

## C. MORRO HILLS COMMUNITY SERVICES DISTRICT

### 1.0 OVERVIEW

The Morro Hills Community Services District (CSD) is an independent special district formed in 1961 in northwest San Diego County immediately to the east of the City of Oceanside. Formation proceedings were initiated by landowners with the support of the County of San Diego to assume the authority to establish, improve, and maintain streets and related roadway incidentals - like curbs, gutters, and drains - as well as provide fire protection. Morro Hills CSD's jurisdictional boundary encompasses nearly two square miles with mostly large residential estates intermixed with agriculture. Most of the jurisdictional boundary lies within a Fallbrook postal code (92028) with nine-tenths under private ownership.

Morro Hills  
Looking East from Sleeping Indian Rd to Olive Hill Rd



Photo Credit: Google Maps (2022)

A five-person Board of Directors provides Morro Hills CSD's governance with members directly elected at-large to staggered four-year terms by registered voters. Members may also be appointed in place of contested elections and/or to fill vacancies. The longest-serving member is Thomas Harrington with 25 service years on the Board. All four other members on the Board have less than two years of service.

Morro Hills CSD is currently organized as a limited-purpose agency with municipal operations tied to one active service function - streets - and anchored by maintaining a 6.0-mile roadway system. Ancillary classes are marked by providing signage and drainage along the roadway. Separately, while formation proceedings explicitly contemplated fire protection, records show this service function has never been activated by the CSD and is considered fully latent. Other latent powers vested with the CSD that could be activated with LAFCO approval are extensive under the principal act and headlined by water, wastewater, parks, lighting, and police protection.

#### **Limited Purpose Agency...**

Morro Hills CSD is authorized to provide one active service function - streets - at the end of the five-year report period and is anchored by a 6.0-mile roadway system. Although initially empowered to provide fire protection, this function is latent and would require new LAFCO approval to activate.

With respect to finances, Morro Hills CSD’s operating budget at the term of the reporting period (2021-2022) totals \$0.023 million in authorized expenses. The audited financial statements show Morro Hills CSD’s net position at the same time totaling \$0.578 million with the unrestricted portion making up nearly one-half at \$0.266 million. Morro Hills CSD has no employees; all services performed by the CSD are done so by paid contractors or volunteers - mostly from the Board. (Volunteer activities include installing signage and vegetation cleanup.)

LAFCO independently estimates the full-time resident population within Morro Hills CSD is 1,001 at the term of the reporting period. (Information is not readily available within the affected census block groups to reliably estimate earlier counts within the reporting period.) The total number of housing units within the jurisdictional boundary at the end of the reporting period is 396. The resulting average ratio of residents to housing units is 2.5. The median household income among residents within Morro Hills CSD is \$146,289 based on the current five-year period average and more than three-fifths above the countywide average of \$88,240. The average home value in the CSD (92028) has separately increased by 58.5% over the reporting period from \$550,771 to \$872,987.<sup>1</sup> This separately generates a home price-to-income ratio of 6.0.

## 2.0 BACKGROUND

### 2.1 Community Development

The region covering present-day Morro Hills CSD began its contemporary development in the late 1700s. The genesis of the development ties to the Payomkawichum people - called Luiseños by the Spanish newcomers - establishing permanent villages along the Santa Margarita and San Luis Rey Rivers in conjunction with the construction of nearby Mission San Luis Rey in 1769. Around this time, the hills immediately to the east of the Mission and serving as a natural boundary between coastal and inland lands along the San Luis Rey River were named “El Morro,” meaning crown-shaped hill. The region was

View of Morro Hills  
From Mission San Luis Rey (1890s)

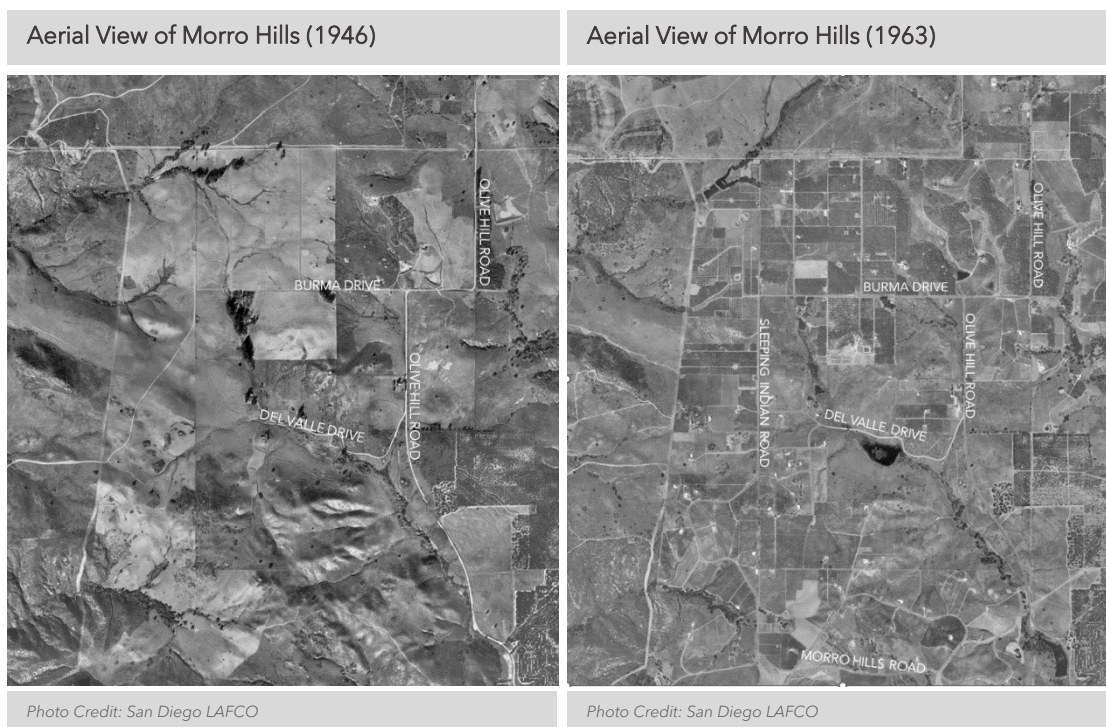


<sup>1</sup> The average home values in 92028 during the five-year report period is based on Zillow analytics ([www.zillow.com](http://www.zillow.com)).

<sup>2</sup>

subsequently included in a large land grant - Ranch Santa Margarita - by Mexico's California Governor Pío Pico to his brother Andrés Pico in the 1840s and thereafter gradually divided and sold into relatively smaller tracts for agricultural and ranching uses.

Proceeding into the 1900s, County records indicate the present-day Morro Hills CSD jurisdictional boundary remained largely dedicated to agrarian uses with an internal network of private roads/paths having developed leading southeast towards Bonsall or northeast towards Fallbrook. A 1938 road survey shows the County having graded and extended Olive Hill Road south from Fallbrook and providing direct access to the area. Further, by the late 1940s, parcel maps were beginning to be recorded commencing a transition in the area towards residential estates and leading to the initial grading and paving of Del Valle Drive.



## 2.2 Formation Proceedings

The formation of Morro Hills CSD was petitioned by a group of landowners and filed with the County Boundary Change Commission - predecessor body to LAFCO oversight - in late 1960. Documents show the petition filing followed discussions with the County and done so to assume responsibility for constructing and maintaining public roads consistent with community needs and with the aid of receiving a portion

of local property taxes. Voters approved the formation of Morro Hills CSD as part of a special election on January 17, 1961, by a vote of 27 to 8 with authorization to provide streets and fire protection services. Voters also approved an initial governing board of Edward Jones, Walter Kottas, Victor Pinkney, Jr., Douglas Schnorr, and William Coover. The effective date of the formation was set as January 25, 1961.

## 2.3 Notable Post Formation Activities + Events

A summary of notable activities undertaken by Morro Hills CSD and/or affecting the District's service area preceding and following formation in 1961 are provided below.

1970s

LAFCO approves a landowner petition (William B. Renwick) to detach approximately 75 acres from Morro Hills CSD in April 1972. The detachment remains the only boundary change to the District.

LAFCO establishes a coterminous sphere of influence for Morro Hills CSD in November 1984. Supporting documents generated by LAFCO state Morro Hills CSD serves an estimated population of 700.

A proposal is filed with LAFCO in January 1985 to incorporate Fallbrook and dissolve several overlapping special districts - including Morro Hills CSD. The reorganization is conditionally approved by LAFCO but fails to win majority voter support in June 1986.

1980s

Morro Hills CSD contracts with an outside consultant to analyze traffic conditions within the District and available calming measures in 1989. Morro Hills CSD proceeds to contract for new analysis in 2004, 2008, and 2021.

LAFCO updates and affirms Morro Hills CSD's sphere in 2013 with no changes.

## 3.0 BOUNDARIES + RELATED CONSIDERATIONS

### 3.1 Jurisdictional Boundary

Morro Hills CSD's jurisdictional boundary spans approximately two square miles and covers 1,107 total acres - an amount equal to 0.04% of San Diego County. The jurisdictional boundary is entirely unincorporated and largely characterized by large residential estates intermixed with commercial and non-commercial agriculture.

Three-fifths of the jurisdictional boundary is immediately adjacent to Camp Pendelton or the City of Oceanside. The balance of the jurisdictional boundary is adjacent to the unincorporated communities of Fallbrook and – to a lesser extent – Bonsall and accordingly notionally open to future expansion. All of the jurisdictional boundary is assigned a Fallbrook postal code. The elevation ranges between 372 to 834 feet above sea level with the latter point recorded along San Jacinto Circle West near Solana Real. Other key boundary characteristics follow and are summarized in Table C-3.1.

**Physical Footprint...**

Morro Hills CSD's jurisdictional boundary spans 1,107 acres and is divided into 417 parcels – all of which are unincorporated with a Fallbrook-assigned postal code. All but 38 parcels totaling 91 acres have been developed and/or improved, albeit not necessarily to the highest density allowed.

- With respect to property tax considerations, the total assessed value (land and structure) within Morro Hills CSD at the end of the reporting period is \$0.240 billion. The ending amount translates to a per-acre value ratio of \$0.22 million. It also translates to a per capita value of \$0.24 million based on the estimated full-time population of 1,001. Overall, Morro Hills CSD receives close to 3.9% of the annual 1.0% of property tax collected in the jurisdictional boundary and resulted in \$0.090 million in 2021-2022.
- With respect to development considerations, Morro Hills CSD's jurisdictional boundary at the end of the reporting period is divided into 417 parcels totaling 1,061 acres. (balance involves rights-of-way). Almost all – 99% – of the parcel acreage is under private ownership with nearly nine-tenths having already been developed and/or improved with structures to date, albeit not necessarily at the highest density under zoning. The remaining privately owned lands in Morro Hills CSD are undeveloped and divided by 38 parcels totaling 91 acres.
- With respect to other boundary considerations, none of the acreage within Morro Hills CSD's jurisdictional boundary qualifies as disadvantaged unincorporated community (DUC) lands under current San Diego LAFCO policy. Furthermore, no lands within and immediately adjacent to the jurisdictional boundary qualify as a disadvantaged unincorporated community.

## Morro Hills CSD Jurisdictional Boundary Characteristics

Table C-3.1a | Source: San Diego LAFCO

Total Jurisdictional Size	1,107 acres
Total Jurisdictional Parcels and Acreage (less rights-of-ways, etc.)	417 parcels totaling 1,061 acres
... Publicly Owned Parcels and Acreage	4 parcels totaling 73 acres
... Privately Owned Parcels and Acreage	413 parcels totaling 1,034 acres
... <b>Undeveloped Privately Owned Parcels and Acreage</b>	<b>38 parcels totaling 91 acres</b>
Total Number of Registered Voters	806
Total Assessed Value (Land and Structures)	\$0.240 billion

### 3.2 Sphere of Influence

Morro Hills CSD’s sphere of influence was established by LAFCO in November 1984 ahead of a statewide deadline applicable to all local agencies by the Legislature. The sphere was subsequently reviewed and updated by LAFCO in 2007 and 2013 and remains entirely coterminous with the jurisdictional boundary. There are also no special study areas assigned to the sphere. CSD’s sphere of influence is shown as part of Map C-1.

#### No Expansions Telegraphed in Current Sphere Designation...

The Morro Hills CSD sphere of influence was last updated by LAFCO in 2013. The sphere is coterminous with the jurisdictional boundary, and as such reflects a standing expectation by LAFCO to maintain the status quo going forward.

### 3.3 Boundaries’ Relationship to General Plans

Morro Hills CSD’s jurisdictional boundary and sphere of influence lie entirely within the unincorporated area and subject to the County of San Diego’s land use policies. The County General Plan was last updated by the Board of Supervisors in August 2011 and designates nearly all land within and adjacent to Morro Hills CSD as Semi-Rural 2 with the remainder - less than 1% of the total - as Agriculture.<sup>3</sup> Similarly, almost all of the lands within and adjacent to the jurisdictional boundary and sphere of

#### Relationship to Local General Plans...

All of Morro Hills CSD’s jurisdictional boundary and sphere of influence lands are unincorporated with 99% designated by the County of San Diego as Semi-Rural-2. This designation applies to 28% of all unincorporated lands with a density range of 1 dwelling unit for every 2 acres to 1 dwelling unit for every 8 acres depending on slope.

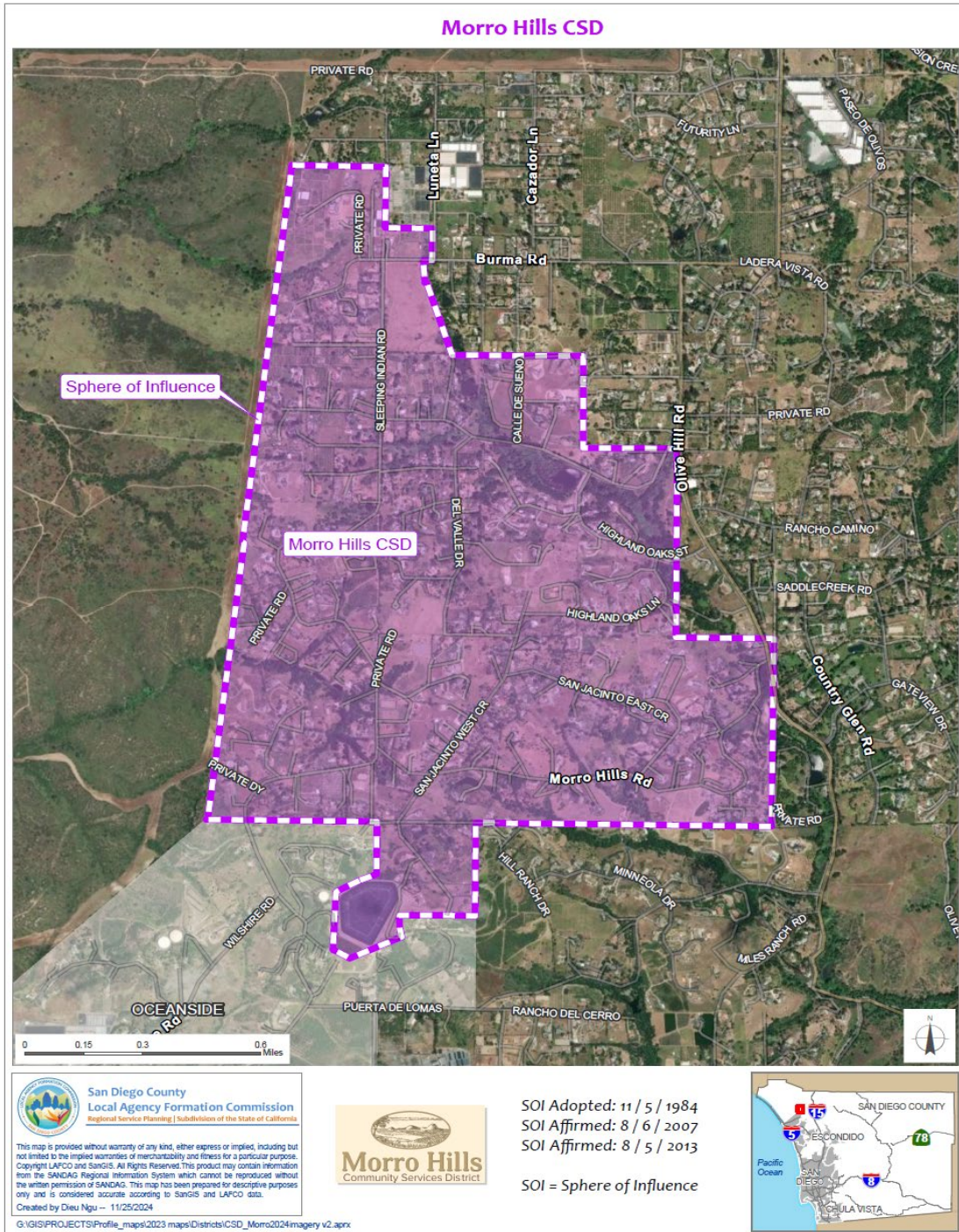
<sup>3</sup> “The Semi-Rural category identifies areas of the County that are appropriate for lower-density residential neighborhoods, recreation areas, agricultural operations, and related commercial uses that support rural communities.” LUE, 3-8.

influence lie within the Fallbrook Community Plan and are subject to its community-generated visioning policies. This includes an anchoring vision statement to “perpetuate the existing rural charm and village atmosphere surrounded by semi-rural and rural lower density development while accommodating growth.”<sup>4</sup>

Map No. C-1

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<sup>4</sup> Reference to Fallbrook Community Plan, G-LU-1.1.



### 3.4 Relationship to College and School District Boundaries

Morro Hills CSD’s jurisdictional boundary and sphere of influence lies within four college and school districts: Palomar; Bonsall Unified; Fallbrook Union Elementary; and Fallbrook Union High. A summary of key characteristics follows in Table C-3.4.

Morro Hills CSD Public College + School Districts Information Table C-3.4a   Source: Palomar; Bonsall Unified; Fallbrook Union Elementary; and Fallbrook Union High				
	Palomar	Bonsall Unified	Fallbrook Union High	Fallbrook Union Elementary
District Type	College	School	School	School
% within Morro Hills CSD	100%	5%	95%	95%
Superintendent	Star Rivera-Lacey	Joseph Clevenger	Ilsa Garza-Gonzalez	Monika Hazel
Grades	N/A	K-12 <sup>th</sup> Grade	9 <sup>th</sup> -12 <sup>th</sup> Grade	K-8 <sup>th</sup> Grade
Campuses	1	5	3	11
Enrollment in FY18	38,332	2,930	2,165	4,864
Enrollment in FY22	27,455	2,209	2,128	4,921
... Change in Enrollment	(28.4%)	(721) or (24.6%)	(37) or (1.7%)	57 or 1.2%
Operating Budget in FY18	\$432,712,445	\$28,869,316	\$29,265,755	\$54,964,023
Operating Budget in FY22	\$348,247,918	\$28,168,787	\$34,796,267	\$79,739,255
... Change in Budget	(19.5%)	(2.4%)	18.9%	45.1%

## 4.0 DEMOGRAPHICS

### 4.1 Population and Housing

Morro Hills CSD’s total full-time resident population within its jurisdictional boundary is independently estimated by LAFCO at 1,001 at the end of the five-year reporting period. This amount represents 0.03% of the countywide population total. (Information is not readily available within the two affected census block groups underlying the jurisdictional boundary to reliably estimate earlier counts within the report period.) The current estimate produces a population density of 0.9

residents for every jurisdictional acre and underlies the overall rural character of the jurisdictional boundary. (For context, the population density for the adjacent City of Oceanside at the end of the reporting period is 6.5 residents for every one acre.)

**Relatively Small Population...**

It is estimated there are 1,001 fulltime residents in Morro Hills CSD at the end of the reporting period. It is assumed population growth within the CSD will be relatively limited over the report timeframe and increase by 30 - or 6 annually on average - to 1,031 by 2027.

Proceeding forward, and for purposes of this report, LAFCO projects the growth trend will match the recent countywide rate and result in the population in the CSD increasing by 30 to 1,031 by 2027.

Morro Hills CSD Resident Population Table C-4.1a   Source: Esri and San Diego LAFCO					2027 Projection
Factor	2010 Estimate	2018 Estimate	2022 Estimate	Annual Change	
Morro Hills CSD	n/a	n/a	1,001	n/a	1,031
San Diego County	3,095,305	3,244,893	3,315,082	0.6%	3,414,325

LAFCO separately estimates there are 396 residential housing units within Morro Hills CSD at the term of the five-year reporting period.

With respect to housing characteristics, and based on the most recent five-year average, 70.0% of units are owner-occupied, 22.5% are renter-occupied, and the remaining 7.5% are vacant. The mean monthly housing cost (mortgage or rent payment only) in the CSD at the end of the reporting period is \$2,939 and 49.1% above the countywide average of \$1,971. This housing cost separately equals 24.1% of the residents' average monthly household income. Additional housing characteristics follow in Table C-4.1b.

**Expensive Housing ...**  
The ending average monthly housing costs (mortgage or rent) within Morro Hills CSD tallies \$2,939 and is 49% higher the countywide average. The average housing cost equals 24% of the average monthly household income within the CSD.

Morro Hills CSD Housing Characteristics Table C-4.1b   Source: Esri and San Diego LAFCO		
Factor	Morro Hills CSD	San Diego County
2010 Housing Units	n/a	1,164,781
2022 Housing Units	396	1,238,794
... % Change	n/a	6.4%
Monthly Housing Cost (5-year average 2012-2016)	\$2,584.46	\$1,578.00
Monthly Housing Cost (5-year average 2017-2021)	\$2,938.58	\$1,971.00
... % Change	13.70%	24.90%

## 4.2 Age Distribution

The median age of residents in Morro Hills CSD is 43.3 based on the current five-year period average. This amount reflects an overall increase of 19.2% over the prior five-year period and one-fifth higher than the countywide median age of 36.3. Residents in the prime working age group defined as ages 25 to 64 dropped below the one-half mark over the two five-year period averages from 50.9 to 46.9; a difference of (7.8%).

### Older and Getting Older...

Residents within Morro Hills CSD tend to be measurably older with a median age of 43.3 relative to the countywide average of 36.3.

Morro Hills CSD Age Distribution		
Table C-4.2a   Source: Esri and San Diego LAFCO		
Factor	Morro Hills CSD	San Diego County
Median Age (5-year average 2012-2016)	36.3	35.3
Median Age (5-year average 2017-2021)	43.2	36.3
... % Change	19.5%	2.8%
Prime Working Age, 25-64 (5-year average 2012-2016)	50.9%	53.7%
Prime Working Age, 25-64 (5-year average 2017-2021)	46.9%	54.1%
... % Change	(7.8%)	0.7%

## 4.3 Income Characteristics

The median household income in Morro Hills CSD is \$146,289 based on the current five-year period average. This amount shows full-time residents are receiving significantly more money with the median income experiencing an overall increase of more than three-fourths - or 76.2% - from the preceding five-year period average of \$83,016. The current median household income in the CSD is also 66% higher than the current countywide median of \$88,240. Similarly, the current poverty rate average in Morro Hills CSD is 6.3% and more than one-third below the overall countywide rate of 10.7%.

### Expanding Income Prosperity...

The median household income in Morro Hills CSD finished the reporting period at \$146,289. This amount represents an increase of nearly three-fourths over the 60 months and is two-thirds higher than the countywide average.

Morro Hills CSD Income Characteristics Table C-4.3a   Source: Esri and San Diego LAFCO		
Factor	Morro Hills CSD	San Diego County
Median Household Income (5-year average 2012-2016)	\$83,105	\$66,529
Median Household Income (5-year average 2017-2021)	\$146,289	\$88,240
... % Change	76.2%	32.6%
Resident Poverty Rate (5-year average 2012-2016)	16.5%	14.0%
Resident Poverty Rate (5-year average 2017-2021)	6.7%	10.7%
... % Change	(59.1%)	(23.6%)

#### 4.4 Other Socioeconomic Indicators

Unemployment levels within Morro Hills CSD are minimal at 2.7% based on the current five-year period average. This amount falls more than three-fifths below the countywide average sum of 6.6% and reflects more than a one-half reduction over the prior five-year period average of 3.4%. Other notable measurements include one out of every three residents collecting retirement income at the end of the reporting period and one-half higher than the countywide rate. Education levels within Morro Hills CSD, as measured by four-year college graduates have increased during the reporting period and now account for more than one-half of all residents at 52.3% and correlate to the relatively high median income levels. The non-English speaking percentage of the population remains lower than the county-wide average and decreased during the reporting period from 9.2% to 8.9%.

**White-Collar Incomes...**  
More than one out of every two adults in Morro Hills CSD hold four-year college degrees at the end of the reporting period. This ratio paired with the high median home income suggests CSD residents hold professional positions.

Morro Hills CSD Other Socioeconomic Indicators Table C-4.4a   Source: Esri and San Diego LAFCO		
Factor	Morro Hills CSD	San Diego County
Unemployment Rate (5-year average 2012-2016)	3.4%	7.8%
Unemployment Rate (5-year average 2017-2021)	2.7%	6.6%
... % Change	(19.7%)	(15.4%)
Collecting Retirement (5-year average 2012-2016)	26.7%	17.7%
Collecting Retirement (5-year average 2017-2021)	31.4%	21.2%
... % Change	17.0%	19.8%
Non-English First Language (5-year average 2012-2016)	9.2%	15.0%
Non-English First Language (5-year average 2017-2021)	8.9%	13.1%
... % Change	(3.4%)	(12.6%)
Adults with Four-Year Degrees (5-year average 2012-2016)	39.7%	36.5%
Adults with Four-Year Degrees (5-year average 2017-2021)	52.3%	40.3%
... % Change	31.8%	10.4%

## 4.5 Unhoused Needs and Capacities

No information exists with respect to homeless counts within Morro Hills CSD.

## 4.6 Environmental Justice

State law directs LAFCO to address several factors anytime the Commission considers jurisdictional changes, including environmental justice. This factor was added to statute beginning January 1, 2008, and defined to mean “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.” LAFCO adopted a policy in 2022 to formally guide its consideration of environmental justice and this includes proactively incorporating the topic - and specifically pollution burdens and their associated economic impacts - in the Commission’s municipal service review program.

Consideration of environmental justice factors within Morro Hills CSD draw on staff analyzing data available from the California Environmental Protection Agency through its online assessment tool (CalEnviroScreen 4.0). Two percentile rankings for Morro Hills CSD are generated within this analysis and based on the primary census tract covering the District (6076218611). These involve (a) pollution burdens (exposures and environmental effects) and (b) at risk population characteristics (sensitive populations and socioeconomic factors) and are summarized below.

### **Pollution Burdens + At Risk Factors...**

LAFCO’s consideration of environmental justice factors draws from the California Environmental Protection Agency and provides percentile rankings relative to all of California as it relates to (a) pollution burdens and (b) at-risk population characteristics.

- Morro Hills CSD’s composite **pollution burden** ranking falls in the 52<sup>nd</sup> percentile relative to the rest of California. The overall ranking separately is substantively above the 42<sup>nd</sup> percentile ranking for all of San Diego County. Five pollution burden measurements exceed the 50<sup>th</sup> percentile and are considered relatively high. These high measurements comprise two exposures - (a) pesticide uses and (b) drinking water containments - as well as three effects - (c) cleanup sites, (d) impaired water bodies, and (e) solid waste sites. Four of these measurements also exceed the 66<sup>th</sup> percentile and its significance threshold. These are summarized below with descriptions drawn from California EPA.

- Pesticide Uses (97<sup>th</sup> percentile)  
Pesticides are chemicals used to control insects, weeds and plant diseases. Over 1,000 pesticides are registered for use in California. They are applied to fields by air, by farm machinery, or by workers on the ground. Exposure to high levels of some pesticides can cause illness right away or conditions such as birth defects or cancer later in life.
  
  - Drinking Water Contaminants (71<sup>st</sup> percentile)  
Drinking water can become contaminated with chemicals or bacteria above regulatory standards via both natural and human sources and becomes an exposure threat. Natural sources include rocks, soil, wildlife and fires. Human sources include factories, sewage, and runoff from farms. A common natural contaminant involves arsenic, which occurs in some rocks and soil and can cause cancer. Nitrate from fertilizer or manure can commonly leach into groundwater and contaminate wells.
  
  - Cleanup Sites (69<sup>th</sup> percentile)  
Cleanup sites are designated places contaminated with hazardous chemicals that can move through the air or groundwater. People living near these sites have a greater potential to be exposed to chemicals from the sites than people living further away. Multiple cleanup sites are located near Morro Hills CSD in Camp Pendleton.
  
  - Impaired Water Bodies (67<sup>th</sup> percentile)  
Water bodies used for recreation and fishing are at higher risk for man-made pollutants and become impaired. These impairments can harm wildlife and humans via direct contact. The lower San Luis Rey River (west of I-15) near Morro Hills CSD is categorized by the State as impaired
- Morro Hills CSD's composite **at-risk population** ranking falls in the 20<sup>th</sup> percentile relative to the rest of California. The overall ranking separately is substantively below the 37<sup>th</sup> percentile ranking for all of San Diego County. One pollution burden measurement exceeds the 50<sup>th</sup> percentile and is considered relatively high and involves unemployment. None of the eight tracked at-risk population categories exceed the 66<sup>th</sup> percentile and its significance threshold.

A complete detailing of all population burdens and at-risk population rankings for Morro Hills CSD and San Diego County follows.

Morro Hills CSD + Surrounding Lands Pollution Burdens and Susceptible Population Table C-4.6a   Source: California Environmental Protection Agency and SD LAFCO		
Factor	Morro Hills CSD	San Diego County
No. of Census Tracts	1	627
<b>Pollution Burden</b>		
... Average Percentile Relative to California	52.0	37.8
Exposures   Air Quality - Ozone	45.0	42.2
Exposures   Air Quality - Fine Particulate Matter:	23.0	43.1
Exposures   Air Quality - Diesel Particulate Matter:	44.0	49.5
Exposures   Pesticide Uses:	97.0	11.8
Exposures   Toxic Releases:	13.0	32.1
Exposures   Traffic Impacts:	28.0	48.4
Exposures   Drinking Water Contaminants:	71.0	33.2
Exposures   Lead Risk in Housing:	13.0	38.7
Effects   Cleanup Sites:	69.0	24.2
Effects   Groundwater Threats:	31.0	36.8
Effects   Hazardous Waste:	3.0	44.9
Effects   Impaired Water Bodies:	67.0	55.5
Effects   Solid Waste Sites and Facilities:	64.0	27.4
<b>Sensitive Population</b>		
... Average Percentile Relative to California	20.0	36.8
Sensitive Population   Asthma:	6.0	34.6
Sensitive Population   Low Birth Weight:	47.0	44.5
Sensitive Population   Cardiovascular Disease:	11.0	28.8
Socioeconomic Factor   Education:	48.0	41.3
Socioeconomic Factor   Linguistic Isolation:	27.0	37.8
Socioeconomic Factor   Poverty:	29.0	45.5
Socioeconomic Factor   Unemployment:	54.0	50.0
Socioeconomic Factor   Housing Burden:	40.0	49.0

Additional considerations of environmental justice factors for Morro Hills CSD and its unincorporated jurisdictional boundary can be found by analyzing elements from the County of San Diego Climate Action Plan (CAP). This document serves as the County’s roadmap to reducing greenhouse gas (GHG) emissions as required under the California Environmental Quality Act (CEQA) with the societal understanding the negative effects therein - at least historically - disproportionately harm socially or economically disadvantaged communities.

The County of San Diego’s CAP was adopted in September 2024 following two earlier efforts where Board adoptions in June 2012 and February 2018 were subsequently rescinded and vacated, respectively, as a result of litigation initiated by the Sierra Club. The CAP serves as the County’s most public facing take to address the effects of climate change and advance environmental justice with a time frame through 2045 in line with

achieving a net zero carbon footprint.<sup>5 6</sup> The document focuses on the following five emissions reduction sectors and nine specific strategy categories:

Emission Reduction Sectors:

1. Built Environment and Transportation
2. Energy
3. Solid Waste
4. Water and Wastewater
5. Agriculture and Conservation

Emission Categories:

1. On-Road Transportation;
2. Off-Road Transportation;
3. Electricity;
4. Natural Gas;
5. Propane;
6. Solid Waste;
7. Agriculture;
8. Water; and
9. Wastewater

The County's CAP uses 2019 as its baseline inventory year with an unincorporated source contribution estimate of 2,984,000 metric tons of carbon emissions. The CAP - notably - does not identify the portion of the overall emission attributed to County activities. The estimated contribution total translates to a per capita production amount of 6.2 metric tons of carbon based on a population of 479,844 in 2019. This latter measurement is the third lowest among the six counties in southern California.

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<sup>5</sup> State sets the following GHG emission reduction standards for California: a) reduce to 40 percent below 1990 levels by 2030 and b) reduce to 80 percent below 1990 levels by 2050. The State translates these reduction goals by requiring local jurisdictions to meet per capita GHG emissions of no more than 6 metric tons by 2030 and 2 metric tons by 2050.

<sup>6</sup> CEQA Section 15183.5 (1) states that a plan for the reduction of greenhouse gas emissions should do all of the following. (A) Quantify greenhouse gas emissions, both existing and projected over a specified time period, resulting from activities within a defined geographic area. (B) Establish a level, based on substantial evidence, below which the contribution to greenhouse gas emissions from activities covered by the plan would not be cumulatively considerable. (C) Identify and analyze the greenhouse gas emissions resulting from specific actions or categories of actions anticipated within the geographic area. (D) Specify measures or a group of measures, including performance standards, that substantial evidence demonstrates, if implemented on a project-by-project basis, would collectively achieve the specified emissions level. (E) Establish a mechanism to monitor the plan's progress toward achieving the level and to require amendment if the plan is not achieving specified levels. (F) Be adopted in a public process following environmental review.

### County of San Diego + Other Southern California Counties: Estimated Carbon Footprint Baseline Years

Table C – 4.6b | Source: Counties’ CAPs and SD LAFCO

Southern CA County	Current Baseline Year	Total Community Emissions – Annual *	Per Capita Emissions - Annual *
County of Los Angeles	2018	5,173,240 metric tons	4.8 metric tons
County of Orange**	2018	776,984 metric tons	6.0 metric tons
County of San Diego	2019	2,894,000 metric tons	6.2 metric tons
County of San Bernardino	2016	2,873,469 metric tons	9.3 metric tons
County of Imperial	2018	497,169 metric tons	12.4 metric tons
County of Riverside	2017	4,905,518 metric tons	13.5 metric tons

\* Measures atmospheric impact of GHGs - including carbon dioxide, methane, and nitrous oxide.

\*\* Pending Adoption

Future reports should revisit and expand on the County’s policy efforts to reduce GHG emissions and related efforts to address and promote environmental justice.

## 5.0 ORGANIZATION

### 5.1 Governance

Morro Hills CSD operates as an independent special district under Division 3 of California’s Government Code (Sections 61000 to 61250). The principal act - Community Services District Act - was established by the Legislature in 1951 to provide local communities the ability to provide a full range of municipal services within a developed or developing area and commonly as an alternative and/or placeholder to incorporation. The only municipal service limitation on CSDs involves the prohibition of directly providing a community development function (i.e., land use). CSDs may include incorporated and/or unincorporated territory as well as comprise either contiguous or non-contiguous territory. CSDs may also include one or more zones.

Morro Hills CSD is currently authorized by LAFCO to provide one municipal function - streets - along with several ancillary classes involving culverts, drains, curbs, gutters, and sidewalks. All other service functions empowered under the principal act are categorized as latent and would require formal LAFCO approval to activate. A listing of all latent powers is detailed in Section 61100 and summarized in the footnote.<sup>7</sup>

<sup>7</sup> CSDs are empowered under the principal act - and subject to LAFCO authorization - to provide all of the following municipal functions: water; wastewater; recycled water; solid waste; fire protection and emergency medical; ambulance; parks and open space; community recreation; street lighting; landscaping; vector control; police protection; security; library; streets; electric and communication conversions; airports; transportation; graffiti abatement; flood control; community facilities; weed abatement; hydroelectric power; television translators; snow removal; animal and pest control; public mailboxes; mail delivery; cemeteries; habitat mitigation; broadband facilities; and finance operations of area planning commissions and municipal advisory councils.

Morro Hills CSD Authorized Functions and Ancillary Classes Table C-5.1a   Source: SD LAFCO + Community Service District Law	
Function	Ancillary Classes
Streets	Acquire, construct, improve, and maintain streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks, and any incidental works.

Consistent with its principal act, Morro Hills CSD is governed by a five-member at-large Board of Directors. Each director must be a registered voter within the CSD and subject to standard conflict of interest protections. Members are elected and/or appointed in place of contested elections to staggered four-year terms. Appointments to fill vacancies are also authorized to the Board to make within 60 days. (Should the CSD fail to act within 60 days the appointment authority goes to the Board of Supervisors.) The Board meets quarterly at a community non-profit (Fallbrook Land Conservancy) located outside the jurisdictional boundary at 1815 Stagecoach Lane in Fallbrook. Directors are volunteers and receive no compensation. Summary minutes are prepared for all meetings; audio and video recordings are not provided, although the Board reports options are currently being explored.

A current listing of the Morro Hills CSD Board and their respective backgrounds and service years follows.

Morro Hills CSD Current Board Roster Table C-5.1b   Source: Morro Hills CSD			
Member	Position	Years on Board	Background
Thomas Harrington	President	25	Land Surveyor - Real Estate
Patrick Meehan	Director	2	Accounting
Jeanine Roskos	Director	1	Mortgage Banking
Bill Weber	Director	1	Construction
Charlene Weber	Director	1	Construction
Average Experience: 6.0 Years			

## 5.2 Administration

Morro Hills CSD does not have any employees. Board members perform most administrative activities - including overseeing contractors provide project-specific street functions. CSD contracts with legal services as needed. CSD has no offices.

## 6.0 MUNICIPAL SERVICES

Morro Hills CSD currently provides one active municipal function categorized as “streets” with several ancillary classes. A summary analysis of this lone active service function and the ancillary classes follows with respect to capacities, demands, and performance during the five-year reporting period.

### 6.1 Streets Function + Related Classes

Morro Hills CSD’s street function commenced at the time of its formation in 1961. Initial actions involved taking ownership of most - but not all - of the existing roads that had been built within the jurisdictional boundary from the County of San Diego. CSD proceeded over the next several years to construct additional roads - comprising both new and extensions - and related drainage facilities with most of the funding sourced to governmental grants. CSD’s focus since the early 1970s has been to maintain the existing road network as needed via patching, paving, repairing berms, tree trimming, signage, and culvert cleaning. CSD also informs its roadway activities by preparing periodical traffic assessments.

#### **Just Streets...**

Morro Hills CSD’s street function and ancillary classes serve as the agency’s only municipal activity. Primary tasks under this function anchor to maintain a 6.0-mile roadway network and involve performing routine paving, patching, and signage upkeep. CSD also periodically prepares traffic assessments to help inform calming measures.

### Resources, Capacities + Demands

Morro Hills CSD’s street function operates as a non-enterprise function and is dependent on all-purpose revenues given the deliverables (i.e., roads) do not readily tie to collecting user fees. Morro Hills CSD’s allocation of the 1% generated in property taxes serves as the dominant resource in funding the streets function and relatedly helps define capacity limitations. The average annual property tax monies collected over the reporting period have been \$0.091 million and equal 99.0% of all revenues received with the balance largely involving interest earnings.

With respect to available capacities at the end of the reporting period, Morros Hills CSD’s street function is anchored by a roadway system spanning approximately 6.0 (5.96) miles. The roadway system is divided between primary and secondary designations; the former involves two-way roads that continue and/or connect beyond the CSD boundary with relatively high usages while the latter involves two-way roads exclusive to the CSD boundary with relatively low usages. Posted speed limits range between 25 and 45 miles per hour. Additional details follow in Table C-6.1a.

Morro Hills CSD Street Function: Roadway System Table C-6.1a   Source: Morro Hills CSD		
Type	Roadways	Length (miles)
Primary Roads	Sleeping Indian Road - Oceanside border to Burma Road...	2.09
	Morro Hills Road - Sleeping Indian Road to Olive Hills Road	1.40
	Burma Road - Sleeping Indian Road to CSD boundary	0.13
Secondary Roads	Tumbleweed Lane - Sleeping Indian Road to CSD boundary	0.25
	Del Valle Drive - Tumbleweed Lane to the terminus	0.35
	Verde Drive - Sleeping Indian Road to Del Valle Drive	0.19
	Georgine Road - Del Valle Drive to terminus	0.11
	Conejo Road - Sleeping Indian Road to the terminus	0.17
	San Jacinto Circle - Morro Hills Road to the terminus	1.16
	San Jacinto Terrace - San Jacinto Circle to the terminus	0.11

**Total: 5.98**

LAFCO estimates the remaining roadways in the CSD total 8.81 miles. Ownership of these remaining roads (i.e., County or private) is not readily available.

Morro Hills CSD’s roadway system is solely maintained by outside contractors. The current vendor is Peters Pavers and Grading (Temecula). Improvements and/or non-emergency repairs are considered by the Board annually as part of its budget process. An encroachment permit is required for any landowner activity requiring disturbing the public roadway system. Improvements are inspected before issuance, during construction, and after completion to assure compliance with CSD standards. CSD estimates the average demand for permits during the reporting period is two per year.

Morro Hills CSD's roadway system is illustrated as part of Map No. C-2 provided on the preceding page.

With respect to demands, the most recent traffic evaluation performed for Morro Hills CSD was completed near the end of the reporting period in August 2021 by The Perfect Solution (Mesa, Arizona). The 2021 evaluation follows earlier studies performed in 1989, 2004, and 2008 and similarly covers all three primary roads within the CSD - Sleeping Indian, Morro Hills, and Burma - as well as one secondary road, Tumbleweed Lane. The 2021 evaluation quantifies both traffic volumes and speeds for purposes of informing potential changes and/or enhancements to the roadway system. Notable takeaways from the 2021 evaluation are summarized below and further detailed in Table C-6.1b.

- Total average daily traffic volume measured at the three primary access points to the Morro Hills CSD community peaked in 2004 and has continued to level off in each of the subsequent counts performed in 2008 and 2021.
- Compared to the preceding evaluation in 2008, the average daily vehicle trips at the same three primary access points in 2021 have collectively decreased overall by (9.5%).
- Overall average daily traffic volume measured at the three access points to the Morro Hills CSD community generates 2,504 trips. The division of this daily trip total to the estimated number of residential units - 396 (2021) - produces an average per day household trip generation of 6.3, which is below the industry standard planning assumption of 9.4 trips.<sup>8</sup>

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<sup>8</sup> Reference to the Institute of Traffic Engineers (ITE) Trip Generation Manual (10<sup>th</sup> Edition).



### Morro Hills CSD Average Daily Vehicle Counts at Primary Access Points

Table C-6.1b | Source: Morro Hills CSD

Year	Sleeping Indian Road @ Morro Hills + Lower Springs	Morro Hills Road @ San Jacinto Circle W + E	Burma Road @ Sleeping Indian + Fallen Oak
1989	900	330	800
2004	1,350	480	1,150
2008	1,128	438	*1,201
2021	1,054	405	1,045
Average	1,108	413	1,049
Trend (all)	17.1%	22.7%	30.6%
Trend (04-21)	(21.9%)	(15.6%)	(9.1%)

\* A substitute traffic count is used involving station to the immediate south at Sleeping Indian Rd + Tumbleweed Ln

As detailed above, the most recent average daily traffic volume observed at the three access points to the Morro Hills CSD community tallies 2,504 vehicle trips (2021). This translates to a daily trip generator of 5.1 based only on existing development (single-family, commercial agriculture, etc.) in the CSD. This ratio falls substantively below industry planning assumptions that suggest the daily trip count should tally 8.6.<sup>9</sup> It is reasonable to assume this deviation means a limited amount of traffic volume in the CSD can be attributed to outside travelers.

#### Internal Demands...

Measured traffic relative to existing land uses in Morro Hills CSD suggests only a small portion of daily trips are attributed to outside travelers.

## Performance Measurements

Morros Hills CSD’s roadway network has remained relatively fixed since the mid-1960s with no current plans to expand in the near term. The Board’s focus over the last several decades and through the five-year reporting period has been to maintain existing service levels with an increasing emphasis on traffic safety and calming measures. These latter efforts are marked by periodically contracting with traffic engineers to prepare assessments on traffic volume and speed conditions within the CSD. The last two assessments were prepared in 2008 and 2021. A summary of the recommendations in both assessments paired with status with the CSD follows.

<sup>9</sup> Based on LAFCO’s calculation of notional trip demands using the ITE standards and applying to existing land uses in the CSD.

Morro Hills CSD: Recent + Current Traffic Assessments Table C-6.1c   Source: Morro Hills CSD		
Year	Consultant Recommendations	Status
2008	1. The speed limit along Sleeping Indian Road should be reset from 35 to 45 mph.	<i>Incomplete</i>
	2. The speed limit along Morro Hills Road should be set to 30 mph.	<b>Complete</b>
	3. The 35 mph sign located along the west side of Sleeping Indian Road just south of Burma Road should be removed and replaced with a 45 mph sign.	<i>Incomplete</i>
	4. The 35 mph sign located along the north side of Sleeping Indian Road just west of Conejo Road should be removed and replace with a 45 mph sign.	<i>Incomplete</i>
2021 (Primary)	1. A newsletter should be prepared for circulation throughout the CSD to briefly summarize the findings of the recent speed counts and identify the roadway segments of concern along with telegraphing potential calming measures.	<b>Complete</b>
	2. Speed limits should be posted at all entry points.	<b>Complete</b>
	3. Remove the stop sign for northbound Sleeping Indian Road at Burma Road.	<i>Incomplete</i>
	4. Add two curve warning signs to northbound Sleeping Indian as it approaches Burma Road.	<b>Complete</b>
	5. Narrow all travel lanes to a width of 10 feet except where the total pavement width is less than 20 feet. Those lane widths could be a minimum of 9.5 feet to ensure an edge line is visible.	<b>Complete</b>
	6. Restripe the double-yellow centerline through the intersection of Sleeping Indian Road and Burma Road, northbound to eastbound.	<b>Complete</b>
	7. Remove all vegetation within 100 feet on the approach to driveways, intersections, and traffic signs. Vegetation should also be removed 20 feet past every driveway, intersection, + signs.	<i>Incomplete</i>
	8. All Stop Bars within the community should be 12 inches wide.	<b>Complete</b>

\* Morro Hills CSD believes – and reasonably so – the 2021 study merits qualification in assigning significance given the effects of the pandemic.

As reflected in Table 6.1c, three of the four recommendations from the 2008 traffic assessment remain incomplete. All three tie to raising the speed limit on Sleeping Indian Road from 35 to 45 mph consistent with the observed 85<sup>th</sup> percentile of otherwise free-flowing travel consistent with California Vehicle Code regulations. (The actual 85<sup>th</sup> percentile tallied 49 mph, which was reduced to 45 mph in the final the recommendation given limited shoulders and no sidewalks on Sleeping Indian Road.) The most recent traffic assessment performed in 2021 shows the observed 85<sup>th</sup> percentile of free-flowing traffic on Sleeping Indian Road at 59 mph. The 2021 assessment, however, misreports the speed limit on Sleeping Indian Road at 45 mph while concurrently downplaying the results of their own observed free-flow travel as anomalies and/or theorizing drivers may have been purposefully skewing the results by speeding. This leads the 2021 assessment to recommend a series of traffic calming measures rather than proceeding with the more notional approach in the Vehicle Code to raise the speed limit to 55 mph consistent with the observed 85<sup>th</sup> percentile.

A long-standing omission persists involving Morro Hills CSD’s most traveled street – Sleeping Indian Road – given the 35-mph limit is substantively lower than the California Vehicle Code would otherwise support. It would be prudent for CSD to revisit the speed limit to help ensure it is fairly set to the 85<sup>th</sup> percentile standard and contributes – and does not undermine – safe driving conditions in the service area.

## 7.0 FINANCES

### 7.1 Budget and Actuals

LAFCO staff requested but did not receive copies of budget materials or quarterly financial reports covering the five-year reporting period from Morro Hills CSD. These materials are also not available on the CSD website.

### 7.2 Fund Balance

Morro Hills CSD’s fund balance at the end of the five-year report period tallies \$0.267 million. This amount represents the unassigned cash available to the CSD for any purposes and finishes nearly one-fifth above the annual ending fund balance average of \$0.181 million generated over the prior four-year period in which information is readily available. The combination of the two amounts reflects an upward trend over the corresponding 48 months of 87.1%. The average annual ending fund balance is separately sufficient to cover 40.9 months of the average operating expense incurred over the same period. The ending fund balances relative to covering equivalent monthly operating expenses follows in Table C-7.2a.

#### Sizing the Fund Balance Up...

Morro Hills CSD finished the five-year report period with an unassigned fund balance of \$0.267 million, sufficient to cover 134 months of recent actual costs.

Morro Hills CSD Unassigned Fund Balance + Monthly Coverage Equivalents Table C-7.2a   Source: Morro Hills CSD (ACFRs, FY19 to FY22) + SD LAFCO							
Category	2018	2019	2020	2021	2022	Average*	Trend*
Ending Fund Balance	n/a	142,621	118,853	194,282	266,849	180,651	87.1%
... Actual Operating Costs	n/a	32,174	138,040	17,764	23,843	52,955	(25.9%)
... Equivalent Months Covered	n/a	53.2	10.3	131.2	134.3	40.9	152.5%

\*Abbreviated to 4-Year Sums

### 7.3 Financial Statements

Morro Hills CSD contracts with an outside accounting firm to prepare an annual report to review the agency’s financial statements under established governmental accounting standards. All outside audits prepared during the five-year report period have been performed by Nigro & Nigro (Murrieta). CSD’s most

#### Most Recent Year-Ending Financial Statements (2022) amounts in millions

Assets	\$0.579
Liabilities	\$0.0
Deferred Outflow/Inflow	\$0.0
<b>Net Position</b>	<b>\$0.579</b>

recent audited financial statements covers 2021-2022 and were completed on July 31, 2022. These statements show the CSD experienced a moderate to sizable improvement over the prior fiscal year as the overall net position covering all activities and related associations increased by 7.4% from \$0.539 million to \$0.579 million. The accompanying letter from the outside auditor to the CSD Board did not identify any material weaknesses or related concerns. A detailing of year-end totals and trends follows for assets, liabilities, and net position.

### Agency Assets

CSD’s audited overall assets at the end of the reporting period totals \$0.579 million. This amount is 12.1% higher than the average ending amount of \$0.509 million documented during each of the five report years and underlies the one-quarter plus upward trend generated during the period. Assets classified as current with the expectation they could be liquidated within a year tally \$0.267 million - or 46.1% of the total - and predominately tie to cash and investments. This latter category underlies the overall increase in assets having risen by nearly two-fold - or 162.0%. Assets classified as non-current make up the remainder of the overall total at \$0.312 million and entirely consist of capital assets classified as “road improvements.” Specific year-end asset totals for CSD are shown below in Table C-7.3a.

#### Assets Gradually Rising ...

CSD’s assets have increased by 27% during the five-year report period from \$0.454 to \$0.579 million with the change largely tied to expanding cash and investment holdings. The per capita value of total assets at the end of the reporting period is \$578.

Morro Hills CSD Audited Assets Table C-7.3a   Source: CSD ACFRs + SDLAFCO							
Category	2018	2019	2020	2021	2022	Average	Trend
Current	112,318	165,350	118,978	194,457	266,849	171,590	137.6
Non-Current	342,318	305,476	383,279	344,334	312,061	337,494	(8.8)
<b>Total (millions)</b>	<b>\$0.455</b>	<b>\$0.471</b>	<b>\$0.502</b>	<b>\$0.539</b>	<b>\$0.579</b>	<b>\$0.509</b>	<b>27.3%</b>
Per Capita Value	433.81	456.23	529.81	557.18	578.33	509.56	33.3

### Agency Liabilities

CSD finished the reporting period without having booked any year-end liabilities during any of the five years. This includes - among other things - CSD finishing each year without any due accounts payable, bonds payable, pension or post-employment liabilities, compensated absences, claims, or leases.

Morro Hills CSD Audited Liabilities Table C-7.3b   Source: CSD ACFRs + SDLAFCO						Average	Trend
Category	2018	2019	2020	2021	2022		
Current	0.0	0.0	0.0	0.0	0.0	-	-
Non-Current	0.0	0.0	0.0	0.0	0.0	-	-
<b>Total (millions)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	-	-
Per Capita Value	0.0	0.0	0.0	0.0	0.0	-	-

## Net Position

CSD’s overall audited net position at the end of the reporting period totals \$0.579 million and represents the difference between total assets and total liabilities along with adjusting for deferred resources, if applicable. This most recent year-end amount lies 13.7% above the average year-end sum of \$0.509 million generated during the five-year report period and underlies the upward and improving trend. The net position is divided nearly equally between capital assets at \$0.312 million and unrestricted assets at \$0.267 million. Specific year-end net position totals are shown below in Table C-7.3c.

### Net Worth on Paper...

CSD’s audited net position mirrors asset holdings and has increased during the five-year report period by more than one-fourth from \$0.454 million to \$0.579 million.

Morro Hills CSD Net Position Table C-7.3c   Source: CSD ACFRs + SDLAFCO						Average	Trend
Category	2018	2019	2020	2021	2022		
Restricted	-	-	-	-	-	-	-
Unrestricted	112,318	165,350	118,978	194,457	266,849	171,590	137.6
Capital Assets	342,318	305,476	383,279	344,334	312,061	337,494	(8.8)
<b>Total (millions)</b>	<b>\$0.455</b>	<b>\$0.471</b>	<b>\$0.502</b>	<b>\$0.539</b>	<b>\$0.579</b>	<b>\$0.509</b>	<b>27.3%</b>
Per Capita Value	433.81	456.23	529.81	557.18	578.33	509.56	33.3

## 7.4 Fiscal Indicators | Measuring Liquidity, Capital, Margin + Asset Management

Analysis of the standard fiscal measurement categories – liquidity, capital margin, and asset management – regarding Morro Hills CSD has limited value given the agency’s relatively stagnant fiscal activity during the five-year report period with one exception. This exception involves considering the CSD’s total margin ratios over the reporting period and its value as a bottom-line accounting measurement. CSD’s overall average

total margin during the reporting period has been 39.2%; i.e., the agency has collected \$1.39 in total revenue for every \$1.00 total expense over each of the five years. Positive total margins were achieved in four of the five years with an ending tallying of 75.2%. The overall trend covering the reporting period is 168.2%.

## 7.5 Pension Obligations

None.

## 7.6 Other Post-Employment Benefit Obligations

None.

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