12

1.1.5 Infill Policy 1.1-14

1.1.6 Equitable Service Provision 1.1-15

1.1.7 Emergency Planning 1.1-16

1.1.8 Appropriate Boundaries 1.1-19

1.1.9 Extending Services 1.1-21

1.1.10 Consolidating Services 1.1-24

1.2 Fiscal Issues 1.2-1

1.2.0 Revenue Sources 1.2-1

1.2.1 Rates and Fees 1.2-5

1.2.2 Policy for Reserves and Depreciation 1.2-13

1.2.3 Agency Bond Ratings 1.2-17

1.2.4 Policies for Investment Practices 1.2-18

1.2.5 Legal Costs 1.2-18

1.3 Administration, Management, and Operations 1.3-1

1.3.0 Organizational Structure 1.3-1

1.3.1 Managing Human Capital 1.3-2

1.3.2 Public Input 1.3-5

Table of Contents
(continued)

Section Page

1.4 Governance 1.4-1

1.4.0 Authority for Governance and Scope of Local Agency Powers 1.4-1

1.4.1 Principles of Governance 1.4-5

1.4.2 Reorganization 1.4-7

1.5 MSR Determinations 1.5-1

Determination 1: Infrastructure Needs or Deficiencies 1.5-1

Determination 2: Growth and Population Projections 1.5-7

Determination 3: Financing Constraints and Opportunities 1.5-10

Determination 4: Cost Avoidance Opportunities 1.5-15

Determination 5: Opportunities for Rate Restructuring 1.5-17

Determination 6: Opportunities for Shared Facilities 1.5-23

Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers 1.5-27

Determination 8: Evaluation of Management Efficiencies 1.5-29

Determination 9: Local Accountability and Governance 1.5-33

Sphere of Influence Update

2.0 Sphere of Influence Update 2.0-1

2.0.0 History of the Sphere of Influence Update 2.0-1

2.0.1 Legislation and Sphere of Influence Requirements 2.0-1

2.1 Sphere of Influence Update Analysis 2.1-1

Table of Contents
(continued)

Section **Page**

2.1.0 Olivenhain Municipal Water District – Existing Sphere 2.1-1

2.1.1 Olivenhain Municipal Water District – Proposed Sphere 2.1-8

2.1.2 Rancho Santa Fe Community Services District – Existing Sphere 2.1-13

2.1.3 Rancho Santa Fe Community Services District – Proposed Sphere 2.1-14

2.1.4 City of San Diego – Existing Sphere 2.1-19

2.1.5 City of San Diego – Proposed Sphere 2.1-20

2.2 Sphere of Influence Determinations 2.2-1

2.2.0 Recommended Statement of Determinations – Proposed Amendment and SOI Update for the Olivenhain MWD 2.2.1

2.2.1 Recommended Statement of Determinations – Proposed Amendment and SOI Update for the Rancho Santa Fe CSD 2.2.7

2.2.2 Recommended Statement of Determinations – Proposed Amendment and SOI Update for the City of San Diego 2.2.11

2.2.3 Recommended Statement of Determinations – Proposed Amendment and SOI Update for the Santa Fe Irrigation District 2.2.15

Appendices

Appendix A: Data Summary

Appendix B: San Diego LAFCO Municipal Service Review Guidelines

Appendix C: San Diego LAFCO Legislative Policy L-106

Appendix D: Comment Letters and Responses to Comments

Appendix E: Poway Unified School District letter of service request for Del Norte High School (July 12, 2004)
City of San Diego response to letter of service request for Del Norte High School (October 22, 2004)

List of Figures

Figure		Page
ES-1	Jurisdictional Boundaries	ES-3
ES-2	Water Districts	ES-4
ES-3	Sewer Districts	ES-5
ES-4	Parks and Open Space	ES-8
MSR-1	Water Infrastructure	1.1-3
MSR-2	Sewer Infrastructure	1.1-4
SO1-1	Areas of Service Consideration	2.1-6
SO1-2	Sewer Districts and Areas of Service Consideration	2.1-7
SO1-3	Olivenhain MWD and Areas of Service Consideration	2.1-9
SO1-4	Rancho Santa Fe CSD and Areas of Service Consideration	2.1-16

List of Tables

Table		Page
MSR-1	Enterprise Revenue: FY 2003-2004 Projected	1.2-2
MSR-2	Sources of Operating Revenue: FY 2003-2004 Projected	1.2-3
MSR-3	OMWD 2003 Water Rates	1.2-9
MSR-4	City of San Diego 2003 Water Rates and Wastewater Charges	1.2-10
MSR-5	OMWD Wastewater Charges	1.2-11
MSR-6	RSFCSD Wastewater Charges	1.2-12
MSR-7	GASB 34 Model	1.2-13
MSR-8	Three-Year Record of Legal Expense	1.2-19
MSR-9	Human Capital	1.3-3
MSR-10	MSR Agency Outreach Programs	1.4-7
MSR-11	Determination 1: Infrastructure Needs and Deficiencies	1.5-1
MSR-12	Determination 2: Growth and Population Projections	1.5-7
MSR-13	Determination 3: Financing Constraints and Opportunities	1.5-10
MSR-14	Determination 4: Cost Avoidance Opportunities	1.5-15
MSR-15	Determination 5: Opportunities for Rate Restructuring	1.5-17
MSR-16	Determination 6: Opportunities for Shared Facilities	1.5-23
MSR-17	Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers	1.5-27
MSR-18	Determination 8: Evaluation of Management Efficiencies	1.5-29

List of Tables
(continued)

Table **Page**

MSR-19 Determination 9: Local Accountability and Governance 1.5-33

SOI-1 Summary of Service Consideration Areas 2.1-2

Executive Summary

This section summarizes the purpose and content of the Municipal Service Review (MSR) and Sphere of Influence (SOI) update for the North Central San Diego County region. This summary also provides background information on the Olivenhain Municipal Water District, the Rancho Santa Fe Community Services District, and the City of San Diego.

ES.0 Report Components

The following five sections comprise the MSR and SOI Update:

1) Table of Contents
2) Executive Summary
3) Municipal Service Review
4) Sphere of Influence Update
5) Appendices

ES.1 Purpose of and Need for Municipal Service Review (MSR) and Sphere of Influence (SOI) Update

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the San Diego Local Agency Formation Commission (LAFCO) to review municipal services provided by local agencies. The requirement for service reviews is in response to the identified need for a coordinated and efficient public service structure, which will support California's anticipated growth. The service review provides LAFCO with a tool to comprehensively study existing public service conditions, potential future service requests, and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently and cost-effectively provided.

LAFCO has requested that Olivenhain Municipal Water District (OMWD) and Rancho Santa Fe Community Service District (RSFCSD) act jointly to prepare a North Central San Diego County MSR and SOI update for this area. The studies are intended to result in a more coordinated and efficient public service structure supporting the districts' service areas.

In order to complete the MSR and SOI studies, a *Request for Information* (RFI) survey was prepared and disseminated to the OMWD, RSFCSD, and the City of San Diego (as a closely related service provider) to collect information from each of the affected entities. The survey results provided by the OMWD, RSFCSD, and the City of San Diego were compiled into a *Data Summary* document and are presented in Appendix A. Additionally, existing service provider documents and data from other agencies located in the close proximity to the north central San Diego region was collected, organized and reviewed during the analysis. Mapping exhibits were developed using a Geographic Information System (GIS) and provide a spatial presentation of the existing service areas, SOI boundaries, and the proposed modifications.

ES.2 Background and History of Responsible Agencies

The North Central San Diego County MSR and SOI update represents a combined sphere and service review undertaken by the LAFCO under the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This State law requires the preparation and regular update of service review and spheres of influence for all agencies. Service reviews are important information reports that assist LAFCO, affected agencies, and the public in coordinating the efficient provision of public services to support anticipated growth. Spheres are also important tools that provide guidance for LAFCO in the establishment of physical boundaries and service areas of cities and special districts.

Subject agencies located within the North Central San Diego Municipal Service Review and Sphere of Influence Update study include the Olivenhain Municipal Water District (OMWD), Rancho Santa Fe Community Services District (RSFCSD), and the City of San Diego. Below is a brief background and history of each of the agencies involved in the study. Figure ES-1 depicts regional location of the North Central San Diego County study area within San Diego County.

Olivenhain Municipal Water District

The OMWD was incorporated in 1959 under the provisions of the California Municipal Water District Act of 1911 to provide potable water to its customers. The OMWD service area is located in northern San Diego County and serves portions of the communities of Encinitas, Carlsbad, Solana Beach, Rancho Santa Fe, San Marcos, San Diego, and Escondido. As a result of annexations since its inception, the original OMWD boundaries have been expanded to encompass an area of approximately 48 square miles. Currently, the OMWD services include potable water, wastewater, recycled water, hydroelectricity, and recreation services (exclusive to the Elfin Forest Recreational Reserve). Figure ES-2 depicts the OMWD water service area boundaries. The OMWD's wastewater service area boundaries are depicted in Figure ES-3.

OMWD Water Service

The OMWD's primary purpose is to retail potable water supplies to end users. The OMWD services approximately 21,200 meters, with an estimated population of 48,000. A vast majority of its users are residential and commercial. The OMWD's estimated water use is as follows: 61.4 percent residential; 19.5 percent irrigation; 11 percent agricultural; 7.7 percent industrial and commercial; and 0.4 percent other.

Based upon the current water master plan, the OMWD's ultimate buildout would comprise of approximately 36,700 equivalent dwelling units (EDU). Therefore, the OMWD is currently 72 percent from ultimate buildout. Approximately 50 percent of the OMWD's service area currently receives water service.

The OMWD imports 100 percent of its water purchased for resale as a member agency of the San Diego County Water Authority (SDCWA) and the Metropolitan Water District of Southern California (MWDSC). The Olivenhain Water Treatment Plant was completed and

Figure ES-1

Figure ES-2

Figure ES-3

is currently in operation. The Plant can treat 34 million gallons per day (MGD). The OMWD has 20 reservoirs and has an agreement with SDCWA for shared capacity in the Olivenhain Dam and in the Olivenhain Potable Water Treatment Plant (9 MGD). Additionally, the OMWD has agreements with the Santa Fe Irrigation District and San Dieguito Water District for emergency connections, and Vallecitos Water District for recycled water. The OMWD will continue to purchase its water from the MWDSC and SDCWA. Through the utilization of the new water membrane treatment plan, the Olivenhain Dam, and other storage facilities that are currently under construction, the OMWD is striving to meet future water demands and accommodate growth.

OMWD Wastewater Service

In July 1998, the OMWD assumed the responsibility for wastewater collection, treatment, and disposal within certain portions of the district, the 4S Ranch and Rancho Cielo areas. As an outgrowth of this new service, the development of a recycled water system in the southeast quadrant (4S Ranch and Santa Fe Valley areas) is almost completed. The OMWD will also be pursuing the development of a new recycled water system through a joint agreement with other water agencies in the northwest quadrant of the OMWD's service area.

On July 1, 1998, the OMWD assumed responsibility and control of two sanitation districts (4S Ranch Sanitation District and Rancho Cielo Sanitation District) located in the southeast portion of the OMWD service area. The existing plant is currently being expanded to have treatment facilities capable of treating wastewater effluent to Title 22 tertiary levels (i.e., reclaimed water which can be used for irrigation purposes). This supply of recycled water will be distributed to major irrigation water users in the southern portion of the OMWD, including six golf-courses, as well as various parkways, greenbelts, and schools. The expanded wastewater treatment plant will eventually serve approximately 7,000 customers in this area.

OMWD Hydro-Electricity

The OMWD operates two hydroelectric plants. The original plant is located at the Roger Miller Reservoir in the hills above Encinitas. This system takes advantage of high pressure water in a pipeline that is delivered from a reservoir further up the hill. The system has a peak capacity of 450 KW.

The newest power generation facility constructed by the District is at the Olivenhain Water Treatment Plant. This system takes advantage of its location on the aqueduct and at the base of the new Olivenhain Reservoir and Dam to capture energy from the flow of water into the plant. The water passes through turbines that convert the hydraulic energy into both mechanical energy through directocoupled blowers, as well as electrical energy through attached induction generators. These systems recover about 50-60 percent of the energy required to operate the treatment plant.

OMWD Parks – Elfin Forest Recreational Reserve

The Elfin Forest Recreational Reserve is a 750-acre open space and recreational area developed by the OMWD in partnership with the SDCWA and the U.S. Department of the Interior-Bureau of Land Management as an element of the Olivenhain Water Storage Project (Figure ES-4). Owned by the SDCWA and operated and managed by the OMWD (see *Authorization of Latent Powers by Olivenhain Municipal Water District – Park and Recreation Services*, March 4, 1985), the Elfin Forest Recreational Reserve has been designed to unify the interests of domestic water supply development, natural resources management and recreational opportunities.

The Elfin Forest Recreational Reserve is located on Harmony Grove Road, near the rural Elfin Forest Community. The reserve includes such native plant communities as oak riparian, oak woodland, coastal sage scrub and chaparral. Once the Olivenhain Water Storage Project is complete, the reserve will provide 17 miles of hiking, biking, and equestrian trails. The reserve staff is currently planning the construction of a trail that will link the Elfin Forest Reserve to the community of Rancho Cielo. The Elfin Forest Recreational Reserve has an estimated annual expenditure of $267,000 in fiscal year 2002-2003. This expenditure accounted for personnel costs (three park rangers and a seasonal park aide), equipment rental, maintenance and repairs, office/administrative expenses, and outside services.

In 1984 the OMWD submitted a request to the San Diego LAFCO for approval to provide additional services within the district for park and recreation purposes. On March 4, 1985 an "Authorization of Latent Powers by Olivenhain Municipal Water District (Parks and Recreation Services)" was approved by LAFCO. The authorization allowed OMWD to exercise its latent powers to provide park and recreation services at three locations within the district. The three sites were originally 480, 73, and 40 acres in size. (Since this time the OMWD no longer provides said services to the 40 acre parcel and the Elfin Forest Reserve has expanded to 750 acres). The services include hiking and riding trails (approximately 20 miles worth), open space management, picnic sites and park facilities at the Olivenhain Reservoir. The OMWD acquired these parcels from the U.S. Bureau of Land Management under a patent for recreation uses to help meet the demand for park lands and recreational opportunities based on projected population growth in the area. It should be noted that the OMWD's latent powers authority provides for park and recreation services anywhere in the OMWD's service area.

A conceptual recreation plan has been prepared for the largest parcel (Elfin Forest Recreational Reserve); this plan is part of the Mt. Israel Reservoir project. The recreation plan was approved in 1988 and revised in 1995 to provide for the overall planning of facilities and uses. The County of San Diego approved a major Use Permit in 1988 for the Mt. Israel Park (now the Olivenhain Reservoir) area use including public review and support. The plan and project include a trail head on harmony Grove Road, pedestrian/bicycle and equestrian trails, the reservoir lake, picnic sites and vista points for views and future fishing access points. The trail system also includes linkages to several open space land parcels acquired by the district, San Diego County Water Authority (Authority) and the County of San Diego Open Space Division. Most of the trails are also shown on the County Master Plan of Hiking and Bicycle Trails adopted in 2003. The OMWD has coordinated development of trails and park uses with the surrounding communities and land owners.

Figure ES-4

Rancho Santa Fe Community Services District

The Rancho Santa Fe Community Services District (RSFCSD) was formed in 1982 as the result of a reorganization involving the dissolution of the Rancho Santa Fe Sanitation District and the Rancho Santa Fe (Landscape) Maintenance District. As successor agency, the new RSFCSD encompasses the boundaries and assumed the functions of the dissolved districts.

Figure ES-3 depicts the RSFCSD wastewater service area boundaries. The RSFCSD encompasses approximately 9,910 acres and contains 1,612 wastewater connections. The current population within the RSFCSD is estimated at 5,627. Sewer Improvement District No. 1 provides wastewater service to the territory that was within the boundary of the dissolved sanitation district (approximately 1,255 acres). The wastewater treatment facility is located in the southeastern part of the RSFCSD, just north of the Whispering Palms area.

The RSFCSD's wastewater treatment facility has an average flow of 0.33 MGD and a rated capacity of 0.45 MGD. A private consulting firm has entered into a contract with the RSFCSD to provide for the operation and maintenance services at the treatment facility, as well as line repair and maintenance for the public sewer mains. The RSFCSD imposes an annual wastewater service charge of $800 per equivalent dwelling unit (EDU) for its wastewater services. The RSFCSD contracts with the Rancho Santa Fe Association to provide landscape maintenance services.

The RSFCSD annexed the area known as Santa Fe Valley in 2000. A Community Facilities District was formed to finance the construction of the Santa Fe Valley Wastewater Reclamation Facility, the sewer system for the three major developers, and reclaimed water lines for the re-use of the treated effluent. This system was designed to serve the entire Santa Fe Valley Specific Plan area, which will ultimately serve approximately 1,500 connections.

The RSFCSD contracts with the Rancho Santa Fe Association to maintain the landscaping within the road right-of-way of the 60 miles of roads located within the landscape maintenance improvement district No.1 boundaries. The contract is for $300,000 annually.

The revenue for this work is derived from the landscape district's share of the one percent allocation of County-wide property taxes. This formula is calculated each year by the County Auditor and is based on assessed valuation. No direct assessment of charges or fees to the residents is made. When LAFCO formed the RSFCSD, it created a sewer improvement district (since abolished) and a landscape maintenance district. The landscape maintenance district was formed to replace the previous County Service Area that performed the same function.

City of San Diego

City of San Diego Water Department

The City of San Diego entered the municipal water supply business in 1901 when the City bought the water system from a private company. More than 100 years later, San Diego's water infrastructure has become one of the most complex in the United States. Today, the

City's Water Department serves more than 1.2 million people populating more than 200 square miles of developed land.

In addition to the water treatment plants, the City maintains and operates more than 2,890 miles of water lines, 45 water pump plants, 90-plus pressure zones, and more than 200 million gallons of potable water storage capacity in 32 standpipes, elevated tanks, and concrete and steel reservoirs.

In addition to supplying more than 250,000 metered service connections within its own incorporated boundaries, the City of San Diego conveys and sells potable water to the City of Del Mar, the Santa Fe Irrigation District, San Dieguito Water District, and the California American Water Company, which, in turn, serves the Cities of Coronado and Imperial Beach and portions of south San Diego. The City also maintains several emergency connections to and from neighboring water agencies, including the Santa Fe Irrigation District, the Poway Municipal Water District, Otay Water District, the California American Water Company, and the Sweetwater Authority.

The City of San Diego Water Department receives no revenues from sales or property taxes, operating solely on funds from rates and service charges. In accordance with the provisions of the City Municipal Code, these funds are administered in an enterprise account, separate from the City of San Diego's General Fund.

Metropolitan Wastewater Department (MWWD)

The City of San Diego had no wastewater treatment prior to 1943. In 1943, a 14 million-gallon-per-day treatment plant went into operation on East Harbor Drive, south of 32nd Street. Although the plant was enlarged in 1950 to handle 40 million gallons of wastewater per day, San Diego's growing population soon overwhelmed the plant's capabilities. This led to the construction in the early 1960s of the Point Loma Wastewater Treatment Plant (PLWTP), on a bluff facing the ocean at Point Loma. The Point Loma facility remains the mainstay of the Metropolitan Wastewater Department (MWWD), processing up to 180 MGD of wastewater generated by 2.2 million residents in a 450 square mile service area. The plant has a treatment capacity of 240 million gallons per day. The MWWD's new facilities include the North City Water Reclamation Plant, the Biosolids Center, and the South Bay Water Reclamation Plant. The MWWD is staffed by more than 1,000 employees and has a total budget of $510.9 million [http://www.sannet.gov/mwwd/general/history].

The MWWD can be divided into two divisions, the Metropolitan Sewerage System and the Municipal Wastewater Collection System. The MWWD System treats the wastewater from the City of San Diego and 15 other cities and districts (called Participating Agencies) from a 450 square mile area with a population of over 2.2 million. An average of 180 million gallons of wastewater is treated every day of the year. The Participating Agencies are the Cites of Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, National City, Poway, along with the Lemon Grove Sanitation District, the Otay Water District, the Padre Dam Municipal Water District, and the County of San Diego (including Lakeside/Alpine, Spring Valley, Wintergardens, and East Otay Mesa). The Wastewater Collection Division of MWWD is responsible for the collection and conveyance of wastewater from residences and businesses in the City of San Diego, serving a 330 square mile area with a population of

1.2 million people. The Wastewater Collection Division has approximately 2,894 miles of sewer lines, 250,000 connections to the sewer lines, 84 municipal pump stations, and 55,000 manholes.

ES.3 Other Potentially Affected Agencies

These agencies, due to their location in relation to the OMWD and/or RSFCSD, may affect and/or be indirectly affected by recommendations provided in this report. Specific information pertaining to each entity immediately follows this listing.

- City of Carlsbad
- Carlsbad Municipal Water District
- City of Encinitas
- City of Escondido
- City of San Marcos
- City of Solana Beach
- County of San Diego
- Fairbanks Ranch Community Services District
- Leucadia Wastewater District
- Metropolitan Water District of Southern California
- Questhaven Municipal Water District
- Rincon del Diablo Municipal Water District
- San Diego County Parks and Recreation
- San Diego County Water Authority
- San Dieguito Water District
- Santa Fe Irrigation District
- Vallecitos Water District
- Whispering Palms Community Services District

City of Carlsbad

The City of Carlsbad was incorporated in 1952 as a General Law City. Currently, the City encompasses approximately 40 square miles with an estimated population of 88,000. The City Council is comprised of five members. Both the City Council members and the City Mayor are elected at large for four year terms. The City of Carlsbad has approximately 625 full time employees. The Carlsbad Growth Management Plan was adopted in 1986 and the most recent General Plan update was in 1994. The City of Carlsbad's SOI was adopted by LAFCO in 1978 and affirmed in 1993. The Carlsbad City Departments provide for the following services:

- building inspection
- engineering
- fire protection
- flood control
- housing and redevelopment
- human resources
- information systems

- landscape maintenance
- legal services
- library services
- purchasing
- lifeguard services (pools only)
- paramedic services
- parks and recreation
- planning and land use
- police protection
- risk management
- road and highway maintenance
- sewer service
- street lighting
- traffic control
- water service

Special Districts providing services to the City include water services by the Carlsbad MWD, Vallecitos Water District and the Olivenhain Municipal Water District. The City of Carlsbad, Special Districts, and other regional municipalities, including the Cities of Oceanside, Vista, Encinitas, and San Marcos, have also formalized agreements for assistance for emergency medical and fire protection services. Mutual aid is also available from all fire agencies in San Diego County. Additionally, police departments from all agencies in San Diego County participate in mutual aid agreements.

Carlsbad Municipal Water District

The Carlsbad Municipal Water District (CMWD) has a population of approximately 66,300 and encompasses an area of approximately 20,200 acres. The CMWD is located primarily within the City of Carlsbad along the northern San Diego County coastline. With a total of 20,000 connections, the largest customer group serviced by the CMWD is residential (approximately 56 percent), while agricultural usage has dropped over the years to its current level (approximately five percent). The remaining uses are industrial, landscape irrigation, and commercial.

Established in 1954 as the Costa Real Municipal Water District, the CMWD changed to its current name in 1989. In 1990 the CMWD was established as a subsidiary district of the City of Carlsbad. Since there are no local sources of water within the service area, the CMWD has become a purveyor of retail water and is completely reliant on water supplied by the SDCWA. The CMWD currently delivers reclaimed water to five major customers with an annual delivery of approximately 1,300 acre-feet. The reclaimed water is used to irrigate agricultural fields, golf courses, school and shopping center landscapes, and street medians. The CMWD has prepared a Reclaimed Water Master Plan that will be implemented in five phases over the next twenty years. The ultimate system plans for deliveries of 11,480 acre-feet per year.

City of Encinitas

The City of Encinitas was incorporated in 1986 as a General Law City and encompasses approximately 21.4 square miles, with a current population of approximately 58,000. The City Council is comprised of five members, who are elected for four year terms. The Mayor is elected by the City Council for a one year term. The City of Encinitas Planning Commission is comprised of five members appointed by the City Council for five year terms. The Planning Commission approves land use permits that have city-wide significance and also reviews proposed changes to the zoning code and General Plan. The most recent General Plan update was completed in 1989, while the Sphere of Influence was adopted by LAFCO in 1986 and affirmed in 1994.

The Encinitas City Departments provide for the following services:

- building inspection
- flood control
- parks and recreation
- planning and land use
- road and highway maintenance
- street lighting (under contract)
- traffic control
- fire protection
- engineering
- code enforcement
- human resources

The City of Encinitas provides wastewater services through Cardiff Sanitary Division and the Encinitas Sanitary Division. One subsidiary service district, the San Dieguito Water District, provides services (water service) to the City of Encinitas. Special service districts providing services to the City of Encinitas include the Olivenhain Municipal Water District (water service), and the Leucadia Wastewater District (wastewater service). Other agencies providing services to the City of Encinitas include the County of San Diego for animal control, vector control, environmental health, noise abatement, and police protection.

The City of Encinitas and the neighboring jurisdictions (Cities of Del Mar, San Diego, San Marcos, and Solana Beach, as well as the Rancho Santa Fe Fire Protection District and the Elfin Forest County Service Area), have signed automatic and/or mutual aid agreements to ensure assistance for fire suppression or rescue incidents.

The City of Encinitas also has various joint power agreements. The North County Dispatch Joint Powers Authority provides radio dispatch services. The San Elijo Joint Powers Authority facilitates the construction, operation, maintenance, upgrade, and expansion of a joint wastewater system including the San Elijo Water Pollution Control Facility. The Encina Joint Powers Agreement facilitates the acquisition, construction, ownership, operation, and maintenance of the Encina Joint Sewer System.

City of Escondido

The City of Escondido was incorporated in 1888 as a General Law City and encompasses approximately 37 square miles, with a current population of 138,015. The City Council is comprised of five members. Both the Council members and the Mayor are elected at large for four year terms. The City of Escondido's Planning Commission has seven members appointed by the City Council for two year terms. The Planning Commission advises or approves development projects and advises the City Council in zoning code and general plan matters. The General Plan Growth Management Element was adopted in 1990; the most recent General Plan update was also completed that same year. LAFCO adopted the City of Escondido's SOI in 1979 and updated it in 1993 and 2003.

The Escondido City Departments provide for the following services

- building inspection
- fire protection
- flood control
- landscape maintenance
- library services
- paramedic services
- parks and recreation
- planning and land use
- police protection
- road and highway maintenance
- sewer service
- street lighting
- traffic control
- water service

Special District services provided to the City of Escondido include water service by the Rincon del Diablo Municipal Water District, Vista Irrigation District, Valley Center Municipal Water District, and Vallecitos Water District (sewer and water). Escondido Humane Society provides animal control services to the City of Escondido.

City of San Marcos

The City of San Marcos was incorporated in 1963 as a General Law City and encompasses 23.6 square miles, with a population of approximately 60,795. The City Council is comprised of five council members elected at large for four year terms, while the city Mayor is elected at large for two year terms. The City of San Marcos' Planning Commission has seven members (two alternates) which are appointed for two year terms. The City's Growth Management Ordinance (Proposition "R") was passed by voters in 1998, while the most recent General Plan update was completed in 1987. The LAFCO adopted the City's Sphere of Influence in 1979 and updated it in 1992.

The San Marcos City Departments provide for the following services:

- building inspection

- fire protection
- landscape maintenance
- parks and recreation
- planning and land use
- road and highway maintenance
- street lighting

Special District services to the City of San Marcos include water and sewer services by the Vallecitos Water District and water service by the Vista Irrigation District and Fire Protection by San Marcos Fire Protection District. Fire protection agreements exist with the following agencies: the Cities of Carlsbad, Del Mar, Encinitas, Escondido, Oceanside, Solana Beach, and Vista; and the Deer Springs, Elfin Forest, North County, Rancho Santa Fe, and Rincon del Diablo Fire Protection Districts. Additionally, Marshburn Sanitation Company provides garbage collection, waste hauling, and curbside recycling services to the City of San Marcos. The City of San Marcos also has a joint powers agreement with the San Diego Association of Governments (SANDAG).

City of Solana Beach

The City of Solana Beach was incorporated in 1986 as a General Law City and encompasses 3.5 square miles, with a population of approximately 13,000. The City Council is comprised of five members elected at large for four year terms. The Mayor is elected by the Council for a one year term. The City Parks and Recreation Commission advises the City Council on matters relating to recreation. The Parks and Recreation Commission consists of five members, elected for two year terms by the City Council. The City is staffed by approximately 50 people. The most recent General Plan update was completed in 1996, while the Sphere of Influence was adopted by LAFCO in 1986 and updated in 1996.

The Solana Beach City Departments provide for the following services:

- fire protection
- flood control
- lifeguard services
- parks and recreation
- planning and land use
- road and highway maintenance
- sewer service (under contract)
- street lighting (under contract)
- traffic control (under contract)

Special Districts providing services to the City of Solana Beach include the Santa Fe Irrigation District (water services) and paramedic services by County Service Area #17 (San Dieguito Ambulance). The City of Solana Beach and the neighboring jurisdictions (Cities of Del Mar, San Diego, Encinitas, and San Marcos, as well as the Rancho Santa Fe Fire Protection District and the Elfin Forest County Service Area), have signed automatic and/or mutual aid agreements to ensure assistance for fire suppression or rescue incidents. The joint power agreements with the City of Solana Beach include: North County Dispatch Joint Powers Authority, San Dieguito River Valley Regional Open Space Park Joint Powers

Authority, and San Elijo Wastewater Treatment Plant Joint Powers Authority. The City of Encinitas provides sewer line maintenance services to the City of Solana Beach.

County of San Diego

The County of San Diego is the primary planning agency with jurisdiction over areas that are not located within incorporated cities such as San Diego, Encinitas, Solana Beach, San Marcos, and Carlsbad. Portions of the OMWD and RSFCSD are located within the unincorporated County of San Diego area.

The County of San Diego is currently updating its General Plan. The land use designations and programs within the General Plan will affect the type, location, and intensity of development expected within the service areas and spheres of influence of the OMWD and RSFCSD. The updated General Plan will thereby affect the number and types of connections expected and the population to be served through 2020. The OMWD and RSFCSD will have to review their facility and capital improvements plans when the County General Plan is adopted.

Fairbanks Ranch Community Services District

The Fairbanks Ranch Community Services District (FRCSD) encompasses over 1,200 acres located near San Dieguito Road and El Apajo, and serves approximately 640 EDUs. The FRCSD was formed in 1987 as the result of a reorganization involving the dissolution of the Fairbanks Ranch Sanitation District. The FRCSD is governed by a locally elected, five-member board of directors, and provides wastewater service, public street lighting maintenance, roadside landscape maintenance, and water reclamation. At ultimate buildout, the FRCSD is projected to include an estimated 618 residences and 55 commercial lots. The wastewater treatment plant, which is owned and operated by the FRCSD, has a capacity of 0.28 MGD with a flow of approximately 0.21 MGD. A private consulting firm contracts with the FRCSD to provide management, operations, and maintenance services for the FRCSD wastewater treatment facility, as well as the line repair and maintenance for the public sewer mains.

Leucadia Wastewater District

The former Leucadia County Water District (LCWD) was formed in 1959 to provide wastewater service to approximately 2,700 residents in the Leucadia area and surrounding community. Currently, the LCWD is called the Leucadia Wastewater District (LWD) and it covers a total service area of 16 square miles and provides services to 60,000 residents. The LWD service area includes the original service area in Leucadia as well as the La Costa community in the City of Carlsbad and northern Encinitas. The LWD provides wastewater collection, treatment, disposal and recycling services. The LWD is governed by a five member elected Board of Directors comprised of citizens residing within the LWD's boundaries.

Metropolitan Water District of Southern California

The Metropolitan Water District of Southern California (MWDSC) is a consortium of 26 cities and water districts that provides drinking water to nearly 18 million people in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties. The MWDSC currently delivers an average of 1.7 billion gallons of water per day to an estimated 5,200-square-mile service area. The member agencies are served by a Board of Directors. The SDCWA, which joined the MWDSC service area in 1946, represents the San Diego region. The SDCWA is represented by four board members.

Questhaven Municipal Water District

The Questhaven Municipal Water District (QMWD) is located near the City of Escondido and contains approximately 655 acres. The QMWD provides water from its own wells, and maintains its own storage and distribution systems. The QMWD furnishes retail water to a spiritual retreat. The number of people served varies depending upon the number of guests at the retreat; however, the permanent population is approximately 20 people. The QMWD imposes no tax and has no bonded indebtedness. All revenues come from user fees. The QMWD's water capacity is approximately 175,000 gallons.

The Rincon del Diablo Municipal Water District

Formed and annexed to the SDCWA in 1954, the Rincon del Diablo Municipal Water District (RMWD) consists of a parent district, two water improvement districts, and a fire district. The parent district encompasses 26,760 acres and serves approximately 27,000 people through its two Improvement districts. The RMWD's infrastructure system consists of nearly 7,500 potable water meters, 132 miles of pipeline, four pump stations, and 10 storage reservoirs containing 26 million gallons of water. The RMWD's service area is located partially within the City of Escondido, partially within unincorporated San Diego County, and also serves small areas of the cities of San Marcos and San Diego. The fire district serves 13,000 people with fire and rescue services.

San Diego County Parks and Recreation

The San Diego County Department of Parks and Recreation acquires, develops, and maintains parks and recreational facilities throughout the County of San Diego. Currently, the County operates and maintains 80 facilities on more than 40,000 acres of land. County maintained parks and recreational facilities in the North Central San Diego County area include San Dieguito County Park, as well as several local parks. The San Diego County Parks and Recreation Department may depend on the service districts for water, wastewater, and recycled water service at its parks and recreational facilities.

San Dieguito Water District

The San Dieguito Water District (SDWD) has a population of approximately 36,770, with 10,390 metered customers. The SDWD covers an area of 5,652 acres that includes the communities of Leucadia, Old Encinitas, Encinitas Ranch, and Cardiff-by-the-Sea. The SDWD was formed in 1922 and annexed to the San Diego County Water Authority

(SDCWA) in 1948. When the City of Encinitas incorporated in 1986, the SDWD became a subsidiary district, which is governed by the City Council sitting as the SDWD Board of Directors. The Director is chosen by the Board.

The SDWD purchases water from SDCWA and utilizes local runoff stored in Lake Hodges. Water from both sources is treated at the 40 MGD R.E. Badger Filtration Plant that is jointly owned with the Santa Fe Irrigation District. The plant purchases SDCWA unfiltered water for treatment and distribution. SDCWA filtered water can be delivered directly to the customers. The SDWD has several interconnections with the OMWD in the event of an emergency situation. Approximately 55 percent of the water supplied is used for residential purposes. Agriculture activities have shifted from truck farming to flower growing, and constitute approximately 14 percent of the total water usage. In 1987, a 865-kilowatt hydroelectric generator was constructed. Electricity is generated by the excess water received from SDCWA and is used to operate the water filtration plant while the balance is sold to the San Diego Gas and Electric Company.

Santa Fe Irrigation District

The Santa Fe Irrigation District (SFID) encompasses approximately 10,179 acres and provides water service to 6,755 meters. The SFID was established in 1923 and provides retail water supply to the City of Solana Beach, as well as the communities of Rancho Santa Fe and Fairbanks Ranch. The SFID's 20,579 residents are supplied with water through an estimated 200 miles of pipeline that begins at the northeast end of Rancho Santa Fe and extends through the City of Solana Beach. The SFID joined the San Diego County Water Authority (SDCWA) in 1948 to acquire the rights to purchase and distribute imported water throughout its service area. The SFID obtains its water from two sources: local water from Lake Hodges and imported water purchased from SDCWA. Both the local and imported water sources are delivered to the R.E. Badger Filtration Plant, where in 1967 the SFID and the San Dieguito Water District entered into a joint venture to build the 40 MGD conventional filtration plant. The plant was completed in 1970, and treats the SFID's water for retail distribution.

Vallecitos Water District

The San Marcos County Water District was formed in 1955, but was renamed the Vallecitos Water District (VWD) in 1989. The VWD encompasses approximately 45 square miles and serves the City of San Marcos. The VWD's estimated 75 million gallons of water are stored in 15 operational storage tanks and reservoirs; the VWD has 260 miles of transmission and distribution pipelines. The VWD distributes potable water to residential, commercial, industrial, and agricultural users and also collects, treats, and reclaims wastewater from drainage basins. All of the potable water is purchased from the San Diego County Water Authority (SDCWA). Some wastewater is conveyed via tunnel and land outfall to the Encina Water Pollution Control Facility for treatment and reclamation, or ocean disposal. The VWD owns approximately 20 percent of the Encina Facility. The VWD's Meadowlark Water Reclamation Facility produces approximately two MGD of highly treated wastewater, which is purchased by the City of Carlsbad for golf course and municipal landscape irrigation.

Whispering Palms Community Services District

The Whispering Palms Community Services District (WPCSD) serves approximately 1,279 EDUs and contains approximately 2,615 acres. The WPCSD is located north of the City of San Diego, west of the community of Fairbanks Ranch, and south of the community of Rancho Santa Fe. The WPCSD was formed in 1987 as the result of a reorganization involving the dissolution of the Whispering Palms Sanitation District and County Service Area No. 1 (Whispering Palms), which provided street lighting and landscaping of public areas. The WPCSD assumed the services of the dissolved districts and is governed by a locally elected, five-member board of directors. The WPCSD owns and operates a wastewater treatment and disposal plant that provides secondary treatment, and has a rated capacity of 0.4 MGD; current average flow is 0.27 MGD. A private consulting firm has contracted with the WPCSD to provide management, operations, and maintenance services for the wastewater treatment facility, as well as line repair and maintenance for the public sewer mains within the boundaries of the WPCSD.

San Diego County Water Authority

The San Diego County Water Authority (SDCWA) was formed in 1944 by the California State Legislature, and operates under the County Water Authority Act. The SDCWA is a member of the Metropolitan Water District of Southern California and in its 57-year history the SDCWA has come to supply up to 90 percent of San Diego County's water. As a water wholesaler, the SDCWA's mission is to provide a safe and reliable supply of water to its 23 member agencies in the San Diego region. The agencies are represented through a board of directors. A member of the San Diego County Board of Supervisors also serves as a representative to the SDCWA board of directors.

ES.4 MSR Study Area Land Uses

As depicted in Figure ES-1, a majority of the MSR Study Area is located within the unincorporated area of the County of San Diego. Additionally, portions of the study area are located within the cities of San Diego, Solana Beach, Encinitas, Carlsbad, and San Marcos.

County of San Diego Land Uses

The majority of unincorporated County of San Diego land in the study area is within the San Dieguito Community. The San Dieguito Community Plan area is characterized primarily as an Estate Development Area with many idyllic, rural qualities. There are a number of communities within the Community Plan area that have developed independently and have evolved distinct identities (such as Olivenhain, Rancho Santa Fe, Del Dios, and Fairbanks Ranch). According to the County General Plan, the existing population within the Community Plan area is 12,527, while the existing General Plan capacity is 37,300. The group target population (endorsed by the Board of Supervisors), for the Community Plan area is 37,507.

The existing land uses within the Community Plan include mainly Estate Residential (1 du/2, 4 acres) and Specific Plan land uses. The Estate Residential uses are generally located in the

western portion of the area. The eastern portion of the area is mainly designated for Specific Plan uses. The existing land uses in the area also include General Commercial, Public/Semi-Public Lands, Impact Sensitive, and variety of Residential use. The proposed Draft 2020 County of San Diego General Plan land uses for the MSR study area include mainly Semi-Rural Residential (densities ranging from 1 du/acre to 1 du/10 acres) and Specific Plan Areas. Additionally, Rural Lands (1 du/40 acres) are located throughout the area. General Commercial and Village Residential uses are isolated in the middle of the planning area.

City of San Diego Land Uses

As depicted in Figure ES-1, there are two City of San Diego areas located within the MSR study area. One of these areas is located in the southwest corner of the study area. This portion includes the Via de la Valle and Fairbanks Country Club Communities. The second City of San Diego area is the Black Mountain Ranch Community, which is located in the southeastern portion of the MSR study area. The following describes land uses within each of the above mentioned communities.

Via de la Valle Community

The Via de la Valle Community Planning Area consists of approximately 125 acres. The whole community is located within the MSR Study Area. The community is characterized by steep canyons running in a north-south direction and separated by narrow ridges and bluffs. The steepest topography is concentrated at the most westerly, and the southeasterly portion of the site. Approximately 50 percent of the planning area consists of slopes exceeding 25 percent gradient. The steep slopes and bluffs are an aesthetic asset to the planning area. The area is highly visible from Interstate-5 and within the San Dieguito River Valley.

The community is comprised of residential and open space land uses. The development theme in the community is clustered single-family residential with attached units in the interior of the planning area and detached units at the perimeter. The attached single-family lot areas are located along the perimeters of the planning area to provide a buffer and transition between the higher density attached units and the adjacent homes in the County. The open space system is comprised primarily of hillsides. Approximately 62 acres are in an open space easement to protect the open space network and to preserve its natural beauty. The open space area preserves valuable natural features and provides a transition between the developments. The north/south ridges and canyons, which front on Via de la Valle, are visible from Interstate-5, San Dieguito River Valley and the southern bluffs of the Carmel Valley community.

According to SANDAG, the Via de la Valle Planning Area population was 451 in the year 2000. The population projections for the next 30 years are as follows: 497 in 2010, 590 in 2020, and 611 in 2030. This would result in a 35 percent increase in population in the next 30 years.

Fairbanks Ranch Community

Approximately 50 percent of the Fairbanks Ranch Community is located within the MSR Study Area. The major natural land characteristics of the area are the floodplain, adjacent slopes of the valley, and the San Dieguito River. The area includes a golf course, as well as the San Dieguito River corridor, and adjacent slopes of the valley. Through sensitive design and open space land uses the community retains its rural and open space character.

According to SANDAG, in the year 2000, the Fairbanks Ranch Community Planning Area had a population of 859. The SANDAG population projections for the next 30 years are as follows: 784 in 2010, 756 in 2020 and 820 in 2030. This would result in a five percent decrease in population in the next 30 years.

City of Solana Beach Land Uses

A northeastern corner of the City of Solana Beach is located within the MSR study area. The City encompasses an area of 3.5 square miles and has a population of approximately 13,000. According to the City's General Plan, the area within the MSR study area is designated Residential use.

City of Encinitas Land Uses

The northeastern portion of the MSR study area is located within the City of Encinitas. According to the City of Encinitas General Plan (1989), the City of Encinitas communities within the MSR study area include: Cardiff by the Sea, New Encinitas, Old Encinitas, and Olivenhain (including Olivenhain Sphere). The Cardiff by the Sea Community land uses within the MSR study area include Ecological Resource/Open Space/Park and Residential. The New Encinitas and Old Encinitas communities MSR study area land uses include variety of Residential land uses. The Olivenhain Community MSR study area land uses include Residential, Ecological Resource/Open Space/Park, and Local Commercial. The City of Encinitas encompasses approximately 21.4 square miles, with a population of approximately 58,000. Roughly half of the City is located within the MSR study area.

City of San Marcos Land Uses

A portion of the northern MSR study area includes the southern most part of the City of San Marcos. This portion is called Questhaven/La Costa Meadows Community. The land use designations within the Questhaven/La Costa Meadows Community include Solid Waste Management and S.P.A. Limited Use. The City of San Marcos encompasses 23.6 square miles, with a population of approximately 60,795.

ES.5 Summary of MSR and SOI Determinations

The MSR includes determinations as required by State Law. Determinations indicate that the region's current water and sewer service systems are generally adequate and provide efficient services. Please refer to Section 1.5 of the MSR for a detailed discussion of the determinations.

ES.6 Environmental Review

Pursuant to the LAFCO Administrative Procedures for implementing the California Environmental Quality Act (CEQA), this Municipal Service Review is exempt from the environmental impact evaluation process according to § 15306. These studies involve data collection, research, and evaluation activities that will not result in any disturbances to environmental resources.

Recommended:

1. Find in accordance with the Executive Officer's determination, that pursuant to § 15306 of the State CEQA Guidelines, the municipal service review is not subject to the environmental impact evaluation process because the service review consists of data collection and research that will not result in a disturbance to an environmental resource.

1.0 Municipal Service Review

This section of the Municipal Service Review (MSR) provides history of the legislation and municipal review requirements as well as the San Diego County Local Agency Formation Commission (LAFCO) MSR Guidelines.

1.0.0 Brief History of the Municipal Service Review

In 1997, California Assembly Bill 1484 (Hertzberg) established the Commission of Local Governance for the 21st Century. The Local Governance Commission evaluated local government organization and operational issues and developed a statewide vision for defining how California should grow, placing special attention on the Cortese-Knox Local Government Reorganization Act of 1985, and the 57 Local Agency Formation Commissions governed by the Act.

Over a period of 16 months, the Local Governance Commission held hearings throughout California to hear testimony and collect data concerning the need for governmental reform. Representatives from the San Diego region, including the San Diego LAFCO Commissioners, the LAFCO Executive Office, and a number of elected officials from the Region, provided testimony to the Local Governance Commission.

In issuing its final report, the Local Governance Commission identified four recurring issues that frame the debate about the future of California:

- *The future will be shaped by continued phenomenal growth;*
- *California does not have a plan for growth;*
- *Local government budgets are perennially under siege; and*
- *The public is not engaged.*

Within this context, the Local Governance Commission concluded that the LAFCO powers needed to be strengthened and that the LAFCOs should be an integral participant in all regional growth and planning forums. Among other statutory changes, the Local Governance Commission recommended that California law be amended to require that spheres of influence are regularly reviewed and updated and that the LAFCOs initiate periodic regional or sub-regional municipal service reviews to help ensure the efficient provision of local governmental services.

The State Legislature recognized the validity of the Local Governance Commission's conclusions and approved Assembly Bill (AB) 2838 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), which became effective in 2001. Among other requirements, AB 2838 requires the LAFCOs to review adopted spheres and update them as necessary. A five-year update timeline was established, although strict adherence to this timeframe is not mandatory. Still, many of the LAFCOs throughout the State, including the San Diego LAFCO, have embarked on aggressive sphere update and service review programs. AB 2838 also requires the LAFCO to conduct countywide, regional or sub-regional reviews of municipal services either before, or in conjunction with, sphere updates.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the LAFCOs to conduct reviews of municipal services and make nine written determinations. Determinations may be one or more declaratory statements or conclusions, based on the service review data. The determinations may be used by the LAFCO, other agencies, and/or the public to better understand service delivery and service conditions. While the service review determinations will not have immediate implementation value, the determinations and the overall service review process may have future value and use. For example, the service review process will open up dialogue between agencies, and provide for the sharing of data, communication, and services among local agencies, organizations, and stakeholders.

1.0.1 Municipal Service Review Requirements

The term "municipal services" generally refers to the full range of services that a public agency provides or is authorized to provide. The California Governor's Office of Planning and Research (OPR) has concluded that the LAFCO is only required to review services provided by agencies with spheres of influence. In addition, the OPR has determined that the LAFCOs have complete flexibility in identifying which services will be reviewed, the timetable for review, and what geographic areas will be selected for review.

The statewide requirement for service reviews is a response to the identified need for a more coordinated and efficient public service structure to support California's anticipated growth. The service review provides the LAFCO with a tool to comprehensively study existing and potentially future public service conditions, as well as to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently provided.

1.0.2 MSR Determinations

In preparing a municipal service review, the LAFCOs are required to make a written statement of determination with respect to each of the following:

1. Infrastructure needs or deficiencies
2. Growth and population projections for the affected area
3. Financing constraints and opportunities
4. Cost avoidance opportunities
5. Opportunities for rate restructuring
6. Opportunities for shared facilities
7. Government structure options
8. Evaluation of management efficiencies
9. Local accountability and governance

The LAFCO must make these determinations pursuant to the provisions of Government Code §56430; the municipal service review process does not require the LAFCO to initiate changes of organization based on the determinations. Nevertheless, the LAFCO, local agencies, and the public may subsequently use the determinations as an informal tool to consider changes to services, local jurisdictions, or spheres of influence.

Local agencies are not the object of the municipal service review; rather, municipal service reviews are intended to survey the adequacy of public services within specific regions. Nevertheless, because public agencies are the mechanism for providing services, the review of individual agencies is unavoidable.

1.0.3 San Diego LAFCO Municipal Service Review Guidelines

The San Diego Local Agency Formation Commission (LAFCO) responded to the mandates of AB 2838 by adopting a schedule for conducting the first round of sphere reviews, possible sphere updates, and municipal service reviews by appointing a Municipal Service Review Working Group to advise the LAFCO of issues related to individual municipal service reviews (MSR). When State MSR Guidelines from the California Governor's Office of Planning and Research (OPR), which were to be issued by July 1, 2001, were not forthcoming by February 2002, the San Diego LAFCO adopted its own Municipal Service Review Guidelines following extensive review and comment from the LAFCO's Special District Advisory Committee, Ad Hoc Cities Advisory Committee, the Municipal Service Review Working Group, and the public (Appendix B).

The primary purpose of the local guidelines is to assist the San Diego LAFCO in making the nine determinations required by the MSR statute. According to the Guidelines, MSRs generally shall be prepared in conjunction with sphere of influence studies or updates; however, MSRs may also be conducted prior to the sphere of influence process. The LAFCO will conduct MSRs prior to the updated sphere, based on a number of the factors including, but not limited to: concern of affected agencies, the public or the LAFCO; public demand for a service review; public health, safety or welfare issues; and service provisions issues associated with areas of growth and development.

Amendments to a sphere of influence, as determined by the LAFCO, will not require an MSR. A list of the relevant factors of analysis that may be considered during the preparation of service reviews is also included in the San Diego LAFCO Guidelines.

According to the San Diego LAFCO Guidelines, MSRs shall address identified services within the service review boundary, which are generally associated with growth and development. Target services include, but may not be limited to, the following services: water, sewer, drainage, libraries, roads, parks, police, and fire protection. General government services such as courts, social services, human resources, treasury, tax collection, and administrative services shall generally not be addressed. The LAFCO shall determine which services will be included in each service review. The LAFCO may also defer the review of certain services to subsequent studies based on local conditions and circumstances.

Generally, MSRs are conducted for sub-regional areas within the County of San Diego; however, an MSR can cover a geographic area that encompasses a single agency or multiple agencies. Agencies that have service provision issues related to a current MSR, as identified by the LAFCO, may be included in the service review. MSRs addressing multiple services may have separate geographic boundaries established for each service.

In April 2003, the LAFCO, in conjunction with an MSR Working Group and the Special District Advisory Committee, adopted the *Strategy for Conducting and Using Municipal Service Reviews* (Appendix C). This document establishes a framework to assist the LAFCO in preparing MSRs including the following components: development of a scope of work; data collection; adherence to a study timeframe; focusing on a programmatic view of service delivery; discerning appropriate levels and types of information required; and ensuring accuracy and relevancy of data that is collected.

1.1 Infrastructure, Facilities, and Services

This section discusses planning for future services, paying for infrastructure, infrastructure deficiencies, use of excess capacity, planning and population projections, infill policy, equitable service provision, emergency planning, appropriate service boundaries, extending services, and consolidating services related to the primary service agencies analyzed in this MSR – Olivenhain MWD, Rancho Santa Fe CSD, and City of San Diego.

1.1.0 Planning for Future Services

Local government's ability to provide for efficient and cost-effective public services is linked to an integrated program of short- and long-range planning. Determining future service needs and developing strategic plans to ensure that physical and capital resources will be available as required is a fundamental activity of government.

Generally, local public agencies use master plans or capital improvement plans, or variations of these processes, as planning tools. Master plans are especially important for agencies that have abundant developable territory or are experiencing significant growth. There is no legal requirement regarding the frequency for preparing master plans; however, a five-year preparation standard has been established by precendent in California. Preparing and updating master plans at five-year intervals allows agencies to evaluate changing conditions.

Planning Choices

The choice of appropriate planning processes can be influenced by such factors as an agency's geographic size, population density, and/or age of infrastructure. Agencies serving predominately built-out territory (i.e., fully developed) or areas with little expectation of growth are, as a rule, concerned with routine maintenance and the upgrade of aging infrastructure to meet new safety and regulatory standards. Preparing a master plan under such conditions should still occur, but it should be based on a less intensive planning process.

Planning creates a vision for providing future services; however, the vision will not materialize if such plans are not implemented. Timely funding choices must be pursued in order to achieve the service goals established by the planning process. Implementation schedules must be developed and adhered to, and adequate resources must be dedicated to necessary capital improvement projects, if planned goals are to be realized. Moreover, if maintenance or upgrade plans are deferred in the budget or capital improvement process, not only will planned goals likely go unrealized, but the condition of infrastructure and existing levels of service may be degraded as well.

MSR Water Service Providers – Planning for Future Services

Olivenhain Municipal Water District

Figure MSR-1 depicts the MSR study area's existing water infrastructure. Olivenhain Municipal Water District (OMWD) follows Water Master Plans which outline infrastructure needs for the next twenty years based on anticipated growth within the OMWD's service area. The OMWD's master plans are intended to serve as living document that can be updated as the OMWD grows. The OMWD uses SANDAG growth/population projections as a guideline when developing the OMWD's Water Master Plans to estimate future water demand at build-out. Build-out is defined as the hypothetical future condition where all developable land in the District is developed in accordance with current zoning. Additionally, the OMWD maintains an Operating and Capital Budget which also contains the OMWD's Capital Improvement Plan. The Capital Improvement Plan (CIP) is updated annually and it reflects the OMWD's ongoing commitment to provide a reliable and high-quality water supply and a reliable recycled water supply for golf courses and irrigated areas. Detail for each CIP project can be found in the *Capital Projects* section of the OMWD's budget.

OMWD Parks – Elfin Forest Recreational Reserve

The Elfin Forest Recreational Reserve is a 750-acre open space and recreational area developed by the OMWD in partnership with the SDCWA and the U.S. Department of the Interior-Bureau of Land Management as an element of the Olivenhain Water Storage Project. Figure ES-4 depicts the location of the Reserve. Owned by the SDCWA and operated and managed by the OMWD (see *Authorization of Latent Powers by Olivenhain Municipal Water District – Park and Recreation Services*, March 4, 1985), the Reserve has been designed to unify the interests of domestic water supply development, natural resources management and recreational opportunities.

The Elfin Forest Reserve is located on Harmony Grove Road, near the rural Elfin Forest Community. The reserve includes such native plant communities as oak riparian, oak woodland, coastal sage scrub and chaparral. Once the Olivenhain Water Storage Project is complete, the reserve will provide 17 miles of hiking, biking, and equestrian trails. The reserve staff is currently planning the construction of a trail that will link the Elfin Forest Reserve to the community of Rancho Cielo. The Elfin Forest Reserve has an estimated annual expenditure of $267,000 in fiscal year 2002-2003. This expenditure accounted for personnel costs (three park rangers and a seasonal park aide), equipment rental, maintenance and repairs, office/administrative expenses, and outside services.

In 1984 the OMWD submitted a request to the San Diego LAFCO for approval to provide additional services within the district for park and recreation purposes. On March 4, 1985 an "Authorization of Latent Powers by Olivenhain Municipal Water District (Parks and Recreation Services)" was approved by LAFCO. The authorization allowed OMWD to exercise its latent powers to provide park and recreation services at three locations within the district. The three sites were originally 480, 73, and 40 acres in size. (Since this time the OMWD no longer provides said services to the 40 acre parcel and the Elfin Forest Reserve has expanded to 750 acres). The services include hiking and riding trails (approximately 20

Figure MSR-1
Water Infrastructure

Figure MSR-2
Sewer Infrastructure

miles worth), open space management, picnic sites and park facilities at the Olivenhain Reservoir. The OMWD acquired these parcels from the U.S. Bureau of Land Management under a patent for recreation uses to help meet the demand for park lands and recreational opportunities based on projected population growth in the area. It should be noted that the OMWD's latent powers authority provides for park and recreation services anywhere in the OMWD's service area.

A conceptual recreation plan has been prepared for the largest parcel (Elfin Forest Reserve); this plan is part of the Mt. Israel Reservoir project. The recreation plan was approved in 1988 and revised in 1995 to provide for the overall planning of facilities and uses. The County of San Diego approved a major Use Permit in 1988 for the Mt. Israel Park (now the Olivenhain Reservoir) area use including public review and support. The plan and project include a trail head on harmony Grove Road, pedestrian/bicycle and equestrian trails, the reservoir lake, picnic sites and vista points for views and future fishing access points. The trail system also includes linkages to several open space land parcels acquired by the district, San Diego County Water Authority (Authority) and the County of San Diego Open Space Division. Most of the trails are also shown on the County Master Plan of Hiking and Bicycle Trails adopted in 2003. The OMWD has coordinated development of trails and park uses with the surrounding communities and land owners.

City of San Diego

The City of San Diego prepares a variety of analyses in order to determine water infrastructure needs. To address water infrastructure needs within the North Central San Diego County study area, the City Water Department is working on the Miramar Water Treatment Plant Service Area Water Master Plan and North City Water Master Plan. These are comprehensive planning studies for the City's water transmission and distribution network. These planning studies will create a "road map" of the potable water system by comprehensively identifying system improvements to serve customer needs to the year 2030. All existing and future system deficiencies will be identified. In addition, alternative water supply sources, new facilities, upgrades of the existing facilities, cost estimates, and prioritization of each project will be identified. The master plan study utilizes the SANDAG future growth forecasts, economic factors, weather forecasts, water conservation parameters, water rate, and historical demand to project water demand to the year 2030. This report is scheduled to be complete by November 2005.

MSR Wastewater Service Providers – Planning for Future Services

Olivenhain Municipal Water District

The MSR study area's wastewater infrastructure is shown in Figure MSR-2. Olivenhain Municipal Water District (OMWD) follows Wastewater Master Plans which outline infrastructure needs for the next twenty years based on anticipated growth within the OMWD's service area. The OMWD's master plans are intended to serve as a living document that can be updated as the OMWD grows. As with the Water Master Plans, the District uses growth/population projections as a guideline when developing the OMWD's Wastewater Master Plans to estimate future wastewater demand at build-out. Additionally, the OMWD's Operating and Capital Budget, which also contains the OMWD's Capital Improvement Plan, reflects the OMWD's ongoing commitment to provide a reliable and

high-quality wastewater treatment services. Detail for each CIP project can be found in the *Capital Projects* section of the OMWD's budget.

Rancho Santa Fe Community Services District

The Rancho Santa Fe Community Services District (RSFCSD) provides wastewater services to a static and relatively developed area; therefore, forecasting service needs is relatively straight forward. The RSFCSD service boundary is well defined as the RSFCSD is bounded by agencies either providing or authorized to provide wastewater service. Within the RSFCSD boundaries, approximately 80 to 90 percent of the area has either been mapped for subdivision or consists of existing residential lots. With the exception of a few possible subdivisions in the Santa Fe Valley Specific Plan Area, the remainder of the RSFCSD's service capacity improvements will likely consist of the construction of individual homes or the conversion of existing parcels from private septic systems to sewer. When planning for the future services, the RSFCSD does not find population growth data as useful as studying and projecting historical records for sewer permit issuance, tracking tentative map filings through the County of San Diego's map process, searching historical records of septic system failures or reported problems, and assessing existing developer build-out projections. Additionally, the RSFCSD maintains a five-year CIP that is prioritized in terms of need and funding ability. The CIP list is updated annually relying on input from management, operations, and engineering departments, developer schedules, field maintenance reports, and hydraulic modeling information. The CIP status is reported periodically to the RSFCSD Board of Directors and schedules have been met consistently in the past. Expansion of the Rancho Santa Fe Water Reclamation Facility is currently in the pre-design stage.

City of San Diego

The City of San Diego has prepared a variety of sewer studies to analyze the City's sewer infrastructure. The *Sewer System Analysis for Torrey Highlands Subarea IV* (by Wilson Engineering) was prepared to analyze the entire Carmel Valley Trunk Sewer drainage basin. In addition, a master plan called *Black Mountain Ranch North Amendment #2* (by Wilson Engineering) was produced for the Black Mountain Ranch and Santaluz subdivisions. These studies include all undeveloped properties within the City of San Diego limits in the northern community areas. Subsequent detailed analysis was provided for each property through the subdivision map process. Generally, sewer studies utilize population projections based on the approved community plan and estimates of infiltration and inflow projections typical of the regional basin, unless more specific information is available.

Section *2.4, Planning and Population Projections,* discussed below, provides a more detailed discussion of the SANDAG 2020 population projections for the MSR study area.

1.1.1 Paying for Infrastructure

Water and wastewater services are infrastructure intensive when compared to other public services such as fire protection, education, or various social services. The treatment facilities, pipeline systems, and storage facilities (i.e., infrastructure synonymous to both water and wastewater systems) consume significant portions of agencies' budgets to construct, operate, and maintain. In general, water and wastewater service agencies spend

30 to 40 percent of their revenues on capital facilities in contrast to the 5 to 10 percent spent by general-purpose agencies.[1]

Local public agencies do not commonly pay for expensive infrastructure with cash. Because projects such as potable water or wastewater systems are costly, it is usually not feasible to budget such projects as single-year expenses. Local agencies that need to underwrite costly projects must either defer implementation until sufficient funds can be accumulated or borrow money in order to spread the expense, with added interest payments, over time. In situations where it is legally or politically infeasible to raise taxes or impose assessments to increase revenues, long-term debt may be an agency's only practical alternative to pay for infrastructure.

Local governments frequently turn to the municipal bond market to secure long-term debt. The more than $1.2 trillion of municipal bonds now outstanding in the United States is dramatic evidence of the importance of this financing.[2] Within San Diego County, outstanding bond debt in 1999-2000 (just for special districts) totaled $73,347,825 in general obligation bonds and $362,804,097 in revenue bonds.[3]

Agencies rely on various combinations of long-term debt and "pay-as-you-go" funding from current revenue streams to fund capital projects. When appropriate, pay-as-you-go funding is desirable, because it helps keep debt levels low and low levels of debt may positively influence an agency's credit rating for projects that do require debt financing. A high credit rating, which can be an indication of an agency's ability to successfully manage debt, has a straightforward effect on a bond issue; a high rating may result in lower interest costs to the issuer.

MSR Water Service Providers – Paying For Infrastructure

Olivenhain Municipal Water District

The OMWD water service system expansion projects are currently financed on a pay-as-you-go-basis from capacity fee collected from OMWD's developers. Capital replacement and improvement programs are also financed on a pay-as-you-go-basis. Historically, several large construction projects (i.e., Olivenhain Water Treatment Plant-Expansion) also used certificates of participation (COP) as part of the financing package. At the end of each fiscal year, the OMWD transfers out depreciation reserve (collected from operating revenues) from operating fund-water to capital and equipment fund. Funds accumulated in the capital and equipment fund-water are used to improve, acquire, and replace water distribution system, reservoirs and sites, vehicles and equipment as identified in the OMWD's long-term capital improvement plan.

[1] *Financing Cities*, League of California Cities, Michael Coleman, pg. 16.
[2] *Financing Public Infrastructure & Enterprise Activities in California*, UCLA Extension Public Policy Program, May 1997, pg. 2.
[3] *Special District Annual Report* FY 1999-2000, California State Controller, pg. 113-114.

City of San Diego

Water facilities improvements in undeveloped areas are governed by City Council Policies 800-03 and 400-07, as well as Council Ordinance 0-1-214. Special Districts may be formed under provisions of State law (primarily 1911 Act and 1913 Act Improvement Districts) and funding mechanisms such as the Mello-Roos Community Facilities District Act of 1982 can be utilized.

MSR Wastewater Service Providers – Paying For Infrastructure

Olivenhain Municipal Water District

The OMWD wastewater service system expansion projects are currently financed on a pay-as-you-go-basis from capacity fee collected from OMWD's developers. Capital replacement and improvement programs are also financed on a pay-as-you-go-basis. Historically, several large construction projects (i.e., 4S Wastewater Treatment Plant-Expansion and Regional Recycled Water System) also used certificates of participation (COP) as part of the financing package. At the end of each fiscal year, the OMWD transfers out depreciation reserve (collected from operating revenues) from operating fund-water to capital and equipment fund. Funds accumulated in the capital and equipment fund-wastewater are used for sewer system improvements, vehicles, and equipment as identified in the OMWD's long-term capital plan.

Rancho Santa Fe Community Services District

The RSFCSD has set aside connection fees and a portion of the wastewater service charge in reserve to fund the replacement and upgrade of existing facilities. These facilities are prioritized in the RSFCSD's five-year Capital Improvement Program, which is updated annually. The RSFCSD has generally adopted a policy that requires the extension of new service be funded by the applicant requesting service. Historically, the RSFCSD has only used its capital funds to finance certain operational improvements at its wastewater treatment facility or for wastewater facilities having regional benefit. The RSFCSD recently funded the cost of a regional sewer lift station to bring service to the Rancho Serena/La Orilla basin, in conjunction with developer and local homeowner's participation. Funding for future capital improvements will come from developer contributions and connection fee revenue.

City of San Diego

The City of San Diego wastewater infrastructure is financed as follows. The Carmel Valley Trunk Sewer project is funded in several of the Facilities Benefit Assessment (FBA) Districts. A portion of the funding identified in the FBAs is programmed from CIP funds, with the balance coming from benefiting developments. Special Districts may be formed under provisions of State law (primarily 1911 Act and 1913 Act Improvement Districts) and per City Council Policy 800-03, Public Infrastructure Financing Assessment Districts and Community Facilities.

The remaining small diameter (18 inch or less) sewer mains are required as part of development projects in accordance with the approved master plans. The planning and funding of these improvements is governed by City Council Policy 400-07, Reimbursement Financing of Water and Sewer Facilities in Undeveloped Areas, and Council Ordinance 0-1-214. Exaction or policing powers are strictly employed in accordance with the California Subdivision Map Act. In addition, the applicant at their discretion may initiate other funding mechanisms such as the Mello-Roos Community Facilities District Act of 1982.

Further, as per Council Policy 400-07, in effect since November 10, 1970, the City provides an equitable formula whereby water and sewer facilities serving undeveloped lands may be paid for entirely by developers of such lands; and whereby the developer constructing oversized or off-site water and sewer facilities may be reimbursed by those subsequently benefiting from any portion of such facilities.

1.1.2 Infrastructure Deficiencies

An extensive record of infrastructure deficiencies or numerous notices of regulatory violations within the MSR region could indicate that the region's water and wastewater services are compromised. On the other hand, if there is compliance with regulatory requirements and insignificant reports of system deficiencies, it may be reasonable to conclude that local agencies are performing within appropriate service parameters.

MSR Water Service Providers – Infrastructure Deficiencies

Olivenhain Municipal Water District

The OMWD has not reported any known water infrastructure deficiencies. The OMWD will meet the San Diego County Water Authority suggested ten-day storage requirement in 2004 with the Olivenhain Dam and Water Treatment Plant expansion.

City of San Diego

As it pertains to the MSR study area, there are no known infrastructure deficiencies; therefore, no deficiencies have resulted in permit or other regulatory violations. The current City permit process policy requires a developer to connect to existing City water facilities and install the proposed infrastructure as identified in the project's approved water study. However, in order to facilitate the development of projects located near the City's jurisdictional boundaries in the MSR study area, whose construction schedules are not consistent with the approved water system phasing plans, and to allow development to move forward ahead of schedule, the City has been amenable to allow for a temporary water service agreement with the water agency adjacent to the project site. Under this arrangement, the temporary water service would continue until the appropriate extension to the City's water system is completed, so that water service to the development could be transferred from the adjacent agency.

MSR Wastewater Service Providers – Infrastructure Deficiencies

Olivenhain Municipal Water District

The OMWD has not reported any known wastewater infrastructure deficiencies and has not had any permit or regulatory violations associated with deficiencies.

Rancho Santa Fe Community Services District

The RSFCSD has not reported infrastructure deficiencies and has not had any permit or regulatory violations associated with deficiencies.

City of San Diego

As it pertains to the MSR study area, there are no known infrastructure deficiencies; therefore, no deficiencies have resulted in permit or other regulatory violations.

In general, expansion of development is governed by City Council Policy 600-28, Requirements for Development Approval in Planned Urbanizing Areas. It is the City's practice to permit development in an organized fashion. In this way development can coordinate not only utility infrastructure but street alignments, traffic circulation elements, the programming of police, fire, library, and other facilities needed to provide public services. Projects must conform to the Progress Guide and General Plan and must be shown to be consistent with the phasing program in the Progress Guide. Evaluation of the project requires study of cumulative impacts within the City, and in addition, in the adjoining communities. Leap frog development is discouraged unless the project can demonstrate adequate supporting infrastructure. Facilities Benefit Assessment (FBA) plans are programmed to be consistent with build out of community plans and are typically based on priority needs. Projects are conditioned to construct needed sewer infrastructure below their project point of connection with the City's existing system, in accordance with approved master plans. If the applicant wishes to construct ahead of planned development within the community plan, the applicant can advance construct portions of the infrastructure. Under the Subdivision Map Act, the applicant may be entitled to reimbursement from those parties that will utilize the improvements. Reimbursement Agreements are administered on behalf of the developer by the City. The developer may also choose to advance funds identified in an FBA, and receive compensation in the year the project is programmed. This is assuming development occurs per the FBA schedule. These developer agreements for funding reimbursement are also administered by the City and are governed by City Council Policy 600-21, Subdivision Agreements.

1.1.3 Use of Excess Capacity

Under-utilized facilities or excess capacity can be an indication of a flawed planning process, which over-estimates service needs. Under-utilized components of a water or wastewater system may be desirable where facilities are required for long-range regional needs; nonetheless, overstated needs can consume public funds, which consequently become unavailable for genuine concerns. Excess capacity can also indicate that opportunities to gain efficiencies through cooperative use of facilities have been overlooked. Then again,

under-utilized facilities can be an indication of efficiently used public funds that have purchased future capacity with current dollars, or of infrastructure purposefully designed to accommodate future growth or seasonal or emergency issues.

MSR Water Service Providers – Use of Excess Capacity

Olivenhain Municipal Water District

The OMWD Wanket Reservoir is the only water reservoir that is shared and under-utilized due to its proximity to the new San Dieguito Water District reservoir. The OMWD is considering altering the Wanket Reservoir to store recycled water resources.

City of San Diego

The City of San Diego reports no underutilized water facilities within the MSR study area.

MSR Wastewater Service Providers – Use of Excess Capacity

Olivenhain Municipal Water District

The OMWD reports no excess capacity associated with the District's wastewater system.

Rancho Santa Fe Community Services District

The newly constructed Santa Fe Valley Water Reclamation Facility (SFVWRF) is the only under-utilized facility operated by RSFCSD that could be shared with other agencies. The SFVWRF is a 0.485 MGD tertiary-rated wastewater treatment facility that is currently operating at approximately 50,000 GPD. The SFVWRF has been sized for the ultimate build-out of the Santa Fe Valley Specific Plan Area, and was designed so additional components of the plant could be brought on-line as flows increased with development. The SFVWRF is expected to be operating at approximately 360,000 GPD at the end of seven years according to predicted development. This excess capacity could be utilized on an interim basis by the OMWD to treat and dispose of sewage generated from OMWD's Rancho Cielo area that is currently being trucked off-site for disposal. A formal proposal to permanently treat wastewater from the Rancho Cielo development was previously made to the OMWD, but was ultimately rejected by OMWD in favor of treatment and disposal at the 4-S Ranch water reclamation facility. Therefore, the SFVWRF has not been sized for this additional flow.

In 1996, the OMWD completed an initial study of sewer service alternatives to the 4S Ranch, Rancho Cielo and Santa Fe Valley (SFV) development areas. Concurrently, the SFV private developer approached the RSFCSD to process an annexation to provide services. The annexation for the RSFCSD was approved by LAFCO. In an attempt to provide costs savings to all parties, the RSFCSD/OMWD attempted to arrange an interim service program to use OMWD's unallocated capacity for the SFV development. OMWD had adopted a Master Plan for Sewer Services and facilities that included pipelines, pump stations and treatment to 4S Ranch wastewater treatment plant for up to two million GPD operation that is paid for by private developers and the OMWD. However, OMWD determined that it

could not save any costs by changing to an interim service agreement with RSFCSD, and thus no agreement was reached.

City of San Diego

The City of San Diego reports no underutilized wastewater facilities within the MSR study area.

1.1.4 Planning and Population Projections

Because projected growth patterns should influence the location and sizing of public facilities and vice versa, population and development forecasts must be integrated into the planning process.

The San Diego Association of Governments (SANDAG) is the State-designated Regional Census Data Center for the San Diego region. The SANDAG has produced short-range and long-range forecasts of growth in the region since 1971. Forecasts are updated every two years to examine the impacts of changes in public policies and economic conditions affecting population growth and distraction.[4] Each forecast is certified to be the source of population data for regional studies by the County's 18 municipalities, the County of San Diego, and the SANDAG Board of Directors. Special districts are not member agencies of the SANDAG and, therefore, do not participate in the review and certification of the bi-annual forecasts.

Within the boundaries of the MSR study and vicinity, the County of San Diego and the Cities of San Diego, Encinitas, Carlsbad, Escondido, San Marcos, Solana Beach, and Del Mar have the ability to adopt land use policies that will influence growth patterns. Special districts within the region can only plan for the outcomes that jurisdictions with land use authority create. For example, the County of San Diego's *2020 General Plan*, which will be based on targeted population densities rather than specific land uses, could have a significant impact on the timing and sizing of special district infrastructure. Accordingly, it will be necessary for the County to coordinate the general plan program with city and special district service providers.

MSR Water Service Providers – Planning and Population Projections

The MSR study area water agencies acknowledge the need for integrating population projections into their planning processes. The agencies rely on SANDAG forecasts as data sources for growth and population changes. Generally, SANDAG data is adjusted to reflect the agencies' own growth and consumption experiences and integrated into proprietary models for calculating service demands.

Olivenhain Municipal Water District

The OMWD uses growth/population projections as a guideline when developing the District's Water Master Plans to estimate future water and sewer demand at build-out. The

[4] SANDAG, *2020 Cities/County Forecast*, VOL. I, pg. 3.

Water Master Plans outline infrastructure needs for the next twenty years based on anticipated growth within the District's service area. The OMWD's master plans are intended to serve as a living document that can be updated as the District grows. Build-out of the OMWD is defined as the hypothetical future condition where all developable land in the OMWD is developed in accordance with its current zoning. The OMWD's master plan is being updated in 2005.

City of San Diego

The City of San Diego growth/population projections are integrated with water plans for future services in a manner similar to the MWWD. The Water Department relies upon SANDAG's growth forecast to calculate demand and plan for future water supplies.

MSR Wastewater Service Providers – Planning and Population Projections

The MSR study area agencies acknowledge the need for integrating population projections into their planning processes. The agencies rely on the SANDAG forecasts as data sources for growth and population changes. Generally, the SANDAG data is adjusted to reflect the agencies' own growth and consumption experiences and integrated into proprietary models for calculating service demands.

Olivenhain Municipal Water District

The OMWD uses growth/population projections as a guideline when developing the OMWD's Wastewater Master Plans to estimate future water and sewer demand at build-out. The Wastewater Master Plans outline infrastructure needs for the next twenty years based on anticipated growth within the OMWD's service area. The OMWD's master plans are intended to serve as a living document that can be updated as the OMWD grows. Build-out of the OMWD is defined as the hypothetical future condition where all developable land in the OMWD is developed in accordance with its current zoning. The OMWD's master plan is being updated in 2005.

Rancho Santa Fe Community Services District

The RSFCSD serves a static and relatively built out area; therefore, forecasting service needs is relatively straight forward. The RSFCSD service boundary is well defined as the RSFCSD is bounded by agencies either providing or authorized to provide sewer service. Within the RSFCSD boundaries, approximately 80-90 percent of the area has either been mapped for subdivision or consists of existing residential lots. With the exception of a few possible subdivisions in the Santa Fe Valley SPA area, the remainder of the RSFCSD's sewer capacity needs consist of the construction of individual homes or the conversion of existing parcels from private septic systems to sewer. In general, population growth data is not considered as useful tool for projecting future service needs within the RSFCSD as are those items listed below:

- Historical records for sewer permit issuance
- Tracking tentative map filings through the County of San Diego's map process
- Historical records of septic system failures or reported problems

- Existing developer build-out projections

City of San Diego

In general, the City Metropolitan Wastewater Department (MWWD) uses the latest SANDAG forecasts of population and employment as the inputs to the sewer modeling and mass balance modeling programs to predict wastewater flows and loads. The predicted flows and loads for incremental years are then checked against the capacity of wastewater treatment and conveyance and other regulatory requirements to plan for facility upgrades. On the new development side, developers prepare Master plans based on build out population in accordance with the Community Plan.

1.1.5 Infill Policy

City and county governments are the only units of local government that have direct land use authority. The land use policies of limited-purpose agencies are usually neutral. The County of San Diego and the Cities of San Diego, Encinitas, Carlsbad, Escondido, San Marcos, Solana Beach, and Del Mar are the only agencies with the MSR study area with land use authority and the resulting ability to direct development to infill areas. Although it can be argued that public works, not public policy, determines the location, timing and intensity of development,[5] the limited-purpose agencies within the region can only anticipate (and plan for) the outcomes that the jurisdictions with land use authority create.

MSR Agencies with Land-Use Authority – Infill Policy

The San Diego County Board of Supervisors has adopted two policies concerning wastewater service in the unincorporated area, which address infill. Policy I-36 provides that, with certain exceptions, installation of wastewater infrastructure outside of a County Sanitation District is prohibited. Policy I-107 encourages infilling of certain portions of East County consistent with the County's land use plans. Policies I-36 and I-107, with respective sunset dates of 12-31-02 and 12-31-96, will likely be revisited when the *San Diego County General Plan 2020 Update* process has been completed. The Cities of Encinitas, Solana Beach, and Del Mar are substantially built-out and virtually all future development would be classified as infill.

Olivenhain Municipal Water District

The OMWD Master Plan contains a buildout plan which is used to direct infill. Proponents must apply and undergo a project study for capacity and facility needs and funding. The Capacity Fee program identifies facilities and costs.

Rancho Santa Fe Community Services District

The RSFCSD does not establish priorities for directing services to infill areas. The expressed goal of the RSFCSD is to provide wastewater service to all parcels within its service area on

[5] *What's So Special About Special Districts? A Citizen's Guide to Special Districts in California*, Third Edition, February 2002, pg. 14.

a first-come, first-served basis, subject to availability of capacity and infrastructure. In general, it is the RSFCSD's policy not to fund wastewater line extensions, but instead to rely on the proponent to fund the cost of the facilities needed to serve the given parcel or project. The RSFCSD provides incentives to proponents by offering a cost reimbursement agreement to the party that constructs the system improvements and by providing reimbursement through the collection of connection fees. The RSFCSD staff also serves an active facilitation role in constructing wastewater extensions by holding neighborhood workshops, contacting affected homeowners, and design and construction support of improvements.

City of San Diego

The matter of providing water and sewer services to infill areas of the City, as well as their respective financing is addressed in *San Diego City Council Policy Number 400-6, Replacement, Betterment, and Expansion of Water and Sewer Facilities in Previously Developed Areas*. In this document, it is recognized that previously developed areas of the City will require improvement or expansion of water and sewer facilities by virtue of increased use, density, and or rezoning. Under such circumstances, the City Water and Metropolitan Wastewater Departments will provide for such improvements from designated financing sources.

1.1.6 Equitable Service Provision

Services should reasonably be provided to all territory within the boundary of a public service agency. If services are provided unequally across the agency or some areas are deprived of services because of infrastructure or topographic restrictions, there may be justification to examine a boundary adjustment that would transfer underserved territory to an agency with more ability to serve the area.

All MSR Agencies – Equitable Service Provision

Olivenhain Municipal Water District and Rancho Santa Fe Community Services District

Both the OMWD and the RSFCSD indicate that services are equitably provided, either agency-wide or within service-specific zones. For example, water services within the OMWD are provided agency-wide, while wastewater and recycled water services with the OMWD boundaries are provided in areas with appropriate infrastructure. The RSFCSD wastewater service is available to all parcels within the RSFCSD, provided that the infrastructure exists for connection. The RSFCSD's Sewer Connections Map identifies all parcels within the RSFCSD that are currently connected to the public wastewater system. Roadside landscape maintenance is restricted to the boundaries of the Landscape Roadside Maintenance District No. 1, whose boundaries are co-terminus with the Rancho Santa Fe Covenant boundary as shown on Landscape District Map.

The OMWD has a limited supply of 1,500 gallons per minute (GPM) in some of its southern areas, where the Rancho Santa Fe Fire Protection Department has increased flow requirements to 2,500 GPM. This cannot be provided due to size of transmission piping at

this time. The RSFCSD does not report any variance or inequity in levels of service provided to its customers.

City of San Diego

The City of San Diego provides consistent water and wastewater services throughout the City.

1.1.7 Emergency Planning

Public wastewater and water agencies are required to maintain systems that will withstand prolonged disruption of normal service. Every system should be created with flexibility and strategic redundancy so that safe, reliable service can continue under emergency conditions.

Because water service providers in San Diego County operate in a semi-arid region with limited local water sources, a dependence on imported water supplies, and the ever-present potential for seismic activity, these service providers need to develop storage facilities and alternative supply sources. The San Diego County Water Authority (SDCWA), which establishes policies and guidelines for its 23 member agencies, recommends that members be able to withstand a planned 10-day winter shutdown of an SDCWA aqueduct pipeline. SDCWA also works with member agencies to reduce dependence on imported supplies by expanding local water sources and increasing regional storage.

Sewer agencies need to maintain emergency storage facilities for waste flows or have the ability to divert wastewater to alternative facilities.

MSR Water Service Providers – Emergency Planning

The City of San Diego and OMWD have a diverse and complex structure for ensuring that water service will continue under emergency circumstances. The City of San Diego and the OMWD have also developed alternative local water sources to augment wholesale purchases from the SDCWA.

Olivenhain Municipal Water District

The OMWD infrastructure is appropriately sized for current, seasonal and emergency needs. Water systems related to the OMWD are characterized by flexibility, strategic redundancy, emergency storage, and alternative water sources. The OMWD partners with SDCWA to diversify water resources through joint development to conservation, water recycling, and groundwater storage and recovery projects.

The OMWD has 20 reservoirs and is also a capacity owner in the Olivenhain Reservoir for 3,600 acre feet (an approximate 90-day supply). The OMWD Water Treatment Plant can treat 34 MGD, which is in excess of the average daily demand of 20 MGD. The Water Treatment Plant is connected to an emergency power supply system provided by the SDCWA at the dam. The OMWD is a signatory to the SDCWA emergency services agreement with other water agencies to share equipment services. The OMWD utilizes the North County Dispatch Authority for after hour's telephone and dispatch services. The

OMWD also utilizes a telemetry (SCADA) system that monitors flows and storage at facilities and can alert staff if any problems arise. The OMWD will meet the SDCWA recommended 10 day planned winter shut down in 2004 with the Olivenhain Dam and Water Treatment Plant expansion.

City of San Diego

The City of San Diego infrastructure is appropriately sized for current, seasonal and emergency needs. The City's water systems are characterized by flexibility, strategic redundancy, emergency storage, and alternative water sources. Pursuant to San Diego City Council Policy 400-4, Emergency Storage of Water, the City of San Diego Water Department stores in its reservoirs six-tenths (7.2 months) of the City's annual normal water demand for emergencies. The City meets the SDCWA recommended 10 day planned winter shut down. Additionally, the City partners with SDCWA to diversify water resources through joint development to conservation, water recycling, and groundwater storage and recovery projects.

MSR Wastewater Service Providers – Emergency Planning

Olivenhain Municipal Water District

The OMWD Wastewater Treatment Plant can treat two MGD of non-potable/recycled water, which can help meet the average daily demand of 20 MGD. The OMWD utilizes the North County Dispatch Authority for after hour's telephone and dispatch services. The OMWD also utilizes a telemetry (SCADA) system that monitors flows of pump stations and storage at facilities and can alert staff if any problems arise. Wastewater infrastructure within the OMWD is characterized by emergency storage facilities and the ability to hold wastewater for designated emergency periods.

Rancho Santa Fe Community Services District

Wastewater infrastructure within the RSFCSD is characterized by emergency storage facilities and the ability to divert wastewater flows from points of failure to alternative routing for transport to San Elijo Joint Powers Authority or similar facilities. The RSFCSD has adopted an emergency response plan for dealing with wastewater overflows that is on file with the San Diego Regional Water Quality Control Board and the Department of Health Services. The emergency response plan is updated annually and documents the RSFCSD's procedures for responding to and reporting on wastewater overflows within the RSFCSD. The RSFCSD also has an Emergency Response and Preparedness Plan and a Hazardous Materials Business Plan on file with the County of San Diego. In addition, the RSFCSD has implemented the following operational features and design standards to minimize sewer overflows.

- Each of the two wastewater treatment facilities are alarmed to report power outages, equipment failures, security intrusions, and fire. Each plant also has an emergency generator to provide power to the plant in the event of outages.
- Each of the two wastewater treatment facilities stock replacement parts and equipment that can be used to make repairs in the event of an emergency.

- Each of the 13 wastewater pump stations include the following safety design features:
    - emergency alarms
    - emergency generator
    - emergency overflow structure
    - emergency force main by-pass structure
    - duty and standby sewage pump
    - duty and standby sump pump

- RSFCSD owns a portable trailer equipped with emergency equipment, such as pumps, hoses, lights, signs, tools, protective clothing, etc., that can be brought immediately to any location within the RSFCSD.

- RSFCSD also owns a portable trailer mounted pump that is hydraulically matched to by-pass any of the 13 pump stations in the event of an emergency.

- RSFCSD utilizes a private security service to monitor its facilities alarms on a 24-hour basis and provides emergency notification.

- Operation and maintenance staff are on standby call 24-hours a day on a rotational basis. Each operator has a cell phone and a pager for contacting purposes.

- RSFCSD has an agreement with a private contractor to provide 24-hour emergency backup if necessary.

City of San Diego

The City of San Diego has no provision in the MSR study area to provide emergency sewer services with the exception of the potential emergency connection as part of negotiations for sewer service at the East Clusters Project. As part of the negotiations the City has agreed to provide an emergency connection at a 12-inch sewer main near the Olivenhain/San Diego boundary.

Generally, all mains in the City are placed on a preventative maintenance schedule that system wide assigns crews to clean infrastructure. The schedule is prioritized and frequency of main cleaning is based on records of main repair history, spill history and condition assessment, which is linked to a GIS system. The City also has a comprehensive sewer main filming program whereby sewer mains are filmed on a rotational basis every seven years to identify root problems, needed pipe repair or replacement, and increased cleaning needs.

In general, the City's comprehensive Emergency Response Plan uses street worthy and advanced canyon accessible equipment to clean sewers and make repairs in the event or a sewer spill. The work is performed in accordance with an Emergency Response Plan which includes custom plans for accessing each environmentally sensitive area in the system. Staff is trained for managing all equipment in a timely and safe manner and with the goals of reducing impacts to private property and environmentally sensitive lands.

MWWD's 24 hour emergency crews include staffing by a qualified biologist, and specialty cleaning and construction crews are trained for remote access into environmentally sensitive habitats. Staff is trained to identify sensitive species and to use low impact equipment. All canyons and environmentally sensitive lands that contain sewer facilities have been studied and a custom report prepared which identifies access points, paths of travel and construction techniques to be used in order to minimize impacts to sensitive habitat and species.

Other City of San Diego emergency measures include:

- San Diego MWWD has a public information programs to teach the public how to notify MWWD if a spill is suspected.

- The City has initiated a Canyon Watch program whereby over 100 flow meters tied to a SCADA program are located throughout the City at key locations for evaluation of both high water and low water during peak times.

- All contractors must post at construction sites a 24 hour emergency number so the contractor and MWWD can be contacted by local enforcement officers if a spill is identified.

- Where a sewer bypass is needed, all contractors and City forces must prepare a sewer bypass plan, which includes measures for emergency conditions. The contractor must have on site and ready to use, a complete backup system including pump, generator, and highline main.

- Pump stations are equipped with an alarm system that is connected to a 24 hour staffed emergency control station. Some stations are staffed 24 hours a day. Stations are designed for complete automated redundancy of pumps, force main, and backup power. In addition a minimum 4 hour emergency detention capacity must be provided. Additional detention is required where a spill will impact sensitive habitat and is determined on a case by case basis (reference to Chapter 7, Sewer Design Guide).

- The City maintains backup equipment for repairs. Equipment and materials are managed by a replacement part storage and tracking system.

1.1.8 Appropriate Service Boundaries

The boundaries of local governments should define territory where agencies can logically provide services. Spheres of influence should identify areas where it can be determined that the agency will be prepared to provide efficient future service. Including territory within a boundary which cannot be logically served by the agency, or excluding territory which can be logically served, aggravates inefficiencies and may indicate that a boundary modification is necessary. For example, adjusting jurisdictional boundaries to mirror topographic changes might avoid or lessen pumping charges for wastewater services. Local agencies should, as a rule, avoid providing services outside of their boundaries. Extra-territorial service introduces needless complexity into regional service provision and, if extensive, extra-territorial service

arrangements can strain an agency's infrastructure system to the detriment of those living within the agency. Moreover, customers receiving extra-territorial services are unable to participate in selecting the agency's political body or support or oppose voter-approved assessments that might update or improve the services they are receiving. Figure SOI-1, found in *Section 2.1 Sphere of Influence Update Analysis* later in this document, depicts the areas proposed to be serviced by either the RSFCSD, OMWD, or the City of San Diego.

MSR Water Service Providers – Appropriate Boundaries

Olivenhain Municipal Water District

The OMWD indicates that there are no areas within the agency boundaries that could be more efficiently served by another agency. However, the OMWD has identified a few areas outside its boundary that could be more efficiently served by its facilities. This includes providing recycled water to some areas of Santa Fe Irrigation District (SFID) (which is being studied jointly with SFID), and the Fairbanks Ranch community areas. Additionally, recycled water service to Fairbanks Ranch Golf Course is currently provided on an interim basis and is being studied in coordination with the City of San Diego for a more permanent arrangement. This issue is addressed in greater detail in the SOI section of this report.

City of San Diego

Until such time as proposed developments provide for the extension of the City's water infrastructure in the MSR study area, portions may be more efficiently served by the OMWD on a temporary basis. The proposed development in the north central sector of the City's water service area includes: the Poway High School site, Poway Middle School site, the Santaluz affordable housing project site, Camelot and Phase III of the Black Mountain Ranch project (East Clusters). City of San Diego has not identified any water service deficiencies outside its boundary which could be more efficiently served by the City.

MSR Wastewater Service Providers – Appropriate Boundaries

Olivenhain Municipal Water District

The OMWD indicates that there are no areas within the agency boundaries that could be more efficiently served by another agency. However, the OMWD has identified a few areas outside its boundary that could be more efficiently served by its facilities. This includes providing wastewater service to the Black Mountain Ranch (East Clusters and the Santaluz affordable housing sites in the City of San Diego). In addition, the OMWD may provide services to the Poway Unified School District (Del Norte High School) site that is located partially within the sphere of OMWD and the City of San Diego. On-going discussions between the parties and necessary studies are underway to determine the most appropriate service provider.

Rancho Santa Fe Community Services District

The RSFCSD does not contain areas within its boundary that could be more efficiently served by another agency. Also, the RSFCSD reports no properties outside of its boundaries

that are currently served by the RSFCSD. However, the RSFCSD could potentially serve the following areas outside of the RSFCSD boundary:

- Santa Fe Hills area south of the Santa Fe Valley Special Plan Area
- TM No. 5239 RPL 2-Unit 7 (Bridges Project)
- La Bajada Bridge between the City of Encinitas and RSFCSD
- Open Space (APN 264-510-11)
- Horseman's Valley
- Rancho Serena (already located in the SOI, but located outside of the service area)
- Stone Bridge
- Sun Valley east of the City of Solana Beach and north of Via de la Valle

City of San Diego

The Santaluz Affordable Housing site and a portion of the BMR East Clusters site (592 EDU) could be more efficiently served by the OMWD. If served by the City, an additional sewer lift station would be required. The OMWD has previously indicated that they can and are willing to provide service for these areas. Jurisdictions outside the City boundaries have not expressed interest in future modifications to the City's sewer jurisdictional boundaries. As such, flows from these areas have not been accounted for in the planning and construction of major downstream facilities, and the upper reaches of the Carmel Valley Trunk Sewer serving the north central City area does not have residual capacity to provide service to areas outside the City jurisdiction.

1.1.9 Extending Services

The prospect of providing services to areas beyond service provider's boundary must be carefully examined. The ability to provide services must be evaluated against a potential that extending services could be growth inducing. The service provider's sphere of influence, as well as the spheres of neighboring agencies, plus the ability of other agencies to provide similar or superior service would need to be considered. Ultimately, San Diego LAFCO must determine whether adjusting service provider's boundary to permit extension of services would promote orderly development of local government.

The OMWD, RSFCSD, and the City of San Diego limit their activities to services authorized by state charter or principle act. Services are extended beyond boundaries only when lawful. No incidence of the agencies engaging in an activity that is not delineated in their principle act has been reported.

MSR Water Service Providers – Extending Services

Olivenhain Municipal Water District

The OMWD is currently under contract with the City of San Diego to provide temporary water service to the Black Mountain Ranch Phase I Santaluz affordable housing project in the City of San Diego (as approved November 3, 2003 by the City Council). The City of San Diego will assume water service after 10 years, using a developer-installed system. The OMWD currently serves the Fairbanks Ranch Country Club with potable water for a portion

of the golf course located in the OMWD's sphere of influence. In addition, the OMWD provides water to a portion of the club house portion of the country club through a temporary service agreement between the OMWD and City of San Diego. The OMWD and the City are currently negotiating a recycled water service agreement whereby the OWMD would provide this service on behalf of the City. LAFCO reserves the right to expand the OMWD's water SOI to include the entire Fairbanks Ranch Country Club (although no SOI expansion is proposed at this time). Finally, the OMWD will provide water service to the Poway Unified School District (Del Norte High School) site that is currently located partially within the sphere of OMWD and the City of San Diego on a permanent basis. Appendix D of this report contains a letter of service request from the Poway Unified School District requesting that the OMWD provide water service. The appendix also includes a response letter from the City of San Diego indicating that the City and the OMWD have agreed that the OMWD will provide water service to the high school site.

City of San Diego

The City of San Diego identified the following areas that would require the City water services. The proposed development in the north central sector of the City's water service area includes: the Del Norte High School and Poway Middle School sites; the Santaluz affordable housing project site, Camelot and Phase III of the Black Mountain Ranch project (East Clusters). Additionally, the Poway Middle School, Del Norte High School, Sun Valley, and Flower Hill may request the City's or OMWD's services in the near future.

As a general rule, the City prefers to serve those customers that fall within the City's boundaries. The Santaluz affordable housing project is critically needed to address a City Council declaration of a housing state of emergency, according to City Council Policy 600-27. A temporary water and sewer service agreement is in place for the Santaluz (affordable housing) development site to receive service from the OMWD.

MSR Wastewater Service Providers – Extending Services

Olivenhain Municipal Water District

The OMWD has identified possible future wastewater services to the Cielo del Norte project, Santaluz affordable housing, Del Norte High School, and Black Mountain Ranch East Clusters. Portion of the Del Norte High School is within the OMWD wastewater sphere of influence, while the rest is located within the City of San Diego. Appendix D of this report contains a letter of service request from the Poway Unified School District requesting that the OMWD provide wastewater service. The appendix also includes a response letter from the City of San Diego indicating that the City and the OMWD have agreed that the OMWD will provide wastewater service to the high school site.

Rancho Santa Fe Community Services District

The RSFCSD has identified several projects that may require their wastewater services. The Santa Fe Hills development consists of a total of 98 dwelling units; the RSFCSD states that they have the capacity to service this new development. The Horseman's Valley area

consists of an estimated 17 residential parcels. Sufficient wastewater capacity to serve this area is currently available from the RSFCSD through a contract with the San Elijo Joint Powers Authority. LAFCO proposes to expand the SOI for the RSFCSD to include both of these developments.

Rancho Serena consists of 17 residential parcels, all of which are located in the RSFCSD sphere of influence. However, at the time the RSFCSD sphere was expanded to include the parcels, only 11 were annexed to the RSFCSD. Consequently, LAFCO reserves the right to propose an annexation of the remaining six parcels through a separate administrative process.

The TM No. 5239 RP L2-Unit 7 (Bridges Project) is a 30-lot residential subdivision that is proposed to become part of the Bridges master planned development owned by Lennar Homes. The proposed addition of the Bridges development (Unit 7) to the RSFCSD wastewater service area has raised some concern among San Dieguito area residents. Some of the area's residents are in favor of rejecting all expansions of wastewater service area boundaries beyond the Escondido Creek boundary limits. They believe that extension of wastewater services to the area would be growth inducing, yielding far higher density than otherwise practicably achieved in the area. This would lead to clustered, higher density development in the area, in contrast to the existing ranch/farm estate-style development. Large lot conventional subdivisions have existed historically throughout the Rancho Santa Fe and Elfin Forest areas. In addition to the loss of cohesive community identity, area residents are also concerned about possible traffic impacts and loss of open space lands and other sensitive resources. This project would require a jurisdictional change consisting of a sphere of influence modification of the RSFCSD boundary and concurrent annexation into the RSFCSD. The area could also be serviced by the City of Encinitas (Cardiff Sanitary Division). However, neither the RSFCSD nor the City of Encinitas are proposing to provide wastewater services to the Bridges Project.

La Bajada Bridge consists of 24 dwelling units with the City of Encinitas currently providing wastewater services. However, La Bajada Bridge is not located within the jurisdiction of the City of Encinitas; either the RSFCSD or the City of Encinitas could be the appropriate wastewater service provider. For the City of Encinitas to continue to provide wastewater services, a temporary service agreement would be required. The RSFCSD is currently not proposing to provide wastewater services to La Bajada Bridge.

The Stone Bridge development consists of 25 dwelling units and was previously included in the RSFCSD sphere of influence. The Stone Bridge development was detached from the RSFCSD sphere of influence over a rate structure dispute and is currently serviced by the City of Encinitas (Cardiff Sanitary Division). Either the RSFCSD or the City of Encinitas could be the appropriate wastewater service provider; however the RSFCSD is not proposing to provide wastewater services to this area.

The Sun Valley development is located in the southwestern corner of the study area, sharing its southern border with the Flower Hill development. The City of Solana Beach borders the site to the west. The development is currently serviced by individual septic systems. The Open Space (APN 264-510-11) is a small parcel located in the central portion of the study area with an open space land use designation (SANDAG 2004). The open space does not contain developable land and is owned by the Escondido Creek Conservancy. Refer to the

Sphere of Influence Update Section 2.1 for a more detailed discussion of the Sun Valley and Open Space APN 264-510-11).

City of San Diego

City of San Diego identified the Santaluz affordable housing site and the BMR East Clusters areas needing the City sewer services. However, the City has arranged temporary service agreements with the OMWD for the Santaluz affordable housing site. Additionally the City proposed that the Santaluz affordable housing site and a portion of the BMR East Clusters site (592 EDU) be transferred permanently to OMWD for the purpose of sewer service. All tax bases and other utilities are to remain with the City.

OMWD had expressed willingness to accept into their jurisdiction, a portion of the area known as, the East Cluster Project for sewer service. The project had been conditioned through the tentative map process to acquire approvals of providing sewer service from OMWD. This change in boundary will eliminate the need for a sewer lift station in the City. The Santaluz Black Mountain Ranch affordable housing project site is also currently planned for sewer service from OMWD.

As a general rule, the City prefers to serve those customers that fall within the City's boundaries. The affordable housing project is critically needed to address a City Council declaration of a housing state of emergency, according to City Council Policy 600-27. OMWD had agreed to provide service to accommodate immediate timing of this important project. As of the present time, the City has not received an official request by OMWD to proceed with annexing the property within this drainage basin. As a part of negotiations for sewer service at the East Clusters Project, the City may provide an emergency connection at a 12-inch sewer main near the OMWD/City of San Diego boundary.

1.1.10 Consolidating Services

If regional service organization or consolidation of local agencies is not practical or desirable, functional consolidations in the form of Joint Powers Agreements or other cooperative agreements may be an alternative for gaining service efficiencies.

MSR Water Service Providers – Consolidating Services

The OMWD and City of San Diego are members of the SDCWA; therefore, they are eligible to directly purchase wholesale water from SDCWA and to reasonably expect the SDCWA to provide supplies of water as needed. The SDCWA performs as a regional umbrella agency in overseeing the distribution of potable water, invoking emergency storage quotas, and partnering in treatment facilities. The region's water agencies also maintain agreements between neighboring agencies for emergency interconnections. Member agencies may not provide water service beyond the SDCWA boundaries.

Olivenhain Municipal Water District

The OMWD has an agreement with SDCWA for shared capacity in the Olivenhain Dam and in the Olivenhain Potable Water Treatment Plant (9 MGD). Additionally, the OMWD

has agreements with the Santa Fe Irrigation District and San Dieguito Water District for emergency connections, Vallecitos Water District for recycled water, and Rincon del Diablo Municipal Water District for sharing of Safety Compliance Officer services.

Also, the OMWD and RSFCSD have recently entered into a recycled water agreement that provides for the OMWD to be purveyor of all recycled water from the Santa Fe Valley WWTP and serve it to Santa Fe Valley properties as first priority. The agreement also establishes a purchase price, based upon $375 per acre foot plus percentage of any increase in sales price of OMWD water.

An estimated 64 acre parcel of undeveloped land located within the southern portion of the MSR study area is located in the water SOI for the OMWD and the Vallecitos Water District (VWD). This SOI overlap appears to be a mapping error dating back to 1984. LAFCO proposes to rectify this SOI overlap be reducing the OWMD's water SOI in this territory to co-terminus status with its service area boundary. The VWD water SOI will remain unchanged.

An estimated 14 acre area east of Aliso Canyon Road is currently located in the waster SOI for the both the OMWD and the Santa Fe Irrigation District (SFID). This area was designated as a special study area in 1983, the designation of which did not require that the SFID sphere of influence exist as a closed unit. LAFCO proposes to delete the special study area status, thereby realigning the SFID sphere of influence to a closed unit. The OMWD's water SOI will remain unchanged.

City of San Diego

City of San Diego has agreements between the City and the Olivenhain Water District and the San Dieguito/Santa Fe Irrigation Districts (these agreements can be found in Appendix A of this document).

MSR Wastewater Service Providers – Consolidating Services

The City of San Diego is a member of the Regional Wastewater Disposal Agreement enacted between the City of San Diego and the agencies discharging wastewater in the Metropolitan Sewerage System (MWWD). The agreement sets policies, procedures, establishes fees for discharging into the system, and establishes the capacity allocated to each member agency. Ancillary wastewater treatment facilities in the region are not sized to replace MWWD facilities and it is unlikely that reliance on MWWD will decrease. The OMWD and RSFCSD are independent of other agencies; the RSFCSD contracts with the San Elijo Joint Powers Authority to take wastewater as needed.

Olivenhain Municipal Water District

The OMWD reported no consolidated service agreements regarding wastewater services.

Rancho Santa Fe Community Services District

The RSFCSD currently has contractual agreements and/or memorandums of understanding (MOU) for sharing facilities or services with the following agencies: San Elijo JPA-0.250 MGD treatment capacity lease, San Elijo JPA-MOU for emergency aid services, Whispering Palms Community Services District Agreement to provide wastewater cleaning and emergency response services, Fairbanks Ranch Community Services District Agreement to provide wastewater cleaning and emergency response services, and Leucadia Wastewater District MOU for emergency aid response. Additionally, as described earlier in this section, the OMWD and RSFCSD have recently entered into a recycle water agreement. The agreement provides for the OMWD to be purveyor of all recycled water from the Santa Fe Valley WWTP and serve it to Santa Fe Valley properties as first priority. The agreement also establishes a purchase price based upon $375 per acre foot plus percentage of any increase in sales price of OMWD water.

City of San Diego

The City of San Diego has the following agreements associated with wastewater service:

Sewage Treatment. The "Regional Wastewater Disposal Agreement between the City of San Diego and Participating Agencies in the Metropolitan Sewerage System" agreed to in March 1998 includes the Cities: Chula Vista; , the City of Coronado; Del Mar; , the City of El Cajon; Imperial Beach; , the City of La Mesa; Lemon Grove; National City; and Poway. The County of San Diego, including: Wintergardens, Spring Valley, Lakeside/Alpine, the East Otay Mesa Sewer Sanitation District, the Otay Water District, the Padre Dam Municipal Water District, and the City of San Diego.

Transportation Agreements for use of others municipal lines - Flow from other agencies is transported through the City municipal system. This involves some major as well as minor pump stations, in addition to sewer trunks and lines. The City also flows through other agencies' municipal lines. There are transportation agreements which charge a dollar amount per mile per million gallons ($/mile/million gallon) for the existing lines. O&M is paid on an annual basis for the major pump stations, such as: PS64, PS65 and Penasquitos Pump Station, based on the percentage of agency flow through the facility.

Capital Improvement Projects (CIP). Agencies pay their share for new CIP, expansion or rehab based on their peak capacity needs.

City of San Diego Municipal Customers sewage treated by other agencies:

- Hale Avenue Resource Recovery Facility (HARRF). The City contracts for sewage treatment of Rancho Bernardo customers. The contract is set at 5 mgd.
- Solana Beach receives some sewage from the Northwest area of the City, namely the Flower Hill Mall. Contract is set at 300 EDU's.
- Olivenhain Municipal Water District. A temporary water and sewer service agreement is in place for the Santaluz Northern Development Site (affordable housing project) to receive service from Olivenhain.

The RSFCSD and City of San Diego also participate in numerous agreements to cooperate in joint ownership of regional facilities; to provide mutual aid in emergency situations; and/or to jointly resolve regional wastewater issues.

1.2 Fiscal Issues

This section discusses revenue sources, rates and fees, policy for reserves and depreciation, agency bond ratings, policies for investment practices, and legal costs associated with the MSR study area water and wastewater providers. The main two study area service providers (OMWD and RSFCSD) are discussed in greater detail, while the City of San Diego discussion is included where considered necessary.

1.2.0 Revenue Sources

All units of local government (counties, cities, and special districts) are financially autonomous. Within the limits of State law, each local government has the ability to craft unique fiscal policy and practices. Each agency is equally empowered to make independent fiscal decisions; however, they are not equally empowered to generate revenues to support their decisions.

General-Purpose Governments

Cities and counties, as general-purpose governments, are empowered by the California Constitution to impose a variety of taxes and to raise revenues through an assortment of mechanisms. General-purpose governments are authorized to levy transient occupancy, business license, and sales and use taxes. These governments may impose fees, charges, benefit assessments, and general and special taxes subject to the voting requirements of Proposition 218. General-purpose governments are also eligible to receive state subventions and to engage in revenue enhancing activities such as franchising public utilities and cable television.

Limited-Purpose Governments

Limited-purpose agencies (e.g., primary special districts) may impose only the types of taxes, assessments, and fees that have been authorized through legislation. The revenue sources available to each class of special district are specifically defined in approximately 60 different principal or special acts.

Nonenterprise districts that provide services benefiting entire communities, such as fire protection and emergency services, typically receive much of their revenue from the ad valorem property tax that is limited to one percent of the value of the property by Article XIII(A) of the California Constitution. Only those local agencies that levied property tax rates prior to 1978 may receive a formula-based allocation of the one percent tax revenue; agencies with general obligation debt approved prior to 1978 may collect additional property tax revenue specifically dedicated to the debt's retirement.[1]

Special districts that are enterprise in nature (i.e., financed and operated in a manner similar to private enterprise where the cost of providing goods and services is recovered through

[1] The allocation of property tax is not within the scope of this review. San Diego LAFCO'S *Funding Fire Protection*, available at www.sdlafco.org, provides background on how property tax revenue is allocated among local agencies as a result of Prop 13 and its legacy legislation.

sales revenue) impose user fees or service charges to recover the cost of providing services. Generally, enterprise districts do not rely, or only minimally rely, on property tax revenue to fund operating costs.

Restricted and Unrestricted Revenues

The range of revenue sources available to local agencies is an important element in accruing funds; however, other factors can influence revenue streams. Many of the revenues available to general-purpose governments are unrestricted and can be diverted to necessary programs or projects. In contrast, the relatively few revenue sources available to special districts are generally restricted to specific, inflexible uses.

Notwithstanding limited and restricted categories of revenue, enterprise districts have greater flexibility in meeting fiscal objectives than other agencies because enterprise service fees can be increased with relative ease compared to the special taxes and assessments upon which other service providers rely. Wastewater, water, and refuse collection fees are specifically exempt from many of the constraints of Proposition 218.[2] At the same time, it is also true that even enterprise fees are subject to restrictions; fees must be reasonably related to the cost of providing services and fee proceeds must be used exclusively to recover the cost of providing services.

MSR Enterprise Service Providers – Revenue Sources

Olivenhain MWD, Rancho Santa Fe CSD, and City of San Diego

The two Districts and the City of San Diego each function as enterprise agencies. To this end, the OMWD and RSFCSD direct water and wastewater service billings provide between 70 and 77 percent of the districts' operating revenues. In addition to water and wastewater billings, the MSR study area service providers rely on various additional revenues, fees, and charges for operating revenue, such as connection fees, energy sales, property taxes, and fees from recreational activities. Table MSR-1 below depicts the enterprise revenues for the OMWD and RSFCSD in fiscal year 2003-2004.

Table MSR-1
Enterprise Revenue: FY 2003-2004 Projected

District	Total Operating Revenue	Total Enterprise Revenue	Enterprise to Operating Revenue
Olivenhain MWD	$35,174,447	$24,509,172	70%
Rancho Santa Fe CSD	$2,246,395	$1,735,251	77%

Sources: Rancho Santa Fe CSD and Olivenhain MWD, 2004.

As limited-purpose service providers, both the OMWD and RSFCSD levied pre-Proposition 13 property tax rates and are eligible to receive an increment of the revenue from the one percent property tax. The OMWD receives an allocation amounting to 4.7 percent of its fiscal year 2003-2004 operating revenue; the RSFCSD allocation amounts to 1.4 percent of

[2] California Constitution Article XIIID, Sections 6(c).

its fiscal year 2003-2004 operating revenue. The property tax subvention is used to retire the bonded debt for each service provider.

Table MSR-2 depicts the projected sources of operating revenue for the OMWD and RSFCSD for the fiscal year 2003-2004.

Table MSR-2
Sources of Operating Revenue: FY 2003-04 Projected

Olivenhain Municipal Water District	**Revenue (in dollars)**
Water Billings	15,035,213
Sewer Service Charges	9,473,959
Infrastructure Access Charge	387,332
Standby Credits	709,292
Energy Billings	1,929,207
CWA/MWWD Water Purchase Credits	198,275
Sewer Processing Fee	1,147,466
System Charges	2,770,131
Park Fees	1,417,517
Property Taxes Subvention	1,657,399
Other Revenues	448,656
TOTAL	***35,174,447***
Rancho Santa Fe Community Services District	
1% Property Tax Allocation for Sewer	32,000
Annual Sewer Service Charges	1,633,200
Annual Sewer Standby Fees	102,051
Capacity Fees	300,000
SFV Developer O&M Fund Contribution	78,412
Sewer Cleaning Services (from FR WP)	45,000
Interest on Reserves	55,732
TOTAL	***2,246,395***

Source: Draft Data Summary – North Central San Diego County MSR/SOI, 2004.

The OMWD identified the following constraints in terms of its ability to generate revenue:

- Variation in weather conditions fluctuate water consumption and can result in lower than expected water revenues during the year.

- National economic conditions resulting in slow growth can reduce the number of new service connections impacting the OMWD's revenue picture. In addition, growth plays a significant role in the OMWD's ability to reduce water and wastewater costs and rates due to economies of scale.

- Natural disasters.

- Changes in federal and state rules and regulations.

Both OMWD and RSFCSD are enterprise funds and their ability to generate revenue is regulated by State law requiring a public hearing with approval by the Board of Directors. The provisions of Proposition 218 and AB 1600 are followed when determining fee increases of any kind by both Districts.

The following represents the City of San Diego revenue sources associated with the provision of water and wastewater services.

Water services:

- Water Sales – revenue derived for the delivery of potable and reclaimed water to all customer classes.
- Bond Revenue / Financing Proceeds – Revenue derived from the sale of bonds to support infrastructure improvements.
- Capacity Charges - Revenue received for new connections to the system.
- Contributions-in-Aid revenues received from property owners and governmental agencies benefiting from construction and modification of system facilities.
- Grants/State Revolving Fund Loans.
- Sale of Land and Assets - Revenue received from sale of surplus land and there assets
- Land and Building Rental – Revenue from the use of Water Department land and buildings.
- Service Charges/Services Rendered to Other Agencies & Departments - Revenue derived from the provision of miscellaneous construction, operating, and administrative services to internal and external customers.
- Interest Earnings – Obtained on cash balances and investments of the Water Department
- Damages Recovered – Proceeds obtained in recover of damages to Water facilities
- Lakes Recreation – Revenue received from operation of recreational activities on City Lakes

Wastewater services:

- Sewer Service Charges which are revenues derived from City single family, multi-family, and commercial/industrial customers.
- Sewage Treatment Plant Services revenues derived from the provision of transportation, treatment and disposal services to the 15 other agencies also served by the Metropolitan System.
- Capacity Charge Revenues received for new connections to the system.
- Contributions-in-Aid revenues received from property owners and governmental agencies benefiting from construction and modification of system facilities.
- Grants/State Revolving Fund Loans.
- Services Rendered to others composed largely of fees for service as for example Industrial Waste Permit fees, Trucked Liquid Waste Discharge fees, and Groundwater Discharge fees.
- Electrical Co-Generation for the sale of process produced electricity back to the grid.
- Miscellaneous Revenue to include New Sewer Connections (owner cost for extended sewer laterals), Interest Earnings, and Other Revenue (land lease and rental payments, sale of discarded equipment etc.).

- Bond Revenues supplement the above revenue stream to leverage the assets of the system's other revenues when deemed advantageous and beneficial to the ratepayer.

As with the City's sewer system, the Water Department prepares multi-year financial projections that are used to establish revenue and rate requirements. In all cases the San Diego City Council has full authority to set water rates, fees, charges and/or taxes as necessary to operate, maintain and make improvements to the water system. Pursuant to existing water bond covenants, the City is required to maintain appropriate debt coverage ratios and establish rates sufficient to properly operate and maintain the system, as well as provide repayment of the bonds.

On a yearly basis Metropolitan Wastewater Department staff prepare a ten-year financial look into the future which identifies the operating and capital costs associated with the efficient and effective operation of the Metropolitan System in compliance with all applicable laws and regulations. From this effort a rate profile is developed which is reviewed extensively by City management with input from the public and from the Systems' participating agencies and ultimately submitted to City Council for approval or implementation of directed program and rate adjustments.

1.2.1 Rates and Fees

Enterprise agencies may impose fees or rates for services, provided they reasonably relate to the cost of producing and delivering services. California Courts have declared that a fee which exceeds the reasonable cost of a service is a disguised tax.[3] Accordingly, rates and fees must be responsibly set to ensure that revenue will be sufficient to compensate for the cost of providing services, pay down accumulated debt, and maintain appropriate reserve levels. If alternative sources, such as developer fees or capacity fees are not available, enterprise revenue must also pay for system improvement and expansion projects.

Variance in Rates

Retail rate setting is a complex calculation of revenue and expense that must accurately predict the fixed and variable costs of providing services. Rates should spread the fiscal burden over a jurisdiction's constituency equitably. Water agencies commonly impose graduated rates that incrementally increase as consumption increases. This progressive structure encourages conservation by rewarding low consumption of water.

The notion that agencies with low rates are more efficient than agencies with higher rates must be critically examined. There are multiple reasons why the cost of providing services, and rate levels, may vary across agencies. Agencies that are built-out may need only to maintain the integrity of current infrastructure and service levels; other agencies in various stages of growth may need to plan for expansion as well as maintain current systems. Topography, geology, climatic conditions, geopolitical boundaries, age of infrastructure, and the capacity of storage and treatment facilities will all impact the cost of providing services.

Factors affecting water rates may be generalized as follows:

[3] *Shasta County v. Trinity County* (1980) 106 Cal. App. 3d 30; 165 Cal. Rptr. 18.

- Source of supply
- Age of system
- Distance to import pipelines
- Level of treatment
- Elevation and pumping requirements
- Ability to interconnect with surrounding agencies
- Service area mix of land uses
- Density and lot sizes
- Philosophy of rate-setting methodology
- Capital funding versus debt financing
- Funds available to stabilize or subsidize rates
- Funding of repairs, replacements and depreciation
- Recycling supplies and conservation philosophy
- Recovery of administrative services by municipalities
- Level of grant funding or other funding
- Funding of growth through developers or water rates
- Level of taxes collected by agency
- Policy regarding reserves
- Public input during rate making

Water agencies are particularly sensitive to the cost of buying imported water. The SDCWA rates are not subject to regulation by the California Public Utilities Commission or by any other local, state or federal agency. The SDCWA fixes its water rate at the price charged by the Metropolitan Water District of Southern California (MWDSC), plus an additional component as established by its Board of Directors, resulting in an automatic pass-through of MWDSC's charge to the SDCWA's member agencies.[4] A new rate structure, which became effective in January 1, 2003, increased the percentage of water revenues received as fixed charges. By sub-dividing the rate structure into four categories (i.e., customer care, storage, transportation, and supply), the SDCWA can accommodate certain member agencies that take SDCWA water without using SDCWA transportation facilities for a portion of those deliveries.

The customer service charge is set to recover costs that are necessary to support the SDCWA's programs and policies that benefit the region as a whole. This includes flow control facilities, system security, pipeline maintenance, and ongoing conservation programs. This fixed charge will be allocated to member agencies based upon their share of a three-year rolling average of all deliveries through the SDCWA's system. The storage charge is levied to recover costs that are associated with the Emergency Storage Project, an integrated system of reservoirs, pipelines and other facilities that store and transport water around the county. The transportation rate is a uniform rate set to recover capital, operating and maintenance costs of the SDCWA's aqueduct system, including all facilities used to physically transport the water to member agency meters. The transportation rate is charged on each acre-foot of water that is delivered through the SDCWA's pipelines.

Previously, the sole component of the supply charge was the costs of obtaining water from the MWDSC. The MWDSC's adoption of a new rate structure necessitates changes in the

[4] San Diego County Water Authority 2002 Annual Report, pg. 40.

manner that the SDCWA members are billed for imported water and services. Based on the MWDSC's new method, agricultural customers will enjoy a significant savings due to the fact that agricultural deliveries will no longer be factored into their readiness-to-serve charge. In the future, the SDCWA's supply charge may also include purchases of water from the Imperial Irrigation District and other transfers or supplies. The new rate structure change will not change the total revenues collected by the SDCWA. Allocations to member agencies, however, will be adjusted; some agencies may experience a savings over prior years, while others may experience an increase. The SDCWA has stated that the goal of the new rate structure is greater equity for all users.[5]

The level of wastewater recycling in a community may be reflected in the consumer rates of water and wastewater agencies. Recycled wastewater typically requires large capital expenditures and may actually result in somewhat higher consumer costs in the short run. Access to capital and the fiduciary position of agency officials can impact the need to generate income from enterprise fees. Fees and rates in jurisdictions with greater impacts from these and other factors are usually structured to carry a heavier burden.

Agencies have diverse philosophies about approaching constituents with rate increases. Some agencies follow the theory that increasing rates slowly but steadily over time is preferable to infrequent but substantial rate hikes. Agencies also adopt various positions about maintaining specific rate stabilization reserves or subsidizing rates from general reserves. Ultimately, maintenance of rates and fees mirror a combination of fiscal and political goals specific to each agency.

Notwithstanding any of the above factors that may be used to justify variances in rates, low and stable rates may be indication of careful planning and appropriate cost controls that deserve recognition.

MSR Water Service Providers – Rates and Fees

Comparisons of the rate structure among the agencies are problematic. Attempts to draw meaningful conclusions are difficult because each agency adopts rate schedules to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies.

The Districts may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. Internal variances in water rates occur only under the authority of policies that permit the creation of zones where geographically specific costs can be recovered from the customers receiving benefits. Rate increases reported by the OMWD and City of San Diego the study period of 2001-2003 were below San Diego County Consumer Price Index (CPI) increases for the same period.

Olivenhain Municipal Water District

The OMWD has five residential water rates based upon volume with the highest rate applying to higher levels of consumption. The OMWD also has a two-tiered commercial/industrial rate. This encourages water conservation while allowing a base living usage at the lower water rate. Agricultural and construction water users are charged a

[5] San Diego County Water Authority. Press Release: July 1, 2002.

single flat rate. All fees and charges are established by size and type of property service by class. The OMWD rebates or credits are given to the OMWD customers solely based upon Board of Director's discretion. When the OMWD receives credits or refund checks from its wholesalers, the SDCWA and Southern California Metropolitan Water District staff brings this matter to the Board as an agenda item to be discussed on how refunds should be treated. The Board issued three credits or rebates on customer water bills during the past three years for credits received from SDCWA and OMWD.

The OMWD's water rate structure was originally developed in 1996 as part of the District's review of the financial impacts of the amount of debt service to be issued to pay for the Olivenhain Water Treatment Plant and Storage Projects and as an effort to improve rate equity prior to the issuance of debt. Based on this study, on average, OMWD has increased its rates approximately 3.4 percent per year in the past seven years.

In the fall of 2000, the OMWD conducted another comprehensive rate study to review the current rate structure and evaluate whether a rate reduction at that time was possible due to economies of scale from higher than expected water sales due to growth, relatively dry weather, and successful cost containment efforts. As the result of this study, the District has reduced its water rates for the first time by an overall three percent for a typical customer.

In April of 2002, the OMWD Board directed staff to evaluate the possibility of another rate reduction. Due to the significant population growth within the OMWD's undeveloped service area, combined with dry weather and continued successful cost containment efforts, actual water revenues had been higher than projected. The OMWD collected sufficient revenue to pay for its costs. This condition resulted in seven percent rate reduction effective on October 1, 2002.

The OMWD relies solely on imported water from the SDCWA and the MWDSC. The SDCWA and the MWDSC have informed all of their retail agencies that water wholesale prices from each agency will be increased by approximately four to eight percent each year for the next ten years to provide the required additional funding to finance their regional water infrastructure programs.

The cost to purchase water is the OMWD's largest operating expenditure. Since January 2003, both the MWDSC and SDCWA have implemented a significant change to their water pricing methodology. Unlike the old rate structure where all retail agencies pay the same cost for water per acre foot, the new pricing method is less favorable toward growing agencies with increasing future demands, such as the OMWD. Since the new pricing method was implemented, the OMWD has begun paying more for purchased water. This cost increase was offset by higher operating revenues due to greater than expected growth in the customer base and by cost containment efforts. The OMWD has not raised water rates for the past three years.

Due to increased purchased water costs, combined with the increased costs of medical and workers' compensation insurance and a commitment to replace and maintain the existing infrastructure, the OMWD will conduct a comprehensive rate study in 2004. The purpose of this study is to ensure that the OMWD will be able to collect sufficient revenues to pay for the cost of providing services, and to sustain growth by providing sufficient funds to finance its infrastructure replacement and improvement programs, while maintaining

consistent operating margins to meet its bond covenant requirements. Table MSR-3 depicts the OMWD's 2003 water rates.

Table MSR-3
OMWD 2003 Water Rates

Residential Water Rate	
0 – 8 units[1]	$1.29/HCF
9 – 23 units	$1.63/HCF
24 – 50 units	$1.79/HCF
51 – 140 units	$2.01/HCF
141 units or more	$2.34/HCF
Agricultural Water Rate	
Treated Water	$1.79/HCF
Interim Agricultural Water Program Credit	$0.3489/HCF
Combined Agricultural and Domestic Water Rate	
Treated Water	
0 - 26 units	Residential rate structure applied
26 units of more	Agricultural rate structure applied
Irrigation/Industrial/Commercial Water Rate	
Treated Water "B" Base[2]	$1.82/HCF
"C" Over Base	$2.36/HCF
Untreated Water	$1.55/HCF

Source: SDCWA, *Survey of Member Agency Water Rates 2002* and *Draft Data Summary - North Central San Diego County MSR/SOI, 2004*.
Notes:
[1] 1 unit = 748 gallons
[2] Base is determined by meter size
HCF = Hundred Cubic Feet

City of San Diego

The City of San Diego water rates are charged based on customer classification, e.g. single family dwelling, commercial, industrial, etc. These rates are consistent throughout the City. Capacity fees, levied for new water connections are likewise consistent throughout the City. The City has a three-tier rate structure for single family residential users designed to encourage conservation by charging progressively higher rates for higher levels of usage. Other users (e.g., multi-family residential, agricultural, and commercial/industrial) are charged a flat rate. The Water Department conducts rate reviews and cost of service studies for the apportionment of costs to customer classes. Table MSR-4 provides a summary of the City of San Diego 2003 water rates.

Table MSR-4
City of San Diego 2003
Water Rates and Wastewater Charges

Single-Family Residential Water Rate	
0 – 14 units	$1.338/HCF
15 – 28 units	$1.703/HCF
28 units or more	$1.880/HCF
Multi-Family Residential Water Rate	
Treated Water	$1.5670/HCF
Agricultural Water Rate	
Treated Water	$1.5670/HCF
Untreated Water	$1.4309/HCF
Reclaimed Water	$0.80/HCF
Industrial and Commercial Water Rate	
Treated Water	$1.5670/HCF
Untreated Water	$444.00/Acre Foot
Reclaimed Water	$0.80/HCF

Source: SDCWA, *Survey of Member Agency Water Rates 2002*.
HCF = Hundred Cubic Feet

The City of San Diego rate, fee or other changes associated with water services include the following. In April 2002, five annual 6 percent increases were adopted effective each July 1st beginning in 2002 and ending in 2006. Also, annual cost of purchased water adjustments were passed through to customers effective January 1, 2002 and January 1, 2004. In 2001, new service charges were added and existing charges were increased including fees for water service discontinuance and restoration.

Comparisons of the rate structure among the agencies are problematic. Attempts to draw meaningful conclusions are difficult because each agency adopts rate schedules to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies. For example, the OMWD has adopted five residential rate increments, beginning with zero to eight units (one unit equaling 748 gallons of water) and culminating with rates for 141 units and above, while the City of San Diego has only three increments. However, both service providers charge a graduated rate to encourage residential conservation. The OMWD also has a graduated commercial/industrial/irrigation rate structure to encourage conservation, while the City does not employ such measures.

MSR Wastewater Service Providers – Rates and Fees

Rates for wastewater services within the study area vary to reflect local circumstances such as topography and pumping requirements and access to alternative funding for infrastructure improvements. Wastewater charges also reflect individual agreements with MWWD and San Elijo Joint Powers Authority. While the City uses MWWD facilities, the OMWD and RSFCSD contract with the San Elijo Joint Powers Authority to take wastewater as needed. Agencies may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. Comparisons of the rate structure among the agencies are problematic. Attemps to draw meaningful conclusions are difficult because each agency adopts wastewater rates to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies. Rate increases reported by

the OMWD and City of San Diego the study period of 2001-2003 were below San Diego County Consumer Price Index (CPI) increases for the same period.

Olivenhain Municipal Water District

In 1998, the OMWD assumed responsibility for wastewater collection, treatment and disposal from the County of San Diego for two specific areas within the OMWD's boundaries. These areas include the 4S Ranch, Rancho Cielo and the unincorporated areas surrounding them. The OMWD completed its first Wastewater Rate Study in 2001. As part of this study, rate trends for the next several years were reviewed to soften the impact of increased operating and maintenance costs associated with bringing the new and expanded wastewater treatment plant online with capacity to accommodate substantial growth within those areas. Based on this study, the OMWD revised its wastewater rate structure and the Board of Directors approved a wastewater rate increase on July 1, 2002. Table MSR-5 depicts the OMWD's 2003 wastewater charges.

Table MSR-5
OMWD 2003 Wastewater Charges

	Wastewater Charges		
	Service Charge (Annual) Per EDU	Com. Charge Flat Rate Per EDU	Com. Charge Var. Rate Per HCF
Single-Family – 4S Ranch	$138	$342[1]	
Single-Family – Rancho Cielo	$172	$428	
Multi-Family	$138		$4.45
Non-Residential			
Group I	$138		$4.45
Group II	$138		$6.05
Group III	$138		$12.38

Source: SDCWA, *Survey of Member Agency Water Rates 2002* and *Draft Data Summary - North Central San Diego County MSR/SOI, 2004*.
Notes:
HCF = Hundred Cubic Feet

Rancho Santa Fe Community Services District

The RSFCSD charges all single family homes a single annual flat fee for wastewater service. Commercial users such as restaurants and offices are charged based upon the Uniform Sewerage Ordinance. This ordinance is fashioned upon the County's same ordinance, which uses the predicted discharge rate into the system. The RSFCSD's policy for refund of fees is based on the state law requirements which is, in general, three years. Exceptions to this policy were made in two instances, once in 2001 and once in 2004.

The RSFCSD implemented its first rate increase in seven years during fiscal year 2003/04. The annual sewer service charge was increased from $600 to $800 based on the findings of a rate study presented to the Board of Directors in conjunction with the budget. The

District's connection fee and standby charge has not changed in over 10 years. The District also recently adopted an annexation fee of $500 per acre that applies only to properties located outside of the existing RSFCSD boundary.

In terms of rate restructuring, the RSFCSD reviews its rate structure annually in conjunction with adoption of the budget. Table MSR-6 provides the RSFCSD's 2003 wastewater charges.

Table MSR-6
RSFCSD Wastewater Charges 2003

Annual Wastewater Service Charge	$800 per EDU
Annual Wastewater Standby Fee	$100 per lot (SID #1) $267 per lot (SFV)
Wastewater Capacity Fee	$7,660 per EDU

Source: RSFCSD 2004.

City of San Diego

The City of San Diego residential customers' wastewater charges are based on water consumption during winter months. Industrial and commercial customers' wastewater charges are based on average suspended solids, chemical oxygen demand (COD), and percent of water returned to sewer.

The City of San Diego rate, fee or other changes associated with wastewater services include the following. In October 2001, the San Diego City Council approved four yearly Sewer Service Charge rate increases of 7.5 percent commencing in March, 2002 and including succeeding years in March 2003, March 2004, and March 2005.

Wholesale agency customers (the participating agencies) are billed their proportionate share of system operating and capital costs based upon the wastewater components of COD, suspended solids, and flow. Each agency is responsible for how these costs are billed to its retail customers. Within the City, customers are billed on the basic components of suspended solids and flow with single family residence customer billings being further enhanced by water conservation based winter monitoring period element. Billings for all City customers will change in the near future to include billings based upon the additional wastewater component of COD.

Every few years, the City engages the services of an independent outside consultant to conduct what is frequently called a "cost of service study". These studies are designed to review the system operations and capital needs and regulatory requirements and make recommendations for the appropriate allocation of system costs to the various customer classes. The *Wastewater Cost of Service Study* prepared for the City by a private consultant indicates that new fees have been established and are projected and predictable for the next ten years (Black and Veatch 2003). The study contains necessary cost escalation schedules and distributes the cost of services in accordance with the California State Water Resources Control Board. Rate increases are predictable based on the study which is inclusive of the 10 year capital improvement program.

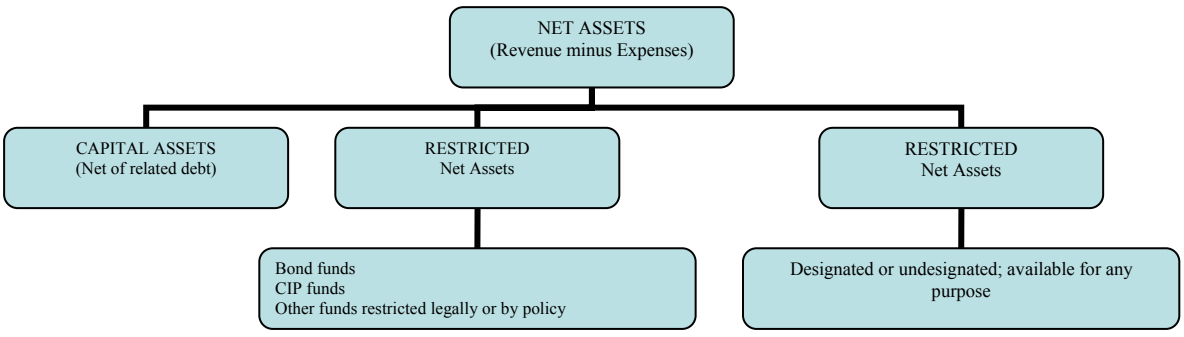
Comparisons of the rate structure among the agencies are problematic. Attempts to draw meaningful conclusions are difficult because each agency adopts rate schedules to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies. In terms of wastewater service charges, the OMWD and the RSFCSD charge a flat rate per equivalent dwelling unit (EDU), while the City of San Diego charges residential users based on winter water consumption and commercial/industrial users based on average suspended solids and percent of water returned to sewer.

1.2.2 Policy for Reserves and Depreciation

The term "reserves" is generally used to describe retained earnings. Reserves, as used in this MSR discussion, refer to the unrestricted net assets of the region's enterprise agencies and enterprise function of the three service provider's included in this MSR.

The Governmental Accounting Standards Board (GASB) sets "generally accepted accounting principles" for State and local governments. In 1999, the GSAB adopted a revised financial reporting model for local government, widely referred to as GASB 34 that fundamentally altered the way local governments are to report financial information (Table MSR-7). Among other changes of GASB 34, the difference between revenue and expenditures (formerly described by nonenterprise agencies as fund balance and by enterprise agencies as fund equity) is now reported as net assets. In the enterprise agency portfolio, net assets are segregated into capital assets, restricted net assets and unrestricted net assets. Restricted net assets are sometimes legally constrained to a specific purpose and cannot be shifted to other uses. Unrestricted net assets, on the other hand, are available for whatever purposes are elected by decision-makers.

Table MSR-7
GASB 34 Model



Source: Southern San Diego County Water and Sewer Municipal Service Review, 2004.

Standards for Reserves

The Government Finance Officers Association (GFOA) advises that significant levels of reserves should not of itself be interpreted as proof of overall economic health. It is possible, for example, for a local agency to increase their checkbook balance by depositing

proceeds of a loan. Not surprisingly, the borrower's overall economic position would not be improved.[6] Of course, the rating agencies that evaluated a government's credit-worthiness are likely to favor high reserve levels while opposing pressures, often unions and taxpayer groups, may view high levels of reserves as indication of irrational hoarding of taxpayer's money.

There are no universally accepted standards to determine what level of reserves to maintain. The California Constitution and the State statues that empower local governments contain provisions for fiscal management; however, parameters for managing reserves are not included. Government Code § 53600 et seq., covers objectives for safeguarding principal, meeting liquidity needs, and achieving a return on investment, but no counsel is given for accumulating or using reserves. Moreover, the State controller and county auditors, who annually collect local agency reports that contain information about reserves, do not assess the economic well being of individual agencies based of reported reserve levels.

Managing Reserves in the Absence of Standards

While there is no accepted model to determine appropriate levels of reserve funds, decisions concerning reserves have typically been shaped by policy guidelines. Some observers are more cautious than others, reasoning that a one-size-fits-all policy would ill serve the needs of widely diverse local agencies. It is argued that many of the same reasons which prevent local agencies from adopting uniform rates and fees apply equally to reserve levels.
The National Advisory Council on State and Local Budgeting recommends that governments develop policies to guide the creation, maintenance, and use of reserve funds. In similar spirit, the GFOA has recommended that local governments adopt a formal policy regarding levels of reserves that should be maintained. Such a policy would provide a timeframe and specific plans for increasing or decreasing reserve levels if reserve fund balances were inconsistent with the adopted policy.[7]

Policy guidelines serve a dual purpose: to help decision-makers discriminate among many fiscal choices, and to illuminate their choices under the light of public access and understanding.

Unrestricted reserves may be sequestered into numerous categories of funds for numerous intended uses. So called "rate stabilization" funds are created to insulate ratepayers from increasing costs or temporary cost spikes by lowering the effective commodity rate that consumers bear. Effective rates can be moderated in several ways; agencies can depress rising rates; ratepayers may be issued a credit on their billings; or ratepayers can receive direct cash refunds. Each of these measures requires different bookkeeping actions and costs for service agencies to implement – but each has the ultimate consequence of lowering the effective rate for the commodity that consumers purchase.

Stabilizing consumer rates with reserves is common among enterprise agencies; however, not all agencies maintain separate unique funds for this function. Indeed, it is common to

[6] Stephen J. Gauthier, *Fund Balance and Net Assets*, Government Finance Officers Association, 2002, pg. 20.
[7] *Best Practices in Public Budgeting*, Government Finance Officers Association pg. 1.

establish designated reserve funds with hyphenated titles, (i.e., "Rate Stabilization-Operating Reserve"). Monies deposited into these accounts are fungible to the extent that they can be withdrawn to specifically moderate the effective consumer rate or to offset other operating shortfalls. Variously named categories of unrestricted net assets - such as "Rate Stabilization Fund", "Operation Reserve Fund", or even, "Unallocated Fund Balance" - all represent monies available for discretionary purposes. As designated - but not legally restricted - decision makers have flexibility over administration of these funds. Policy and perhaps bookkeeping preferences determine whether "rate stabilization actions" will be recorded as a withdrawal from a general operating fund, or a uniquely named fund.

An independent auditor's report, conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, is routinely completed by the OMWD, RSFCSD, and the City of San Diego.

MSR Water Service Providers – Policy for Reserves

Olivenhain Municipal Water District

The OMWD's Nonrestricted Funds (Reserves) Policy for Calendar Year 2004 has three primary goals: 1) to provide adequate funding to meet the OMWD's short-term and long-term plans and commitments to its customers; 2) to minimize adverse annual and multi-year budgetary impacts from anticipated and unanticipated expenditures, thus avoiding future rate fluctuations; and 3) to preserve the financial stability of the OMWD against present and future uncertainties in an ever-changing environment. The policy specifies the purpose, target balance, methodology, use of funds, and contribution level for water reserve funds, including operating revenue funds, capital and equipment funds, and rate stabilization funds. All fund balances are subject to review by the Board when the OMWD's annual financial audit is completed. At that time staff presents to the Board recommendations on handling these funds.

MSR Wastewater Service Providers – Policy for Reserves

Olivenhain Municipal Water District

The OMWD's Nonrestricted Funds (Reserves) Policy for Calendar Year 2004 has three primary goals: 1) to provide adequate funding to meet the OMWD's short-term and long-term plans and commitments to its customers; 2) to minimize adverse annual and multi-year budgetary impacts from anticipated and unanticipated expenditures, thus avoiding future rate fluctuations; and 3) to preserve the financial stability of the OMWD against present and future uncertainties in an ever-changing environment. The policy specifies the purpose, target balance, methodology, use of funds, and contribution level for wastewater reserve funds, including operating revenue funds, capital and equipment funds, and rate stabilization funds. All fund balances are subject to review by the Board when the OMWD's annual financial audit is completed. At that time, staff presents to the Board recommendations on handling these funds.

Rancho Santa Fe Community Services District

The RSFCSD policy and dollar limit for maintaining reserves is based upon the expenditures listed in the five-year Capital Improvement Program. Emergency reserves have been based upon discussions with operations and engineering staff on "worst-case" scenarios which might be encountered. This amount is off-set by insurance coverages held by the RSFCSD. There is no assigned ratio between reserves and revenues.

MSR Water Service Providers – Policy for Depreciation

Olivenhain Municipal Water District

The OMWD depreciation of capital assets in service, excluding land, is computed using the straight line method over the estimated useful lives of such assets. Capital projects are subject to depreciation when placed in service. The ranges of estimated useful lives of such assets are as follows:

- Treatment and distribution facilities: 10-75 years
- General plant: 3-40 years

The OMWD follows the Water Master Plan, which outlines major infrastructure or facility project needs for the next twenty years based on anticipated growth within the OMWD's service area. Water replacement and betterment programs are financed through cash transfers from the operating fund (through depreciation reserves) based on annual calculated capital needs per the long-term master plan and capital plan.

MSR Wastewater Service Providers – Policy for Depreciation

Olivenhain Municipal Water District

The OMWD depreciation of capital assets in service, excluding land, is computed using the straight line method over the estimated useful lives of such assets. Capital projects are subject to depreciation when placed in service. The ranges of estimated useful lives of such assets are as follows:

- Treatment and distribution facilities: 10-75 years
- General plant: 3-40 years

The OMWD follows Wastewater Master Plans which outline major infrastructure or facility project needs for the next twenty years based on anticipated growth within the District's service area. Wastewater replacement and betterment programs are financed through cash transfers from the operating fund (through depreciation reserves) based on annual calculated capital needs per the long-term capital plan.

Rancho Santa Fe Community Services District

The RSFCSD equipment and facilities depreciation is calculated annually and follows the approved straight line depreciation method. The RSFCSD's sewer service charge includes a

component for capital replacement that is tied to its five year capital improvement program. This amount is determined by taking into consideration the predicted value of facilities level of maintenance, age of system, conditions of equipment and insurance coverage.

1.2.3 Agency Bond Ratings

MSR Water and Wastewater Service Providers – Bond Ratings

Olivenhain Municipal Water District

Bond ratings affect the cost of financing the OMWD's capital projects. The OMWD Financing Corporation (OMWDFC) was organized by the OMWD in 1997 to facilitate the financing of facilities for the use and benefit of the OMWD. The Board of Directors of the OMWD also serves as the Board of Directors of the OMWDFC.

The OMWDFC has issued two bonds since formation: the $50,000,000 1997 Water Revenue Certificates of Participation (COP) and the $13,950,000 2002 Variable Rate Taxable Subordinate Water Revenue COP Bonds.

The proceeds of the sale of the 1997 COP were used to pay for the Olivenhain Water Treatment Plant and to advance refund, in total, the OMWD's outstanding 1993 Water Revenue Refunding Bonds. Water system revenues, including property tax revenues and investment activities, are pledged as primary source of repayment. As part of their 2003 surveillance program, Standard & Poor's Rating Services reviewed ratings on these outstanding bonds. The 1997 COP rating was raised to "A" from "A-" and affirmed the stable financial outlook.

The proceeds of the 2002 COP Bonds will be used to fund 4S Regional Recycled Water System projects. Installment payments are secured by amounts available from draws under the Irrevocable Direct Pay Letter of Credit (LOC), or any other funds required from the 4S Kelwood developers based on the Recycled Water Agreement. Rating the 2002 COP Bonds has been affirmed at "AA-" based on the credit quality of Bank of America, which established the current LOC until 2006.

An Assessment District 96-1 Improvement Fund contains the debt proceeds from the sale of the Assessment District 96-1 Limited Obligation Improvement Bonds by the OMWD in August 1997. These proceeds are being used to construct the reservoir and dam portion of the Olivenhain Water Storage Project. This project is being constructed in cooperation with the San Diego County Water Authority. The Assessment District 96-1 Improvement Fund is placed on the property tax rolls and is collected by the San Diego County Tax Assessor. The OMWD is obligated to replenish the Developing Property Security Fund (DPSF) should that fund be needed to make scheduled debt service payments. (Currently the amount held in the DPSF is approximately $457,000). The DPSF would only be used if the primary debt service reserve fund was used up in its entirety. Upon completion, the OMWD will own approximately 3,600 acre-feet of capacity in the 24,000 acre-foot reservoir, which will constitute a significant portion of the OMWD's future water storage needs.

Rancho Santa Fe Community Services District

The RSFCSD does not have a bond rating.

1.2.4 Policies for Investment Practices

Investment priorities and policies are important in that they govern the level of risk and liquidity of invested funds.

MSR Water and Wastewater Service Providers – Investment Practices

Olivenhain Municipal Water District

The OMWD's Annual Statement of Investment Policy (2004) identifies policies and procedures that govern the investment of all the OMWD's funds. The Statement is updated annually in December, as required by California State law. The primary objective of all the OMWD's investments is to safeguard the principal invested, to meet the liquidity needs of the OMWD, and to maximize the return on all OMWD investments mindful that safeguarding the principal and providing liquidity are more important objectives than the return obtained.

Rancho Santa Fe Community Services District

The RSFCSD's policy for investment practices is based on the State of California's Local Agency Investment Fund policy. This policy is reconsidered annually by the Board of Directors. Safety and liquidity are the identified priorities in the policy.

1.2.5 Legal Costs

Local agencies rely on the advice of general counsel in such areas as compliance with the Brown Act or the structure of contracts and ordinances. The decision to maintain in-house general counsel or retain outside legal representation is, for some agencies, a factor of size and the degree of legal advice required. Even large cities and counties with entire legal divisions will retain outside firms for specific types of litigation and it is not unusual for a local agency to seek the advice of several law firms.

The legal requirements, and by correlation, legal expense of local agencies can be as infinitely varied as the rate structures adopted by individual agencies, which reflect local conditions. As discussed in Chapter One, conclusions drawn from a comparison across agencies can be speculative because of the highly individualistic characters of local agencies. It follows that assumptions about collectively appropriate levels of legal activity and expense may not be valid.

Reviewing anomalies within intra-agency legal activity may lead to more compelling conclusions regarding legal expense. Of course spikes in legal activity may only be reflections of rational responses to extraordinary circumstances and justification for variances in patterns of legal expense should be considered.

MSR Water and Wastewater Service Providers – Legal Costs

Olivenhain Municipal Water District and Rancho Santa Fe Community Services District

As depicted in Table MSR-8 below, the OMWD's legal costs have risen consistently within the last three years. The RSFCSD's legal costs have fluctuated somewhat in the past three years, but overall, the costs have stayed reasonably low.

Table MSR-8
Three-Year Record of Legal Expense

	Legal Costs
Olivenhain MWD	
FY 2000-2001	$310,294
FY 2001-2002	$362,604
FY 2002-2003	$420,615
Rancho Santa Fe CSD	
FY 2000-2001	$18,504
FY 2001-2002	$5,943
FY 2002-2003	$21,395

Source: OMWD and RSFCSD, 2004.

1.3 Administration, Management, and Operations

This section provides a discussion of the MSR study area water and wastewater providers' organizational structure, management of human capital, and public input opportunities. The main two study area service providers (OMWD and RSFCSD) are discussed in greater detail, while the City of San Diego discussion is included only where considered necessary.

1.3.0 Organizational Structure

The public relies on local agencies and service providers to function in a manner that will produce efficient public services. The ability of service providers to meet the public's expectations depends, in part, on the capacity of providers' administrative, management, and operational systems to meet demands. Consistent with a "form-follows-function" model, the internal organization of local agencies and service providers must be structured to produce optimum efficiencies.

Roles

Elected officials are responsible for shaping the missions of service providers and ensuring that missions are translated into actions. The authority of boards of supervisors, city councils, and district boards of directors does not usually extend to developing actual programs or supervising staff; responsibility for this activity falls to chief administrative officers, city managers, and general managers. Legislation such as the Ralph M. Brown Act and the Meyer-Milias-Brown Act also govern the scope of administrative involvement permitted to elected officials. In the real world of practical local government, however, executive staff often put forward policy proposals for their governing bodies to adopt, and elected officials sometimes involve themselves in staff level issues in an eagerness to implement policies. Nevertheless, understanding and respecting the distinct roles that officials and staff perform is essential.

To help local officials distinguish their respective roles, the California Legislature has amended several special district principal acts to include the language defining the elected official-employee relationship. To this end, the board of trustees shall provide for the faithful implementation of those policies which is the responsibility of the employees of the district.[1]

The incidence of wrongdoing in this area is of such significance that the California Senate Local Government Committee held an Interim Hearing entitled "Integrity and Accountability in Special District Governance" (November 24, 2003) to consider whether the California Legislature should extend the admonition concerning elected official/employee roles to other types of special districts. The Interim Hearing also examined the practicalities of what occurs when a service provider's general manager believes that a board member has violated internal policies or State Law and considered the ability of employees to confront elected or appointed board members with perceived misconduct. Remedies which may

[1] Health & Safety § 9020; Health & Safety § 2020; Public Resources §5784.

result from these hearings will likely focus on the Legislature inserting itself in local government affairs if they perceive that local government is not properly policing itself.

MSR Water and Wastewater Agencies – Organizational Structure

The North Central San Diego County MSR examines two areas of elected official/employee interaction: (1) the existence of policies, rules, and procedures regulating communication between these two groups; and (2) the level to which elected officials are involved in administrative, management, and personnel matters.

Olivenhain Municipal Water District

The OMWD does not have a policy, rule or procedure that would regulate communication between elected officials and employees, other than the Water Code and Brown Act, which are incorporated into the OMWD's Administrative Code. The OMWD's Administrative/Ethics Code outlines the elected official's Executive Committee structure and uses. The committees are created from time to time to take care of matters which arise and require committee study and recommendation. Designated Directors also participate in the Personnel Committee and the Finance Committee on a regular basis.

Rancho Santa Fe Community Services District

The RSFCSD follows the Brown Act regarding communication between elected officials. The RSFCSD does not have formal rules or policies limiting communication between employees and Board Members, but instead actively encourages this communication. The RSFCSD elected officials generally are not involved in the details of administrative, management or personnel matters. The RSFCSD does have standing committees that are chaired by individual directors for finance, engineering, public relations, and reclaimed water. The RSFCSD staff works directly with the committee chairs and meetings follow the Brown Act policy.

1.3.1 Managing Human Capital

To effectively produce and deliver public services, service providers must manage human assets with the same emphasis and vigor that is placed on "brick-and-mortar" assets. The objectives of capital improvement programs are typically to identify and prioritize needs and translate those needs into funded programs. This objective should be replicated in programs that focus on human capital.

Managing the human component of public service production is more complicated than just identifying the types and numbers of positions that production requires, however. Public agencies must conform to multiple layers of regulations mandating practices for hiring and retaining public personnel. Federal laws, such as the Civil Rights Act of 1964, the Americans with Disabilities Act (ADA), the National Labor Relations Act (LRA), the U.S. Family Medical Leave Act (FMLA), and the Occupational Safety and Health Act (OSHA) apply to local agencies and are frequently replicated and amplified in State regulations. Laws applying to the private sector are sometimes applied to the public sector, typically with higher standards. For example, the California Family Leave Act affects only those private

organizations employing 50 or more persons; however, all units of local government, regardless of staffing levels, shall comply.[2]

The Meyers-Milias-Brown Act guides employer/employee interaction and provides employees of local agencies and service providers with the right to organize and be recognized: "No public agency shall unreasonably withhold recognition of employee organizations."[3] In return, local agencies may adopt reasonable rules and regulations for administration of employer/employee relations after good faith consultation with employee organizations.

MSR Water and Wastewater Agencies – Managing Human Capital

As discussed in earlier sections of this MSR, comparing service providers is problematic because of the individual nature of each organization. Agencies and service providers within the MSR region vary vastly in size and staffing levels. The OMWD currently has 65.1 classified positions approved for the fiscal year 2003-2004. The RSFCSD operates with a staff of 14 employees that are utilized on an as-needed basis. Table MSR-9 depicts a summary of the OMWD and RSFCSD human capital.

Table MSR-9
Human Capital

Personnel/Turnover	Olivenhain MWD	Rancho Santa Fe CSD
Full-Time Positions (2003)		
Management	7	2
Professional	7	3
Operational	32	9
Support	17.1	–
Parks	3	–
% Management	10.6%	14.3%
Turnover of Full-Time Employees		
FY 2000-01	4	0
FY 2001-02	3	0
FY 2002-03	4	0

Source: OMWD and RSFCSD, 2004.

Some indication of management performance might be seen by translating gross personnel numbers into management-to-staff ratios. As shown in Table MSR-9, management-to-staff ratios vary from 10.6 percent at the OMWD to 14.3 percent at the RSFCSD. However, each agency's relative operational scale can account for the observed variability among agencies: smaller scale operations like the RSFCSD, which has only 12 non-management personnel respectively, require two management positions, yielding a higher management-to-staff ratio.

Employee turnover includes terminations, resignations, and retirements within the three-year MSR reporting period. Within the three-year MSR reporting period, the OMWD lost 11

[2] Government Code § 12945(c) (2).
[3] Government Code § 3507.

employees (two terminations, eight resignations, and one retirement), while no employees left the RSFCSD. Neither OMWD nor RSFCSD have had positions that have remained vacant in the past three years.

All three agencies have implemented some form of privatization to depress staff levels and generate cost savings; therefore, the scope of an agency's responsibility and performance may not be reflected in the size of its official workforce.

Olivenhain Municipal Water District

The OMWD contracts with private entities for the following services:

- Consultant legal counsel – Wesley Peltzer
- District Auditor – Gilchrist, Steen, Stanfield and Newquist
- Water treatment plant operations – OMI
- District Engineer – Boyle Engineering
- Wastewater treatment plant – OMI
- Miscellaneous landscape maintenance – Valley Crest Landscape Company

These consultant service arrangements provide services at lower overhead costs.

Rancho Santa Fe Community Services District

The RSFCSD contracts with a private consulting firm to provide staffing services; this staff of 14 employees is utilized on an as-needed basis for management, administration, accounting and operations. By contracting for its services, the RSFCSD has no direct payroll, benefits, retirement, or workers compensation costs and has a valuable resource for on-call staff without the expense of full-time employees. The RSFCSD also contracts out its Roadside Landscape maintenance function to the Rancho Santa Fe (RSF) Association. The RSF Association maintains a full-time staff of maintenance workers which the RSFCSD utilizes to provide this service. Using the RSF Association provides the residents with the level of communication and contact they require. Auditing and laboratory services are also outsourced. The firm of Grice, Lund & Tarkington prepares the RSFCSD's annual audit, and the San Elijo JPA provides laboratory services. Additionally, the RSFCSD has cooperative arrangements with the Whispering Palms Community Services District and the Fairbanks Ranch Community Services District that allows each agency to share operational staff and equipment. This allows each agency to perform its routine tasks with minimal staffing until such time as an emergency situation requires additional staff. Additional staffing between agencies is provided generally at no cost.

City of San Diego

By virtue of its membership in CWA, the City is involved in the coordination of activities related to the planning, financing, design, construction, and operation of facilities related to the acquisition, storage, transportation and treatment of water.

Numerous cooperative arrangements have been developed by and between the City, CWA, and individual member agencies in order to increase efficiency and reliability to the benefit of individual agencies and the region as a whole, in all aspects of water service delivery.

For wastewater services, the City has a "Mutual Aid Agreement" with the Cities of Chula Vista, Coronado, Del Mar, El Cajon, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, the County of San Diego, the Otay Water District, and the Padre Dam Municipal Water District to share designated services and resources which each has available to complete routine business and to assist in the event of emergencies. These emergencies include major infrastructure equipment or process failure, supply shortage, or plant disruption that is, or is likely to be, beyond the capability of the immediately available services, personnel, equipment, supplies and facilities of the party requesting assistance.

Additionally, the MWWD has undertaken several management techniques to streamline and reduce staffing needs. These include:

- Initiation of a parts management system, which in highly sophisticated facilities includes an automatic electronic equipment failure and diagnostic control strategy. The diagnostic strategy alarms the operator, identifies the equipment failure location and reason, and identifies the part number and location of the stored replacement part.

- Zero Based Budgeting to better track equipment and staff expenditures.

- A comprehensive suggestion awards program whereby staff are widely recognized for savings.

- Competition program whereby staff can study how long job functions take in order to improve efficiency and compete for job functions with private industry, and against benchmark goals.

1.3.2 Public Input

Part of the municipal service review process involves gathering information from as many sources as possible and engaging the public in the review of regional services. A notice was also sent to all involved agencies with the request that it be prominently posted for agency personnel. The notice explained the purpose of the MSR and invited comment. The MSR has been reported in multiple newspaper accounts and the press and members of the public have attended meetings of the MSR Working Group.

Each agency holds regularly scheduled public meetings that are held at established times. Agendas are posted 72 hours in advance and mailed to local newspapers, other public agencies, and individuals on mailing lists. Public comment periods are provided as prescribed by State law. All public meetings are held in accordance to the provisions outlined in the Brown Act and no incidences of Brown Act violations have been reported.

MSR Water and Wastewater Agencies – Public Input

Olivenhain Municipal Water District

The OMWD Board of Directors Workshops are held twice a month, while the regular Board Meetings are held on once a month. The OMWD's Board meetings are noticed via U.S. Mail to the San Diego Union Tribune and, when requested, sent personally to individuals and public entities. If requested, the OMWD meeting notices are also transmitted to individuals electronically. The meetings are also noticed on the OMWD's website and are physically posted on or near the front door of the OMWD's Headquarters. The OMWD's boardroom accommodates a maximum of 60 people. If a public meeting or hearing needs to accommodate more than 60, the OMWD arranges those accommodations at a suitable offsite location. Public hearings are generally held in the evening.

Information of the OMWD's Conservation Classes (i.e., landscaping) and upcoming events, such as an open house or facility dedication, are offered through the OMWD's Newsletter and noticed in the customer bills. Additionally, the District's Board of Directors adopted a project notification policy *Environmental Process & Community Notification Guidelines* in 2003 that makes mailed notification mandatory to all property owners who are within 1,000 feet of any proposed project. The OMWD conducts public hearings and meetings in accordance with the provisions of the Brown Act.

Rancho Santa Fe Community Services District

The RSFCSD Board of Directors meets and publishes its agenda monthly and makes it available to anyone requesting a copy. Copies of the agenda are posted at the Post Office and the Rancho Santa Fe Association a minimum of 72 hours in advance of the meeting. Meetings are held at the local fire station in the center of town. For convenience to the residents, the meeting location has shifted to several different locations roughly every 10 years. Past locations have been at the Santa Fe Irrigation Office and the Rancho Santa Fe Association Office. The RSFCSD conducts public hearings and meetings in accordance with the provisions of the Brown Act.

1.4 Governance

This section describes the governance structures of the three agencies, their principles of governance, and their methods for ensuring public engagement in their activities. The main two study area service providers (OMWD and RSFCSD) are discussed in greater detail, while the City of San Diego discussion is included only where considered necessary.

1.4.0 Authority for Governance and Scope of Local Agency Powers

Authorization for local government flows from the State of California. The U.S. Constitution does not reference local government; rather, the U.S. Constitution conveys all powers not delegated to the federal government to the States, and it is the states that in a similar manner extend authority to local government. The California Constitution contains provisions for counties and cities, and State statutes create special districts.

The organization of local governance is commonly misunderstood to be hierarchical (i.e., special districts, counties at the apex, etc.) with each superseding layer exercising oversight on layers below. This is not the case, however, as local government is structured to instill each state-authorized subdivision with a level of sovereignty, which allows it to govern without intrusion from other units of local government. In the absence of criminal actions, the electorate is the sole overseer of local government. Provisions in the California Elections Code for initiative, referendum, and recall apply to cities and counties by cross-reference to special districts.[1] Nevertheless, despite a prerogative of self-rule, local agencies operate in a complex environment of partnerships, shared resources, and State and federal mandates, which taken together, restrict local authority.

Limitations on Special District and City Powers

The principal acts, which authorize special districts, create distinctive agencies. More than two-dozen principal acts are charters for classes of special districts, each with a unique combination of functions and powers. Principal acts create the context in which special districts operate by defining the services that may be provided, delineating territory that may be served, stipulating characteristics of the governing board, specifying the basis of voter representation, and identifying the range and limits of governance in which each special district must operate.

A special district may engage only in those activities outlined in its principal act. For example, irrigation districts and municipal water districts are similarly empowered to provide water and recreation services; however, irrigation districts, by authority of Water Code § 20500 et seq., may also generate and transmit electric power, while municipal water districts may not. The range of services that special districts may provide is further restricted by the LAFCO's responsibility to regulate latent powers (i.e., the services or functions authorized by the principal act, but not currently exercised by the district).[2]

[1] See for instance, Water Code §71532

[2] A special district may provide an additional service that is enumerated in its principle act by submitting a resolution of application to LAFCO and receiving approval from the Commission (Government Code §56824.12).

Special district governing boards must reflect specific characteristics. Directors are required to be registered voters within the county or district where the duties of the office are to be exercised; residency is accordingly required.[3] Candidates for directors of Irrigation Districts and California Water Districts are additionally required to be landowners within the district division where elected. Directors of independent special districts are generally selected by district electors. County boards of supervisors or the city councils in whose jurisdiction a special district exists sit as directors of dependent districts. In some instances the county board of supervisors, a city council, or both bodies, may appoint the directors of special districts.

Cities are not required to comply with principal acts or to gain the LAFCO approval before providing specific types of services within city boundaries. Indeed, the California Constitution provides cities with explicit authority to make and enforce police, sanitary, and other ordinances and regulations not in conflict with State law.[4] Charter cities enjoy somewhat more flexibility in providing services than do general law cities; however, all city councils have wide discretion over city activities within city boundaries. Notwithstanding their ability to make intra-city service decisions without interference, cities, like all other local agencies, must petition the LAFCO for approval before providing extra-territorial service.[5]

Local water service providers in San Diego County that rely on imported water relinquish discretion over some areas of governance to the San Diego County Water Authority (SDCWA). Membership in SDCWA is a prerequisite for gaining entitlement to imported Colorado River water and membership requires local agencies to defer to SDCWA in certain areas of governance; for example, the SDCWA boundaries determine where agencies can extend service.

MSR Water and Wastewater Service Providers – Authority and Scope of Powers

Olivenhain Municipal Water District

The OMWD service area lies in northern San Diego County and serves portions of the Cities of Encinitas, Carlsbad, Solana Beach, Rancho Santa Fe, San Marcos, San Diego, and Escondido. As a result of a number of small and large annexations over the years, the original OMWD boundaries have now expanded to encompass an area of approximately 48 square miles. Currently the OMWD services include potable water, wastewater services, recycled water hydroelectricity, and conservation management services to the Elfin Forest Recreational Reserve.

The OMWD is primarily a retail agency selling water to end users. Currently the District services approximately 21,200 meters and has a population of 48,000. Based upon the current water master plan, the OMWD is currently serving approximately 72 percent of its ultimate build out of 36,700 equivalent dwelling units. Approximately 50 percent of the OMWD's service area currently receives water service.

[3] Elections Code Section 201; Government Code Section 2400.
[4] California Constitution, Article XI, Section 7.
[5] Government Code §56133.

The OMWD has an elected five member Board of Directors; each Director must live within the Director Division for which they are elected or appointed. Elections are held every two years; terms are four years.

Rancho Santa Fe Community Services District

The RSFCSD was formed in 1982 as the result of a reorganization involving dissolution of both the Rancho Santa Fe Sanitation District and the Rancho Santa Fe (Landscape) Maintenance District. As successor agency, the new RSFCSD encompassed the boundaries and assumed the functions of the dissolved districts. The RSFCSD Board of Directors consists of five Directors who are elected at-large to fill four-year terms. The election of new Directors is staggered every two years.

The RSFCSD encompasses approximately 9,910 acres and contains 1,612 wastewater connections. The total population within the RSFCSD is approximately 5,627. Sewer Improvement District No. 1 provides wastewater service to the territory that was within the boundary of the dissolved sanitation district (approximately 1,255 acres). The wastewater treatment facility is located in the southeastern part of the RSFCSD, just north of the community of Whispering Palms.

The RSFCSD's wastewater treatment facility has an average flow of 0.330 million gallons per day (MGD) and a rated capacity of 0.45 MGD. The Rancho Santa Fe Association contracts with the RSFCSD to provide landscape maintenance.

City of San Diego

Water Department

Following a vote of the people, the City of San Diego entered the municipal water supply business in 1901 when the City bought the water system from a private company. More than 100 years later, San Diego's water infrastructure has become one of the most complex in the United States. Today, the City of San Diego Water Department serves more than 1.2 million people populating more than 200 square miles of developed land.

In addition to three water treatment plants, the City of San Diego maintains and operates more than 2,890 miles of water lines, 45 water pump plants, 90-plus pressure zones, and more than 200 million gallons of potable water storage capacity in 32 standpipes, elevated tanks, and concrete and steel reservoirs.

In addition to supplying more than 250,000 metered service connections within its own incorporated boundaries, the City of San Diego conveys and sells potable water to the City of Del Mar, the Santa Fe Irrigation District, the San Dieguito Water District, and the California American Water Company, which, in turn, serves the Cities of Coronado and Imperial Beach and portions of southern San Diego. The City of San Diego also maintains several emergency connections to and from neighboring water agencies, including the Santa Fe Irrigation District, the Poway Municipal Water District, and Otay Water District, the California American Water Company, and the Sweetwater Authority.

Potential water supply offsets such as conservation and water reclamation have only recently entered the water supply picture, but even the most optimistic projections credit those offsets with no more than 20 to 25 percent of total demand. The City of San Diego will therefore continue to rely heavily upon imported water for its water supply needs far into the foreseeable future.

The Water Department receives no revenues from sales or property taxes, operating solely on funds from rates and service charges. In accordance with the provisions of the City Municipal Code, these funds are administered in an enterprise account, separate from the City of San Diego's General Fund.

Metropolitan Wastewater Department

Treatment of wastewater is a relatively modern practice. It was not until the late 19th century that large cities realized that they had to reduce the amount of pollutants they were discharging into the environment. San Diego itself had no wastewater treatment prior to 1943. Raw sewage was discharged directly into San Diego Bay and the Pacific Ocean through 22 sewage outfalls.

In 1943, a 14 million-gallon-per-day treatment plant went into operation on East Harbor Drive just south of 32nd Street. Although the plant was enlarged in 1950 to handle 40 million gallons of wastewater per day, San Diego's growing population soon overwhelmed the plant's capabilities. This led to the construction in the early 1960s of the Point Loma Wastewater Treatment Plant (PLWTP), on a bluff facing the ocean at Point Loma.

The Point Loma facility remains the mainstay of the Metropolitan Wastewater Department (MWWD), processing up to 180 million gallons a day of wastewater generated by 2.2 million residents in a 450 square mile service area. The plant has a treatment capacity of 240 million gallons per day.

In the late 1980s, the City of San Diego and the U.S. Environmental Protection Agency (EPA) were involved in a legal dispute over the requirement to treat sewage at the Point Loma Wastewater Treatment Plant to secondary standards. The City of San Diego prevailed, saving ratepayers an estimated $3 billion. As a result of the ensuing court order, the City of San Diego embarked upon a $1.4 billion Capital Improvement Program. The Point Loma Water Treatment Plant underwent expansion and rehabilitation. The MWWD's first new treatment plant under the program, designed to turn wastewater into a recyclable asset, was the North City Water Reclamation Plant. The new plant went online in 1997. In 1998, the Biosolids Center, which processes the solid waste from wastewater, started operations. The final major construction element of the Capital Improvement Program, the South Bay Water Reclamation Plant, opened in 2002.

Since the Point Loma Water Treatment Plant's advanced primary process had proved so successful in maintaining a healthy ocean environment, the requirement to perform secondary treatment on wastewater before ocean discharge was waived by the passage of the Ocean Pollution Reduction Act (OPRA) in 1994. With the full support of the EPA, the City of San Diego received a renewal of this Modified Permit in September 2002.

The MWWD is staffed by more than 1,000 employees. The MWWD has a total budget of $510.9 million for FY 2004.

The MWWD can be divided into two divisions, the Metropolitan Sewerage System and the Municipal Wastewater Collection System. The following describes functions of the two divisions.

- *Metropolitan Sewerage System* – The MWWD System treats the wastewater from the City of San Diego and 15 other cities and districts (called Participating Agencies) from a 450 square mile area with a population of over 2.2 million. An average of 180 million gallons of wastewater is treated every day of the year.

  The Participating Agencies are the Cites of Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, National City, Poway, the Lemon Grove Sanitation District, the Otay Water District, the Padre Dam Municipal Water District, the County of San Diego (including Lakeside/Alpine, Spring Valley, Wintergardens, and East Otay Mesa).

- *Municipal Wastewater Collection System* – The Wastewater Collection Division of MWWD is responsible for the collection and conveyance of wastewater from residences and businesses in the City of San Diego, serving a 330 square mile area with a population of 1.2 million people. The Wastewater Collection Division has approximately 2,894 miles of sewer lines, 250,000 connections to the sewer lines, 84 municipal pump stations, and 55,000 manholes.

1.4.1 Principles of Governance

Local government is part of a democratic system that values the electorate as the most influential component of any public organization. Local public officials are popularly elected or appointed as proxy to implement the electorate's will in discharging agencies' missions. Empowerment of the electorate requires local agencies to accommodate the public's need for access, information, and participation.

Public Engagement

Without public engagement in the affairs of local agencies, the pool of potential officials is diminished, policy decisions will not be driven by public input, and the legitimacy for public authority is jeopardized. Before the public can be engaged in local government there must be awareness of local agencies and the services they provide. Generally, there is more awareness of the functions and activities of counties and cities than of special districts because of the visibility that comes with size; many special districts that are smaller and single-purpose are not similarly positioned. The California Special Districts Association (CSDA) encourages special districts to increase understanding outside the boardroom by initiating outreach programs among the public, media, and legislators.[6]

[6] Special Districts Reserve Guidelines, California Special Districts Association.

Accountability and Responsiveness

Agency affairs must be conducted in a manner that disseminates information about the organization's activities and involves the public in decision-making. Agencies should clearly articulate their missions and to this end, are well advised to adopt formal mission statements concerning the goals and culture of the organization. Open meetings must be scheduled for the convenience of the public and conducted in compliance with the Ralph M. Brown Act. Neither the RSFCSD nor the OMWD have had violations related to the Ralph M. Brown Act or the Political Reform Act.

The governing bodies of all local agencies are either popularly elected or appointed as proxy and are required to conform to state regulations concerning campaign disclosure laws, incompatible offices, and conflicts of interest. Compensation to officials must fall within statutory limits. Communication among local officials and between officials and employees is limited under open-meeting laws. Exchange of information must take place within controlled environments that provide maximum opportunity for the public to participate in agency decisions.

MSR Water and Wastewater Service Providers – Principles of Governance

Olivenhain Municipal Water District and Rancho Santa Fe Community Services District

Each MSR agency schedules regular public meetings. The OMWD Board Workshops are held twice a month, while the Regular Board Meetings are held once a month. The RSFCSD Board of Directors meets monthly.

As described in *Section 1.3 Administration, Management and Operations*, each agency is committed to public and customer input. In addition, mission statements, websites, and newsletters are used to increase visibility and transparency of agency activities that inform and educate the public to the relevancy of the agency's functions. Table MSR-10 presents a summary of the MSR agencies outreach programs.

Both the OMWD and the RSFCSD have five Directors elected by divisions in staggered elections. Directors elected from a division must be a resident of that division. Voting records within the MSR region are characterized by a wide variation in voter participation and competition for elected positions also varies widely. During the approximate three year MSR review period, candidates ran both opposed and unopposed for positions on the MSR agencies Boards.

Table MSR-10
MSR Agency Outreach Programs

MSR Agency	Web-Site	Newsletter	Mission Statement
Olivenhain MWD	http://www.olivenhain.com	Yes	*"Olivenhain Municipal Water District is committed to serving present and future customers with a safe, reliable, high quality water supply which exceeds all regulatory requirements in a cost-effective and environmentally responsive manner."*
Rancho Santa Fe CSD	No	No	*"It is the responsibility of the Rancho Santa Fe Community Services District to provide efficient and reliable sewer service and roadside landscape maintenance to the residents within the District boundaries."*
City of San Diego	City of San Diego Water District: http://www.sandiego.gov/water	Yes	*"Our Mission is to provide the best quality of water to the citizens of San Diego in a professional, effective, efficient, and sensitive manner in all aspects of operation so that the public health, environment, and quality of life are enhanced."*
	Metropolitan Wastewater District: http://www.sandiego.gov/mwwd	No	*"Our Mission is to provide the public with a safe and efficient regional sewer system that protects our ocean water quality, supplements our limited water supply, and meets federal standards, at the lowest possible cost."*

Source: OMWD, RSFCSD, and City of San Diego, 2004.

Board member compensation is roughly similar across MSR agencies. Each Director of the OMWD Governing Board receives $150.00 per day for each day's attendance at meetings of the Board or for each day's service rendered as a Director by request of the Board, not to exceed a total of ten days in any calendar month, together with expenses incurred in the performance of his/her duties requested or authorized by the Board. Specific meetings are pre-authorized per the Administrative and Ethics Code. Those not listed must have Board approval prior to attendance. The RSFCSD compensates its Board of Directors at the rate of $100 per meeting. No other compensation or benefits are allowed except reimbursable travel or seminar expenses.

1.4.2 Reorganization

One of LAFCO's roles is to study public service conditions and evaluate potential for gaining efficiencies through reorganization.

MSR Water and Wastewater Service Providers – Reorganization

Olivenhain Municipal Water District

The OMWD has solicited interest in consolidations with the Vallecitos Water District, Santa Fe Irrigation District, and Leucadia Wastewater District. These districts are neighboring water and sewer districts. Serious discussions took place with Santa Fe Irrigation District in 1994-96, but without final agreement.

Rancho Santa Fe Community Services District

The RSFCSD is the only agency within the North Central San Diego County MSR region that is a product of past reorganization. The RSFCSD was formed in February 1982 as the result of a reorganization involving dissolution of both the Rancho Santa Fe Sanitation District and the Rancho Santa Fe Maintenance District (Landscape). As successor agency, the new RSFCSD encompasses the boundaries and assumed the functions of the dissolved districts.

The RSFCSD has been involved in one reorganization in the last three years other than routine annexations. In April 2003, 39.5 acres of the Santa Fe Creek development were detached and subsequently annexed into the OMWD for wastewater services. This reorganization was initiated in order to overcome a geographical constraint to providing gravity wastewater service.

1.5 MSR Determinations

Government Code §56430

Government Code §56430 requires LAFCO to conduct comprehensive reviews of municipal services and prepare written statements or determinations for nine categories of inquiry. Determinations are not findings of fact, rather, they are "...declaratory statements that make a conclusion, based on all the information and evidence presented to the Commission."[1] The determinations are based on a comprehensive analysis of local agency service information. The comprehensive analysis establishes the basis for commission determinations and conclusions about the adequacy of service provision. The Commission, other agencies, or the public may use determinations to provide guidance for future decision; however, the determinations themselves do not represent recommendations for action.

A summary of the North Central San Diego County MSR Determinations is provided in Tables MSR-11 through MSR-19.

Table MSR-11
Determination 1: Infrastructure Needs and Deficiencies

Determination 1: Infrastructure Needs or Deficiencies	
In authorizing the preparation of municipal service reviews, the State Legislature has focused on one of LAFCO's core missions – encouraging the efficient provision of public services. Infrastructure needs or deficiencies, which refers to the adequacy of existing and planned public facilities in relation to how public services are – and will be – provided to citizens, impacts the efficient delivery of public services. Infrastructure can be evaluated in terms of capacity, condition, availability quality and correlation amount operational, capital improvement, and finance plans. There may be unmet infrastructure needs due to budget constraints or other factors; however, identification of efficiencies may promote public understanding and support for needed improvements.	
Olivenhain Municipal Water District – Water Service	
Determination 1: Infrastructure Needs or Deficiencies	**Reference**
1.0 **The OMWD potable water infrastructure appears adequate to provide efficient service within the MSR study area.** *Indicators of system weakness, such as non-compliance with SDCWA emergency guidelines are not present. During the three year review period, no regulatory violations or citations of deficiency were noted by the OMWD, nor was any incidence reported of infrastructure insufficiency causing delayed or abandoned development.*	Page 1.1-9

[1] *Final Local Agency Formation Commission Municipal Service Review Guidelines*, Governor's Office of Planning and Research, August 2003, pg. 44.

Table MSR-11
Determination 1: Infrastructure Needs and Deficiencies

1.1	**The OMWD potable water infrastructure includes adequate provisions for emergency service.** *The OMWD infrastructure is appropriately sized for current, seasonal and emergency needs. Water systems related to the OMWD are characterized by flexibility, strategic redundancy, emergency storage, and alternative water sources. The OMWD has the capability to withstand a planned 10-day winter shutdown of SDCWA service.*	Page 1.1-9
1.2	**The OMWD pursues a long-term strategy to reduce reliance on imported water.** *The OMWD partners with SDCWA to diversify water resources through joint development of conservation, water recycling, and groundwater storage and recovery projects.*	Page 1.1-14
1.3	**Overall planning for the future water infrastructure appears adequate.** *The OMWD follows Water Master Plans which outline infrastructure needs for the next twenty years based on anticipated growth within the OMWD's service area. The OMWD's master plans are intended to serve as a living document that can be updated as the OMWD grows. Additionally, the OMWD maintains an Operating and Capital Budget which also contains the OMWD's Capital Improvement Plan. The Capital Improvement Plan (CIP) is updated annually and it reflects the OMWD's ongoing commitment to provide a reliable and high-quality water supply and a reliable recycled water supply for golf courses and irrigated areas. Coordinated planning among the study area's water agencies occurs under the umbrella of SDCWA, which defines service boundaries, invokes emergency storage guidelines, and partners in treatment facilities.*	Page 1.1-2
1.4	**Fire flow in some portions of the OMWD service area may be inadequate.** *The OMWD reports that they are addressing limited areas where fire flow does not meet current standards. The water pressure differentials in those limited areas are due to size of transmission piping.*	Page 1.1-15
	City of San Diego – Water Service	
Determination 1: Infrastructure Needs or Deficiencies		**Reference**
1.5	**The City of San Diego potable water infrastructure appears adequate to provide efficient service within the MSR study area.** *Indicators of system weakness, such as non-compliance with SDCWA emergency guidelines are not present. During the three year review period, no regulatory violations or citations of deficiency were noted*	Page 1.1-5

Table MSR-11
Determination 1: Infrastructure Needs and Deficiencies

	by the City, nor was any incidence reported of infrastructure insufficiency causing delayed or abandoned development.	
1.6	**The City of San Diego potable water infrastructure includes adequate provisions for emergency service.** *The City of San Diego infrastructure is appropriately sized for current, seasonal and emergency needs. The City's water systems are characterized by flexibility, strategic redundancy, emergency storage, and alternative water sources. The City has the capability to withstand a planned 10-day winter shutdown of SDCWA service. Pursuant to San Diego City Council Policy 400-4, Emergency Storage of Water, the City of San Diego Water Department stores in its reservoirs six-tenths (7.2 months) of the City's annual normal water demand for emergencies.*	Page 1.1-17
1.7	**The City of San Diego pursues a long-term strategy to reduce reliance on imported water.** *The City of San Diego partners with SDCWA to diversify water resources through joint development of conservation, water recycling, and groundwater storage and recovery projects.*	Page 1.1-15
1.8	**Overall planning for the future water infrastructure appears adequate.** *The City of San Diego prepares variety of analyses in order to determine water infrastructure needs. These planning studies will create a "road map" of the potable water system by comprehensively identifying system improvements to serve customer needs to the year 2030. All existing and future system deficiencies will be identified. In addition, alternative water supply sources, new facilities, upgrades of the existing facilities, cost estimates, and prioritization of each project will be identified. The master plan study utilizes the SANDAG future growth, economy factor, weather forecast, water conservation parameters, water rate, and historical demand to project water demand to the year 2030 (this report is scheduled to be complete by November 2005). Coordinated planning among the study area's water agencies occurs under the umbrella of SDCWA, which defines service boundaries, invokes emergency storage guidelines, and partners in treatment facilities.*	Page 1.1-9
Olivenhain Municipal Water District – Wastewater Service		
Determination 1: Infrastructure Needs or Deficiencies		**Reference**
1.9	**The OMWD wastewater infrastructure appears adequate to provide efficient services.** *The OMWD has not reported infrastructure deficiencies and has not had any permit or regulatory violations associated with deficiencies*	Page 1.1-10

Table MSR-11
Determination 1: Infrastructure Needs and Deficiencies

	during the MSR review period.	
1.10	**Overall planning for the future OMWD wastewater infrastructure appears adequate.** *The OMWD uses growth/population projections as a guideline when developing the OMWD's Wastewater Master Plans to estimate future water and sewer demand at build-out. The Wastewater Master Plans outline infrastructure needs for the next twenty years based on anticipated growth within the OMWD's service area. The OMWD's master plans are intended to serve as a living document that can be updated as the OMWD grows. Build-out of the OMWD is defined as the hypothetical future condition where all developable land in the OMWD's is developed in accordance with its current zoning. The OMWD's master plan is being updated in 2005.*	Page 1.1-5
1.11	**The OMWD emergency planning for the wastewater infrastructure appears adequate.** *The OMWD Water Treatment Plant can treat 34 MGD, which is in excess of the average daily demand of 20 MGD. The Water Treatment Plant is connected to an emergency power supply system provided by the SDCWA at the dam. The OMWD is a signatory to the SDCWA emergency services agreement with other water agencies to share equipment services. The OMWD utilizes the North County Dispatch Authority for after hours telephone and dispatch services. The OMWD also utilizes a telemetry (SCADA) system that monitors flows and storage at facilities and can alert staff if any problems arise.*	Page 1.1-17
1.12	**Wastewater infrastructure within the OMWD includes adequate provisions for emergency service.** *Wastewater infrastructure within the OMWD is characterized by emergency storage facilities and the ability to divert wastewater flows from points of failure to alternative routing for transport to the San Elijo Joint Powers Authority or similar facilities.*	Page 1.1-17
	Rancho Santa Fe Community Services District – Wastewater Service	
	Determination 1: Infrastructure Needs or Deficiencies	**Reference**
1.13	**The RSFCSD wastewater infrastructure appears adequate to provide efficient services.** *The RSFCSD has not reported infrastructure deficiencies and has not had any permit or regulatory violations associated with deficiencies during the MSR review period.*	Page 1.1-10
1.14	**Overall planning for the future RSFCSD wastewater infrastructure appears adequate.** *The RSFCSD serves a static and relatively built out area; therefore,*	Page 1.1-6

Table MSR-11
Determination 1: Infrastructure Needs and Deficiencies

	forecasting service needs is relatively straight forward. The RSFCSD service boundary is well defined as the RSFCSD is bounded by agencies either providing or authorized to provide sewer service. Within the RSFCSD boundaries, approximately 80-90 percent of the area has either been mapped or consists of existing residential lots. With the exception of a few possible subdivisions in the Santa Fe Valley SPA area, the remainder of the RSFCSD's sewer capacity needs consist of the construction of individual homes or the conversion of existing parcels from private septic systems to sewer. When planning for the future services, the RSFCSD does not find population growth data as useful as studying and projecting historical records for sewer permit issuance, tracking tentative map filings through the County of San Diego's map process, searching historical records of septic system failures or reported problems, and assessing existing developer build-out projections. Additionally, the RSFCSD maintains a five-year CIP that is prioritized in terms of need and funding ability.	
1.15	**The RSFCSD emergency planning for the wastewater infrastructure appears adequate.** *The RSFCSD has adopted an emergency response plan for dealing with wastewater overflows that is on file with the San Diego Regional Water Quality Control Board and the Department of Health Services. The emergency response plan is updated annually and documents the RSFCSD's procedures for responding to and reporting on wastewater overflows within the RSFCSD. The RSFCSD also has an Emergency Response and Preparedness Plan and a Hazardous Materials Business Plan on file with the County of San Diego. In addition, the RSFCSD has implemented the following operational features and design standards to minimize sewer overflows.*	Page 1.1-17
	City of San Diego – Wastewater Service	
Determination 1: Infrastructure Needs or Deficiencies		**Reference**
1.16	**The City of San Diego wastewater infrastructure appears adequate to provide efficient services.** *The City of San Diego has not reported infrastructure deficiencies and has not had any permit or regulatory violations associated with deficiencies during the MSR review period.*	Page 1.1-10
1.17	**Overall planning for the future City of San Diego wastewater infrastructure appears adequate.** *In general, the City Metropolitan Wastewater Department (MWWD) uses the latest SANDAG forecasts of population and employment as the inputs to the sewer modeling and mass balance modeling programs to predict wastewater flows and loads. The predicted flows and loads for incremental years are then checked against the capacity of wastewater treatment and conveyance and other regulatory*	Page 1.1-6

Table MSR-11
Determination 1: Infrastructure Needs and Deficiencies

	requirements to plan for facility upgrades. On the new development side, developers prepare Master plans based on build out population in accordance with the Community Plan.	
1.18	**The City of San Diego emergency planning for the wastewater infrastructure within the MSR study area appears minimal.** *The City of San Diego has no provision in the MSR study area to provide emergency sewer services to the OMWD. In general, the City's comprehensive Emergency Response Plan uses street worthy and advanced canyon accessible equipment to clean sewers and make repairs in the event or a sewer spill. The work is performed in accordance with an Emergency Response Plan which includes custom plans for accessing each environmentally sensitive area in the system. Staff is trained for managing all equipment in a timely and safe manner and with the goals of reducing impacts to private property and environmentally sensitive lands.*	Page 1.1-18

Table MSR-12
Determination 2: Growth and Population Projections

Determination 2: Growth and Population Projections

Efficient provision of public services is linked to an agency's ability to plan for future need. For example, a water purveyor must be prepared to supply water for existing and future levels of demand and also be able to determine where future demand will occur. The municipal service review evaluates whether projections for future growth and population patterns are integrated into an agency's planning function.

Olivenhain Municipal Water District – Water Service	
Determination 2: Growth and Population Projections	**Reference**
2.0 The OMWD must coordinate with general-purpose agencies in planning for future services. *The OMWD does not have land use authority and is limited to anticipating the outcomes that jurisdictions with land use authority create. It is imperative that planning to accommodate growth takes place within a collaborative of agencies with land use authority and agencies with service delivery responsibility.*	Page 1.1-12
2.1 The OMWD engages in long-term planning to anticipate and accommodate growth. *The OMWD acknowledges the need to integrate population projections into their planning processes and rely on the SANDAG population forecasts as data sources. The SANDAG data is generally adjusted to reflect an agency's growth and consumption experiences and then integrated into proprietary models for calculating future service demands. OMWD uses growth/population projections as a guideline when developing the OMWD's Water and Wastewater Master Plans to estimate future water and sewer demand at build-out.*	Page 1.1-12
2.2 The OMWD has established policies and procedures for directing services to infill areas. *The OMWD Master Plan contains a buildout plan. Proponents must apply and undergo a project study for capacity and facility needs and funding. Capacity Fee program identifies facilities and costs.*	Page 1.1-14
City of San Diego – Water Service	
Determination 2: Growth and Population Projections	**Reference**
2.3 The City of San Diego engages in long-term planning to anticipate and accommodate growth. *The City of San Diego acknowledges the need to integrate population projections into their planning processes and rely on the SANDAG*	1.1-13

Table MSR-12
Determination 2: Growth and Population Projections

	population forecasts as data sources. The SANDAG data is generally adjusted to reflect an agency's growth and consumption experiences and then integrated into proprietary models for calculating future service demands.	
2.4	**The City of San Diego infill development policy is addressed in the San Diego City Council Policy Number 400-6.** *The matter of providing water services to infill areas of the City, as well as their respective financing is addressed in "San Diego City Council Policy Number 400-6, Replacement, Betterment, and Expansion of Water and Sewer Facilities in Previously Developed Areas." In this document, it is recognized that previously developed areas of the City will require improvement or expansion of water facilities by virtue of increased use, density, and or rezoning. Under such circumstances, the City Water Department will provide for such improvements from designated financing sources.*	Page 1.1-15
Olivenhain Municipal Water District – Wastewater Service		
Determination 2: Growth and Population Projections		**Reference**
	Please see Determination 2.0	Page 1.1-12
	Please see Determination 2.1	Page 1.1-12
	Please see Determination 2.2	Page 1.1-14
Rancho Santa Fe Community Services District – Wastewater Service		
Determination 2: Growth and Population Projections		**Reference**
2.5	**The RSFCSD must coordinate with general-purpose agencies in planning for future services.** *The RSFCSD does not have land use authority and is limited to anticipating the outcomes that jurisdictions with land use authority create. It is imperative that planning to accommodate growth takes place within a collaborative of agencies with land use authority and agencies with service delivery responsibility.*	Page 1.1-13
2.6	**The RSFCSD projects future service needs using methods other than population growth data.** *The RSFCSD serves a static and relatively built out area; therefore, population growth data are not as useful a tool for projecting future service needs as are historical records for sewer permit issuance, historical records of septic system failures or reported problems, tracking tentative map filings through the County of San Diego's map process, and existing developer build-out projections.*	Page 1.1-13

Table MSR-12
Determination 2: Growth and Population Projections

2.7	**The RSFCSD does not have a policy for directing growth by regulating the extension of sewer infrastructure.** *The RSFCSD uses various development entitlements to encourage infill but does not have a specific policy to guide the extension of wastewater infrastructure to specific areas. The RSFCSD does not establish priorities for directing services to infill areas. The expressed goal of the RSFCSD is to provide sewer service to all parcels within its service area on a first-come-first-served basis, subject to availability of capacity and infrastructure. In general, it is the RSFCSD's policy not to fund sewer line extensions, but instead to rely on the applicant to fund the cost of the facilities needed to serve his/her parcel or project. The RSFCSD provides an incentive by offering a cost reimbursement agreement to the party that constructs the system improvements by providing reimbursement through the collection of connection fees. The RSFCSD staff also serves an active facilitation role in constructing sewer extensions by holding neighborhood workshops, contacting affected homeowners, and design and construction support of improvements.*	Page 1.1-14
City of San Diego – Wastewater Service		
Determination 2: Growth and Population Projections		**Reference**
2.8	**The City of San Diego infill development policy is addressed in the San Diego City Council Policy Number 400-6.** *The matter of providing sewer services to infill areas of the City, as well as their respective financing is addressed in "San Diego City Council Policy Number 400-6, Replacement, Betterment, and Expansion of Water and Sewer Facilities in Previously Developed Areas." In this document, it is recognized that previously developed areas of the City will require improvement or expansion of sewer facilities by virtue of increased use, density, and or rezoning. Under such circumstances, the Metropolitan Wastewater Departments will provide for such improvements from designated financing sources.*	Page 1.1-14

Table MSR-13
Determination 3: Financing Constraints and Opportunities

Determination 3: Financing Constraints and Opportunities

LAFCOs must weigh a community's public service needs against the resources available to fund the services. During the municipal service review, financing constraints and opportunities, which have an impact on the delivery of services, are identified to enable LAFCO, local agencies, and the public to assess whether agencies are capitalizing on financing opportunities. For example, a service review could reveal that two or more water agencies that are each deficient in storage capacity and, which individually lack financial resources to construct additional facilities, may benefit from creating a joint venture to finance and construct regional storage facilities. Service reviews may also disclose innovations for contending with financing constraints, which may be of considerable value to numerous agencies.

Olivenhain Municipal Water District – Water Service

Determination 3: Financing Constraints and Opportunities		Reference
3.0	**The OMWD is financially autonomous and limited to funding sources allowed under State Law.** *The OMWD, as a State-created autonomous unit of local government, has sovereignty over fiscal issues – subject to State Law. The District conforms to restrictions of Proposition 13 and Proposition 218 in assessing, fees, benefit assessment, and general and special taxes.*	Page 1.2-2
3.1	**The OMWD operating revenues for water services are primarily obtained from enterprise funds.** *Water sales and wastewater charges provide 70 percent of OMWD's operating revenues.*	Page 1.2-2
3.2	**Property tax revenue provides an insignificant portion of the OMWD's overall fiscal need.** *The agencies that levied a pre-Proposition 13 property tax rate, receive an increment of revenue from the one percent property tax. Currently, the State has plans to take more of the property taxes; however the duration and amount of taxes have yet to be resolved. The OMWD receives an allocation equal to approximately 4.7 percent of its operating revenue. While this revenue is important, it represents a relatively minor part of the service districts' overall revenue stream. Combined with the OMWD's ability to adjust water rates and charges to reflect net cost adjustments, these agencies should not be significantly affected by potential future State of California diversions of property tax revenues to fund State budget deficits.*	Page 1.2-2

Table MSR-13
Determination 3: Financing Constraints and Opportunities

3.3	**Options for funding the OMWD's water infrastructure appear to be adequate. The District does not forecast short or long-term constraints that limit the ability to provide infrastructure upgrades and improvements.** *The OMWD water service system expansion projects are currently financed on a pay-as-you-go-basis from capacity fee collected from OMWD's developers. Capital replacement and improvement programs are also financed on a pay-as-you-go-basis. Historically, several large construction projects (i.e., Olivenhain Water Treatment Plant-Expansion) also used certificates of participation (COP) as part of the financing package. At the end of each fiscal year, the OMWD transfers out depreciation reserve (collected from operating revenues) from operating fund-water to capital and equipment fund. Funds accumulated in the capital and equipment fund-water are used to improve, acquire, and replace water distribution system, reservoirs and sites, vehicles and equipment as identified in the OMWD's long-term capital improvement plan.*	Page 1.1-7
3.4	**The OMWD pursues multiple strategies to ensure financial viability, providing flexibility in response to funding needs.** *The OMWD pursues a variety of approaches to meet financial needs, including periodic review and adjustment of rates and fees, cost avoidance and containment efforts, and use of multiple revenue sources to supplement core water and wastewater billing revenues. For example, the OMWD was able to reduce water fees in fiscal years 2002 and 2003 through successful cost containment efforts and higher than expected water sales. The OMWD generates revenue from energy sales and park fees and collects revenue from property taxes.*	Page 1.2-2
	City of San Diego – Water Service	
Determination 3: Financing Constraints and Opportunities		**Reference**
3.5	**The City of Diego pursues multiple strategies to ensure financial viability, providing flexibility in response to funding needs.** *The City of San Diego pursues a variety of approaches to meet financial needs, including periodic review and adjustment of rates and fees, cost avoidance and containment efforts, and use of multiple revenue sources to supplement core water and wastewater billing revenues. Every few years, the City engages the services of an independent outside consultant to conduct what is frequently called a "cost of service study". These studies are designed to review the System operations and capital needs and regulatory requirements and make recommendations for the appropriate allocation of System costs to the various customer classes.*	Page 1.2-2 and 1.2-12

Table MSR-13
Determination 3: Financing Constraints and Opportunities

3.6	**Options for funding the City of San Diego's water infrastructure appear to be adequate. The City does not forecast short or long-term constraints that limit the ability to provide infrastructure upgrades and improvements.** *Water facilities improvements in undeveloped areas are governed by City Council Policies 800-03 and 400-07, as well as Council Ordinance 0-1-214. Special Districts may be formed under provisions of State law (primarily 1911 Act and 1913 Act Improvement Districts) and funding mechanisms such as the Mello-Roos Community Facilities District Act of 1982 can be utilized.*	Page 1.1-8
Olivenhain Municipal Water District – Wastewater Service		
Determination 3: Financing Constraints and Opportunities		**Reference**
	Please see Determination 3.0	Page 1.2-2
	Please see Determination 3.1	Page 1.2-2
	Please see Determination 3.2	Page 1.2-2
	Please see Determination 3.4	Page 1.2-2
3.7	**Options for funding the OMWD's wastewater infrastructure appear to be adequate. The District does not forecast short or long-term constraints that limit the ability to provide infrastructure upgrades and improvements.** *The OMWD wastewater service system expansion projects are currently financed on a pay-as-you-go-basis from capacity fee collected from OMWD's developers. Capital replacement and improvement programs are also financed on a pay-as-you-go-basis. Historically, several large construction projects (i.e., 4S Wastewater Treatment Plant-Expansion and Regional Recycled Water System) also used certificates of participation (COP) as part of the financing package. At the end of each fiscal year, the OMWD transfers out depreciation reserve (collected from operating revenues) from operating fund-water to capital and equipment fund. Funds accumulated in the capital and equipment fund-wastewater are used for sewer system improvements, vehicles, and equipment as identified in the OMWD's long-term capital plan.*	Page 1.1-8
Rancho Santa Fe Community Services District – Wastewater Service		
Determination 3: Financing Constraints and Opportunities		**Reference**
3.8	**The RSFCSD is financially autonomous and limited to funding sources allowed under State Law.** *The RSFCSD, as a State-created autonomous unit of local government, has sovereignty over fiscal issues – subject to State Law. The District*	Page 1.2-2

Table MSR-13
Determination 3: Financing Constraints and Opportunities

	conforms to restrictions of Proposition 13 and Proposition 218 in assessing, fees, benefit assessment, and general and special taxes.	
3.9	**The RSFCSD operating revenues for water services are primarily obtained from enterprise funds.** *Wastewater charges provide 77 percent of the RSFCSD's operating revenues.*	Page 1.2-2
3.10	**Property tax revenue provides an insignificant portion of the RSFCSD's overall fiscal need.** *The agencies that levied a pre-Proposition 13 property tax rate, receive an increment of revenue from the one percent property tax. Currently, the state has plans to take more of the property taxes; however the duration and amount of taxes have yet to be resolved. The RSFCSD receives an allocation equal to approximately 1.4 percent of its operating revenue. While this revenue is important, it represents a relatively minor part of the service districts' overall revenue stream. Combined with the RSFCSD's ability to adjust wastewater charges to reflect net cost adjustments, these agencies should not be significantly affected by potential future State of California diversions of property tax revenues to fund State budget deficits.*	Page 1.2-2
3.11	**Options for funding the RSFCSD's wastewater infrastructure appear to be adequate. The District does not forecast short or long-term constraints that limit the ability to provide infrastructure upgrades and improvements.** *The RSFCSD has set aside connection fees and a portion of the wastewater service charge in reserve to fund the replacement and upgrade of existing facilities. These facilities are prioritized in the RSFCSD's five-year Capital Improvement Program, which is updated annually. The RSFCSD has generally adopted a policy that requires the extension of new service be funded by the applicant requesting service. Historically, the RSFCSD has only used its capital funds to finance certain operational improvements at its wastewater treatment facility or for wastewater facilities having regional benefit. The RSFCSD recently funded the cost of a regional sewer lift station to bring service to the Rancho Serena/La Orilla basin, in conjunction with developer and local homeowner's participation. Funding for future capital improvements will come from developer contributions and connection fee revenue.*	Page 1.1-8
3.12	**The RSFCSD pursues multiple strategies to ensure financial viability, providing flexibility in response to funding needs.** *The RSFCSD pursues a variety of approaches to meet financial needs, including periodic review and adjustment of rates and fees, cost avoidance and containment efforts, and use of multiple revenue sources to supplement core water and wastewater billing revenues.*	Page 1.2-2

Table MSR-13
Determination 3: Financing Constraints and Opportunities

	The RSFCSD controls costs by contracting all services to a private consultant and collects revenue from property taxes.	
3.13	**Member agencies are potentially vulnerable to increases in San Elijo Joint Powers Authority fees.** *Costs for mandatory improvements to San Elijo Joint Powers Authority are passed through to member agencies in increased rates. These fees could increase the costs of wastewater service to customers as the agencies set wastewater fees to recoup costs.*	Page 1.2-11
	City of San Diego – Wastewater Service	
Determination 3: Financing Constraints and Opportunities		**Reference**
3.14	**City of San Diego wastewater service customers are potentially vulnerable to increases in MWWD fees.** *The Wastewater Cost of Service Study prepared for the City by a private consultant indicates that new fees have been established and are projected and predictable for the next ten years (Black and Veatch 2003). The study contains necessary cost escalation schedules and distributes the cost of services in accordance with the California State Water Resources Control Board. Rate increases are predictable based on the study which is inclusive of the 10 year capital improvement program. Costs for mandatory improvements to MWWD are passed through to the customers in increased rates. These fees could increase the costs of wastewater service to customers as the agencies set wastewater fees to recoup costs.*	Page 1.2-12

Table MSR-14
Determination 4: Cost Avoidance Opportunities

Determination 4: Cost Avoidance Opportunities

LAFCO's role in encouraging efficiently provided public services depends, in part, on helping local agencies explore cost avoidance opportunities. The municipal service review explores cost avoidance opportunities including, but not limited to: (1) eliminating duplicative services; (2) reducing high administration to operation cost ratios; (3) replacing outdated or deteriorating infrastructure and equipment; (4) reducing inventories of underutilized equipment, building, or facilities; (5) redrawing overlapping or inefficient service boundaries; (6) replacing inefficient purchasing or budgeting practices; (7) implementing economies of scale; and (8) increasing profitable outsourcing.

Olivenhain Municipal Water District – Water Service

Determination 4: Cost Avoidance Opportunities	Reference
4.0 The OMWD implements a form of privatization to depress staff levels and generate cost savings. *The OMWD contracts with private entities for the following services:* • *Consultant legal counsel – Wesley Peltzer* • *District Auditor – Gilchrist, Steen, Stanfield and Newquist* • *Water treatment plant operations – OMI* • *District Engineer – Boyle Engineering* • *Wastewater treatment plant – OMI* • *Miscellaneous landscape maintenance – Valley Crest Landscape Company* *These consultant service arrangements provide services at lower overhead costs.*	Page 1.3-4

City of San Diego – Water Service

Determination 4: Cost Avoidance Opportunities	Reference
4.1 The City of San Diego implements a form of privatization to depress staff levels and generate cost savings. *By virtue of its membership in CWA, the City is involved in the coordination of activities related to the planning, financing, design, construction, and operation of facilities related to the acquisition, storage, transportation and treatment of water. Numerous cooperative arrangements have been developed by and between the City, CWA, and individual member agencies in order to increase efficiency and reliability to the benefit of individual agencies and the region as a whole, in all aspects of water service delivery.*	Page 1.3-4

Table MSR-14
Determination 4: Cost Avoidance Opportunities

Olivenhain Municipal Water District – Wastewater Service	
Determination 4: Cost Avoidance Opportunities	**Reference**
Please see Determination 4.0	Page 1.3-4
Rancho Santa Fe Community Services District – Wastewater Service	
Determination 4: Cost Avoidance Opportunities	**Reference**
4.2 The RSFCSD implements a form of privatization to depress staff levels and generate cost savings. *The RSFCSD contracts with a private engineering company, Dudek & Associates, to provide all staff functions. This includes management, administration, accounting and operations. By contracting for its services the RSFCSD has no direct payroll, benefits, retirement, or workers compensation costs and has a valuable resource for on-call staff without the expense of full-time employees. The RSFCSD also contracts out its Roadside Landscape maintenance function to the Rancho Santa Fe (RSF) Association. The RSF Association maintains a full-time staff of maintenance workers which the RSFCSD utilizes to provide this service. Auditing and laboratory services are also outsourced. Additionally, the RSFCSD has cooperative arrangements with the Whispering Palms Community Services District and the Fairbanks Ranch Community Services District that allows each agency to share operational staff and equipment. This allows each agency to perform its routine tasks with minimal staffing until such time as an emergency situation requires additional staff.*	Page 1.3-4
City of San Diego – Wastewater Service	
Determination 4: Cost Avoidance Opportunities	**Reference**
4.3 City of San Diego participates in multiple cooperative programs to maximize resources and avoid costs. *For wastewater services, the City has a "Mutual Aid Agreement" with the Cities of Chula Vista, Coronado, Del Mar, El Cajon, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, the County of San Diego, the Otay Water District, and the Padre Municipal Dam District to share designated services and resources which each has available to complete routine business and to assist in the event of emergencies. These emergencies include major infrastructure equipment or process failure, supply shortage, or plant disruption that is, or is likely to be, beyond the capability of the immediately available services, personnel, equipment, supplies and facilities of the party requesting assistance.*	Page 1.3-5

Table MSR-15
Determination 5: Opportunities for Rate Restructuring

Determination 5: Opportunities for Rate Restructuring

When applicable, the municipal service review examines agency rates, which are charged for public services, to identify opportunities for rate restructuring without impairing the quality of service. Agency rates are scrutinized for: (1) rate setting methodologies; (2) conditions that could impact future rates; and (3) variances among rates, fees taxes, charges, etc., within an agency. Service reviews may identify strategies for rate restructuring, which would further the LAFCO mission of ensuring efficiency in providing public services.

Olivenhain Municipal Water District – Water Service	
Determination 5: Opportunities for Rate Restructuring	**Reference**
5.0 **Enterprise fees for water service within the OMWD relate to the cost of producing and delivering water services.** *The OMWD may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. Topography, geology, geopolitical boundaries, age of infrastructure, capacity of storage and treatment facilities, and the weather all impact the cost of providing services.*	Page 1.2-4
5.1 **The OMWD water rates are structured to encourage water conservation.** *The OMWD imposes graduated rates on single family residential users that incrementally increase as units of consumption increase; therefore, consumers are offered incentives to conserve each time a unit rate increases. The OMWD applies a similar graduated rate structure to multi-family residential users and commercial/industrial water users, but charges a flat rate to agricultural water users. The flat rate does not encourage conservation by increasing the unit cost of water at higher levels of consumption.*	Page 1.2-8
5.2 **During the 3 year reporting period, the OMWD implemented water rate increases that were generally below increases for the same period in the San Diego County Consumer Price Index.** *Water rate increases within the OMWD for the study period were below San Diego County Consumer Price Index (CPI) increase.*	Page 1.2-9
5.3 **The OMWD utilizes discretionary funds to periodically stabilize consumer water rate charges.** *Unrestricted net assets are periodically used to lower effective commodity rates and insulate consumers form increasing costs or temporary cost spikes. Local governments are not required to maintain a fund specifically for rate stabilization. Any unrestricted net assets may be utilized to moderate effective rates through depressing*	Page 1.2-15

Table MSR-15
Determination 5: Opportunities for Rate Restructuring

	rising rates, issuing billing credits, or distributing direct refunds.	
5.4	**It is difficult to compare the water rate structure among the OMWD and the City of San Diego.** *Attempts to draw strict conclusions are difficult at best because each agency adopts rate structures to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies.*	Page 1.2-7
5.6	**The OMWD poses appropriate internal variations in water rates.** *Internal variances in the OMWD water rates occur only under the authority of policies that permit the creation of zones where geographically specific costs can be recovered from the customers receiving benefits.*	Page 1.2-7
	City of San Diego – Water Service	
Determination 5: Opportunities for Rate Restructuring		**Reference**
5.7	**The City of San Diego engages the services of an independent outside consultant to conduct a "cost of service study".** *Every few years, the City engages the services of an independent outside consultant to conduct what is frequently called a "cost of service study". These studies are designed to review the System operations and capital needs and regulatory requirements and make recommendations for the appropriate allocation of System costs to the various customer classes.*	Page 1.2-12
5.8	**Enterprise fees for water service within the City of San Diego relate to the cost of producing and delivering water services.** *City of San Diego may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. Topography, geology, geopolitical boundaries, age of infrastructure, capacity of storage and treatment facilities, and the weather all impact the cost of providing services.*	Page 1.2-9
5.8	**The City of San Diego's single-family residential water rates are structured to encourage water conservation.** *The City of San Diego impose graduated rates on single family residential users that incrementally increase as units of consumption increase; consumers are offered incentives to conserve each time a unit rate increases. The City of San Diego charges a flat rate to multi-family residential water users, nonresidential water users, and agricultural water users. These flat rates do not encourage conservation of water resources.*	Page 1.2-9
5.10	**During the 3 year reporting period, the City of San Diego implemented water rate increases that were generally below**	Page 1.2-12

Table MSR-15
Determination 5: Opportunities for Rate Restructuring

	increases for the same period in the San Diego County Consumer Price Index. *Water rate increases within the City of San Diego for the study period were below San Diego County Consumer Price Index (CPI) increase.*	
5.11	The City of San Diego utilizes discretionary funds to periodically stabilize consumer water rate charges. *Unrestricted net assets are periodically used to lower effective commodity rates and insulate consumers form increasing costs or temporary cost spikes. Local governments are not required to maintain a fund specifically for rate stabilization. Any unrestricted net assets may be utilized to moderate effective rates through depressing rising rates, issuing billing credits, or distributing direct refunds.*	Page 1.2-15
5.12	It is difficult to compare the water rate structure among the City of San Diego and OMWD. *Attempts to draw strict conclusions are difficult at best because each agency adopts rate structures to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies.*	Page 1.2-7
5.13	The City of San Diego poses appropriate internal variations in water rates. *Internal variances in the City of San Diego water rates occur only under the authority of policies that permit the creation of zones where geographically specific costs can be recovered from the customers receiving benefits.*	Page 1.2-10
	Olivenhain Municipal Water District – Wastewater Service	
	Determination 5: Opportunities for Rate Restructuring	**Reference**
5.14	During the 3 year reporting period, the OMWD implemented sewer charge increases that were generally below increases for the same period in the San Diego County Consumer Price Index. *Sewer charge increases within the OMWD for the study period were below San Diego County Consumer Price Index (CPI) increase.*	Page 1.2-11
5.15	The OMWD utilizes discretionary funds to periodically stabilize consumer sewer charges. *Unrestricted net assets are periodically used to lower effective commodity rates and insulate consumers form increasing costs or temporary cost spikes. Local governments are not required to maintain a fund specifically for rate stabilization. Any unrestricted net assets may be utilized to moderate effective rates through depressing*	Page 1.2-16

Table MSR-15
Determination 5: Opportunities for Rate Restructuring

	rising rates, issuing billing credits, or distributing direct refunds.	
5.16	**It is difficult to compare the wastewater rate structure among the OMWD, RSFCSD, and the City of San Diego.** *Attempts to draw strict conclusions are difficult at best because each agency adopts wastewater rate structures to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies.*	Page 1.2-11
5.17	**Enterprise fees for wastewater services within the OMWD service area relate to the cost of producing and delivering sewer services.** *Rates for wastewater services within the OMWD service area vary to reflect local circumstances such as topography and pumping requirements and access to alternative funding for infrastructure improvements. Wastewater charges also reflect individual agreements with the San Elijo Joint Powers Authority. The OMWD may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. The OMWD makes rate decisions by using computerized formula-driven models that project costs over time and calculate the corresponding income that must be recovered. If alternative revenue sources, such as connection fees are not available, fee income must also provide revenue for improvements.*	Page 1.2-11
	Rancho Santa Fe Community Services District – Wastewater Service	
	Determination 5: Opportunities for Rate Restructuring	**Reference**
5.18	**Enterprise fees for wastewater service within the RSFCSD relate to the cost of producing and delivering wastewater services.** *The RSFCSD may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. Topography, geology, geopolitical boundaries, age of infrastructure, capacity of storage and treatment facilities, and the weather all impact the cost of providing services.*	Page 1.2-11
5.19	**During the 3 year reporting period, the RSFCSD implemented sewer charge increases that were generally below increases for the same period in the San Diego County Consumer Price Index.** *Sewer charge increases within the RSFCSD for the study period were below San Diego County Consumer Price Index (CPI) increase.*	Page 1.2-12
5.20	**The RSFCSD utilizes discretionary funds to periodically stabilize consumer sewer charges.**	Page 1.2-11

Table MSR-15
Determination 5: Opportunities for Rate Restructuring

	Unrestricted net assets are periodically used to lower effective commodity rates and insulate consumers form increasing costs or temporary cost spikes. Local governments are not required to maintain a fund specifically for rate stabilization. Any unrestricted net assets may be utilized to moderate effective rates through depressing rising rates, issuing billing credits, or distributing direct refunds.	
5.21	**It is difficult to compare the wastewater rate structure among the RSFCSD, the OMWD, and the City of San Diego.** *Attempts to draw strict conclusions are difficult at best because each agency adopts wastewater rate structures to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies.*	Page 1.2-12
5.22	**Enterprise fees for wastewater services within the RSFCSD service area relate to the cost of producing and delivering sewer services.** *Rates for wastewater services within the RSFCSD service area vary to reflect local circumstances such as topography and pumping requirements and access to alternative funding for infrastructure improvements. Wastewater charges also reflect individual agreements with the San Elijo Joint Powers Authority. The RSFCSD contracts with the San Elijo Joint Powers Authority to take wastewater as needed. The agency may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. The RSFCSD makes rate decisions by using computerized formula-driven models that project costs over time and calculate the corresponding income that must be recovered. If alternative revenue sources, such as connection fees are not available, fee income must also provide revenue for improvements.*	Page 1.2-11
	City of San Diego – Wastewater Service	
	Determination 5: Opportunities for Rate Restructuring	**Reference**
5.23	**Enterprise fees for wastewater service within the City relate to the cost of producing and delivering wastewater services.** *The City of San Diego may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. Topography, geology, geopolitical boundaries, age of infrastructure, capacity of storage and treatment facilities, and the weather all impact the cost of providing services.*	Page 1.2-12
5.24	**During the 3 year reporting period, the City of San Diego implemented sewer charge increases that were generally below increases for the same period in the San Diego County Consumer Price Index.**	Page 1.2-12

Table MSR-15
Determination 5: Opportunities for Rate Restructuring

	Sewer charge increases within the City of San Diego for the study period were below San Diego County Consumer Price Index (CPI) increase.	
5.25	**The City of San Diego utilizes discretionary funds to periodically stabilize consumer sewer charges.** *Unrestricted net assets are periodically used to lower effective commodity rates and insulate consumers form increasing costs or temporary cost spikes. Local governments are not required to maintain a fund specifically for rate stabilization. Any unrestricted net assets may be utilized to moderate effective rates through depressing rising rates, issuing billing credits, or distributing direct refunds.*	Page 1.2-12
5.26	**It is difficult to compare the wastewater rate structure among the City of San Diego, RSFCSD, and OMWD.** *Attempts to draw strict conclusions are difficult at best because each agency adopts wastewater rate structures to reflect local fiscal, conservation, and political goals that may not be replicated in other agencies.*	Page 1.2-10
5.27	**Enterprise fees for wastewater services within the City of San Diego service area relate to the cost of producing and delivering sewer services.** *Rates for wastewater services within the City of San Diego service area vary to reflect local circumstances such as topography and pumping requirements and access to alternative funding for infrastructure improvements. Wastewater charges also reflect individual agreements with MWWD. The City may impose fees or rates for services provided that charges are reasonably related to the cost of producing and delivering services. If alternative revenue sources, such as connection fees are not available, fee income must also provide revenue for improvements.*	Page 1.2-10
5.28	**The City of San Diego will likely be required to implement significant future rate increases.** *The City of San Diego is building new facilities to comply with federal requirements for increased treatment of wastewater prior to discharge into the ocean outfall. City costs will be passed through to member agencies (including the City) as increased MWWD fees.*	Page 1.2-12

Table MSR-16
Determination 6: Opportunities for Shared Facilities

Determination 6: Opportunities for Shared Facilities

Public service costs may be reduced and service efficiencies increased if service providers develop strategies for sharing resources. For example, service providers in San Diego County currently share communication centers, wastewater treatment facilities and distribution lines. Sharing facilities and excess system capacity decreases duplicative efforts, may lower costs, and minimizes unnecessary resource consumption. The service review inventories facilities within the study area to determine if facilities are currently being used to capacity and whether efficiencies can be achieved by accommodating the facility needs of adjacent agencies. Options for planning future shared facilities are also considered.

Olivenhain Municipal Water District – Water Service

Determination 6: Opportunities for Shared Facilities		Reference
6.0	**There is very minimal inventory of excess capacity in water systems within the OMWD.** *The OMWD reports generally that capacity is appropriately sized for current, seasonal, or emergency needs. The OMWD reports that Wanket Reservoir is the only water reservoir that is shared and under-utilized due to its proximity to the new San Dieguito Water District reservoir. The OMWD is considering altering the Wanket Reservoir to store recycled water resources.*	Page 1.1-11
6.1	**The OMWD and the City of San Diego participate in sharing facilities through system interconnections.** *The OMWD and the City of San Diego maintain agreements that interconnect distribution systems to create infrastructure redundancies and allow water supplies to be moved among agencies in an emergency.*	Page 1.1-21
6.2	**The OMWD participates with SDCWA to jointly develop capital-intensive facilities.** *The SDCWA and the OMWD participate in developing such regional facilities as the Olivenhain Dam and Water Treatment Plant and related distribution systems, which provide treated water to agencies within the study area.*	Page 1.2-8
6.3	**The OMWD participates in a collaborative system to share resources.** *The OMWD contracts services for consultant legal counsel, District Auditor, District engineer, water treatment plant operations, wastewater treatment plant operations, and landscape maintenance with Valley Crest Landscape Company.*	Page 1.3-4

Table MSR-16
Determination 6: Opportunities for Shared Facilities

City of San Diego – Water Service	
Determination 6: Opportunities for Shared Facilities	**Reference**
6.4 There is no inventory of excess capacity in water systems within the City of San Diego. *City of San Diego reports generally that capacity is appropriately sized for current, seasonal, or emergency needs. The City reports no underutilized water facilities within the MSR study area.*	Page 1.1-9
6.5 The City of San Diego and OMWD participate in sharing facilities through system interconnections. *The City of San Diego and OMWD maintain agreements that interconnect distribution systems to create infrastructure redundancies and allow water supplies to be moved among agencies in an emergency.*	Page 1.1-21
6.6 The City of San Diego participates in a collaborative system to share resources. *By virtue of its membership in CWA, the City is involved in the coordination of activities related to the planning, financing, design, construction, and operation of facilities related to the acquisition, storage, transportation and treatment of water.* *Numerous cooperative arrangements have been developed by and between the City, CWA, and individual member agencies in order to increase efficiency and reliability to the benefit of individual agencies and the region as a whole, in all aspects of water service delivery.*	Page 1.3-5
Olivenhain Municipal Water District – Wastewater Service	
Determination 6: Opportunities for Shared Facilities	**Reference**
6.7 There is no inventory of excess capacity in wastewater systems within the OMWD. *The OMWD reports no excess capacity associated with the District's wastewater system.*	Page 1.1-11
Please see Determination 6.3	Page 1.3-4
Rancho Santa Fe Community Services District – Wastewater Service	
Determination 6: Opportunities for Shared Facilities	**Reference**
6.8 The RSFCSD reports some excess capacity in wastewater	Page 1.1-11

Table MSR-16
Determination 6: Opportunities for Shared Facilities

	systems within the RSFCSD. *The RSFCSD reports generally that capacity is appropriately sized for current, seasonal, or emergency needs. The newly constructed Santa Fe Valley Water Reclamation Facility (SFVWRF) is the only under-utilized facility operated by RSFCSD that could be shared with other agencies. The SFVWRF is a 0.485 MGD tertiary-rated wastewater treatment facility that is currently operating at approximately 50,000 GPD. The SFVWRF has been sized for the ultimate build-out of the Santa Fe Valley Specific Plan Area, and was designed so additional components of the plant could be brought on-line as flows increased with development. The SFVWRF is expected to be operating at approximately 360,000 GPD at the end of seven years according to predicted development. This excess capacity could be utilized on an interim basis by the OMWD to treat and dispose of sewage generated from OMWD's Rancho Cielo area that is currently being trucked off-site for disposal. A formal proposal to permanently treat wastewater from the Rancho Cielo development was previously made to the OMWD, but was ultimately rejected by OMWD in favor of treatment and disposal at the 4S Ranch water reclamation facility. Therefore, the SFVWRF has not been sized for this additional flow.*	
6.9	The RSFCSD and the City of San Diego participate in numerous agreements to cooperate in joint ownership of regional facilities; to provide mutual aid in emergency situations; or to jointly resolve regional wastewater issues. *The RSFCSD and City of San Diego participate in numerous agreements to cooperate in joint ownership of regional facilities; to provide mutual aid in emergency situations; or to jointly resolve regional wastewater issues. Agencies may buy, sell, or exchange all or part of their contract capacity to participating agencies, subject to approval of the City of San Diego.*	Page 1.1-22
6.10	The RSFCSD participates in a collaborative system to share resources. *The RSFCSD has cooperative arrangements with the Whispering Palms Community Service District and the Fairbanks Ranch Community Service District that allows each agency to share operational staff and equipment.*	Page 1.3-4
	City of San Diego – Wastewater Service	
	Determination 6: Opportunities for Shared Facilities	**Reference**
6.11	There is no inventory of excess capacity in wastewater systems within the City of San Diego.	Page 1.1-10

Table MSR-16
Determination 6: Opportunities for Shared Facilities

	The City of San Diego reports no underutilized wastewater facilities within the MSR study area.	
6.12	**The City of San Diego and RSFCSD participate in numerous agreements to cooperate in joint ownership of regional facilities; to provide mutual aid in emergency situations; or to jointly resolve regional wastewater issues.** *The City of San Diego and RSFCSD participate in numerous agreements to cooperate in joint ownership of regional facilities; to provide mutual aid in emergency situations; or to jointly resolve regional wastewater issues. Agencies may buy, sell, or exchange all or part of their contract capacity to participating agencies, subject to approval of the City of San Diego.*	Page 1.1-22
6.13	**The City of San Diego participates in a collaborative system to share resources.** *For wastewater services, the City has a "Mutual Aid Agreement" with the Cities of Chula Vista, Coronado, Del Mar, El Cajon, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, the County of San Diego, the Otay Water District, and the Padre Municipal Dam District to share designated services and resources which each has available to complete routine business and to assist in the event of emergencies. These emergencies include major infrastructure equipment or process failure, supply shortage, or plant disruption that is, or is likely to be, beyond the capability of the immediately available services, personnel, equipment, supplies and facilities of the party requesting assistance.*	Page 1.3-5

Table MSR-17
Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers

Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers	
The Municipal Service Review provides a tool to comprehensively study existing and future public service conditions and to evaluate organizational options for accommodating growth, preventing urban sprawl and ensuring that critical services are efficiently and cost-effectively provided. While the service review does not require LAFCO to initiate changes of organization based on service review finding, LAFCO, local agencies, and the public may subsequently use service reviews to pursue changes to services, local jurisdictions or spheres of influence. LAFCOs may examine efficiencies that could be gained through: (1) functional reorganizations within existing agencies; (2) amending or updating spheres-of-influence; (3) annexations or detachments from cities or special districts; (4) formation of new special districts; (5) special district dissolutions; (6) mergers of special districts with cities; (7) establishment of subsidiary districts; or (8) any additional reorganization options found in Govt. Code § 56000 et. Seq.	
Olivenhain Municipal Water District – Water Service	
Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers	**Reference**
7.0 The OMWD's water system is de facto consolidated under an umbrella of the SDCWA. *The OMWD is a member agency of the SDCWA and depends on the SDCWA as its primary source of supply. The SDCWA sets standards for primary source of supply. The SDCWA sets standards for emergency planning; partners in development of regional storage and treatment facilities; and generally performs many of the functions of an umbrella agency. Member agencies may not provide water service beyond the SDCWA boundaries.*	1.1-24
City of San Diego – Water Service	
Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers	**Reference**
7.1 The City of San Diego's water system is de facto consolidated under an umbrella of the SDCWA. *The City of San Diego is a member agency of the SDCWA. Although City of San Diego has developed alternative water sources, it depends on the SDCWA as its primary source of supply. The SDCWA sets standards for primary source of supply. The SDCWA sets standards for emergency planning; partners in development of regional storage and treatment facilities; and generally performs many of the functions of an*	1.1-24

Table MSR-17
Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers

umbrella agency. Member agencies may not provide water service beyond the SDCWA boundaries.	
Olivenhain Municipal Water District – Wastewater Service	
Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers	**Reference**
7.2 **The OMWD maintains and operates its own wastewater treatment facilities.** *The OMWD is independent of other agencies and operates the 4S Ranch wastewater treatment plant.*	Page 1.1-25
Rancho Santa Fe Community Services District – Wastewater Service	
Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers	**Reference**
7.3 **The RSFCSD contracts with the San Elijo Joint Powers Authority to take wastewater as needed.** *The RSFCSD is independent of other agencies and contract with the San Elijo Joint Powers Authority to take wastewater as needed.*	Page 1.1-17
City of San Diego – Wastewater Service	
Determination 7: Government Structure Options, Including Advantages and Disadvantages of Consolidation or Reorganization of Service Providers	**Reference**
7.4 **The City of San Diego's wastewater service is de facto consolidated under an umbrella of the Regional Wastewater Disposal Agreement.** *The City of San Diego is a member of the Regional Wastewater Disposal Agreement enacted between the City of San Diego and the agencies discharging wastewater in the Metropolitan Sewerage System (MWWD). The agreement sets policies, procedures, establishes fees for discharging into the system, and establishes the capacity allocated to each member agency. Ancillary wastewater treatment facilities in the region are not sized to replace MWWD facilities and it is unlikely that reliance on MWWD will decrease.*	Page 1.1-25

Table MSR-18
Determination 8: Evaluation of Management Efficiencies

Determination 8: Evaluation of Management Efficiencies

Management efficiency refers to the effectiveness of an agency's internal organization to provide efficient, quality public services. Efficiently managed agencies consistently implement plans to improve service delivery, reduce waste, eliminate duplications of effort, contain costs, maintain qualified employees, build and maintain adequate contingency reserves, and encourage and maintain open dialogues with the public and other public and private agencies. The service review evaluated management efficiency by analyzing agency functions, operations, and practices – as well as the agency's ability to meet current and future service demands. Services are evaluated in relation to available resources and consideration of service provision constraints.

Olivenhain Municipal Water District – Water Service

Determination 8: Evaluation of Management Efficiencies		Reference
8.0	**The OMWD receives an annual independently-conducted auditor's report.** *Independent auditor's report, conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States are routinely completed by the OMWD.*	Page 1.2-15
8.1	**There are no mandatory standards for determining appropriate levels of reserves (unrestricted net assets).** *Neither, the California Constitution, State Statutes, the State Controller, or county auditors provide standards upon which decision-makers may rely in determining levels of reserves to maintain.*	Page 1.2-15
8.2	**The OMWD should review and update policies for retention and use of reserve funds. Agencies are encouraged to adopt policy to guide official decisions and disclose to reserve fund actions.** *While there is no accepted model to determine appropriate levels of reserve funds, there is a widely accepted belief that decisions concerning reserves should be shaped by policy guidelines to help decision-makers discriminate among many fiscal choices and to facilitate public understanding of how decisions are made. The GFOA recommends that policies include a timeframe and specific plans for increasing or decreasing reserve levels if fund balances are inconsistent with the adopted policy. The OMWD has published a Nonrestricted Funds (Reserve) Policy that is reviewed annually. The policy specifies the purpose, target balance, methodology, use of funds, and contribution level for water and wastewater reserve funds, including operating revenue funds, and capital and equipment funds, rate*	Page 1.2-14 and 1.2-15

Table MSR-18
Determination 8: Evaluation of Management Efficiencies

	stabilization funds.	
8.3	**Management-to-staff ratios within the OMWD are reasonably low.** *The OMWD has a management-to-staff ratio of 10.6 percent. Privatization, which depresses staff levels, often obscures the total resources of agencies.*	Page 1.3-3
8.4	**The OMWD's record of employee turnover is reasonably stable.** *Rates for termination, resignation, and retirement of full-time employees have been reasonably consistent within the agency. The OMWD reported 11 turnovers within the three year review period.*	Page 1.3-3
	City of San Diego – Water Service	
Determination 8: Evaluation of Management Efficiencies		**Reference**
8.5	**The City of San Diego receives an annual independently-conducted auditor's report.** *Independent auditor's report, conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States are routinely completed by the City of San Diego.*	Page 1.2-12
	Please see Determination 8.1	Page 1.2-15
8.6	**The City of San Diego should review and update policies for retention and use of reserve funds. Agencies are encouraged to adopt policy to guide official decisions and disclose to reserve fund actions.** *While there is no accepted model to determine appropriate levels of reserve funds, there is a widely accepted belief that decisions concerning reserves should be shaped by policy guidelines to help decision-makers discriminate among many fiscal choices and to facilitate public understanding of how decisions are made. The GFOA recommends that policies include a timeframe and specific plans for increasing or decreasing reserve levels if fund balances are inconsistent with the adopted policy.*	Page 1.2-15
	Olivenhain Municipal Water District – Wastewater Service	
Determination 8: Evaluation of Management Efficiencies		**Reference**
	Please see Determination 8.0	Page 1.2-15
	Please see Determination 8.1	Page 1.2-15

Table MSR-18
Determination 8: Evaluation of Management Efficiencies

	Please see Determination 8.2	Page 1.2-14 and 1.2-15
	Please see Determination 8.3	Page 1.3-3
	Please see Determination 8.4	Page 1.3-3
	Rancho Santa Fe Community Services District – Wastewater Service	
Determination 8: Evaluation of Management Efficiencies		**Reference**
8.7	**The RSFCSD receives an annual independently-conducted auditor's report.** *Independent auditor's report, conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States are routinely completed by the RSFCSD.*	Page 1.2-15
	Please see Determination 8.1	Page 1.2-14
8.8	**The RSFCSD should review and update policies for retention and use of reserve funds. Agencies are encouraged to adopt policy to guide official decisions and disclose to reserve fund actions.** *While there is no accepted model to determine appropriate levels of reserve funds, there is a widely accepted belief that decisions concerning reserves should be shaped by policy guidelines to help decision-makers discriminate among many fiscal choices and to facilitate public understanding of how decisions are made. The GFOA recommends that policies include a timeframe and specific plans for increasing or decreasing reserve levels if fund balances are inconsistent with the adopted policy. The RSFCSD policy and dollar limit for maintenance of reserves is based upon the expenditures listed in the five-year Capital Improvement Program. Emergency reserves have been based upon discussions with operations and engineering staffs on "worst-case" scenarios which may be encountered. There is no assigned ration between reserves and revenues.*	Page 1.2-14 and 1.2-16
8.9	**Management-to-staff ratios within the RSFCSD are reasonably low.** *The RSFCSD has a management-to-staff ratio of 14.3 percent. Privatization, which depresses staff levels, often obscures the total resources of agencies.*	Page 1.3-3
8.10	**The RSFCSD reported zero employee turnover during the three year review period.**	Page 1.3-4

Table MSR-18
Determination 8: Evaluation of Management Efficiencies

The RSFCSD reported no turnovers within the three year review period.	
City of San Diego – Wastewater Service	
Determination 8: Evaluation of Management Efficiencies	**Reference**
Please see Determination 8.5	Page 1.2-12
Please see Determination 8.1	Page 1.2-15
Please see Determination 8.6	Page 1.2-15

Table MSR-19
Determination 9: Local Accountability and Governance

Determination 9: Local Accountability and Governance	
In making a determination of local accountability and governance, LAFCO considers the degree to which the agency fosters local accountability. Local accountability and governance refers to public agency decision making and operational and management processes that: (1) include an accessible and accountable elected or appointed decision making body and agency staff; (2) encourage and value public participation; (3) disclose budgets, programs, and plans; (4) solicit public input when considering rate changes and work and infrastructure plans; and (5) evaluate outcomes of plans, programs, and operations and disclose results to the public.	
Olivenhain Municipal Water District – Water Service	
Determination 9: Local Accountability and Governance	**Reference**
9.0 The OMWD limits its activities to services authorized by state charter or principle act. Services are extended beyond boundaries only when lawful. *No incidence of the OMWD engaging in an activity that is not delineated in its principle act was reported.*	Page 1.1-20
9.1 The OMWD complies with requirements for conducting public meetings. *The OMWD holds regularly scheduled public meetings that are held at established times. Agendas are posted 72 hours in advance and mailed to local newspapers, other public agencies, and individuals on mailing lists. Public comment periods are provided as prescribed by State law. All public meetings are held in accordance to the provisions outlined in the Brown Act and no incidences of Brown Act violations have been reported.*	Page 1.3-5
City of San Diego – Water Service	
Determination 9: Local Accountability and Governance	**Reference**
9.2 The City of San Diego limits its activities to services authorized by state charter or principle act. Services are extended beyond boundaries only when lawful. *No incidence of the City of San Diego engaging in an activity that is not delineated in its principle act was reported.*	Page 1.1-20
9.3 The City of San Diego complies with requirements for conducting public meetings. *The City of San Diego holds regularly scheduled public meetings that*	Page 1.3-5

Table MSR-19
Determination 9: Local Accountability and Governance

are held at established times. Agendas are posted 72 hours in advance and mailed to local newspapers, other public agencies, and individuals on mailing lists. Public comment periods are provided as prescribed by State law. All public meetings are held in accordance to the provisions outlined in the Brown Act and no incidences of Brown Act violations have been reported.	
Olivenhain Municipal Water District – Wastewater Service	
Determination 9: Local Accountability and Governance	**Reference**
Please see Determination 9.0	Page 1.1-20
Please see Determination 9.1	Page 1.3-5
Rancho Santa Fe Community Services District – Wastewater Service	
Determination 9: Local Accountability and Governance	**Reference**
9.4 The RSFCSD limits its activities to services authorized by state charter or principle act. Services are extended beyond boundaries only when lawful. *No incidence of the RSFCSD engaging in an activity that is not delineated in its principle act was reported.*	Page 1.1-20
9.5 The RSFCSD complies with requirements for conducting public meetings. *The RSFCSD holds regularly scheduled public meetings that are held at established times. Agendas are posted 72 hours in advance and mailed to local newspapers, other public agencies, and individuals on mailing lists. Public comment periods are provided as prescribed by State law. All public meetings are held in accordance to the provisions outlined in the Brown Act and no incidences of Brown Act violations have been reported.*	Page 1.3-5
City of San Diego – Wastewater Service	
Determination 9: Local Accountability and Governance	**Reference**
Please see Determination 9.2	Page 1.1-20
Please see Determination 9.3	Page 1.3-5

2.0 Sphere of Influence Update

2.0.0 History of the Sphere of Influence Update

The North Central San Diego County Municipal Service Review (MSR) and Sphere of Influence (SOI) Update represents a combined sphere and service review undertaken by the San Diego Local Agency Formation Commission (LAFCO) under the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This California State law requires the preparation and regular update of MSRs and SOIs for all agencies. The MSRs are important information reports that assist LAFCO, affected agencies, and the public in coordinating the efficient provision of public services to support anticipated growth. The SOI updates are also important tools that provide guidance for LAFCO in the establishment of physical boundaries and service areas of cities and special districts.

Subject agencies located within the North Central San Diego County Municipal Service Review and Sphere of Influence Update study include the Olivenhain Municipal Water District (OMWD), the Rancho Santa Fe Community Services District (RSFCSD), and the City of San Diego.

2.0.1 Legislation and Sphere of Influence Requirements

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review and update, as necessary, spheres of influence for each local agency within LAFCO's jurisdiction. A sphere of influence is a plan for the probable physical boundaries and service area of a local government agency. A sphere is primarily a planning tool that provides guidance in reviewing individual proposals, promotes efficient provision of organized community services, and prevents duplication of services. Inclusion within an agency's sphere does not indicate that an affected area automatically will be annexed; an adopted sphere of influence is only one of several factors that the LAFCO must consider in reviewing individual proposals.

In determining a sphere of influence, LAFCO is required to consider and make written determinations with respect to the following factors: (1) present and planned land uses in the area, including agricultural and open space lands; (2) present and probable need for public facilities and services in the area; (3) present capacity of public facilities and adequacy or public services that the agency provides or is authorized to provide; and (4) existence of any social and economic communities of interest in the area.

California State law also requires cities and counties to meet and discuss proposed sphere of influence updates and explore methods to reach agreement on the boundaries, development standards, and zoning requirements within the sphere of influence to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected service provider and promotes logical and orderly development (Government Code § 56425 (b-d)). LAFCO must give great weight to any agreements that are reached between cities and counties. If no agreement is reached, then the sphere update may still be submitted to LAFCO and will be reviewed consistent with applicable LAFCO policies and procedures.

2.1 Sphere of Influence Update Analysis

This section of the report describes the existing and proposed spheres of influence for the Olivenhain Municipal Water District (OMWD), the Rancho Santa Fe Community Services District (RSFCSD), and the City of San Diego. This update analysis is based on review of currently adopted maps by the San Diego Local Agency Formation Commission (LAFCO) for these districts, recently approved and reasonably foreseeable annexations, as well as requests for service from property owners.

Table SOI-1 presents a summary of the all of the areas that may be serviced by the OMWD, RSFCSD, and the City of San Diego. The location of each of these areas of service consideration is depicted in Figure SOI-1. Figure SOI-2 shows the proximity of the sewer districts' infrastructure to the areas of service consideration. The following discusses potential and proposed OMWD sphere changes for water and sewer services.

2.1.0 Olivenhain Municipal Water District – Existing Sphere

The OMWD service area lies in northern San Diego County and serves portions of Encinitas, Carlsbad, Solana Beach, Rancho Santa Fe, San Marcos, San Diego, and Escondido. As a result of a number of small and large annexations over the years, the original OMWD boundaries have now expanded to encompass an area of approximately 48 square miles. Currently, the OMWD services include potable water, waste water, recycled water, hydroelectricity, and recreation to the Elfin Forest Recreational Reserve.

The OMWD is primarily a retail agency selling water to end users. The OMWD services approximately 21,200 meters and has a population of 48,000. A vast majority of its users are residential and commercial. The OMWD's estimated water use is 61.4 percent (residential); 19.5 percent (irrigation); 11 percent (agricultural); 7.7 percent (industrial and commercial); and 0.4 percent (other).

In July 1997, the OMWD assumed the responsibility for sewage collection, treatment, and disposal within certain portions of the district, the 4S Ranch and Rancho Cielo areas. As an outgrowth of this new service, the development of a recycled water system in the southeast quadrant, the 4S Ranch and Santa Fe Valley areas, is almost completed. The OMWD will also be pursuing the development of a new recycled water system through a joint agreement with other water agencies in the northwest quadrant of the OMWD's service area.

Based upon the current water master plan, OMWD's estimated buildout is approximately 36,700 equivalent dwelling units. Therefore, OMWD currently provides water services to about 72 percent of its ultimate buildout. Approximately 50 percent of the OMWD's service area acreage currently receives water service.

Table SOI-1
Areas of Service Consideration Summary

Figure SOI-1 Area of Service Consideration	Development	Development Description	Community Size	Service Required	Water Flow[1]	Wastewater Flow[2]	Proposed Service Provider
1	**Black Mountain Ranch – Phase I** (outside MSR Study Area except as noted)	A project in BMR in the northern area of the City of San Diego. Temporary water service agreement between OMWD and City of San Diego. Sewer service requested of OMWD for Santaluz (affordable housing).	Data Provided by City of SD. "Sewer System Analysis for Torrey Highlands Subarea" 1999	Sewer and Water[3]	1,230,300 GPD	656,160 GPD	OMWD (temporary water service) and City of San Diego
	Santaluz (affordable housing)	Affordable housing in the northeast portion of the development.	165 EDU Part of BMR Phase I	Sewer and Water	86,625 GPD	46,200 GPD	OMWD or City of San Diego (sewer and water)
2	**Black Mountain Ranch – Phase II**	New development; consists of East Clusters. East Cluster is considered for service from OMWD.	Data Provided by City of SD. "Sewer System Analysis for Torrey Highlands Subarea," 1999.	Sewer and water	2,250,920 GPD	1,200,490 GPD	City of San Diego
	East Clusters	New development in the Southeast portion of the MSR area.	592 EDU Part of BMR Phase II	Sewer and water	310,800 GPM	165,760 GPD	OMWD (sewer) City of San Diego (water).
3	**Bridges Project (TM No. 5239 RPL2-Unit 7)**	Located within the San Dieguito Community Plan	30 EDU	Sewer	15,750 GPD	8,400 GPD	RSFCSD or City of Encinitas (Cardiff Sanitary Division).
4	**Camelot**	New development; located in the southeast corner of the study area in the City's service area.	300 EDU	Sewer	Included in BMR Phase I and II	Included in BMR Phase I and II	City of San Diego
5	**Cielo del Norte**	New development; consists of 128 units; one project parcel is not currently within the OMWD sewer service area or SOI boundaries, while the other two parcels are. Requested that	128 EDU	Sewer	67,200 GPD	35,840 GPD	OMWD

Table SOI-1
Areas of Service Consideration Summary

Figure SOI-1 Area of Service Consideration	Development	Development Description	Community Size	Service Required	Water Flow[1]	Wastewater Flow[2]	Proposed Service Provider
		OMWD provide sewer service.					
6	**Fairbanks Ranch Country Club**	Developed (possible expansion); located to the south and the east of Flower Hill. OMWD provides potable water for the portion of the FRCC located in the OMWD and services the FRCC clubhouse under a temporary service agreement. The City/OMWD are negotiating a formal recycled water agreement (expected completion date is December, 2004); OMWD currently provides recycled water on an interim basis. Wastewater services provided by City of San Diego.	Unknown.	Water	67,000 GPD Future 192,000GPD (with reclaimed water)	Undetermined	OMWD (water and recycled water)
7	**Flower Hill**	Developed area located in southwest corner of the study area. A 2/3 of the area is in the City's sphere; 1/3 is on septic service.	100 EDU (55 EDUs in City of San Diego with water provided by OMWD) (total is estimated)	Sewer	5,800 GPD	2,800 GPD	City of San Diego (pending completion of City investigation)
8	**Horseman's Valley**	Located within the San Dieguito Community Plan area.	17 EDU	Sewer	8,925 GPD	4,700 GPD	RSFCSD or City of Solana Beach
9	**La Bajada Bridge**	A developed area located between the City of Encinitas and the RSFCSD in the western portion of the study area.	24 EDU	Sewer	12,600 GPD	6,700 GPD	RSFCSD or City of Encinitas (Cardiff Sanitary Division)
10	**Open Space APN 264-510-11**	Very small parcel located in the central portion of the study area.	The area is designated open space, owned by the Escondido Creek	N/A	N/A	N/A	None, per request of the Escondido Creek

Table SOI-1
Areas of Service Consideration Summary

Figure SOI-1 Area of Service Consideration	Development	Development Description	Community Size	Service Required	Water Flow[1]	Wastewater Flow[2]	Proposed Service Provider
			Conservancy, and likely will never be developed.				Conservancy
11	**Del Norte High School**	New development; Located in the southeast corner of the study area, south of the Poway Middle School and north of Camelot. Partially in the OMWD sphere, partially in the City's sphere.	Included in BMR Phase I & II (2,400 students)	Sewer and water	Included in BMR Phase I and II	Included in BMR Phase I and II	OMWD
12	**Poway Middle School**	New development; Located in the southeast corner of the study area, north of Del Nrote High School in the City's service area.	Included in BMR Phase I & II (1,400 students)	Sewer and water	Included in BMR Phase I and II	Included in BMR Phase I and II	City of San Diego
13	**Rancho Serena**	Located in the RSFCSD's sphere of influence.	17 EDUs (11 EDUs have been annexed, 6 remain)	Sewer	9,380 GPD	4,760 GPD	LAFCO may annex remaining parcels to RSFCSD
14	**Santa Fe Hills**	Located in southeast part of RSFCSD SOI. Does not currently have sewer service; requested sewer service from RSFCSD.	98 EDU	Sewer	51,450 GPD	27,440 GPD	RSFCSD
15	**Stone Bridge**	Developed area in the western portion of the study area, north of Sun Valley.	25 EDU	Sewer	13,125 GPD	7,000 GPD	RSFCSD or City of Encinitas (Cardiff Sanitary Division)
16	**Sun Valley**	Developed area located in southwest corner of study area. Individual septic service.	284 EDU	Sewer	149,100 GPD	79,520 GPD	Due to the complexity of this area, it should be looked at more closely, in a separate study.

Notes:
[1] 1 EDU = 525 GPD water demand.
[2] 1 EDU = 280 GPD wastewater generated.
[3] Temporary agreement for water services.

Figure SOI-1

Figure SOI-2

The OMWD imports 100 percent of its water purchased for resale as a member agency of the San Diego County Water Authority (SDCWA) and the Metropolitan Water District of Southern California (MWDSC). The Olivenhain Water Treatment Plant was completed and is currently in operation. The OMWD will continue to purchase its water from the MWDSC and SDCWA. Through the utilization of the new water membrane treatment plan, the Olivenhain Dam, and other storage facilities that are currently under construction, the OMWD is striving to meet future water demands and accommodate growth.

On July 1, 1998, the OMWD assumed responsibility and control of two sanitation districts (4S Ranch Sanitation District and Rancho Cielo Sanitation District) located in the southeast portion of the OMWD service area. The existing plant has been expanded to have treatment facilities capable of treating wastewater effluent to Title 22 tertiary levels which can be used for irrigation purposes. This supply of recycled water will be distributed to major irrigation water users in the southern portion of the OMWD, including six golf-courses, parkways, greenbelts, and schools. The expanded wastewater treatment plant will eventually serve approximately 7,000 customers in this area.

Figures ES-2 and ES-3 in the *Executive Summary* show the existing OMWD Service Areas and Sphere of Influence.

2.1.1 Olivenhain Municipal Water District – Proposed Sphere

Areas of Service Consideration

In terms of water and sewer services, the areas of service consideration fall into one of three categories: (a) they are not currently serviced by the OMWD and need to be included in its service area; (b) they are currently serviced by the OMWD, are included in another district service area and need to be included in the OMWD service area; or (c) they are temporarily serviced by the OMWD and need to be serviced by another agency in the future. Five areas are considered for service expansion by the OMWD. These areas include portions of Black Mountain Ranch Phase I and II (specifically Santaluz affordable housing and the East Clusters), Cielo del Norte, the Fairbanks Ranch Country Club, and Del Norte High School. In addition, the OMWD's water SOI may be reduced due to a service overlap with the Vallecitos Water District. The potential sphere changes for the OMWD are also presented in Figure SOI-3.

Cielo del Norte

The Cielo del Norte development is part of unincorporated San Diego County included within the County of San Diego San Dieguito Community Plan (SDCP) area located in the north-central portion of the study area (due north of the Santa Fe Hills development). The SDCP area can be described primarily as an estate development area with mostly rural characteristics. There are a number of communities within the SDCP area that have developed independently and have evolved distinct identities. According to the San Diego County General Plan, the existing population within the SDCP area is approximately 12,527, while the existing General Plan capacity is 37,300. The group target population (endorsed by the Board of Supervisors), for the SDCP area is 37,507. The existing and proposed County of San Diego General Plan land use designation for the project site is Estate Residential (1 du/2, 4 acres). The current land use is defined by SANDAG as vacant land (SANDAG 2004).

Figure SOI-3

The proposed Cielo del Norte development consists of three project parcels totaling 128 housing units. The project developer is requesting wastewater services from the OMWD. Two of the project parcels are located within the OMWD sewer service area or sphere of influence boundaries, while the third parcel is located outside of the OMWD's boundaries. An OMWD sewer trunk line runs close to the development, but it is at a higher elevation than some portions of the development. If the development builds lift stations and all three parcels are connected, the whole development can be served by the OMWD. The total wastewater flow for the development is estimated to be 35,840 gallons per day (GPD), while the water flow is estimated at 67,200 GPD. The OMWD appears to be the most appropriate wastewater service provider for the development. This would require pumping wastewater from the land at elevations below OMWD's nearest sewer trunk line.

An Environmental Impact Report (EIR) for the development was approved by the San Diego County Board of Supervisors in December 2003. This EIR will be the basis for applying to LAFCO for expansion of Latent Powers for sewer service to that project.

Fairbanks Ranch Country Club

The Fairbanks Ranch Country Club community is located in the northwest region of the City of San Diego. The major natural land characteristics of the area are the floodplain, adjacent slopes of the valley, and the San Dieguito River. SANDAG defines the current land uses of the community as follows: vacant land; open space; golf course and golf course clubhouse; and communications and utilities (SANDAG 2004). Through sensitive design and open space land uses the community retains its rural and open space character.

The Fairbanks Ranch Country Club is bordered to the north and east by the Flower Hill development. Approximately one-third of the golf course lies within the MSR study area, with the remaining two-thirds outside of the study area. The area includes a golf course and a country club, all of which is on land that the City of San Diego owns.

The country club/golf course is within the City of San Diego's service area, from which it receives wastewater services. The OMWD has served the Fairbanks Ranch Country Club with potable water for a portion of the golf course that in within the district's boundaries since 1984. The OMWD also serves the Fairbanks Ranch Country Club clubhouse under a Temporary Service Agreement since 1984; this portion of the country club is outside of OMWD's service area boundary. The current water flow to the area is approximately 67,000 GPD, while the future water flow is estimated to be 192,000 GPD (including reclaimed water). Currently, the OMWD is negotiating with the City of San Diego to provide the City portion of the golf course with recycled water. The current services arrangement of OMWD serving its area and the out of area agreement for the Fairbanks Ranch Golf Course appears to be an appropriate arrangement (as described in the *Covenants, Conditions and Restrictions for Temporary Water Service to the Fairbanks County Club Clubhouse, June 24, 1985*), until a new agreement for serving the additional water is reached with the City of San Diego. It is anticipated that this agreement will be finalized by December, 2004.

Black Mountain Ranch LLC

The Black Mountain Ranch LLC (Phase I and Phase II) is located within the City of San Diego Black Mountain Ranch community. Black Mountain Ranch LLC (BMR) lies entirely within

the boundaries of the City of San Diego and consists of approximately 5,100 acres of mostly vacant land. Approximately one-quarter of the BMR lies within the planning area of the proposed San Dieguito River Park and is located west of 4S Ranch and Rancho Penasquitos, south of the Santa Fe Valley, east of Fairbanks Ranch and Rancho Santa Fe Farms, and north of Torrey Highlands. When assembled, the San Dieguito River Park will extend from Del Mar on the coast to Volcan Mountain more than fifty miles inland. The BMR will preserve a critical link between the proposed San Dieguito River Park and the City's existing Black Mountain Regional Park, providing public access in the area for the first time. This linkage will preserve approximately 1,760 acres of existing and enhanced habitat, including protection of key wildlife corridors as part of the Multiple Species Conservation Program (MSCP). In addition, approximately, 1,060 acres of private open space will be permanently protected through restrictive easements. Public neighborhood and community parks will add an estimated 50 acres to the open space system for a total open space system in excess of 2,870 acres (Black Mountain Ranch LLC 2004).

Black Mountain Ranch will include two 18-hole golf courses: the North Course and the South Course. The South Course is private and oriented to the Santaluz residential community while the North Course will be open to the public. The golf courses and other major landscape areas will be irrigated from a system of lakes or reservoirs fed by reclaimed water provided by the City of San Diego. A 20-acre resort hotel/lodge is proposed in association with the North Course. This 300-room facility will serve as a destination resort/conference facility.

The current land uses located on the BMR property as identified by the San Diego Association of Governments (SANDAG) is as follows: single family residential; communications and utilities; golf courses and golf course clubhouses; open space; landscaped open space; agricultural; and vacant land (SANDAG 2004).

The BMR is a new community that is currently being developed in two phases (Phase I and Phase II). The phased-development program of the BMR establishes an overall residential density for all of Black Mountain Ranch of approximately one house per acre upon build-out. The number of residential units for the entire BMR is limited to no more than 5,400 dwelling units. According to SANDAG, in the year 2000, the BMR Community Planning Area population was 20. Population projections for the BMR Planning Area are as follows: 4,467 in 2010, 14,827 in 2020, and 15,291 in 2030. The two Phases are discussed in further detail below.

Black Mountain Ranch – Phase I

Phase I of the BMR will encompass approximately 3,800 acres of land and will be developed at an overall rural density of one house per four acres (with lots ranging in size from 5,000 square feet to over four acres). Development will include single-family dwellings located in the southern portion of the BMR property in association with the Southern Golf Course and protected open space. Phase I also proposes public facilities, including major roads, parks and schools. This first phase, also known as Santaluz, is owned and controlled by Santaluz LLC. Santaluz is designated as a Future Urbanizing Area in the City of San Diego Progress Guide and General Plan. The future land uses of the Santaluz development include: affordable housing; market-rate dwellings; public and institutional; golf courses; and open space.

The Santaluz (affordable housing) development is located in close proximity to both the RSFCSD and the OMWD sewer service area, although it does lie within the sphere of influence of the City of San Diego. Assuming no capacity concerns, the most appropriate provider of sewer services for portions of the development is the OMWD. This is due to the development's proximity and its higher elevation with respect to the OMWD sewage collection system. If City of San Diego was to service the area, the elevation would require the City to provide a pump station to service the development. The infrastructure, as well as the rest of the development, is currently under construction. Currently, the projected wastewater flows from the development are 165 equivalent dwelling units (EDU).

The OMWD is currently under contract with the City of San Diego for temporary water service and for sewer service to the Santaluz Northern Development Site in the City of San Diego as approved November 3, 2003 by the City of San Diego City Council. The City of San Diego will assume water service after 10 years, using a developer-installed system. The OMWD will provide sewer services until annexation for sewer services to OMWD is complete and Santaluz (affordable housing) is incorporated into OMWD's wastewater service area permanently.

Black Mountain Ranch - Phase II

Phase II of the BMR is further subdivided in to three categories (A, B and C). Phase II consists of an estimated 1,400 acres designated as Planned Urbanizing. Approvals for Phase II were obtained through the July 1998 adoption by the San Diego City Council of the Black Mountain Ranch Subarea Plan and the implementation of the same Subarea Plan in a phase change vote (Proposition K in November, 1998) by the citizens of the City of San Diego. Phase II will add additional residential, commercial and institutional land uses. Up to 3,500 additional dwelling units may be constructed using a "village strategy" to provide a diversity of housing types and prices. This strategy is planned to optimize pedestrian and public transportation opportunities, while minimizing potential impacts to existing land forms and surrounding communities. The BMR Subarea Plan designates approximately 29 percent of the Santaluz community for residential development; 67 percent for parks, golf courses, and open space; two percent for public and institutional; and two percent for commercial and employment uses.

Phase II-A, also known as the South Village/Verrazzano, will be the first of the later phases of development at BMR. Institutional uses, including a church, day-care, senior center complex, an elementary school, fire station, and a community center are envisioned. Residences will cluster behind a central retail area, with the surrounding neighborhood being single-family in character. The tentative parcel map for Phase II-A was approved by the San Diego City Council on May 16, 2000 and the project is owned and controlled by Shea Homes.

Phase II-B of development at BMR is known as the North Village. Approximately 640 acres in size, the design of the North Village is the product of community-based planning by the property owner, City of San Diego, the surrounding communities, and environmental organizations. The tentative parcel map for the North Village was approved by the San Diego City Council on November 27, 2001. Further planning and engineering will be in coordination with the development of the adjoining 4-S Ranch and Santa Fe Valley properties located in an unincorporated portion of San Diego County. It should be noted that the relatively flat mesa area of the North Village affords a high degree of planning

flexibility, since the land is not constrained by the proposed park lands and rolling hills which characterize the first phase.

The last phase (Phase II-C) of the BMR will consist of the West and East Clusters. The East and West Cluster areas are comprised of single-family dwellings located on larger lots. The tentative parcel maps for these two projects were approved by the San Diego City Council on June 19, 2001. The North Cluster is currently being planned in a manner similar to the East and West Clusters (Black Mountain Ranch LLC 2004).

The City of San Diego has committed to providing reclaimed water to the BMR Phase II development through the Olivenhain Municipal Water District. The completion of the Black Mountain Road Reclaimed Water Gap Pipeline will provide reclaimed water for irrigation, industrial, and other nondrinking uses (City of San Diego Water Department Press Release, dated May 19, 2003). Finally, the BMR also provides for the provision of a 25-million gallon potable water storage facility for the region's use.

The BMR development lies within the sphere of influence of the City of San Diego. Although the BMR development is located in the City of San Diego, the development also borders the current OMWD sewer services sphere of influence. Currently, a portion of the BMR development is scheduled to be served by the OMWD under a wastewater contract with the City of San Diego. A portion of the Black Mountain Ranch LLC (i.e., the East Clusters with 592 EDUs) will be annexed to OMWD for sewer services only.

Del Norte High School

Approximately 20.6 acres of the Del Norte High School site are located within the OMWD's water and wastewater SOIs. However, approximately 38.7 additional acres of the proposed high school site are located in the City of San Diego, outside of the OMWD's water and wastewater SOIs. The Poway Unified School District has requested that the OMWD provide water and wastewater services for the entire proposed high school (refer to the Appendices of this report for the letter of request). As a result, the City of San Diego and the OMWD have agreed that the OMWD will provide permanent water and wastewater services to the Del Norte High School. LAFCO may consider expanding the OMWD's water and/or wastewater spheres of influence to include the entire Del Norte High School site.

2.1.2 Rancho Santa Fe Community Services District – Existing Sphere

The RSFCSD was formed in 1982 as the result of a reorganization involving dissolution of both the Rancho Santa Fe Sanitation District and the Rancho Santa Fe (Landscape) Maintenance District. As successor agency, the new RSFCSD encompasses the boundaries and assumed the functions of the dissolved districts.

The RSFCSD encompasses a total of approximately 9,910 acres and contains 1,612 sewer connections. Total population within the agency is approximately 5,627. Sewer Improvement District No. 1 provides sewer service to the territory that was within the boundary of the dissolved sanitation district (approximately 1,255 acres). The sewage treatment facility is located in the southeastern part of the RSFCSD, just north of the community of Whispering Palms.

The RSFCSD's sewage treatment facility has an average flow of 0.330 MGD and a rated capacity of 0.45 MGD. The RSFCSD has contracted with a private consulting firm to provide for the operation and maintenance activities at the treatment facility, as well as line repair and maintenance for the public sewer mains with the RSFCSD. The RSFCSD imposes an annual sewer service charge of $800/EDU for sewer service. Rancho Santa Fe Association contracts with the RSFCSD to provide landscape maintenance.

Figure ES-3 in the *Executive Summary* shows the existing RSFCSD Service Area and Sphere of Influence (Sphere).

2.1.3 Rancho Santa Fe Community Services District – Proposed Sphere

Areas of Service Consideration

There are several areas that are proposed to be serviced by the RSFCSD. These areas of service consideration include: Santa Fe Hills, Sun Valley, Bridges Project, La Bajada Bridge, Open Space (APN 264-510-11), Horseman's Valley, Rancho Serena, and Stone Bridge. These areas are part of unincorporated San Diego County. The developments are included within the County of San Diego San Dieguito Community Plan (SDCP) area. General description of the SDCP area is included earlier in this section under *2.1.1 OMWD Proposed Sphere*.

The service consideration areas may be divided into one of two categories: (a) the service consideration are not currently serviced by the RSFCSD and are proposed to be included in its service area; or (b) they are currently serviced by the RSFCSD, are included in another district service area, and are proposed to be included in the RSFCSD service area. The RSFCSD has indicated that it will be near full service capacity after adding the Santa Fe Hills development to its service area. However, the remaining areas of service consideration are still being proposed to be serviced by the RSFCSD. The location of each of these service consideration areas is depicted in Figure SOI-1. Figure SOI-2 shows the proximity of the sewer district infrastructure to the areas of service consideration. Table SOI-1 presents a summary of the all of the areas considered for service by RSFCSD, OMWD, and City of San Diego. The following discusses potential and proposed RSFCSD sphere changes for water and sewer services. The potential sphere changes for the RSFCSD are also presented in Figure SOI-4.

Santa Fe Hills

The Santa Fe Hills development is located in the south-southwestern portion of the study area. The existing County of San Diego General Plan land use designation for the project site is Estate Residential. SANDAG defines the current land uses at the Santa Fe Hills site as spaced rural residential, vacant land, and agricultural (SANDAG 2004). The proposed 2020 Draft County of San Diego General Plan land use designation for the site is Semi-Rural Residential.

The Santa Fe Hills development consists of 120 acres and is requesting sewer service from the RSFCSD. The development is situated along the southeastern border of the RSFCSD

and would be best served by the RSFCSD. Santa Fe Hills currently consists of 90 EDUs. In the future, one parcel will be subdivided into nine parcels for a total of 98 EDUs. The future estimated water flow for the development is 51,450 GPD, while the wastewater flow is estimated to be 27,440 GPD.

Sun Valley (including San Dieguito Community Park)

The Sun Valley development is located in the southwestern corner of the study area, sharing its southern border with the Flower Hill development. City of Solana Beach borders the site to the west. The San Dieguito Community Park is located within the northern portion of the Sun Valley development. The development is currently serviced by individual septic systems.

According to the existing County of San Diego General Plan, the northern portion of the Sun Valley development site is designated as Public/Semi-Public Land. SANDAG reports that the current land use of the San Dieguito Community Park is open space. Located south of Lomas Santa Fe, the land use of the Sun Valley development is single family residential, field crop (agricultural), and vacant land (SANDAG 2004). The southern portion of the project site is designated as Residential (1 du/acre). According to the proposed 2020 Draft County of San Diego General Plan, the land use designation for the northern portion of the project site would remain Public/Semi-Public, while the southern portion of the site would be designated Semi-Rural Residential (1 du/2 acres). Hoping to maintain and enhance the rural aspects of their neighborhood, citizens from the project area formulated a report describing those elements that give their neighborhood its unique character. The report describes the area as mainly rural and scenic.

When Solana Beach was incorporated in June, 1986, this area was purposely excluded because the residents felt that they had more in common with the rural areas to the east. Later, when some residents began experiencing septic problems, they held meetings in order to gain support for a sewer assessment district to bring sewer to the area and to annex the area into the RSFCSD. The RSFCSD's position was that if a majority of the residents were in favor of annexation and the sewer assessment, then the RSFCSD would negotiate on their behalf an agreement with the City of San Diego for an out-of-district service sewer agreement (knowing that the only logical place for connecting to the sewer was the City's line in Via de la Valle). This proposal has since died from lack of support.

A study was conducted in 1996 to determine the feasibility of providing a sewer system to replace the septic system in use at Rancho Del Mar (which contains Sun Valley). The study, "Feasibility Study for Residential Sewerage Facilities" by Dudek & Associates, Inc., concluded that the general topography of the Rancho Del Mar area allows the area to be serviced by the City of San Diego with the use of a gravity collection system, without the need of a regional pump station. The area contains 284 parcels which would have to be provided with sewer services. Assuming each parcel equals one EDU, the wastewater generated would be on the order of 79,520 GPD. The water flow would total approximately 149,100 GPD.

The area can be served by RSFCSD due to proximity, which would require an inter-agency agreement, but the RSFCSD has indicated that their wastewater system will be close to

Figure SOI-4

capacity after annexation of the Santa Fe Hills development. The area could tie into the City of San Diego's system that services Flower Hill, but capacity issues exist there as well. The wastewater services provider servicing Solana Beach could provide services, and appears as the most logical choice, but the service provider would need to be contacted to ensure that capacity exists in their system. If no service provider is able to provide Sun Valley with sewer services, services should be provided on a contractual agreement, such as providing wastewater collection and treatment during septic failure (which is common after a storm event). Due to the complexity of this area, it should be looked at more closely, in a separate study.

Bridges Project (TM No. 5239 RPL2-Unit 7)

The Bridges property is located within the central portion of the study area and within the San Dieguito Community Plan area. The Bridges project is located within a Specific Plan land use designation, in both, the existing and proposed County of San Diego General Plan land use maps. According to SANDAG, the current land use of the Bridges property is spaced rural residential and vacant land (SANDAG 2004).

The Bridges project totals 30 EDUs with an estimated wastewater flow of 8,400 GPD and a water flow of 15,750 GPD. The project is currently seeking a wastewater provider. Although this area borders the RSFCSD sphere of influence, the nearest sewer trunk is approximately one mile away. Therefore, unless there is a service provider to the north of the Bridges project, the most appropriate provider could be the Cardiff Sanitary Division of the City of Encinitas. This option may require excessive piping and pumping of wastewater. Alternatively, the Bridges project could be serviced by RSFCSD; however, with this option, the development would have to help pay for expanded infrastructure with the RSFCSD. Whichever provider is to provide the services, a confirmation has to be provided that sufficient capacity exists to accommodate the sewage flows from the project.

La Bajada Bridge

La Bajada Bridge is a developed area located in between the City of Encinitas and the RSFCSD in the western portion of the study area. According to the existing County of San Diego General Plan, the project area consists of Impact Sensitive and Residential land use designations. SANDAG defines the current land use of La Bajada Bridge as spaced rural residential, open space, and vacant land (SANDAG 2004). The proposed 2020 County of San Diego General Plan land use designations for the site include Rural Lands (1 du/40 acres) and Semi-Rural Residential (1 du/2 acres).

La Bajada Bridge consists of 24 EDUs. The current sewer service provider for the area is the City of Encinitas (Cardiff Sanitary Division). The wastewater flow from the area is estimated at 6,700 GPD and the water flow is estimated to be 12,600 GPD. As with the Stone Bridge development, the area is not within the jurisdiction of the City of Encinitas and both the City of Encinitas and the RSFCSD could be appropriate sewer service providers. Since La Bajada Bridge is not within the jurisdiction of the City of Encinitas, a contractual agreement would continue to be required in order to provide sewer services to the area.

Open Space (APN 264-510-11)

The Open Space (APN 264-510-11) property is a small parcel located in the central portion of the study area with an open space land use designation (SANDAG 2004). The existing County of San Diego land use designation for the site is Impact Sensitive (1 du/4, 8, 20 acres) and Estate Residential (1 du/2, 4 acres). The proposed General Plan designation for the area is Rural Residential and Semi-Rural Residential (1 du/2 acres). The Open Space parcel consists of vacant, undeveloped land and is owned by The Escondido Creek Conservancy, a non-profit land trust operating in the Escondido Creek watershed. This parcel will likely never be developed and is included in the SOI Update for research purposes only.

Horseman's Valley

The Horseman's Valley is located within the San Dieguito Community Plan area, north of the Sun Valley development. The existing County of San Diego General Plan land use designation for the project site is Residential (1 du/acre). SANDAG states that the current land use of the Horseman's Valley is spaced rural residential (SANDAG 2004). The proposed 2020 Draft County of San Diego General Plan land use designation for the site is Semi-Rural Residential (1 du/2 acres).

The project consists of 17 EDUs. The projected wastewater flow to the area is estimated to be 4,700 GPD, while the water flow is estimated to be 8,925 GPD. The current wastewater services provider for this area is unknown. Since this area is located along the border of the RSFCSD sphere of influence and the City of Solana Beach, either of the service providers could service the area.

Rancho Serena

Rancho Serena is a small area located within the San Dieguito Community Plan area, north of the Horseman's Valley. The existing County of San Diego General Plan land use designation for the project site is Residential (1 du/acre). The SANDAG current land use designations for the Ranch Serena are spaced rural residential, residential recreation, and vacant land (SANDAG 2004). The proposed 2020 Draft County of San Diego General Plan land use designation for the site is Semi-Rural Residential (1 du/2 acres).

Rancho Serena is already located entirely within the RSFCSD sphere of influence and consists of 17 residential parcels. Eleven of the 17 parcels have been annexed to the RSFCSD for wastewater service; the remaining six parcels have yet to be annexed. Although SOI expansion is neither required nor proposed, the RSFCSD has been identified as being the most appropriate service provider for the remaining six parcels. The approximated wastewater flow for the area is 4,760 GPD. The estimated water flow is 9,380 GPD.

Stone Bridge

The Stone Bridge property is located in the western portion of the study area, within the San Dieguito Community Plan area. According to the existing County of San Diego General Plan, the site contains Estate Residential (1 du/2, 4 acres) and Impact Sensitive (1 du/4, 8, 20 acres) land use designations. The current land use designation is spaced rural residential,

open space, and vacant land (SANDAG 2004). The proposed 2020 Draft County of San Diego General Plan land use designations for the site include Semi-Rural Residential (1 du/2 acres), Rural Lands (1 du/20 acres), and Public/Semi-Public Lands.

The Stone Bridge is a developed area consisting of 25 residential parcels. The estimated wastewater flow for the area is 7,000 GPD, while the estimated water flow for the area is 13,125 GPD. The Stone Bridge was in the sphere of influence of the RSFCSD, but when the area was developed, the developer did not like the rate structure of the RSFCSD and detached the development from the RSFCSD. The area is currently serviced by the Cardiff Sanitary Division (City of Encinitas).

In terms of services, the area is in between the City of Encinitas and the RSFCSD. Both the RSFCSD and the City of Encinitas (Cardiff Sanitary Division) would be appropriate providers of wastewater services. Since Stone Bridge is not within the jurisdiction of the City of Encinitas, a contractual agreement would continue to be required in order to service the area.

2.1.4 City of San Diego – Existing Sphere

City of San Diego Water Department

The City of San Diego Water Department serves more than 1.2 million people populating more than 200 square miles of developed land. In addition to the water treatment plants, the City maintains and operates more than 2,890 miles of water lines, 45 water pump plants, 90-plus pressure zones, and more than 200 million gallons of potable water storage capacity in 32 standpipes, elevated tanks, and concrete and steel reservoirs.

In addition to supplying more than 250,000 metered service connections within its own incorporated boundaries, the City conveys and sells potable water to the City of Del Mar, the Santa Fe Irrigation District and San Dieguito Water District, and the California American Water Company, which, in turn, serves the Cities of Coronado and Imperial Beach and portions of southern San Diego. San Diego also maintains several emergency connections to and from neighboring water agencies, including the Santa Fe Irrigation District, the Poway Municipal Water District, Otay Water District, the California American Water Company, and the Sweetwater Authority.

Metropolitan Wastewater Department

The Metropolitan Wastewater Department (MWWD) operates a treatment plant on East Harbor Drive and the Point Loma Wastewater Treatment Plant (PLWTP). The Point Loma facility remains the mainstay of the Metropolitan Wastewater Department, processing up to 180 million gallons a day of wastewater generated by 2.2 million residents in a 450 square mile service area. The plant has a treatment capacity of 240 MGD. The MWWD's newer facilities include the North City Water Reclamation Plant, the Biosolids Center, and the South Bay Water Reclamation Plant.

The MWWD can be divided into two divisions, the Metropolitan Sewerage System and the Municipal Wastewater Collection System. The MWWD System treats the wastewater from the City of San Diego and 15 other cities and districts (called Participating Agencies) from a 450 square mile area with a population of over 2.2 million. An average of 180 million

gallons of wastewater is treated every day of the year. The Participating Agencies are the Cites of Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, National City, Poway, the Lemon Grove Sanitation District, the Otay Water District, the Padre Dam Municipal Water District, the County of San Diego (including Lakeside/Alpine, Spring Valley, Wintergardens, and East Otay Mesa). The Wastewater Collection Division of MWWD is responsible for the collection and conveyance of wastewater from residences and businesses in the City of San Diego, serving a 330 square mile area with a population of 1.2 million people. The Wastewater Collection Division has approximately 2,894 miles of sewer lines, 250,000 connections to the sewer lines, 84 municipal pump stations, and 55,000 manholes.

Figures ES-2 and ES-3 in the *Executive Summary* show the northern portion of the existing City of San Diego Service Areas and Sphere of Influence.

2.1.5 City of San Diego – Proposed Sphere

Service Consideration Areas

There areas considered for service by the City of San Diego are Camelot, Poway Middle School, Del Norte High School, Sun Valley, and Flower Hill.

The Camelot, Poway Middle School, and Del Norte High School are located within the City of San Diego Black Mountain Ranch community. General description of the Black Mountain Ranch community and land uses is included earlier in this section under *2.1.1 OMWD Proposed Sphere*.

The Sun Valley and Flower Hill areas are located partially in unincorporated San Diego County and partially in the City of San Diego. The developments are included within the County of San Diego San Dieguito Community Plan (SDCP) area. General description of the SDCP area is included earlier in this section under *2.1.1 OMWD Proposed Sphere*.

In terms of water and sewer services, the areas of service consideration fall into one of two categories: (a) they are not currently serviced by the City of San Diego and need to be included in the City's service area; or (b) they are currently serviced by the City of San Diego, are included in another district service area, and need to be included in the City of San Diego service area. The location of each of these areas of service consideration is depicted in Figure SOI-1. Figure SOI-2 shows the proximity of the sewer districts' infrastructure to the areas of service consideration. Table SOI-1 presents a summary of the all of the areas proposed to be serviced by OMWD, RFCSD, and City of San Diego. The following discusses potential City of San Diego sphere changes for water and sewer services.

Camelot

The Camelot development is located in the southeastern part of the study area, within the Black Mountain Ranch Community. The development borders Poway Middle School to the north and the OMWD sewer service area to the east. The area is located entirely within the City of San Diego. The current land use designation for the Camelot property is field crops (agricultural) (SANDAG 2004).

The project proposes construction of approximately 300 EDUs. Due to the apparent southwestern slope of the property, its collected wastewater would either need to be pumped to the OMWD's sewer system, or piped into the City of San Diego's sewer collection system. Again, OMWD has indicated no desire to service any area that the City of San Diego and the developers do not explicitly ask them to provide sewer services. The City of San Diego (the most logical provider) stated that it intends to provide wastewater services to the development, but does not believe there is any urgency to connect the development to its system as the development is far from completion. The City indicated that it will not have its sewer services extended to the Camelot development (as well as the Del Norte High School and Poway Middle School) for approximately three more years, which may require the developer to facilitate extension.

Thus, coordination between the developer and the City of San Diego may be necessary. Projected wastewater flow from the development is currently undetermined. The City of San Diego has sufficient capacity and infrastructure to collect and treat the wastewater contributions from this development.

Poway Middle School

The Poway Middle School is located in the southeastern part of the study area. The development borders the Del Norte High School to the south, Black Mountain Ranch developments to the north and west. The current land use for the school site is field crops (agricultural) (SANDAG 2004).

The project site is located entirely within the City of San Diego. The site borders both the RSFCSD and the OMWD. The question at this time is when the City of San Diego would be able to connect the school into their wastewater collection system. This would have to be worked out with the developers and the City of San Diego. The Poway Unified School District may choose to wait for normal development to extend the sewer facilities to the property, or they may install the improvements and qualify for reimbursement from other developers as development proceeds. In either case, the Poway Middle School has been identified in the City's Sewer Master Plan indicating that the downstream infrastructure in place to date has the capacity to serve the school. The enrollment of the Poway Middle School is estimated at 1,400 students.

Del Norte High School

The proposed Del Norte High School is located south of Poway Middle School in the southeastern portion of the study area. The eastern portion of the project site is located within the San Dieguito Community Plan area, while the western portion lies within the City of San Diego. According to the existing County of San Diego General Plan the land use designation of the eastern portion of the project site is designated Specific Plan area. The proposed 2020 Draft County of San Diego land use for the eastern portion is Public/Semi-public Land. The current land use for the school sites is field crops (agricultural) (SANDAG 2004).

In terms of service providers, approximately half of the property lies within the City of San Diego, while the remaining half lies within the sewer services SOI of the OMWD. The property's eastern border is located along an OMWD sewer trunk line. In a letter of service request dated July 12, 2004, the Poway Unified School District (PUSD) requested that the

OMWD be designated as the appropriate service provider to the future Del Norte High School for wastewater, potable water, and recycled water services. In a letter of response dated October 22, 2004, the City of San Diego agreed with the PUSD's request and stated that the OMWD should provide water, wastewater, and recycled water services to the entire Del Norte High School on a permanent basis. Refer to the Appendix D for copies of the letter of service request and the response to the request.

The wastewater flows for these schools has been included in the estimate for BMR Phase I and II. The estimated enrollment of the High School is 2,400 students with a completion date between September 2008 and September 2009.

Sun Valley (including San Dieguito Community Park)

The Sun Valley development is located in the southwestern corner of the study area, sharing its southern border with the Flower Hill development. City of Solana Beach borders the site to the west. The San Dieguito Community Park is located within the northern portion of the Sun Valley development. The development is currently serviced by individual septic systems.

According to the existing County of San Diego General Plan, the northern portion of the Sun Valley development site is designated as Public/Semi-Public Land. SANDAG reports that the current land use of the San Dieguito Community Park is open space. Located south of Lomas Santa Fe, the land use of the Sun Valley development is single family residential, field crop (agricultural), and vacant land (SANDAG 2004). The southern portion of the project site is designated as Residential (one dwelling unit per acre). According to the proposed 2020 Draft County of San Diego General Plan, the land use designation for the northern portion of the project site would remain Public/Semi-Public, while the southern portion of the site would be designated Semi-Rural Residential. Hoping to maintain and enhance the rural aspects of their neighborhood, citizens from the project area formulated a report describing those elements that give their neighborhood its unique character. The report describes the area as mainly rural and scenic.

When the City of Solana Beach was incorporated in June, 1986, this area was purposely excluded because the residents felt that they had more in common with the rural areas to the east. Later, when some residents began experiencing septic problems, they held meetings in order to gain support for a sewer assessment district to bring sewer to the area and to annex the area into the RSFCSD. The RSFCSD's position was that if a majority of the residents were in favor of annexation and the sewer assessment, then the RSFCSD would negotiate on their behalf an agreement with the City of San Diego for an out-of-district service sewer agreement (recognizing that the most logical connection to the sewer was the City's line in Via de la Valle). This proposal has since died from lack of support.

A study was conducted in 1996 to determine the feasibility of providing a sewer system to replace the septic system in use at Rancho Del Mar (which contains Sun Valley). The study, "Feasibility Study for Residential Sewerage Facilities" by Dudek & Associates, Inc., concluded that the general topography of the Rancho Del Mar area allows the area to be serviced by the City of San Diego with the use of a gravity collection system, without the need of a regional pump station. The area contains 284 parcels which would have to be provided with sewer services. Assuming each parcel equals one EDU, the wastewater generated would be on the order of 79,520 GPD. The water flow would total approximately 149,100 GPD.

The area can be served by RSFCSD due to proximity, which would require an inter-agency agreement, but the RSFCSD has indicated that their wastewater system will be close to capacity after incorporation of the Santa Fe Hills development. The area could tie into the City of San Diego's system that services Flower Hill, but capacity issues exist there as well. The wastewater services provider servicing Solana Beach could provide services, and appears as the most logical choice, but the service provider would need to be assessed to ensure that capacity exists in their system. If no service provider is able to provide Sun Valley with sewer services, services should be provided on a contractual agreement, such as providing wastewater collection and treatment during septic failure (which is common after a storm event). Due to the complexity of this area, it should be looked at more closely, in a separate study.

Flower Hill

The Flower Hill development is located in the southwest corner of the study area. While majority (two-thirds) of the project site is located within the City of San Diego, the northern (one-third) portion of the site is located within the San Dieguito Community Plan area.

The County of San Diego General Plan land use designation for the San Dieguito Community Plan area portion of the project site is Residential (one dwelling unit per acre). The current land use of the Flower Hill development, as defined by SANDAG, includes: spaced rural residential; single-family residential; multi-family residential; low-rise office/professional; store-front commercial; health care; open space; landscaped open space; golf course; residential recreation; agricultural; and vacant land.

The southern portion of the site is located within the City of San Diego, Via de la Valle community. Via de la Valle is located in the northwestern region of the City of San Diego and is situated just east of Interstate-5, south of the City of Solana Beach and west of the County of San Diego. The City's North City Future Urbanizing Subarea II is directly south of the planning area. West of Interstate-5 is the community of Torrey Pines and the City of Del Mar.

The Via de la Valle Community Planning Area is approximately 125-acres. The community is characterized by steep canyons running in a north-south direction and separated by narrow ridges and bluffs. The steepest topography is concentrated at the most westerly and the southeasterly portion of the site. Approximately 50 percent of the planning area consists of slopes exceeding 25 percent gradient. The steep slopes and bluffs are an aesthetic asset to the planning area. The area is highly visible from Interstate-5 and within the San Dieguito River Valley.

The Via de la Valle community is comprised of residential and open space land uses. The development theme in the community is clustered single-family residential with attached

units in the interior of the planning area and detached units at the perimeter. The attached single-family lot areas are located along the perimeters of the planning area to provide a buffer and transition between the higher density attached units and the adjacent homes in the County.

The open space system is comprised primarily of hillsides. Approximately 62 acres are in the Open Space (APN 264-510-11) property to protect the open space network and to preserve its natural beauty. The open space area preserves valuable natural features and

provides a transition between the developments. The north/south ridges and canyons, which front on Via de la Valle, are visible from Interstate-5, San Dieguito River Valley and the southern bluffs of the Carmel Valley community.

According to SANDAG, the Via de la Valle planning area population was 451 in the year 2000. The population projections for the next 30 years are as follows: 497 in 2010, 590 in 2020, and 611 in 2030. This would result in a 35 percent increase in population in the next 30 years.

In terms of service providers, the Flower Hill project site lies partially within the sphere of influence of the City of San Diego (its northern border of the site is coterminous with the Sun Valley area), while its northeastern border is adjacent to the RSFCSD sphere of influence. Currently, the City of San Diego provides wastewater collection services to approximately two-thirds of Flower Hill, with the remaining third utilizing septic systems. Even though the RSFCSD sphere of influence borders the development, the site generally slopes from north to south (away from the RSFCSD service area). In addition, the development is approximately two miles from the nearest RSFCSD trunk line (based on Figure SOI-2). The most appropriate provider of sewer service to the development would be the City of San Diego. The City of San Diego indicated that it can provide wastewater collection services to the area, but indicated possible issues stemming from the fact that the part of Flower Hill without wastewater services is in a canyon which could invoke environmental concerns. The City indicated a need to investigate the area to determine if it indeed can provide wastewater services. There are approximately 100 EDUs in Flower Hill.

2.2 Sphere of Influence Determinations

2.2.0 Recommended Statement of Determinations – Proposed Amendment and SOI Update for the Olivenhain Municipal Water District

The following Statement of Determinations is prepared pursuant to Government Code §56425 for the amendment and update of the Olivenhain Municipal Water District (OMWD) sphere of influence.

Based on the outcome of the analysis contained in the MSR/SOI Update study, the following areas are proposed by LAFCO for inclusion/exclusion in the water and/or wastewater spheres of influence for the OMWD:

- **Del Norte High School** – Approximately 20.6 acres of the Del Norte High School site are located within the OMWD's water and wastewater SOIs. However, approximately 38.7 additional acres of the proposed high school site are located in the City of San Diego, outside of the OMWD's water and wastewater SOIs. The Poway Unified School District has requested that the OMWD provide water and wastewater services for the entire proposed high school. As a result, the City of San Diego and the OMWD have agreed that the OMWD will provide permanent water and wastewater services to the Del Norte High School. Although no expansion of the OMWD's water and/or wastewater SOI is proposed at this time by the OMWD, LAFCO staff believes the OMWD's water and wastewater spheres of influence should be expanded by approximately 38.7 acres to include the entire Del Norte High School site.

- **Fairbanks Ranch Country Club** – The OMWD has served the Fairbanks Ranch Country Club with potable water for a portion of the golf course that is located within the OMWD's water sphere of influence (approximately 70 acres). The estimated remaining 304 acres of the Fairbanks Ranch Country Club is located outside of the OMWD's water sphere of influence. Under an existing agreement between the City of San Diego, OMWD, and the Fairbanks Ranch Country Club dating back to 1984, the OMWD provides potable water to the club house portion of the Fairbanks Ranch Country Club. In addition, the City of San Diego, OMWD, and Fairbanks Ranch Country Club are negotiating agreements for the OMWD to provide recycled water services to a portion of the golf course outside the existing water SOI for the OMWD. It was anticipated that this agreement would be finalized in December 2004. The Fairbanks Ranch Country Club is located completely within the City of San Diego and the country club receives

wastewater services from the City of San Diego. The OMWD has requested that the Fairbanks Ranch County Club be designated a Special Study Area to indicate that the area should be thoroughly examined in the future and no sphere change is warranted at this time.

- **Black Mountain Ranch Phase I: Santaluz Affordable Housing** – The Santaluz affordable housing project consists of approximately 17.6 acres of residential development and is located within the City of San Diego. However, under a temporary services agreement between the OMWD and the City of San Diego, the OMWD currently provides water and wastewater services to the site. Under the agreement, the City of San Diego would assume water service after 10 years. LAFCO staff believes the OMWD water and/or wastewater sphere of influence should be expanded by an estimated 17.6 acres to include the Black Mountain Ranch Phase I: Santaluz Affordable Housing site.

- **Black Mountain Ranch Phase II: East Cluster** – The East Cluster project consists of an estimated 592 residential dwelling units to be located on approximately 589.3 acres in the City of San Diego. Currently, a portion of the new development is scheduled to be served by the OMWD for wastewater under a temporary service contract between the City of San Diego and the OMWD. The City of San Diego is scheduled to provide water service. LAFCO staff proposes to expand the OMWD wastewater sphere of influence by an estimated 589.3 acres to include the Black Mountain Ranch Phase II: East Cluster.

- **Vallecitos Water District/OMWD Sphere Overlap** – An undeveloped parcel containing approximately 64 acres and located in the southern portion of the City of San Marcos is located in the water sphere of influence for both the Vallecitos Water District (VWD) and the OMWD. While located in the OMWD water sphere, the parcel is not in the water service area boundary or the wastewater sphere of influence. This sphere overlap appears to be an inadvertent mapping error dating back to 1994. LAFCO proposes to rectify this sphere overlap by removing the parcel from OMWD's water sphere. This action will result in the sphere becoming coterminous with the service area boundary. The VWD water sphere of influence will remain unchanged and the District identified as the sole water service provider for this parcel.

- **Santa Fe Irrigation District/OMWD Special Study Area** – An estimated 14.2-acre area east of Aliso Canyon Road is currently located in the spheres of influence for both the OMWD and Santa Fe Irrigation District. Although the Santa Fe Irrigation District (SFID) was not identified as a lead agency for the North Central San Diego County MSR/SOI Update, the area in question is located in the MSR/SOI study area boundary. This area was designated as a Special Study Area in 1983 to facilitate a boundary adjustment between these service providers. Since no boundary adjustment has been proposed during the past 20 years, LAFCO staff proposes the deletion of the Special Study Area status. This action will result in the realignment of the SFID's sphere of influence, while the OMWD's water sphere of influence will remain unchanged. It

should be noted that all of the parcels located in the designated Special Study Area currently receive water service from the OMWD.

Based on the outcome of the analysis contained in the MSR/SOI Update Study, the following area is proposed by the OMWD for inclusion in its wastewater sphere of influence:

- **Cielo del Norte** – The Cielo del Norte project consists of approximately 233.4 acres to be developed with 128 residential dwelling units. Two of the three parcels that comprise Cielo del Norte are located within the wastewater sphere of influence for the OMWD; the third parcel is located outside of the OMWD's wastewater sphere of influence. It should be noted that the Cielo del Norte project is located entirely in the OMWD water sphere of influence. The OMWD has requested that LAFCO propose an expansion to the OMWD wastewater sphere of influence by an estimated 203.5 acres to include the third Cielo del Norte parcel.

Based on the outcome of the analysis contained in the MSR/SOI Update Study, the following area should be granted a waiver to the LAFCO Policy discouraging sphere amendments within five years after a sphere update. When the project is submitted for inclusion in the OMWD's wastewater service area, it will qualify for processing as a minor sphere amendment.

- **The MacKenzie Group Property** – While this 40-acre parcel is in the OMWD and located in the MSR/SOI Update Study Area boundary, it was not designated an "Area of Consideration." Thus, the territory was not reviewed for inclusion in the District's wastewater service sphere even though the property is the subject of a tentative map (TM) currently being processed by the County. The proposed development plans involve a two-phased, eight-lot subdivision, with the first phase consisting of a 17.75-acre portion of the parcel. Homes constructed in this area will require connection to a public sewer system; septic systems will be installed to serve the homes built on the remainder of the site. Expanding the wastewater service sphere to include this area is a timing issue related to when the MSR/SOI Update Study was conducted and when the development plans were submitted. Approvals of the TM and related environment review have yet to be obtained and the proposal has not been submitted to LAFCO. Once these tasks are completed, LAFCO will then have the opportunity to evaluate the potential delivery of wastewater service by OMWD. Should OMWD be identified as the logical service provider and have sufficient capacity to serve the site, LAFCO has the discretionary authority to expand the District's wastewater service sphere and latent sewer powers area to include this property.

  Since the territory was in the MSR/SOI Update Study boundary and consists of less than 20 acres, the project would qualify for a waiver to LAFCO's policy discouraging sphere changes within five years after approval of an update. Therefore, a future sphere modification could be processed as a "minor" sphere amendment in conjunction with this expansion of the OMWD's latent sewer powers area.

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

The OMWD service area is located in northern San Diego County and serves portions of the communities of Carlsbad, Encinitas, Escondido, Rancho Santa Fe, San Diego, San Marcos, and Solana Beach. The OMWD provides the following services to the above listed communities: potable water; wastewater; recycled water; hydroelectricity; and recreation services (exclusive to the Elfin Forest Recreational Reserve). The OMWD provides services to an area consisting of approximately 48 square miles.

The existing water service area boundary for the OMWD encompasses approximately 30,947 acres. The OMWD provides wastewater service to two communities (Rancho Cielo and 4S Ranch) encompassing approximately 5,304 acres. An estimated 1,740 additional acres surrounding the community of Rancho Cielo are located outside of the wastewater service area but in the OMWD sphere of influence.

The OMWD's primary purpose is to retail potable water supplies to its customers. To this end, the OMWD services approximately 21,000 water meters with an estimated population of 48,000. The OMWD's estimated water use is as follows: 61.4 percent residential; 19.5 percent irrigation; 11 percent agricultural; 7.7 percent industrial and commercial; and 0.4 percent other. Based upon the OMWD's current water master plan, the OMWD's ultimate buildout would consist of approximately 36,700 dwelling units. Therefore, the OMWD is currently 72 percent from ultimate buildout. Approximately 50 percent of the OMWD's service area currently receives water service.

The OMWD's wastewater treatment plant is currently being expanded to provide facilities capable of treating wastewater effluent to Title 22 tertiary levels (i.e., reclaimed water that may be used for irrigation purposes). This supply of recycled water will be distributed to major irrigation water users in the southern portion of the OMWD's service area, including open space and greenbelts. The expanded wastewater treatment plant will eventually serve approximately 7,000 customers in the OWMD's service area.

The OMWD assumed the responsibility for wastewater collection, treatment, and disposal within certain portions of its service boundaries (i.e., Rancho Cielo and 4S Ranch). As an outgrowth of this new service, the development of a recycled water system in the southeast portion of the OMWD service area is nearly complete. The OMWD will also pursue the development of a new recycled water system through a joint agreement with other water agencies in the northwest portion of the OMWD's service area.

The majority of the OMWD's service area boundary and SOI is located in the San Dieguito Community Plan (SDCP) area. The SDCP can be described primarily as an estate development area with rural characteristics. There are a number of individual communities within the SDCP area that have developed independently and have evolved distinct identities. According to the San Diego County General Plan, the existing population within the SDCP is approximately 12,527, while the existing General Plan capacity is 37,300. The group target population (endorsed by the County Board of

Supervisors) for the SDCP area is 37,507. Typical land use designations for the SDCP include estate residential (1 du/2 or 4 acres), multiple rural area (1 du/4, 8 or 20 acres), and public/semi-public lands. The Draft 2020 San Diego County General Plan proposes a large specific plan area, public/semi-public lands, semi-rural residential, and isolated patches of commercial land uses. However, it is unknown if these proposed land uses will remain as the County of San Diego is still in the process of developing the 2020 General Plan.

Developed by the OMWD in partnership with the U.S. Bureau of Land Management, the Elfin Forest Recreational Reserve is a 750-acre open space and recreational area maintained as part of the Olivenhain Water Storage Project. The Elfin Forest Recreational Reserve is owned by the San Diego County Water Authority and is operated/managed by the OMWD to unify the interests of domestic water supply development, natural resources management, and recreational opportunities.

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

The OMWD owns and maintains the necessary public facilities to adequately provide water, recycled water, and wastewater services in its estimated 48 square mile service area(s). These facilities include the Olivenhain Dam and Reservoir (24,000 acre feet of water), the 4S Wastewater Treatment Plant (2 MGD), the Olivenhain Water Treatment Plant, the Thelma Miller Recycled Water Reservoir (1 million gallon), and more than 500 miles of piping, and numerous reservoirs and pumping stations.

In order to meet future anticipated demand, the OMWD is currently constructing the Gano Reservoir. The new reservoir will have a 6.5 million gallon capacity and serve the southern portion of the OMWD's water service area.

Please see the response to Question #3 below for specific information on the potential need for new public facilities associated with the proposed SOI amendment.

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

The OMWD conducts an annual Master Plan review and prepares Capital Improvement Plans (CIP) in order to determine district-wide infrastructure needs. The most recent CIP was completed in 2002, updated in 2003, and outlines infrastructure needs for the next 20 years based on anticipated growth within the OMWD's service area. The OMWD utilizes the San Diego Association of Governments (SANDAG) growth/population projections as a guideline when estimating future water and wastewater demand at buildout. Buildout is defined as the hypothetical future condition where all developable land in the OMWD's service area is developed in accordance with current zoning. The OMWD's system expansion projects are financed on a project-by-project basis from capacity fees assessed to developers. Prior to receiving services from the OMWD, developers must undergo a project study to determine capacity and facility needs for requested services.

The OMWD maintains and manages 20 potable water reservoirs throughout its service area. In addition, the OMWD is owner of capacity in the Olivenhain Reservoir for 3,500 acre feet (90-day water supply) and has an agreement with the San Diego County Water Authority for shared capacity in the Olivenhain Potable Water Treatment Plant (approximately 9 MGD). The OMWD's wastewater treatment plant can treat an estimated 34 MGD; the current demand for wastewater treatment is approximately 20 MGD. The development of a recycled water system in the southeast quadrant of the OMWD's service area is nearly complete; this new system will provide recycled water supplies to the 4S Ranch and Santa Fe Valley areas.

As previously discussed, LAFCO staff proposes to expand or reduce the OMWD's water sphere of influence to incorporate the following areas of service consideration:

- Del Norte High School (expand SOI by 38.7 acres);
- Black Mountain Ranch: Phase I Santaluz Affordable Housing (expand SOI by 17.6 acres); and
- Vallecitos Water District (reduce SOI by 64 acres).

In addition, the Fairbanks Ranch Country Club is proposed for designation as a Special Study Area. The estimated increased demand to the OMWD's water supply for these four areas would be approximately 375,375 GPD.

LAFCO staff proposes to expand the OMWD's wastewater sphere of influence to incorporate the following areas of service consideration:

- Del Norte High School (expand SOI by 38.7 acres);
- Black Mountain Ranch: Phase I Santaluz Affordable Housing (expand SOI by 17.6 acres);
- Black Mountain Ranch: Phase II East Clusters (expand SOI by 589.3 acres); and
- Cielo del Norte (expand SOI by 203.5 acres).

The net acreage increase in the OMWD's wastewater sphere of influence would be 849.1 acres. The estimated increased demand to the OMWD's wastewater system would be approximately 344,500 GPD.

Consequently, the OMWD has sufficient capacity to provide recycled water, water, and/or wastewater services to the areas of service consideration outlined above within its existing and proposed sphere of influence, consistent with the OMWD's adopted master plan and budget. Some physical facility upgrades may be necessary to properly serve the areas of service consideration noted above. These upgrades include, but may not be limited to, pumping stations and water/wastewater piping.

Although the OMWD may be able to provide services to additional areas of service consideration not analyzed in the North Central San Diego MSR/SOI Update, detailed engineering and/or environmental studies may be required to determine capacity constraints and service feasibility.

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

LAFCO proposes to expand the wastewater sphere of influence for the OMWD by an estimated 203.5 acres to incorporate the Cielo del Norte project (Area of Service Consideration #5). The Cielo del Norte project consists of approximately 233.4 acres to be developed with 128 residential dwelling units. Two of the three parcels that comprise Cielo del Norte are located within the wastewater sphere of influence for the OMWD; the third parcel is located outside of the OMWD's wastewater sphere of influence. It should be noted that the Cielo del Norte project is located entirely in the OMWD water sphere of influence. The OMWD has requested that LAFCO propose an expansion to the OMWD wastewater sphere of influence by an estimated 203.5 acres to include the third Cielo del Norte parcel.

The Elfin Forest/Harmony Grove Town Council has written in opposition to the SOI expansion on the grounds that the proposed development would conflict with the Elfin Forest community standards. The Cielo del Norte, as approved by the County Board of Supervisors on December 3, 2003, is located in the Rancho Cielo Sewer Service Area and will rely on services from the OMWD. (It should be noted that the developer will be required to submit a request for service, receive annexation for the third parcel into the Rancho Cielo Sewer Service Area, and comply with all conditions established by the OMWD Board of Directors at such time as they review/approve the application for service). As noted in the MSR/SOI, the OMWD currently maintains the capacity to serve the Cielo del Norte and is the most logical service provider. The conformance of the Cielo del Norte to the Elfin Forest community character guidelines is not under review by the OMWD or LAFCO.

No other social or economic communities of interest are impacted by the proposed update to the OMWD's water and sewer spheres of influence.

2.2.1 Recommended Statement of Determinations – Proposed Amendment and SOI Update for the Rancho Santa Fe Community Service District

The following Statement of Determinations is prepared pursuant to Government Code §56425 for the amendment and update of the Rancho Santa Fe Community Service District (RSFCSD) sphere of influence.

Based on the outcome of the analysis contained in the MSR/SOI Update Study, the following area is proposed by the RSFCSD for inclusion in its sphere of influence:

- **Santa Fe Hills** – The Santa Fe Hills development consists of approximately 120 acres; the developer has requested wastewater service from the RSFCSD. The Santa Fe Hills currently consists of 90 residential parcels; in the future one parcel will be subdivided into nine individual parcels for a total of 98 residential parcels. The RSFCSD requests that LAFCO consider (and propose) an expansion of the RSFCSD sphere of influence to include the estimated 120 acres of Santa Fe Hills.

Based on the outcome of the analysis contained in the MSR/SOI Update Study, the following area is proposed by LAFCO staff for inclusion in the sphere of influence for the RSFCSD:

- **Horseman's Valley** – The Horseman's Valley area consists of approximately 20.2 acres consisting of an estimated 17 residential parcels. The area borders the RSFCSD sphere of influence to the east and is currently served by an existing sewer truck line. Sufficient sewer capacity to serve this area is currently available from the RSFCSD through a contract with the San Elijo Joint Powers Authority. LAFCO staff proposes to expand the RSFCSD sphere of influence by an estimated 20.2 acres to include the Horseman's Valley area.

Although the Rancho Serena is currently located within the RSFCSD sphere of influence, it was examined in the MSR/SOI Update Study due to the presence of parcels that have yet to be annexed:

- **Rancho Serena** – Rancho Serena consists of 17 residential parcels (11 of which have already been annexed to the RSFCSD) located entirely in the RSFCSD sphere of influence. As a result, no sphere expansion is necessary or proposed by LAFCO staff. An existing sewer line located in Rancho Serena Road can serve the remaining six parcels, and sufficient sewer capacity to serve this area is currently available from the RSFCSD through a contract with the San Elijo Joint Powers Authority. It is important to note that inclusion within an agency's sphere does not indicate that an affected area automatically will be annexed; an adopted sphere of influence is only one of several factors that LAFCO considers.

Based on the outcome of the analysis contained in the MSR/SOI Update study, neither LAFCO staff nor the RSFCSD is proposing inclusion of the following areas in the sphere of influence for the RSFCSD:

- **La Bajada Bridge** – La Bajada Bridge consists of 24 residential properties located between the City of Encinitas and the RSFCSD sphere of influence. The current wastewater service provider is the City of Encinitas (Cardiff Sanitary Division). However, as La Bajada Bridge is not located in the jurisdiction of the City of Encinitas, either the City or the RSFCSD could be the appropriate wastewater service provider. For Encinitas to continue as the wastewater service provider, a temporary service agreement would continue to be required. The RSFCSD is not proposing to provide wastewater services to La Bajada Bridge.

- **Stone Bridge** – The Stone Bridge development consists of 25 residential properties and was previously included in the RSFCSD sphere of influence. The Stone Bridge was removed from the RSFCSD sphere of influence due to a rate structure dispute, and is currently serviced by the City of Encinitas (Cardiff Sanitary Division). Either the RSFCSD or the City of Encinitas could be the appropriate wastewater service provider; however, the RSFCSD is not proposing to provide wastewater services to this area.

Based on the outcome of the analysis contained in the MSR/SOI Update Study, Rancho Santa Fe CSD and LAFCO staffs propose that the following two areas be designated as Special Study Areas. This decision was based on concerns raised by the District regarding capacity and ability to provide service. The Special Study Area designation indicates that insufficient information is available at this time to determine whether the CSD can feasibly provide service to these areas. Once further studies are completed, the areas can be examined for potential inclusion in or exclusion from the sphere.

- **TM No. 5239 RPL 2-Unit 7 (Bridges Project)** – As identified in the North Central San Diego County MSR/SOI Update study, Unit 7 of the Bridges Project contains a total of 30 residential properties and is currently seeking a wastewater service provider. Although Unit 7 borders the RSFCSD sphere of influence, the nearest trunk sewer is located approximately one mile from Unit 7. As a result, Unit 7 may be serviced by either the RSFCSD or the City of Encinitas (Cardiff Sanitary Division). However, neither the RSFCSD nor the City of Encinitas is proposing to provide wastewater services to this area.

- **Sun Valley** – This area covers 496 acres and contains approximately 284 parcels, which have a history of septic system failures during wet winter months. Accordingly, connection to a public sewer system may be necessary in the future. Currently, insufficient information about the area and the CSD's ability to provide service is available to determine whether the territory should be included in the District's sphere.

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

The RSFCSD encompasses 9,910± acres, contains about 1,612 wastewater connections, and a current population estimated at 5,627. The RSFCSD contracts with a private organization for the landscaping and open space maintenance needs associated with road right-of-ways. The landscape maintenance improvement district encompasses approximately 60 miles of roadway.

The majority of the RSFCSD's service area boundary and SOI is located in the San Dieguito Community Plan (SDCP) area. The SDCP can be described primarily as an estate development area with rural characteristics. There are a number of individual communities within the SDCP area that have developed independently and have evolved distinct identities. According to the San Diego County General Plan, the existing population in the SDCP is approximately 12,527, while the existing General Plan capacity is 37,300. The group target population (endorsed by the County Board of Supervisors) for the SDCP area is 37,507. Typical land use designations for the SDCP include estate residential (1 du/2 or 4 acres), multiple rural area (1 du/4, 8 or 20 acres), and public/semi-public lands. The Draft 2020 San Diego County General Plan proposes a large specific plan area, public/semi-public lands, semi-rural residential and isolated patches of commercial land uses. However, it is unknown if these proposed land uses will remain as the County of San Diego is still in the process of developing the 2020 General Plan.

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

Aside from the potential inclusion of the Santa Fe Hills development, the RSFCSD serves a static and mostly builtout area. The RSFCSD's current facilities include the Santa Fe Valley Wastewater Reclamation Facility (SFVWRF), the Rancho Santa Fe Wastewater Treatment Facility, reclaimed water lines for the re-use of treated wastewater, and nine pumping stations. All the facilities are currently used at capacity with the exception of the SFVWRF; this facility is rated as a 0.485 MGD tertiary-treated wastewater treatment plant that is currently operating at 50,000 GPD. The facility has been sized for the ultimate buildout of the Santa Fe Valley Specific Plan Area, and was designed so that additional components of the plant could be brought on-line as flows increased with development. The SFVWRF is expected to be operating at approximately 360,000 GPD at the end of seven years according to predicted development.

The RSFCSD future infrastructure needs are determined by periodic engineering studies and annual updates to the Master Plan. The RSFCSD also relies on a hydraulic computer model to assess its entire wastewater system, including pumping stations and force mains. Requests for service extensions are modeled in order to determine the effect on the RSFCSD's system prior to design and construction. Finally, the RSFCSD maintains a five year Capital Improvement Program (CIP) that is prioritized in terms of need and funding availability. The CIP is also updated annually using management, operations, and engineering input, developer schedules, field maintenance reports, and

hydraulic modeling data. To date, the only anticipated and/or scheduled expansion of RSFCSD facilities is to the SFVWRF.

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

The RSFCSD notes no underutilized facilities with the exception of the SFVWRF. The SFVWRF is rated as a 0.485 MGD tertiary-treated wastewater treatment plant that is currently operating at 50,000 GPD. The facility has been sized for the ultimate buildout of the Santa Fe Valley Specific Plan Area, and was designed so that additional components of the plant could be brought on-line as flows increased with development. The SFVWRF is expected to be operating at approximately 360,000 GPD at the end of seven years according to predicted development. The proposed expansion of the sphere of influence for the RSFCSD to serve the Santa Fe Hills development would be serviced via the SFVWRF.

As previously discussed, LAFCO staff may propose to expand or reduce the RSFCSD's sphere of influence to incorporate the following areas of service consideration:

- Santa Fe Hills (expand sphere by 120 acres); and
- Horseman's Valley (expand sphere by 20.2 acres)

In addition, while the Rancho Serena property is currently located in RSFCSD's sphere, six of its 17 parcels have not yet been annexed to receive service from the District.

The net acreage increase in the RSFCSD's sphere of influence would be about 140 acres. The estimated increased demand on the District's wastewater infrastructure to provide service to those areas (including Rancho Serena) would be approximately 36,900 GPD. Thus, the District has sufficient capacity to provide wastewater services not only in the existing sphere, but also to the areas of service consideration outlined above. This ability to provide service is consistent with the RSFCSD's adopted master plan and budget.

Although the RSFCSD may be able to provide services to additional areas of service consideration not analyzed in the North Central San Diego MSR/SOI Update Study, detailed engineering and/or environmental studies may be required to determine capacity constraints and service feasibility.

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

As noted in the MSR/SOI responses to comments, the Escondido Creek Conservancy is the landowner of the Open Space (APN 264-510-11) property and has requested that it be excluded from the proposed RSFCSD sphere expansion. LAFCO staff concurs and has not proposed expansion of the sphere to include the Open Space property.

No other social or economic communities of interest are impacted by the proposed update to the RSFCSD's sphere of influence.

2.2.2 Recommended Statement of Determinations – Proposed Amendment and SOI Update for the City of San Diego

The following Statement of Determinations is prepared pursuant to Government Code §56425 for the City of San Diego. Based on the outcome of the analysis contained in the MSR/SOI Update Study, LAFCO staff proposes to affirm a coterminous sphere for the northern portion of the City of San Diego. Neither LAFCO staff nor the City has proposed a change or alteration to the existing City of San Diego sphere of influence. It should be noted, however, that while all or part of the following areas of service consideration are located in the City of San Diego, none receives services from the City:

- **Flower Hill** – Approximately two-thirds of the Flower Hill area is located in the City of San Diego, while the remaining portion is located in the San Dieguito Planning Area. The City of San Diego provides wastewater services to approximately two-thirds of the Flower Hill area, with the remaining one-third relying on private septic systems. Although the RSFCSD sphere of influence also borders portions of the area, the City of San Diego is the most appropriate service provider due to land constraints and topography. Based solely on available capacity, the City of San Diego has the ability to serve the area for wastewater purposes. However, the portion of Flower Hill without sewer services is primarily located within a canyon, which may invoke environmental concerns. The City of San Diego has indicated the need to further investigate the area to determine if wastewater services can be adequately provided for the estimated 100 dwelling units in need of such services.

- **Sun Valley** – The Sun Valley development is located in the southwestern portion of the MSR/SOI Study area and consists of approximately 284 residential parcels. The Sun Valley area is bordered to the west by the City of Solana Beach, to the east by the RSFCSD, and to the south by the City of San Diego. In 1996, the RSFCSD conducted a sewer feasibility study, which indicated that the City of San Diego could provide wastewater services to the area using a gravity collection system connecting to the Via de la Valle sewer line. In addition, the sewer feasibility study indicated that both the City of Solana Beach and the RSFCSD could provide wastewater services. Due to the complexity of the area and the presence of multiple service providers, it is recommended that servicing the area be studied in a separate, technical report separate from this MSR/SOI Update Study.

- **Fairbanks Ranch Country Club** – The OMWD has served the Fairbanks Ranch Country Club with potable water for a portion of the golf course that is located within the OMWD's sphere of influence (approximately 70 acres). The estimated remaining 304 acres of the Fairbanks Ranch Country Club is located in the City of San Diego. Under an existing agreement between the City of San Diego, the OMWD, and the Fairbanks Ranch Country Club dating back to 1984, the OMWD provides potable water to the club house portion of the Fairbanks Ranch Country Club. In addition, the City of San Diego, the OMWD, and Fairbanks Ranch Country Club are negotiating agreements for the OMWD to provide recycled

water services to a portion of the golf course outside the existing water SOI for the OMWD. It was anticipated that this agreement would be finalized in December 2004. The entire Fairbanks Ranch Country Club is located in the City of San Diego, which is the wastewater service provider. The OMWD has requested that the Fairbanks Ranch Country Club be designated a Special Study Area to indicate that the area should be evaluated in the future and no change to the sphere is proposed at this time. This action does not affect the City of San Diego's existing coterminous sphere of influence in this area.

- **Black Mountain Ranch Phase I: Santaluz Affordable Housing** – The Santaluz Affordable Housing project consists of approximately 17.6 acres of residential development and is located in the City of San Diego. However, under a temporary services agreement between the OMWD and the City of San Diego, the OMWD currently provides water and wastewater services to the site. Under the agreement, the City of San Diego would assume water service after 10 years. LAFCO staff proposes to expand the OMWD water and/or wastewater sphere of influence by an estimated 17.6 acres to include the Black Mountain Ranch Phase I: Santaluz Affordable Housing site. This action would not result in the reduction of the City of San Diego's sphere of influence.

- **Del Norte High School** – Approximately 20.6 acres of the Del Norte High School site are located in both the OMWD's water and wastewater spheres of influence. However, approximately 38.7 additional acres of the proposed high school site are located in the City of San Diego, outside of the OMWD's water and wastewater spheres. The Poway Unified School District has requested that the OMWD provide water and wastewater services for the entire proposed high school. As a result, the City of San Diego and the OMWD have agreed that the OMWD will provide permanent water and wastewater services to the Del Norte High School. Although the OMWD has not proposed an expansion of the water and/or wastewater sphere(s) at this time, LAFCO staff proposed expanding both spheres by approximately 38.7 acres to include the entire Del Norte High School site. This action would not result in the reduction to the City of San Diego's sphere of influence.

- **Camelot** – The Camelot sub-area encompasses approximately 68 acres in the Black Mountain Ranch Community, which is located in the City of San Diego and its sphere of influence. The project area currently is designated for field crops, but is proposed for future development with up to 300 homes. When public services are needed, the City of San Diego and the Olivenhain MWD will need to cooperate in determining which agency is the most logical service provider. Since no sphere changes are necessary at this time, LAFCO staff proposes that the City's existing coterminous sphere in this area be affirmed.

- **Poway Middle School** – The proposed Poway Middle School site is located in the southeastern portion of the MSR/SOI Update Study area. Containing roughly 30 acres, the property is located in the City of San Diego and its sphere of influence. When service is required, the City and the Olivenhain MWD will need to cooperate in determining which agency is the most logical service provider. At

this time, LAFCO staff proposes that the City's existing coterminous sphere in this area be affirmed.

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

In the North Central San Diego County MSR/SOI Update Study area, the following land uses were noted in the City of San Diego: spaced rural residential; single-family residential; multi-family residential; low-rise office/professional; store-front commercial; health care; open space; landscaped open space; golf course; residential recreation; agricultural; and vacant land.

In general, the City of San Diego relies on the latest SANDAG population and employment forecasts as the initial data placed into the sewer and water modeling and mass balance modeling programs to predict wastewater and water flows and loads. The predicted flows and loads for incremental years are then reviewed in relation to the capacity of wastewater treatment/conveyance, and other regulatory requirements to plan for facility upgrades. For new development, the City requires developers to prepare Master Plans based on population build-out conditions in accordance with the Community Plan.

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

The City of San Diego has a system in place to determine the infrastructure needs for new development projects. As mandated by the Subdivision Map Act, the City has map conditions that require that water studies be prepared by new development within the North Central San Diego County MSR/SOI Update Study area. Accordingly, these water studies have determined the required water distribution main infrastructure needed to serve new development projects, and the results are being utilized to implement the construction of projects in this area. The following provides a detailed discussion of the City sewer and water infrastructure analyses:

Sewer: Wilson Engineering completed a sewer study (Sewer System Analysis for Torrey Highlands Subarea IV) of the entire Carmel Valley Trunk Sewer drainage basin. In addition, a master plan (Black Mountain Ranch North Amendment #2 by Dexter Wilson Engineering) of the most northern boundary area was produced for the Black Mountain Ranch and Santaluz subdivisions. These studies include all undeveloped properties within the City of San Diego (the City) limits in the northern community areas. Copies of these documents had previously been submitted to LAFCO as a part of LAFCO review of the Santaluz affordable housing site. Subsequent detailed analysis was provided for each property through the subdivision map process. Generally, sewer studies utilize population projections based on the approved community plan and estimates of infiltration and inflow projections typical of the regional basin, unless more specific information is available. The OMWD had expressed willingness to accept into its jurisdiction a portion of the area known as the North Cluster Project for sewer service. The project had been conditioned through the Tentative Map Process to acquire approval of sewer service provision by the OMWD. This boundary change will eliminate

the need for a sewer lift station in the City. The Santaluz affordable housing project site is also currently planned for sewer service from the OMWD.

As a general rule, the City prefers to serve those customers that fall within the City's boundaries. The affordable housing project is critically needed to address a City Council declaration of a housing state of emergency, according to City Council Policy 600-27. The OMWD had agreed to provide service to accommodate immediate timing of this important project. As of the present time, the City has not received an official request by the OMWD to proceed with the service in this drainage basin. As a part of negotiations for sewer service at the North Clusters Project, the City has agreed to provide an emergency connection at a 12-inch sewer main near the OMWD/City of San Diego boundary.

Water: To address water infrastructure needs within the North Central San Diego County MSR/SOI Update Study area, the City Water Department is working on the Miramar Water Treatment Plant Service Area Water Master Plan and North City Water Master Plan, which are comprehensive planning studies for the City's water transmission and distribution network. These planning studies will create a "road map" of the potable water system by comprehensively identifying system improvements to serve customer needs to the year 2030. All existing and future system deficiencies will be identified. In addition, alternative water supply sources, new facilities, upgrades of the existing facilities, cost estimates, and prioritization of each project will be identified. The master plan studies utilize SANDAG's future growth, economy factor, weather forecast, water conservation parameters, water rate, and historical demand to project water demand to the year 2030. This report is scheduled for completion by November 2005.

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

The City of San Diego Water Department serves more than 1.2 million people, populating more than 200 square miles (128,000 acres) of developed land. The City owns, maintains, and operates approximately 2,890 miles of water pipelines, 45 water pumping stations, 90 pressure zones, and 200 million gallons of potable water storage capacity in 32 standpipes, elevated tanks, and concrete/steel reservoirs.

In addition to supplying more than 250,000 metered water service connections in its own corporate boundaries, the City conveys and sells potable water to the City of Del Mar, the Santa Fe Irrigation District, San Dieguito Water District, and the California American Water Company, which in turn serves the Cities of Coronado and Imperial Beach as well as the southern portion of the City of San Diego.

The Metropolitan Wastewater Department (MWWD) maintains and operates two wastewater treatment plants in the City of San Diego. The Point Loma facility processes up to 180 MGD, with a treatment capacity of 240 MGD. The MWWD also operates two water reclamation plants and a biosolids center. The MWWD maintains approximately 2,894 miles of sewer lines, 250,000 connection points, 84 pumping stations, and 55,000 manholes.

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

Social and economic communities of interest are not relevant to this affirmation of a coterminous partial sphere of influence designation for this portion of the City of San Diego.

2.2.3 Recommended Statement of Determinations – Proposed Amendment and SOI Update for the Santa Fe Irrigation District

Based on the outcome of the analysis contained in the MSR/SOI Update Study, LAFCO staff is proposing removal of the following Special Study Area designation pertaining to the sphere of influence for the Santa Fe Irrigation District (SFID):

- **Santa Fe Irrigation District Special Study Area** – An area of approximately 14.2 acres located east of Aliso Canyon Road is currently designated in both the OMWD and SFID's spheres of influence as a Special Study Area. Although the SFID has not been identified as a lead agency for the North Central San Diego County MSR/SOI Update Study, the area in question is in the MSR/SOI study area boundary. This area was designated as a Special Study Area in 1983 to facilitate a boundary adjustment between these two service providers. Since no boundary adjustment has been proposed during the past 20 years, LAFCO staff proposes the deletion of the Special Study Area designation. This action will result in the realignment of the SFID's sphere of influence to match the District boundary, while the OMWD's water sphere of influence will remain unchanged. It should be noted that all of the parcels located in the Special Study Area currently receive water service from the OMWD.

The Special Study Area consists of eight parcels each supporting a single-family residential dwelling. The water service demand from these residences is estimated at a total of 4,200 GPD.

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

The SFID is located in the southwestern portion of the MSR/SOI study area and provides potable water service to the communities of Fairbanks Ranch, Rancho Santa Fe, and the City of Solana Beach. The SFID encompasses approximately 16.14 square miles (10,330 acres).

The majority of the SFID is located in the San Dieguito Community Plan (SDCP) area. The SDCP can be described primarily as an estate development area with rural characteristics. According to the San Diego County General Plan, the SDCP has a current population of approximately 12,527, while the existing General Plan capacity is 37,300. The group target population (endorsed by the County Board of Supervisors) for the SDCP area is 37,507. Typical land use designations for the SDCP include estate residential (1 du/2 or 4 acres), multiple rural area (1 du/4, 8 or 20 acres), and public/ semi-public lands. The Draft 2020 San Diego County General Plan proposes a large specific plan area, public/semi-public lands, semi-rural residential and isolated patches of commercial land uses. However, it is unknown if these proposed land uses will remain as the County of San Diego is still in the process of developing the 2020 General Plan.

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

The SFID jointly owns and manages the R.E. Badger Filtration Plant with the San Dieguito Water District. The R.E. Badger Filtration Plant receives imported water via pipelines from Lake Skinner in Riverside County and Lake Hodges in the community of Rancho Santa Fe. The SFID recently installed a 36-inch water intake pipeline from Lake Hodges to the Badger Plant. This new pipeline replaces the Lake Hodges Flume originally constructed in 1918. In addition, the SFID recently completed construction on a new raw water pump station located along Del Dios Highway. The new pump station exacts approximately 21 MGD of raw water from Lake Hodges for treatment at the R.E. Badger Filtration Plant.

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

The SFID serves approximately 6,500 meters using an estimated 180 miles of pipeline. On an annual basis, the SFID currently provides approximately 13,000 acre feet of treated water to its estimated 22,000 customers. The SFID estimates that the District is at approximately 85 percent capacity and only able to serve smaller additional in-fill parcels, such as the Special Study Area. Currently, the R.E. Badger Filtration Plant has a capacity of 40 MGD. Incorporation of the Special Study Area into the SFID sphere of influence will result in an additional demand of approximately 4,200 GPD. Although quantitative analysis of the SFID's capacity has not been conducted, it is assumed that the SFID maintains the capacity to serve this small additional demand.

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

Social and economic communities of interest are not relevant in considering this sphere update for the SFID.

DATA SUMMARY

North Central San Diego County
Municipal Service Review/Sphere of Influence Update
"Olivenhain Municipal Water District, Rancho Santa Fe Community Services District and City of San Diego"

Introduction

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review municipal services. The requirement for service reviews is in response to the identified need for a more coordinated and efficient public service structure, which will support California's anticipated growth. The service review provides LAFCO with a tool to comprehensively study existing and future public service conditions, and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently and cost-effectively provided.

LAFCO has requested that Olivenhain Municipal Water District (MWD) and Rancho Santa Fe Community Services District (RSFCSD) act jointly to prepare a North Central San Diego County Municipal Service Review (MSR) and a Sphere of Influence (SOI) analyses in order to evaluate existing and future public service conditions, and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently and cost-effectively provided.

This Data Summary has been prepared as a first step toward completing the analysis. The Data Summary is based on *Requests for Information* (RFI) completed by the Olivenhain Municipal Water District and Rancho Santa Fe Community Services District.

Section A: INFRASTRUCTURE, FACILITIES, and SERVICES

1. How are infrastructure needs determined? Provide copies of capital improvement and master plans that address infrastructure.

Olivenhain MWD conducts annual Master Plan reviews and prepares Capital Improvement Plans in order to determine district-wide infrastructure needs. The most recent Capital Improvement Programs (CIP) Plan Development was done in 2002 and updated in 2003.

Rancho Santa Fe CSD infrastructure needs are determined by periodic engineering studies and updates to the master plan, which address existing facility capacities and deficiencies. Specific reports addressing facility upgrades and line extensions are provided either by the RSFCSD or the development community as required.

The RSFCSD's first master plan was prepared in 1980 and has been generally followed since. Most subsequent planning has involved specific sub-areas and extensions of services into outlying area within the RSFCSD's boundaries. In 1997 the RSFCSD's boundary significantly increased due to the

inclusion and development of Assessment District 92-1, which extended sewer service to 200 parcels on the eastern boundary of the CSD. A hydraulic computer model was created at this time for the entire district.

The RSFCSD annexed the area known as Santa Fe Valley in 2000. A Community Facilities District was formed to finance the construction of the Santa Fe Valley Wastewater Reclamation Facility, the sewer system for the three major developers, and reclaimed water lines for the re-use of the treated effluent. This system was designed to serve the entire Santa Fe Valley Specific Plan area, which will ultimately serve approximately 1500 connections. This area was also added to the District's hydraulic model.

The RSFCSD's hydraulic computer model covers its entire sewer collection system, including its sewer pump stations and force mains. Requests for extension of services are modeled in order to determine the effect on the RSFCSD's system prior to design and construction.

City of San Diego has prepared many analyses in order to determine infrastructure needs. Currently, the City of San Diego has a system in place to determine the infrastructure needs for new development projects. As mandated through the Subdivision Map Act, the City has map conditions which require that water studies be prepared by new development within the North Central San Diego County study area. As a result, these accepted water studies have determined the required water distribution main infrastructure needed to serve new development projects and are currently being implemented in the construction of projects within this area. The following provides a detailed discussion of the City sewer and water infrastructure analyses.

Sewer: A sewer study (Sewer System Analysis for Torrey Highlands Subarea IV) of the entire Carmel Valley Trunk Sewer drainage basin was completed by Wilson Engineering. In addition, a master plan (Black Mountain Ranch North Amendment #2 by Dexter Wilson Engineering) of the most northern boundary area was produced for the Black Mountain Ranch and Santaluz subdivisions. These studies include all undeveloped properties within the City of San Diego (the City) limits in the northern community areas. Copies of these documents had previously been submitted to LAFCO as a part of LAFCO review of Santaluz affordable housing site. Subsequent detailed analysis was provided for each property through the subdivision map process. Generally, sewer studies utilize population projections based on the approved community plan and estimates of infiltration and inflow projections typical of the regional basin, unless more specific information is available. OMWD had expressed willingness to accept into their jurisdiction, a portion of the area known as, the North Cluster Project for sewer service. The project had been conditioned through the Tentative Map Process to acquire approvals of providing sewer service from OMWD. This change in boundary will eliminate the need for a sewer lift station in the City. The Santaluz Black Mountain Ranch affordable housing project site is also currently planned for sewer service from OMWD.

As a general rule, the City prefers to serve those customers that fall within the City's boundaries. The affordable housing project is critically needed to address a City Council declaration of a housing state of emergency, according to City Council Policy 600-27. OMWD had agreed to provide service to accommodate immediate timing of this important project. As of the present time, the City has not received an official request by OMWD to proceed with the service within this drainage basin. As a part of negotiations for sewer service at the North Clusters Project, the City has agreed to provide an emergency connection at a 12-inch sewer main near the OMWD/City of San Diego boundary.

Water: To address water infrastructure needs within the North Central San Diego County study area, the City Water Department is working on the Miramar Water Treatment Plant Service Area Water Master Plan and North City Water Master Plan which are comprehensive planning studies for the City's water transmission and distribution network. These planning studies will create a "road map" of the potable water system by comprehensively identifying system improvements to serve customer needs to the year 2030. All existing and future system deficiencies will be identified. In addition, alternative water supply sources, new facilities, upgrades of the existing facilities, cost estimates, and prioritization of each project will be identified. The master plan study utilizes the SANDAG future growth, economy factor, weather forecast, water conservation parameters, water rate, and historical demand to project water demand to the year 2030. This report is schedule to be complete by November 2005.

To the extent feasible, the City has entered into water service agreements with adjoining Water Agencies to provide service until such time as the City has completed its facilities as more fully described in response to the succeeding questions.

2. Provide schedules for infrastructure replacements and updates; explain how schedules are being met.

Olivenhain MWD maintains an Operating and Capital Budget which also contains the District's Capital Improvement Plan. This document is updated annually and it reflects the District ongoing commitment to efficiently provide a reliable and high quality water supply, wastewater treatment services, and a reliable recycled water supply for golf courses and irrigated areas. Detail for each CIP project can be found in the *Capital Projects* section of the budget.

Rancho Santa Fe CSD maintains a 5 year Capital Improvement Program that is prioritized in terms of need and funding ability. The CIP list is updated annually using management, operations, and engineering input, developer schedules, field maintenance reports, and hydraulic modeling information. Capital improvement plan status is reported periodically to the Board and schedules have been met consistently in the past. Expansion of the Rancho Santa Fe WWRF is currently in the pre-design stage.

City of San Diego: N/A.

3. How will new or updated infrastructure be financed?

Olivenhain MWD system expansion projects are financed on a pay-as-you-go-basis from capacity fee collected from District's developers. Capital replacement and betterment programs are also financed on a pay-as-you-go-basis. At the end of each fiscal year, the District transfers out depreciation reserve (collected from operating revenues) from operating fund-water to capital and equipment fund. Funds accumulated in the capital and equipment fund-water will then be used to improve, acquire, and replace water distribution system, reservoirs and sites, vehicles and equipment as identified in the District's long-term capital plan. Funds accumulated in the capital and equipment fund-wastewater will then be used for sewer system improvements, vehicles, and equipment as identified in the District's long-term capital plan.

Rancho Santa Fe CSD has set aside connections fees and a portion of the sewer service charge for a reserve to fund the replacement and upgrade of existing facilities. These facilities are prioritized in

the RSFCSD's five-year Capital Improvement Program, which is updated annually. The RSFCSD has generally adopted a policy that requires the extension of new service be funded by the applicant requesting service. Historically, the RSFCSD has only used its capital funds to finance certain operational improvements at its wastewater treatment facility or for sewer facilities having regional benefit. The RSFCSD recently funded the cost of a regional sewer lift station to bring service to the Rancho Serena/La Orilla basin, in conjunction with developer and local homeowner's participation. Funding for future capital improvements will come from developer contributions and connection fee revenue.

City of San Diego sewer and water infrastructure financing is described below.

Sewer: The Carmel Valley Trunk Sewer project is funded in several area Facilities Benefit Assessment (FBA) Districts. A portion of the funding identified in the FBAs is programmed from CIP funds, with the balance coming from benefiting developments. Special Districts may be formed under provisions of State law (primarily 1911 Act and 1913 Act Improvement Districts) and per City Council Policy 800-03, Public Infrastructure Financing Assessment Districts and Community Facilities.

The remaining small diameter (18 inch or less) sewer mains are required as part of development projects in accordance with the approved master plans. The planning and funding of these improvements is governed by City Council Policy 400-07, Reimbursement Financing of Water and Sewer Facilities in Undeveloped Areas, and Council Ordinance 0-1-214. Exaction or policing powers are strictly employed in accordance with the California Subdivision Map Act. In addition, the applicant at their discretion may initiate other funding mechanisms such as the Mello-Roos Community Facilities District Act of 1982.

Further, as per Council Policy 400-07, in effect since November 10, 1970, the City provides an equitable formula whereby water and sewer facilities serving undeveloped lands may be paid for entirely by developers of such lands; and whereby the developer constructing oversized or off-site water and sewer facilities may be reimbursed by those subsequently benefiting from any portion of such facilities.

Water: As noted in the response to this question for sewer facilities, water facilities improvements in undeveloped areas are governed by City Council Policies 800-03 and 400-07, as well as Council Ordinance 0-1-214. As further noted above, Special Districts may be formed under provisions of State law (primarily 1911 Act and 1913 Act Improvement Districts) and funding mechanisms such as the Mello-Roos Community Facilities District Act of 1982 can be utilized.

4. List infrastructure deficiencies; indicate if deficiencies have resulted in permit or other regulatory violations; explain how deficiencies will be addressed.

Olivenhain MWD has no known infrastructure deficiencies. The OMWD will meet the planned SDCWA ten day storage requirement as suggested by SDCWA in 2004 with the Olivenhain Dam and Water Treatment Plant Expansion.

Rancho Santa Fe CSD has no infrastructure deficiencies and have not had any permit or regulatory violations associated with deficiencies.

City of San Diego sewer and water infrastructure deficiencies are discussed below.

Sewer: As it pertains to the study area, there are no known infrastructure deficiencies and accordingly no deficiencies have resulted in permit or other regulatory violations.

In general, expansion of development is governed by City Council Policy 600-28, Requirements for Development Approval in Planned Urbanizing Areas. It is the City's practice to permit development in an organized fashion. In this way development can coordinate not only utility infrastructure but street alignments, traffic circulation elements, the programming of police, fire, library, and other facilities needed to provide public services. Projects must conform to the Progress Guide and General Plan and must be shown to be consistent with the phasing program in the Progress Guide. Evaluation of the project requires study of cumulative impacts within the City, and in addition, in the adjoining communities. Leap frog development is discouraged unless the project can demonstrate adequate supporting infrastructure. Facilities Benefit Assessment plans are programmed to be consistent with build out of community plans and are typically based on priority needs. Projects are conditioned to construct needed sewer infrastructure below their project point of connection with the City's existing system, in accordance with approved master plans. If the applicant wishes to construct ahead of planned development within the community plan, the applicant can advance construct portions of the infrastructure. Under the Subdivision Map Act, the applicant may be entitled to reimbursement from those parties that will utilize the improvements. Reimbursement Agreements are administered on behalf of the developer by the City. The developer may also choose to advance funds identified in an FBA, and receive compensation in the year the project is programmed. This is assuming development occurs per the FBA schedule. These developer agreements for funding reimbursement are also administered by the City and are governed by City Council Policy 600-21, Subdivision Agreements.

Water: As it pertains to the study area, there are no known infrastructure deficiencies and accordingly no deficiencies have resulted in permit or other regulatory violations.

The current City permit process policy requires a developer to connect to existing City water facilities and install the proposed infrastructure as identified in the project's approved water study. However, in order to facilitate the development of projects located near the City's jurisdictional boundaries in the study area, whose construction schedules are not consistent with the approved water system phasing plans, and to allow development to move forward ahead of schedule, the City has been amenable to allow for a temporary water service agreement with the water agency adjacent to the project site. Under this arrangement, the temporary water service would continue until such time as the appropriate extension to the City's water system was completed such that water service to the development could be transferred from the adjacent agency. Specific areas within the study area that potentially meet this criteria are discussed in the City's response to question No. 10.

5. Describe capital facilities that are underutilized; explain how underutilized facilities could be shared with other agencies.

Olivenhain MWD Wanket Reservoir is the only reservoir that is shared and under utilized at time due to proximity to San Dieguito Water District New Reservoir. The OMWD is considering a change to recycled water reservoir.

The OMWD has a limited supply capacity of 1,500 million gallons per minute (gpm) in some of its southern areas, where the Rancho Santa Fe FPD has increased flow requirements to 2,500 gpm. This cannot be provided due to size of transmission piping at this time.

Rancho Santa Fe CSD does not have any underutilized facilities or excess sewage capacity that could be shared with other agencies, with the exception of the newly constructed Santa Fe Valley Water Reclamation Facility (SFVWRF). The SFVWRF is a 0.485 mgd, tertiary rated wastewater treatment facility that is currently operating at approximately 50,000 gpd. The facility has been sized for the ultimate build-out of the Santa Fe Valley Specific Plan Area, and was designed so additional components of the plant could be brought on-line as flows increased with development. The plant is expected to be operating at approximately 360,000 gpd at the end of seven years according to predicted development. This excess capacity could be utilized on an interim basis by the Olivenhain MWD to treat and dispose of sewage generated from Olivenhain MWD's Rancho Cielo area that is currently being trucked off-site for disposal. A formal proposal to permanently treat sewage from the Rancho Cielo development was previously made to Olivenhain MWD, but was ultimately rejected by Olivenhain MWD in favor of treatment and disposal at the 4-S Ranch WRF. Therefore, the SFVWRF has not been sized for this additional flow.

City of San Diego reports no underutilized sewer or water facilities within the North Central San Diego County study area.

6. How are service needs forecast?

Olivenhain MWD follows Water and Wastewater Master Plans which outline infrastructure needs for the next twenty years based on anticipated growth within the OMWD's service area. The OMWD's master plans are intended to serve as a living document that can be updated as the OMWD grows.

Rancho Santa Fe CSD serves a static and relatively built out area; therefore, forecasting service needs is relatively straight forward. Additional input is provided by studying and projecting the following information.

- Historical records for sewer permit issuance
- Tracking tentative map filings through the County of San Diego's map process
- Historical records of septic system failures or reported problems
- Existing developer build-out projections

City of San Diego: N/A.

7. How are the growth/population projections integrated with plans for future services?

Olivenhain MWD uses growth/population projections as a guideline when developing the District's Water and Wastewater Master Plans to estimate future water and sewer demand at build-out. Build-out is defined as the hypothetical future condition where all developable land in the District is developed in accordance with its current zoning.

Rancho Santa Fe CSD service boundary is very well defined as the RSFCSD is bounded by agencies either providing or authorized to provide sewer service. Within the RSFCSD boundaries, approximately 80-90% of the area has either been mapped or consists of existing residential lots. With the exception of a few possible subdivisions in the Santa Fe Valley SPA area, the remainder of the RSFCSD's sewer capacity needs consist of the construction of individual homes or the conversion of existing parcels from private septic systems to sewer. In general, population growth data is not as useful tool for projecting future service needs as are those items listed above in Question #6.

City of San Diego growth/population projections are integrated with sewer and water plans for future services as follows:

Sewer: In general, the City Metropolitan Wastewater Department uses the latest SANDAG forecasts of population and employment as the inputs to the sewer modeling and mass balance modeling programs to predict wastewater flows and loads. The predicted flows and loads for incremental years are then checked against the capacity of wastewater treatment and conveyance and other regulatory requirements to plan for facility upgrades. On the new development side, developers prepare Master plans based on build out population in accordance with the Community Plan.

Water: In a manner similar to the Metropolitan Wastewater Department, the Water Department relies upon SANDAG's growth forecast to calculate demand and plan for future water supplies.

8. Provide maps of service areas for services that are provided less-than agency wide.

Olivenhain MWD provided a map for sewer and recycled water areas for 4S area and Rancho Cielo areas.

Rancho Santa Fe CSD sewer service is available to all parcels within the RSFCSD, provided that the infrastructure exists for connection. The agency's Sewer Connections Map identifies all parcels within the RSFCSD that are currently connected to the public sewer. Roadside landscape maintenance is restricted to the boundaries of the Landscape Roadside Maintenance District No. 1, whose boundaries are co-terminus with the Rancho Santa Fe Covenant boundary as shown on Landscape District Map.

City of San Diego The City Water Department provides water service throughout the study area except as noted in responses to questions 10 and 12 later in this Data Summary.

9. Describe any variance or inequity in levels of service provided to customers. Explain why unequal service levels are present.

Olivenhain MWD reports that the Fairbanks Ranch should have 2,500 gpm for hydrants, but Olivenhain MWD cannot meet the demand due to line size (not capacity). However, once the OMWD contacted the RSF FPD, the Department stated that adequate fire protection is met in the area. No other variance or inequity has been reported within the Olivenhain MWD service area.

Rancho Santa Fe CSD has a limited supply capacity of 1,500 million gallons per minute (gpm) in some of its southern areas, where the Rancho Santa Fe FPD has increased flow requirements to

2,500 gpm. This cannot be provided due to size of transmission piping at this time. The RSFCSD does not report any other variance or inequity in levels of service provided to its customers.

City of San Diego provides consistent sewer and water services throughout the City.

10. Identify areas within agency boundary, which could be more efficiently served by another agency.

Olivenhain MWD identifies no areas within the agency boundaries, which could be more efficiently served by another agency.

Rancho Santa Fe CSD does not contain areas within the agency boundary which could be more efficiently served by another agency.

City of San Diego reports that the following areas within the agency boundary could be served more efficiently by another agency:

Sewer: The Santaluz Affordable Housing site and a portion of the BMR North Clusters site (367 EDU) could be more efficiently served by the OMWD. If served by the City, an additional sewer lift station would be required. The OMWD has previously indicated that they can and are willing to provide service for these areas.

Water: Until such time as proposed developments provide for the extension of the City's water infrastructure in the study area, portions may be more efficiently served by the OMWD on a temporary basis. These areas are identified in the response to question 12.

11. Identify areas outside agency boundary, which could be more efficiently served by agency facilities.

Olivenhain MWD identifies few areas outside the agency boundary that could be more efficiently served by the agency facilities. These include recycled water to some areas of Santa Fe Irrigation District (SFID), which is being studied jointly with SFID, and the Fairbanks Ranch community areas. Also, sewer service to the BMR East Clusters, Santa Luz affordable housing sites in the City of San Diego is proposed. Additionally, recycled water service to Fairbanks Ranch Golf Course is currently being studied in coordination with the City of San Diego.

Rancho Santa Fe CSD could efficiently serve the following nine areas outside of the District boundary.

- Santa Fe Hills Area south of the Santa Fe Valley SPA (Area 1)
- TM No. 5239 RPL 2-Unit 7, Bridges Project (Area 2)
- La Bajada Bridge Area between City of Encinitas & RSFCSD (Area 3)
- Portion of Open Space Easement within APN 264-510-11 (Area 4)
- San Dieguito Community Park (Area 5)

- Horseman's Valley Area (Area 6)
- Rancho Serena Area (Area 7)
- Sun Valley Area east of the City of Solana Beach & north of Via de la Valle (may be more efficiently served by the City of San Diego) (Area 8)

City of San Diego is not aware of any water service deficiencies outside its boundary which could be more efficiently served by the City. Additionally, jurisdictions outside the City boundaries have not expressed interest in future modifications to the City's sewer jurisdictional boundaries. As such, flows from these areas have not been accounted for in the planning and construction of major downstream facilities, and the upper reaches of the Carmel Valley Trunk Sewer serving the north central City area does not have residual capacity to provide service to areas outside the City jurisdiction.

12. Describe proposed or pending development that would require agency services; include a list of anticipated jurisdictional boundary changes, which the proposed development would initiate; provide a map showing location of development.

Olivenhain MWD identifies possible sewer services to the 4S Ranch, Cielo Norte Project, Oak Rose, Santaluz and Black Mountain Ranch East Clusters.

Rancho Santa Fe CSD identified two projects that would require the District's services.

TM No. 5239 RP L2-Unit 7, Bridges Project is a 30 lot residential subdivision that is proposed to become part of the Bridges master planned development owned by Lennar Homes. This project will require a jurisdictional change consisting of a sphere of influence modification of the Rancho Santa Fe CSD boundary and concurrent annexation into the RSFCSD.

TM No. 5116, Santa Fe Meadows Project, a 20.52 acre, 9 lot subdivision proposed to receive sewer service from the RSFCSD. This project has sparked community interest from other land owners in the surrounding Santa Fe Hills area requesting sewer service from the RSFCSD as well. A jurisdictional change including a sphere modification and annexation will be required.

City of San Diego identified the following areas that would require the City water and sewer services:

Sewer: The Santaluz affordable housing site is to be served by the Olivenhain Water District pursuant to a temporary service agreement (See Response # 11). We propose that the Santaluz affordable housing site and a portion of the BMR North Clusters site (367 EDU) be transferred permanently to Olivenhain Water District for the purpose of sewer service only. All tax bases and other utilities are to remain with the City. Please see attached map for the location of developments.

Water: The proposed development in the north central sector of the City's water service area includes: the Poway High School and Poway Middle School sites; the Santaluz affordable housing project site, Camelot and Phase III of the Black Mountain Ranch project (East Clusters). See attached map (Attachment 4) for locations of developments.

There are no anticipated jurisdictional boundary changes associated with any of the proposed developments.

Preparation of any Environmental Impact Reports for the developments referenced above will include the following language:

"Utilities and infrastructure are available to the project site. While new on-site facilities would be constructed and off-site connections to existing facilities would be necessary in some cases and some of the existing off-site facilities may require improvements or upgrades to accommodate the increased demand caused by the project, no major new systems or substantial alterations to existing systems affecting their capacity to serve regional needs would be required to serve the project. No significant adverse impacts to dry or wet utility systems or service would result.

If a developer wishes to proceed with construction of a project prior to the developer installing the proposed infrastructure as identified in the project's approved water system phasing plan study, the City would enter into a temporary water service agreement with an adjacent water agency which has the existing infrastructure to provide temporary service in order to allow development construction to proceed until required water facilities have been installed by the developer as identified in their accepted water study. When that infrastructure is in place then the temporary water service agreement will be cancelled"

13. Describe joint power agreements or other arrangements for sharing facilities, infrastructure, or services with other agencies.

Olivenhain MWD has an agreement with SDCWA for shared capacity in the Olivenhain Dam and 9MGD capacity in the Olivenhain Potable Water Treatment Plant. Additionally, the District has agreements with the Santa Fe Irrigation District and San Dieguito Water District for emergency connections, Vallecitos Water District for recycled water, and Rincon del Diablo MWD for sharing of Safety Compliance Officer services.

Rancho Santa Fe CSD currently has contractual agreements and/or MOU's for sharing facilities or services with the following agencies.

- San Elijo JPA-0.250 MGD treatment capacity lease
- San Elijo JPA-MOU for emergency aid services
- Whispering Palms CSD-Agreement to provide sewer cleaning and emergency response services
- Fairbanks Ranch CSD-Agreement to provide sewer cleaning and emergency response services
- Leucadia Wastewater District-MOU for emergency aid response

City of San Diego identifies the following agreements for sewer and water:

Sewer:

Transportation Agreements for use of others municipal lines - Flow from other agencies is transported through the City municipal system. This involves some major as well as minor pump stations, in addition to sewer trunks and lines. The City also flows through other

agencies' municipal lines. There are transportation agreements which charge a dollar amount per mile per million gallons ($/mile/million gallon) for the existing lines. O&M is paid on an annual basis for the major pump stations, such as: PS64, PS65 and Penasquitos Pump Station, based on the percentage of agency flow through the facility.

Capital Improvement Projects (CIP). Agencies pay their share for new CIP, expansion or rehab based on their peak capacity needs.

City of San Diego Municipal Customers sewage treated by other agencies:

- Hale Avenue Resource Recovery Facility (HARRF). The City contracts for sewage treatment of Rancho Bernardo customers. The contract is set at 5 mgd.

- Solana Beach receives some sewage from the Northwest area of the City, namely the Flower Hill Mall. Contract is set at 300 EDU's.

- Olivenhain Municipal Water District. A temporary water and sewer service agreement is in place for the Santaluz Northern Development Site (affordable housing project) to receive service from Olivenhain.

Water:

The City has agreements between the City and the Olivenhain Water District and the San Dieguito / Santa Fe Irrigation Districts. (See the attached contract summaries (Attachment 5 and 6) and document abstracts (Attachment 7)).

14. Provide the assessor parcel numbers or address of properties, which are located outside the agency boundary and receive agency services; list type of service and date service commenced.

Olivenhain MWD lists two areas (Santa Luz and Brammer) located outside the agency boundaries that receive agency services.

Rancho Santa Fe CSD reports no properties outside of the RSFCSD boundary that are being served.

City of San Diego listed properties for both sewer and water service (see Attachment 8 - also refer to Attachment 9 for the sewer service only). Actual dates of service commencement are not readily available. If there are specific areas or parcels where this information is needed, the City will initiate additional research. Please also note that in many cases such relationships and the time they were initiated are referenced under responses to item #13.

15. Explain policies or procedures that establish priorities for directing services to infill areas.

Olivenhain MWD Master Plan contains a buildout plan. Proponents must apply and undergo a project study for capacity and facility needs and funding. Capacity Fee program identifies facilities and costs.

Rancho Santa Fe CSD does not establish priorities for directing services to infill areas. The expressed goal of the RSFCSD is to provide sewer service to all parcels within its service area on a

first-come-first-served basis, subject to availability of capacity and infrastructure. In general, it is the RSFCSD's policy not to fund sewer line extensions, but instead to rely on the applicant to fund the cost of the facilities needed to serve his/her parcel or project. The RSFCSD provides an incentive by offering a cost reimbursement agreement to the party that constructs the system improvements by providing reimbursement through the collection of connection fees. The RSFCSD staff also serves an active facilitation role in constructing sewer extensions by holding neighborhood workshops, contacting affected homeowners, and design and construction support of improvements.

City of San Diego: The matter of providing water and sewer services to infill areas of the City, as well as their respective financing is addressed in *San Diego City Council Policy Number 400-6, Replacement, Betterment, and Expansion of Water and Sewer Facilities in Previously Developed Areas*. In this document, it is recognized that previously developed areas of the City will require improvement or expansion of water and sewer facilities by virtue of increased use, density, and or rezoning. Under such circumstances, the City Water and Metropolitan Wastewater Departments will provide for such improvements from designated financing sources.

16. Describe provisions for providing services in emergency situations, (i.e., storage capacity, number of days that services can be provided, etc.).

Olivenhain MWD has 20 reservoirs strategically located and is owner of capacity in Olivenhain Reservoir for 3,500 acre feet, which is a 90 day supply. Water Treatment Plant can treat 34 mgd, which is above the average daily demand of 20 mgd. The Water Treatment Plant is connected to an emergency power supply system provided by the SDCWA at the dam. Olivenhain MWD is a signatory to the SDCWA Emergency Services Agreement with other water agencies to share equipment services including sewer pump stations and the 4S Ranch WWPF. Olivenhain MWD utilizes a telemetry (SDADA) system that monitors flows and storage at facilities and can alert staff if any problems arise.

Rancho Santa Fe CSD has adopted an emergency response plan for dealing with sewer overflows that is on file with the San Diego Regional Water Quality Control Board and the Department of Health Services. The attached plan is updated annually and documents the RSFCSD's procedures for responding to and reporting on sewer overflows within the RSFCSD. The RSFCSD also has an Emergency Response and Preparedness Plan and a Hazardous Materials Business Plan on file with the County of San Diego. In addition, the RSFCSD has implemented the following operational features and design standards to minimize sewer overflows.

- Each of the RSFCSD's two wastewater treatment facilities are alarmed to report power outages, equipment failures, security intrusions, and fire. Each plant also has an emergency generator to provide power to the plant in the event of outages.

- Each of the 2 wastewater treatment facilities stock replacement parts and equipment that can be used to make repairs in the event of an emergency.

- Each of the RSFCSD's 13 sewer pump stations include the following safety design features:

    - emergency alarms
    - emergency generator

- emergency overflow structure
- emergency force main by-pass structure
- duty and standby sewage pump
- duty and standby sump pump

- The RSFCSD owns a portable trailer equipped with emergency equipment, such as pumps, hoses, lights, signs, tools, protective clothing, etc., that can be brought immediately to any location within the RSFCSD.

- The RSFCSD owns a portable trailer mounted pump that is hydraulically matched to by-pass any of the RSFCSD's 13 pump stations in the event of an emergency.

- The RSFCSD utilizes a security service, Knight Security that monitors the RSFCSD's facilities alarms on a 24-hour basis and provides emergency notification.

- The RSFCSD's operation and maintenance staff are on standby call 24-hours a day on a rotational basis. Each operator has a cell phone and a pager for contacting purposes.

- The RSFCSD's has an agreement with a private contractor to provide 24 hours emergency backup if necessary.

City of San Diego has no provision in this region to provide emergency sewer services (with the exception of the potential emergency connection). In terms of water, pursuant to San Diego City Council Policy 400-4, *Emergency Storage of Water*, the Water Department stores in its reservoirs six-tenths (7.2 months) of the City's annual normal water demand for emergencies.

Section B: ADMINISTRATION, MANAGEMENT and OPERATIONS

1. What awards or recognition has the agency received?

Olivenhain MWD has received numerous awards including:

- ACWA Claire Hill Award (2003) – Operations Category
- American Council of Engineering Companies, Engineering Excellence Awards Competition, National Recognition Award, Olivenhain Storage Project
- Resolution by Randy "Duke" Cunningham, Declaring September 4, 2003 "San Diego County Water Authority and Olivenhain Municipal Water District Appreciation Day"
- Certificate of Appreciation for Assisting in the Gubernational General Election 2002
- 2001 Project of the Year, Environmental ($2-10 million), American Public Works Association, San Diego and Imperial Counties Chapter
- Certificate of Recognition in Appreciation of Outstanding Leadership, State of California 2002
- San Diego Geography Showcase, Solutions with Geographic Information Systems (GIS), San Diego URISA, Grand Showcase Award 1996
- The National Association of Governor's Councils on Physical Fitness and Sports Acknowledgement of Participation in National Employee Health & Fitness Day
- Resolution by the Board of Directors of the Vista Irrigation District honoring OMWD for its 40th Anniversary 1999

- San Diego Safety Council 1996, Partners in Promoting of Safety Awareness and Injury Prevention in the Workplace and Throughout the Community
- San Diego International Chapter, American Concrete Institute, "Concrete in Art" Project of the Year, Olivenhain "Horse Wall"
- Consulting Engineers and Land Surveyors of California, Engineering Excellence Honor Award 2002, Olivenhain Storage Project
- The San Diego Service District of the California Conservation Corps, Recognition for continued sponsorship and support of the mission of the C.C.C. 2002
- Government Finance Officers Association, Distinguished Budget Presentation Award (each year since 1996)
- American Society of Civil Engineers, San Diego Section, Award of Excellence 1999, Via Ambiente Bridge Over the Escondido Creek
- California Special Districts Association, Innovative Program Award, Cooperative Interagency Resources Coalition
- Association of California Water Agencies, Theodore Roosevelt Environmental Award, Elfin Forest Recreational Reserve ($100,000 or more) 1995
- San Diego County Taxpayers Association, Golden Watchdog Award, Budget Cuts 1997
- Viewtech, Quality Partnership Award, Water Conservation 1002
- California Environmental Protection Agency, Department of Toxic Substances Control, Recognition for Pollution Prevention Month Efforts (annual)
- San Diego Gas & Electric, Savings by Design Award 2002
- Association of California Water Agencies, Gold Star Certification, Water Master Plan 1995

Rancho Santa Fe CSD has received the following awards:

- APWA Structural Project of the year $2 million to $10 million for the Hacienda Santa Fe/Rancho Del Rio Sewer Project (1991)
- APWA Outstanding Service Award for Management (1991)

City of San Diego: N/A.

2. List number of employees by category: executive, management, professional, operational, etc.

Olivenhain MWD has currently 65.1 classified positions approved for the fiscal year 2003-2004. The salary and job classification schedule indicates the breakdown for exempt and non-exempt classifications.

- Management 7 (includes General Manager, Deputy and Assistant General Manager and department managers)
- Professional 7
- Operational 32
- Support 17.1 (two part-time persons total 1.1 of these)
- Parks 3

Rancho Santa Fe CSD employees include the following:

- Management 2
- Professional 3
- Operational 9

These employees are utilized on an as-needed basis.

City of San Diego: N/A.

3. Describe internal reorganizations within the past three years; list job titles or positions that have been eliminated; provide pre- and post-reorganization charts.

Olivenhain MWD has not had reorganization within the past three years. The District did enter into a contract with Rincon del Diablo Water District to share the Safety Compliance Officer position in 2003.

Rancho Santa Fe CSD has had no internal reorganization of staff within the last 3 years. With the exception of hiring 4 new operational staff, there has been no changes or reductions in staff. The only internal re-organization within the past three years has been the addition of a full-time sewer cleaning staff of two.

City of San Diego: N/A.

4. List number of annual terminations, resignations, and retirements, which have occurred in each category, for the preceding three years.

Olivenhain MWD

	FY 2000-2001	FY 2001-2002	FY 2002-2003
Terminations	0	1	1
Resignations	3	2	3
Retirements	1	0	0

Rancho Santa Fe CSD

	FY 2000-2001	FY 2001-2002	FY 2002-2003
Terminations	0	0	0
Resignations	0	0	0
Retirements	0	0	0

City of San Diego: N/A.

5. Describe positions that have remained vacant during the past three years.

Olivenhain MWD does not have any positions that have remained vacant during the past three years.

Rancho Santa Fe CSD has no positions that have remained vacant in the past 3 years.

City of San Diego: N/A.

6. Describe any policies, rules, and procedures that regulate communication between elected officials and employees.

Olivenhain MWD does not have a specific policy, rule or procedure that would regulate communication between elected officials and employees, other than the Water Code and Brown Act which are incorporated into the District's Administrative Code.

Rancho Santa Fe CSD follows the Brown Act regarding communication between elected officials. The RSFCSD does not have formal rules or policies limiting communication between employees and Board Members, but instead actively encourages this communication.

City of San Diego: N/A.

7. Describe level that elected officials can be involved in administrative, management and personnel matters; provide details of changes in involvement, which have occurred during the past three years.

Olivenhain MWD's Administrative/Ethics Code outlines the elected official's Executive Committee structure and uses (see Article 2, Sec. 2.2). The committees are created from time to time to take care of matters which arise and require committee study and recommendation. Designated Directors also participate in the Personnel Committee (see Article 5, Sec. 5.21) and the Finance Committee on a regular basis.

Rancho Santa Fe CSD elected officials generally are not involved in the details of administrative, management or personnel matters. The RSFCSD does have standing committees that are chaired by individual directors for finance, engineering, public relations, and reclaimed water. RSFCSD staff works directly with the committee chairs and meetings follow the Brown Act policy. There have been no past problems associated with this procedure.

City of San Diego: N/A.

8. Describe administrative/management/operational functions that are provided to the agency by private organizations or other public agencies; explain management efficiencies and/or cost avoidance opportunities gained by these arrangements.

Olivenhain MWD contracts with private services for: 1) consultant legal counsel – Wesley Peltzer, 2) District Auditor – Gilchrist, Steen, Stanfield & Newquist, 3) water treatment plant operations – OMI, 4) District Engineer – Boyle Engineering, 5) waste water treatment plant – OMI, and 6) miscellaneous landscape maintenance with Valley Crest Landscape Company. These consultant service arrangements provide quality services at lower overhead costs.

Rancho Santa Fe CSD contracts with a private engineering company, Dudek & Associates, to provide all staff functions. This includes management, administration, accounting and operations. By contracting for its services the RSFCSD has no direct payroll, benefits, retirement, or workers compensation costs and has a valuable resource for on-call staff without the expense of full-time employees.

The RSFCSD also contracts out its Roadside Landscape maintenance function to the Rancho Santa Fe Association. The RSF Association maintains a full-time staff of maintenance workers which the RSFCSD utilizes to provide this service. Using the Association provides the residents with the level of communication and contact they require. Auditing and laboratory services are also outsourced. The firm of Grice, Lund & Tarkington prepares the RSFCSD's annual audit, and the San Elijo JPA provides laboratory services.

City of San Diego: N/A.

9. Describe cooperative arrangements with other agencies that produce administrative management, and/or operational efficiencies.

Olivenhain MWD has an agreement with SDCWA for shared capacity in the Olivenhain Dam and 9MGD capacity in the Olivenhain Potable Water Treatment Plant. Additionally, the District has agreements with the Santa Fe Irrigation District and San Dieguito Water District for emergency connections, Vallecitos Water District for recycled water, and Rincon del Diablo MWD for sharing of Safety Compliance Officer services.

Rancho Santa Fe CSD has cooperative arrangements with the Whispering Palms CSD and the Fairbanks Ranch CSD that allows each agency to share operational staff and equipment. This allows each agency to perform its routine tasks with minimal staffing until such time as an emergency situation requires additional staff. Additional staffing between agencies is provided generally at no cost.

City of San Diego the following describes the City cooperative arrangements with other agencies that produce administrative management, and/or operational efficiencies:

Sewer: In general, the City has a "Mutual Aid Agreement" with the Cities of Chula Vista, Coronado, Del Mar, El Cajon, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, the County of San Diego, the Otay Water District, and the Padre Municipal Dam District to share designated services and resources which each has available to complete routine business and to assist in the event of emergencies. These emergencies include major infrastructure equipment or process failure, supply shortage, or plant disruption that is, or is likely to be, beyond the capability of the immediately available services, personnel, equipment, supplies and facilities of the party requesting assistance.

Water: The City is a member of the San Diego County Water Authority (CWA), comprised of 23 local water agencies, including the designated water agencies in the study area. Pursuant to the San Diego County Water Authority Act, CWA provides for the importation of water to the region for its member agencies. By virtue of its membership in CWA, the City is involved in the coordination of activities related to the planning, financing, design, construction, and operation of facilities related to the acquisition, storage, transportation and treatment of water.

Numerous cooperative arrangements have been developed by and between the City, CWA, and individual member agencies in order to increase efficiency and reliability to the benefit of individual agencies and the region as a whole, in all aspects of water service delivery.

10. Describe policies for employee and contractor performance incentives.

Olivenhain MWD's Employee Performance and Planning Review Guidelines outlines the employee performance incentives. The District also has a Safety Recognition program which outlines incentives for safe performance on the job. The District has used liquidated damages for contractor performance and occasionally recognized contractor safe performance with a BBQ luncheon or mugs, etc.

Rancho Santa Fe CSD does not offer its contract employees or contractors performance incentives.

City of San Diego: N/A.

11. Explain policies and procedures for competitive bidding and sole source procurement. Describe services provided during the past three years on a sole source procurement basis; identify the cost of each contract.

Olivenhain MWD complies with the California Public Works and contracts Codes for bidding and operation contracts. The District has selected sole source services where limited by quality or availability subject to Board of Directors selection and authorization.

Rancho Santa Fe CSD follows community services district law for competitive bidding procedures as they relate to construction contracts. A minimum of 3 bids are solicited and award is made to the lowest, responsive bidder.

Purchase contracts are made by competitive bid or negotiated when sole source. There have been two sole source contracts that the RSFCSD has entered into the last 3 years. The first is with the Hammer Construction, Inc. in the amount of $11,787 for the labor involved in erecting a steel centrifuge building. The second was for the purchase of a vactor sewer cleaning truck from Haker Equipment in the amount of $218,000. The RSFCSD had an opportunity to purchase the truck at a savings of approximately $32,000 and was aware of other public agencies that were also interested in purchasing the equipment.

City of San Diego: N/A.

Section C: FISCAL

1. Describe all revenue sources (i.e., property taxes, special taxes, service charges, fees, assessments, grants, etc.)

Olivenhain MWD

Water Billings	$15,035,213
Sewer Service Charges	$ 9,473,959
Infrastructure Access Charge	$ 387,332
Standby Credits	$ 709,292
Energy Billings	$ 1,929,207

CWA/Metro Water Purchase Credits	$ 198,275
Sewer Processing Fee	$1,147,466
System Charges	$2,770,131
Park Fees	$1,417,517
Property Taxes Subvention	$1,657,399
Other Revenues	$ 448,656
TOTAL	***$35,174,447***

Water Sales – Commodity water sales are the largest source of OMWD revenues. The OMWD sells a majority of its water each year to domestic and/or residential customers (approximately 60%). The projection of water sales each year is a challenging task, since uncontrollable factors such as weather may significantly impact the outcome. The OMWD has consistently applied a conservative approach to projecting water sales.

Monthly System Access Charges – A system access charge is assessed on a monthly basis based upon meter size. Monthly system assess charge revenue is projected based on the number of water meters in service. The charge is designed to recover a portion of the fixed costs of operating the District. These costs include maintenance of meters, storage facilities and water lines and customer service costs for meter reading and billing.

Water Treatment Services to CWA – This is new revenue in FY 03-04. The OMWD and SDCWA signed an agreement to expand the existing water treatment plant from 25 million gallons per day (mgd) to 34 mgd. This project is expected to be completed in December 2003. The OMWD will sell treatment services to SDCWA based on the agreed upon treatment price from the plant's available capacity to SDCWA starting in February 2004.

CWA Infrastructure Access Charge – This is a charge imposed by the San Diego County Water Authority (CWA). The charge is designed to collect a portion of CWA's fixed costs and is assessed according to meter size. This charge will have the effect of reducing future water rate increases from CWA, since having a significant source of fixed revenue reduces future reserve requirements. Since this is a pass-through charge, revenue projections are supplied by the San Diego County Water Authority on an annual basis based on their estimates.

Meter Installations – The OMWD charges customers for the installation of new water meters, for budgeting purposes, expenses associated with meter installations will be netted against meter installation revenue.

Hydro-electric Plant Revenue – The OMWD operates a hydro-electric generation plant and sells the electricity generated.

Delinquency Charges – Delinquency charges are assessed against customers who pay their water bills after the initial due date. The delinquency charge is set at 5%.

Transfer Fees – The OMWD charges a fee to transfer accounts from an existing account holder to a new account holder.

Rental Income – The OMWD collects rent for the use of reservoir sites for the placement of cellular and paging transmission towers.

CWA Reimbursement of Parks Costs – The agreement with CWA for joint participation in construction of the 24,000 acre foot raw water reservoir includes a provision in which CWA reimburses the OMWD for the cost to operate the Elfin Forest Recreational Reserve (Parks). Due to the anticipated reduction in the OMWD's share of the reservoir capacity by 400 AF, the OMWD's cost sharing allocation of the Park is expected to be reduced from 1/6 to 1/7. On the other hand, SDCWA's reimbursement of Park operating costs would increase from 5/6 to 6/7 of the parks department operating budget.

Property Tax Revenue – The OMWD receives a proportionate share of the 1% property tax assessed by the County of San Diego. Rising property values as a result of the booming San Diego real estate market have resulted in a 20% increase in property tax revenues for the last 2-3 years.

Investment Income – The OMWD invests excess funds to earn interest, according to the approved statement of investment policy. This policy emphasizes the safeguarding of principal over higher yield on OMWD's investments. Investment income is allocated by source of funds upon the average cash balances within each fund from month to month.

Connection Fee Revenues – Connection fees are collected water service when developers wish to connect to the underlying systems and receive service. These fees are maintained in segregated funds and are utilized to construct facilities necessary to expand the capacity of the systems to deliver service.

Benefit Assessment Revenues – These are the assessments levied each year through the property tax rolls against properties located within Assessment District 96-1 (which is contiguous with the water district's boundaries) and are utilized to make debt service payments on the Assessment District 96-1 Limited Obligation Improvement Bonds.

Wastewater Service Revenue – The sewer service charges to be charged and collected for sewer service provided to all sewer customers is based on Equivalent Dwelling Units (EDU). Within the 4S Sanitation District, an EDU represents the standard measurement of water discharged into the sewer collection and treatment system equal to the average discharge from a detached single family unit. One EDU is calculated to be 240 gallons per day (gpd) for the 4S Ranch and 300 gpd for the Rancho Cielo.

Wastewater Standby Charge – A flat rate of $100 per EDU is collected from standby EDU's that are not connected to the existing collection/treatment system since the parcels receive the benefit of having the Sanitation District in place and available to them when they decide to connect. The purpose of having this fee is to soften the impact of increased costs associated with both bringing the new wastewater treatment plant on line and unstable energy rates.

Rancho Santa Fe CSD:

1% Property Tax Allocation for Sewer	$ 32,000
Annual Sewer Service Charges	$1,633,200
Annual Sewer Standby Fees	$ 102,051
Capacity Fees	$ 300,000
SFV Developer O&M Fund Contribution	$ 78,412
Sewer Cleaning Services (from FR WP)	$ 45,000
Interest on Reserves	$ 55,732
TOTAL	***$2,246,395***

City of San Diego:

Sewer:

- Sewer Service Charges which are revenues derived from City single family, multi-family, and commercial/industrial customers.
- Sewage Treatment Plant Services revenues derived from the provision of transportation, treatment and disposal services to the 15 other agencies also served by the Metropolitan System.
- Capacity Charge Revenues received for new connections to the system.
- Contributions-in-Aid revenues received from property owners and governmental agencies benefiting from construction and modification of system facilities.
- Grants/State Revolving Fund Loans.
- Services Rendered to others composed largely of fees for service as for example Industrial Waste Permit fees, Trucked Liquid Waste Discharge fees, and Groundwater Discharge fees.
- Electrical Co-Generation for the sale of process produced electricity back to the grid.
- Miscellaneous Revenue to include New Sewer Connections (owner cost for extended sewer laterals), Interest Earnings, and Other Revenue (land lease and rental payments, sale of discarded equipment etc.).
- Bond Revenues supplement the above revenue stream to leverage the assets of the system's other revenues when deemed advantageous and beneficial to the ratepayer.

Water:

The following represents the revenue sources associated with the provision of water services.

- Water Sales – revenue derived for the delivery of potable and reclaimed water to all customer classes.
- Bond Revenue / Financing Proceeds – Revenue derived from the sale of bonds to support infrastructure improvements.
- Capacity Charges - Revenues received for new connections to the system.
- Contributions-in-Aid revenues received from property owners and governmental agencies benefiting from construction and modification of system facilities.
- Grants/State Revolving Fund Loans.
- Sale of Land and Assets - Revenue received from sale of surplus land and there assets
- Land and Building Rental – Revenue from the use of Water Department land and buildings.
- Service Charges/Services Rendered to Other Agencies & Departments - Revenue derived from the provision of miscellaneous construction, operating, and administrative services to internal and external customers.
- Interest Earnings – Obtained on cash balances and investments of the Water Department
- Damages Recovered – Proceeds obtained in recover of damages to Water facilities
- Lakes Recreation – Revenue received from operation of recreational activities on City Lakes

2. Explain constraints associated with agency's ability to generate revenue.

Olivenhain MWD identifies the following constraints:

- Variation in weather conditions fluctuate water consumption, thus, resulting in lower than expected water revenues during the year
- National economic conditions resulting in slow growth. A reduction in # of service connections will have a financial impact on OMWD's revenue picture. Growth plays a significant role in OMWD's ability to reduce water and sewer rates due to economies of scale
- Natural disasters
- Changes in federal and state rules and regulation

Rancho Santa Fe CSD is an enterprise fund and its ability to generate revenue is regulated by state law, which requires a public hearing to be held and approval by the Board of Directors. The provisions of Proposition 218 and AB1600 are followed when determining fee increases of any kind by the RSFCSD, as is true for all districts.

City of San Diego identifies the following constraints:

Sewer: On a yearly basis Metropolitan Wastewater Department staff prepare a ten-year financial look into the future which identifies the operating and capital costs associated with the efficient and effective operation of the Metropolitan System in compliance with all applicable laws and regulations. From this effort a rate profile is developed which is reviewed extensively by City management with input from the public and from the Systems' participating agencies and ultimately submitted to City Council for approval or implementation of directed program and rate adjustments.

Water: As noted in the response provided for the sewer system, the Water Department prepares multi year financial projections that are used to establish revenue and rate requirements. In all cases the San Diego City Council has full authority to set water rates, fees, charges and/or taxes as necessary to operate, maintain and make improvements to the water system. Pursuant to existing water bond covenants, the City is required to maintain appropriate debt coverage ratios and establish rates sufficient to properly operate and maintain the system, as well as provide repayment of the bonds.

3. Describe policies and procedures for limiting expenditures, which staff may make, without board/council approval.

Olivenhain MWD Administrative Code Section 1.6-6.6 describes the District's regulations governing purchases and surplus sales.

Rancho Santa Fe CSD's procedure for limiting expenditures by staff consists of requiring payment by check for all expenditures, to be signed by both the General Manager and a Board member. This is documented by resolution and agreements with the RSFCSD's financial institutions. In addition, the Board has adopted a policy P-2001-01 that sets forth a procedure for the authorization of expenses by the general manager and the Board.

Invoices pertaining specifically to the RSFCSD's contract management and operation expenses are approved monthly by the Board of Directors as an agenda item.

City of San Diego: N/A.

4. Provide a summary of annual legal expenditures for the past three years; segregate expenditures associated with settling claims by employees or other parties and describe the justification for each settlement.

Olivenhain MWD spent $310,294 in FYE 2001, $362,604.41 in FYE 2002, and $420,614.53 in 2003. There were no legal expenditures associated with settling claims by employees.

Rancho Santa Fe CSD spent $18,504 in FYE 2001, $5,943 in FYE 2002, and $21,395 in 2003. The legal fees had nothing to do with settling claims by employees or other parties.

City of San Diego: N/A.

5. Explain the agency's bond rating; discuss reason for rating.

Olivenhain MWD financing corporation was organized by the District in 1997 to facilitate the financing of facilities for the use and benefit of the OMWD. The Board of Directors of the OMWD serves as the Board of Directors of the Corporation.

The Financing Corporation has issued two bonds since formation: the $50,000,000 1997 Water Revenue Certificates of Participation (COP) and the $13,950,000 (2002) Variable Rate Taxable Subordinate Water Revenue Certificates of Participation Bonds (Regional Recycled Water System).

The proceeds of the sale of the 1997 COP were used to pay for the Olivenhain Water Treatment Plant and to advance refund, in total, the OMWD's outstanding 1993 Water Revenue Refunding Bonds. Water system revenues, including property tax revenues and investment activities, are pledged as the primary source of repayment of these certificates. The OMWD is committed to maintaining the debt service requirement as prescribed in the bond covenant while these certificates are outstanding. As part of their rating 2003 surveillance program, Standard & Poor's Rating Services reviewed ratings on these outstanding bonds. The Rating on the 1997 COP has been raised to 'A' from 'A-'and affirmed the stable financial outlook. This rating upgrade is a reflection of the completion of a major capital plan, strong growth, and good financial management.

The proceeds of the 2002 Variable Rate Taxable Subordinate Water Revenue Certificates of Participation Bonds will be used to fund the 4S Regional Recycled Water System projects. The payment of installment payments is secured by amounts available from draws under the Irrevocable Direct Pay Letter of Credit (LOC), or any other funds required from the 4S Kelwood developers based on the Recycled Water Agreement. The OMWD obligation to make installment payments is a special obligation solely from debt service revenues and other funds provided for in the bond covenant. Rating on the 2002 variable-rate taxable COP bonds has been affirmed at "AA-"based on the credit quality of Bank of America, which established the current LOC until 2006.

Rancho Santa Fe CSD does not have a bond rating.

City of San Diego: N/A.

6. Describe policies and procedures for investment practices.

Olivenhain MWD's Annual Statement of Investment Policy (2004) identifies policies and procedures that govern the investment of all District funds. It is updated annually in December as required by State Law.

Rancho Santa Fe CSD's policy for investment practices is based on the State of California's Local Agency Investment Fund policy. This policy is reconsidered annually by the Board of Directors. Safety and liquidity are priorities for the RSFCSD, and that is why the LAIF was chosen.

City of San Diego: N/A.

7. Describe policies and procedures for establishing and maintaining reserves/retained earnings. What is the dollar limit of reserves/retained earnings? What is the ratio of undesignated, contingency, and emergency reserves to annual grow revenue?

Olivenhain MWD's Non-Restricted Funds (Reserves) Policy for Calendar Year 2004 explains any variances in rates, fees, taxes, etc., which are charged to agency customers.

Rancho Santa Fe CSD policy and dollar limit for maintaining of reserves is based upon the expenditures listed in the 5 year Capital Improvement Program. Emergency reserves have been based upon discussions with operations and engineering staff on "worst-case" scenarios which might be encountered. This amount is off-set by insurance coverage's held by the RSFCSD. There is no assigned ratio between reserves and revenues.

City of San Diego: N/A.

8. Explain any variances in rates, fees, taxes, etc., which are charged to agency customers.

Olivenhain MWD fees and charges are established by size and type of property service by class.

Rancho Santa Fe CSD charges all single family homes a single rate flat fee for service. Commercial users such as restaurants and offices are charged based upon the Uniform Sewerage Ordinance. This ordinance is fashioned upon the County's same Ordinance, which uses the predicted discharge rate into the system.

City of San Diego the following describes variances charged to agency customers.

Sewer: Wholesale agency customers (the participating agencies) are billed their proportionate share of System operating and capital costs based upon the wastewater components of COD, suspended solids, and flow. Each agency is responsible for how these costs are billed to its retail customers. Within the City, customers are billed on the basic components of suspended solids and flow with single family residence customer billings being further enhanced by water conservation based winter monitoring period element. Billings for all City customers will change in the near future to include billings based upon the additional wastewater component of COD.

Water: Water rates are charged based on customer classification, e.g. Single family Dwelling, Commercial, Industrial, etc. These rates are consistent throughout the City. Capacity fees, levied for new connections to both water and sewer are likewise consistent throughout the City.

9. Explain policies and procedures for fee rebates, tax credits, or other relief given to agency customers. Provide details of any rebates, etc. issued during the past three years.

Olivenhain MWD rebates or credits are given to OMWD's customers solely based upon Board's discretion. When the District receives credits or refund checks from its wholesalers, the San Diego County Water Authority and Southern California Metropolitan Water District, Staff brings this matter to the board as an agenda item to be discussed on how refunds should be treated.

The Board issued two credits or rebates on customer water bills during the past three years for credits received from SDCWA and MWD.

September 2000 water credits: At the May 2000 meeting, the San Diego County Water Authority (Authority) Board voted to refund approximately $6.3 million to its member agencies for excess revenues received from Fiscal Year 2000 water sales revenues. The distribution of the refund was determined using the Fiscal Year 1999 net water sales. Following the OMWD's board decision, a water rebate with customers' September 1, 2000 bills was issued. The refund amount is based on OMWD customers' water used during the months of July 1998 through June 1999, which was consistent with the SDCWA's methodology when calculating refunds. Customer credit equals the total of the OMWD's refund check amount received from SDCWA divided by total water usage during the period and multiply by customer water usage.

April 2002 water credits: The Metropolitan Water District Board at its October 2001 board meeting approved the distribution of a portion of Water Rate Stabilization fund to its member agencies as credits toward water invoices. As one of MWD's member agencies, the San Diego County Water Authority's Board decided to pass this credit to its member agencies. OMWD's Board then instructed Staff to refund the credit to all customers. Customer credit = total OMWD's refund check, less any programming cost incurred to calculate credits, divided by customers' water usage in each tier rate categories based on water usage from 5/1/00 to 4/3/01 and multiply by customer water usage in each tier.

Rancho Santa Fe CSD's policy for refund of fees is based on the state law requirements, which is in general 3 years. Exceptions to this policy were made in the following two instances:

1) On 1/12/04 the Board of Directors considered a request from a customer for $18,728 in overpaid charges placed on the tax rolls by the County of San Diego dating back to 1958. The Board, citing an extraordinary circumstance, approved the refund of one-half of the overcharges incurred since the RSFCSD formation in 1981. It is estimated that the refund will be less than $7,000.

2) On 3/12/01 the Board of Directors authorized the refund of pump station service charges that were previously assessed parcels by the County of San Diego while acting as staff for the RSFCSD. It was determined that the fees were not equitable and a refund in the total amount of $10,200 was made to 34 parcel owners.

City of San Diego: N/A.

10. Discuss increases or decreases in rates, fees, or other charges that have been implemented during past three years.

Olivenhain MWD rate, fee or other changes are described below.

Water:

The OMWD's rate structure was originally developed in 1996 as part of the OMWD's review of the financial impacts of the amount of debt service to be issued to pay for the Olivenhain Water Treatment Plant and Storage Projects and as an effort to improve rate equity prior to the issuance of debt. Based on this study, it was recommended that the OMWD increased its rate as follows in order to collect sufficient revenues to pay for its expenses.

Year	Projected Average Rate Increase	Actual Average Rate Increase (Decrease)
1997	4%	4%
1998	0%	0%
1999	8%	8%
2000	7%	2%
2001	7%	0%
2002	6%	-3%
2003	0%	-7%

Note: The above "average" rate increase is based on a typical residential bill with ¾" meter and medium water use. Actual rate increase or decrease will depend on each customer's water use.

In the fall of 2000, the OMWD conducted another comprehensive rate study to review the current rate structure and more importantly, to evaluate whether a rate reduction at that time was possible because of economies of scale from higher than water sales volume due to growth, relative dry weather, and successful cost containment efforts. As the result of this study, the OMWD has successfully reduced its water rates for the first time by an overall 3.0 percent reduction for a typical customer.

In April of 2002, the Board directed OMWD's Staff to evaluate the possibility of another rate reduction. Due to the significant growth within the OMWD's undeveloped service area combined with dry weather and continued successful cost containment efforts, actual water revenues had been higher than projected revenues, the OMWD has collected sufficient revenue requirements to pay for its costs. This condition has resulted in another rate reduction approved by the Board in the August 2002 board meeting and will be effective on October 1, 2002.

Wastewater:

In July 1998, the OMWD assumed responsibility for sewage collection, treatment and disposal from the County of San Diego for two specific areas within the OMWD's boundaries. These areas include 4S Ranch, Rancho Cielo and the unincorporated areas surrounding them. The OMWD completed its first Wastewater Rate Study in May 2001. As part of this study, rate trends for the next several years were reviewed to soften the impact of increased operating and maintenance costs associated with bringing the new and expanded wastewater treatment plant online with capacity to accommodate substantial growth within those areas. Based on this study, the OMWD revised its sewer rate structure and the Board approved a sewer rate increase in July 1, 2002.

Sewer Fee per EDU before July 1, 2002:

Rancho Cielo:	Single Family	n/a
4S Ranch:	Single Family	$210/year
	Multi Family	$210/year

Commercial $210/year

The recommended annual rates per EDU and per HCF for all classes of users are as follows for FY02 and FY03:

	Service Charge (Annual) Per EDU	Com. Charge Flat Rate Per EDU	Com. Charge Var. Rate Per HCF
Single-Family – 4S Ranch	$138	$342[1]	
Single-Family – Rancho Cielo	$172	$428	
Multi-Family	$138		$4.45
Non-Residential			
Group I	$138		$4.45
Group II	$138		$6.05
Group III	$138		$12.38

Notes:
[1] The single-family flat commodity rate is based on the classes winter water average of 6.4 HCF monthly per EDU in 4S Ranch.
HCF = Hundred Cubic Feet

Rancho Santa Fe CSD implemented its first rate increase in 7 years during FY2003/04. The annual sewer service charge was increased from $600 to $800 based on the findings of a rate study presented to the Board of Directors in conjunction with the budget. The RSFCSD's connection fee and standby charge has not changed in over 10 years. The RSFCSD also recently adopted an annexation fee of $500 per acre that applies only to properties located outside of the existing RSFCSD boundary.

City of San Diego rate, fee or other changes are described below.

Sewer:

In October 2001, the San Diego City Council approved four yearly Sewer Service Charge rate increases of 7.5% commencing in March, 2002 and including succeeding years in March 2003, March 2004, and March 2005.

Water:

In April 2002, five annual 6% increases were adopted effective each July 1st beginning in 2002 and ending in 2006. Also, annual cost of purchased water adjustments were passed through to customers effective January 1, 2002 and January 1, 2004. In 2001, new service charges were added and existing charges were increased including fees for water service discontinuance and restoration.

11. Discuss opportunities for rate restructuring.

Olivenhain MWD relies 100 percent on imported water from its wholesalers, the San Diego County Water Authority (SDCWA) and Metropolitan Water District of Southern California (MWD). At their recent meetings, both SDCWA and MWD informed all of their retail agencies that water wholesale prices from each agency will be increased by approximately 4.0%-7.5% each year for the next ten

years to provide the required additional funding to finance their regional water infrastructure programs.

The cost to purchase water is the OMWD's largest operating expenditure. Since January 2003 both MWD and SDCWA implemented a significant change to their water pricing methodology. Unlike the old rate structure where all retail agencies pay the same cost for water per acre foot, the new pricing methods is less favorable toward growing agencies with increasing future demands, such as the OMWD. Since the new pricing method was implemented, the OMWD has begun paying more for purchased water. This cost increase was offset by higher operating revenues due to greater than expected growth in the customer base and by cost containment efforts. The OMWD has not raised water rates for the past three years.

Due to purchased water cost pressures combined with the increased costs of medical and workers' compensation insurance and a commitment to replace and maintain the existing infrastructure, the OMWD will be required to conduct a comprehensive rate study in 2004. The purpose of this study is to ensure that the OMWD will be able to collect sufficient revenues to pay for the cost of providing services, and to sustain growth by providing sufficient funds to finance its infrastructure replacement and betterment programs, while maintaining consistent operating margins to meet its bond covenant requirements.

Rancho Santa Fe CSD reviews its rate structure annually in conjunction with adoption of the budget.

City of San Diego rate restructuring opportunities are as follows:

Sewer: Every few years, the City engages the services of an independent outside consultant to conduct what is frequently called a "cost of service study". These studies are designed to review the System operations and capital needs and regulatory requirements and make recommendations for the appropriate allocation of System costs to the various customer classes.

Water: As noted in the response for the sewer system, the Water Department also conducts similar rate reviews and cost of service studies for the apportionment of costs to customer classes.

12. Describe policies and practices for depreciation and replacement of infrastructure.

Olivenhain MWD depreciation on capital assets in service, excluding land, is computed using the straight-line method over the estimated useful lives of such assets. Capital projects are subject to depreciation when completed and placed in service. The ranges of estimated useful lives of such assets are as follows:

Treatment and distribution facilities: 10-75 years
General plant: 3-40 years

The OMWD follows Water and Wastewater Master Plans which outline major infrastructure or facility project needs for the next twenty years based on anticipated growth within the OWMD's service area. Water replacement and betterment programs are financed through cash transfers from the operating fund (through depreciation reserves) based on annual calculated capital needs per the long-term capital plan. Wastewater replacement and betterment programs are financed through cash transfers from the operating fund (through depreciation reserves) based on annual

calculated capital needs per the long-term capital plan (see also the OMWD's unrestricted funds policy – capital and equipment fund for detail).

Rancho Santa Fe CSD equipment and facilities depreciation is calculated annually by the RSFCSD's auditors and follows the approved straight-line depreciation method. The RSFCSD's sewer service charge includes a component for capital replacement that is tied to its 5 year capital improvement program. This amount is determined by taking into consideration the predicted value of facilities level of maintenance, age of system, conditions of equipment and insurance coverage.

City of San Diego: N/A.

Section D: GOVERNANCE

1. Explain the composition of agency's governing body and indicate if elections or appointments are at large or by District.

Olivenhain MWD has an elected five member Board of Directors; each Director must live within the Director Division they are running for (elected in and/or appointed to). Elections are held every two years; terms are four years (see OMWD's Administrative and Ethics Code, Article 2, Section 2.1).

Rancho Santa Fe CSD's Board of Directors is made up of 5 directors who are elected at-large to fill 4-year terms. The election of new directors is staggered every 2 years.

City of San Diego: N/A.

2. Provide a three-year history of agency election and appointment results; identify candidates and winner/appointee for each position.

Olivenhain MWD had three Directors that ran for election unopposed in November 2002; Robert Topolovac, Director Division 1; Thelma Miller, Director Division 3; Susan Varty, Director Division 4.

Rancho Santa Fe CSD 3-year history of Board election and appointee results are as follows:

January 2001 the Board consisted of the following Directors:

- Margaret O'Driscoll
- Don Rohdy
- Bruce Gordon
- John Rainsford
- Jim Laret

Director Gordon resigned in March 2001 due to health problems. The Board advertised for filling of the vacancy in accordance with the elections code and three candidates were interviewed; Dale Nelson, Dick Doughty and Bill Weber. Dale Nelson was then selected to replace Director Gordon in April 2001.

August 2002 Director Rainsford retired. Again, the Board follows the elections code in filling the vacancy. Letters of interest were received from John Tanner, Al Frowiss, Dough Moul, and Charles

Beck. Interviews followed with John Tanner, Dough Moul, and Charles Beck, with Al Frowiss withdrawing his letter of interest. Dough Moul was then selected to replace Director Rainsford in September 2002.

November 2002 Director Rohdy was defeated in the election by John Tanner, who assumed office in December 2002.

City of San Diego: N/A.

3. Explain compensation and benefits provided to the governing board.

Olivenhain MWD's Administrative and Ethics Code, Article 5. Sec. 5.37 contains information about the benefits provided to the governing board.

Each Director of the governing board receives $150.00 per day for each day's attendance at meetings of the Board or for each day's service rendered as a Director by request of the Board, not to exceed a total of ten days in any calendar month, together with expenses incurred in the performance of his/her duties requested or authorized by the Board. Specific meetings are pre-authorized the Administrative and Ethics Code; those not listed must have Board approval prior to attendance. (See Administrative and Ethics Code, Article 2, Section 2.16., and Article 19, Sections 19.1 and 19.2)

Rancho Santa Fe CSD compensates its Board of Directors at the rate of $100 per meeting. No other compensation or benefits are allowed except reimbursable travel or seminar expenses.

City of San Diego: N/A.

4. How frequently does the governing body meet? Provide a monthly record of meetings for the past three years.

Olivenhain MWD Board Workshops are held on the second Friday of each month at 8:00 A.M., the Regular Board Meetings are held on the fourth Wednesday of each month beginning at 8:00 A.M. in January and 6:00 P.M. in February and so on. Following are the dates of Board meetings/workshops held over the last three years:

1-17-2001	1-09-2002	1-22-2003
2-21-2001	1-23-2002	2-10-2003
2-26-2001	2-15-2002	2-26-2003
3-13-2001	2-27-2002	3-10-2003
3-21-2001	3-11-2002	3-26-2003
4-05-2001	3-27-2002	4-14-2003
4-18-2001	4-08-2002	4-23-2003
5-14-2001	4-24-2002	5-12-2003

5-16-2001	5-13-2002	5-28-2003
6-13-2001	5-22-2002	6-09-2003
6-19-2001	6-10-2002	6-25-2003
6-20-2001 (*adjourned due to lack of quorum)*	6-26-2002	7-14-2003
7-11-2001	7-08-2002	7-23-2003
7-25-2001	7-24-2002	8-11-2003
8-22-2001	8-21-2002	8-27-2003
9-12-2001	9-18-2002	9-24-2003
9-26-2001	10-07-2002	10-10-2003
10-24-2001	10-23-2002	10-22-2003
11-14-2001	11-04-2002	11-14-2003
11-26-2001	11-27-2002	11-19-2003
11-28-2001 *(Adjourned due*	12-09-2002	12-12-2003
to lack of quorum)	12-18-2002	12-17-2003
12-19-2001		
12-26-2001 *(Adjourned due to lack of quorum)*		

Rancho Santa Fe CSD Board of Directors meets monthly at 1:30 pm on the second Monday of each month. The Board meeting dates for the last three years are as follows:

2-9-2004	1-13-2003	1-14-2002
1-12-2004	12-9-2002	12-10-2001
12-8-2003	11-18-2002	11-12-2001
11-10-2003	10-14-2002	10-8-2001
10-18-2003	9-9-2002	9-17-2001
9-8-2003	8-5-2002	8-6-2001
8-4-2003	7-8-2002	6-11-2001
7-14-2003	6-10-2002	5-7-2001
6-9-2003	5-13-2002	4-18-2001 special meeting
5-12-2003	4-8-2002	4-9-2001
4-14-2003	3-20-2002 special meeting	3-12-2001
3-10-2003	3-11-2002	2-12-2001

2-10-2003 2-11-2002 1-18-2001

City of San Diego: N/A.

5. Describe rules, procedures, and programs for public notification of agency operations, meetings, programs, etc. How is public participation encouraged? Are meetings accessible to the public, i.e. evening meetings, adequate meeting space, etc?

Olivenhain MWD's Board meetings are noticed via U.S. Mail to the San Diego Union Tribune and when requested is sent personally to individuals and entities; also sent via e-mail when requested; appears on the OMWD's website; and is physically posted on or near the front door of the OMWD's Headquarters. The OMWD's Boardroom holds a maximum of 60. Should a public meeting or hearing need to accommodate more than 60, the OMWD would arrange for those accommodations at a suitable offsite location. All Board Workshops are held on the second Friday of each month at 8:00 A.M., the Regular Board Meetings are held on the fourth Wednesday of each month beginning at 8:00 A.M. in January, and 6:00 P.M. in February and so on, alternating mornings and evenings. Public hearings are generally held in the evening.

Information of the OMWD's Conservation (landscaping) Classes and upcoming events, such as an open house or facility dedication, are offered through the OMWD's Newsletter and noticed in the customer bills.

The District's Board of Directors adopted a project notification policy Environmental Process & Community Notification Guidelines in 2003 that makes mailed notification mandatory to all property owners who are within 1,000 feet of any proposed project.

Rancho Santa Fe CSD publishes its agenda monthly and makes it available to anyone requesting a copy. Copies of the agenda are posted at the Post Office and the Rancho Santa Fe Association a minimum of 72 hours in advance of the meeting, in compliance with the Brown Act. Meetings are held at the local fire station in the center of town. For convenience to the residents, the meeting location has shifted to several different locations roughly every 10 years. Past locations have been at the Santa Fe Irrigation Office and the Rancho Santa Fe Association Office.

City of San Diego: N/A.

6. Describe violations or investigations within the past three years related to the Ralph M. Brown Act and the Political Reform Act. Describe grand jury or law enforcement agency investigations.

Olivenhain MWD has had no violations or investigations related to the Ralph M. Brown Act and/or the Political Reform Act.

Rancho Santa Fe CSD has had no Brown Act or Political Reform Act violations, grand jury investigations or law enforcement agency investigations ever in its history.

City of San Diego: N/A.

7. Describe agency's prior involvement in reorganizations (i.e., consolidation, merger, etc.) if applicable. Explain opportunities and obstacles for future reorganizations. Provide

copies of any relevant studies of reorganization that agency has conducted and summarize outcomes.

Olivenhain MWD has solicited interest in consolidations with the Vallecitos Water District, Santa Fe Irrigation District and Leucadia County Water District (neighboring water/sewer districts). Serious discussion took place with Santa Fe Irrigation District in 1994-96, but without final agreement (see Santa Fe Consolidation file).

Rancho Santa Fe CSD has been involved in one reorganization in the last 3 years other than routine annexations. In April 2003, 39.5 acres of the Santa Fe Creek development were detached and subsequently annexed into the Olivenhain Municipal Water District for sewer service. This reorganization was initiated in order to overcome a geographical constraint to providing gravity sewer service.

City of San Diego: N/A.

Section E: ADDITIONAL INFORMATION

1. Please provide any additional information that LAFCO should evaluate as part of the Southern San Diego County Sewer and Water Agencies Municipal Service Review.

Olivenhain MWD provided no additional information.

Rancho Santa Fe CSD reports that the basic premise behind the management structure of the RSFCSD is the use of the private sector to gain operational and management efficiencies. Having as few, or as many, staff as needed for any situation which arises provides the RSFCSD with the greatest efficiency and flexibility allowable. Another measure of the effectiveness of an agency is studying its past history of litigation and customer complaints. In the past 20 years, the RSFCSD has not received any formal complaints regarding its level of staff services.

City of San Diego: N/A.

2. Indicate any information relevant to the Southern San Diego County Sewer and Water Agencies Municipal Review, which LAFCO should obtain from other agencies.

Olivenhain MWD indicates no additional information.

Rancho Santa Fe CSD indicates no additional information.

City of San Diego: N/A.

3. Please specify the amount of staff time and associated costs, which were expended in providing responses to the RFI.

Olivenhain MWD has spent approximately 155 staff hours to prepare the RFI which equates to about $10,850.

Rancho Santa Fe CSD did not provide any information regarding the cost for providing responses to RFI.

City of San Diego: to be provided.

SAN DIEGO LAFCO
MUNICIPAL SERVICE REVIEW GUIDELINES

I. PURPOSE

To provide guidance to the San Diego Local Agency Formation Commission (LAFCO) in preparing and conducting municipal service reviews.

II. BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review municipal services. The requirement for service reviews is in response to the identified need for a more coordinated and efficient public service structure, which will support California's anticipated growth. The service review provides LAFCO with a tool to comprehensively study existing and future public service conditions, and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently and cost-effectively provided.

III. GOALS and OBJECTIVES

Effective January 1, 2001, Government Code Section 56430 requires LAFCO to conduct municipal service reviews and prepare a written statement of determination with respect to each of the following:

A. Infrastructure needs or deficiencies;
B. Growth and population projections for the affected area;
C. Financing constraints and opportunities;
D. Cost avoidance opportunities;
E. Opportunities for rate restructuring;
F. Opportunities for shared facilities;
G. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
H. Evaluation of management efficiencies; and
I. Local accountability and governance.

The municipal service review process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make determinations regarding the provision of public services per the provisions of Government Code Section 56430. However, LAFCO, local agencies, and the public may subsequently use the determinations to pursue changes to services, local jurisdictions, or spheres of influence.

IV. WHEN PREPARED

LAFCO will determine when municipal service reviews are necessary. Generally, reviews will be prepared in conjunction with sphere of influence studies or updates; however, service reviews may also be conducted independent of the sphere of influence process. LAFCO will conduct service reviews independent of the sphere of influence updates based on a number of factors, including but not limited to: concerns of affected agencies, the public, or LAFCO; public demand for a service review; public health, safety or welfare issues; and service provision issues associated with areas of growth and/or development. A list of the relevant factors of analysis that may be considered during the preparation of service reviews is attached.

Minor amendments to a sphere of influence, as determined by LAFCO, will not require a municipal service review.

V. SERVICES ADDRESSED

Municipal service reviews will address identified services within the service review boundary, which are generally associated with growth and development. Target services include, but are not limited to, water, sewer, drainage, libraries, roads, parks, police, and fire protection. General government services such as courts, social services, human resources, treasury, tax collection, and administrative services will generally not be included. LAFCO will determine which services will be included in each service review.

VI. AGENCIES INCLUDED

Local agencies that are subject to LAFCO review, or are required to have a sphere of influence, are subject to municipal service reviews.

VII. BOUNDARIES

LAFCO will determine the final geographic boundary and agency(ies) that will be the subject of a service review. Factors that may be considered in determining a service review boundary include, but are not limited to: existing city and special district jurisdictional and sphere boundaries; topography; geography; community boundaries; tax / assessment zones; infrastructure locations; transportation systems and roads; areas with shared facilities; areas with shared social and economic communities of interest; plus other factors as determined by LAFCO.

LAFCO will consider information received from affected agencies and public scoping meetings when determining boundaries. Generally, service reviews will be conducted for sub-regional areas within the County of San Diego; however, a service review may be done for a single agency, multiple agencies, subregional areas, or on a countywide basis. Agencies that have service provision issues related to a current service review, as identified by LAFCO, will

be included in the service review. Service reviews addressing multiple services may have separate geographic boundaries established for each service.

VIII. ENVIRONMENTAL DETERMINATION

Local agencies that submit municipal service review proposals to LAFCO will be considered lead agencies for purposes of environmental review and should approve whatever environmental determination is appropriate under the California Environmental Quality Act (i.e., exemption, negative declaration, environmental impact report).

IX. PREPARATION

A. LAFCO will determine the priority, schedule, procedure and content for service reviews.

B. As part of the budgetary process, LAFCO will develop a priority work plan of service reviews to be addressed during the fiscal year. LAFCO may alter the annual service review work program at any time in response to changing circumstances, new information, or direction from the Commission. During the budgetary process, LAFCO staff will inform those agencies that may be listed on the annual priority work plan.

C. LAFCO will mail a survey/questionnaire to the affected agency(ies) identified in the service review work plan.

D. LAFCO may hold public scoping meetings, as necessary, for selected service reviews to gather additional input on the following issues:

1. Additional agencies to be included within a service review;
2. Geographic area of a service review;
3. Concerns of affected agencies; and
4. Areas of concern to be addressed in a service review.

Public notice will be given for scoping meetings. All affected agencies, interested agencies, and persons or entities requesting notice will receive a mailed notice.

E. Municipal service reviews will fall into two general categories:

1. **Routine reviews** are anticipated to be uncomplicated and straightforward with few concerns about the adequacy of public services. Routine service reviews may be conducted for single agencies or for multiple agencies that provide similar services. The boundary of a routine service review may cover a sub-region, region, or the County of San Diego.

2. **Intensive reviews** are anticipated to require detailed analysis of complex and controversial issues. Categorizing a service review as *intensive* may be the result of analysis of pending LAFCO proposals, or of service provision concerns otherwise identified by LAFCO, other agencies, or the public.

F. LAFCO may establish a service review committee to provide technical and/or policy advice to LAFCO staff. The service review committee may consist of LAFCO Commissioners from each representative category (county, cities, special districts, and the public). The committee may be expanded to include representatives from the LAFCO Special Districts and Cities Advisory Committees and/or other members as determined by LAFCO. When serving on the service review committee, all committee members shall exercise their independent judgment on behalf of the interests of residents, property owners, and the public as a whole, and not solely the interests of the type of agency or organization they represent.

G. LAFCO staff will prepare a final municipal service review report that includes the determinations required by State Law. The report may identify future studies or actions, which LAFCO or other agencies may take to implement the recommendations of the report. All service review reports will be available for a public review period prior to being considered by the appropriate advisory or decision-making body. The Commission will consider the municipal service review report and determinations at a noticed public hearing. The report will be available for a public review period prior to the hearing.

H. San Diego LAFCO has established a fee for conducting municipal service reviews. If necessary, LAFCO may recover reasonable costs for preparation of a service review study beyond the adopted fee. For any service review that may involve costs beyond the standard LAFCO fee, LAFCO staff will prepare a scope of work and schedule with an estimate of reasonable costs associated with conducting the service review.

Adopted: April 8, 2002
Technically Updated: June 26, 2002

FACTORS OF ANALYSIS
Municipal Service Review Determinations

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCOs to conduct reviews of municipal services and make nine written determinations. The following factors to be considered provide examples of how San Diego LAFCO will fulfill the determination requirement.

Determination 1: Infrastructure needs or deficiencies

In authorizing the preparation of municipal service reviews, the State Legislature has focused on one of LAFCO's core missions—encouraging the efficient provision of public services. Infrastructure needs or deficiencies, which refers to the adequacy of existing and planned public facilities in relation to how public services are, and will be, provided to citizens, impacts the efficient delivery of public services. Infrastructure can be evaluated in terms of capacity, condition, availability, quality, and correlations among operational, capital improvement, and finance plans. It is recognized that there may be unmet infrastructure needs due to budget constraints or other factors; however, identification of deficiencies may promote public understanding and support for needed improvements.

Determination 2: Growth and population projections for the affected area

Efficient provision of public services is linked to an agency's ability to plan for future need. For example, a water purveyor must be prepared to supply water for existing ***and*** future levels of demand, and also be able to determine ***where*** future demand will occur. Municipal service reviews will give LAFCO, affected agencies, and the public the means to examine both the existing and future need for public services and will evaluate whether projections for future growth and population patterns are integrated into an agency's planning function.

Determination 3: Financing constraints and opportunities

LAFCO must weigh a community's public service needs against the resources available to fund the services. During the municipal service review, the financing constraints and opportunities, which have an impact on the delivery of services, will be identified and enable LAFCO, local agencies, and the public to assess whether agencies are capitalizing on financing opportunities. For example, a service review could reveal that two or more water agencies that are each deficient in storage capacity and, which individually lack financial resources to construct additional facilities, may benefit from creating a joint venture to finance and construct regional storage facilities. Service reviews may also disclose innovations for contending with financing constraints, which may be of considerable value to numerous agencies.

Determination 4: Cost avoidance opportunities

LAFCO's role in encouraging efficiently provided public services depends, in part, on helping local agencies explore cost avoidance opportunities. The municipal service

review will explore cost avoidance opportunities including, but not limited to: (1) eliminating duplicative services; (2) reducing high administration to operation cost ratios; (3) replacing outdated or deteriorating infrastructure and equipment; (4) reducing inventories of underutilized equipment, buildings, or facilities; (5) redrawing overlapping or inefficient service boundaries; (6) replacing inefficient purchasing or budgeting practices; (7) implementing economies of scale; and (8) increasing profitable outsourcing.

Determination 5: Opportunities for rate restructuring

When applicable, the municipal service review will review agency rates, which are charged for public services, to examine opportunities for rate restructuring without impairing the quality of service. Agency rates will be scrutinized for: (1) rate setting methodologies; (2) conditions that could impact future rates; and (3) variances among rates, fees, taxes, charges, etc., within an agency and region. Service reviews will identify strategies for rate restructuring, which would further the LAFCO mission of ensuring efficiency in providing public services.

Determination 6: Opportunities for shared facilities

Public service costs may be reduced and service efficiencies increased, if service providers develop strategies for sharing resources. For example, service providers in San Diego County currently share communication centers, wastewater treatment facilities, and distribution lines. Sharing facilities and excess system capacity decreases duplicative efforts, may lower costs, and minimizes unnecessary resource consumption. The service review will inventory facilities within the study area to determine if facilities are currently being utilized to capacity and whether efficiencies can be achieved by accommodating the facility needs of adjacent agencies. Options for planning for future shared facilities and services will also be considered.

Determination 7: Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers

The municipal service review provides a tool to comprehensively study existing and future public service conditions and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently and cost-effectively provided. While the service review does not require LAFCO to initiate changes of organization based on service review finding, LAFCO, local agencies, and the public may subsequently use service reviews to pursue changes to services, local jurisdictions, or spheres of influence. LAFCO may examine efficiencies that could be gained through: (1) functional reorganizations within existing agencies; (2) amending or updating spheres-of-influence; (3) annexations or detachments from cities or special districts; (4) formation of new special districts; (5) special district dissolutions; (6) mergers of special districts with cities; (7) establishment of subsidiary districts; or (8) any additional reorganization options found in Government Code § 56000 et. seq.

Determination 8: Evaluation of management efficiencies

Management efficiency refers to the effectiveness of an agency's internal organization to provide efficient, quality public services. Efficiently managed agencies consistently implement plans to improve service delivery, reduce waste, eliminate duplications of effort, contain costs, maintain qualified employees, build and maintain adequate contingency reserves, and encourage and maintain open dialogues with the public and other public and private agencies. The service review will evaluate management efficiency by analyzing agency functions, operations, and practices—as well as the agency's ability to meet current and future service demands. Services will be evaluated in relation to available resources and consideration of service provision constraints.

Determination 9: Local accountability and governance

In making a determination of local accountability and governance, LAFCO will consider the degree to which the agency fosters local accountability. *Local accountability and governance* refers to public agency decision making and operational and management processes that: (1) include an accessible and accountable elected or appointed decision making body and agency staff; (2) encourage and value public participation; (3) disclose budgets, programs, and plans; (4) solicit public input when considering rate changes and work and infrastructure plans; and (5) evaluate outcomes of plans, programs, and operations, and disclose results to the public.

LEGISLATIVE POLICY L-106

Subject:

STRATEGY FOR CONDUCTING AND USING MUNICIPAL SERVICE REVIEWS

Purpose

To establish a framework that will assist the Local Agency Formation Commission in the preparation of municipal service reviews, while maintaining a focus on the service review determinations specified in State Law.

Background

AB 2838 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000) requires Local Agency Formation Commissions to conduct countywide, regional, or sub-regional municipal service reviews either before, or in conjunction with, sphere updates to help ensure the efficient provision of local governmental services. The process of information collection, data analysis, and development of the service review determinations requires a high level of participation and cooperation between San Diego LAFCO and local agencies.

Policy

It is the policy of the San Diego Local Agency Formation Commission to use the following six strategies to assist in the preparation of municipal service reviews:

1. *Scope of Work*: In order to successfully manage the data collection and analysis processes and guide service reviews toward timely completion, each service review should have a well-defined scope of work that incorporates the following:
    a. Develop and adhere to a realistic and manageable scope of work.
    b. Define the services to be reviewed.
    c. Identify unambiguous geographic boundaries for study areas.
    d. Define the time period under review.
    e. Defer review of services or service providers, which are marginally related to the pending service review, to subsequent service reviews, if necessary and appropriate.

2. *Requests for Information*: Collection of data is dependent on the cooperation and voluntary participation of local agencies. Requests for information should not represent an undue burden to local agencies and should be conducted in the following manner to maximize cooperation and participation levels:
    a. Discourage multiple requests for information unless there are compelling reasons.
    b. Limit requests for information to matters that are essential to conduct the service review and relevant to the nine determinations required by Government Code § 56430.
3. *Service Review Time Frame*: Service reviews provide a snapshot view of service delivery issues and are not meant to be ongoing studies. The following approaches will enable service reviews to be conducted in the shortest amount of time:
    a. Develop a task and time schedule for each service review and adhere to it.
    b. Confine data collection to the time period established under the scope of work unless there are compelling reasons to expand the time frame.
4. *Regional View*: Service reviews represent programmatic or macro-level information reports. The following approaches will reinforce the programmatic focus of service reviews:
    a. Adhere to the nine service review determinations in maintaining a programmatic view of service delivery.
    b. Focus on service delivery programs, procedures, policies and rules, rather than individuals who may be involved in the service delivery programs.
    c. Collect micro-level data only if necessary and if associated with programmatic aspects of service delivery.
5. *Level of Inquiry*: Multiple agencies may be involved with a service review. Individual agencies may be subject to different levels of review and inquiry based on the following:
    a. Allow for variation within the type and amount of information requested for each service review and from each local agency based on unique circumstances.

b. Utilize the judgment of staff, commissioners, advisory committees, stakeholders, public and agencies, etc., to establish an appropriate level of inquiry and data collection.

c. Defer the collection of data that is marginally related to the pending service review to subsequent service reviews.

6. *Data Accuracy*: Accurate data is essential for making meaningful conclusions and determinations. In some cases, LAFCO staff may not be qualified to ascertain accuracy of data and will need to obtain outside assistance. In other instances, either raw data, or conclusions of service review may not be germane to LAFCO's purview of the service review determinations required by State Law. In order to maintain focus on accuracy and relevancy of data:

   a. Utilize LAFCO staff, the Commission's advisory committees, local service agencies, or other appropriate organizations to determine data accuracy and relevancy.

   b. Refer service reviews to other regulatory agencies if data is determined to pertain to areas outside of LAFCO's purview, or is <u>not</u> relevant to a pending service review.

Adopted: April 7, 2003

LAFCO
San Diego Local Agency Formation Commission

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City of San Diego

Executive Officer

Michael D. Ott

Counsel

William D. Smith

August 18, 2004

TO: Distribution List

FROM: Executive Officer

SUBJECT: Release of Public Review Draft: North Central San Diego County Sphere Update and Municipal Service Review Study

BACKGROUND

The San Diego Local Agency Formation Commission (LAFCO) has released a public review draft of the North Central San Diego County Municipal Service Review (MSR) and Sphere of Influence (SOI) Update Study. Prior to scheduling a public hearing for these studies, an opportunity for public input and review has been provided.

Effective January 1, 2001, Government Code Section 56430 requires that service reviews be conducted for all local government agencies providing public services in San Diego County. An MSR is an informational report that provides LAFCO with a tool to comprehensively study existing and future public service conditions, and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently and cost-effectively provided. An SOI is a plan for the probable physical boundaries and service area of a local government agency. Government Code Section 56425 requires that spheres be regularly reviewed and updated as necessary. It is important to note that inclusion within an agency's sphere does not indicate that an affected area automatically will be annexed; an adopted sphere of influence is only one of several factors the San Diego LAFCO considers.

NORTH CENTRAL SAN DIEGO COUNTY MSR/SOI STUDY

The need for an SOI update and MSR study covering the provision of water and sewer services in and adjacent to the Rancho Santa Fe Community Services District (CSD) and the Olivenhain Municipal Water District (MWD), became evident in June of 2002 (refer to *Figure ES-1*). The primary motivation for conducting an MSR in the North Central region of San Diego County was the degree of development activity in this area and the service provision issues associated with this development. In December of 2002, the Commission approved a phased Olivenhain MWD, and the northern

portion of the City of San Diego. In early 2003, LAFCO authorized the affected agencies of Olivenhain MWD and Rancho Santa Fe CSD to take the lead in preparing this MSR and SOI update proposal. The Olivenhain MWD and Rancho Santa Fe CSD entered into a contract with *Cotton/Bridges/Associates, a Division of P&D Consultants,* in early 2004 for the preparation of the North Central San Diego County Municipal Service Review and Sphere of Influence Update.

In order to complete the MSR and SOI studies, a *Request for Information* (RFI) survey was prepared and distributed to the Olivenhain MWD, Rancho Santa Fe CSD, and the City of San Diego (as a nearby service provider). The survey results provided by Olivenhain MWD, Rancho Santa Fe CSD, and the City of San Diego were compiled into a *Data Summary* document. Additionally, existing service provider documents and data from other agencies located in close proximity to the North Central San Diego region were collected, organized, and reviewed during the analysis. Mapping exhibits were developed using a Geographic Information System (GIS) and provide a spatial presentation of the existing service areas, SOI boundaries, and the proposed modifications.

The SOI Update component of this study focused on 17 areas of service consideration that fell into four different sphere categories: a reduction of the sphere of influence to exclude the area of consideration, an expansion of the sphere of influence to include the area of consideration, no change to the existing sphere of influence, or a need for further study regarding the area of consideration. The preliminary conclusions of the MSR and SOI Update study are as follows:

Rancho Santa Fe CSD

The existing service area boundary for the Rancho Santa Fe CSD encompasses approximately 10,348 acres. The existing sphere of influence for the Rancho Santa Fe CSD is larger than its service area and includes an approximate 1,500 additional acres outside of the District – located south east of Del Dios Highway. While Rancho Santa Fe CSD examined eight possible areas of service consideration for inclusion within its sphere of influence, only four areas are proposed for actual inclusion at this time.

Sewer Service-Sphere of Influence Expansion

The four areas proposed for expansion to the Rancho Santa Fe CSD sphere of influence total approximately 156-acres. A description of the proposed sphere changes is as follows:

> **Santa Fe Hills** – Approximately 120-acres (*Figure SOI-1 Area of Service Consideration-15).* Proposed development consists of approximately 98 estate residential homes. Rancho Santa Fe CSD has indicated they have sufficient sewage capacity at the Santa Fe WRF to serve the proposed development;
>
> **Horseman's Valley** – Approximately 20.24-acres consisting of 17 residential parcels (*Figure SOI-1 Area of Service Consideration-8).* The area borders the Rancho Santa Fe CSD boundary to the east and is currently served by an existing sewer trunk line. Sufficient sewer capacity to serve this area is currently available from the Rancho Santa Fe CSD through a contract with the San Elijo JPA;

Open Space Parcel 264-510-11 – Approximately 10.04-acres of the total acreage for the parcel (*Figure SOI-1 Area of Service Consideration*-11). The open space parcel is currently vacant and is owned by a homeowners association. There are no plans for development of this parcel but the Rancho Santa Fe CSD wishes to include the area in its sphere of influence strictly for administrative purposes; and

Rancho Serena – Approximately 5.74-acres (*Figure SOI-1 Area of Service Consideration*-14). This area consists of 17 residential parcels of which 11 parcels have already been annexed into the Rancho Santa Fe CSD. The remaining 6 parcels comprise approximately 5.74 acres and can be served by an existing sewer line in Rancho Serena Road. Sufficient sewer capacity is available to serve the property from the Rancho Santa Fe CSD through a contract with San Elijo JPA.

Additional areas that were examined for possible inclusion in the Rancho Santa Fe CSD sphere are listed below. However, it should be noted that these areas were eliminated from consideration based on sewage capacity issues.

Bridges Project – Approximately 93.62-acres (*Figure SOI-1 Area of Service Consideration-3).* Potential service provider: Rancho Santa Fe CSD or City of Encinitas;

La Bajada Bridge – Approximately 34.14-acres (*Figure SOI-1 Area of Service Consideration*-9). Potential service provider: Rancho Santa Fe CSD or City of Encinitas; and

Stone Bridge – Approximately 94.12-acres (*Figure SOI-1 Area of Service Consideration*-16). Potential service provider: Rancho Santa Fe CSD or the City of Encinitas.

Sewer Service -Need for Further Study

Sun Valley – Approximately 496.09-acres (*Figure SOI-1 Area of Service Consideration-17).* The Sun Valley area has had a history of septic system failures during wet winter time periods. Accordingly, annexation to a public sewer service provider may be necessary in the future. There is insufficient information about the area and the ability of the Rancho Santa Fe CSD to extend service to the area at this time. Therefore, further study is necessary before a sphere determination can be made.

Olivenhain MWD

The existing water service area boundary for the Olivenhain MWD encompasses approximately 30,947 acres. The Olivenhain MWD's sphere of influence is less than district boundaries by an approximate 36 net acres. This less than agency sphere determination is a result of 226.35-acres located within the San Elijo Lagoon. The lagoon territory is not in need of services; therefore, it is not within the Olivenhain MWD's sphere. The adopted SOI for Olivenhain MWD is larger than its jurisdictional boundaries in five areas, which total an approximate 190 acres. Three of the areas are currently undeveloped and two of the areas are developed with residential/commercial uses.

Additionally, the Olivenhain MWD provides sewer service to two communities (Rancho Cielo and 4S Ranch) encompassing approximately 5,304 acres. Approximately 1,740 additional acres are currently outside of the sewer service area but within the Olivenhain MWD sewer sphere near and surrounding the Rancho Cielo community.

The Olivenhain MWD examined seven areas of consideration for possible inclusion within its sphere of influence for either water or sewer. As a result of this examination, there is one area proposed for removal from the Olivenhain sphere, one area proposed for inclusion in its water service sphere, two contractual service agreements that will be maintained along with the expansion of the sphere to incorporate those agreements, and six areas proposed for inclusion in its sewer service sphere. A description of the Olivenhain MWD's proposed water and sewer sphere changes follows.

Water Service-Proposed Sphere of Influence Reduction

An approximate 64-acre undeveloped area within the southern portion of the City of San Marcos and the Vallecitos Water District (WD) is currently in both the Olivenhain MWD and the Vallecitos WD spheres of influence. While within the Olivenhain MWD sphere, the property is not within the Olivenhain MWD service area for water or sewer. Although Vallecitos WD is not a lead agency for the North Central San Diego County Municipal Service Review and Sphere of Influence Update Study, the territory in question is covered by the MSR and SOI Update study. This overlap in spheres appears to be a mapping error dating back to 1994.

LAFCO will consider the removal of this sphere overlap by reducing the sphere in the northern section of the Olivenhain MWD to coterminous status with their corresponding service area thus rectifying the mapping error. The Vallecitos WD sphere of influence located in the southern most section of the City of San Marcos will remain unchanged in this area.

Water Service- Proposed Sphere of Influence Expansion

One area proposed for expansion to the water service sphere of influence totals approximately 38.72-acres and includes the Poway High School site:

> **Poway High School** – Approximately 20.62 acres of the Poway High School site are within the Olivenhain MWD. However, approximately 38.72 additional acres of the proposed school site are located outside the MWD (*Figure SOI-1 Area of Service Consideration*-12). LAFCO will consider expanding the Olivenhain MWD water and sewer service spheres to include the additional 38.72 acres outside of its water and sewer spheres and allowing for the provision of services from a single agency. The City of San Diego, Olivenhain MWD, and the Poway Unified School District however will coordinate to determine which entity shall serve the balance of the site for water service with a consideration for the City to develop contractual service agreements and/or sphere of influence changes to provide service as necessary.

Existing contractual service agreements that will be maintained necessitating an expansion to the water service sphere are described below:

Fairbanks Ranch Country Club – Approximately 70 acres of the Country Club site is within the Olivenhain MWD. However, approximately 304 additional acres of the Country Club site is located outside of the MWD (*Figure SOI-1 Area of Service Consideration*-6). It is proposed that Olivenhain MWD will continue to provide water under contract to the portion of the Country Club within the district and continue a temporary agreement for the remaining 304 acres outside of its boundaries. It is thus proposed by LAFCO staff that the sphere of influence for Olivenhain MWD be expanded to include this preexisting contractual service agreement dating back to 1984. Negotiations are currently under way for a recycled water contract between Olivenhain MWD and the City, and the City will continue to provide sewer service to the entire site.

Santaluz Affordable Housing - Black Mountain Ranch-Phase I – Approximately 17.64-acres outside of the Olivenhain MWD sphere and service area for both water and sewer (*Figure SOI-1 Area of Service Consideration*-1). Olivenhain MWD is currently under contract providing temporary water and sewer services; the City will assume the water service provision after 10 years. It is thus proposed by LAFCO staff that the sphere of influence (sewer service only) for Olivenhain MWD be expanded to include this preexisting contractual service agreement.

Sewer Service-Proposed Sphere of Influence Expansion

There are five areas proposed for inclusion in the sewer service sphere of influence totaling approximately 861.25-acres. These areas include:

Cielo Del Norte – Approximately 216.27-acres of the development (*Figure SOI-1 Area of Service Consideration*-5). Proposed development includes three project parcels totaling 128 housing units;

Oak Rose – Approximately 21.63-acres of the 39-acre development (*Figure SOI-1 Area of Service Consideration*-10). Proposed development includes approximately 9 estate residential homes; and

Poway High School – Approximately 20.62 acres of the Poway High School site are within the Olivenhain MWD. However, approximately 38.72 additional acres of the proposed school site are located outside the MWD (*Figure SOI-1 Area of Service Consideration*-12). LAFCO will consider expanding the Olivenhain MWD water and sewer service spheres to include the additional 38.72 acres outside of its water and sewer spheres and allowing for the provision of services from a single agency. The City of San Diego, Olivenhain MWD, and the Poway Unified School District however will coordinate to determine which entity shall serve the balance of the site for sewer service with a consideration for the City to develop contractual service agreements and/or sphere of influence changes to provide service as necessary.

Existing contractual service agreements that will be maintained necessitating an expansion to the sewer service sphere are described below:

East Cluster – Approximately 589.31-acres of the Black Mountain Ranch – Phase II development (*Figure SOI-1 Area of Service Consideration-2*). Proposed development includes single-family residences on large lots. Expansion of Olivenhain MWD's sewer sphere is proposed by LAFCO staff to accommodate an existing contractual agreement; the City will continue to provide water service; and

Santaluz Affordable Housing - Black Mountain Ranch-Phase I – Approximately 17.64-acres outside of the Olivenhain MWD sphere and service area for both water and sewer (*Figure SOI-1 Area of Service Consideration-1*). Olivenhain MWD is currently under contract providing temporary water and sewer services; the City will assume the water service provision after 10 years. It is thus proposed by LAFCO staff that the sphere of influence (sewer service only) for Olivenhain MWD be amended to include this preexisting contractual service agreement.

While the Cielo del Norte and Oak Rose developments are currently within the Olivenhain MWD sphere of influence and service area for water, the existing sewer service area and sphere of influence only covers a portion of these developments. The remainder of the developments is not within the District's sewer service sphere and an expansion of the sewer service sphere would allow the entirety of the developments to be within a single agency's sphere of influence.

City of San Diego

The City of San Diego examined eight possible areas of consideration for water and sewer service provision, however there are no proposed sphere of influence changes for the City at this time. The City and the Olivenhain MWD have worked out numerous existing temporary contractual service agreements regarding the provisions of water and sewer service as described in the section on Olivenhain MWD above.

No change to the existing sphere of influence

Furthermore, the following areas of service consideration within the MSR and SOI update study area will remain within the sphere of influence for the City of San Diego and be served solely by the City of San Diego:

Black Mountain Ranch–Phase II – Approximately 589.31-acres *(Figure SOI-1 Consideration-2)*;

Flower Hill – Approximately 477.34-acres (*Figure SOI-1 Area of Service Consideration-7)*;

Camelot – Approximately 68.32-acres (*Figure SOI-1 Area of Service Consideration-4)*; and

Poway Middle School – Approximately 30.08-acres (*Figure SOI-1 Area of Service Consideration*-13).

Santa Fe Irrigation District

Territory (14.17 acres) east of Aliso Canyon Road is currently in both the Olivenhain MWD and the Santa Fe Irrigation District (ID) spheres of influence. While Santa Fe ID is not a lead agency for the North Central San Diego County Municipal Service Review and Sphere of Influence Update Study, the area in question overlaps the MSR and SOI study boundaries and includes a special study area designation dating back to 1983.

Water Service-Sphere of Influence Reduction

After over 20 years without a change in jurisdictional reorganization in this overlapping sphere of influence area, LAFCO will consider the removal of this special study area designation from both the northern section of the Santa Fe ID sphere of influence and the corresponding section of the Olivenhain MWD sphere of influence. As a result of this removal of a special study area designation, the Santa Fe ID sphere of influence would be reduced to coterminous status on its northern boundary and the Olivenhain MWD sphere in this area would remain unchanged.

MSR DETERMINATIONS

The MSR component of the North Central San Diego County study contains 112 determinations covering the following 9 categories: infrastructure needs or deficiencies; growth and population projections; financing constraints and opportunities; cost avoidance opportunities; opportunities for rate restructuring; opportunities for shared facilities; government structure options, including advantages and disadvantages of consolidation or reorganization of service providers; evaluation of management efficiencies; and local accountability and governance. A full list of these determinations can be found beginning on page 1.5-1 of the Public Review Draft.

SUBMITTAL OF COMMENTS

An electronic copy of the Public Review Draft of the North Central San Diego County Municipal Service Review and Sphere of Influence Update Study is attached to this letter for your convenience on CD. Additionally, the Public Review Draft is available on the home page of the San Diego LAFCO website (www.sdlafco.org).

Please submit all comments by **September 10, 2004** to Michael D. Ott, Executive Officer, San Diego LAFCO, 1600 Pacific Highway Room 452, San Diego, CA 92101 or via fax to (619) 557-4190. The LAFCO staff analyst for this project is Laura Biery. You may contact the LAFCO office if you have any questions regarding this notification at (619) 531-5400.

MICHAEL D. OTT
Executive Officer

MDO:LAB:jb
Attachment

Distribution List:

Leucadia Wastewater District – Michael Bardin
Olivenhain Municipal Water District – David McCollom, Harry Ehrlich, George Briest
Santa Fe Irrigation District – Dana Johnson, Lloyd Holt
Vallecitos Water District – Cheryl Brandstrom, William Rucker
Rincon Del Diablo Municipal Water District
Questhaven Municipal Water District
Rancho Santa Fe, Fairbanks Ranch, and Whispering Palms Community Services Districts – John Pastore, Chuck Duffy
Rancho Santa Fe Association – Pete Smith, Keith Behner
San Dieguito Community Planning Group
Fairbanks Ranch Association
Whispering Palms Community Council
City of Encinitas/San Dieguito Water District – Lin Wurbs, Victor Graves, Bill Wilson, Gary Lee, Peter Cota-Robles, Bill O'Donnell, Rhonda Darling
City of San Diego Water Department – Charles Yackly, Kent Floro, Steve Harwell, Jim Fisher, Larry Gardner
City of San Diego Metropolitan Wastewater – Bill Hanley, Guann Hwang
City of San Diego Planning Department – Tait Galloway
City of San Marcos – Rick Gittings, Matthew Sunderland
City of Carlsbad – Ray Patchett
City of Del Mar
City of Solana Beach – Barry Johnson
City of Escondido
City of Vista- Rita Geldert
County of San Diego Parks and Recreation
San Diego County Water Authority
Rick Engineering Company – Norman C. Arndt, Kathleen Ferrier
Wilson Engineering – Dexter Wilson
Stephenson & Worley – Greg Garratt
Albert B. Frowiss
Black Mountain Ranch LLC - Duane Danielsen
Bridges Project
Cielo Del Norte & San Elijo Vista Project– David Resnick
Fairbanks Ranch Country Club
Open Space (APN 264-510-11)
Poway Unified School District - Douglas Mann
Santa Fe Hills
Santa Luz Affordable Housing - David Stearns
Ray Saatjian Property – Jo MacKenzie
Jasper and Jeanette Sciuto
Anne E. De Bevoise
Black Mountain Ranch Fire Station No. 48 – Tracy Jarman

North Central San Diego County MSR/SOI Update

Public Review Draft Comment Letters

Comment Letter	Author	Organization	Date
A	Wittwer, Leonard	The Escondido Creek Conservancy	September 3, 2004
B	Frowiss, Albert B.	Not applicable	August 29, 2004
C	Frowiss, Albert B.	Not applicable	September 6, 2004
D	Frowiss, Albert B.	Not applicable	September 7, 2004
E	Frowiss, Albert B.	Not applicable	September 12, 2004
F	Hoppenrath, Mid	Elfin Forest/Harmony Grove Town Council	September 9, 2004
G	Pastore, John	Rancho Santa Fe Community Services District	September 15, 2004
H	Dill, Douglas	San Dieguito Planning Group	September 19, 2004

LETTER A

P.O. Box 460791
Escondido
California
92046

September 3, 2004

The Escondido Creek Conservancy

Michael D. Ott
San Diego LAFCO
1600 Pacific Highway Room 452
San Diego, CA 92101

RE: North Central San Diego County MSR/SOI Study

Dear Mr. Ott,

A-1 This letter is in response to the release of the Public Review Draft of the North Central San Diego County Municipal Service review (MSR) and Sphere of Influence (SOI) Study, specifically as it relates to Open Space Parcel 264-510-11. We have two comments for your consideration.

A-2 The study incorrectly states this open space parcel is owned by a home owners association when it is in fact owned by The Escondido Creek Conservancy, a non profit land trust operating in the Escondido Creek watershed. We request that you correct this mistake in the final report.

A-3 The study proposes to add this parcel to the SOI of the Rancho Santa Fe Community CSD. As owners of this parcel, The Escondido Creek Conservancy is opposed to this sphere expansion. We will not have any need for sewer services and feel our mission of protecting the open space value of Escondido Creek is best served by not being part of the Rancho Santa Fe sewer service area. Please delete open space parcel 264-510-11 from the sewer service SOI expansion for the Rancho Santa Fe Community CSD.

Thank you for the opportunity to comment on the MSR/SOI study and for your consideration of our comments.

Sincerely,

Leonard Wittwer

Leonard Wittwer
Director, The Escondido Creek Conservancy

RESPONSES TO COMMENT LETTER A

Response to Comment A-1
Comment A-1 introduces the comment letter and states that the Escondido Creek Conservancy has two comments for consideration.

Response to Comment A-2
The land owner for the property known as Open Space (APN 264-510-11) was inadvertently attributed to a homeowner's association. The correct land owner is "The Escondido Creek Conservancy" and will be stated as such in the MSR/SOI. Section 2.1 of the Sphere of Influence shall be revised to read as follows:

> "The Open Space (APN 264-510-11) is a small parcel located in the central portion of the study area with an open space land use designation (SANDAG 2004). The existing County of San Diego land use designation for the site is Impact Sensitive (1 du/4, 8, 20 acres) and Estate Residential (1 du/2, 4 acres). The proposed General Plan designation for the area is Rural Residential and Semi-Rural Residential (1 du/2 acres). The Open Space parcel consists of vacant, undeveloped land and is owned by <u>The Escondido Creek Conservancy, a non-profit land trust operating in the Escondido Creek watershed</u>. This parcel will likely never be developed and is <u>considered</u> in the SOI Update for <u>research</u> purposes only."

In addition, the wording found in Table SOI-1 will also be revised to reflect the correct land ownership information for Open Space (APN 264-510-11).

Response to Comment A-3
The Escondido Creek Conservancy has requested that the Open Space (APN 264-510-11) property be excluded in the proposed sphere expansion for the Rancho Santa Fe Community Services District (RSFCSD). The following conclusion will be presented in Section 2.2 of the SOI as follows:

> "<u>The Open Space (APN 264-510-11) property is owned by The Escondido Creek Conservancy and consists of vacant, undeveloped land with a proposed General Plan land use designation of Rural Residential and Semi-Rural Residential. However, as the parcel will likely never be developed, and at the request of the land owner, the Open Space (APN 264-510-11) property is excluded from the proposed RSFCSD sphere expansion outlined in the SOI study</u>."

In addition, Table SOI-1 and Figure SOI-4 will also be revised to reflect the exclusion of the Open Space (APN 264-510-11) property from the proposed RSFCSD sphere expansion.

LETTER B

-----Original Message-----
From: al frowiss [mailto:frowiss@nethere.com]
Sent: Sunday, August 29, 2004 7:26 PM
To: Ott, Mike
Cc: Doug Dill; Bruce Liska; Biery, Laura
Subject: North Central San Diego County Sphere Update and Municipal Service Review Study

LAFCO, attention Michael D. Ott, Executive Officer
Re: North Central San Diego County Sphere Update and Municipal Service Review Study, your transmittal dated August 18, 2004.

Dear Mike:

B-1 I received my copy of the subject documentation on August 22nd and noted the incredibly tight response time of September 10th. Eighteen days, considering time to docket for groups that meet twice a month, is just too short. The magnitude and scope of changes is so huge, it ought to be allowed 60-90 days of public review before a LAFCO staff recommendation.

B-2 There are numerous extremely important issues in this study that the San Dieguito Planning Group will definitely want to comment upon. I noted that they are on your mailing list, yet as of today, they still have not received your data package at their Box 2789 address, 10 pages plus CD, so were unable to agendize, assign and docket for their September 2nd meeting. Their next meeting scheduled will be September 16th, then the following meeting is September 30th. I hope that you can delay your staff recommendations long enough to accommodate their schedule. I'm copying their chair and vice chairs on this email herewith so that they are advised now of what is supposed to be in their mail box, but isn't.

B-3 For the SDPG leadership's understanding of the scope of these issues, I summarize below the range of items on which you are seeking community input: These include water and sewer service options for three special districts and/or two cities, involving about 17 different subareas, and possible sphere of influence changes to water and/or sewer districts in relation to these specific following subareas:

Santa Fe Hills, Horseman's Valley, Rancho Serena, The Bridges, La Bajada Bridge area, Stonebridge, Sun Valley, Rancho Cielo, 4-S Ranch, Poway High School site, Fairbanks Ranch Country Club, Santaluz Affordable Housing, Cielo del Norte, Oak Rose, Black Mountain Ranch.

These various prospective changes could affect RSF CSD, SFID, OMWD, City of San Diego, City of Encinitas,

B-4 Mike, will you please confirm to Doug Dill (acting chair for summer months) what flexibility you have in providing additional time before solidifying your staff analyst's report?

Some of these are politically hot and highly sensitive issues in the communities, or would be if anyone in the grass roots knew about them, I can tell you with certainty, though most have moved forward in the shadows as these special districts tend to have nearly zero attendance at their board meetings, in part because special district agendas are so vague that no member

B-4 of the public could decipher them without studying their staff reports, which often aren't even available to the public until the day of the meeting. When I have raised concerns at certain special district board meetings on some of these specific sphere alteration projects, they have brushed me off by saying they have nothing to do with the impacts of these decisions, that it is all up to LAFCO. Well, now it's at LAFCO, but the public needs time to respond to you.

B-5 As you and I know, Mike, special district service and sphere boundaries can end up being a vital determinant in setting incorporation boundaries, among other things, thus the establishment and changing of these boundaries without substantial public hearings and review at the grass roots of communities is an issue that far transcends the financial windfall which might accrue to an individual development project by extending sewer.

I'm taking a stab guess at Laura Biery's email herewith. For Doug Dill's input, she's the staff analyst on this project and she is reachable at 619 531-5400.

Best regards,

al

Albert B. Frowiss
P.O. Box 909
Rancho Santa Fe, CA 92067 USA
858.756.1494 phone & fax

RESPONSES TO COMMENT LETTER B

Response to Comment B-1
Two separate public review periods will be provided for the North Central San Diego County Municipal Service Review and Sphere of Influence Update. The first public review period was not required by State law; however, it was provided to allow for public comment during a 21-day review period. The public review period for the MSR/SOI was originally 21-days; LAFCO staff agreed to extend the comment period to allow for input from all interested parties, per the request of the San Dieguito Planning Group. It should be noted that the MSR/SOI document will be made available for public review again prior to the LAFCO Commissioners taking action on the document. The public review comment period for that will be 30-days.

Response to Comment B-2
As outlined in Comment B-1, the public review comment period was extended by LAFCO to allow ample review time by the San Dieguito Planning Group and other interested parties. The San Dieguito Planning Group confirmed with LAFCO staff that the MSR/SOI documents were received within the specified public review period. Comments were received from the San Dieguito Planning Group on the MSR/SOI document following their September 18, 2004 meeting (refer to Comment Letter H).

Response to Comment B-3
The comment reiterates those areas of service consideration, service providers, and potentially effected jurisdictions outlined in the MSR/SOI for public review. As outlined in the SOI, the following service providers/jurisdictions could be affected through approval of the sphere changes proposed in the document: Rancho Santa Fe Community Service District; Olivenhain Municipal Water District; City of San Diego; City of Encinitas; and the City of Solana Beach.

Response to Comment B-4
Please refer to Response to Comments B-1 and B-2 for information pertaining to the extended public review comment period. An extension of two weeks beyond the public review comment period deadline of September 10, 2004 was granted to the San Dieguito Planning Group in order to allow adequate review time by this organization.

Response to Comment B-5
Please refer to Response to Comments B-1 and B-2 for information pertaining to the extended public review comment period. It should be noted that the MSR/SOI document will be made available for public review again prior to the LAFCO Commissioners taking action on the document.

LETTER C

From: al frowiss [frowiss@nethere.com]
Sent: Monday, September 06, 2004 1:55 PM
To: teccsters@yahoo.com; Doug Dill; Nancy Reed; Ott, Mike; Biery, Laura; Laurel Lemarié; Richard Doughty
Subject: LAFCO North Central San Diego SOI/MSR Study (SDPG meeting agenda item for 9-16-04)

LAFCO's Laura Biery/Mike Ott:

The first item I focused on, item 11 of the Areas of Service Consideration, has an error of possible consequence considering legal notice requirements.

C-1 According to my on-line title records, Open Space Parcel 264-510-11 is in fact owned by "The Escondido Creek Conservancy", a land trust, not a homeowners association as indicated in the LAFCO staff report. So, if the notice was sent to the RSF Villas HOA, I believe TECC should in fact be included. The parcel was part of the map which created 10 residential lots, a street lot, plus the open space lot; the development is known as "RSF Villas", a map originally done by Bill Strong, and later acquired and developed out with custom homes by partners of Peter Zarcades.

C-2 TECC is not shown on the distribution list for the LAFCO public review and presumably must be to satisfy legal notice, and I'm sure they would have some comment as to preference as to which jurisdiction their parcel would be placed.

As to that particular parcel, there has been an on-going feud, perhaps litigation as well, that involves open space easement access denial to the TECC owned parcel to facilitate their management of the open space, involving one or more of the residents of the RSF Villas development, the San Elijo Hills developer, Randy Goodson, owns lot 7 and his next door neighbor on lot 8 is lawyer Sam Blick. Logan Jenkins of the Union Tribune did a column on the brouhaha 5-24-03. My recollection is that Goodson did some major grading/infill (w/o L permit?) and fencing in the canyon to make his lot pad larger and the net result denied access to TECC that had been promised. Whether any of this has any relationship to the LAFCO study and the RSF CSD's "administrative purpose" need, I have no idea. Here's an excerpt from the Jenkins column as background.

Exclusive enclave embroiled in muddled easement dispute; [NC,NI Edition]
Logan Jenkins. **The San Diego Union - Tribune**. San Diego, Calif.: May 24, 2003. pg. NC.2

C-3 **Abstract** (Article Summary)

It took awhile, but [Randy Goodson] worked his way into the upper echelon of the American dream. A developer of the huge San Elijo Hills housing project in San Marcos, Goodson now lives in a gated enclave of 10 palatial houses just outside Rancho Santa Fe's Covenant, at the west end of Avenida del Duque.

Conservancy officials say Goodson's grading (as well as the fences) make it impossible for them to use their easement to get down to the creek to clean out invasive non-native plants. As it is now, the only way to the open space is along the sewer easement on Goodson's property.

Last month, Goodson and the conservancy's attorney, Everett DeLano, got into a hot confrontation in which Goodson accused DeLano of trespassing on his land to get to the conservancy's land

C-4 The subject APN is a 21.34 acre parcel largely in the Escondido Creek canyon, I believe, and for whatever "administrative purpose" apparently only a 10.04 acre part of it is now being considered for inclusion in the RSF CSD sphere expansion.

C-4 As the 21.34 acre parcel directly abuts lands owned by HCC Investors, et al, along the westernmost portions of The Bridges developments, which I believe has been referred to as either Unit 7 or 5, and which is currently undergoing various subdivision map change proposals, EIR, MUP, SPA, etc., so as to abandon certain previously dedicated open space in perpetuity and instead build homes on it, my guess is that these "administrative purposes" all tie together in some way.

If any of you have Everett Delano's email address, feel free to forward this email to him, as it would appear he might represent TECC. He resides in Cielo, and is a well known environmental land use attorney.

C-5 For TECC's benefit, in case you receive my email (prior Wittwer email address bounced), this LAFCO sphere of influence and MSR study for a multitude of target subareas, including portions of the adjacent "The Bridges" development seeking sphere and/or annexation changes for sewer services, and the Cielo Del Norte project inclusion, is on the agenda for the San Dieguito Planning Group for their September 16th evening meeting.

C-6 Doug Dill, I can't tell from your internal assignments which part Doughty is to be handling as it just says "Rancho Santa Fe", and frankly there are no RSF Covenant issues herein, they are all perimeter issues of the RSF CSD expansions into other areas. Nancy has been assigned "The Bridges", and that area as you know is the topic of major controversy in regards to the possible expansion RSF CSD sewer services crossing over the Escondido Creek into Elfin Forest, thus also blurring the "definition" between the two communities. That was dealt with extensively in Lemarie's motions, which passed unanimously, 13-0, as I recall, several months back, probably in Feb-April period. It's why I had suggested that Laurel Lemarie be assigned the part related to The Bridges and other things along the Escondido Creek. Anyway, I've copied Lemarie herewith so she can communicate with Reed, as necessary.

That's just one item. Haven't got to the others yet.

Albert B. Frowiss
P.O. Box 909
Rancho Santa Fe, CA 92067 USA
858.756.1494 phone & fax

RESPONSES TO COMMENT LETTER C

Response to Comment C-1
The land owner for the property known as Open Space (APN 264-510-11) was inadvertently attributed to a homeowner's association. The correct land owner is "The Escondido Creek Conservancy" and will be stated as such in the MSR/SOI. Section 2.1 of the Sphere of Influence shall be revised to read as follows:

> "The Open Space (APN 264-510-11) is a small parcel located in the central portion of the study area with an open space land use designation (SANDAG 2004). The existing County of San Diego land use designation for the site is Impact Sensitive (1 du/4, 8, 20 acres) and Estate Residential (1 du/2, 4 acres). The proposed General Plan designation for the area is Rural Residential and Semi-Rural Residential (1 du/2 acres). The Open Space parcel consists of vacant, undeveloped land and is owned by <u>The Escondido Creek Conservancy, a non-profit land trust operating in the Escondido Creek watershed</u>. This parcel will likely never be developed and is <u>considered</u> in the SOI Update for <u>research</u> purposes only."

In addition, the wording found in Table SOI-1 will also be revised to reflect the correct land ownership information for Open Space (APN 264-510-11).

Response to Comment C-2
The Escondido Creek Conservancy was provided with a copy of the MSR/SOI to review during the public comment period. Please refer to Comment Letter A for correspondence from this non-profit organization. The remainder of the comment pertains to potential litigation involving access to the Open Space (APN 264-510-11) property from surrounding properties. This issue is beyond the scope of the public review MSR/SOI.

The Escondido Creek Conservancy has requested that the Open Space (APN 264-510-11) property be excluded in the proposed sphere expansion for the Rancho Santa Fe Community Services District (RSFCSD). The following conclusion will be presented in Section 2.2 of the SOI as follows:

> "<u>The Open Space (APN 264-510-11) property is owned by The Escondido Creek Conservancy and consists of vacant, undeveloped land with a proposed General Plan land use designation of Rural Residential and Semi-Rural Residential. However, as the parcel will likely never be developed, and at the request of the land owner, the Open Space (APN 264-510-11) property is excluded from the proposed RSFCSD sphere expansion outlined in the SOI study</u>."

In addition, Table SOI-1 and Figure SOI-4 will also be revised to reflect the exclusion of the Open Space (APN 264-510-11) property from the proposed RSFCSD sphere expansion.

Response to Comment C-3
Comment C-3 presents a portion of a newspaper editorial article based on the accessibility of the Open Space (APN 264-510-11) property from neighboring properties.

Response to Comment C-4
The Escondido Creek Conservancy has requested that the Open Space (APN 264-510-11) property be excluded in the proposed sphere expansion for the Rancho Santa Fe Community Services District (RSFCSD). The following conclusion will be presented in Section 2.2 of the SOI as follows:

> "The Open Space (APN 264-510-11) property is owned by The Escondido Creek Conservancy and consists of vacant, undeveloped land with a proposed General Plan land use designation of Rural Residential and Semi-Rural Residential. However, as the parcel will likely never be developed, and at the request of the land owner, the Open Space (APN 264-510-11) property is excluded from the proposed RSFCSD sphere expansion outlined in the SOI study."

In addition, Table SOI-1 and Figure SOI-4 will also be revised to reflect the exclusion of the Open Space (APN 264-510-11) property from the proposed RSFCSD sphere expansion.

The remainder of Comment C-4 provides opinion about the MSR/SOI proposal to include the Open Space (APN 264-510-11) property in the RSFCSD or City of Encinitas sphere for administrative purposes.

Response to Comment C-5
The RSFCSD has expressed that they are not interested in providing wastewater services to Unit 7 of the Bridges project and have not requested an expansion or sphere of influence amendment to include this territory within their service area.

The Cielo del Norte project is proposed for inclusion within the wastewater service sphere of influence for the OMWD. This inclusion will involve the addition of 216.27 acres into the OMWD's wastewater sphere.

Response to Comment C-6
Comment C-6 appears to be directed towards members of the San Dieguito Planning Group. As outlined in Comment B-1, the public review comment period was extended by LAFCO to allow ample review time by the San Dieguito Planning Group and other interested parties. Comments were received by LAFCO from the San Dieguito Planning Group on the MSR/SOI document following their September 18, 2004 meeting (refer to Comment Letter H).

LETTER D

From: al frowiss [frowiss@nethere.com]
Sent: Tuesday, September 07, 2004 4:01 PM
To: Biery, Laura
Subject: LAFCO North Central MSR/SOI draft review

Hi Laura:

I have many queries.

D-1 1. Can computer challenged community members obtain a hard copy of the 100+ pages at your office, rather than trying to make heads or tails out of the megabyte file on line?

D-2 2. Is your draft stance that no EIR will be required as to the MSR or SOI issues? I would beg to differ on some SOI issues and wonder if LAFCO Staff is resolute and unbendable on the question? I don't want to waste my breath with a long argument as to why there are impacts to certain SOI determinations if it won't be considered.

D-3 3. Where are the missing figures, e.g., SOI-2, SOI-3, SOI-4, SOI-5 , and the portion of SOI-1 which is supposed to be on page 2-1-6 on the CD?

D-4 4. I'm curious who ever told you that the TECC parcel was owned by an HOA? I'm concerned about possible subterfuge involving other subrosa issues.

D-5 5. Is it clear that the Santa Fe Hills annexation would only utilize the Santa Fe Valley wastewater treatment facility of the RSF CSD, and not use up a drop of capacity of the RSFCSD's old facility down valley near Chino Farm? Your report has conflicting statements about it, which is why I ask. It is only, I think, in the Exec. Summary wherein it mentions the "Santa Fe" facility, which I presume means the Santa Fe Valley WPCF.

D-6 6. Santa Fe Hills is what we used to call Artesian Road subarea, a 400 acre portion of Section 26 with two acre zoning, not part of the Santa Fe Valley Specific Plan, though it was planned to be and they backed out at the last minute because they didn't want to participate in the infrastructure costs. Why is it now described in your report as an area of 98 EDU's, when presumably based on zoning it could be closer to 200? Prior to the Santa Fe Valley Specific Plan "planning" in the late 1980's, we had a moratorium on mapping in this subarea because it was being "piecemeal developed" by a series of parcel maps with no infrastructure planning, whether for roads, schools, sewer, etc. When I saw this pending a few months back on the RSF CSD agenda, I was puzzled at their "justification" being that they claimed that the Crosby/Starwood development phase of Santa Fe Valley had somehow "graded" part of the Santa Fe Hills lands, and thus made it unsuitable for septic. It didn't seem logical to me that this was the real reason for annexation. If there really was some accidental grading encroachment I would have thought that civil court would be the place to address that, not to alter community infrastructure planning. I raised the question at a CSD meeting, but was told this really was an issue they were leaving to LAFCO. Separately, someone told me it was really a promise made by the Crosby/Starwood people to get Santa Fe Hills annexed (in exchange for what, I don't know), and Santa Fe Hills people wanted to get it done before Crosby/Starwood people folded their tent and went away. I'm concerned that there is more than meets the eye with this.

D-7 7. Can I presume that as to any SOI issue re The Bridges, it is being dropped with no further consideration? The creeping, incremental expansion of The Bridges project along Escondido Creek causes me grave concerns about sprawl, blurring of community identity, inordinate control of municipal infrastructure planning by a private party. The entire issue demands an EIR of far greater depth than any done to date on individual project pieces.
In relation to all this, I'm curious who really owns and controls "Cotton/Bridges", the entity who did the study? I was involved in a Cotton Study in 1979 which made a clear distinction that the Escondido Creek canyon served as a logical service area and geographic and topographic limit line for the Rancho Santa Fe community, a couple of years later in fact adopted by the RSF CSD as it's outer boundary when formed.

D-8 8. Your report re the RSF CSD is in part incorrect. They DO NOT publish any newsletter. They are not elected

D-8 by division/district. Also, the part about their employee breakdown, longevity, etc., is a bit misleading, as, and you note this elsewhere, they have zero employees, virtually contracting everything out to Dudek.

D-9 9. Page 2-1-26, second paragraph....APN number relates to TECC parcel, not Via de la Valle open space.

D-10 10. Several places you note Solana Beach as having incorporated in 1985. June 1986.

D-11 11. You note in a couple of places that RSF CSD's wastewater facility is at capacity, and can only handle Santa Fe Hills....this is simply untrue in implication. The facility to be used for Santa Fe Hills is the new plant in Santa Fe Valley as I understand from separate reviews at the CSD meetings. The facility which is at capacity is the original WPCF plant down valley, and which is currently undergoing a 150KG/D expansion design phase, an expansion which will, if ultimately approved, largely benefit a proposed but unapproved GPA currently being processed in the County of 82 housing units which includes, in part, the property owned by the RSF CSD President, Jim Laret, who is also the project CE, and a lifting station would be located on his parcel. I believe it has also been stated in public meetings that this plant expansion would also be used by The Bridges, for their incremental project expansions. Perhaps something has changed, as I haven't attended their meetings in recent months.

D-12 11. I would offer in closing, that the State Senate's Local Government Committee was directly on target when they noted the incidence of wrongdoing in this area is of such significance that they urged the Legislature to extend the admonition concerning elected official roles to other types of special districts. I have 30 years experience as a citizen attending special district meetings. Most often, I am the only person in the audience. These boards are occasionally treated by public officials as private fiefdoms of special interests. Elections are orchestrated so that appointments are made by the club, rather than truly reaching out. Anyone actually filing to run is discouraged by insiders. Bare minimum compliance with sunshine laws is the rule. Outreach is the exception. Often directors will show up for role call to earn their stipend, and then leave a minute or two later, leaving a bare quorum to ratify whatever the Manager offers. Key issues of likely controversy are dealt with in "special" board meetings, where the 72 hour rule does not apply, so literally the public is shut out.

I was at a special district meeting when this issue was announced by a Manager that the State was suggesting that perhaps special district directors needed to be educated on governance, fiduciary rules and conflicts of interest, and it was poo-poohed by the very people who need guidance.

D-13 As Mike can attest, I've had a couple of incidents in the past two years with one agency exceeding their legal authority, spending or planning to spend money on projects outside the scope of their voter approved powers. Had I not delved into their detailed staff reports and blown the whistle, no one would have been the wiser, and large amounts of money would have been spent on unlawful projects, the most recent of which were roadside bus stop enclosures to the tune of a 50% contribution towards a $90,000 expense. Now, I am aware of further outside private entities still contemplating ideas for some kind of possible reorganization of the agency so as to get their hands on the approximate $1,000,000 in cash reserves which the agency has accumulated through their Prop XIII allocation, as these outside forces covet use of that money for other purposes.

Eternal vigilance by citizenry is the only way to assure good government.

Laura, if you could address some of my queries now, I could move forward with formulating what I would offer as recommendations on some of the multitude of issues in your draft study. The more you can guide me, the more "brief" my final recommendation might be

Albert B. Frowiss
P.O. Box 909
Rancho Santa Fe, CA 92067 USA
858.756.1494 phone & fax

RESPONSES TO COMMENT LETTER D

Response to Comment D-1
Hardcopies of the public review MSR/SOI were made available for public review at the offices of the Rancho Santa Fe Community Service District, Olivenhain Municipal Water District, and LAFCO. In addition, interested parties known to LAFCO were mailed electronic copies of the documents (including figures) in cd-rom format. A link to the document/figures was also provided on the LAFCO website at: [http://www.sdlafco.org].

Response to Comment D-2
An environmental review will be conducted for all proposed sphere of influence changes outlined in the public review MSR/SOI. This review will result in the preparation of an Initial Study per the requirements of the State of California Environmental Quality Act (CEQA). The conclusions and recommendations of this separate analysis (Initial Study) will be made available to the public in the near future. The Initial Study will be used by LAFCO to determine those proposed sphere changes that require additional environmental assessment.

Response to Comment D-3
The pages referenced in Comment D-3 were left intentionally blank, as they provide "place holders" for the MSR/SOI figures (e.g., Figure SOI-1, located on Page 2.1-6). All of the associated figures were provided on the cd-rom.

Response to Comment D-4
Please refer to Response to Comment C-1.

Response to Comment D-5
Section 2.1.3 of the public review MSR/SOI states:

> "The Santa Fe Hills development consists of 120 acres and is requesting sewer service from the RSFCSD. The development is situated along the southeastern border of the RSFCSD and would be best served by the RSFCSD."

The name/location of the wastewater facility owned and operated by the RSFCSD is the Santa Fe Valley Water Reclamation Facility, located in the southeastern portion of the RSFCSD service area immediately north of the Whispering Palms area. Should LAFCO and the RSFCSD determine that the Santa Fe Hills development would be best served by the RSFCSD, then wastewater services would be provided through the Santa Fe Valley Water Reclamation Facility. This facility has been sized for the ultimate build-out of the Santa Fe Valley Specific Plan Area (of which the Santa Fe Hills development is a part), and was designed so additional components of the facility could be brought on-line as flows increased with development. Should additional capacity of Santa Fe Hills be required in the future, then the facility may be expanded at the developer's cost.

Response to Comment D-6
Section 2.1.3 of the public review MSR/SOI states:

> "Santa Fe Hills currently consists of 90 [equivalent dwelling units]. In the future, one parcel will be subdivided into nine parcels for a total of 98 [equivalent dwelling units]."

This information is based on the current number of approved lots within Santa Fe Hills, plus the pending eight-lot subdivision. Due to the interest shown by existing landowners, LAFCO and the RSFCSD felt it prudent to include the entire Santa Fe Hills area into the RSFCSD sphere of influence rather than those individual parcels currently interested in sewer service. The remainder of Comment D-6 provides speculation as to a potential relationship/agreement between the developer of Santa Fe Hills and the neighboring Crosby/Starwood development.

Response to Comment D-7
Section 2.1.3 of the public review MSR/SOI states:

> "The Bridges project totals 30 [equivalent dwelling units] with an estimated wastewater flow of 8,400 [gallons per day] and water flow of 15,750 [gallons per day]. The project is currently seeking a wastewater provider. Although this area borders the RSFCSD sphere of influence, the nearest sewer trunk is approximately one-mile away. Therefore, unless there is a service provider to the north of the Bridges project, the most appropriate [service] provider could be the Cardiff Sanitation Division of the City of Encinitas. This option may require excessive piping and pumping of wastewater. Alternatively, the Bridges project could be serviced by the RSFCSD; however, with this option the development would have to pay for expanded infrastructure with the RSFCSD. Whichever provider is to provide the services, the confirmation has to be provided that sufficient capacity exists to accommodate the sewage flows from the project."

Table SOI-1 also indicates that the two most appropriate service providers would be either the City of Encinitas or the RSFCSD. The determination of the most appropriate service provider will likely require consultation among LAFCO, the City of Encinitas, RSFCSD, and Bridges project homeowners. The RSFCSD states that it is not pursuing expansion of its sphere of influence to include the Bridges project at this time. Should the County of San Diego decide to allow RSFCSD to provide wastewater services to the Bridges project, then the RSFCSD would consult with the appropriate land owners to determine the necessary expansion of wastewater treatment plant facilities.

Cotton/Bridges/Associates is a private consulting firm that has been retained by the OMWD and RSFCSD to assist in the preparation and development of the MSR/SOI.

Response to Comment D-8
Table MSR-10 of the public review MSR/SOI incorrectly noted that the RSFCSD publishes a newsletter. The table will be amended appropriately. The RSFCSD is currently working on construction of a website. The directors of the RSFCSD are elected at-large within the district. The public review MSR/SOI states on page 1.3-4 that "the

RSFCSD contracts with a private engineering company, Dudek & Associates, to provide all staff functions." To provide further clarification, Section 1.3.1 of the public review MSR/SOI has been amended to read:

> "The RSFCSD contracts with a private consulting firm to provide staffing services; this staff of 14 employees are utilized on an as-needed basis."

Response to Comment D-9
The APN number noted in the second paragraph on Page 2.1-26 of the public review MSR/SOI was incorrectly attributed to the open space area above Via de la Valle. The paragraph is question has been amended as follows:

> "The open space system is comprised primarily of hillsides. Approximately 62 acres are in an open space to protect the open space network and to preserve its natural beauty. The open space area preserves valuable natural features and provides a transition between the developments. The north/south ridges and canyons, which from on Via de la Valle, are visible from Interstate-5, San Dieguito River Valley, and the southern bluffs of the Carmel Valley community."

Response to Comment D-10
The MSR/SOI inadvertently stated that the City of Solana Beach was incorporated in 1985. The MSR/SOI will be revised to correctly state the month/year of the City of Solana Beach's incorporation as June, 1986.

Response to Comment D-11
As stated in the MSR/SOI, the RSFCSD Rancho Santa Fe Wastewater Facility is currently at capacity; the Santa Fe Valley Water Reclamation Facility is a 0.485 million gallon per day (GPD) tertiary-rated wastewater treatment facility that is currently operating at 50,000 GPD. This facility has been sized for the ultimate build-out of the Santa Fe Valley Specific Plan Area (of which the Santa Fe Hills development is not a part), and was designed so additional components of the facility could be brought on-line as flows increased with development. Should additional capacity of Santa Fe Hills be required in the future, then the facility may be expanded at the developer's cost.

Please refer to Response to Comment D-7 for information pertaining to the Bridges project. Should the County of San Diego Board of Supervisor authorize the Bridges project, then the RSFCSD may consider providing wastewater services to the project. However, the RSFCSD is not a proponent of the Bridges project, nor is it the stated position of the RSFCSD to seek treatment plant expansion in order to provide wastewater services to the project.

Response to Comment D-12
Comment D-12 primarily states speculation about the management and administration of regional service providers.

Response to Comment D-13
No response necessary.

LETTER E

From: al frowiss [frowiss@nethere.com]
Sent: Sunday, September 12, 2004 12:39 PM
To: Biery, Laura; Ott, Mike
Cc: Jack McGee
Subject: LAFCO North Central SD County MSR/SOI

LAFCO: North Central SD County MSR/SOI Attn: Laura Biery, Staff Analyst

RE: MSR/SOI DRAFT: FLOWER HILL/SUN VALLEY/FAIRBANKS COUNTRY CLUB

E-1 It's my belief that it might well be time to sit down with the City of San Diego and ask for a halt to all pending General Plan Amendment and Rezone requests in this area until and if a special study is conducted to ascertain if the abutting unincorporated areas of Sun Valley, Rancho Del Mar, et al, are ever to be provided sewer services. There are complex surface and subsurface hydrology issues in this area, exacerbated upon new piecemeal development, and every storm, and virtually brought to catastrophe situations in El Nino conditions, such as occurred in the 30 year floods of the 1980-83 periods when the entire San Dieguito River Valley was inundated for two to three years, and all low lying septic systems such as along Sun Valley perimeters were compromised. Some of the properties described in the Flower Hill and Sun Valley areas (City and County) were literally under a few feet of water for months at a time. The interjurisdictional "concern" is highly lacking, allowing piecemeal development, and there needs to be a growth management and comprehensive infrastructure plan in place before any further changes are adopted by San Diego which impact abutting, established County unincorporated areas.

E-2 There is, e.g., currently a GPA/Rezone application pending with the City of San Diego by Gatlin Development for rezoning an agricultural parcel to commercial office. The parcel abuts the County boundary, is partially underwater, has serious past violation issues relative to landfill, serves as a water and perhaps sewage catchbasin, has serious drainage issues, and is the epitome of the kind of problems faced by Sun Valley area residents in dealing with a remote City government which has no voters and very little infrastructure in the region.

E-3 I think a subregional HEC-2 study needs to be performed as a centerpiece of an EIR addressing the impacts of SOI changes to this entire subarea, not focused on a single parcel. Further, when the County's General Plan Seismology Element draft was circulated around 1990 for this area, it identified this coastal reach subarea of the San Dieguito River Valley as having a high probability of liquefaction potential, and thus urged no further high intensity public uses be allowed without special studies. Perhaps the surface and subsurface hydrology studies can be combined with an overall geotechnical study.

E-4 Personally, I would like to see this entire subregion we know as Sun Valley/Rancho Del Mar as well as over the opposite side of the ridge at Horseman's Valley, Rancho Serena and Stonebridge, to all be included in the sphere of the RSF CSD for consideration of future sewage options, even if done by contract with the City of San Diego or City of Encinitas as to their infrastructure lines. To annex any of these areas to San Diego, Solana Beach or Encinitas would simply invite higher density, urban intensity development, too close to Rancho Santa Fe borders for comfort. I think this area serves as a useful density buffer to Rancho Santa Fe and the sphere of RSF CSD should be extended along the bluffs to abut the City of Solana Beach boundaries and the City of San Diego boundaries on the south and east, and to the San Elijo lagoon and the City of Encinitas boundaries on the west. Rancho Santa Fe is basically surrounded by natural boundaries of two navigable waterways and lagoons, and those boundaries should establish the service limits.

I formerly chaired the San Dieguito Planning Group in the last half of the 1980's and served on numerous County and SANDAG task forces, including the original citizen advisory efforts in creating what is now the RIVERPARK JPA.

Albert B. Frowiss
P.O. Box 909
Rancho Santa Fe, CA 92067 USA
858.756.1494 phone & fax

RESPONSES TO COMMENT LETTER E

Response to Comment E-1
As stated in the MSR/SOI, LAFCO, the City of San Diego, and other potentially affected service providers will undertake additional study to determine the appropriate service provider(s) for the Sun Valley/Rancho Del Mar area. Page 2.1-17 of the SOI states:

> "A study was conducted in 1996 to determine the feasibility of providing a sewer system to replace the septic system in use at Rancho Del Mar (which includes Sun Valley). The study…concluded that the general topography of the Rancho Del Mar area allows the area to be serviced by the City of San Diego with the use of a gravity collection system, without the need of a regional pump station….Due to the complexity of this area, it should be looked at more closely in a separate study."

As to the community of Flower Hill, however, a recent site reconnaissance by the City of San Diego engineers identified the requirement of pump stations for the sewer service. This requirement was identified based on considerably steep slope at the north side of the Via de la Valle corridor, the existing configuration of properties outside the City limits, and other engineering considerations.

This additional detailed study should consider the potentially complex surface/subsurface hydrology issues in the area, inter-jurisdictional conditions, and potential impacts to abutting County of San Diego unincorporated areas.

Response to Comment E-2
Comment E-2 summarizes a pending development proposal before the City of San Diego for a parcel located in the Sun Valley/Rancho Del Mar area. The commenter notes that complex environmental and jurisdictional issues are evident and that this development proposal "is the epitome of the kind of problems faced by Sun Valley area residents." As stated in Response to Comment E-1, a detailed study should be undertaken by the City of San Diego and other potentially affected service providers to determine the appropriate service provider(s) for the Sun Valley/Rancho Del Mar area.

Response to Comment E-3
Other than the Fairbanks Ranch Country Club, no SOI determinations have been made in the MSR/SOI that would indicate the most appropriate service provider(s) for the Sun Valley/Rancho Del Mar area. (As stated in the MSR/SOI, the Olivenhain Municipal Water District is the most appropriate service provider for the Fairbanks Ranch Country Club for water and recycled water). Additional study is required by the City of San Diego and other potentially affected service providers to determine the most appropriate service provider(s) for the Sun Valley/Rancho Del Mar area. Geologic/hydrologic hazards, including liquefaction potential, would likely be considered and analyzed under any Environmental Impact Report determined to be necessary. HEC-2 is a hydrogeologic model that may be determined to be useful for the study.

Response to Comment E-4

As stated in the MSR/SOI, the RSFCSD Rancho Santa Fe Wastewater Facility is currently at capacity; the Santa Fe Valley Water Reclamation Facility is a 0.485 million gallon per day (GPD) tertiary-rated wastewater treatment facility that is currently operating at 50,000 GPD. This facility has been sized for the ultimate build-out of the Santa Fe Valley Specific Plan Area (of which the Santa Fe Hills development is not a part), and was designed so additional components of the facility could be brought on-line as flows increased with development. The most appropriate service providers for the areas mentioned in Comment E-4 have been identified, where possible, in the MSR/SOI. The RSFCSD has been identified as a potential service provider for the Horseman's Valley, Rancho Serena, and Stonebridge areas. Other potential service providers include the Cities of Solana Beach/Encinitas. Additional study is necessary to make a determination for the actual service provider(s) for these areas.

LETTER F



2004-5 **Board Members:**

Mid Hoppenrath (chair)
Jan Denny (vice-chair)
Evelyn Alemanni
Patti Newton
Greg Parman
Eric Anderson
Robert McGurk
Arie Franken

20223 Elfin Forest Rd. Elfin Forest A 92029

Mike Ott
Executive Director of LAFCO
1600 Pacific Highway, Room 452
San Diego, CA 92101

September 9, 2004

Re: Extension of Olivenhain Municipal Water District's Sphere of Influence to include Cielo del Norte

Dear Mr. Ott,

The Elfin Forest Harmony Grove Town Council wishes to comment on the public review draft of the North Central San Diego County Municipal Services Review and Sphere of Influence Update Study.

F-1 We oppose the proposed extension of the Olivenhain Municipal Water District's Sphere of Influence to include the 216.27 acres and 128 housing units of the Cielo del Norte residential project. The project is within the boundary of CSA107, and is therefore part of the Elfin Forest community. It is expected that the project must conform to Elfin Forest community character guidelines (http://www.efhgtc.org/community_standards.htm).

F-2 The Cielo del Norte project proposes gated roadways, mainly small lots for tract housing, streetlights, sewer service, and no large animal keeping, which is wholly in conflict with formal community standards adopted by the residents of the rural community of Elfin Forest and on record with the Department of Planning and Land Use, County of San Diego. The Town Council has repeatedly told the developer that the project should be built with full 2 acre lots in a manner similar to the rest of the community. The developers have apparently rejected this plan, along with a compromise position proposed by the San Dieguito Planning Group that called for a 'transitional' lot configuration that provides rural residential 2-acre lots (free of open space easements) on the Cielo del Norte streets adjoining Elfin Forest and ½ acre lots on the Cielo del Norte streets that border and include the Rancho Cielo portions of the project, with 1.5 to ¾ acre lots making up the transitional zone.

F-3 Because extending sewer service to this area would allow the construction of a clustered, high-density development that conflicts with the Elfin Forest community standards, the Elfin Forest Harmony Grove Town Council opposes the extension of the Olivenhain Municipal Water District's Sphere of Influence to include the proposed Cielo del Norte project.

The Elfin Forest Harmony Grove Town Council would appreciate being added to the LAFCO distribution list for any project activity within the Elfin Forest Harmony Grove communities.

Sincerely

Mid Hoppenrath, Chair, Elfin Forest Harmony Grove Town Council
Cc: David McCollum, Olivenhain Municipal Water District; Sue Varty; Doug Dill, San Dieguito Planning Group

RESPONSES TO COMMENT LETTER F

Response to Comment F-1
Comment F-1 identifies the commenter and states opposition to the proposed extension of the OMWD's sphere of influence to include the Cielo del Norte development. The Cielo del Norte project was approved by the County of San Diego Board of Supervisors on December 3, 2003. As stated in the MSR/SOI, the Cielo del Norte project consists of 128 equivalent dwelling units. Approximately 66 percent of the Cielo del Norte project site is located in the Rancho Cielo Sewer Service Area. The project, as approved, will rely on services from the OMWD. (It should be noted that the developer will be required to submit a request for service, receive annexation into the Rancho Cielo Sewer Service Area, and comply with all conditions established by the OMWD Board of Directors at such time as they review/approve the application for service). Also as noted in the public review draft MSR/SOI, the OMWD currently maintains the capacity to serve the Cielo del Norte project and is the most logical service provider. The conformance of the Cielo del Norte project to the Elfin Forest community character guidelines is not under review by the OMWD or LAFCO.

Response to Comment F-2
Comment F-2 primarily states the commenter's opposition to the Cielo del Norte development. As stated in the MSR/SOI, the existing and proposed County of San Diego land use designation for the development site is Estate Residential; the current land use is defined by SANDAG as vacant land. Based on the proposed land use (128 equivalent dwelling units), the OMWD is the most logical sewer service provider for the Cielo del Norte project. Consideration of transitional lot configuration is beyond the scope of the MSR/SOI.

Response to Comment F-3
Comment F-3 states the Elfin Forest/Harmony Grove Town Council's opposition to the expansion of OMWD's sphere of influence to include the Cielo del Norte project. Based on the OMWD's location to the proposed project and its capacity to provide sewer service to the 128 equivalent dwelling units, the OMWD appears to be the most logical service provider.

LETTER G

RANCHO SANTA FE
COMMUNITY SERVICES DISTRICT

GENERAL MANAGER
John Pastore

BOARD OF DIRECTORS
Jim Laret
Doug Moul
Dale Nelson
Margaret O'Driscoll
John Tanner

September 15, 2004

Mr. Michael Ott
LAFCO
1600 Pacific Hwy., Rm. 452
San Diego, CA 92101

Re: North Central San Diego County MSR/SOI Study

Dear Mike:

The enclosed Resolution was adopted by the Rancho Santa Fe CSD Board of Directors and is intended to authorize LAFCO to adopt the MSR/SOI Study on its behalf.

G-1

The only change in the final draft based on public comment received to-date is the CSD's desire to have the open space parcel APN 264-510-11 removed from inclusion in the sphere amendment.

Please feel free to call me if you have any questions.

Sincerely,

John Pastore, General Manager

Resolution No. R-2004-03

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RANCHO SANTA FE COMMUNITY SERVICES DISTRICT ACCEPTING THE DRAFT NORTH CENTRAL SAN DIEGO MUNICIPAL SERVICES REVIEW, SPHERE OF INFLUENCE UPDATE AND REQUESTING ADOPTION BY THE SAN DIEGO LAFCO

ON MOTION of Director Moul, seconded by Director Tanner, the following Resolution No. R-2004-03 is adopted by the Board of Directors of the Rancho Santa Fe Community Services District.

WHEREAS, the Rancho Santa Fe Community Services District and the Olivenhain Municipal Water District have contracted with an engineering consultant to prepare a Municipal Services Review and Sphere of Influence Study for North Central San Diego County; and

WHEREAS, said Study has been reviewed and discussed by the Rancho Santa Fe Community Services District Board of Directors;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED pursuant to Government Code Section 61700 et. Seq. as follows:

1. The Board certifies that approval of the subject document, Exhibit A, is ministerial in nature and not subject to the requirement of CEQA; and

2. The Board hereby approves the subject document and refers it to the San Diego County Local Agency Formation Commission for public review and adoption.

PASSED AND ADOPTED this 13th day of September, 2004, at a meeting of the Board of Directors of the Rancho Santa Fe Community Services District, County of San Diego, State of California, by the following vote:

AYES: Moul, Tanner, O'Driscoll & Laret

NOES: 0

ABSENT: Nelson

President, Board of Directors
Rancho Santa Fe
Community Services District

Resolution No. R-2004-03

STATE OF CALIFORNIA)
County of San Diego)

I, PAMELA K. MERRIAM, Secretary of the Board of Directors of the Rancho Santa Fe Community Services District, County of San Diego, State of California, hereby certify that the foregoing Resolution, being Resolution No. R-2004-03, was duly passed, approved and adopted by the Board of Directors, approved and signed by the President, and attested by the Secretary, all at the monthly meeting of said Board held on September 13, 2004.

Witness my hand this 13th day of September 2004.

By Pamela K. Merriam
Secretary of the Board of Directors
Rancho Santa Fe Community Services District

RANCHO SANTA FE
COMMUNITY SERVICES DISTRICT

GENERAL MANAGER
John Pastore

BOARD OF DIRECTORS
Jim Laret
Doug Moul
Dale Nelson
Margaret O'Driscoll
John Tanner

September 15, 2004

Mr. Leonard Wittwer, Director
The Escondido Creek Conservancy
P.O. Box 460791
Escondido, CA 92046

Re: North Central San Diego County MSR/SOI Study

Dear Mr. Wittwer:

Thank you for bringing the correct ownership of the open space parcel APN 264-510-11 to our attention. This will be reflected in the final report.

Also, at your request the parcel will not be included in the Rancho Santa Fe CSD's amended sphere of influence.

Please feel free to call me if you have any questions.

Sincerely,

John Pastore, General Manager

cc: M. Ott, LAFCO
J. Bridges, CBA

RESPONSES TO COMMENT LETTER G

Response to Comment G-1

Comment G-1 is from the RSFCSD indicating the approval of the content of the public review MSR/SOI by the RSFCSD Board of Directors. The RSFCSD requests that the Open Space (APN 264-510-11) property be removed from inclusion in the sphere of influence expansion proposal.

The Escondido Creek Conservancy has requested that the Open Space (APN 264-510-11) property be excluded in the proposed sphere expansion for the Rancho Santa Fe Community Services District (RSFCSD). The following conclusion will be presented in Section 2.2 of the SOI as follows:

> "The Open Space (APN 264-510-11) property is owned by The Escondido Creek Conservancy and consists of vacant, undeveloped land with a proposed General Plan land use designation of Rural Residential and Semi-Rural Residential. However, as the parcel will likely never be developed, and at the request of the land owner, the Open Space (APN 264-510-11) property is excluded from the proposed RSFCSD sphere expansion outlined in the SOI study."

In addition, Table SOI-1 and Figure SOI-4 will also be revised to reflect the exclusion of the Open Space (APN 264-510-11) property from the proposed RSFCSD sphere expansion.

LETTER H

-----Original Message-----
From: Douglas Dill [mailto:theddills@worldnet.att.net]
Sent: Sunday, September 19, 2004 12:13 AM
To: Ott, Mike
Subject: SDPG Comments - Draft of the North Central San Diego County Municipal Service Review (MSR) and Sphere of Influence (SOI) Update Study

September 18, 2004

Michael D Ott
Executive Director
San Diego LAFCO
1600 Pacific Coast Highway, Room 452
San Diego, CA 92101

Dear Mr. Ott:

H-1 The San Dieguito Planning Group appreciates having the opportunity to comment on the Review Draft of the North Central San Diego County Municipal Service Review (MSR) and Sphere of Influence (SOI) Update Study.

Please note following comments:

H-2 1. SDPG supports the position of TECC (The Escondido Creek Conservancy), that the open space parcel is not owned by the Bridges homeowners association, but by TECC.

H-3 2. SDPG does not see any need to provide comments or note changes within the RSF.

H-4 3. Vallecitos Water District boundaries should match the City of San Marcos boundaries. No part of Vallecitos district should ever go into or overlap unincorporated San Diego Boundaries.

H-5 4. Delete the Oak Rose project in Mt. Israel area. The community overwhelmingly rejected the "sewered" project. The Oak Rose applicant has withdrawn the "sewered" project.

H-6 5. Elfin Forest/Harmony Grove Town Council opposes the OMWD's proposed sphere of influence into the Cielo del Norte project.

6. Discussions with LAFCO staff indicated that the Sun Valley area (17) was not under active consideration at this time for a Sphere of Influence reconsideration. The Rancho Santa Fe CSD indicated to LAFCO that they were not interested in undertaking a study of extending service to the Sun Valley area at this time. However they did not close the door to considering such a study at some future date.
The residents of the Sun Valley area has made it perfectly clear in the past that they do not want to have any changes to any of their Spheres of Influence, including community services. However, at some future date, if a Sphere of Influence for Community Services became an issue, Sun Valley area residents have indicated the Rancho Santa Fe CSD would be the primary choice for consideration. This position was supported by a census poll of all residents conducted in the past.

H-7 If the Planning Group is mistaken and the Sun Valley area is under active consideration for a change of Sphere of Influence, then the Planning Group requests that:

H-7

a.) A census poll is conducted of all Sun Valley area residents to determine the local consensus on the issue.
b.) All MUP's and CUP's be placed on hold until LAFCO studies are complete.
c.) An EIR be required which addresses the Sphere of Influence change that studies the impact on local properties including but limited to, impact on housing density, potential for rezoning and a sub regional HEC-2 hydrology study dealing comprehensively with surface and subsurface groundwater and storm water run off including drainage and flooding issues.
c.) The participants in the study include the RSF CSD, the City of San Diego and the County of San Diego DEH (Septic System responsibility).

Thank you for your time and consideration.

Sincerely,

Douglas Dill
SDPG Vice-Chair

RESPONSES TO COMMENT LETTER H

Response to Comment H-1
Please refer to Response to Comment C-1.

Response to Comment H-2
Comment noted; no response necessary.

Response to Comment H-3
All water district/service provider shapefiles presented in the MSR/SOI (including Vallecitos Water District) were obtained from the State of California GIS clearinghouse website at: [http://gis.ca.gov/index.epl]. Furthermore, this digital information was verified with the San Diego County Water Authority Regional Master Plan (draft) (December 2002). The Vallecitos Water District is subject to a previously approved MSR; this district's SOI is currently being updated as part of a separate SOI study.

Response to Comment H-4
According to a private consultant representing the Oak Rose developer, the proposed Oak Rose development is no longer seeking to extend the wastewater lines from Rancho Cielo to provide sewage disposal for the project. In an email dated October 5, 2004 to Mr. Harry Ehrlich (OMWD), the private consultant stated that the request to provide services previously submitted to the OMWD has been withdrawn. The developer has determined that the project will rely on private septic systems; the OMWD sphere of influence will not be adjusted to include the Oak Rose project in its boundaries. Table SOI-1 and Figures SOI-1 through SOI-5 shall be revised in the final MSR/SOI accordingly.

Response to Comment H-5
Comment H-5 states the commenter's opposition to expanding the OMWD sphere of influence to include the Cielo del Norte project. Based on the OMWD's location to the proposed project and its capacity to provide sewer service to the 128 equivalent dwelling units, the determination is that the OMWD is the most logical service provider. Please refer to Responses to Comment F-1 through F-3 for additional information.

Response to Comment H-6
The MSR/SOI does not propose any sphere of influence changes that would affect the residents of the Sun Valley/Rancho Del Mar area. As stated in the MSR/SOI, the City of San Diego and other potentially affected service providers will undertake an additional detailed study to determine the most appropriate service provider(s) for the Sun Valley/Rancho Del Mar area. Also refer to Response to Comment E-1.

Response to Comment H-7
As stated in the MSR/SOI (and Response to Comment H-6), no sphere of influence changes proposed in the document would impact the residents of the Sun Valley/Rancho Del Mar area. An environmental review is being conducted on the proposed sphere of influence amendments outlined in the MSR/SOI. This review will result in an Initial Study prepared in accordance with the California Environmental Quality Act (CEQA)

Guidelines. The Initial Study will determine the appropriate level of environmental review necessary, if any, for all of the areas of service consideration requiring sphere of influence amendment.

POWAY UNIFIED SCHOOL DISTRICT

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FACILITIES
Doug Mann, Executive Director

July 12, 2004

VIA FAX (760) 753-5640 AND USPS

Harry Ehrlich, Deputy General Manager
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

RE: WATER SERVICE TO DEL NORTE HIGH SCHOOL

Thank you for the opportunity to comment during the Municipal Service Review process that is currently being conducted by the San Diego County Local Agency Formation Commission ("LAFCO"). The Poway Unified School District ("District") has determined that service regarding water, sewer and recycled water is, at this time, best provided by the Olivenhain Municipal Water District. Though the school's property (Parcel Nos. 678-230-08-00 and 678-230-12-00) overlies a portion of the City of San Diego's service area, it is the District's understanding that service will not be available for an extended period of time. The District's planned opening date for the Del Norte High School is September 2008. It is the District's further understanding that the City of San Diego will not be able to design and construct infrastructure to provide the above-referenced services by the planned opening date. The average attendance at the proposed Del Norte High School will be 2,250 students, therefore timely service is a high priority. The gross acreage for the proposed school site is 62.3 acres.

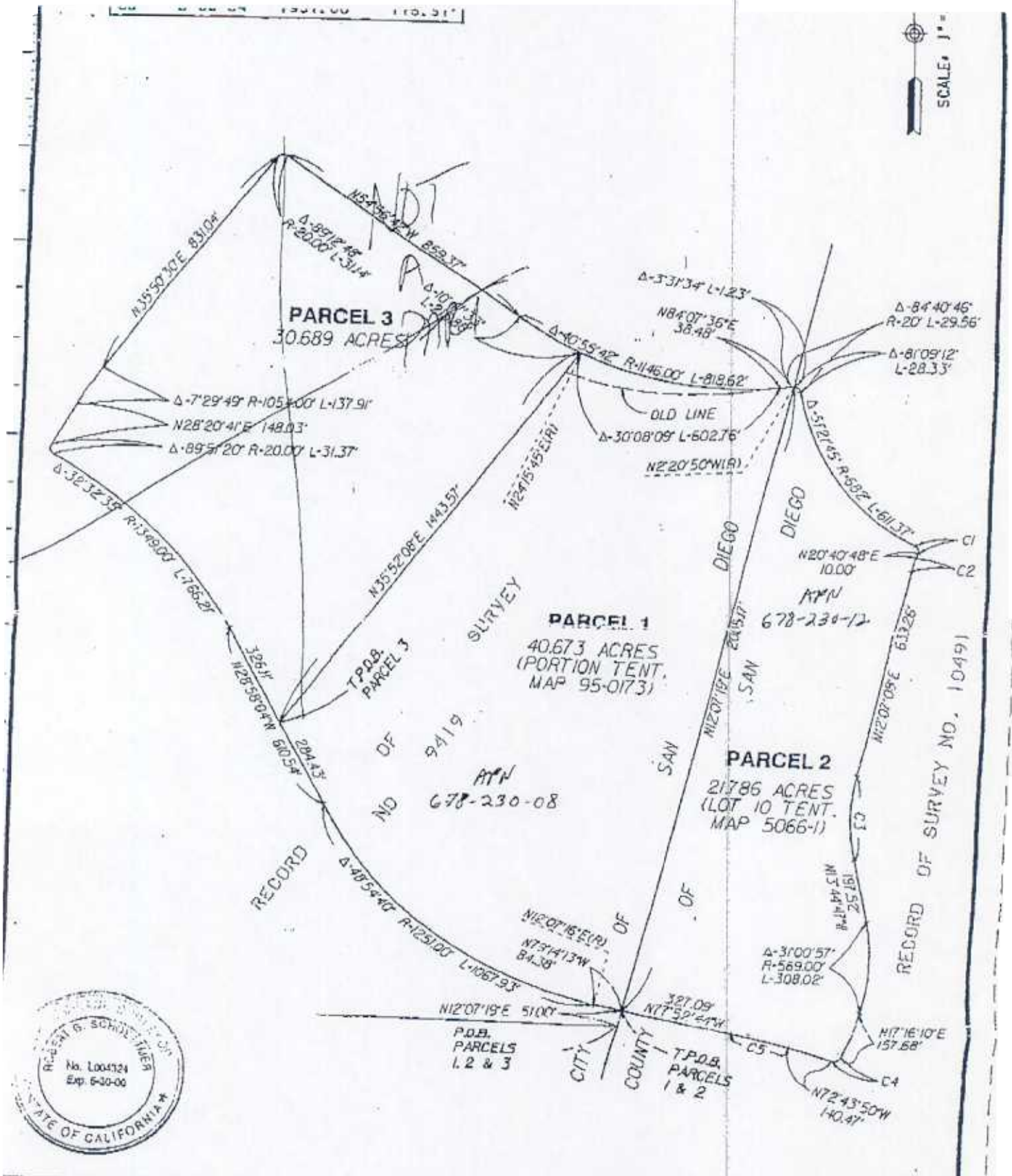
We have attached relevant maps and schematics that we believe support the District's request that the Del Norte High School property be annexed into the Olivenhain Municipal Water District's service area.

Should you have any questions regarding the above, please do not hesitate to call Ken Miller at (858) 679-2518.

Very truly yours,

Douglas E. Mann, Executive Director
Facilities

cc: Michael Ott, Exec. Director, San Diego County LAFCO
Ken Miller, Project Manager, SCM



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BLACK MOUNTAIN/4S RANCH
HIGH SCHOOL AND MIDDLE SCHOOL SITE

P.3 858-668-2711 Planning Jul 12 04 05:45p
DLLVENHRIN WATER DIST Fax:760-753-1638 Jul 13 '04 11:57 P.04

THE CITY OF SAN DIEGO

MWWDPROG

2004010410

October 22, 2004

Doug Mann
Director of Facilities
Poway Unified School District
13626 Twin Peaks Road
Poway, CA 92064

Dear Mr. Mann:

Subject: Water, Reclaimed Water, and Sewer Services to New Del Norte High School

Per your request presented in the meeting of September 27, 2004, the Water Department and Metropolitan Wastewater Department of the City of San Diego have reached the following conclusion after evaluating the timing of new development to the subject area.

The Water Department and MWWD propose to allow Olivenhain Municipal Water District to provide the water, reclaimed water, and sewer services to the Del Norte High School on a permanent basis. The proposed action is subject to the approval of the City Council.

Please contact me at 858-292-6476, if you have any questions.

Sincerely,

Guann Hwang
Senior Civil Engineer
GH:gh

cc: Charles Yackly, Assistant Director, Water Department, City of San Diego
Bill Hanley, Deputy Director, MWWD, City of San Diego
Ann Sasaki, Deputy Director, MWWD, City of San Diego
Allen Holden, Assistant Deputy Director, MWWD, City of San Diego
Bobbi Salvini, Senior Civil Engineer, DSD, City of San Diego
Shahin Moshref, Senior Civil Engineer, DSD, City of San Diego
Michael Ott, Executive Officer, San Diego LAFCO
Harry Ehrlich, Deputy General Manager, Olivenhain Municipal Water District
Robert Edgerton, Senior Environmental Planner, Cotton/Bridges/Associates

DIVERSITY

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