LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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PROPOSAL NO.: **LAFCO 3023A**

HEARING DATE: **July 18, 2007**

RESOLUTION NO. 2968

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3023A -- A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 56 (a sphere of influence reduction to exclude the territory defined as Improvement Zone F-1 of CSA 56 representing the Pinon Hills community, and retention of the Community of Wrightwood within the sphere of influence.)

On motion of Commissioner Biane, duly seconded by Commissioner Cox, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, a service review mandated by Government Code Section 56430 and a sphere of influence update mandated by Government Code Section 56425 have been conducted by the Local Agency Formation Commission of the County of San Bernardino (hereinafter referred to as "the Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and,

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by this Commission on this matter; and,

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, a public hearing by this Commission was called for May 16, 2007 and continued to the June 20, 2007 and July 18, 2007, at the time and place specified in the original notice of public hearing and in any order or orders continuing the hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the review, in evidence presented at the hearing; and,

WHEREAS, the Commission, as a function of its review for LAFCO 3070 – Reorganization to include Formation of the Phelan Pinon Hills Community Services District et al., prepared an environmental assessment for the formation and has adopted a Negative Declaration with mitigation measures which indicates that approval of the formation will not have a significant adverse impact on the environment. The Commission's Environmental Consultant has prepared an Addendum to the Commission's environmental assessment, adopted May 16, 2007, to address the assessment of the sphere of influence reduction that was not included in the Commission's original document. The original initial study including the Addendum prepared by LAFCO's Environmental Consultant, have been reviewed by the Commission's staff and have been found to be adequate for the sphere of influence decision.

WHEREAS, the Commission certifies it has reviewed and considered the Negative Declaration and environmental effects as outlined in the original Initial Study and the Addendum prior to reaching a decision on the project and finds the information substantiating the Mitigated Negative Declaration and Addendum adequate for its use in making a decision as a CEQA lead agency. The Commission further finds that it does not intend to adopt alternatives to the project and it does intend to adopt mitigation measures for the project. The Commission hereby adopts the Addendum, as presented by its Environmental Consultant. The Commission notes that this proposal is exempt from Department of Fish and Game Fees because the filing fee was paid by the Commission, as the CEQA Lead Agency, for the prior processing of the Mitigated Negative Declaration for LAFCO 3070. The Commission directs the Clerk to file a Notice of Exemption within five working days of its adoption; and,

WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence for County Service Area 56 shall be reduced to exclude the territory of Improvement Zone F-1 of CSA 56, which reflects the community of Pinon Hills, with the understanding that as a part of the proposal for formation of the Phelan Pinon Hills Community Services District detachment of this agency is contemplated and the designation of the Phelan Pinon Hills Community Services District as the successor agency for the services currently provided by CSA 56 and CSA 56 Improvement Zone F-1; and,

WHEREAS, the determinations required by Government Code Section 56430 and local Commission policy are included in the report prepared and submitted to the Commission dated May 5, 2007 and received and filed by the Commission on May 16, 2007, a complete copy of which is on file in the LAFCO office. The following is a synopsis of those determinations:

- **Infrastructure Needs and Deficiencies:**

  County Service Area 56 was formed September 19, 1966 to serve the Wrightwood community with park and recreation, streetlighting and animal control services. In 1980, the County Board of Supervisors initiated, and LAFCO approved, a reorganization to consolidate the services to the Wrightwood community under a single entity, CSA 56. This action dissolved the Wrightwood Fire Protection District, expanded the services authorized CSA 56, and annexed additional territory.

  In 1983 when the Pinon Hills community requested annexation to CSA 56, it also requested the creation of an improvement district to address their local fire protection services. This request stemmed from concerns regarding the cost of providing fire protection services through CSA 38 and CSA 38 Improvement Zone F, operated at that time by the California Department of Forestry (CDF). CSA 56 is authorized by LAFCO the active function to provide fire protection, ambulance, park and recreation, streetlighting, sewers, and animal control. So for the past twenty plus years, the jurisdiction for the administration of the majority of services received by the Pinon Hills community has been joined with that of the community of Wrightwood.

  While the services authorized CSA 56 are many, information provided by the County Special Districts Department indicates it only actively provides fire protection, ambulance, park and recreation and streetlighting at the present time within the Wrightwood community. CSA 56 Zone F-1 is authorized by the County Board of Supervisors to provide fire protection and park and recreation services of those authorized its parent district, CSA 56.

  Of concern to LAFCO staff in the processing of LAFCO 3070 forming the Phelan Pinon Hills CSD and detaching the area from CSA 56, is the sustainability of the remaining CSA 56 to provide its range of services following completion of the reorganization. The information provided by the County Special Districts Department identifies that both CSA 56 and CSA 56 Zone F-1 are having difficulty funding ongoing maintenance and operation of park and recreation services through their assigned share of the ad valorem property taxes; therefore, the reduction of the revenue stream would make CSA 56's ability to sustain its services questionable. While it may be argued that the Wrightwood community has received the benefit of this level of funding in error, LAFCO is required to address the existing situation and determine a mechanism to keep CSA 56 in a comparable financial position as a part of the formation process.

At the May 16, 2007 hearing, information was provided that indicated that the reduction of the sphere of influence to include only the territory outside the community of Pinon Hills associated with the community of Wrightwood would not be detrimental to the overall function through implementation of the mitigation measures within the Commission's adopted Negative Declaration.

- **Financing Opportunities and Constraints:**

The ad valorem property tax revenues which are attributable to CSA 56 and CSA 56 F-1 for Fiscal Year 2006-07 are:

CSA 56	$658,417
CSA 56 Zone F-1	$233,372

Pursuant to the existing formula for division of property revenues between fire and other operations, the ad valorem property tax revenues evaluated in this service review are identified as follows:

CSA 56	$59,258	(91% Fire/9% CSA 56)
CSA 56 Zone F-1	$42,007	(82% Fire/18% CSA 56 Zone F-1)

It was noted in the municipal service review materials that the fire fund currently funds the operation of the streetlights within the Wrightwood community (22 lights as of the date of these materials) which will need to be resolved prior to completion of the County Fire Reorganization. The municipal service review materials identify the need to identify new revenue sources to maintain existing levels of service for park and recreation activities as well as streetlighting. The cost for administration and operation of the District's park and its streetlights exceeds the annual ad valorem property tax revenue of the District.

- **Cost Avoidance Opportunities:**

The materials provided identify that the County Special Districts Department, as a mechanism to control costs, has consolidated many of the administrative and technical functions necessary to serve the Board-governed districts. The May 5, 2007 staff report identified that CSA 56 and CSA 56 Zone F-1 have no direct employees on their payroll, they pay for an annual Full-time Equivalent (FTE) of the estimated number of positions necessary to serve them, and they pay a proportional cost of the administrative functions of the County Special Districts Department. However, in the interim, it has been learned that CSA 56 Zone F-1 does have an extra-help employee(s) to perform park maintenance functions and to provide for the senior lunch programs in the Districts.

- **Local Accountability and Governance:**

The Board of Supervisors is the governing body of CSA 56 and CSA 56 Zone F-1. It has instituted a local advisory commission to respond to questions of the community and to advise the Board of Supervisors on areas of interest within the purview of the Districts. The advisory commission for CSA 56 is the Wrightwood Municipal Advisory Council (MAC) and the advisory commission for CSA 56 Zone F-1 is the Pinon Hills MAC. The members of the MAC are appointed to four (4) year fixed terms. Funding for the activities of the MACs is provided through their respective Districts.

- **Other Governmental Service Options:**

County Special Districts staff in preparing the municipal service review materials indicated that there were no consolidations or other activities available for the operation of CSA 56 or for CSA 56 Zone F-1. However, LAFCO 3070 initiates a reorganization to consolidate CSA 56 Zone F-1 with the other Board-governed agencies within the Phelan Pinon Hills communities into a single, independent community services district to achieve local control and a single administrative entity for the community. In addition, the reorganization proposes the detachment of the parent district, CSA 56, from the area, reducing its boundaries to those of the Wrightwood community.

Staff found no other factors outlined within Government Code Section 56430 relevant to the municipal service review/sphere of influence update for CSA 56.

WHEREAS, the following determinations are made in conformance with Government Code Section 56425 and local Commission policy:

1. Present and Planned Land Uses:

   The sphere of influence for County Service Area 56 is proposed for reduction to the community of Wrightwood, generally defined as that area of the existing sphere of influence outside the boundaries of LAFCO 3070. The proposal will exclude the Pinion Hills Community. CSA 56 is authorized the function/service of animal control; however, this service is not currently provided through CSA 56 within the community. The present and planned land uses within the District are defined through the San Bernardino County General Plan, administered by the County and includes a range of residential, commercial and industrial uses, with large areas available for development.

2. Present and Probable Need for Public Facilities and Services:

   There is no long term Master Plan for recreational services for the Wrightwood community. Growth within the community supports the need for additional regional recreation facilities. No other information was provided on park plans within the community. Streetlighting services are dependent upon need as identified by the County Land Use Services Department through consideration of development proposals within the community.

3. Present Capacity of Public Facilities and Adequacy of Public Services:

   The Annual Independent Audit for CSA 56 indicates that the District currently expends more resources than it receives in revenues. New revenue sources will need to be identified for the ongoing operation of the District services, park and recreation and streetlighting. There are no development impact fees charged by the County for the acquisition of additional park sites; however, property tax revenues are received by CSA 56 to fund its operations.

4. Social & Economic Communities of Interest:

   The residents of the Wrightwood community share social and economic interests within their close-knit mountain community.

5. Other Findings:

   A. Notice of the original hearing was published as required by law in The Sun and the Daily Press, newspapers of general circulation in the area. As required by State law and Commission policy an 1/8th page legal ad was provided for this consideration.

   B. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination; and,

WHEREAS, pursuant to the provisions of Government Code Section 56425(h) the range of services provided by County Service Area 56 shall be limited to the following:

CSA 56 (Wrightwood/Pinon Hills)	Streetlighting	Streetlighting
	Park and Recreation	Park and recreation
	Sewer	Sewer

Fire Protection	Protection, prevention
Ambulance	Ambulance service

and such range of services shall not be changed unless approved by this Commission; and,

WHEREAS, having reviewed and considered the findings as outlined above, the Commission determines that the sphere of influence for County Service Area 56 should be reduced to exclude the territory defined as the Pinon Hills Community, the territory of Improvement Zone F-1 of CSA 56, proposed for inclusion in the new Phelan Pinon Hills Community Services District, signaling the Commission's position that the District should be defined as the Community of Wrightwood.

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission of the County of San Bernardino, State of California, that this Commission shall consider the sphere of influence for County Service Area 56 to include the territory identified as the community of Wrightwood, it being fully understood that establishment of such a sphere of influence is a policy declaration of this Commission based on existing facts and circumstances which, although not readily changed, may be subject to review and change in the event a future significant change of circumstances so warrants.

BE IT FURTHER RESOLVED that the Local Agency Formation Commission of the County of San Bernardino, State of California, does hereby determine that County Service Area 56 shall indemnify, defend, and hold harmless the Local Agency Formation Commission of the County of San Bernardino from any legal expense, legal action, or judgment arising out of the Commission's designation of the reduced sphere of influence, including any reimbursement of legal fees and costs incurred by the Commission.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission of the County of San Bernardino by the following vote:

AYES: COMMISSIONERS: Cox, Pearson, Hansberger, Nuaimi, Colven, Biane, McCallon

NOES: COMMISSIONERS: None

ABSENT: COMMISSIONERS: None

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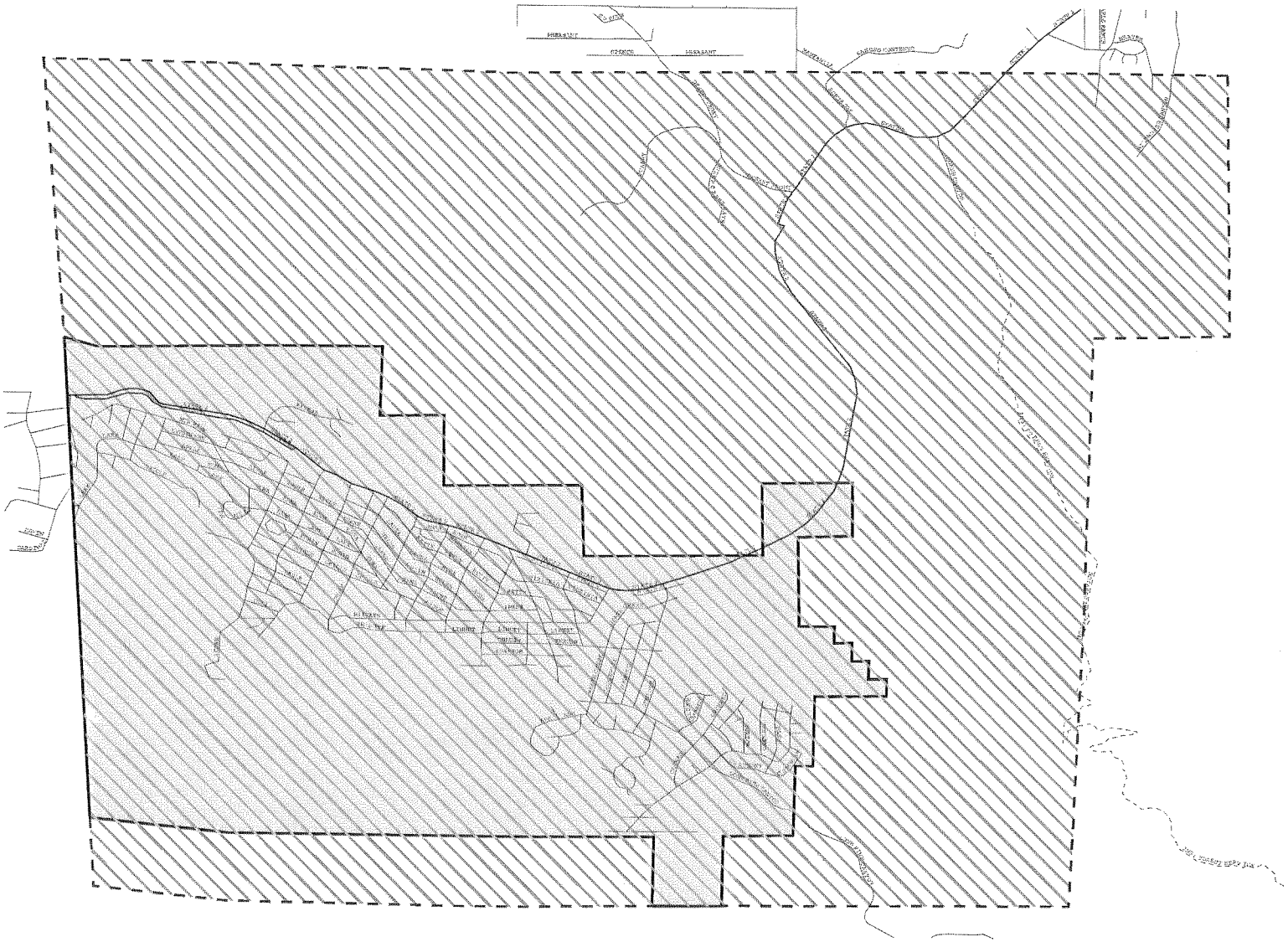
STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission of the County of San Bernardino, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission, by vote of the members present, as the same appears in the Official Minutes of said Commission at its meeting of July 18, 2007.

DATED: July 19, 2007

KATHLEEN ROLLINGS-McDONALD
Executive Officer



ISD-GIMS

DISTRICT & SPHERE OF INFLUENCE BOUNDARIES
COUNTY SERVICE AREA 56 (Wrightwood)

Map Prepared On November 03, 2004

District Boundary

District Sphere of Influence