



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

7b

AGENDA REPORT
 Business | Action

March 7, 2022

TO: Commissioners

FROM: Keene Simonds, Executive Officer
 Carolanne Ieromnimon, Analyst I

**SUBJECT: Request for Proposal Fee Waiver and Related Actions |
 Proposal by Ramona Municipal Water District to Transfer Fire Protection and
 Emergency Medical Functions to San Diego County Fire Protection District**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a request from the Ramona Municipal Water District (MWD) to waive all fees associated with a recently filed proposal to reorganize fire protection and emergency medical services in the Ramona region. The associated proposal involves the concurrent divestiture of these two service functions by Ramona MWD and concurrent annexation of the approximate 46,005 acre affected territory to the San Diego County Fire Protection District (FPD). The total monetary value of the fee waiver is \$24,563 assuming any potential Commission approval is not subject to voter approval. LAFCO previously identified the merits of the underlying service transfer in a recently completed municipal service review. Accordingly, and consistent with policy and practice, staff recommends approval of the fee waiver along with authorizing a corresponding transfer of assigned monies from the fund balance.

This item is limited to San Diego LAFCO considering the merits of the requested fee waiver. Consideration of the associated proposal is subject to a future hearing.

<p>Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103-6624 T 619.321.3380 F 619.404.6508 www.sdlafco.org</p>	<p>Joel Anderson County of San Diego</p> <p>Chair Jim Desmond County of San Diego</p> <p>Nora Vargas, Alt. County of San Diego</p>	<p>Vice Chair Paul McNamara City of Escondido</p> <p>Mary Casillas Salas City of Chula Vista</p> <p>Kristi Becker, Alt. City of Solana Beach</p>	<p>Chris Cate City of San Diego</p> <p>Marni von Wilpert, Alt. City of San Diego</p>	<p>Jo MacKenzie Vista Irrigation</p> <p>Barry Willis Alpine Fire Protection</p> <p>David A. Drake, Alt. Rincon del Diablo</p>	<p>Andy Vanderlaan General Public</p> <p>Harry Mathis, Alt. General Public</p>
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BACKGROUND

Adopted Fee Schedule | Fee Waivers and Reductions

San Diego LAFCO's fee schedule outlines applicant costs for processing various jurisdictional changes and related requests under the authority of the Commission. Most of the fee schedule assigns fixed and non-refundable charges based on a predetermined number of allocated staff hours. The fee schedule also provides the Commission discretion to reduce or waive fees if a financial hardship is demonstrated and/or if the underlying action is consistent with an earlier LAFCO recommendation.

DISCUSSION

This item is for San Diego LAFCO to consider a request by Ramona MWD to waive all fees tied to its proposal to divest itself of fire protection and emergency medical service responsibilities and transfer these functions via annexation to the San Diego County FPD as the successor agency. Ramona MWD's justification for the full fee waiver ties to the reorganization proposal's consistency with the recently completed LAFCO municipal service review on the Ramona region and its following recommendation that was separately adopted by the Commission in Resolution No. 2021-025:

“Ramona MWD and San Diego County FPD should consider a voluntary consolidation under the FPD's greater economies of scale to sync and enhance service levels for the common benefit of the Ramona region and need to vigilantly protect against wildfires.”

A copy of the fee waiver request is provided as Attachment One.

ANALYSIS

The fee waiver request before San Diego LAFCO is reasonable and as detailed above consistent with an earlier recommendation made as part of a municipal service review covering the Ramona region. Approval would also be consistent with past fee waivers approved by the Commission to accommodate similar proposals seeking the streamlining of fire protection and emergency medical services in the unincorporated area. The most recent example involves the August 2018 fee waiver approval for several MWDs in Pauma Valley to divest and transfer fire protection and emergency medical service functions to the San Diego County FPD. The immediate value of the fee waiver is \$24,563 and can be readily covered by drawing on the \$125,000 balance in assigned monies within the fund balance to cover special legal and/or proposal expenses – including fee waivers.

RECOMMENDATION

It is recommended San Diego LAFCO approve the fee waiver request for reasons detailed in the preceding section along with a corresponding fund balance transfer. This recommendation would be accommodated by taking the actions outlined in the preceding section as Alternative One.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

- (a) Approve the requested fee waiver.
- (b) Authorize the Executive Officer to transfer \$24,563 in assigned monies within the fund balance (Account No. 46727) to application fees (Account No. 46234).

Alternative Two:

Continue consideration of the item to a future meeting and provide direction to staff for more information and/or outreach as needed.

Alternative Three:

Deny the request.

PROCEDURES

This item has been placed on the agenda for action as part of San Diego LAFCO's business calendar. The following procedures, accordingly, are recommended.

- 1) Receive verbal report from staff unless waived.
- 2) Commission discussion.
- 3) Consider the staff recommendation.

Respectfully on behalf of the Executive Officer,



Carolanne Ieromnimon
Analyst I

Attachments:

- 1) Fee Waiver Request from Ramona MWD
- 2) Ramona Region MSR Summary Primer

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From: Craig Schmollinger <cschmollinger@rmwd.org>

Sent: Monday, January 24, 2022 10:52 AM

To: Simonds,Keene <Keene.Simonds@sdcountry.ca.gov>

Subject: [External] RMWD Divestiture/Concurrent Annexation to SDFPD Application Materials and Fee Waiver Request

Good Morning Keene,

Attached please find the executed Resolution of Application to San Diego LAFCO for divestiture of Fire/EMS services provided by RMWD that is being proposed for concurrent annexation into the San Diego County Fire Protection District's service boundaries. Also attached is the Plan for Services, formal signed application, and supplemental fiscal and general information form. Note per our previous communications the Legal Description is to come while working with the County Assessor's office.

Please note we are submitting an appeal for fee waiver associated with the requested LAFCO review and action process for these activities. Given the 5-year LAFCO Municipal Service Review (MSR) report that was finalized in summer 2021 included a recommendation to voluntarily pursue this requested action as shown in the snips below from the noted report, we believe this request neatly fits within LAFCO's policy on related items for fee waiver. This request appears to exactly follow LAFCO's published Implementation Policy in the Fee Schedule

"The Commission may reduce or waive fees if a financial hardship is demonstrated and/or if the proposal or request is in response to a LAFCO condition or recommendation. Requests must be made in writing." Please accept this email as that required written request, and if anything further is needed on this end please let me know.

6 Advancing Regional Fire Protection Services

Existing fire protection and emergency medical service in the Ramona region are equally divided between two special districts: Ramona MWD and San Diego County FPD. Both special districts choose to contract with CALFIRE for day-to-day field operations. This common arrangement – notably – suggest consolidating fire protection responsibilities under the San Diego County FPD’s economies of scale would advantageously sync and enhance service levels while providing local control.

20. Notwithstanding the preceding observations, Ramona MWD should consider a voluntary consolidation to turn over its fire protection and emergency medical responsibilities to the San Diego County FPD. All indications are that this type of reorganization would increase services to MWD residents (adding personnel to Stations 81 and 82 to provide three personnel per paramedic fire engine) and possibly shield the ratepayers from additional cost increases.

Lastly, attached are several documents noted in the cover page of the application as follows; RMWD FY21/22 Audit, noted supplemental information documents (Plan for Services and fiscal/general information), and current FY21/22 Budget linked [here](#).

Please let me know if anything further is needed or you would like to discuss.

Thank you!

Craig Schmollinger

Chief Financial Officer

Ramona Municipal Water District

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Municipal Service Review

RAMONA REGION

FINAL

REPORT SUMMARY | October 2021



Central Themes and Conclusions

The Ramona region represents one of the largest and growing unincorporated communities in San Diego County with a current estimated population of 37,708 – an amount that exceeds 5 of the 18 cities. The region’s status as a prominent unincorporated area dates to the 1840s and the arrival of community patriarchs Joaquin Ortega and Adolpho Stokes and the subsequent establishment of a stagecoach stop and adjoining general store to accommodate travelers going to and from the goldmines to the east in Julian. The region began transitioning to a stand-alone destination at the turn of the century and marked by outside investments and ensuing subdivisions recorded by the Santa Maria Land and Water Company. This transition was headlined by the official naming of the community as “Ramona” with the permanent population reaching approximately 1,000 by 1900 – which at the time made Ramona the largest unincorporated area in all of San Diego County.

The County of San Diego remained the lone source of local government for the Ramona region through the start of the new century until the formation of the Ramona Irrigation District (1925) and its construction of the first community water system. Markedly, the formation of the Ramona Irrigation District paralleled initial community discussions on incorporation and subsequently supplemented by additional special district formations to expand the scope of local government in the region to include the Ramona Fire Protection District (1946), Ramona Sanitation District (1946), Ramona MWD (1958), and Mt. Woodson Ranch Sanitation District (1988). Ramona MWD’s proved most consequential, and through a combination of latent power activations and consolidations it has emerged as the singular provider of potable water, wastewater, fire protection and emergency medical, parks and recreation, and recycled water in the region.



Beautiful
Lake Ramona
in San Diego

Today the Ramona region serves as a unique community separator in San Diego County with urban uses to the west and non-urban uses to the east. Ramona itself remains largely rural with the notable exception of the central “village” area located along Main Street, which increasingly includes several financial, retail, and restaurant franchises and serves as the region’s social and economic hub.

A review of the Ramona region relative to San Diego LAFCO’s growth management tasks and interests as prescribed under statute produces eight central themes or conclusions. These conclusions focus – albeit not exclusively – on the availability, need, and adequacy of municipal services by Ramona MWD as the central service provider in the region. The conclusions are independently drawn and largely sourced to information collected and analyzed by the Commission between 2015 and 2019 and further detailed in the agency profile (Chapter Three).

Ramona MWD has emerged as the central municipal service provider in the region and its core activities – specifically water, wastewater, fire protection – and adequacies therein are essential in supporting current and future growth.

1 Evolving Community Character

Ramona’s community character continues to evolve and most notably towards a more traditional suburb setting with urban-type landscapes. This transition is reflected in the relatively high population growth rate in the region over the report period at 1.1% annually, which is more than one-fifth above the countywide average. The population is also increasingly more affluent than past generations with the average median household income equaling \$92,543 at the end of the five-year report. This median income is more than two-fifths above the corresponding rate for all of San Diego County and – and among other factors – aided by the 17% increase in four-year college graduates over the 60-month period.



2 Expanded and Centralized Role of Ramona MWD

Ramona’s evolving community character towards more traditional suburban uses has relatedly generated additional demands and expectations on local government in the region. Ramona MWD has affirmatively responded to these changes over its 60-year plus history and through a combination of consolidations and latent power expansions evolved into a multi-purpose agency and now the centralized provider of water, wastewater, fire protection and emergency medical, parks and recreation, and recycled water in the region. Further expansions – however and irrespective of any merit – is limited under the principal act.

3 Adequate Service Capacities at MWD with One Notable Exception

As the principal municipal service provider in the region, Ramona MWD has developed adequate infrastructure capacities and related administrative controls to meet current and projected demands in the timeframe of this report with one exception. This exception involves meeting wastewater demands within the Santa Maria service area, which covers central Ramona and now regularly exceeds permitted capacities during high-rain periods due to excessive inflow (surface) and/or infiltration (groundwater) intrusion.

4 Need for Capital Improvement Investments within MWD

Notwithstanding the overall adequacy of current municipal service capacities, Ramona MWD would benefit from additional investment into its capital assets with specific focus on remedying the increasing and varying pipeline ages involving both its water and wastewater systems. Capital planning and investment in parks and recreation is also merited to help advise its contract provider (Ramona Parks and Recreation Association) and includes addressing improvements to the Wellfield Park and its Community Center and Rodeo Arena.

5 MWD’s Positive Financial Standing

Ramona MWD improved its financial standing during the report period as measured by its audited net position with an overall 12% increase from \$86 to \$105 million. This improvement largely ties to Ramona MWD achieving an average annual bottom line – or total margin – and contributes to an ending unrestricted fund balance sufficient to meet 18 months of operating expenses. Ramona MWD also finished the period with a relatively well-funded employee pension program with a composite funded ratio of 80 percent.

6 Advancing Regional Fire Protection Services

Existing fire protection and emergency medical service in the Ramona region are equally divided between two special districts: Ramona MWD and San Diego County FPD. Both special districts choose to contract with CALFIRE for day-to-day field operations. This common arrangement – notably – suggest consolidating fire protection responsibilities under the San Diego County FPD’s economies of scale would advantageously sync and enhance service levels while providing local control.

8 The Clearer Case for a Community Services District

Irrespective of the preceding topic on incorporation, the Ramona region has already established itself as an economic and socially distinct community in San Diego County. Ramona MWD has evolved accordingly and expanded its service functions to meet the community’s needs and now operating at the authority limits under the MWD principal act. Reorganization into a community services district (CSD) appears meritorious in providing the region with a local governance model that can provide a complete range of municipal services with LAFCO approval with the lone exception of direct land use control. Reorganizing into CSD – markedly – would also serve as the preferred governance step towards a potential transition into an incorporated community.

7 The Curious Case of Incorporation

There has been reoccurring interest in the Ramona region to incorporate and transition local governance from the County of San Diego Board of Supervisors to a newly established city council. Most recently, incorporation proponents approached LAFCO with pre-application submittals as required under policy in 1982 and 2005 before choosing not to proceed with official filings. It is nonetheless reasonable to assume future interest in incorporation will reemerge within Ramona given its size and local resources – including a combination of both property and sales taxes. Accordingly, it would be beneficial for LAFCO to prepare an informational report to advise on current statutory thresholds and associated incorporation opportunities in San Diego County to include – but not limited to – Ramona.

The Ramona region is one of the largest unincorporated areas in San Diego County with an estimated resident population of 37,708.



A dirt trail leading up to a hilltop lined with boulders at Ramona Grasslands Preserve in San Diego

Hiker standing on
Potato Chip Rock,
San Diego



Recommendations

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

1. The Commission should coordinate with SANDAG to identify current buildout estimates relative to existing zoning standards by the County of San Diego for the Ramona region and incorporate the information into the next municipal service review. This should include assessing potential impacts tied to the recent passage of Senate Bill 9 (Weiner) and the allowance for additional lot splitting to accommodate more housing throughout California.
2. The Commission should perform additional analysis with respect to water, wastewater, and fire protection needs for adjacent lands to the Ramona region that qualify as disadvantaged unincorporated communities and incorporate accordingly into future service reviews.
3. Ramona MWD should address excessive inflow and infiltration issues within its Santa Maria wastewater collection system in order to reduce system peaking factor and the elevated threat of raw sewage spills and/or related impacts to the environment.
4. Ramona MWD should develop a facility improvement plan to guide its parks and recreation function and engage constituents in doing so in setting long-term service goals and amenities.
5. The Commission should defer its statutory task to address service levels and related needs of the lone mutual water company in the Ramona region – Rancho Santa Teresa – to a scheduled information report as part of the 2021–2022 workplan.



Main Street
in Ramona,
California

6. Ramona MWD should revisit and realign its water service operating costs and user rates to remedy a sizeable structural deficit of nearly nine-fold during the five-year report period.
7. Ramona MWD should expand its existing community outreach efforts by establishing social media uses and live-streaming meetings to affirmatively add to existing efforts in spotlighting its activities and further facilitate opportunities for community input.
8. Ramona MWD should consider the following actions with respect to improving current fire protection and emergency medical services:
 - Ramona MWD should consider adopting response time standards with desired time dependent benchmarks and making these parts of the contract language with CAL FIRE.
 - Ramona MWD should develop a vegetation management plan to mitigate the wildfire risk to the community. Similarly, a comprehensive review of community disaster risk should be completed and submitted to the County Office of Emergency Services for review and inclusion in the County's Multi-Jurisdictional Hazard Mitigation Plan.
9. Ramona MWD and San Diego County FPD should consider a voluntary consolidation under the FPD's greater economies of scale to sync and enhance service levels for the common benefit of the Ramona region and need to vigilantly protect against wildfires.
10. The Commission should address and reconcile Ramona MWD's recycled water service activity as part of a future update to Rule No. 4 with respect to formally identifying the function, class, and authorized location under statute.
11. The Commission should prepare a future informational report to advise on current statutory thresholds and associated incorporation opportunities in San Diego County to include – but not limited to – the Ramona region as the one of the largest unincorporated communities.
12. Reorganization of Ramona MWD into a community services district merits exploration in providing the Ramona region a local governance model that can continue to evolve with the community needs and – pertinently – serves as the preferred transitional vehicle to a potential future incorporation should circumstances warrant.
13. There appears to be sufficient merit to immediately proceed with a limited update and expansion to Ramona MWD's sphere of influence and add approximately 30 unincorporated acres lying immediately outside the current designation along Dos Picos Park Road.
14. Additional amendments to the Ramona MWD sphere of influence may also be warranted subject to a more comprehensive update as part of the next scheduled study.