



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

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AGENDA REPORT
 Public Hearing

October 7, 2019

TO: Commissioners

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

SUBJECT: **Proposed “San Marcos Highlands Reorganization” | Concurrent Annexations to the City of San Marcos, San Marcos Fire Protection District, and Vallecitos Water District and Detachments from the Vista Fire Protection District and Vista Irrigation District with Associated Sphere of Influence Amendments (RO17-07 et al.)**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a reorganization proposal filed by an interested landowner with the principal action to annex 124.9 unincorporated acres to the City of San Marcos. Additional boundary changes involving portions of the affected territory are also proposed and involve concurrent annexations to the San Marcos Fire Protection District (FPD) and Vallecitos Water District (WD) and detachments from Vista FPD and Vista Irrigation District (ID). The purpose of the proposal is to facilitate the development of the affected territory as part of a 189-lot residential development tentatively approved by the City of San Marcos and titled “San Marcos Highlands.” Staff recommends approval of the proposal and the requested boundary changes as submitted with conforming sphere of influence amendments to Vallecitos WD, Vista FPD, and Vista ID. Standard approval terms are also recommended along with waiving protest proceedings.

<p>Administration Keene Simonds, Executive Officer County Operations Center 9335 Hazard Way, Suite 200 San Diego, California 92123 T 858.614.7755 F 858.614.7766 www.sdlafco.org</p>	<p>Jim Desmond County of San Diego</p> <p>Dianne Jacob, Vice Chair County of San Diego</p> <p>Greg Cox, Alternate County of San Diego</p>	<p>Mary Casillas Salas City of Chula Vista</p> <p>Bill Wells City of El Cajon</p> <p>Paul McNamara, Alternate City of Escondido</p>	<p>Mark Kersey City of San Diego</p> <p>Chris Cate, Alternate City of San Diego</p>	<p>Jo MacKenzie, Chair Vista Irrigation</p> <p>Barry Willis Alpine Fire Protection</p> <p>Erin Lump, Alternate Rincon del Diablo MWD</p>	<p>Andy Vanderlaan General Public</p> <p>Harry Mathis, Alternate General Public</p>
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BACKGROUND

Applicant Request

San Diego LAFCO has received an application from a landowner – Farouk Kubba – requesting approval to reorganize 124.9 acres of unincorporated and undeveloped land at the current terminus of North Las Posas Road and adjacent to the City of San Marcos’ Santa Fe Hills neighborhood. The principal request involves annexation of all of the affected territory to the City of San Marcos. Concurrent boundary changes to annex portions to Vallecitos WD and San Marcos FPD as well as to detach portions from Vista FPD and Vista ID are also proposed. The affected territory overall is divided into 11 parcels all under the ownership of the applicant. The County of San Diego Assessor’s Office identifies the subject parcels comprising the affected territory as 184-102-44, 184-102-32, 184-102-18, 182-110-02, 184-240-13, 184-240-32, 184-240-33, 184-241-06, 184-241-05, 184-101-14, and 184-101-15 (portion). None of the subject parcels have been assigned situs addresses.

Affected Territory

The following map shows the approximate location of the affected territory in context to the greater San Marcos region. Attachments One, Two, and Three show the affected territory relative to the proposed boundary changes involving the subject agencies.



Subject Agencies

The proposed reorganization filed with San Diego LAFCO involves five subject agencies: City of San Marcos; San Marcos FPD; Vallecitos WD; Vista FPD; and Vista ID.¹ Summaries of all five subject agencies in terms of resident population, service activities, and finances follow.

- The City of San Marcos spans approximately 15,616 acres or 24 square miles and generally bounded by the unincorporated communities of Twin Oaks to the north and Elfin Forest to the south as well as the Cities of Vista to the west and Escondido to the east. San Marcos was incorporated in 1963 and is governed by a five-member city council consisting of a directly elected mayor and four councilmembers elected by district. The estimated resident population is 95,768 with an average annual growth rate of 1.8% since 2010. LAFCO established a sphere of influence for San Marcos in 1979, which was last updated in 2008 with a larger-than-agency designation to include 5,771 non-jurisdictional acres and equal to 36% of the jurisdictional boundary. San Marcos' audited net position is \$1.001 billion as of June 30, 2018 and has increased by 0.6% over the prior three fiscal years.
- San Marcos FPD is a subsidiary district of the City of San Marcos since 1987 and was originally formed in 1936. San Marcos FPD spans approximately 21,120 acres or 33 square miles with 75% overlapping with the City. Most of the remaining the jurisdictional boundary extends into the unincorporated communities of Harmony Grove and Twin Oaks. San Marcos' City Council serves as the San Marcos FPD Board of Directors and oversees the District's two integrated municipal service activities: (a) fire protection and (b) emergency medical. The estimated resident population is 106,584 with an average annual growth rate of 1.9% since 2010. LAFCO established a transitional (zero) sphere of influence for San Marcos FPD in 1984, which was last updated in 2007. San Marcos FPD's financials are incorporated as a subsidiary district into San Marcos' net position.
- Vallecitos WD is an independent special district formed in 1955 and spans approximately 28,800 acres or 45 square miles with 51% overlapping the City of San Marcos. Most of the remaining jurisdictional boundary extends into the unincorporated communities of Twin Oaks and Deer Springs. A five-member Board of Directors oversees Vallecitos WD's three municipal service activities: (a) potable water; (b) recycled water; and (c) wastewater. The estimated resident population is 102,129 with an average annual growth rate of 1.9% since 2010. LAFCO established a sphere of influence for Vallecitos WD in 1985, which was last updated in 2007 with a larger-than-agency designation to include 2,150 non-jurisdictional acres and equals 7.5% of the jurisdictional boundary. Vallecitos WD's audited net position is \$262.2 million as of June 30, 2018 and has increased by 5.1% over the prior three years.

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

- Vista FPD is an independent special district formed in 1944 and spans approximately 10,788 acres or 17 square miles. Most of the jurisdictional boundary covers the unincorporated communities of Bonsall and Twin Oaks. A five-member Board of Directors oversees Vista FPD’s two integrated municipal service activities – (a) fire protection and (b) emergency medical – with all administrative and field operations contracted out to the City of Vista and its Fire Department. The estimated resident population is 19,014 with an average annual growth rate of 0.4% since 2010. LAFCO established a sphere of influence for Vista FPD in 1984, which was last updated in 2014 with a larger-than-agency designation to include 441 non-jurisdictional acres and equals 4.1% of the jurisdictional boundary. Vista FPD’s audited net position is \$10.9 million as of June 30, 2017 and has increased by 7.1% over the prior three years.
- Vista ID is an independent special district formed in 1923 and spans approximately 63,569 acres or 99 square miles with 18.7% overlapping the City of Vista. Vista ID’s service area includes the Lake Henshaw territory that lies outside of the County Water Authority boundary. Most of the remaining jurisdictional boundary extends into the City of San Marcos and the unincorporated community of Twin Oaks. A five-member Board of Directors oversees Vista ID’s one municipal service activity: (a) potable water. The estimated resident population is 134,829 with an average annual growth rate of 1.1% since 2010. LAFCO established a sphere of influence for Vista ID in 1988, which was last updated in 2007 with a smaller-than-agency designation to exclude 43,459 jurisdictional acres and equals 68.4% of the jurisdictional boundary. Vista ID’s audited net position is \$112.7 million as of June 30, 2018 and has increased by 6.2% over the prior three fiscal years.

Affected Local Agencies

The affected territory lies within the jurisdictional boundaries directly subject to San Diego LAFCO and as such qualify as “affected agencies” relative to the proposed reorganization.²

- CSA No. 135 – Regional Communications
- Metropolitan Water District of Southern California
- North County Cemetery District
- Palomar Health Healthcare District
- Resource Conservation District of Greater San Diego
- San Diego County Flood Control District
- San Diego County Street Lighting District
- San Diego County Water Authority
- San Marcos FPD
- Tri-City Healthcare District
- Vista FPD
- Vista ID

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

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the reorganization proposal and the principal action to annex all of the affected territory to the City of San Marcos. Associated boundary changes (annexations and detachments) involving San Marcos FPD, Vallecitos WD, Vista FPD, and Vista ID are also part of the requested reorganization. The Commission may also consider applying conditions of approval so long as it does not directly regulate land use, property development, or subdivision requirements. Additional discussion with respect to proposal purpose, associated development potential, and Commission focus follows.

Proposal Purpose

The primary purpose of the proposed reorganization before San Diego LAFCO is to facilitate the development of the affected territory as part of a 189-lot single-family residential subdivision. This planned development extends into six additional parcels that are already in the City of San Marcos and collectively produce a 293.3 acre “project site.”³ The reorganization – pertinently – is necessary to bring in all of subject parcels included in the project site under San Marcos’ land use authority. Concurrent boundary changes addressing water, wastewater, and fire services are also proposed and involve the annexation/detachment of 45.2 acres between Vallecitos WD and Vista ID as well as the annexation/detachment of 11.2 acres between San Marcos and Vista FPDs.

Development Potential

The affected territory is planned for residential uses under both the County of San Diego and City of San Marcos’ General Plans, albeit to different density allowances. San Marcos’ allows for nearly 16-times the density compared to the County with the agencies’ minimum parcel sizes within the affected territory comparatively set between 5,000-5,500 to 87,120 feet, respectively. The applicant’s development plans for the affected territory along with adjacent incorporated lands began in the early 1980s and included the City approving a specific plan to accommodate up to 275 single-family residences in 1988. After earlier development plans failed to materialize the applicant secured a series of new approvals from San Marcos in November 2016, which serve as the prompt for the reorganization proposal. San Marcos’ current approvals include a tentative subdivision map allowing for 189 clustered single-family residences along with dedicated parks and an open-space preserve. Approvals also extend Las Posas Road to the approximate mid-point of the affected territory for purposes of connecting to an internal road network that would serve the subdivision; the extension does not – as previously contemplated – connect further north to Buena Creek Road.⁴ Given the open-space dedications no further density would be allowed within the affected territory at buildout. Additional intensity would also be

³ The project site is divided between a 265.8 “specific plan area” and 27.5 acres in adjacent conservation dedications.

⁴ Other City of San Marcos’ approvals associated with the San Marcos Highlands included a general plan amendment, specific plan amendment, conditional use permit, ridgeline development permit, and certification of a final Environmental Impact Report. Additionally, San Marcos conditioned its approvals on entering into an Annexation Agreement with the County of San Diego, California Department of Fish and Wildlife, and the U.S. Army Corps of Engineers for a 210.8 acre Natural Open Space Preserve and an additional 6.5 acre conservation easement for conservation of protected species per the Draft North County Multiple Species Conservation Plan.

restricted to uses that are necessary to the main use; no second dwelling units are permitted in the specific plan area.

Commission Focus

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

ANALYSIS

The analysis of the reorganization proposal is organized into two subsections below. The first subsection considers the three central and sequential policy issues introduced in the preceding section. This pertains to evaluating the merits of the conforming sphere of influence amendments for three of the five subject agencies, the timing of the reorganization itself and more specifically the annexation to the City of San Marcos and concurrent reorganizations of the subject special district service providers, and whether approval modifications and/or terms are appropriate. The second subsection considers other germane issues under LAFCO law or applicable State statutes and marked by making findings under the California Environmental Quality Act (CEQA).

Central Policy Items

Item No. 1 |

Sphere of Influence Amendments

The proposed reorganization necessitates San Diego LAFCO approve conforming sphere of influence amendments for three of the five subject agencies to achieve consistency with the requested boundary changes under statute.⁵ The scope of the conforming amendments involves expansion of the sphere for Vallecitos WD to include the respective affected territory while reducing the spheres of Vista FPD and Vista ID to exclude the respective affected territory. (The boundary changes do not require sphere amendments involving City of San Marcos and San Marcos FPD.) Consideration of the amendments are premised on the Commission's statutory task to designate spheres to demark the affected agencies' appropriate current and future service areas relative to community benefits and needs as determined by the membership. Accordingly, staff believes it would be appropriate for the Commission to proceed and approve the sphere amendments for the cumulative effect of recognizing explicitly Vallecitos WD and implicitly San Marcos FPD – and not Vista ID and Vista FPD – are the best service providers for the affected territory going forward *should* the lands annex to San Marcos (emphasis). These amendments would parallel and support the Commission's earlier determination the affected territory should ultimately develop within San Marcos and sync therein with the communities of

⁵ Reference to Government Code Section 56375.5.

interests between the City, San Marcos FPD, and Vallecitos WD.

Conclusion | Merits of the Sphere Amendments

Approval of the conforming amendments to add the affected territory to Vallecitos WD's sphere and exclude from Vista FPD and Vista ID's spheres are warranted. Justification is marked by the preceding analysis and cumulatively and advantageously consolidates service planning for the affected territory through the City of San Marcos and its existing social and economic ties with San Marcos FPD and Vallecitos WD. Additional analysis supporting the conclusion – including addressing the factors required under statute – is provided in Appendix A.

Item No. 2 | Reorganization Timing

The timing of the reorganization – and specifically the lead action to annex the affected territory to the City of San Marcos along with concurrent reorganizations affecting special districts' fire protection/emergency medical, wastewater, and water services – appears appropriate and highlighted by the analysis of the factors required for consideration under statute anytime jurisdictional changes are proposed. The majority of the prescribed factors focus on the impacts on the service and financial capacities of the *receiving* agencies: San Marcos; San Marcos FPD; and Vallecitos WD (emphasis added). No single factor is determinative. A summary of key conclusions generated in review of these items follows with additional analysis provided in Appendix B.

- Service Needs

The affected territory's planned land uses would be appropriately aided by the reorganization and annexations to the City of San Marcos, San Marcos FPD, and Vallecitos WD given their respective abilities to provide a range of urban-supporting services to the subject lands. Additional details follow.

- The Commission has previously designated the City of San Marcos as the ultimate land use authority and primary service provider therein for the affected territory through the standing inclusion in the City sphere. Annexation to San Marcos memorializes this standing Commission expectation and accommodates the expressed interest of the affected landowner as evident by their initiation of the reorganization proceedings.
- The landowner's intention to develop 189 single-family residences with the majority concentrated within the affected territory helps to quantify the timing of the reorganization and annexation to the City of San Marcos is appropriate by synching the boundary changes with a known development action.

- Service Capacities and Levels

The City of San Marcos, San Marcos FPD, and Vallecitos WD would directly assume municipal service responsibilities for the affected territory upon reorganization and highlighted by providing community planning, fire protection and emergency medical, wastewater, and water. A review of existing capacities indicates all three of these subject agencies have sufficient controls and resources to readily accommodate demands in the affected territory at its planned and maximum uses. Additional details on service capacities and levels follow.

- With respect to the City of San Marcos, the affected territory is located immediately north of its jurisdictional boundary and adjacent to the San Fe Hills subdivision; the latter approved in 1988 and now at buildout with approximately 1,758 residential units. Central urban-supporting municipal services to be provided by San Marcos following annexation involve community planning, parks and recreation, police (via contract with the San Diego County Sheriff), and public works (streets and traffic). Staff believes these municipal services are appropriately sized and/or planned – including developer mitigation requirements – to accommodate the demands in the affected territory at buildout consistent with established standards.
- With respect to San Marcos FPD, approximately nine-tenths of the affected territory already lies within its jurisdictional boundary. The reorganization would add the remaining acreage – or 11.2 acres – to San Marcos FPD’s jurisdictional boundary and consolidate the District as the entity appropriately responsible for providing fire protection and emergency medical to the subject lands. San Marcos FPD’s closest fire station to the affected territory is Station No. 1 located at 180 W. Mission Road, San Marcos. This is one of four San Marcos Fire Department/San Marcos FPD stations and houses one paramedic engine company, one paramedic truck company, one paramedic rescue, and one paramedic ambulance and staffed 24 hours. The station is approximately 3.4 miles from the affected territory. Analysis performed by San Marcos in reviewing the underlying development project identified travel time from Station No. 1 to the furthest structure in the affected territory would be 5.75 minutes and would meet the 7 minute standard (dispatch to scene) followed by San Marcos FPD in the County General Plan’s Public Facilities Element.
- With respect to Vallecitos WD, approximately two-thirds of the affected territory already lies within its jurisdictional boundary. The reorganization would add the remaining acreage – or 44.1 acres – to the jurisdictional boundary and consolidate Vallecitos WD as the appropriate entity authorized to provide both water and wastewater to the subject lands. Vallecitos WD has an existing 10-inch water main directly adjacent to the affected territory within Ardilla Way. An additional connection to the 12-inch water main in Las Posas Road will be required to provide a looped system. The proposed single-family residences and three park sites will be served through individual lateral connections.

Vallecitos WD provided a will-serve letter to the applicant attesting the District has sufficient water system capacities to accommodate demands subject to applicable mitigation, which includes paying fees to improve storage levels. Vallecitos WD separately has an existing wastewater trunk line adjacent to the affected territory within Las Posas Road. Collected wastewater will gravity flow to the trunk line south within Las Posas Road to an existing 36-inch interceptor within San Marcos Boulevard and ultimately conveyed to the Meadowlark Reclamation Plant for treatment. Vallecitos WD has provided a will-serve letter to the applicant attesting the District has sufficient wastewater system capacities to accommodate demands subject to applicable mitigation.

- Service Funding and Costs

The City of San Marcos, San Marcos FPD, and Vallecitos WD have adequate financial resources to provide an appropriate level of municipal services to the affected territory in support of the planned development of the San Marcos Highlands subdivision. This comment is drawn from the staff analyses of these receiving agencies' recent audited statements and reflected in all experiencing increases in their net position over the last three audited fiscal years.

Conclusion | Merits of Reorganization Timing

The timing of the reorganization and related transfer of land use authority and other specified services to the City of San Marcos, San Marcos FPD, and Vallecitos WD is warranted. Justification is marked by synching a known development project with the Commission's designated long-term land use authority's jurisdiction in San Marcos in step with attesting all accommodating urban-supporting services – including fire, emergency medical, water, and wastewater – can be extended without adverse impacts to existing constituents. Additional analysis supporting the conclusion – including the factors required under statute – is provided in Appendix B.

Item No. 3 | Modifications and Terms

San Diego LAFCO staff has identified one potential boundary modification in the course of reviewing the reorganization proposal relative to statute and local policies that merit consideration by the Commission but ultimately not recommended for reasons provided. This potential modification would involve an additional reorganization encompassing approximately one-half – or 59.5 acres – of the affected territory and affects Tri-City and Palomar Healthcare Districts (HD) with the detachment of the former and annexation to the latter for purposes of unifying all of San Marcos within Palomar HD. The potential financial impacts associated with this modification, however, merit additional review and accordingly staff recommends deferring additional consideration to the next scheduled topical municipal service review in 2020-2021. Applying standard terms are appropriate.

Conclusion | Modifications and Terms

No modifications are recommended at this time with deference to performing additional analysis on the merits of a possible change involving Tri-City and Palomar HDs in a future municipal service review. Standard approval terms are appropriate.

Other Statutory Considerations

Exchange of Property Tax Revenues

California Revenue and Taxation Code (RTC) Section 99(b)(6) requires the adoption of a property tax exchange agreement by the subject local agencies before LAFCOs can consider proposed jurisdictional changes. Subsection (d) also allows a master property tax exchange agreement to govern the exchange of property tax revenues between the county and an annexing city. To this end, San Diego LAFCO has confirmed an existing Master Property Tax Transfer Agreement between the County of San Diego, City of San Marcos, and San Marcos FPD applies to the reorganization and all associated boundary changes. The substantive result means 23-36% of the combined revenue allocated to the County and the detaching special districts as part of the 1% property tax will be transferred to San Marcos and San Marcos FPD. (No transfer will be made to Vallecitos WD.) The current year transfer totals \$409.13 to San Marcos and \$25.67 to San Marcos FPD.⁶

Environmental Review

CEQA requires San Diego LAFCO to assess whether impacts would result from activities approved under the Commission's statutory authority. Accordingly, San Diego LAFCO is tasked with making two distinct determinations as lead and responsible agency under CEQA with respect to considering the proposed reorganization. This involves the (a) accommodating sphere of influence amendments and (b) the reorganization itself. Staff's analysis and recommendations follow.

- San Diego LAFCO serves as lead agency under CEQA for the accommodating sphere of influence amendments to add the respective portions of the affected territory to Vallecitos WD while removing respective portions from Vista FPD and Vista ID. Staff has determined this activity is a project under CEQA but exempt from further review under the "general rule" provision provided under State CEQA Guidelines Section 15061(b)(3). This exemption appropriately applies given it can be seen with certainty spheres are planning policies and the establishment, update, and amendment therein do not make changes to the environment or authorize any new land uses or municipal services.

⁶ The County Assessor and Auditor have identified the total assessed valuation for the affected territory as \$1,038,009 with corresponding annual property tax revenue of \$10,380.09. Current property tax revenue allocated to the County General Fund is \$1,702.68 and \$82.17 to the detaching Vista FPD. Application of the MPTA would result in total property tax revenue allocated to the County General Fund of \$1,359.67 with \$409.13 transferred to San Marcos and \$25.67 to the San Marcos FPD.

- The City of San Marcos serves as lead agency under CEQA for the reorganization and boundary changes therein to annex all of the affected territory to the City along with proportional annexations to San Marcos FPD and Vallecitos WD and detachments from Vista FPD and Vista ID. San Marcos has determined this activity and associated development entitlement is a project under CEQA and prepared and adopted a Final Environmental Impact Report (FEIR) as part of a noticed hearing held on November 15, 2016. The FEIR attests the project will not have a significant and adverse impact on the environment after all feasible mitigation measures are implemented. Staff has independently reviewed the FEIR and recommends San Diego LAFCO adopt San Marcos' findings as a responsible agency.

Protest Proceedings

Protest proceeding for the reorganization may be waived by San Diego LAFCO should the Commission proceed with an approval under statute.⁷ The waiver appropriately applies under this statute given the affected territory is uninhabited as defined under LAFCO law, the subject agencies have not filed an objection, and the lone landowner has consented to the underlying actions as the petitioner.⁸

RECOMMENDATION

Staff recommends approval of the reorganization proposal without modifications along with conforming sphere of influence amendments and standard terms based on the analysis provided in the preceding section. This recommendation is consistent with Alternative One in the preceding section and would generate the following sphere of influence and jurisdictional boundary changes in San Diego County:

- Annexation of all 124.9 acres of the affected territory to the City of San Marcos.
- Annexation of 45.2 acres of the affected territory to Vallecitos WD and concurrent detachment of the same territory from Vista ID along with conforming sphere of influence amendments for both agencies.
- Annexation of 11.2 acres of the affected territory to San Marcos FPD and concurrent detachment of the same territory from Vista FPD along with a conforming sphere of influence amendment to Vista FPD.

ALTERNATIVES FOR ACTION

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

⁷ Reference to Government Code Section 5662.

⁸ LAFCO law defines uninhabited as territory in which 11 or less registered voters reside.

Alternative One (recommended):

Adopt the attached draft resolution approving the reorganization proposal without modifications and with confirming sphere of influence amendments and standard terms.

Alternative Two:

Continue consideration to the next regular meeting and provide direction to staff with respect to providing additional information as specified.

Alternative Three:

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

PROCEDURES FOR CONSIDERATION

This item has been placed on the agenda as part of a noticed public hearing. The following procedures, accordingly, are suggested in the consideration of this item:

- 1) Receive verbal presentation from staff unless waived;
- 2) Invite comments from the applicant and any of the subject agencies;
- 3) Open the hearing and invite audience comments; and
- 4) Close the hearing, discuss item, and consider action on recommendation.

On behalf of the Executive Officer,



Robert Barry, AICP
Chief Policy Analyst

Appendices:

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

Attachments:

- 1) Map Showing the Proposed Annexation to City of San Marcos
- 2) Map Showing the Proposed Changes to Vallecitos WD and Vista ID
- 3) Map Showing the Proposed Changes to San Marcos FPD and Vista FPD
- 4) Draft Resolution of Approval
- 5) Landowner Petition
- 6) FEIR on San Marcos Highlands (Online Only)
<https://www.sdlafco.org/meetings/current-agendas-staff-reports>
- 7) Correspondence

APPENDIX A

Government Code Section 56425 Sphere of Influence Determinations

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

The affected territory is entirely unincorporated and presently planned for low density residential uses by the County of San Diego as part of the North County Metro Community Planning Area and Twin Oaks Valley Subregion. The affected territory includes 11 parcels totaling approximately 124.9 acres. The subject parcels are unimproved with unassigned situs addresses. The City of San Marcos has adopted General Plan and pre-zoning assignments as part of a specific plan approval that covers 265.8 acres and includes all of the affected territory. An associated tentative subdivision map approval provides for the development of 189 single-family residential lots within the specific plan area with the majority concentrated in an approximate 50.0-acre portion of the affected territory. The remaining portion of the affected territory has been dedicated for passive uses as part of a 210.8 acre open space reserve. These planned uses are consistent with the proposal's purpose to sync urban services in support of the residential development and accompanying municipal greenbelt. The affected territory has not been cultivated for agricultural products and is not subject to the Williamson Act. The lands are not considered prime agriculture under LAFCO law.

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

Planned residential uses within the affected territory as described above merits organized and elevated municipal services. This need is substantiated by the landowner's intent to proceed and develop the affected territory as part of a 189-lot single-family residential subdivision consistent with the City of San Marcos' General Plan and Zoning Ordinance.

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

The City of San Marcos, San Marcos FPD, and Vallecitos WD would directly assume municipal service responsibilities for all of the affected territory upon reorganization. San Marcos and its subsidiary district, San Marcos FPD, presently provide a range of municipal services within their jurisdictional boundaries and highlighted by community planning, fire protection and emergency medical, parks and recreation, police (via contract with the San Diego County Sheriff), solid waste, and public works (streets and traffic). The Vallecitos WD presently provides water, wastewater, and recycled water services within its jurisdictional boundary. The level and adequacy of these agencies' municipal services were last reviewed by LAFCO in 2007 and 2008 and determined to be adequate for present and planned needs. Information collected and analyzed in reviewing the reorganization affirms these agencies have sufficient capacities to extend services to the affected territory without adversely impacting existing constituents.

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

The affected territory has existing communities of interest with the City of San Marcos through common economic and social ties tied to its standing inclusion with its sphere of influence and expectation therein that future development reside in the City. These existing communities of interest also extend to the San Marcos FPD as a San Marcos subsidiary. Expanding the Vallecitos WD sphere to include the affected territory is consistent and supports these referenced communities of interests given the District's role as primary provider of both public water and wastewater services within San Marcos.

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

The affected territory as described above is not located within a census tract qualifying as a disadvantaged unincorporated community under LAFCO policy.

APPENDIX B

Government Code Section 56668 Proposal Review Factors

- a) **Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.**
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The affected territory is entirely unincorporated and part of the County of San Diego's North County Metro Community Planning Area and Twin Oaks Valley Subregion. The affected territory includes 11 parcels totaling approximately 124.9 acres. The subject parcels are uninhabited and unimproved with unassigned situs addresses. The topography of the affected territory is characterized by hilly terrain traversed by a northeast-southwest trending drainage corridor. The affected territory contains steep slopes (>25%). Elevations range from approximately 600 to 1,300 feet above mean sea level. The County Assessor and Auditor Offices report the current total assessed valuation for the affected territory is \$1,038,009 with corresponding annual property tax revenue of \$10,380. The City of San Marcos has adopted General Plan and pre-zoning assignments as part of a specific plan approval that covers 265.8 acres and includes all of the affected territory for the principal purpose of developing a 189 single-family residential lot subdivision. At buildout it is projected the resident population will be approximately 600. Additional growth within the surrounding unincorporated lands to the north is possible although not probable within the next 10-year period.

- b) **The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.**
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Planned residential uses within the affected territory as described above merits organized municipal services. This need is substantiated by the landowner's intent to proceed now and develop 189 single-family residences with the majority concentrated within the affected territory as part of a tentative subdivision map approval by the City of San Marcos. San Marcos, San Marcos FPD, and Vallecitos WD would directly assume the majority of municipal service responsibilities for the affected territory following the reorganization as summarized below.

- The City of San Marcos would assume a broad range of municipal service responsibilities for the affected territory following reorganization. This includes community planning, parks and recreation, police, solid waste, and public works (drainage, streets, traffic, etc.). Drawing from earlier municipal service reviews and analysis performed in the review of the reorganization staff believes these

municipal services are appropriately sized and/or planned – including developer mitigation requirements – to accommodate the demands in the affected territory at buildout consistent with City standards.

- San Marcos FPD would assume fire protection and emergency medical service responsibilities for the entire affected territory following reorganization. (More than nine-tenths of the affected territory already lies within the District.) San Marcos FPD’s closest fire station is Station No. 1 located at 180 W. Mission Road. This is one of four San Marcos Fire Department/San Marcos FPD stations and houses one paramedic engine company, one paramedic truck company, one paramedic rescue, and one paramedic ambulance and staffed 24 hours. The station is approximately 3.4 miles from the affected territory.⁹ Analysis performed by San Marcos in reviewing the underlying development project identified travel time for San Marcos FPD from Station No. 1 to the furthest structure within the affected territory would be approximately 5.75 minutes and would meet the 7 minute standard (dispatch to scene) in the County General Plan’s Public Facilities Element.
- Vallecitos WD would assume wastewater and water service responsibilities for the entire affected territory following reorganization. (Close to two-thirds of the affected territory already lies within the District.) Vallecitos WD has an existing 10-inch water main directly adjacent to the affected territory within Ardilla Way. The proposed single-family residences and three park sites will be served through individual lateral connections. Vallecitos WD provided a will-serve letter to the applicant attesting it has sufficient water system capacities to accommodate demands subject to applicable mitigation, which includes paying fees to improve storage levels. Vallecitos WD separately has an existing wastewater trunk line adjacent to the affected territory within Las Posas Road. Collected wastewater will gravity flow to the trunk line south within Las Posas Road to an existing 36-inch interceptor within San Marcos Boulevard and ultimately conveyed to the Meadowlark Reclamation Plant for treatment. Vallecitos WD has provided a will-serve letter to the applicant attesting the District has sufficient wastewater system capacities to accommodate demands subject to applicable mitigation.

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

Approval of the proposed reorganization and concurrent sphere of influence amendments would recognize existing and expanding economic and social ties between the affected territory and City of San Marcos, San Marcos FPD, and Vallecitos WD as detailed in Appendix A. The Commission has previously designated San Marcos as the future and long-term land use authority and primary service provider therein for the affected territory through the standing inclusion in the City’s sphere of influence. Annexation now to San Marcos memorializes this standing expectation and accommodates the expressed interest

⁹ Overall, San Marcos FPD maintains 22 fire suppression personnel on duty each day. The current Insurance Services Office rating for San Marcos FPD is 2.

of the affected landowner as evident by their initiation of the reorganization proceedings.

- d) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies/priorities set forth in G.C. Section 56377.**
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Approval of the reorganization proposal provides for orderly boundary changes that appropriately consolidates core municipal service provision for the affected territory with the City of San Marcos, San Marcos FPD, and Vallecitos WD in step with facilitating a 189-lot residential development in an urbanizing area. The affected territory does not presently contain open-space per LAFCO law. As part of the underlying project, a sizeable portion of the affected territory will be dedicated to an open-space reserve and included into an expanded North County Multiple Species Conservation Plan administered by the County of San Diego. The proposal, accordingly, does not conflict with the policies and priorities prescribed under Government Code Section 56377.

- e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.**
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The affected territory does not qualify as “prime agricultural land” under LAFCO law. Specifically, the lands are not currently used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program. Approval of the proposed reorganization proposal would have no effect on maintaining the physical and economic integrity of agricultural lands in San Diego County.

- f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment, the creation of islands or corridors of unincorporated territory, and other similar matters.**
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LAFCO is in receipt of a draft maps and geographic descriptions of the affected territory that details metes and bounds covering all of the proposed boundary changes consistent with the standard of the State Board of Equalization. Approval would be conditioned on final maps and descriptions confirming to the referenced standards. The affected territory conforms with existing lines of assessment and the reorganization would not create islands or corridors of unincorporated territory.

- g) A regional transportation plan adopted pursuant to Section 65080.**
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The proposal and associated action to facilitate the development of the affected territory as part of a 189 residential lot subdivision does not conflict with San Diego Forward, the regional transportation plan prepared and adopted by San Diego Association of Governments or SANDAG.

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

The affected territory is planned for residential uses under both the County of San Diego and City of San Marcos' General Plans, albeit to different density allowances. San Marcos allows for nearly 16-times the density compared to the County with the agencies' minimum parcel sizes within the affected territory comparatively set at 5,000-5,500 to 87,120 square-feet, respectively. The City of San Marcos has adopted rezoning assignments for the affected territory consistent with the San Marcos General Plan.

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

The proposed reorganization necessitates conforming sphere of influence amendments for three of the five subject agencies: Vista FPD (exclusion); Vista ID (exclusion); and Vallecitos WD (inclusion). The conforming sphere amendments are necessary for consistency with the proposed reorganization's respective jurisdictional changes.

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

Staff provided notice of the proposed reorganization to all subject and affected agencies as required under statute. One letter from the County of San Diego Department of Planning and Development Services was received in response to the notice. The letter from the County addresses a recent agreement between the County, California Department of Fish and Wildlife, and the U.S. Army Corps of Engineers to include portions of the affected territory into the North County Multiple Species Conservation Plan. The letter serves as a follow up to earlier communications and serves to remove the County's prior objection to LAFCO proceeding with a public hearing for the proposal. No additional written comments were received ahead of preparing this agenda report.

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

Information collected and reviewed as part of this proposal indicates the City of San Marcos – which incorporates its subsidiary San Marcos FPD – and Vallecitos WD have established sufficient financial resources to extend municipal services to the affected territory without adversely impacting current constituents. This statement is supported by the following factors with additional details.

- San Marcos' audited net position is \$1.001 billion as of June 30, 2018 and has increased overall by 0.6% over the last three fiscal years. San Marcos has also finished two of these three fiscal years with positive total margins with an overall average during the 36-month period of (1.2%).

- Vallecitos WD's audited net position is \$262.2 million as of June 30, 2018 and has increased overall by 5.1% over the last three fiscal years. Vallecitos WD has also finished all three of these fiscal years with positive total margins with an overall average during the 36-month period of 8.3%.

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

The proposed reorganization would transfer water service responsibility for the affected territory from Vista ID to Vallecitos WD. This transfer – pertinently – retains the San Diego County Water Authority as the wholesale provider for the affected territory. The Water Authority's most recently adopted urban water management plan attests it has sufficient water supplies to meet its member agencies needs through the planning horizon of 2035 under normal and single-dry year conditions. Conservation measures, however, would likely be needed during severe and multiple dry-year conditions. To this end, Vallecitos WD has established a contingency plan to reduce water demands in the event of supply shortages consistent with recommendations from the Water Authority.

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

The proposed reorganization would not affect any local agencies in accommodating their regional housing needs assigned by the region's council of governments, SANDAG, as all potential units tied to the affected territory would be sold at prevalent market rates.

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

The affected territory as described is undeveloped and uninhabited as defined under LAFCO statute (containing 11 registered voters or less). The landowner supports the proposed reorganization and has provided their written consent to the proceedings.

o) Any information relating to existing land use designations.

See above analysis for (h).

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

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

- q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information is relevant to the affected territory.**
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The affected territory is presently identified as part of a State Responsibility Area (SRA) and mapped within a high fire hazard zone by the County of San Diego. The County has separately adopted a Multi-Jurisdiction Hazard Mitigation Plan for potential fire, flooding and earthquakes, which covers the City of San Marcos as a participating agency. Additional information on fire protection coverage is provided in the analysis for (b).