

**SAN DIEGO LOCAL AGENCY FORMATION COMMISSION**  
APPLICATION for EXPANSION and/or ACTIVATION of LATENT POWERS

The following information must be submitted with the application;  
additional information may be requested during proposal review.

1. Completed APPLICATION for LATENT POWERS EXPANSION and/or ACTIVATION.
2. Certified resolution of application from each subject district (Government Code § 56654).
3. A metes-and-bounds legal (geographic) description for the perimeter of the subject area and a reproducible map may be required. LAFCO staff should be contacted to determine if this application requirement is necessary. Information about mapping requirements is available at [www.sdlafco.org/forms/legal\\_description.pdf](http://www.sdlafco.org/forms/legal_description.pdf); or contact the County Assessor's Mapping Division at 619/531-6468.
4. One copy of each subject districts' adopted budget and staffing schedules for the current and previous fiscal year, most recent audits, capital improvement programs/plans, master service plans, and one copy of a five-year proposed budget and staffing schedule for the subject agency detailing expenditures, anticipated revenues, and reserves.
5. Terms and Conditions. Terms and conditions should address assumptions underlying the proposal, including but limited to: (1) transfer/addition of personnel and personnel rights; (2) restrictions on the use of discretionary revenue; (3) organization and governance; (4) proposed effective date of change of organization.
6. List of agencies, groups, and individuals that were contacted regarding the proposal.
7. Completed CAMPAIGN CONTRIBUTION DISCLOSURE FORM and EVALUATION CHECKLIST for DISCLOSURE OF POLITICAL EXPENDITURES.
8. Completed SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM from each subject agency.
9. LAFCO processing fees. Refer to <http://www.sdlafco.org/document/feeschedule.pdf>, or contact LAFCO staff.

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

Updated: October 21, 2015

# LATENT POWERS EXPANSION AND/OR ACTIVATION APPLICATION

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

SUBJECT AGENCY(IES) (City or Special District)	PROPOSED CHANGE OF ORGANIZATION/ACTION (Latent powers activation, expansion, annexation, detachment, dissolution, sphere amendment, etc.)
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____

As part of this application, the city of \_\_\_\_\_ or the \_\_\_\_\_ district, \_\_\_\_\_ (the applicant), and/or the \_\_\_\_\_ (real party in interest: subject landowner and/or registered voter) agree to defend, indemnify, hold harmless, and release the San Diego LAFCO, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any or all of them, the purpose of which is to attack, set aside, void, or annul the approval or denial of this application or adoption of or refusal to adopt the environmental document which accompanies it or any other action San Diego LAFCO takes with respect to this application. This defense and indemnification obligation shall include, but not be limited to, attorneys' fees and other costs of defense, damages, costs, and expenses, including attorney fees payable to another party. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. San Diego LAFCO's acceptance of this application is sufficient to make this agreement a binding, bilateral contract between us.

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

Agreed:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print/Type Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: (    ) \_\_\_\_\_

Property Address: \_\_\_\_\_

Cross Street(s): \_\_\_\_\_

Assessor Parcel Number(s): \_\_\_\_\_ Acres: \_\_\_\_\_

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

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: (    ) \_\_\_\_\_

## APPLICATION FOR EXPANSION AND/OR ACTIVATION OF LATENT POWERS

*Please respond fully to the following requests for information; use additional sheets of paper as required. Respond with NA to items that do not apply.*

### GENERAL INFORMATION

**1. Why is LATENT POWERS ACTIVATION/EXPANSION proposed?**

The activation of powers is proposed to provide for the following: public parks, public playgrounds, public recreation buildings, buildings used for a public purpose, street lighting systems and works to provide for the drainage of roads, streets, and public places, including but not limited to, curbs, gutters, sidewalks, and pavement of streets ( “ Public Park and Recreation Facilities/ Street Lighting and Road Improvements “ or “ Activated Powers ” ) to the community of Fallbrook that lies within the service area of the Fallbrook Public Utility District. This request is based on a request from local non-profit groups that are currently providing these services.

**2. Identify existing service providers and discuss all changes in providers or amendments to existing services or agreements that would be required to accommodate the proposal.**

See attached

**3. Describe any proposed changes to service, which would be required as a result of the proposal.**

The proposal would activate the latent powers for Public Park and Recreation Facilities/ Street Lighting and Road Improvements for the District within the existing service area of the District.

**4. Please identify current and proposed staffing:**

<b>Safety</b>	<b>FY: Current</b>	<b>FY: Proposed</b>	<b>Comments</b>
Number of paid personnel:	68	68	

**5. List specific position classifications for all additional personnel that would be hired as a result of the latent powers application.**

See attached

6. List services currently provided and services that the subject agency would provide:

	<b>Name of Agency:</b>	<b>Current Services</b>	<b>Proposed Services</b>
a.	Fallbrook PUD	Water, Wastewater and	Water, Wastewater, Recycled
b.		Recycled Water	Water and Activated Powers
c.			
d.			
e.			

7. Briefly discuss any **new** service that would be provided within the reorganized district.  
See attached

8. Discuss how the proposal will affect opportunities for furthering efficiencies, such as usage of joint powers agreements, joint powers authorities/agreements, regional planning opportunities, etc. List current shared activities with other service providers, including shared facilities and staff. Discuss how the proposal will further these efforts.

<b>Name of Agency:</b>	<u>Fallbrook Public Utility District</u>
9. District Population	<u>~35,000</u>
10. Registered Voters	<u>17,178</u>
11. Acres / Square miles	<u>44 square miles</u>

12. Describe prevalent land uses in each district; list predominant General Plan designations.  
Land use is zoned as residential, but also includes open space, agricultural and commercial zoning

13. Briefly discuss all development or change in land–use that the proposal would allow.  
No change in land use is proposed

14. What sphere of influence change(s) is/are proposed for the subject agency?  
No change in the sphere of influence is proposed

15. Discuss the ability of the subject district to provide services to all territory within the district's sphere of influence. Include a discussion of the cost to extend services.

See attached

16. List special taxes approved by voters within the district. If the agency will continue to levy voter-approved taxes, explain restrictions and processes concerning collection and expenditure of special tax revenue.

See attached

17. Briefly describe if new equipment or equipment upgrades that would be required to implement proposal. Provide cost estimates and explain how capital funds will be available for purchase.

There is no anticipated purchase of new equipment or upgrades to existing due to the activation of powers. There may be utilization of existing equipment to support these services and the cost for any labor or equipment usages will be assessed against the new public park and recreation facilities/ street lighting and road improvements fund.

## SUPPLEMENTAL FISCAL AND GENERAL INFORMATION

For the questions in this section, please submit answers on additional pages, indicate who provided the information, and attach the pages to this form.

1. Per requirements in Government Code Section 56653 and 56824.12, submit with this application a plan for providing services within the affected territory. At a minimum the plan for services must include: (1) An enumeration and description of the services to be provided; (2) The level and range of services to be provided; (3) An indication of when services can be feasibly extended to the reorganization territory; (4) An indication of any improvements or upgrades of facilities that the subject agency will make or require; and (5) Total estimated cost to provide services; (6) Estimated cost of services to customers; (7) Identification of existing service providers; (8) Whether the latent powers proposal will involve the activation, expansion, or divestiture of service powers and authorization; (9) Plan for financing the establishment of new or different service functions; and (10) Alternatives for establishing new or different functions or classes of services.
2. Provide a copy of each district's: adopted budgets and staffing schedules for the current and previous fiscal-year and the most recent audits, Capital Improvement Programs, Master Service Plans, and a copy of a five-year proposed budget and staffing schedule for the subject agency detailing expenditures, anticipated revenues, and reserves.
3. Explain how operations for each district have been financed and include a narrative summary of all sources of revenues and expenditures. Cite the fiscal year for the data and indicate how the sources of revenue and associated expenditures will change with the proposal. If new opportunities for additional revenue will result from the proposal (e.g., joint agency grant applications, etc.). Please explain.
4. Describe any voter-approved charges or taxes that each district currently levies, and indicate if the district would continue to levy them after this change of organization.
5. Discuss the opportunities for improved service delivery associated with proposed changes in government organization through merging staff, reduction/attrition, phasing out of positions, etc.
6. What will be the major source(s) of funding for the subject district?
7. Indicate if the district plans to establish improvement districts as a mechanism to continue the collection of fees and taxes in each former district's territory. If the proposed improvement district has different boundaries than the former district, provide a map and legal description. If improvement districts or tax zones are proposed to be formed, explain the rationale used to determine the boundaries and associated benefit fees, taxes, or assessments.

8. If the district proposes to levy additional fees or taxes as a result of this proposal, indicate how those costs will be levied, and what the cost will be for each resident/service user.
9. Discuss any opportunities for cost-savings or cost-avoidance. Include in the response any proposed actions to decrease or charges/fees; whether employee salaries and benefits will be increased or decreased; effects on equipment purchase, facility planning, shared facility usage, insurance costs, overall service costs, etc. Note that any associated cost-savings/increases needs to be reflected in the proposed budgets submitted with the LAFCO application.
10. List any terms and conditions that are requested for this proposal.
11. List all agencies, groups and individuals contacted regarding this proposal.
12. Are there any jurisdictional issues/conflicts associated with the proposal?  
 YES       NO (If yes, please complete the LAFCO Policy L-107 form)

## CAMPAIGN CONTRIBUTION DISCLOSURE PROVISIONS

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

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

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

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

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

<sup>1</sup> "Party" is defined as any person who files an application for, or is the subject of, a proceeding.

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

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

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

## CAMPAIGN CONTRIBUTION DISCLOSURE FORM

(a) Proposed change(s) of organization: \_\_\_\_\_

\_\_\_\_\_

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

1. \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_

(c) Date and amount of contribution:

Date \_\_\_\_\_ Amount \$ \_\_\_\_\_

Date \_\_\_\_\_ Amount \$ \_\_\_\_\_

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

1. \_\_\_\_\_

2. \_\_\_\_\_

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

Printed Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_ Phone \_\_\_\_\_

To be completed by LAFCO:

Proposal:

Ref. No.



## DISCLOSURE OF POLITICAL EXPENDITURES

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

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

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

## EVALUATION CHECKLIST FOR DISCLOSURE OF POLITICAL EXPENDITURES

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

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

Yes

No

Date of contribution \_\_\_\_\_

Amount \$ \_\_\_\_\_

Name/Ref. No. of LAFCO proposal \_\_\_\_\_

Date proposal submitted to LAFCO \_\_\_\_\_

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

Yes

No

Date of contribution \_\_\_\_\_

Amount \$ \_\_\_\_\_

Name/Ref. No. of LAFCO proposal \_\_\_\_\_

Date proposal submitted to LAFCO \_\_\_\_\_

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

Yes

No

## SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM

NOTE: A copy of this form must be completed and signed by **each** local agency that will gain or lose territory as a result of the proposed jurisdictional boundary change. Attach additional sheets if necessary.

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**Signature of agency representative**

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**Print name**

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**Title**

---

**Telephone**

---

**Date**

### A. JURISDICTIONAL INFORMATION:

Name of agency: \_\_\_\_\_

1. Is the proposal territory within the agency's sphere of influence? Yes  No
2. Upon LAFCO approval, will the proposal territory be included within an assessment district and be subject to assessment for new or extended services? Yes  No
3. Does the agency have plans to establish any new assessment district that would include the proposal territory? Yes  No
4. Will the proposal territory assume any existing bonded indebtedness? Yes  No   
*If yes, indicate any taxpayer cost: \$ \_\_\_\_\_*
5. Will the proposal territory be subject to any special taxes, benefit charges, or fees? Yes  No   
*If yes, please provide details of all costs: \_\_\_\_\_*  
\_\_\_\_\_
6. Is the agency requesting an exchange of property tax revenues as a result of this proposal? Yes  No
7. Is this proposed jurisdictional change subject to a master property tax agreement or master enterprise district resolution? Yes  No

**B. SEWER SERVICE:**

1. What is the agency's current wastewater treatment capacity (expressed in million gallons per day and equivalent dwelling units)? \_\_\_\_\_  
\_\_\_\_\_
2. What is the average volume of influent currently being treated by the agency (expressed in million gallons per day and equivalent dwelling units)? \_\_\_\_\_  
\_\_\_\_\_
3. (a) What is the agency's peak flow volume (expressed in million gallons per day)?  
\_\_\_\_\_  
(b) What is the agency's peak flow capacity (expressed in million gallons per day)?  
\_\_\_\_\_  
(c) Has the agency exceeded the flow (peak) capacity within the past two years?  
(d) **If yes**, please describe the frequency and volume of incidents that exceeded the agency's peak capacity: \_\_\_\_\_  YES  NO  
\_\_\_\_\_
4. (a) Has the agency issued a letter of sewer availability for the proposal territory?  YES  NO  
(b) **If yes**, please provide a copy of the letter. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)
5. (a) How many future equivalent dwelling units have been reserved or committed for proposed projects? \_\_\_\_\_  
(b) Can all projects that have received commitments of sewer availability (e.g., "will serve letters") be accommodated with planned capacity?  YES  NO
6. (a) Does the agency have the necessary contractual and/or operational treatment capacity to provide sewer service to the proposal territory?  YES  NO  
(b) **If yes**, please specify the proposal territory's estimated sewer demand and the agency's available sewer capacity (expressed in million gallons per day and equivalent dwelling units):  
\_\_\_\_\_  
\_\_\_\_\_  
(c) **If no**, please describe the agency's plans to upgrade capacity to resolve any capacity related issues: \_\_\_\_\_  
\_\_\_\_\_
7. Will the proposal territory be annexed to a sewer improvement district?  YES  NO
8. (a) The distance for connection of the proposal territory to the agency's existing sewer system is \_\_\_\_\_ feet.  
(b) Describe the location of the connection to the agency's existing sewer system:  
\_\_\_\_\_

C. WATER SERVICE:

1. (a) Does the subject agency have adequate water supply and sufficient contractual and/or operational capacity available to serve the proposal territory?  YES  NO

(b) *If yes*, describe the proposal territory's estimated water demand and the agency's available water supply and capacity (expressed in acre-feet or million gallons per day):  
\_\_\_\_\_

(c) *If no*, what plans does the agency have to increase its water capacity?  
\_\_\_\_\_

2. Specify any improvements (on and off-site) that will be necessary to connect and serve the anticipated development. Indicate the total cost of these improvements and method of financing (e.g., general property tax, assessment district, landowner or developer fees): \_\_\_\_\_  
\_\_\_\_\_

3. (a) Has the agency issued a letter of water availability for the proposal territory?  YES  NO

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

4. (a) The distance for connection of the proposal territory to the agency's existing water system is \_\_\_\_\_ feet.

(b) Describe the location of the connection to the agency's existing water system:  
\_\_\_\_\_

5. (a) Is the agency currently under any drought-related conditions and/or restrictions?  YES  NO

(b) *If yes*, describe the conditions and specify any related restrictions:  
\_\_\_\_\_

6. (a) Will the proposal territory utilize reclaimed water?  YES  NO

(b) *If yes*, describe the proposal territory's reclaimed water use and the agency's available reclaimed water supply and capacity (expressed in acre-feet or million gallons per day):  
\_\_\_\_\_

(c) The distance for connection of the proposal territory to the agency's existing reclaimed water system is \_\_\_\_\_ feet.

(d) Describe the location of the connection to the agency's existing reclaimed water system: \_\_\_\_\_

- (e) *If no*, has the agency considered availability of reclaimed water to the proposal territory?  YES  NO

(f) What restrictions prevent use of reclaimed water? \_\_\_\_\_  
\_\_\_\_\_

7. Will the proposal territory be annexed to an improvement district?  YES  NO

**FIRE PROTECTION**

1. Identify existing dispatch providers and discuss all changes in providers or amendment to existing communications agreements that would be required to accommodate the proposal.
  
2. Describe any proposed changes to paramedic service, which would be required as a result of the proposal.
  
3. How would the proposal affect exclusive operating areas (EOA) for the subject districts?
  
4. Please identify current and proposed staffing:

	Name of Agency	Name of Agency
<b>Safety</b>		
Number of paid personnel:		
Number of paid reserves:		
Number of non-paid reserves:		
<b>Non-Safety</b>		
Number of Admin / Support		

5. List specific position classifications for all additional personnel that would be hired as a result of this proposal.
  
6. Describe all if there are any retirement liabilities that would result from the proposal and how liabilities would be addressed.
  
7. List existing automatic and mutual aid agreements and indicate which agreements may need to be amended to facilitate the proposal.

8. Discuss the anticipated ISO rating for the subject agency and the ISO process for reevaluating the service area.
  
9. Briefly explain how the districts' operations have been financed; list major revenue sources and identify the percent of operational funding which each source represents.

**Name of Agency:** \_\_\_\_\_

10. Briefly describe if new equipment or equipment upgrades that would be required to implement proposal. Provide cost estimates and explain how capital funds will be available for purchase.

## General Information

2. The existing service providers for many of the parks and recreation services are through non-profit entities, such as the Fallbrook Village Association, Save our Forest, Fallbrook Beatification Alliance, Live Oak Park Coalition, The Fallbrook Trails Council and the Fallbrook Land Conservancy. The activation of powers would help support and enhance these efforts. County Service Area 81 also provides park and recreation services to County owned facilities within the proposed area. The proposed service would provide additional Public Park and Recreation Facilities/ Street Lighting and Road Improvements.
5. There is no anticipated additional staffing resources to activate these powers. The proposed allocation of funds for projects associated with the powers to be activated will be established by a volunteer committee appointed by the Board. There will be some oversight by existing staff to ensure District procurement procedures are followed and all projects fall within the requirements applicable to the District. The District Board will approve all proposed expenditures.
7. The new service to be provided is to utilize some of the existing property tax revenue to support Activated Powers activities within the District's 44 square mile service area. The revenue would largely be used to implement projects that support existing non-profit entities that provide these services. Examples of projects include:
  - Public parks
  - Public playgrounds
  - Public recreation buildings
  - Buildings used for a public purpose
  - Street lighting systems
  - Works to provide for the drainage of roads, streets, and public places, including but not limited to, curbs, gutters, sidewalks, and pavement of streets

The services are currently provided by non-profits and volunteers were the community has provided public community features that were above the level of service that the county was willing to provide.

8. This proposal will provide for addition coordination and sustainable funding for maintenance and enhancement of community facilities in the District service area. Agreements will be developed with existing non-profit groups and/or the county were necessary. The proposal will leverage existing administrative and procurement resources to help better execute projects to support community facilities and public projects within the scope of the activated powers.
15. The proposed expansion of activated powers would largely be provided through existing non-profit entities providing public parks and recreation services. The District would provide additional funding to support and enhance these services. The proposed allocation of existing property tax would initially be established based on an equivalent value of \$5 per meter month, which is a total of \$546,420 annually (9107 meters at \$5 per month). The District currently

projects to collect a total of \$1,918,296 of property tax revenue. The property tax revenue comes from property tax on parcels in the entire District, which is allocated to the water enterprise. The District also collects additional property tax for parcels within the sewer service area which is only a portion of the District boundary. The proposed allocation of property tax, would utilize some of the existing property tax from the portion that covers the entire District and allocate those funds for a new Activated Powers enterprise fund. The District currently projects to collect \$912,422 of the property tax revenue from the property tax allocation that covers the entire District. Of this \$912,422, \$546,420 or approximately 60% would be allocated for Activated Powers services. These funds are currently used to pay a portion of the District cash funded (PAYGO) water capital improvement program which funds water infrastructure replacement and rehabilitation. The PAYGO CIP program is budgeted to be between \$3 - \$5 million per year. The reallocation of the property tax revenue would require the District to charge additional fees to maintain the currently targeted fund balances and offset the loss in PAYGO CIP revenues. Any additional fees charged by the District will need to be part of a separate rate setting process that must comply with Proposition 218 requirements.

16. The District is primarily funded through water and sewer rates. The District does also receive a share of property tax and funds through a Water Availability Charge that is assessed on the property tax. The District also collects additional property tax for a smaller sewer service area (Improvement District "S"). There would be no change in the collection of these funds under the proposed expansion of latent powers. The District would restrict some of the existing property tax as a source of revenue for a new Activated Powers enterprise.

#### **Supplemental Fiscal and General Information**

1. See attached plan for service (Attachment A)
2. See the following
  - a. Last two years of Audits (Attachment B)
  - b. Capital Improvement Program and Adopted Budget (Attachment C)
  - c. Projected budget with activation of Public Park and Recreation Facilities/ Street Lighting and Road Improvements service (Attachment D)
3. See Attachment C and D
4. The District is primarily funded through water and sewer rates. The District does also receive a share of property tax and funds through a Water Availability Charge that is assessed on the property tax. There would be no change in the collection of these funds under the proposed expansion of latent powers. The District would restrict some of the existing property tax as a source of revenue for a new Activated Powers enterprise.
5. The proposal would help support and improve delivery of parks and recreation services within the District boundary through additional funding and some staff support to help procure outside services. There is no proposed addition or reduction in District staff as part of this proposal.
6. Funding will be provided from existing property tax revenue.
7. A new improvement District is not proposed, the activation of the service would cover the entire District service area.



8. This proposal would not directly levy an additional fee, it would allocate approximately \$546,420 of existing property tax that is currently being utilized to fund water infrastructure capital projects. Since the need for funding these projects will not be decreasing, it will be necessary for the District to establish fees to recover this cost. This will require the District to increase fees on customers to offset this amount. The amount is equivalent to \$5 per service per month. The allocation of this additional amount would require a separate rate setting process and public hearing in accordance with Proposition 218 requirements.
9. There are not any anticipated cost savings for the District due to the activation of Public Park and Recreation Facilities/ Street Lighting and Road Improvements services. There are also no planned increases in District salaries or benefits do to this action.
10. The District requests the activation of Public Park and Recreation Facilities/ Street Lighting and Road Improvements services utilizing up to 60% of existing property tax revenue excluding property tax collected specifically for Improvement District "S".

# **ATTACHMENT A**

**Fallbrook Public Utility District**  
**Plan for Providing**  
**Activated Powers Services**  
**Prepared by FPUD Staff**  
**July 29, 2019**

## Background of District

### History

Fallbrook is an unincorporated community in San Diego County. The first permanent recorded settlement in Fallbrook was in 1869, in the east area of the District, which later became Live Oak County Park. While agriculture has always played a major role in the community, the first plantings were olives and citrus. These crops were replaced in the 1920's by avocados and it wasn't long before Fallbrook became generally recognized as the "Avocado Capital of the World."

Fallbrook Public Utility District (District) was incorporated on June 5, 1922 to serve water from local area wells along the San Luis Rey River. Soon after it was established, the District began to grow. Annexations into the District have expanded the service area from 500 acres to 28,000 acres (44 square miles). To meet the growing demand for water, additional ground water supplies were developed along both the San Luis Rey and Santa Margarita rivers.

The District became a member of the San Diego County Water Authority (SDCWA) at its formation on June 9, 1944, and thus was eligible to receive a portion of Colorado River water that would be diverted by the Metropolitan Water District of Southern California (MWD). When Colorado River water became available in 1948, consumption within the District gradually increased to approximately 10,000 acre-feet per year by 1959. Then in 1978, MWD augmented its supply system with water from the California State Water Project and began delivering water from both systems to San Diego County. Today, the SDCWA provides virtually all of the District's potable water

### Governance and Organizational Structure

The District's Board is made up of five community members who serve overlapping four-year terms. In March 2016, the Board unanimously approved a resolution to change the method of electing board members to "election by district" and approved a map identifying five territorial units within the District. Each director, therefore, is elected by the registered voters of the sub-district he or she resides in, within the District's service area. To run for office, a candidate must live in the area he or she is running to represent. Prior to 2016, directors would win a seat on the board by being the top vote-getters, regardless of where they lived within the District.

#### **Current Board of Directors:**

**District #1 – Dave Baxter**

**District #2 - Ken Endter**

**District #3 - Jennifer DeMeo, Vice-President**

**District #4 - Don McDougal, President**

**District #5 - Charley Wolk**

### Service Area and Local Economy

San Diego County is the second-most populous county in the state and the fifth-most populous in the United States. The District is located in the north-east region of the county and is rural in character. The District is bordered to the west by the Naval Weapons Station and U.S. Marine Corps Base Camp

Pendleton, making the District's service area a bedroom community for Camp Pendleton's active military and civilian-service workers. The service area's 2017 population is estimated to be 34,330 with 11,418 households. Fallbrook's population has remained relatively unchanged over the past several years.

The median household income in Fallbrook was \$60,510, which is less than the state median of \$67,739 and slightly higher than the national average of \$59,039. San Diego County's unemployment rate is 3.7%, which is lower than the State's 4.3%.

The San Diego Association of Governments (SANDAG) projects that the County's population will approach 4.4 million residents in 2050, up from 3.3 million in 2016. The District's 2050 housing density is expected to increase slightly as housing demands increase. Employment is also expected to slightly increase by 2050.

#### Enumeration and Description of the Services to be Provided

The expansion of latent powers is proposed to provide additional Activated Powers services to the community of Fallbrook that lies within the service area of the Fallbrook Public Utility District. This request is based on a request from local non-profit groups that are currently providing these services.

The existing service providers for many of the parks and recreation services are through non-profit entities, such as the Fallbrook Village Association, Save our Forest, Fallbrook Beautification Alliance, Live Oak Park Coalition, The Fallbrook Trails Council and the Fallbrook Land Conservancy. These funds would help support and enhance these efforts. County Service Area (CSA) 81 also provides park and recreation services to County owned facilities within the proposed area. The proposed service would provide additional parks and recreation services in addition to what is currently provided through CSA 81.

A summary of potential projects identified by the community groups that could be supported by these funds is summarized below

Trees, benches, improvements to preserves, pocket parks, and community areas. Creation of additional parks including Railroad Heritage park, Skate Park, and an Agriculture Park, including a maintenance plan for these and other projects.

#### Level and range of services to be provided

The total amount of support provided by the District for additional Activated Powers services will be based on the available funding and a priority list of projects identified. The priority list of projects will be developed by a volunteer group appointed by the District Governing Board. The Activated Powers oversight group will recommend a list of projects and anticipated costs to the District Board for approval. A summary of the proposed organization of the Activated Powers (community benefit project) oversight committee and a draft of potential policy and procedures to be adopted by the FPUD Board for this oversight committee are included in Exhibit A.

The types of projects and services to be provided are summarized above.

### An indication of when services can feasible be extended

Since this request does not require any reorganization or additional staffing it is anticipated the services can be initiated with 3-4 months after LAFCO approves the activation of the latent power. From a financial accounting and budget control perspective, it is preferred to initiate services at the start of the Fiscal Year (July 1), so that the new additional Activated Powers fund can be initiated as part of the District budget adoption process.

### Required Improvements or Upgrades of Facilities

The potential projects that would be funded are identified above. It is not anticipated that the District will require additional property or facilities. Any funds allocated to parks or community facilities owned by a non-profit entity will require agreements with the District to ensure the property will be maintained for public use and benefit.

### Total Estimated cost to provide services

The initial allocation of funds is based on an allocation from existing property tax of an amount equivalent to \$5 per service per month for a total of \$546,420. The District will only provide funding and services for additional Activated Powers services within the allocated funding amount. If funding is fully appropriated, no additional projects will be undertaken until further revenue is collected. If the amount allocated is not spent in a given fiscal year, it will remain in the enterprise fund for subsequent use.

### Existing Service Providers

#### Governmental

County of San Diego: The County currently provides park and recreation services in the district 44 square mile service area. It also collects additional funds through CSA 81 to provide services at county owned facilities. The county owned facilities in the service area include:

- Santa Margarita Preserve: 221 acres
- Fallbrook Community Center: Playfields and meeting areas
- Don Dussault County Park: 0.75 acre playground
- Clemmens Lane Park: Playfields and picnic area

Wildlands Conservancy: Owns and manages the 1380 acre Santa Margarita River Preserve that provides recreation opportunities for hiking, horseback riding and mountain biking.

Fallbrook Land Conservancy: Owns and manages several preserves in the District service area that are open to the public for hiking and recreation.

Fallbrook Sports Association: Manages sports programs at Ingold Sports Park on County airpark property through and agreement with the County.

Fallbrook Village Association: Owns and manages Jackie Heyneman Park, Vince Ross square and the Railroad Heritage Park.

Fallbrook Beautification Alliance: Keep Fallbrook litter free program, Graffiti abatement, Flower pots on Main Ave., Mission Medians and shared responsibility for Welcome Home Military Flag

Save our Forest: Planting of thousand of trees in the community, tree stewardship of trees on Main, and shared responsibility for Welcome Home Military Flag.

Fallbrook Art Association: Art in Public Places

### Latent Powers Proposal

The request will include the activation of the additional Public Park and Recreation Facilities/ Street Lighting and Road Improvements services latent power in accordance with Public Utilities Code Section 16463. There is no requested change to any other existing service being provided by the District.

### Plan for Financing the establishment of a new of different service function

The proposed expansion of services would largely be provided through existing non-profit entities providing public parks and recreation services. The District would provide additional funding to support and enhance these services. The proposed allocation of existing property tax would initially be established based on an equivalent value of \$5 per meter per month, which is a total of \$546,420 annually (9107 meters at \$5 per month). The District currently projects to collect a total of \$1,918,296 of property tax revenue. The property tax revenue comes from property tax on parcels in the entire District, which is allocated to the water enterprise. The District also collects additional property tax for parcels within the sewer service area which is only a portion of the District boundary (improvement District "S"). These parcels contribute both to the entire District fund and the Improvement District "S" fund. The additional Improvement District "S" funds are allocated specifically for sewer system improvements and would continue to be allocated solely for this purpose. The proposed allocation of property tax would utilize some of the existing property tax from the portion that covers the entire District, which would not include the property tax funds from District "S", and allocate those funds for a new Activated Powers enterprise fund. The District currently projects to collect \$912,422 of the property tax revenue from the property tax allocation that covers the entire District and excludes the additional District "S" funds. Of this \$912,422, \$546,420 or approximately 60% would be allocated for Activated Powers services. These funds are currently used to pay a portion of the District cash funded (PAYGO) water capital improvement program which funds water infrastructure replacement and rehabilitation. The PAYGO CIP program is currently budgeted to be between \$3 - \$5 million per year. The reallocation of the property tax revenue would require the District to charge additional fees to maintain the currently targeted fund balances and offset the loss in PAYGO CIP revenues. Any additional fees charged by the District will need to be part of a separate rate setting process that must comply with Proposition 218 requirements.

### Alternatives for establishing new or different functions or classes of services.

The coalition of community groups involved in this effort evaluated a number of alternatives before requesting that the District submit a request for expansion of services:

1. Establishment of a landscape and lighting District under the County: This alternative was explored in detail with the county, but it was determined by the coalition of groups that a preference for local control of the funds was preferred. The county had also initially indicated a need for a substantial overhead cost to establish the new funding mechanism, which would reduce the amount of funds available to invest back in the community.
2. Establishment of a new parcel tax. Due to the time and expense to establish a new parcel tax, the coalition identified the utilization of existing property tax revenue as a preferred alternative.



# **EXHIBIT A**

**FALLBROOK COMMUNITY BENEFIT PROGRAM**  
**DRAFT OF POTENTIAL POLICIES & PROCEDURES**

NAME: Fallbrook Community Benefit Program

MISSION: Promote, coordinate and oversee funding for community projects that benefit Fallbrook and its residents.

**Committee Member Criteria:**

1. All Committee Members shall serve in a voluntary capacity and receive no compensation.
2. An application to be a Committee member will be posted on the FPUD (Fallbrook Public Utility District) website and advertised in the local newspaper. The Committee will be approved by the FPUD Board.
3. Members of the community who reside within the FPUD service area or are FPUD ratepayers are eligible to serve on the Committee.
4. The Committee shall consist of seven (7) members and will include representatives from nonprofits, residents and business owners.
5. The Committee term is three (3) years with staggered terms to start the process. There shall be a three term limit (total of nine years), with a one-year break after serving three consecutive terms. The one-year break must be waived by majority vote of the FPUD Board.
6. If a Committee member serves on the Board of Directors of an organization whose project is under consideration, the Committee member must recuse them self and leave the room during discussion of the project.
7. Committee members must sign a conflict of interest statement.

**Committee Guidelines:**

1. The Committee shall meet no less than once a quarter on a set date and time.

2. The Committee Chair shall be elected by the Committee members for a one-year term and shall conduct the meetings. A Vice Chairman and Secretary shall be elected for one-year terms. The Vice Chairman shall act in the absence of the Chairman. The Secretary shall take minutes and handle Committee correspondence.
3. Community organizations seeking funding may apply once in every funding cycle (fiscal year).
4. The program shall directly benefit areas that are within the FPUD service area.
5. The program must benefit the community and not a specific organization.
6. Priorities on awarding the funding should be set by determining the broadest community benefit.
7. Funding shall not directly benefit a for-profit entity.
8. The Committee will recommend which community projects should be funded based on FPUD (Local Agency Formation Commission) guidelines. Non-profits that provide benefits to public areas such as aesthetics (beautification), leisure, education, entertainment, or recreation will be considered.
9. It is the intent that 50% of the funds received be allocated for maintenance and 50% for capital projects. Funds for larger capital projects can be accumulated.
10. The Committee will interact with the FPUD Board to ensure effective and efficient decisions.